

## **Castle Brands 4Q Sales Grow from Bourbon, Rye Whiskey Revenue**

Castle Brands Inc.

NEW YORK (PRNewswire) — Castle Brands Inc. (NYSE MKT: ROX), a developer and international marketer of premium and super-premium branded spirits, today reported financial results for the quarter and year ended March 31, 2014.

Operating highlights for the fiscal year ended March 31, 2014:

- Net sales increased 16.2 percent to \$48.1 million for fiscal 2014, as compared to \$41.4 million in the prior fiscal year.
- EBITDA, as adjusted, turned positive to a gain of \$0.5 million for fiscal 2014, compared to a loss of (\$0.7) million for fiscal 2013.
- Very strong growth of Jefferson's bourbons and rye and Irish whiskeys led to a 43.5 percent increase in whiskey revenues from the prior year.
- Gosling's Rum continued its strong growth trend with case sales up 14.2 percent from the prior year.
- Gosling's Stormy Ginger Beer case sales increased 63 percent to approximately 429,000 cases from approximately 264,000 in the prior year.
- Purchased \$5.0 million of bulk aged bourbon (including \$4.2 million purchased in early April 2014).
- Raised \$8.2 million of additional equity capital through the exercise of warrants to purchase 10.1 million shares of common stock and the issuance of \$4.3 million of common stock in an at-the-market ("ATM") offering.

"Our strong sales force and effective marketing programs continued to drive substantial growth of our core brands. This ability to scale our business has led to improved operating performance over the last five years. In fiscal 2014, we were able to continue that growth and show positive EBITDA, as adjusted, for the first year in the Company's history. We view this as an important turning point and expect the trends of sales growth and cost containment to continue," stated Richard J. Lampen, President and Chief Executive Officer of Castle Brands.

"In February 2014, 10.1 million of our outstanding warrants were exercised, which eliminated future non-cash charges related to warrant valuation. We also raised \$4.3 million through an ATM offering. Together, these generated a total of \$8.2 million of new equity capital for Castle Brands. In addition, our increased stock price and volume allowed us to force the conversion of all of our preferred stock into common stock, which simplified our capital structure and eliminated the 10 percent preferred dividend and its effect on net income attributable to common shareholders going forward," Mr. Lampen added.

"The continued success of Jefferson's brings additional requirements for aged

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bourbon and finished goods inventory. To provide long-term bourbon supplies, we purchased \$5 million of aged bourbon. The Company financed the bulk bourbon purchases through the placement of \$2.1 million of 5 percent convertible notes (convertible into common at \$0.90 per share), proceeds from the exercise of warrants and the issuance of common stock through the ATM offering. These funds also enabled us to support the growth of our other core brands, including our fast growing Irish whiskeys," said John Glover, Chief Operating Officer of Castle Brands.

"Gosling's volume was approximately 160,000 cases, up 14.2 percent in fiscal 2014 as compared to fiscal 2013. Sales of Gosling's Stormy Ginger Beer increased 63 percent to 429,000 cases in fiscal 2014. It is encouraging to see this continued growth of Gosling's Stormy Ginger Beer, as it bodes well for the Dark 'n Stormy® cocktail, an important driver of Gosling's sales," Mr. Glover added.

In the fourth quarter of fiscal 2014, the Company had net sales of \$12.5 million, a 15.6 percent increase from net sales of \$10.8 million in the comparable prior-year period. Loss from operations was (\$0.5) million in the fourth quarter of fiscal 2014 as compared to a loss of (\$2.7) million for the prior-year period, which prior-year period included a (\$1.7) non-cash loss on disposition of wine assets. Net loss attributable to common shareholders was (\$0.6) million, or \$(0.00) per basic and diluted share, in the fourth quarter of fiscal 2014, as compared to (\$3.3) million, or \$(0.03) per basic and diluted share, in the prior-year period.

EBITDA, as adjusted, for the fourth quarter of fiscal 2014 improved to a gain of \$0.35 million, compared to a loss of (\$0.03) million for the prior-year period.

The Company had net sales of \$48.1 million for fiscal 2014, an increase of 16.2 percent from \$41.4 million in fiscal 2013. This sales growth was driven by increased rum and whiskey sales in the U.S. and international markets. Loss from operations was (\$1.3) million for fiscal 2014, as compared to a loss from operations of (\$4.4) million for fiscal 2013, which included a non-cash loss of (\$1.7) million on disposition of wine assets. Including a (\$5.4) million non-cash charge for the change in fair value of warrant liability and (\$3.1) million of other net non-cash charges, the net loss attributable to common shareholders was (\$9.3) million, or \$(0.08) per basic and diluted share, in fiscal 2014. This compares to a net loss attributable to common shareholders of (\$6.2) million or \$(0.06) per basic and diluted share, in fiscal 2013, which included a \$0.3 million non-cash gain on the change in fair market value of warrant liability.

EBITDA, as adjusted, for fiscal 2014 improved to a gain of \$0.5 compared to a loss of (\$0.7) million for the prior-year.

### *About Castle Brands*

*Castle Brands is a developer and international marketer of premium beverage alcohol brands including: Gosling's Rum®, Jefferson's®, Jefferson's Presidential Select™ and Jefferson's Reserve® Bourbon, Jefferson's® Rye Whiskey, Knappogue Castle Whiskey®, Clontarf® Irish Whiskey, Pallini® Limoncello, Boru® Vodka, Brady's® Irish Cream, Celtic Honey® Liqueur and Castello Mio® Sambuca. Additional information concerning the Company is available on the Company's website,*

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[www.castlebrandsinc.com](http://www.castlebrandsinc.com) [1].

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