
LXR
Annual
General Meeting
June 7, 2023

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Disclaimer (continued)

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Note that all references to financial information pertaining to the fiscal year ended December 31, 2022 are preliminary and are subject to change.

Presenters

- Val Sorbie—Executive Chair
- Cam di Prata—CEO & director
- Nadine Eap—CF&AO
- Laura Swan—CRO

About

LXR

Our purpose is to extend the lives of luxury handbags and accessories by providing socially-conscious consumers across North America with pre-loved affordable, curated and authenticated collections from iconic brands.

Highly-focused on handbags (90% of revenue) and complementary accessories
Top 5 brands — Louis Vuitton, Gucci, Hermes, Chanel and Prada
10 retail stores across Canada
60%+ e-commerce penetration
Montreal | Tokyo

We enable self-expression through pre-owned luxury

Over 20 brands carried.

Top 5 brands are 92% of 2022 revenue.

At year-end 2022, 6,425 inventory units, $4.3M at cost.

We embrace sustainability, diversity and community

OVERVIEW

- A socially-responsible “circular” business model
- Diverse team of 57 people across Canada, the U.S. and Japan
- 83% of senior Leadership Team is female
- Culture committee
- Top 20 talent pool
- Board of directors are invested and committed shareholders

GIVING BACK

Since 2021, we financially supported the environment, women, the LGBTQ+ community, newcomers and more.

+ 6,000 trees planted

+ 4,700 meals for families with moms undergoing cancer treatment

+ 600 help lines for at-risk LGBTQ+ youth

+ 8 furnished apartments for recently immigrated families

Value proposition

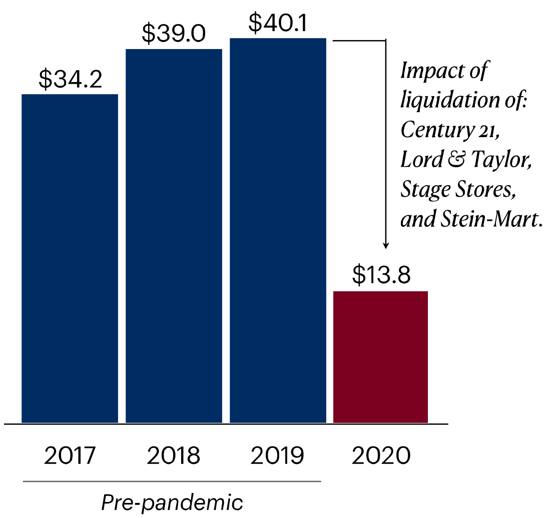
- **We own our merchandise**
- **Asset-light operational model**—no long-term store leases—no major infrastructure
- **Platform agnostic**—operating a balanced B2C/B2B omni-channel model which places the consumer first
- **Highly focused merchandising**—not everything to all people
- **Data-focused**—productivity driven
- **Focus on profitable growth**—with re-sized expense base, objective in 2023/2024 is to scale revenue and generate positive cash flow

Financials

2020—a paradigm shift for LXR

2020/2022 spent repositioning to a new business model

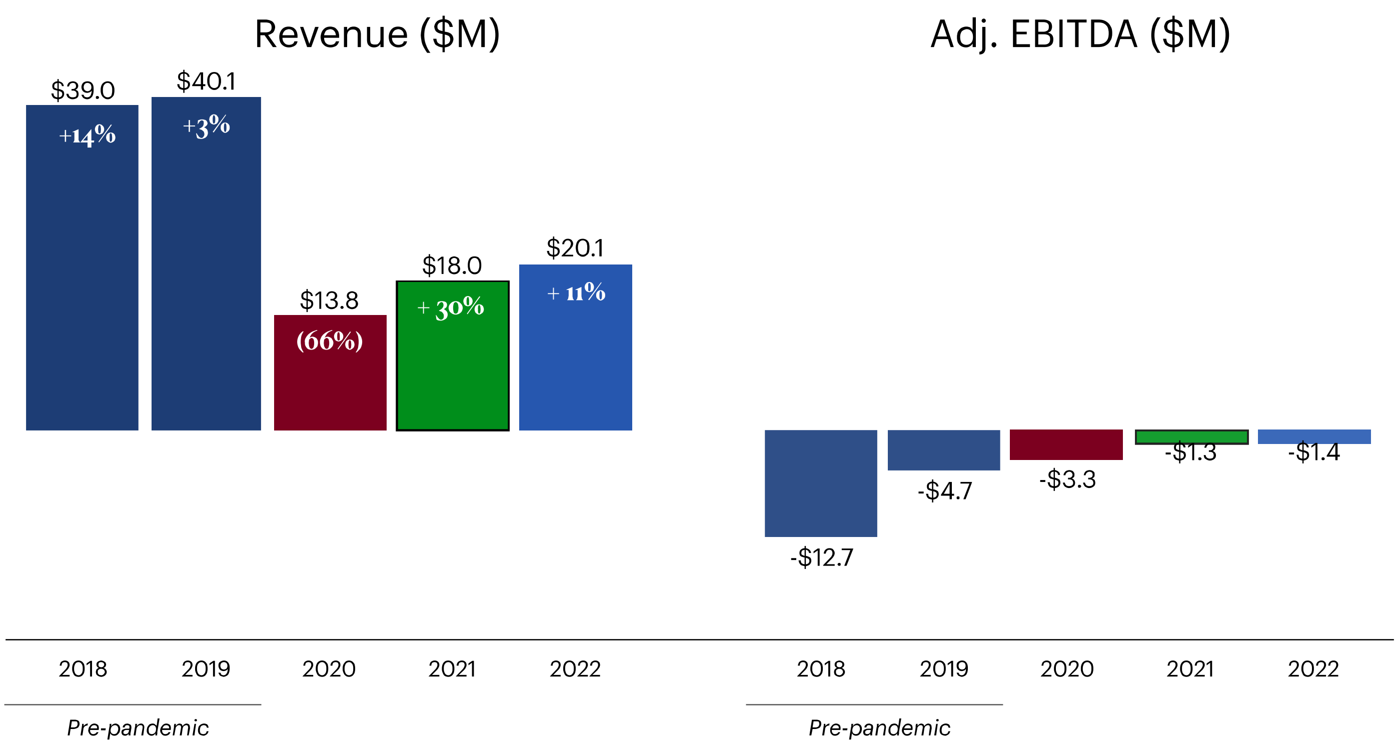
Revenue 2017-2020 ($M)



- 2020 revenue declined 66% due to COVID-19 impact
- 4 U.S. retail customer partners filed for bankruptcy
- Store count was permanently reduced from 80 to 10 stores—a permanent loss in revenue of ~$30M
- With declining revenue, we right-sized our cost base
- Repositioned our strategy to a digital-first one, re-built our culture and made key hires and recapitalized the business
- Secured $3M in additional debt, extended credit line maturity and raised $7.5M in equity

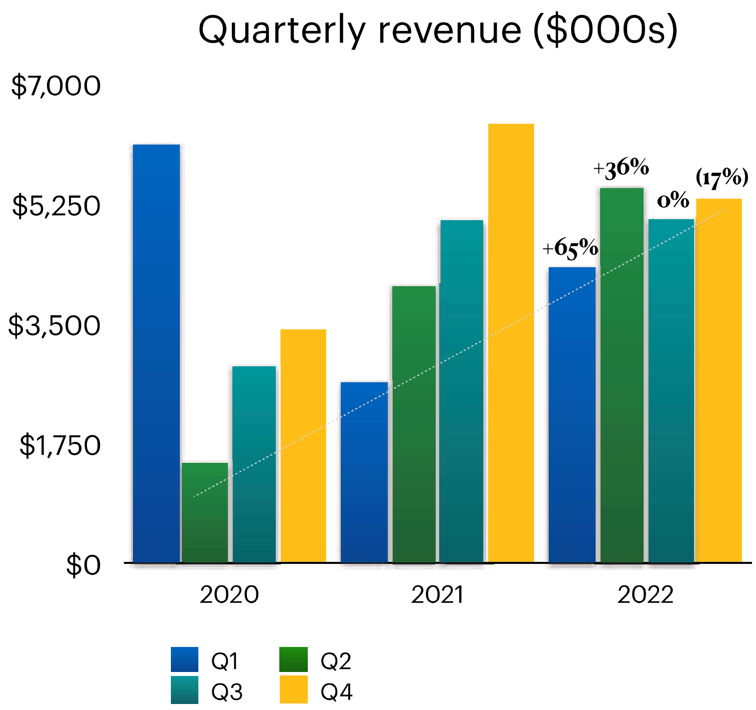
2022 revenue up +11%—strong first half followed by weak second half

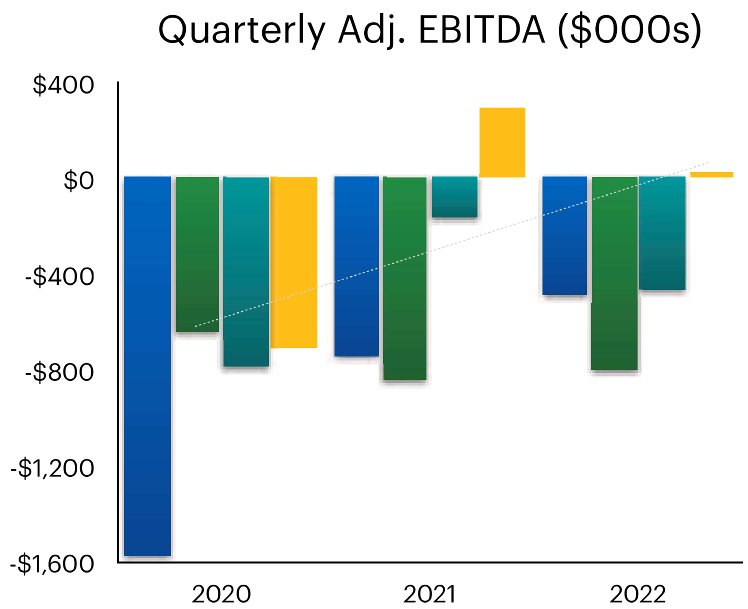
Adj. EBITDA near flat to prior year



H1-22 revenue up +48% followed by (10%) decline in H2

Achieved break-even Adj. EBITDA in Q4, despite 17% drop in revenue





2022 selected highlights

Revenue	Customer	Productivity
2022 REVENUE $20M +11% — Canada 26% USA 74% — Retail 40% E-commerce 60%	AOV—$965 Returns—9.7% Email subs.—250K (US 80% | Canada 20%) Repeat cust.—25-30% NPS—74	ROI metrics: GM — 38.2% Adj. EBITDA — ($1.4M) Cash earnings —($0.7M) Inventory turns — 4.5X ROAS — 3X+

2022 P&L and free cash flow

Net Loss

($000s)	2021	2022
Revenue	$18,031	$20,007
Gross profit	6,778	7,639
Gross Margin	37.6%	38.2%
SG&A	8,662	9,651
Depreciation	320	325
Interest costs	543	590
Foreign exchange	142	(1,304)
Taxes	9	23
Net Loss	**(2,898)**	**(1,647)**

+43% improvement in Net loss

Adj. EBITDA

($000s)	2021	2022
Net Loss	**(2,898)**	**(1,647)**
Depreciation	320	325
Interest costs	543	590
Taxes	9	23
Foreign exchange	142	(1,304)
Other non-cash	594	584
Adjusted EBITDA	**(1,290)**	**(1,429)**
Adjusted EBITDA %	**(7.2%)**	**(7.1%)**

(11%) weakening in Adj. EBITDA

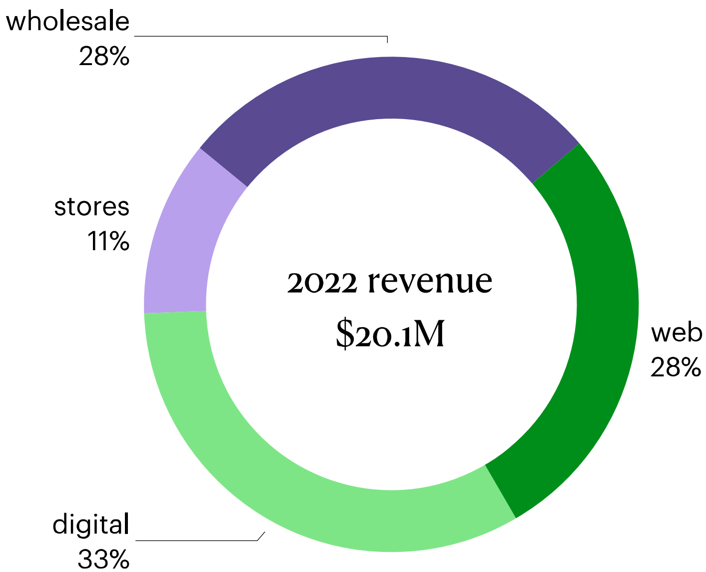
Cash Earnings and Free Cash Flow

($000s)	2021	2022
Net Loss	**(2,898)**	**(1,647)**
Non-cash items	1,108	918
Cash earnings	**(1,791)**	**(729)**
Working capital	(1,762)	718
Capital expend.	(44)	(17)
Free cash flow	**(3,597)**	**(27)**

+59% improvement in Cash earnings
Break-even level of Free cash flow

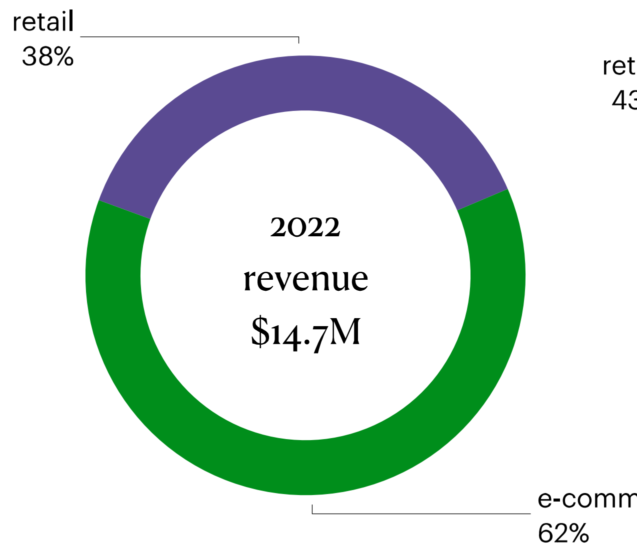
Total Revenue—balanced North American omni-channel focus

Total LXR



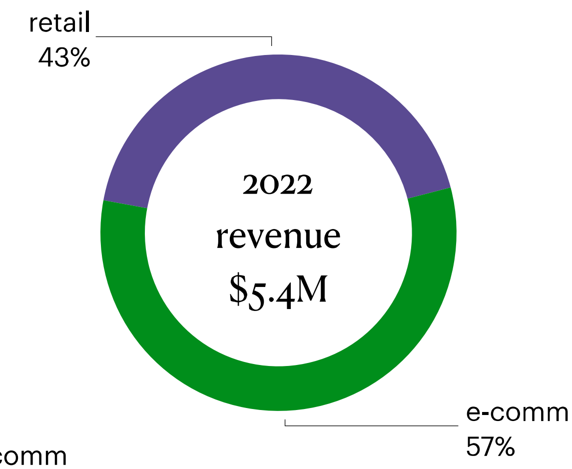
Retail = wholesale + stores
E-comm. = web + digital partners

USA



U.S.—74% of total revenue
Mostly B2B focused

Canada

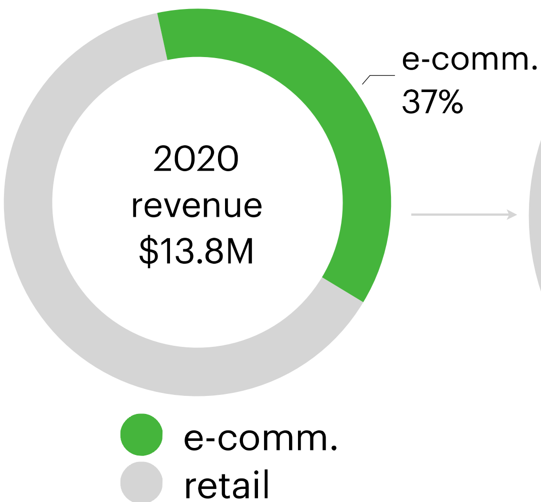


Canada—26% of total revenue
All B2C

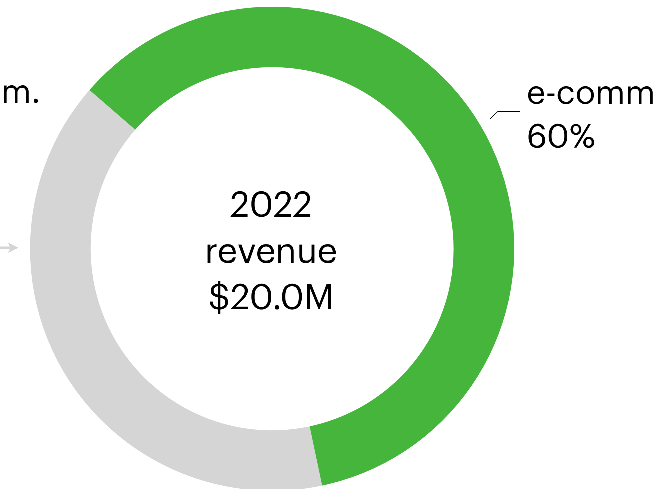
Total Revenue—driven by a digital first strategy

E-comm. was 60%+ of total revenue—catering primarily to younger consumers

Navigating the pandemic
(E-comm. in 2019 < 10%)



Post-transformation

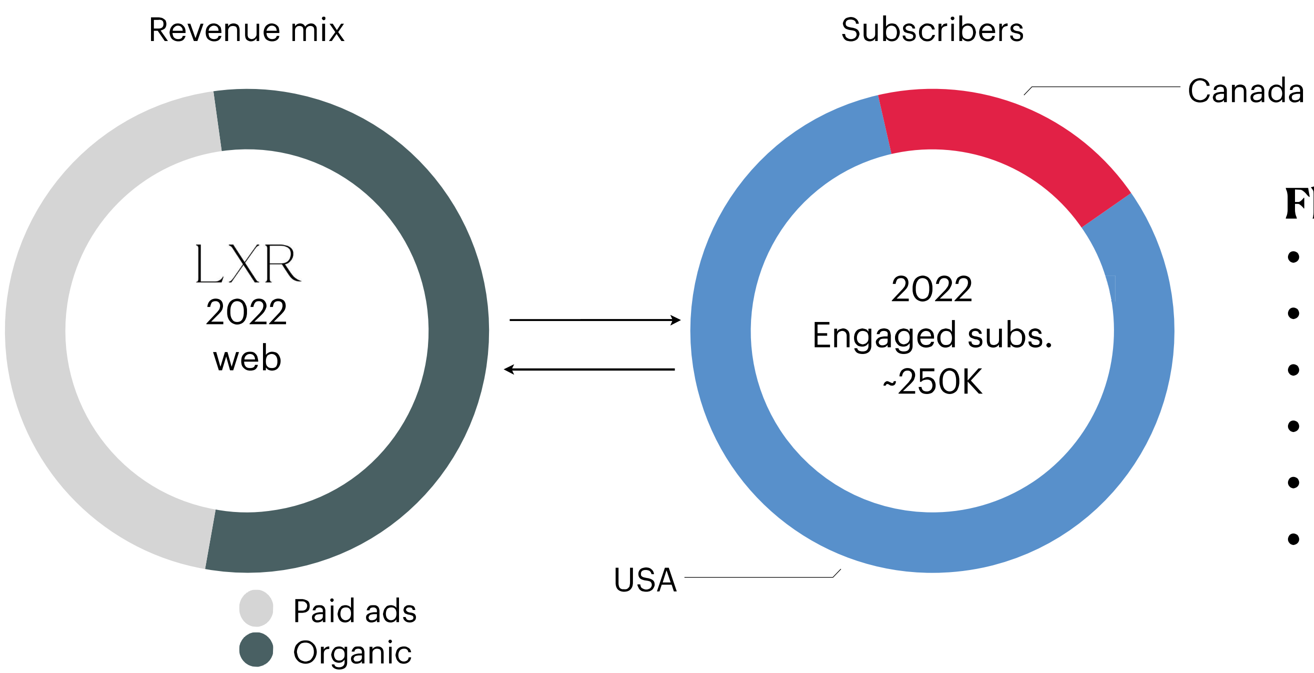


E-comm priorities:

- Maintaining 60%+ revenue focus on digital platforms
- Keep LXR web ~50% or higher of mix
- Adding new digital relationships

Web Revenue— a loyal community of 250K engaged subscribers (1)

In 2022, organic revenue was ~52% of total Web Revenue

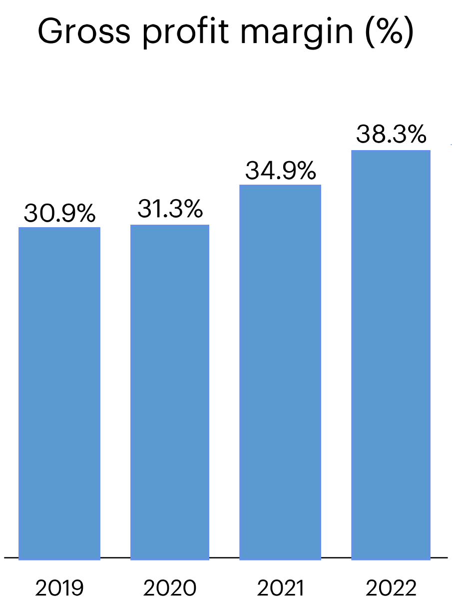


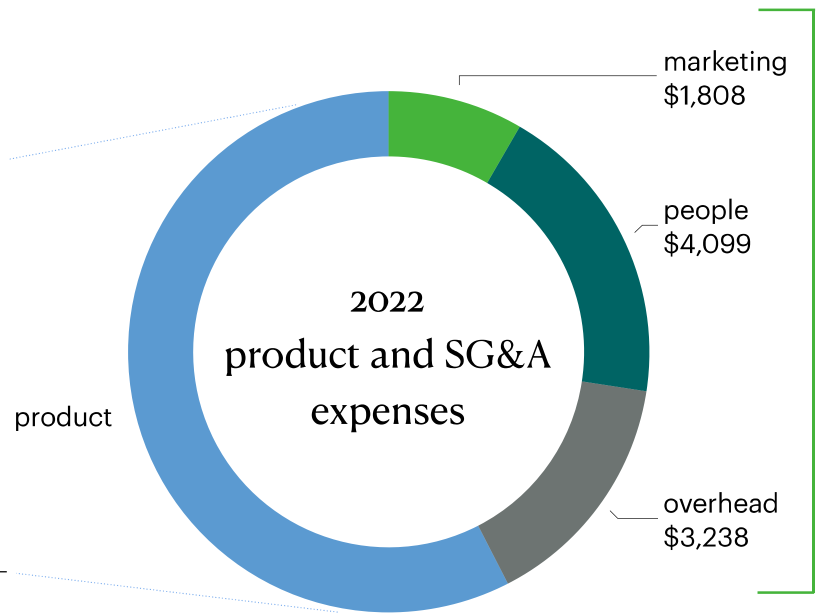
Flywheel effect:

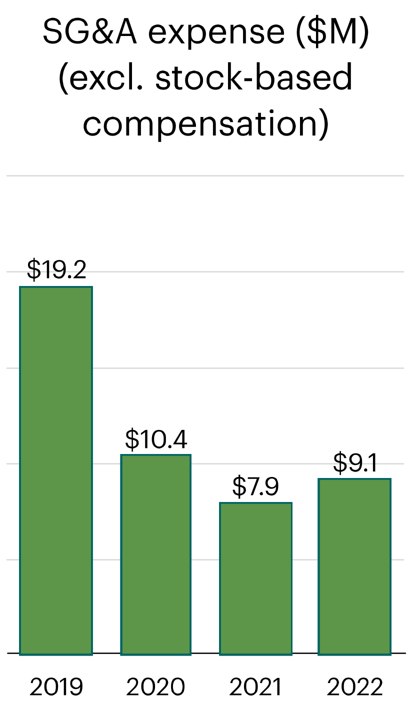
- Platform ROAS >3X
- Conversion w/AOV $965
- Repeat purchases >30%
- Generate organic revenue
- Product returns <10%
- NPS 74+

1. *Engaged subscribers over a 90-day period — Subscribers as at Dec 31, 2022*

Gross Profit Margin—achieved record level in 2022
SG&A expense—reduced by 52% since 2019





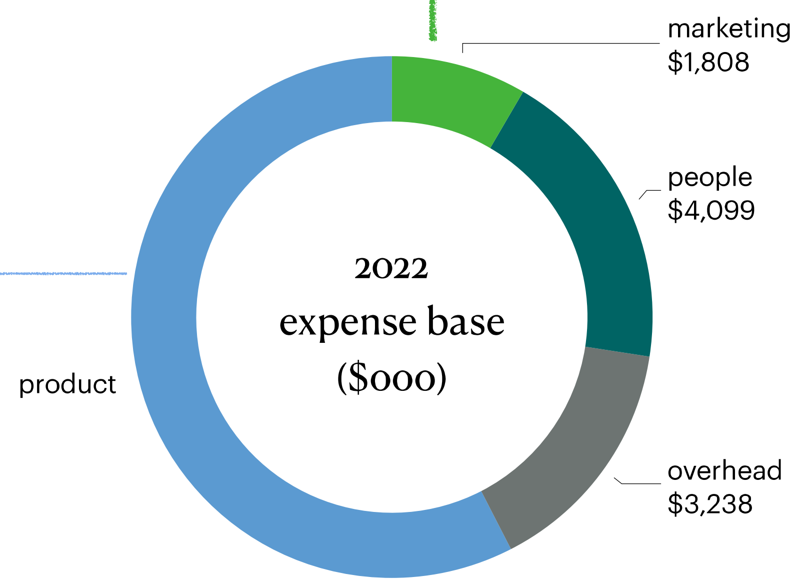


SG&A expense—focused on return on capital spent

$1 invested in marketing generated ~$3.10 of revenue
$1 invested in inventory generated ~$4.50 of revenue

2022 ROAS:
Digital revenue — $5,656
Marketing spend — $1,808
Return on ad spend: 3.13X

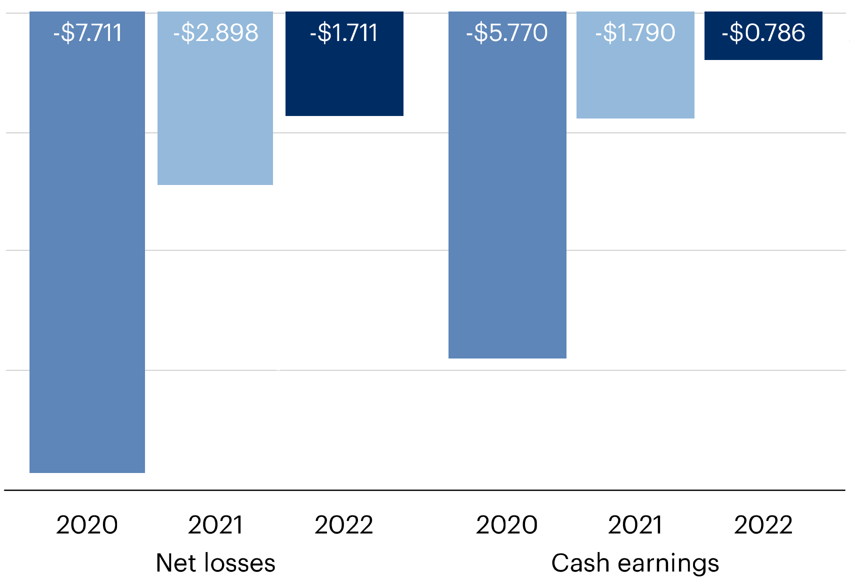
2022 Inventory turns:
Revenue — $20,089
Inventory 2022 — $4,261
Inventory 2021 — $4,608
Average inventory — $4,435
Inventory turns: 4.53X



We track Adj. EBITDA, with focus on Cash Earnings and Cash Flow

2022—achieved operating cash flow break-even and repaid $1M in debt

Reported net losses v cash earnings
(2020-2023)



Cash flow ($000)	2022
Cash (Jan 1 2022)	**$3,696**
Net loss	**-1,711**
+ Non-cash charges	925
Cash earnings	**-786**
+ Working capital changes	783
Operating cash flow	**break-even**
- Capex	-17
- Debt repaid	-1,023
+ Other	-68
Net change in cash	**-1,109**
Cash (Dec 31, 2022)	**$2,586**

Capitalization

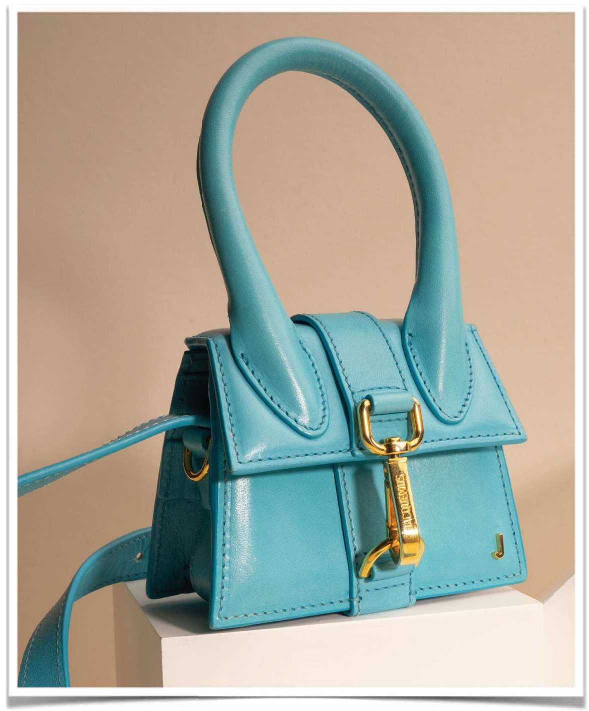
	Dec 31 2022	%	Q1 2023	%
Cash on hand	$2.6M		$2.9M	
Debt	$5.3		$6.0	
Net debt	**$2.7**	**21%**	**$3.1**	**23%**
Market capitalization	**$10.1**	**79%**	**$10.1** (1)	**77%**
Enterprise value	**$12.8**	**100%**	**$13.2**	**100%**
Shares outstanding (LXR.TO)	91,425,500			
52-week share price (high-low)	$0.09-$0.13			
Market capitalization (high-low)	**$8M-$12M**			
Shares held by directors	**39%**			
Shares held by top ten	**75%**			

Events of note:

- On March 31, closed on a $1.2M convertible debt offering.
- On May 25, the working capital line and term loan were renewed until 2025

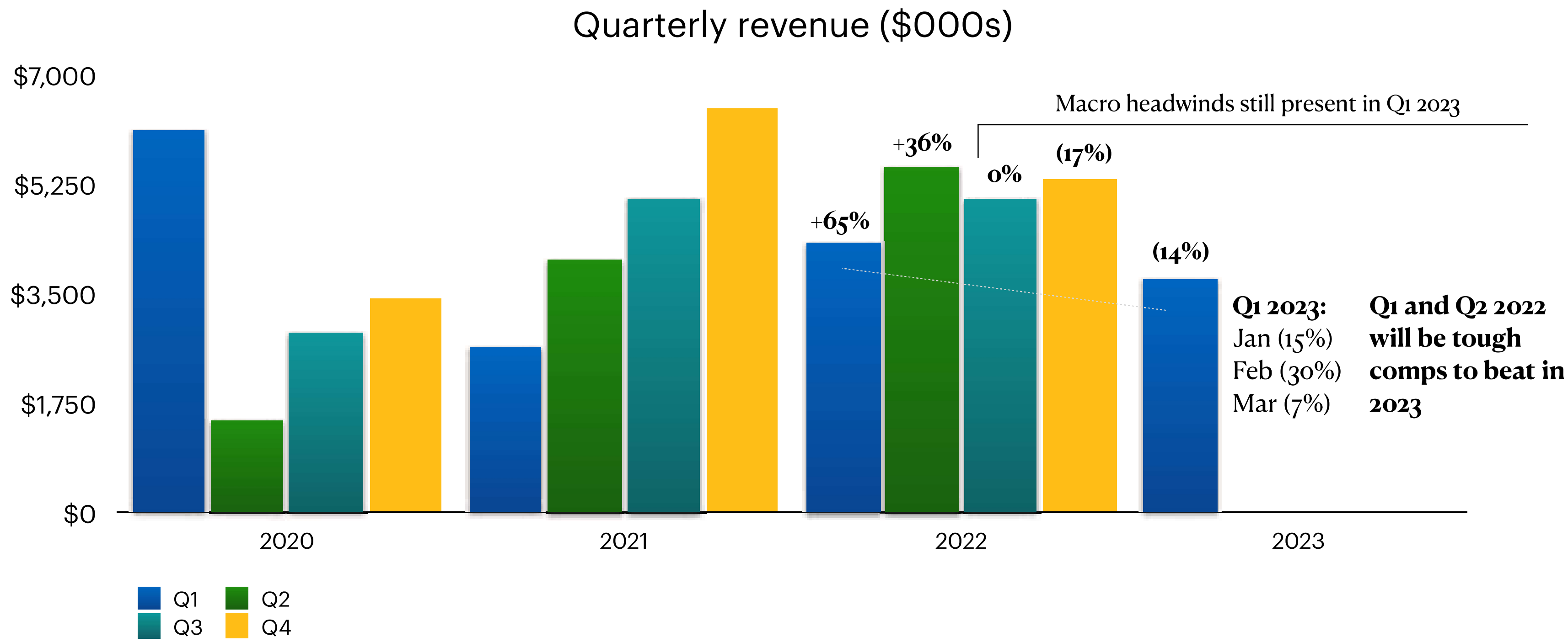
(1) Reflective of stock price as at June 2, 2023—$0.11

Q1 2023—Financial highlights



Revenue and Adj. EBITDA—trailing nine quarters

Macro headwinds still present in Q1 2023—revenue down (13.5%) v Q1 2022



Q1 2023 P&L

Net Loss

($000s)	Q1 2022	Q1 2023
Revenue	$4,296	$3,715
Gross profit	1,516	1,334
Gross Margin	35.3%	35.9%
SG&A	2,002	1,434
Depreciation	74	82
Interest costs	142	136
Foreign exchange	222	20
Taxes	-	-
Net Loss	**(924)**	**(338)**

+63% improvement in Net loss despite (13.5%) decline in revenue

Adjusted EBITDA

($000s)	Q1 2022	Q1 2023
Net Loss	**(924)**	**(338)**
Depreciation	74	82
Interest costs	142	136
Taxes	-	-
Foreign exchange	222	20
Other non-cash	(89)	(502)
Adjusted EBITDA	**(575)**	**(602)**
Adjusted EBITDA %	**(13.4%)**	**(16.2%)**

(5%) weakening in Adj. EBITDA

Cash Earnings and Free Cash Flow

($000s)	Q1 2022	Q1 2023
Net Loss	**(924)**	**(338)**
Non-cash items	(11)	(426)
Cash earnings	**(935)**	**(764)**
Working capital	394	409
Capital expend.	5	-
Free cash flow	**(546)**	**(355)**

+35% improvement in Cash earnings

Key priorities for 2023 and 2024

- **Grow revenue** across all channels—achieve scale
- **Increase marketing**—expand brand awareness within DTC by investing in digital marketing + email marketing
- **Open new markets**—leverage opportunity across new B2B channels
- **Canada**—consolidate fragmented market—double market share by 2024
- **Expand AOV**—acquire/add new brand formats to leverage growing customer base of 250K engaged subs
- **Achieve profitability**

People

Leadership and succession planning

In March, we announced the following leadership changes to take effect April 1, 2023:

Nadine Eap, promoted to Co-president and Chief Financial & Administrative Officer

- With LXR since 2018, Nadine held the following positions of increased responsibility: Financial Controller, Interim CFO, CFO, Chief Financial and Administrative Officer, and now Co-President and Chief Financial and Administrative Officer.
- Prior to joining LXR, Nadine spent 7 years at Deloitte in Montreal and Australia, 2 years at Logibec and 4 years at AIMIA, the parent company of Aeroplan.

Laura Swan, promoted to Co-president and Chief Revenue Officer

- With LXR since 2019, Laura held the following positions of increased responsibility: Wholesale and Partnerships Director, Director of U.S. Sales, Chief Stores Officer, Chief Revenue Officer and now Co-President and Chief Revenue Officer.
- Prior to joining LXR, Laura was VP Merchandising for accessories and handbags at The Bon Ton, a member of the Executive Leadership team at Kohl's for 10 years as SVP Merchandising, SVP of Merchandising at Zales and held various progressive leadership positions at Macy's over a ten year period.

Leadership operating model as of April 1, 2023

Executive Chair + the CEO	*Providing transitional oversight on behalf of Board with no executive compensation*

Co-president & Chief Revenue Officer	Co-president & Chief Financial & Admin. Officer	
Business Development	Accounting	Strategic initiatives
Web activities	Human resources	Inventory
Wholesale	Payroll	Sourcing
E-comm partners	Working capital	Logistics
Stores		Japan personnel

Total headcount—57

Canada—46

Japan—10

USA—1

Wrap-up

Three-year financial recap

Financial highlights	FY 2020	FY 2021	FY 2022
Revenue	$13.8M	$18.0M	**$20.1M**
Gross profit	$4.3	$6.8	**$7.7**
Gross margin	31.2%	37.6%	**38.3%**
Adj EBITDA	($3.3)	($1.5)	**($1.4)**
Total SG&A expenses	$10.4	$8.7	**$9.7**
Adj. EBITDA %	(24%)	(8%)	**(7%)**
Reported net loss	($7.7)	($2.9)	**($1.7)**
Cash earnings	($5.8)	($1.8)	**($0.8)**
Operating cash flow	($1.5)	($3.6)	**Break-even**
Inventory on hand	$3.7	$4.6	**$4.3**
Inventory turns	2.4x	4.3x	**4.5x**
% E-comm to total revenue	32%	58%	**60%**
Total shares outstanding (M)	92.8	92.8	**91.4**
Warrants outstanding (M)	28.9M	28.9M	**1.4M**

Our vision

A consumer tech-enabled company
Enabling self-expression through pre-owned luxury
Across all platforms, directly & indirectly
Growing profitably with our key partners
With a focus on the people and communities we serve

LXR

Enabling self expression.