ROCKY MOUNTAIN LIQUOR INC

Ticker: "RUM"

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period ended June 30, 2019

As at August 27, 2019

ROCKY MOUNTAIN LIQUOR INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated August 27, 2019

The following is a discussion of the consolidated financial condition and operations of Rocky Mountain Liquor Inc. ("RML" or the "Company") for the periods indicated and of certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. This discussion and analysis should be read in conjunction with the unaudited consolidated interim financial statements and accompanying notes of the Company for the period ended June 30, 2019. The Company owns 100% of Andersons Liquor Inc. ("Andersons") headquartered in Edmonton Alberta, which owns and operates private liquor stores in that province.

The Company's unaudited consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. References to notes are to notes of the consolidated financial statements unless otherwise stated.

Throughout this MD&A, references are made to "EBITDA," "operating margin," "operating margin before non-recurring items," "operating margin as a percentage of sales," and other "Non-IFRS Measures." A description of these measures and their limitations are discussed below under "Non-IFRS Measures." See also "Risk Factors" discussed below.

Additional information relating to the Company, including all other public filings is available on SEDAR (www.sedar.com) and on the Company's website www.ruminvestor.com.

FORWARD-LOOKING INFORMATION AND STATEMENTS ADVISORY

This management discussion and analysis contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "might" and similar expressions is intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this management discussion and analysis contains forward-looking information and statements pertaining to the following: (i) the stability of retail liquor sales; (ii) increased revenues and decreased margins due to re-branding strategy; (iii) the ability to purchase inventory at a discount; (iv) ongoing impact from price inflation; (v) potential conversion of debentures; (vi) equity issuance; and (vii) other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance. All statements other than statements of historical fact contained in this management's discussion and analysis are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed or recent acquisitions and the benefits to be derived therefrom, and plans and objectives of or involving the Company.

The forward-looking information and statements contained in this MD&A reflect several material factors, expectations and assumptions including, without limitation: (i) demand for adult beverages; (ii) expectations of the Corporation's ability to continue as a going concern; (iii) the ability to acquire additional liquor stores and/or locations; (iv) the Company's ability to secure financing to suit its strategy; (v) the Company's future operating and financial results; (vi) treatment under governmental regulatory regimes, tax, and other laws; (vii) the ability to attract and retain employees for the Company; and (viii) the integration risk and requirements for the purchase or development of liquor stores.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve several risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information or statements including, without limitation: (i) the impact of increases in labour costs; (ii) impact of economic events affecting discretionary consumer spending; (iii) the impact of weather on its effect on consumer demand; (iv) the availability of financing; (v) the ability of the Company to meet its financial obligations; (vi) impact from competition in the markets where the Company operates; (vii) the impact of supplier disruption or delays; (viii) actions by governmental or regulatory authorities including changes in income tax laws and excise taxes; (ix) the impact of cannabis legalization on alcoholic drink consumption; (x) the ability of the Company to retain key personnel; (xi) the maintenance of management information systems; (xii) importance of cybersecurity; (xiii) market volatility and share price; and (xiv) the impact of a limited trading market.

The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward-looking information and statements contained in this discussion and analysis speak only as of the date of this management discussion and analysis, and the Company assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

KEY OPERATING AND FINANCIAL METRICS

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

- Sales increased to $12.0M (2018 - $11.9M) with 29 stores operating this period, versus 32 in 2018
- EBITDA increased to $947,479 (2018 – $338,055) after retrospective application of IFRS 16
- Net loss reduced to $23,224 (2018 - $316,270)
- Gross margin percentage increased to 22.2% (2018 – 21.2%)

Key operational and financial highlights, year over year 6-month comparison:

- Sales increased to $21.1M (2018 - $20.6M) with 29 stores operating this period, versus 32 in 2018
- EBITDA increased to $1,210,488 (2018 – $207,671) after retrospective application of IFRS 16

- Net loss decreased to $722,721 (2018 – $896,764)
- Gross margin percentage is 21.8% (2018 – 22.3%)

RECENT DEVELOPMENTS SINCE PERIOD ENDED JUNE 30, 2019

On July 3, 2019, the Company redeemed its $6,865,000 outstanding Convertible Debenture ("Debenture") through the issuance of 180,657,895 Common Shares. Upon completion of the transaction, an aggregate of 237,449,683 Common Shares were issued and outstanding. Interest accrued up to the closing date was paid in cash to holders. Upon closing of the transaction and payment in full satisfaction of the redemption amount, the Debentures have been delisted. Details of the transaction are explained under the "Convertible Debenture" section of this MD&A.

On July 23, 2019, the Company announced that shareholders would be asked to consider for approval, a resolution authorizing a consolidation of common shares on the basis of a ratio of five (5) pre-consolidation shares for each one (1) post-consolidation share at the Company's next annual general meeting to be held August 27, 2019. If the resolution passes, the consolidation will be subject to Exchange acceptance. As of July 23, 2019, the Company had 237,449,683 issued and outstanding shares. If the consolidation is completed on a five-to-one basis, the Company would have approximately 47,489,937 shares outstanding following the consolidation.

OUTLOOK

The Company first started transitioning to the Great Canadian Liquor brand ("GCL") brand two years ago in Q2, 2017. Since that time, we have rebranded 15 locations, lowering prices, improving promotions and social media interaction, increasing selection and focusing on providing an exceptional customer experience. GCL has continuously exhibited growth in revenue each quarter, and the Company remains focused on delivering efficiency and process improvements while managing operating costs.

Early in Q3 2019 the Company redeemed the outstanding Debenture and extinguished $6.8 million in debt. This will show reduced interest expense and a simplified capital structure of the Company.

As a condition of their approval of the redemption, The TSX Venture Exchange (the "Exchange") required that the Company deliver to the Exchange an executed undertaking by which the Company agreed to;

(i) no later than the earlier of the Company's next annual general meeting ("AGM") and six (6) months from the completion of the redemption, seek shareholder approval for a consolidation of the common shares at such a ratio that will result in a redemption price to effectively be not less than CAD$0.05 per common share on a post-consolidation basis, and

(ii) if shareholder approval is obtained for the share consolidation, to complete such share consolidation as soon as reasonably practicable after receiving such requisite shareholder approval.

The Company's next AGM is scheduled for August 27, 2019, and the results of the Shareholder vote will be disseminated soon afterwards.

The Company has an available $9.5 million revolving credit facility of which $669,726 was unused as of August 27, 2019.

OPERATING RESULTS - 3 Months ending June 30, 2019

Basis of Comparison

The retail liquor industry is subject to seasonal variations with respect to sales. Sales are typically lowest early in the year and increase in the latter half. It is key to note that given the changes in the composition of stores of the Company, historical performance does not reflect the annualized results and more recent periods do not include results from stores that have been sold or closed.

The following table shows the operating results of the Company for the three month period ending June 30, 2019, and 2018.

Period	**3 months ending June 2019**		**3 months ending June 2018**	
Sales	$ 12,005,667	100.0%	$ 11,871,072	100.0%
Gross margin	2,657,805	22.1%	2,520,424	21.2%
Operating and administrative expense (1)	1,710,826	14.3%	2,183,053	18.4%
Operating Margin (2)	$ 946,979	7.9%	$ 337,371	2.8%
Stores at Period End	29		32	

Notes:

1. *Effective January 1, 2019, the Company adopted IFRS 16 and applied the standard using the modified retrospective approach; therefore, the 2018 results have not been restated. See the 'Changes in Accounting Policy' section of the MD&A*
2. *Operating Margin and Operating Margin before non-recurring expenses are calculated as described under "Non-IFRS Measures."*

Sales

Sales represent the combination of adult beverages, including spirits, beer, and wine, with other ancillary products such as ice, juice, and mix.

Since June 30, 2018, the Company has closed two stores and sold one store. As a result of the success of the GCL model and its pricing strategy, the Company increased sales by $134,595, notwithstanding the reduction in the overall number of stores operated.

Cost of Goods Sold

Margins have increased from 21.2% to 22.1% compared to the same quarter last year as a result of changes in the timing of promotional strategies in the GCL stores and matching of Limited Time Offer ("LTO") purchases with GCL promotions. As a result of an increase in sales volume at the GCL stores, gross margin per store has increased from an average of $78,763 in 2018 to $91,648 in 2019.

Operating and Administrative Expenses

The significant expenses included in operating and administrative expenses are salaries and location costs such as utilities, property taxes, and insurance. Total operating and administrative expenses for the three month period ended June 30, 2019, were $1.71 million, compared to $2.18 million for the same period in 2018.

The comparability of operating and administrative expense to the prior quarter is significantly impacted by the adoption of IFRS 16 on a modified retrospective approach. In Q2 2018, operating and administrative expense included $451,148 in lease-related expenses. In Q2 2019 all lease-related charges are now recognized through right-of-use assets depreciation and finance costs on lease liabilities. Had IFRS 16 not been adopted, selling and distribution expense for Q2 2019 would have included the lease-related expense of $434,436. Refer to the '*Changes in Accounting Policy*' section of this MD&A for additional details on the adoption of IFRS 16.

Excluding the impact resulting from the adoption of IFRS 16, selling and distribution expenses reduced by $37,791 . Increases in salaries as a result of minimum wage increase have been offset by a reduction in the number of stores in operation.

Finance Costs

Interest on the bank loan and convertible debentures increased by $39,205 for the three month period ending June 30, 2019. The increase is primarily due to the rise in interest rates of 0.75% associated with the bank loan amendment effective September 20, 2018.

OPERATING RESULTS - 6 Months ending June 30, 2018

Basis of Comparison

The retail liquor industry is subject to seasonal variations with respect to sales. Sales are typically lowest early in the year and increase in the latter half. It is key to note that given the changes in the composition of stores of the Company, historical performance does not reflect the annualized results from recently acquired liquor stores, and more recent periods do not include results from stores that have been sold or closed.

The following table shows the operating results of the Company for the six-month period ending June 30, 2019, and 2018.

Period	6 months ending June 2019		6 months ending June 2018	
Sales	$ 21,082,188	100.0%	$ 20,640,996	100.0%
Gross margin	4,594,468	21.8%	4,598,380	22.3%
Operating and administrative expense	3,385,027	16.1%	4,392,122	21.3%
Operating Margin (1)	$ 1,209,441	5.7%	$ 206,258	1.0%
Stores at Period End	29		32	

Notes:

(1) *Operating Margin and Operating Margin before non-recurring expenses is calculated as described under "Non-IFRS Measures."*

Sales

Sales represent the combination of adult beverages, including spirits, beer, and wine, with other ancillary products such as ice, juice, and mix.

Since June 30, 2018, the Company has closed two stores and sold one store. As a result of the success of the GCL model, the Company increased sales revenue by $441,192, notwithstanding a reduction in the number of stores from 2018 to 2019.

Cost of Goods Sold and Gross Margin

Margins have decreased from 22.3% to 21.8% as compared to the same six month period last year. 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 six month period in the prior year.

Operating and Administrative Expenses

The significant expenses included in operating and administrative expenses are salaries, rents, and location costs such as utilities, property taxes, and insurance. Total operating and administrative expenses for the six month period ended June 30, 2018, were $3.4 million, compared to $4.4 million for the same period in 2018.

The comparability of operating and administrative expense to the same six month period in 2018 is significantly impacted by the adoption of IFRS 16 on a modified retrospective approach. In the six month period ending Q2 2018, operating and administrative expense included $905,960 in lease-related expenses. In 2019 all lease-related charges are now recognized through right-of-use depreciation and finance costs on lease liability. Had IFRS 16 not been adopted, selling and distribution expense for the six month period ending Q2 2019 would have included the lease-related expense of $862,088. Refer to the '*Changes in Accounting Policy*' section of this MD&A for additional details on the adoption of IFRS 16.

Excluding the impact resulting from the adoption of IFRS 16, selling and distribution expenses reduced by $145,007. Increases in salaries as a result of minimum wage increase have been offset by a reduction in the number of stores in operation.

Finance Costs

Interest on the bank loan and convertible debentures increased by $83,248 for the six month period ending June 30, 2019. The increase is primarily due to the rise in interest rates of 0.75% associated with the bank loan amendment effective September 20, 2018.

CONVERTIBLE DEBENTURE

At June 30, 2019, the Company had a $6,865,000 debenture with a coupon rate of 7.50%, maturing April 30, 2021.

On the Company's Consolidated Statements of Financial Position, the balance of the Debenture June 30, 2019, was $6,273,035. For accounting purposes, the fair value of the convertible option

was calculated at April 2016, and the difference recorded as equity. The remaining liability for the Debenture was to increase to $6,865,000 over the five-year term.

On July 3, 2019, the Company redeemed the $6,865,000 outstanding Debenture through the issuance of 180,657,895 common shares. Upon completion of the transaction, an aggregate of 237,449,683 common shares is outstanding. Interest accrued up to the closing date was paid in cash and interest upon the Debentures ceased to be payable from and after the closing date.

The Company believes this transaction is in the best interests of all stakeholders and provides a number of benefits, including the following:

- removes the uncertainty surrounding Debenture interest payments and settlement of the Debentures upon maturity in 2021;
- reduces Rocky Mountain's overall debt by approximately $6.8 million and improves the Company's risk profile making it more attractive to a senior secured lender;
- allows Debentureholders to receive the full face value of their Debentures even though the Debentures are currently trading at a discount in the market;
- provides certainty with respect to the potential dilution resulting from the conversion of the Debentures into Common Shares;
- improves the working capital, and reduces the debt to equity ratio of the Company;
- simplifies the capital structure of the Company;
- facilitates the Company's ability to attract future long term investment capital for continuing development of the successful Great Canadian Liquor brand; and
- provides post-Transaction flexibility to explore strategic alternatives that may bring value to the Company's stakeholders.

FINANCING & CREDIT FACILITIES

Effective September 20, 2018, the Company has an agreement for a $9.5 million uncommitted, revolving demand credit. The loan is due upon demand, bearing interest at prime plus 2.65% or bankers' acceptances plus 4.15% per annum. Current utilization of the facility at August 27, 2019 is $8.8 million.

As of June 30, 2019, there was $8.9 million drawn on the bank loan. Drawdowns and repayments are disclosed on the consolidated statements of cash flows on a net basis as the facility acts as an operating line. At June 30, 2019, the Company had $7.0 million of its bank loan in bankers' acceptances.

The Company manages its interest rate risk through credit facility negotiations and by identifying future credit requirements based on strategic plans.

OFF-BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at June 30, 2019, or August 27, 2019.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

There are no updates to the Company's critical accounting judgements, estimates and assumptions except for accounting for leases as described below. For discussion of estimates, judgements and assumptions used in the June 30, 2019 statements, refer to the Company's annual MD&A for the year ended December 31, 2018.

CHANGES IN ACCOUNTING POLICY

IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16, Leases ("IFRS 16"), which supersedes previous accounting standards for leases, including IAS 17, Leases ("IAS 17"), and IFRIC 4, Determining Whether an Arrangement Contains a Lease ("IFRIC 4"). IFRS 16 introduces a single lessee accounting model, unless the underlying asset is of low value, and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

As a result of adopting IFRS 16, the Company has recognized a significant increase to both assets and liabilities on our Interim Consolidated Statements of Financial Position, as well as a decrease to operating expenses (for the removal of base rent expense for leases), an increase to depreciation (due to the depreciation of the right-of-use assets), and an increase to finance costs (due to accretion of lease liabilities). Tenant improvement allowances receivable become part of the lease liability under IFRS 16. Leasehold inducements, store closure costs and average rent adjustments are included in the calculation of right-of-use assets. See note 2 of the June 30, 2019, Interim Financial Statements for additional discussion on the extent of adoption of IFRS 16.

Adjustment as a Result of IFRS 16

The Company adopted IFRS 16 using the modified retrospective method and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates, ranging from 4.8% to 5.1%, depending on relevant facts and circumstances, geographical location, and lease term duration of the leased property. The associated right-of-use assets were measured as if the standard has been applied since the effective date, discounted using the Company's estimated incremental borrowing rate as of January 1, 2019. The cumulative effect of initially applying the new standard is recognized as an adjustment to the opening deficit within the shareholders' equity balance as at January 1, 2019.

A reconciliation of the effect of the transition to IFRS 16 on those accounts impacted in the Company's Interim Consolidated Statement of Financial Position at January 1, 2019, is outlined below:

	As reported Dec 31, 2018	Effect of IFRS 16 Transition	Jan 1, 2019
ASSETS			
NON-CURRENT			
RIGHT-OF-USE ASSETS	-	13,546,143	13,546,143
TOTAL ASSETS	14,843,395	13,546,143	28,389,538
LIABILITIES			
Current portion of lease liabilities	-	1,707,815	1,707,815
	-	1,707,815	1,707,815
NON-CURRENT			
LEASE LIABILITIES	-	11,838,328	11,838,328
	-	13,546,143	13,546,143
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	14,843,395	13,546,143	28,389,538

The impact of adopting IFRS 16 on the interim consolidated statements of loss for the three and six months ended June 30, 2019, is summarized below:

Select expense accounts	Three Months Ending June 30, 2019 Pre-IFRS 16 Adjustments	Effect of IFRS 16 Transition	Three Months Ending June 30, 2019
Operating and administrative expenses	2,145,262	(434,436)	1,710,826
Right-of-use assets depreciation	-	340,632	340,632
Finance costs on lease liabilities	-	168,981	168,981

Select expense accounts	Six Months Ending June 30, 2019 Pre-IFRS 16 Adjustments	Effect of IFRS 16 Transition	Six Months Ending June 30, 2019
Operating and administrative expenses	4,247,115	(862,088)	3,385,027
Right-of-use assets depreciation	-	686,957	686,957
Finance costs on lease liabilities	-	340,786	340,786

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company’s disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and include controls and procedures designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure.

Disclosure Controls and Procedures

There have been no changes in the design of the Company`s disclosure controls and procedures or internal control over financial reporting that occurred during the period ended June 30, 2019, that have materially affected or are reasonably likely to materially affect the Company's disclosure controls and procedures or internal control over financial reporting.

a) The venture issuer is not required to certify the design and evaluation of the issuer's Disclosure Controls Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR") and has not completed such evaluation; and

b) Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for the issuer may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISK FACTORS

The Company's results of operations, business prospects, financial condition, and the trading price of the Shares are subject to several risks. These risk factors include: labour costs and labour market; impact due to economic conditions; weather; available financing; credit facility and financial instrument covenants; regulated competitive environment; supply interruption or delay; impact from provincial tax increases; cannabis legalization; reliance on key personnel; importance of information and control systems; cybersecurity; market volatility and unpredictable share price and active trading market.

For a discussion of these risks and other risks associated with an investment in Shares, see "Risk Factors" detailed in the Company's Management Discussion and Analysis dated April 25, 2018, which is available at www.sedar.com.

As at Jun 30, 2019, the Company had a shareholders' deficiency of $784,294 (Dec 31, 2018 - $61,573), net comprehensive loss of $722,721 (Jun 2018 - $896,764) for the six month period, and current liabilities in excess of current assets of $4,498,392 (Dec 31, 2018 - $2,558,527) as a result of the demand bank loan of $8,885,010 (Dec 31, 2018 - $8,091,238) and lease liabilities of $1,721,753 (Dec 31, 2018 – nil) classified as current liabilities. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations from the strategic initiative that occurred during 2017 and 2018 to rebrand fifteen of its stores to Great Canadian Liquor ("GCL") and from ongoing investments in related sales and marketing programs. Continuation as a going concern is also dependent on the Company's ability to meet the terms of its loan agreement discussed in Note 6, and seek additional sources of debt or equity financing as required. There are no assurances that the steps taken by management will be successful. If for any reason, the Company is unable to continue as a going concern, it could impact the Company's ability to realize assets at their recognized values and to meet its liabilities in the ordinary course of business at the amounts stated in these consolidated financial statements.

NON-IFRS MEASURES

Operating margin for purposes of disclosure under "Operating Results" has been derived by subtracting Operating and Administrative expenses from Gross Margin. Operating margin as a percentage of sales is calculated by dividing operating margin by sales.

Operating margin before non-recurring items has been derived by adding non-recurring items to operating margin. Non-recurring items include costs incurred and recoveries received by the Company that are not part of on-going operations and that are not expected to recur. Operating margin before non-recurring items as a percentage of sales is calculated by dividing operating margin before non-recurring items by sales.

Operating margin as a percentage of sales and operating margin before non-recurring items are calculated in tables under sections "Operating Results – 3 Months."

EBITDA is defined as the net income of the Company plus the following; interest expense, provision for income taxes, depreciation, amortization, mark to market adjustments on financial instruments, non-cash items such as stock-based compensation expense and issue costs of securities, deferred taxes, write-down of goodwill, gain on repurchase of convertible debentures, gain / loss on disposal of stores and property and equipment, and other restructuring charges for store closures. EBITDA is also less any non-recurring extraordinary or one-time gains or losses from any capital asset sales. Management believes that, in addition to income or loss, EBITDA is a useful supplemental measure of performance.

EBITDA in 2019 is has been significantly impacted by the adoption of IFRS 16 on a modified retrospective approach. Q2 2018 EBITDA included $451,148 in lease-related expenses for the three month period and $905,960 for the six month period. In Q1 2019 all lease-related charges are now recognized through right-of-use depreciation and finance costs. Had IFRS 16 not been adopted EBITDA for Q2 for the three month period ending 2019 would have included the lease-related expense of $434,436 and $862,088 for the six month period. Refer to the '*Critical Accounting Policies and Estimates*' section of this MD&A for additional details on the adoption of IFRS 16.

Period	**3 months ended June 2019**	**3 months ended June 2018**	**6 months ended June 2019**	**6 months ended June 2018**
Net comprehensive loss	(23,224)	$ (316,270)	(722,721)	$ (896,764)
Finance costs	349,331	310,126	684,787	601,539
Finance costs on lease liabilities	168,981	-	340,786	-
Property and equipment depreciation	110,898	130,979	222,600	252,544
Right-of-use assets depreciation	340,632	-	686,957	-
(Gain) loss on disposal of property and equipment	663	147,217	(2,279)	155,258
Store closure expenses	198	66,003	358	95,094
EBITDA	**$ 947,479**	**$ 338,055**	**$ 1,210,488**	**$ 207,671**

Operating margin, operating margin as a percentage of sales, operating margin before non-recurring items, operating margin before non-recurring items as a percentage of sales and EBITDA

are not measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS. Investors are cautioned that operating margin, operating margin as a percentage of sales, and EBITDA should not replace net income or loss (as determined in accordance with IFRS) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's method of calculating operating margin, operating margin as a percentage of sales, and EBITDA may differ from the methods used by other issuers. Therefore, the Company's operating margin, operating margin as a percentage of sales, and EBITDA may not be comparable to similar measures presented by other issuers.