

Granite City Food & Brewery® Reports 9.8% Increase in Revenue in Fourth Quarter 2013

30th Granite City Location Opens in Lyndhurst, Ohio

MINNEAPOLIS March 19, 2014 — Granite City Food & Brewery Ltd. (OTCPink: GCFB), a casual dining restaurant group, today reported results for the fourth quarter ended December 31, 2013.

Highlights were as follows:

- Total restaurant sales increased 9.8% to \$33.9 million for the fourth quarter of 2013 from \$30.9 million in the fourth quarter of 2012
- Total restaurant sales increased 10.9% to \$134.2 million for fiscal year 2013 from \$120.9 million in fiscal year 2012
- Same store sales increased 0.6% in the fourth quarter of 2013 over the fourth quarter of 2012
- Same store sales increased 0.5% in fiscal year 2013 over fiscal year 2012
- Company generated approximately \$8.1 million in Adjusted EBITDA in fiscal year 2013 compared to \$7.0 million in fiscal year 2012

“We are pleased with the progress the Company made during 2013,” commented Rob Doran, CEO. “We opened three new restaurants during the year and are anxious to get a full year of benefit from those operations during 2014. Additionally, at the end of the year we were able to purchase several existing Granite City leased restaurants which should decrease our occupancy expense by over \$1.0 million annually. Finally, we look forward to the fall openings of new restaurants in Naperville and Schaumburg, Illinois – two markets that we expect to perform very well for us. We are excited about the continued growth of the Company.”

Fourth Quarter 2013 Financial Results

Total revenue for fourth quarter 2013 increased by 9.8% to \$33.9 million compared to \$30.9 million for the fourth quarter of 2012. This increase was the result of three additional locations in operation in the fourth quarter of 2013 compared to that of 2012. Comparable restaurant revenue, which includes restaurants which we have operated for over 18 months, increased 0.6%. Total cost of sales before occupancy was \$26.1 million in the fourth quarter of 2013 or 77.1% of revenue compared to prior year fourth quarter cost of sales before occupancy of \$23.3 million or 75.5% of revenue.

General and administrative expenses were \$1.9 million or 5.6% of revenue for the fourth quarter of 2013 compared to \$2.5 million or 8.1% of revenue for the fourth quarter of 2012. We believe that the benefit of restaurant, menu and food upgrades, and future restaurant unit growth will help to reduce general and administrative expenses as a percentage of revenue.

The net loss for the fourth quarter of 2013 was \$0.8 million compared to a net loss of \$1.0 million in the fourth quarter of 2012. Net loss per share available to common shareholders was \$(0.12) and \$(0.15) for the fourth quarters of 2013 and 2012, respectively. Net loss per share available to common shareholders in the fourth quarters of 2013 and 2012 included \$(0.02) and \$(0.03) attributable to a declared dividend on preferred stock, respectively. Weighted average shares outstanding in the fourth quarters of 2013 and 2012 were 8.2 million and 8.1 million, respectively.

Fiscal Year Financial Results

Total revenue for fiscal year 2013 increased by 10.9% to \$134.2 million compared to \$120.9 million for fiscal year 2012. This increase was the result of an additional fiscal week in the first quarter of 2013 and three additional locations in operation in fiscal year of 2013 compared to fiscal year 2012. Comparable restaurant revenue, which includes restaurants which we have operated for over 18 months, increased 0.5%. Total cost of sales before occupancy

was \$101.8 million in fiscal year 2013 or 75.9% of revenue compared to prior year cost of sales before occupancy of \$90.7 million or 75.0% of revenue.

General and administrative expenses were \$9.5 million or 7.0% of revenue for fiscal year 2013 compared to \$9.7 million or 8.0% of revenue for fiscal year 2012. This decrease in general and administrative expense as a percent of revenue was primarily attributable to the larger sales base associated with the additional fiscal week in the first quarter of 2013 and the additional restaurants in operation during fiscal year 2013, as well as an increase in gift card breakage which represents the portion of the gift card obligation for which management believes the likelihood of redemption by the customer is remote.

The net loss for fiscal year 2013 was \$3.4 million compared to a net loss of \$4.1 million in fiscal year 2012. Net loss per share available to common shareholders was \$(0.52) and \$(0.77) for fiscal year 2013 and 2012, respectively. Net loss per share available to common shareholders in fiscal year 2013 and 2012 included \$(0.10) and \$(0.13) attributable to declared dividends on preferred stock, respectively. Weighted average shares outstanding in fiscal year 2013 and 2012 were 8.2 million and 6.4 million, respectively.

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, served in generous portions. 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 30 Granite City restaurants in 13 states. Cadillac Ranch restaurants feature freshly prepared, authentic, All-American cuisine in a fun, dynamic environment. Its patrons enjoy a warm, Rock N' Roll 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 five Cadillac Ranch restaurants in five states. Additional information about Granite City Food & Brewery can be found at www.gcfb.com.

Forward-Looking Statements, Non-GAAP Financial Measurements and Adjusted 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 filed with the Securities and Exchange Commission on March 19, 2014.

Additionally, this press release contains certain non-GAAP financial measures, including references to restaurant-level IBO, company-wide EBITDA and adjusted EBITDA. As compared to the nearest GAAP measurement for our company, restaurant-level IBO represents revenue less cost of food, beverage, retail, labor and direct restaurant operating expenses. We use restaurant-level IBO and restaurant-level IBO as a percentage of revenue as internal measurements of restaurant-level operating performance. Restaurant-level IBO as we define it may not be comparable to similar measurements used by other companies and is not a measure of performance or liquidity presented in accordance with GAAP. We believe that restaurant-level IBO is an important component of our financial results because it is a widely used measurement within the restaurant industry to evaluate restaurant-level productivity, efficiency, and performance. We use restaurant-level IBO as a means of evaluating our restaurants' financial performance compared with our competitors. As compared to the nearest GAAP measurement for our company, company-wide EBITDA represents operating income (loss) with the add-back of depreciation and amortization, net loss (gain) on disposal of assets and exit or disposal costs. We use company-wide EBITDA as a way to measure our overall internal operational performance without restaurant closings and as a means of evaluating our financial performance compared with our competitors. 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. These non-GAAP measurements should not be used as substitutes for net loss, net cash provided by or used in operations or other financial data prepared in accordance with GAAP. Schedules of reconciliations of restaurant-level IBO, company-wide EBITDA and adjusted EBITDA for the fourth quarters and fiscal years 2013 and 2012 are provided herein.

Finally, in order to provide supplemental results of operations information, we have included certain adjusted financial measures. In particular, we have presented various financial metrics for comparable restaurants, which are those restaurants that we have operated for more than 18 months, and our new restaurants which are those restaurants that we have operated for 18 months or less. The contributions of these groups of restaurants to company-wide performance are set forth herein.

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Granite City Food & Brewery Ltd.

Condensed Consolidated Statements of Operations

	Thirteen Weeks Ended		53 Weeks Ended	52 Weeks Ended
	December 31, 2013	December 25, 2012	December 31, 2013	December 25, 2012
Restaurant revenue	\$ 33,890,227	\$ 30,858,736	\$ 134,163,349	\$ 120,931,643
Cost of sales:				
Food, beverage and retail	9,516,537	8,394,785	36,977,798	32,723,253
Labor	11,131,145	10,075,877	43,761,162	39,816,861
Direct restaurant operating	5,491,656	4,822,621	21,085,533	18,162,626
Occupancy	2,929,019	2,647,390	11,147,131	9,999,277
Cost of sales and occupancy	29,068,357	25,940,673	112,971,624	100,702,017
General and administrative	1,895,661	2,507,013	9,451,655	9,714,095
Depreciation and amortization	2,046,745	1,911,985	8,041,632	7,405,705
Pre-opening	615,433	127,787	1,651,235	1,043,199
Acquisition costs	165,839	28,590	359,378	713,336
Loss on disposal of assets	198,545	114,244	661,445	482,508
Exit or disposal activities	(470,833)	15,578	(424,443)	64,839
Total costs and expenses	33,519,747	30,645,870	132,712,526	120,125,699
Operating income	370,480	212,866	1,450,823	805,944
Interest:				
Income	2,624	1,725	2,624	1,757
Expense on capital leases	(808,845)	(936,449)	(3,648,328)	(3,758,039)
Other expense	(359,496)	(255,278)	(1,255,059)	(1,155,143)
Net interest expense	(1,165,717)	(1,190,002)	(4,900,763)	(4,911,425)
Net loss	\$ (795,237)	\$ (977,136)	\$ (3,449,940)	\$ (4,105,481)
Loss per common share, basic	\$ (0.12)	\$ (0.15)	\$ (0.52)	\$ (0.77)
Weighted average shares outstanding, basic	8,246,935	8,050,178	8,172,457	6,417,488

Selected Balance Sheet Information

	December 31, 2013	December 25, 2012
Cash	2,677,090	2,566,034
Current assets, including cash	6,536,922	5,905,523
Total assets	66,768,616	71,766,785
Current liabilities	17,402,270	14,811,246
Total liabilities	68,559,440	70,258,483
Shareholders' (deficit) equity	(1,790,824)	1,508,302

Non-GAAP Reconciliations Q4 2013 Results

	Comparable Restaurants	<i>% of Sales</i>	New Restaurants	<i>% of Sales</i>	Total for All Restaurants As Reported	<i>% of Sales</i>
Restaurant revenues	\$ 28,436,688	100%	\$ 5,453,539	100%	\$ 33,890,227	100%
Cost of sales:						
Food, beverage and retail	7,947,688	27.9%	1,568,849	28.8%	9,516,537	28.1%
Labor	9,185,614	32.3%	1,945,531	35.7%	11,131,145	32.8%
Direct restaurant operating expenses	4,585,904	16.1%	905,752	16.6%	5,491,656	16.2%
Restaurant-level IBO*	<u>\$ 6,717,482</u>	<u>23.6%</u>	<u>\$ 1,033,407</u>	<u>18.9%</u>	<u>\$ 7,750,889</u>	<u>22.9%</u>
Occupancy					2,929,019	8.6%
General and administrative					1,895,661	
Pre-opening					615,433	
Acquisition costs					<u>165,839</u>	
Company-wide EBITDA*					2,144,937	6.3%
Depreciation and amortization					2,046,745	
Exit or disposal activities and loss on disposal of assets					<u>(272,288)</u>	
Operating income					370,480	
Interest:						
Income					2,624	
Expense					<u>(1,168,341)</u>	
Net interest expense					(1,165,717)	
Net loss					<u>\$ (795,237)</u>	

Non-GAAP Reconciliations Q4 2013 Adjusted EBITDA

Net loss	\$ (795,237)
Net interest expense	1,165,717
Exit or disposal activities, other	(272,288)
Depreciation and amortization	2,046,745
Acquisition costs	165,839
Pre-opening	615,433
Termination/contract negotiation/property write-off costs	64,022
Share-based compensation	45,191
Lease adjustment	(991,452)
Adjusted EBITDA*	<u>\$ 2,043,970</u>

*See accompanying disclosure regarding use of non-GAAP financial measures.
Certain percentages may not foot due to rounding.

Non-GAAP Reconciliations Q4 2012 Results

	Comparable Restaurants	% of Sales	New Restaurants	% of Sales	Total for All Restaurants As Reported	% of Sales
Restaurant revenues	\$ 28,266,387	100%	\$ 2,592,349	100%	\$ 30,858,736	100%
Cost of sales:						
Food, beverage and retail	7,658,400	27.1%	736,385	28.4%	8,394,785	27.2%
Labor	9,302,844	32.9%	773,033	29.8%	10,075,877	32.7%
Direct restaurant operating expenses	4,442,922	15.7%	379,699	14.6%	4,822,621	15.6%
Restaurant-level IBO*	<u>\$ 6,862,221</u>	<u>24.3%</u>	<u>\$ 703,232</u>	<u>27.1%</u>	<u>\$ 7,565,453</u>	<u>24.5%</u>
Occupancy					2,647,390	8.6%
General and administrative					2,507,013	
Pre-opening					127,787	
Acquisition costs					<u>28,590</u>	
Company-wide EBITDA*					2,254,673	7.3%
Depreciation and amortization					1,911,985	
Exit or disposal activities and loss on disposal of assets					<u>129,822</u>	
Operating income					212,866	
Interest:						
Income					1,725	
Expense					<u>(1,191,727)</u>	
Net interest expense					<u>(1,190,002)</u>	
Net loss					<u>\$ (977,136)</u>	

Non-GAAP Reconciliations Q4 2012 Adjusted EBITDA

Net loss	\$ (977,136)
Net interest expense	1,190,002
Exit or disposal activities, other	129,822
Depreciation and amortization	1,911,985
Acquisition costs	28,590
Pre-opening	127,787
Termination/contract negotiation/property write-off costs	138,131
Share-based compensation	86,082
Lease adjustment	(1,058,349)
Adjusted EBITDA*	<u>\$ 1,576,914</u>

*See accompanying disclosure regarding use of non-GAAP financial measures.
Certain percentages may not foot due to rounding.

Non-GAAP Reconciliations Fiscal Year 2013 Results

	Comparable Restaurants	% of Sales	New Restaurants	% of Sales	Total for All Restaurants As Reported	% of Sales
Restaurant revenues	\$ 116,853,189	100%	\$ 17,310,160	100%	\$ 134,163,349	100%
Cost of sales:						
Food, beverage and retail	32,062,044	27.4%	4,915,754	28.4%	36,977,798	27.6%
Labor	37,846,590	32.4%	5,914,572	34.2%	43,761,162	32.6%
Direct restaurant operating expenses	18,333,926	15.7%	2,751,607	15.9%	21,085,533	15.7%
Restaurant-level IBO*	<u>\$ 28,610,629</u>	<u>24.5%</u>	<u>\$ 3,728,227</u>	<u>21.5%</u>	<u>\$ 32,338,856</u>	<u>24.1%</u>
Occupancy					11,147,131	8.3%
General and administrative					9,451,655	
Pre-opening					1,651,235	
Acquisition costs					<u>359,378</u>	
Company-wide EBITDA*					9,729,457	7.3%
Depreciation and amortization					8,041,632	
Exit or disposal activities and loss on disposal of assets					<u>237,002</u>	
Operating income					1,450,823	
Interest:						
Income					2,624	
Expense					<u>(4,903,387)</u>	
Net interest expense					(4,900,763)	
Net loss					<u>\$ (3,449,940)</u>	

Non-GAAP Reconciliations Fiscal Year 2013 Adjusted EBITDA

Net loss	\$ (3,449,940)
Net interest expense	4,900,763
Exit or disposal activities, other	237,002
Depreciation and amortization	8,041,632
Acquisition costs	359,378
Pre-opening	1,651,235
Termination/contract negotiation/property write-off costs	549,078
Share-based compensation	181,917
Lease adjustment	(4,394,841)
Adjusted EBITDA*	<u>\$ 8,076,224</u>

*See accompanying disclosure regarding use of non-GAAP financial measures.
Certain percentages may not foot due to rounding.

Non-GAAP Reconciliations Fiscal Year 2012 Results

	Comparable Restaurants	% of Sales	New Restaurants	% of Sales	Total for All Restaurants As Reported	% of Sales
Restaurant revenues	\$ 114,123,656	100%	\$ 6,807,987	100%	\$ 120,931,643	100%
Cost of sales:						
Food, beverage and retail	30,785,679	27.0%	1,937,574	28.5%	32,723,253	27.1%
Labor	37,649,306	33.0%	2,167,555	31.8%	39,816,861	32.9%
Direct restaurant operating expenses	17,161,933	15.0%	1,000,693	14.7%	18,162,626	15.0%
Restaurant-level IBO*	<u>\$ 28,526,738</u>	<u>25.0%</u>	<u>\$ 1,702,165</u>	<u>25.0%</u>	<u>\$ 30,228,903</u>	<u>25.0%</u>
Occupancy					9,999,277	8.3%
General and administrative					9,714,095	
Pre-opening					1,043,199	
Acquisition costs					<u>713,336</u>	
Company-wide EBITDA*					8,758,996	7.2%
Depreciation and amortization					7,405,705	
Exit or disposal activities and loss on disposal of assets					<u>547,347</u>	
Operating income					805,944	
Interest:						
Income					1,757	
Expense					<u>(4,913,182)</u>	
Net interest expense					(4,911,425)	
Net loss					<u>\$ (4,105,481)</u>	

Non-GAAP Reconciliations Fiscal Year 2012 Adjusted EBITDA

Net loss	\$ (4,105,481)
Net interest expense	4,911,425
Exit or disposal activities, other	547,347
Depreciation and amortization	7,405,705
Acquisition costs	713,336
Pre-opening	1,043,199
Termination/contract negotiation/property write-off costs	223,341
Share-based compensation	309,829
Lease adjustment	(4,071,746)
Adjusted EBITDA*	<u>\$ 6,976,955</u>

*See accompanying disclosure regarding use of non-GAAP financial measures.
Certain percentages may not foot due to rounding.