QUARTERLY MANAGEMENT REPORT
AS AT OCTOBER 31st, 2020

Notice related to the review of interim financial statements

The consolidated interim financial statements for the period ended October 31st, 2020 and 2019 have not been reviewed by the auditors of the Company.

BOARD OF DIRECTORS

YVES DES GROSEILLERS
Chairman of the Board

MARIE-BERTHE DES GROSEILLERS
President and Chief Executive
Officer of the Company

ANDRÉ BÉRARD*/**
Lead Director of the Company
and Director of companies

LUCIEN BOUCHARD/*****
Partner
Davies Ward Phillips & Vineberg
LLP (Law firm)

CHARLES DES GROSEILLERS
Vice President
A. Bélanger (Détail) ltée
(Investment company)

ANNE-MARIE LECLAIR**
Partner and Vice President
LG2
(Advertising agency)

GABRIEL CASTIGLIO*/***
Executive Vice President
Chief Legal Officer
and Corporate Secretary
Fiera Capital
(Investment management company)

TONY FIONDA*/***
Senior Vice President
Remstar Capital Inc.
(Investment company)

* Member of the Audit Committee
** Member of the Human Resources and Corporate Governance Committee
*** Member of the Investment Committee

GENERAL INFORMATION

AUDITORS
PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.

CORPORATE SECRETARY
Michèle Des Groseillers
m.desgroseillers@bmtc.ca

LEGAL ADVISORS
Fasken Martineau DuMoulin LLP ("Fasken")

BANKERS
National Bank of Canada and Desjardins

REGISTRAR AND TRANSFER AGENT
Computershare Investor Services Inc. The Direct Registration System (DRS) allows your securities to be held in "book-entry" form without having a physical security certificate issued as evidence of ownership. Instead, your securities are held in your name and registered electronically in our records, which are maintained by our transfer agent Computershare. If you are a registered holder of units and wish to convert physical securites to DRS, go to: www.computershare.com/investorcentrecanada.

STOCK LISTING
Common shares are listed on the Toronto Stock Exchange under the symbol GBT.TO and CUSIP number 05561N208.

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BMTC Group Inc.

BMTC Group Inc. (the "Company"), is a company incorporated in accordance with Article 140 of the Business Corporations Act (Quebec). Its Common Shares are listed on the Toronto Stock Exchange.

Through its subsidiary, Ameublements Tanguay Inc., and its two divisions, Brault & Martineau and EconoMax, the Company manages and operates one of the largest furniture and household and electronic appliance retail sales networks in Quebec.

FINANCIAL HIGHLIGHTS

For the nine month periods ended October 31st, 2020 and 2019

(Unaudited and in thousands of dollars, except per share amounts)

	October 31, 2020	October 31, 2019
	$	$
Operations		
Revenue	**470 770**	548 689
Net earnings	**27 927**	20 674
Financial position		
Cash, bank overdraft and investments	**208 673**	129 070
Total assets	**466 314**	404 605
Equity	**238 661**	255 950
Per-share information		
Net earnings	**0,82**	0,60
Carrying amount	**7,03**	7,49
Stock market value		
Period high	**10,26**	15,68
Period low	**5,69**	9,89
Number of shares outstanding		
Common shares	**33 964 700**	34 188 500

Quarterly Management Report*

Caution regarding forward-looking statements

This Quarterly Management Report contains certain forward-looking statements with respect to the Company. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "estimate", expect", "intend", "may", "plan", "predict", "project", "will", "would", as well as the opposites of these terms and similar terminology, including references to assumptions.

Forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, which the Company has identified in the 2020 Annual Information Form under "Narrative Description of the Business - Risk Factors", and other risks detailed from time to time in the Company's continuous disclosure documents.

The reader is cautioned that the factors we refer to above are not exhaustive of the factors that may affect any of the Company's forward-looking statements. The reader is also cautioned to consider these and other factors carefully and not to put undue reliance on forward-looking statements.

The Company made a number of assumptions in making forward-looking statements in this Quarterly Management Report. The Company considers the assumptions on which these forward-looking statements are based to be reasonable.

These statements reflect current expectations regarding future events and operating performance and speak only as of the date of release of this Quarterly Management Report, and represent the Company's expectations as of that date. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

Non-International Financial Reporting Standards (IFRS) financial measures

The Company discloses adjusted net earnings, which includes or excludes certain amounts that are not considered representative of the performance measures and financial recurrence of the Company. Management believes that this measure is useful in understanding and analyzing the operational performance of the Company and that it can provide additional information.

Adjusted net earnings as well as same store revenues are not an earnings measure recognized by IFRS and do not have a standardized meanings prescribed by IFRS. Therefore, adjusted net earnings and same store revenues as discussed in this Quarterly Management Report may not be compared to similar measures presented by other issuers. These measures of performance should not be considered as alternatives to indicators of performance calculated according to IFRS, but rather as a source of additional information.

The Company discloses in this MD&A under the section "Results" a reconciliation between net earnings and adjusted net earnings.

***** The financial information is in Canadian dollars and has been prepared in accordance with the International Financial Reporting Standards (IFRS).

Results*

For the nine month period ended October 31, 2020, the Company's revenues decreased by $77,919,000 to $470,770,000 compared to $548,689,000 recorded in the corresponding 2019 period, a 14.2% decrease. Net earnings for the nine month period ended October 31, 2020 amounted to $27,927,000 compared to $20,674,000 recorded in the corresponding 2019 period. Basic net earnings per share amounted to $0.82 compared to $0.60 recorded in the corresponding 2019 period.

The variation in adjusted net earnings would be $7,340,000 or $0.22 per basic share for the nine month period ended October 31, 2020 and is explained as follows:

(Unaudited and $ in thousands)

	October 31, 2020	31 octobre 2019
Net earnings	**27 927**	20 674
Variation in cost of options (after-tax)	**-**	(87)
Adjusted net earnings	**27 927**	20 587
Minus: Adjusted net earnings for 2019	**20 587**	
Variation	**7 340**	

This variation in adjusted after-tax income is allocated throughout the quarters as follows:

(Unaudited and $ in thousands)

	Increase (decrease) in retail operating earnings	Increase (decrease) in investment earnings	Increase (decrease) in adjusted operating earnings
As at April 30, 2020	784	(9 695)	(8 911)
As at July 31, 2020	1 707	4 416	6 123
As at Oct. 31, 2020	**11 744**	**(1 616)**	**10 128**
Total	**14 235**	**(6 895)**	**7 340**

Despite the significant drop in sales during the first semester of 2020, following the temporary store closures due to COVID-19, the Company managed to improve its retail operating results for the nine month period ended October 31, 2020 by $19,056,000 or an after tax increase of $14,235,000.

* As of February 1, 2019, the Company has applied IFRS 16 retrospectively, without restating comparative information as permitted by the standard

Annual financial information

($ in thousands, except for per share amounts)

	January 31, 2020	31 janvier 2019
	$	$
Revenue	**720 169**	742 474
Net earnings	**36 034**	45 165
Total assets	**382 040**	367 624
Net earnings per share		
Basic	**1,05**	1,29
Diluted	**1,05**	1,29
Dividends per share	**0,28**	0,28

Financial position and dividends

Cash, net of the bank overdraft, and investments increased by $84,688,000 during the nine month period ended October 31, 2020. Investments consist of bank notes, government and corporate bonds and common shares, which at the close of the period had a market value of $208,673,000 (including cash).

As at October 31, 2020, the working capital showed a deficit of $28,715,000, an increase of $9,248,000 compared to the year ended January 31, 2020. The Company's shareholders' equity increased from $216,624,000 as at January 31, 2020, to $238,661,000 as at October 31, 2020. As at October 31, 2020, the book value per share stood at $7.03, compared to $6.35 as at January 31, 2020.

Pursuant to the normal course issuer-bid put in place on April 15, 2019, and renewed on April 15, 2020, accordingly, 123,300 common shares were repurchased and cancelled by the Company. As a result of this change, the Company had as at October 31, 2020, 33,964,700 common shares issued and outstanding.

During the nine month period ended October 31, 2020, no options were granted. As at April 1st, 2020, options regarding 197,100 Common Shares expired and were cancelled as they were out of money. As at April 1st, 2020, the closing price of the Common Shares on the Toronto Stock Exchange was $5.97. The Company may still grant pursuant to the Plan a total of 5,710,864 options, representing 16.8% of the issued and outstanding shares of the Company.

A semi-annual eligible dividend of $0.15 per Common Share has been declared to holders registered at the close of business on December 21st, 2020, which will be paid on January 4th, 2021.

Company pension plans

The pension expense for all plans for the three month and nine month periods ended October 31st, 2020, amounted to $1,817,000 and $4,668,000 (compared to $1,734,000 and to $6,136,000 for the three month and nine month periods ended October 31, 2019).

Contributions paid by the Company for all plans for the three month and nine month periods ended October 31st, 2020, amounted to $1,472,000 and to $3,633,000 (compared to $1,404,000 and to $5,146,000 for the three month and nine month periods ended October 31, 2019).

Related party transactions

The Company is bound by leases expiring in December 2024, for which a lease liability of $2,279,000 is recorded as at October 31, 2020.

On February 1, 2019, upon IFRS 16 implementation, a right-of-use asset and a lease liability of $3,123,000 were recorded in connection with leases entered with Gestion Maurice Tanguay. For the nine month period ended October 31, 2020, depreciation of $396,000 relating to the right-of-use asset and a $77,000 interest expense were recognized in earnings in connection with these leases.

Commitments

Payments due by period

(Unaudited and $ in thousands)

	Carrying amount	Contractual cash flows	Under 1 year	2 - 5 years	After 5 years
Lease liability	**16 277**	**18 045**	**4 414**	**11 492**	**2 139**

Accounting policies and accounting estimates

The accounting policies used in preparing the consolidated financial statements are described in Note 3 to the consolidated financial statements.

The International Accounting Standards Board ("IASB") issued IFRS 16, Leases, which has become effective for fiscal years beginning on or after January 1, 2019, and has had an impact on BMTC's consolidated financial statements. More detailed information is presented in Note 3.1 to the interim consolidated financial statements.

The main estimates discuss allowances on inventories and supplier rebates receivable. Inventory allowances are taken for obsolete and/or damaged products as well as for slow inventory turnover items. The allowances are based on many years of historic experience. As for supplier rebates, a reasonable estimate of accrued amounts receivable is determined based on existing agreements with the Company's suppliers. Rebates for unsold merchandise are deducted from the value of the inventories at the date of the consolidated financial statements.

Financial instruments

The Company operates retail outlets in 32 locations across Quebec. A significant portion of the Company's sales are realized through the offering of financing solutions, by third-party credit providers, to the Company's customers. The cost of financing these sales is assumed by the Company, and is expensed, as the associated sales are realized. The Company assumes no credit risk in these transactions. The Company's working capital is composed primarily of accounts receivable, customer deposits, inventory and cash, while its short-term liabilities are towards suppliers of goods and services, as well as the debt relating to the stock option plan. The change in working capital reflects the associated fluctuations in all of the constituent accounts incurred during the normal course of the Company's activities. The Company has a positive cash position, which is invested in various financial instruments.

The Company records its investments at market value as indicated in Note 3 and Note 7 to the unaudited consolidated financial statements as at October 31, 2020. The Company has no hedges against its investments in US funds and assumes 100% of any fluctuations in the markets for these investments. Furthermore, the Company assumes the risks interest rate fluctuations have on its fixed-income investments, as well as the risks stock market fluctuations have on the value of investments in publicly traded companies.

The Company owns most of its stores and distribution centers, such that commitments regarding leasing contracts are relatively insignificant with regard to its overall activities as detailed in Note 9 and 10 to the unaudited consolidated financial statements as of October 31, 2020. The Company holds no hedging contracts or any other type of derivative products.

Quarterly results *

(Unaudited and $ in thousands, except for per share amounts)

		April 30, 2020	April 30, 2019	**July 31, 2020**	July 31, 2019
		$	$	**$**	$
Revenue		**100 445**	150 310	**175 973**	215 067
Net earnings		**(12 427)**	(3 455)	**19 579**	13 480
Net earnings per share					
	Basic	**(0,36)**	(0,10)	**0,57**	0,39
	Diluted	**(0,36)**	(0,10)	**0,57**	0,39

		October 31, 2020	October 31, 2019	**January 31, 2020**	January 31, 2019
		$	$	**$**	$
Revenue		**194 352**	183 312	**171 480**	174 634
Net earnings		**20 775**	10 649	**15 360**	11 813
Net earnings per share					
	Basic	**0,61**	0,31	**0,45**	0,34
	Diluted	**0,61**	0,31	**0,45**	0,34

*Comparative data relating to revenue have been restated following a change in presentation.

For the three-month period ended October 31, 2020, the Company's revenues increased by $11,040,000 to $194,352,000, compared to $183,312,000 recorded for the corresponding period, a 6% increase. Net earnings for the three-month period ended October 31, 2020, amounted to $20,775,000 compared to $10,649,000 recorded for the corresponding 2019 period. Basic net earnings per share increased to $0.61 compared to $0.31 for the corresponding 2019 period.

The variation to the adjusted net earnings would be $10,128,000 or $0.30 per basic share for the quarter ended October 31, 2020 and is explained as follows:

	(Unaudited and $ in thousands)	
	October 31, 2020	October 31, 2019
Net earnings	**20 775**	10 649
Variation of cost of options (after-tax)	**-**	(2)
Adjusted net earnings	**20 775**	10 647
Minus: Adjusted net earnings for 2019	**10 647**	
Variation	**10 128**	

Operations

BMTC Inc.

The Company continues to restructure all of its websites and the first phase of the implementation of a distinct e-commerce platform for its banners Brault & Martineau and EconoMax is now completed and operational. The process of implementation will continue throughout 2020 for the following phases as well as the restructuring for all the other banners of the Company. The Company also reviewed its IT systems in to order standardize them throughout the banners, as well as to allow them to be more aligned with its e-commerce strategies. Following this review, the Company decided to invest and to modify its existing IT systems, the integration and implementation which will continue for a 3 to 5 year period.

Brault & Martineau Division

On November 6, 2019, the Company proceeded with the sale of the Kirkland store. During this same transaction, the Company purchased land along the Autoroute 40 in the city of Kirkland in order to build a new Brault & Martineau store of approximately 80,000 square feet which replaced the actual Kirkland store. On this same land, the Company built an EconoMax store of approximately 50,000 square feet which replaced the EconoMax store on Côte-Vertu. The new stores opened on October 27th, 2020.

The Company continues the evaluation process for different sites as well as its existing stores to modify them or in certain cases proceed with the reconstruction of a new store based on its new prototype. The new Kirkland store will be the second of the banner to be modified. The Company anticipates that in the next few years it will incur costs related to the modification and improvement of it's actual network is to be considered.

Risk factors and market tendencies

The Company operates a furniture, electronic and household appliance retail business, and is therefore subject to many risk factors such as:

- Sensitivity to general economic conditions
- Reliance on key personnel
- Investment portfolio risks
- Third-party credit providers for financing solutions to clients
- Labour relations with employees, some of whom are unionized
- Maintaining profitability and managing growth
- Highly competitive nature of the retail industry

- Effectiveness of its marketing programs
- Capacity to anticipate changes in fashion trends and consumer tastes
- Retention of senior management

The Company is also dependent on its management information systems, its distribution operations, and its suppliers.

For a number of years, we have seen an increasing presence of strong competitors operating on a national and international level. Furthermore, the Company has witnessed a deflationary trend in many products that it sells, forcing it to innovate by bringing new products to market.

The majority of sales are realized using financing solutions offered by third-party credit providers. A significant increase in interest rates or a tightening of credit conditions could have a significant impact on the Company's sales. There are no guarantees the Company will be able to continue procuring such advantageous financing solutions for its customers, which in the past has permitted the Company to maintain its growth.

It is impossible to isolate and measure the importance of each individual risk to which the Company is exposed. In the past, the Company has managed to adapt to these changes and maintain its market share notably by aggressive marketing campaigns and efficient management.

Management discussion and outlook for the future of the Company

On March 11th, 2020, the World Health Organization declared COVID-19 a global pandemic. The financial impact of COVID-19 began to manifest itself by a decrease in store traffic and consequently store revenues in the early weeks of March 2020. Following the rapid rise of COVID-19 cases in the province of Quebec, our priority during this difficult period remains at all times the health and safety of our employees and clients. In order to protect the Quebec population and to prevent the spread of COVID-19 by encouraging social distancing initiatives recommended by both levels of government, the Company decided on March 18th, 2020, to temporarily close its retail sales network, namely our Ameublements Tanguay banner in the Quebec City area and the Brault & Martineau and EconoMax banners in the Montreal area. On March 23rd, 2020, the Quebec government announced, for the same reason, the closure of all non-essential retail stores across the province.

In order to address the devastating effects of COVID-19 and to assure its short and long-term financial health, the Company decided to maintain its operations at a strict minimum level while preserving its presence in our market and controlling its working capital position. The following actions were undertaken by the Company during these last weeks in order to support its operating and working capital objectives:

- Following the closure of our retail sales network on March 18th, 2020, the Company temporarily laid off approximately 75% of its personnel, the vast majority stemming from our retail stores.

- Our online and delivery services remained operational across Quebec to ensure the population in confinement the ability to rely on essential goods while respecting government-mandated security protocols. We modified our services to offer contactless home delivery.

• During this period, the Company introduced several measures and protocols in preparation for the reopening of our stores across our sales network to ensure and protect the health and security of our employees and our clients. These new measures and protocols will be in effect until the end of the COVID-19 pandemic.

• The Company has also made technological and operational improvements to its sales network. These modifications will allow us to reduce our fixed costs and will contribute to our initiatives of effective cost controls.

• The Company applied for the Canada Emergency Wage Subsidy given the 30% or more decrease in revenues during the prescribed period.

During the nine month period ended October 31st, 2020, the company delivered strong operational results, despite the negative financial impact of COVID-19.

The decrease in revenues during this period was recorded during the first semester of 2020 and was entirely due to the temporary physical store closures. During the first quarter of 2020, the Company had all its 32 points of sale closed for a period of 43 consecutive days, leaving only online sales operational. The loss of revenues arising from the first quarter store closures amounted to $52,029,000. During the second quarter of 2020, the Company had a total of 15 points of sale closed for a period of 25 consecutive days while the other 17 points of sale were closed for the first 5 days of the quarter, again leaving only online sales operational. The loss of revenues arising from the second quarter store closures amounted to $25,465,000.

During the closure of our retail stores, from March 19th to May 3rd, 2020, online sales increased significantly. Despite this significant increase, the online sales only partially compensated for in-store sales for the 2019 corresponding period.

During this second quarter the Company was able to reopen all of it’s 32 points of sale and in order to mitigate the loss of revenues during the closure, the Company proactively aligned its cost structure accordingly. These steps were taken throughout the first semester in order to protect the Company's viability and preserve its working capital during these highly uncertain times. Thanks to these new measures the Company believes it will be able to produce positive operating results.

In-store sales increased significantly, between 45% and 80%, in the days following their reopening, on May 4th, May 25th and June 1st, 2020, compared to the same periods in 2019. The new measure related to COVID-19 which the Company had to implement in its stores and distribution centers and the effects of the closures and re-openings of our stores had a significant impact on the Company’s financial results in the first semester. Despite these additional costs, the Company still managed to improve its operating results by approximately $19,370,000 or $14,235,000 after tax. In addition, online sales continued to grow significantly despite the gradual reopening of our stores compared to the 2019 corresponding period.

Despite a context that remains difficult for many retailers in Quebec, the Company managed to increase its revenues by 6% during the 3rd quarter of 2020 compared to the 2019 corresponding period. The Company continued to focus on online sales, which experienced a record increase since the start of the pandemic, by actively pursuing the improvement of its digital platforms, its live chat initiative with online customers as well as the improvement of our telephone sales department for all of the BMTC Group Inc. banners.

It is also Management's opinion that the digital platforms of our banners are essential in order to allow the Company to increase its market shares as well as to allow customers to start their shopping experience online to then complete their purchases in one of our stores with the help of our sales representatives.

The significant increase in revenues is partly due to improvements in marketing and strategic measures implemented, our extensive store network and the strength of digital platforms, which have enabled the Company to increase its market share in Quebec. On the other hand, Management is aware that this increase is also partly due to the fact that it has benefited from a transfer of consumer spending related to the restrictions imposed by the various levels of government due to COVID-19 pandemic, more precisely the restrictions related to travel, the closure of restaurants and all forms of entertainment in the cultural and sporting world.

The new measure related to COVID-19 which the Company had to implement in its stores and distribution centers and the effects of the closures and re-openings of our stores had a significant impact on the Company's operational costs in the nine month period ended October 31st, 2020. Despite these additional costs, the Company still managed to improve its operating results by approximately $19,370,000 or $14,235,000 after tax.

During the 3rd quarter of 2020, the Company also managed to significantly improve its net earnings, by recording an increase of 95% compared to the corresponding period of 2019. This increase was in part possible due to technological improvements and the constant attention put on operational efficiency. The Company also benefited from the Emergency Wage Subsidy from Canada following a drop in sales of more than 30% in the 1st and 2nd quarters of 2020.

As at October 31, 2020, cash and investments had a market value of $208,673,000. The Company's financial position will allow it to weather through this period of uncertainty with more ease. Also, the Company owns nearly all its stores and distribution centers, which reduces pressure on cash flow requirements.

As a result of the increase in sales since the gradual reopening of our stores, the Company was able to call-back about 75% of it's sales staff. The Company must continue to respect social distancing as well as the maximum number of people allowed in a commercial establishment due to the regulations set by the provincial government with COVID-19, thus limiting the number of possible sales staff per store.

The rehiring of temporarily laid-off employees is in progress and proceeding as the situation evolves. The Company has actively worked to promote a call-back of its employees as soon as possible and according to operational needs.

Finally, since mid-June, the Company has had issues with its supply logistics. Many of the Company's suppliers, who have also been affected by the consequences of COVID-19, are unable to honour and deliver placed orders. This problem seems widespread in our industry and is not unique to the Company. Therefore, it is possible that this could have a negative impact on future results because orders on hand may not be able to delivered due to this short coming.

In this new economy the widespread cost restructuring as well as technological and operational improvements have produced a massive increase in unemployment rate in response to the COVID-19 pandemic. In addition, to the increase in the cost of living and the high level of Quebecers who are in debt are all factors which could inhibit consumer spending in the near future.

It is difficult to predict the future level of consumer confidence and the possible impact on sales of BMTC Group Inc. Management is confident that the Company's operational efficiency during this crisis, its market leadership and solid financial position will allow us to emerge a stronger organization despite these difficult market conditions and maintain its objectives increasing its market share and profitability in Quebec.

We would like to take this opportunity to thank all our fellow citizens who are relentlessly working day and night with extreme dedication to reduce spread of COVID-19 and who to caring for those who have been infected. Our thoughts are also with all those who have in any way been affected by the virus.

Disclosure controls and procedures (DCPs) and internal controls over financial reporting (ICRF)

The Company's management evaluated, as at January 31, 2020, the effectiveness of the design and operation of its DCPs and ICFR, as defined under National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings. The evaluation was performed under the supervision of the Company's President and Chief Executive Officer (CEO) as well as the Chief Financial Officer (CFO). Based on such evaluation of ICFR, the President and CEO and CFO have concluded that the Company's DCPs and ICFR were effective as at January 31, 2020.

No changes were made in the Company's ICFR during the period beginning on August 1, 2020 and ended October 31, 2020, which have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Other information

This Quarterly Management Report ended October 31, 2020 provides an analysis of the unaudited consolidated results of operations, financial position, and cash flows of BMTC Group Inc. and its subsidiary.

Additional information relating to the Company is available on the Company's website at www.bmtc.ca as well as on SEDAR at www.sedar.com.

This Quarterly Management Report is intended to assist in the understanding and assessment of significant changes and trends, as well as risks and uncertainties, related to the results of operations and financial position of the Company.

(s) Marie-Berthe Des Groseillers

Marie-Berthe Des Groseillers
President and Chief Executive Officer
December 10th, 2020

BMTC Group Inc.
Consolidated Statements of Earnings
For the three month and nine month periods ended October 31, 2020 and 2019
(Unaudited and in thousands of Canadian dollars, except per share data)

	Notes	**October 31, 2020**		October 31, 2019	
		3 month	**9 month**	3 month	9 month
		$	**$**	$	$
Revenue		**194 352**	**470 770**	183 312	548 689
Cost of sales		**(116 138)**	**(286 378)**	(109 957)	(337 201)
Gross profit		**78 214**	**184 392**	73 355	211 488
Other income		**5**	**12**	(7)	19
Selling expenses		**(42 475)**	**(116 389)**	(50 541)	(154 933)
Administrative expenses		**(7 683)**	**(25 418)**	(10 655)	(32 862)
Operating earnings		**28 061**	**42 597**	12 152	23 712
Gains (losses) on disposals of property, plant and equipment	8	**8**	**34**	(17)	(17)
Realized and unrealized change in fair value of financial assets, at fair value	14	**(771)**	**(6 500)**	1 399	1 648
Investment income	4	**961**	**2 426**	652	2 174
Earnings before income tax expense		**28 259**	**38 557**	14 186	27 517
Income tax recuperation (expense)	5	**(7 484)**	**(10 630)**	(3 537)	(6 843)
Net earnings and comprehensive income		**20 775**	**27 927**	10 649	20 674
Net earnings per share	16				
Basic and diluted		**0,61**	**0,82**	0,31	0,60

The accompanying notes are an integral part of the consolidated financial statements.

BMTC Group Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the nine month periods ended October 31st, 2020 and 2019

(Unaudited and in thousands of Canadian dollars)

	Notes	Capital stock	Retained earnings	Total shareholders' equity
		$	$	$
Balance as at February 1, 2020		**2 697**	**213 927**	**216 624**
Share redemption	**12**	**(8)**	**-**	**(8)**
Share redemption premium	**12**	**-**	**(1 120)**	**(1 120)**
Dividends		**-**	**(4 762)**	**(4 762)**
Transactions with shareholders		**(8)**	**(5 882)**	**(5 890)**
Net earnings		**-**	**27 927**	**27 927**
Balance as at October 31, 2020	**12**	**2 689**	**235 972**	**238 661**

	Notes	Capital stock	Retained earnings	Total shareholders' equity
		$	$	$
Balance as at February 1, 2019		2 732	242 010	244 742
Share redemption	12	(28)	-	(28)
Share redemption premium	12	-	(4 635)	(4 635)
Dividends		-	(4 803)	(4 803)
Transactions with shareholders		(28)	(9 438)	(9 466)
Net earnings		-	20 674	20 674
Balance as at October 31, 2019	12	2 704	253 246	255 950

The accompanying notes are an integral part of the consolidated financial statements.

BMTC Group Inc.
Consolidated Statements of Cash Flows
For the three month and nine month periods ended October 31, 2020 and 2019
(Unaudited and in thousands of Canadian dollars)

	Notes	**October 31, 2020**		October 31, 2019	
		3 month	**9 month**	3 month	9 month
		$	**$**	$	$
OPERATING ACTIVITIES					
Earnings before income tax expense		**28 259**	**38 557**	14 186	27 517
Adjustments	6	**2 397**	**13 194**	965	4 981
Net changes in working capital	6	**(16 865)**	**71 765**	(19 907)	18 102
Income taxes paid		**(6 625)**	**(7 616)**	(493)	(7 416)
Cash flow from operating activities		**7 166**	**115 900**	(5 249)	43 184
INVESTING ACTIVITIES					
Acquisition of other financial assets		**(5 679)**	**(72 523)**	(24 548)	(113 044)
Proceeds from disposal of other financial assets		**5 169**	**49 991**	24 028	96 175
Purchase of property, plant and equipment	8	**(8 851)**	**(17 414)**	(1 986)	(11 494)
Proceeds from disposal property, plant and equipment		**90**	**126**	32	32
Interest received		**218**	**391**	115	353
Dividends received		**743**	**2 035**	537	1 821
Cash flow from investing activities		**(8 310)**	**(37 394)**	(1 822)	(26 157)
FINANCING ACTIVITIES					
Payments for share redemption		**(389)**	**(1 128)**	(1 112)	(4 663)
Interest paid		**(177)**	**(540)**	(194)	(614)
Payment of lease liabilities		**(983)**	**(2 971)**	(1 031)	(3 060)
Dividends		**-**	**(4 762)**	-	(4 803)
Cash flow from financing activities		**(1 549)**	**(9 401)**	(2 337)	(13 140)
Net change in cash					
Cash, beginning of period		**(2 693)**	**69 105**	(9 408)	3 887
Cash, end of period		**64 286**	**(7 512)**	10 224	(3 071)
		61 593	**61 593**	816	816

The accompanying notes are an integral part of the consolidated financial statements.

BMTC Group Inc.
Consolidated Statements of Financial Position

(Unaudited and in thousands of Canadian dollars)

	Notes	**October 31, 2020**	January 31, 2020
ASSETS		**$**	$
Current			
Cash		**61 593**	-
Trade and other receivables		**2 918**	4 328
Current tax assets		**-**	745
Inventory		**77 169**	83 235
Prepaid expenses		**2 632**	1 422
Total current assets		**144 312**	89 730
Non-current			
Other financial assets	7	**147 080**	131 497
Property, plant and equipment	3-8	**161 876**	148 372
Deferred tax assets	5	**13 046**	12 441
Total non-current assets		**322 002**	292 310
Total assets		**466 314**	382 040
LIABILITIES			
Current			
Bank overdraft	10	**-**	7 512
Trade and other payables	12	**166 343**	97 739
Lease liability	3-9	**3 810**	3 946
Current tax liability		**2 874**	-
Total current liabilities		**173 027**	109 197
Non-current			
Defined benefit plan		**42 159**	41 124
Lease liability	3-9	**12 467**	15 095
Total non-current liabilities		**54 626**	56 219
Total liabilities		**227 653**	165 416
SHAREHOLDERS' EQUITY			
Capital stock	11	**2 689**	2 697
Retained earnings		**235 972**	213 927
Total shareholders' equity		**238 661**	216 624
Total liabilities and shareholders' equity		**466 314**	382 040

The accompanying notes are an integral part of the consolidated financial statements.

1. *GOVERNING STATUTES AND NATURE OF OPERATIONS*

BMTC Group Inc. (hereinafter "Company") is a company governed the Business Companies Act (Quebec). Its registered office and principal place of business is located at 8500 Place Marien, Montréal East, Quebec, H1B 5W8. Its common shares are listed on the Toronto Stock Exchange. The Company, through its subsidiary Ameublements Tanguay Inc. and its two divisions Brault & Martineau and EconoMax (collectively designated as the "Company"), manages and operates a retail network of furniture, household appliances and electronic products, in Quebec.

2. *GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS*

These unaudited consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and do not contain all of the information that should be presented in the annual consolidated financial statements.

The unaudited consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments and the liability relating to share-based payments, which are established at fair value, and post-employment benefit assets or liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets, less an adjustment to reflect application of the asset limit.

3. *SUMMARY OF ACCOUNTING POLICIES*

The accounting policies specified below have been applied consistently throughout all periods presented in the consolidated financial statements. libellé différent pour trimestre à valider

3.1 Changes in accounting policies

IFRS 16 - *Leases*

IASB published IFRS 16 which replaced IAS 17 *Leases*, IFRIC4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases-Incentives* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

As at February 1, 2019, BMTC applied the new IFRS 16 standard, retrospectively, without restating the comparative information, as permitted by the standard.

The Company recorded a lease liability, for leases previously classified as operating lease in accordance with IAS 17, to the present value of the lease payments payable immediately prior to the implementation date, at the Company’s incremental borrowing rate of 4.2%. Right-of-use assets corresponds to the lease liability valued, adjusted for the derocognition of a lease-incentives and the net investment relating to a sublease.

IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all lease with exemptions permitted for short-term leases and leases of low-value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements.

(Unaudited and in thousands of Canadian dollars, except per share data)

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

A right-of-use asset and a lease liability are recognized on the date an underlying asset is available for use. Lease payments are allocated between liabilities and interest charges. The right-of-use-assets are classified with the other underlying assets and amortized over the shorter period between the useful life of the asset and the lease term.

Summary of the impact of the adoption of IFRS 16 on the consolidated statement of financial position as at February 1, 2019

	Balance as at January 31, 2019	IFRS 16 Adjustment	February 1, 2019 Adjusted Balance
	$	$	$
Property, plant and equipment (including right-of-use asset)	115 688	20 656	136 344
Trade and other receivables	5 546	432	5 978
Lease liability, short-term	-	4 102	4 102
Lease incentive	184	(184)	-
Lease liability, long-term	-	17 170	17 170

Reconciliation of the lease liabilities as at February 1, 2019	Balance as at February 1, 2019
	$
Operating lease commitments as at January 31, 2019	34 060
Less: adjustment for payments of variable costs relating to taxes and maintenance costs	(10 711)
	23 349
Company's incremental borrowing rate as at February 1, 2019	4,2%
Discounted operating lease liability as at February 1, 2019	21 272
Of which are	
Current lease liabilities	4 102
Non-current lease liabilities	17 170
	21 272

3.2 Basis of consolidation

The unaudited consolidated interim financial statements include the accounts of BMTC, the ultimate and those of the wholly-owned subsidiary Ameublements Tanguay Inc. The accounting policies of the parent company, subsidiary are consistent with those adopted by BMTC at financial year end date of January 31st.

Asset and liability balances and revenues and expenses from transactions between group companies, including unrealized gains and losses on transactions between consolidated entities, are eliminated in preparing the unaudited consolidated interim financial statements.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.3 Foreign currency translation

The unaudited consolidated interim statement of financial position is presented in Canadian dollars, which is also the functional currency of the Company.

Foreign currency transactions are translated into the Company's functional currency, using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into the functional currency using the exchange rates in effect at the reporting date. Other foreign currency non-monetary financial assets that are measured at fair value are translated into the functional currency using the exchange rate in effect on the date of determination of fair value. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at the reporting date are recognized in earnings.

The realized and unrealized appreciation of other financial assets classified at fair value through profit or loss recognized directly in profit or loss includes the related exchange component.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction.

3.4 Segment reporting

In accordance with IFRS 8, *Operating Segments* , the Company presents and discloses information that is regularly reviewed by the President and the Board of Directors in assessing performance. The Company considers its retail activities as a single operating segment.

3.5 Revenue recognition

Revenue from merchandise sales is measured at the amount of the consideration for which the Company expects to receive in exchange for the merchandise and is presented in earnings net of estimated returns and rebates, and excluding sales taxes. Revenue is recognized when the control of the goods has been transferred to the customer, i.e. upon delivery. Comparative data relating to revenue have been restated following a change in presentation to better reflect the nature of the operations.

Revenue from extended service contracts is recognized at the time of the sale at the net amount of costs incurred by the Company with the service suppliers, who will provide the services required by the Company's customers.

Investment income is recognized using the accrual basis of accounting, as follows:

– Interest is recognized based on the number of days the investment was held during the year and is calculated using the effective interest method;

– Dividends on listed share investments are recognized when the right to receive the payment is established.

3.6 Income taxes

Income tax expense comprises the sum of deferred tax and current tax. Income tax is recognized in earnings except to the extent it relates to items recognized in other comprehensive income or directly in shareholders' equity.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

Current income tax assets or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable income, which differs from earnings in the consolidated financial statements. The calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or of an asset or liability unless the related transaction is a business combination or affects tax or accounting income.

Deferred tax assets and liabilities are calculated, without discounting, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities levied by the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense, except where they relate to items that are recognized in other comprehensive income or directly in shareholders' equity, in which case the related deferred tax is also recognized in other comprehensive income or shareholders' equity, respectively.

3.7 Inventory

Inventory, which is composed almost exclusively of finished goods for retail sale, is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The net realizable value is estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.8 Vendor rebates

Cash considerations received from vendors are a reduction of the price of the vendors’ products and are accounted for as a reduction of cost of sales and related inventory, respectively, in the Company’s consolidated statement of earnings and comprehensive income and consolidated statements of financial position.

Rebates are recognized when they are considered probable and can be reasonably estimated.

(Unaudited and in thousands of Canadian dollars, except per share data)

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.9 Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and any accumulated impairment losses. Items of property, plant and equipment with different useful lives are depreciated separately. Depreciation commences when an item of property, plant and equipment is available for use using the straight-line method over the following periods, in order to depreciate its cost less the residual value over its estimated useful life.

	Periods
Land	Not depreciated
Parking lots	20 years
Buildings	2 to 50 years
Signs	5 years
Leasehold improvements	2 to 5 years
Automotive equipment	7 to 15 years
Computer equipment and software	2 to 5 years
Furniture and equipment	5 years
Leased property	1 to 10 years
Leased automotive equipment	5 years

The depreciation method, useful lives and residual values are reviewed annually.

3.10 Leases, lease liability and right-of-use asset

The company records a right-of-use asset and a lease liability on the date when a leased asset becomes available.

Right-of-use asset is equal to the cost of the initial lease liability, rent payments paid on or before the commencement date, initial direct costs incurred and restoration costs, less any incentive received. The Company includes its right-of-use assets with its property, plant and equipment in Note 8.

The lease liability corresponds to the present value of lease payments discounted at the implicit interest rate in the lease or the Company incremental borrowing rate. The Company's incremental borrowing rate is based on its credit rating, allowing it to obtain an asset of a similar value with similar security.

The Company has elected to apply the exemption provision relating to short-term leases and leases of low-value, and associated costs, such as maintenance and insurance, are expensed as incurred.

3.11 Lease incentive

A lease incentive received from a lessor to pay for leasehold improvements is recognized, and associated costs, such as maintenance and insurance, are expensed as incurred they are amortized over the lease term and applied against the related rental expense with the unamortized balance being presented in non-current liabilities until January 31, 2019, date of implementation of IFRS 16.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.12 Impairment of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating-unit level.

Individual assets or assets combined into cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use.

3.13 Shareholders' equity

Capital stock is the amount received on issuance and is presented net of the initial share issue income on redeemed shares.

Retained earnings include all current and prior period retained profits, net of share redemption premiums, dividends paid and the costs of share issuances.

Dividends payable to shareholders are included in other payables when they have been declared before the reporting date.

3.14 Share-based remuneration

The Company has a share-based remuneration plan for certain directors and officers. According to the plan, an option holder can choose, at any time at the holder’s sole discretion, to receive, from the Company, a cash payment equal to the number of shares for which the option is exercised, multiplied by the amount for which the market value of the share exceeds the exercise price, or to subscribe to a number of shares for which the option is exercised. The rights relating to the options are vested at the date of grant, and their maximum life is 10 years.

At the time of the award, these options are compound financial instruments; accordingly, the fair value is the total fair values of the debt and equity components. The Company first measures the fair value of the debt component and then the fair value of the equity component.

The Company recognizes the debt component, i.e. the stock appreciation rights, at fair value, determined using the Black-Scholes model, and the fair value is measured on each reporting date. A corresponding remuneration cost is recognized in net earnings under administrative expenses.

At the time of the award, the fair value of the equity component is measured at zero. Accordingly, the fair value of the compound financial instrument is the same as the fair value of the debt component.

At the date of settlement, the Company must remeasure the liability to its fair value. If the Company issues equity instruments on settlement rather than paying cash, the liability is transferred directly to equity, as consideration for the equity instruments issued. If, on settlement, the Company pays in cash rather than by issuing equity instruments, that payment is applied to settle the liability in full.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.15 Post-employment benefits

The Company provides post-employment benefits through defined benefit pension plans as well as defined contribution pension plans.

Contributions to the defined contribution plans are recognized as an expense in the period that relevant employee services are rendered.

The Company accrues its obligations under its defined benefit pension plans and the related costs, net of plan assets, as the services are rendered. The Company has adopted the following accounting policies:

- The Company's defined benefit plan obligations are measured individually, estimating the amount of future benefits earned by employees for services provided in the current and prior periods. The actuarial valuation of defined benefit obligations uses the projected unit credit method. This determination incorporates management's best estimate of future salary levels, retirement ages of employees, mortality rates and other actuarial assumptions.
- The discount rate for defined benefit obligations is determined by reference to the market yield, at year-end, on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.
- Remeasurements, which include actuarial gains and losses on benefit obligations, the return on plan assets in excess of interest income, the effect of the asset ceiling, and the impact of minimum funding requirements, are recognized in other comprehensive income and retained earnings immediately without any reclassification to net earnings.
- The defined benefit plan amount presented in the consolidated statement of financial position is the difference between the present value of the defined benefit plan obligations and the fair value of the plan assets at the reporting date. The economic benefit available is calculated as the difference between the present value of the accounting value of the current service cost of the employer and the current services cost of the employer on a funded basis. This value cannot, however, be negative. When there is a defined benefit plan asset, the amount of the asset recognized cannot be greater than the present value of any future economic benefit available as a future plan reimbursement or decrease in future plan contributions. Any minimum funding requirements applicable to the Company's plans are taken into account to calculate the present value of economic benefits.
- An additional liability is recognized in the amount of the minimum funding requirement for defined benefit plans when the Company does not have an unconditional right to the surplus.

3.16 Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and when amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.16 Provisions and contingent liabilities (Continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

Likely inflows of economic benefits to the Company that do not yet meet the recognition requirements criteria of assets are considered as contingent assets.

3.17 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

For the purpose of subsequent measurement, financial assets of the Company are classified into the following categories upon initial recognition:

– Amortized cost;
– Financial assets at fair value through profit or loss.

The following table summarizes the financial instrument classification and valuation methods.

Item	Classification method
Cash	Amortized cost
Trade and other receivables*	Amortized cost
Other financial assets	Fair value through profit or loss
Bank overdraft	Amortized cost
Trade and other payables*	Amortized cost

* Excluding taxes receivable and payable and employee benefits, which are not financial instruments.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

The category determines subsequent measurement and whether any resulting income and expense is recognized in net earnings or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are tested for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognized in net earnings are presented within realized and unrealized gains on financial assets at fair value or finance income, except for any impairment of trade and other receivables which is presented within administrative expenses.

Financial assets at amortized cost

A financial asset must be measured at amortized cost if the two following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost. The amount of expected credit losses is updated on each reporting date to take into account changes in credit risk since the initial recognition of the respective financial instrument.

The Company recognizes lifetime expected credit losses on the financial assets measured at amortized cost. Lifetime expected credit losses correspond to expected credit losses that result from all possible default events over the expected life of a financial instrument. The measurement of expected credit losses reflects reasonable and supportable information on past events, current conditions and forecasts of events and economic conditions and takes into account factors specific to receivables, general economic conditions and an assessment of the current and forecast direction of the conditions at the reporting date, including the time value of money, as applicable.

Financial assets at fair value through profit or loss

Investments presented as other financial assets have been classified at fair value through profit or loss because they are part of a portfolio included in management reports and are measured at fair value by management. Consequently, realized and unrealized gains and losses on these assets are recognized through profit or loss. Transaction costs related to held-for-trading financial assets are expensed as incurred.

Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

3.18 Judgment, estimates and assumptions

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

Inventory valuation

The Company uses a high degree of judgment when estimating the effect of certain factors on the net realizable value of inventory, such as obsolescence and damages. The quantity, age and condition of inventory is measured and evaluated regularly during the period.

Estimated returns and vendor rebates

In determining the probability and estimation of returns and vendor rebates receivable, the Company uses actual purchases during the period, the degree of achievement of sales forecasts and contractual terms and conditions.

Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at each reporting date based on the expected utility of the assets. Actual results may, however, vary due to technical obsolescence, particularly for software and IT equipment.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available, that is for banker's acceptances and discount notes.

The carrying amounts of these instruments and a price sensitivity analysis of other financial instruments are presented in Note 15. In applying the valuation techniques, management makes maximum use of observable data, and uses estimates and assumptions that are, as far as possible, consistent with data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses the best information available. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Share-based payment liability

To estimate the share-based payment liability and expense, an appropriate valuation model must be selected and the necessary data for the valuation model must be obtained. The Company has used the Black-Scholes valuation model to estimate the volatility of its shares, their estimated useful life and the exercise period of the stock options awarded. Refer to Note 12 for details on the carrying amount and other information on the stock-based payment liability.

Provisions and contingent liabilities

Judgment is required to determine whether a past event has led to a liability that should be recognized in the consolidated financial statements or presented as a contingent liability. Judgment and estimates are applied to quantify such liabilities and are based on a variety of factors, such as the nature of the claim or conflict, legal proceedings, the potential amount payable, the advice of legal counsel, prior experience and the likelihood of a loss. Refer to Note 14 for details on the carrying amount and other information on provisions and contingent liabilities.

(Unaudited and in thousands of Canadian dollars, except per share data)

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

Defined benefit pension plan cost and obligations

Management estimates the defined benefit obligations annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The defined benefit obligations estimate is based on standard rates of inflation, mortality rates and the Company's specific anticipation of future salary increases. Estimation uncertainties exist particularly with regard to the assumptions, which may vary significantly in future valuations of the Company's defined benefit obligations.

4. *ADDITIONAL INFORMATION ON CONSOLIDATED STATEMENTS OF EARNINGS*

	October 31, 2020		October 31, 2019	
	3 month	**9 month**	3 month	9 month
Employee benefits expense	**$**	**$**	$	$
Salaries	**20 999**	**63 312**	28 843	89 356
Defined benefit pension plan expense	**1 419**	**3 726**	1 389	5 051
Defined contribution pension plan expense	**398**	**942**	345	1 085
Share-based payment expense (recovery) (Note 11)	**-**	**-**	(2)	(118)
Total employee benefits expense	**22 816**	**67 980**	30 575	95 374

	October 31, 2020		October 31, 2019	
	3 month	**9 month**	3 month	9 month
Other elements of revenues and expenses	**$**	**$**	$	$
Depreciation of property, plant and equipment	**2 386**	**7 130**	2 477	7 178
Losses (gains) on disposals of financial assets	**313**	**(449)**	-	(122)

	October 31, 2020		October 31, 2019	
	3 month	**9 month**	3 month	9 month
Investment income	**$**	**$**	$	$
On financial assets at fair value through profit or loss				
Interest	**113**	**166**	8	9
Dividends	**743**	**2 035**	537	1 821
On financial assets classified at amortized cost				
Interest	**105**	**225**	107	344
	961	**2 426**	652	2 174

(Unaudited and in thousands of Canadian dollars, except per share data)

5. *INCOME TAXES*

The income tax expense is detailed as follows:

	October 31, 2020		October 31, 2019	
	3 month	**9 month**	3 month	9 month
	$	**$**	$	$
Total current tax expense (recovery) for the period	**7 559**	**11 235**	3 351	6 609
Total deferred tax expense (recovery)*	**(75)**	**(605)**	186	234
	7 484	**10 630**	3 537	6 843

* In 2020 and 2019, the deferred tax liability includes only the impact of changes in temporary differences.

The Company's effective income tax rate differs from the combined statutory income tax rate. This difference arises from the following items:

	October 31, 2020		October 31, 2019	
	3 month	**9 month**	3 month	9 month
	$	**$**	$	$
Income tax expense (recovery) for the period based on combined tax rate (federal and provincial) (of 26.59% in 2020 and 26.69% in 2019)	**7 491**	**10 221**	3 772	7 317
Non-taxable dividends	**(115)**	**(293)**	(77)	(306)
Non-taxable capital gains	**103**	**862**	(186)	(219)
Non-deductible expenses	**9**	**24**	27	74
Other	**(4)**	**(184)**	1	(23)
	7 484	**10 630**	3 537	6 843

(Unaudited and in thousands of Canadian dollars, except per share data)

5. *INCOME TAXES (Continued)*

	Balance as at February 1, 2020	**Recognized in earnings**	**Recognized in other comprehensive income**	**Balance as at October 31, 2020**
	$	**$**	**$**	**$**
Recognized amounts				
Net unrealized gain (loss) on other financial assets	**(390)**	**992**	**-**	**602**
Liability (asset) defined benefit plans	**10 957**	**-**	**-**	**10 957**
Property, plant and equipment	**1 874**	**(387)**	**-**	**1 487**
	12 441	**605**	**-**	**13 046**

	Balance as at February 1, 2019	Recognized in earnings	Recognized in other comprehensive income	Balance as at January 31, 2020
	$	$	$	$
Recognized amounts				
Net unrealized gain (loss) on other financial assets	171	(561)	-	(390)
Liability (asset) defined benefit plans	(6 974)	(13)	17 944	10 957
Liability relating to share-based payments	31	(31)	-	-
Property, plant and equipment	1 774	100	-	1 874
	(4 998)	(505)	17 944	12 441

6. *CASH FLOW ADJUSTMENTS AND CHANGES IN WORKING CAPITAL*

Adjustments are detailed as follows:	**October 31, 2020**		October 31, 2019	
	3 month	**9 month**	3 month	9 month
	$	**$**	$	$
Depreciation of property, plant and equipment	**2 386**	**7 130**	2 477	7 178
Excess (deficit) of contributions over defined benefit plan expense	**345**	**1 035**	330	990
Investment income	**(961)**	**(2 426)**	(652)	(2 174)
Unrealized depreciation (appreciation) of financial assets at fair value	**458**	**6 949**	(1 399)	(1 526)
Losses (gains) on disposal of non-financial assets	**(8)**	**(34)**	17	17
Interest on lease liability	**177**	**540**	194	614
Difference between share-based payments and cash consideration paid	**-**	**-**	(2)	(118)
	2 397	**13 194**	965	4 981

(Unaudited and in thousands of Canadian dollars, except per share data)

6. *CASH FLOW ADJUSTMENTS AND CHANGES IN WORKING CAPITAL (Continued)*

The net change in working capital is detailed as follows:

	October 31, 2020		October 31, 2019	
	3 month	**9 month**	3 month	9 month
		$		$
Trade and other receivables	**1 040**	**1 410**	58	2 952
Inventory	**(17 774)**	**6 066**	(5 599)	6 135
Prepaid expenses	**694**	**(1 210)**	2 061	1 393
Trade and other payables excluding accrued charges of construction in progress	**(825)**	**65 499**	(16 427)	7 622
	(16 865)	**71 765**	(19 907)	18 102

As at February 1, 2019, when IFRS 16 was implemented, a net investment of $432 related to a sublease was recorded in other receivables.

7. *OTHER FINANCIAL ASSETS*

	October 31, 2020	
	Fair value	**Cost**
	$	**$**
At fair value through profit or loss		
Banker's acceptances and discounted notes, between 0.30% and 0.50%, maturing no later than 2020	**52 204**	**52 204**
Government and corporate bonds	**26 058**	**24 976**
Shares of Canadian companies	**24 672**	**26 878**
Shares of U.S. companies	**44 146**	**46 805**
Total at fair value through profit or loss	**147 080**	**150 863**
Total other financial assets	**147 080**	**150 863**

	January 31, 2020	
	Fair value	Cost
	$	$
At fair value through profit or loss		
Banker's acceptances and discounted notes, between 1.30% and 1.35%, maturing no later than 2020	9	9
Government and corporate bonds	64 949	64 235
Preferred shares	5 160	5 049
Shares of Canadian companies	25 996	24 344
Shares of U.S. companies	35 383	34 152
Total at fair value through profit or loss	131 497	127 789
Total other financial assets	131 497	127 789

(Unaudited and in thousands of Canadian dollars, except per share data)

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Parking lots and buildings	Signs	Leasehold improvements	Automotive equipment	Computer equipment	Furniture and equipment	Leased property (1)	Leased automotive equipment (1)	Total
	$	$	$	$	$	$	$	$	$	$
Gross carrying amount										
Balance as at February 1, 2020	**57 522**	**139 239**	**457**	**9 719**	**3 436**	**8 309**	**6 503**	**21 211**	**1 318**	**247 714**
Additions	**-**	**20 152**	**-**	**-**	**30**	**154**	**183**	**-**	**207**	**20 726**
Disposals	**(82)**	**(300)**	**-**	**-**	**(279)**	**(51)**	**-**	**-**	**-**	**(712)**
Balance as at October 31, 2020	**57 440**	**159 091**	**457**	**9 719**	**3 187**	**8 412**	**6 686**	**21 211**	**1 525**	**267 728**
Depreciation and impairment										
Balance as at February 1, 2020	**-**	**69 742**	**410**	**9 537**	**2 442**	**7 563**	**5 358**	**3 989**	**301**	**99 342**
Disposals	**-**	**(300)**	**-**	**-**	**(269)**	**(51)**	**-**	**-**	**-**	**(620)**
Depreciation	**-**	**3 318**	**13**	**34**	**171**	**313**	**248**	**2 794**	**239**	**7 130**
Balance as at October 31, 2020	**-**	**72 760**	**423**	**9 571**	**2 344**	**7 825**	**5 606**	**6 783**	**540**	**105 852**
Carrying amount as at October 31, 2020	**57 440**	**86 331**	**34**	**148**	**843**	**587**	**1 080**	**14 428**	**985**	**161 876**
Gross carrying amount										
Balance as at February 1, 2019	51 989	129 570	416	9 777	3 362	8 039	6 311	19 338	1 318	230 120
Additions	8 170	14 681	41	229	160	521	266	1 873	-	25 941
Disposals	(2 637)	(5 012)	-	(287)	(86)	(251)	(74)	-	-	(8 347)
Balance as at January 31, 2020	57 522	139 239	457	9 719	3 436	8 309	6 503	21 211	1 318	247 714
Balance as at February 1, 2019	-	69 190	380	9 777	2 267	7 147	5 015	-	-	93 776
Disposals	-	(3 749)	-	(286)	(77)	(251)	(29)	-	-	(4 392)
Depreciation	-	4 301	30	46	252	667	372	3 989	301	9 958
Balance as at January 31, 2020	-	69 742	410	9 537	2 442	7 563	5 358	3 989	301	99 342
Carrying amount as at January 31, 2020	57 522	69 497	47	182	994	746	1 145	17 222	1 017	148 372

Carrying amount as at October 31, 2020 includes unamortized assets under construction of $24,559 of which, an amount of $4,716 is included in accrued expenses and, for which the Company has entered, as of October 31, 2020 , into commitments of $1,183. During the nine month period ended October 31, 2020, the Company disposed of property, plant and equipment assets for an amount of $126, which resulted in a gain of $34.

Carrying amount as at January 31, 2020 includes unamortized assets under construction of $5,150 of which, an amount of $1,611 is included in accrued expenses and, for which the Company has entered, as of January 31, 2020 , into commitments of $21,733. During the year ended January 31, 2020, the Company disposed of property, plant and equipment assets for an amount of $4,915, including $4,695 from an exchange of land measured at fair value, which resulted in a gain of $997.

(1) Corresponds to the $20,656 right-of-use assets recognized following the implementation of IFRS 16, refer to Note 3 for additionnal information.

(Unaudited and in thousands of Canadian dollars, except per share data)

9. *LEASE LIABILITY*

The Company is commited under long-term leases for stores, wharehouses and leased automotive equipment, for which a lease liability is recorded. The reconciliation of the lease liability is detailed as follows:

	31 oct. 2020	Jan. 31, 2020
Opening balance	**19 041**	**-**
IFRS 16 implementation (1)	**-**	**21 272**
Additions	**207**	**1 873**
Interest	**540**	**797**
Payments	**(3 511)**	**(4 901)**
Closing balance	**16 277**	**19 041**

The principal payments to be made are detailed as follows:

	Less than one year	From 1 to 5 years	More than 5 years	Total
	$	$	$	$
October 31, 2020	**3 810**	**10 456**	**2 011**	**16 277**
January 31, 2020	3 946	12 396	2 699	19 041

The Company is commited under long-term leases, for which additional payments for taxes and maintenance, not taken into account in the lease liability obligation, are required. During the nine month period ended Oct 31, 2020, a rental charge of $1,285 was recognized in earnings compared to $1,147 for the corresponding period of 2019.

(1) Refer to note 3 for more information on the implementation of IFRS 16.

10. *BANK BORROWINGS*

The Company has an unsecured line of credit in the amount of $30,000 bearing interest at the prime rate, renewable on June 30, 2021. The company is subject to certain restrictive covenants, for the nine month period ended October 31, 2020, the company was not in default.

(Unaudited and in thousands of Canadian dollars, except per share data)

11. *CAPITAL STOCK*

Authorized

Unlimited number of shares without par value
First preferred shares, issuable in series.
Second preferred shares, issuable in series.

	October 31, 2020	January 31, 2020
	$	$
Issued and fully paid		
33,964,700 common shares		
(34,088,000 as at January 31, 2020)	**2 689**	2 697

	October 31, 2020	January 31, 2020
Issued and fully paid		
Beginning of period	**34 088 000**	34 540 000
Share redemption	**(123 300)**	(452 000)
Issued and fully paid, end of period	**33 964 700**	34 088 000
Shares authorized for the share option plan	**5 710 864**	5 710 864
Total shares authorized	**39 675 564**	39 798 864

During the nine month period ended October 31, 2020, the Company redeemed 123,300 common shares for a total cash consideration of $1,128. The redemption premium of $1,120 for the shares was recognized in retained earnings.

During the year ended January 31, 2020, the Company redeemed 452,000 common shares for a total cash consideration of $5,754. The redemption premium of $5,719 for the shares was recognized in retained earnings.

None of the parent's shares were held by any of the Company’s subsidiaries.

Share option plan

The Company has a share option plan for certain directors and employees, which provides for the purchase of common shares under certain circumstances up to a maximum number of 10,729,106 issuable common shares. As at October 31, 2020, a total of 5,710,864 common shares (5,710,864 common shares as at January 31, 2020) remained authorized for issuance under the Company’s share option plan.

(Unaudited and in thousands of Canadian dollars, except per share data)

12. *TRADE AND OTHER PAYABLES*

The following table analyzes trade and other payables recognized in the consolidated statements of financial position:

	Oct. 31, 2020	Jan. 31, 2020
	$	$
Trade accounts payable	**41 072**	26 803
Accrued expenses	**25 325**	12 002
Accrued expenses construction in progress	**4 716**	1 611
Employee benefits	**12 705**	15 928
Customer deposits	**82 525**	41 395
	166 343	97 739

13. *PROVISIONS AND CONTINGENT LIABILITIES*

The Company is party to claims and lawsuits in the normal course of business. Management believes that the resolution of these claims and lawsuits will not have a materially adverse effect on the Company's financial position.

14. *FINANCIAL INSTRUMENTS*

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and liabilities:

	Oct. 31, 2020	Jan. 31, 2020
	$	$
Financial assets		
Financial assets at fair value through profit and loss		
Other financial assets	**147 080**	131 497
Financial assets at amortized cost		
Cash	**61 593**	-
Trade and other receivables	**2 918**	4 328
	64 511	4 328
Financial liabilities		
Financial liabilities at amortized cost		
Bank overdraft	**-**	7 512
Trade (excluding employee benefits) and other payables	**153 638**	81 811
	153 638	89 323

(in thousands of Canadian dollars, except per share data)

14. *FINANCIAL INSTRUMENTS (Continued)*

The following table presents financial assets and financial liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and financial liabilities measured at fair value in the consolidated statements of financial position and financial instruments measured at amortized cost for which fair value is presented are grouped according to the fair value hierarchy is as follows:

			October 31, 2020
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Financial assets at fair value			
Banker's acceptances and discounted notes		**52 204**	
Government and corporate bonds	**26 058**		
Shares of Canadian companies	**24 672**		
Shares of U.S. companies	**44 146**		

			January 31, 2020
	Level 1	Level 2	Level 3
	$	$	$
Financial assets at fair value			
Banker's acceptances and discounted notes		9	
Government and corporate bonds	64 949		
Preferred shares	5 160		
Shares of Canadian companies	25 996		
Shares of U.S. companies	35 383		

(in thousands of Canadian dollars, except per share data)

14. *FINANCIAL INSTRUMENTS (Continued)*

Fair value measurement

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The fair value of a financial instrument is generally the consideration for with the instrument would be exchanged in an arm's length transaction, between knowledgeable, willing parties who are under no compulsion to act.

The existence of published price quotations in an active market is the best evidence of fair value. The fair value of shares and bonds is established based on the most recent closing date market price, based on the bid price at the period-end. If a security is not actively traded, the fair value is determined by a valuation technique using observable market date to the extent possible.

	October 31, 2020		31 octobre 2019	
	3 month	**9 month**	3 month	9 month
	$	**$**	$	$
Gains (losses) on assets held at the close of the reporting period	**(458)**	**(6 949)**	1 399	1 526
Gains (losses) on assets not held at the close of the reporting period	**(313)**	**449**	-	122
Gains (losses) realized and unrealized on financial assets, fair value	**(771)**	**(6 500)**	1 399	1 648

Financial instrument risks

The Company's manages the risks arising from financial instruments, in close cooperation with the Board of Directors. The objectives are to ensure the availability of sufficient amounts of cash flow in the short and medium term of the company by reducing the exposure to financial markets. Long-term financial instruments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Market risk

Market risk encompasses many types of risk. The variation of the types of risk, such as interest rate risk and other factors impacting all similar publicly traded financial instruments, has an impact on the fair value of the financial assets classified at fair value through profit or loss. To minimize market risk, the Company ensures that the type of investments and individual investments in its investment portfolio are diversified. Additionally, a significant portion of its investments is in financial instruments with short maturity dates, in particular banker’s acceptances and discount notes.

(in thousands of Canadian dollars, except per share data)

14. *FINANCIAL INSTRUMENTS (Continued)*

Price risk sensitivity

The following table illustrates the sensitivity of income and equity in regards to changes in the market price all other things being equal. It assumes a ± 5 % change of the market price for the periods ended October 31, 2020 and 2019.

	October 31, 2020	October 31, 2019
	$	$
Variation		
Income for the period and equity	**4 115**	5 559

Exchange risk and foreign currency sensitivity

The Company is exposed to exchange risk, because a part of its purchases of inventory is made in currencies other than Canadian dollars. The Company also owns U.S. dollar equity investments in U.S. companies.

The Company does not enter into foreign exchange forward contracts to mitigate the exposure to foreign currency risk.

Foreign currency denominated financial assets and financial liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated into Canadian dollars at the closing rate:

	Oct. 31, 2020	Oct. 31, 2019
	$	$
Shares of U.S. companies	**44 146**	33 943
Trade and other payables in U.S. dollars	**(3 201)**	(3 780)
Total exposure	**40 945**	30 163

The following table illustrates the sensitivity of income and equity in regards to the Company's financial assets and financial liabilities and the U.S. dollar/Canadian dollar exchange rate all other things being equal. It assumes a ± 5% change of the Canadian dollar exchange rate for the periods ended October 31, 2020 and 2019.

	Oct. 31, 2020	Oct. 31, 2019
Variation	**$**	$
Income for the period and equity	**1 797**	1 333

(in thousands of Canadian dollars, except per share data)

14. *FINANCIAL INSTRUMENTS (Continued)*

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation towards the Company. The Company is exposed to this risk as a result of various financial instruments, for example, its deposits, investments in bonds, etc. The Company's maximum credit risk exposure is limited to the carrying amount of certain financial assets recognized on the reporting date, as summarized in the following table:

	Oct. 31, 2020	Jan. 31, 2020
Financial asset categories – carrying amounts	**$**	$
Cash	**61 593**	-
Trade and other receivables	**2 918**	4 328
	64 511	4 328

The Company's management considers that the credit quality of the above financial assets that are not impaired or in default at the reporting date is good. No significant unimpaired trade and other receivables are in default at the reporting date.

Credit risk in respect of cash, banker's acceptances and discount notes, amounts receivable on credit and debit cards is considered negligible because the counterparties are reputable banks with quality external credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations. The Company manages its liquidities by monitoring forecasted cash receipts and disbursements in the course of daily activities. Net cash requirements are compared with available cash, investments and credit facility to ascertain if they are sufficient for the period in question. The Company also considers expected cash resources from sales and its financial assets in managing the liquidity risk.

(Unaudited and in thousands of Canadian dollars, except per share data)

14. *FINANCIAL INSTRUMENTS (Continued)*

Future payments to be made under its contractual obligations are allocated as follows:

			October 31, 2020		
	Carrying amount	**Contractual cash flows**	**Under 1 year**	**2 - 5 ans**	**More than 5 years**
	$	**$**	**$**	**$**	**$**
Trade and other payables excluding customer deposits	**83 818**	**83 818**	**83 818**	**-**	**-**
Lease liability	**16 277**	**18 045**	**4 414**	**11 492**	**2 139**
	100 095	**101 863**	**88 232**	**11 492**	**2 139**

			January 31, 2020		
	Valeur comptable	Contractual cash flows	Under 1 year	2 - 5 ans	More than 5 years
	$	$	$	$	$
Trade and other payables excluding customer deposits	56 344	56 344	56 344	-	-
Lease liability	19 041	21 282	4 639	13 746	2 897
	75 385	77 626	60 983	13 746	2 897

Capital management

The Company's capital management objectives are to safeguard its assets, while maximizing the Company's growth and providing an adequate return to its shareholders. In addition to a conservative approach with respect to safeguarding the financial position, the Company achieves its objective through sound management of internally generated capital and through using capital when necessary to finance its growth initiatives. The Company's capital corresponds to equity.

(Unaudited and in thousands of Canadian dollars, except per share data)

15. EARNINGS PER SHARE AND DIVIDENDS

The following table presents the calculation of basic net earnings per share:

	October 31, 2020		October 31, 2019	
	3 month	**9 month**	3 month	9 month
	$	**$**	$	$
Net earnings	**20 775**	**27 927**	10 649	20 674
Weighted average number of shares to calculate basic net earnings per share		**34 047 582**		34 425 594
Net earnings per share Basic and diluted	**0,61**	**0,82**	0,31	0,60

16. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization confirmed that COVID-19 was a pandemic. The company continues to actively monitor the status of COVID-19. The company's financial results for the first and second quarter of 2021 felt the impact of COVID-19. However, the company is not in a position to estimate the potential impact on its operations and financial statements in the future.