Liquor Stores N.A. Ltd.

REPORTS FOURTH QUARTER AND YEAR-END 2016 RESULTS

Investor Conference Call on March 8, 2017 at 7.30 A.M MT

[FOR IMMEDIATE RELEASE]

EDMONTON, ALBERTA, March 7, 2017 – 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 and year ended December 31, 2016.

"In 2016, we delivered a 9.5% increase in operating profit before amortization[1] despite our key market of Alberta being hit with the deepest recession in decades. We stayed the course with our Seven Point Plan, invested in our store network, and increased sales by diversifying our revenue base" said Stephen Bebis, President and CEO, Liquor Stores. "We held our gross margin rate essentially flat year over year, continued to increase the penetration rate of our private label products, and prudently applied cost containment measures."

"In 2017, we will continue to drive increased levels of profitability through store renovations in our core markets of Alberta and British Columbia along with measured new store growth in select Canadian markets, and through modest levels of expansion in the U.S. if those opportunities arise. We will also continue to solidify our balance sheet. We are confident that these actions will enable us to emerge from the economic downturn from a position of strength and continue to create long-term value for our shareholders," added Mr. Bebis.

SUMMARY OF FOURTH QUARTER 2016 COMPARED TO FOURTH QUARTER 2015

- Consolidated sales were $227.6 million, up 6.3% from $214.2 million.
- Operating profit before amortization[1] was $13.3 million, up 11.7% from $11.9 million.
- Adjusted operating profit before amortization[1] was $13.4 million, down 4.0% from $14.0 million, as the impact of same-store sales declines was not able to be fully offset by our cost containment measures.
- Canadian same-store sales were $123.6 million, down 3.8% from $128.5 million, primarily due to the impact of the economic slowdown in Alberta.
- U.S. same-store sales were $47.1 million, down 5.9% from $50.0 million primarily due to the impact of continued slowdown in Alaska economy as a result of a decline in oil and gas exploration activity and a higher level of competitive pressure in Kentucky.
- Gross margin percentage decreased by 20bp to 25.3% (Q4 2015 - 25.5%). This was primarily attributable to the addition of the two high volume/lower margin Joe Canal's

[1] Same store sales, operating profit before amortization, and adjusted operating profit before amortization 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 year ended December 31, 2016.

stores in New Jersey (51% acquisition of Birchfield Ventures) that were acquired in Q1 2016. There was, however, a slight increase in gross margin percentage for the remainder of our business as compared to Q4 2015.

SUMMARY OF YEAR ENDED 2016 COMPARED TO YEAR ENDED 2015

- Consolidated sales were $817.7 million, up 9.6% from $746.4 million.
- Operating profit before amortization[2] was $40.4 million, up 9.5% from $36.9 million primarily due to the contribution of the stores from the acquisition of our 51% interest in Birchfield Ventures and cost containment measures.
- Adjusted operating profit before amortization[2] was $42.5 million, up 3.8% from $40.9 million
- Canadian same-store sales were $448.8 million, down 2.0% from $458.0 million, primarily due to the impact of the economic slowdown in Alberta.
- U.S. same-store sales were $142.5 million, down 1.0% from $144.0 million primarily due to the impact of continued slowdown in Alaska economy as a result of a decline in oil and gas exploration activity and a higher level of competitive pressure in Kentucky.
- Gross margin percentage decreased by 30bp to 25.3% (2015 - 25.6%). This was primarily attributable to the addition of the two high volume/lower margin Joe Canal's stores in New Jersey that were acquired in Q1 2016.

FINANCIAL HIGHLIGHTS

(In thousands of Canadian dollars except per share amounts, unaudited)	Three months ended December 31		Year ended December 31	
	2016	2015	2016	2015
Sales	$ 227,606	$ 214,166	$ 817,673	$ 746,384
Operating profit before amortization[2]	$ 13,265	$ 11,878	$ 40,366	$ 36,870
Net earnings (loss)	$ (4,856)	$ (105,808)	$ 2,953	$ (99,392)
Basic earnings (loss) per share	$ (0.22)	$ (3.86)	$ 0.02	$ (3.64)
As adjusted [(2)]:				
Operating profit before amortization	$ 13,406	$ 13,971	$ 42,456	$ 40,894
Net earnings	$ 5,887	$ 6,589	$ 15,129	$ 15,722
Basic earnings per share	$ 0.17	$ 0.24	$ 0.46	$ 0.57
Stores in operation as at December 31	253	252	253	252

[2] Same store sales, operating profit before amortization, adjusted operating profit before amortization, adjusted net earnings, and adjusted basic earnings per share 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 year ended December 31, 2016.

GROWTH PLANS AND OUTLOOK

With current unemployment levels in Alberta at 8.8%[3] for January 2017 (slightly worse than at December 31, 2016), Liquor Stores anticipates further downward pressure on same-store sales at the start of 2017. The Company has noted that many economists are predicting an upward trend in economic conditions and activity as the year progresses, with moderate GDP growth in Alberta, on balance, for 2017. In light of the economic uncertainty in Alberta, Liquor Stores will continue to take a measured approach to growth that will be scaled up or down dependent on market conditions.

The Company currently believes that the most efficient and effective use of capital in current economic conditions will be to:

- Open and/or acquire between three to six new stores over the next 24 months, at an estimated aggregate cost of $5 million to $10 million, depending on format (convenience vs. destination sized). We plan to relocate two existing stores in British Columbia to better retail locations. We will evaluate opportunities to open new locations in Alberta to protect our competitive position and grow market share. We plan to open a new large format store in Calgary in fall 2017, subject to construction timing. We were awarded a liquor license to open a new store in Saskatoon, Saskatchewan and are currently finalizing plans and timing of our entrance to that new market. The Company will monitor economic conditions and evaluate potential new stores for 2018.
- Invest $4 to $6 million on store refurbishments in 2017, depending on economic conditions. Results from the $2.5 million invested in renovations in the last twelve months have been strong, with sales increases ranging between 10% and 25%, notwithstanding the economic headwinds.
- Refine plans to implement a new enterprise resource planning ("ERP") system that will improve business operations, drive down costs, and provide a scalable growth platform. We will phase in implementation and test the system in a small number of stores in 2017 before proceeding with a roll out across the business.

Liquor Stores believes that its cash flow from existing operations, its current available credit and access to new capital are sufficient to finance the execution of these growth plans.

ANNUAL GENERAL MEETING DATE

Liquor Stores also advises shareholders that it has set the date for the Annual General Meeting of shareholders for June 20, 2017. Further details on timing and the record date will be provided in due course.

CONFERENCE CALL

Liquor Stores N.A Ltd. will host an analyst and investor conference call on March 8, 2017 to discuss results for the fourth quarter and year ended December 31 2016. The conference call will take place at 7.30 a.m. M.T. Participants on the call will include Stephen Bebis, President and Chief Executive Officer, and Matthew Rudd, Senior Vice President and Chief Financial Officer.

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[3] Source: Statistics Canada

To participate in the call, please dial 416-340-2216 or toll-free 1-800-273-9672. An archived recording of the conference call will be available approximately one hour after the completion of the call until March 14, 2017, by dialling: 905-694-9451 or Toll-Free Access: 1-800-408-3053. The required passcode is: 9790217.

ABOUT LIQUOR STORES N.A. LTD.

The Company operates 252 retail liquor stores in Alberta, British Columbia, Alaska, Kentucky, New Jersey, and Connecticut. Liquor Stores' retail brands include: Liquor Depot, Liquor Barn, and Wine and Beyond in Alberta (178 stores); Liquor Depot and Liquor Barn in British Columbia (34 stores); Brown Jug in Alaska (22 stores); Liquor Barn "The Ultimate Party Source" and Liquor Barn Express in Kentucky (15 stores), Joe Canals Discount Outlet in New Jersey (2 stores), and LQR MKT in Connecticut (one store). The Company's common shares and convertible subordinated debentures trade on the Toronto Stock Exchange under the symbols "LIQ", "LIQ.DB.A", and "LIQ.DB.B", 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 ability of the Company to navigate current market conditions and invest in growth via measured greenfield expansion and store renovations; 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 U.S. store portfolio by opening strategically placed greenfield stores in new markets; 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 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 risk that we will be unable to execute our business plan, including the 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 security holders; 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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