



BLACK RIFLE[®]
COFFEE COMPANY

FIRST QUARTER 2024



WE ARE AMERICA'S COFFEE

DISCLAIMER



Forward-Looking Statements

This presentation contains forward-looking statements about BRC Inc. and its industry that involve substantial risks and uncertainties. All statements other than statements of historical fact contained in this presentation, including statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, 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, which may adversely affect our operating results; 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 effectively manage or distribute our products through our 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; loss of confidential data from customers and employees, which may subject us to litigation, liability or reputational damage; failure to successfully compete with other producers and retailers of coffee; failure to successfully open new Black Rifle Coffee 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 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 noncancelable 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; inability to maintain the listing of our Class A Common Stock on the New York Stock Exchange; 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 presentation 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 presentation, 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 statements speak only as of the date of this presentation. 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 holistic Q1 performance. It illustrates our team's balance of market growth and disciplined execution. The Black Rifle brand is stronger than ever, and our mission continues to resonate in the minds of American consumers. Our commitment to brand, mission, and disciplined execution is evident in our Q1 financial results. I am incredibly excited to announce our partnership with Keurig Dr Pepper. We look forward to a strong strategic relationship, with the K-Cup pod distribution agreement set to immediately enhance the quality and availability of our coffee offerings. ”

- Chris Mondzelewski, President and CEO

2024 Q1 HIGHLIGHTS



Revenue

Net Revenue up **18%** YoY to

\$98.4 million

Driven by Wholesale Revenue increase of
51%

Gross Margin

Gross Margin Expanded to

42.9%

compared to 33.0% in Q1 2023

Profitability

Adjusted EBITDA improved to

\$14.1 million

up **\$19.3M** YoY

Free Cash Flow

Free Cash Flow Conversion* of

~80%

*Free Cash Flow Conversion calculated as (Adjusted EBITDA - Purchases of property, plant and equipment) / Adjusted EBITDA



Channel Highlights

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

meijer

Ahold
Delhaize

Giant

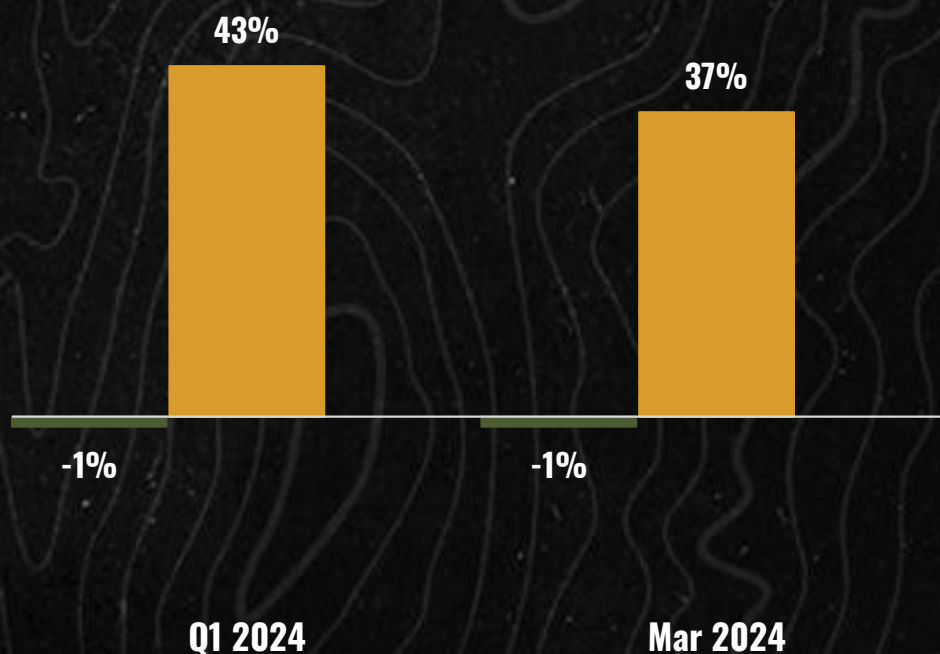
Albertsons

Walmart

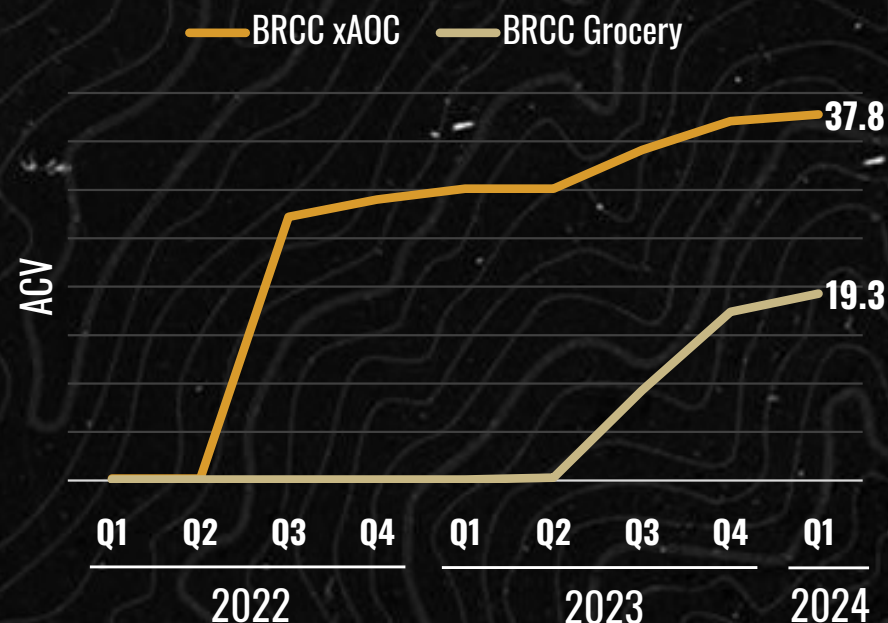


■ Coffee xAOC

■ BRCC xAOC



SIGNIFICANT RUNWAY TO INCREASE ACV



KDP Partnership



Co-branding and **genuine quality** | **KEURIG**



Single-serve **category leadership**

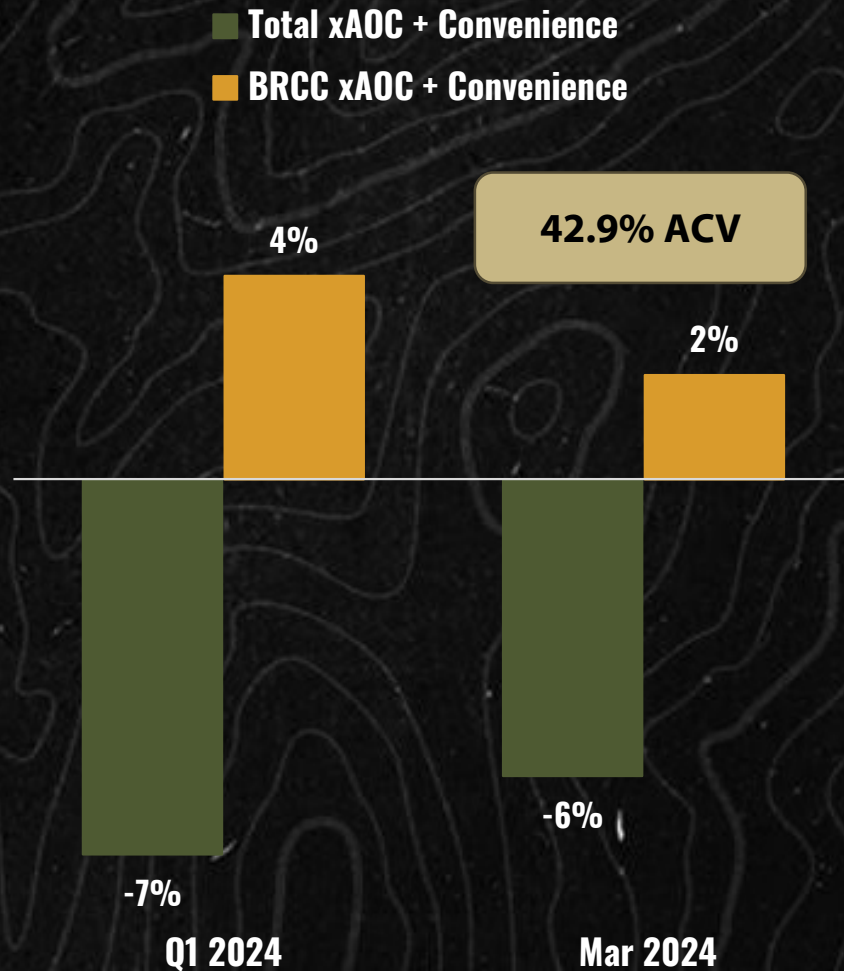


Industry leading **supply chain and manufacturing capabilities**



Extends KDP's **coffee portfolio**

RTD OUTPERFORMING CATEGORY WITH IMPROVING MARGINS



~~4~~ → 1
Reduced RTD Manufacturers
from four to one

~~7~~ → 2
Reduced Warehouse Network
from Seven to Two



Reestablished Distribution in CO
and CA while increasing FDM
coverage



Consolidated RTD Finished Good
Deliveries



Eliminated Seasonal Offerings to
Focus on Core 6 SKUs



Addressed Excess Finished Good
Inventory through Barter
Transaction

Optimized for Continued Growth at Improving RTD Product Margins

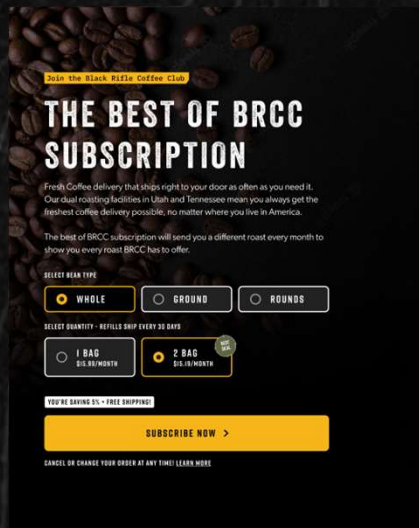
WE ARE A DIGITALLY NATIVE BRAND

Subscription continues to be a strategic enabler for BRCC as a large and fast-growing beverage brand

Recent Technological enhancements deployed on our website showing early signs of an optimized subscription experience

NEW SITE OBJECTIVES

- ✓ Customer Acquisition
- ✓ Customer Retention
- ✓ Brand Awareness
- ✓ Product Innovation
- ✓ Customer Satisfaction
- ✓ Supply Chain Optimization



DTC HIGHLIGHTS

209K

Active Coffee Club subscribers

17%+

Avg. Order Value premium for new subscriptions after rollout of new website

Further enhancements to the mobile application will roll out throughout 2024

OUTPOSTS WILL BE A GROWTH ENGINE IN 2025 & BEYOND

We are reformulating our Outpost Plans to bring the unique Black Rifle experience to consumers as we accelerate retail growth with strong unit economics and Return on Capital



OUTPOST COUNTS

18

Company-Owned
Outposts

18

Franchise Outpost Units

Improvements in unit economics from optimizing contracts and increased operational efficiency position us for rapid scaling despite short-term revenue impacts.



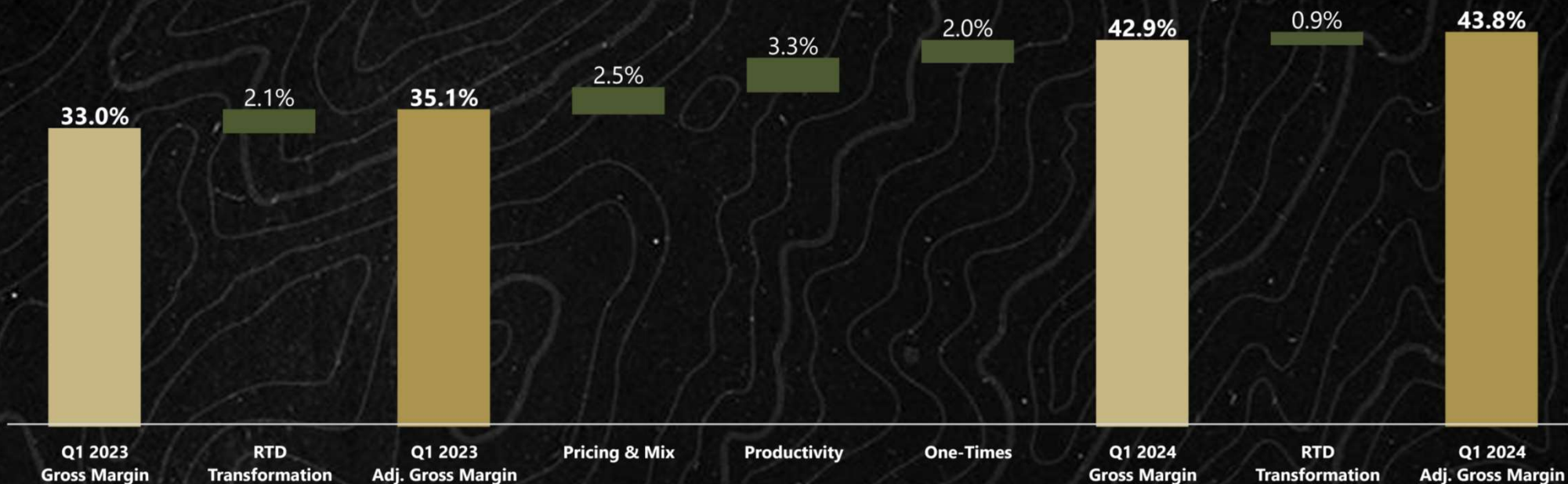
ALL OF OUR EFFORTS SUPPORT OUR MISSION



**Operational
Excellence &
Financial Results**

CONTINUED OPERATIONAL EXCELLENCE TRACTION

Clear, continued trend in improving profitability



Q1 2024 exceeded our long-term gross margin goals

Gross margin improvement from:



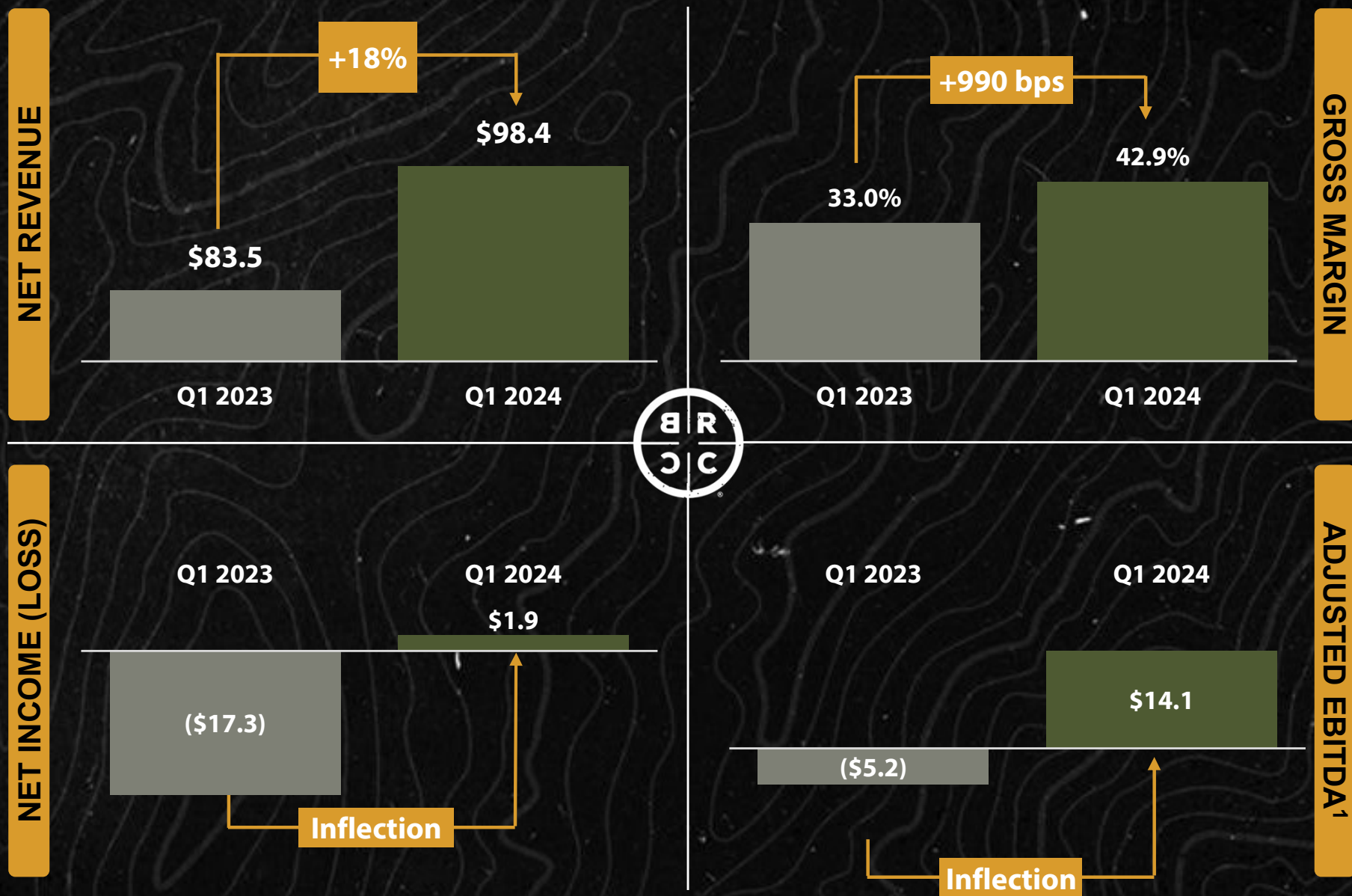
SG&A benefits from 2023 initiatives:



¹ Adjusted Gross Margins exclude RTD transformation costs for the quarter – refer to slide 25 for GAAP Reconciliation

QUARTERLY FINANCIALS

\$ million



¹ Refer to slide 24 for Adjusted EBITDA – GAAP Reconciliation



Outlook

UPDATED 2024 OUTLOOK

TOPLINE GROWTH¹
\$430M - \$460M

OPTIMIZED GROSS MARGIN AT UPPER END OF
37% - 40%

HEALTHY BOTTOM LINE
\$32M-\$42M ADJ EBITDA
80% Free Cash Flow Conversion

¹ A barter transaction favorably impacted Net Revenue in 2023 by \$28.9 million and projected Net Revenue in 2024 by an estimated \$11.9 million, \$8.5 million of which was in Q1 '24. 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% -6%



Appendix

FINANCIAL HIGHLIGHTS

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

	Quarter To Date Comparisons			
	2024	2023	\$ Change	% Change
Net Revenue	\$98.4	\$83.5	\$14.9	18%
Gross Profit	42.2	27.5	14.7	53%
Gross Margin	42.9%	33.0%		
Net Income (Loss)	\$1.9	(\$17.3)	\$19.2	
Adjusted EBITDA	\$14.1	(\$5.2)	\$19.3	

INCOME STATEMENT

Consolidated Statements of Operations

(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2024	2023
Revenue, net	\$98,392	\$83,490
Cost of goods sold	56,207	55,979
Gross profit	\$42,185	\$27,511
Operating expenses		
Marketing and advertising	7,609	7,144
Salaries, wages and benefits	15,261	19,824
General and administrative	15,346	17,758
Other operating expense, net	14	-
Total operating expenses	38,230	44,726
Operating income (loss)	\$3,955	(\$17,215)
Non-operating income (expenses)		
Interest expense, net	(2,051)	(323)
Other income, net	-	273
Total non-operating expenses	(2,051)	(50)
Income (loss) before income taxes	\$1,904	(\$17,265)
Income tax expense	49	56
Net income (loss)	\$1,855	(\$17,321)
Less: Net income (loss) attributable to non-controlling interest	1,307	(12,521)
Net income (loss) attributable to BRC Inc.	\$548	(\$4,800)
Net income (loss) per share attributable to Class A Common Stock		
Basic and diluted	\$0.01	(\$0.08)
Weighted-average shares of Class A Common Stock outstanding		
Basic	66,312,366	58,159,223
Diluted	66,597,626	58,159,223

BALANCE SHEET

Consolidated Balance Sheets

(in thousands, except share and par value amounts)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$3,997	\$12,448
Restricted cash	1,465	1,465
Accounts receivable, net	24,774	25,207
Inventories, net	50,383	56,465
Prepaid expenses and other current assets	16,279	12,153
Total current assets	96,898	107,738
Property, plant and equipment, net	66,169	68,326
Operating lease, right-of-use asset	33,686	36,214
Identifiable intangibles, net	403	418
Other	30,025	23,080
Total assets	<u>\$227,181</u>	<u>\$235,776</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$39,593	33,564
Accrued liabilities	31,425	34,911
Deferred revenue and gift card liability	7,562	11,030
Current maturities of long-term debt, net	9,779	2,297
Current operating lease liability	2,212	2,249
Current maturities of finance lease obligations	56	58
Total current liabilities	90,627	84,109
Non-current liabilities:		
Long-term debt, net	51,728	68,683
Finance lease obligations, net of current maturities	45	23
Operating lease liability	33,751	35,929
Other non-current liabilities	494	524
Total non-current liabilities	86,018	105,159
Total liabilities	176,645	189,268
Stockholders' equity		
Preferred Stock, \$0.0001 par value, 1,000,000 shares authorized; no shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	-	-
Class A Common Stock, \$0.0001 par value, 2,500,000,000 shares authorized; 67,134,997 and 65,637,806 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	6	6
Class B Common Stock, \$0.0001 par value, 300,000,000 shares authorized; 145,079,865 and 146,484,989 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	15	15
Class C Common Stock, \$0.0001 par value, 1,500,000 shares authorized; no shares issued or outstanding as of March 31, 2024 and December 31, 2023, respectively	-	-
Additional paid in capital	134,519	133,728
Accumulated deficit	(119,930)	(120,478)
Total BRC Inc.'s stockholders' equity	14,610	13,271
Non-controlling interests	35,926	33,237
Total stockholders' equity	50,536	46,508
Total liabilities and stockholders' equity	<u>\$227,181</u>	<u>\$235,776</u>

CASH FLOW

Consolidated Statements of Cash Flow (in thousands)

	Three Months Ended March 31,	
	2024	2023
Operating activities		
Net income (loss)	\$1,855	(\$17,321)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,413	1,719
Equity-based compensation	1,952	2,506
Amortization of debt issuance costs	301	33
Loss on disposal of assets	511	-
Other	315	-
Changes in operating assets and liabilities:		
Accounts receivable, net	58	3,055
Inventories, net	(2,405)	(25,724)
Prepaid expenses and other assets	(1,892)	(1,118)
Accounts payable	7,264	27,830
Accrued liabilities	(2,331)	(6,463)
Deferred revenue and gift card liability	(3,468)	(160)
Operating lease liability	371	219
Other liabilities	(30)	30
Net cash provided by (used in) operating activities	4,914	(15,394)
Investing activities		
Purchases of property, plant and equipment	(2,718)	(4,902)
Proceeds from sale of property and equipment	41	-
Net cash used in investing activities	(2,677)	(4,902)
Financing activities		
Proceeds from issuance of long-term debt, net of discount	21,829	87,000
Debt issuance costs paid	(164)	-
Repayment of long-term debt	(32,224)	(79,609)
Financing lease obligations	20	(25)
Repayment of promissory note	(400)	(399)
Issuance of stock from the Employee Stock Purchase Plan	251	305
Net cash (used in) provided by financing activities	(10,688)	7,272
Net increase (decrease) in cash, cash equivalents and restricted cash	(8,451)	(13,024)
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	<u>\$3,997</u>	<u>\$25,966</u>
Restricted cash, end of period	<u>\$1,465</u>	<u>-</u>

CASH FLOW (CONTINUED)

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

Three Months Ended March 31,

	2024	2023
Non-cash operating activities		
(Derecognition) Recognition of right-of-use operating lease assets	(\$1,955)	\$5,786
Recognition of revenue for inventory exchanged for prepaid advertising	8,487	-
Non-cash investing and financing activities		
Property and equipment purchased but not yet paid	622	967
Supplemental cash flow information		
Cash paid for income taxes	58	179
Cash paid for interest	\$1,816	\$492

KEY OPERATIONAL METRICS

Key Operating and Financial Metrics

Revenue by Sales Channel

(in thousands)

	Three Months Ended March 31,	
	2024	2023
Wholesale	\$60,428	\$39,997
Direct to Consumer	32,614	36,780
Outpost	5,350	6,713
Total net sales	\$98,392	\$83,490

Key Operational Metrics

	March 31,	
	2024	2023
Wholesale Doors	13,254	8,936
RTD Doors	86,784	63,039
DTC Subscribers	209,000	255,100
Outposts		
Company-owned stores	18	16
Franchise stores	18	13
Total Outposts	36	29

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA

Reconciliation of Net Income (Loss) to Adjusted EBITDA

(amounts in thousands)

	Three Months Ended March 31,	
	2024	2023
Net income (loss)	\$1,855	(\$17,321)
Interest expense	2,051	323
Tax expense	49	56
Depreciation and amortization	2,413	1,719
EBITDA	\$6,368	(\$15,223)
Equity-based compensation(1)	1,952	2,506
System implementation costs(2)	380	691
Executive recruiting, relocation and sign-on bonus(3)	1	309
Write-off of site development costs(4)	1,181	785
Strategic initiative related costs(5)	-	1,223
Non-routine legal expense(6)	2,371	1,006
RTD start-up and production issues(7)	-	1,799
Contract termination costs(8)	-	542
Restructuring fees and related costs(9)	266	1,134
RTD transformation costs(10)	1,609	-
Adjusted EBITDA	\$14,128	(\$5,228)

(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.

RECONCILIATION OF GROSS MARGIN TO ADJUSTED GROSS MARGIN

GAAP to Non-GAAP Financial Measures: Gross Margin

(in thousands, except % data)

	Three Months Ended,				
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
GAAP Results: Revenue, Net	\$83,490	\$91,947	\$100,536	\$119,650	\$98,392
RTD transformation costs, Revenue	-	-	2,045	4,605	1,609
Non-GAAP Results: Adjusted Revenue, Net	83,490	91,947	102,581	124,255	\$100,001
GAAP Results: Gross Profit	\$27,511	\$32,206	\$34,059	\$31,672	\$42,185
% Revenue, Net	33.0%	35.0%	33.9%	26.5%	42.9%
RTD transformation costs, Gross Profit	1,799	595	3,649	15,268	1,609
Non-GAAP Results: Adjusted Gross Profit	\$29,310	\$32,801	\$37,708	\$46,940	\$43,794
% of Adjusted Revenue, Net	35.1%	35.7%	36.8%	37.8%	43.8%

GUIDANCE

For the Full-year fiscal 2024, the Company expects:

	FY2023	FY2024 Guidance	
	Actual	Low	High
Net Revenue	\$395.6	\$430.0	\$460.0
<i>Growth¹</i>	31%	9%	16%
Gross Margin	32%	37%	40%
Adj. EBITDA	\$13.3	\$32.0	\$42.0
Free Cash Flow		80% Flow Through	

¹ A barter transaction favorably impacted Net Revenue in 2023 by \$28.9 million and projected Net Revenue in 2024 by an estimated \$11.9 million, \$8.5 million of which was in Q1 '24. 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% -6%