



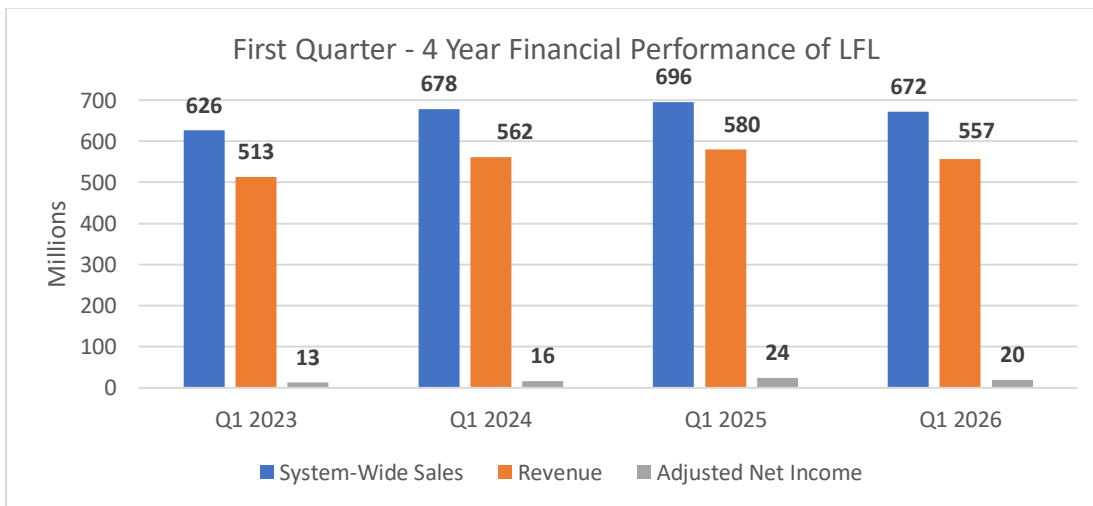
## LFL Releases First Quarter Financial Results

**TORONTO, ONTARIO Thursday, May 7, 2026** – Leon’s Furniture Limited (“LFL” or the “Company”) (TSX: LNF), today announced financial results for the quarter ended March 31, 2026.

### Financial Highlights – Q1-2026

*These comparisons are with Q1-2025 unless stated otherwise.*

- System-wide sales for the quarter were \$672.0 million, a decrease of 3.5%.
- Q1 Revenue was recorded at \$557.2 million, a decrease of 3.8%, driven primarily by timing of delivered sales in the furniture category as compared to Q1 last year, a challenging macro environment and unfavourable weather.
- Same store sales decreased <sup>(1)</sup> 4.2%.
- Gross profit margin was 44.80%, a 21-basis points improvement driven by favourable category sales mix and improved appliance rates.
- Net Income was \$21.5 million compared to \$23.8 million in the prior year.
- Adjusted net income was \$20.1 million compared to \$24.1 million in the prior year.
- On March 31, 2026, unrestricted liquidity was \$560.8 million, comprised of cash, cash equivalents, debt and equity instruments and the undrawn revolving credit facility.



<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,** "During the first quarter our team executed with discipline in a period defined by macro headwinds, a cautious consumer and particularly demanding prior-year comparables. We continued to grow share in our core categories while expanding gross margin with a consistent focus on thoughtful merchandising and an optimized promotional strategy. The mattress category was a clear standout, delivering mid-single-digit growth in a challenging segment – a direct result of the focused-assortment playbook that drove our furniture gains last year."

**Mr. Walsh** continued, "While there are elevated risks across the broader economy, from potential tariffs to increased fuel costs, LFL is well positioned to continue to outperform through this cycle and to come out of it in a stronger position as conditions normalize. Retailers across the sector continue to face a more selective consumer, and we are navigating those pressures from a position of strength, with the business better positioned than ever before. Our scale, national distribution network and approximately \$561 million in unrestricted liquidity position us to continue delivering value to Canadians, gaining share in our categories of focus, and delivering long-term returns for our shareholders."

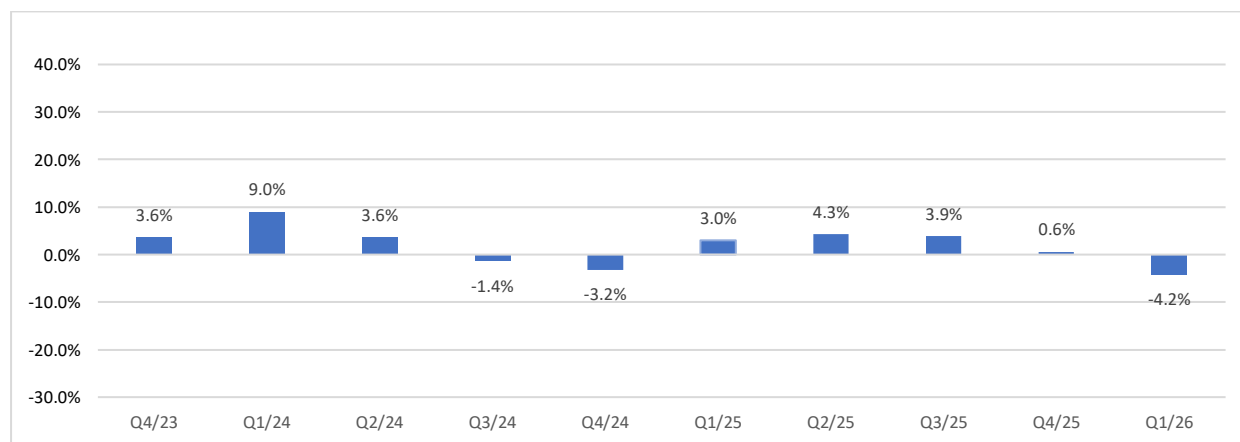
## Summary financial highlights for the three months ended March 31, 2026 and March 31, 2025

For the	Three months ended			
	March 31, 2026	March 31, 2025	\$ Increase (Decrease)	% Increase (Decrease)
<small>(C\$ in millions except %, share and per share amounts)</small>				
Total system-wide sales <sup>(1)</sup>	672.0	696.1	(24.1)	(3.5%)
Franchise sales <sup>(1)</sup>	114.8	116.6	(1.8)	(1.5%)
Revenue	557.2	579.5	(22.3)	(3.8%)
Cost of sales	307.6	321.1	(13.5)	(4.2%)
Gross profit	249.6	258.4	(8.8)	(3.4%)
Gross profit margin as a percentage of revenue	44.80%	44.59%		
Selling, general and administrative expenses <sup>(2)</sup>	220.0	225.4	(5.4)	(2.4%)
SG&A as a percentage of revenue	39.48%	38.90%		
Other income <sup>(3)</sup>	-	(1.4)	1.4	(100.0%)
Income before net finance costs and income tax expense	29.6	34.4	(4.8)	(14.0%)
Net finance costs	(3.0)	(2.6)	(0.4)	15.4%
Income before income taxes	26.6	31.8	(5.2)	(16.4%)
Income tax expense	6.5	7.7	(1.2)	(15.6%)
Adjusted net income <sup>(1)</sup>	20.1	24.1	(4.0)	(16.6%)
Adjusted net income as a percentage of revenue <sup>(1)</sup>	3.61%	4.16%		
After-tax mark-to-market (gain) loss on financial derivative instruments <sup>(1)</sup>	(1.4)	0.3	(1.7)	(566.7%)
<b>Net income</b>	<b>21.5</b>	<b>23.8</b>	<b>(2.3)</b>	<b>(9.7%)</b>
Basic weighted average number of common shares	68,844,276	68,206,225		
Basic earnings per share	\$0.31	\$0.35	\$(0.04)	(11.4%)
Adjusted basic earnings per share <sup>(1)</sup>	\$0.29	\$0.35	\$(0.06)	(17.1%)
Diluted weighted average number of common shares	69,031,683	68,646,568		
Diluted earnings per share	\$0.31	\$0.35	\$(0.04)	(11.4%)
Adjusted diluted earnings per share <sup>(1)</sup>	\$0.29	\$0.35	\$(0.06)	(17.1%)
Common share dividends declared	\$0.74	\$0.20	\$0.54	270.0%

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

For the	Three months ended			
	March 31, 2026	March 31, 2025	\$ Decrease	% Decrease
<small>(C\$ in millions, except %)</small>				
Same store sales <sup>(1)</sup>	539.4	563.3	(23.9)	(4.2%)

### 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 2025 fiscal year consolidated financial statements for further detail.

## Revenue

For the three months ended March 31, 2026, revenue was \$557.2 million compared to \$579.5 million in the first quarter of 2025 a decrease of \$22.3 million or 3.8%. The decline was primarily driven by timing of delivered sales in the furniture category as compared to Q1 last year, a challenging macro environment and unfavourable weather which resulted in lower overall traffic to stores. The furniture category delivered sales decreased by 5.7% as Q1 of the prior year benefited from a carry-over of Q4 2024 written sales due to the timing of inventory receipts. Despite the expected normalization, the three-year Q1 sales compound annual growth rate ("CAGR") for the furniture category is 6.7% highlighting the sustained strong performance over that period. We also experienced declines in both the appliance and electronics categories as macro challenges and weather led to lower consumer demand. This was partially offset by strong growth in the mattress category which was supported by refreshed assortments and marketing campaigns.

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

Same store sales in the quarter decreased by 4.2% compared to the prior year's quarter driven by factors discussed in the revenue section.

## Gross Profit

The gross profit margin for the first quarter of 2026 was 44.80% compared to 44.59% for the first quarter of 2025. This increase was primarily driven by favourable sales mix with the growth in the higher margin mattress category, and improved appliance rates.

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

The Company's SG&A as a percentage of revenue for the first quarter of 2026 was 39.48%, an increase of 58 basis points over the first quarter of 2025. The increase was driven by the impact of lower revenue and deleveraging on fixed costs, higher commission costs driven by sales mix, higher property taxes and higher amortization costs driven by lease renewals. This was partially offset by lower point-of-sale retail financing fees due to lower Bank of Canada interest rates and lower professional fees.

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

Adjusted net income for the quarter totalled \$20.1 million, which represents a decrease of \$4.0 million over the prior year's quarter. The decline is driven by lower revenue compared to the prior year.

The adjusted diluted earnings per share in the first quarter of 2026 was \$0.29 per share, a decrease of 17.1% over the prior year's quarter.

## Net Income and Diluted Earnings Per Share

Net income for the first quarter of 2026 was \$21.5 million, or \$0.31 per diluted earnings per share as compared to \$0.35 per diluted earnings per share recorded in the prior year's quarter, a decrease of \$0.04 per share or 11.4% (net income of \$23.8 million in the first quarter of 2025).

## Dividends

As previously announced, the Company paid a quarterly dividend of \$0.24 per common share and a special dividend of \$0.50 per common share on the 8th day of April 2026 to shareholders of record. Today the Directors have declared a quarterly dividend of \$0.24 per common share payable on the 8<sup>th</sup> day of July 2026 to shareholders of record at the close of business on the 10th day of June 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.

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

## 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 299 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:

<b>Non-IFRS Measure</b>	<b>IFRS Measure</b>
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:

<b>For the</b>	<b>Three months ended</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
(C\$ in millions)		
<b>Net income</b>	<b>21.5</b>	23.8
Income tax expense	6.8	7.6
Net finance costs	3.0	2.6
Depreciation and amortization	27.9	27.3
Gain on settlement	-	(1.4)
Mark-to-market (gain) loss on financial derivative instruments	(1.9)	0.4
<b>Adjusted EBITDA</b>	<b>57.3</b>	60.3

### **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 299 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 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.

**For further information, please contact:**

Victor Diab  
Chief Financial Officer  
Leon's Furniture Limited  
Tel: (416) 243-4073  
[lflgroup.ca](http://lflgroup.ca)

Jonathan Ross  
LodeRock Advisors, Leon's Investor Relations  
[jon.ross@loderockadvisors.com](mailto:jon.ross@loderockadvisors.com)  
Tel: (416) 283-0178