



Investor Presentation

Q3 2023

December 6, 2023

Forward-Looking Statements

Certain information in this presentation contains forward-looking information. This information is based on management's reasonable assumptions and beliefs in light of the information currently available to us and are made as of December 5, 2023. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors. Information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. See "Forward-Looking Information" and "Risk Factors" in the Company's Fiscal 2022 MD&A and/or Annual Information Form dated April 4, 2023, which are available on SEDAR at www.sedar.com, for a discussion of the uncertainties, risks and assumptions associated with these forward-looking statements. Readers are urged to consider the uncertainties, risks and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. We have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law.

All figures discussed in this presentation are stated in \$CAD millions, unless otherwise noted.

Who We Are



Roots was founded in 1973 by Michael Budman and Don Green, who met at summer camp in Algonquin Park, where they first fell in love with the ideals and beauty of Canada.

Starting from a little cabin, they were inspired by nature and Canada's wilderness to create Roots.



With its uncompromising comfort and exceptional quality, Roots has become one of the most well-known and iconic Canadian clothing brands with a global presence.

Our History

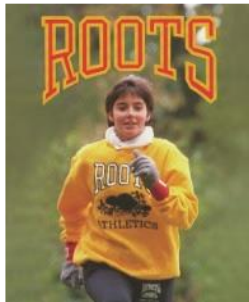
1973

Michael Budman and Don Green founded Roots, centered around the beauty found in nature and Canada's wilderness. Signature negative heel shoe becomes popular.



1980

Roots moves onto its core business – selling athletic and lifestyle apparel.



1998

Roots has created the Olympic outfits of several nations, starting in 1998 with the Canadian Winter team and following suit in 2002 by outfitting the US, UK and Barbados Olympic teams.



2015

Searchlight Capital Partners acquires 80% position in Roots, Roots founders retain 20% ownership.



2020

New executive leadership team. Focus on strengthening fundamentals of business for longer term global growth.

2023

Roots launched 50th anniversary celebrations with a curated assortment of limited-edition products, collaborations, and events to generate excitement among long-time and new customers.





1

Iconic Canadian Brand with a Global Community

Rich heritage of delivering high-quality, versatile and stylish products to customers that span all ages and genders

2

High-Quality, Versatile, Purpose-Driven Products

Mix of iconic classics and new pieces that resonate with customers

3

Omni-Channel Strategy, Built for the Future

Strong store base and e-commerce presence with omni-channel capabilities

4

Scalable, Best-in-Class Organization and Operations

Well-invested infrastructure and refined operating strategies

5

Compelling Financial Performance

Strong balance sheet and focus on long-term profitable growth



OUR VALUES

Community

We are a place of inclusivity, diversity and open-mindedness. We support one another and the communities where we live and work.

Be Genuine

While we draw inspiration from the world around us, we never forget where we have come from – our heritage and Canadian beginnings.

Integrity

We always strive to do what's right and to build trust and lasting relationships with our brand community.

Freedom

We celebrate the individuality of style as a form of self-expression. We believe everyone should enjoy everyday adventures, living life on their own terms.

Quarterly Highlights and Trends



- **Sales momentum in full-price offerings, offset by lower off-price sales**
 - Total sales decline of 9.0% YoY, DTC sales decline of 8.2%:
 - Full-price sales grew 3% YoY from continued efforts to strengthen product portfolio and positive brand excitement
 - Decline in off-price sales reflecting promotional discipline and heightened price-sensitivity of that consumer segment
- **Positive gross margin trends as a result of year-over-year promotional discipline**
- **Will continue to actively participate in industry-wide discount periods (e.g. Black Friday)**

Quarterly Highlights and Trends



- **Continued momentum in the Active collection**
 - Active collection sales increased over 50% YoY for the third consecutive quarter
 - Active remains an important future growth category
- **Brand excitement through collaboration with Barbie**
 - Products included a Roots Barbie doll outfitted in our iconic products, and a range of t-shirts, fleece, and leather jackets
 - Strong customer acquisition and media attention, most of the collection selling out
- **Launched our first Asia-focused collaboration with CLOT**
- **Collaborations remain a strong opportunity to introduce Roots to new customers and generate brand excitement**

Operational Highlights



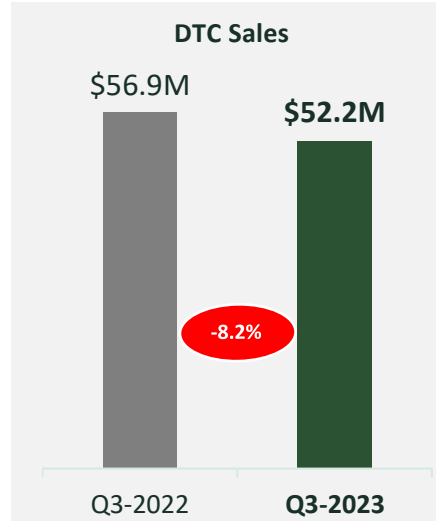
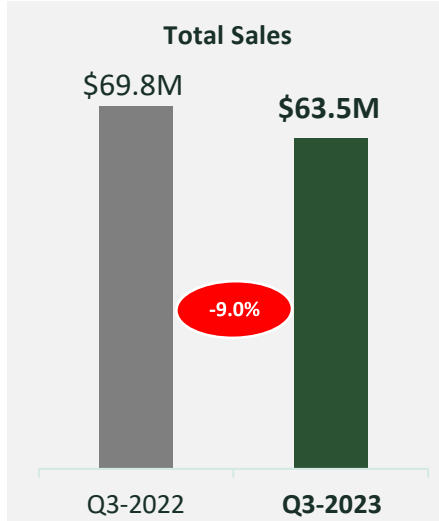
- **Enabled fulfillment of US eCommerce orders from Canadian stores**
 - Part of our ongoing focus on our omnichannel experience
 - Drove double-digit US online sales growth
- **Expanded endless aisle capabilities with NewStore**
 - Increases customer access to our products across the chain from any store
 - Offers a more seamless transaction experience for customers in stores
- **Improving customer data insights**
 - Back-end system functionality development that improves customer association for our omnichannel transactions

Black Friday Highlights

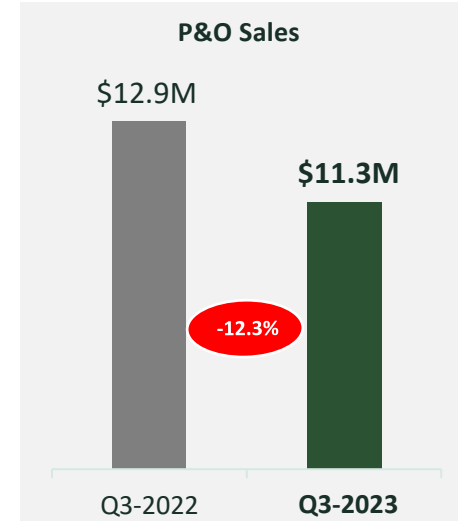


- Advanced our Black Friday promotion by a week to reflect evolving Canadian consumer trends and provided compelling offerings
- Offering was well received, resulting in improved YoY trends in comparison to Q3
- Remain prudently cautious about the remainder of Q4 due to the ongoing economic challenges faced by Canadian consumers

Third-Quarter Sales



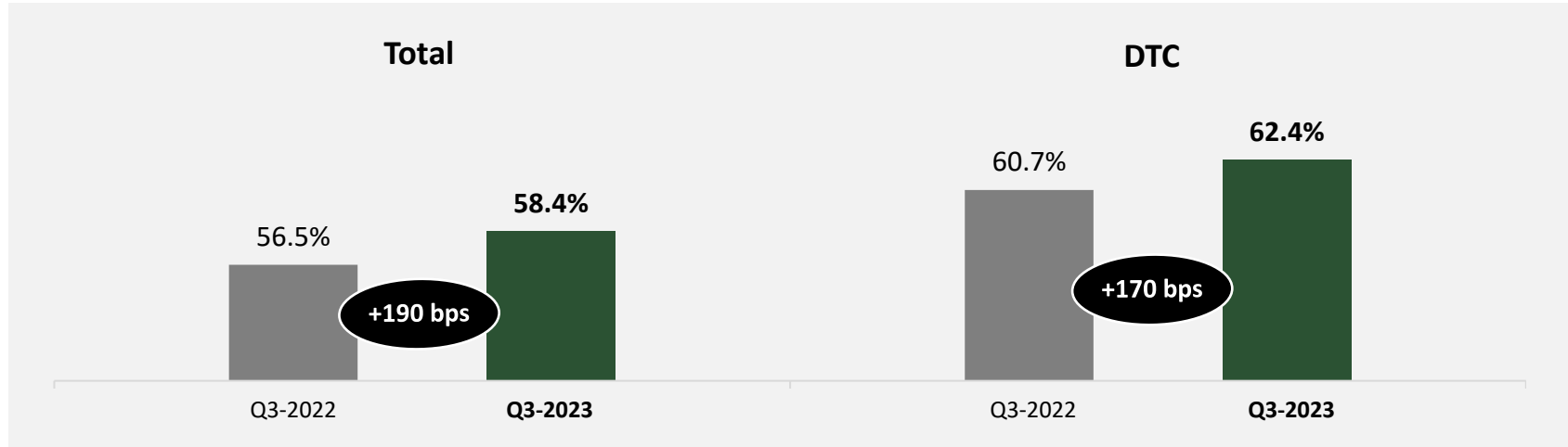
- Decline in lower off-price sales from promotional discipline (-)
- Partially offset by strength in full-price sales reflecting strong product performance and brand excitement (+)



- Decline from timing shifts on certain wholesale orders (-)
- Certain wholesale orders in Q3 2022 that did not repeat (-)

(in millions of \$CAD)

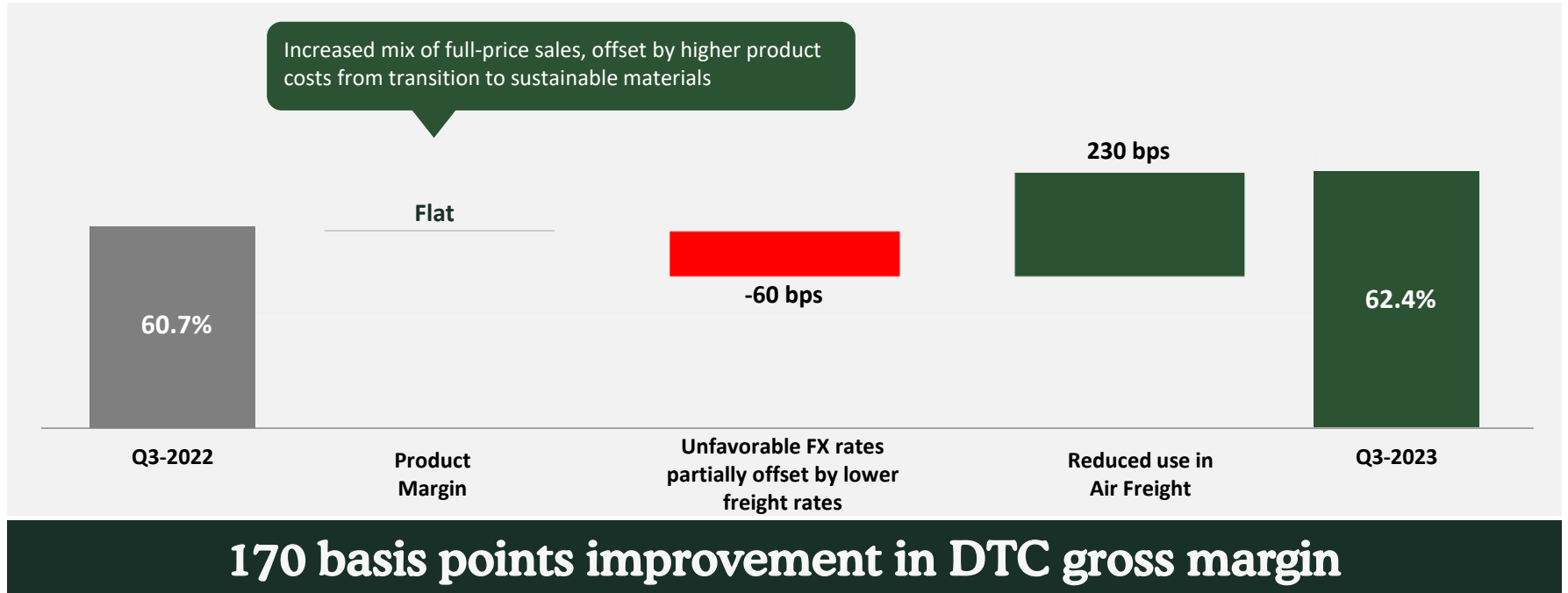
Gross Margin



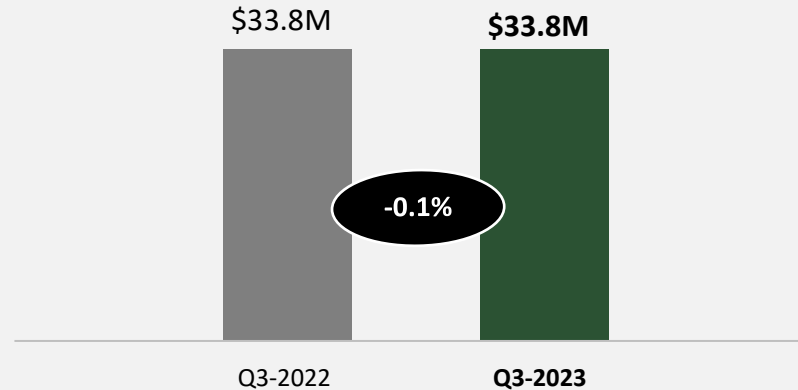
- Lower freight costs (+)
- Higher margins on P&O wholesale products (+)
- Unfavourable FX impact (-)

- Lower freight costs (+)
- Unfavourable FX impact (-)
- Increased mix of full price sales, offset by higher product costs from transition to sustainable materials (Neutral)

DTC Gross Margin Bridge

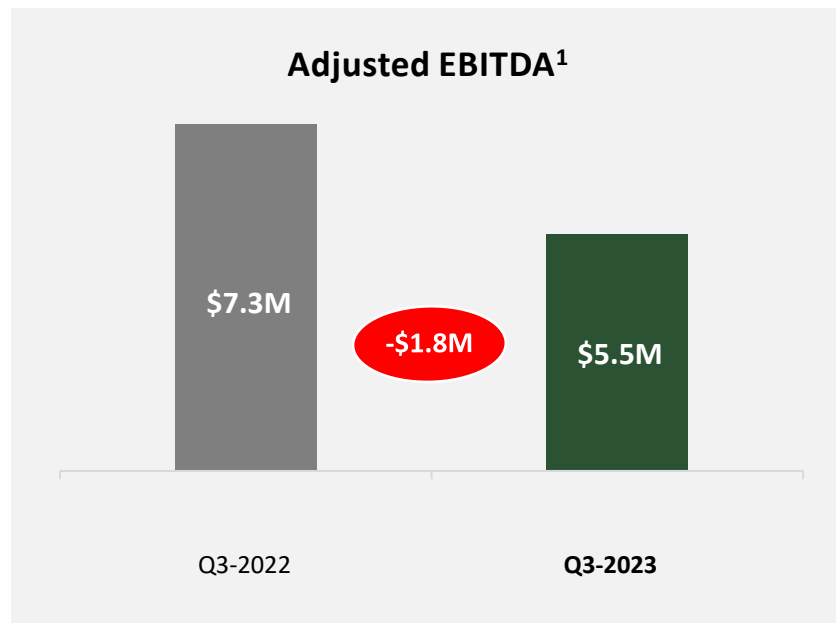
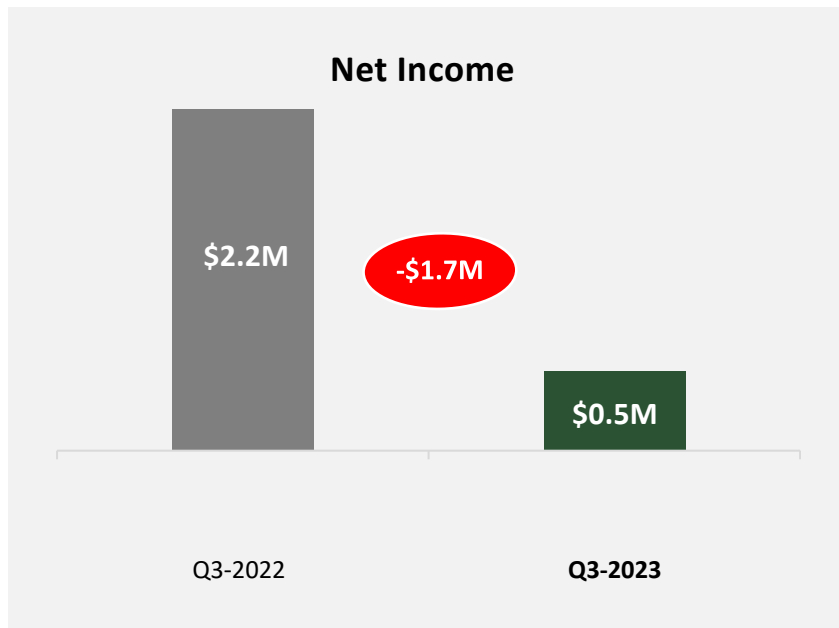


SG&A Expenses



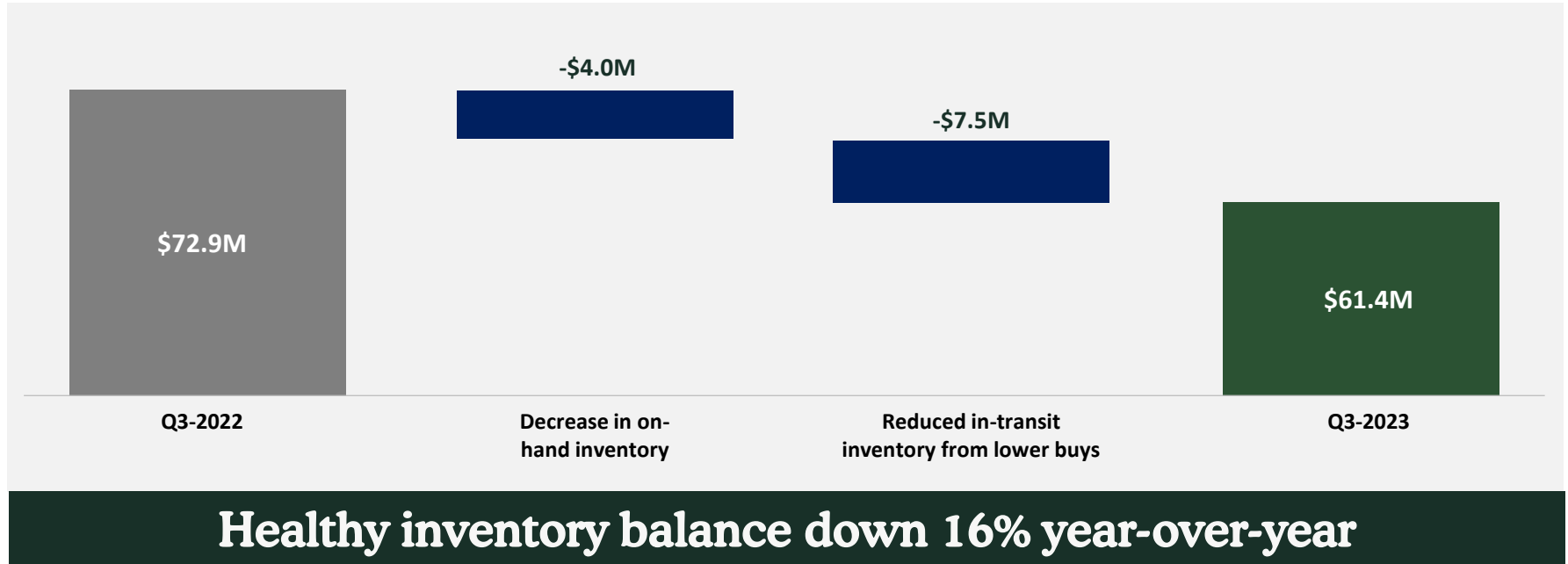
- Lower shipping rates and variable transaction costs (+)
- Higher personnel costs (-)
- Increased marketing investments (-)

Profitability



¹ Adjusted EBITDA is a non-IFRS measure. See "Appendix" at the end of this presentation.
(in millions of \$CAD)

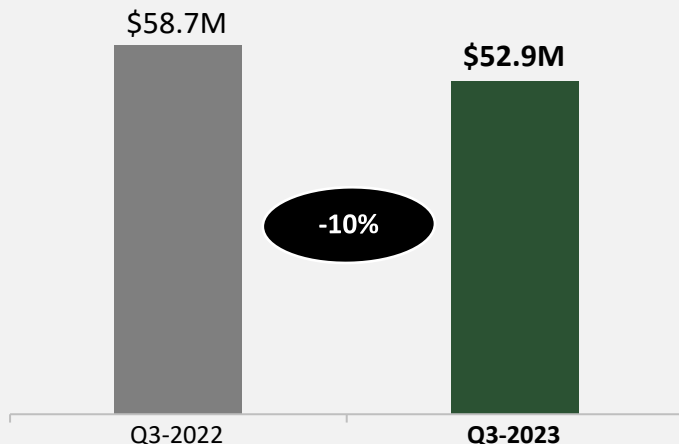
Inventory Bridge



(in millions of \$CAD)

Solid Financial Position

Net Debt



\$58.1M

Total liquidity

~2.6x

Net leverage ratio⁽¹⁾

\$0.3M

Value of shares repurchased under NCIB in Q3

(in millions of \$CAD)

(1) Defined as total net debt over trailing 12-month Adjusted EBITDA

Summary



- **Short-term headwinds, but excited about long-term upside from ongoing investments**
 - Product margin upside anticipated in 2024 from investments made in sourcing function
- **Significant progress made to right-size inventory without reliance of increasing discounting**
 - Well-positioned to support greater flexibility in future open-to-buy and discounting strategies, and maintain strong annual free cash flows
- **Strengthened balance sheet and ample liquidity**
 - Combined with annual free cash flow generation will continue to support ongoing operations and long-term investments

Appendix

Non-IFRS Measures and Industry Metrics

This presentation makes reference to certain non-IFRS measures including certain metrics specific to the industry in which we operate. These measures are not recognized measures under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), do not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures are not intended to represent, and should not be considered as alternatives to net income or other performance measures derived in accordance with IFRS as measures of operating performance or operating cash flows or as a measure of liquidity. In addition to our results determined in accordance with IFRS, we use non-IFRS measures including EBITDA, Adjusted EBITDA, Adjusted Net Income (Loss), and Adjusted Net Income (Loss) per Share. We believe these non-IFRS measures and industry metrics provide useful information to both management and investors in measuring our financial performance and condition and highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. For further information regarding these non-IFRS measures, please refer to "Cautionary Note Regarding Non-IFRS Measures and Industry Metrics" and "Reconciliation of Non-IFRS Measures" in our Management's Discussion and Analysis (MD&A) for Q3 2023, which is incorporated by reference herein and is available on SEDAR at www.sedar.com.



Roots