Consolidated Financial Statements of

ROCKY MOUNTAIN LIQUOR INC.

December 31, 2025

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Management's Responsibility

To the Shareholders of Rocky Mountain Liquor Inc:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with IFRS Accounting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors is composed primarily of independent Directors of the Company. The Audit Committee is composed primarily of members who are Directors of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

PricewaterhouseCoopers LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

April 28, 2026

"Peter J. Byrne"

Executive Chairman & Acting CEO

"Allison Radford"

President and Chief Financial Officer

Independent auditor's report

To the Shareholders of Rocky Mountain Liquor Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Rocky Mountain Liquor Inc. and its subsidiary (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill Refer to note 2 - Material accounting policy information and note 8 - Goodwill and non-financial assets to the consolidated financial statements. As at December 31, 2025, the Company had goodwill of $4,192,323. Goodwill is assessed for impairment at least annually or when events and circumstances indicate that the carrying value may not be recoverable. The determination of cash generating units (CGUs) was based on the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or group of assets. For the purposes of goodwill impairment testing, the Company has grouped its CGUs consistent with its sole operating segment, which consists of all retail locations (CGU grouping). If the recoverable amount of a CGU grouping is estimated to be less than its carrying amount, the carrying amount of the CGU grouping is reduced to its recoverable amount. The recoverable amount of a CGU grouping is the higher of its fair value less cost to dispose	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the recoverable amount of the CGU grouping to which goodwill is attributed, which included the following: – Tested the appropriateness of the FVLCD method used and the mathematical accuracy of the discounted cash flow model. – Tested the reasonableness of the revenue growth rate and terminal growth rate by comparing to current and past performance of the CGU grouping and external market data. – Professional with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the discount rate. – Tested the underlying data used in the discounted cash flow model.

Key audit matter	How our audit addressed the key audit matter
(FVLCD) or its estimated value in use (VIU). As at December 31, 2025, goodwill was tested for impairment. In conducting its annual goodwill impairment test, the Company applied a FVLCD method. The recoverable amount was determined based on calculations and projections from forecasts prepared by management included in the discounted cash flow model. The significant assumptions used in the discounted cash flow model included the revenue growth rate, discount rate and terminal growth rate. As at December 31, 2025, the recoverable amount of the CGU grouping exceeded the carrying value. As such, no impairment charges were recorded on goodwill of the CGU grouping for the year. We considered this a key audit matter due to the significant judgment by management in determining the recoverable amount of the CGU grouping to which goodwill is attributed, including the use of significant assumptions. This has resulted in a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	• Tested disclosures made in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Robert Newton.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants
Edmonton, Alberta
April 28, 2026

ROCKY MOUNTAIN LIQUOR INC.

Consolidated Statements of Financial Position

As at	Note	Dec 31, 2025 $	Dec 31, 2024 $
ASSETS			
CURRENT			
Cash		**211,099**	212,136
Accounts receivable		**271,368**	264,173
Inventory	4	**3,895,131**	3,850,847
Prepaid expenses and deposits		**286,671**	232,782
		4,664,269	4,559,938
NON-CURRENT			
Property and equipment	6	**947,220**	1,121,180
Intangible assets	7	**69,655**	80,388
Goodwill	8	**4,192,323**	4,226,237
Deferred tax assets	11	**559,382**	603,633
Right-of-use assets	15	**8,478,685**	9,164,909
		18,911,534	19,756,285
LIABILITIES			
CURRENT			
Trade and other payables	9	**676,153**	570,126
Operating facility	10	**1,360,772**	1,981,915
Current portion of lease liabilities	15	**787,983**	1,326,736
		2,824,908	3,878,777
NON-CURRENT			
Lease liabilities	15	**9,048,969**	9,043,105
		11,873,877	12,921,882
SHAREHOLDERS' EQUITY			
Share capital	12	**7,427,311**	7,427,311
Contributed surplus		**1,024,148**	1,024,148
Retained earnings (deficit)		**(1,413,802)**	(1,617,056)
		7,037,657	6,834,403
		18,911,534	19,756,285

The accompanying notes form an integral part of these 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.

Consolidated Statements of Changes in Shareholders' Equity

	Share capital $	Contributed surplus $	Retained earnings (deficit) $	Total $
Balance at Jan 1, 2024	7,427,311	1,024,148	497,973	8,949,432
Net comprehensive loss for the year	-	-	(2,115,029)	(2,115,029)
Balance at Jan 1, 2025	7,427,311	1,024,148	(1,617,056)	6,834,403
Net comprehensive income for the year	-	-	203,254	203,254
Balance at Dec 31, 2025	**7,427,311**	**1,024,148**	**(1,413,802)**	**7,037,657**

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

ROCKY MOUNTAIN LIQUOR INC.
Consolidated Statements of Comprehensive Income (Loss)

	Note	**Year ended Dec 31, 2025 $**	Year ended Dec 31, 2024 $
Sales		**38,595,196**	39,707,715
Cost of sales	4	**29,535,556**	30,566,180
Gross margin		**9,059,640**	9,141,535
Operating and administrative expenses	18	**6,799,446**	7,433,070
Income from operations before depreciation and other		**2,260,194**	1,708,465
Property and equipment depreciation	6	**263,460**	244,226
Intangible asset depreciation	7	**10,520**	8,218
Right-of-use assets depreciation	15	**857,670**	945,844
Finance costs on lease liabilities	15	**542,835**	586,960
Other expenses (income)			
Finance costs	10	**152,007**	259,225
Loss on disposal of property and equipment, intangible assets and goodwill	5,6	**75,191**	192,457
Impairment of non-financial assets	8	**94,552**	1,962,145
Gain on lease termination	15	**(12,251)**	(26,509)
Store closure expenses		**50,410**	36,252
Other income		**(21,705)**	(818)
		2,012,689	4,208,000
Income (loss) before tax		**247,505**	(2,499,535)
Deferred income tax (recovery)	11	**44,251**	(384,506)
Net comprehensive income (loss)		**203,254**	(2,115,029)
Basic income (loss) per share	14	**0.00**	(0.04)
Diluted income (loss) per share	14	**0.00**	(0.04)

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

ROCKY MOUNTAIN LIQUOR INC.

Consolidated Statements of Cash Flows

	Note	**Year ended Dec 31, 2025 $**	Year ended Dec 31, 2024 $
OPERATING ACTIVITIES			
Net comprehensive income (loss)		**203,254**	(2,115,029)
Items not affecting cash			
Property and equipment depreciation	6	**263,460**	244,226
Loss on disposal of property and equipment, intangible assets and goodwill	5,6	**75,191**	192,457
Intangible asset depreciation	7	**10,520**	8,218
Impairment of non financial assets	8	**94,552**	1,962,145
Deferred income tax (recovery)	11	**44,251**	(384,506)
Gain on lease termination	15	**(12,251)**	(26,509)
Right-of-use assets depreciation	15	**857,670**	945,844
Changes in non-cash working capital	16	**(103,224)**	408,117
Cash flow from operating activities		**1,433,423**	1,234,963
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(197,628)**	(410,659)
Purchase of intangible assets	7	**(1,280)**	(37,937)
Proceeds on disposal of property and equipment	6	**18,344**	1,100
Proceeds on sale of store assets	5	**153,883**	-
Cash flow used in investing activities		**(26,681)**	(447,496)
FINANCING ACTIVITIES			
Principal repayments on bank loan	10	**-**	(959,499)
Principal repayments on operating facility	10	**(13,618,025)**	(13,567,434)
Proceeds from operating facility	10	**12,996,882**	14,497,164
Principal portion of lease payments	15	**(786,636)**	(812,465)
Cash flow used in financing activities		**(1,407,779)**	(842,234)
DECREASE IN CASH		**(1,037)**	(54,767)
CASH - BEGINNING OF YEAR		**212,136**	266,903
CASH - END OF YEAR		**211,099**	212,136
CASH FLOWS SUPPLEMENTARY INFORMATION			
Interest paid on bank loan, operating facility and other	10	**152,007**	259,225
Interest paid on leases	15	**542,835**	586,960
Income taxes paid		**-**	-

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

1. NATURE OF OPERATIONS

Rocky Mountain Liquor Inc. (“Rocky Mountain Liquor”, “RML”, or “the Company”) 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 December 31, 2025, Andersons operated 22 (2024 – 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.

These consolidated financial statements have been approved for issue by the Board of Directors on April 28, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except where otherwise specified.

Basis of consolidation

The consolidated financial statements include the accounts of Rocky Mountain Liquor and its wholly owned subsidiary, Andersons, resulting in the consolidated entity (the “Company”). Inter-company balances and transactions and any unrealized earnings and expenses arising from inter-company transactions are eliminated in preparing the consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Critical accounting judgments, estimates, and assumptions

The preparation of these consolidated financial statements, in conformity with IFRS Accounting Standards, requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future. Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are discussed below.

(continues)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Estimates

Deferred tax assets and liabilities

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position. The determination of the recoverability of deferred tax assets requires management to make judgements related to the assessment of management's planned implementation of tax strategies and its future ability to be realized. Assumptions underlying the composition of deferred tax assets and liabilities include estimates of future results of operations and the timing of reversal of temporary differences as well as the tax rates and laws in place at the time of the expected reversal.

Deferred revenue

Deferred revenue arises from gift cards and customer loyalty program points and is recognized as revenue when the customer redeems the gift card or loyalty points. The timing and amount of revenue recognition requires management to estimate customer redemption patterns and breakage. These estimates are based on historical redemption data, customer behavior, and other relevant factors.

Impairment of non-financial assets

The Company reviews goodwill and non-financial assets under construction at least annually, and other non-financial assets when there is any indication that the asset may be impaired. The recoverable amounts of cash-generating units ("CGUs") have been determined, where applicable, based on its fair value less costs of disposal ("FVLCD") using Level 3 inputs, calculated based on the best information available to reflect the amount that could be obtained from the disposal of the CGU in an arm's length transaction with a third party, net of estimates of costs of disposal. Refer to note 8 for further details regarding the estimation of recoverable amounts.

Leases

The Company estimates the incremental borrowing rate used to measure the lease liability for each lease contract if the rate implicit in the lease cannot be determined. This includes estimation in determining the asset-specific security impact. There is also estimation uncertainty arising from certain leases containing variable lease terms that are linked to operational results or an index or rate.

Judgments

Cash-generating units

The determination of CGUs was based on the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or group of assets. The Company has determined that each retail location constitutes a CGU based on their independent cash inflows for non-financial assets other than goodwill.

For the purposes of goodwill impairment testing, the Company has grouped its CGUs consistent with its sole operating segment, which consists of all retail locations as the synergies of multiple locations operating under a common regulatory environment are realized across all related retail locations.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases

The Company determines the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as store profitability. Extension options (or periods after termination options) are included in the lease term only if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the lease will be extended. The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

Useful lives of property and equipment and intangible assets

Management has estimated the useful lives of property and equipment and intangible assets based on its assumption of the time frame in which these assets will be used by the Company. These assumptions may differ from the actual useful life of the assets.

Material accounting policies

Revenue recognition

Revenue from the sale of goods is generated through retail and licensee sales and recognized at the point of sale to customers, measured at the fair value of the consideration received less an appropriate deduction for discounts and customer loyalty program costs. Revenue is recognized at a point in time when control of the asset is transferred to the customer.

Customer Loyalty Programs

Loyalty reward points result in revenue being deferred until the loyalty reward is redeemed. The obligation is measured at the fair value of the rewards to be redeemed.

Cash

Cash consists of cash on hand and cash held in bank accounts.

Inventory

Inventory consists primarily of liquor and related merchandise for resale and is valued at the lower of cost and net realizable value. Cost is based on purchase price plus freight on a first-in, first out basis, and net realizable value is the estimated selling price less applicable selling costs. Write downs to net realizable value may be reversed in a subsequent period if circumstances that previously caused a write down no longer exist.

Property and equipment

Property and equipment is recorded at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Repairs and maintenance comprise the cost of replacement assets or parts of assets, inspection costs and overhaul costs. These costs are expensed as incurred when they are determined not to add life to the asset.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment is depreciated over estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method
Motor vehicles	30%	declining balance method
Leasehold improvements	Lesser of lease term and useful life	straight line method

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognized.

Intangible assets

Intangible assets are recorded at cost, less accumulated depreciation, and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset into operation.

Intangible assets are depreciated over estimated useful lives at the following rates and methods:

Computer software	10 years	straight line method

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date) and represents the excess of the consideration transferred and the fair value of the net identifiable assets acquired. Goodwill is carried at cost less accumulated impairment losses.

On disposal of a CGU or a portion of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill is carried at cost less accumulated impairment charges and is assessed for impairment at least annually or when events and circumstances indicate that the carrying value may not be recoverable. Impairment charges with respect to goodwill are not reversed.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment, intangible assets, and right-of-use assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU or CGU grouping to which the asset belongs. For the purposes of impairment testing of property and equipment and right-of-use assets, each separate store location is a distinct CGU.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

(continues)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The recoverable amount of an asset or CGU or CGU grouping is the higher of FVLCD or its estimated value in use ("VIU"). FVLCD is based on the best information available to reflect the amount that could be obtained from the disposal of the CGU in an arm's length transaction with a third party, net of estimates of costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU / CGU grouping) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU / CGU grouping) is reduced to its recoverable amount. An impairment loss is recognized immediately in the determination of comprehensive income (loss).

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the determination of comprehensive income (loss).

Income taxes

Tax expense comprises current and deferred taxes. Tax is recognized in the consolidated statements of comprehensive income (loss) except to the extent it relates to items recognized in other comprehensive income (loss) or directly in equity. Current tax is the expected payable on the taxable income for the year using rates enacted or substantively enacted at the year-end, and includes any adjustments to tax payable in respect of previous years.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position.

Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and are not recognized on temporary differences that arise from goodwill, which is not deductible for tax purposes.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized and are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination, that affect neither accounting nor taxable profit and do not give rise to equal taxable and deductible differences.

(continues)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) or amortized cost.

Cash is recognized at its fair value and carried at amortized cost.

Accounts receivable are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Impairment of financial assets

The Company assesses whether a financial asset or group of financial assets is impaired under the expected credit loss model. The Company makes use of the IFRS Accounting Standard 9 simplified approach in accounting for impairment of receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate expected credit losses, the Company uses historical experience, external indicators, and forward-looking information, applying a provision matrix.

The Company assesses impairment of accounts receivable on a collective basis when they possess shared credit risk characteristics and days past due.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

Financial liabilities

Financial liabilities consist of trade and other payables, and operating facility, and are recognized at amortized cost using the effective interest rate method.

Leasing Activities

The Company leases properties for its retail stores and head office. Lease contracts are typically made for fixed periods of 5 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The Company determines the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option by assessing relevant factors such as store profitability. Extension options are only included in the lease term if the optional term is reasonably certain to be exercised.

The lease liability is initially measured at the present value of the fixed lease payments due after the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is applied. The incremental borrowing rate is the rate that the lessee would have to pay to borrow at prevailing interest rates, market precedents and the Company's specific credit spread, on similar terms and security. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use. The right-of-use asset is depreciated over the lease term on a straight-line basis.

Subsequent to the commencement date, the lease liability is modified or remeasured when any of the above factors used in determining initially liability measurement change. When a lease liability is modified or remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or it is recorded in the consolidated statements of comprehensive income (loss) if the carrying amount of the assets has been reduced to zero.

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 income (loss) 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 income (loss). These amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company expects that these amendments will not have a material impact on the financial statements.

3. RELATED PARTY TRANSACTIONS

Transactions with Related Parties

During 2025 the Company paid rent expense of $75,088 (2024 - $100,964) in respect of two retail liquor stores (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 during the year was $585,476 (2024 - $533,687). 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 for the year ended December 31, 2025 was $29,535,556 (2024 - $30,566,180). No inventory write downs were recognized in 2025 or 2024.

5. SALE OF RETAIL STORE

During the year, the Company sold one store (2024 – nil). The proceeds were allocated to the assets as follows:

	2025	2024
Cash consideration	**$ 153,883**	$ -
Inventory	**103,883**	-
Property and equipment	**70,083**	-
Intangible asset	**724**	-
Loss on disposal of property and equipment and intangible assets	**$ (20,807)**	$ -

The sale of the retail store resulted in the disposal of a portion of goodwill allocated to the associated liquor store CGU based on the relative fair value of the store sold and the CGU retained, totalling $33,914 (2024 – $nil). This amount has been included in loss on disposal of property and equipment, intangible assets and goodwill on the consolidated statements of comprehensive income (loss).

6. PROPERTY AND EQUIPMENT

	January 1, 2025 Opening Net Book Value	Additions	Disposal	Depreciation	**December 31, 2025 Closing Net Book Value**
Computer equipment	171,912	13,817	-	(53,677)	**132,052**
Furniture and fixtures	486,302	86,230	(81,048)	(97,455)	**394,029**
Leasehold improvements	440,134	65,442	(7,672)	(104,236)	**393,668**
Motor vehicles	22,832	32,139	(19,408)	(8,092)	**27,471**
	$ 1,121,180	$ 197,628	$ (108,128)	$ (263,460)	**$ 947,220**

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6. PROPERTY AND EQUIPMENT (continued)

	2025 Cost	2025 Accumulated Depreciation	**2025 Net Book Value**
Computer equipment	272,389	140,337	**132,052**
Furniture and fixtures	2,635,167	2,241,138	**394,029**
Leasehold improvements	2,246,922	1,853,254	**393,668**
Motor vehicles	32,139	4,668	**27,471**
	$ 5,186,617	$ 4,239,397	**$ 947,220**

	January 1, 2024 Opening Net Book Value	Additions	Disposal	Depreciation	December 31, 2024 Closing Net Book Value
Building	$ 143,726	$ 8,606	$ (143,247)	$ (9,085)	$ -
Computer equipment	30,163	182,086	(8,512)	(31,825)	171,912
Furniture and fixtures	474,497	143,753	(29,311)	(102,637)	486,302
Leasehold improvements	498,338	49,955	(11,145)	(97,014)	440,134
Motor vehicles	1,580	26,259	(1,342)	(3,665)	22,832
	$ 1,148,304	$ 410,659	$ (193,557)	$ (244,226)	$ 1,121,180

	2024 Cost	2024 Accumulated Depreciation	2024 Net Book Value
Building	$ -	$ -	$ -
Computer equipment	258,672	86,760	171,912
Furniture and fixtures	2,766,951	2,280,649	486,302
Leasehold improvements	2,360,829	1,920,695	440,134
Motor vehicles	26,261	3,429	22,832
	$ 5,412,713	$ 4,291,533	$ 1,121,180

Loss on disposal of property and equipment and intangible assets of $41,277 (2024 - $192,457) includes the disposal amounts noted above and in notes 5 and 7, offset by $18,344 of proceeds on disposal of property and equipment (2024 – $1,100), and $50,000 of proceeds on sale of store assets (2024 - $nil).

7. INTANGIBLE ASSETS

	January 1, 2025 Opening Net Book Value	Additions	Disposal	Depreciation	**December 31, 2025 Closing Net Book Value**
Computer software	$ 80,388	$ 1,280	$ (1,493)	$ (10,520)	**$ 69,655**

	2025 Cost	2025 Accumulated Depreciation	**2025 Net Book Value**
Computer software	$ 764,619	$ 694,964	**$ 69,655**

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7. INTANGIBLE ASSETS (continued)

	January 1, 2024 Opening Net Book Value	Additions	Disposal	Depreciation	December 31, 2024 Closing Net Book Value
Computer software	$ 50,669	$ 37,937	$ -	$ (8,218)	$ 80,388

	2024 Cost	2024 Accumulated Depreciation	2024 Net Book Value
Computer software	$ 764,938	$ 684,550	$ 80,388

Intangible assets additions consist of software developed internally for the Company's point-of-sale system.

8. GOODWILL AND NON-FINANCIAL ASSETS

Goodwill

	Note	**December 31, 2025**	December 31, 2024
Opening balance		**$ 4,226,237**	$ 6,188,382
Impairment of goodwill		**-**	(1,962,145)
Derecognition of goodwill	5	**(33,914)**	-
Balance at December 31		**$ 4,192,323**	$ 4,226,237

The Company performs its annual impairment test as of December 31 each year, or more frequently if there is any indication that goodwill may be impaired. In conducting its annual goodwill impairment test, the Company applied a FVLCD method on the sole CGU grouping, representing the entire Company. The recoverable amount was determined based on calculations and projections from forecasts prepared by management. These calculations use projections of cash flows over five years, included in the discounted cash flow model (DCF), and are extrapolated using the estimated growth rates stated below.

As at December 31, 2025, goodwill was tested for impairment and the testing indicated that the recoverable amount exceeded the carrying value. No impairment charges were recorded to the CGU grouping for the year ended December 31, 2025 (2024 – $1,962,145).

The significant assumptions used in the DCF model are set out below for the years ended December 31:

	2025	2024
Revenue growth rate	**2.6%**	1.1%
Discount rate	**14.4%**	14.5%
Terminal growth rate	**2.0%**	2.0%

Management has determined the values assigned to each of the above key assumptions as follows:

Revenue growth rate: Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.

Discount rate: The weighted average cost of capital was estimated based on market capital structure of debt, risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on review of betas of comparable publicly traded companies, an unsystematic risk premium, and after-tax cost of debt based on corporate bond yields.

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8. GOODWILL AND NON-FINANCIAL ASSETS (continued)

Terminal growth rate: This is the weighted average growth rate used to extrapolate cash flows beyond the 5-year budgeted period. The rates are consistent with forecasts included in industry reports.

Estimating a CGU's FVLCD requires significant judgment regarding the inputs used in applying the discounted cash flow model. Sensitivity testing is conducted as part of the annual impairment tests:

- A reduction of the revenue growth rate to -2.3% to the 2026 sales or -3.53% to 2027 sales would reduce the recoverable amount of the CGU grouping to its carrying value.
- An increase in the discount rate to approximately 19.2% would reduce the recoverable amount of the CGU grouping to its carrying value.
- A terminal growth rate of negative 9.8% would reduce the recoverable amount of the CGU grouping to its carrying value.

Impairment of non-financial assets

For the year ended December 31, 2025, the Company identified indicators of impairment for one store location, which represents a separate CGU. The impairment indicators were primarily related to the store's recent operating performance and revised expectations for future cash flows.

The recoverable amount of the CGU was determined based on its FVLCD using Level 3 inputs, calculated based on the best information available to reflect the amount that could be obtained from the disposal of the CGU in an arm's length transaction with a third party, net of estimates of costs of disposal, using the significant assumptions as detailed above. As a result of this analysis, the recoverable amount of the CGU was determined to be lower than its carrying value. Accordingly, the Company recognized an impairment charge of $94,552 related to this CGU, allocated to the right-of-use-asset, which has been recorded in the consolidated statements of comprehensive income (loss), as further explained in note 15.

9. TRADE AND OTHER PAYABLES

	December 31, 2025	December 31, 2024
Trade payables and accrued liabilities	**$ 512,717**	$ 532,432
Deferred revenue	**126,121**	17,421
Goods and services tax payable - net	**37,315**	20,273
	$ 676,153	$ 570,126

Deferred revenue consists of unearned revenue related to gift cards and customer loyalty program points. Deferred revenue will be recognized as revenue as customers utilize gift cards and loyalty points are redeemed.

10. 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 December 31, 2025, the interest rate applicable to the operating facility was 5.70% (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.

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10. OPERATING FACILITY (continued)

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 consolidated statements of cash flows.

Below is a summary of the activity related to the operating facility for the years ended December 31:

		2025		2024
Opening balance		**$ 1,981,915**		$ 1,052,185
Finance costs	**152,007**		224,732	
Repayments	**(13,770,032)**		(13,792,166)	
Principal repayments on operating facility		**(13,618,025)**		(13,567,434)
Proceeds from operating facility		**12,996,882**		14,497,164
Balance at December 31		**$ 1,360,772**		$ 1,981,915

Included in finance costs on the consolidated statements of comprehensive income (loss) is $nil for the year ended December 31, 2025 (2024 - $34,493), related to a bank loan that was fully repaid in June 2024.

11. INCOME TAXES

Income tax expense:

	December 31, 2025	December 31, 2024
Current tax (recovery) expense:		
Current period	**$ -**	$ -
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	**62,084**	(383,815)
Prior period adjustments	**(17,833)**	(691)
Change in unrecognized deductible temporary differences	**-**	-
Total income tax expense (recovery)	**$ 44,251**	$ (384,506)

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to income before tax. These differences result from the following:

	December 31, 2025	December 31, 2024
Income (loss) before tax	**$ 247,505**	$ (2,499,535)
Statutory income tax rate	**23.00%**	23.00%
Expected income tax	**56,926**	(574,893)
Increase (decrease) resulting from:		
Non-deductible and non-taxable items	**5,158**	3,367
Impact of impairment of non-tax deductible goodwill	**-**	171,560
Change in unrecognized deductible temporary differences	**-**	-
Prior period adjustments	**(17,833)**	(691)
Other	**-**	16,151
Income tax expense (recovery)	**$ 44,251**	$ (384,506)

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11. INCOME TAXES (continued)

Recognized deferred tax assets and liabilities:

	December 31, 2025	December 31, 2024
Deferred tax assets are attributable to the following:		
Loss carryforwards	**$ 305,428**	$ 334,711
Property and equipment	**37,295**	55,859
Lease liabilities	**2,262,499**	2,385,063
Deferred tax assets	**2,605,222**	2,775,633
Set-off of tax	**(2,045,840)**	(2,172,000)
Net deferred tax asset	**559,382**	603,633
Deferred tax liabilities are attributable to the following:		
Right-of-use assets	**(1,950,098)**	(2,107,929)
Goodwill	**(95,742)**	(64,071)
Deferred tax liabilities	**(2,045,840)**	(2,172,000)

The deferred tax assets to be recovered within 12 months from the statement of financial position date are $60,085 (2024 - $170,020).

Unrecognized deferred tax assets:

The Company also had taxable temporary differences associated with the $1,744,054 investment in its subsidiary for which no deferred tax asset had been recognized. The Company's loss carryforwards expire between 2038 and 2044.

12. SHARE CAPITAL

Authorized - Unlimited common shares

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

13. STOCK OPTION PLAN

Stock option plan ("Option Plan")

The maximum number of common shares that may be reserved for issuance under the Option Plan is 2,500,000 shares.

The exercise price of each option is determined on the basis of the market price at the time the option is granted. If the option has a discount to market price as an incentive for early redemption, the exercise price may not be less than the discounted market price as defined by the policies of the TSX Venture Exchange ("TSXV"). For options that have no early redemption incentives, the exercise price may not be less than the closing price of a Rocky Mountain Liquor common share on the TSXV on the last trading day before the day the option is granted. The shares purchased on the exercise of an option must be paid for in full at the time of exercise. The Company operates equity-settled compensation plans. When the options vest in installments over the vesting period, each installment is accounted for as a separate arrangement.

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13. STOCK OPTION PLAN (continued)

On May 9, 2022, 192,308 incentive options were issued under the Option Plan, representing 0.4% of the outstanding common shares, vesting immediately. All options expired May 8, 2025. Any shares issued under the Stock Option Plan are subject to the regulatory hold periods.

The options had an exercise price of:

Year 1:	$0.105
Year 2:	$0.113
Year 3:	$0.121

	# of options	Exercise Price	Estimated fair value of options	Weighted average exercise price	Weighted average contractual life remaining
Outstanding December 31, 2024	192,308	$0.121	9,237	$0.121	0.117
Outstanding December 31, 2025	**-**	**-**	**-**	**-**	**-**

The options had a term of three years from the date of grant and vested immediately.

14. INCOME (LOSS) PER COMMON SHARE

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

Below is the calculation of the basic and diluted income (loss) per common share for year ended December 31:

	2025	2024
Net comprehensive income (loss)	**$ 203,254**	$ (2,115,029)
Weighted average number of common shares outstanding during the period	**47,827,775**	47,827,775
Basic and diluted income (loss) per share	**$ 0.00**	$ (0.04)

15. 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 year ended December 31, 2025, the Company completed the sale of one store (2024 – closed 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 (2024 – $26,509) recognized on the consolidated statements of comprehensive income (loss).

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

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

	Note	**2025**	2024
Opening balance		**$ 9,164,909**	$ 10,089,995
Lease remeasurement adjustment		**394,949**	138,103
Impairment of non-financial assets	8	**(94,552)**	-
Lease termination adjustment		**(128,951)**	(117,345)
Right-of-use assets depreciation		**(857,670)**	(945,844)
Balance at December 31		**$ 8,478,685**	$ 9,164,909

For the year ended December 31, 2025, right-of-use assets depreciation was recognized in the consolidated statements of comprehensive income (loss).

Lease liabilities: Below is a summary of the activity related to the Company's lease liabilities for the years ended December 31:

	2025		2024	
Opening balance		**$ 10,369,841**		$ 11,188,057
Lease remeasurement adjustment		**394,949**		138,103
Lease termination adjustment		**(141,202)**		(143,854)
Finance costs on lease liabilities	**542,835**		586,960	
Lease payments	**(1,329,471)**		(1,399,425)	
Principal portion of lease liabilities		**(786,636)**		(812,465)
Balance at December 31		**$ 9,836,952**		$ 10,369,841
Current portion of lease liabilities		**$ 787,983**		$ 1,326,736
Non-current lease liabilities		**9,048,969**		9,043,105
Balance at December 31		**$ 9,836,952**		$ 10,369,841

For the year ended December 31, 2025, finance costs on lease liabilities were recognized in the consolidated statements of comprehensive income (loss) and the principal portion of lease payments were recognized in the consolidated statements of cash flows.

The following table presents the maturity analysis of contractual undiscounted cash flows, excluding periods covered by lessee lease extension options that have been included in the determination of the lease term, related to the Company's lease liabilities as of December 31, 2025.

	2026	**2027**	**2028**	**2029**	**2030 and thereafter**	**Total**
Leases	1,439,214	1,316,285	1,106,832	759,261	1,298,134	5,919,726

16. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	December 31, 2025	December 31, 2024
Cash provided by (used in)		
Accounts receivable	**$ (7,195)**	$ 128,121
Inventory	**(148,167)**	274,784
Prepaid expenses and deposits	**(53,889)**	72,183
Trade and other payables	**106,027**	(66,971)
	$ (103,224)	$ 408,117

17. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, trade and other payables 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.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages its credit risk on cash by maintaining bank accounts with reputable Canadian banks.

The Company, in its normal course of business is exposed to credit risk from its customers. The Company manages the risk associated with accounts receivables by credit management policies. The majority of accounts receivable are due from one credit card processing organization with all amounts being less than one week outstanding as of the date of the consolidated statement of financial position. The Company has no expected credit loss from accounts receivable (2024 - $nil). In 2025, $nil (2024 - $576) was recognized as bad debts on accounts receivables.

Liquidity Risk

Based on the remaining contractual maturities, the undiscounted cash flows of the Company's financial liabilities including interest payments are as follows:

	Note	**Current**	Non-Current
Trade payables and accrued liabilities	9	**$ 512,717**	$ -
Operating facility		**1,438,336**	-
Lease liabilities		**1,242,093**	4,735,785
		$ 3,193,146	$ 4,735,785

Operating facility includes the contractual interest payable using the interest rate applicable as at December 31, 2025 of 5.70%. Lease liabilities, as disclosed in note 15, are the amount contractually obligated to pay for the current lease term for leased premises.

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 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 2026. While the facility remains available and the borrowing base condition as at December 31, 2025, showed a surplus of $1,809,280, 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.

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17. FINANCIAL INSTRUMENTS (continued)

Management believes that the Company's existing operating facility, results for the year ended December 31, 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.

Interest Rate Risk

The Company is subject to interest rate risk as its operating facility bears interest rates that vary in accordance with prime borrowing rates. Assuming an outstanding operating facility balance of $1,360,772 (2024 - $1,981,915), a one percent increase/decrease in interest rates would have a nominal effect on net comprehensive income (loss) of $13,608 (2024 - $19,819). The Company manages its interest rate risk by identifying operating facility covenant requirements and making repayments whenever feasible.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Capital Management

The Company's objectives when managing capital are; to ensure the Company has capital to support its strategic objectives and operations; to safeguard the Company's ability to continue as a going concern; to ensure compliance with all covenants; and to maintain a strong capital base to sustain investor, creditor, and market confidence.

The Company considers capital to include shareholders' equity and operating facility offset by cash.

Below is a summary of the Company's capital as of December 31:

	Note		**December 31, 2025**		December 31, 2024
Operating facility	10	**$**	**1,360,772**	$	1,981,915
Cash			**(211,099)**		(212,136)
Net debt		**$**	**1,149,673**	$	1,769,779
Shareholders' equity			**7,037,657**		6,834,403
Total capital		**$**	**8,187,330**	$	8,604,182

Management monitors the adequacy of capital and will adjust the structure accordingly by accessing the operating facility or issuing debt instruments. The Company meets its objectives for managing capital through strategic long-term planning and the annual budgeting process.

18. OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses for the year ended December 31, 2025 include salary and benefits of $4,573,325 (2024 – $4,930,183).

19. ECONOMIC DEPENDENCE

The Company is required to purchase all alcohol-based products from Alberta Gaming, Liquor and Cannabis (“AGLC”). As the majority of the Company’s income is derived from the sale of alcohol based products, its ability to continue operations is dependent on the relationship with and the sustainability of AGLC. The alcohol-based products are distributed primarily through Connect Logistics Services Inc. and Brewers Distributor Ltd. Any significant disruption in the supply chain for either of these businesses could result in a material adverse effect on the operations of the Company.