

BMTC GROUP INC. - PRESS RELEASE

For immediate release

BMTC GROUP INC. ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER ENDED APRIL 30th, 2021.

Montréal, Québec,

June 10th, 2021

Results

For the first quarter ended April 30, 2021, the Company's revenues increased by \$76,763,000 to \$177,208,000 compared to \$100,445,000 recorded in the corresponding 2020 period, a 76% increase. Net earnings for first quarter ended April 30, 2021, amounted to \$10,479,000 compared to a net loss of \$12,427,000 recorded in the corresponding 2020 period. Basic net earnings per share amounted to \$0.31 compared to net losses per share of (\$0.36) recorded in the corresponding 2020 period.

For the first quarter ended April 30, 2021, the share repurchase program contributed to an increase in basic earnings of 0.01\$ per share where during the corresponding 2020 period, it had no impact on basic net earnings or losses per share.

The Company met the eligibility criteria for the Canadian Emergency Wage Subsidy (CEWS) during the quarter ended April 30, 2021. The Company received \$1,244,000 after-tax which contributed to an increase of \$0.04 on basic net earnings per share.

The Company has chosen to provide readers in this quarterly management report the results for the comparable periods ending April 30, 2019 and 2018 in addition to those of April 30, 2020. Management believes that the results for the corresponding period of 2020 are not representative of the normal course results of the Company. The impact of COVID-19 on the corresponding period 2020 makes it difficult to compare and analyze the results.

The variation in adjusted net earnings would be \$21,662,000 or \$0.64 per basic share for the three month period ended April 30, 2021, as well as the comparable periods of 2019 and 2018 is explained as follows:

(Unaudited and \$ in thousands)

	April 30, 2021	April 30, 2020	April 30, 2019	April 30, 2018
Net earnings	10 479	(12 427)	(3 455)	4 806
Gain on disposal of fixed assets (after-tax)	-	-	-	(4 522)
Variation in cost of options (after-tax)	-	-	(61)	(138)
CEWS (after-tax)	<u>(1 244)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted net earnings	9 235	(12 427)	(3 516)	146
Minus: Adjusted net earnings for the previous period	<u>(12 427)</u>	<u>(3 516)</u>	<u>146</u>	<u>27</u>
Variation	<u>21 662</u>	<u>(8 911)</u>	<u>(3 662)</u>	<u>119</u>

The variations in net adjusted earnings is allocated as follows for the three month periods ended April 30, 2021, 2020, 2019 and 2018:

(Unaudited and \$ in thousands)

	Increase (decrease) in retail operations	Increase (decrease) in investment	Increase (decrease) in adjusted net earnings
As at April 30, 2021	5 733	15 929	21 662
As at April 30, 2020	784	(9 695)	(8 911)
As at April 30, 2019	(5 586)	1 924	(3 662)
As at April 30, 2018	1 934	(1 815)	119

During the first quarter ended April 30, 2021, the Company managed to improve its retail operating results by \$9,515,000 or an after-tax increase of \$6,977,000.

Annual financial information

(\$ in thousands, except for per share amounts)

	January 31, 2021	January 31, 2020	January 31, 2019	January 31, 2018 (13 months)
	\$	\$	\$	\$
Revenue	649 056	720 169	742 474	812 689
Net earnings	54 842	36 034	45 165	49 335
Total assets	450 207	382 040	367 624	312 569
Net earnings per share basic and diluted	1,61	1,05	1,29	1,36
Dividends per share	0,29	0,28	0,28	0,24

Financial position and dividends

Cash, net of the bank overdraft, and investments increased by \$55,900,000 during the first quarter ended April 30, 2021. Investments consist of treasuries bearing interest, government and corporate bonds and common shares, which at the close of the quarter had a market value of \$230,992,000 (including cash net of bank overdraft).

As at April 30, 2021, the working capital showed a deficit of \$31,358,000, a decrease of \$3,248,000 compared to the year ended January 31, 2021. The Company's shareholders' equity increased from \$270,708,000 as at January 31, 2021, to \$280,520,000 as at April 30, 2021. As at April 30, 2021, the book value per share stood at \$8.29, compared to \$7.99 as at January 31, 2021.

Pursuant to the normal course issuer-bid put in place on April 15, 2020, and renewed on April 15, 2021, accordingly, 53,100 common shares were repurchased and cancelled by the Company. As a result of this change, the Company had as at April 30, 2021, 33,826,900 common shares issued and outstanding.

During the first quarter ended April 30, 2021, no options were granted. The Company may still grant pursuant to the Plan a total of 5,710,864 options, representing 16.88% of the issued and outstanding shares of the Company.

A semi-annual eligible dividend of \$0.16 per Common Share has been declared to holders registered at the close of business on June 25, 2021, which will be paid on July 2, 2021.

Quarterly results

(\$ in thousands, except for per share amounts)

	April 30 2021	April 30 2020	April 30 2019	April 30 2018
Revenue	177 208	100 445	150 310	162 754
Net (loss) earnings	10 479	(12 427)	(3 455)	4 806
Net (loss) earnings per share Basic and diluted	0,31	(0,36)	(0,10)	0,13

	July 31 2020	July 31 2019	July 31 2018
Revenue	175 973	215 067	220 368
Net earnings	19 579	13 480	16 933
Net earnings per share Basic and diluted	0,57	0,39	0,48

	October 31 2020	October 31 2019	October 31 2018
Revenue	194 352	183 312	184 718
Net earnings	20 775	10 649	11 613
Net earnings per share Basic and diluted	0,61	0,31	0,34

	January 31 2021	January 31 2020	January 31 2019
Revenue	178 286	171 480	174 634
Net earnings	26 915	15 360	11 813
Net earnings per share Basic and diluted	0,79	0,45	0,34

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 2021 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

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 its actual network is to be considered.

The company signed a letter of commitment to enter into a partnership agreement for the development of its property at 500 boulevard Le Corbusier in Laval into several residential rental towers. The Brault & Martineau store will cease its operations in December 2021 and real estate development will begin in January 2022. Management believes that our current store network will be able to cover this region and therefore not affect the Company's sales.

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 subsidiary 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 (CEWS).

The decrease in revenues during the first quarter of the comparable period which ended April 30, 2020, was entirely due to the temporary physical store closures during this period. During the first quarter, 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 store closures during this first quarter amounted to \$52,029,000.

The Company has proactively aligned its cost structure in order to mitigate the loss of revenues incurred during the last fiscal year due to the store closures. The Company intends to maintain these measures throughout the fiscal year 2022, 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.

The Company continues 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 Company was able to increase significantly its revenues during the first quarter ended April 30, 2021 compared to results during the corresponding 2020 period as well as the corresponding 2019 and 2018 periods. In fact, the Company recorded one of the highest revenues in its history. This 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.

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 be delivered due to this shortcoming.

The Company is faced today with two major problems. On May 5, 2021, the Canadian federal government imposed tariffs of up to 295% on upholstered furniture imported from Vietnam and China while not allowing any grace period either for orders in production or for products already in transit to Canada, which can take up 3 to 4 months to reach our ports.

The majority of these products in production as well as those in transit to Canada have already been sold to our customers. It is not possible for the Company to add these new tariffs to the price tags of these products since it increases by more than four times the price initially paid by our customers. The Company will therefore incur significant losses on the sale of these products in order to honor existing contracts with our customers.

Secondly, the Company was able to cancel the production of products affected by these tariffs with some of our suppliers. However, some of these orders have already been sold to our customers, so if the Company is unable to replace it with a similar product at a reasonable price, those sales will need to be canceled. As a result, the Company could be subject to a slew of customers cancelling orders.

Complaints about unfairly priced Chinese and Vietnamese-made products have been a long simmering issue in the furniture business. Although, when the Canadian federal government announced it was seeking to level the playing fields with tariffs, everyone in the industry was expecting tariffs in the range of 10 to 20 per cent, similar to what the U.S. recently implemented. The tariffs imposed so far are preliminary, which means they can be raised, lowered or removed altogether when the government finishes its investigation into the matter later this summer.

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.

Caution regarding forward-looking statements

This press release 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 2021 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 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 press release. 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 press release 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 press release 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 press release under the section "Results" a reconciliation between net earnings and adjusted net earnings.

BMTC Group Inc.'s Common Shares are listed on the Toronto Stock Exchange and through its subsidiary Ameublements Tanguay Inc., and its two divisions, Brault & Martineau and EconoMax, the Company is a major retailer of furniture, electronic goods and household appliances operating in the province of Quebec.

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