

*Interim Condensed Consolidated Financial Statements (unaudited) of*

**ROCKY MOUNTAIN LIQUOR INC**

*June 30, 2024*

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**Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Rocky Mountain Liquor Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# ROCKY MOUNTAIN LIQUOR INC.

## Interim Consolidated Statements of Financial Position

(unaudited)

As at	Note	June 30, 2024	December 31, 2023
		\$	\$
<b>ASSETS</b>			
CURRENT			
Cash		336,735	266,903
Accounts receivable		478,958	392,294
Inventory	4	4,941,511	4,125,631
Prepaid expenses and deposits		344,003	304,965
		<b>6,101,207</b>	5,089,793
NON-CURRENT			
Property and equipment		1,038,731	1,148,304
Intangible assets		73,838	50,669
Goodwill		6,188,382	6,188,382
Deferred tax assets		361,127	219,127
Right-of-use assets	7	10,073,452	10,089,995
		<b>23,836,737</b>	22,786,270
<b>LIABILITIES</b>			
CURRENT			
Accounts payable and accrued liabilities		524,241	571,493
Goods and services tax payable		36,389	65,604
Operating facility	5,11	3,650,746	1,052,185
Current portion of bank loan	5,11	-	559,472
Current portion of lease liabilities	7	1,395,316	1,327,584
		<b>5,606,692</b>	3,576,338
NON-CURRENT			
Bank loan	5,11	-	400,027
Lease liabilities	7	9,817,694	9,860,473
		<b>15,424,386</b>	13,836,838
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		7,427,311	7,427,311
Contributed surplus		1,024,148	1,024,148
(Accumulated deficit) retained earnings		(39,108)	497,973
		<b>8,412,351</b>	8,949,432
		<b>23,836,737</b>	22,786,270

The accompanying notes form an integral part of these interim consolidated financial statements

Approved on behalf of the board:

Peter J. Byrne  
Chair, Board of Directors

Courtney Burton  
Chair, Audit Committee

# ROCKY MOUNTAIN LIQUOR INC.

## Interim Consolidated Statements of Changes in Shareholders' Equity

For the 6 months ended June 30

(unaudited)

	Share capital	Contributed surplus	Retained earnings (accumulated deficit)	Total
Balance at December 31, 2022	7,427,311	1,024,148	34,911	8,486,370
Net comprehensive income for the period	-	-	22,429	22,429
Balance at June 30, 2023	7,427,311	1,024,148	57,340	8,508,799
Balance at December 31, 2023	7,427,311	1,024,148	497,973	8,949,432
Net comprehensive loss for the period	-	-	(537,081)	(537,081)
<b>Balance at June 30, 2024</b>	<b>7,427,311</b>	<b>1,024,148</b>	<b>(39,108)</b>	<b>8,412,351</b>

*The accompanying notes form an integral part of these interim condensed consolidated financial statements*

# ROCKY MOUNTAIN LIQUOR INC.

## Interim Consolidated Statements of Comprehensive (Loss) Income

(unaudited)

For the 3 and 6 months ended June 30

		3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
	Note	\$	\$	\$	\$
				Restated (Note 10)	Restated (Note 10)
Sales		10,183,261	18,628,655	11,242,366	19,854,906
Cost of sales	4	7,837,600	14,359,004	8,594,249	15,292,599
		2,345,661	4,269,651	2,648,117	4,562,307
Operating and administrative expenses		1,845,264	3,739,519	1,794,184	3,463,626
Income from operations before depreciation and other		500,397	530,132	853,933	1,098,681
Property and equipment depreciation		52,845	110,209	61,254	116,912
Intangible assets depreciation		2,056	3,323	-	-
Right-of-use assets depreciation	7	239,602	479,051	250,472	500,944
Finance costs on lease liabilities	7	146,450	296,525	146,558	293,116
Other expenses (income)					
Finance costs	3,5	74,440	133,808	81,500	154,038
Loss on disposal of property and equipment and intangible assets	7	179,597	186,396	1,460	2,277
Gain on lease termination	7	(26,509)	(26,509)	-	-
Store closure expenses		26,416	26,416	-	8,965
Other income		-	(6)	-	-
		694,897	1,209,213	541,244	1,076,252
(Loss) income before tax		(194,500)	(679,081)	312,689	22,429
Deferred income tax recovery		(23,000)	(142,000)	-	-
Net comprehensive (loss) income		(171,500)	(537,081)	312,689	22,429
Basic (loss) income per share	6	(0.00)	(0.01)	0.01	0.00
Diluted (loss) income per share	6	(0.00)	(0.01)	0.01	0.00

The accompanying notes form an integral part of these interim consolidated financial statements

# ROCKY MOUNTAIN LIQUOR INC.

## Interim Consolidated Statements of Cash Flows

(unaudited)

For the 3 and 6 months ended June 30

		3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
	Note	\$	\$	\$	\$
				Restated (Note 10)	Restated (Note 10)
<b>OPERATING ACTIVITIES</b>					
Net comprehensive (loss) income		(171,500)	(537,081)	312,689	22,429
Items not affecting cash					
Property and equipment depreciation		52,845	110,209	61,254	116,912
Intangible assets depreciation		2,056	3,323	-	-
Loss on disposal of property and equipment and intangible assets	7	179,597	186,396	1,460	2,277
Gain on lease termination	7	(26,509)	(26,509)	-	-
Deferred income tax recovery		(23,000)	(142,000)	-	-
Right-of-use assets depreciation	7	239,602	479,051	250,472	500,944
Changes in non-cash working capital	8	(493,924)	(1,018,049)	(389,000)	(719,205)
Cash flow (used in) from operating activities		(240,833)	(944,660)	236,875	(76,643)
<b>INVESTING ACTIVITIES</b>					
Purchase of property and equipment		(131,460)	(188,132)	(19,100)	(133,709)
Purchase of intangible assets		(25,211)	(26,492)	-	-
Proceeds on disposal of property and equipment		1,100	1,100	-	-
Cash flow used in investing activities		(155,571)	(213,524)	(19,100)	(133,709)
<b>FINANCING ACTIVITIES</b>					
Principal repayments of bank loan	5	(823,927)	(959,499)	(127,402)	(250,734)
Principal repayments on operating facility	5	(2,839,876)	(5,237,743)	(3,608,609)	(6,454,867)
Proceeds from operating facility	5	4,362,822	7,836,304	3,729,201	7,262,835
Principal portion of lease payments	7	(205,905)	(411,046)	(189,692)	(380,687)
Cash flow from (used in) financing activities		493,114	1,228,016	(196,502)	176,547
INCREASE (DECREASE) IN CASH		96,710	69,832	21,273	(33,805)
CASH - BEGINNING OF PERIOD		240,025	266,903	91,840	146,918
CASH - END OF PERIOD		336,735	336,735	113,113	113,113
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>					
Interest paid on bank loan, operating facility and other	3,5	74,440	133,808	81,500	154,038
Interest paid on leases	7	146,450	296,525	146,558	293,116
Income taxes paid		-	-	-	-

The accompanying notes form an integral part of these interim consolidated financial statements

1. NATURE OF OPERATIONS

Rocky Mountain Liquor Inc. (“Rocky Mountain Liquor” or “RML”) is incorporated under the Canada Business Corporations Act, and is a tier one issuer with its common shares listed on the TSX Venture Exchange (under the symbol “RUM”). The Company’s registered corporate office is located at 11478 149 Street, Edmonton, Alberta, T5M 1W7.

Rocky Mountain Liquor is the parent to a wholly owned subsidiary, Andersons Liquor Inc. (“Andersons”), acquired through a reverse takeover on December 1, 2008.

As at June 30, 2024 Andersons operated 24 retail liquor stores in Alberta, selling beer, wine, spirits, ready to drink products, as well as ancillary items such as juice, ice, soft drinks and giftware.

The Company’s operations are seasonal in nature, and results for any quarter are not necessarily indicative of the results that may be expected for the full year due to seasonal variations in sales levels. The Company historically experiences a higher level of sales in the third and fourth quarters, while the first and second quarters experience lower sales due to shopping patterns and weather. Occupancy related expenses, certain general and administrative expenses, depreciation and amortization remain relatively steady throughout the year.

These interim consolidated financial statements have been approved for issue by the Board of Directors on August 27, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

*a) Statement of Compliance*

These interim condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) applicable to the preparation of interim condensed consolidated financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting, and do not include all of the information required for full annual financial statements. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the Company’s 2023 audited annual consolidated financial statements and notes thereto for the year ended December 31, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

*b) Basis of presentation and significant accounting policies*

These interim condensed consolidated financial statements have been prepared on the historical cost basis except where otherwise specified. The accounting policies applied by the Company in these interim condensed consolidated financial statements are consistent with those used in the annual audited financial statements.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

*c) Going concern*

These interim condensed consolidated financial statements have been prepared on a going concern basis, in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). The application of the going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of operation.

*d) Significant estimates and assumptions*

Except as otherwise noted, the critical accounting estimates, judgments, and measurement uncertainty used in the preparation of these interim condensed consolidated financial statements are the same as disclosed in the Annual Financial Statements for the year ended December 31, 2023.

*e) New Accounting Pronouncements Adopted in 2024*

The Company adopted Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current, clarifying the classification requirements in the standard for liabilities as current or non-current. The amendment was effective for the Company's interim and annual consolidated financial statements commencing January 1, 2024. The adoption of these standards has not had a material impact on the Company's financial results.

*f) Recent accounting pronouncements not yet adopted*

The IASB has issued IFRS 18, Presentation and Disclosure in Financial Statements, replacing IAS 1, Presentation of Financial Statements. The new standard aims to improve how information is communicated in the financial statements, with a focus on information in the statement of comprehensive income and performance reporting. The new standard will become effective on January 1, 2027 and the Company is assessing the impacts IFRS 18 will have on its consolidated financial statements.

3. RELATED PARTY TRANSACTIONS

Transactions with Related Parties

The Company paid rents of \$24,446 (June 2023 - \$23,946) for the 3 months ended June 30, 2024 and \$48,392 (June 2023 - \$47,892) for the 6 months ended June 30, 2024, in respect of three retail liquor stores, to privately held companies in which a key member of management is a significant shareholder.

A loan agreement between related parties provides an interest rate of 5.0% per annum. Interest expense paid to related parties included in finance costs on the interim condensed consolidated statements of comprehensive loss for the 3 months ended June 30, 2024 is \$nil (2023 - \$140) and for the 6 months ended June 30, 2024 is \$nil (2023 - \$1,283).

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ROCKY MOUNTAIN LIQUOR INC  
Notes to Interim Condensed Consolidated Financial Statements  
June 30, 2024  
(Unaudited)

3. RELATED PARTY TRANSACTIONS (continued)

Key Management Personnel Compensation

The remuneration of Directors and other members of key management personnel are as follows:

	<b>3 months ended</b>	<b>6 months ended</b>	3 months ended	6 months ended
	<b>June 30, 2024</b>	<b>June 30, 2024</b>	June 30, 2023	June 30, 2023
Wages and salaries	\$ 125,581	\$ 240,138	\$ 140,875	\$ 278,000
Other	1,458	2,948	1,036	2,244
	<b>\$ 127,039</b>	<b>\$ 243,086</b>	\$ 141,911	\$ 280,244

Other includes health plan premiums paid on behalf of members of key management. There are no other short-term, long-term, termination or post-retirement benefits extended to any directors and other members of key management personnel of the Company.

4. INVENTORY

The cost of inventory recognized as an expense and included in cost of sales on the interim condensed consolidated statements of comprehensive loss is \$7,837,600 (2023 - \$8,594,249) for 3 months ended June 30, 2024 and \$14,359,004 (2023 - \$15,292,599) for 6 months ended June 30, 2024. No inventory write downs were recognized in either 2024 or 2023.

5. OPERATING FACILITY AND BANK LOAN

On June 21, 2024, through the Toronto-Dominion Bank ("TD"), the remaining outstanding principal balance of \$731,809 on the original "bank loan" of \$2,650,000 was repaid using the demand "operating facility". The maximum availability of the "operating facility" is \$5,400,000 and the operating facility's interest is prime plus 1.25% per annum. As at June 30, 2024, the interest rate applicable to the operating facility was 8.20% (December 31, 2023 – 8.45% and June 30, 2023 – 7.95%).

The operating facility availability is calculated as the lesser of i) \$5,400,000 and ii) 75% of accounts receivable to a maximum of \$1,000,000, plus 70% of the value of inventory plus goods and services tax and bottle deposits, less trade payables related to liquor and unremitted source deductions plus up to \$250,000 cash-in-transit allowances. Interest payments are due monthly.

Below is a summary of the activity related to the bank loan for the 3 months ended June 30:

	<b>June 30, 2024</b>	June 30, 2023
Opening balance	\$ 823,927	\$ 1,348,160
Finance costs	15,036	26,818
Repayments	(838,963)	(154,220)
Principal repayments of bank loan	(823,927)	(127,402)
Balance	\$ -	\$ 1,220,758
Current portion of bank loan	\$ -	\$ 536,992
Long term portion of bank loan	-	683,766
Balance	\$ -	\$ 1,220,758

(continues)

ROCKY MOUNTAIN LIQUOR INC  
Notes to Interim Condensed Consolidated Financial Statements  
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(Unaudited)

5. OPERATING FACILITY AND BANK LOAN (continued)

Below is a summary of the activity related to the bank loan for the 6 months ended June 30:

	June 30, 2024	June 30, 2023
Opening balance	\$ 959,499	\$ 1,471,492
Finance costs	34,493	55,047
Repayments	<u>(993,992)</u>	<u>(305,781)</u>
Principal repayments of bank loan	<b>(959,499)</b>	(250,734)
Balance	<b>\$ -</b>	\$ 1,220,758

Below is a summary of the activity related to the operating facility for the 3 months ended June 30:

	June 30, 2024	June 30, 2023
Opening balance	\$ 2,127,800	\$ 2,309,698
Finance costs	59,404	54,542
Repayments	<u>(2,899,280)</u>	<u>(3,663,151)</u>
Principal payments on operating facility	<b>(2,839,876)</b>	(3,608,609)
Proceeds from operating facility	4,362,822	3,729,201
Balance	<b>\$ 3,650,746</b>	\$ 2,430,290

Below is a summary of the activity related to the operating facility for the 6 months ended June 30:

	June 30, 2024	June 30, 2023
Opening balance	\$ 1,052,185	\$ 1,622,322
Finance costs	99,315	97,708
Repayments	<u>(5,337,058)</u>	<u>(6,552,575)</u>
Principal payments on operating facility	<b>(5,237,743)</b>	(6,454,867)
Proceeds from operating facility	7,836,304	7,262,835
Balance	<b>\$ 3,650,746</b>	\$ 2,430,290

The operating facility is secured by a general security agreement representing a first charge on all assets. Principal repayments on and proceeds from the operating facility are disclosed on the interim consolidated statements of cash flows.

6. (LOSS) INCOME PER COMMON SHARE

Basic (loss) income per common share

Basic (loss) income per common share is calculated by dividing the net comprehensive (loss) income attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period.

(continues)

ROCKY MOUNTAIN LIQUOR INC  
Notes to Interim Condensed Consolidated Financial Statements  
June 30, 2024  
(Unaudited)

6. (LOSS) INCOME PER COMMON SHARE (continued)

Below is the calculation of the basic (loss) income per common share for the 3 months ended June 30:

	<b>3 months ended June 30, 2024</b>	3 months ended June 30, 2023
Net comprehensive (loss) income	\$ (171,500)	\$ 312,689
Weighted average number of common shares outstanding during the period	<b>47,827,775</b>	47,827,775
Basic (loss) income per share	<b>\$ (0.00)</b>	\$ 0.01

Below is the calculation of the basic (loss) income per common share for the 6 months ended June 30:

	<b>6 months ended June 30, 2024</b>	6 months ended June 30, 2023
Net comprehensive (loss) income	\$ (537,081)	\$ 22,489
Weighted average number of common shares outstanding during the period	<b>47,827,775</b>	47,827,775
Basic (loss) income per share	<b>\$ (0.01)</b>	\$ 0.00

Diluted (loss) income per common share

The following table provides a reconciliation from the basic weighted average number of common shares outstanding to the diluted weighted average number of common shares outstanding and diluted (loss) income per share.

During the period ended June 30, 2024, shares of 192,308 associated with the Company's outstanding stock options were anti-dilutive (2023 – nil).

Below is the calculation of the diluted (loss) income per common share for the 3 months ended June 30:

	<b>3 months ended June 30, 2024</b>	3 months ended June 30, 2023
Basic weighted average number of common shares	<b>47,827,775</b>	47,827,775
Dilutive effect of stock options issued May 9, 2022	-	-
Diluted weighted average number of common shares	<b>47,827,775</b>	47,827,775
Net comprehensive (loss) income	\$ (171,500)	312,689
Diluted (loss) income per share	<b>\$ (0.00)</b>	\$ 0.01

Below is the calculation of the diluted (loss) income per common share for the 6 months ended June 30:

	<b>6 months ended June 30, 2024</b>	6 months ended June 30, 2023
Basic weighted average number of common shares	<b>47,827,775</b>	47,827,775
Dilutive effect of stock options issued May 9, 2022	-	-
Diluted weighted average number of common shares	<b>47,827,775</b>	47,827,775
Net comprehensive (loss) income	\$ (537,081)	22,489
Diluted (loss) income per share	<b>\$ (0.01)</b>	\$ 0.00

ROCKY MOUNTAIN LIQUOR INC  
Notes to Interim Condensed Consolidated Financial Statements  
June 30, 2024  
(Unaudited)

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company's leases are only for retail locations (buildings) that are subject to minimum rent payments excluding the Company's proportion of occupancy costs. Lease commitments are based on the current lease term and inclusion of renewal period(s) if it is reasonably certain that the renewal period will be exercised. In addition to the leases with fixed minimum rental payments, the Company entered into a single lease with a term of five years and a monthly rental based on a percentage of sales.

The Company closed one store location in April. The Company reached an agreement, whereas the purchased building and the leased land premises were provided back to the lessor with no termination costs incurred by the Company. This resulted in a loss on disposal of property and equipment of \$140,907 and a net gain of \$26,509 related to the lease termination adjustments for the remeasurement of the right-of-use asset and corresponding lease liability.

*Right-of-use Assets*

Below is a summary of the activity related to right-of-use assets for the 3 months ended June 30:

	Note	June 30, 2024	June 30, 2023
Opening balance		\$ 10,234,263	\$ 10,477,333
Lease remeasurement adjustment		196,136	-
Lease termination adjustment		(117,345)	-
Right-of-use assets depreciation		(239,602)	(250,472)
<b>Balance</b>		<b>\$ 10,073,452</b>	<b>\$ 10,226,861</b>

Below is a summary of the activity related to right-of-use assets for the 6 months ended June 30:

	Note	June 30, 2024	June 30, 2023
Opening balance		\$ 10,089,995	\$ 10,727,805
Lease remeasurement adjustment		579,853	-
Lease termination adjustment		(117,345)	-
Right-of-use assets depreciation		(479,051)	(500,944)
<b>Balance</b>		<b>\$ 10,073,452</b>	<b>\$ 10,226,861</b>

Right-of-use assets depreciation is recognized in the interim condensed consolidated statements of comprehensive income.

(continues)

ROCKY MOUNTAIN LIQUOR INC  
Notes to Interim Condensed Consolidated Financial Statements  
June 30, 2024  
(Unaudited)

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

*Lease liabilities*

Below is a summary of the activity related to lease liabilities for the 3 months ended June 30:

	Note	June 30, 2024	June, 2023
Opening balance		\$ 11,366,633	\$ 11,462,282
Lease remeasurement adjustment		196,136	-
Lease termination adjustment		(143,854)	-
Finance costs on lease liabilities	146,450		146,558
Lease payments	<u>(352,355)</u>		<u>(336,250)</u>
Principal portion of lease payments		<u>(205,905)</u>	(189,692)
Balance		<u>\$ 11,213,010</u>	<u>\$ 11,272,590</u>
Current portion of lease liabilities		\$ 1,395,316	\$ 1,374,983
Non-current lease liabilities		9,817,694	9,897,607
Balance		<u>\$ 11,213,010</u>	<u>\$ 11,272,590</u>

Below is a summary of the activity related to lease liabilities for the 6 months ended June 30:

	Note	June 30, 2024	June, 2023
Opening balance		\$ 11,188,057	\$ 11,653,277
Lease remeasurement adjustment		579,853	-
Lease termination adjustment		(143,854)	-
Finance costs on lease liabilities	296,525		293,116
Lease payments	<u>(707,571)</u>		<u>(673,803)</u>
Principal portion of lease payments		<u>(411,046)</u>	(380,687)
Balance		<u>\$ 11,213,010</u>	<u>\$ 11,272,590</u>

8. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
Cash (used in) provided by				
Accounts receivable	\$ (72,351)	\$ (86,664)	\$ (129,194)	\$ 99,064
Inventory	(324,718)	(815,880)	(142,453)	(649,789)
Prepaid expenses and deposits	74,376	(39,038)	8,416	(137,560)
Accounts payable and accrued liabilities	(178,538)	(47,252)	(146,772)	(9,564)
Goods and services tax payable	7,307	(29,215)	21,003	(21,356)
	<u>\$ (493,924)</u>	<u>\$ (1,018,049)</u>	<u>\$ (389,000)</u>	<u>\$ (719,205)</u>

9. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximates their carrying value due to their short-term nature. The fair value of the operating facility approximates the carrying value as the instrument carries an interest rate that reflects the current market rates available to the company.

10. RESTATEMENT

For the year ended December 31, 2023, the Company identified the following errors in the June 30, 2023 interim condensed consolidated financial statements and have corrected for these errors by restating each of the affected financial statement line items for the period ended June 30, 2023 as follows:

*Bottle Deposits*

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.

Below is the impact of the restatement:

	3 months ended June 30, 2023		
	As previously reported	Adjustment recorded	As restated
<b>Interim Consolidated Statements of Comprehensive Income</b>			
Sales	\$ 10,921,339	\$ 321,027	\$ 11,242,366
Cost of sales	8,273,222	321,027	8,594,249
	\$ 2,648,117	\$ -	\$ 2,648,117

	6 months ended June 30, 2023		
	As previously reported	Adjustment recorded	As restated
<b>Interim Consolidated Statements of Comprehensive Income</b>			
Sales	\$ 19,303,571	\$ 551,335	\$ 19,854,906
Cost of sales	14,741,264	551,335	15,292,599
	\$ 4,562,307	\$ -	\$ 4,562,307

*Finance costs on lease liabilities*

The Company previously presented finance costs paid on lease liabilities on the Consolidated Statements of Cash Flows under financing activities as opposed to operating activities. The Company's accounting policy is to classify finance costs paid as cash flows from operating activities. Accordingly, a reclassification was made to present finance costs paid on lease liabilities as cash flows from operating activities in accordance with the Company's accounting policy.

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ROCKY MOUNTAIN LIQUOR INC  
Notes to Interim Condensed Consolidated Financial Statements  
June 30, 2024  
(Unaudited)

10. RESTATEMENT (continued)

Below is the impact of the restatement:

	3 months ended June 30, 2023		
	As previously reported	Adjustment recorded	As restated
<b>Interim Consolidated Statements of Cash Flows</b>			
<b>OPERATING ACTIVITIES</b>			
Finance costs on lease liabilities	\$ 146,558	\$ (146,558)	\$ -
Cash flow used in operating activities	\$ 383,433	\$ (146,558)	\$ 236,875
<b>FINANCING ACTIVITIES</b>			
Principal portion of lease payments	\$ (336,250)	\$ 146,558	\$ (189,692)
Cash flow used in financing activities	\$ (343,060)	\$ 146,558	\$ (196,502)

	6 months ended June 30, 2023		
	As previously reported	Adjustment recorded	As restated
<b>Interim Consolidated Statements of Cash Flows</b>			
<b>OPERATING ACTIVITIES</b>			
Finance costs on lease liabilities	\$ 293,116	\$ (293,116)	\$ -
Cash flow from operating activities	\$ 216,473	\$ (293,116)	\$ (76,643)
<b>FINANCING ACTIVITIES</b>			
Principal portion of lease payments	\$ (673,803)	\$ 293,116	\$ (380,687)
Cash flow used in financing activities	\$ (116,569)	\$ 293,116	\$ 176,547

11. SUBSEQUENT EVENT

Subsequent to June 30, 2024, and before the approval and release of these interim consolidated financial statements, through the Toronto-Dominion Bank ("TD"), a new Demand Operating Facility agreement was signed between TD and the Company on July 17, 2024. The maximum availability of the Company's "operating facility" as disclosed under note 5, was decreased from \$5,400,000 to \$4,000,000. The new agreement removed the debt service covenant which was adjusted EBITDA - unfinanced net capital expenditures - permitted distributions - cash taxes / (scheduled principal payments + interest). The interest rate and the calculation of the operating facility availability remained unchanged. The decrease in maximum availability is not expected to have a material impact on the Company's operations or financial results.