

## RUM Reports Annual 2016 Consolidated Financial Results

EDMONTON, April 24, 2017 – Rocky Mountain Liquor Inc. (TSX-V: **RUM**) (the “Company” or “Rocky Mountain”), listed on the TSX Venture Exchange (the “Exchange”), today reported its financial results for the year ending December 31, 2016.

### KEY OPERATING AND FINANCIAL METRICS

Key operational and financial highlights, year over year 3 month comparison:

- Gross margin percentage decreased to 23.9% (2015 – 24.9%)
- Sales decreased to \$11.0M (2015 - \$11.9)
- Operating margin decreased to \$75,976 (2015 - \$381,100)
- EBITDA decreased to \$53,898 (2015 - \$256,323)
- Net loss is \$4.5M (2015 - \$87,763)

Key operational and financial highlights, year over year 12 month comparison:

- Gross margin decreased to 24.2% (2015 – 25.7%)
- Sales decreased to \$45.3M (2015 - \$49.3M)
- Operating margin decreased to \$681,325 (2015 – \$2.0M)
- EBITDA decreased to \$719,392 (2015 – \$2.0M)
- Net loss is \$4.5M (2015 – income \$287,941)

Total sales for the year ended December 31, 2016 were \$45.3 million. Sales are lower than the same period in 2015 due to the closure of one store and the sale of three stores in the prior year. In addition, the Company was affected by the wildfire in Fort McMurray, having one location closed for 2 months in 2016. There has also been a slowdown in the economy in Alberta which has affected sales in certain markets where energy is the dominant industry.

Margins have decreased from 25.7% to 24.2% as compared to the same period last year. As the economy worsens in Alberta consumers have been substituting the products they purchase to lower margin items. The Company has altered its marketing and promotional strategies to maintain market share.

On April 1, 2016, the Company announced that the holders of its 7.75% convertible unsecured subordinated debentures due April 30, 2016 approved the proposed amendments to the debentures. As a result, the maturity date was extended to April 30, 2021, the conversion price reduced to \$0.25 from \$0.50, and the coupon rate reduced to 7.50% from 7.75%. As part of its previously announced NCIB on the Debenture, the Company repurchased and cancelled \$197,000 of the principal amount of the Debenture in 2016.

The Company redeemed \$1,211,000 of the outstanding principal amount of the amended Debenture on June 10, 2016.

During the fourth quarter of fiscal 2016, management determined there were indicators of impairment in both its liquor and convenience store CGUs as a result of the overall challenging economic climate in Alberta. It has recorded an impairment charge of \$4.2 million to its liquor store CGU and \$100,000 to its convenience store CGU.

We have identified a number of target stores and are currently developing and implementing a plan to offset current economic challenges and the effects of competitive pressures we have been facing. We are undertaking store renovations, new pricing strategies and a branding culture designed to address changes in consumer buying preferences. Five locations are near completion and are scheduled for grand opening in May 2017. We are planning to transition up to five additional locations during this fiscal year. While our main focus is on the new initiatives, we are continuing to evaluate new greenfield and acquisition opportunities. We also plan to continue to sell stores in markets that are not compatible with our current business plans, ensuring the most effective use of our capital. We expect this approach will be sustainable in the long term with economy improvement and increased consumer spending.

Detailed information in the form of the Company's audited consolidated financial statements and Management Discussion and Analysis for the year ended December 31, 2016 are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and also on the Company's website at [www.ruminvestor.com](http://www.ruminvestor.com). After accessing the website, please choose the "Investor Relations" tab to view Quarterly Reports.

### **About Rocky Mountain**

Rocky Mountain owns 100% of Andersons Liquor Inc. ("Andersons"), headquartered in Edmonton Alberta, which now own and operate 41 private liquor stores in that province, up from 18 stores since the Common Shares began trading in December 2008. It is listed on the TSX Venture Exchange (TSX-V:RUM).

### **Forward-Looking Statements**

This news release may contain "forward-looking statements" within the meaning of applicable securities laws relating to the future growth of the Company, and the ability to execute its business strategy. Readers are cautioned not to place undue reliance on forward-looking statements, and in particular results achieved in 2016 and previous periods. Past results might not be a certain indication of future performance, which is subject to other risks, including but not limited to changes in operational policies, changes in management, changes in strategic focus, market conditions and customer preferences. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, the risks that these events may not materialize as well as those additional factors discussed in the section entitled "Risk Factors" in RUM's Management Discussion and Analysis, which can be obtained at [www.sedar.com](http://www.sedar.com). If they do materialize, there remains a risk of non-execution for any reason.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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