



LEON'S FURNITURE LIMITED

Interim Condensed Consolidated Financial Statements

For the period ended June 30, 2025

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Interim Consolidated Statements of Financial Position (unaudited)

As at (C\$ in thousands)	Notes	June 30, 2025	December 31, 2024	June 30, 2024
Assets				
Current assets				
Cash and cash equivalents		120,441	191,238	56,849
Restricted marketable securities		-	-	423
Debt securities		108,029	99,139	87,254
Equity securities		38,350	35,030	32,578
Trade receivables		150,900	185,975	172,629
Income taxes recoverable		7,578	1,458	10,816
Inventories	5	423,454	395,491	395,837
Deferred acquisition costs		13,964	13,721	13,646
Prepaid expenses and other assets		22,597	12,617	23,534
Derivative assets		-	1,545	1,293
Total current assets		885,313	936,214	794,859
Non-current assets				
Deferred acquisition costs		22,463	22,778	22,181
Loan receivable	11	15,288	15,546	16,042
Property, plant and equipment and right-of-use assets	6	681,135	674,676	649,839
Investment properties	7	13,527	13,724	13,898
Intangible assets	8	270,466	270,689	271,187
Goodwill		390,120	390,120	390,120
Deferred income tax assets		16,914	16,939	17,320
Total non-current assets		1,409,913	1,404,472	1,380,587
Total assets		2,295,226	2,340,686	2,175,446
Liabilities				
Current liabilities				
Trade and other payables		250,286	298,226	250,377
Current portion of provisions		8,380	8,237	10,313
Income taxes payable		1,673	1,493	1,792
Customers' deposits		137,344	177,233	131,693
Current portion of lease liabilities	9	82,733	79,690	76,847
Dividends payable		13,653	13,639	12,268
Current portion of deferred warranty plan and insurance revenue		71,338	70,508	69,953
Current portion of long-term debt	10	80,000	7,500	7,500
Derivative liabilities		8,922	-	-
Total current liabilities		654,329	656,526	560,743
Non-current liabilities				
Long-term debt	10	-	72,500	102,500
Lease liabilities	9	267,362	265,860	256,525
Deferred warranty plan and insurance revenue		111,537	112,987	109,293
Provisions		26,649	24,351	20,573
Deferred income tax liabilities		63,453	67,312	67,199
Total non-current liabilities		469,001	543,010	556,090
Total liabilities		1,123,330	1,199,536	1,116,833
Shareholders' equity				
Common shares	12	168,382	167,231	167,014
Retained earnings		987,479	960,471	883,066
Accumulated other comprehensive income		16,035	13,448	8,533
Total shareholders' equity		1,171,896	1,141,150	1,058,613
Total liabilities and shareholders' equity		2,295,226	2,340,686	2,175,446

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

Interim Consolidated Statements of Income (unaudited)

For the	Notes	Three months ended		Six months ended	
(C\$ in thousands except share and per share amounts)		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue	13	644,129	617,663	1,223,640	1,179,917
Cost of sales	5	355,417	346,485	676,560	661,994
Gross profit		288,712	271,178	547,080	517,923
Selling, general and administrative expenses		234,260	228,045	459,637	449,161
Other loss (income)		8,707	(331)	7,663	(3,558)
Net finance costs		3,152	3,123	5,799	7,700
Net income before income tax		42,593	40,341	73,981	64,620
Income tax expense	14	10,752	10,171	18,320	15,631
Net income for the period		31,841	30,170	55,661	48,989
Weighted average number of common shares outstand	15				
Basic		68,252,117	68,144,456	68,229,171	68,088,003
Diluted		68,639,781	68,646,870	68,643,029	68,636,623
Earnings per share	15				
Basic		\$0.47	\$0.44	\$0.82	\$0.72
Diluted		\$0.46	\$0.44	\$0.81	\$0.71
Dividends declared per share					
Common		\$0.20	\$0.18	\$0.40	\$0.36

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		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
(C\$ in thousands)				
Net income for the period	31,841	30,170	55,661	48,989
Other comprehensive income (loss)				
Item that may be reclassified subsequently to profit or loss:				
Gain (loss) on debt instruments arising during the period	(442)	348	770	(87)
Reclassification adjustment for loss on disposal of debt instruments	-	2	-	2
Item that will not be reclassified to profit or loss:				
Gain on equity instruments arising during the period	1,900	387	1,914	1,925
Income tax expense (recovery) on the above	(67)	8	(97)	(65)
Other comprehensive income for the period	1,391	745	2,587	1,775
Comprehensive income for the period	33,232	30,915	58,248	50,764

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	-	-	55,661	55,661
Other comprehensive income for the period	-	2,587	-	2,587
Total comprehensive income	-	2,587	55,661	58,248
Transactions with shareholders				
Dividends declared	-	-	(27,294)	(27,294)
Management share purchase plan [note 11]	1,290	-	-	1,290
Share repurchase commitment [note 12]	(91)	-	(909)	(1,000)
Repurchase of common shares [note 12]	(48)	-	(450)	(498)
Total transactions with shareholders	1,151	-	(28,653)	(27,502)
As at June 30, 2025	168,382	16,035	987,479	1,171,896

(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	-	-	48,989	48,989
Other comprehensive income for the period	-	1,775	-	1,775
Total comprehensive income	-	1,775	48,989	50,764
Transactions with shareholders				
Dividends declared	-	-	(24,519)	(24,519)
Management share purchase plan [note 11]	1,844	-	-	1,844
Share repurchase commitment [note 12]	295	-	1,705	2,000
Total transactions with shareholders	2,139	-	(22,814)	(20,675)
As at June 30, 2024	167,014	8,533	883,066	1,058,613

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

Interim Consolidated Statements of Cash Flows (unaudited)

For the		Six months ended	
(C\$ in thousands)	Notes	June 30, 2025	June 30, 2024
Operating activities			
Net income before income tax		73,981	64,620
Add (deduct) items not involving an outlay of cash:			
Depreciation of property, plant and equipment, right-of-use assets and investment properties		54,044	53,247
Amortization of intangible assets		534	633
Amortization of deferred warranty plan revenue	13	(35,620)	(33,689)
Amortization of deferred insurance revenue	13	(13,549)	(11,828)
Amortization of premium		(70)	(64)
Net finance costs		5,799	7,700
Gain on sale of property, plant and equipment and investment properties		(228)	(99)
Gain on settlement		(2,805)	-
Loss / (gain) on derivatives	16	10,467	(3,558)
Gain on sale of marketable securities		-	(2)
Gain on management share purchase plan		(230)	(1,358)
		92,323	75,602
Change in operating working capital	17	(86,493)	(22,255)
Cash received on warranty plan sales		35,000	33,468
Cash received on insurance sales		13,549	11,888
Income taxes paid		(28,191)	(22,465)
Cash provided by operating activities		26,188	76,238
Investing activities			
Purchase of property, plant and equipment	6	(15,362)	(33,436)
Purchase of intangible assets	8	(311)	(607)
Proceeds on sale of property, plant and equipment and investment properties		303	189
Purchase of debt and equity instruments		(23,140)	(24,322)
Proceeds on sale of debt and equity instruments		13,684	10,792
Repayment of loan receivable		676	4,779
Interest received		4,525	3,146
Cash used in investing activities		(19,625)	(39,459)
Financing activities			
Payment of lease liabilities	9	(40,474)	(38,337)
Dividends paid		(27,280)	(24,496)
Decrease of employee loans-redeemable shares		1,290	1,844
Repurchase of common shares	12	(498)	-
Issuance of long-term debt	10	-	10,000
Interest paid		(10,398)	(11,685)
Cash used in financing activities		(77,360)	(62,674)
Net decrease in cash and cash equivalents during the period		(70,797)	(25,895)
Cash and cash equivalents, beginning of period		191,238	82,744
Cash and cash equivalents, end of period		120,441	56,849

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

Leon's Furniture Limited

Amounts in thousands of Canadian dollars, except share amounts and earnings per share

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, August 7, 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.

Leon's Furniture Limited

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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 June 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 June 30, 2025.

Leon's Furniture Limited

Amounts in thousands of Canadian dollars, except share amounts and earnings per share

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 six months ended June 30, 2025 was \$338,625 (three months ended June 30, 2024 - \$331,012) and \$643,733 (six months ended June 30, 2024 - \$630,425), which is presented within cost of sales in the unaudited interim condensed consolidated statements of income.

During the three and six months ended June 30, 2025, there were \$860 and \$1,572 in inventory write downs (three and six months ended June 30, 2024 - \$150 and \$25 inventory write downs).

As at June 30, 2025, the inventory markdown provision totaled \$8,925 (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	-	6,225	3,088	3,369	3,555	42,047	2,097	60,381
Disposals	-	-	(604)	(1,203)	(1,176)	-	(3,938)	(6,921)
Balance as at June 30, 2025	111,341	353,382	206,978	79,829	255,592	794,004	287	1,801,413
Accumulated depreciation								
Balance as at December 31, 2024	-	191,411	153,471	53,769	224,118	448,823	1,685	1,073,277
Depreciation	-	4,840	3,914	2,343	3,656	38,866	228	53,847
Disposals	-	-	(580)	(1,191)	(1,175)	-	(3,900)	(6,846)
Balance as at June 30, 2025	-	196,251	156,805	54,921	226,599	487,689	(1,987)	1,120,278
Net book value as at June 30, 2025	111,341	157,131	50,173	24,908	28,993	306,315	2,274	681,135

(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

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Included in the above balances as at June 30, 2025, are assets not being amortized with a net book value of approximately \$6,445 (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
Cost				
Balance as at December 31, 2024	10,646	15,396	964	27,006
Balance as at June 30, 2025	10,646	15,396	964	27,006
Accumulated depreciation				
Balance as at December 31, 2024	-	12,585	697	13,282
Depreciation	-	172	25	197
Balance as at June 30, 2025	-	12,757	722	13,479
Net book value as at June 30, 2025	10,646	2,639	242	13,527

(C\$ in thousands)	Land	Buildings	Building improvements	Total
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
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 June 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.

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Amounts in thousands of Canadian dollars, except share amounts and earnings per share

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	-	311	311
Balance as at June 30, 2025	275,500	20,529	296,029
Accumulated amortization			
Balance as at December 31, 2024	9,500	15,529	25,029
Amortization	-	534	534
Balance as at June 30, 2025	9,500	16,063	25,563
Net book value as at June 30, 2025	266,000	4,466	270,466

(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)	June 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.

Leon's Furniture Limited

Amounts in thousands of Canadian dollars, except share amounts and earnings per share

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)	June 30, 2025	December 31, 2024
Balance, beginning of period	345,550	353,925
Additions	45,019	69,694
Disposals	-	(577)
Interest	9,006	17,070
Payments	(49,480)	(94,562)
Balance, end of period	350,095	345,550
Reported as:		
Current	82,733	79,690
Non-current	267,362	265,860
Total	350,095	345,550

Leon's Furniture Limited

Amounts in thousands of Canadian dollars, except share amounts and earnings per share

10. Long-term Debt

Bank indebtedness

On June 28, 2024, the Company completed an amending agreement number two to its existing Senior Secured Credit Agreement ("SSCA"). Under this amendment, the Company's total credit facility was adjusted to \$286,250. Out of the total amount, \$86,250 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, 2026. The Company has drawn \$3,750 under the revolving credit facility and has \$76,250 outstanding for its term loan as at June 30, 2025. 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 31-day Bankers' Acceptance with a cost of borrowing of 3.90% that was renewed on June 30, 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 June 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.

Subsequent, to the quarter ended June 30, 2025, the company completed an amendment to its existing SSCA, which will extend the term from May 31st, 2026 to May 31st, 2027. No other material changes were made to the existing SSCA.

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 and 2022 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.

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Loan receivable

As at

(C\$ in thousands)	June 30, 2025	December 31, 2024
Balance, beginning of period	15,546	19,669
Fair value adjustment	418	1,616
Forfeiture	-	(997)
Dividends paid	(500)	(1,002)
Loan repayment	(176)	(3,740)
Balance, end of period	15,288	15,546

Deferred compensation expense

	June 30, 2025	December 31, 2024
Balance, beginning of period	1,972	2,435
Compensation expense	(188)	(463)
Balance, end of period	1,784	1,972

Redeemable share liability

As at

(C\$ in thousands)	June 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		
Nil series 2012 shares (December 31, 2024 - 43,929)	-	545
145,928 series 2013 shares (December 31, 2024 - 162,357)	1,662	1,849
77,807 series 2014 shares (December 31, 2024 - 96,498)	1,171	1,453
131,813 series 2015 shares (December 31, 2024 - 152,362)	1,774	2,051
Less employee share purchase loans	(4,600)	(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.

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During the six-month period ended June 30, 2025, 43,929 series 2012 shares, 16,429 series 2013 shares, 18,691 series 2014 shares and 20,549 series 2015 shares (six-month period ended June 30, 2024 - 1,184 series 2012 shares, 51,275 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, \$187, \$281 and \$277, respectively (six-month period ended June 30, 2024 - \$15, \$589, \$548 and \$692 respectively).

During the six-month period ended June 30, 2025, the Company did not cancel any shares from any of the series of shares (six-month period ended June 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	June 30, 2025	December 31, 2024
(C\$ in thousands)		
Authorized - Unlimited common shares		
Issued		
68,271,723 common shares (2024 - 68,191,725)	168,382	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 will commence 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. During the six-month period ended June 30, 2025, the Company repurchased and cancelled 6,800 common shares under the ASPP for a net cost of \$147, of which \$16 represents a reduction in share capital and the remaining \$131 was recorded as a reduction to retained earnings. As at June 30, 2025, an obligation for the repurchase of shares of \$1,000 (as at June 30, 2024 - \$Nil) was recognized under the ASPP.

During the six-month period ended June 30, 2025, and excluding the common shares repurchased under the ASPP, the Company repurchased 12,800 shares (six-month period ended June 30, 2024 - Nil) of its common shares on the open market pursuant to the terms and conditions of normal course issuer bid. The net cost of \$350, of which \$32 represents a reduction in share capital and the remaining \$319 has been recorded as a reduction to retained earnings (six-month period ended June 3, 2024 - \$Nil). As at June 30, 2025, the Company has cancelled all 12,800 of these repurchased shares.

As at June 30, 2025 and 2024, dividends payable were \$13,653 (\$0.20 per share) and \$12,268 (\$0.18 per share), respectively.

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13. Revenue

Disaggregation of revenue

For the (C\$ in thousands)	Three months ended	
	June 30, 2025	June 30, 2024
Sales of goods by corporate stores	610,484	585,798
Income from franchise operations	8,395	8,176
Extended warranty revenue	17,894	17,134
Insurance sales revenue	6,874	5,892
Rental income from investment property	482	663
Total	644,129	617,663

For the (C\$ in thousands)	Six months ended	
	June 30, 2025	June 30, 2024
Sales of goods by corporate stores	1,157,672	1,117,807
Income from franchise operations	15,880	15,473
Extended warranty revenue	35,620	33,689
Insurance sales revenue	13,549	11,828
Rental income from investment property	919	1,120
Total	1,223,640	1,179,917

14. Income Tax Expense

For the (C\$ in thousands)	Three months ended	
	June 30, 2025	June 30, 2024
Current income tax expense	13,348	11,100
Deferred income tax recovery	(2,596)	(929)
Total	10,752	10,171

For the (C\$ in thousands)	Six months ended	
	June 30, 2025	June 30, 2024
Current income tax expense	21,010	16,921
Deferred income tax recovery	(2,690)	(1,290)
Total	18,320	15,631

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 six-month period ended June 30, 2025 and June 30, 2024 were 24.8% and 24.2%, respectively.

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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	
	June 30, 2025	June 30, 2024
(C\$ in thousands except share and per share amounts)		
Net income for the period for basic earnings per share	31,841	30,170
Net income for the period for diluted earnings per share	31,841	30,170
Weighted average number of common shares outstanding	68,252,117	68,144,456
Dilutive effect	387,664	502,414
Dilutive weighted average number of common shares outstanding	68,639,781	68,646,870
Basic earnings per share	\$0.47	\$0.44
Diluted earnings per share	\$0.46	\$0.44

For the	Six months ended	
	June 30, 2025	June 30, 2024
(C\$ in thousands except share and per share amounts)		
Net income for the period for basic earnings per share	55,661	48,989
Net income for the period for diluted earnings per share	55,661	48,989
Weighted average number of common shares outstanding	68,229,171	68,088,003
Dilutive effect	413,858	548,620
Dilutive weighted average number of common shares outstanding	68,643,029	68,636,623
Basic earnings per share	\$0.82	\$0.72
Diluted earnings per share	\$0.81	\$0.71

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 June 30, 2025, unrestricted liquidity was \$454,462 comprised of cash and cash equivalents, debt and equity instruments and its undrawn revolving credit facility.

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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	June 30, 2025			
(C\$ in thousands)	Classification and measurement	Total carrying amount	Fair value	Fair value hierarchy
Financial assets				
Cash and cash equivalents	Amortized cost	120,441	120,441	Level 1
Trade receivables	Amortized cost	150,900	150,900	Level 2
Equity securities	FVOCI	38,350	38,350	Level 1
Debt securities	FVOCI	107,929	107,929	Level 1
Debt securities	FVTPL	100	100	Level 2
Loan receivable	FVTPL	15,288	15,288	Level 2
Financial liabilities				
Trade and other payables	Amortized cost	250,286	250,286	Level 2
Long-term debt	Amortized cost	80,000	80,000	Level 2
Derivative liabilities	FVTPL	8,922	8,922	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 June 30, 2025 includes financial assets of \$266,720, \$166,288 and \$nil for Levels 1, 2 and 3 respectively, and financial liabilities of \$nil, \$339,208 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.

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The Company maintains other financial derivatives, which comprises foreign exchange forwards, with maturities that do not exceed past December 2026. As at June 30, 2025, the fair value of derivative liabilities is \$8,922 (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	Six months ended	
	June 30, 2025	June 30, 2024
(C\$ in thousands)		
Trade receivables	37,880	25,130
Inventories	(27,963)	20,759
Prepaid expenses and other assets	(10,168)	(10,922)
Trade and other payables	(48,866)	(29,517)
Customers' deposits	(39,889)	(28,653)
Provisions	2,441	790
Deferred acquisition costs	72	158
Total	(86,493)	(22,255)

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 second quarter of 2025 interim condensed consolidated financial statements.