



For Immediate Release

## **BIG ROCK BREWERY INC. ANNOUNCES 2015 FINANCIAL RESULTS AND DATE OF ANNUAL MEETING**

March 10, 2016 Calgary, Alberta—Big Rock Brewery Inc. (TSX: BR) (“Big Rock” or the “Corporation”) announced its financial results today for the fourth quarter and year ended December 30, 2015.

The Corporation reported an increase in sales volumes of 9% to 42,787 hectolitres (“hl”) for the fourth quarter of 2015 as compared to 39,194 hl for the same period in 2014. The reported operating loss was \$55 thousand for the three months ended December 30, 2015, compared to an operating loss of \$224 thousand for the same period in 2014, while net loss was \$54 thousand for the fourth quarter of 2015 as compared to \$106 thousand for the same quarter in 2014.

For the year, sales volumes increased by 8% to 181,951 hl compared to 168,268 hl for 2014. Operating loss for the year was \$1,146 thousand and net loss was \$1,075 thousand compared to profit of \$715 and \$624, respectively, for 2014.

In Alberta, Big Rock’s principal market, and the region subject to the fiercest competition, Big Rock grew volumes and gross profit despite the difficult economic conditions. The Corporation also kept selling expenses below the same periods in 2014. Recently rebranded and relaunched products, including AGD, Big Rock’s most approachable lager, continued to see an enthusiastic response from consumers. These products are in the value-priced category and as a result per-hectolitre margins were compressed.

Margins in Alberta remain under sustained pressure. A 27.5% increase in Alberta Gaming and Liquor Commission (“AGLC”) markup tax rates early in the year hampered Big Rock’s ability to implement a planned price increase to cover rising input costs. The Corporation has not introduced a general price increase in Alberta since November 2012. In October, AGLC introduced another change in markup rates. The immediate effect of this change was a slight rollback of the previous increase applicable to Big Rock but the longer-term effect is still being assessed by the Corporation. The financial impact for the year resulting from these net tax increases was \$1,296 thousand.

Despite the economic conditions and increased government markup rates, net revenue per hectolitre for the three months ended December 30, 2015 was the highest it has been for any quarter since 2013. Fourth quarter gross profit was the best same quarter performance since 2012. These increases are the result of growth in key strategic brands combined with a continuing focus on enhancing production efficiencies.

In Vancouver, Big Rock Urban, the Corporation’s newest brewpub and brewery operation, has been well-received by local craft consumers. CEO Robert Sartor remarked, “We knew that consumers liked our new downtown Vancouver brewery, restaurant and retail store based on feedback we would regularly receive from visitors to our operation there, and we were thrilled to win awards for our beer. The final confirmation that we had truly become part of the Vancouver craft beer scene was our recently being named ‘Best New Brewery’ by Georgia Strait, a magazine that regularly follows BC’s craft beer scene.”

As Big Rock Urban is still developing its beer portfolio it is not yet selling at full capacity and therefore has a higher per-unit cost of sales and higher selling and marketing costs to increase awareness.

Big Rock's Ontario expansions continue to progress through the initial planning and pre-permitting stages. Sales volumes grew in Ontario as the Corporation engaged in awareness-building promotional activity, including 'pop-up' parties at the site of the new brewpub. This promotional activity did have a negative impact on current period results for the region. "Our Etobicoke brewery is a beehive of activity as we get ready to start production in the second quarter of this year," noted Mr. Sartor, "We expect to leverage the great relationships we that have with the grocery chains in Alberta to get our beer into the grocery stores in Ontario that have recently obtained licenses to sell beer. To that end, we have already begun gaining listings in Ontario grocery stores."

## Summary of Results

\$ thousands (except hl and per hl amounts)	Three months ended December 30		Year ended December 30	
	2015	2014	2015	2014
Sales volumes (hl)	42,787	39,194	181,951	168,268
Net revenue	9,642	8,638	39,594	36,755
Operating profit (loss)	(55)	(224)	(1,146)	715
Net income (loss)	(54)	(106)	(1,075)	624
Per hl net revenue	225.35	220.39	217.61	218.43
Per hl cost of sales	124.57	121.88	120.72	112.50

## Financial and Operating Highlights

- Volume and revenue growth occurred in Big Rock's two largest markets, Alberta and BC;
- Big Rock launched four new permanent beers and eight seasonal beers. Additionally, the Corporation launched a limited edition 30<sup>th</sup> anniversary pack to commemorate the original three beers. AGD and certain private label products saw strong growth following comprehensive rebranding;
- Big Rock also launched a new permanent cider and a new cider variety pack; and
- In Vancouver, the Corporation introduced eight new permanent and limited-time beers, two of which have already won awards at the BC Beer Awards.

## Additional Information

The Financial Statements and Management's Discussion and Analysis dated March 10, 2016 can be viewed on Big Rock's website at <http://bigrockbeer.com/sites/default/files/2015q4.pdf> and on SEDAR at [sedar.com](http://sedar.com) under Big Rock Brewery Inc.

Big Rock is also pleased to announced that the annual meeting of Big Rock shareholders will be held on May 12, 2016 at 2:00 pm (Calgary time) at the Big Rock Brewery, 5555 – 76 Ave S.E., Calgary, Alberta. In accordance with Big Rock's advance notice by-law, the board of directors has set 5:00 pm (Calgary time) on April March 25, 2016 as the deadline for receiving any nominations.

## 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 statements are often, but not always, identified by the use of words such as "plans", "expects", "intends" 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:

- the number of additional products to be released and the timing of any such releases;
- the success of new products and initiatives in the future;
- the timing of the expected commencement of production of the Etobicoke facility; and
- the timing of new products and initiatives, including the expected listings of Big Rock's products in Ontario grocery stores, and the extent to which they will provide incremental sales volumes and improve profitability; and
- the Corporation's assessment of the long-term effect of new AGLC markup rates.

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

- new products and services introduced will result in incremental sales volumes;
- permitting and other construction activities will be able to be secured and/or completed within expected timeframes; and
- further revisions to AGLC markup rates will not be proposed or implemented.

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 secure the requisite regulatory approvals to market the full production of the new facilities in Toronto within the timeframe indicated; and
- the inability to secure and complete construction services for the new Toronto facilities within the timeframe indicated.

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. Big Rock has a broad family of permanent ales and lagers, the Rock Creek Cider<sup>®</sup> series of craft ciders, an ongoing selection of seasonal beers released through the Brewmaster's Limited Edition and cutting-edge, small-batch brews released through the Alchemist Edition.

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

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