

RUM releases 2020 Consolidated Financials including 119% increase in EBITDA to \$2.4 Million

EDMONTON, April 14, 2021 – 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 ended December 31, 2020.

The Company has continued to succeed at its objective to grow market share through its rebranding strategy. The Company began transitioning to the Great Canadian Liquor brand (“GCL”) three years ago in Q2, 2017. Since that time, we have rebranded 14 locations, lowering prices, improving promotions and social media interaction, increasing selection and focusing on providing an exceptional customer experience. GCL has continuously exhibited growth in revenue each quarter, and the Company remains focused on delivering efficiency and process improvements while managing operating costs.

The strategy we embarked on in 2017 focused on identifying key locations where growth in market share was optimal. Sales have increased to \$48.4M in 2020 from \$44.0M in 2019, notwithstanding a reduction in store count from 29 for the year ending 2019 to 26 for the year ending 2020. Furthermore, average sales per store have increased by \$346,399 from \$1.5M in 2019 to \$1.87M in 2020, based on stores in operation at the end of the year. Through the rebranding strategy, management focused on competitive pricing strategies, increasing sales and managing operational costs, resulting in the growth of EBITDA by 119% in 2020 over 2019 to \$2.4M.

In 2020 the proceeds from the sale of three stores and the increase in income from operations was used to reduce debt by \$2.6M on our operating facility and bank loan. The combination of the lower bank loan and the elimination of the convertible debenture in July 2019 reduced finance costs by over 50% in the year.

KEY OPERATING AND FINANCIAL METRICS

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

- Sales increased by \$4.5M or 10%, to \$48.4M (2019 was \$44.0M) with 26 stores contributing to sales at the end of the year in 2020 versus 29 at the end of the year in 2019
- EBITDA increased by 119% to \$2.4M (2019 was \$1.1M)
- Gross margin percentage increased to 22.5% (2019 was 22.0%)
- Net income is \$1.5M (2019 adjusted net loss of \$634,773 after adjusting for a non-recurring gain of \$3.5M as a result of Convertible Debenture redemption)

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

- Sales increased by \$371,859 or 3% to \$11.5M (2019 was \$11.1M) with 26 stores contributing to sales at the end of the period in 2020 versus 29 at the end of the period in 2019
- EBITDA increased by 21% to \$359,324 (2019 was \$297,184)
- Gross margin percentage is 21.5% (2019 was 22.5%)
- Net income is \$134,317 (2019 was \$168,551)

In conjunction with the continued sales increases in GCL branded locations, 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 resulted in increased demand at retail liquor stores. The Government reopened licensed establishments with limitations in June, closing them again mid December 2020.

Margins have increased from 22.0% to 22.5% for the twelve month period as a result of strategizing the timing of limited time offer purchases with in store promotions to realize margin growth. Margins for the three month period reduced from 22.5% in 2019 to 21.5% in 2020 while sales increased 3% due to aggressive promotional pricing to increase customer traffic in the quarter. The Company alters its marketing, pricing and promotional strategies to maintain market share.

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 adjusted net income of \$2.2M in 2020 over 2019. The 340% increase to net income in 2020 is a result of management's continued focus on competitive pricing strategies, an increase in sales and reduction in finance costs.

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. The future impact of COVID-19 is uncertain and dependent on the duration, the spread and intensity of the virus, and the administration of vaccines.

Strategic Alternatives

We confirm the strategic alternatives review is ongoing. As previously disclosed, the Company does not intend to provide announcements or updates unless or until it determines that further disclosure is appropriate or necessary.

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).

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.

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.

For further information:

Allison Radford
Chief Executive Officer
(780) 483-8183

Sarah Stelmack
Chief Financial Officer
(780) 483-8177