LEON'S FURNITURE LIMITED

Interim Condensed Consolidated Financial Statements

For the period ended September 30, 2025

Table of Contents

Unaudited Interim Condensed Consolidated Financial Statements

Interim Consolidated Statements of Financial Position **1**

Interim Consolidated Statements of Income **2**

Interim Consolidated Statements of Comprehensive Income **3**

Interim Consolidated Statements of Changes in Shareholders' Equity **4**

Interim Consolidated Statements of Cash Flows **5**

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

Note 1 Reporting Entity **6**

Note 2 Basis of Presentation **6**

Note 3 Summary of Significant Accounting Policies **6**

Note 4 Capital Risk Management **7**

Note 5 Inventories **8**

Note 6 Property, Plant and Equipment and Right-Of-Use Assets **8**

Note 7 Investment Properties **9**

Note 8 Intangible Assets **10**

Note 9 Leases **11**

Note 10 Long-term Debt **12**

Note 11 Management Share Purchase Plan **12**

Note 12 Common Shares **14**

Note 13 Revenue **15**

Note 14 Income Tax Expense **15**

Note 15 Earnings Per Share **16**

Note 16 Financial Instruments **16**

Note 17 Interim Consolidated Statements of Cash Flows **18**

Note 18 Comparative Financial Information **18**

Interim Consolidated Statements of Financial Position (unaudited)

As at (C$ in thousands)	Notes	September 30, 2025	December 31, 2024	September 30, 2024
Assets				
Current assets				
Cash and cash equivalents		**207,947**	191,238	125,039
Debt securities		**112,712**	99,139	88,849
Equity securities		**41,265**	35,030	35,329
Trade receivables		**156,313**	185,975	182,781
Income taxes recoverable		**2,587**	1,458	9,632
Inventories	**5**	**413,127**	395,491	377,196
Deferred acquisition costs		**13,962**	13,721	13,699
Prepaid expenses and other assets		**18,231**	12,617	19,979
Derivative assets	**16**	**-**	1,545	833
Total current assets		**966,144**	936,214	853,337
Non-current assets				
Deferred acquisition costs		**22,712**	22,778	22,389
Loan receivable	**11**	**21,336**	15,546	15,714
Property, plant and equipment and right-of-use assets	**6**	**733,926**	674,676	647,930
Investment properties	**7**	**13,432**	13,724	13,813
Intangible assets	**8**	**270,196**	270,689	270,938
Goodwill		**390,120**	390,120	390,120
Deferred income tax assets		**17,253**	16,939	17,498
Total non-current assets		**1,468,975**	1,404,472	1,378,402
Total assets		**2,435,119**	2,340,686	2,231,739
Liabilities				
Current liabilities				
Trade and other payables		**303,376**	298,226	288,726
Current portion of provisions		**7,233**	8,237	10,915
Income taxes payable		**2,271**	1,493	2,265
Customers' deposits		**126,641**	177,233	146,201
Current portion of lease liabilities	**9**	**77,659**	79,690	78,531
Dividends payable		**16,500**	13,639	13,638
Current portion of deferred warranty plan and insurance revenue		**71,384**	70,508	70,301
Current portion of long-term debt	**10**	**7,500**	7,500	7,500
Derivative liabilities	**16**	**949**	-	-
Total current liabilities		**613,513**	656,526	618,077
Non-current liabilities				
Long-term debt	**10**	**72,500**	72,500	82,500
Lease liabilities	**9**	**322,714**	265,860	245,944
Deferred warranty plan and insurance revenue		**113,340**	112,987	110,874
Provisions		**27,331**	24,351	20,742
Deferred income tax liabilities		**64,659**	67,312	66,980
Total non-current liabilities		**600,544**	543,010	527,040
Total liabilities		**1,214,057**	1,199,536	1,145,117
Shareholders' equity				
Common shares	**12**	**179,552**	167,231	167,216
Retained earnings		**1,022,152**	960,471	906,289
Accumulated other comprehensive income		**19,358**	13,448	13,117
Total shareholders' equity		**1,221,062**	1,141,150	1,086,622
Total liabilities and shareholders' equity		**2,435,119**	2,340,686	2,231,739

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Interim Consolidated Statements of Income (unaudited)

For the		Three months ended		Nine months ended	
(C$ in thousands except share and per share amounts)	Notes	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue	**13**	**678,633**	651,934	**1,902,273**	1,831,851
Cost of sales	**5**	**376,093**	366,397	**1,052,653**	1,028,392
Gross profit		**302,540**	285,537	**849,620**	803,459
Selling, general and administrative expenses		**240,861**	232,356	**700,498**	681,518
Other (income) loss		**(8,682)**	460	**(1,019)**	(3,098)
Net finance costs		**3,786**	3,800	**9,585**	11,501
Net income before income tax		**66,575**	48,921	**140,556**	113,538
Income tax expense	**14**	**16,246**	12,060	**34,566**	27,692
Net income for the period		**50,329**	36,861	**105,990**	85,846
Weighted average number of common shares outstanding	**15**				
Basic		**68,415,836**	68,182,137	**68,291,847**	68,126,175
Diluted		**68,744,325**	68,646,871	**68,676,935**	68,646,525
Earnings per share	**15**				
Basic		**$0.74**	$0.54	**$1.55**	$1.26
Diluted		**$0.73**	$0.54	**$1.54**	$1.25
Dividends declared per share					
Common		**$0.24**	$0.20	**$0.64**	$0.56

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income (unaudited)

For the	Three months ended		Nine months ended	
(C$ in thousands)	**September 30, 2025**	**September 30, 2024**	**September 30, 2025**	**September 30, 2024**
Net income for the period	**50,329**	36,861	**105,990**	85,846
Other comprehensive income (loss)				
Item that may be reclassified subsequently to profit or loss:				
Gain on debt instruments arising during the period	**793**	2,617	**1,563**	2,530
Reclassification adjustment for gain on disposal of debt instruments	**-**	-	**-**	2
Item that will not be reclassified to profit or loss:				
Gain on equity instruments arising during the period	**2,718**	2,185	**4,632**	4,112
Income tax expense on the above	**(187)**	(220)	**(285)**	(285)
Other comprehensive income for the period	**3,324**	4,582	**5,910**	6,359
Comprehensive income for the period	**53,653**	41,443	**111,900**	92,205

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(C$ in thousands)	Common shares	Accumulated other comprehensive income	Retained earnings	Total
As at December 31, 2024	**167,231**	**13,448**	**960,471**	**1,141,150**
Comprehensive income				
Net income for the period	**-**	**-**	**105,990**	**105,990**
Other comprehensive income for the period	**-**	**5,910**	**-**	**5,910**
Total comprehensive income	**-**	**5,910**	**105,990**	**111,900**
Transactions with shareholders				
Dividends declared	**-**	**-**	**(43,795)**	**(43,795)**
Management share purchase plan [note 11]	**12,376**	**-**	**-**	**12,376**
Repurchase of common shares [note 12]	**(55)**	**-**	**(514)**	**(569)**
Total transactions with shareholders	**12,321**	**-**	**(44,309)**	**(31,988)**
As at September 30, 2025	**179,552**	**19,358**	**1,022,152**	**1,221,062**

(C$ in thousands)	Common shares	Accumulated other comprehensive income	Retained earnings	Total
As at December 31, 2023	164,875	6,758	856,891	1,028,524
Comprehensive income				
Net income for the period	-	-	85,846	85,846
Other comprehensive income for the period	-	6,359	-	6,359
Total comprehensive income	-	6,359	85,846	92,205
Transactions with shareholders				
Dividends declared	-	-	(38,153)	(38,153)
Management share purchase plan [note 11]	2,046	-	-	2,046
Share repurchase commitment [note 12]	295	-	1,705	2,000
Total transactions with shareholders	2,341	-	(36,448)	(34,107)
As at September 30, 2024	167,216	13,117	906,289	1,086,622

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Interim Consolidated Statements of Cash Flows (unaudited)

For the		Nine months ended	
(C$ in thousands)	Notes	September 30, 2025	September 30, 2024
Operating activities			
Net income before income tax		**140,556**	113,538
Add (deduct) items not involving an outlay of cash:			
Depreciation of property, plant and equipment, right-of-use assets and investment properties		**81,650**	79,139
Amortization of intangible assets		**807**	924
Amortization of deferred warranty plan revenue	**13**	**(53,539)**	(51,109)
Amortization of deferred insurance revenue	**13**	**(20,817)**	(18,765)
Amortization of premium		**(108)**	(77)
Net finance costs		**9,585**	11,501
Gain on sale of property, plant and equipment and investment properties		**(368)**	(220)
Gain on settlement		**(3,513)**	-
Loss / (gain) on derivatives		**2,494**	(3,098)
Gain on sale of marketable securities		**-**	(2)
Gain on management share purchase plan		**(2,090)**	(1,608)
		154,657	130,223
Change in operating working capital	**17**	**(30,573)**	43,221
Cash received on warranty plan sales		**54,806**	52,877
Cash received on insurance sales		**20,779**	18,765
Income taxes paid		**(38,169)**	(33,488)
Cash provided by operating activities		**161,500**	211,598
Investing activities			
Purchase of property, plant and equipment	**6**	**(25,612)**	(46,838)
Purchase of intangible assets	**8**	**(314)**	(649)
Proceeds on sale of property, plant and equipment and investment properties		**485**	263
Purchase of debt and equity instruments		**(32,644)**	(30,216)
Proceeds on sale of debt and equity instruments		**19,139**	17,576
Repayment of loan receivable		**4,357**	5,357
Interest received		**6,571**	4,914
Cash used in investing activities		**(28,018)**	(49,593)
Financing activities			
Payment of lease liabilities	**9**	**(60,290)**	(57,682)
Dividends paid		**(40,934)**	(36,761)
Decrease of employee loans-redeemable shares		**2,074**	2,046
Repurchase of common shares	**12**	**(569)**	-
Repayment of long-term debt	**10**	**-**	(20,000)
Issuance of long-term debt	**10**	**-**	10,000
Interest paid		**(17,054)**	(17,313)
Cash used in financing activities		**(116,773)**	(119,710)
Net increase in cash and cash equivalents during the period		**16,709**	42,295
Cash and cash equivalents, beginning of period		**191,238**	82,744
Cash and cash equivalents, end of period		**207,947**	125,039

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

1. Reporting Entity

Leon's Furniture Limited ("Leon's" or the "Company") was incorporated by the Articles of Incorporation under the Business Corporations Act on February 28, 1969. Leon's is a retailer of home furnishings, mattresses, appliances and electronics across Canada. Leon's is a public company listed on the Toronto Stock Exchange (TSX – LNF) and is incorporated and domiciled in Canada. The address of the Company's head office and registered office is 45 Gordon Mackay Road, Toronto, Ontario, M9N 3X3.

The Company's business is seasonal in nature. Retail sales are traditionally higher in the third and fourth quarters.

2. Basis of Presentation

The interim condensed consolidated financial statements of the Company are prepared in accordance with IAS 34, *Interim Financial Reporting*. Accordingly, certain information and note disclosure normally included in the annual financial statements prepared in accordance with IFRS® Accounting Standards, as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The interim condensed consolidated financial statements of the Company include the financial results of Leon's Furniture Limited and its wholly owned subsidiaries.

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on Thursday, November 6, 2025.

3. Summary of Significant Accounting Policies

Except for the adoption of the new, revised or amended accounting standards noted below, these interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of Leon's for the year ended December 31, 2024. The disclosure contained in these interim condensed consolidated financial statements does not include all requirements in IAS 1, *Presentation of Financial Statements* ("IAS 1"). Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2024.

Segment reporting

The Company has two operating segments, Leon's and The Brick, both in the business of the sale of home furnishings, mattresses, appliances and electronics in Canada. The Company's chief operating decision-maker, identified as the Chief Executive Officer, monitors the results of operating segments for the purpose of allocating resources and assessing performance.

Leon's and The Brick operating segments are aggregated into a single reportable segment because they show a similar long-term economic performance (gross margin), have comparable products, customers and distribution channels, operate in the same regulatory environment, and are steered and monitored together.

Accordingly, there is no reportable segment information to provide in these interim condensed consolidated financial statements.

Adoption of new accounting standards

Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates*

In August 2023, the IASB issued amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The adoption of this standard does not have a material impact on the financial statements.

Accounting standards and amendments issued but not yet adopted

IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18")

The IASB issued IFRS 18 "Presentation and Disclosure in the Financial Statements" ("IFRS 18"), which sets out requirements and guidance on presentation and disclosure in financial statements, including:

- Presentation in income statement of income and expenses within five defined categories: operating, investing, financing, income taxes, and discontinued operations
- Presentation in the income statements of new defined subtotals for operating profit and profit before financing and income taxes
- Enhanced guidance on aggregation and disaggregation of information and whether to provide information in the financial statements or in the notes
- Disclosure of specified expenses by nature
- Disclosure of explanations of management-defined performance measures

IFRS 18 will replace IAS 1 "Presentation of Financial Statements" but carries forward many requirements from IAS 1 without any change. The standard is effective for the annual reporting periods beginning on or after January 1, 2027, with early application permitted. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures, relating to the classification and measurement requirements of financial instruments recognized within those standards. These amendments include, among others:

- Clarify that a financial liability is to be derecognized on the 'settlement date' and introduces an accounting policy to derecognize financial liabilities settled through an electronic payment system before settlement date if certain conditions are met; and
- Require additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

These amendments will be effective for annual periods beginning on or after January 1, 2026 and will be applied retrospectively with an adjustment to opening retained earnings. Prior periods will not be required to be restated and can only be restated without using hindsight. The Company does not expect material impacts from these amendments on its interim financial statements.

4. Capital Risk Management

The Company's objectives when managing capital are to:

- ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans; and
- utilize working capital to negotiate favourable supplier agreements both in respect of early payment discounts and overall payment terms.

The capital structure currently includes working capital, debt and equity securities, lease liabilities, term credit facility and borrowing capacity available under the revolving credit facilities (note 10). As at September 30, 2025, $187,642 is available to draw on under the Company's $200,000 revolving credit facility, as the borrowing capacity is reduced by ordinary letters of credit of $8,608 (December 31, 2024 - $8,508) and utilizing $3,750 of the revolving credit facility.

Under the Senior Secured Credit Agreement ("SSCA"), the financial and non-financial covenants are reviewed on an ongoing basis by management to monitor compliance with the agreement. The Company was in compliance with these covenants as at September 30, 2025.

The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as capital and operating budgets. Based on the Company's borrowing capacity available and expected cash flow from operating activities, management believes that the Company has sufficient funds available to meet its liquidity requirements at any point in time. However, if cash from operating activities is lower than expected or capital costs for projects exceed current estimates, or if the Company incurs major unanticipated expenses, it may be required to seek additional capital.

The Company is not subject to any externally imposed capital requirements, other than with respect to its insurance subsidiaries. Refer to note 25 in the fiscal year 2024 consolidated financial statements.

5. Inventories

The amount of inventory recognized as an expense for the three and nine months ended September 30, 2025 was $360,389 (three months ended September 30, 2024 - $355,091) and $1,004,122 (nine months ended September 30, 2024 - $985,516), which is presented within cost of sales in the unaudited interim condensed consolidated statements of income.

During the nine months ended September 30, 2025, there was $1,390 in inventory write downs (nine months ended September 30, 2024 - $524 inventory write downs).

As at September 30, 2025, the inventory markdown provision totaled $8,743 (as at December 31, 2024 - $7,353).

6. Property, Plant and Equipment and Right-Of-Use Assets

(C$ in thousands)	Land	Buildings	Equipment	Vehicles	Building improvements	Leased property	Leased equipment	Total
Cost								
Balance as at December 31, 2024	**111,341**	**347,157**	**204,494**	**77,663**	**253,213**	**751,957**	**2,128**	**1,747,953**
Additions	**-**	**8,439**	**4,365**	**7,029**	**6,803**	**111,733**	**2,355**	**140,724**
Disposals	**-**	**-**	**(3,811)**	**(1,782)**	**(1,444)**	**-**	**(1,220)**	**(8,257)**
Balance as at September 30, 2025	**111,341**	**355,596**	**205,048**	**82,910**	**258,572**	**863,690**	**3,263**	**1,880,420**
Accumulated depreciation								
Balance as at December 31, 2024	**-**	**191,411**	**153,471**	**53,769**	**224,118**	**448,823**	**1,685**	**1,073,277**
Depreciation	**-**	**7,260**	**6,140**	**3,542**	**5,414**	**58,660**	**342**	**81,358**
Disposals	**-**	**-**	**(3,780)**	**(1,735)**	**(1,444)**	**-**	**(1,182)**	**(8,141)**
Balance as at September 30, 2025	**-**	**198,671**	**155,831**	**55,576**	**228,088**	**507,483**	**845**	**1,146,494**
Net book value as at September 30, 2025	**111,341**	**156,925**	**49,217**	**27,334**	**30,484**	**356,207**	**2,418**	**733,926**

(C$ in thousands)	Land	Buildings	Equipment	Vehicles	Building improvements	Leased property	Leased equipment	Total
Cost								
Balance as at December 31, 2023	111,304	313,658	190,520	71,809	249,576	686,196	2,232	1,625,295
Additions	220	33,499	14,537	7,103	5,632	67,824	-	128,815
Disposals	(183)	-	(563)	(1,249)	(1,995)	(2,063)	(104)	(6,157)
Balance as at December 31, 2024	111,341	347,157	204,494	77,663	253,213	751,957	2,128	1,747,953
Accumulated depreciation								
Balance as at December 31, 2023	-	182,831	146,326	50,269	218,537	374,103	1,465	973,531
Depreciation	-	8,580	7,687	4,640	7,572	76,262	324	105,065
Disposals	-	-	(542)	(1,140)	(1,991)	(1,542)	(104)	(5,319)
Balance as at December 31, 2024	-	191,411	153,471	53,769	224,118	448,823	1,685	1,073,277
Net book value as at December 31, 2024	111,341	155,746	51,023	23,894	29,095	303,134	443	674,676

Included in the above balances as at September 30, 2025, are assets not being amortized with a net book value of approximately $10,068 (as at December 31, 2024 - $12,467), being construction in progress. Depreciation of property, plant and equipment is included within selling, general and administrative expenses on the unaudited interim consolidated statements of income.

7. Investment Properties

(C$ in thousands)	Land	Buildings	Building improvements	Total
As at September 30, 2025:				
Cost				
Balance as at December 31, 2024	**10,646**	**15,396**	**964**	**27,006**
Balance as at September 30, 2025	**10,646**	**15,396**	**964**	**27,006**
As at September 30, 2025:				
Accumulated depreciation				
Balance as at December 31, 2024	**-**	**12,585**	**697**	**13,282**
Depreciation	**-**	**254**	**38**	**292**
Balance as at September 30, 2025	**-**	**12,839**	**735**	**13,574**
Net book value as at September 30, 2025	**10,646**	**2,557**	**229**	**13,432**

(C$ in thousands)	Land	Buildings	Building improvements	Total
As at December 31, 2024:				
Cost				
Balance as at December 31, 2023	10,646	15,396	953	26,995
Additions	-	-	11	11
Balance as at December 31, 2024	10,646	15,396	964	27,006
As at December 31, 2024:				
Accumulated depreciation				
Balance as at December 31, 2023	-	12,254	651	12,905
Depreciation	-	331	46	377
Balance as at December 31, 2024	-	12,585	697	13,282
Net book value as at December 31, 2024	10,646	2,811	267	13,724

The estimated fair value of the investment properties portfolio as at September 30, 2025, was approximately $40,400 (as at December 31, 2024 - $40,400). This recurring fair value disclosure is categorized within Level 3 of the fair value hierarchy (note 16 for definition of levels). This was compiled internally by management based on available market evidence.

8. Intangible Assets

(C$ in thousands)	Customer relationships, brand name and franchise agreements	Computer software	Total
Cost			
Balance as at December 31, 2024	**275,500**	**20,218**	**295,718**
Additions	**-**	**314**	**314**
Balance as at September 30, 2025	**275,500**	**20,532**	**296,032**
Accumulated amortization			
Balance as at December 31, 2024	**9,500**	**15,529**	**25,029**
Amortization	**-**	**807**	**807**
Balance as at September 30, 2025	**9,500**	**16,336**	**25,836**
Net book value as at September 30, 2025	**266,000**	**4,196**	**270,196**

(C$ in thousands)	Customer relationships, brand name and franchise agreements	Computer software	Total
Cost			
Balance as at December 31, 2023	275,500	20,872	296,372
Additions	-	673	673
Disposals	-	(1,327)	(1,327)
Balance as at December 31, 2024	275,500	20,218	295,718
Accumulated amortization			
Balance as at December 31, 2023	9,500	15,659	25,159
Amortization	-	1,197	1,197
Disposals	-	(1,327)	(1,327)
Balance as at December 31, 2024	9,500	15,529	25,029
Net book value as at December 31, 2024	266,000	4,689	270,689

Amortization of intangible assets is included within selling, general and administrative expenses on the unaudited interim consolidated statements of income. The following table presents the details of the Company's indefinite-life intangible assets:

As at (C$ in thousands)	**September 30, 2025**	**December 31, 2024**
The Brick brand name (allocated to The Brick division)	**245,000**	245,000
The Brick franchise agreements (allocated to The Brick division)	**21,000**	21,000
Total	**266,000**	266,000

The Company currently has no plans to change The Brick store banners and expects these assets to generate cash flows over an indefinite future period. Therefore, these intangible assets are considered to have indefinite useful lives for accounting purposes. The Brick franchise agreements have expiry dates with options to renew. The Company's intention is to renew these agreements at each renewal date indefinitely. The Company expects the franchise agreements and franchise locations will generate cash flows over an indefinite future period. Therefore, these assets are also considered to have indefinite useful lives.

9. Leases

Company as a lessee

Leasing arrangements

The Company leases various items of real estate property, vehicles and equipment used in its operations. The lease terms are generally between 5 and 15 years. There are some leases with renewal options, which are included when management is reasonably certain they will be exercised. Management uses significant judgment in determining whether these extensions are reasonably certain to be exercised.

Lease liabilities

Carrying amounts of lease liabilities are as follows:

(C$ in thousands)	September 30, 2025	December 31, 2024
Balance, beginning of period	**345,550**	353,925
Additions	**115,113**	69,694
Disposals	**-**	(577)
Interest	**14,208**	17,070
Payments	**(74,498)**	(94,562)
Balance, end of period	**400,373**	345,550
Reported as:		
Current	**77,659**	79,690
Non-current	**322,714**	265,860
Total	**400,373**	345,550

10. Long-term Debt

Bank indebtedness

On July 31, 2025, the Company completed an amending agreement number three to its existing Senior Secured Credit Agreement ("SSCA"). Under this amendment, the Company's total credit facility was at $276,250. Out of the total amount, $76,250 was related to its term loan and the remaining $200,000 is attributable to the Company's revolving credit facility. The amount borrowed under this amendment must be repaid in full by May 31, 2027. As at September 30, 2025 the Company had a total of $80,000 borrowed and recognized on the interim consolidated statement of financial position. The $80,000 million is comprised of $3,750 drawn under the revolving credit facility and $76,250 outstanding for its term loan. In addition, the Company adopted the Canadian Overnight Repo Rate Average ("CORRA") as the new base reference rate, given the discontinuation of the Canadian Dollar Offered Rate ("CDOR").

Bank indebtedness bears interest based on Canadian prime rate, Secured Overnight Financing Rate ("SOFR") and Bankers' Acceptance ("BA") rates plus an applicable standby fee on undrawn amounts. The Company has the ability to choose the type of advance required. Interest is based on the market rate plus an applicable margin. The term credit facility is repayable in the amount of $7,500 per annum, with the remainder due on maturity. Currently, the Company has entered into a 32-day Bankers' Acceptance with a cost of borrowing of 3.69% that was renewed on September 29, 2025.

The Company can prepay without penalty amounts outstanding under the facilities at any time. The agreement includes a general security agreement, which constitutes a lien on all property of the Company. In addition to this, there are financial covenants related to the credit facility. As at September 30, 2025, the Company was in full compliance of these financial and non-financial covenants. The company expects to continue to be in compliance with these covenants.

11. Management Share Purchase Plan

Employee benefit plan

Members of senior management participate in the Company's Management Share Purchase Plan ("MSPP"). Under the terms of the MSPP, the Company advanced non-interest bearing loans to certain of its employees in 2018, 2022 and 2025 to allow them to acquire common shares of the Company. Participation in the MSPP is voluntary. The common shares purchased under the MSPP are held in trust by a trustee for the benefit of the employee until the later of three years from the date of issue and the date the related loan to acquire the shares is repaid in full. While such shares are held in trust, any dividends paid on these common shares are credited against the related loan.

During 2018, a total of 1,188,873 of the 2018 series of common shares were issued under the 2018 MSPP to senior management employees at $15.30 per share. The Company recognized a loan receivable in the amount of $13,191 (recognized at fair value) and a deferred compensation expense of $2,315. The common shares issued of $15,506 are shown within common shares on the interim consolidated statements of financial position.

During 2022, a total of 903,013 of the 2022 series of common shares were issued under the 2022 MSPP to senior management employees at $17.29 per share. The Company recognized a loan receivable in the amount of $11,274 (recognized at fair value) and a deferred compensation expense of $1,517. The common shares issued of $12,791 are shown within common shares on the interim consolidated statements of financial position.

During the third quarter of 2025, a total of 422,229 of the 2025 series of common shares were issued under the 2025 MSPP to senior management employees at $29.84 per share. The Company recognized a loan receivable in the amount of $9,026 (recognized at fair value) and a deferred compensation expense of $1,276 recognized initially on the interim consolidated statement of financial position. The common shares issued of $10,302 are shown within common shares on the interim consolidated statement of financial position.

Loan receivable

As at (C$ in thousands)	September 30, 2025	December 31, 2024
Balance, beginning of period	**15,546**	19,669
Issuance of 2025 series	**9,026**	-
Fair value adjustment	**1,121**	1,616
Forfeiture	**(166)**	(997)
Dividends paid	**(804)**	(1,002)
Loan repayment	**(3,387)**	(3,740)
Balance, end of period	**21,336**	15,546

Deferred compensation expense

	September 30, 2025	December 31, 2024
Balance, beginning of period	**1,972**	2,435
Recognition of 2025 series	**1,276**	-
Compensation expense	**(306)**	(463)
Balance, end of period	**2,942**	1,972

Redeemable share liability

As at (C$ in thousands)	September 30, 2025	December 31, 2024
Authorized		
306,500 convertible, non-voting, series 2012 shares		
1,485,000 convertible, non-voting, series 2013 shares		
740,000 convertible, non-voting, series 2014 shares		
880,000 convertible, non-voting, series 2015 shares		
Issued and fully paid		
0 series 2012 shares (December 31, 2024 - 43,929)	**-**	545
77,098 series 2013 shares (December 31, 2024 - 162,357)	**878**	1,849
77,807 series 2014 shares (December 31, 2024 - 96,498)	**1,172**	1,453
131,813 series 2015 shares (December 31, 2024 - 152,362)	**1,774**	2,051
Less employee share purchase loans	**(3,817)**	(5,891)
Total	**7**	7

Under the terms of the Plan, the Company advanced non-interest bearing loans to certain of its employees in 2012, 2013, 2014 and 2015 to allow them to acquire convertible, series 2012 shares, series 2013 shares, series 2014 shares and series 2015 shares, respectively, of the Company. These loans are repayable through the application against the loans of any dividends on the shares with any remaining balance repayable on the date the shares are converted to common shares. Each issued and fully paid for series 2012 share may be converted into one common share at any time after the fifth anniversary date of the issue of these shares and prior to the thirteenth anniversary of such issue. Each issued and fully paid for series 2013, series 2014 and series 2015 share may be converted into one common share at any time after the third anniversary date of the issue of these shares and prior to the thirteenth anniversary of such issue. The series 2012, series 2013, series 2014 and series 2015 are redeemable at the option of the holder for a period of one business day following the date of issue of such shares. The Company has the option to redeem the series 2012 shares at any time after the fifth anniversary date of the issue of these shares and must redeem them prior to the thirteenth anniversary of such issue. The Company has the option to redeem the series 2013, series 2014 and series 2015 shares at any time after the third anniversary date of the issue of these shares and must redeem them prior to the thirteenth anniversary of such issue. The redemption price is equal to the original issue price of the shares adjusted for subsequent subdivisions of shares plus accrued and unpaid dividends. The purchase prices of the shares are $12.41 per series 2012 share, $11.39 per series 2013 share, $15.05 per series 2014 share and $13.46 per series 2015 share. Dividends paid to holders of series 2012, 2013, 2014 and 2015 shares of approximately $164 (2024 - $197) have been used to reduce the respective shareholder loans. The preferred dividends are paid once a year during the first quarter.

During the nine-month period ended September 30, 2025, 43,929 series 2012 shares, 85,259 series 2013 shares, 18,691 series 2014 shares and 20,549 series 2015 shares (nine-month period ended September 30, 2024 - 1,184 series 2012 shares, 69,500 series 2013 shares, 36,389 series 2014 shares and 51,400 series 2015 shares) were converted into common shares with a stated value of approximately $545, $971, $281 and $277, respectively (nine-month period ended September 30, 2024 - $15, $792, $548 and $692 respectively).

During the nine-month period ended September 30, 2025, the Company did not cancel any shares from any of the series of shares (nine-month period ended September 30, 2024 - no shares were cancelled in any of the series of shares).

Employee share purchase loans have been netted against the redeemable share liability, as the Company has the legally enforceable right of set-off and the positive intent to settle on a net basis. This balance is included under trade and other payables on the interim consolidated statements of financial position.

12. Common Shares

As at (C$ in thousands)	September 30, 2025	December 31, 2024
Authorized - Unlimited common shares		
Issued		
68,760,182 common shares (2024 - 68,191,725)	**179,552**	167,231

For MSPP shares converted into common shares during the year, please see Note 11.

Normal course issuer bid

On March 21, 2025, the Company received Toronto Stock Exchange (TSX) approval of its notice of intention to renew its common share repurchase program. The Company intends to repurchase for cancellation a maximum of 3,403,405 Common Shares representing 4.99% of the total number of its 68,204,514 issued and outstanding Common Shares as at March 12, 2025. The average daily trading volume for the six months ending February 28, 2025, was 21,980 Common Shares. Therefore, other than block purchase exemptions, daily purchases will be limited to 5,495 common shares on the Toronto Stock Exchange. The bid commenced on March 21, 2025, and terminate on the earliest of the purchase of 3,403,405 Common Shares, the issuer providing a notice of termination, and March 20, 2026. Purchases will be executed through the facilities of the TSX at market price under the normal course issuer bid rules of the TSX.

On March 28, 2025, the Company entered into an automatic share purchase plan ("ASPP") with the Company's broker in order to facilitate the repurchase of its common shares under the normal course issuer bid during self-imposed blackout periods, commencing April 1, 2025. As at September 30, 2025, there was no obligation recognized for the repurchase of common shares under the ASPP (as at September 30, 2024 - $nil).

During the nine-month period ended September 30, 2025, 22,200 common shares were purchased (during the nine-month period ended September 30, 2024 - nil).

As at September 30, 2025 and 2024, dividends payable were $16,500 ($0.24 per share) and $13,638 ($0.20 per share), respectively.

13. Revenue

Disaggregation of revenue

For the	Three months ended	
(C$ in thousands)	**September 30, 2025**	**September 30, 2024**
Sales of goods by corporate stores	**644,475**	618,815
Income from franchise operations	**8,562**	8,231
Extended warranty revenue	**17,919**	17,420
Insurance sales revenue	**7,268**	6,937
Rental income from investment property	**409**	531
Total	**678,633**	651,934

For the	Nine months ended	
(C$ in thousands)	**September 30, 2025**	**September 30, 2024**
Sales of goods by corporate stores	**1,802,147**	1,736,623
Income from franchise operations	**24,442**	23,704
Extended warranty revenue	**53,539**	51,109
Insurance sales revenue	**20,817**	18,765
Rental income from investment property	**1,328**	1,650
Total	**1,902,273**	1,831,851

14. Income Tax Expense

For the	Three months ended	
(C$ in thousands)	**September 30, 2025**	**September 30, 2024**
Current income tax expense	**15,458**	12,578
Deferred income tax expense (recovery)	**788**	(518)
Total	**16,246**	12,060

For the	Nine months ended	
(C$ in thousands)	**September 30, 2025**	**September 30, 2024**
Current income tax expense	**36,468**	29,500
Deferred income tax recovery	**(1,902)**	(1,808)
Total	**34,566**	27,692

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual rates used for the nine-month period ended September 30, 2025 and September 30, 2024 were 24.6% and 24.4%, respectively.

15. Earnings Per Share

Earnings per share are calculated using the weighted average number of common shares outstanding. The following table reconciles the net income for the period and the number of shares for the basic and diluted earnings per share calculations:

For the	Three months ended	
(C$ in thousands except share and per share amounts)	**September 30, 2025**	**September 30, 2024**
Net income for the period for basic earnings per share	**50,329**	36,861
Net income for the period for diluted earnings per share	**50,329**	36,861
Weighted average number of common shares outstanding	**68,415,836**	68,182,137
Dilutive effect	**328,489**	464,734
Dilutive weighted average number of common shares outstanding	**68,744,325**	68,646,871
Basic earnings per share	**$0.74**	$0.54
Diluted earnings per share	**$0.73**	$0.54

For the	Nine months ended	
(C$ in thousands except share and per share amounts)	**September 30, 2025**	**September 30, 2024**
Net income for the period for basic earnings per share	**105,990**	85,846
Net income for the period for diluted earnings per share	**105,990**	85,846
Weighted average number of common shares outstanding	**68,291,847**	68,126,175
Dilutive effect	**385,088**	520,350
Dilutive weighted average number of common shares outstanding	**68,676,935**	68,646,525
Basic earnings per share	**$1.55**	$1.26
Diluted earnings per share	**$1.54**	$1.25

16. Financial Instruments

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The purpose of liquidity risk management is to maintain sufficient amounts of cash and cash equivalents and authorized credit facilities, to fulfill obligations associated with financial liabilities. To manage liquidity risk, the Company prepares budgets and cash forecasts, and monitors its performance against these. Management also monitors cash and working capital efficiency given current sales levels and seasonal variability. The Company measures and monitors liquidity risk by regularly evaluating its cash inflows and outflows under expected conditions through cash flow reporting such that it anticipates certain funding mismatches and ensures the cash management of the business is within certain tolerable levels. These cash flow forecasts are reviewed on a weekly basis by management. The Company mitigates liquidity risk through continuous monitoring of its credit facilities and the diversification of its funding sources, both in the short term as well as the long term. As at September 30, 2025, unrestricted liquidity was $549,566 comprised of cash and cash equivalents, debt and equity instruments and its undrawn revolving credit facility.

Classification of financial instruments and fair value

The classification of the Company's financial instruments, as well as their carrying amounts and fair values, are disclosed in the tables below.

As at				September 30, 2025
(C$ in thousands)	Classification and measurement	Total carrying amount	Fair value	Fair value hierarchy
Financial assets				
Cash and cash equivalents	Amortized cost	**207,947**	**207,947**	Level 1
Trade receivables	Amortized cost	**156,313**	**156,313**	Level 2
Equity securities	FVOCI	**41,265**	**41,265**	Level 1
Debt securities	FVOCI	**112,612**	**112,612**	Level 1
Debt securities	FVTPL	**100**	**100**	Level 2
Loan receivable	FVTPL	**21,336**	**21,336**	Level 2
Financial liabilities				
Trade and other payables	Amortized cost	**303,376**	**303,376**	Level 2
Long-term debt	Amortized cost	**80,000**	**80,000**	Level 2
Derivative liabilities	FVTPL	**949**	**949**	Level 2

As at				December 31, 2024
(C$ in thousands)	Classification and measurement	Total carrying amount	Fair value	Fair value hierarchy
Financial assets				
Cash and cash equivalents	Amortized cost	191,238	191,238	Level 1
Trade receivables	Amortized cost	185,975	185,975	Level 2
Equity securities	FVOCI	35,030	35,030	Level 1
Debt securities	FVOCI	99,039	99,039	Level 1
Debt securities	FVTPL	100	100	Level 2
Loan receivable	FVTPL	15,546	15,546	Level 2
Derivative assets	FVTPL	1,545	1,545	Level 2
Financial liabilities				
Trade and other payables	Amortized cost	298,226	298,226	Level 2
Long-term debt	Amortized cost	80,000	80,000	Level 2

The fair value hierarchy of financial instruments measured at fair value as at September 30, 2025 includes financial assets of $361,824, $177,749 and $nil for Levels 1, 2 and 3 respectively, and financial liabilities of $nil, $384,325 and $nil for Levels 1, 2 and 3, respectively.

The carrying amounts of the Company's trade receivables and trade and other payables approximate their fair values due to their short-term nature.

The carrying amounts of the Company's long-term debt approximate their fair values since they bear interest at rates comparable to market rates at the end of the reporting period.

The fair values of debt and equity instruments, including restricted marketable securities that are traded in active markets, are determined by reference to their quoted closing price or dealer price quotations at the reporting date. For financial instruments that are not traded in active markets, the Company determines fair values using a combination of discounted cash flow models and comparison to similar instruments for which market observable prices exist.

The fair values of derivative assets and liabilities are estimated using industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market based observable inputs including interest rate curves, foreign exchange rates and forward and spot prices for currencies.

The Company maintains other financial derivatives, which comprises foreign exchange forwards, with maturities that do not exceed past July 2026. As at September 30, 2025, the fair value of derivative liabilities is $949 (December 31, 2024 - $1,545 derivative assets).

Fair values of financial instruments reflect the credit risk of the Company and counterparties when appropriate.

Fair value hierarchy

The Company uses a fair value hierarchy to categorize the inputs used to measure the fair value of financial assets and financial liabilities, the levels of which are as follows:

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 (that is, as prices) or indirectly (that is, derived from prices).

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

17. Interim Consolidated Statements of Cash Flows

The net change in operating working capital balances consist of the following:

For the	**Nine months ended**	
(C$ in thousands)	**September 30, 2025**	**September 30, 2024**
Trade receivables	**33,175**	14,977
Inventories	**(17,636)**	39,400
Prepaid expenses and other assets	**(4,645)**	(7,367)
Trade and other payables	**7,324**	8,898
Customers' deposits	**(50,592)**	(14,145)
Provisions	**1,976**	1,561
Deferred acquisition costs	**(175)**	(103)
Total	**(30,573)**	43,221

18. Comparative Financial Information

The comparative interim condensed consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the third quarter of 2025 interim condensed consolidated financial statements.