

RUM Reports Annual Financial Results with Increased Net Comprehensive Income for the Year Ended December 31, 2023

EDMONTON, April 25, 2024 – 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 full year and fourth quarter ended December 31, 2023.

KEY OPERATING AND FINANCIAL HIGHLIGHTS

	3 months ended		12 months ended	
	Dec 2023	Dec 2022 <small>(restated)</small>	Dec 2023	Dec 2022 <small>(restated)</small>
Sales ⁽¹⁾	\$ 10,240,815	\$ 10,693,521	\$ 41,746,067	\$ 43,222,133
Gross margin ⁽²⁾	22.4%	22.1%	23.0%	21.9%
EBITDAR ⁽²⁾	\$ 520,135	\$ 717,653	\$ 2,660,921	\$ 2,790,740
Net comprehensive income (loss) ⁽³⁾	\$ 179,193	\$ (11,292)	\$ 463,062	\$ 277,529
Operating facility and bank loan	\$ 2,011,684	\$ 3,093,814	\$ 2,011,684	\$ 3,093,814

The company's net income for the 12-month period ending December 31, 2023, rose to \$463,062, marking a substantial increase from \$277,529 in the preceding year. This notable improvement is attributed to the strategic focus on enhancing gross margins, reflecting the efficacy of the Company's operational strategies.

Despite a slight decrease in sales, with figures for the 12-month period ending December 31, 2023, showing a 4.0% decline compared to the same period in 2022, the Company continues to demonstrate resilience in a competitive market landscape. Factors contributing to this decrease include heightened competition in specific markets and the divestiture of one store in October 2022.

In the face of rising interest rates, the Company remained steadfast in its commitment to reducing bank debt. The prime rate escalated from 6.45% at the close of 2022 to 7.2% by December 31, 2023. Demonstrating fiscal prudence, the company achieved a remarkable 35% reduction in bank debt, bringing the total to \$2,011,684 for the 12-month period ending December 31, 2023.

Currently, 19 of the company's stores operate under the Great Canadian Liquor (“GCL”) brand, a move that has been instrumental in creating a consistent brand message while attracting both existing and new customers. By leveraging the GCL brand, these stores offer a wider variety of product listings that resonate with consumers, at budget friendly prices. For stores that have not transitioned to the GCL brand, the Company adopts a targeted strategy aimed at optimizing gross margins based on factors such as geographical location, consumer demographics, and competitive dynamics.

Central to Company’s efforts is its centralized ordering system, enabling management to continually optimize product offerings to meet customer preferences. This approach ensures that each store's product selection remains distinct and tailored to local tastes, aligning with the company's commitment to high-volume, low-priced operations.

Looking ahead the Company remains steadfast in its commitment to delivering an exceptional in-store experience. In 2024, the company will introduce a new point-of-sale system designed to streamline operations, empower its team, and elevate the overall customer experience.

SUBSEQUENT EVENT

Subsequent to December 31, 2023, the Company closed one underperforming store.

Detailed information in the form of the Company's consolidated financial statements and Management Discussion and Analysis are available under the Company's profile on SEDAR+ at www.sedarplus.com and also on the Company's website at www.ruminvestor.com. After accessing the website, please choose the "Investor Relations" tab to view Annual Reports.

About Rocky Mountain

Rocky Mountain is a public company whose shares are traded on the TSX Venture Exchange (TSX-V:RUM). Rocky Mountain is the parent to a wholly owned subsidiary, Andersons Liquor Inc. headquartered in Edmonton, Alberta, which owns and operates 24 private liquor stores in that province.

Notes:

- (1) Prior year sales restated to reflect bottle deposit collections. Previously, bottle deposit collection revenue was netted against bottle deposit payments and reported under cost of sales.
 - For the 3 months ended, refer to the "CONDENSED QUARTERLY INFORMATION" heading in the December 31, 2023 Management Discussion and Analysis ("MD&A") for a reconciliation of previously reported sales to restated sales.
 - For the 12 months ended, see Note 19 in the Company's audited consolidated financial statement for a reconciliation of previously reported sales to restated sales.
- (2) Calculation of Gross Margin and EBITDAR are described under the heading "Non-IFRS Measures" below. Prior year EBITDAR is restated. See the December 31, 2023 MD&A under "Non-IFRS Measures" for a reconciliation of previously reported EBITDAR to restated EBITDAR.
- (3) Net comprehensive income for the 3 months ended December 31, 2022, is restated due to amounts previously reported not representing the correct amount. Refer to the "CONDENSED QUARTERLY INFORMATION" heading in the December 31, 2023 MD&A for a reconciliation of quarterly net comprehensive income reported in the 2022 MD&A to net comprehensive income reported in each quarter's interim financial statements.

Non-IFRS Measures

EBITDAR is not a measure recognized by, and does not have a standardized meaning prescribed by IFRS Accounting Standards. Investors are cautioned that these measures should not replace net comprehensive income or loss (as determined in accordance with IFRS Accounting Standards) 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.

Furthermore, the Company's method of calculating these measures may differ from the methods used by other issuers. Therefore, the Company's calculation of these measures may not be comparable to similar measures presented by other issuers. The Company has these measures in place as they provide information to investors, analysts, and others to aid in understanding and evaluating the Company's operating results in a similar manner to its management team.

EBITDAR is defined as net comprehensive income of the Company and adding back the following: rent expense, interest expense, current and deferred income tax, depreciation, amortization, non-cash items such as share-based compensation expense and issue costs of securities, deferred taxes, write down of goodwill, right-of-use

assets depreciation, finance costs on lease liabilities, gain/loss on disposal of stores and property and equipment, share-based compensation, store closure costs, and non-recurring extraordinary or one-time gains or losses from any capital asset sales. EBITDAR is a useful measure as it allows management to assess the operational performance of the Company separate from non-cash expenses, financing costs, and non-recurring items.

Gross margin is derived by subtracting costs of sales from sales. Gross margin represents a useful measure because it allows management to assess how successfully the company can generate revenues from the cost of goods purchased.

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.sedarplus.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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