BLACK RIFLE COFFEE COMPANY

SECOND QUARTER 2024

WE ARE AMERICA'S COFFEE

DISCLAIMER

BRC INC

Forward-Looking Statements

This press release contains forward-looking statements about the Company and its industry that involve substantial risks and uncertainties. All statements other than statements of historical fact contained in this press release, including statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the launch of Black Rifle Energy™, the Company's financial condition, liquidity, prospects, growth, strategies, future market conditions, developments in the capital and credit markets and expected future financial performance, as well as any information concerning possible or assumed future results of operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and similar expressions, but the absence of these words does not mean that a statement is not forward-looking. The events and circumstances reflected in the Company's forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Factors that may cause such forward-looking statements to differ from actual results include, but are not limited to: competition and our ability to grow and manage growth sustainably and retain our key employees; failure to achieve sustained profitability; negative publicity affecting our brand and reputation, or the reputation of key employees; failure to manage our debt obligations; failure to effectively make use of assets received under bartering transactions; failure by us to maintain our message as a supportive member of the Veteran and military communities and any other factors which may negatively affect the perception of our brand; our limited operating history, which may make it difficult to successfully execute our strategic initiatives and accurately evaluate future risks and challenges; failed marketing campaigns, which may cause us to incur costs without attracting new customers or realizing higher revenue; failure to attract new customers or retain existing customers; risks related to the use of social media platforms, including dependence on third-party platforms; failure to provide high-quality customer experience to retail partners and end users, including as a result of production defaults, or issues, including due to failures by one or more of our co-manufacturers, affecting the quality of our products, which may adversely affect our brand; decrease in success of the direct to consumer revenue channel; loss of one or more co-manufacturers, or delays, quality, or other production issues, including labor-related production issues at any of our co-manufacturers; failure to manage our supply chain, and accurately forecast our raw material and co-manufacturing requirements to support our needs; failure to effectively manage or distribute our products through our Wholesale business partners, especially our key Wholesale business partners; failure by third parties involved in the supply chain of coffee, store supplies or merchandise to produce or deliver products, including as a result of ongoing supply chain disruptions, or our failure to effectively manage such third parties; changes in the market for high-quality coffee beans and other commodities; fluctuations in costs and availability of real estate, labor, raw materials, equipment, transportation or shipping; failure to successfully compete with other producers and retailers of coffee; failure to successfully open new Black Rifle Coffee shops ("Outposts"), including failure to timely proceed through permitting and other development processes, or the failure of any new or existing Outposts to generate sufficient sales; failure to properly manage our rapid growth, inventory needs, and relationships with various business partners; failure to protect against software or hardware vulnerabilities; failure to build brand recognition using our intellectual properties or otherwise; shifts in consumer spending, lack of interest in new products or changes in brand perception upon evolving consumer preferences and tastes; failure to adequately maintain food safety or quality and comply with food safety regulations; failure to successfully integrate into new domestic and international markets; risks related to leasing space subject to long-term non-cancelable leases and with respect to real property; failure of our franchise partners to successfully manage their franchises; failure to raise additional capital to develop the business; risks related to supply chain disruptions; risks related to unionization of employees; failure to comply with federal state and local laws and regulations, or failure to prevail in civil litigation matters; and other risks and uncertainties indicated in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on March 6, 2024 including those set forth under "Item 1A. Risk Factors" included therein, as well as in our other filings with the SEC. Such forward-looking statements are based on information available as of the date of this press release and the Company's current beliefs and expectations concerning future developments and their effects on the Company. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not place undue reliance on these forward-looking statements as predictions of future events. Although the Company believes that it has a reasonable basis for each forward-looking statement contained in this press release, the Company cannot guarantee that the future results, growth, performance or events or circumstances reflected in these forward-looking statements will be achieved or occur at all. These forward-looking statement speak only as of the date of this press release. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

TODAY'S SPEAKERS

Evan Hafer

Founder and Executive Chairman

Chris Mondzelewski

President and Chief Executive Officer

Steve Kadenacy

Chief Financial Officer

> I am pleased with BRCC's continued delivery of healthy profitability and above average market growth. Our disciplined execution and increased margin have enabled investment in new initiatives and product innovation, and, in that spirit, I am incredibly excited about today's earlier announcement regarding the launch of Black Rifle Energy™. At Black Rifle we build our brand first … we are extremely proud of the share growth in our premium coffee business, and we're equally proud to expand our product offerings to serve more customers during more drinking occasions. Our incredible associates have built an offering in the energy category that stays true to Black Rifle values and is complementary to our coffee offerings.

- Chris Mondzelewski, President and CEO

2024 Q2 HIGHLIGHTS

Revenue

Net Revenue flat, (3%), YoY

$89.0 million

Wholesale Revenue increase of

8%

Gross Margin

Gross Margin Expanded to

41.9%

compared to 35.0% in Q2 2023

Profitability

Adjusted EBITDA improved to

$8.5 million

up **$8.4M** YoY

Free Cash Flow

Free Cash Flow[1]

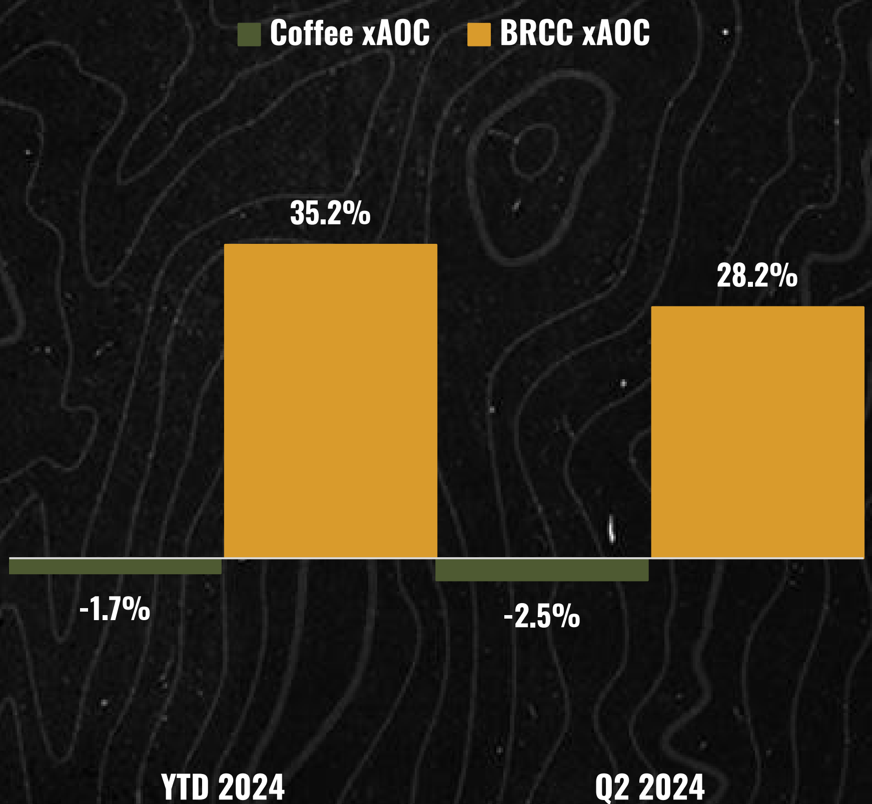
$1.0 million

up **$31.0M** YoY

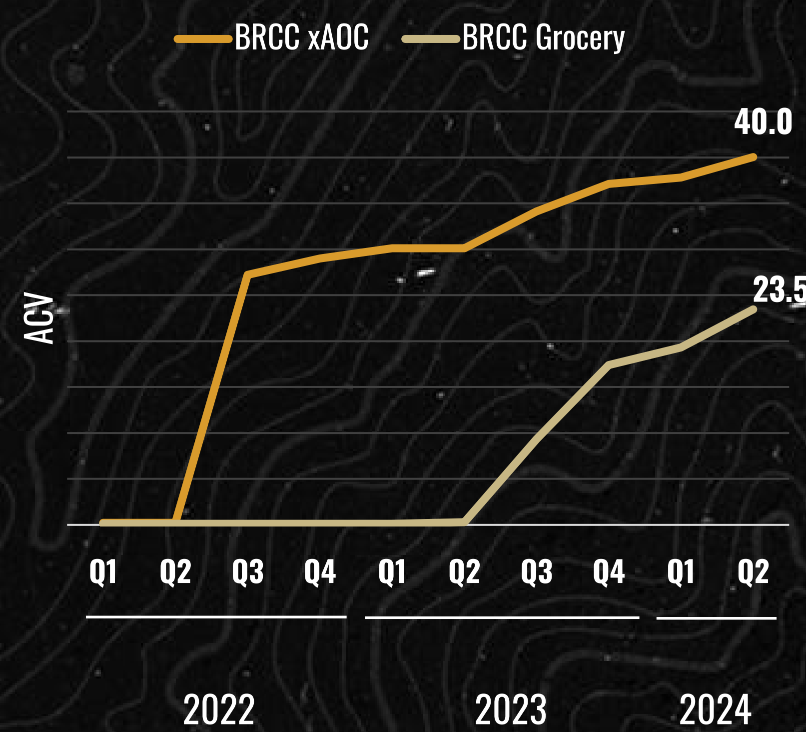
[1] Refer to slide 25 for a reconciliation of "Free Cash Flow"

Channel Highlights

WE CONTINUE TO GROW OUR RETAIL PARTNERSHIPS WHILE OUTPACING THE FDM CATEGORY GROWTH



ACV GAINS CONTINUE, WITH SIGNIFICANT ADDITIONAL POTENTIAL



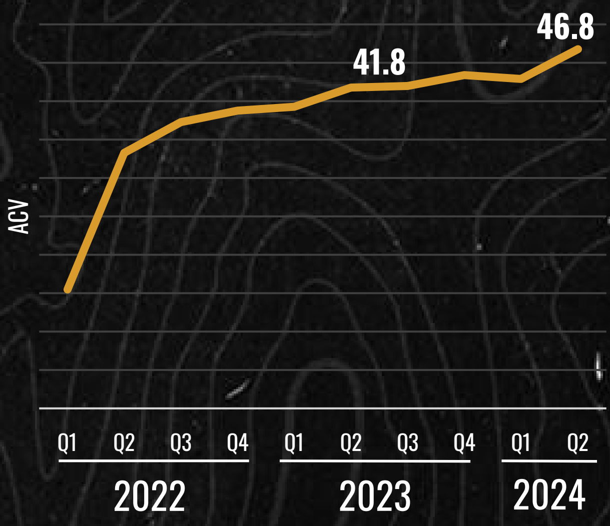
Source: Nielsen Total xAOC (eXtended All Outlet Combined), Total Food, Drug, Mass w/e 06/15/2024 L4W

RTD HOLDS SHARE AND DISTRIBUTION CONTINUES TO BUILD

In addition to top line growth, we have line of sight to drive higher margins throughout the RTD business

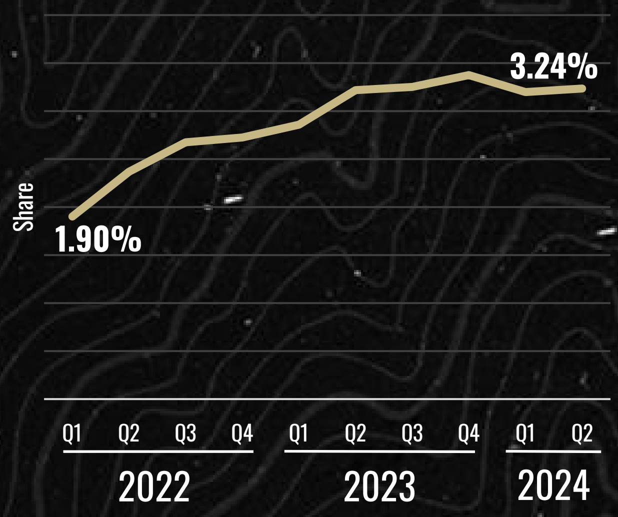
BRCC RTD ACV

BRCC xAOC + Convenience



BRCC RTD Share

BRCC xAOC + Convenience



Source: Nielsen Total xAOC + Convenience (eXtended All Outlet Combined + Convenience), Total RTD under 16oz w/e 06/15/2024 L4W

INTRODUCING

BLACK RIFLE ENERGY™

LAUNCHING JANUARY 2025

Black Rifle Energy™ brings a zero-sugar, clean energy option to a consumer market ready for our unique mission-driven approach

WE CONTINUE TO OPTIMIZE THE BRCC ECOMMERCE EXPERIENCE

Our digital roots are fundamental to our success

DTC Highlights

Total Subscribers
201k+

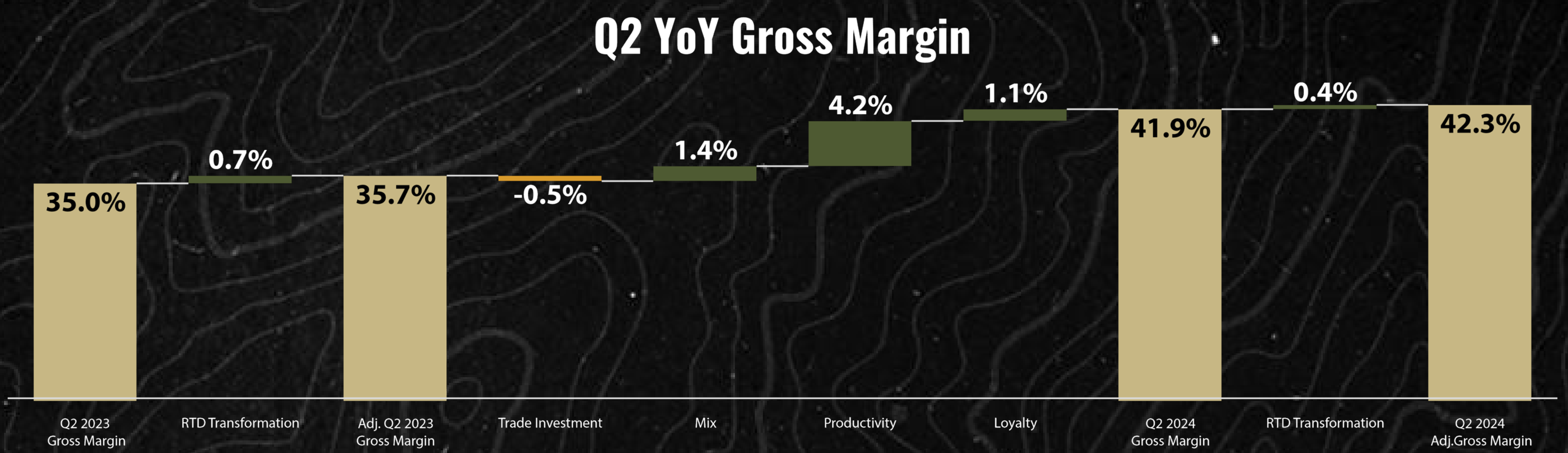
New Subscriber
AOV +12%
vs. legacy platform

Site Optimizations have improved **LTV** and **Units per Subscriber**

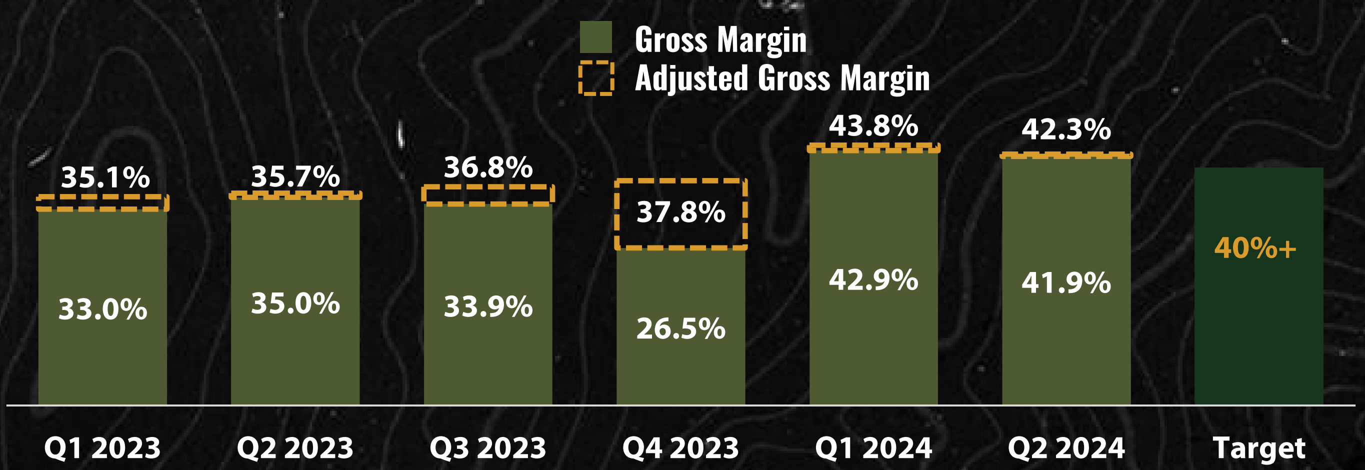
Recent partnership with **ID.me** provides access to pre-verified veterans and first responders


Operational
Excellence &
Financial Results

DELIVERY OF GROSS MARGIN ABOVE 40%+ TARGET



As part of our supply chain culture, we are constantly looking to optimize our gross margin through productivity and other initiatives

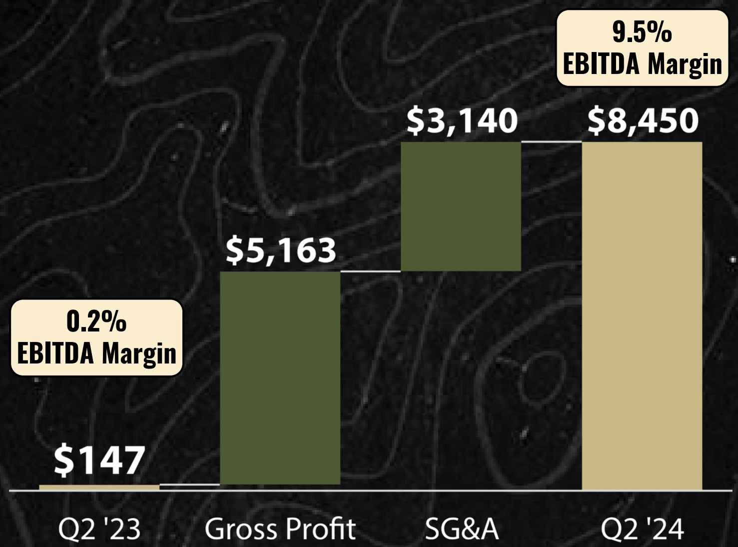


[1] Adjusted Gross Margins exclude RTD transformation costs for the quarter – refer to slide 24 for GAAP Reconciliation

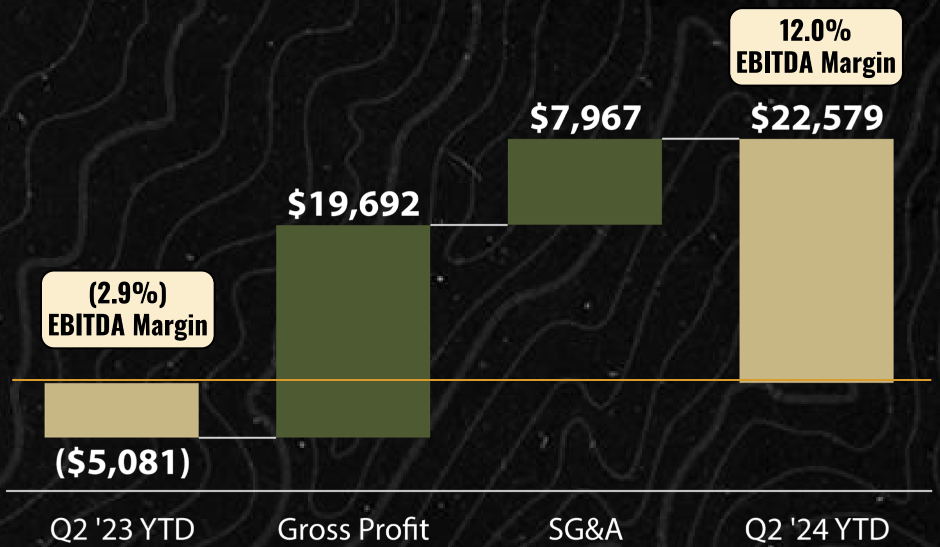
THIRD CONSECUTIVE QUARTER OF ADJ. EBITDA MARGIN 9%+

$ thousand

Q2 Adj. EBITDA



Q2 YTD Adj. EBITDA



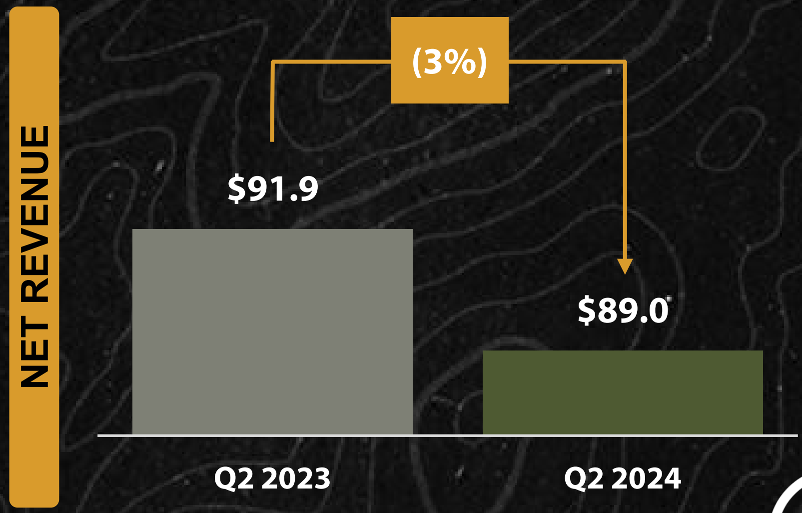
EBITDA improvement due to rightsized organizational spend and healthy margins

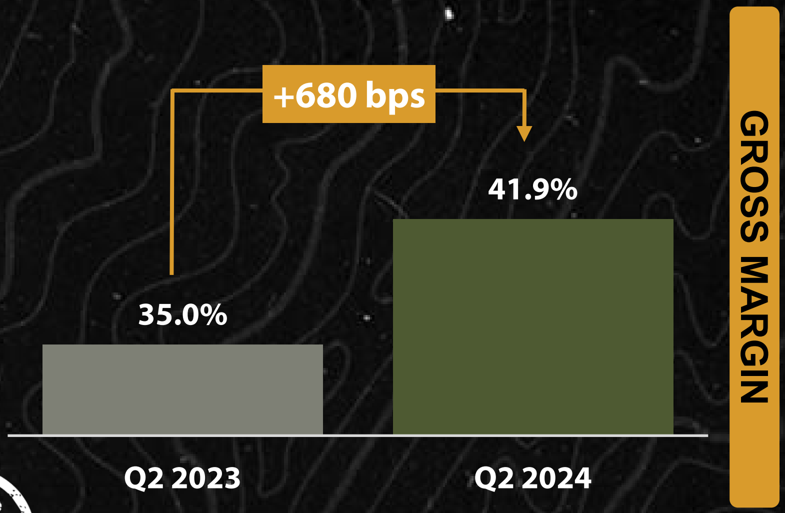
Profitability improvement from:

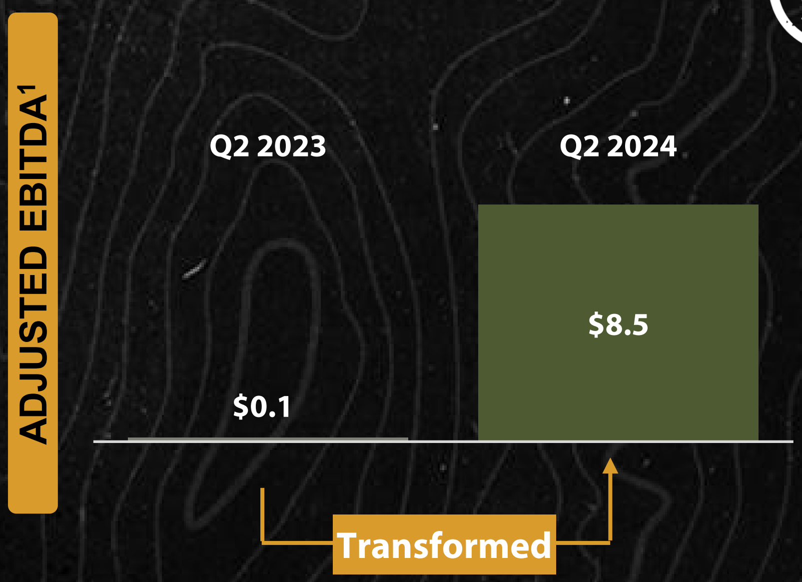
- Focused Margin Improvement Initiatives
- Reduced Reliance on External Consultants
- Mix Between Channels and Products
- Aligned Headcount with FDM Focus

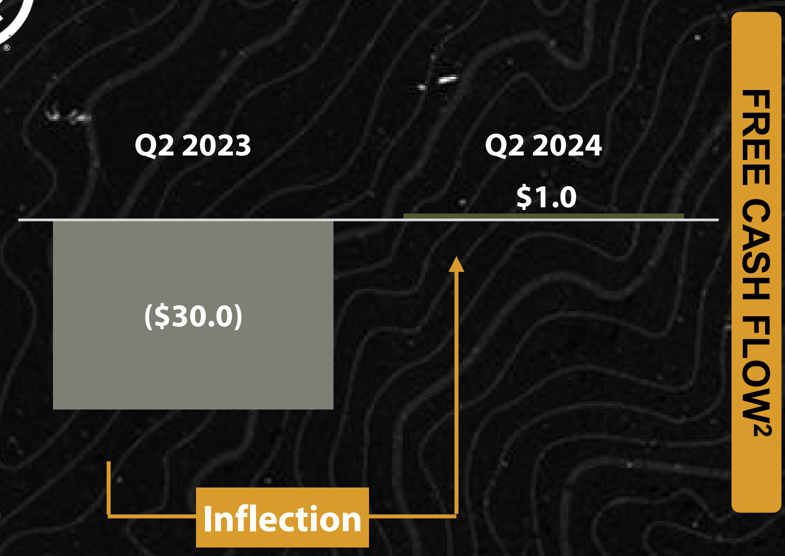
QUARTERLY FINANCIALS

$ million









[1] Refer to slide 23 for Adjusted EBITDA – GAAP Reconciliation
[2] Refer to slide 25 for Free Cash Flow – GAAP Reconciliation


KEURIG
BRCC
BLACK RIFLE COFFEE COMPANY
JUST BLACK
MEDIUM
TACTISQUATCH
DARK
LOYAL SPIRIT
LIGHT
BEYOND BLACK
DARK
22

Outlook

UPDATED 2024 OUTLOOK

TOPLINE GROWTH[1]

$385M - $415M

OPTIMIZED GROSS MARGIN BETWEEN

39% - 42%

HEALTHY BOTTOM LINE

$32M-$42M ADJ EBITDA

80% Free Cash Flow Conversion[2]

[1] A barter transaction favorably impacted Net Revenue in 2023 by $28.9 million and projected Net Revenue in 2024 by $11.9 million. Excluding the impact of the barter transaction reduces revenue growth from 2022 to 2023 by 10% and increases projected Net Revenue growth in 2024 by 5%
[2] We define Free Cash Flow Conversion as Free Cash Flow divided by Adjusted EBITDA

Appendix


MEDIUM ROAST
AMERICA'S COFFEE
BLACK RIFLE COFFEE COMPANY
JUST BLACK
Indulge in the founding roast of Black Rifle Coffee Company.
75
ROUNDS OF SINGLE SERVE COFFEE
75- 0.39 OZ (11 G) CUPS / NET WT 29.1 OZ (1 LB 13.1 OZ) 825 G
GROUND
AMERICA'S COFFEE
DARK
BLACK RIFLE COFFEE COMPANY
BRCC MMXX
TACTISQUATCH
NET WT 40 OZ (2.5 LBS) 1.13 KG

FINANCIAL HIGHLIGHTS

Second Quarter 2024 Financial Highlights *(in millions, except % data)*

	Quarter To Date Comparisons			
	2024	**2023**	**$ Change**	**% Change**
Net Revenue	$89.0	$91.9	($2.9)	(3%)
Gross Profit	37.2	32.2	5.0	16%
Gross Margin	*41.9%*	*35.0%*		
Net Loss	($1.4)	($14.7)	$13.3	
Adjusted EBITDA	$8.5	$0.1	$8.4	

INCOME STATEMENT

Consolidated Statements of Operations
(in thousands, except share and per share amounts)

	Three Months Ended June 30,	
	2024	**2023**
Revenue, net	$89,017	$91,947
Cost of goods sold	$51,758	$59,741
Gross profit	$37,259	$32,206
Operating expenses		
Marketing and advertising	$7,411	$7,013
Salaries, wages and benefits	$17,610	$18,356
General and administrative	$10,949	$19,296
Other operating expense, net	$311	$1,202
Total operating expenses	$36,281	$45,867
Operating income (loss)	$978	($13,661)
Non-operating income (expense)		
Interest expense, net	($2,301)	($791)
Other income (expense), net	-	($156)
Total non-operating expenses	($2,301)	($947)
Loss before income taxes	($1,323)	($14,608)
Income tax expense	$51	$57
Net loss	($1,374)	($14,665)
Less: Net loss attributable to non-controlling interest	($892)	($10,437)
Net loss attributable to BRC Inc.	($482)	($4,228)
Net loss per share attributable to Class A Common Stock		
Basic and diluted	($0.01)	($0.07)
Weighted-average shares of Class A Common Stock outstanding		
Basic	68,209,081	58,741,717
Diluted	68,209,081	58,741,717

BALANCE SHEET

Consolidated Balance Sheets
(in thousands, except share and par value amounts)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$9,642	$12,448
Restricted cash	$315	$1,465
Accounts receivable, net	$25,923	$25,207
Inventories, net	$44,793	$56,465
Prepaid expenses and other current assets	$18,696	$12,153
Total current assets	$99,369	$107,738
Property, plant and equipment, net	$65,384	$68,326
Operating lease, right-of-use asset	$31,680	$36,214
Identifiable intangibles, net	$388	$418
Other	$33,061	$23,080
Total assets	$229,882	$235,776
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$34,162	$33,564
Accrued liabilities	$37,072	$34,911
Deferred revenue and gift card liability	$5,592	$11,030
Current maturities of long-term debt, net	$14,037	$2,297
Current operating lease liability	$2,198	$2,249
Current maturities of finance lease obligations	$29	$58
Total current liabilities	$93,090	$84,109
Non-current liabilities:		
Long-term debt, net	$52,450	$68,683
Finance lease obligations, net of current maturities	$25	$23
Operating lease liability	$31,743	$35,929
Other non-current liabilities	$420	$524
Total non-current liabilities	$84,638	$105,159
Total liabilities	$177,728	$189,268
Stockholders' equity		
Preferred Stock, $0.0001 par value, 1,000,000 shares authorized; no shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	-	-
Class A Common Stock, $0.0001 par value, 2,500,000,000 shares authorized; 69,955,628 and 65,637,806 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	$7	$6
Class B Common Stock, $0.0001 par value, 300,000,000 shares authorized; 142,568,263 and 146,484,989 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	$14	$15
Class C Common Stock, $0.0001 par value, 1,500,000 shares authorized; no shares issued or outstanding as of June 30, 2024 and December 31, 2023, respectively	-	-
Additional paid in capital	$135,288	$133,728
Accumulated deficit	($120,412)	($120,478)
Total BRC Inc.'s stockholders' equity	$14,897	$13,271
Non-controlling interests	$37,257	$33,237
Total stockholders' equity	$52,154	$46,508
Total liabilities and stockholders' equity	$229,882	$235,776

CASH FLOW

Consolidated Statements of Cash Flow *(in thousands)*

	Six Months Ended June 30,	
	2024	**2023**
Operating activities		
Net income (loss)	$482	($31,986)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	$4,797	$3,352
Equity-based compensation	$5,257	$5,049
Amortization of debt issuance costs	$605	$52
Loss on disposal of assets	$881	$128
Paid-in-kind interest	$1,559	-
Other	$151	$1,202
Changes in operating assets and liabilities:		
Accounts receivable, net	$2,036	($2,058)
Inventories, net	($232)	($32,537)
Prepaid expenses and other assets	($4,778)	($2,248)
Accounts payable	$2,010	$22,112
Accrued liabilities	($1,203)	($5,043)
Deferred revenue and gift card liability	($5,438)	$570
Operating lease liability	$411	$850
Other liabilities	$674	$100
Net cash provided by (used in) operating activities	$7,212	($40,457)
Investing activities		
Purchases of property, plant and equipment	($4,869)	($10,009)
Proceeds from sale of property and equipment	$892	$186
Net cash used in investing activities	($3,977)	($9,823)
Financing activities		
Proceeds from issuance of long-term debt, net of discount	$111,601	$199,034
Debt issuance costs paid	($164)	($34)
Repayment of long-term debt	($118,472)	($167,783)
Financing lease obligations	($27)	($50)
Repayment of promissory note	($400)	($400)
Issuance of stock from the Employee Stock Purchase Plan	$258	$305
Proceeds from exercise of stock options	$13	-
Net cash (used in) provided by financing activities	($7,191)	$31,072
Net decrease in cash, cash equivalents and restricted cash	($3,956)	($19,208)
Cash and cash equivalents, beginning of period	$12,448	$38,990
Restricted cash, beginning of period	$1,465	-
Cash and cash equivalents, end of period	$9,642	$19,782
Restricted cash, end of period	$315	-

CASH FLOW (CONTINUED)

Consolidated Statements of Cash Flow Continued *(in thousands)*

	Six Months Ended June 30,	
	2024	**2023**
Non-cash operating activities		
(Derecognition) Recognition of right-of-use operating lease assets	($3,448)	$13,919
Recognition of revenue for inventory exchanged for prepaid advertising	$11,904	-
Recognition of receivable from inventory purchase commitment	$3,000	-
Non-cash investing and financing activities		
Property and equipment purchased but not yet paid	$445	$2,956
Supplemental cash flow information		
Cash paid for income taxes	$345	$422
Cash paid for interest	$3,567	$1,324

KEY OPERATIONAL METRICS

Key Operating and Financial Metrics

Revenue by Sales Channel
(in thousands)

	Three Months Ended June 30,	
	2024	**2023**
Wholesale	$53,761	$50,010
Direct to Consumer	$29,970	$34,586
Outpost	$5,286	$7,351
Total net sales	$89,017	$91,947

Key Operational Metrics

	June 30,	
	2024	**2023**
FDM ACV %	40.0%	30.1%
RTD ACV %	46.8%	41.5%
DTC Subscribers	201,200	239,500
Outposts		
Company-owned stores	18	17
Franchise stores	18	14
Total Outposts	36	31

RECONCILIATION OF NET (LOSS) TO ADJUSTED EBITDA

Reconciliation of Net Loss to Adjusted EBITDA
(amounts in thousands)

	Three Months Ended June 30,	
	2024	**2023**
Net loss	($1,374)	($14,665)
Interest expense	$2,301	$791
Tax expense	$51	$57
Depreciation and amortization	$2,384	$1,633
EBITDA	$3,362	($12,184)
Equity-based compensation(1)	$3,305	$2,543
System implementation costs(2)	$140	$1,171
Executive recruiting, relocation and sign-on bonus(3)	$278	$758
Write-off of site development costs(4)	$1,041	$277
Strategic initiative related costs(5)	-	$282
Non-routine legal expense(6)	($327)	$3,240
RTD start-up and production issues(7)	-	$595
Contract termination costs(8)	-	$188
Restructuring fees and related costs(9)	-	$2,075
RTD transformation costs(10)	$651	-
Impairment for assets held for sale(11)	-	$1,202
Adjusted EBITDA	$8,450	$147

(1) Represents the non-cash expense related to our equity-based compensation arrangements for employees, directors, consultants and a wholesale channel partner.
(2) Represents non-capitalizable costs associated with the implementation of our enterprise-wide systems.
(3) Represents nonrecurring payments made for executive recruitment, relocation, and sign-on bonuses.
(4) Represents the write-off of development costs for abandoned retail locations.
(5) Represents nonrecurring third-party consulting costs related to the planning and execution of our growth and productivity strategic initiatives.
(6) Represents legal costs and fees incurred in connection with certain non-routine legal disputes consisting of certain claims relating to deSPAC warrants and a commercial dispute with a former consultant resulting from the Company in-housing certain activities.
(7) Represents nonrecurring, non-cash costs and expense incurred as a result of our RTD start-up and production issue.
(8) Represents nonrecurring costs incurred for early termination of software and service contracts.
(9) Represents restructuring advisory fees, severance, and other related costs (previously included in footnote (3) and footnote (5)).
(10) Represents non-recurring, non-cash or non-operational costs associated with the transformation of our RTD business including loss on write-off of RTD inventory, discounts recognized on non-cash transactions, and other non-cash costs to transform our RTD business.
(11) Represents the adjustment recorded to recognize assets held for sale at their estimate net realizable value less estimated cost to sell.

RECONCILIATION OF GROSS MARGIN TO ADJUSTED GROSS MARGIN

GAAP to Non-GAAP Financial Measures: Gross Margin

(in thousands, except % data)

	Three Months Ended,				
	June 30, 2023	**September 30, 2023**	**December 31, 2023**	**March 31, 2024**	**June 30, 2024**
GAAP Results: Revenue, Net	**$91,947**	**$100,536**	**$119,650**	**$98,392**	**$89,017**
RTD transformation costs, Revenue	-	2,045	4,605	1,609	651
Non-GAAP Results: Adjusted Revenue, Net	**91,947**	**102,581**	**124,255**	**100,001**	**$89,668**
GAAP Results: Gross Profit	**$32,206**	**$34,059**	**$31,672**	**$42,185**	**$37,259**
% GAAP Gross Profit of Revenue, Net	*35.0%*	*33.9%*	*26.5%*	*42.9%*	*41.9%*
RTD transformation costs, Gross Profit	595	3,649	15,268	1,609	651
Non-GAAP Results: Adjusted Gross Profit	**$32,801**	**$37,708**	**$46,940**	**$43,794**	**$37,910**
% Non-GAAP Adjusted Gross Margin	*35.7%*	*36.8%*	*37.8%*	*43.8%*	*42.3%*

RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO FREE CASH FLOW

Reconciliation of Net Cash Provided by (Used in) Operating Activities to Free Cash Flow
(amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net cash provided by (used in) operating activities	**$2,298**	**$(25,063)**	**$7,212**	**$(40,457)**
Capital expenditures	(2,151)	(5,107)	(4,869)	(10,009)
Proceeds from sale of property and equipment	851	186	892	186
Free Cash Flow	**998**	**(29,984)**	**3,235**	**(50,280)**

GUIDANCE

For the full-year fiscal 2024, the Company updated its previous guidance as follows:

	FY2023	FY2024 Guidance (Updated)	
	Actual	**Low**	**High**
Net Revenue[1]	$395.6	$385.0	$415.0
Growth	*31%*	*(3%)*	*5%*
Gross Margin	32%	39%	42%
Adj. EBITDA	$13.3	$32.0	$42.0
Free Cash Flow Conversion [2]		80% Conversion	

[1] A barter transaction favorably impacted Net Revenue in 2023 by $28.9 million and projected Net Revenue in 2024 by $11.9 million. Excluding the impact of the barter transaction reduces revenue growth from 2022 to 2023 by 10% and increases projected Net Revenue growth in 2024 by 5%.

[2] We define Free Cash Flow Conversion as Free Cash Flow divided by Adjusted EBITDA