



ROCKY MOUNTAIN LIQUOR

Ticker: "RUM"

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period June 30, 2025

As at August 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated August 12, 2025.

The following is a discussion of the consolidated financial condition and operations of Rocky Mountain Liquor Inc. ("RML" or the "Company") for the periods indicated and of certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. This discussion and analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes of the Company for the six months ended June 30, 2025, and the audited consolidated financial statements and accompanying notes of the Company for the years ended December 31, 2024 and 2023 (the "Annual Financial Statements"). The Company owns 100% of Andersons Liquor Inc. ("Andersons") headquartered in Edmonton Alberta, which owns and operates private liquor stores in that province.

The Company's unaudited interim condensed consolidated financial statements and the notes thereto have been prepared in accordance with IFRS Accounting Standards ("IFRS") and are reported in Canadian dollars. References to notes are to notes of the unaudited interim condensed consolidated financial statements unless otherwise stated.

Throughout this MD&A, references are made to "Adjusted EBITDA", "Gross margin", "Non-recurring items", "Normalized current liabilities", "Normalized working capital ratio", "Operating margin", "Operating margin before non-recurring items", and "Operating margin as a percentage of sales". A description of these measures and their limitations are discussed below under "Non-IFRS Measures".

Additional information relating to the Company, including all other public filings, is available on SEDAR+ (www.sedarplus.com) and the Company's website www.ruminvestor.com.

FORWARD LOOKING INFORMATION AND STATEMENTS ADVISORY

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "might" and similar expressions is intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this management discussion and analysis contains forward-looking information and statements pertaining to the following: (i) the stability of retail liquor sales; (ii) increased revenues and margins due to pricing strategy; (iii) the ability to purchase inventory at a discount; (iv) ongoing impact from price inflation; and (v) other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance. All statements other than statements of historical fact contained in this MD&A are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed or recent acquisitions and the benefits to be derived therefrom, and plans and objectives of or involving the Company.

The forward-looking information and statements contained in this MD&A reflect several material factors, expectations and assumptions including, without limitation: (i) demand for adult beverages; (ii) expectations of the Corporation's ability to continue as a going concern; (iii) the Company's ability to secure financing to suit its strategy; (iv) the Company's future operating and financial results; (v) treatment under governmental regulatory regimes, tax, and other laws; and (vi) the ability to attract and retain employees for the Company.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon.

Forward-looking statements are based on current expectations, estimates and projections that involve several risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements.

Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information or

statements including, without limitation: (i) impact from competition in the markets where the Company operates; (ii) the possibility of a potential decline in consumption of alcoholic beverages and products sold; (iii) impact of economic events affecting discretionary consumer spending; (iv) the impact of weather on its effect on consumer demand; (v) actions by governmental or regulatory authorities, including changes in income tax laws and excise taxes; (vi) cybersecurity; (vii) impact of U.S. tariffs and Alberta's import restrictions on U.S. alcohol; (viii) the impact of increases in labour costs; (ix) the impact of supplier disruption or delays; (x) the ability of the Company to retain key personnel; (xi) the availability of financing; (xii) the ability of the Company to meet its financial obligations; (xiii) the maintenance of management information systems; (xiv) the ability to maintain acceptable store sites and adapt to changing market conditions; (xv) market volatility and share price; and (xvi) the impact of a limited trading market.

The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward looking information and statements contained in this MD&A speak only as of the date of this MD&A, and the Company assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

OVERALL PERFORMANCE: KEY OPERATING AND FINANCIAL METRICS

Key operational and financial highlights, quarter over quarter three and six months comparison:

	3 months ended		6 months ended	
	June 2025	June 2024	June 2025	June 2024
Sales	\$ 10,439,219	\$ 10,183,261	\$ 18,483,123	\$ 18,628,655
Gross margin ⁽¹⁾	23.2%	23.0%	23.0%	22.9%
Operating and admin expenses	1,734,877	1,845,264	3,448,710	3,739,519
Net comprehensive income (loss)	\$ 174,272	\$ (171,500)	\$ (155,822)	\$ (537,081)
Adjusted EBITDA ⁽¹⁾	\$ 357,592	\$ 148,042	\$ 120,348	\$ (177,433)

Notes:

(1) The calculation of Gross margin and Adjusted EBITDA are described under the "Non-IFRS Measures" section below.

Sales

Sales for the three months ended June 30, 2025, increased compared to the same period in 2024, despite a reduction in the number of stores from 24 to 22. The Company's continued focus on enhancing the customer experience, including the launch of a chain-wide loyalty program, contributed to this performance. Sales for the six months ended June 30, 2025, were slightly lower than the same period in 2024, reflecting the reduction in the number of stores. In addition, external factors that negatively impacted sales in the prior year, such as adverse weather, road closures, and heightened competition, had a lesser impact in the current period.

Gross Margin

Gross margins improved in both the three and six-month periods ended June 30, 2025, compared to the same periods in the prior year. The Company continues to effectively manage inventory levels and optimize pricing strategies, including the use of limited time offers ("LTOs"), which has contributed to improved gross margins.

Operating and Administrative Expenses

Operating and administrative expenses for the three months ended June 30, 2025, were lower compared to the same period in 2024. This reduction is primarily attributable to the closure and sale of certain store locations, which resulted in lower occupancy and wage-related costs. Additionally, the Company did not incur any

expenses related to the implementation of the point-of-sale (“POS”) system during the current quarter, as the rollout was completed in the prior year.

For the six months ended June 30, 2025, operating and administrative expenses also decreased compared to the prior year. The decline reflects several factors, including lower salary expenses due to strategic staffing adjustments, a reduction in professional fees, particularly as shareholder agreement-related costs did not recur, occupancy and wage related costs attributable to the reduction in the number of stores, and the absence of POS system implementation costs that were incurred in the first half of 2024.

Adjusted EBITDA

Adjusted EBITDA improved significantly in both the three and six-month periods ended June 30, 2025, compared to the same periods in 2024. For the second quarter, adjusted EBITDA rose to \$357,592, up from \$148,042 in Q2 2024, reflecting stronger gross margins and tighter control over operating and administrative expenses.

For the six-month period, adjusted EBITDA turned positive at \$120,348, a notable improvement from the loss of \$(177,433) in the prior year. This turnaround was driven by both gross margin improvement and a reduction in operating and admin expenses.

OUTLOOK

The Company remains focused on optimizing operations and enhancing profitability. Gross margins have improved, reflecting disciplined inventory management and strategic purchasing of LTO’s. Continued improvements in adjusted EBITDA demonstrate the Company’s commitment to operational efficiency and delivering sustained value.

Alberta’s economic outlook remains cautiously optimistic. According to ATB Financial’s July 2025 economic update, the province is expected to experience moderate GDP growth of approximately 2.3% in 2025, supported by stable oil prices, resilient labor market conditions, and population growth driven by interprovincial migration¹. Consumer spending in the province has remained steady despite elevated interest rates, underpinned by strong wage growth and high employment levels. However, inflation, while easing from peak levels, remains a concern for both consumers and businesses. The Bank of Canada has indicated they will implement fiscal policies that support economic growth while ensuring inflation remains well controlled². These dynamics continue to influence purchasing behavior and discretionary spending patterns.

The Company is closely monitoring cost pressures associated with supply chain volatility and shifting trade policies. The Company’s focus remains on maintaining financial agility, optimizing its cost structure, and safeguarding profitability. Investments in customer engagement, product mix, and competitive pricing strategies remain top priorities. The recent launch of the Company’s loyalty program and right-sizing of underperforming locations are expected to further strengthen customer retention and gross margin performance.

¹ ATB Quarterly Alberta Economic Outlook June 26, 2025, retrieved July 24, 2025 <https://www.atb.com/company/insights/alberta-economic-outlook/>

² Bank of Canada Press release June 4, 2025, retrieved July 24, 2025 <https://www.bankofcanada.ca/2025/06/fad-press-release-2025-06-04/>

OPERATING AND QUARTERLY RESULTS: 3 Months ended June 30, 2025

Operating Income and Cash flows

The following table is a summary of select quarterly results for the Company for the three months ended June 30, 2025 and 2024:

	3 months ended					
	June 2025		June 2024			
Sales	\$	10,439,219	\$	10,183,261		
Gross margin ⁽¹⁾		2,418,679	23.2%	2,345,661	23.0%	
Operating and administrative expenses		1,734,877	16.6%	1,845,264	18.1%	
Operating margin ⁽¹⁾	\$	683,802	6.6%	\$	500,397	4.9%
Non-recurring items ⁽¹⁾		15,000	0.1%		54,868	0.5%
Operating margin before non-recurring items ⁽²⁾	\$	698,802	6.7%	\$	555,265	5.5%
Cash flow used in operating activities	\$	(271,041)		\$	(240,833)	
Cash flow used in investing activities		(48,009)			(155,571)	
Cash flow from financing activities	\$	330,438		\$	493,114	

Notes:

(1) Gross margin, Operating margin, and Non-recurring items have been calculated as described under the "Non-IFRS Measures" section below.

(2) Operating margin before non-recurring items is adjusted to remove non-recurring costs and has been calculated as described under "Non-IFRS Measures" section below.

Sales

Sales for the three months ended June 30, 2025, increased compared to the same period in 2024, despite a reduction in the number of stores from 24 to 22. The Company's continued focus on enhancing the customer experience, including the launch of a chain-wide loyalty program, contributed to this performance.

Cost of Goods Sold and Gross Margin

Gross margins improved for the three month period ended June 30, 2025, compared to the same period in the prior year. The Company continues to effectively manage inventory levels and optimize pricing strategies, including the use of LTOs, which has contributed to improved margins.

Operating and administrative expenses

The main expenses included in operating and administrative costs are salaries and location-related expenses like utilities, property taxes, and insurance. For the three months ended June 30, 2025, total operating and administrative expenses are 6% lower in absolute terms and 1.7% as a percentage of sales. This is attributable to the closure and sale of certain store locations, which resulted in lower occupancy and wage-related costs.

Additionally, the Company did not incur any expenses related to the implementation of the POS system during the current quarter, as the rollout was completed in the prior year.

Cash flow used in operating activities

Cash flow used in operating activities for the three months ended June 30, 2025, is consistent compared to the same period ended in 2024.

Cash flow used in investing activities

Cash flow used in investing activities was lower for the three months ended June 30, 2025, compared to the same period ended in 2024, due to costs associated with the Company's new POS system in the prior year.

Cash flow from financing activities

Cash flow from financing activities for the three months ended June 30, 2025, was lower compared to the same period in 2024. This decrease reflects reduced reliance on the operating facility, as stronger cash flow from operations in the current period lessened the need to finance inventory purchases and operating expenses.

OPERATING AND QUARTERLY RESULTS: 6 Months ended June 30, 2025

Operating Income and Cash flows

The following table is a summary of select quarterly results for the Company for the six months ended June 30, 2025 and 2024:

	6 months ended				
	June 2025		June 2024		
Sales	\$	18,483,123		\$	18,628,655
Gross margin ⁽¹⁾		4,243,459	23.0%		4,269,651 22.9%
Operating and administrative expenses		3,448,710	18.7%		3,739,519 20.1%
Operating margin ⁽¹⁾	\$	794,749	4.3%		530,132 2.8%
Non-recurring items ⁽¹⁾		15,000	0.1%		122,146 0.7%
Operating margin before non-recurring items ⁽²⁾	\$	809,749	4.4%	\$	652,278 3.5%
Cash flow used in operating activities	\$	(349,508)		\$	(944,660)
Cash flow from (used in) investing activities		31,780			(213,524)
Cash flow from financing activities	\$	311,566		\$	1,228,016

Notes:

(1) Gross margin, Operating margin, and Non-recurring items have been calculated as described under the "Non-IFRS Measures" section below.

(2) Operating margin before non-recurring items is adjusted to remove non-recurring costs and has been calculated as described under "Non-IFRS Measures" section below.

Sales

Sales for the six months ended June 30, 2025, were slightly lower than the same period in 2024, reflecting the reduction in the number of stores from 24 to 22. The Company continues to focus on delivering a strong customer experience, supported by the launch of a chain-wide loyalty program. Factors such as improved

weather conditions, fewer road closures, and a more stable competitive environment contributed to steady performance across the remaining locations.

Cost of Goods Sold and Gross Margin

Gross margins improved for the six month period ended June 30, 2025, compared to the same period in the prior year. The Company continues to effectively manage inventory levels and optimize pricing strategies, including the use of LTOs, which has contributed to improved gross margins.

Operating and administrative expenses

Operating and administrative expenses primarily consist of salaries and location-related costs, including utilities, property taxes, and insurance. For the six months ended June 30, 2025, these expenses were 8% lower than in the same period of 2024, in absolute terms and 1.4% as a percentage of sales. The decrease is due to the closure and sale of select store locations, which reduced occupancy and wage-related costs. Additionally, no expenses were incurred for the POS system implementation during the period, as the rollout was completed in the prior year. Professional fees also declined, reflecting the absence of legal expenses related to shareholder agreements that were incurred in the first half of 2024.

Cash flow used in operating activities

Cash flow used in operating activities was lower for the six months ended June 30, 2025, compared to the same period ended in 2024, primarily due to the net comprehensive loss incurred during the first six months of 2024, and additional non-cash working capital used in the same six month period in 2024.

Cash flow from (used in) investing activities

Cash flow from investing activities was higher for the six months ended June 30, 2025, compared to the same period in 2024. This increase was mainly due to proceeds from the sale of a store in the first quarter of 2025, which more than offset the costs of purchasing property and equipment during the period.

Cash flow from financing activities

Cash flow from financing activities for the six months ended June 30, 2025, was \$311,566, significantly lower than the \$1,228,016 reported for the same period in 2024. The decrease reflects reduced reliance on the Company's operating facility in 2025, as positive cash flow during the period minimized the need for additional financing.

Balances

The following table is a summary of select balances for the Company as at June 30, 2025, June 30, 2024, and year-ended December 31, 2024:

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	\$ 5,148,845	\$ 4,559,938	\$ 6,101,207
Non-current assets	15,127,792	15,196,347	17,735,530
Total assets	\$ 20,276,637	\$ 19,756,285	\$ 23,836,737
Current liabilities	\$ 4,524,319	\$ 3,878,777	\$ 5,606,692
Non-current liabilities	9,073,737	9,043,105	9,817,694
Total liabilities	\$ 13,598,056	\$ 12,921,882	\$ 15,424,386
Stores at period end	22	24	24

Assets

As of June 30, 2025, total assets increased to \$20.3 million from \$19.8 million at December 31, 2024. This increase was primarily driven by a rise in current assets, which grew from \$4.6 million to \$5.1 million. The increase in current assets reflects the seasonal build-up of inventory ahead of the busier summer months, a typical pattern following the year-end low inventory position. There were no significant changes to Non-current assets from December 31, 2024 to June 30, 2025.

As of June 30, 2025, total assets decreased to \$20.3 million from \$23.8 million at June 30, 2024. This decline reflects the strategic reduction in the Company's store count from 24 to 22, which led to lower inventory balances and a reduction in capital assets and right-of-use assets included in non-current assets.

Liabilities

Current liabilities increased to \$4.5 million as of June 30, 2025, from \$3.9 million at December 31, 2024. The increase is primarily due to greater utilization of the operating facility to fund seasonal inventory purchases in line with anticipated customer demand. Non-current liabilities remained consistent at approximately \$9.1 million, largely composed of lease obligations.

Compared to June 30, 2024, total liabilities decreased from \$15.4 million to \$13.6 million. Current liabilities declined from \$5.6 million to \$4.5 million, reflecting lower payables and reduced reliance on the operating facility as a result of improved cash flow. Non-current liabilities decreased from \$9.8 million to \$9.1 million, primarily due to the reduction in lease obligations associated with store closures or sales.

Overall, the decrease in both assets and liabilities is consistent with the Company's footprint optimization efforts and its continued focus on operational efficiency.

CONDENSED QUARTERLY INFORMATION

The following table summarizes information derived from the Company's Annual Financial Statements and unaudited interim consolidated financial statements for each of the eight most recently completed quarters.

Expressed in (000's)	2025		2024				2023	
	June 30	March 31	December 31	September 30	June 30	March 31	December 31	September 30
# stores end of period	22	22	24	24	24	25	25	25
Sales	\$ 10,439	\$ 8,044	\$ 10,171	\$ 10,908	\$ 10,183	\$ 8,445	\$ 10,241	\$ 11,380
Net comprehensive income (loss)	\$ 174	\$ (330)	\$ (1,690)	\$ 112	\$ (171)	\$ (366)	\$ 179	\$ 261
Basic income (loss) per share	\$ 0.00	\$ (0.01)	\$ (0.04)	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ 0.00	\$ 0.01
Diluted income (loss) per share	\$ 0.00	\$ (0.01)	\$ (0.04)	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ 0.00	\$ 0.01

Sales

Sales have remained relatively stable over the past two years, despite a gradual reduction in the number of stores. In Q2 2025, sales increased to \$10.4 million from \$10.2 million in Q2 2024, even though the store count dropped from 24 to 22, indicating stronger sales performance per location. Similarly, Q1 2025 sales were \$8.0 million, down slightly from \$8.4 million in Q1 2024, which corresponds with the reduced store base.

Net comprehensive income (loss)

Net comprehensive income has shown improvement despite expected seasonal fluctuations. Q2 2025 delivered a profit of \$174,000, a turnaround from Q1 2025's loss, which aligns with typical seasonal softness in the first quarter. The loss in Q4 2024 was driven by a one-time goodwill impairment charge, which does not reflect ongoing operational performance. Excluding this non-recurring item, the trend indicates strengthening profitability compared to the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Credit Agreement

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 June 30, 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 for the purchase of inventory, investing in property and equipment, and used for operating and administrative expenses. 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 unaudited interim condensed consolidated statements of cash flows on a gross basis.

Below is a summary of the operating facility and bank loan as at June 30, 2025 and 2024 and as at December 31, 2024:

	June 30, 2025	December 31, 2024	June 30, 2024
Operating facility	\$ 2,700,217	\$ 1,981,915	\$ 3,650,746

The operating facility balance decreased by \$1.0 million year-over-year, from \$3.7 million at June 30, 2024 to \$2.7 million at June 30, 2025. This reduction reflects a combination of improved cash flow from operations, proceeds received from the disposition of assets, and a continued focus on managing inventory levels efficiently.

Between December 31, 2024 and June 30, 2025, the operating facility increased by \$0.7 million, which is consistent with the seasonal working capital needs typically seen in the lead-up to the summer period. This temporary increase supports higher inventory purchases and other operational demands during the company’s busier season.

Finance Costs on Operating Facility

	3 months ended		6 months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Finance costs	\$ 42,504	\$ 74,440	\$ 78,691	\$ 133,808

Finance costs decreased for the three and six months ended June 30, 2025, as a result of decreased prime interest rates and a lower average balance outstanding on the operating facility.

Interest Rate Risk

The Company is subject to interest rate risk as its operating facility bears interest rates that vary by prime borrowing rates. Assuming an outstanding operating facility and balance of \$2,700,217 a one percent increase in interest rates would have an effect on net comprehensive income (loss) of \$27,002 on an annual basis. The Company manages its interest rate risk through credit facility negotiations and by identifying future credit requirements based on budgeting and forecasts. The Company pays interest at prime + 1.25%.

Normalized Working Capital Ratio

Below is a summary of the normalized working capital ratios as at June 30, 2025, June 30, 2024 and as at December 31, 2024:

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	\$ 5,148,845	\$ 4,559,938	\$ 6,101,207
Non-IFRS Current Liabilities			
Current liabilities	4,524,319	3,878,777	5,606,692
Less:			
Current portion of lease liabilities	(1,310,786)	(1,326,736)	(1,395,316)
Normalized current liabilities	\$ 3,213,533	\$ 2,552,041	\$ 4,211,376
Normalized working capital ratio	1.60	1.79	1.45

Compared to June 30, 2024, the working capital ratio has improved from 1.45 to 1.60, driven by lower current liabilities year over year and better alignment of asset levels following the seasonal peak in June 2024. The normalization adjustment for lease liabilities remained consistent across periods, helping to better reflect the company's operational liquidity position.

From December 31, 2024, to June 30, 2025, the normalized working capital ratio remained strong, moving from 1.79 to 1.60. While this reflects a modest decline, primarily due to a seasonal increase in current liabilities, which is typical during the first half of the year. Current assets grew by nearly \$0.6 million over the period, indicating improved cash flow and stronger inventory positioning heading into the busier summer months.

The calculation of the normalized working capital ratio is described under the heading "Non-IFRS Measures" below.

Liquidity

The Company's use of its operating facility fluctuates with the seasonality of sales trends, which normally peaks at the end of the second quarter of the year, and is at its lowest value at the end of the year. The current use of the operating facility is for investing in inventory, property and equipment, and used for operating expenses.

Below is a summary of the total operating facility and bank loan balances for each of the eight most recently completed quarters.

	Q2 June 2025	Q1 March 2025	Q4 December 2024	Q3 September 2024	Q2 June 2024	Q1 March 2024	Q4 December 2023	Q3 September 2023
Total operating facility use (000's)	\$ 2,700	\$ 2,178	\$ 1,982	\$ 3,115	\$ 3,651	\$ 2,952	\$ 2,012	\$ 2,443

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 financial covenants 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 2026. While the facility remains available and the borrowing base condition as at June 30, 2025, showed a surplus of \$811,566, 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 for the six month period ending June 30, 2025, management believes that the Company's existing operating facility, results for the three months ending June 30, 2025, and 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. 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.

Credit Risk

The Company's financial assets exposed to credit risk consist primarily of cash and accounts receivable. The Company maintains its cash and cash equivalents with major Canadian chartered banks and local Alberta credit unions.

The risk of accounts receivable is that a wholesale customer might fail to meet its obligations under their credit terms. The Company, in its normal course of business is exposed to credit risk from its credit customers. The Company manages the risk associated with accounts receivables by credit management policies. All accounts receivable is due from one credit card processing organization. The Company has not experienced any expected or actual credit losses from accounts receivable in either 2025 or 2024.

Outstanding Common Shares

Below is a summary of outstanding common shares for the Company:

	Number	Amount
Balance December 31, 2024 and June 30, 2025	47,827,775	\$ 7,427,311

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at June 30, 2025, or August 12, 2025.

PROPOSED TRANSACTIONS

There were no proposed transactions as at June 30, 2025, or August 12, 2025, that have not been disclosed.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

There are no updates to the Company's critical accounting judgements, estimates and assumptions. For further discussion, refer to the Company's annual MD&A for the year ended December 31, 2024.

CHANGES IN ACCOUNTING POLICIES

Future Accounting Pronouncements

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.

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.

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.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

During the three months ended June 30, 2025, the Company paid rents of \$16,746 (June 2024 - \$24,446) in respect of two retail liquor stores (June 2024 – three) to a privately held company in which a director is a significant shareholder. For the six months ended June 30, 2025 the Company paid rents of \$41,596 (June 2024 - \$48,392).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and include controls and procedures designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure.

Disclosure Controls and Procedures

There have been no changes in the design of the Company's disclosure controls and procedures or internal control over financial reporting that occurred during the period ended June 30, 2025, that have materially affected or are reasonably likely to materially affect the Company's disclosure controls and procedures or internal control over financial reporting.

- a) The venture issuer is not required to certify the design and evaluation of the issuer's Disclosure Controls Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR") and has not completed such evaluation; and
- b) Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for the issuer may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISK FACTORS

The Company's results of operations, business prospects, financial condition, and the trading price of the shares are subject to several risks. These risk factors include competition; consumer spending; US Tariffs; labour costs and the labour market; a potential decline in consumption of alcoholic beverages and products sold; cybersecurity; weather; supplier disruption; governmental regulation; retention of key personnel; availability of financing; sufficient liquidity to meet financial obligations; information systems; the ability to maintain acceptable store sites and adapt to changing market conditions; financial market volatility; and a limited trading market.

For a full discussion of these risks and other risks associated with an investment in Shares, see "Risk Factors" detailed in the Company's annual MD&A for the year ended December 31, 2024, dated April 29, 2025, which is available at www.sedarplus.com and the Company's website www.ruminvestor.com.

NON-IFRS MEASURES

Adjusted EBITDA, Gross margin, Non-recurring items, Normalized current liabilities, Normalized working capital ratio, Operating margin, Operating margin before non-recurring items, and Operating margin as a percentage of sales are not measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS.

Investors are cautioned that these measures should not replace net comprehensive loss (as determined in accordance with IFRS) 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.

Definitions

Adjusted EBITDA is defined as net comprehensive loss of the Company and adding back the following: finance costs, current and deferred income tax, depreciation, impairment charges of goodwill, finance costs on lease liabilities, gain/loss on disposal of property and equipment and intangible assets, gain/loss on lease terminations, store closure expenses, and adjusting for actual lease payments. Adjusted EBITDA is a useful measure as it provides management with a better view of the Company's operating profitability, removing non-operating, and non-recurring expenses.

Gross margin under "Operating Results" 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.

Non-recurring items refer to expenses incurred or recoveries received by the Company that are outside of normal operations and are not expected to occur regularly. For the three- and six-month periods ended June 30, 2024, these items primarily related to costs associated with implementing the new POS system. In the current period, they reflect costs related to the evaluation of strategic alternatives.

Normalized current liabilities are current liabilities less the current portion of lease liabilities. Normalized current liabilities is a useful measure as it removes the impact of short-term lease liabilities, which are not a part of normalized working capital.

Normalized working capital ratio is calculated as current assets divided by normalized current liabilities. Normalized working capital ratio is a useful measure as it identifies any shortfalls in the ability to meet short-term obligations.

Operating margin for purposes of disclosure under “Operating Results” has been derived by subtracting Operating and Administrative expenses from Gross Margin. Operating margin is equal to “Income from operations before depreciation and other” as reported on the unaudited interim condensed consolidated statements of comprehensive loss. Operating margin as a percentage of sales is calculated by dividing the operating margin by sales. Operating margin represents a useful measure because it allows management to assess the profitability of the Company.

Operating margin before non-recurring items is derived by adding non-recurring items to the operating margin. Operating margin before non-recurring items as a percentage of sales is calculated by dividing the operating margin before non-recurring items by sales. Operating margin before non-recurring items is a useful measure because it removes revenue or expenditures that are not likely to happen again and, therefore, presents a more meaningful comparison of quarterly results.

Operating margin as a percentage of sales and operating margin before non-recurring items are calculated in tables under sections “Operating and Quarterly Results – 3 months” and “Operating and Quarterly Results – 6 months”.

The following table for the three and six months ended June 30, 2025 and 2024, reconciles net comprehensive loss to Adjusted EBITDA.

	3 months ended		6 months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Net comprehensive income (loss)	\$ 174,272	\$ (171,500)	\$ (155,822)	\$ (537,081)
Deferred income tax (recovery)	52,826	(23,000)	(67,174)	(142,000)
Finance costs	42,504	74,440	78,691	133,808
Property and equipment depreciation	63,013	52,845	132,124	110,209
Intangible asset depreciation	2,622	2,056	5,277	3,323
Right-of-use assets depreciation	209,450	239,602	434,293	479,051
Finance costs on lease liabilities	134,875	146,450	267,672	296,525
Loss on disposal of property and equipment, intangible assets and goodwill	3,489	179,597	69,807	186,396
Gain on lease termination	-	(26,509)	(12,251)	(26,509)
Store closure expenses	758	26,416	42,139	26,416
Lease payments	(326,217)	(352,355)	(674,408)	(707,571)
Adjusted EBITDA	\$ 357,592	\$ 148,042	\$ 120,348	\$ (177,433)