

## **Granite City Food & Brewery Announces Preliminary Unaudited 2014 Financial Results and Engagement of Financial Advisor to Explore Possible Strategic Transaction**

**MINNEAPOLIS – February 16, 2015** – Granite City Food & Brewery Ltd. (OTCPink: **GCFB**), a casual dining restaurant group, announced today the following preliminary unaudited financial results for the fiscal year ended December 30, 2014:

Net revenue increased to \$136 million compared to \$134 million for FY 2013

Adjusted EBITDA increased to approximately \$10 million compared to \$8 million for FY 2013

Consolidated same-store sales, excluding the downtown Indianapolis non-restaurant location, increased 0.7% in FY 2014

In addition, the Company announced that its Board of Directors has engaged Houlihan Lokey Capital, Inc., a leading investment bank, to assist it in exploring a possible strategic transaction.

Under the engagement agreement, Houlihan's services may include soliciting, coordinating, and evaluating indications of interest and proposals regarding a possible strategic transaction, and assisting the Board in negotiating financial aspects of a possible strategic transaction.

Such a transaction may take the form of a sale, disposition, merger or other transaction involving all or a substantial portion of the business, assets or equity interests of the Company. There can be no assurance that a transaction will be pursued or, if one is pursued, that it will be consummated. The Company does not expect to make further comment unless the Company enters into a material definitive agreement, or disclosure is otherwise deemed appropriate.

### **About Granite City**

Granite City Food & Brewery Ltd. develops and operates two casual dining concepts: Granite City Food & Brewery and Cadillac Ranch All American Bar & Grill. Granite City Food & Brewery is a polished casual American restaurant that features a great dining experience with affordable, high-quality menu items prepared from made-from-scratch recipes. There is a brewery onsite, serving hand-crafted and micro brews. Granite City opened its first restaurant in 1999 and is expanding nationwide; there are currently 31 Granite City restaurants in 13 states. The Company expects to open 4 additional Granite City locations (Schaumburg, IL; Northville, MI; National Harbor, MD; and Detroit, MI) during 2015. Cadillac Ranch restaurants feature freshly prepared, authentic, All-American cuisine in a fun, dynamic environment. Its patrons enjoy a warm, Rock NøRoll inspired atmosphere, with plenty of room for friends, music and dancing. The Cadillac Ranch menu is diverse with offerings ranging from homemade meatloaf to pasta dishes, all freshly prepared using quality ingredients. The Company currently operates 5 Cadillac Ranch restaurants in 5 states. Additional information about Granite City Food & Brewery and Cadillac Ranch can be found at [www.gcfb.com](http://www.gcfb.com) and [www.cadillacranchgroup.com](http://www.cadillacranchgroup.com).

## Forward-Looking Statements and Non-GAAP Financial Measures

*Certain statements made in this press release of a non-historical nature constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. Such factors include, but are not limited to, changes in economic conditions, changes in consumer preferences or discretionary consumer spending, a significant change in the performance of any existing restaurants, our ability to continue funding our operations and meet our debt service obligations, and the risks and uncertainties described in the Cautionary Statement filed in our Annual Report on 10-K with the Securities and Exchange Commission on March 19, 2014.*

*Additionally, this press release presents adjusted EBITDA, a non-GAAP financial measure. As compared to the nearest GAAP measurement for our company, adjusted EBITDA represents operating income (loss) with the add-back of net interest expense, any gain or (loss), related to disposal of assets and exit or disposal costs, depreciation and amortization, acquisition costs, pre-opening costs, termination costs, property write-off costs, non cash compensation and any provision for income taxes, and further adjusts for the difference between the amount of fixed rent recorded on the statements of operations and the actual amount paid for rent expense. We use adjusted EBITDA as a way to measure our overall internal operational performance without restaurant openings and/or closings and as a means of evaluating our restaurants’ financial performance compared with our competitors. This non-GAAP measure should not be used as a substitute for net loss, net cash provided by or used in operations or other financial data prepared in accordance with GAAP. A schedule reconciling adjusted EBITDA for FY 2014 and FY 2013 is provided herein.*

Contacts:            Robert J. Doran  
                          Chief Executive Officer  
                          (952) 697-2393

                          Jeffrey L. Rager  
                          Chief Financial Officer  
                          (952) 646-2307

### **Preliminary and Unaudited Non-GAAP Reconciliations for Fiscal Years 2014 and 2013 Adjusted EBITDA**

	2014	2013
Net loss	\$ (2,571,496)	\$ (3,449,940)
Net interest expense	4,097,864	4,900,763
Exit or disposal activities, other	654,493	237,002
Depreciation and amortization	7,584,605	8,041,632
Acquisition costs	66,651	359,378
Pre-opening	1,356,374	1,651,235
Change in officer/strategic positioning/property write-off costs	1,416,572	549,078
Share-based compensation	190,071	181,917
Lease adjustment	(2,768,248)	(4,394,841)
Adjusted EBITDA	<u>\$ 10,026,886</u>	<u>\$ 8,076,224</u>