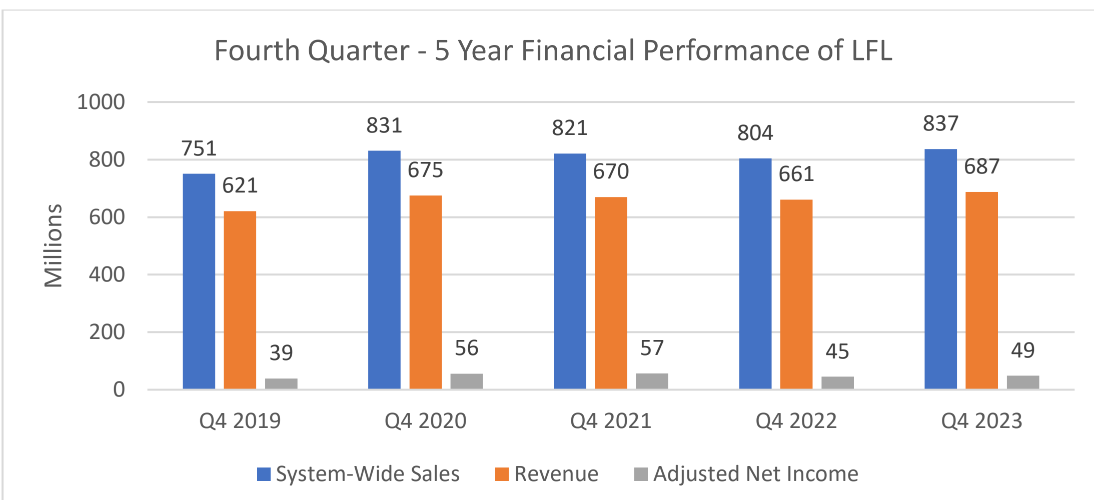
LFL, Canada's Largest Home Retailer, Releases Record Revenue for the Quarter Ended December 31, 2023; Same-Store Sales increase of 3.6% in the 4th Quarter

TORONTO, ONTARIO February 21, 2024 – Leon's Furniture Limited ("**LFL**" or the "**Company**") (**TSX: LNF**), today announced financial results for the quarter and year ended December 31, 2023.

Financial Highlights – Q4-2023

These comparisons are with the 2022 fourth quarter unless stated otherwise.

- Total system-wide sales for the fourth quarter 2023 was a record $836.5 million, an increase of 4.0%.
- Revenue for the fourth quarter 2023 was also a record $686.9 million, an increase of 3.9%.
- Same store sales[(1)] increase of 3.6%.
- Gross profit margin in the quarter increased 137 basis points to 44.94%.
- Adjusted net income[(1)] for the quarter totaled $48.9 million, an increase of 9.6%.
- Adjusted diluted earnings per share[(1)] of $0.72, an increase of 7.5%.
- Given the Company's substantial financial liquidity, $60 million in long-term debt was repaid during the fourth quarter.
- On December 31, 2023, unrestricted liquidity was $416.5 million, comprised of cash, cash equivalents, debt and equity instruments and the undrawn revolving credit facility.



[(1)] For a full explanation of the Company's use of non-IFRS and supplementary financial measures, please refer to the sections of this press release with the headings "Non-IFRS Financial Measures" and "Supplementary Financial Measures".

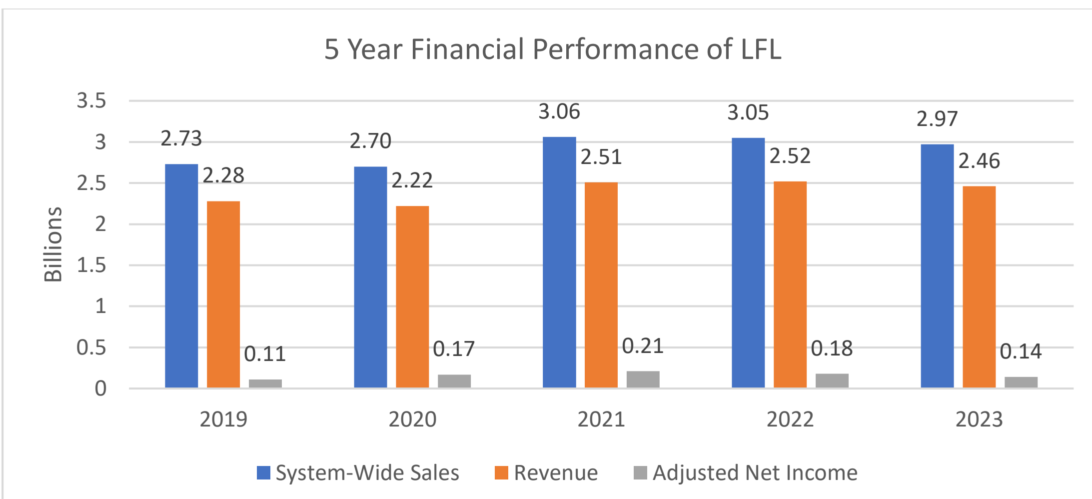
Financial Highlights –year ended December 31, 2023

These comparisons are with the 2022 fiscal year unless stated otherwise.

- Total system-wide sales were $2.97 billion, a decrease of 2.7%.
- Revenue for the year 2023 was $2.46 billion, a decrease of 2.5%.
- Same store sales[(1)] decrease of 2.6%.
- Gross profit margin in the year increased 7 basis points to 44.13%.
- Adjusted net income[(1)] for the year totaled $141.5 million, a decrease of 20.2%.
- Adjusted diluted earnings per share[(1)] of $2.06, a decrease of 20.8%.
- Cash provided by operating activities was $253.3 million for the year in comparison to $14.3 million in the prior year reflecting the strong cash flow generation of the business operations.
- The Company received $20 million in proceeds on the settlement of warrants resulting from CURO Intermediate Holding's sale of Flexiti to Questrade.
- The Company repaid $134.4 million in long-term debt during the year.

As announced last quarter, LFL's Board of Directors approved the Company's resolution to create a Real Estate Investment Trust (REIT) via initial public offering (IPO).

Subsequent to the year end, the company announced a 40 Acre High Density Mixed-Use Development in Toronto at the Crossroads of Highways 401 and 400 as part of its multi-pronged strategy to unlock the value of its substantial real estate holdings.



(1) For a full explanation of the Company's use of non-IFRS and supplementary financial measures, please refer to the sections of this press release with the headings "Non-IFRS Financial Measures" and "Supplementary Financial Measures".

Mike Walsh, President and CEO of LFL commented, "Our team delivered record revenues in the fourth quarter and solid bottom line growth compared to Q4 of last year. Our strong inventory position combined with our promotional strategy drove higher customer traffic, higher average basket and improved gross margins. The retail results were complemented with strong growth from our high margin warranty and insurance businesses as we continue to improve attachment rates on retail transactions. The results of this quarter demonstrate that our trusted brands, scale and value proposition are resonating in the marketplace despite persisting macro-economic challenges. We enter 2024 with continued sales momentum, low cost and in-stock inventory and a rock-solid balance sheet to support our growth."

Mr. Walsh continued, "During 2024, we will maintain a focus on driving profitable growth across our divisions while continuing to execute on our real estate strategy of unlocking value for shareholders. The recent announcement of our intention to develop a high density, mixed-use community on 40 acres of owned land in a core area of Toronto is expected to create significant value both for the community and shareholders over a multi-year time period. In addition, we are working with our advisors to continue the work with respect to our other real estate holdings."

Summary financial highlights for the three months ended December 31, 2023 and December 31, 2022

For the	Three months ended			
(C$ in millions except %, share and per share amounts)	December 31, 2023	December 31, 2022	$ Increase (Decrease)	% Increase (Decrease)
Total system-wide sales (1)	**836.5**	804.4	32.1	4.0%
Franchise sales (1)	**149.6**	143.2	6.4	4.5%
Revenue	**686.9**	661.2	25.7	3.9%
Cost of sales	**378.2**	373.1	5.1	1.4%
Gross profit	**308.7**	288.1	20.6	7.2%
Gross profit margin as a percentage of revenue	**44.94%**	43.57%		
Selling, general and administrative expenses (2)	**239.6**	223.1	16.5	7.4%
SG&A as a percentage of revenue	**34.88%**	33.74%		
Income before net finance costs and income tax expense	**69.1**	65.0	4.1	6.3%
Net finance costs	**(4.2)**	(6.0)	(1.8)	(30.0%)
Income before income taxes	**64.9**	59.0	5.9	10.0%
Income tax expense	**16.0**	14.4	1.6	11.1%
Adjusted net income (1)	**48.9**	44.6	4.3	9.6%
Adjusted net income as a percentage of revenue (1)	**7.12%**	6.75%		
After-tax mark-to-market loss on financial derivative instruments (1)	**2.7**	1.4	1.3	92.9%
Net income	**46.2**	43.2	3.0	6.9%
Basic weighted average number of common shares	**68,031,796**	66,957,921		
Basic earnings per share	**$0.68**	$0.65	$0.03	4.6%
Adjusted basic earnings per share (1)	**$0.72**	$0.67	$0.05	7.5%
Diluted weighted average number of common shares	**68,646,892**	67,148,859		
Diluted earnings per share	**$0.68**	$0.65	$0.03	4.6%
Adjusted diluted earnings per share (1)	**$0.72**	$0.67	$0.05	7.5%
Common share dividends declared	**$0.18**	$0.16	$0.02	12.5%
Convertible, non-voting shares dividends declared	**$0.32**	$0.32	$0.00	0.0%

(1) Refer to the non-IFRS financial measures section for additional information.

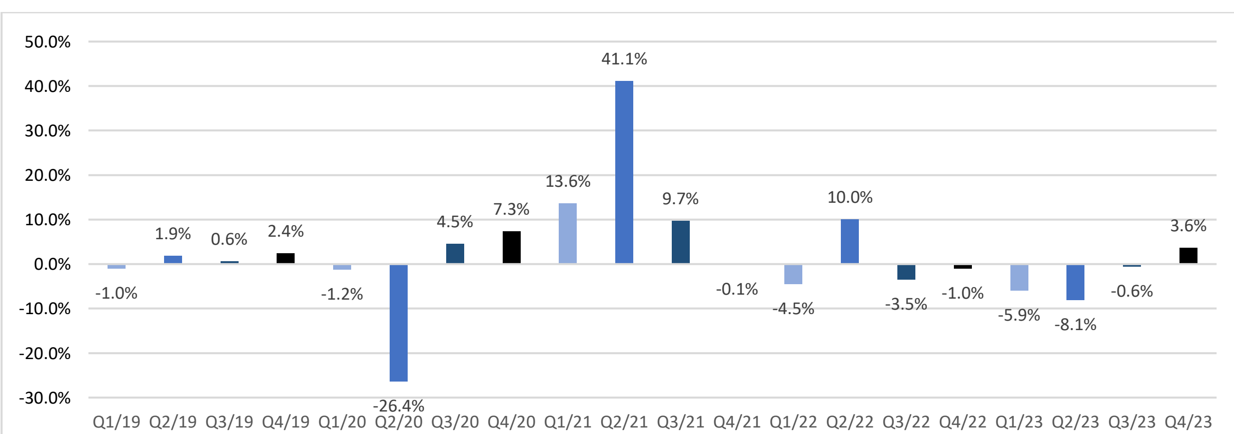
(2) Selling, general and administrative expenses ("SG&A").

Same Store Sales (1)

For the	Three months ended			
(C$ in millions, except %)	December 31, 2023	December 31, 2022	$ Increase	% Increase
Same store sales (1)	**671.4**	648.1	23.3	3.6%

(1) Refer to the supplementary financial measures section for additional information.

Historical Same Store Sales (1) as previously reported based on comparable quarters



Revenue

For the three months ended December 31, 2023, revenue was $686.9 million compared to $661.2 million in the fourth quarter 2022. Revenue increased $25.7 million or 3.9% as compared to the prior year quarter. The improvement was driven by strong growth in the furniture and appliance categories, which were supported by strong inventory positions and effective promotions.

Same Store Sales [1]

Same store sales in the quarter increased by 3.6% compared to the fourth quarter 2022, driven by factors discussed in the revenue section.

Gross Profit

The gross profit margin of 44.94% in the quarter increased by 137 basis points from the fourth quarter 2022. This increase in gross margin percentage during the quarter was primarily driven by more favorable business mix, improved furniture margin due to lower freight costs, optimized promotional initiatives, and continued growth of the warranty and insurance businesses.

Selling, General and Administrative Expenses (“SG&A”)

The Company’s SG&A as a percentage of revenue for the fourth quarter of 2023 was 34.88% compared to 33.74% for the fourth quarter 2022, an increase of 114 basis points. The Company’s SG&A as a percentage of revenue for the current quarter increased primarily because of an increase in point-of-sale retail financing fees due to the increased Bank of Canada interest rates compared to same quarter last year.

Adjusted Net Income [1] and Adjusted Diluted Earnings Per Share [1]

The adjusted net income in the current quarter totaled $48.9 million, which represents an increase of $4.3 million over the prior year’s quarter. The improvement is driven by strong operational results and reduced interest costs due to lower debt.

The adjusted diluted earnings per share in the fourth quarter of 2023 was $0.72 per share, an increase of 7.5% over the prior year’s quarter.

Net Income and Diluted Earnings Per Share

Net income for the fourth quarter of 2023 was $46.2 million, or $0.68 per diluted earnings per share as compared to the net income of $43.2 million in the prior year’s quarter, or $0.65 per diluted earnings per share.

(1) Please refer to the sections of this press release with the headings “Non-IFRS Financial Measures” and “Supplementary Financial Measures”.

Summary financial highlights for the year ended December 31, 2023, 2022 and 2021

For the	Year ended							
(C$ in millions except %, share and per share amounts)	**2023**	**2022**	**$ Increase (Decrease)**	**% Increase (Decrease)**	2022	2021	$ Increase (Decrease)	% Increase (Decrease)
Total system-wide sales (1)	**2,971.5**	3,053.0	(81.5)	(2.7%)	3,053.0	3,057.6	(4.6)	(0.2%)
Franchise sales (1)	**516.7**	535.3	(18.6)	(3.5%)	535.3	544.9	(9.6)	(1.8%)
Revenue	**2,454.8**	2,517.7	(62.9)	(2.5%)	2,517.7	2,512.7	5.0	0.2%
Cost of sales	**1,371.6**	1,408.2	(36.6)	(2.6%)	1,408.2	1,404.4	3.8	0.3%
Gross profit	**1,083.2**	1,109.4	(26.2)	(2.4%)	1,109.4	1,108.2	1.2	0.1%
Gross profit margin as a percentage of revenue	**44.13%**	44.06%			44.06%	44.10%		
Selling, general and administrative expenses (2)	**897.7**	854.7	43.0	5.0%	854.7	819.1	35.6	4.3%
SG&A as a percentage of revenue	**36.57%**	33.95%			33.95%	32.60%		
Other income (3)	**(20.0)**	-	(20.0)	100%	-	-	-	
Income before net finance costs and income tax expense	**205.5**	254.7	(49.2)	(19.3%)	254.7	289.1	(34.4)	(11.9%)
Net finance costs	**(19.5)**	(21.5)	(2.0)	(9.3%)	(21.5)	(15.0)	6.5	43.3%
Income before income taxes	**186.0**	233.2	(47.2)	(20.2%)	233.2	274.1	(40.9)	(14.9%)
Income tax expense	**44.5**	56.0	(11.5)	(20.5%)	56.0	68.7	(12.7)	(18.5%)
Adjusted net income (1)	**141.5**	177.2	(35.7)	(20.2%)	177.2	205.5	(28.3)	(13.8%)
Adjusted net income as a percentage of revenue (1)	**5.76%**	7.04%			7.04%	8.18%		
After-tax mark-to-market loss/(gain) on financial derivative instruments (1)	**2.6**	(2.2)	4.8	218.2%	(2.2)	(1.7)	(0.5)	(29.4%)
Net income	**138.9**	179.4	(40.5)	(22.6%)	179.4	207.2	(27.8)	(13.4%)
Basic weighted average number of common shares	**67,962,903**	67,512,284			67,512,284	77,623,382		
Basic earnings per share	**$2.04**	$2.66	$(0.62)	(23.3%)	$2.66	$2.67	$(0.01)	(0.4%)
Adjusted basic earnings per share (1)	**$2.08**	$2.62	$(0.54)	(20.6%)	$2.62	$2.65	$(0.03)	(1.1%)
Diluted weighted average number of common shares	**68,654,322**	68,164,937			68,164,937	79,062,376		
Diluted earnings per share	**$2.02**	$2.64	$(0.62)	(23.5%)	$2.64	$2.62	$0.02	0.8%
Adjusted diluted earnings per share (1)	**$2.06**	$2.60	$(0.54)	(20.8%)	$2.60	$2.60	$-	0.0%
Common share dividends declared	**$0.66**	$0.64	$0.02	3.1%	$0.64	$1.89	$(1.25)	(66.1%)
Convertible, non-voting shares dividends declared	**$0.32**	$0.32	$0.00	0.0%	$0.32	$0.32	$-	0.0%

(1) Refer to the non-IFRS financial measures section for additional information.
(2) Selling, general and administrative expenses ("SG&A").
(3) The Company received a $20 million one-time payment to settle the value of warrant rights negotiated as part of the original agreement with CURO. Please refer to Note 20 of the consolidated financial statements.

Same Store Sales (1)

For the	Year ended			
(C$ in millions, except %)	**December 31, 2023**	**December 31, 2022**	**$ Decrease**	**% Decrease**
Same store sales (1)	**2,398.4**	2,462.6	(64.2)	(2.6%)

(1) Refer to the supplementary financial measures section for additional information.

Revenue

For the year ended December 31, 2023, revenue was $2,454.8 million compared to $2,517.7 million in the prior year, a decrease of $62.9 million or 2.5% as compared to the prior year. This is driven by macro-economic factors that led to a decrease in consumer demand in the first half of the year, offset by a return to growth in the second half of the year. Despite the cautious consumer sentiment, the mattress product category grew year-over-year partly as a result of our partnership with Resident, the largest direct-to-consumer mattress company in North America.

Same Store Sales (1)

Same store corporate sales decreased by 2.6% or $64.2 million comparable to the year ended December 31, 2022 driven by the factors discussed in the revenue section above.

Gross Profit

The gross profit margin increased by 7 basis points from 44.06% for the year ended December 31, 2022 to 44.13% in the year ended December 31, 2023. This favourable result is due to a decrease in ocean and overland transportation costs and a more favourable product mix for the year.

Selling, General and Administrative Expenses

The Company's SG&A as a percentage of revenue for the year ended December 31, 2023 increased to 36.57%, an increase of 262 basis points over the prior year of 33.95%. The Company's SG&A as a percentage of revenue for the year increased due to a decline in sales, increases due to provincial wage increases, an increase in point-of-sale retail financing fees due to the continuing Bank of Canada interest rate increases and an overall increase in marketing spend to drive revenue.

Adjusted Net Income (1) and Adjusted Diluted Earnings Per Share (1)

Adjusted net income for the year ended December 31, 2023 totaled $141.5 million, a decrease of $35.7 million or 20.2% over the prior year.

Adjusted diluted earnings per share for the Company decreased to $2.06 per share compared to $2.60 per share in the year ended December 31, 2022, a decrease of $0.54 per share.

Net Income and Diluted Earnings Per Share

Including the mark-to-market impact of the Company's financial derivatives, net income for the year ended December 31, 2023 was $138.9 million, or $2.02 per diluted earnings per share (net income of $179.4 million, $2.64 per diluted earnings per share in 2022).

(1) Please refer to the sections of this press release with the headings "Non-IFRS Financial Measures" and "Supplementary Financial Measures".

Dividends

As previously announced, the Company paid a quarterly dividend of $0.18 per common share on 8th day of January 2024. Today the Directors have declared a quarterly dividend of $0.18 per common share payable on the 8th day of April 2024 to shareholders of record at the close of business on the 8th day of March 2024. As of 2007, dividends paid by Leon's Furniture Limited are "eligible dividends" pursuant to the changes to the Income Tax Act under Bill C-28, Canada.

Outlook

Given the Company's strong and continuously improving financial position, our principal objective is to increase our market share and profitability. We remain focused on our commitment to effectively manage our costs but to also continuously invest in the business to drive growth initiatives that will drive more customers to both our online eCommerce sites and our 303 store locations across Canada.

Non-IFRS Financial Measures

The Company uses financial measures that do not have standardized meaning under IFRS and may not be comparable to similar measures presented by other entities. The Company calculates the non-IFRS financial measures by adjusting certain IFRS measures for specific items the Company believes are significant, but not reflective of underlying operations in the period, as detailed below:

Non-IFRS Measure	IFRS Measure
Adjusted net income	Net income
Adjusted income before income taxes	Income before income taxes
Adjusted earnings per share - basic	Earnings per share - basic
Adjusted earnings per share - diluted	Earnings per share - diluted
Adjusted EBITDA	Net income

Adjusted Net Income

The Company calculates comparable measures by excluding the effect of changes in fair value of derivative instruments, related to the net effect of USD-denominated forward contracts. The Company uses derivative instruments to manage its financial risk in accordance with the Company's corporate treasury policy. Management believes excluding from income the effect of these mark-to-market valuations and changes thereto, until settlement, better aligns the intent and financial effect of these contracts with the underlying cash flows.

Adjusted EBITDA

Adjusted earnings before interest, income taxes, depreciation and amortization, mark-to-market adjustment due to the changes in the fair value of the Company's financial derivative instruments and any non-recurring charges to income ("Adjusted EBITDA") is a non-IFRS financial measure used by the Company. The Company considers adjusted EBITDA to be an effective measure of profitability on an operational basis and is commonly regarded as an indirect measure of operating cash flow, a significant indicator of success for many businesses. The Company's Adjusted EBITDA may not be comparable to the Adjusted EBITDA measure of other companies, but in management's view appropriately reflects the Company's specific financial condition. This measure is not intended to replace net income, which, as determined in accordance with IFRS, is an indicator of operating performance.

The following is a reconciliation of reported net income to adjusted EBITDA:

For the	Three months ended		Year ended	
(C$ in millions)	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Net income	**46.2**	43.2	**138.9**	179.4
Income tax expense	**15.1**	13.9	**43.6**	56.8
Net finance costs	**4.2**	6.0	**19.5**	21.5
Depreciation and amortization	**27.0**	27.1	**107.8**	110.0
Gain on settlement of warrant	**-**	-	**(20.0)**	-
Mark-to-market loss/(gain) on financial derivative	**3.6**	1.9	**3.5**	(3.0)
Adjusted EBITDA	**96.1**	92.1	**293.3**	364.7

Total System Wide Sales

Total system wide sales refer to the aggregation of revenue recognized in the Company’s consolidated financial statements plus the franchise sales occurring at franchise stores to their customers which are not included in the revenue figure presented in the Company’s consolidated financial statements. Total system wide sales is not a measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS, but it is a key indicator used by the Company to measure performance against prior period results. Therefore, total system wide sales as discussed in this MD&A may not be comparable to similar measures presented by other issuers. We believe that disclosing this measure is meaningful to investors because it serves as an indicator of the strength of the Company’s overall store network, which ultimately impacts financial performance.

Franchise Sales

Franchise sales figures refer to sales occurring at franchise stores to their customers which are not included in the revenue figures presented in the Company’s consolidated financial statements, or in the same store sales figures in this MD&A. Franchise sales is not a measure recognized by IFRS, and does not have a standardized meaning prescribed by IFRS, but it is a key indicator used by the Company to measure performance against prior period results. Therefore, franchise sales as discussed in this MD&A may not be comparable to similar measures presented by other issuers. Once again, we believe that disclosing this measure is meaningful to investors because it serves as an indicator of the strength of the Company’s brands, which ultimately impacts financial performance.

Supplementary Financial Measures

The Company uses supplementary financial measures to disclose financial measures that are not (a) presented in the financial statements and (b) is, or is intended to be, disclosed periodically to depict the historical or expected future financial performance, financial position or cash flow, that is not a non-IFRS financial measure as detailed above.

Same Store Sales

Same store sales are defined as sales generated by stores, both in store and through online transactions, that have been open for more than 12 months on a fiscal basis. Same store sales as discussed in this MD&A may not be comparable to similar measures presented by other issuers, however this measure is commonly used in the retail industry. We believe that disclosing this measure is meaningful to investors because it enables them to better understand the level of growth of our business.

About Leon’s Furniture Limited

Leon’s Furniture Limited is the largest retailer of furniture, appliances and electronics in Canada. Our retail banners include: Leon’s; The Brick; Brick Outlet; and The Brick Mattress Store. Finally, with The Brick’s Midnorthern Appliance banner alongside with Leon’s Appliance Canada banner, this makes the Company the country’s largest commercial retailer of appliances to builders, developers, hotels and property management companies. The Company has 303 retail stores from coast to coast in Canada under various banners. The Company operates six websites: leons.ca, thebrick.com, furniture.ca, midnorthern.com, transglobalservice.com and appliancecanada.com.

Cautionary Statement

This press release may contain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to vary materially from targeted results. Such risks and uncertainties include those described in Leon's Furniture Limited's periodic reports including the annual report or in the filings made by Leon's Furniture Limited from time to time with securities regulatory authorities.

This News Release may include certain "forward-looking statements" which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, the Company's objectives, goals or future plans, and estimates of market conditions. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to failure to identify beneficial business opportunities, failure to convert the potential in the pursued business opportunities to tangible benefits to the Company or its shareholders, the ability of the Company to counteract the potential impact of the COVID-19 coronavirus on factors relevant to the Company's business, delays in obtaining or failures to obtain required shareholder and TSX approvals, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, and those risks set out in the Company's public documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

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