



# ***ROCKY MOUNTAIN LIQUOR***

**Ticker: "RUM"**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the period ended March 31, 2026

As at May 26, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated May 26, 2026.

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 three months ended March 31, 2026, and the audited consolidated financial statements and accompanying notes of the Company for the year ended December 31, 2025 (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", and "Gross margin percent". A description of these measures and their limitations are discussed below under "Non-GAAP Measures".

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

	3 months ended	
	March 2026	March 2025
Sales	\$ 7,586,094	\$ 8,043,904
Gross margin percent <sup>(1)</sup>	22.5%	22.7%
Net comprehensive loss	\$ (285,344)	\$ (330,094)
Adjusted EBITDA <sup>(1)</sup>	\$ (243,825)	\$ (237,244)

Notes:

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

Sales for the three months ended March 31, 2026, declined compared to the same period in 2025 due to strategic adjustments in the Company's store portfolio in the prior year, reducing the store count from 24 to 22. While store closures and the sale of a location impacted short-term revenue, these proactive changes support the Company's long-term strategy to refine its retail footprint and improve profitability.

Gross margins for the quarter remained relatively stable, at 22.5%, compared to 22.7% in the prior year. The Company continues to effectively manage inventory levels, leveraging limited time offers ("LTO") to maintain margin consistency despite fluctuations in sales volume.

Adjusted EBITDA for the three months ended March 31, 2026 was consistent with the same period in 2025, indicating that the underlying operating performance of the business remained stable.

## OUTLOOK

The Company remains focused on strengthening operational performance and delivering sustainable profitability. Adjusted EBITDA remained consistent with the prior year period, reflecting stability in the underlying business, while the Company continues to manage its cost structure and working capital with discipline.

Alberta's economic environment in 2026 continues to demonstrate resilience, although conditions remain complex and subject to global influences. According to recent forecasts from ATB Financial, real GDP growth in Alberta is now expected to be approximately 2.7% in 2026, reflecting stronger-than-anticipated economic momentum entering the year and higher energy prices.

At the same time, economic conditions continue to evolve. The global landscape has shifted materially since late 2025, with the conflict in the Middle East and disruptions to global energy markets prompting significant revisions to the economic outlook. While elevated energy prices support provincial revenues and energy-sector activity, they also contribute to broader inflationary pressures that affect consumer spending and business input costs. Ongoing geopolitical developments and trade uncertainty, including tariff-related risks and evolving trade agreement frameworks, continue to contribute to cautious business investment. In this environment, the Company remains committed to maintaining financial flexibility, managing its cost structure, and prioritizing strategic investments in product mix, pricing, and customer engagement to protect profitability and deliver sustained value to shareholders.

## OPERATING RESULTS: Three months ended March 31, 2026

### Operating Income and Cash flows

The following table is a summary of select quarterly results for the Company for the three months ended March 31, 2026 and 2025:

	3 months ended					
	March 2026		March 2025			
Sales	\$	7,586,094	\$	8,043,904		
Gross margin percent <sup>(1)</sup>		1,710,373	22.5%	1,824,780	22.7%	
Operating and administrative expenses		1,623,077	21.4%	1,713,833	21.3%	
Income from operations before depreciation and other	\$	87,296	1.2%	\$	110,947	1.4%
Cash flow used in operating activities	\$	(347,188)		\$	(78,467)	
Cash flow (used in) from investing activities		(119,780)			79,789	
Cash flow from (used in) financing activities	\$	385,960		\$	(18,872)	

Notes:

(1) Gross margin percent has been calculated as described under the "Non-GAAP Measures" section below.

### Sales

Sales for the three months ended March 31, 2026, declined compared to the same period in 2025. This decrease was primarily driven by changes in the Company's store portfolio, including the closure of one store and the sale

of another in March 2025. These strategic adjustments impacted overall revenue for the quarter, reflecting the Company's ongoing efforts to optimize its retail footprint and profitability.

### ***Cost of Sales and Gross Margin***

Gross margin percent for the three month period ended March 31, 2026, has remained consistent from the same period in 2025. The Company continues to leverage available LTOs.

### ***Operating and administrative expenses***

Operating and administrative expenses primarily consist of salaries and location-related costs such as utilities, property taxes, and insurance. For the three months ended March 31, 2026, these expenses were lower than the same period in 2025, largely reflecting cost savings from store sales and closures, as well as management of administrative expenditures.

### ***Cash flow used in operating activities***

Cash used in operating activities increased for the three months ended March 31, 2026 compared to the same period in the prior year, driven primarily by investment in inventory to support customer demand. The Company continues to refine its cash management practices to strengthen liquidity and operational efficiency.

### ***Cash flow (used in) from investing activities***

Capital expenditures in the period ended March 31, 2026 related to upgrades at select store locations aimed at enhancing the customer experience. The prior year comparative reflects net investment activity, as proceeds from the divestiture of one store location offset capital spending.

### ***Cash flow from (used in) financing activities***

Cash used in financing activities for the three months ended March 31, 2026 consisted primarily of principal repayments on lease liabilities and net draws on the Company's operating facility. The operating facility was utilized during the period to fund operating cash requirements and support investment in inventory levels. In the prior year period, draws on the operating facility were lower, reflecting reduced inventory investment, though the facility was similarly utilized to support the Company's operating cash requirements.

### ***Balances***

The following table is a summary of select quarterly results for the Company as at March 31, 2026 and the year ended December 31, 2025:

	<b>March 31, 2026</b>	<b>December 31, 2025</b>
Current assets	\$ 4,731,026	\$ 4,664,269
Non-current assets	14,371,980	14,247,265
Total assets	\$ 19,103,006	\$ 18,911,534
Current liabilities	\$ 3,303,331	\$ 2,824,908
Non-current liabilities	9,047,362	9,048,969
Total liabilities	\$ 12,350,693	\$ 11,873,877
Stores at period end	22	22

## Assets

Total assets as at March 31, 2026 were consistent with December 31, 2025. Within current assets, an increase in inventory was partially offset by a decrease in accounts receivable, the latter reflecting differences in deposit timing between the two period ends.

## Liabilities

Current liabilities increased modestly as at March 31, 2026 compared to December 31, 2025, driven by higher utilization of the operating facility to support working capital requirements. Non-current liabilities were consistent period-over-period, with lease liabilities remaining largely unchanged.

## CONDENSED QUARTERLY INFORMATION

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

Expressed in (000's)	2026		2025				2024		
	March	31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
# stores end of period	22		22	22	22	22	24	24	24
Sales	\$ 7,586		\$ 9,610	\$ 10,502	\$ 10,439	\$ 8,044	\$ 10,171	\$ 10,908	\$ 10,183
Net comprehensive (loss) income	\$ (285)		\$ 19	\$ 340	\$ 174	\$ (330)	\$ (1,690)	\$ 112	\$ (171)
Basic and diluted (loss) income per share	\$ (0.01)		\$ 0.00	\$ 0.01	\$ 0.00	\$ (0.01)	\$ (0.04)	\$ 0.00	\$ (0.00)

## Sales

Sales have decreased compared to the same quarter in the prior year. This decline is largely attributable to the Company's store portfolio adjustments, including the closure of locations and the sale of a store in March 2025. These strategic changes are aimed at optimizing operational efficiency.

## Net comprehensive (loss) income

Net comprehensive loss for the three months ended March 31, 2026 was lower compared to the same period in 2025, reflecting decreased expenses in the current period. Over the prior eight quarters, net comprehensive (loss) income improved period-over-period, driven primarily by lower operating and administrative expenses throughout 2025 and 2024. Results in 2024 were also impacted by a fourth-quarter goodwill impairment charge of \$1,962,145 and one-time costs related to the implementation of the new point-of-sale system.

## 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 March 31, 2026, the interest rate applicable to the operating facility was 5.70% (December 2025 – 5.70%).

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 balances as at March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31 2025
Operating facility	\$ 1,944,507	\$ 1,360,772

### **Finance Costs**

3 months ended	
March 31, 2026	March 31, 2025
\$ 22,600	\$ 36,187

Finance costs for the three month period ended March 31, 2026 decreased compared to the same period in 2025. This reduction is primarily due to a combination of lower average operating facility balances and reductions in interest rates.

### **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 balance of \$1,944,507, a one percent increase in interest rates would have an effect on net comprehensive income of \$19,445 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%.

### **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 operating facility is currently used to fund inventory purchases, property and equipment investments, and operating expenses.

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

	Q1 March 2026	Q4 December 2025	Q3 September 2025	Q2 June 2025	Q1 March 2025	Q4 December 2024	Q3 September 2024	Q2 June 2024
Total operating facility use in (000's)	\$ 1,944	\$ 1,361	\$ 1,876	\$ 2,700	\$ 2,178	\$ 1,982	\$ 3,115	\$ 3,651

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 calculation as at March 31, 2026 reflected available capacity of \$1,284,807, the facility is subject to periodic review and renewal by the lender in the normal course.

Despite the net comprehensive loss in the current period, management believes that the Company's existing credit facilities, combined with forecasted operating cash flows, will be sufficient to meet its obligations as they come due over the next 12 months. Management is actively monitoring cash flows and evaluating strategic and operational initiatives to support improved performance and to ensure continued access to liquidity.

### **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.

### **Outstanding Common Shares**

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

	<b>Number</b>	<b>Amount</b>
Balance December 31, 2025 and March 31, 2026	47,827,775	\$ 7,427,311

### **OFF BALANCE SHEET ARRANGEMENTS**

There were no off-balance sheet arrangements as at March 31, 2026, or May 26, 2026.

### **PROPOSED TRANSACTIONS**

There were no proposed transactions as at March 31, 2026, or May 26, 2026, 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, 2025.

### **CHANGES IN ACCOUNTING POLICIES**

#### ***New Accounting Pronouncements***

*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 periods beginning on or after January 1, 2026. Prior periods are not required to be restated and can only be restated without using hindsight.

The Company has adopted these amendments using the prospective application. The impact on adoption is a \$4,542 decrease to the operating facility balance as at March 31, 2026. There were no impacts to the cash balance on January 1, 2026.

### **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.

### **FINANCIAL INSTRUMENTS**

For cash, accounts receivable, trade and other payables, and operating facility, the carrying value approximates fair value due to the short-term nature of the instruments.

### **TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

During the three months ended March 31, 2026, the Company paid rents of \$16,746 (March 2025 - \$24,850) in respect of two retail liquor stores (March 2025 – three) to a privately held company in which a director is a significant shareholder.

### **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Company's Disclosure Controls and Procedures ("DC&P") 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 DC&P or Internal Control over Financial Reporting ("ICFR") that occurred during the period ended March 31, 2026, 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 DC&P and 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, 2025, dated April 28, 2026, which is available at [www.sedarplus.com](http://www.sedarplus.com) and the Company's website [www.ruminvestor.com](http://www.ruminvestor.com).

## NON-GAAP MEASURES

Adjusted EBITDA and Gross margin percent are not measures recognized by IFRS Accounting Standards and do not have a standardized meaning prescribed by IFRS Accounting Standards.

Investors are cautioned that these measures should not replace net comprehensive income (loss), as determined in accordance with IFRS Accounting Standards, as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows.

Furthermore, the Company's method of calculating these measures may differ from the methods used by other issuers. Therefore, the Company's calculation of these measures may not be comparable to similar measures presented by other issuers.

The Company has these measures in place as they provide information to investors, analysts, and others to aid in understanding and evaluating the Company's operating results in a similar manner to its management team.

### Definitions

Adjusted EBITDA is defined as income from operations before depreciation and other from the consolidated statements of comprehensive loss less actual lease payments made and adjusting for other income related to operations. Adjusted EBITDA provides management with a clearer view of the Company's operating profitability by focusing on the results of core business activities, excluding the impact of financing and non-cash charges, and other items not directly related to operations.

Gross margin percent under "Operating Results" is calculated by dividing sales less cost of sales by total sales. This metric allows management to assess how effectively the Company generates revenue relative to the cost of goods purchased.

The following table for the three months ended March 31, 2026 and 2025, reconciles income from operations before depreciation and other, a subtotal on the consolidated statements of comprehensive loss to adjusted EBITDA.

	3 months ended	
	March 31, 2026	March 31, 2025
Income from operations before depreciation and other	\$ 87,296	\$ 110,947
Lease payments	(331,121)	(348,191)
<b>Adjusted EBITDA</b>	<b>\$ (243,825)</b>	<b>\$ (237,244)</b>