



## LFL Releases Fourth Quarter Financial Results

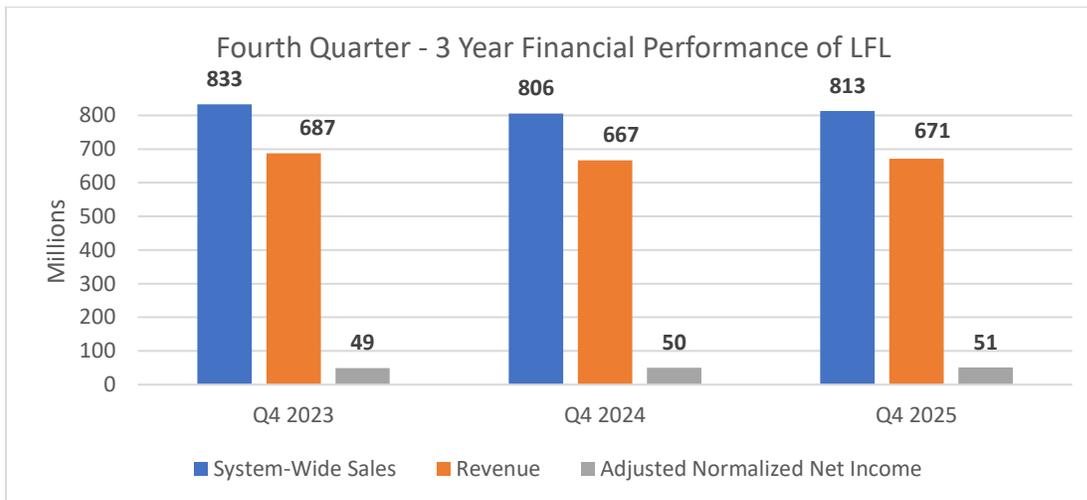
### Full year normalized EPS up 16.5%

**TORONTO, ONTARIO Wednesday, February 25, 2026** – Leon’s Furniture Limited (“LFL” or the “Company”) (TSX: LNF), today announced financial results for the quarter ended December 31, 2025.

#### Financial Highlights – Q4-2025

*These comparisons are with Q4-2024 unless stated otherwise.*

- System-wide sales for the quarter was \$813.0 million, an increase of 0.8%.
- Q4 Revenue was \$671.4 million, an increase of 0.7%, driven by strong performance in the furniture category
- Same store sales increase <sup>(1)</sup> of 0.6%.
- Gross profit margin was 46.08%, a 23-basis point improvement driven by favourable retail category sales mix and improved furniture rates driven by assortment and sourcing improvements.
- SG&A rate increased by 13 bps driven by higher occupancy and amortization costs.
- Net Income was \$51.0 million compared to \$67.9 million in the prior year.
- Normalizing for a one-time \$23.4M pre-tax settlement in Q4 2024, adjusted normalized net income<sup>(1)</sup> for the quarter increased by \$1.0 million or 2.0%.
- On December 31 2025, unrestricted liquidity was \$603.0 million, comprised of cash, cash equivalents, debt and equity instruments and the undrawn revolving credit facility.
- A special dividend of \$0.50 per common share was declared by the Board of Directors.



<sup>(1)</sup> 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, 2025

These comparisons are with 2024 fiscal year unless stated otherwise.

- System-wide sales for the year was \$3,088.9 million, an increase of 2.8%.
- 2025 Revenue was recorded at \$2,573.7 million, an increase of 3.0%, driven by strong performance in the furniture and appliance categories.
- Same store sales increase <sup>(1)</sup> of 3.0%.
- Gross profit margin was 45.04%, a 65-basis points improvement driven by strong furniture mix and margin rate improvement.
- SG&A rate decreased by 24 bps primarily as a result of lower point-of-sale retail financing fees due to lower Bank of Canada interest rates.
- Net Income was \$157.0 million compared to \$153.7 million in the prior year.
- Normalizing for the one-time gain from CURO in both years, adjusted normalized net income<sup>(1)</sup> for the year increased by \$22.2 million or 16.6%.



<sup>(1)</sup> 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,** "In 2025, our teams delivered the outstanding value and experience Canadians expect, while maintaining gross margin and cost discipline. These efforts drove strong full-year results. System-wide sales grew 2.8% to \$3.1 billion, normalized adjusted diluted EPS increased 16.5%, and we continued to generate robust cash flow. Reflecting these results, we increased our quarterly dividend by 20% and ended the year with a rock-solid balance sheet supported by \$603 million in unrestricted liquidity."

**Mr. Walsh** continued, "The fourth quarter unfolded largely as anticipated, with consumers taking a more deliberate approach to significant discretionary purchases and promotional activity intensifying across the industry. Results were further impacted by Canada Post service disruptions and unfavorable weather comparisons during key selling periods. Despite these headwinds system-wide sales was up 0.8%, gross margin expanded 23 basis points, and normalized adjusted diluted EPS grew by 1.3%. For more than 115 years, we have made it a priority to gain share in markets like this by providing value to our consumers. Supported by our competitive advantages – a coast-to-coast presence, omnichannel platform, sourcing capabilities, distribution network, and strong balance sheet – we remain confident in our ability to grow market share in our core categories and to deliver long-term returns for our shareholders."

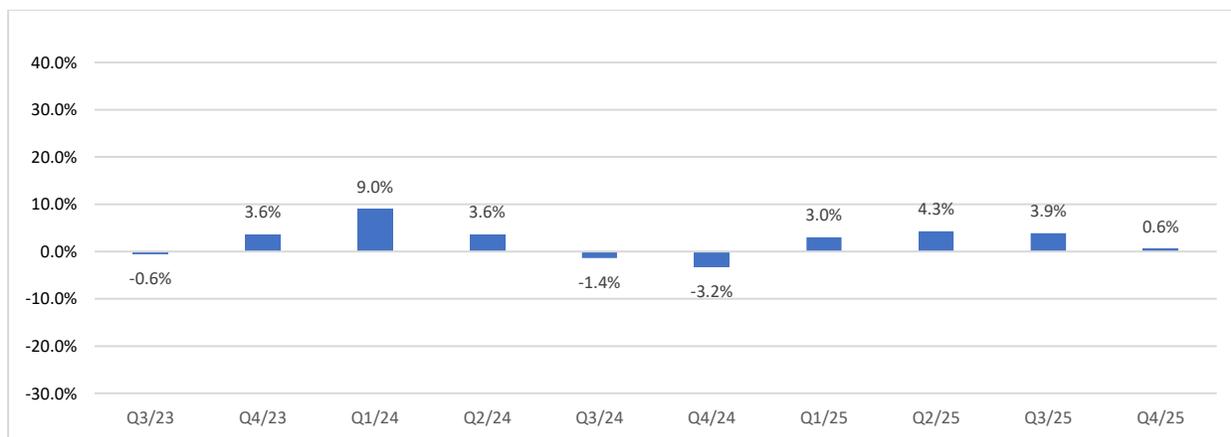
## Summary financial highlights for the three months ended December 31, 2025 and December 31, 2024

For the	Three months ended			
	December 31, 2025	December 31, 2024	\$ Increase (Decrease)	% Increase (Decrease)
(C\$ in millions except %, share and per share amounts)				
Total system-wide sales <sup>(1)</sup>	813.0	806.2	6.8	0.8%
Franchise sales <sup>(1)</sup>	141.6	139.5	2.1	1.5%
Revenue	671.4	666.7	4.7	0.7%
Cost of sales	362.0	361.0	1.0	0.3%
Gross profit	309.4	305.7	3.7	1.2%
Gross profit margin as a percentage of revenue	46.08%	45.85%		
Selling, general and administrative expenses <sup>(2)</sup>	238.4	235.9	2.5	1.1%
SG&A as a percentage of revenue	35.51%	35.38%		
Other income <sup>(3)</sup>	(0.7)	(23.4)	22.7	(97.0%)
Income before net finance costs and income tax expense	71.7	93.2	(21.5)	(23.1%)
Net finance costs	(3.3)	(2.9)	(0.4)	13.8%
Income before income taxes	68.4	90.3	(21.9)	(24.3%)
Income tax expense	17.4	22.9	(5.5)	(24.0%)
Adjusted net income <sup>(1)</sup>	51.0	67.4	(16.4)	(24.3%)
Adjusted net income as a percentage of revenue <sup>(1)</sup>	7.60%	10.11%		
After-tax mark-to-market gain on financial derivative instruments <sup>(1)</sup>	-	(0.5)	0.5	(100.0%)
<b>Net income</b>	<b>51.0</b>	<b>67.9</b>	<b>(16.9)</b>	<b>(24.9%)</b>
Basic weighted average number of common shares	68,764,617	68,190,953		
Basic earnings per share	\$0.74	\$0.99	\$(0.25)	(25.3%)
Adjusted basic earnings per share <sup>(1)</sup>	\$0.74	\$0.99	\$(0.25)	(25.3%)
Diluted weighted average number of common shares	69,041,524	68,646,871		
Diluted earnings per share	\$0.74	\$0.99	\$(0.25)	(25.3%)
Adjusted diluted earnings per share <sup>(1)</sup>	\$0.74	\$0.98	\$(0.24)	(24.5%)
Common share dividends declared	\$0.24	\$0.20	\$0.04	20.0%
Convertible, non-voting shares dividends declared	\$0.44	\$0.36	\$0.08	22.2%

### Same Store Sales <sup>(1)</sup>

For the	Three months ended			
	December 31, 2025	December 31, 2024	\$ Increase	% Increase
(C\$ in millions, except %)				
Same store sales <sup>(1)</sup>	654.4	650.7	3.7	0.6%

### Historical Same Store Sales <sup>(1)</sup> as previously reported based on comparable quarters



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

<sup>(2)</sup> Selling, general and administrative expenses (“SG&A”)

<sup>(3)</sup> Gain on settlement - please see note 20 of the consolidated financial statements for further detail.

## Revenue

For the three months ended December 31, 2025, revenue was \$671.4 million compared to \$666.7 million in the fourth quarter of 2024 an increase of \$4.7 million or 0.7%. The improvement was primarily due to a 2.7% increase in furniture sales and increased appliance sales. Furniture performance was primarily driven by a stronger inventory position and improved assortment. Appliance performance was driven by continued strength in the commercial channel as we continue to deliver on builder projects being finalized combined with an increased focus on growing the property replacement business as the builder pipeline begins to slow down. This was partially offset by a mid-single digit percentage decline in mattress and electronics sales as the environment remained highly promotional.

## Same Store Sales <sup>(1)</sup>

Same store sales in the quarter increased by 0.6% compared to the prior year's quarter driven by factors discussed in the revenue section.

## Gross Profit

The gross profit margin was 46.08% compared to 45.85% in the prior year. This increase was primarily driven by favourable retail sales mix with growth in the higher margin furniture category, and improved furniture and appliance rates driven by assortment and sourcing improvements. This was partially offset by a higher mix of appliance sales in the commercial channel.

## Selling, General and Administrative Expenses ("SG&A")

The Company's SG&A as a percentage of revenue for the fourth quarter of 2025 was 35.51%, an increase of 13 basis points over the fourth quarter of 2024. The increase was primarily driven by higher occupancy and amortization costs due to the lease commencement of the Edmonton DC and other renewals, higher sales commissions partially driven by sales mix and a slight deleveraging on fixed costs. This was partially offset by lower point-of-sale retail financing fees due to lower Bank of Canada interest rates.

## Adjusted Net Income <sup>(1)</sup> and Adjusted Diluted Earnings Per Share <sup>(1)</sup>

Adjusted net income for the quarter totaled \$51.0 million, which represents a decrease of \$16.4 million over the prior year's quarter. The decrease was driven by a one-time \$23.4 million pre-tax net favourable settlement in Q4 2024 related to a breach of contract legal dispute with CURO Group Holdings Corp ("CURO"). Normalizing for this one-time gain, adjusted net income increased by \$1.0 million or 2.0% over the prior year.

Adjusted diluted earnings per share in the fourth quarter of 2025 was \$0.74, a decrease of 24.5% over the prior year quarter. Normalizing for this one-time gain, adjusted diluted earnings per share was \$0.74 compared to \$0.73, a 1.3% increase.

## Net Income and Diluted Earnings Per Share

Net income for the fourth quarter of 2025 was \$51.0 million, or \$0.74 per diluted earnings per share as compared to \$0.99 per diluted earnings per share recorded in the prior year's quarter, a decrease of \$0.25 per share or 25.3% (net income of \$67.9 million in the fourth quarter of 2024).

<sup>(1)</sup> 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, 2025, 2024 and 2023

For the	Year ended				Year ended			
	2025	2024	\$ Increase (Decrease)	% Increase (Decrease)	2024	2023	\$ Increase (Decrease)	% Increase (Decrease)
(C\$ in millions except %, share and per share amounts)								
Total system-wide sales <sup>(1)</sup>	<b>3,088.9</b>	3,005.9	83.0	2.8%	3,005.9	2,967.5	38.4	1.3%
Franchise sales <sup>(1)</sup>	<b>515.2</b>	507.4	7.8	1.5%	507.4	512.7	(5.3)	(1.0%)
Revenue	<b>2,573.7</b>	2,498.5	75.2	3.0%	2,498.5	2,454.8	43.7	1.8%
Cost of sales	<b>1,414.7</b>	1,389.3	25.4	1.8%	1,389.3	1,371.6	17.7	1.3%
Gross profit	<b>1,159.1</b>	1,109.2	49.9	4.5%	1,109.2	1,083.2	26.0	2.4%
Gross profit margin as a percentage of revenue	<b>45.04%</b>	44.39%			44.39%	44.13%		
Selling, general and administrative expenses <sup>(2)</sup>	<b>938.9</b>	917.4	21.5	2.3%	917.4	897.7	19.7	2.2%
SG&A as a percentage of revenue	<b>36.48%</b>	36.72%			36.72%	36.57%		
Other income <sup>(3)</sup>	<b>(4.2)</b>	(23.4)	19.2	(82.1%)	(23.4)	(20.0)	(3.4)	17.0%
Income before net finance costs and income tax expense	<b>224.4</b>	215.2	9.2	4.3%	215.2	205.5	9.7	4.7%
Net finance costs	<b>(12.9)</b>	(14.4)	1.5	(10.4%)	(14.4)	(19.5)	5.1	(26.2%)
Income before income taxes	<b>211.5</b>	200.8	10.7	5.3%	200.8	186.0	14.8	8.0%
Income tax expense	<b>52.6</b>	49.9	2.7	5.4%	49.9	44.5	5.4	12.1%
Adjusted net income <sup>(1)</sup>	<b>158.9</b>	150.9	8.0	5.3%	150.9	141.5	9.4	6.5%
Adjusted net income as a percentage of revenue <sup>(1)</sup>	<b>6.17%</b>	6.04%			6.04%	5.76%		
After-tax mark-to-market loss (gain) on financial derivative instruments <sup>(1)</sup>	<b>1.9</b>	(2.8)	4.7	(167.9%)	(2.8)	2.6	(5.4)	(207.7%)
<b>Net income</b>	<b>157.0</b>	153.7	3.3	2.1%	153.7	138.9	14.8	10.7%
Basic weighted average number of common shares	<b>68,410,685</b>	68,142,458			68,142,458	67,962,903		
Basic earnings per share	<b>\$2.30</b>	\$2.26	\$0.04	1.8%	\$2.26	\$2.04	\$0.22	10.8%
Adjusted basic earnings per share <sup>(1)</sup>	<b>\$2.32</b>	\$2.21	\$0.11	5.0%	\$2.21	\$2.08	\$0.13	6.3%
Diluted weighted average number of common shares	<b>68,715,671</b>	68,646,568			68,646,568	68,654,322		
Diluted earnings per share	<b>\$2.29</b>	\$2.24	\$0.05	2.2%	\$2.24	\$2.02	\$0.22	10.9%
Adjusted diluted earnings per share <sup>(1)</sup>	<b>\$2.31</b>	\$2.20	\$0.11	5.0%	\$2.20	\$2.06	\$0.14	6.8%
Common share dividends declared	<b>\$0.88</b>	\$0.76	\$0.12	15.8%	\$0.76	\$0.66	\$0.10	15.2%
Convertible, non-voting shares dividends declared	<b>\$0.44</b>	\$0.36	\$0.08	22.2%	\$0.36	\$0.32	\$0.04	12.5%

### Same Store Sales <sup>(1)</sup>

For the	Year ended			
	December 31, 2025	December 31, 2024	\$ Increase	% Increase
(C\$ in millions, except %)				
Same store sales <sup>(1)</sup>	<b>2,508.0</b>	2,435.0	73.0	3.0%

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

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

(3) Gain on settlement - please see note 20 of the consolidated financial statements for further detail.

## Revenue

For the year ended December 31, 2025, revenue was \$2,573.7 million compared to \$2,498.5 million in the prior year 2024. Revenue increased by \$75.2 million or 3.0% as compared to the prior year. The increase in revenue can be attributed to robust furniture category growth of 6.3% and appliance category growth driven by the commercial channel. Mattress and electronics categories posted mid-single digit declines for the year.

## Same Store Sales <sup>(1)</sup>

Same store sales in the year ended December 31, 2025 increased by 3.0% compared to the year ended December 31, 2024 driven by factors discussed in the revenue section.

## Gross Profit

The gross profit margin increased by 65 basis points to 45.04% compared to the year ended December 31, 2024. This increase in gross profit margin during the year was due to strong furniture mix and margin rate partially offset by a higher mix of appliance sales in the commercial channel.

## Selling, General and Administrative Expenses

The Company's SG&A as a percentage of revenue for the year ended December 31, 2025 was 36.48% compared to 36.72% in the prior year, a 24-basis point improvement. The improvement was driven by lower point-of-sale retail financing fees due to the lower Bank of Canada interest rates as compared to last year and improved operational leverage due to sales growth. This was offset by increased occupancy costs, stewardship recycling fees, variable compensation costs and professional fees.

## Adjusted Net Income <sup>(1)</sup> and Adjusted Diluted Earnings Per Share <sup>(1)</sup>

Adjusted net income in the year ended December 31, 2025 totaled \$158.9 million, which represents an increase of \$8.0 million over prior year. Adjusted diluted earnings per share in the current year was \$2.31 per share, an increase of 5.0% over the prior year. The improvement is driven primarily by sales growth and gross profit rate improvement, partially offset by a one-time \$23.4 million pre-tax net favourable settlement in Q4 2024 related to a breach of contract legal dispute with CURO Group Holdings Corp ("CURO"). The Company recognized another \$4.2 million of the remaining legal settlement with CURO during the twelve months ending December 31, 2025.

Normalizing for this one-time gain in both years, adjusted net income increased by 22.2 million or 16.6%, and adjusted diluted earnings per share increased by \$0.32 or 16.5%.

## Net Income and Diluted Earnings Per Share

Net income for the year ended December 31, 2025 was \$157.0 million, \$2.29 diluted earnings per share compared to net income of \$153.7 million and \$2.24 diluted earnings per share in 2024.

<sup>(1)</sup> 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 \$0.24 per common share on 6th day of January 2026 and the annual dividend on the convertible non-voting preferred shares of \$0.44 was paid on the 6th day of January 2026 to shareholders of record. Today the Directors have declared a quarterly dividend of \$0.24 per common share payable on the 8th day of April, 2026 to shareholders of record at the close of business on the 11th day of March, 2026. In addition, the Directors have declared a special dividend of \$0.50 per common share payable on the 8th day of April, 2026 to shareholders of record at the close of business on the 11th day of March, 2026. 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, its principal objective is to increase market share and profitability. LFL remains focused on effectively managing the Company's 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 300 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	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
(C\$ in millions)				
<b>Net income</b>	<b>51.0</b>	67.9	<b>157.0</b>	153.7
Income tax expense	17.4	23.2	52.0	50.9
Net finance costs	3.3	2.9	12.9	14.4
Depreciation and amortization	27.9	26.6	110.4	106.6
Gain on settlement	(0.7)	(23.4)	(4.2)	(23.4)
Mark-to-market loss (gain) on financial derivative	-	(0.7)	2.5	(3.8)
<b>Adjusted EBITDA</b>	<b>98.9</b>	96.5	<b>330.6</b>	298.4

### **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 300 retail stores from coast to coast in Canada under various banners. The Company operates six websites: leons.ca, thebrick.com, furniture.ca, midnothern.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 pandemics 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, tariffs, safeguard measures, regulatory changes impacting demand for extended warranty contracts and other external economic changes, 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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