

RUM Sees Significant Increases in Sales, Income from Operations and Net Income for Q2 2020 Consolidated Financial Results

EDMONTON, August 20, 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 three month and six month periods ending June 30, 2020.

The Company has continued to succeed at its objective to grow market share and reduce costs, having increased sales by \$2.3M for the three month period of 2020, and \$2.6M for the six month period of 2020, when compared to the same periods in 2019. Sales growth of 19% for the second quarter of 2020 is primarily attributed to 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, resulting in consumers turning to liquor retailers in lieu of licensed establishments.

As at August 20, 2020, all locations are open and operational. The novel coronavirus pandemic has had, and continues to have, a notable impact on the Company. The Company’s financial results show increased sales, driven by increased demand for liquor product following the onset of the crisis, and continuing through the second quarter. Additional costs were incurred for safety and sanitization measures 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, social distancing measures within the locations, and restricting the number of individuals in the store at a time.

KEY OPERATING AND FINANCIAL METRICS

Financial highlights, year over year 3 month comparison:

- Sales increased by \$2.3M or 19% to \$14.3M (2019 was \$12.0M) 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 71% to \$1,619,086 (2019 was \$947,479)
- Net income improved by \$993,913 to \$970,689 (2019 loss was \$23,224)
- Gross margin percentage increased to 23.3% (2019 was 22.1%)
- Income from operations increased by \$671,800 to \$1,618,779 (2019 was \$946,979)

Financial highlights, year over year 6 month comparison:

- Sales increased by \$2.6M or 13% to \$23.7M (2019 was \$21.1M) 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 74% to \$2,110,349 (2019 was \$1,210,488)
- Net income improved by \$1.4M to \$695,507 (2019 loss was \$722,721)
- Gross margin percentage increased to 22.8% (2019 was 21.8%)
- Income from operations increased by \$899,877 to \$2,109,318 (2019 was \$1,209,441)

EBITDAR increased by 71% over the same three month period in 2019 and 74% over the same six month period in 2019 as a result of management’s continued focus on competitive pricing strategies, an increase in sales, and the balancing of costs while providing a safe and positive customer experience.

Net income has increased by \$993,913 for the three month period, and \$1.4M for the six month period in 2020 over the same periods of 2019. The positive impacts to net income are a result of management's continued focus on competitive pricing strategies, an increase in sales and reductions to finance costs in 2020 due to the conversion of the convertible debenture in July 2019. The Company remains focused on delivering efficiency and process improvements while managing operating costs.

Margins have increased from 22.1% to 23.3% for the three month period and 21.8% to 22.8% for the six month period, as the Company has modeled 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.

Income from operations as a percent of sales increased to 11.3% from 7.9% for the three month period 2020, and to 8.9% from 5.7% for the six month period. The increase in income from operations is a result of the increase in sales while maintaining operating and administrative expenses.

To date, the COVID-19 pandemic has not had a 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.

At the end June 30, 2020 the Company operated 28 stores. Subsequent to June 30, 2020 the Company sold two stores in Southern Alberta and currently operates 26 stores.

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 and also on the Company's website at 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 26 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. 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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