



ROCKY MOUNTAIN LIQUOR

Ticker: "RUM"

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period September 30, 2025

As at November 20, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated November 20, 2025.

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

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

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

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

FORWARD LOOKING INFORMATION AND STATEMENTS ADVISORY

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

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

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

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

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

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

OVERALL PERFORMANCE: KEY OPERATING AND FINANCIAL METRICS

Key operational and financial highlights, quarter over quarter three and nine month comparison:

	3 months ended		9 months ended	
	September 2025	September 2024	September 2025	September 2024
Sales	\$ 10,501,600	\$ 10,907,795	\$ 28,984,723	\$ 29,536,450
Gross margin ⁽¹⁾	24.5%	23.4%	23.5%	23.1%
Operating and admin expenses	1,681,702	1,858,364	5,130,412	5,597,883
Net comprehensive income (loss)	\$ 340,358	\$ 112,111	\$ 184,536	\$ (424,970)
Adjusted EBITDA ⁽¹⁾	\$ 582,514	\$ 343,347	\$ 702,862	\$ 165,914

Notes:

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

Sales

Sales for the three and nine-month periods ended September 30, 2025, declined compared to the same periods in 2024. The decrease was primarily due to a reduction in the number of stores, from 24 in 2024 to 22 in 2025, and the temporary closure of a key location for more than two weeks in August to complete building repairs. Factors such as improved weather conditions, fewer road closures, and a more stable competitive environment contributed to steady performance across the remaining locations.

Gross Margin

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

Operating and Administrative Expenses

Operating and administrative expenses for the three and nine-month periods ended September 30, 2025, were lower than in the same periods of 2024. The decrease was mainly driven by the closure and sale of certain store locations, which reduced both occupancy and wage-related costs. Additional savings were realized as no

expenses were incurred in the current year for the point-of-sale (“POS”) system implementation, which was completed in 2024. The reduction was further supported by lower salary expenses resulting from strategic staffing adjustments.

Adjusted EBITDA

Adjusted EBITDA improved significantly in both the three and nine-month periods ended September 30, 2025, compared to the same periods in 2024. For the third quarter, adjusted EBITDA rose to \$582,514, up from \$343,347 in Q3 2024, reflecting stronger gross margins and tighter control over operating and administrative expenses.

For the nine-month period, adjusted EBITDA was \$702,862, a notable improvement from \$165,914 in the prior year. This increase was driven by both gross margin improvement and a reduction in operating and admin expenses.

OUTLOOK

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

Alberta’s economic outlook remains cautiously optimistic. ATB Financial’s September 2025 report forecasts real GDP growth in the province of approximately 1.9 % in 2025 and 2.1 % in 2026, noting that the province should continue to outpace other Canadian provinces despite external headwinds¹. The outlook is supported by ongoing population growth that continues to drive consumer demand, resilient residential construction activity including housing-starts at near record levels, and improved market access for the energy sector. That said, the labor market remains under some pressure. Job creation has struggled to keep pace with the growing labor-force, and elevated unemployment is expected to persist in the short term. Meanwhile, trade uncertainty, such as tariff risk and softer oil-&-gas capital spending present headwinds for business investment.

The Company is closely monitoring cost pressures associated with supply chain volatility and shifting trade policies. The Company’s focus remains on maintaining financial agility, optimizing its cost structure, and protecting profitability. Strategic investments in customer engagement, product mix, and competitive pricing remain top priorities.

1 ATB Quarterly Alberta Economic Outlook September 10, 2025, retrieved November 13, 2025 <https://www.atb.com/company/insights/alberta-economic-outlook>

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

Operating Income and Cash flows

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

	3 months ended			
	September 2025		September 2024	
Sales	\$ 10,501,600		\$ 10,907,795	
Gross margin ⁽¹⁾	2,571,167	24.5%	2,548,845	23.4%
Operating and administrative expenses	1,681,702	16.0%	1,858,364	17.0%
Operating margin ⁽¹⁾	\$ 889,465	8.5%	\$ 690,481	6.3%
Other income related to temporary store closure ⁽³⁾	\$ 20,317	0.2%	\$ -	0.0%
Non-recurring items ⁽¹⁾	15,000	0.1%	27,094	0.2%
Operating margin before non-recurring items ⁽²⁾	\$ 924,782	8.8%	\$ 717,575	6.6%
Cash flow from operating activities	\$ 991,299		\$ 782,993	
Cash flow used in investing activities	(31,729)		(187,012)	
Cash flow used in financing activities	\$ (1,011,926)		\$ (736,017)	

Notes:

- (1) Gross margin, Operating margin, and Non-recurring items have been calculated as described under the "Non-IFRS Measures" section below.
- (2) Operating margin before non-recurring items is adjusted to remove non-recurring costs and has been calculated as described under "Non-IFRS Measures" section below.
- (3) Other income related to temporary store closure refers to the payment for business interruption insurance incurred while one location was closed while damage to the leased building was repaired.

Sales

Sales for the three-month periods ended September 30, 2025, declined compared to the same period in 2024. The decrease was primarily due to a reduction in the number of stores, from 24 in 2024 to 22 in 2025, and the temporary closure of a key location for more than two weeks in August to complete building repairs.

Cost of Goods Sold and Gross Margin

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

Operating and administrative expenses

The main expenses included in operating and administrative costs are salaries and location-related expenses like utilities, property taxes, and insurance. For the three months ended September 30, 2025, total operating and administrative expenses are 1.0% lower as a percentage of sales. This is attributable to the closure and sale of certain store locations, which resulted in lower occupancy and wage-related costs. Additionally, the Company

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

Cash flow from operating activities

Cash flow from operating activities for the three months ended September 30, 2025, is higher compared to the same period ended in 2024 due to increased net comprehensive income for the three month period.

Cash flow used in investing activities

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

Cash flow used in financing activities

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

OPERATING AND QUARTERLY RESULTS: 9 months ended September 30, 2025

Operating Income and Cash flows

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

	9 months ended					
	September 2025		September 2024			
Sales	\$	28,984,723		\$	29,536,450	
Gross margin ⁽¹⁾		6,814,626	23.5%		6,818,496	23.1%
Operating and administrative expenses		5,130,412	17.7%		5,597,883	19.0%
Operating margin ⁽¹⁾	\$	1,684,214	5.8%		1,220,613	4.1%
Other income related to temporary store closure ⁽³⁾	\$	20,317	0.1%	\$	-	0.0%
Non-recurring items ⁽⁴⁾		30,000	0.1%		149,240	0.5%
Operating margin before non-recurring items ⁽²⁾	\$	1,734,531	6.0%	\$	1,369,853	4.6%
Cash flow from (used in) operating activities	\$	641,791		\$	(161,667)	
Cash flow from (used in) investing activities		51			(400,536)	
Cash flow (used in) from financing activities	\$	(700,360)		\$	491,999	

Notes:

- (1) Gross margin, Operating margin, and Non-recurring items have been calculated as described under the "Non-IFRS Measures" section below.
- (2) Operating margin before non-recurring items is adjusted to remove non-recurring costs and has been calculated as described under "Non-IFRS Measures" section below.
- (3) Other income related to temporary store closure refers to the payment for business interruption insurance incurred while one location was closed while damage to the leased building was repaired.

Sales

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

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

Cost of Goods Sold and Gross Margin

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

Operating and administrative expenses

Operating and administrative expenses primarily consist of salaries and location-related costs, including utilities, property taxes, and insurance. For the nine months ended September 30, 2025, these expenses were 1.3% lower than in the same period of 2024 as a percentage of sales. The decrease is due to the closure and sale of select store locations, which reduced occupancy and wage-related costs. Additionally, no expenses were incurred for the POS system implementation during the period, as the rollout was completed in the prior year.

Cash flow from (used in) operating activities

Cash flow from (used in) operating activities was higher for the nine months ended September 30, 2025, compared to the same period ended in 2024, primarily due to the increased net comprehensive income in 2025.

Cash flow from (used in) investing activities

Cash flow from investing activities was higher for the nine months ended September 30, 2025, compared to the same period in 2024. This increase was mainly due to proceeds from the sale of a store in the first quarter of 2025, which offset the costs of purchasing property and equipment during the period and due to costs associated with the Company's new POS system in the prior year.

Cash flow (used in) from financing activities

Cash flow (used in) from financing activities for the nine months ended September 30, 2025, was higher compared to the same period in 2024. This increase reflects reduced reliance on the operating facility, as stronger cash flow from operations in the current period lessened the need to finance inventory purchases and operating expenses.

Balances

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

	September 30, 2025	December 31, 2024	September 30, 2024
Current assets	\$ 4,951,390	\$ 4,559,938	\$ 5,683,231
Non-current assets	14,612,715	15,196,347	17,533,577
Total assets	\$ 19,564,105	\$ 19,756,285	\$ 23,216,808
Current liabilities	\$ 3,823,514	\$ 3,878,777	\$ 5,106,390
Non-current liabilities	8,721,652	9,043,105	9,585,956
Total liabilities	\$ 12,545,166	\$ 12,921,882	\$ 14,692,346
Stores at period end	22	24	24

Assets

As of September 30, 2025, total assets remained consistent at \$19.6 million compared to \$19.8 million at December 31, 2024. The change in current assets is attributable to increased inventory related to seasonality of

sales. The change in non-current assets is primarily a decrease in the right of use assets balance due to depreciation.

As of September 30, 2025, total assets decreased to \$19.6 million from \$23.2 million at September 30, 2024. This decline reflects the strategic reduction in the Company's store count from 24 to 22, which led to lower inventory balances, a reduction in capital assets and right-of-use assets included in non-current assets. Goodwill was also decreased in the fourth quarter of 2024.

Liabilities

Current liabilities are consistent at September 30, 2025 and December 31, 2024. Non-current liabilities have decreased from \$9.0 million to \$8.7 million due to the reduction of lease obligations associated with the reduced store count.

Compared to September 30, 2024, current liabilities decreased from \$5.1 million to \$3.8 million, reflecting a reduced reliance on the operating facility as a result of improved cash flow. Non-current liabilities decreased from \$9.6 million to \$8.7 million, due to the reduction in lease obligations associated with the reduced store count.

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

CONDENSED QUARTERLY INFORMATION

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

Expressed in ('000's)	2025				2024				2023
	September 30	June 30	March 31	December 31	September 30	June 30	March 31	December 31	
# stores end of period	22	22	22	24	24	24	25	25	
Sales	\$ 10,502	\$ 10,439	\$ 8,044	\$ 10,171	\$ 10,908	\$ 10,183	\$ 8,445	\$ 10,241	
Net comprehensive income (loss)	\$ 340	\$ 174	\$ (330)	\$ (1,690)	\$ 112	\$ (171)	\$ (366)	\$ 179	
Basic income (loss) per share	\$ 0.01	\$ 0.00	\$ (0.01)	\$ (0.04)	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ 0.00	
Diluted income (loss) per share	\$ 0.01	\$ 0.00	\$ (0.01)	\$ (0.04)	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ 0.00	

Sales

Sales have remained relatively stable over the past two years, despite a gradual reduction in the number of stores. In Q3 2025, sales were \$10.5 million from \$10.9 million in Q3 2024, with the store count decreasing from 24 to 22.

Net comprehensive income (loss)

Net comprehensive income has shown improvement each quarter in 2025. The loss in Q4 2024 was driven by a one-time goodwill impairment charge, which does not reflect ongoing operational performance. Excluding this non-recurring item, the trend indicates strengthening profitability compared to the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Credit Agreement

Through Toronto-Dominion Bank (“TD”), the Company has an operating facility with availability up to a maximum of \$4,000,000. The interest rate on the operating facility is prime plus 1.25% per annum. As at September 30, 2025, the interest rate applicable to the operating facility was 5.95% (December 2024 – 6.70%).

The operating facility availability is calculated as the lesser of i) \$4,000,000 and ii) 75% of accounts receivable to a maximum of \$1,000,000, plus 70% of the value of inventory plus goods and services tax and bottle deposits, less trade payables related to liquor and unremitted source deductions, plus up to \$250,000 cash-in-transit allowances. Interest payments are due monthly.

The operating facility is for the purchase of inventory, investing in property and equipment, and used for operating and administrative expenses. The operating facility is secured by a general security agreement representing a first charge on all assets. Principal repayments on and proceeds from the operating facility are disclosed on the unaudited interim condensed consolidated statements of cash flows on a gross basis.

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

	September 30, 2025	December 31, 2024	September 30, 2024
Operating facility	\$ 1,876,269	\$ 1,981,915	\$ 3,114,727

The operating facility balance decreased by \$1.2 million year-over-year, from \$3.1 million at September 30, 2024 to \$1.9 million at September 30, 2025, and by \$105,000 since year-end. This reduction reflects a combination of improved cash flow from operations, proceeds received from the disposition of assets, and a continued focus on managing inventory levels efficiently.

Finance Costs on Operating Facility

	3 months ended		9 months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Finance costs	\$ 41,728	\$ 67,477	\$ 120,419	\$ 166,792

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

Interest Rate Risk

The Company is subject to interest rate risk as its operating facility bears interest rates that vary by prime borrowing rates. Assuming an outstanding operating facility and balance of \$1,876,269 a one percent increase in interest rates would have an effect on net comprehensive income (loss) of \$18,762 on an annual basis. The Company manages its interest rate risk through credit facility negotiations and by identifying future credit requirements based on budgeting and forecasts. The Company pays interest at prime + 1.25%.

Normalized Working Capital Ratio

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

	September 30, 2025	December 31, 2024	September 30, 2024
Current assets	\$ 4,951,390	\$ 4,559,938	\$ 5,683,231
Non-IFRS Current Liabilities			
Current liabilities	3,823,514	3,878,777	5,075,969
Less:			
Current portion of lease liabilities	(1,307,222)	(1,326,736)	(1,364,895)
Normalized current liabilities	\$ 2,516,292	\$ 2,552,041	\$ 3,711,074
Normalized working capital ratio	1.97	1.79	1.53

The normalized working capital ratio has improved to 1.97 from 1.79 at December 31, 2024, and 1.53 at September 30, 2024. Due to stronger operating cash flows, there has been reduced usage of the operating facility. The normalization adjustment for lease liabilities remained consistent across periods, helping to better reflect the company's operational liquidity position.

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

Liquidity

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

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

	Q3 September 2025	Q2 June 2025	Q1 March 2025	Q4 December 2024	Q3 September 2024	Q2 June 2024	Q1 March 2024	Q4 December 2023
Total operating facility use (000's)	\$ 1,876	\$ 2,700	\$ 2,178	\$ 1,982	\$ 3,115	\$ 3,651	\$ 2,952	\$ 2,012

The Company manages liquidity risk through the preparation of detailed annual budgets, regular cash flow forecasts, and ongoing monitoring of actual results against forecast. Liquidity is also assessed in the context of maintaining compliance with financial covenants under the Company's operating facility, and by evaluating current market conditions, capital needs, and available sources of financing.

The Company is currently reliant on its revolving operating credit facility, which is a demand facility with a maturity date in July 2026. While the facility remains available and the borrowing base condition as at September 30, 2025, showed a surplus of \$1,443,394, 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.

Management believes that the Company's existing operating facility, results for the 3 and 9 months ending September 30, 2025, and forecasted operating cash flows, will be sufficient to meet its obligations as they come due over the next 12 months. Management is actively monitoring cash flows and evaluating strategic and operational initiatives to support improved performance and to ensure continued access to liquidity. There can be no assurance that additional financing, if required, will be available on terms acceptable to the Company or at all. However, based on current forecasts and financial position, management does not anticipate a liquidity shortfall in the near term.

Credit Risk

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

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

Outstanding Common Shares

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

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

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at September 30, 2025, or November 20, 2025.

PROPOSED TRANSACTIONS

There were no proposed transactions as at September 30, 2025, or November 20, 2025, that have not been disclosed.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

CHANGES IN ACCOUNTING POLICIES**Future Accounting Pronouncements***IFRS Accounting Standard 18 – Presentation and Disclosure in Financial Statements*

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

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

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

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

FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximates their carrying value due to their short-term nature. The fair value of the operating facility approximates its' carrying value as the instruments carry interest rates that reflect the current market rates available to the company.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

During the 3 months ended September 30, 2025, the Company paid rents of \$16,746 (September 2024 - \$26,286) in respect of two retail liquor stores (September 2024 – three) to a privately held company in which a director is a significant shareholder. For the 9 months ended September 30, 2025 the Company paid rents of \$58,342 (September 2024 - \$74,678).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Disclosure Controls and Procedures

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

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

RISK FACTORS

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

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

NON-IFRS MEASURES

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

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

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

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

Definitions

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

Gross margin under "Operating Results" is derived by subtracting costs of sales from sales. Gross margin represents a useful measure because it allows management to assess how successfully the company can generate revenues from the cost of goods purchased.

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

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

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

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

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

Operating margin as a percentage of sales and operating margin before non-recurring items are calculated in tables under sections “Operating and Quarterly Results – 3 months” and “Operating and Quarterly Results – 9 months”.

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

	3 months ended		9 months ended	
	September 2025	September 2024	September 2025	September 2024
Net comprehensive income (loss)	\$ 340,358	\$ 112,111	\$ 184,536	\$ (424,970)
Deferred income tax (recovery)	96,209	54,000	29,035	(88,000)
Finance costs	41,728	67,477	120,419	201,285
Property and equipment depreciation	64,166	61,829	196,290	172,038
Intangible asset depreciation	2,622	2,265	7,899	5,588
Right-of-use assets depreciation	210,911	233,065	645,204	712,116
Finance costs on lease liabilities	139,290	146,560	406,962	443,085
Loss on disposal of property and equipment, intangible assets and goodwill	5,227	6,066	75,034	192,462
Gain on lease termination	-	-	(12,251)	(26,509)
Store closure expenses	9,271	6,532	51,410	32,948
Lease payments	(327,268)	(346,558)	(1,001,676)	(1,054,129)
Adjusted EBITDA	\$ 582,514	\$ 343,347	\$ 702,862	\$ 165,914