ROOTS REPORTS FOURTH QUARTER AND FISCAL 2022 RESULTS

Fourth Quarter

- **Sales decreased 8.1% year-over-year to $111.5 million**
- **Gross margin was 56.5% compared to 59.7% in fourth quarter of 2021; Adjusted DTC gross margin of 59.7% versus 61.7%**
- **Net income totaled $13.0 million compared to $18.1 million in the fourth quarter of 2021**
- **Adjusted EBITDA amounted to $23.5 million versus $30.6 million in the fourth quarter of 2021**
- **Repurchased 254,701 shares for a total consideration of $0.7 million**

Fiscal 2022

- **Sales decreased 0.6% year-over-year to $272.1 million**
- **Gross margin was 57.7% compared to 59.5% in 2021; Adjusted DTC gross margin of 61.2% versus 62.8%**
- **Net income totaled $6.7 million compared to $22.8 million in 2021**
- **Adjusted EBITDA amounted to $27.0 million compared to $50.1 million in 2021; $0.5 million in government subsidies and rent abatements were recorded in 2022 versus $12.8 million in 2021**
- **Inventory of $55.0 million compared to $41.3 million in 2021; excluding inventory cost increases from the shift to sustainable materials and higher in-transit and pack-and-hold inventories, inventory costs increased 10.0%**
- **Net debt reduced 7.0% year-over-year to $24.8 million; liquidity of $91.9 million**
- **Repurchased 631,869 shares for a total consideration of $2.0 million**

TORONTO, April 5, 2023 – Roots ("Roots," "Roots Canada" or the "Company") (TSX: ROOT), a premium outdoor-lifestyle brand, announced today financial results for its fourth quarter and fiscal year ended January 28, 2023 ("Q4 2022" and "F2022"). 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.

"We made significant progress against our strategic initiatives in 2022 despite a challenging economic environment in the back half of the year," commented Meghan Roach, President and Chief Executive Officer of Roots. "We completed our website re-platforming to offer an improved mobile-first, omnichannel experience to consumers. Through collaborations with artists, celebrities and influencers, we introduced our brand to a broader audience. In addition, we demonstrated our commitment to corporate social responsibility by closing the year with the majority of our products made with sustainable materials. This shift to sustainable materials and our pack-and-hold strategy to mitigate volatile economic conditions temporarily raised our inventory level, which we expect to be right-sized by the end of the fiscal year."

"To mark our 50th anniversary in 2023, we have several exciting launches planned, including limited edition products, heritage classics, and new collaborations. As we continue to focus on enhancing the brand's global appeal and attracting new customers, we have also welcomed Joey Gollish, Canada's 2022 Menswear Designer of the Year and founder of Mr. Saturday, as our new Creative Director in Residence," Ms. Roach added.

SELECT FINANCIAL INFORMATION (in '000s of CAD$, except per share amounts)	Fourth quarter ended			Fiscal year ended		
	January 28, 2023	**January 29, 2022**	**Change**	**January 28, 2023**	**January 29, 2022**	**Change**
Total sales	**111,461**	121,294	(8.1%)	**272,116**	273,834	(0.6%)
Direct-to-Consumer ("DTC") sales	**98,533**	110,605	(10.9%)	**231,230**	235,837	(2.0%)
Partners & Other ("P&O") sales	**12,928**	10,689	20.9%	**40,886**	37,997	7.6%
Gross profit	**62,984**	72,352	(12.9%)	**156,976**	162,857	(3.6%)
Gross margin[1]	**56.5%**	59.7%	-320 bps	**57.7%**	59.5%	-180 bps
Selling, General and Administrative ("SG&A") expenses	**42,864**	45,688	(6.2%)	**138,625**	122,850	12.8%
Subsidies and abatements[2]	-	277	-	**456**	12,812	-
Net income	**12,980**	18,111	(28.3%)	**6,693**	22,763	(70.6%)
Net income per diluted share	**0.31**	0.42	(26.2%)	**0.16**	0.53	(69.8%)
Adjusted EBITDA[3]	**23,524**	30,621	(23.2%)	**26,967**	50,139	(46.2%)

[1]Gross margin is a supplementary financial measure that measures our gross profit as a percentage of sales.
[2]Subsidies and abatements are reported as a reduction to the related expense, either as a decrease to cost of goods sold or to SG&A expenses.
[3]Adjusted EBITDA is a non-IFRS Measure. See "Non-IFRS Measures and Industry Metrics" below.

"We are proud of our team's work navigating through the challenging business environment by strategically managing our inventory and maintaining strong liquidity," said Leon Wu, Chief Financial Officer of Roots. "In the fourth quarter, our DTC gross margin came under pressure due to a number of factors, including our transition to sustainable materials, higher promotional activity industry-wide and greater inventory provisions recorded, but we believe these are mostly temporary issues. Given a robust balance sheet and disciplined approach to managing our cash flows, we are well positioned to face the uncertain macro-economic climate. Looking beyond short-term headwinds, we continue to focus on driving operational efficiencies and we remain committed to prudent capital allocation by constantly evaluating the most effective use of our resources to generate sustainable, long-term shareholder value."

FOURTH QUARTER OVERVIEW

Total sales decreased 8.1% to $111.5 million in Q4 2022 from $121.3 million in the fourth quarter of fiscal 2021 ("Q4 2021"). DTC sales (corporate retail store and eCommerce sales) were $98.5 million, down 10.9% year-over-year. This decrease was primarily driven by economic environment headwinds and an intensified promotional environment. Sales in emerging collections launched in recent years drove positive year-over-year growth but did not offset the sales decline in select traditional fleece styles, which represents a larger portion of our business.

P&O sales (wholesale Roots branded products, licensing to select manufacturing partners and the sale of certain custom products) rose 20.9% to $12.9 million in Q4 2022. The increase was mainly due to higher sales to the Company's international operating partner in Taiwan, growth in the wholesale of Roots-branded products to select retail partners, and favorable foreign exchange impacts.

Gross profit decreased 12.9% to $63.0 million in Q4 2022 from $72.4 million in Q4 2021. Gross profit in the DTC segment declined 14.7% year-over-year to $57.8 million in Q4 2022. The decrease in gross profit can be attributed to lower sales volume and reduced gross margin on those sales. DTC gross margin was 58.7% in Q4 2022 compared to 61.3% in Q4 2021. Excluding the impact of higher inventory provisions in Q4 2022, DTC gross margin declined 180 bps year-over-year. This decline was primarily driven by higher product costs from the transition to sustainable materials and an unfavorable foreign exchange impact on purchases, along with higher promotional activity. These factors were partially offset by a 170 bps margin improvement from lower air freight costs incurred on holiday goods.

SG&A expenses were $42.9 million in Q4 2022, down 6.2% from $45.7 million in Q4 2021. The decrease can largely be attributed to reduced corporate payroll costs and lower variable selling costs, partially offset by higher store labour costs.

Net income totaled $13.0 million, or $0.31 per diluted share, in Q4 2022, versus $18.1 million, or $0.42 per diluted share, in Q4 2021.

Adjusted EBITDA amounted to $23.5 million in Q4 2022 compared to $30.6 million in Q4 2021.

FISCAL 2022 RESULTS

F2022 total sales reached $272.1 million, representing a 0.6% decrease over sales in fiscal 2021 ("F2021"). DTC sales declined 2.0% year-over-year to $231.2 million in F2022, while P&O sales improved 7.6% to $40.9 million during this period. The year-over-year decrease in DTC sales was driven by economic headwinds, intensified promotional environment, and accelerated consumer shift from fleece products towards lifestyle assortments during the second half of the year.

P&O sales grew 7.6% to $40.9 million in F2022. The year-over-year increase in sales was caused by the growth in the wholesale of Roots-branded products to select retail partners, more sales through Tmall.com in China, and favorable foreign exchange impacts.

Gross profit stood at $157.0 million, or 57.7% of sales, in F2022 compared to $162.9 million, or 59.5% of sales, in F2021. Gross profit in the DTC segment decreased 4.9% year-over-year to $140.5 million. The decrease in gross profit was driven by lower sales volume and reduced gross margin on those sales. DTC gross margin was 60.8% in F2022 compared to 62.6% in F2021. Excluding the impacts of higher inventory provisions and lower Canada Emergency Wage Subsidy benefits recorded in F2022, DTC gross margin declined 90 bps year-over-year. This decline can be attributed to higher product costs from the transition to sustainable materials, higher promotional activity in the second half of the year, and a 30 bps margin decline from higher freight rates, partially offset by favorable foreign exchange on purchases during the first three quarters of the year.

SG&A expenses were $138.6 million in F2022, up 12.8% from $122.9 million in F2021. Excluding the year-over-year impacts of government subsidies and temporary occupancy-related abatements, SG&A expenses increased 3.8% year-over-year. This hike in SG&A expenses was primarily driven by higher operating costs associated with stores being fully open, increased store labour costs, as well as investments in talent and marketing.

Net income totaled $6.7 million, or $0.16 per diluted share, in F2022 compared to $22.8 million, or $0.53 per diluted share, in F2021. Excluding the impact of government subsidies and occupancy-related cost abatements, net income decreased $7.0 million year-over-year.

Adjusted EBITDA amounted to $27.0 million in F2022 compared to $50.1 million in F2021. Excluding government subsidies and occupancy-related cost abatements, Adjusted EBITDA declined $10.8 million year-over-year.

FINANCIAL POSITION

Inventory at the end of F2022 was $55.0 million, an increase of $13.7 million or 33.3% from $41.3 million at the end of F2021. Given an uncertain supply chain environment and longer transit times when Roots placed orders for its 2023 spring and summer products, the Company made the strategic decision to make its purchases earlier, which, along with vendor delays and closures at the end of F2021, resulted in $4.4 million of increased in-transit inventory. Inventory cost increases from the shift to sustainable materials, partially offset by lower freight expenses, resulted in a further $1.7 million increase to inventory. Excluding these factors, inventory increased by $7.6 million and on-hand inventory units rose by 20.5% year-over-year, of which just under half is attributable to the Company's pack-and-hold strategy on core inventory.

At the end of F2022, Roots had a solid financial position with net debt of $24.8 million, down 6.8% from the end of F2021. The Company's leverage ratio, defined as total net debt to trailing 12-months Adjusted EBITDA, was 0.9 times at year-end. As at January 28, 2023, Roots had a total amount outstanding under its credit facilities of $57.6 million and had total liquidity of $91.9 million, including cash and borrowing capacity available under its revolving credit facility.

NORMAL COURSE ISSUER BID

Roots repurchased 631,869 shares for a total consideration of $2.0 million in F2022, including 254,701 shares for $0.7 million in Q4 2022.

The Company renewed its Normal Course Issuer Bid ("NCIB") for its common shares through the facilities of the Toronto Stock Exchange (or other alternative Canadian trading systems) to repurchase for cancellation up to 2,119,667 common shares, representing approximately 10% of Roots public float, during the 12-month period beginning December 16, 2022 and ending December 15, 2023.

In conjunction with the NCIB, the Company entered into an automatic share purchase plan 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.

AMENDMENT TO COMPANY'S CREDIT AGREEMENT

Subsequent to F2022, Roots amended its credit facility to extend the current maturity date of September 2024 to September 2026. There were no adjustments to the size of the credit facility nor to the covenant limits.

CONFERENCE CALL AND WEBCAST INFORMATION

Roots will hold a conference call to review its fourth quarter 2022 results on April 5, 2023, at 8:00 a.m. Eastern time. All interested parties can join the call by dialing 416-764-8659 or 1-888-664-6392 and using conference ID: 94361858. Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until April 12, 2023, at midnight, and can be accessed by dialing 416-764-8677 or 1-888-390-0541 and entering the replay passcode: 361858#.

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 fourth quarter ended January 28, 2023, on the Company's investor website at https://investors.roots.com and on SEDAR at www.SEDAR.com.

NON-IFRS MEASURES AND INDUSTRY METRICS

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 (loss) 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, and Adjusted Net Income 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 Q4 2022, 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.

The table below provides a reconciliation of DTC gross profit to Adjusted DTC Gross Profit, and net income to EBITDA and Adjusted EBITDA for the periods presented:

CAD $000s	**Q4 2022**	**Q4 2021**	**F2022**	**F2021**
DTC gross profit	**57,848**	**67,801**	**140,476**	**147,650**
Add the impact of:				
COGS: Inventory provision (b)	977	465	977	465
Adjusted DTC Gross Profit	**58,825**	**68,266**	**141,453**	**148,115**

CAD $000s	**Q4 2022**	**Q4 2021**	**F2022**	**F2021**
Net income	**12,980**	**18,111**	**6,693**	**22,763**
Adjust for the impact of:				
Interest expense (a)	2,320	2,021	8,756	8,808
Income taxes expense (a)	4,820	6,532	2,902	8,436
Depreciation and amortization (a)	7,636	7,391	29,324	29,994
EBITDA	**27,756**	**34,055**	**47,675**	**70,001**
Adjust for the impact of:				
COGS: Inventory provision (b)	977	465	977	465
SG&A: Rent expense excluded from net income due to IFRS 16 (a)	(5,789)	(5,709)	(23,194)	(23,445)
SG&A: IFRS 16: Impairment of ROU assets (a)	79	305	79	305
SG&A: Purchase accounting adjustments (c)	(13)	4	(18)	70
SG&A: Stock option expense (d)	(29)	23	380	656
SG&A: Fixed asset impairment (e)	356	344	356	344
SG&A: Changes in key personnel (f)	130	924	125	1,161
SG&A: Non-recurring legal fees (g)	57	131	587	131
SG&A: Other non-recurring items (h)	–	79	–	451
Adjusted EBITDA [(i)]	**23,524**	**30,621**	**26,967**	**50,139**

Notes

(a) The impact of IFRS 16 in Q4 2022 and Q4 2021 was: (i) a decrease to SG&A expenses of $1,163 and $886, 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 $1,189 and $1,252, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) a deferred tax impact of $(7) and $97, respectively, based on tax attributes on the ROU assets and lease liabilities balances recorded. The impact of IFRS 16 in F2022 and F2021 was: (i) a decrease to SG&A expenses of 5,425 and $4,767, respectively, which comprised the impact of depreciation on the ROU assets, net of the exclusion of rent payments from SG&A expenses, (ii) an increase in interest expense of $4,771 and $5,360, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) a deferred tax impact of $173 and $157, respectively, based on tax attributes on the ROU assets and lease liabilities balances recorded.

(b) Represents the portion of non-cash inventory provision on items that no longer align with the Company's strategic product direction. In Q4 2022 and F2022, this provision primarily relates to specific footwear styles being phased out. In Q4 2021 and F2021, this provision relates to specific raw material that was no longer part of strategic product designs.

(c) 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.

(d) Represents non-cash share-based compensation expense in respect of our Legacy Equity Incentive Plan, Legacy Employee Option Plan, and Omnibus Equity Incentive Plan.

(e) 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.

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

(g) Represents non-recurring legal costs that are outside the scope of normal operations.

(h) Represents one-time costs incurred that do not reflect the underlying profitability of the business, including start-up costs associated with the relaunch of the Roots eCommerce website in China.

(i) 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 2022 and F2022, Adjusted EBITDA would have been $29,247 and $50,100, respectively. If the impact of IFRS 16, net of impairments on the ROU assets, was included for Q4 2021 and F2021, Adjusted EBITDA would have been $36,021 and $73,209, respectively.

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, roots.com. 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".

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.

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