ROCKY MOUNTAIN LIQUOR INC

Ticker: "RUM"

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period ended September 30, 2019

As at November 26, 2019

ROCKY MOUNTAIN LIQUOR INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated November 26, 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 September 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 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:

- Net income increased to $3,392,208 (2018 net loss - $43,069) including non-recurring gain
- Gross margin percentage increased to 22.0% (2018 – 21.7%)
- EBITDA increased to $909,433 (2018 – $442,580) after retrospective application of IFRS 16
- Sales are $11.8M (2018 - $12.1M) with 29 stores operating this period versus 31 in 2018

Key operational and financial highlights, year over year 9 month comparison:

- Net income increased to $2,669,487 (2018 net loss – $939,836) including non-recurring gain

- Sales increased to $32.9M (2018 - $32.7M) with 29 stores operating this period versus 31 in 2018
- EBITDA increased to $2,119,921 (2018 – $650,248) after retrospective application of IFRS 16
- Gross margin percentage is 21.9% (2018 – 22.1%)

DEVELOPMENTS DURING Q3 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 resulting in a non-recurring gain net of tax of $3,268,925. 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 were delisted. Details of the transaction are explained under the "Convertible Debenture" section of this MD&A.

Shareholders of the Company approved the previously announced share consolidation at the Annual and Special Meeting held on August 27, 2019 and it was subsequently approved by the TSX Venture Exchange. Effective September 23, 2019, the Company consolidated its common shares on the basis of one post-consolidated share for every five pre-consolidated shares held. The 237,449,683 shares issued and outstanding prior to the share consolidation converted to 47,489,937 shares issued and outstanding.

OUTLOOK

Early in Q3 2019 the Company redeemed the outstanding Debenture and extinguished $6.8 million in debt. As a result, there has been a significant reduction in interest expense in the quarter. The interest expense moving forward into the next three quarters will be lower than the prior periods due to the extinguishment of the debt.

The Company first started transitioning to the Great Canadian Liquor brand ("GCL") brand two years ago in Q3, 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. The GCL locations have continuously exhibited growth in revenue each quarter. As a result, the EBITDA has been increasing in 2019.

In the Overview of the Alberta budget released October 24, 2019 the real GDP growth for the Province is expected to slow to 0.6% in 2019, then rebound and grow by 2.7% in 2020[1]. The Company remains focused on delivering efficiency and process improvements while managing operating costs to overcome the slowdown in the economy.

The Company has an available $9.5 million revolving credit facility of which $1.03 million was unused as of November 26, 2019.

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[1] Budget 2019 Economic Outlook - Overview, retrieved on November 17, 2019 from https://www.alberta.ca/economic-outlook.aspx

OPERATING RESULTS - 3 Months ending September 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 September 30, 2019, and 2018.

Period	3 months ending September 2019		3 months ending September 2018	
Sales	$ 11,785,005	100.0%	$ 12,064,114	100.0%
Gross margin	2,595,832	22.0%	2,623,301	21.7%
Operating and administrative expense (1)	1,686,852	14.3%	2,181,419	18.1%
Operating Margin (2)	$ 908,980	7.7%	$ 441,882	3.7%
Stores at Period End	29		31	

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 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 September 30, 2018, the Company has closed one store and sold one store. Sales reduced during the quarter by $279,109 as a result of a reduction of two stores when compared to the same period in 2018. Additionally, Alberta saw unseasonably cool and wet summer conditions in 2019 that impacted Sales in the period.

Cost of Goods Sold

Margins have increased from 21.7% to 22.0% 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. Average gross margin per store has increased from $84,622 in 2018 to $89,511 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 September 30, 2019, were $1.69 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 Q3 2018, operating and administrative expense included $455,071 in lease-related expenses. In Q3 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, operating and administrative expenses for Q3 2019 would have included the lease-related expense of $440,068. 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, operating and administrative expenses decreased by $39,496 as a result of a reduction in stores in operation from the previous year. Increases in salaries as a result of the minimum wage increase on October 1, 2018 have been offset by a reduction in the number of stores in operation.

Finance Costs

Interest on the bank loan and convertible debentures reduced by $167,008 for the three month period ending September 30, 2019 as a result of the conversion of the convertible debenture into common shares on July 3, 2019. Cash interest payments on the Debenture ceased July 2, 2019.

OPERATING RESULTS - 9 Months ending September 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 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 nine month period ending September 30, 2019, and 2018.

Period	**9 months ending September 2019**		**9 months ending September 2018**	
Sales	$ 32,867,193	100.0%	$ 32,705,110	100.0%
Gross margin	7,190,300	21.9%	7,221,681	22.1%
Operating and administrative expense	5,071,879	15.4%	6,573,543	20.1%
Operating Margin (1)	$ 2,118,421	6.4%	$ 648,138	2.0%
Stores at Period End	29		31	

Notes:
(1) *Operating Margin 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 September 30, 2018, the Company has closed one store and sold one store. As a result of the success of the GCL model, the Company increased sales revenue by $162,083, notwithstanding a reduction in the number of stores from 2018 to 2019.

Cost of Goods Sold and Gross Margin

Margins have decreased from 22.1% to 21.9% as compared to the same nine 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 nine 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 nine month period ended September 30, 2019, were $5.1 million, compared to $6.6 million for the same period in 2018.

The comparability of operating and administrative expense to the same nine month period in 2018 is significantly impacted by the adoption of IFRS 16 on a modified retrospective approach. In the nine month period ending Q3 2018, operating and administrative expense included $1,361,031 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 nine month period ending Q3 2019 would have included the lease-related expense of $1,302,156. 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 $140,633. 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 debenture decreased by $83,761 for the nine month period ending September 30, 2019. The decrease is as a result of the redemption of the Debenture. Interest payments on the Debenture ceased July 2, 2019.

CONVERTIBLE DEBENTURE

On July 3, 2019, the Company redeemed the $6,865,000 outstanding Debenture through the issuance of 180,657,895 common shares, calculated by applying 95% of the Current Market Price to the carrying value of the Debenture. Current Market Price as per the terms of the

indenture was based on the weighted average price per share over 20 consecutive trading days ending on the fifth trading day preceding the date of notification to Debenture holders. This was calculated to be $0.038 on July 3, 2019. 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 market value per share on July 3, 2019 was $0.015, resulting in a fair value of $2,709,868 of the 180,657,895 shares issued. The carrying value of the Debenture was $6,274,663 at the redemption date, resulting in a gain on redemption of $3,472,811 net of transaction costs of $91,984. The equity component of the Debenture of $96,694 was reclassified to accumulated deficit.

	Liability Component	
	Face Value	Carrying Value
Balance Dec 31, 2017	$ 6,865,000	$ 5,872,607
Notional accretive interest	-	258,141
Balance Dec 31, 2018	$ 6,865,000	$ 6,130,748
Notional accretive interest	-	143,915
Fair value of shares issued Jul 3, 2019	-	(2,709,868)
Transaction costs	-	(91,984)
Gain on redemption Jul 3, 2019	-	(3,472,811)
Redemption Jul 3, 2019	(6,865,000)	-
Balance Sep 30, 2019	**$ -**	**$ -**

	Equity Component
	Carrying Value
Balance Dec 31, 2017 and 2018	$ 96,694
Reclassified to accumulated deficit	(96,694)
Balance Sep 30, 2019	**$ -**

FINANCING & CREDIT FACILITIES

Effective September 30, 2019, 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 November 26, 2019 is $8.47 million.

As of September 30, 2019, there was $8.5 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 September 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.

SHARE CAPITAL

Authorized - Unlimited common shares

	Number		Amount
Balance December 31, 2017, 2018	56,791,788	$	4,667,442
Issued upon debenture redemption July 3, 2019	180,657,895		2,709,869
Consolidated September 27, 2019	(189,959,746)		-
Balance September 30, 2019	**47,489,937**	**$**	**7,377,311**

On September 23, 2019, the Company consolidated its issued and outstanding common shares on the basis of five pre-consolidation common shares for each one post-consolidation common share (the "Share Consolidation"). As a result of the Share Consolidation, the 237,449,683 pre-consolidation shares were consolidated to 47,489,937 post-consolidation shares.

OFF-BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at September 30, 2019, or November 26, 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 September 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 September 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 nine months ended September 30, 2019, is summarized below:

Select expense accounts	Three Months Ending September 30, 2019 Pre-IFRS 16 Adjustments	Effect of IFRS 16 Transition	Three Months Ending September 30, 2019
Operating and administrative expenses	2,126,920	(440,068)	1,686,852
Right-of-use assets depreciation	-	349,713	349,713
Finance costs on lease liabilities	-	173,217	173,217

Select expense accounts	Nine Months Ending Septe,ber 30, 2019 Pre-IFRS 16 Adjustments	Effect of IFRS 16 Transition	Nine Months Ending September 30, 2019
Operating and administrative expenses	6,374,035	(1,302,156)	5,071,879
Right-of-use assets depreciation	-	1,036,670	1,036,670
Finance costs on lease liabilities	-	514,003	514,003

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 September 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.

For the three month period ending Sep 30, 2019 the Company had net income before tax and gain on redemption of convertible debenture of $123,283. Due to recent previous periods with net losses, there exists an uncertainty which may casht doubt about the Company's ability to continue as a going concern. The profitable operations from the three month period ending Sep 30, 2019 are a result of 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. The Company's ability to continue as a going concern is dependent on its ability to continue to generate profitable operations going forward as well as meet the terms of its loan agreement as discussed in Note 6. 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 as a percentage of sales is calculated in tables under sections "Operating Results – 3 Months/9 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. Q3 2018 EBITDA included $455,071 in lease-related expenses for the three month period and $1,361,031 for the nine 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 Q3 for the three month period ending 2019 would have included the lease-related expense of $440,068 and $1,302,156 for the nine-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 September 2019	3 months ended September 2018	9 months ended September 2019	9 months ended September 2018
Net comprehensive income (loss)	3,392,208	$ (43,069)	2,669,487	$ (939,836)
Finance costs	151,246	318,254	836,033	919,794
Finance costs on lease liabilities	173,217	-	514,003	-
Property and equipment depreciation	111,161	145,236	333,761	397,780
Right-of-use assets depreciation	349,713	-	1,036,670	-
Loss (gain) on disposal of property and equipment	813	(1,391)	(1,466)	153,867
Gain on redemption of convertible debenture	(3,472,811)	-	(3,472,811)	-
Income taxes	203,886		203,886	
Store closure expenses	-	23,550	358	118,643
EBITDA	**$ 909,433**	**$ 442,580**	**$ 2,119,921**	**$ 650,248**

Operating margin, operating margin 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.