# ROCKY MOUNTAIN LIQUOR INC

## Ticker: "RUM"

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the period ended June 30, 2020**

**As at August 20, 2020**

# ROCKY MOUNTAIN LIQUOR INC

# MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated August 20, 2020

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, 2020. 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) equity issuance; and (vi) 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 there from, 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 the pandemic; (ii) impact of economic events affecting discretionary consumer spending; (iii) the Company's anticipation that a percentage of liquor consumption that has shifted from restaurants and hospitality businesses to liquor stores as a result of COVID-19 will remain in liquor stores and the duration of the shift to retail consumption; (iv) the impact of supplier disruption or delays; (v) the impact of increases in labour costs; (vi) actions by governmental or regulatory authorities including changes in income tax laws and excise taxes impact from competition in the markets where the Company operates; (vii) the ability to maintain acceptable store sites and adapt to changing market conditions; (viii) the impact of weather on its effect on consumer demand; (ix) the availability of financing; (x) the ability of the Company to meet its financial obligations; (xi) the possibility of a potential decline in consumption of alcoholic beverages and products sold; (xii) importance of cybersecurity; (xiii) actions by governmental or regulatory authorities including changes in income tax laws and excise taxes; (xiv) the maintenance of management information systems; (xv) the ability of the Company to retain key personnel; (xvi) market volatility and share price; and (xvii) 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 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%)

Key operational and 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 $899,861 to $2,110,349 (2019 was $1,210,488)
- Net income improved by $1,418,228 to $695,507 (2019 loss was $722,721)
- Gross margin percentage increased to 22.8% (2019 was 21.8%)

## RECENT DEVELOPMENTS SINCE PERIOD ENDED JUNE 30, 2020

Subsequent to June 30, 2020 the Company sold two stores in Southern Alberta. As of August 20, 2020, the Company owns and operates 26 stores.

## OUTLOOK

Results for the second quarter ended June 30, 2020 reflect the effects of the COVID-19 pandemic. The Company was included on the provincial list of essential businesses, allowing for mostly uninterrupted operations. The pandemic has resulted in restrictions by government authorities and the encouragement for Albertans to stay-at-home, leading to increased safety protocols in stores, and shifts in consumer demand and consumption. Management's top priorities remain the health and safety of employees, customers and communities.

Throughout this period, the Company has moved with urgency to invest in increased safety and sanitization products and procedures to ensure customers and employees are protected while shopping and working in stores. COVID-19 and related restrictions notably impacted the Company's operating results and financial performance in the second quarter of fiscal 2020, substantially driven by changing customer shopping patterns including a shift in consumption from nightclubs, bars, restaurants and hospitality businesses to retail stores.

The Company introduced an "Essential Employee Pay" program for frontline employees in stores, increasing employee compensation to reflect the work of employees serving customers. The temporary Essential Employee Pay program was completed on June 30, 2020, after the majority of businesses in Alberta were approved to re-open.

The future impact of COVID-19 is uncertain and dependent on the duration, the spread and intensity of the virus, and ultimately, when a vaccine is widely accessible. The economy in Alberta has been severely affected by not only COVID-19 but also by falling oil prices. With unemployment rates in Alberta of 12.8%[1], it is unknown how long the Province will be experiencing this economic downturn. In difficult economic times, the demand for liquor could decline, as well as a substitution to lower-priced products could occur. The Company remains focused on delivering efficiency and process improvements while managing operating costs to respond to the slowdown in the economy.

[1] Government of Alberta Labour Force Statistics for July 2020, retrieved on August 12, 2020 from https://open.alberta.ca/dataset/c611ea4c-f12a-43c5-ab26-e135ba296aa7/resource/aaf6bd2e-38a5-47ae-8dbf-5b0d1271bec9/download/li-lfs-highlights-2020-07.pdf

## COVID – 19

### *Operations Update*

In Alberta, liquor retail has been recognized as an essential business. As such, the Company has been able to continue to operate all of its retail stores. The Company took immediate action in implementing extensive policies and procedures to protect its employees and customers across the Province, following the guidelines issued for non-health care essential businesses as follows;

- Effective August 1, 2020 employees are being asked to wear a mask at all times while working
- Increased sanitation
- Plexiglass shields at each till
- Restrictions on number of customers in a store based on the ability to social distance in each location
- Floor markings to ensure social distancing
- Encouraging contactless payments
- Screening staff for symptoms before they come to work
- Temporarily suspending tasting events at our locations

### *Liquidity Update*

On June 30, 2020 the Company signed a new financing agreement with the Toronto-Dominion bank. The agreement has an available $9.25 million revolving credit facility of which $2.05 million was unused as of August 20, 2020. Details of the agreement are explained under the heading "Financing & Credit Agreements." We will remain focused on our current business plans, utilizing the insights provided by our custom enterprise reporting systems to optimize inventory, and providing a safe customer experience.

The Company is not eligible for the Canada Emergency Wage Subsidy program or the Emergency Commercial Rent Assistant from the Federal government as it does not meet the programs' revenue reduction requirements. It has not 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.

## OPERATING RESULTS - 3 Months ending June 30, 2020

### *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, 2020, and 2019.

| Period | 3 months ending June 2020 | | 3 months ending June 2019 | |
|---|---|---|---|---|
| Sales | $ 14,306,042 | 100.0% | $ 12,005,667 | 100.0% |
| Gross margin | 3,329,815 | 23.3% | 2,657,805 | 22.1% |
| Operating and administrative expense | 1,711,036 | 12.0% | 1,710,826 | 14.3% |
| Operating Margin (1) | $ 1,618,779 | 11.3% | $ 946,979 | 7.9% |
| Stores at Period End | 28 | | 29 | |

Notes:

(1) *Operating Margin has been 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.

Sales have increased by $2.3M and average sales per store have increased by $96,942 notwithstanding the reduction in the overall number of stores operated. The 19% increase to sales in 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. The Company has focused on its marketing and promotion strategies for the Great Canadian Liquor ("GCL") brand and has a sustainable model to capitalize on the growth realized and focus on increased market share.

***Cost of Goods Sold***

Margins have increased from 22.1% to 23.3% as compared to this quarter last year. The Company has altered 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. During the COVID-19 pandemic the Company has seen an increase in the average $ per transaction as a result of consumers limiting the amount of times they go to retail stores, and stocking up during their visit. As a result of an increase in sales volume at stores, gross margin per store has increased from an average of $91,648 in 2019 to $118,922 in 2020.

***Operating and Administrative Expenses***

The major 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, 2020 are consistent with the same quarter in 2019. The savings realized by selling and closing locations was offset by the additional investment required for the purchase of items relating to the health and safety of employee and customers.

***Finance Costs***

Interest on the bank loan and convertible debentures reduced by $243,678 for the three month period ending June 30, 2020 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 - 6 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 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, 2020, and 2019.

| Period | 6 months ending June 2020 | | 6 months ending June 2019 | |
|---|---|---|---|---|
| Sales | $ 23,742,916 | 100.0% | $ 21,082,188 | 100.0% |
| Gross margin | 5,407,645 | 22.8% | 4,594,468 | 21.8% |
| Operating and administrative expense | 3,298,327 | 13.9% | 3,385,027 | 16.1% |
| Operating Margin (1) | $ 2,109,318 | 8.9% | $ 1,209,441 | 5.7% |
| Stores at Period End | 28 | | 29 | |

Notes:

(1) *Operating Margin has been 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.

Sales have increased by $2.66M and average sales per store have increased by $120,989 notwithstanding the reduction in the overall number of stores operated. This increase is partially due to the Company's continued focus to grow its market share.

The 13% increase to sales in 2020 is primarily attributed to the Government of Alberta's decision to close bars and restaurants to the public due to COVID-19 in March 2020 and recognize liquor retail as an essential service, resulting in consumers turning to liquor retailers in lieu of licensed establishments. The Company has focused on its marketing and promotion strategies for the GCL brand and has a sustainable model to capitalize on the growth realized and focus on increased market share.

### *Cost of Goods Sold and Gross Margin*

Margins have increased from 21.8% to 22.8% as compared to this six month period last year. The Company has altered 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. During the COVID-19 pandemic the Company has seen an increase in the average $ per transaction as a result of consumers limiting the amount of times they go to retail stores, and stocking up during their visit. As a result of an increase in sales volume at stores, gross margin per store has increased from an average of $158,430 in 2019 to $193,130 in 2020.

***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, 2020, were $3.3 million, compared to $3.4 million for the same period in 2019.

Selling and distribution expenses reduced by $86,700 mainly as a result of a reduction in the number of stores in operation as compared to the prior year and due to a transition from print to digital advertising methods in 2020. The absolute savings realized from these reductions are offset by increases in costs associated with the additional investment required for the purchase of items relating to the health and safety of employee and customers.

***Finance Costs***

Interest on the bank loan and convertible debentures reduced by $450,737 for the six month period ending June 30, 2020 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.

## FINANCING & CREDIT FACILITIES

Through the Toronto-Dominion bank, the Company has signed a new credit agreement effective June 30, 2020. The agreement allows for total availability up to a maximum of $9,250,000, split between two facilities: 1) “Operating Facility” of $5,400,000 and 2) “Bank Loan” of $3,850,000.

The operating facility availability is calculated as the lesser of i) $5,400,000 and ii) 75% of accounts receivable to a maximum of $1,000,000, plus 70% of the value of inventory plus goods and services tax and bottle deposits, less trade payables related to liquor and unremitted source deductions. This facility is a revolving loan and is due upon demand.

The Bank Loan is a demand reducing facility to be repaid by quarterly payments of $300,000 over three years. Below is a summary of the utilization of the facilities. Under IFRS as both facilities are due upon demand, they are each classified as current liabilities.

The nature of the agreement with TD is for the Bank Loan facility to be repaid over a period of three years. If presenting based on the nature of the agreement, $1,200,000 of the bank loan would be considered current as it is due within 12 months’ time, and $2,650,000 would be classified as long term. Below is a non-IFRS presentation of the facilities due to TD.

Non-IFRS Presentation

| | **Jun 30, 2020** | Dec 31, 2019 |
|---|---|---|
| Current Liability: | | |
| Operating facility loan | **$ 3,985,701** | $ 7,854,890 |
| Current portion of bank loan | **1,200,000** | - |
| Total current | **5,185,701** | 7,854,890 |
| Non Current Liability: | | |
| Bank loan | **2,650,000** | - |
| Total utilization of TD's Facilities | **$ 7,835,701** | $ 7,854,890 |

Current utilization on August 20, 2020 of the total availability with TD is $6.9 million.

As of June 30, 2020, there was a total of $7.8 million used of total availability. Drawdowns and repayments are disclosed on the consolidated statements of cash flows on a net basis.

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

## CONVERTIBLE DEBENTURE

On July 3, 2019, the Company redeemed the $6,865,000 outstanding Debenture through the issuance of 180,657,895 common shares. 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. Details of the transaction is disclosed in the consolidated statements.

## OFF-BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at June 30, 2020, or August 20, 2020.

## CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The spread of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, may cause material disruption to businesses globally resulting in an economic slowdown.

The global pandemic related to an outbreak of COVID-19 has cast uncertainty on the assumptions used by management in making its judgements and estimates. The full extent of the impact that COVID-19, including government and/or regulatory responses to the outbreak, will have on the Canadian economy and the Company's business is uncertain and difficult to predict at this time. Accordingly, there is a higher level of uncertainty with respect to management's judgements and estimates. At this time in Alberta, liquor retail has been recognized as an essential business. As at August 20, 2020, all 26 locations are open and operational.

## 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, 2020, 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 pandemic; impact due to economic conditions; supply interruption or delay; labour costs and labour market; regulated competitive environment; ability to maintain acceptable store sites and adapt to changing market conditions; weather; available financing; credit facility; potential decline in consumption of alcoholic beverages and products sold; cybersecurity; impact from provincial tax increases; important of information and control systems; reliance on key personnel; 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 17, 2020, which is available at www.sedar.com.

***Going Concern***

As at June 30, 2020 the Company had net income of 695,507 (June 30, 2019 – loss $722,721), an increase of $1,418,228. However, due to recent quarterly periods that experienced net losses, and a current accumulated deficit of $2,210,381 (December 31, 2019 - $2,905,888), there exists a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. 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 continue to meet the terms of its bank loan as described in Note 7 of the consolidated financial statements.

Since applying its rebranding strategy in 2017 and 2018 and investing in its sales and marketing programs, the Company has experienced more profitable operations. It has earned positive cash flows from operations for the past five consecutive quarters, and has increased net income for the three and six months ending June 30, 2020 by $993,913 and $1,418,228 when compared to the same three and six month periods in 2019. Furthermore, the Company was able to negotiate a financing agreement with the Toronto-Dominion bank on June 30, 2020, maintaining the interest rates and availability at the same amounts as its previous agreement. 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 the 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 the operating margin by sales.

Operating margin before non-recurring items is 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" and "Operating Results – 6 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 redemption of convertible debentures, right-of-use assets depreciation, finance costs on lease liabilities, gain/loss on disposal of stores and property and equipment, and other restructuring charges for store closures and less rent expense. EBITDA is also less any non-recurring extraordinary or one-time gains or losses from any capital asset sales.

EBITDAR is EBITDA excluding rent expense. Management believes that, in addition to income or loss, EBITDA and EBITDAR are useful supplemental measures of performance.

| **Period** | **3 months ended June 2020** | **3 months ended June 2019** | **6 months ended June 2020** | **6 months ended June 2019** |
|---|---|---|---|---|
| Net comprehensive income/(loss) | 970,689 | $ (23,224) | 695,507 | $ (722,721) |
| Finance costs | 105,653 | 349,331 | 234,050 | 684,787 |
| Finance costs on lease liabilities | 176,060 | 168,981 | 329,692 | 340,786 |
| Property and equipment depreciation | 66,038 | 110,898 | 162,489 | 222,600 |
| Right-of-use assets depreciation | 300,646 | 340,632 | 630,243 | 686,957 |
| Loss (gain) on disposal of property and equipment | - | 663 | 44,300 | (2,279) |
| Store closure expenses | - | 198 | 14,068 | 358 |
| Rent expense | (429,803) | (426,432) | (855,597) | (854,084) |
| **EBITDA** | **$ 1,189,283** | **$ 521,047** | **$ 1,254,752** | **$ 356,404** |
| Rent expense | 429,803 | 426,432 | 855,597 | 854,084 |
| **EBITDAR** | **$ 1,619,086** | **$ 947,479** | **$ 2,110,349** | **$ 1,210,488** |

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, EBITDA and EBITDAR 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/EBITDAR 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, EBITDA and EBITDAR may differ from the methods used by other issuers. Therefore, the Company's operating margin, operating margin as a percentage of sales, EBITDA, and EBITDAR may not be comparable to similar measures presented by other issuers.