



Liquor Stores N.A. Ltd.

REPORTS FIRST QUARTER 2016 RESULTS

Investor Conference Call on May 10, 2016 at 9am ET

[FOR IMMEDIATE RELEASE]

EDMONTON, ALBERTA, May 9, 2016 – Liquor Stores N.A. Ltd. (the “Company” or “Liquor Stores”) (TSX: LIQ), North America’s largest publicly traded liquor retailer, today reported its results for the three months ended March 31, 2016.

FIRST QUARTER HIGHLIGHTS

- Consolidated sales increased 16.7% to \$172.0 million (Q1 2015 - \$147.4 million);
- Same-store sales¹ increased by 1.1% in Canada and 0.9% in the U.S.;
- Gross margin percentage decreased 40 bps to 25.4% (Q1 2015 – 25.8%);
- Adjusted operating margin¹ of \$3.3 million, an increase of \$0.7 million or 27.6% when compared to the first quarter of 2015;
- Completed the acquisition of a 51% interest in two large format stores in New Jersey, which is a new region for the Company; and
- Launched on-demand delivery of beer, wine and liquor to the Edmonton market.

“Notwithstanding the economic headwinds we continue to face in Alberta and Alaska, we delivered strong results this quarter” said Stephen Bebis, President and CEO, Liquor Stores. “We continue to benefit from the continued execution of our Seven Point Plan, including renovating our stores, training our people, and improving our operating margins.”

“We placed a great deal of focus in 2016 on cost containment, and made significant progress in this quarter on right-sizing our operating and administrative spend to reflect the current economic conditions. This, coupled with strong sales results, resulted in a significant increase in our operating margin” Mr. Bebis added. “We are also very pleased so far with our acquisition in New Jersey, which delivered performance in the first quarter in line with our expectations and contributed to the increase in operating margin.”

“We have been closely monitoring the wildfire and evacuation of Fort McMurray. This is an important market for the Company, with seven convenience format stores and over 50 people

¹ Same store sales and adjusted operating margin are non-IFRS measures that do not have any standardized meaning prescribed by IFRS. For more information on these non-IFRS measures, see the ‘Non-IFRS Financial Measures’ in the Company’s Management Discussion and Analysis (“MD&A”) for the three months ended March 31, 2016.

employed in this city. With the primary objective completed of making sure our people are safe and provided with the necessary support to endure this difficult situation, our focus now shifts to our stores and supporting the community with the eventual rebuilding effort. While we have limited information currently, we do not believe that our stores have sustained any significant damage to date. It is uncertain as to when our stores will re-open and, when they do, how long it will take to ramp back up to optimal levels. The potential impact this will have on our sales and operating margins for the remainder of 2016 is also uncertain at this time” said Mr. Bebis. “Our thoughts remain with the community of Fort McMurray during this difficult time”.

FINANCIAL HIGHLIGHTS

| <i>(In thousands of Canadian dollars except per share amounts, unaudited)</i> | Three months ended March 31, | |
|---|-------------------------------------|-------------|
| | 2016 | 2015 |
| Sales | \$ 172,034 | \$ 147,426 |
| Net loss | (\$1,472) | (\$2,313) |
| Basic loss per share | (\$0.06) | (\$0.09) |
| As adjusted ⁽¹⁾: | | |
| Operating margin | \$ 3,331 | \$ 2,611 |
| Net loss | (\$ 573) | (\$1,477) |
| Basic loss per share | (\$0.03) | (\$0.05) |
| Cash provided by operating activities before changes in non-cash working capital and adjusting items per share ⁽¹⁾ | (\$0.11) | (\$0.10) |
| Cash dividends paid per share ⁽²⁾ : | \$ 0.27 | \$ 0.27 |
| Stores in operation as at March 31, 2016 | 254 | 246 |

(1) Adjusted operating margin, adjusted net earnings, adjusted basic earnings per share, and cash provided by operating activities before changes in non-cash working capital and adjusting items per share are non-IFRS measures that do not have any standardized meaning prescribed by IFRS. For more information on these non-IFRS measures and for a reconciliation to the closest IFRS measure, see the 'Non-IFRS Financial Measures' in our Management Discussion and Analysis ("MD&A") for the three months ended March 31, 2016, which is available on the Company's website (www.liquorstoresna.ca) and on the SEDAR website (www.sedar.com).

(2) As previously announced, Company reduced its monthly dividend from \$0.09 to \$0.03 per Common Share effective for the dividend paid on April 15, 2016.

BUSINESS HIGHLIGHTS

Acquisition of Birchfield Ventures LLC

Effective January 4, 2016, the Company acquired a 51% ownership interest in Birchfield Ventures LLC ("Birchfield") for USD \$15 million and obtained the right to acquire the remaining 49% interest at pre-negotiated terms. Birchfield operates two high-volume stores in New Jersey under the banner "Joe Canal's Discount Liquor Outlet". Both stores are well located, and serve large, high-density populations whose household incomes significantly exceed the U.S. average. These stores had a significant contribution to our sales in the first quarter, but did so at a lower gross margin rate than our existing business which reduced our overall gross margin rate by approximately 20bp.

Right-sizing the organization

To save costs and drive efficiencies in light of the economic conditions faced by the Company in its key markets, the Company has substantially completed its previously communicated plan to

streamline operations. We have also reviewed the expected profitability of our store network and closed one underperforming store in a resource market impacted by the decline in oil prices thus far in 2016. We have also exited the lease of a store that was previously planned to be opened later in 2016 in a rural market impacted by the economic slowdown in Alberta.

Continued investment in innovation

Even with the continued economic headwinds in certain of our key markets, we have continued to deploy capital strategically to continue to innovate the way in which we sell to and communicate with our customers. In the current quarter, we announced a partnership with Drizly, the technology company powering fast, convenient delivery of beer, wine, and spirits, to bring on-demand delivery to the Edmonton market. The service is provided via a mobile app, available by simply downloading the free Drizly app on iOS, Android, or visiting Drizly.com. Results thus far have exceeded the Company's expectations and we are exploring the potential of launching the on-demand service in additional markets outside of Edmonton.

CONFERENCE CALL

Liquor Stores N.A Ltd. will host an analyst and investor conference call on Tuesday, May 10, 2016 to discuss results for the first quarter ended March 31, 2016. The conference call will take place at 9:00 a.m. (ET). Participants on the call will include Stephen Bebis, President and Chief Executive Officer, and David Gordey, Senior Vice President and Chief Financial Officer.

To participate in the call, please dial 1-416-340-8527 or toll-free at 1-800-355-4959. An archived recording of the conference call will be available approximately one hour after the completion of the call until May 17, 2016, by dialing: 905-694-9451 or Toll-Free Access: 1-800-408-3053. The required Passcode is: 1268148.

ABOUT LIQUOR STORES N.A. LTD.

The Company operates 253 retail liquor stores in Alberta, British Columbia, Alaska, Kentucky and New Jersey. Liquor Stores' retail brands include: Liquor Depot, Liquor Barn, and Wine and Beyond in Alberta (179 stores); Liquor Depot and Liquor Barn in British Columbia (35 stores); Brown Jug in Alaska (22 stores); Liquor Barn "The Ultimate Party Source" and Liquor Barn Express in Kentucky (15 stores), and Joe Canals Discount Outlet in New Jersey (2 stores). The Company's common shares and convertible subordinated debentures trade on the Toronto Stock Exchange under the symbols "LIQ" and "LIQ.DB.A", respectively.

Additional information about Liquor Stores N.A. Ltd. is available at www.sedar.com and the Company's website at www.liquorstoresna.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of the "safe harbour" provisions of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "budget", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "objective", "aim", "potential", "target", "pursue" and similar words suggesting future events or future performance. In particular, this press release contains forward-looking statements pertaining to, without

limitation, the following: the current state of our stores in the Fort McMurray area and the financial impact that the closure of these stores in the short and long term will have on the Company, the ability of the Company to navigate current market conditions and invest in growth via measured greenfield expansion and store renovations; the reduction in the Company's dividend, the anticipated cost savings as a result of such reduction and the anticipated redirection of such savings and the results thereof; the anticipated future dividends to be paid by the Company; the workforce reduction and the expected annual savings as a result thereof; the Company's plans to focus on initiatives that will deliver returns, including store remodelling and measured growth in the Canadian market and the diversification of the Company's US store portfolio by opening strategically placed greenfield stores in new markets; the Company's expectation to open three to five stores in 2016 and to evaluate plans for 2017 in due course; the indefinite delay in the introduction of the Company's new enterprise resource planning system; the Company's intention to invest approximately \$2.5 million to renovate and refresh its existing stores and the anticipated impact and funding thereof; and the Company continuing to evaluate and assess potential store acquisitions for their ability to add accretive cash flow and create shareholder value

With respect to forward-looking statements contained in this press release, the Company has made assumptions regarding, among other things: the present and future economic and business conditions in Alberta and the other markets in which the Company operates, and in North America and globally in general; the ability of management to execute the Company's business plan, including its new capital allocation strategy; and the availability of capital on acceptable terms. In addition, many of the forward-looking statements contained in this document are located proximate to assumptions that are specific to those forward-looking statements, and such assumptions should be taken into account when reading such forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements contained in this press release, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this press release, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things: the possibility that we will not be able to realize the anticipated costs savings as a result of our workforce reduction and other initiatives; the risk that we will be unable to execute our business plan, including the new capital allocation strategy, as planned without significant adverse impacts from various factors beyond our control; dependence on suppliers; potential delays or changes in plans with respect to capital expenditures and the availability of capital on acceptable terms; risks inherent in the liquor retail industry; competition for, among other things, customers, supply, capital and skilled personnel; changes in labour costs and markets; incorrect assessments of the value of acquisitions; general economic and political conditions in Canada (including Alberta), the U.S. and globally; industry conditions, including changes in government regulations; fluctuations in foreign exchange or interest rates; unanticipated operating events; failure to obtain regulatory and third-party consents and approvals when required; changes in tax and other laws that affect us and our securityholders; the potential failure of counterparties to honour their contractual obligations;

stock market volatility; and the other factors described in our public filings (including our Annual Information Form) available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this document speak only as of the date of this press release. Except as expressly required by applicable securities laws, we do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

For Further Information

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