

RUM Reports Financial Results for Year Ended 2022 and Positive Retained Earnings

EDMONTON, April 25, 2023 – 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, 2022.

KEY OPERATING AND FINANCIAL METRICS

	3 months ended		12 months ended	
	Dec 2022	Dec 2021	Dec 2022	Dec 2021
Sales	\$ 10,416,242	\$ 11,037,322	\$ 41,981,133	\$ 44,789,043
Gross Margin	22.7%	21.6%	22.6%	22.4%
EBITDAR	\$ 758,259	\$ 616,426	\$ 2,681,137	\$ 3,271,553
Net Income	\$ 131,673	\$ 214,221	\$ 277,529	\$ 1,142,665
Bank Debt	\$ 3,093,814	\$ 4,064,810	\$ 3,093,814	\$ 4,064,810

Net income for the 12-month period ending December 31, 2022, of \$277,529 results in the Company ending in a position of positive retained earnings on its statement of financial position from its prior year’s accumulated deficit position. This is the first yearend since December 31, 2016, that the Company has reported positive retained earnings.

Reducing bank debt was crucial in managing finance costs in a period when the prime rate increased from 2.45% to 6.45%. Bank debt was reduced by \$970,996 in the 12-month period ended December 31, 2022, as a result of the Company’s focused deleveraging strategy.

In 2021, restrictions were in place for on-site liquor consumption establishments resulting in a positive effect on retail liquor sales in 2021. As restrictions were removed in February 2022, there was a subsequent decrease to retail liquor sales in 2022. Consumer spending on retail liquor was impacted due to a rapid increase in interest rates beginning June 2022. This increase to interest rates reduced disposable income and limited growth in consumer spending. As a result of these factors, sales for the three months ended December 31, 2022, were 5.6% lower than sales during the same period in 2021 and 6.2% lower on a year-over-year basis during the 12-month period ended December 31, 2022. The Company increased its operating margin by 17.9% in Q4 2022 over the same quarter in 2021 by focusing on cost efficiencies and selling an under-performing store.

In Q4 2022, the Company increased its gross margin by 5.6%, with margins increasing to 22.7% for the three months ended December 31, 2022, compared to 21.6% for three months ended December 31, 2021. For the 12-month period ended December 31, 2022, gross margin increased to 22.6% compared to 22.4% for the three months ended December 31, 2021. The Company strategically times Limited Time Offer purchases and in-store promotions to realize margin growth while balancing costs and customer experience. Margins fluctuate between periods as the Company aligns its marketing, pricing, and promotional strategies to maximize gross margins.

Management’s focus remains on the improvement of the in-store experience for our consumers. The Company is continually evaluating its marketing strategies to ensure that our strategies are generating and maintaining brand awareness and brand engagement as well as driving customer traffic to our stores. The goal is to ensure the customer is provided with an exceptional experience in-store. Management will continue focusing on

improving category management through standardization of store layouts, pricing strategies and a strong promotional focus.

SUBSEQUENT EVENT

Subsequent to December 31, 2022, the Company purchased capital assets and inventory from a store in Central Alberta and combined its operations with a current store in the same market. This strategic decision has reduced the current number of stores in operation within that market at April 25, 2023.

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.

About Rocky Mountain

Rocky Mountain owns 100% of Andersons Liquor Inc. ("Andersons"), headquartered in Edmonton, Alberta, which now owns and operates 25 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 2022 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. This cautionary statement expressly qualifies the forward-looking statements or information contained in this news release.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accept responsibility for the adequacy or accuracy of this release.

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