Roots Closes Out Strong Fiscal 2021 Delivering Solid Fourth Quarter Results with Continued Sales Growth, Gross Margin Expansion, and Increased Profitability

TORONTO, April 7, 2022 – Roots ("Roots," "Roots Canada" or the "Company") (TSX: ROOT), a premium outdoor-lifestyle brand, today announced its financial results for its fiscal year and fourth quarter ended January 29, 2022 ("F2021"and "Q4 2021", respectively). All financial results are reported in Canadian dollars unless otherwise stated. Certain metrics, including those expressed on an adjusted basis, are non-IFRS measures. See "Non-IFRS Measures and Industry Metrics" below. The Company has presented certain metrics in this press release as compared to its results during the fourth quarter and fiscal year ended January 30, 2021 ("Q4 2020" and F2020", respectively) and to its fourth quarter and fiscal year ended February 1, 2020 ("Q4 2019" and "F2019", respectively), its last full year prior to the onset of the pandemic.

"Our fourth quarter and full year results reflect the enduring strength of the Roots brand and the actions we have taken to establish a strong operating platform from which to execute our growth strategy. With a rich heritage, a compelling product offering, an elevated omnichannel experience, and a continuation of our fiscal and operational discipline, we continue to see an opportunity for Roots to expand its global customer base. I want to thank the entire team for delivering these results and continuing to remain passionate advocates for the brand," said Meghan Roach, President and Chief Executive Officer.

Fiscal 2021 Business Highlights

- Provided an engaging omnichannel experience by leveraging the Company's unified inventory across retail and eCommerce to more seamlessly meet customer needs.
- Elevated the brand with the launch of sought-after collections that capitalize on Roots authentic heritage and align with consumers' desire for sustainability and inclusivity.
- Demonstrated flexibility and agility by successfully navigating global supply chain challenges.
- Improved profitability through continued reduction in promotions and operational efficiencies gained across the business.
- Strengthened the balance sheet by reducing net debt by more than $35 million and repurchasing approximately 205,000 common shares ("Shares") under the Company's Normal Course Issuer Bid ("NCIB") established in mid-December.
- Extended commitment to Environmental, Social, Governance ("ESG") efforts through:
    - Expanded product-related initiatives focused on sustainability and special product collaborations and collections and moving towards preferred fibres and materials.
    - Joined textile and leather industry organizations that promote environmental best practices.
    - Continued focus on internal and external Diversity, Equity, Equality, and Inclusion ("DEEI") initiatives.
    - Supported team members, customers, and surrounding communities through "Roots Cares" initiative by donating a portion of customer sales to local non-profit organizations as well as in-kind donations.

Fiscal 2021 Financial Highlights

- Total sales of $273.8 million, up 13.9% from $240.5 million in F2020.
    - Direct-to-Consumer ("DTC") sales of $235.8 million, up 13.3% from $208.2 million in F2020.
- Gross margin of 59.5%, as compared to 58.1% in F2020 and 53.4% in F2019.
    - DTC gross margin of 62.6%, up 150 basis points ("bps") from 61.1% in F2020, and up 640 bps from 56.2% in F2019.
- Selling, general and administrative expenses of $122.9 million, up from $114.8 million in F2020.
- Adjusted EBITDA of $50.1 million, a 29.4% increase from $38.7 million in F2020, and a 92.3% increase from $26.1 million in F2019. See "Non-IFRS Measures and Industry Metrics".
- Net income of $22.8 million ($0.54 per share), up from $13.1 million ($0.31 per share) in F2020.
- Adjusted Net Income of $27.5 million ($0.65 per share), up from $16.5 million ($0.39 per share) in F2020. See "Non-IFRS Measures and Industry Metrics".

Fourth Quarter 2021 Business and Financial Highlights

- Delivered the fourth consecutive quarter of year-over-year top-line growth with total sales of $121.3 million, up 22.0% compared to Q4 2020. Sales growth was achieved even with the strategic decision to reduce promotions and inventory delays caused by supply chain disruptions.
- Expanded DTC gross margin by 150 bps to 61.3%, up from 59.8% in Q4 2020 and up 610 bps from 55.2% in Q4 2019, despite 270 bps of pressure caused by elevated freight costs.
- Remained committed to our promotional discipline and reduced promotional days to 19 compared to 26 promotional days in Q4 2020, and 66 days in Q4 2019.
- Launched collaborations with John Tavares of the Toronto Maple Leafs and Better Gift Shop with our iconic Beaver, which drove brand awareness and customer excitement around our key trading period.
- Increased Adjusted EBITDA to $30.6 million, from $26.1 million in both Q4 2020 and Q4 2019. See "Non-IFRS Measures and Industry Metrics".
- Increased net income to $18.1 million ($0.43 per share), up from $12.3 million ($0.29 per share) in Q4 2020.
- Adjusted Net Income of $20.3 million ($0.48 per share), up from $16.3 million ($0.39 per share) in Q4 2020. See "Non-IFRS Measures and Industry Metrics".

Mona Kennedy, Chief Financial Officer, added: "We had a strong end to the year with increased sales, expansion in gross margin and improved operating profitability, reflecting the successful execution of our strategy by the team. Our ability to reduce promotional days to 23 in 2021 from 140 in 2020, and 213 in 2019, led to gross margin expansion of 140 bps even with increases in freight costs resulting from industry-wide supply chain disruptions. We ended the year with a strong balance sheet that provides the flexibility to invest in our future growth and return value to our shareholders through the NCIB. We will continue to execute our strategy with a focus on financial discipline and believe we remain well positioned in the near and long-term."

Summary of Fiscal 2021 Full-Year and Fourth Quarter Results

Sales
Total F2021 sales were $273.8 million, up 13.9% from total sales of $240.5 million in F2020. F2021 DTC sales (corporate retail store and eCommerce sales) were $235.8 million, up 13.3% from $208.2 million in F2020. The year-over-year increase was predominantly due to growth in store sales, which were less impacted by COVID-19 related closures during F2021 as compared to F2020, partially offset by continued reduction in promotional days, down from 140 in F2020 to 23 in F2021. On average, corporate retail stores were closed for approximately 20% of F2021 in comparison to approximately 30% of F2020. eCommerce revenues continue to be elevated compared to pre-pandemic levels.

For Q4 2021, typically the Company's strongest quarter, total sales were $121.3 million, up 22.0% from total sales of $99.4 million in Q4 2020, and down less than 5% from $127.5 million in Q4 2019. Q4 2021 DTC sales were $110.6 million, up from $91.8 million in Q4 2020, but down 7.1% from Q4 2019. The year-over-year increase in Q4 2021 versus Q4 2020 was primarily driven by growth in store sales, which were less impacted by COVID-19 related closures and restrictions during Q4 2021. Stores were open for the entirety of Q4 2021 as compared to being closed for 35% of Q4 2020. The strength was partially offset by a decline in eCommerce sales due to a return to in-person shopping in Q4 2021.

Roots F2021 Partners and Other sales (wholesale Roots-branded products, royalties on partner retail sales, licensing to select manufacturing partners and the sale of certain custom Roots-branded products) were $38.0 million, up from $32.3 million in F2020, primarily reflecting strength in the Company's Asia business due to higher volumes, a new agreement with the Company's international operating partner, and strong growth in sales of custom Roots-branded products to business clients, partially offset by an unfavorable foreign exchange impact. For Q4 2021, Partners and Other sales were $10.7 million, up from $7.6 million in Q4 2020.

Gross Profit
Roots F2021 total gross profit was $162.9 million, up 16.5% from $139.7 million in F2020, outpacing total revenue growth. For Q4 2021, total gross profit was $72.4 million, up 22.9% from $58.9 million in Q4 2020. Total gross profit in Q4 2021 was 5% above pre-pandemic levels of Q4 2019, despite lower revenues reflecting the success of the Company's strategy for profitable growth through a reduction in promotions. F2021 DTC gross margin was 62.6%, up from 61.1% compared to F2020 and up substantially from 56.2% in F2019. DTC gross margin for Q4 2021 was 61.3%, up from 59.8% in Q4 2020, and significantly higher than 55.2% in Q4 2019. The improvements in DTC gross margin reflect the Company's decision to decrease the depth and breadth of promotions. The number of promotional days in F2021 was 23 as compared to 140 in 2020 and 213 in 2019 resulting in discount rates being reduced by half. This improvement was partially offset by higher freight premiums due to inflationary pressure in shipping and the use of higher cost air freighting due to supply chain disruptions. Delayed receipts impacted the Q4 2021 gross margin by 270 bps and F2021 by 190 bps.

Selling, General and Administrative Expenses ("SG&A")
For F2021, SG&A was $122.9 million, up 7.0% from F2020 SG&A of $114.8 million. The increase partially reflects a $6.0 million decrease in temporary rent abatements and government subsidies in F2021 compared to F2020. Excluding these one-time impacts, SG&A increased $2.1 million, or 1.6% primarily driven by higher store payroll costs as stores faced fewer COVID-19 related closures, and investments in talent and marketing. The aforementioned costs were partially offset by reduced non-cash impairments, lower volume-driven eCommerce costs, and savings related to the permanent U.S. store closures. For Q4

2021, SG&A was $45.7 million, up 17.1% from $39.0 million in Q4 2020. The year-over-year increase partially reflects a $3.0 million decrease in temporary rent abatements and government subsidies in Q4 2021 as compared to Q4 2020. Excluding these one-time impacts, SG&A expenses increased $3.7 million, or 8.7%, reflecting higher store payroll costs associated with stores being fully open and investments in talent and marketing, partially offset by a reduction in non-cash impairment charges.

Adjusted EBITDA, Net Income & Adjusted Net Income

Reflecting factors discussed above, Adjusted EBITDA (which excludes the impact of IFRS 16 *Leases* ("IFRS 16")) was $50.1 million for F2021, a 29.4% increase from $38.7 million in F2020, and up 92.3% from $26.1 million in F2019. Adjusted EBITDA for Q4 2021 was $30.6 million, compared to $26.1 million in both Q4 2020 and Q4 2019.

F2021 net income improved to $22.8 million, or $0.54 per Share, from net income of $13.1 million in F2020, or $0.31 per Share. Adjusted Net Income improved to $27.5 million or $0.65 per Share in F2021, compared to $16.5 million or $0.39 per Share in F2020, and $4.0 million, or $0.10 per Share in F2019.

Q4 2021 net income improved to $18.1 million, or $0.43 per Share, from net income of $12.3 million, or $0.29 per Share in Q4 2020. Adjusted Net Income for Q4 2021 was $20.3 million, or $0.48 per Share, an increase from $16.3 million or $0.39 per Share in Q4 2020, and $13.3 million, or $0.31 per Share, in Q4 2019. See "Non-IFRS Measures and Industry Metrics".

Roots Cares

For over 47 years, Roots has been committed to giving back to and partnering with communities in need. With the Company's values of community, integrity, freedom, and being genuine in mind, Roots is committed to embracing individuality through respect, acceptance, representation, and empowerment. The Company's philanthropic endeavors, now branded as "Roots Cares", are focused on amplifying the values shared with customers. During the year, Roots donated $1.0 million worth of cash and in-kind donations to various organizations within the communities in which Roots operates.

Normal Course Issuer Bid

On December 14, 2021, the Company announced its intention to commence an NCIB for its Shares through the facilities of the Toronto Stock Exchange (or other alternative Canadian trading systems) to purchase for cancellation up to 2,172,928 of its Shares, representing 10.0% of the Company's "public float", during the 12-month period commencing December 16, 2021 and ending December 15, 2022.

In conjunction with the NCIB, the Company entered into an automatic share purchase plan ("ASPP") with a designated broker for the purpose of permitting Roots to purchase Shares for cancellation under the NCIB during regularly scheduled blackout periods during the term of the NCIB.

During F2021, the Company purchased for cancellation an aggregate of 204,575 Shares, at an average price of $3.23 per Share, under the NCIB.

Conference Call and Webcast Information

Roots will hold a conference call to discuss the Company's fiscal 2021 year-end and fourth quarter results on April 7, 2022, at 8:00 a.m. ET. All interested parties can join the call by dialing 416-764-8659 or 1-888-664-6392 and using conference ID: 77777912. Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until April 14, 2022, at midnight, and can be accessed by dialing 416-764-8677 or 1-888-390-0541 and entering replay passcode: 777912 #.

A live audio webcast of the conference call will be available on the Events and Presentations section of the Company's investor website at https://investors.roots.com or by following the link here. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. An archived replay of the webcast will be available on the Company's website for one year.

See Roots Consolidated Financial Statements and the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year and fourth quarter ended January 29, 2022, on the Company's investor website at https://investors.roots.com and on SEDAR at www.SEDAR.com. Please also see the Company's Consolidated Financial Statements and related Management's Discussion and Analysis for the fiscal year and fourth quarter ended February 1, 2020 on SEDAR at www.SEDAR.com for additional information relating to the Company's pre-COVID-19 fiscal year 2019 financial results.

About Roots

Established in 1973, Roots is a global lifestyle brand. Starting from a small cabin in northern Canada, Roots has become a global brand with over 100 corporate retail stores in Canada, two stores in the United States, and an eCommerce platform, www.roots.com, that serves over 55 international markets. We have more than 100 partner-operated stores in Asia, and we also operate a dedicated Roots-branded storefront on Tmall.com in China. We design, market, and sell a broad selection of products in different departments, including women's men's, children's, and gender-free apparel, leather goods, footwear, and accessories. Our products are built with uncompromising comfort, quality, and style that allows you to feel at home with nature. We offer products designed to meet life's everyday adventures and provide you with the versatility to live your life to the fullest. We also wholesale through business-to-business channels and license the brand to a select group of licensees selling products to major retailers. Roots Corporation is a Canadian corporation doing business as "Roots" and "Roots Canada".

Non-IFRS Measures and Industry Metrics

Roots has historically reported Comparable Sales Growth (Decline) as an additional metric to demonstrate the performance of its DTC business. Commencing in the first quarter of F2020, the Company's DTC segment was significantly impacted by COVID-19. As a result of the negative impacts COVID-19 has had on the apparel retail operating environment, including periods of store closures, phased re-openings and retail store operating limitations, the Company does not believe that Comparable Sales Growth (Decline) is a representative metric of performance in affected periods. Management will continue to monitor and evaluate the effects of COVID-19 and will resume the evaluation of Comparable Sales Growth (Decline) when year-over-year results are no longer significantly impacted by COVID-19.

This press release 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" in our management's discussion and analysis for F2021 (the "MD&A"), which is incorporated by reference herein and is available on SEDAR at www.SEDAR.com or the Company's Investor Relations website at https://investors.roots.com. For reconciliations of F2021, F2020, and F2019 EBITDA, Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income per Share to net income (loss), the most directly comparable measure calculated in accordance with IFRS, please see "Selected Consolidated Financial Information – Reconciliation of Net income (Loss) to EBITDA, Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income per Share" below.

Roots has historically reported Comparable Sales Growth (Decline) as an additional metric to demonstrate the performance of its DTC business. Commencing in the first quarter of F2020, the Company's DTC segment was significantly impacted by COVID-19. As a result of the negative impacts COVID-19 has had on the apparel retail operating environment, including periods of store closures, phased re-openings and retail store operating limitations, the Company does not believe that Comparable Sales Growth (Decline) is a representative metric of performance in affected periods. Management will continue to monitor and evaluate the effects of COVID-19 and will resume the evaluation of Comparable Sales Growth (Decline) when year-over-year results are no longer significantly impacted by COVID-19.

Forward-Looking Information

Certain information in this press release 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 is made as of the date of this press release. 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 current Annual Information Form for a discussion of the uncertainties, risks and assumptions associated with these 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.

Selected Consolidated Financial Information

In thousands of Canadian dollars except per Share amounts, unless otherwise noted

Consolidated Statement of Financial Position

As at January 29, 2022 and January 30, 2021

		January 29, 2022		January 30, 2021
Assets				
Current assets				
Cash	$	34,161	$	9,166
Accounts receivable		5,984		7,165
Inventories		41,256		42,401
Prepaid expenses		3,969		3,137
Loan receivable		633		–
Derivative assets		470		–
Total current assets		86,473		61,869
Non-current assets:				
Loan receivable		–		608
Lease receivable		–		1,187
Fixed assets		42,847		47,981
Right-of-use assets		68,000		79,995
Intangible assets		188,479		190,777
Goodwill		7,906		7,906
Total non-current assets		307,232		328,454
Total assets	$	393,705	$	390,323
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	28,307	$	25,850
Deferred revenue		6,338		5,759
Income taxes payable		6,704		5,955
Current portion of lease liabilities		22,190		22,197
Current portion of long-term debt		4,613		4,984
Derivative obligations		–		418
Total current liabilities		68,152		65,163
Non-current liabilities:				
Deferred tax liabilities		17,383		15,891
Long-term portion of lease liabilities		65,947		78,989
Long-term debt		56,166		66,100
Total non-current liabilities		139,496		160,980
Total liabilities		207,648		226,143
Shareholders' equity:				
Share capital		195,070		197,333
Contributed surplus		4,107		3,682
Accumulated other comprehensive income (loss)		346		(227)
Retained earnings (deficit)		(13,466)		(36,608)
Total shareholders' equity		186,057		164,180
Total liabilities and shareholders' equity	$	393,705	$	390,323

Consolidated Statement of Net Income (Loss)

For the 13-week fourth quarter and 52-week fiscal years ended January 29, 2022, January 30, 2021, and February 1, 2020

13-week fourth quarter results are unaudited

	January 29, 2022 (13 weeks)	January 30, 2021 (13 weeks)	February 1, 2020 (13 weeks)	January 29, 2022 (52 weeks)	January 30, 2021 (52 weeks)	February 1, 2020 (52 weeks)
Sales	$ 121,294	$ 99,397	$ 127,453	$ 273,834	$ 240,506	$ 329,865
Cost of goods sold	48,942	40,543	58,163	110,977	100,767	153,676
Gross profit	72,352	58,854	69,290	162,857	139,739	176,189
Selling, general and administrative expenses	45,688	39,009	69,445	122,850	114,807	188,308
Goodwill impairment	–	–	44,799	–	–	44,799
Gain from deconsolidation of RTS USA Corp.	–	–	–	–	4,774	–
Income (loss) before interest expense and income taxes expense (recovery)	26,664	19,845	(44,954)	40,007	29,706	(56,918)
Interest expense	2,021	2,421	3,962	8,808	11,741	15,567
Income (loss) before income taxes expense (recovery)	24,643	17,424	(48,916)	31,199	17,965	(72,485)
Income taxes expense (recovery)	6,532	5,080	(4,339)	8,436	4,885	(10,456)
Net Income (loss)	$ 18,111	$ 12,344	$ (44,577)	$ 22,763	$ 13,080	$ (62,029)
Basic earnings (loss) per Share	$ 0.43	$ 0.29	$ (1.06)	$ 0.54	$ 0.31	$ (1.47)
Diluted earnings (loss) per Share	$ 0.42	$ 0.29	$ (1.06)	$ 0.53	$ 0.31	$ (1.47)

Consolidated Statement of Comprehensive Income

For the 52-week fiscal years ended January 29, 2022 and January 30, 2021

	January 29, 2022	January 30, 2021
Net income	$ 22,763	$ 13,080
Other comprehensive income, net of taxes:		
Items that may be subsequently reclassified to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	211	362
Cost of hedging excluded from cash flow hedges	(35)	(22)
Tax impact of cash flow hedges	(47)	(91)
Total other comprehensive income	129	249
Total comprehensive income	$ 22,892	$ 13,329

Consolidated Statement of Changes in Shareholders’ Equity

For the 52-week fiscal years ended January 29, 2022 and January 30, 2021

January 29, 2022	Share capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total
Balance, January 30, 2021	$ 197,333	$ 3,682	$ (36,608)	$ (227)	$ 164,180
Adjustment on amendment of IFRS 16	–	–	85	–	85
Balance, January 31, 2021	$ 197,333	$ 3,682	$ (36,523)	$ (227)	$ 164,265
Net income	–	–	22,763	–	22,763
Net gain from change in fair value of cash flow hedges, net of income taxes	–	–	–	129	129
Transfer of net realized loss on cash flow hedges to inventories, net of income taxes	–	–	–	444	444
Share-based compensation	–	655	–	–	655
Issuance of Shares	265	(230)	–	–	35
Purchase of Shares	(2,528)	–	294	–	(2,234)
Balance, January 29, 2022	$ 195,070	$ 4,107	$ (13,466)	$ 346	$ 186,057

January 30, 2021	Share capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total
Balance, February 1, 2020	$ 196,903	$ 3,407	$ (49,688)	$ (116)	$ 150,506
Net income	–	–	13,080	–	13,080
Net gain from change in fair value of cash flow hedges, net of income taxes	–	–	–	249	249
Transfer of net realized gain on cash flow hedges to inventories, net of income taxes	–	–	–	(360)	(360)
Share-based compensation	–	705	–	–	705
Issuance of Shares	430	(430)	–	–	–
Balance, January 30, 2021	$ 197,333	$ 3,682	$ (36,608)	$ (227)	$ 164,180

Consolidated Statement of Cash Flows

For the 52-week fiscal years ended January 29, 2022 and January 30, 2021

	January 29, 2022	January 30, 2021
Cash provided by (used in):		
Operating activities:		
Net income	$ 22,763	$ 13,080
Items not involving cash:		
Depreciation and amortization	29,994	33,325
Share-based compensation expense	655	705
Impairment, net of reversals, of fixed assets and right-of-use assets	649	2,048
Gain from deconsolidation of RTS USA Corp.	–	(4,774)
Unrealized losses on forward contracts	–	105
Gain on lease modification	(438)	(310)
Rent concessions related to practical expedient	(2,595)	(3,525)
Interest expense	8,808	11,741
Income taxes expense	8,436	4,885
Settlement of de-designated forward contracts	(109)	–
Interest paid	(2,862)	(4,337)
Payment of interest on lease liabilities	(5,360)	(6,724)
Income taxes refunded (paid)	(6,433)	1,056
Change in non-cash operating working capital:		
Accounts receivable	1,181	(7)
Inventories	1,145	(4,540)
Prepaid expenses	(832)	2,281
Accounts payable and accrued liabilities	886	6,165
Deferred revenue	579	(252)
	56,467	50,922
Financing activities		
Repayment of long-term debt	–	(14,000)
Long-term debt financing costs	(931)	(148)
Repayment of Term Credit Facility	(9,984)	(4,984)
Proceeds from issuance of Shares	35	–
Purchase of Shares	(663)	–
Payment of principal on lease liabilities, net of tenant allowance	(15,521)	(12,383)
	(27,064)	(31,515)
Investing activities		
Additions to fixed assets	(4,408)	(3,423)
Deconsolidation of RTS USA Corp.	–	(541)
	(4,408)	(3,964)
Increase in cash	24,995	15,443
Cash and bank indebtedness, beginning of period	9,166	(6,277)
Cash, end of period	$ 34,161	$ 9,166

Reconciliation of Net income (Loss) to EBITDA, Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income per Share

For the 13-week fourth quarter and 52-week fiscal years ended January 29, 2022, January 30, 2021, and February 1, 2020

CAD $000s	**Q4 2021**	**Q4 2020**	**Q4 2019**	**F2021**	**F2020**	**F2019**
Net income (loss)	**18,111**	**12,344**	**(44,577)**	**22,763**	**13,080**	**(62,029)**
Add the impact of:						
Interest expense (a)	2,021	2,421	3,962	8,808	11,741	15,567
Income taxes expense (a)	6,532	5,080	(4,339)	8,436	4,885	(10,456)
Depreciation and amortization (a)	7,391	8,661	10,506	29,994	33,325	39,606
EBITDA	**34,055**	**28,506**	**(34,448)**	**70,001**	**63,031**	**(17,312)**
Adjust for the impact of:						
COGS: Inventory provision (b)	465	835	–	465	835	–
COGS: P&O Duty Reimbursement (c)	–	–	–	–	–	175
COGS: DC Relocation Project (d)	–	–	297	–	45	840
SG&A: DC Relocation Project (d)	–	–	–	–	–	1,648
SG&A: Rent expense excluded from net income (loss) due to IFRS 16 (a)	(5,709)	(5,883)	(7,441)	(23,445)	(25,631)	(29,347)
SG&A: IFRS 16: Impairment of ROU assets (a)	305	1,162	3,215	305	1,162	3,215
SG&A: Purchase accounting adjustments (f)	4	42	58	70	169	582
SG&A: Stock option expense (g)	23	176	(1,045)	656	705	(518)
SG&A: Fixed asset impairment (h)	344	886	19,183	344	886	19,183
SG&A: Goodwill impairment (i)	–	–	44,799	–	–	44,799
SG&A: Gain from the deconsolidation of RTS USA Corp. (j)	–	–	–	–	(4,774)	–
SG&A: Chapter 7 filing costs (j)	131	43	–	131	1,283	–
SG&A: Changes in key personnel (k)	924	324	1,165	1,161	1,036	2,339
SG&A: Other non-recurring items (l)	79	–	270	451	1	464
Adjusted EBITDA[(m)]	**30,621**	**26,091**	**26,053**	**50,139**	**38,748**	**26,068**

CAD $000s	Q4 2021	Q4 2020	Q4 2019	F2021	F2020	F2019
Net income (loss)	**18,111**	**12,344**	**(44,577)**	**22,763**	**13,080**	**(62,029)**
Reverse the impact of IFRS 16:						
Rent expense excluded from net income (loss) (a)	(5,709)	(5,883)	(7,441)	(23,445)	(25,631)	(29,347)
Depreciation on ROU assets (a)	4,518	5,620	6,244	18,373	21,047	24,721
Impairment on ROU assets (a)	305	1,162	3,215	305	1,162	3,215
Interest on lease liabilities (a)	1,252	1,466	2,261	5,360	6,724	9,048
Deferred tax impact (a)	(97)	(609)	(519)	(157)	(839)	(1,414)
Total IFRS 16 impacts reversed	269	1,756	3,760	436	2,463	6,223
Add the impact of:						
COGS: Inventory provision (b)	465	835	–	465	835	–
COGS: P&O Duty Reimbursement (c)	–	–	–	–	–	175
COGS: DC Relocation Project (d)	–	–	297	–	45	840
SG&A: DC Relocation Project (d)	–	–	–	–	–	1,648
SG&A: Amortization of intangible assets acquired by Searchlight (e)	576	575	692	2,298	2,302	3,539
SG&A: Purchase accounting adjustments (f)	4	42	58	70	169	582
SG&A: Stock option expense (g)	23	176	(1,045)	656	705	(518)
SG&A: Fixed asset impairment (h)	344	886	19,183	344	886	19,183
SG&A: Goodwill impairment (i)	–	–	44,799	–	–	44,799
SG&A: Gain from the deconsolidation of RTS USA Corp. (j)	–	–	–	–	(4,774)	–
SG&A: Chapter 7 filing costs (j)	131	43	–	131	1,283	–
SG&A: Changes in key personnel (k)	924	324	1,165	1,161	1,036	2,339
SG&A: Other non-recurring items (l)	79	–	270	451	1	464
Total adjustments	2,546	2,881	65,419	5,576	2,488	73,051
Tax effect of adjustments	(668)	(709)	(11,333)	(1,302)	(1,520)	(13,227)
Adjusted Net Income(n)	**20,258**	**16,272**	**13,269**	**27,473**	**16,511**	**4,018**
Adjusted Net Income per Share(o)	**$0.48**	**$0.39**	**$0.31**	**$0.65**	**$0.39**	**$0.10**

Notes:

(a) The impact of IFRS 16 in Q4 2021, Q4 2020, and Q4 2019 was: (i) an increase/(decrease) to SG&A expenses of ($886), $899, and $2,018, respectively, which comprised the impact of depreciation and impairment on the right-of-use ("ROU") assets, net of the exclusion of rent payments from SG&A expenses, (ii) an increase in interest expense of $1,252, $1,466, and $2,261, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) a deferred tax impact of $97, $609, and $519, respectively, based on tax attributes on the ROU assets and lease liabilities balances recorded. The impact of IFRS 16 in F2021, F2020, and F2019 was: (i) a decrease to SG&A expenses of $4,767, $3,422, and $1,411, respectively, which comprised the impact of depreciation and impairment on the ROU assets, net of the exclusion of rent payments from SG&A expenses, (ii) an increase in interest expense of $5,360, $6,724, and $9,048, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) a deferred tax impact of $157, $839, and $1,414, respectively, based on tax attributes on the ROU assets and lease liabilities balances recorded.

(b) Represents a non-cash inventory provision on specific raw material and seasonal inventory styles that no longer align with the Company's strategic product direction.

(c) Represents a one-time reimbursement paid by Roots to its international partner related to import taxes in Taiwan incurred by the partner on certain footwear categories shipped from China.

(d) In the fiscal year ended February 2, 2019, the Company commenced preparations for the relocation from two separate facilities – its legacy retail-only distribution centre and its third-party online order fulfillment and distribution facility – to a single fully-integrated Roots-operated distribution centre (the "DC Relocation Project"). During the period of transition which continued into F2020, the Company incurred expenses related to, among other things, training, testing and administrative costs, along with rent and other operating costs, in connection with the need to operate two distribution centres simultaneously. These expenses would not be incurred as part of normal business operations and are not recurring.

(e) As a result of the Company's acquisition of assets from Roots Canada Ltd., Roots U.S.A. Inc., and Roots America L.P., and the outstanding shares of Roots International ULC effective December 1, 2015 (the "Acquisition"), intangibles relating to customer relationships of $7,766 with a useful life of 10 years and licensing arrangements of $25,910 with useful lives ranging from four to 13 years were recognized in accordance with IFRS 3, *Business Combinations*. The amortization expense resulting from the recognition of these intangible assets are non-cash in nature and are a direct result of the Acquisition. If the Acquisition had not occurred, such intangibles would not have been recognized and, consequently, the associated expenses would not have been incurred. Management is of the view that these costs do not reflect the underlying profitability of the business and would, therefore, reduce the ability to compare such underlying results to historical periods prior to the Acquisition.

(f) As a result of the Acquisition, the Company recognized an intangible asset for lease arrangements in the amount of $6,310, which when excluding the impacts of IFRS 16, is amortized over the life of the leases and included in SG&A expenses. In management's view, this cost does not reflect the underlying profitability of the business and would reduce the ability to compare such underlying results to historical periods prior to the Acquisition.

(g) Represents non-cash share-based compensation expense in respect of the Company's equity incentive plans.

(h) Represents a non-cash impairment charge (net of reversals) taken against certain fixed assets for stores where the recoverable amount is deemed to be below the carrying value. Of the total non-cash impairment charge taken in Q4 2019 and F2019, $12,738 pertains to impairment of leasehold improvements at the U.S. stores subsequently closed on April 29, 2020, during the liquidation of the Company's wholly owned subsidiary, RTS USA Corp, pursuant to Chapter 7 of Title 11 of the United States Code (the "Chapter 7 filing").

(i) Represents a non-cash impairment charge taken against goodwill of the DTC cash generating unit, as the recoverable amount is deemed to be below the carrying value.

(j) Under the Chapter 7 filing, control of RTS USA Corp. no longer rests with the Company, but rather with the court-appointed trustee in charge of administering the case. Accordingly, the Company is no longer consolidating the assets, liabilities, or operating results of RTS USA Corp. and recorded a net gain of $4,774 in relation to the deconsolidation in F2020. In addition, the Company also incurred $1,283 of costs in F2020 and $131 in F2021, primarily associated to professional service fees and other costs incurred in relation to the Chapter 7 filing. Management is of the view that the gain arising from the deconsolidation of RTS USA Corp. and the Chapter 7 filing costs would not be incurred as part of the Company's normal business operations and are not recurring.

(k) Represents expenses incurred in respect of the Company's efforts to recruit for vacancies in key management positions and severance costs associated with such employee separations.

(l) Represents one-time costs associated with projects that Management has determined are infrequent in nature and, accordingly, such matters do not reflect the underlying profitability of the business and their inclusion would, therefore, reduce the ability to compare such underlying results to historical periods.

(m) Adjusted EBITDA excludes the impact of IFRS 16. If the impact of IFRS 16, net of impairments on the ROU assets, was included for Q4 2021, Q4 2020, and Q4 2019, Adjusted EBITDA would have been $36,021, $30,771, and $30,221, respectively. If the impact of IFRS 16, net of impairments on the ROU assets, was included for F2021, F2020, and F2019, Adjusted EBITDA would have been $73,209, $63,049, and $51,618, respectively.

(n) Adjusted Net Income excludes the impact of IFRS 16. If the impact of IFRS 16, net of impairments on the ROU assets, was included for Q4 2021, Q4 2020, and Q4 2019, Adjusted Net Income would have been $19,986, $14,486, and $9,466, respectively. If the impact of IFRS 16, net of impairments on the ROU assets, was included for F2021, F2020, and F2019, Adjusted Net Income would have been $26,986, $13,925, and a net loss of $(2,632), respectively.

(o) Adjusted Net Income per Share has been calculated based on the weighted average number of Shares outstanding during the period. The weighted average number of Shares during Q4 2021, Q4 2020, and Q4 2019 was 42,218,446, 42,198,082, and 42,124,451, respectively. The weighted average number of Shares during F2021, F2020, and F2019 was 42,221,249, 42,170,369, and 42,122,962, respectively.