

Investor Presentation

Q4 2022

April 5, 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 April 4, 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.

Roots

Our History

1973

Michael Budman and Don Green founded Roots, centered around the beauty found in nature and Canada's wildernesss. 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.

2017

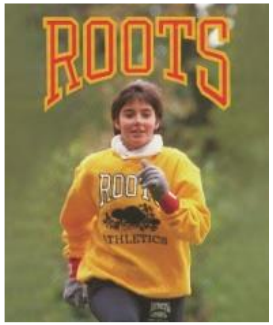
Complete IPO on TSX Searchlight Capital retains 48% ownership. Roots founders collectively retain 11% ownership.

2020

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

















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.



Roots

Meghan Roach

President & Chief Executive Officer

Progress Against Growth Pillars—F2022



- **Elevated omnichannel experience for customers**
  - Completed website re-platforming in September
  - Leveraged order management and store fulfillment solutions from NewStore
  - Appointed new paid media agency in Q1 2023
- **Global brand positioning**
  - Strong sales results from emerging collections (Activewear, One and Cloud)
  - Collaborations with The Weeknd, Elton John and Adidem Asterisk
  - Appointed new Creative Director in Residence, Joey Gollish (founder of Mr. Saturday and Canadian Menswear Designer of the Year)
  - Signed agreement with Stadium Live, leading online platform for Gen Z sports, culture and entertainment

Progress Against Growth Pillars—F2022



- **Corporate social responsibility (CSR)**
  - Made significant strides in establishing a broader foundation for program
  - Created Senior Director of Sustainability role
  - Conducted risk assessments, peer benchmarking, materiality analysis and stakeholder surveys
- **Key areas of CSR roadmap**
  - Climate action
  - Social labour
  - Material and product innovation
- **Transitioned majority of collections to preferred fibres and materials**

Progress Against Growth Pillars—F2022



- **Financial overview**
  - Challenging market conditions in second half drove sales and earnings lower on a full-year basis
  - Sales declined 8.1% year-over-year in Q4 2022 and 0.6% in F2022
  - Adjusted EBITDA[1] totaled $23.5 million in Q4 2022 compared to $30.6 million in Q4 2021
  - Temporary economic headwinds

[1]Adjusted EBITDA is a non-IFRS measure. See "Appendix" at the end of this presentation.

Roots

Outlook



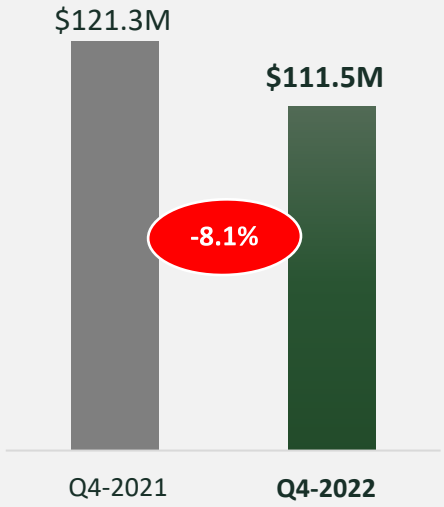
- **Sales and margins to remain under pressure in the short-term**
- **Entering F2023 with a solid financial position**
  - Ample liquidity and cash flow generation
  - Making investments in several growth areas
- **Targeting core Canadian market**
  - Focusing on customer acquisitions and increased lifetime value
  - Testing new, non-fleece lifestyle products in Q1 2023
  - Also testing brand ambassador affiliate program and referral program in first half of 2023
- **China and U.S. represent long-term growth opportunities**
- **Well-positioned to navigate through temporary period of economic instability**

Leon Wu

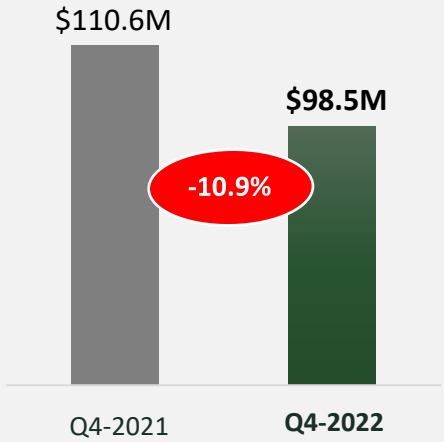
Chief Financial Officer

Fourth-Quarter Sales

Total Sales

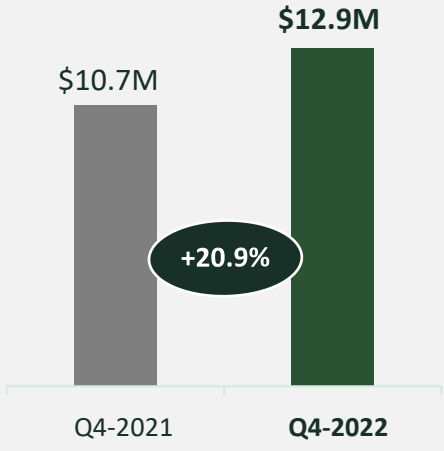


DTC Sales



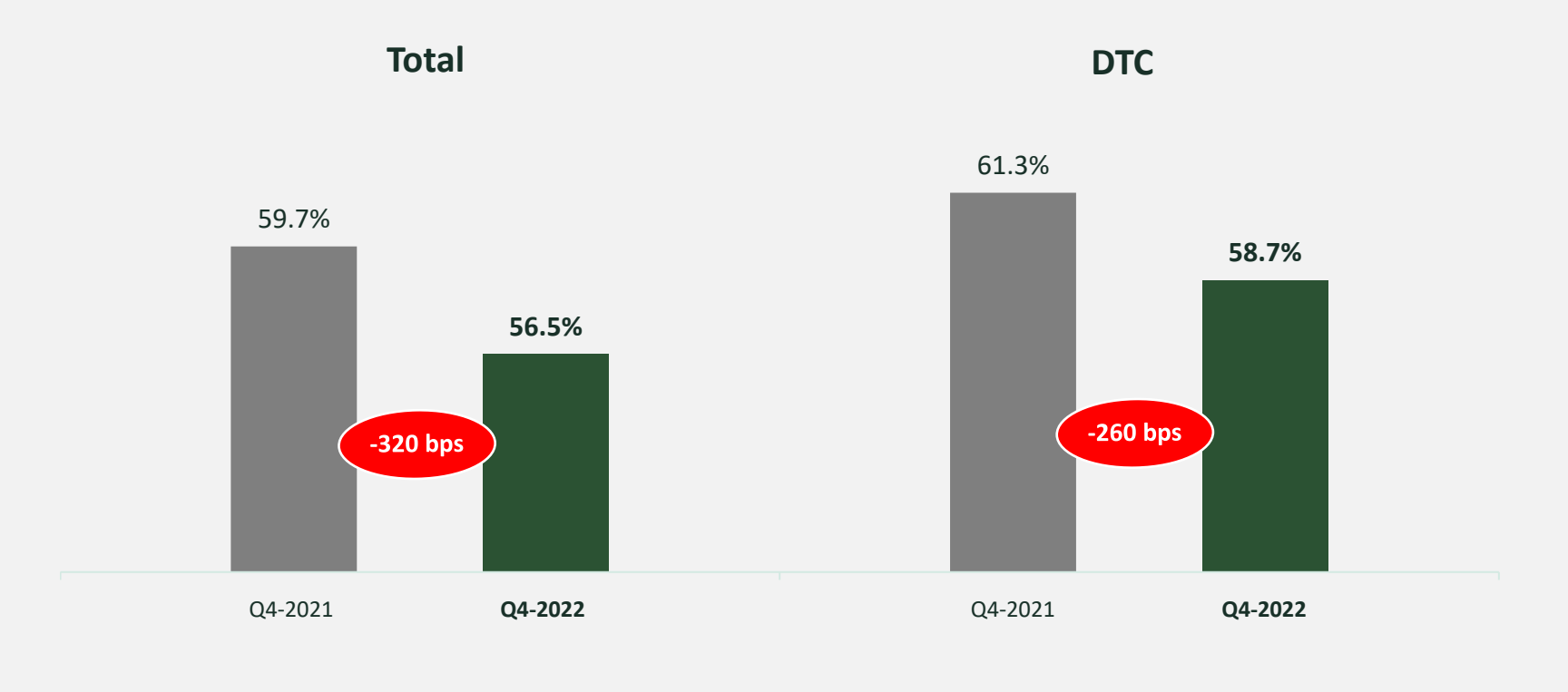
- Economic headwinds (-)
- Promotional environment (-)
- Sales in emerging collections delivered strong growth, but not enough to offset declines in traditional fleece styles (-)

P&O Sales



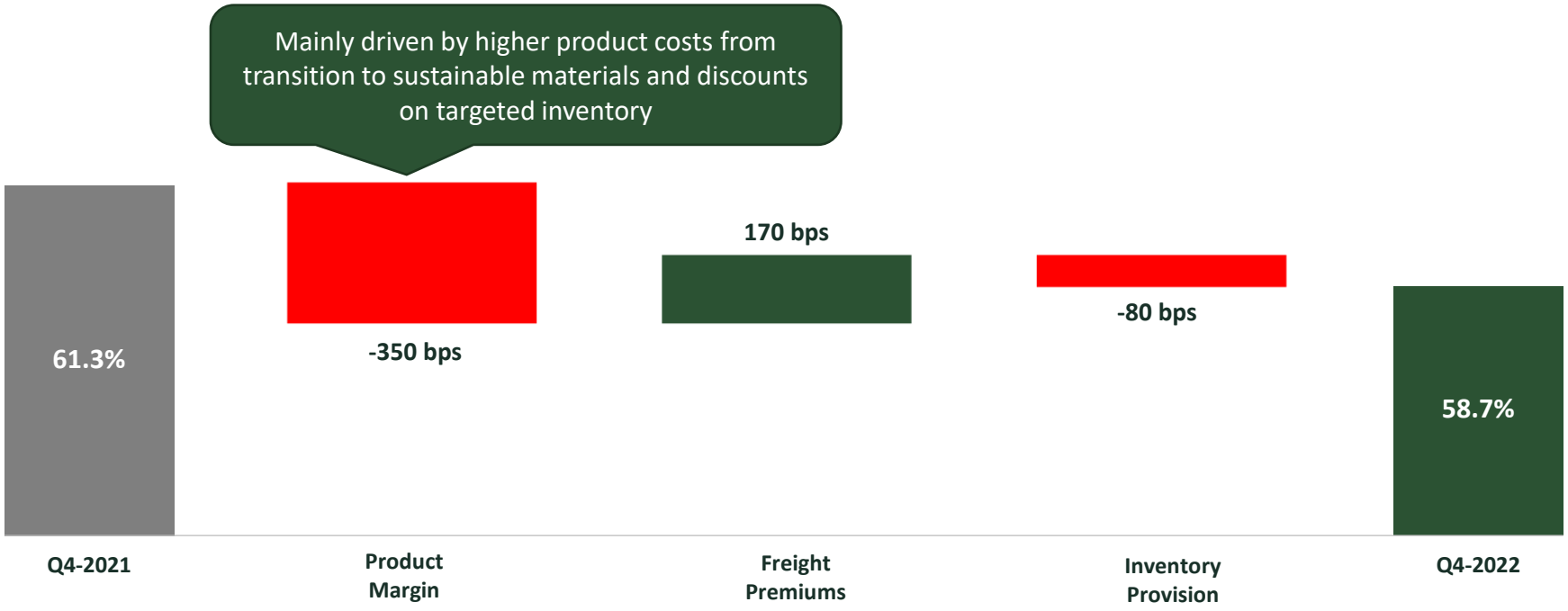
- Higher sales to international trading partner in Taiwan (+)
- Growth in the wholesale of Roots-branded products to select retail partners (+)
- Favourable FX impact on U.S. dollar sales (+)

Gross Margin



- Higher product costs from transition to sustainable materials (-)
- Increased discounts on targeted inventory (-)
- Higher inventory provision (-)
- Lower air freight costs (+)

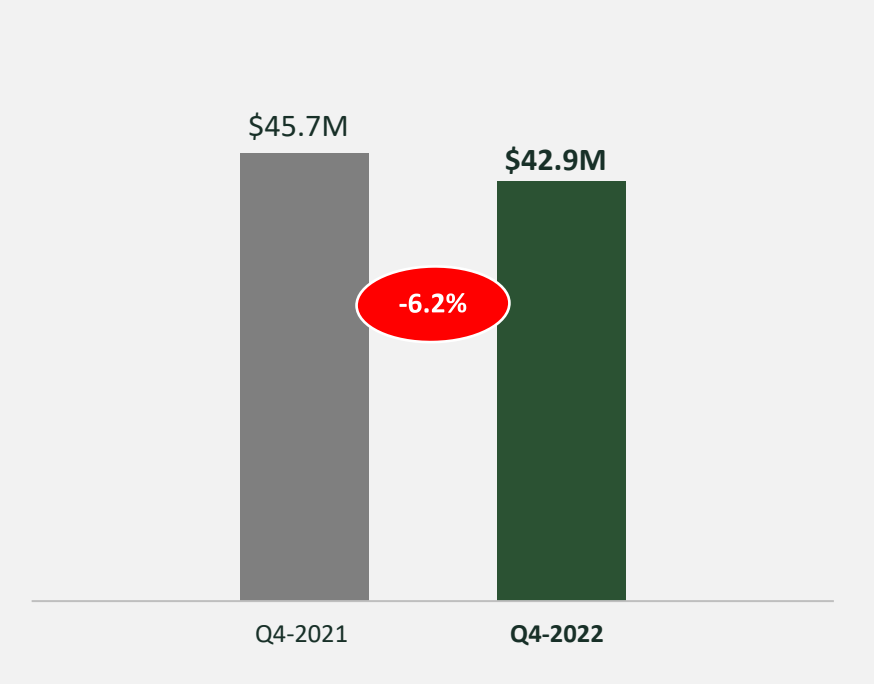
DTC Gross Margin Bridge



Difference of 180 bps excluding inventory provision

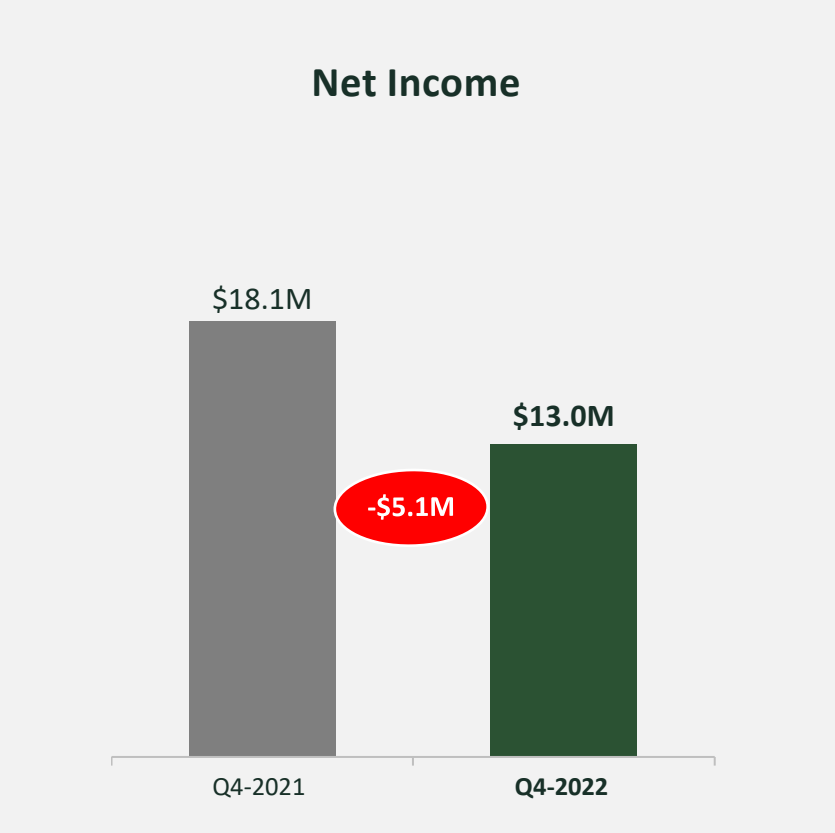
Roots

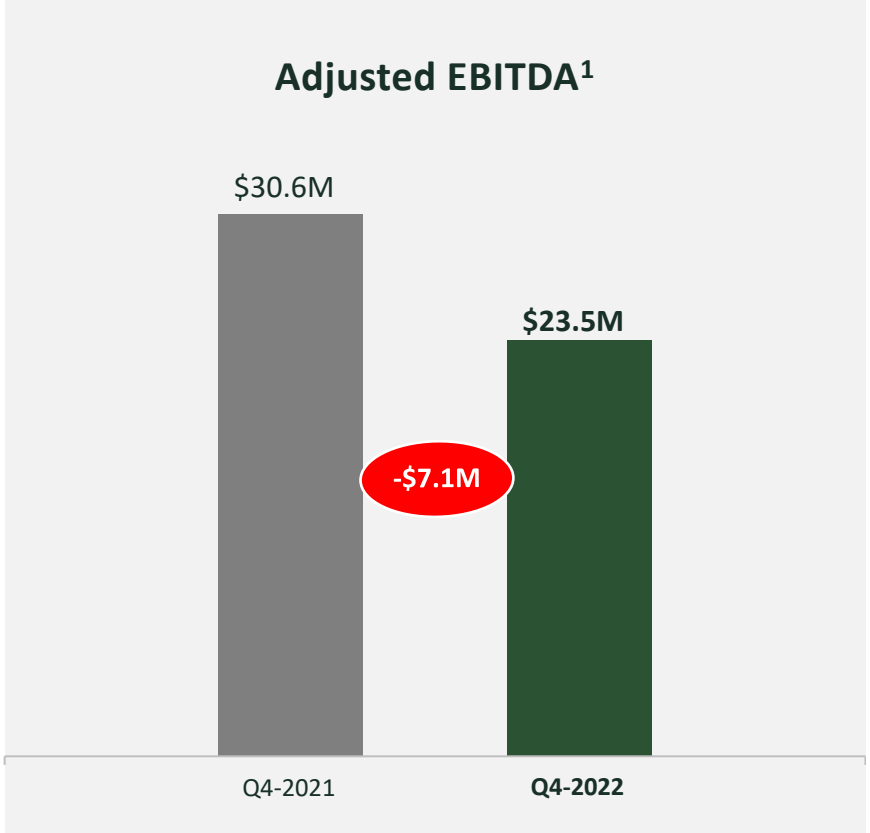
SG&A Expenses



- Reduced corporate payroll costs (+)
- Lower variable selling expenses (+)
- Higher store labour costs (-)
- Increased eCommerce fulfillment expenses (-)

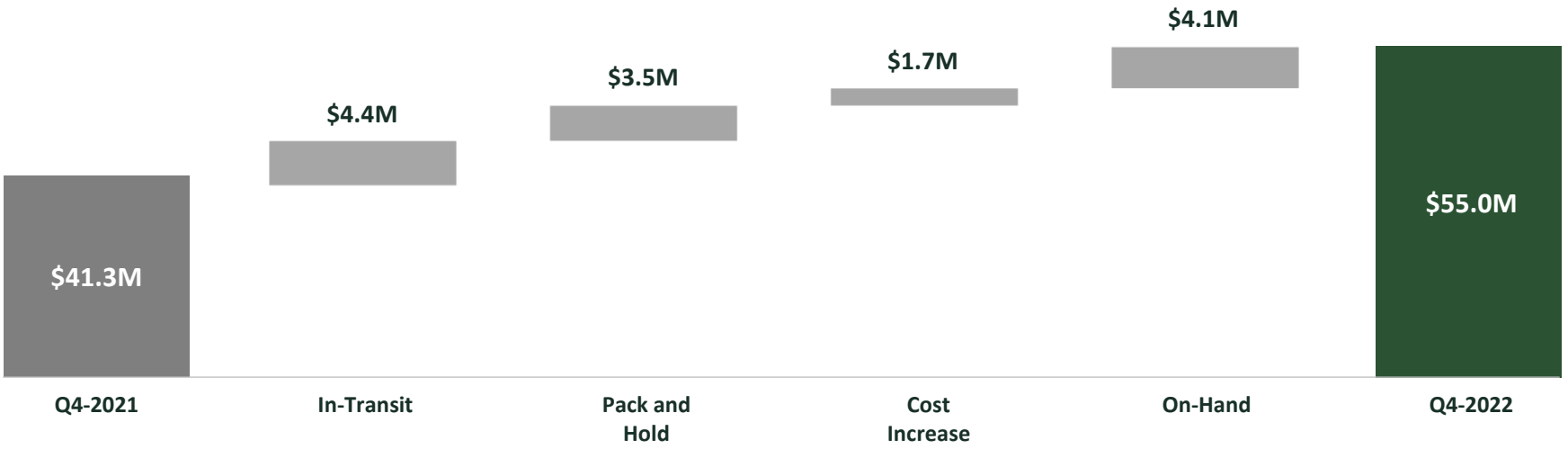
Profitability





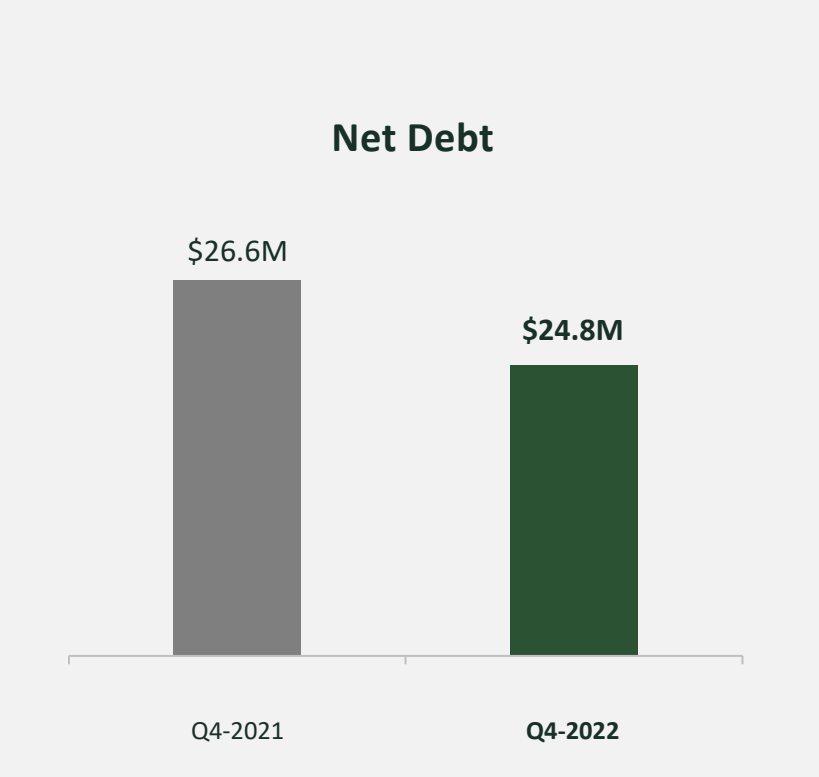
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Inventory Cost Bridge



On-hand inventory units increased 20.5% Y/Y, of which nearly half are attributable to pack-and-hold strategy on core collections

Solid Financial Position—F2022



$31.9M

Cash position

$91.9M

Total liquidity

$2.0M

Value of shares repurchased under NCIB

Net leverage ratio of 0.9X as at Jan. 28, 2023

(in millions of $CAD)

Roots

Summary



- **Navigating challenging environment**
  - Strategically managing inventory
  - Maintaining strong liquidity
  - Benefiting from a robust balance sheet
  - Disciplined approach to managing cash flows
- **Generating long-term shareholder value**
  - Driving operational efficiencies
  - Focusing on prudent capital allocation

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 Q4 2022, which is incorporated by reference herein and is available on SEDAR at www.sedar.com.


Roots