



For Immediate Release

## **BIG ROCK BREWERY INC. ANNOUNCES Q2 2017 FINANCIAL RESULTS**

**August 3, 2017 – Calgary, Alberta – Big Rock Brewery Inc. (TSX: BR)** (“Big Rock” or “the Corporation”) today announced its financial results for the three and six months ended June 30, 2017.

“Big Rock continued to grow production volumes and gross profit during the second quarter of 2017,” said Interim CEO Barbara Feit. “Sales of Big Rock’s bottled and canned products increased in the quarter, particularly in Alberta. These increases were led by AGD, private label brands and the limited-edition Canada 150 Variety Pack, but also included increases in Big Rock’s flagship Grasshopper and Traditional brands and newer brands such as Pilsner and Rhinestone Cowboy. Ontario also contributed to growth as the addition of the Etobicoke brewery in the fall of 2016 and Liberty Commons at Big Rock Brewery restaurant in early 2017 continued to gain a foothold in Canada’s most populous province.”

### **Financial Highlights**

For the quarter ended June 30, 2017, compared to the second quarter of 2016, the Corporation’s:

- sales volumes increased by 9%, from 56,524 hectolitres (“hl”) to 61,703 hl;
- net revenue increased by 11%, from \$12,117 thousand to \$13,496 thousand;
- operating profit decreased from \$656 thousand to \$246 thousand;
- net income decreased to \$207 thousand from \$383 thousand; and
- cash from operating activities increased to \$633 thousand from \$136.

For the six months ended June 30, 2017, compared to the first half of 2016, Big Rock’s:

- sales volumes increased by 7%, from 98,224 hl to 105,180 hl;
- net revenue increased by 10%, from \$21,018 thousand to \$23,085 thousand;
- operating loss increased from \$529 thousand to \$911 thousand;
- net loss increased to \$700 thousand from \$400 thousand; and
- cash used in operating activities was \$595 compared to cash provided by operating activities of \$570

### **Operating Highlights**

Big Rock’s operating results continued to be hampered in the second quarter of 2017 by increased costs imposed by the Alberta government’s revision in August 2016 to the markup and grant structure. Under this new structure, the maximum grant rate available to producers is based on an optimal annual sales level of 150,000 hl in Alberta. Big Rock’s Alberta sales volumes exceed this threshold, which has resulted in higher net costs per hectolitre (“hl”) as compared to the costs per hl imposed by the markup program that was in place during the first half of 2016.

The Corporation has initiated discussions with the Alberta government and taken actions to mitigate the impact of the higher net cost by reducing the number of limited-time offer price promotions. In order to improve Big Rock's grant rate in the future, the Corporation has taken steps to optimize its Alberta sales volumes by discontinuing two lower margin products, which is expected to bring Big Rock's Alberta sales volumes closer to the new 150,000 hl threshold. Big Rock anticipates these actions will reduce the net markup rate (markup less grant) in September 2017 and future periods. Big Rock will continue discussions with the Alberta government with the objective of improving the environment for growth.

Big Rock's beer sales in British Columbia declined in the quarter, partly due to a conscious effort to improve margins by de-emphasizing value-priced products, as well as reduced keg sales in the competitive on-premise market. The decline was partially offset by a healthy increase in BC cider sales and growing revenue from the Vancouver Big Rock Urban Restaurant.

Big Rock beer products are becoming increasingly available in all three key retail channels in Ontario - the Liquor Control Board of Ontario retail stores, Beer Store outlets and licensed grocery chains. The three months ended June 30, 2017 is the first full quarter of results from both the Etobicoke brewery and the Liberty Village restaurant, and this has facilitated an increase in beer sales in both packaged and keg formats in Ontario.

## Summary of Results

<i>\$000, except hl, per hl and per share amounts</i>	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Sales volumes (hl)	61,703	56,524	105,180	98,224
Net revenue	\$ 13,496	\$ 12,117	\$ 23,085	\$ 21,018
Operating profit (loss)	246	656	(911)	(462)
Net income (loss)	207	383	(700)	(400)
Net income (loss) per share	\$ 0.03	\$ 0.06	\$ (0.10)	\$ (0.06)
<b>\$ per hl</b>				
Net revenue	218.73	214.37	219.48	213.98
Cost of sales	124.42	116.09	129.70	120.99

## Appointment of New President and CEO

As previously announced on July 11, 2017, Mr. Wayne Arsenault has been appointed as President and CEO of Big Rock Brewery effective September 7, 2017.

Mr. Arsenault previously served as Chief Executive Officer of Corey Nutrition Company Inc. ("Corey Nutrition") from 2015 to the present. Prior to joining Corey Nutrition, Mr. Arsenault held several Vice President roles with Moosehead Breweries Limited from 2009 to 2015, including Operations, Human Resources and Communications. Mr. Arsenault previously held management roles at Molson Coors Brewing Company, The Coca-Cola Company and McCain Foods Limited.

Chairman of the Board, John Hartley commented, "On behalf of the Board, I am very pleased to welcome Wayne to Big Rock. Wayne is a proven CEO with 20 years' experience in the beer and branded beverage industry and a track record of delivering growth and operational excellence. We are excited to have an executive with his vision and experience joining our team."

## Additional Information

The unaudited consolidated financial statements and Management's Discussion and Analysis for the three and six months ended June 30, 2017, dated August 3, 2017 can be viewed on Big Rock's website at [www.bigrockbeer.com](http://www.bigrockbeer.com) and on SEDAR at [sedar.com](http://sedar.com) under Big Rock Brewery Inc.

## Forward-Looking Information

Certain statements contained in this news release constitute forward-looking statements. These statements relate to future events or Big Rock's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking information are not facts, but only predictions and generally can be identified by the use of statements that include words or phrases such as, "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "likely", "may", "project", "predict", "propose", "potential", "might", "plan", "seek", "should", "targeting", "will", and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Big Rock believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this News Release not be unduly relied upon by investors as actual results may vary materially from such forward-looking statements. These statements speak only as of the date of this News Release and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this News Release contains forward-looking statements pertaining to the following:

- a reduction in the net markup rate (markup less grant) in effect in Alberta for September 2017 and future periods; and
- the expected revenue growth in the third quarter at the Liberty Commons restaurant in Ontario.

With respect to the forward-looking statements listed above and contained in this News Release, management has made assumptions regarding, among other things:

- the ability of Big Rock's actions to reduce the net markup rate in Alberta; and
- increased usage of the Liberty Commons restaurant, particularly the patio.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking information and statements contained herein include, but are not limited to:

- the inability to to reduce the net markup rate in Alberta; and
- the inability to generate additional revenue from the Liberty Commons restaurant in Ontario.

Readers are cautioned that the foregoing list of assumptions and risk factors is not exhaustive. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information and statements included in this News Release are made as of the date hereof and Big Rock does not undertake any obligation to publicly update such forward-looking information and statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

## **About Big Rock Brewery Inc.**

Big Rock Brewery Inc. produces premium, all-natural craft beers and ciders. Big Rock has a broad family of permanent ales and lagers, the Rock Creek Cider® series of craft ciders and an ongoing selection of seasonal and cutting-edge small-batch brews. Big Rock brews in Calgary, Alberta, Vancouver, British Columbia, and Toronto, Ontario.

For more information on Big Rock Brewery visit [www.bigrockbeer.com](http://www.bigrockbeer.com)

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