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 2024 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 elements that are not considered representative or recurrent 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, unless otherwise indicated, is in Canadian dollars and has been prepared in accordance with IFRS Accounting Standards (IFRS).

Results

For the nine-month period ended October 31, 2024, the Company's revenues increased by $6,064,000 to $450,319,000 compared to $444,255,000 recorded for the corresponding period of 2023, an increase of 1.4%. Of this increase, $3,478,000 comes from investment property income from the new real estate division. Therefore, the retail operation revenues of the Tanguay division increased by 0.6%. Same-store-sales increased by 2.1% for the nine month period ended October 31, 2024. Net earnings for the nine-month period ended October 31, 2024, amounted to $29,419,000 compared to $32,931,000 recorded for the corresponding period of 2023. Basic net earnings per share amounted to $0.90 compared to $1.00 recorded for the corresponding period of 2023. During the corresponding period of 2023, the Company sold its Montreal distribution center resulting in an after-tax gain of $50,962,000 or $1.54 per basic share. This difference was partly mitigated by the significant increase of $29,456,000 in the unrealized gain after-tax of other financial assets which reached $18,194,000 for the nine-month period ended October 31, 2024, compared with the unrealized loss of $11,262,000 recorded for the corresponding period of 2023.The operating earnings as at October 31, 2024 partly reflect the impact of the synergies created following the operational and commercial reorganization carried out in May 2023 with its Tanguay division and should have a greater effect on the yearly financial results of January 31, 2025.

For the nine-month period ended October 31, 2024, the share repurchase program contributed to an increase of $0.02 on basic net earnings per share. As for the corresponding period of 2023, the share repurchase program contributed to a decrease of $0.01 on basic net earnings per share.

During the period ended October 31, 2024, the Company disposed of fixed assets in the amount of $13,427,000, resulting in a total after-tax gain of $9,244,000, or $0.28 per basic share. This total amount includes an after-tax gain of $2,097,000, or $0.07 per basic share, received as an additional settlement obtained by winning the dispute relating to the expropriation of the former Kirkland store by the Réseau express métropolitain (REM) in 2019. The total amount also includes the sale of the Trois-Rivières store for an amount of $4,500,000, resulting in after-tax gain of $3,362,000, or $0.10 per basic share. Finally, the total amount includes the sale of the Brossard store, an asset classified as held for sale, for an amount of $6,510,000, resulting in after-tax gain of $3,785,000, or $0.11 per basic share.

The variation in adjusted net earnings for non-recurring elements would be $38,206,000 or $1.18 per basic share for nine-month period ended October 31, 2024, when compared to the period ended October 31, 2023, is explained as follows:

(Unaudited and $ in thousands)

	October 31, 2024	October 31, 2023
Net earnings	**29 419**	32 931
Gain on disposal of fixed assets (after-tax)	**(9 244)**	(50 962)
Adjusted net earnings	**20 175**	(18 031)
Minus: Adjusted net earnings for the previous year	**(18 031)**	
Variation	**38 206**	

The variations in net adjusted earnings is allocated as follows :

(Unaudited and $ in thousands)

	Increase (decrease) in retail operations	Increase (decrease) in investments	Increase (decrease) in investment properties	Increase (decrease) in adjusted net earnings
As at April 30, 2024	4 867	9 958	(419)	14 406
As at July 31, 2024	6 653	4 455	(466)	10 642
As at October 31, 2024	**2 372**	**13 709**	**(2 923)**	**13 158**
Total	**13 892**	**28 122**	**(3 808)**	**38 206**

Annual financial information

($ in thousands, except for per share amounts)

	January 31, 2024	January 31, 2023
Revenue	**578 945**	717 972
Net earnings	**47 427**	40 838
Total assets	**621 029**	581 694
Net earnings per share basic and diluted	**1,44**	1,23
Dividends per share	**0,36**	0,36

Financial position and dividends

Cash and investments, net of bank overdraft, decreased by $58,812,000 during the nine-month period ended October 31, 2024. This decrease is principally explained by to the acquisition of the RONA distribution center on April 15, 2024, and of a land situated in Lévis, these transactions were paid in full in cash from financial investments held by the Company. Financial investments consist of treasuries bearing interest, government and corporate bonds, common and preferred shares, which at the close of the nine-month period ended October 31, 2024, had a market value of $204,530,000 (including cash).

The Company created a real estate division at the end of the 2024 financial year and commencing 1st quarter ended April 30, 2024, the Company presents its results in a segment manner identifying income from investment properties. Real estate activities include the ownership of buildings in Quebec with the intention of carrying out development activities or obtaining rental income from them. Details are presented in Note 4 and Note 10 to the unaudited interim consolidated financial statements as at October 31, 2024.

As at October 31, 2024, working capital showed a surplus of $2,553,000, a decrease of $5,960,000 compared to the year ended January 31, 2024. The Company's shareholders' equity increased from $476,897,000 as at January 31, 2024, to $496,397,000 as at October 31, 2024. As at October 31, 2024, the book value per share stood at $15.33 compared to $14.59 as at January 31, 2024.

Pursuant to the normal course issuer-bid put in place on April 15, 2023, and renewed on April 15, 2024, accordingly, 294,750 common shares were repurchased and cancelled by the Company. As a result of this change, the Company had as at October 31, 2024, 32,390,300 common shares issued and outstanding.

During the period ended October 31, 2024, no options were granted. The Company may still grant pursuant to the Stock Option Plan a total of 5,710,864 options, representing 17.63% of the issued and outstanding shares of the Company.

A semi-annual eligible dividend of $0.18 per Common Share has been declared to holders registered at the close of business on December 19, 2024, which will be paid on January 3, 2025.

Company pension plans and treatment of future actuarial gains and losses

The pension expense for all plans for the three month and nine month periods ended October 31, 2024, amounted to $1,264,000 and $4,170,000 (compared to $1,568,000 and $4,730,000 for the corresponding periods ended October 31, 2023).

Contributions paid by the Company for all plans for the three month and nine month periods ended October 31, 2024, amounted to $788,000 and $3,244,000 (compared to $1,243,000 and $3,080,000 for the corresponding periods ended October 31, 2023).

Related party transactions

The Company is bound by leases expiring in December 2024, for which a lease liability of $99,000 is recorded as at October 31, 2024.

For the nine month period ended October 31, 2024, depreciation of $396,000 relating to the right-of-use asset and a $9,000 interest expense were recognized in earnings in connection with these leases.

Lease liability

Payments due by period

	(Unaudited and $ in thousands)				
	Carrying amount	Contractual cash flows	Under 1 year	2 - 5 years	After 5 years
Lease liability	6 141	6 665	2 272	4 393	-

Accounting policies and accounting estimates

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

The main estimates discuss allowances on inventories. 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. 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 24 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 trade and other receivables, inventory and cash, while its short-term liabilities include bank overdraft, suppliers of goods and services, customer deposits, employee benefits liabilities and lease liability. 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 8 of the unaudited interim consolidated financial statements as at October 31, 2024. 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 and lease liabilities are relatively insignificant with regard to its overall activities as detailed in Note 9 of the unaudited interim consolidated financial statements as of October 31, 2024. The Company holds no hedging contracts or any other type of derivative products.

Quarterly results

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

	April 30, 2024	April 30, 2023	**July 31, 2024**	July 31, 2023
	$	$	**$**	$
Revenue	**137 144**	135 102	**169 394**	169 075
Net earnings	**1 461**	38 017	**19 464**	3 363
Net basic earnings per share	**0,04**	1,15	**0,60**	0,10

	October 31, 2024	October 31, 2023	**January 31, 2024**	January 31, 2023
	$	$	**$**	$
Revenue	**143 781**	140 078	**134 690**	147 815
Net earnings	**8 494**	(8 449)	**14 496**	11 938
Net basic earnings per share	**0,26**	(0,25)	**0,44**	0,36

For the three-month period ended October 31, 2024, the Company's revenues increased by $3,703,000 to $143,781,000, compared to $140,078,000 recorded for the corresponding 2023 period, a 2.6% increase. Of this increase, $1,871,000 comes from investment property income from the new real estate division. Therefore, the retail operation revenues of the Tanguay division decreased by 1.3%. Same-store-sales increased by 1.8% for the three-month period ended October 31, 2024. Net earnings for the three-month period ended October 31, 2024, amounted to $8,494,000 compared to a net loss of $8,449,000 recorded for the corresponding 2023 period. Basic net earnings per share increased to $0.26 compared to a loss of $0.25 for the corresponding 2023 period. For the nine-month period ended October 31, 2024, the unrealized gain after-tax of other financial assets increased by $14,265,000 to $3,805,000, compared to the unrealized loss of $10,460,000 recorded for the corresponding 2023 period, which explains the significant difference in the net earnings.

For the three-month period ended October 31, 2024, the share repurchase program contributed to an increase of $0.01 on basic net earnings per share. As for the corresponding period of 2023, the share repurchase program contributed to a decrease of $0.01 on basic net earnings per share.

During the period ended October 31, 2024, the Company disposed of its Brossard store, an asset classified as held for sale, in the amount of $6,510,000, resulting in an after-tax gain of $3,785,000, or $0.11 per basic share.

The variation in adjusted net earnings for non-recurring elements would be $13,158,000 or $0.41 per basic share for the three-month period ended October 31, 2024, when compared to the three-month period of 2023 period, is explained as follows:

	($ in thousands)	
	October 31, 2024	October 31, 2023
Net earnings	**8 494**	(8 449)
Gain on disposal of land (after-tax)	**(3 785)**	-
Adjusted net earnings	**4 709**	(8 449)
Minus: Adjusted net earnings for the previous year	**(8 449)**	
Variation	**13 158**	

Operations

Tanguay division

The Company has decided to make significant changes to transform its former Brault & Martineau and EconoMax stores into Tanguay stores in order to provide a better product and service offering and a unique customer experience in its market. The stores revitalization program across our entire network was initially estimated at $28,000,000, but as of January 31, 2024, the amount was reassessed downward to $20,000,000. During the year ended January 31, 2024, $15,500,000 of these costs were recorded in operating expenses in the Consolidated Statements of Earnings and Other Comprehensive Income, and an additional $3,273,780 of these costs were incurred for the nine-month period ended October 31, 2024.

At the end of April 2024, the Company finalised the purchase of land in Lévis located in the Quebec region, for an amount of $20,223,000.

Real estate division

On April 15th, 2024, the Company finalised the purchase of the RONA distribution center bearing the civic address 2055, boulevard des Entreprises in the city of Terrebonne. The transaction was in the amount of $96,000,000 before taxes which includes a lease-back agreement with RONA. The transaction was paid in full in cash from investments held by the Company. The Company intends to continue on a long-term basis to collect lease revenues from this property. The Company is currently evaluating renovations costs in order to make the distribution center more efficient by automating it in order to create greater lease value.

The Company entered into a partnership agreement with Urbania, who will be responsible for the redevelopment and construction of its property at 500 boulevard Le Corbusier in Laval into several residential rental towers. The Company intends to finance this real estate project at 75% with a long-term mortgage. The estimated value of the entire project is approximately $600,000,000. The Company created a new subsidiary, Le Corbusier-Concorde S.E.C. for this real estate project on January 31st, 2022. This real estate project should begin in the summer of 2025 as we are waiting for the approval of all permits from the city of Laval before we begin the construction phase. Once construction begins, the project should span over a period of 8 to 10 years with the construction of 5 rental residential towers for a total of approximately 1,200 apartments.

As announced on February 1, 2023, the Company concluded the sale of its distribution center in Montreal for an amount of $66,500,000, resulting in an after-tax gain of $50,962,000, or $1.54 per basic share. The Company remains a tenant and uses this distribution center for its operations in the Montreal metropolitan region. The initial lease was for 2 years and in February 2024, the Company renewed its lease.

The Company intends to proceed with the real estate development of several rental residential towers on its property located at 125 boul. Desjardins Est in Sainte-Thérèse. This real estate project is currently in the exploratory phase and the Company has identified a potential developer for the project. We should be able to announce during this financial year the details of this real estate project.

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
- Interest rates fluctuation risks
- Risks related to real estate sector concentration

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

In the last few years, e-commerce has developed exponentially in Quebec. The Company continues to focus on online sales 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.

It is also Management's opinion that the digital platforms of our banner is 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.

It is difficult to predict future consumer behavior, however the results for the 3rd quarter of 2024 are encouraging. The economic downturn we have experienced over the past year is the result of high inflation and rising interest rates. The most sensitive sectors, such as real estate and financed products, are the most affected and are expected to continue to experience a slowdown, which could have an impact on the Company's results.

Management remains confident that, thanks to its effective management, the operational and commercial reorganization carried out in May 2023 and the solidity of its financial structure, the Company will be able to maintain its objectives which consist of increasing its market share in Quebec and its profitability, even in a more difficult market.

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

The Company's management evaluated, as at January 31, 2024, 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, 2024.

No changes were made in the Company's ICFR during the period beginning on August 1, 2024 and ended October 31, 2024, which have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Other information

This Quarterlyl Management Report for the period ended October 31, 2024 provides an analysis of the consolidated results of operations, financial position, and cash flows of the Company 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 12th, 2024