

# Rocky Mountain Liquor Reports Q1 2020 Consolidated Financial Results

EDMONTON, May 21, 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 quarter ending March 31, 2020.

The Company has continued to succeed at its objective to grow market share and reduce costs. For the period ending March 31, 2020, the Company operated 28 stores with average sales per store of \$337,031. This is an increase of 8% in average sales per store when compared to the same period in 2019.

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

- Sales increased by \$360,354 to \$9.44M (2019 was \$9.10M) with 28 stores contributing to sales at the end of the period in 2020 vs 29 at the end of the period in 2019
- EBITDAR\* increased by \$228,252 to \$491,262 (2019 was \$263,010)
- Net loss improved by \$424,314 to \$275,182 (2019 loss was \$699,496)
- Gross margin percentage increased to 22.0% (2019 was 21.3%)

The Q1 2020 increase in sales can be primarily attributed to the latter half of March 2020, when sales increased as a result of the Government of Alberta’s decision to close bars and restaurants to the public due to COVID-19 and recognize liquor retail as an essential service.

EBITDAR increased by 87% over the same three month period in 2019 as 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.

Net loss reduced due to increased sales and contribution margin and reductions in finance costs in 2020 due to the conversion of the convertible debenture in July 2019 and a reduction to operating costs as a result of a reduced number of locations.

Margins have increased from 21.3% to 22.0% as the Company has remodeled its marketing, pricing and promotional strategies to maximize gross margins. The Company strategizes the timing of Limited Time Offer purchases with in store promotions, to realize margin growth.

The Company is closely monitoring the evolution of the COVID-19 situation. In Alberta, liquor retail has been recognized as an essential business. As such, the Company has been able to operate all 28 of its retail stores. The Company took immediate action in implementing extensive policies and procedures to protect its employees across all departments. The Company is following the guidelines issued for non-health care essential businesses to ensure our employees are working in a safe environment including; increased sanitation, plexiglass shields at the counters, masks for staff when physical distancing cannot be maintained, and restricting the number of individuals in the store at a time. In mid-March, the administrative staff were transitioned and continue to work from home. 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 May 21, 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 needed to rely on filing extension relief offered by the Canadian Securities Administrators and Alberta Securities Commission for these statements.

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.

\*EBITDAR is Earnings before Interest, Taxes, Depreciation, Amortization and Rent.

## **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 2020 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](http://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.*

### **For further information:**

**Allison Radford**  
**Chief Executive Officer**  
**(780) 483-8177**

**Sarah Stelmack**  
**Chief Financial Officer**  
**(780) 483-8177**