

Interim Condensed Consolidated Financial Statements (unaudited) of

ROCKY MOUNTAIN LIQUOR INC

March 31, 2025

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.

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ROCKY MOUNTAIN LIQUOR INC.

Interim Condensed Consolidated Statements of Financial Position

(unaudited)

As at	Note	March 31, 2025 \$	December 31, 2024 \$
ASSETS			
CURRENT			
Cash		194,586	212,136
Accounts receivable		82,320	264,173
Inventory	4	3,882,867	3,850,847
Prepaid expenses and deposits		284,749	232,782
Goods and services tax receivable - net		3,158	-
		4,447,680	4,559,938
NON-CURRENT			
Property and equipment		1,043,972	1,121,180
Intangible assets		77,520	80,388
Goodwill		4,192,323	4,226,237
Deferred tax assets		723,633	603,633
Right-of-use assets	8	8,817,963	9,164,909
		19,303,091	19,756,285
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		600,252	549,853
Goods and services tax payable - net		-	20,273
Operating facility	6	2,178,437	1,981,915
Current portion of lease liabilities	8	1,315,291	1,326,736
		4,093,980	3,878,777
NON-CURRENT			
Lease liabilities	8	8,704,802	9,043,105
		12,798,782	12,921,882
SHAREHOLDERS' EQUITY			
Share capital		7,427,311	7,427,311
Contributed surplus		1,024,148	1,024,148
Accumulated deficit		(1,947,150)	(1,617,056)
		6,504,309	6,834,403
		19,303,091	19,756,285

The accompanying notes form an integral part of these interim condensed 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 Condensed Consolidated Statements of Changes in Shareholders' Equity

For the 3 months ended March 31

(unaudited)

	Share capital \$	Contributed surplus \$	Retained earnings (deficit) \$	Total \$
Balance at Jan 1, 2024	7,427,311	1,024,148	497,973	8,486,370
Net comprehensive loss for the period	-	-	(365,581)	(365,581)
Balance at March 31, 2024	7,427,311	1,024,148	132,392	8,583,851
Balance at Jan 1, 2025	7,427,311	1,024,148	(1,617,056)	6,834,403
Net comprehensive loss for the peiod	-	-	(330,094)	(330,094)
Balance at March 31, 2025	7,427,311	1,024,148	(1,947,150)	6,504,309

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

ROCKY MOUNTAIN LIQUOR INC.

Interim Condensed Consolidated Statements of Comprehensive Loss

(unaudited)

For the 3 months ended March 31

	Note	2025 \$	2024 \$
Sales		8,043,904	8,445,394
Cost of sales	4	6,219,124	6,521,404
		1,824,780	1,923,990
Operating and administrative expenses		1,713,833	1,894,255
Income from operations before depreciation and other		110,947	29,735
Property and equipment depreciation		69,111	57,364
Intangible asset depreciation		2,655	1,267
Right-of-use equipment depreciation	8	224,843	239,449
Finance costs on lease liabilities	8	132,797	150,075
Other expenses (income)			
Finance costs	6	36,187	59,368
Loss on disposal of property and equipment, intangible assets and goodwill	5	66,318	6,799
Gain on lease termination	8	(12,251)	-
Store closure expenses		41,381	-
Other income		-	(6)
		561,041	514,316
Loss before tax		(450,094)	(484,581)
Deferred income tax recovery		(120,000)	(119,000)
Net comprehensive loss		(330,094)	(365,581)
Basic loss per share	7	(0.01)	(0.01)
Diluted loss per share	7	(0.01)	(0.01)

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

ROCKY MOUNTAIN LIQUOR INC.

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

For the 3 months ended March 31

	Note	2025 \$	2024 \$
OPERATING ACTIVITIES			
Net comprehensive loss		(330,094)	(365,581)
Items not affecting cash			
Property and equipment depreciation		69,111	57,364
Intangible assets depreciation		2,655	1,267
Loss on disposal of property and equipment, intangible assets and goodwill	5	66,318	6,799
Gain on lease termination	8	(12,251)	-
Deferred income tax recovery		(120,000)	(119,000)
Right-of-use assets depreciation	8	224,843	239,449
Changes in non-cash working capital	9	20,951	(524,125)
Cash flow used in operating activities		(78,467)	(703,827)
INVESTING ACTIVITIES			
Purchase of property and equipment		(72,814)	(56,672)
Purchase of intangible assets		(1,280)	(1,281)
Proceeds on disposal of property and equipment	5	153,883	-
Cash flow from (used in) investing activities		79,789	(57,953)
FINANCING ACTIVITIES			
Principal repayments of bank loan		-	(135,572)
Proceeds from operating facility	6	2,848,460	3,473,482
Principal repayments on operating facility	6	(2,651,938)	(2,397,867)
Principal portion of lease payments	8	(215,394)	(205,141)
Cash flow (used in) from financing activities		(18,872)	734,902
DECREASE IN CASH		(17,550)	(26,878)
CASH - BEGINNING OF PERIOD		212,136	266,903
CASH - END OF PERIOD		194,586	240,025
CASH FLOWS SUPPLEMENTARY INFORMATION			
Interest paid on operating facility and bank loan	6	36,187	59,368
Interest paid on leases	8	132,797	150,075
Income taxes paid		-	-

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

ROCKY MOUNTAIN LIQUOR INC.
Notes to Interim Condensed Consolidated Financial Statements
March 31, 2025

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 ("RTO") on December 1, 2008.

As at March 31, 2025, Andersons operated 22 (March 2023 – 25) 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.

These consolidated financial statements have been approved for issue by the Board of Directors on May 27, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") 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 2024 audited annual consolidated financial statements and notes thereto for the year ended December 31, 2024. 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.

Basis of preparation and significant accounting policies

The 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 consolidated financial statements for the year ended December 31, 2024.

Future Accounting Pronouncements

The Company has adopted amendments to various standards effective January 1, 2025, which did not have a significant impact to these interim condensed consolidated financial statements.

IFRS Accounting Standard 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS Accounting Standard 18, Presentation and Disclosure in Financial Statements (IFRS 18), which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into the three main categories of operating, investing and financing, and by specifying certain defined totals and subtotals.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management-defined performance measures. IFRS 18 will not affect the recognition and measurement of items in the consolidated financial statements, nor will it affect which items are classified in other comprehensive (loss) income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required and early application is permitted. The Company is currently assessing the effect of this new standard on the consolidated financial statements.

IFRS Accounting Standard 9, "Financial Instruments" and IFRS Accounting Standard 7, "Financial Instruments: Disclosures"

In May 2024, amendments to IFRS Accounting Standard 9, "Financial Instruments" and IFRS Accounting Standard 7, "Financial Instruments: Disclosures" were issued. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. Further, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. The amendments also require additional disclosures for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive (loss) income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments related to the classification of financial assets. The Company is currently assessing the effect of these new standards on the consolidated financial statements.

3. RELATED PARTY TRANSACTIONS

Transactions with Related Parties

During the 3 months ended March 31, 2025, the Company paid rents of \$24,850 (March 2024 - \$23,946) in respect of three retail liquor stores (March 2024 – three) to a privately held company in which a director is a significant shareholder.

Key Management Personnel Compensation

The remuneration of Directors and other members of key management personnel for the 3 months ended March 31 are as follows:

	2025	2024
Wages and salaries	\$ 152,733	\$ 114,578
Other	1,387	1,470
	\$ 154,120	\$ 116,048

Other includes health plan expenses 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.

ROCKY MOUNTAIN LIQUOR INC.
Notes to Interim Condensed Consolidated Financial Statements
March 31, 2025

4. INVENTORY

The cost of inventory recognized as an expense and included in cost of sales for the 3 months ended March 31, 2025 was \$6,219,124 (March 2024 - \$6,521,404). No inventory write downs were recognized in 2025 or 2024.

5. SALE OF RETAIL STORE

In the 3 month period ended March 31, 2025, the Company sold one store (March 2024 – nil). The proceeds were allocated to the assets as follows:

Carrying Value	Note	2024	2023
Inventory		\$ 103,883	\$ -
Property and equipment		80,912	-
Intangible assets		1,492	-
Goodwill	6	33,914	-
Carrying value of net assets sold		\$ 220,201	\$ -
			-
Total cash consideration received		\$ 153,883	-
Loss on disposal of property and equipment, intangible assets and goodwill		66,318	-
Carrying value of net assets sold		\$ 220,201	\$ -

The sale of the retail store resulted in the derecognition of goodwill allocated to the associated liquor store CGU totalling \$33,914 (March 2024 – \$nil). This amount has been included in loss on disposal of property and equipment, intangible assets and goodwill on the interim condensed consolidated statements of comprehensive loss.

6. OPERATING FACILITY

Through Toronto-Dominion Bank ("TD"), the Company has an operating facility with availability up to a maximum of \$4,000,000. The interest rate on the operating facility is prime plus 1.25% per annum. As at March 31, 2025, the interest rate applicable to the operating facility was 6.20% (December 2024 – 6.70%).

The operating facility availability is calculated as the lesser of i) \$4,000,000 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.

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 condensed consolidated statements of cash flows. As at March 31, 2025 the operating facility has a balance of \$2,178,437 (December 2024 - \$1,981,915).

Below is a summary of the activity of the operating facility for the 3 months ended March 31:

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ROCKY MOUNTAIN LIQUOR INC.
Notes to Interim Condensed Consolidated Financial Statements
March 31, 2025

6. OPERATING FACILITY (continued)

	2025	2024
Opening balance	\$ 1,981,915	\$ 1,052,185
Finance costs	36,187	39,911
Repayments	(2,688,125)	(2,437,778)
Principal repayments on operating facility	(2,651,938)	(2,397,867)
Proceeds from operating facility	2,848,460	3,473,482
Balance at March 31	\$ 2,178,437	\$ 2,127,800

7. LOSS PER COMMON SHARE

Basic and diluted (loss) income per common share

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

During the 3 months ended March 31, 2025, shares of 192,308 associated with the Company's outstanding stock options were anti-dilutive (December 2024 – 192,308).

Below is the calculation of the basic and diluted loss per common share for the 3 months ended March 31:

	2025	2024
Net comprehensive loss	\$ (330,094)	\$ (365,581)
Weighted average number of common shares outstanding during the period	47,827,775	47,827,775
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)

8. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES

The Company's leases pertain solely to 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, including renewal periods if it is reasonably certain that they will be exercised. In addition to leases with fixed minimum rental payments, the Company has one lease with a five-year term where monthly rent is based on a percentage of sales.

During the 3 month period ended March 31, 2025, the Company completed the sale of one store, resulting in the derecognition of related lease liabilities and right-of-use assets under IFRS 16. The transaction led to a gain of \$12,251 (March 2024 – \$nil) recognized on the interim condensed consolidated statements of comprehensive loss.

Right-of-use assets: Below is a summary of the activity related to the Company's right-of-use assets for the 3 months ended March 31:

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ROCKY MOUNTAIN LIQUOR INC.
Notes to Interim Condensed Consolidated Financial Statements
March 31, 2025

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

	2025	2024
Opening balance	\$ 9,164,909	\$ 10,089,995
Lease remeasurement adjustment	(134,354)	383,717
Gain on lease termination	12,251	-
Right-of-use assets depreciation	(224,843)	(239,449)
Balance at March 31	\$ 8,817,963	\$ 10,234,263

Lease liabilities: Below is a summary of the activity related to the Company's lease liabilities for the 3 months ended March 31:

	2025	2024
Opening balance	\$ 10,369,841	\$ 11,188,057
Lease remeasurement adjustment	(134,354)	383,717
Finance costs on lease liabilities	132,797	150,075
Lease payments	(348,191)	(355,216)
Principal portion of lease liabilities	(215,394)	(205,141)
Balance at March 31	\$ 10,020,093	\$ 11,366,633
Current portion of lease liabilities	\$ 1,315,291	\$ 1,388,030
Non-current lease liabilities	8,704,802	9,978,603
Balance at March 31	\$ 10,020,093	\$ 11,366,633

9. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	March 31, 2025	March 31, 2024
Cash provided by (used in)		
Accounts receivable	\$ 181,853	\$ (14,313)
Inventory	(135,903)	(491,162)
Prepaid expenses and deposits	(51,967)	(113,414)
Goods and services tax receivable - net	(3,158)	-
Accounts payable and accrued liabilities	50,399	131,286
Goods and services tax payable - net	(20,273)	(36,522)
	\$ 20,951	\$ (524,125)

10. 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 its carrying value as the instruments carry interest rates that reflect the current market rates available to the company.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's objective in managing liquidity risk is to ensure it has access to sufficient cash and available credit facilities to meet its short- and long-term obligations under both normal and stressed conditions. The Company manages liquidity risk through the preparation of detailed annual budgets, regular cash flow forecasts, and ongoing monitoring of actual results against forecast. Liquidity is also assessed in the context of maintaining compliance with the

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10. FINANCIAL INSTRUMENTS (continued)

borrowing base condition under the Company's operating facility, and by evaluating current market conditions, capital needs, and available sources of financing.

The Company is currently reliant on its revolving operating credit facility, which is a demand facility with a maturity date in July 2025. While the facility remains available and the borrowing base condition as at March 31, 2024, showed a surplus of \$850,252, the facility is subject to periodic review and renewal by the lender in the normal course. Given the demand nature of the facility and the fact it is subject to annual renewal, there is a risk the facility may not be renewed or renewed on similar terms.

Despite the net comprehensive loss in the current period, management believes that the Company's existing operating facility, combined with forecasted operating cash flows, will be sufficient to meet its obligations as they come due over the next 12 months. Management is actively monitoring cash flows and evaluating strategic and operational initiatives to support improved performance and to ensure continued access to liquidity. These may include working capital optimization, cost containment strategies, and discussions with lenders.

There can be no assurance that additional financing, if required, will be available on terms acceptable to the Company or at all. However, based on current forecasts and financial position, management does not anticipate a liquidity shortfall in the near term.