

21. IMPAIRMENT OF NON-FINANCIAL ASSETS

At July 31, 2021, the Company tested for impairment certain CGUs for which there were indications that their carrying amounts may not be recoverable, which resulted in no impairment losses recognized related to right-of-use assets and property and equipment (\$935 and \$6,341 related to right-of-use assets and \$1,273 and \$1,902 related to property and equipment for the 13 and 26 weeks ended August 1, 2020, respectively).

Recoverable amounts of the CGUs tested for impairment were based on their estimated value-in-use, which was determined using a cash flow model developed by the Company for each individual store locations discounted using a pre-tax discount rate of 20% (August 1, 2020 – 20.0%). The duration of the cash flow projections for individual CGUs varies based on the remaining useful life of the significant asset within the CGU. Sales forecasts for cash flows considered the weighted average impact of multiple scenarios based on operating results and internal forecasts prepared by management. A 1% increase or decrease in the discount rate does not materially change the results of the tests.

During the 13 and 26 weeks ended July 31, 2021, asset impairment charges of \$293 and \$507, respectively, were reversed following an improvement in profitability of certain CGU's (nil for the 13 and 26 weeks ended August 1, 2020).