



**LXR REPORTS FINANCIAL RESULTS FOR THE SECOND QUARTER 2021
Q2 2021 Total and E-Commerce Revenue Up 181% and 214%, Respectively**

Montreal, August 12, 2021 – LXRandCo, Inc. (“LXR” or the “Company”) (TSX: LXR, LXR.WT), a North American socially responsible, digital-first omni-channel retailer of authenticated pre-owned luxury handbags and personal accessories, today reported its financial results for the second quarter ended June 30, 2021 (“Q2 2021”).

“Q2, which is usually our slowest quarter in the year, was productive as we made excellent progress on our digital-first strategy. Marking the bottom in our revenue decline momentum, we posted growth in total net revenue of 181%, in e-commerce net revenue of 214%, and at retail of 140% revenue versus Q2 last year. Through this growth rebound, our average order value grew 2% to \$890 and we maintained steady gross margins of 33%. In addition, in keeping with our digital-first plan, we accelerated e-commerce investment by making key digital people hires, and we increased digital marketing spend to build greater brand awareness and increased market share, particularly in Canada, where we grew the business four-fold. In preparation for a more active second half of the year, we have steadily increased our working capital investment in product inventory at competitive gross margins.” said Cam di Prata, the Company’s CEO.

“We remain optimistic about the second half of the year. Given our current momentum, we have modified our revenue outlook for the full year from between \$16 million and \$20 million to between \$17.5 million and \$20.0 million. Estimated e-commerce net revenue as a proportion of total net revenue remains at 50% to 65%. If we can attain the upper end of the revised revenue estimates, it is our expectation that the second half of the year will experience slightly negative to break-even Adjusted EBITDA.” added Cam di Prata.

Provided below are the financial highlights and a discussion of the Company’s financial results for the three-months, which are to be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements and Management’s Discussion and Analysis (“MD&A”) for the period.

Overview of Results for Q2 2021, compared to Q2 2020

Selected financial highlights include the following:

- Total net revenue increased 181% to \$4.0 million. Adjusted net revenue growth, excluding the 2020 revenue from U.S. Partner Bankruptcies, increased 349%.
- E-commerce net revenue increased 214% to \$2.5 million, and e-commerce average order value increased 2% to \$889 per transaction. Adjusted e-commerce net revenue growth, excluding U.S. Partner Bankruptcies, increased 260%.
- E-commerce penetration increased to 63% from 56%.
- Retail net revenue, which includes revenue from retail stores and wholesale operations, was \$1.5 million, an increase of 140%. At quarter-end, we had a network of ten stores (eight of which were in operation), a reduction of 49 stores versus Q2 2020.

- Gross profit margin was 32.8% compared to 33.6%.
- Owing primarily to increased e-commerce investment in people and digital marketing spend, selling, general and administrative (“SG&A”) expenses increased 82% to \$2.5 million, representing 61% of net revenue versus 95% of net revenue.
- Adjusted Net loss (a non-IFRS measure) was \$1.1 million versus a loss of \$0.9 million.
- Adjusted EBITDA (a non-IFRS measure) was a loss of \$0.8 million versus a loss of \$0.6 million.
- Free Cash Flow (a non-IFRS measure) was negative \$1.2 million as compared to negative \$0.7 million, reflecting primarily increased working capital investment in product inventory.
- Cash availability at the end of Q2 2021 was \$4.5 million as compared to \$2.6 million in Q2 2020.

Discussion of the Three-Month Periods Ended June 30, 2021 and 2020

Unless otherwise indicated, all amounts are expressed in Canadian dollars. Certain metrics, including those expressed on an adjusted basis, are non-IFRS measures. See “Non-IFRS Measures” further below. For a reconciliation of non-IFRS measures to their most directly comparable measure calculated in accordance with IFRS, see “Select Consolidated Financial Information” further below.

Net Revenue

For Q2 2021, total net revenue increased by 181.5% to \$4.0 million from \$1.4 million in Q2 2020. During this period, approximately 62.7% of our total net revenue was generated from e-commerce and 37.3% from retail activities (stores and wholesale channels combined), as compared to 56.1% and 43.9%, respectively, in the same period in 2020. During Q2 2021, approximately 67.3% of our net revenue was generated in the U.S., with the balance coming from Canada, as compared to 76.5% from the U.S. in Q2 2020. This shift in revenue mix was due to the geographic impact of the U.S. Partner Bankruptcies, which reduced our U.S. business substantially in Q2 2021, and to the increased share in e-commerce revenue as compared to Q2 2020.

Included in total net revenue for Q2 2020 is non-recurring net revenue from retail partners affected by the U.S. Partner Bankruptcies of \$0.5 million. Excluding the impact of U.S. Partner Bankruptcies, total net revenue in Q2 2021 increased by 349.2% versus the same period in 2020.

E-commerce

E-commerce penetration increased to 62.7% from 56.1% in Q2 2020. During this period, e-commerce net revenue was \$2.5 million, an increase of 214.3% compared to prior period.

Included in e-commerce net revenue for Q2 2020 is non-recurring net revenue from retail partners affected by the U.S. Partner Bankruptcies of \$0.1 million. Excluding the impact of the U.S. Partner Bankruptcies, e-commerce net revenue in Q2 2021 increased by 259.6% versus the same period in 2020.

E-commerce AOV in Q2 2021 was \$889, an increase of 2.2% versus the comparable period last year.

Retail

For Q2 2021, retail net revenue (which includes net revenue from stores and wholesale channels) increased 139.5% to \$1.5 million as compared to \$0.6 million in Q2 2020. The increase highlights the progressive recovery from the adverse impact of COVID-19 on our and our channel partner's retail activities, as well as permanent store closures relating to the U.S. Partner Bankruptcies. Despite the growth, we recognize the continued adverse economic impact of COVID-19 as an ongoing risk in 2021. As at June 30, 2021, our retail store network consisted of ten stores, of which only eight were open as compared to 59 stores as at June 30, 2020, 39 of them being operational. During Q2 2021, we did not open or close any stores (Q2 2020 – 12 closures).

Discontinued Net Revenue from U.S. Partner Bankruptcies

In Q2 2021, we generated no revenue from partners affected by the U.S. Partner Bankruptcies (2020—\$0.5 million total net revenue and \$0.1 million e-commerce net revenue, respectively). As these partners have permanently ceased their operations, we are actively working to replace this lost revenue through a combination of increased e-commerce activity and the addition of other retail channel partners.

To facilitate greater comparability, the financial table "Revenue by Channel (Excluding Impact of the U.S. Partner Bankruptcies)" provided below sets forth the net revenue by channel excluding the impact of U.S. Partner Bankruptcies.

Revenue by Channel (Excluding Impact of U.S. Partner Bankruptcies¹)

(\$)	For the three-months ended June 30,		
	2021	2020	Increase/ (Decrease)
Total net revenue	4,026,028	1,430,284	181.5%
Less: Revenue from U.S. Bankrupt Partners	-	533,942	n/a
Adjusted Total net revenue	4,026,028	896,342	349.2%
E-commerce net revenue	2,522,682	802,658	214.3%
Less: Revenue from U.S. Bankrupt Partners	-	101,191	n/a
Adjusted e-commerce net revenue	2,522,682	701,467	259.6%

Total and E-commerce LTM Net Revenue

As we emerge from the effects of the pandemic, we monitor our LTM net revenue, which adjusts for the effects of seasonality and provides a trailing full-year assessment of revenue momentum and growth. The following table provides an overview of historical total and e-commerce net revenue on a quarterly and LTM basis. As highlighted below, our full-year net revenue target is between \$17.5 million and \$20 million, with over 50% of total net revenue to come from our digital channels.

¹ Revenue from U.S. Partner Bankruptcies means net revenue pertaining to Stage Stores, Lord & Taylor, Stein Mart Stores and Century 21, all no longer in operation.

Actuals (\$):	Total net revenue		E-commerce net revenue		E-commerce penetration
	Quarterly	LTM	Quarterly	LTM	LTM
Q1 2019	8,756,063	38,982,959	604,023	2,294,094	6%
Q2 2019	8,558,435	38,254,627	959,525	2,654,334	7%
Q3 2019	8,314,615	36,493,740	985,288	3,057,856	8%
Q4 2019	14,440,173	40,069,286	1,175,652	3,724,488	9%
Q1 2020	6,097,604	37,410,827	975,592	4,096,057	11%
Q2 2020	1,430,284	30,282,676	802,658	3,939,190	13%
Q3 2020	2,857,718	24,825,779	885,669	3,839,571	15%
Q4 2020	3,391,813	13,777,419	1,715,804	4,379,723	32%
Q1 2021	2,602,071	10,281,886	1,572,640	4,976,771	48%
Q2 2021	4,026,028	12,877,630	2,522,682	6,696,795	52%
Q4 2021 Target		17,500,000 — 20,000,000			50% — 65%

Gross Profit and Gross Margin

Gross profit in Q2 2021 increased by 174.4% to \$1.3 million as compared to \$0.5 million in Q2 2020. The increase in gross profit is attributable to the increase in total net revenue discussed above, offset by a charge of approximately \$20,000 due to a break-in and theft in one of our store locations.

Gross profit margin in Q2 2021 was relatively steady at 32.8% compared to 33.6% in Q2 2020. Excluding the theft incident, gross profit margin for Q2 was 33.3%.

SG&A Expenses

In Q2 2021, SG&A expenses increased by 81.6% to \$2.5 million, compared to \$1.4 million in Q2 2020. This increase was primarily due to increased investment in our digital activities, which included new digital team hires as well as an increase in promotional digital marketing spend as compared to a reduced employee expense base in Q2 2020 due to employee furloughs brought on by the pandemic.

On June 30, 2021, we employed 54 people across our ten retail stores, and our two office locations in Montreal, Canada and Tokyo, Japan. At the end of Q2 2020, our employee headcount was 95, with most of our employee base furloughed. Given the significant loss in net revenue from the pandemic, we have been proactive in reducing SG&A costs and in restructuring operations. This decrease in headcount is mainly the result of a streamlined retail salesforce resulting from store closures, U.S. Partner Bankruptcies, and other terminations.

Net Loss

In Q2 2021, net loss improved to \$1.6 million from a net loss of \$1.7 million in Q2 2020. This was primarily due to the increase in revenue, offset by increased SG&A costs as discussed above, as compared to Q2 2020.

Adjusted Net Loss

In Q2 2021, Adjusted Net Loss was \$1.1 million as compared to an Adjusted Net Loss of \$0.9 million in Q2 2020. This negative variance was primarily due to foreign exchange adjustments. The table on page 7 sets forth the reconciliation of Net Loss to Adjusted Net Loss.

Adjusted EBITDA

In Q2 2021, Adjusted EBITDA was a loss of \$0.8 million as compared to an Adjusted EBITDA loss of \$0.6 million in Q2 2020. This negative variance was primarily due to adjustments pertaining to foreign exchange and the disposition of non-core store fixtures. The table on page 7 sets forth the reconciliation of Net Loss to Adjusted EBITDA.

Free Cash Flow

In Q2 2021, Free Cash Flow was negative \$1.2 million as compared to negative \$0.7 million in Q2 2020. This negative variance of \$0.5 million resulted from a lower net loss of \$0.2 million and an increase in non-cash charges of \$0.3 million (primarily stock-based compensation), offset by a decrease in non-cash working capital of \$1.0 million due primarily to increased investment in product inventory. The table below sets forth the computation of Free Cash Flow for the period.

(\$)	For the three-months ended June 30,		
	2021	2020	Increase (decrease)
Net loss from continuing operations	(1,580,635)	(1,741,391)	160,756
Non-cash items:			
Depreciation of property and equipment	63,864	93,522	(29,658)
Amortization of intangible assets	12,143	40,492	(28,349)
Amortization of deferred financing costs	7,124	1,252	5,872
Stock-based compensation expense	299,987	(292,473)	592,460
Gain on disposal of property and equipment	(1,250)	—	(1,250)
Write-off of property and equipment		169,578	(169,578)
Unrealized foreign exchange loss	8,836	12,454	(3,618)
	390,704	24,825	365,879
	(1,189,931)	(1,716,566)	526,635
Net change in non-cash working capital balances	(32,427)	994,985	(1,027,412)
Cash flows used in operating activities	(1,222,358)	(721,581)	(500,777)
Less: Acquisitions of property and equipment	(9,998)	—	(9,998)
Free cash flow	(1,232,356)	(721,581)	(510,775)

Key Financial and Operating Information

The following table summarizes our recent results of operations for the periods indicated. The selected consolidated financial information set out below has been derived from our unaudited interim condensed consolidated financial statements and related notes. The selected unaudited interim condensed consolidated financial information set out below for the periods below is unaudited.

Consolidated statements of loss and comprehensive loss

(in Canadian dollars)

	For the three-months ended June 30,		For the six-months ended June 30,	
	2021	2020	2021	2020
Net revenue	4,026,028	1,430,284	6,628,099	7,527,888
Cost of sales	2,706,517	949,401	4,488,570	5,130,655
Gross profit	1,319,511	480,883	2,139,529	2,397,233
Operating expenses				
Selling, general and administrative expenses	2,457,759	1,353,488	3,659,267	5,300,680
Amortization and depreciation expenses	76,007	134,014	167,807	354,690
Loss from operating activities	(1,214,255)	(1,006,619)	(1,687,545)	(3,258,137)
Other income and expenses				
Finance costs	133,596	156,183	314,238	323,240
Foreign exchange loss (gain)	214,214	578,589	444,316	(865,840)
Loss before income taxes	(1,562,065)	(1,741,391)	(2,446,099)	(2,715,537)
Income tax expense (recovery)				
Current	18,570	—	18,570	—
	18,570	—	18,570	—
Net loss	(1,580,635)	(1,741,391)	(2,464,669)	(2,715,537)

	For the three-months ended June 30,		For the six-months ended June 30,	
	2021	2020	2021	2020
Reconciliation of Net Loss to Adjusted Net Loss				
Net Loss	(1,580,635)	(1,741,391)	(2,464,669)	(2,715,537)
Adjustments to Net Loss:				
Foreign exchange loss (gain)	214,214	578,589	444,316	(865,840)
Gain on disposal of property and equipment	(1,250)	—	(1,250)	—
Write-off of property and equipment	—	169,578	—	169,578
Stock-based compensation	299,988	57,528	99,237	497,910
Store closing costs	—	1,580	—	12,065
Adjusted Net Loss	(1,067,683)	(934,116)	(1,922,366)	(2,901,824)
	For the three-months ended June 30,		For the six-months ended June 30,	
	2021	2020	2021	2020
Reconciliation of Net Loss to Adjusted EBITDA				
Net Loss	(1,580,635)	(1,741,391)	(2,464,669)	(2,715,537)
Adjustments to Net Loss:				
Amortization and depreciation expenses	76,007	134,014	167,807	354,690
Finance costs	133,596	156,183	314,238	323,240
Income Tax Expense	18,570	—	18,570	—
EBITDA	(1,352,462)	(1,451,194)	(1,964,054)	(2,037,607)
Adjustments to EBITDA:				
Foreign exchange loss (gain)	214,214	578,589	444,316	(865,840)
Gain on disposal of property and equipment	(1,250)	—	(1,250)	—
Write-off of property and equipment	—	169,578	—	169,578
Stock-based compensation	299,988	57,528	99,237	497,910
Store closing costs	—	1,580	—	12,065
Adjusted EBITDA	(839,510)	(643,919)	(1,421,751)	(2,223,894)

Selected Quarterly Financial Information

The following table summarizes certain of our financial results for the most recently completed eight quarters for which financial statements have been prepared by us as a reporting issuer. This unaudited quarterly information has been prepared in accordance with IFRS. Due to our recent change in strategy, the impact of COVID-19 and other factors such as seasonality, the results of operations for any quarter are not necessarily comparable or indicative of the results of operations for the full year.

(\$)								
Consolidated statements of loss:	Q2-2021	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019
Total net revenue	4,026,028	2,602,071	3,391,813	2,857,718	1,430,284	6,097,604	14,440,173	8,314,615
E-commerce revenue	2,522,682	1,572,640	1,715,804	885,669	802,658	975,592	1,175,652	985,288
E-commerce revenue % of total net revenue	62.7%	60.4%	50.60%	31.00%	56.10%	16.00%	8.10%	11.90%
Gross margin	32.8%	31.5%	32.7%	28.2%	33.6%	31.4%	32.8%	31.4%
Adjusted Net Loss	(1,067,683)	(854,683)	(886,691)	(1,156,584)	(934,116)	(1,967,708)	(522,182)	(1,790,769)
Adjusted EBITDA	(839,510)	(582,241)	(708,200)	(782,262)	(643,919)	(1,579,975)	(73,941)	(1,404,384)
Adjusted EBITDA % of total net revenue	(20.9%)	(22.4%)	(20.9%)	(27.4%)	(45.0%)	(25.9%)	(0.5%)	(16.9%)
LTM metrics and growth:								
LTM Total net revenue	12,877,630	10,281,886	13,777,419	24,825,779	30,282,676	37,410,827	40,069,286	36,493,740
LTM E-commerce revenue	6,696,795	4,976,771	4,379,723	3,839,571	3,939,190	4,096,057	3,724,488	3,057,856
E-commerce revenue – period over period growth	214.3%	61.2%	45.9%	-10.1%	-16.3%	61.5%	131.0%	69.4%
Free Cash Flow:								
Net loss	(1,580,635)	(884,034)	(2,208,618)	(2,786,350)	(1,741,391)	(974,146)	(1,685,777)	(2,310,790)
Add: non-cash items	390,704	(94,643)	97,883	1,135,973	24,825	642,166	976,914	1,092,204
Add: Net change in non-cash working capital	(32,428)	(628,959)	1,475,699	1,712,028	994,985	177,852	1,525,191	(1,527,515)
Cash flows provided/(used) in operating activities	(1,222,358)	(1,607,636)	(635,036)	61,651	(721,581)	(154,128)	816,328	(2,746,101)
Less: acquisition of property and equipment	(9,998)	(14,593)	(4,171)	—	—	(1,337)	(6,770)	2,204
Free Cash Flow	(1,232,356)	(1,622,229)	(639,207)	61,651	(721,581)	(155,465)	809,558	(2,743,897)
Liquidity:								
Cash availability	4,315,918	4,653,792	7,289,957	501,033	797,777	1,393,351	3,498,824	2,004,827
Working capital	7,033,183	7,133,717	8,949,997	2,877,864	4,523,360	-584,103	1,332,673	9,125,764
Capitalization:								
Shares outstanding	92,783,155	92,783,155	92,783,155	32,783,145	32,783,145	28,176,012	28,176,012	28,176,012
Closing share price	0.130	0.120	0.245	0.200	0.250	0.280	0.205	0.220
Market capitalization	12,061,810	11,133,979	22,731,873	6,556,629	8,195,786	7,889,283	5,776,082	6,198,723
Add: Total debt*	5,758,443	4,814,459	5,733,129	5,173,259	5,438,870	6,009,844	8,044,331	7,078,735
Less: Cash	4,315,918	4,653,792	7,289,957	501,033	797,777	1,393,351	3,498,824	2,004,827
Enterprise value (EV)	13,504,335	11,404,730	21,175,045	11,228,855	12,836,879	12,505,776	10,321,589	11,272,631
Multiple of EV/Last 12 months revenue	1.05x	1.10x	1.54x	0.45x	0.42x	0.33x	0.26x	0.31x

* Total debt includes the Line of Credit and the BCAP loan

About LXR

LXR is a socially responsible, digital-first omni-channel retailer of authenticated pre-owned luxury handbags and personal accessories. We provide consumers with branded products from Hermès, Louis Vuitton, Gucci, Prada, and Chanel, among other high-quality brands, by promoting their reuse and providing an environmentally responsible way for consumers to purchase luxury products. We achieve this through our digital-first strategy by selling directly to consumers through our website at www.lxrco.com and indirectly by powering the e-commerce platforms of key channel partners. Our omni-channel model is also supported by retail 'shop-in-shop' experience centers and by wholesale activities with select retail partners across North America.

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Non-IFRS Measures

This press release refers to certain non-IFRS measures. These measures are not recognized under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of LXR's performance and results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of LXR's financial information reported under IFRS. Management uses non-IFRS measures including: "LTM", "EBITDA," "Adjusted EBITDA," and "Adjusted Net Loss". These non-IFRS measures are used to provide investors with supplemental measures of LXR's operating performance and thus highlight trends in LXR's business that may not otherwise be apparent when relying solely on IFRS measures. Management believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of company performance. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. For a definition of EBITDA, Adjusted EBITDA, and Adjusted Net Loss, and a reconciliation of these non-IFRS measures to IFRS measures, see the above tables presented.

Caution Regarding Forward-Looking Statements

Certain statements in this press release are prospective in nature and constitute forward-looking information or forward-looking statements within the meaning of applicable securities laws (collectively, "**forward-looking statements**"). Forward-looking statements generally, but not always, can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "could", "would", "will", "expect", "intend", "estimate", "forecasts", "project", "seek", "anticipate", "believes", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events and the negative of any of these terms. Forward-looking statements in this news release include, but are not limited to, statements concerning future objectives and strategies to achieve those objectives, including, without limitation, store openings and closures, as well as other statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, outlook, circumstances, performance or

expectations that are not historical facts. Forward-looking statements reflect management's current beliefs, expectations and assumptions and are based on information currently available to management, which includes assumptions about continued revenues based on historical past performance, management's historical experience, perception of trends and current business conditions, expected future developments, including the Company's capacity to secure additional financing, and other factors which management considers appropriate. With respect to the forward-looking statements included in this press release, management has made certain assumptions with respect to, among other things, the Company's ability to meet its future objectives and strategies, the Company's ability to achieve its future projects and plans and that such projects and plans will proceed as anticipated, the expected growth of the Company's e-commerce revenue, the expected number and timing of store openings, entering into new and/or expanded retail partnerships, the Company's ability to source products, the Company's competitive position in the vintage luxury industry, and beliefs and intentions regarding the ownership of material trademarks and domain names used in connection with the marketing, distribution and sale of the Company's products as well as assumptions concerning general economic and market growth rates, currency exchange and interest rates and competitive intensity, notably in the context of the current COVID-19 outbreak.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes or results anticipated or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur.

All forward-looking statements included in and incorporated into this press release are qualified by these cautionary statements. Unless otherwise indicated, the forward-looking statements contained herein are made as of the date of this press release, and except as required by applicable law, the Company does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Readers are cautioned that the actual results achieved will vary from the information provided herein and that such variations may be material. Consequently, there are no representations by LXR that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements.