

## RUM Reports Annual 2015 Consolidated Financial Results

EDMONTON, April 27, 2016 – 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, 2015.

### KEY OPERATING AND FINANCIAL METRICS

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

- Gross margin percentage increased to 24.9% (2014 – 23.0%)
- Sales decreased to \$11.9M (2014 - \$13.8M)
- Operating margin decreased to \$381,100 (2014 - \$563,005)
- EBITDA decreased to \$256,323 (2014 - \$552,996)
- Net (loss) income is (\$87,763) (2014 - \$13,393)

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

- Net income increased to \$287,941 (2014 – \$23,242)
- Gross margin increased to 25.7% (2014 – 23.0%)
- Sales decreased to \$49.3M (2014 - \$55.9M)
- EBITDA decreased to \$2.0M (2014 – \$2.3M)
- Operating margin decreased to \$2.0M (2014 – \$2.3M)

Total sales for the year ended December 31, 2015 were \$49.3 million. Sales are lower than the same period in 2014 due to the sale of three stores, and the closure of an additional store in the year, offset by the opening of one store in Q4. As well, there is a decrease in commercial liquor service sales as a result of management’s decision to reduce the number of accounts it services. There has also been a slowdown in the economy in Alberta which has affected sales in certain rural markets where energy is a dominant industry.

Margins have increased from 23.0% to 25.7% as compared to the same period last year. This is mainly due to a change in the marketing and promotional strategy at stores resulting in higher margins as well as management’s ability to purchase inventory when the cost has been reduced by the suppliers. There was an increase in Q1 attributable to the purchase of inventory prior to the mark-up on liquor as per the Government of Alberta Budget in March 2015. The increase is also partially due to an increase in the ratio of retail sales to licensee sales based on management’s decision to decrease the commercial liquor service sales.

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 will be extended to April 30, 2021, the conversion price will reduce to \$0.25 from \$0.50, and the coupon rate will be reduced to 7.50%. The Company has also announced its intention to redeem on a prorata basis 15% of the principal amount of the amended debentures on or about June 10, 2016.

Economic conditions in Alberta continue to be effected by the historic reduction in oil prices. The province experienced declining GDP in 2015 and is expected to experience a further reduction in 2016. Employment is forecasted to fall in the current year and an 8.0%<sup>1</sup> unemployment rate is anticipated. Consumer spending will

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<sup>1</sup>Alberta Government - “Economic Outlook” Retrieved April 19, 2016 from <http://www.alberta.ca/budget-economic-outlook.cfm>

continue to reduce and is not expected to surpass 2014 levels until 2018<sup>2</sup>. The company anticipates further consumer substitutions for lower priced products and reduced customer traffic resulting in downward pressure on sales.

Management will continue to assess individual store performance and some stores may be sold or closed. Proceeds from any sales will be applied to reduce debt. The Company does not intend to curtail investment in enhancements to its industry leading enterprise resource systems.

Detailed information in the form of the Company's audited consolidated financial statements and Management Discussion and Analysis for the year ended December 31, 2015 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 43 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 2015 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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<sup>2</sup>Alberta Government - "The Alberta Jobs Plan – Budget 2016" Retrieved April 19, 2016 from <http://www.finance.alberta.ca/publications/budget/budget2016/fiscal-plan-economic-outlook.pdf>