

## **RUM Reports Q2 2018 Consolidated Financial Results**

EDMONTON, August 28, 2018 – 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 three month and six month periods ending June 30, 2018.

Throughout Q2 2018 the Company operated 33 stores, selling a store June 28, 2018, resulting in average sales per store of \$359,729. This is an increase of over 25% in average sales per store when compared to the same period in 2017, where we had 41 stores and an average of \$286,955 sales per store. This is a further significant increase in the over 20% rise in average sales per store we reported last quarter.

For the first six months of 2018 we have executed on cost reduction opportunities that have resulted in a decrease in operating and administrative expense from \$5,111,870 to \$4,392,122, a reduction to 21.3% from 24.9% as a percentage of sales.

To date, the Company has rebranded 15 stores to its Great Canadian Liquor “GCL” brand. Three locations in the first quarter, two locations in the second quarter, and a further two stores in the third quarter of 2018. Since June 30, 2017, the Company has closed two stores and sold seven stores. As a result of the success of the GCL stores, where each transitioned store experienced an increase in revenue, the Company increased sales revenue despite a reduction in the number of stores.

Margins have decreased from 23.1% to 21.2% for the three month period, and from 23.7% to 22.3% for the six month period. The Company has altered its marketing, pricing and promotional strategies to grow market share through its rebranding strategy. The GCL brand provides customers with lower pricing on all product offerings, resulting in a reduction in margin when compared to the same period in the prior year.

### **KEY OPERATING AND FINANCIAL METRICS**

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

- Sales increased to \$11.9M (2017 - \$11.8M), with 33 stores operating this period, versus 41 in 2017
- EBITDA increased to \$338,055 (2017 – \$143,296)
- Gross margin percentage is 21.2% (2017 – 23.1%)
- Net loss is \$316,270 (2017 - \$240,697)

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

- Sales increased to \$20.6M (2017 - \$20.5M), with 33 stores operating this period, versus 41 in 2017
- EBITDA increased to \$207,671 (2017 loss – \$240,013)
- Gross margin percentage is 22.3% (2017 – 23.7%)
- Net loss decreased to \$896,764 (2017 – \$1,194,128)

Management plans to continue to sell stores in markets that are not compatible with our current business plans, ensuring the most effective use of our capital. Proceeds from any sales will be applied to reduce debt.

Detailed information in the form of the Company's interim consolidated financial statements and Management Discussion and Analysis 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 32 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 2017 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 Annual 2017 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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