



## **Russell Breweries Inc. Announces Fiscal 2016 Results**

### **Company Reports \$402,679 EBITDA positive**

**VANCOUVER, Canada – October 24, 2016** - Russell Breweries Inc. (TSX.V:RB), a producer of premium craft beer, releases its financial results for the fourth quarter and Fiscal 2016, ended June 30, 2016.

The Company is \$402,679 EBITDA positive for fiscal 2016 compared to \$406,710 for fiscal 2015.

### **Fiscal 2016 Highlights (“2016F YTD”)**

The Company had a net loss and comprehensive loss of \$319,669 for 2016F YTD compared to the net income and comprehensive income of \$1,602,178 for the year ended June 30, 2015 (“2015F YTD”). The decrease in net income and comprehensive income is primarily due to deferred tax expense of \$220,000 compared to previous year’s deferred tax recovery of \$1,963,000.

Net revenue for 2016F YTD was \$8,101,838 up \$163,977 or 2% compared to \$7,937,861 for 2015F YTD. The increase is mainly due to increased pricing and volumes, new products and optimizing product mix.

The gross margin for 2016F YTD decreased by \$81,616 or 2% to \$4,255,433 compared to \$4,337,049 for 2015F YTD. The gross margin percentage of 2016F YTD was down 2% to 53% compared to 55% for 2015F YTD. The increase is mainly due to higher cost of repairs and maintenance on properties and equipment.

Selling, general and administration expenses for 2016F YTD were \$4,188,562 down \$57,588 or 1% compared to \$4,246,150 for 2015F YTD.

### **Fourth Quarter Highlights (“Q4 2016F”)**

The Company had a net loss and comprehensive loss of \$392,135 for Q4 2016F compared to net income and comprehensive income of \$1,254,479 for the three months ended June 30, 2015 (“Q4 2015F”). The decrease in net income and comprehensive income is primarily due to the increase in deferred tax expense of \$220,000 compared to deferred tax recovery of \$1,963,000 in Q4 2015F.

Net revenue for Q4 2016F was \$2,065,605 up by \$113,623 or 6% compared to \$1,951,982 for Q4 2015F mainly due to higher sales revenue.

The gross margin for Q4 2016F decreased by \$215,810 or 20% to \$879,215 compared to \$1,095,025 for Q4 2015F. The gross margin percentage of Q4 2016F was down by 13% to 43% compared to 56% for Q4 2015F mainly due to previous year’s one time reclassification of freight expenses from cost of sales to selling, general and administration expenses.

Selling, general and administration expenses for Q4 2016F were \$1,025,047 down by \$550,230 or 35% compared to \$1,575,277 for Q4 2015F.

For further details the Company's complete MD&A and financial statements for the year ended June 30, 2016 and 2015 are available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's web site at [www.russellbeer.com](http://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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