

## **RUM Reports a 36% Increase to Income from Operations in its Q3 2020 Consolidated Financial Results**

EDMONTON, November 25, 2020 – Rocky Mountain Liquor Inc. (TSX-V: **RUM**) (the “Company” or “Rocky Mountain”), listed on the TSX Venture Exchange (the “Exchange”), today reported its unaudited financial results for the three month and nine month periods ending September 30, 2020.

The Company has continued to succeed at its objective to grow market share and reduce costs, having increased income from operations by \$327,185 for the three month period in 2020 and \$1.2M for the nine month period when compared to the same periods in 2019. Sales have increased by \$1.4M for the three month period of 2020 and \$4.1M for the nine month period. The 36% growth in income from operations in the three month period, and 58% in the nine month period is a result of an increase in sales of 12% in both the three and nine month periods in 2020 while managing operating and administrative expenses.

As at November 25, 2020, all locations are open and operational. The novel coronavirus pandemic continues to positively impact sales at 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 year as a result of consumers choosing liquor retailers in lieu of licensed establishments during the COVID-19 pandemic. We continue to incur additional costs for safety and sanitization measures to ensure our employees and customers are working and shopping in a safe environment. The Company has increased sanitation throughout the stores, installed plexiglass shields at counters, installed touchless sanitation units for customer and staff use at store entrances, mandated masks for staff at all locations, provide masks to customers, maintains social distancing measures within the locations, and restricts the number of individuals in the store at a time.

After removing a non-recurring gain of \$3.5M from net income in 2019 resulting from the redemption of the Company’s convertible debenture, there is an increase in net income for the three month period of \$567,499 and nine month period of \$2.0M in 2020 over 2019. This is a result management’s continued focus on competitive pricing strategies, an increase in sales and reduction to finance costs. The Company remains focused on delivering efficiency and process improvements while managing operating costs.

### **KEY OPERATING AND FINANCIAL METRICS**

Financial highlights, year over year 3 month comparison:

- Sales increased by \$1.4M or 12% to \$13.2M (2019 was \$11.8M) with 26 stores contributing to sales at the end of the period in 2020 versus 29 at the end of the period in 2019
- EBITDAR\* increased by 36% to \$1.2M (2019 was \$909,433)
- Gross margin percentage increased to 22.8% (2019 was 22.0%)
- Income from operations increased by \$327,185 or 36% to \$1,236,165 (2019 was \$908,980)
- Net income is \$690,782 (2019 was \$123,283 after adjusting for a non-recurring gain of \$3.5M as a result of convertible debenture redemption)

Financial highlights, year over year 9 month comparison:

- Sales increased by \$4.1M or 12%, to \$37.0M (2019 was \$32.9M) with 26 stores contributing to sales at the end of the period in 2020 versus 29 at the end of the period in 2019

- EBITDAR\* increased by \$1.2M to \$3.3M (2019 was \$2.1M)
- Gross margin percentage increased to 22.8% (2019 was 21.9%)
- Income from operations increased by \$1.2M or 58% to \$3.3M (2019 was \$2.1M)
- Net income is \$1.4M (2019 net loss was \$599,438 after adjusting for a non-recurring gain of \$3.5M as a result of convertible debenture redemption)

Margins have increased from 22.0% to 22.8% for the three month period and 21.9% to 22.8% for the nine 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 9.4% from 7.7% for the three month period 2020, and to 9.1% from 6.4% for the nine month period. The increase in income from operations is a result of the increase in sales as well as a 4% increase to gross margins in both periods while managing 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 September 30, 2020 the Company operated 26 stores.

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

### **Going Concern**

The going concern basis assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Based on the continued improvement of the Company's performance and statement of financial position we are no longer including disclosure of the uncertainty of the Company as a going concern.

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.

### **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](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.*

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