



Russell Breweries Inc. Announces Q3 Fiscal 2016 Results

Company Reports \$466,917 EBITDA positive

VANCOUVER, Canada – May 26, 2016 - Russell Breweries Inc. (TSX.V:RB), a producer of premium craft beer, releases its financial results for the third quarter of Fiscal 2016, ended March 31, 2016.

The Company reports a positive EBITDA of \$466,917 for Q3 of Fiscal 2016 ("Q3 2016F") compared to a positive EBITDA of \$737,064 for Q3 of Fiscal 2015 ("Q3 2015F").

Q3 Fiscal 2016 Highlights

The Company had a net income and comprehensive income of \$72,466 for 2016F YTD compared to the net income and comprehensive income of \$347,699 for the period ended March 31, 2015 ("2015F YTD"). The decrease in net income and comprehensive income is primarily due to the increase in selling, general and administrative expenses offset by the increase in gross margin.

Net revenue for 2016F YTD was \$6,036,233 up \$50,354 or 1% compared to \$5,985,879 for 2015F YTD. The increase is mainly due to increased pricing and volumes and optimizing product mix.

The gross margin for 2016F YTD increased by \$210,142 or 7% to \$3,376,218 compared to \$3,166,076 for 2015F YTD. The gross margin percentage of 2016F YTD was up 3% to 56% compared to 53% for 2015F YTD. The increase is mainly due to the reclassification of freight expenses from cost of sales to selling, general and administration expenses.

Selling, general and administration expenses for 2016F YTD were \$3,163,515 up \$492,642 or 18% compared to \$2,670,873 for 2015F YTD.

For further details the Company's complete MD&A and financial statements for the nine months ended March 31, 2016 and 2015 are available on SEDAR at www.sedar.com and the Company's web site at www.russellbeer.com.

Additional Information

EBITDA is a non-IFRS financial measure. EBITDA represents net income, excluding income tax expense, interest expense and amortization and accretion. EBITDA is an indication of the underlying business performance of the Company by removing certain non-cash adjustments from its calculation. The Company believes that the EBITDA trends are valuable indicators of whether its operations are generating sufficient operating cash flow to fund working capital needs and to fund capital expenditures. The Company uses the results depicted by the EBITDA for these purposes, an approach utilized by the majority of public companies in the food and beverage sector. EBITDA is intended to provide additional information, and does not have any standardized meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently.

Russell Breweries Inc. produces premium beers in Western Canada in breweries located in BC and Manitoba. All products are held to the highest quality standards, brewed without any preservatives, ensuring that the passion that goes into crafting the beers comes through in the taste. Russell Breweries Inc. is a public company trading on the TSX Venture Exchange under the symbol "RB".

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