

RUM Reports 2019 Annual Consolidated Financial Results

EDMONTON, April 17, 2020 – 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, 2019.

2019 results illustrate the Company has continued to succeed at its objective to grow market share through its rebranding strategy while reducing its operating and finance costs. This was the strategy the Company embarked on in 2017 when it announced its intent to rebrand some of its stores to the Great Canadian Liquor “GCL” brand. To date, the Company has 14 stores under its Great Canadian Liquor “GCL” brand.

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

- Net income 2019 increased by \$4.05M to \$2.84M, including a non-recurring gain (2018 net loss was \$1.21M)
- Gross margin percentage 2019 increased by 20 basis points to 22.0% (2018 was 21.8%)
- Operating margin 2019 increased to \$2.83M after retrospective application of IFRS 16 (2018 was \$2.73M*)
- EBITDAR 2019 increased by \$104,319 to \$2.83M after retrospective application of IFRS 16 (2018 was \$2.73M*)
- Sales 2019 are \$44.0M with 29 stores in operation throughout the entire year (2018 was \$44.1M with 35 stores contributing to sales at the beginning of the year and 29 at the end of the year)

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

- Net income 2019 increased by \$445,368 to \$168,551 (2018 net loss was \$276,817)
- Gross margin percentage 2019 increased by 140 basis points to 22.5% (2018 was 21.1%)
- Operating margin 2019 is \$713,508 after retrospective application of IFRS 16 (2018 was \$717,724*)
- EBITDAR 2019 is \$714,078 after retrospective application of IFRS 16 (2018 was \$718,411*)
- Sales 2019 are \$11.1M with 29 stores in operation throughout the entire period (2018 was \$11.4 with 31 stores contributing to sales at the beginning of the period and 29 contributing at the end of the period)

EBITDAR increased by \$104,319 in the 12 month period ending December 31, 2019 over the same period in 2018. The 4% increase to EBITDAR 2019 is a result of management’s continued focus on competitive pricing strategies, the balancing of costs and customer experience, and from providing a consistent brand message that appeals to both existing and new customers.

Gross margin percentage has increased by 20 basis points from 21.8% for the 12 months ending December 31, 2018 to 22.0% for the same period in 2019 as a result of the Company’s focus on its marketing, pricing and promotional strategies.

Net income for the 12 month period includes a non-recurring gain, net of tax impact of \$3,268,925 as a result of the redemption of the Company’s \$6,850,000 convertible debenture into common shares. This transaction took place on July 3, 2019 and was previously disclosed. Removing the effect of the non-recurring gain, net loss was reduced by 47% or \$581,880 for the 12 months ending December 31, 2019 as compared to the same period in 2018. Improvements were the result of increased operating margin and a reduction to finance costs due to the redemption of the convertible debenture.

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.

At the end of December 31, 2019 the Company operated 29 stores. Subsequent to December 31, 2019 the Company sold one store in Southern Alberta and currently operates 28 stores.

The Company is closely monitoring the evolution of the COVID-19 situation. At this time in Alberta, liquor retail has been recognized as an essential business. The Company has taken active steps to implement physical distancing, increased sanitation, installed plexiglass shields at its counters as well as other measures recommended by public health agencies, ensuring our employees are working in a safe environment. To date, the COVID-19 pandemic has not had a material negative impact on the Company's results of operations, however, the Company is not immune to factors beyond its control, including without limitation forced store closures, labour shortages, potential supply disruptions or other unforeseen circumstances. As at April 17, 2020, all 28 locations are open and operational. At this time, the Company is not eligible for the Canada Emergency Wage Subsidy program from the Federal government as it does not meet the program's revenue reduction requirements, nor has it entered into any deferral arrangements on its financial obligations. Further, the Company has not had to rely on filing extension relief of up to 45 days to file these statements.

There is significant uncertainty regarding the extent and duration of the impact that the COVID-19 coronavirus pandemic will have on the demand for our products and our supply chain. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions taken to contain it or treat its impact.

Detailed information in the form of the Company's audited consolidated financial statements and Management Discussion and Analysis are available under the Company's profile on SEDAR at www.sedar.com and also on the Company's website at www.ruminvestor.com. After accessing the website, please choose the "Investor Relations" tab to view Annual Reports.

*EBITDAR is Earnings before Interest, Taxes, Depreciation, Amortization and Rent. EBITDAR and operating margin for 2018 have been updated for comparative purposes as a result of the adoption of IFRS 16 in 2019. The values shown above for 2018 have been calculated by applying the same methodology as used in 2019 to find the 2018 comparative value.

About Rocky Mountain

Rocky Mountain owns 100% of Andersons Liquor Inc. ("Andersons"), headquartered in Edmonton Alberta, which now own and operate 28 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 contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. Forward-looking statements and information are often, but not always, identified by the use of words such as "appear", "seek", "anticipate", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as investment decisions. In particular results achieved in 2019 and previous periods 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, the impact from COVID-19 pandemic on our operations and third party suppliers. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks, 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. If they do materialize, there remains a risk of non-execution for any reason. Accordingly, readers should not place undue reliance on the forward-looking statements, timelines and information contained in this news release.

The forward-looking statements and information contained in this news release are made as of the date hereof and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the TSX-V. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.

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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