

RUM Reports Financial Results for the First Quarter Ended March 31, 2024

EDMONTON, May 23, 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 first quarter ended March 31, 2024.

KEY OPERATING AND FINANCIAL HIGHLIGHTS

	3 months ended	
	March 2024	March 2023 Restated ⁽¹⁾
Sales	\$ 8,445,394	\$ 8,612,540
Gross margin ⁽²⁾	\$ 1,923,990	\$ 1,914,191
Gross margin % ⁽²⁾	22.8%	22.2%
Net comprehensive loss ⁽³⁾	\$ (365,581)	\$ (290,258)
EBITDAR ⁽²⁾	\$ 60,579	\$ 295,899

The company experienced a decline in sales compared to the same period in 2023, primarily due to intensified competition in certain markets and a dip in consumer confidence regarding the economy in Alberta. Despite the sales decrease, the company saw an improvement in profit margins, which rose to 22.8% in the first quarter of 2024, up from 22.2% in the corresponding period of the previous year. This enhancement can be attributed to the strategic focus on marketing, pricing, and promotional initiatives. By implementing competitive pricing strategies and targeted promotions, the Company has successfully supported profitable growth during this period.

The financial report also indicated a higher net comprehensive loss and a lower EBITDAR for Q1 2024 compared to Q1 2023. This change is primarily due to increased operating and administrative expenses, which were partially offset by an income tax recovery. The increase in operating and administrative expenses can be attributed to higher salary expenses resulting from annual staff salary increments, and a rise in utility expenses due to higher-rate contracts signed in 2023. Moreover, there's an uptick in non-recurring office expenses associated with the implementation of the Company's new point-of-sale system, along with increased non-recurring professional expenses linked to shareholder agreements, previously disclosed in a Company press release on March 15, 2024.

Looking forward, the Company remains committed to enhancing the in-store experience. Currently twelve locations have implemented a new point-of-sale system designed to streamline operations, empower our team, and elevate the overall customer experience. The remaining stores will be completed by the end of the third quarter. This innovative system is expected to provide significant improvements in efficiency and customer satisfaction.

“Our initiatives are designed to strengthen our market position and ensure sustainable growth,” said Peter Byrne, Acting CEO. “By focusing on competitive pricing, expanding our product offerings, and enhancing our customer experience, we are confident in our ability to navigate the challenges of the current market and continue to deliver value to our shareholders and customers.”

SUBSEQUENT EVENT

Subsequent to March 31, 2024, the Company closed one underperforming store.

Detailed information in the form of the Company's unaudited interim 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 Quarterly 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) The Company previously presented under cost of sales the net amount of bottle deposit charges collected from customers and the bottle deposits paid to suppliers. The Company has determined that the correct presentation is to show the collections and payments on a gross basis in sales. For the 3 months ended March 31, 2024, refer to the "CONDENSED QUARTERLY INFORMATION" heading below in this report for reconciliation of previously reported sales to restated sales.
- (2) The calculation of Gross margin and EBITDAR is described under the heading "Non-IFRS Measures" section below.
- (3) 'Net Loss' was used in previous reports but changed to 'Net comprehensive loss' in this year's report to be consistent with the wording used throughout this report and in the Company's unaudited interim condensed consolidated 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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