Annual Report

FISCAL 2018

OUR VISION

To inspire the world to experience everyday adventures with comfort and style

ROOTS CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Fiscal Year Ended February 2, 2019)

The following Management's Discussion and Analysis ("**MD&A**") dated April 2, 2019 is intended to assist readers in understanding the business environment, strategies and performance and risk factors of Roots Corporation (together with its consolidated subsidiaries, referred to herein as "**Roots**", the "**Company**", "**us**", "**we**" or "**our**"). This MD&A provides the reader with a view and analysis, from the perspective of management, of the Company's financial results for the fourth quarter and the fiscal year ended February 2, 2019. This MD&A should be read in conjunction with our audited consolidated financial statements for the fiscal year ended February 2, 2019, including the related notes thereto (the "**Annual Financial Statements**").

Basis of Presentation

Our Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), using the accounting policies described therein. All amounts are presented in thousands of Canadian dollars, unless otherwise indicated.

All references in this MD&A to "**Q4 2018**" are to our fiscal quarter for the 13-week period ended February 2, 2019, and all references to "**Q4 2017**" are to our fiscal quarter for the 14-week period ended February 3, 2018. All references in this MD&A to "**F2018**" are to the 52-week fiscal year ended February 2, 2019, all references to "**F2017**" are to the 53-week fiscal year ended February 3, 2018, and all references to "**F2016**" are to the 52-week fiscal year ended January 28, 2017. All references in this MD&A to "**F2019**" are to the 52-week fiscal year ending February 1, 2020.

Unless otherwise indicated, all comparisons of results for Q4 2018 (13 weeks) are against results for Q4 2017 (14 weeks) and all comparisons of results for F2018 (52 weeks) are against results for F2017 (53 weeks).

The Annual Financial Statements and this MD&A were reviewed by our Audit Committee and approved by our Board of Directors (the "**Board**") on April 2, 2019.

Certain totals, subtotals, and percentages throughout this MD&A may not reconcile due to rounding. All information in this MD&A referring to per share amounts, share units or option units are presented as if the Pre-Closing Capital Changes (as defined and discussed under the heading "Share Information – Prior to Completion of the IPO") was implemented at the beginning of the earliest comparable period.

Cautionary Note Regarding Non-IFRS Measures and Industry Metrics

This MD&A 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 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, "Adjusted DTC Gross Profit", "Adjusted DTC Gross Margin", "EBITDA", "Adjusted EBITDA", "Adjusted Net Income", and "Adjusted Net Income per Share". This MD&A also refers to "Comparable Sales Growth (Decline)", a commonly used metric in our industry but that may be calculated differently compared to other companies. 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.

Management also uses non-IFRS measures to exclude the impact of certain expenses and income that management does not believe reflect the Company's underlying operating performance and that make comparisons of underlying financial performance between periods difficult. Management also uses non-IFRS measures to measure our core financial and operating performance for business planning purposes and as a component in the determination of incentive compensation for salaried employees. The Company may exclude additional items, from time to time, if it believes doing so would result in a more effective analysis of our underlying operating performance.

"**Adjusted DTC Gross Profit**" is defined as gross profit in our direct-to-consumer ("**DTC**") segment, adjusted for the impact of certain cost of goods sold that are non-recurring, infrequent, or unusual in nature and would make comparisons of underlying financial performance between periods difficult.

"**Adjusted DTC Gross Margin**" is defined as Adjusted DTC Gross Profit, divided by sales in our DTC segment.

"**EBITDA**" is defined as net income before interest expense, income taxes expense (recovery) and depreciation and amortization.

"**Adjusted EBITDA**" is defined as EBITDA, adjusted for the impact of certain income and expenses that are non-recurring, infrequent, or unusual in nature and would make comparisons of underlying financial performance between periods difficult. We believe that Adjusted EBITDA is useful, to both management and investors, in assessing the underlying performance of our ongoing operations and our ability to generate cash flows to fund our cash requirement.

"**Adjusted Net Income**" is defined as net income, adjusted for the impact of certain income and expenses that are non-recurring, infrequent, or unusual in nature, and would make comparisons of underlying financial performance between periods difficult, net of related tax effects. We believe that Adjusted Net Income is useful, to both management and investors, in assessing the underlying performance of our ongoing operations.

“**Adjusted Net Income per Share**” is defined as Adjusted Net Income, divided by the weighted average common shares outstanding during the periods presented. We believe that Adjusted Net Income per Share is useful, to both management and investors, in assessing the underlying performance of our ongoing operations, on a per share basis.

“**Comparable Sales Growth (Decline)**” is a retail industry metric used to compare the percentage change in sales derived from mature stores and eCommerce, in a certain period, compared to the prior year sales from the same stores and eCommerce, over the same time period of the prior fiscal year. With respect to the fourth quarter and full year comparable sales growth (decline) we aligned the calendar weeks in the fourth quarter to ensure key selling periods were aligned. We believe Comparable Sales Growth (Decline) helps explain our sales growth (or decline) in established stores and eCommerce, which may not otherwise be apparent when relying solely on year-over-year sales comparisons. Comparable Sales Growth (Decline) is calculated based on sales (net of a provision for returns) from stores that have been opened for at least 52 weeks in our DTC segment, including eCommerce sales (net of a provision for returns) in our DTC segment, and excludes sales from stores during periods where the store was undergoing renovation.

Comparable Sales Growth (Decline) also excludes the impact of foreign currency fluctuations. Beginning in the second quarter of F2018 (“**Q2 2018**”), in order to be more consistent with other retailers, and as a result of our United States expansion strategy, we changed our calculation methodology by applying the prior year’s U.S. dollar to Canadian dollar exchange rates to both current year and prior year comparable sales to achieve a consistent basis for comparison. Prior to Q2 2018, Comparable Sales Growth (Decline) was calculated and presented using a U.S. dollar to Canadian dollar exchange rate of 1:1. The prior fiscal quarters presented in this MD&A have been recalculated and presented using this new constant currency calculation. Our Comparable Sales Growth (Decline) may be calculated differently compared to other companies.

See “Reconciliation of Non-IFRS Measures” for a reconciliation of certain of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains “forward-looking information” within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our business, financial position, results of operations, business strategy, growth plans and strategies, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information.

In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain 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.

In addition, our assessments of, and targets for, annual sales, Adjusted EBITDA and Adjusted Net Income and certain other measures are considered forward-looking information. See “Financial Outlook” for additional information concerning our strategies, assumptions and market outlook in relation to these assessments.

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 information, including, without limitation, the factors discussed in the “Risks and Uncertainties” section of this MD&A and in the “Risk Factors” section of our annual information form dated April 2, 2019 for the fiscal year ended February 2, 2019 (the “**AIF**”). A copy of the AIF can be accessed under our profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com and on our website at www.roots.com. These factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully.

The purpose of the forward-looking information is to provide the reader with a description of management’s current expectations regarding the Company’s financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking information contained herein. To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlook, as with forward-looking information generally, are based on current assumptions and subject to risks, uncertainties and other factors. Furthermore, unless otherwise stated, the forward-looking information contained in this MD&A are made as of the date of this MD&A, and 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 (i) as required under applicable securities laws in Canada and (ii) to provide updates in our annual MD&A for each fiscal year up to and including that in respect of F2019 on our growth targets disclosed in our final prospectus dated October 18, 2017 in respect of our IPO (as revised in the third fiscal quarter of 2018), including to provide information on our growth targets, actual results and a discussion of material variances from our growth targets. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Overview

Established in 1973, Roots is a premium outdoor lifestyle brand. We unite the best of cabin and city through unmistakable style built with uncompromising comfort and quality. We offer a broad range of products that embody a comfortable cabin-meets-city style including: women’s and men’s apparel, leather goods, footwear, accessories and kids, toddler and baby apparel. Starting from a little cabin in Algonquin Park, Canada, Roots has grown to become a global brand. As of February 2, 2019, we had 114 corporate retail stores in Canada, seven corporate retail stores in the United States, 117 partner-operated stores in Taiwan, 37 partner-operated stores in China and a global eCommerce platform. Roots Corporation is a Canadian corporation doing business as “Roots” and “Roots Canada”.

On October 14, 2015, Searchlight Capital Partners, L.P. (“**Searchlight**”) incorporated Roots Corporation under the laws of Canada and its subsidiary, Roots USA Corporation, under the laws of the State of Delaware. Pursuant to a purchase and sale agreement dated October 21, 2015, Roots and its subsidiaries acquired substantially all of the assets of Roots Canada Ltd., Roots

U.S.A., Inc., Roots America L.P., entities controlled by our founders Michael Budman and Don Green (the "**Founders**"), and all of the issued and outstanding shares of Roots International ULC, effective December 1, 2015 (the "**Acquisition**").

Initial Public Offering

On October 25, 2017, we successfully completed our initial public offering (the "**IPO**") of our common shares (the "**Shares**") at a price of $12.00 per Share through a secondary sale of Shares by our principal shareholders. Our principal shareholders sold 16,667,000 Shares under the IPO for total gross proceeds of $200,004 for the selling shareholders. The Company did not receive any of the proceeds from the IPO.

The Shares are listed for trading on the Toronto Stock Exchange ("**TSX**") under the trading symbol "ROOT".

In connection with and immediately prior to closing of the IPO, all outstanding Class A Shares, Class B Shares, options and restricted share units ("**RSUs**") were effectively consolidated on a 0.214193-to-one basis into Shares or securities exercisable for Shares.

Factors Affecting our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which we discuss below. See also the "Risks and Uncertainties" section of this MD&A and the "Risk Factors" section of our AIF.

Our Brand

Roots is a premium outdoor lifestyle brand. We unite the best of cabin and city through unmistakable style built with uncompromising comfort and quality. We offer a broad range of products that embody a comfortable cabin-meets-city style including: women's and men's apparel, leather goods, footwear, accessories and kids, toddler and baby apparel. Our brand is well known in Canada and Taiwan, with an expanding presence in China and growing awareness internationally. Any loss of brand appeal from factors such as changing consumer trends and increased competition may adversely affect our business and financial results. To address this, we are always focused on building our brand and strengthening our brand voice through innovative, impactful brand initiatives as well as delivering customer insight-driven designs. In addition, we work to best position our brand and business globally by leveraging the strategic operational investments that we have made, growing our North American omni-channel footprint, expanding in international markets via partners and deepening our offering in leather and footwear.

Growth in our Omni-Channel Business

Our corporate retail stores and eCommerce platforms are integrated, providing our customers with a seamless omni-channel shopping experience whether they are shopping online from a desktop or mobile device, or in one of our retail stores. This includes:

- order online and collect in-store;
- order in-store for home delivery;
- an online store locator;

- shop anytime, anywhere at roots.com;
- in-store inventory display on roots.com; and
- seamless integrated returns.

The success of our business is heavily dependent on our ability to continue to drive strong comparable sales in our DTC segment and grow our omni-channel footprint. This includes renovating and expanding our existing corporate retail stores, optimizing our eCommerce capabilities and selectively expanding our store base in both Canada and the United States. Our ability to successfully execute on our omni-channel strategy is an important driver of our longer-term growth.

As eCommerce continues to become a larger component to the growth of our omni-channel footprint, we depend on third-party logistics partners, such as Canada Post, to fulfill sales transactions with our customers in a dependable and timely manner. Changes in geographic coverage, service levels, capacity levels, and labour disruptions at our logistic partners may adversely affect our business and financial results. While Roots has a primary service relationship with Canada Post, we also work with other mail delivery services, providing alternative options so as to mitigate the impact of a disruption to delivery services.

Growth in the Business of our International Operating Partners

The success of our business is dependent on the performance of our international operating partner's retail operations. Our ability to continue to recognize wholesale sales of Roots-branded products to our partner and to generate royalty revenue from our partner's retail sales of Roots-branded products depends on our partner continuing to grow its business. Our partner's ability to successfully execute on its omni-channel strategy and our ability to support our partner in this growth will impact the performance of our business. In addition, the success of our business is dependent on our ability to develop successful relationships with other international operating partners and support them in the growth of their retail and online sales of Roots-branded products.

Product Development

We are not defined by one product, season, geography, or demographic. With nearly five decades of product leadership, our product range is diversified across seasons and comprised of apparel, leather goods, accessories and footwear. Serving as the foundation of our distinct identity, many of our enduring icons have been in our product assortment for decades and remain favourites among customers today.

We have made significant investments in our merchandising team and have established a United Brand Range ("**UBR**") initiative, which is a consumer-focused merchandising strategy focused on building a more simplified and scalable product assortment as well as a more consistent presentation that is coordinated across collections and categories, that we expect will help us to continue supporting the growth of our business.

Our business will be affected by our ability to continue to develop products that resonate with consumers. As previously announced, our Chief Merchandising Officer left the Company effective February 4, 2019. With significant improvement in the operations of our merchandising group through our UBR initiative, we are shifting our focus to progress our product vision at a faster rate. We are also in the process of a formal search for a new leader for our merchandising function.

We expect to accelerate our product development strategy as well as continue to introduce additional products to help mitigate the seasonal nature of our business (as further described below) and expand our addressable geographic market.

Foreign Exchange

We generate the majority of our revenues in Canadian dollars, while a significant portion of our cost of goods sold is denominated in U.S. dollars, which exposes us to fluctuations in foreign currency exchange rates. Commencing in F2017, we entered into hedging arrangements to help mitigate the risks associated with fluctuations in the U.S. dollar relative to the Canadian dollar. See "Financial Instruments" for a further discussion of our hedging arrangements.

Seasonality

We experience seasonal fluctuations in the financial results of our retail business, as we generate a meaningful portion of our sales and earnings in our third and fourth fiscal quarters. Our working capital requirements generally increase in the periods preceding these peak periods, and it is not uncommon for our EBITDA to be negative in the first two fiscal quarters. The average portion of our annual sales generated during each quarter of a fiscal year over the last three completed fiscal years is outlined in the following table:

First fiscal quarter	15%
Second fiscal quarter	16%
Third fiscal quarter	27%
Fourth fiscal quarter	42%
Annual Total	100%

Weather

Our corporate retail stores could be adversely impacted by extreme weather conditions in regions in which they operate. For example, severe or abnormal snowfall, rainstorms, ice storms, or other adverse weather conditions could decrease customer traffic in our stores and could adversely impact our results. Our omni-channel presence helps to mitigate the impact of extreme weather conditions as customers are able to order products through our eCommerce platform. Furthermore, we are subject to risks relating to unseasonable weather patterns, such as warmer temperatures in the fall and winter seasons and cooler temperatures in the spring and summer seasons, which could cause our inventory to be incompatible with prevailing weather conditions and could diminish demand for seasonal merchandise.

Consumer Trends

Our success largely depends on our ability to anticipate and respond to shifts in consumer trends, demands and preferences in a timely manner. All of our products are subject to changing consumer preferences that cannot be predicted with certainty. If we are unable to adequately respond to changing consumer trends, our sales could be adversely impacted, or we could experience higher inventory markdowns which could decrease our profitability. This is mitigated by our focus on continuous product development to create products that resonate with our consumers, our diverse product range across multiple categories, and the fact that our enduring icons have remained favourites of our customers for decades and continue to be customer favourites today. Our sales are also impacted by shifts in economic conditions that are beyond

our control, such as consumer confidence levels, consumer debt, and interest rates, all of which could limit the disposable income and discretionary spending levels of consumers.

Segments

We report our results in two segments: (1) DTC and (2) Partners and Other. We measure each reportable operating segment's performance based on sales and segment gross profit. Our DTC segment comprises sales through our corporate retail stores and eCommerce. Our Partners and Other segment consists primarily of the wholesale of Roots-branded products to our international operating partner and the royalties earned on the retail sales of Roots-branded products by our partner. Our Partners and Other segment also consists of royalties earned through the licensing of our brand to select manufacturing partners, the wholesale of Roots-branded products to select retail partners, and the sale of custom Roots-branded products to select business clients.

Our DTC and Partners and Other segments contributed 86.3% and 13.7% of our sales, respectively, in F2018 (F2017 – 87.1% and 12.9% of our sales, respectively).

Summary of Financial Performance

We refer the reader to the sections entitled "Components of our Results of Operations and Trends Affecting our Business" and "Cautionary Note Regarding Non-IFRS Measures and Industry Metrics" in this MD&A for the definition of the items discussed below and, when applicable, to the section entitled "Reconciliation of Non-IFRS Measures" for reconciliations of non-IFRS measures with the most directly comparable IFRS measure.

The following table summarizes our results of operations for the periods indicated:

CAD $000s (except per share data)	Q4 2018	Q4 2017	F2018	F2017	F2016
Statement of Net Income Data:					
Sales	130,823	130,021	329,028	326,057	281,886
Gross profit	78,345	75,766	188,490	181,998	147,153
Gross margin	59.9%	58.3%	57.3%	55.8%	52.2%
Selling, general and administrative expenses	51,776	45,878	166,790	151,867	129,490
Income before interest expense and income taxes expense (recovery)	26,569	29,888	21,700	30,131	17,663
Net income (loss)	18,276	20,861	11,400	17,501	8,185
Basic earnings per share	$0.43	$0.50	$0.27	$0.42	$0.19
Diluted earnings (loss) per share	$0.43	$0.49	$0.27	$0.41	$0.19
Non-IFRS Measures and Other Performance Measures:					
Corporate retail stores, end of period	121	119	121	119	117
Comparable Sales Growth (Decline)(1)	3.1%	15.2%	(1.3)%	12.2%	8.3%
Adjusted DTC Gross Profit(1)	74,574	72,775	173,816	168,636	139,993
Adjusted DTC Gross Margin(1)	61.8%	60.7%	61.2%	59.4%	57.3%
Adjusted EBITDA(1)	34,784	36,706	41,903	52,634	41,578
Adjusted Net Income(1)	22,345	24,646	20,179	29,137	21,477
Adjusted Net Income per Share(1)	$0.53	$0.59	$0.48	$0.69	$0.51

Note:

(1) Comparable Sales Growth (Decline), Adjusted DTC Gross Profit, Adjusted DTC Gross Margin, Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income per Share are non-IFRS measures. See "Cautionary Note Regarding Non-IFRS Measures and Industry Metrics" for a description of these measures.

Selected Financial Results for Q4 2018 Compared to Q4 2017

- Total sales increased by $802, or 0.6%, to $130,823 in Q4 2018, from $130,021 in Q4 2017.
  - DTC sales increased by $873, or 0.7%, in Q4 2018, compared to Q4 2017.
  - Partners and Other sales decreased by $71, or 0.7%, in Q4 2018, compared to Q4 2017.
- Comparable Sales Growth[1] was 3.1% for Q4 2018 as compared to 15.2% for Q4 2017.
- Gross profit increased by $2,579, or 3.4%, to $78,345 in Q4 2018, from $75,766 in Q4 2017.
  - DTC gross profit increased by $2,871, or 4.0%, to $74,574 in Q4 2018, and as a percentage of sales ("**DTC gross margin**") increased to 61.8% in Q4 2018, from 59.9% in Q4 2017.
  - Adjusted DTC Gross Profit[1] increased by $1,799, or 2.5%, to $74,574 in Q4 2018, and Adjusted DTC Gross Margin[1] increased to 61.8% in Q4 2018, from 60.7% in Q4 2017.
- Selling, general, and administrative expenses ("**SG&A expenses**") increased by $5,898, or 12.9%, to $51,776 in Q4 2018, from $45,878 in Q4 2017.
- Adjusted EBITDA[1] decreased by $1,922, or 5.2%, to $34,784 in Q4 2018, from $36,706 in Q4 2017.
- Net income decreased by $2,585, or 12.4%, to $18,276 in Q4 2018, from $20,861 in Q4 2017.
- Adjusted Net Income[1] decreased by $2,301, or 9.3%, to $22,345 in Q4 2018, from $24,646 in Q4 2017.
- Basic earnings per Share decreased by 14.0% to $0.43 in Q4 2018 from $0.50 in Q4 2017.
- Adjusted Net Income per Share[1] decreased by 10.2% to $0.53 in Q4 2018 from $0.59 in Q4 2017.

Selected Financial Results for F2018 Compared to F2017

- Total sales increased by $2,971, or 0.9%, to $329,028 in F2018, from $326,057 in F2017.
  - DTC sales decreased by $275, or 0.1%, compared to F2017.
  - Partners and Other sales increased by $3,246, or 7.7%, compared to F2017.
- Comparable Sales Decline[1] was 1.3% for F2018 as compared to Comparable Sales Growth[1] of 12.2% for F2017.
- Gross profit increased by $6,492, or 3.6%, to $188,490 in F2018, from $181,998 in F2017.

- DTC gross profit increased by $6,252, or 3.7%, to $173,816, and DTC gross margin increased to 61.2% in F2018, from 59.0% in F2017.
- Adjusted DTC Gross Profit[1] increased by $5,180, or 3.1%, to $173,816 in F2018, and Adjusted DTC Gross Margin[1] increased to 61.2% in F2018, from 59.4% in F2017.

- SG&A expenses increased by $14,923, or 9.8%, to $166,790 in F2018, from $151,867 in F2017.
- Adjusted EBITDA[1] decreased by $10,731, or 20.4%, to $41,903 in F2018, from $52,634 in F2017. Adjusted EBITDA was 12.7% of sales in F2018, decreasing from 16.1% of sales in F2017.
- Net income decreased by $6,101, or 34.9%, to $11,400 in F2018, from $17,501 in F2017.
- Adjusted Net Income[1] decreased by $8,958, or 30.7%, to $20,179 in F2018, from $29,137 in F2017. Adjusted Net Income was 6.1% of sales in F2018, decreasing from 8.9% of sales in F2017.
- Basic earnings per Share decreased by 35.7% to $0.27 in F2018 from $0.42 in F2017.
- Adjusted Net Income per Share[1] decreased by 30.4% to $0.48 in F2018 from $0.69 in F2017.

Key Operational Developments

Retail stores

We continue to execute on our strategy to grow our store network and optimize our existing retail stores. During F2018, in North America, we opened 10 new corporate retail stores, three pop-up stores, relocated six stores, completed major renovations on four of our existing stores, and closed eight existing stores as we continue to optimize our real estate portfolio.

In particular, during Q4 2018, we:

- completed renovations on our Pine Centre Mall store in Prince George, British Columbia; and
- closed four of our existing stores.

In addition, we opened a pop-up store in Red Deer, Alberta and closed our brand activation centre on Newbury Street in Boston, Massachusetts.

Note:

(1) Comparable Sales Growth (Decline), Adjusted DTC Gross Profit, Adjusted DTC Gross Margin, Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income per Share are non-IFRS measures. See "Cautionary Note Regarding Non-IFRS Measures and Industry Metrics" for a description of these measures.

The following table summarizes the change in our corporate retail store count for the periods indicated, and excludes various pop-up locations and our brand activation centre located in Boston, Massachusetts.

	Q4 2018	Q4 2017	F2018	F2017
Number of stores, beginning of period	125	120	119	117
New stores	–	2	10	8
Closed stores	4	3	8	6
Number of stores, end of period	**121**	**119**	**121**	**119**
Stores renovated or relocated	1	1	10	5

International Partnerships

We continue to execute on our strategy to grow internationally. During F2018, we opened nine partner-operated stores in Taiwan, two of which opened in Q4 2018, and we opened 11 partner-operated stores in China, four of which opened in Q4 2018. In total, we added 12 net new stores in Asia (seven in Taiwan and five in China) during F2018 to end the year with 117 partner-operated stores in Taiwan and 37 partner-operated stores in China.

Merchandising

We continue to execute against our broader merchandising strategy of bringing better products and assortments to our global consumer base. Through our more formalized and analysis-driven approach to line development, we are delivering coordinated collections across all lines of products, increasing productivity, improving costing, bringing the right products to the right stores, and benefiting from greater scalability. Our success on all of these fronts in the quarter are reflected in our expanded gross margins.

During F2018, through our UBR initiative, we continued to edit out unproductive SKUs and amplify our best performing products. During the third fiscal quarter of 2018 ("**Q3 2018**"), we achieved our target of a 40% reduction in SKU count, relative to the comparable F2016 period.

Components of our Results of Operations and Trends Affecting our Business

In assessing our results of operations and trends affecting our business, we consider a variety of financial and operating measures that affect our operating results.

Sales

Sales in our DTC segment include sales through our corporate retail stores in North America and through our eCommerce operations. Sales to customers through our corporate retail stores are recognized at the time of purchase, net of a provision for returns. eCommerce sales are recognized at the time of delivery, net of a provision for returns. The provision for returns is estimated based on the last 12 months' return rate for retail stores and eCommerce sales, respectively.

Sales in our Partners and Other segment consist primarily of wholesale sales to our international partner and other corporate customers, and royalty revenue earned from the retail sale of Roots-branded products by our international partner and other third-party licensees. Wholesale sales from the sale of goods are recognized when the performance obligations of goods delivery have been passed to the customer which, depending on the specific contractual terms of each customer, is either at the time of shipment or receipt. Contractually, our international partner and

wholesale partners are unable to return goods purchased from us. Royalty sales are earned and recognized on an accrual basis in accordance with the various contractual agreements, at the later of (i) sales of licensed goods as reported by our international partner and other third-party licensees, and (ii) when all performance obligations pertaining to the royalty have been satisfied.

Gross Profit

Gross profit is our sales less cost of goods sold. Cost of goods sold includes the cost of purchasing our products from manufacturers, including direct purchase costs, freight costs, and duty and non-refundable taxes. For select leather products manufactured by us in-house, cost of goods sold includes the cost of manufacturing our products, including raw materials, direct labour and overhead, plus freight costs. Cost of goods sold also includes variable distribution centre costs incurred to prepare our inventory for sale. Gross margin measures our gross profit as a percentage of sales.

The primary driver of our cost of goods sold is the cost of purchased products from our manufacturers, which is predominantly sourced in U.S. dollars and Canadian dollars. In F2017, we implemented a hedging program to manage our foreign currency risk related to U.S. dollar inventory purchases. See “Financial Instruments”.

Selling, General and Administrative Expenses

SG&A expenses consist of selling costs to market and deliver our products to our consumers through our DTC segment, depreciation of store and eCommerce assets, and costs incurred to support the relationships with our retail partners and distributors through our Partners and Other segment. SG&A expenses also include our marketing and brand investment activities, and the corporate infrastructure required to support our ongoing business.

Selling costs as a percentage of sales is usually higher in the lower-volume first and second quarters of a fiscal year, and lower in the higher-volume third and fourth quarters of a fiscal year because a portion of these costs are relatively fixed. We expect our selling costs to increase as we continue to open new stores, grow our eCommerce business and increase our marketing and brand investment activities.

General and administrative expenses represent costs incurred in our corporate offices, primarily related to personnel costs, including salaries, variable-incentive compensation, benefits, share-based compensation, and marketing costs. It also includes depreciation and amortization expenses for all office support assets and intangible assets.

Foreign exchange gains and losses, excluding changes in the fair value of foreign currency forward contracts (see “Financial Instruments”) are recorded in SG&A expenses and comprise translation of monetary assets and liabilities denominated in currencies other than the functional currency of the entity.

Interest Expense

Interest expense primarily relates to our Credit Facilities (as defined below). See “Indebtedness”.

Income Taxes

We are subject to income taxes in the jurisdictions in which we operate and, consequently, income taxes expense or recovery is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. The primary regions that determine the effective tax rate are Canada and the United States. Over the long-term, we expect our annual effective income tax rate to be, on average, approximately 27-28%, subject to changes to income tax rates and legislation in the jurisdictions in which we operate.

Selected Consolidated Financial Information

The following table summarizes our recent results of operations for the periods indicated. The selected consolidated financial information set out below for F2018 and F2017 has been derived from our Annual Financial Statements. The selected consolidated financial information set out below for Q4 2018 and Q4 2017 is unaudited.

CAD $000s	Q4 2018	Q4 2017	F2018	F2017
Sales	**130,823**	**130,021**	**329,028**	**326,057**
Cost of goods sold	52,478	54,255	140,538	144,059
Gross Profit	**78,345**	**75,766**	**188,490**	**181,998**
Selling, general and administrative expenses	51,776	45,878	166,790	151,867
Income before interest expense and income taxes expense	**26,569**	**29,888**	**21,700**	**30,131**
Interest expense	1,435	1,197	5,171	5,728
Income before taxes	**25,134**	**28,691**	**16,529**	**24,403**
Income taxes expense	6,858	7,830	5,129	6,902
Net income	**18,276**	**20,861**	**11,400**	**17,501**
Basic earnings per Share[(1)]	$0.43	$0.50	$0.27	$0.42

The following table provides selected financial information for the periods indicated:

Consolidated Statement of Financial Position Data:

CAD $000s (except per Share amounts)	As at February 2, 2019	As at February 3, 2018	As at January 28, 2017
Current assets	$64,960	$49,216	$64,458
Non-current assets	316,154	293,635	292,985
Current liabilities	51,627	35,759	31,374
Non-current liabilities	114,783	108,119	124,885
Distributions declared per Share[(1)]	–	$0.48	–

Note:

(1) Calculated based on the number of outstanding Shares as if the Pre-Closing Capital Changes were implemented at the start of the period. At the time of distribution, prior to the Pre-Closing Capital Changes, the equivalent distributions per Share was $0.10.

Results of Operations

Analysis of Results for Q4 2018 to Q4 2017 and F2018 to F2017

The following section provides an overview of our financial performance during Q4 2018 compared to Q4 2017 and during F2018 compared to F2017.

Sales

The following table presents our sales by segment for each of the periods indicated:

CAD $000s	Q4 2018	Q4 2017	% Change	F2018	F2017	% Change
DTC	120,678	119,805	0.7%	283,856	284,131	(0.1)%
Partners and Other	10,145	10,216	(0.7)%	45,172	41,926	7.7%
Total Sales	**130,823**	**130,021**	**0.6%**	**329,028**	**326,057**	**0.9%**

Total sales were $130,823 in Q4 2018 as compared to $130,021 in Q4 2017, representing an increase of $802, or 0.6%.

DTC sales increased $873, or 0.7%, in Q4 2018 as compared to Q4 2017. Excluding the impact of the additional week in Q4 2017 (Q4 2017 contained 14 weeks) which accounted for $3,074 in sales, sales in the DTC segment increased by $3,947, or 3.4%, as compared to Q4 2017. During the quarter, Comparable Sales Growth was 3.1%, reflecting strong performance of major product franchises, successful new product introductions, and benefits from store renovations (renovation of four existing corporate retail stores, as well as the relocation and expansion of six existing corporate retail stores, since Q4 2017). The increase in DTC sales in the quarter also reflected the opening of two net new corporate retail stores since Q4 2017.

Sales in the Partners and Other segment decreased by $71, or 0.7%, in Q4 2018 as compared to Q4 2017. This year-over-year decrease was primarily driven by the earlier delivery, in Q3 2018, of certain orders to the Company's operating partner in Asia that were initially planned for Q4 2018. The change in sales in the Partners and Other segment, largely denominated in U.S. dollars, also includes the impact of a $441 foreign exchange benefit relative to the previous fiscal year. Excluding the foreign exchange benefit, Q4 2018 sales in the Partners and Other segment would have decreased by $512, or 5.0%, as compared to Q4 2017.

Total sales were $329,028 in F2018 as compared to $326,057 in F2017, representing an increase of $2,971, or 0.9%.

F2018 sales in the DTC segment decreased by $275, or 0.1%, as compared to F2017. Excluding the impact of the additional week in F2017 (F2017 contained 53 weeks), which accounted for $3,074 in sales, sales in the DTC segment increased by $2,799, or 1.0%, as compared to F2017. The year-over-year growth in F2018 DTC sales was driven by the opening of two net new corporate retail stores, the renovation of four existing corporate retail stores, as well as the relocation and expansion of six existing corporate retail stores since Q4 2017. During F2018, Comparable Sales Decline was 1.3%, predominantly as a result of a softer Q3 2018 as compared to the comparable period in the prior fiscal year.

Sales in the Partners and Other segment increased by $3,246, or 7.7%, during F2018 as compared to F2017, primarily driven by the opening of 12 net new stores in Asia (Taiwan and China) by our international partner during F2018. The increase in sales in the Partners and Other segment, largely denominated in U.S. dollars, also includes the impact of a $704 foreign

exchange benefit relative to the previous fiscal year. Excluding the foreign exchange benefit, F2018 sales in the Partners and Other segment would have increased by $2,542, or 6.1%, as compared to F2017.

Gross Profit

The following tables present our gross profit and gross margin by segment for each of the periods indicated:

CAD $000s	Q4 2018	Q4 2017	% Change	F2018	F2017	% Change
DTC	74,574	71,703	4.0%	173,816	167,564	3.7%
Partners and Other	3,771	4,063	(7.2)%	14,674	14,434	1.7%
Total Gross Profit	**78,345**	**75,766**	**3.4%**	**188,490**	**181,998**	**3.6%**

Gross profit as a percentage of sales	Q4 2018	Q4 2017	F2018	F2017
DTC	61.8%	59.9%	61.2%	59.0%
Partners and Other	37.2%	39.8%	32.5%	34.4%
Total Gross Margin	**59.9%**	**58.3%**	**57.3%**	**55.8%**

Gross profit was $78,345 in Q4 2018, as compared to $75,766 in Q4 2017, representing an increase of $2,579, or 3.4%.

Gross profit in the DTC segment increased $2,871, or 4.0%, in Q4 2018 as compared to Q4 2017. The increase in gross profit in the DTC segment was primarily driven by a higher gross margin, partially offset by the benefit of the additional week in Q4 2017. Gross margin was 61.8% in Q4 2018 as compared to 59.9% in Q4 2017. This increase was primarily as a result of improved product costing, largely as a result of our UBR initiative, a more favourable product mix of higher margin items and favourable foreign exchange rates on goods purchased in U.S. dollars, partially offset by higher markdowns taken to sell through aged inventory. Gross profit in Q4 2017 also included the impact of a $1,072 inventory write down related to certain existing footwear raw materials that did not reoccur in Q4 2018.

Gross profit in the Partners and Other segment decreased $292, or 7.2%, in Q4 2018 as compared to Q4 2017. The decrease in gross profit in the Partners and Other segment was primarily driven by the earlier delivery, in Q3 2018, of certain orders to the Company’s operating partner in Asia that were initially planned for Q4 2018.

Gross profit was $188,490 in F2018 as compared to $181,998 in F2017, representing an increase of $6,492, or 3.6%.

Gross profit in the DTC segment increased by $6,252, or 3.7%, during F2018 as compared to F2017. The increase in gross profit in the DTC segment was primarily driven by a higher gross margin, partially offset by the benefit of the additional week in F2017. Gross margin was 61.2% in F2018 as compared to 59.0% in F2017, primarily as a result of improved product costing, largely as a result of our UBR initiative, a more favourable product mix of higher margin items and favourable foreign exchange rates on goods purchased in U.S. dollars. Gross profit in F2017 also included the impact of a $1,072 inventory write down related to certain existing footwear raw materials that did not reoccur in F2018.

Gross profit in the Partners and Other segment increased by or $240, or 1.7%, during F2018 as compared to F2017, primarily driven by growth in sales to our international operating partner.

Selling, General and Administrative Expenses

SG&A expenses were $51,776 in Q4 2018 as compared to $45,878 in Q4 2017, representing an increase of $5,898, or 12.9%. This increase primarily reflects selling costs increasing by $5,852, or 18.6%, in Q4 2018 as compared to Q4 2017, driven by incremental costs to support a larger retail store footprint as well as higher omni-channel sales, including an additional $553 in shipping costs as a result of the Canada Post strike in Q4 2018, and incremental personnel costs of $546 related to legislated minimum wage increases in Ontario and Alberta.

General and administrative costs increased by $46, or 0.3%, in Q4 2018 as compared to Q4 2017. The increase in general and administrative costs was primarily driven by incremental costs required to operate as a public company in the amount of $420, and incremental marketing spend of $892, which were largely offset by lower management incentives and $230 of non-recurring IPO-related legal and professional fees incurred in Q4 2017.

SG&A expenses were $166,790 during F2018 as compared to $151,867 in F2017, representing an increase of $14,923, or 9.8%. This increase primarily reflects selling costs increasing by $14,045, or 13.9%, in F2018 as compared to F2017, driven by incremental costs to support a larger retail store footprint as well as higher omni-channel sales, including an additional $553 in shipping costs as a result of the Canada Post strike, and incremental personnel costs of $1,901 related to legislated minimum wage increases in Ontario and Alberta.

General and administrative costs increased by $878, or 1.7%, in F2018 as compared to F2017. The increase in general and administrative costs was driven by an increase in marketing of $3,075, incremental costs to operate as a public company of $1,840, and higher salary expense as a result of an increase in headcount, partially offset by lower management incentives. The increase in general and administrative costs in F2018 were offset by non-recurring management and consulting fees paid to Searchlight and the Founders, respectively, in F2017 that were no longer incurred subsequent to the IPO, and $3,733 of transaction costs incurred in relation to the IPO in F2017.

Interest Expense

Interest expense was $1,435 in Q4 2018 as compared to $1,197 in Q4 2017, representing an increase of $238, or 19.9%. The increase in interest expense in the quarter related primarily to higher drawings on our Revolving Credit Facility (as defined below), partially offset by lower debt from the repayment of the Term Credit Facility (as defined below).

During F2018, interest expense was $5,171 as compared to $5,728 in F2017, representing a decrease of $557, or 9.7%. The decrease in interest expense in F2018 related primarily to lower debt from repayment of the Term Credit Facility, and lower effective interest rates charged on the Credit Facilities as a result of the amendments made to the Credit Agreement and lowering our Trailing Leverage Multiple (as defined below) since the second fiscal quarter of 2017 ("**Q2 2017**"). See "Indebtedness".

Income Taxes Expense

Income taxes expense was $6,858 in Q4 2018 as compared to $7,830 in Q4 2017, representing a decrease of $972, or 12.4%. The effective tax rate for Q4 2018 and Q4 2017 was 27.3%. During F2018, income taxes expense was $5,129 as compared to $6,902 in F2017, representing a decrease of $1,773, or 25.7%. The effective income tax rate during F2018 was 31.0% as compared to 28.3% in F2017. The increase in the effective income tax rate is attributable to greater non-deductible expenses (primarily share-based compensation expense) incurred in F2018 as compared to F2017.

Net Income

Net income was $18,276 in Q4 2018 as compared to $20,861 in Q4 2017, representing a decrease of $2,585, or 12.4%. During F2018, net income was $11,400 as compared to $17,501 in F2017, representing a decrease of $6,101, or 34.9%. The decrease in net income results from the factors described above.

Quarterly Financial Information

The following table summarizes the results of our operations for the eight most recently completed fiscal quarters. This unaudited quarterly information, other than Comparable Sales Growth (Decline), has been prepared in accordance with IFRS. Due to seasonality, the results of operations for any quarter are not necessarily indicative of the results of operations for the fiscal year.

CAD $000s (except per Share data) (Unaudited)	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**
Sales	**130,823**	**86,979**	**60,197**	**51,029**	**130,021**	**89,690**	**58,115**	**48,231**
Net Income (Loss)	**18,276**	**2,795**	**(4,081)**	**(5,590)**	**20,861**	**4,979**	**(3,226)**	**(5,113)**
Net Earnings (Loss) per Share:								
Basic earnings per Share[(1)]	$ 0.43	$ 0.07	$(0.10)	$ (0.13)	$ 0.50	$ 0.12	$ (0.08)	$ (0.12)
Diluted earnings per Share[(1)]	$ 0.43	$ 0.07	$(0.10)	$ (0.13)	$ 0.49	$ 0.12	$ (0.08)	$ (0.12)
Other Performance Measures								
Comparable Sales Growth (Decline)[(2)]	3.1%	(13.4)%	1.1%	6.8%	15.2%	10.0%	16.3%	3.5%
Corporate retail stores, end of period	121	125	122	120	119	120	120	118

Note:

(1) Basic and diluted earnings per Share are presented as if the Pre-Closing Capital Changes had been effected during all periods presented. See “Share Information – Prior to Completion of IPO”.

(2) Prior to Q2 2018, Comparable Sales Growth (Decline) was calculated and presented using a U.S. dollar to Canadian dollar exchange rate of 1:1. The prior fiscal quarters have been recalculated and presented using the new constant currency calculation. See “Cautionary Note Regarding Non-IFRS Measures and Industry Metrics”.

Summary of Non-IFRS Measures

The table below illustrates our Adjusted DTC Gross Profit, Adjusted DTC Gross Margin, EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per Share for the periods presented:

CAD $000s (except per Share data)	Q4 2018	Q4 2017	F2018	F2017
Adjusted DTC Gross Profit	74,574	72,775	173,816	168,636
Adjusted DTC Gross Margin	61.8%	60.7%	61.2%	59.4%
EBITDA	30,374	32,731	34,635	41,017
Adjusted EBITDA	34,784	36,706	41,903	52,634
Adjusted Net Income	22,345	24,646	20,179	29,137
Adjusted Net Income per Share[1]	$0.53	$0.59	$0.48	$0.69

Note:

(1) Adjusted Net Income per Share is presented as if the Pre-Closing Capital Changes was effected in all periods presented. See “Share Information – Prior to Completion of IPO”.

See “Cautionary Note Regarding Non-IFRS Measures and Industry Metrics”.

Reconciliation of Non-IFRS Measures

The tables below provide a reconciliation of DTC gross profit to Adjusted DTC Gross Profit, and net income to EBITDA, Adjusted EBITDA, and Adjusted Net Income for the periods presented:

CAD $000s	Q4 2018	Q4 2017	F2018	F2017
DTC Gross profit	**74,574**	**71,703**	**173,816**	**167,564**
Add the impact of:				
COGS: Write-off of footwear raw materials (a)	–	1,072	–	1,072
DTC Adjusted Gross Profit	**74,574**	**72,775**	**173,816**	**168,636**

CAD $000s	Q4 2018	Q4 2017	F2018	F2017
Net income	**18,276**	**20,861**	**11,400**	**17,501**
Add the impact of:				
Interest expense	1,435	1,197	5,171	5,728
Income taxes expense	6,858	7,830	5,129	6,902
Depreciation and amortization	3,805	2,843	12,935	10,886
EBITDA	**30,374**	**32,731**	**34,635**	**41,017**
Add the impact of:				
COGS: Write-off of footwear raw materials (a)	–	1,072	–	1,072
SG&A: Purchase accounting adjustments (b)	141	206	548	907
SG&A: IPO transaction costs (c)	–	230	160	3,733
SG&A: Acquisition transaction and related costs (d)	–	114	–	1,360
SG&A: Fixed asset impairments (e)	1,375	1,281	1,375	1,281
SG&A: Stock option expense (f)	522	443	2,507	1,026
SG&A: DC Relocation Project (g)	623	–	1,270	–
SG&A: Shipping costs related to Canada Post strike (h)	553	–	553	–
SG&A: Other non-recurring items (i)	1,248	373	1,472	1,391
SG&A: Non-cash rent adjustments (j)	(52)	256	(617)	847
Adjusted EBITDA	**34,784**	**36,706**	**41,903**	**52,634**

CAD $000s	Q4 2018	Q4 2017	F2018	F2017
Net income	**18,276**	**20,861**	**11,400**	**17,501**
Add the impact of:				
COGS: Write-off of footwear raw materials (a)	–	1,072	–	1,072
SG&A: Purchase accounting adjustments (b)	141	206	548	907
SG&A: IPO transaction costs (c)	–	230	160	3,733
SG&A: Acquisition transaction and related costs (d)	–	114	–	1,360
SG&A: Fixed asset impairments (e)	1,375	1,281	1,375	1,281
SG&A: Stock option expense (f)	522	443	2,507	1,026
SG&A: DC Relocation Project (g)	623	–	1,270	–
SG&A: Shipping costs related to Canada Post strike (h)	553	–	553	–
SG&A: Other non-recurring items (i)	1,248	373	1,472	1,391
SG&A: Non-cash rent adjustments (j)	(52)	256	(617)	847
SG&A: Amortization of intangible assets acquired by Searchlight (k)	949	1,024	3,797	3,871
Total adjustments	5,359	4,999	11,065	15,488
Tax effect of adjustments	(1,291)	(1,214)	(2,286)	(3,852)
Adjusted Net Income	**22,344**	**24,646**	**20,179**	**29,137**

Notes:

(a) As part of our footwear re-launch in the F2018, we shifted our in-house footwear production to a leading manufacturer of quality footwear products worldwide. As a result, we incurred a one-time write-off against raw material inventory related to certain existing footwear styles that were edited out of our line as part of the footwear re-launch. Management is of the view that this write-off is

infrequent in nature, and does not reflect the underlying profitability of the business and the inclusion would, therefore, reduce the ability to compare such underlying results to historical periods.

(b) As a result of the Acquisition, we recognized an intangible asset for lease arrangements in the amount of $6,310, which is amortized over the life of the leases and included in SG&A expenses. In our 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.

(c) In connection with the IPO, we incurred expenses related to professional fees, legal, consulting, accounting, and travel that would otherwise not have been incurred and are not recurring.

(d) In connection with the Acquisition, we incurred expenses related to professional fees, legal, consulting, and accounting that would otherwise not have been incurred and are not recurring. Subsequent to the Acquisition, the Company incurred management and consulting costs pursuant to the management agreement with Searchlight and consulting agreements with the Founders and certain of their family members for ongoing consulting and other services. Subsequent to the IPO, the management agreement and Founder consulting services were terminated, and neither Searchlight nor the Founders and their family members will receive these fees from us in relation thereto going forward. See “Related Party Transactions”.

(e) Represents a non-cash impairment charge taken against certain leasehold improvements for stores where the forecast cash flows were deemed to be below the carrying value.

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

(g) In 2018, we commenced the preparation to relocate our retail store and eCommerce fulfillment to a new, larger and more technologically-enhanced distribution centre (the **“DC Relocation Project**”). During this move, we are incurring expenses related to areas such as training, testing and administrative costs that we would otherwise not incur as part of our normal business operations, and these costs are not recurring.

(h) As a result of the Canada Post labour disruption in Q4 2018, we incurred incremental shipping costs relating to the use of an alternative shipping partner to fulfill orders. Management is of the view that these labour disruptions are infrequent in nature, and does not reflect the underlying costs to fulfill orders as part of our normal business operations.

(i) Predominately represents expenses incurred in respect of the following matters: (i) recruitment costs incurred as part of the Company’s efforts to put in place key members of its senior management team, (ii) consulting costs incurred in F2017 in respect of the Company’s DC Relocation Project, (iii) consulting costs in F2018 relating to the conclusion of a non-recurring brand positioning project, (iv) consulting costs incurred related to our footwear re-launch in F2018, and (v) severance costs incurred with certain past employees, including the Chief Merchandising Officer. Management has determined that each of the above matters are non-recurring or 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.

(j) Under IFRS, we are required to recognize rent expense on a straight-line basis over the life of the lease. This adjustment removes the portion of the straight-line rent adjustment that is non-cash expense in the applicable financial period.

(k) As a result of 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.

Financial Condition, Liquidity and Capital Resources

Overview

We principally use our funds for operating expenses, capital expenditures and debt service requirements. We believe that cash generated from operations, together with amounts available under our Credit Facilities, will be sufficient to meet our future operating expenses, capital expenditures and future debt service requirements. In addition, we believe that our capital structure provides us with significant financial flexibility to pursue our future growth strategies. However, our ability to fund operating expenses, capital expenditures and future debt service requirements will depend on, among other things, our future operating performance, which will be affected by general economic, financial and other factors, including factors beyond our control. See “Risks and Uncertainties” and “Factors Affecting our Performance” for additional information.

Cash Flows

The following table presents our cash flows for each of the periods presented:

CAD$000s	Q4 2018	Q4 2017	F2018	F2017
Net cash generated from operating activities	46,832	43,790	19,364	29,652
Net cash generated from (used in) financing activities	(36,327)	(33,577)	241	(40,856)
Net cash used in investing activities	(8,869)	(3,842)	(31,832)	(12,244)
Change in cash and bank indebtedness	**1,636**	**6,371**	**(12,227)**	**(23,448)**

Analysis of Cash Flows for Q4 2018 and F2018 compared to Q4 2017 and F2017

Cash Flows from Operating Activities

For Q4 2018 and F2018, cash flows from operating activities totalled $46,832 and $19,364, respectively, compared to $43,790 and $29,652 in Q4 2017 and F2017, respectively. The increase in cash flows from operating activities in Q4 2018, compared to Q4 2017, is attributable to lower taxes paid and the timing of certain working capital balances. The decrease in cash flows from operating activities in F2018, compared to F2017, is attributable to the decrease in net income, and greater investments in working capital.

Cash Flows from (used in) Financing Activities

For Q4 2018 and F2018, cash flows from (used in) financing activities amounted to $(36,327) and $241, respectively, compared to $(33,577) and $(40,856) in Q4 2017 and F2017, respectively. Cash outflows used in financing activities in both Q4 2018 and Q4 2017 were primarily to repay draws on our Revolving Credit Facility from earlier in the year, which was used to fund seasonal cash flow needs (See "Factors Affecting our Performance – Seasonality"). In F2018, we made $4,984 of repayments on our Term Credit Facility (F2017 - $19,654) and $5,000 of net draws on our Revolving Credit Facility during the year (F2017 - $nil). In addition, a one-time shareholder distribution in the amount of $20,000 was paid in Q2 2017.

Cash Flows used in Investing Activities

For Q4 2018 and F2018, cash flows used in investing activities amounted to $8,869 and $31,832, respectively, compared to $3,842 and $12,244 in Q4 2017 and F2017, respectively. The changes reflect our continued investment in our DTC segment and supporting infrastructure, including capital expenditures related to the DC Relocation Project.

Indebtedness

On December 1, 2015, the Company entered into a secured credit agreement (the "**Credit Agreement**") with a syndicate of lenders to obtain an initial term loan (the "**Term Credit Facility**") for an aggregate principal amount not exceeding $111,000 and a revolving credit loan (the "**Revolving Credit Facility**") not exceeding $25,000, less the aggregate swing line loan of $5,000 (together, the "**Credit Facilities**").

The Credit Facilities were subsequently amended on April 19, 2017 and September 6, 2017, such that the Credit Facilities, as amended, were comprised of (i) the Revolving Credit Facility in the amount of $50,000, less the aggregate swing line loan of $10,000 and (ii) an approximately $100,000 Term Credit Facility, both maturing on September 6, 2022.

On October 12, 2018, the Company further amended the Credit Facilities to increase the availability under the Revolving Credit Facility to an amount not exceeding $60,000, less the aggregate swing line loan of $10,000. The Company incurred $66 of costs associated with the amendment, which have been recorded as debt financing costs against long-term debt and will be recognized in interest expense over the remaining term of the loan.

The Credit Facilities include an accordion feature with a remaining unexercised amount of $15,000 and bear interest according to the type of borrowing advanced, which may be based on a reference rate of the U.S. base rate or the Canadian prime rate, plus a margin that ranges from 100 to 225 basis points (bps) or the LIBOR rate or bankers' acceptances rate, plus a margin that ranges from 200 to 325 bps. The applicable margins are derived from our senior leverage ratio, as follows: (i) where the U.S. base rate or a Canadian prime rate is used, the margins range from 100 bps at less than 2.0x senior leverage ratio, to 225 bps at greater than or equal to 3.5x senior leverage ratio; and (ii) where the LIBOR rate or bankers' acceptances rate is used, the margins range from 200 bps at less than 2.0x senior leverage ratio, to 325 bps at greater than or equal to 3.5x senior leverage ratio (the "**Trailing Leverage Multiple**").

The Company has financial and non-financial covenants under the Credit Facilities. The key financial covenants include covenants for consolidated senior secured debt to Adjusted EBITDA ratio, total debt to Adjusted EBITDA ratio, and fixed charge coverage ratio. As at the end of F2018, the Company was in compliance with such covenants.

The following table sets out the mandatory repayment of the Credit Facilities:

CAD $000s	**Term Credit Facility**	**Revolving Credit Facility**
Within 1 year	4,984	–
Within 1 - 2 years	4,984	–
Within 2 - 3 years	4,984	–
Within 3 - 4 years	67,247	5,000
Total	**82,199**	**5,000**

Contractual Obligations and Off-Balance Sheet Arrangements

The following table summarizes our significant contractual obligations and other obligations as well as our off-balance sheet arrangements as at February 2, 2019:

CAD$000s	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Thereafter	Total
Term Credit Facility [(1)]	4,984	4,984	4,984	67,247	–	–	82,199
Revolving Credit Facility	–	–	–	5,000	–	–	5,000
Interest commitments relating to long-term debt [(2)].	3,451	3,237	3,022	1,663	–	–	11,373
Operating leases [(3)].	29,591	28,499	25,731	23,426	21,841	68,500	197,588
Finance leases	338	153	25	9	–	–	525
Inventory purchase commitments [(4)].	65,430	–	–	–	–	–	65,430
Total commitments and obligations	**103,794**	**36,873**	**33,762**	**97,345**	**21,841**	**68,500**	**362,115**

Notes:

(1) The repayment of the Term Credit Facility may occur prior to the mandatory repayment time if certain events occur and/or at the discretion of the Company.

(2) Based on the interest rate in effect as at February 2, 2019, and assuming no prepayments are made to the Term Credit Facility.

(3) Operating leases for certain of our premises include renewal options, rent escalation clauses, variable rent, and rent-free periods. The operating lease commitment reflects minimum annual commitments for our operating leases on those premises, excluding renewal options and variable rent.

(4) Inventory purchase commitments reflect the cost of outstanding inventory purchases ordered from our vendors and expected to be received within the period. Inventory purchases are part of the normal course of our business and will be primarily funded through sales in our DTC segment.

Due to the seasonal fluctuations of our retail business (see “Factors Affecting our Performance – Seasonality”), our cash position may be lower during the first two fiscal quarters when working capital requirements peak and will generally increase in the third and fourth quarters. Historically, contractual obligations and commitments during the first two fiscal quarters were funded primarily through draws on our Revolving Credit Facility (see “Indebtedness”), and, to a lesser extent, sales generated from our operations and our management of working capital. In the third and fourth fiscal quarters, we have historically generated sufficient cash flow from operations to fund our remaining contractual obligations and commitments, and to substantially repay draws on our Revolving Credit Facility during the first two fiscal quarters. We will continue to fund our upcoming commitments and obligations through the use of our Revolving Credit Facility and cash flow from operations. We believe that we will continue to generate sufficient cash flow from operations over the course of a fiscal year to fund the majority of our contractual obligations and commitments, and the cost of our growth and development activities incurred during such fiscal year.

Financial Instruments

Commencing in F2017, we have designated foreign currency forward contracts in a cash flow hedge to manage our exposure to certain U.S. dollar denominated purchases. At the inception of a hedging relationship, the Company designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and the strategy in undertaking the hedge transaction. At inception and each fiscal quarter-end thereafter, the Company formally assesses effectiveness of the cash flow hedges.

To the extent the hedging relationship is assessed as effective, the change in the fair value of the foreign currency forward contracts, net of taxes, is recognized in other comprehensive income (loss) and presented in accumulated other comprehensive income (loss). Any ineffective portion of changes in the fair value of the foreign currency forward contracts are recognized immediately in net income.

The fair value of foreign currency forward contracts is determined using a valuation technique that employs the use of market observable inputs and based on the differences between the contract rate and the market rates as at the period-end date, taking into consideration discounting to reflect the time value of money.

As of February 2, 2019, the Company has recorded a derivative asset of $366, representing foreign currency forward contracts to buy U.S. $42,460 at an average rate of 1.30. As at February 2, 2019, the exchange rate was 1.31.

All other financial assets and financial liabilities are measured at amortized cost using the effective interest method, with the exception of cash which is measured at fair value through profit and loss.

Share Information - Prior to Completion of the IPO

Prior to the completion of the IPO, we were authorized to issue an unlimited number of Class A, B and C Shares, with no par value. The Class A, B and C Shares were identical, except that the aggregate number of votes attached to the Class B Shares, as a class, could at no times exceed 15% of the votes cast at a meeting of shareholders (allocated proportionately among all holders of Class B Shares) and the Class C Shares did not contain voting rights. The Class A, B and C Shares ranked *pari passu* in all respects, including the right to receive dividends and with respect to any distribution of our assets.

Prior to completion of the IPO, there were 156,845,150 Class A Shares, 39,148,787 Class B Shares, and no Class C Shares issued and outstanding. In addition there were 14,069,635 options and 74,627 RSUs, each representing a right to acquire one Class C Share, issued and outstanding.

Pre-Closing Capital Changes

In connection with and immediately prior to closing of the IPO, all outstanding Class A Shares, Class B Shares, options and RSUs were effectively consolidated on a 0.214193-to-one basis into Shares or securities exercisable for Shares.

Current Share Information

During F2018, the Company granted 131,282 time-based options and 47,296 RSUs under the Omnibus Plan. In addition, 139,731 Shares were issued, through the exercise of 139,731 stock options granted under the Legacy Equity Incentive Plan.

As of February 2, 2019, there were 42,120,231 Shares issued and outstanding (February 3, 2018 – 41,980,500) and nil preferred shares issued and outstanding (February 3, 2018 – nil). In addition, there were 3,263,265 options and 59,072 RSUs outstanding under the Company's Legacy Equity Incentive Plan, Legacy Employee Option Plan, and Omnibus Incentive Plan. 438,352 options and 15,985 RSUs were vested as of such date. Each option and RSU is, or will become, exercisable for one Share.

During F2018, the Company also granted 34,237 deferred share units ("**DSUs**") under the Company's deferred share unit plan (the "**DSU Plan**"). As of February 2, 2019, all of the DSUs were outstanding under the DSU Plan. No Shares will be issued upon the settlement of DSUs.

Related Party Transactions

The Company's related parties include key management personnel and key shareholders of the Company, including other entities under common control. Investment funds managed by Searchlight beneficially own approximately 48.7% of the total outstanding Shares and the Founders collectively beneficially own approximately 12.0% of the total outstanding Shares. All transactions as described below are in the normal course of business and have been accounted for at their exchange value.

As of February 2, 2019, we have incurred the following costs in connection with transactions entered into with related parties:

CAD $000s	Q4 2018	Q4 2017	F2018	F2017
Rent[1]	199	197	794	786
Consulting Fees[2]	–	–	–	267
Reimbursements[2]	10	6	35	35
Monitoring Fees[3]	–	-	–	921

Notes:

(1) The Company leases the building for their current distribution centre and their manufacturing facility from companies that are under common control of the Founders. Figures include rent expenses as they relate to the lease of these properties. As at February 3, 2018, the Company had outstanding letters of credit of $286 for companies that are under common control of the Founders, which were no longer outstanding as at February 2, 2019.

(2) Under a consulting agreement between the Company and the Founders, the Founders and their spouses were entitled to consulting fees, clothing allowances and reimbursement for certain travel, meals and phone expenses. This agreement was terminated subsequent to the closing of the IPO. Accordingly, the Company is no longer required to pay consulting fees or reimbursements of expenses previously incurred, with exception to agreed-upon clothing allowances.

(3) In accordance with a Unanimous Shareholder Agreement in existence prior to, and terminated upon completion of, the IPO, the Company was required to pay Searchlight a monitoring fee and reimburse Searchlight for certain out-of-pocket expenses incurred during the year in connection with matters regarding the Company. In connection with the IPO, the Unanimous Shareholder Agreement and, therefore, the monitoring fee and expense reimbursement payable thereunder, terminated upon completion of the IPO.

In February 2016, a member of the Company's executive team purchased the equivalent of 214,193 Shares from Searchlight at a price of $4.67 per Share. The purchase was paid for using $500 in cash and a $500 loan from the Company. The $500 loan from the Company is to be repaid at the earlier of six years from the loan date and upon a liquidity sale of the Company. Interest accrues at a rate of 4% per annum and will be payable at the start of each calendar year following the date of the loan. Unpaid interest may be deemed paid by increasing the principal amount outstanding. As at February 2, 2019, the outstanding balance on the loan and accrued interest was $562 (February 3, 2018 – $541).

Financial Outlook

During F2019, we will continue to execute on our growth strategy, placing a greater focus on implementing larger scale, digitally-driven brand-building campaigns and introducing new innovative and transitional seasonal products into its line. Roots will continue to work to:

1. fully leverage operational investments made to drive efficiencies within the business;
2. pursue continued growth in Canada;
3. expand our brand presence in the U.S.;
4. expand in international markets; and
5. deepen our offering in leather and footwear.

We expect to deliver growth in F2019 and remain confident we are on track to achieve our F2019 targets of:

- Sales between $358 million and $375 million;
- Adjusted EBITDA between $46 million and $50 million; and
- Adjusted net income between $20 million and $24 million.

The key assumptions underlying our F2019 outlook are as follows:

	Fiscal 2019 Targets
Renovations and expansions	5-7
Canadian store openings	1-2
U.S. store openings	1-2
International markets	Continue to • add stores in Taiwan and China • explore entry into new markets • grow international eCommerce
eCommerce as a percentage of DTC sales	17-19%

The aforementioned description of growth expectations is based on management's current strategies, our assumptions and expectations concerning our growth outlook and opportunities, and our assessment of the outlook and opportunities for the business and the retail industry as a whole and may be considered to be forward-looking information for purposes of applicable securities laws in Canada. Readers are cautioned that actual results may vary from those described above. See below and "Forward-Looking Information" and "Risks and Uncertainties" in this MD&A and "Risk Factors" in our AIF for a description of the assumptions underlying the forward-looking information and of the risks and uncertainties that impact our business and that could cause actual results to vary.

Implicit in such forward-looking information is certain current assumptions, relating to, among others: growing our eCommerce business; the opening of new corporate retail stores in Canada and the United States; the renovation or expansion of existing corporate retail stores; the opening of new international partner-operated stores; increasing investment in marketing initiatives; strategic expansion of our existing product offering in leather and footwear; inflation rates remaining consistent with historical levels; taxation rates remaining consistent with historical levels; and debt repayments remaining consistent with the terms set out in this MD&A. These current assumptions, although considered reasonable by us at the time of preparation, may prove to be incorrect. Readers are cautioned that actual future operating results and economic performance of the Company, including with respect to our anticipated annual sales, annual Adjusted EBITDA and annual Adjusted Net Income, are subject to a number of risks and

uncertainties, including among others those set forth under “Risks and Uncertainties” in this MD&A and “Risk Factors” in our AIF.

Risks and Uncertainties

For a detailed description of risk factors relating to the Company, please refer to the “Risk Factors” section of our AIF, which is available on SEDAR at www.sedar.com.

In addition, we are exposed to a variety of financial risks in the normal course of our business, including foreign currency exchange, interest rate, credit and liquidity risk, as summarized below. Our overall risk management program and business practices seek to minimize any potential adverse effects on our consolidated financial performance.

Financial risk management is carried out under practices approved by our Board. This includes identifying, evaluating and hedging financial risks based on the requirements of our organization. Our Board provides guidance for overall risk management, covering many areas of risk including foreign currency exchange risk, interest rate risk, credit risk, and liquidity risk.

Foreign Currency Exchange Risk

Our consolidated financial statements are expressed in Canadian dollars. However, a portion of our operations are denominated in U.S. dollars. Sales and expenses of all foreign operations are translated into Canadian dollars at the foreign currency exchange rates that approximate the rates in effect at the dates which such items are recognized. Appreciating foreign currencies relative to the Canadian dollar in respect of sales will positively impact operating income and net income associated with our foreign operations by increasing our sales and vice versa.

We are also exposed to fluctuations in the prices of U.S. dollar denominated purchases resulting from changes in U.S. dollar exchange rates. A depreciating Canadian dollar relative to the U.S. dollar will have a negative impact on year-over-year changes in reported operating income and net income by increasing the cost of finished goods and raw materials and vice versa. As described above, we enter into certain qualifying foreign currency forward contracts that are designated as cash flow hedges.

Interest Rate Risk

We are exposed to changes in interest rates on our cash and long-term debt. Debt issued at variable rates exposes us to cash flow interest rate risk. Debt issued at fixed rates exposes us to fair value interest rate risk. As of February 2, 2019, we only have variable interest rate debt. Based on the outstanding borrowings as discussed under “Indebtedness”, a one percentage point change in the average interest rate on our borrowings would have changed interest expense by $279 in Q4 2018 and $1,072 in F2018. The impact of future interest rate expense resulting from future changes in interest rates will depend largely on the gross amount of our borrowings at such time.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company’s financial instruments that are exposed to concentrations of credit risk are primarily cash, loan receivable, and accounts receivable. The Company limits its exposure to credit risk with respect to cash by dealing primarily with large

Canadian and U.S. financial institutions. The Company's accounts receivable consist primarily of receivables from our business partners from the Partners and Other segment, which are settled in the following fiscal quarter.

Liquidity Risk

Liquidity risk is the risk that we cannot meet a demand for cash or fund our obligations as they come due. We manage liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of our sales, income and working capital needs. The Revolving Credit Facility is also used to maintain liquidity.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, namely the CEO and CFO, as appropriate to allow timely decisions regarding public disclosure.

An evaluation of the design of the Company's disclosure controls and procedures, as defined under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), was carried out under the supervision of the CEO and CFO and with the participation of the Company's management. Based on that evaluation, the CEO and CFO have concluded that the design and operation of these controls were effective as of February 2, 2019.

Although the Company's disclosure controls and procedures were operating effectively as of February 2, 2019, there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be set forth in the Company's regulatory filings.

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is responsible for establishing adequate internal control over financial reporting for the Company.

As required by NI 52-109, the CEO and the CFO have caused the effectiveness of the internal controls over financial reporting to be evaluated using the framework and criteria established in "Internal Control – Integrated Framework' published by The Committee of Sponsoring Organizations of the Treadway Commission, 2013". Based on that evaluation, the CEO and the CFO have concluded that the design and operation of the Company's internal controls over financial reporting, as defined by NI 52-109, were effective as at February 2, 2019.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures. Therefore, even

when determined to be designed effectively, disclosure controls and internal control over financial reporting can provide only reasonable assurance with respect to disclosure, reporting and financial statement preparation.

Critical Accounting Estimates and Judgments

The Annual Financial Statements have been prepared in accordance with IFRS. The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. While our significant accounting policies are more fully described in our Annual Financial Statements, we believe that the following accounting policies and estimates are critical to our business operations and understanding our financial results.

The following are the key judgments and sources of estimation uncertainty that we believe could have the most significant impact on the amounts recognized in our consolidated financial statements.

Inventory valuation

Merchandise inventories are valued at the lower of average cost, using the retail method, and net realizable value, which requires the Company to utilize estimates related to fluctuations in shrinkage, future retail prices, future sell-through of units, seasonality and costs necessary to sell the inventory. The Company records a write-down to reflect management's best estimate of the net realizable value of inventory based on the above factors.

Impairment of non-financial assets

The Company is required to use judgment in determining the grouping of assets to identify their cash generating units ("**CGUs**") for the purpose of testing store related fixed assets. Judgment is further required to determine appropriate groupings of CGUs for the level at which non-store related assets are tested for impairment including intangible assets and goodwill. The Company has determined that each store location is a separate CGU for the purpose of fixed assets impairment testing. For purposes of non-store related non-financial assets, CGUs are grouped at the lowest level that these assets are monitored for internal management purposes or the lowest level where cash inflows are generated. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed.

In determining the recoverable amount, defined as the higher of the fair value less cost to sell ("FVLCS") and the value-in-use ("VIU") of a CGU or a group of CGUs, various estimates are used. VIU is determined based on management's best estimate of projected future sales, gross profit margin and earnings which is discounted by using an estimate of industry pre-tax weighted average cost of capital adjusted for the Company's estimated risk profile.

Share-based compensation

The Company measures the value of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based compensation requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The

Company is also required to determine the most appropriate inputs to the valuation model, including estimates and assumptions with respect to expected life, risk-free interest rate, volatility, distribution yield, and forfeiture rate.

Gift card breakage

The Company recognizes revenue from unredeemed gift cards ("gift card breakage") if the likelihood of gift card redemption by the customer is considered to be remote. The Company estimates its average gift card breakage rate, based on historical redemption rates. The resulting revenue from breakage is recognized over the estimated period of redemption based on historical redemption patterns commencing when the gift card is issued..

Income taxes

The calculation of current and deferred income taxes requires management to make certain judgements regarding the tax rules in jurisdictions where the Company performs activities. Application of judgements is required regarding classification of transactions and in assessing probable outcomes of claimed deductions including expectations of future operating results, the timing and reversal of temporary differences, and possible audits of income tax and other tax filings by the tax authorities.

New Accounting Standards Adopted in the Year

- In 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("**IFRS 15**"), replacing IAS 18, Revenue; IAS 11, Construction Contracts; and related interpretations. The new standard provides a comprehensive framework for the recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the accounting standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

  The Company adopted IFRS 15 on February 4, 2018. The adoption of IFRS 15 did not require any changes to the Company's revenue recognition approach and did not result in any measurement adjustments. As a result, there were no changes required to the Company's consolidated financial statements.

New Accounting Standards and Interpretations Not Yet Adopted

Certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments, and interpretations are provided below.

- In 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), replacing IAS 17, Leases ("IAS 17"), and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Substantially all of the Company's existing leases are real estate leases for retail stores, its distribution centre, leather factory, and corporate head office, and are all classified as operating leases. Other operating leases include trucks, IT

equipment, and certain machinery. Lessors continue to classify leases as finance and operating leases.

As a lessee, the Company will recognize right-of-use assets and lease liabilities for the aforementioned operating leases. The right-of-use assets will be depreciated on a straight-line basis over the remaining life of the lease. The lease liability will be recorded at amortized cost, with a finance charge recorded from unwinding the lease liability discount. The depreciation expense of the right-of-use assets and finance charge of the lease liability will replace rent expense, previously recognized on a straight-line basis under IAS 17 over the lease term.

IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019. The Company intends to adopt IFRS 16 for the annual period beginning on February 3, 2019 using the modified retrospective approach. The modified retrospective approach applies the requirements of the standard retrospectively with no restatement of the comparative period. In addition, the Company has elected to use the following practical expedients permitted on adoption of IFRS 16:

- contracts that were identified as leases under IAS 17 will not be reassessed under IFRS 16;
- a single discount rate will be applied to a portfolio of leases with reasonably similar underlying characteristics;
- initial direct costs will be excluded in the measurement of the right-of-use asset on transition; and
- use hindsight in determining lease term at the date of initial application.

Based on the information as at April 2, 2019, as a result of the initial application of IFRS 16 as at February 3, 2019, the Company anticipates recognizing approximately $108 million to $128 million of right-of-use assets and $125 million to $145 million of lease liabilities on its consolidated statement of financial position. The difference, net of the deferred tax impact, will be recorded in opening retained earnings.

Additional Information

Additional information relating to the Company, including the AIF, is available on SEDAR at www.sedar.com. The Company’s Shares are listed for trading on the TSX under the symbol “ROOT”.

ROOTS CORPORATION

Consolidated Financial Statements

For the 52 week period ended February 2, 2019 and
for the 53 week period ended February 3, 2018
(In Canadian dollars)

KPMG LLP
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Tel 905-265 5900
Fax 905-265 6390
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Roots Corporation

Opinion

We have audited the consolidated financial statements of Roots Corporation ("the Entity"), which comprise:

- the consolidated statement of financial position as at February 2, 2019 and February 3, 2018
- the consolidated statement of net income for the 52 week period ended February 2, 2019 and for the 53 week period ended February 3, 2018
- the consolidated statement of comprehensive income for the 52 week period ended February 2, 2019 and for the 53 week period ended February 3, 2018
- the consolidated statement of changes in shareholders' equity for the 52 week period ended February 2, 2019 and for the 53 week period ended February 3, 2018
- the consolidated statement of cash flows for the 52 week period ended February 2, 2019 and for the 53 week period ended February 3, 2018
- and notes to the consolidated financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at February 2, 2019 and February 3, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- The information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- Information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2018 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2018 Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management

either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
The engagement partner on the audit resulting in this auditors' report is Farah Bundeali.
Vaughan, Canada
April 2, 2019

ROOTS CORPORATION

Consolidated Statement of Financial Position
(In thousands of Canadian dollars)

As at February 2, 2019 and February 3, 2018

	Note	February 2, 2019	February 3, 2018
Assets			
Current assets:			
Cash		$ 1,991	$ 1,809
Accounts receivable		6,627	6,420
Inventories	4	49,533	35,407
Prepaid expenses		6,443	5,580
Derivative assets	13	366	–
Total current assets		64,960	49,216
Non-current assets:			
Loan receivable	13, 17	562	541
Fixed assets	5	64,163	36,981
Intangible assets	6	198,724	203,408
Goodwill	7	52,705	52,705
Total non-current assets		316,154	293,635
Total assets		$ 381,114	$ 342,851
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank indebtedness		$ 12,409	$ –
Accounts payable and accrued liabilities		22,291	18,306
Deferred revenue		5,498	4,647
Income taxes payable	14	6,445	6,589
Current portion of long-term debt	9	4,984	4,984
Derivative obligations	13	–	1,233
Total current liabilities		51,627	35,759
Non-current liabilities:			
Deferred tax liabilities	14	22,761	21,166
Deferred lease costs		10,063	4,815
Finance lease obligation		504	894
Long-term debt	9	80,031	79,481
Other non-current liabilities	6	1,424	1,763
Total non-current liabilities		114,783	108,119
Total liabilities		166,410	143,878
Shareholders' equity:			
Share capital	10	196,853	195,994
Contributed surplus	12	3,975	1,675
Accumulated other comprehensive income (loss)		268	(904)
Retained earnings		13,608	2,208
Total shareholders' equity		214,704	198,973
Total liabilities and shareholders' equity		$ 381,114	$ 342,851
Commitments and contingencies	15		

On behalf of the Board of Directors:

"Erol Uzumeri" Director

"Richard P. Mavrinac" Director

See accompanying notes to consolidated financial statements.

ROOTS CORPORATION

Consolidated Statement of Net Income
(In thousands of Canadian dollars, except per share amounts)

For the 52 week period ended February 2, 2019 and for the 53 week period ended February 3, 2018

	Note	February 2, 2019	February 3, 2018
Sales		$ 329,028	$ 326,057
Cost of goods sold	4	140,538	144,059
Gross profit		188,490	181,998
Selling, general and administrative expenses		166,790	151,867
Income before interest expense and income taxes expense		21,700	30,131
Interest expense	9	5,171	5,728
Income before income taxes		16,529	24,403
Income taxes expense	14	5,129	6,902
Net income		$ 11,400	$ 17,501
Basic earnings per share	11	$ 0.27	$ 0.42
Diluted earnings per share	11	$ 0.27	$ 0.41

See accompanying notes to consolidated financial statements.

ROOTS CORPORATION

Consolidated Statement of Comprehensive Income (Loss)
(In thousands of Canadian dollars)

For the 52 week period ended February 2, 2019 and for the 53 week period ended February 3, 2018

	Note	February 2, 2019	February 3, 2018
Net income		$ 11,400	$ 17,501
Other comprehensive income (loss), net of taxes:			
Items that may be subsequently reclassified to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	8, 13	3,538	(2,320)
Cost of hedging excluded from cash flow hedges	8, 13	218	52
Tax impact of cash flow hedges	8, 13	(1,001)	604
Total other comprehensive income (loss)		2,755	(1,664)
Total comprehensive income		$ 14,155	$ 15,837

See accompanying notes to consolidated financial statements.

ROOTS CORPORATION

Consolidated Statement of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

For the 52 week period ended February 2, 2019 and for the 53 week period ended February 3, 2018

February 2, 2019	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total
Balance, February 4, 2018		$ 195,994	$ 1,675	$ 2,208	$ (904)	$ 198,973
Net income		$ –	$ –	$ 11,400	$ –	$ 11,400
Net gain from change in fair value of cash flow hedges, net of income taxes		–	–	–	2,755	2,755
Transfer of realized loss on cash flow hedges to inventories, net of income taxes		–	–	–	(1,583)	(1,583)
Share-based compensation	12	–	2,507	–	–	2,507
Issuance of shares	10, 12	859	(207)	–	–	652
Balance, February 2, 2019		$ 196,853	$ 3,975	$ 13,608	$ 268	$ 214,704

February 3, 2018	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total
Balance, January 29, 2017		$ 195,994	$ 483	$ 4,707	$ –	$ 201,184
Net income		$ –	$ –	$ 17,501	$ –	$ 17,501
Net loss from change in fair value of cash flow hedges, net of income taxes		–	–	–	(1,664)	(1,664)
Transfer of realized loss on cash flow hedges to inventories, net of income taxes		–	–	–	760	760
Distributions declared	10	–	–	(20,000)	–	(20,000)
Share-based compensation	12	–	1,192	–	–	1,192
Balance, February 3, 2018		$ 195,994	$ 1,675	$ 2,208	$ (904)	$ 198,973

See accompanying notes to consolidated financial statements.

ROOTS CORPORATION

Consolidated Statement of Cash Flows
(In thousands of Canadian dollars)

For the 52 week period ended February 2, 2019 and for the 53 week period ended February 3, 2018

	February 2, 2019	February 3, 2018
Cash provided by (used in):		
Operating activities:		
Net income	$ 11,400	$ 17,501
Items not involving cash:		
Depreciation and amortization (Note 5, 6)	12,935	10,886
Share-based compensation expense (Note 12)	2,507	1,192
Impairment of fixed assets (Note 5)	1,375	1,281
Deferred lease costs (recovery)	(617)	847
Amortization of lease intangibles (Note 6)	548	907
Interest expense (Note 9)	5,171	5,728
Income taxes expense (Note 14)	5,129	6,902
Interest paid	(4,620)	(5,105)
Taxes paid	(4,104)	(5,602)
Change in non-cash operating working capital:		
Accounts receivable	(207)	(1,474)
Inventories	(14,126)	(2,725)
Prepaid expenses	(863)	(4,007)
Accounts payable and accrued liabilities	3,985	2,514
Deferred revenue	851	807
	19,364	29,652
Financing activities:		
Issuance of long-term debt (Note 9)	5,000	–
Long-term debt financing costs (Note 9)	(66)	(999)
Repayment of long-term debt (Note 9)	(4,984)	(19,654)
Finance lease payments	(361)	(203)
Distributions paid (Note 10)	–	(20,000)
Proceeds from issuance of shares (Note 10)	652	–
	241	(40,856)
Investing activities:		
Additions to fixed assets (Note 5)	(37,695)	(14,058)
Tenant allowance received	5,863	1,814
	(31,832)	(12,244)
Increase (decrease) in cash	(12,227)	(23,448)
Cash, beginning of period	1,809	25,257
Cash and bank indebtedness, end of period	$ (10,418)	$ 1,809

See accompanying notes to consolidated financial statements.

1. Nature of operations and basis of presentation

Nature of operations

Established in 1973, Roots is a premium outdoor lifestyle brand. We unite the best of cabin and city through unmistakable style built with uncompromising comfort and quality. We offer a broad range of products that embody a comfortable cabin-meets-city style including: women's and men's apparel, leather goods, footwear, accessories and kids, toddler and baby. Starting from a little cabin in Algonquin Park, Canada, Roots has grown to become a global brand. As of February 2, 2019, we had 114 corporate retail stores in Canada, seven corporate retail stores in the United States, 117 partner-operated stores in Taiwan, 37 partner-operated stores in China and a global e-commerce platform. Roots Corporation is a Canadian corporation doing business as "Roots" and "Roots Canada".

Roots Corporation was incorporated under the *Canada Business Corporations Act* on October 14, 2015. Its head office and registered office is located at 1400 Castlefield Avenue, Toronto, Ontario, M6B 4C4. Roots Corporation and its subsidiaries are collectively referred to in these consolidated financial statements as the "Company" or "Roots Corporation."

On October 25, 2017, the Company completed an initial public offering (the "IPO") of its common shares ("Shares") through a secondary offering of Shares by its principal shareholders. The IPO of 16,667,000 Shares at a price of $12.00 per Share raised gross proceeds of $200,004 for the selling shareholders.

The Company's Shares are listed on the Toronto Stock Exchange under the trading symbol "ROOT".

Basis of preparation

(a) Fiscal period

The fiscal year of the Company consists of a 52 or 53 week period ending the closest Saturday to January 31 of each year. The current fiscal period for the consolidated financial statements contains 52 weeks and the comparative fiscal year contains 53 weeks.

(b) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

The consolidated financial statements were authorized for issuance by the Company's Board of Directors ("Board") on April 2, 2019.

(c) Basis of measurement

The consolidated financial statements were prepared on a historical cost basis except, share-based compensation which is measured at fair value at the grant date.

The significant accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for the periods presented.

(d) Functional currency

The consolidated financial statements are presented in Canadian dollars, the Company's functional currency, unless otherwise stated. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise stated.

(e) Basis of consolidation

The consolidated financial statements include the accounts of Roots Corporation and its wholly-owned subsidiaries, Roots USA Corporation, Roots International ULC and Roots Leasing Corporation. An entity is controlled when the Company has the ability to direct the relevant activities of the entity, has exposure or rights to variable returns from its involvement with the entity, and is able to use its power over the entity to affect its returns from the entity.

Transactions and balances between the Company and its consolidated subsidiaries have been eliminated on consolidation.

(f) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Inventory valuation

Merchandise inventories are valued at the lower of average cost, using the retail method, and net realizable value, which requires the Company to utilize estimates related to fluctuations in shrinkage, future retail prices, future sell-through of units, seasonality and costs necessary to sell the inventory. The Company records a write-down to reflect management's best estimate of the net realizable value of inventory based on the above factors.

(ii) Impairment of non-financial assets

The Company is required to use judgment in determining the grouping of assets to identify their cash generating units ("CGUs") for the purpose of testing store related fixed assets. Judgment is further required to determine appropriate groupings of CGUs for the level at which non-store related assets are tested for impairment including intangible assets and goodwill. The Company has determined that each store location is a separate CGU for the purpose of fixed assets impairment testing. For purposes of non-store related non-financial assets, CGUs are grouped at the lowest level that these assets are monitored for internal management purposes or the lowest level where cash inflows are generated. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed.

In determining the recoverable amount, defined as the higher of the fair value less cost to sell ("FVLCS") and the value-in-use ("VIU") of a CGU or a group of CGUs, various estimates are used. VIU is determined based on management's best estimate of projected future sales, gross profit margin and earnings which is discounted by using an estimate of industry pre-tax weighted average cost of capital adjusted for the Company's estimated risk profile.

(iii) Share-based compensation

The Company measures the value of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based compensation requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The Company is also required to determine the most appropriate inputs to the valuation model, including estimates and assumptions with respect to expected life, risk-free interest rate, volatility, distribution yield, and forfeiture rate.

(iv) Gift card breakage

The Company recognizes revenue from unredeemed gift cards ("gift card breakage") if the likelihood of gift card redemption by the customer is considered to be remote. The Company estimates its average gift card breakage rate, based on historical redemption rates. The resulting revenue from breakage is recognized over the estimated period of redemption based on historical redemption patterns commencing when the gift card is issued.

(v) Income taxes

The calculation of current and deferred income taxes requires management to make certain judgements regarding the tax rules in jurisdictions where the Company performs

activities. Application of judgements is required regarding classification of transactions and in assessing probable outcomes of claimed deductions including expectations of future operating results, the timing and reversal of temporary differences, and possible audits of income tax and other tax filings by the tax authorities.

2. Significant accounting policies

The accounting policies described below have been applied consistently to the periods presented in the consolidated financial statements:

(a) Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the respective transaction dates. Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at average exchange rates prevailing during the period. The resulting gains or losses on translation are included in the determination of net income for the period and comprehensive income.

(b) Revenue recognition

Revenue includes sales to customers through retail stores operated by the Company and through e-commerce. Sales to customers through retail stores are recognized at the time of purchase, net of a provision for returns. E-commerce sales to customers are recognized at the time of delivery, net of a provision for returns. The provision for returns is estimated based on the last 12 months' return rate for retail stores and e-commerce sales, respectively.

Revenue also includes sales to the Company's international partner and other corporate customers, which are recognized at the time of shipment or receipt, depending on the specific contractual terms of each customer. Contractually, the Company's international partner and wholesale partners are unable to return goods purchased from the Company.

Royalty revenue is included in sales and is recognized on an accrual basis in accordance with the various contractual agreements, based on the financial results as reported by the Company's international partner and other third-party licensees, and when collectability is reasonably determined.

The Company sells gift cards to customers and recognizes revenue as gift cards are redeemed. The Company also recognizes gift card breakage if the likelihood of gift card redemption by the customer is considered to be remote.

The liability associated to gift cards is recorded as deferred revenue on the consolidated statement of financial position.

(c) Inventories

Finished goods are comprised of merchandise inventories which are valued at the lower of average cost using the retail method and net realizable value. For inventories purchased from third party vendors, cost includes the cost of purchase, freight, import taxes and duties that are directly incurred to bring inventories to their present location and condition.

For inventories manufactured by the Company, cost includes direct labour, raw materials, manufacturing and overhead costs. Raw materials inventories are recorded at the lower of cost and net realizable value.

Work in progress is recorded at the lower of average cost and net realizable value.

The Company estimates the net realizable value as the amount at which inventories are expected to be sold, taking into account fluctuations in retail prices due to seasonality, age, excess quantities, condition of the inventory, nature of the inventory and the estimated variable costs necessary to make the sale.

Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down previously recorded is reversed.

(d) Fixed assets

Fixed assets are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Depreciation is primarily recognized in selling, general and administrative expenses in the consolidated statement of net income, on a diminishing-balance or straight-line basis, over the estimated useful lives of each component of an item of fixed assets from the date that they are available for use. Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted, prospectively, if appropriate.

Fixed assets are depreciated over the estimated useful lives of the assets, from the date they are available for use, based on the following annual rates:

Asset	Basis	Rate
Computer hardware	Diminishing-balance	20%
Furniture and fixtures	Diminishing-balance	20%
Equipment	Diminishing-balance	10%
Computer software	Straight-line	3 - 5 years
Leasehold improvements	Straight-line	Term of lease to a maximum of 10 years
Assets held under finance leases	Straight-line	Term of lease

(e) Intangible assets

Intangible assets that have a definite useful life are measured at cost less any accumulated amortization and accumulated impairment losses. Intangible assets with definite lives are amortized over their useful economic life on a straight-line basis from the date that they are available for use. Amortization relating to licence agreements, customer relationships, and favourable/unfavourable lease agreements is recognized in selling, general and administrative expenses in the consolidated statement of net income. The estimated useful lives for the current period is as follows:

Licence agreements	4 - 13 years
Customer relationships	10 years
Leases	Life of the lease
Trade names	Indefinite life
Goodwill	Indefinite life

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted, prospectively, if appropriate.

Intangible assets with indefinite lives, comprising of trade names, are not amortized but are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that the asset might be impaired, as detailed in the accounting policy note on impairment of non-financial assets.

(f) Impairment of non-financial assets

Assets with finite lives are tested for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill and indefinite life intangibles are tested for impairment at least annually at the year-end reporting date, and whenever there is an indication that the asset may be impaired.

Events or changes in circumstances which may indicate impairment include a significant change to the Company's operations, a significant decline in performance or a change in market conditions which adversely affect the Company.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is based on the greater of the CGU's FVLCS and its VIU. For purposes of measuring recoverable amounts, store assets are grouped at the lowest levels for which there are largely independent cash flows, which is referred to as a CGU, being at the individual store level for the Company.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Leased assets

Leases are classified as either operating or finance, based on the substance of the transaction at inception of the lease. Classification is reassessed if the terms of the lease are changed.

Leases in which a significant portion of the risks and rewards of ownership are not assumed by the Company are classified as operating leases. Payments under an operating lease are recognized in selling, general and administrative expenses on a straight-line basis over the term of the lease. When a lease contains a predetermined fixed escalation of the minimum rent, the Company recognizes the related rent expense on a straight-line basis and, consequently, records the difference between the recognized rental expense and the amounts payable under the lease as deferred rent, which is included in deferred lease costs on the consolidated statement of financial position.

Tenant allowances are recorded as deferred lease costs and amortized as a reduction of rent expense over the term of the related leases. As at February 2, 2019, all of the Company's leases on premises were accounted for as operating leases.

(h) Income taxes

Income taxes expense comprises current and deferred income taxes. Current income taxes and deferred income taxes are recognized in net income for the period, except for items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable on the taxable income or net income for the period, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Share-based compensation

The grant date fair value of share-based compensation awards granted to employees is recognized as an employee expense, with a corresponding increase in contributed surplus, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(j) Earnings per share (“EPS”)

Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding, plus the weighted average number of common shares that would be issued on exercise of dilutive options granted to employees, as calculated under the treasury stock method.

(k) Financial instruments

Non-derivative financial assets are initially measured at fair value and subsequently measured at amortized cost using the effective interest method, net of any impairment losses.

The Company uses the “expected credit loss” model for calculating impairment and recognizes expected credit losses as a loss allowance in the consolidated statement of financial position if they relate to a financial asset measured at amortized cost. The Company’s accounts receivable are typically short-term receivables with payments received within a 12-month period and do not have a significant financing component. Therefore, the Company recognizes impairment and measures expected credit losses as lifetime expected credit losses. The carrying amount of these assets in the consolidated statement of financial position is stated net of any loss allowance.

Non-derivative financial liabilities, are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company designates foreign currency forward contracts (“forward contracts”) under a cash flow hedge for its foreign currency exposures on a portion of its U.S. dollar denominated purchases. On initial designation of the hedge, the Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. At inception and each quarter-end thereafter, the Company formally assesses the effectiveness of its cash flow hedges.

For a cash flow hedge in respect of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income. The time value component of forward contracts designated as cash flow hedges is excluded from the hedging relationship and recorded in other comprehensive income as a cost of hedging and presented separately.

The forward contracts used for hedging are recognized at fair value. Subsequent to initial recognition, the forward contracts are measured at fair value and changes therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect net income, the effective portion of change in the fair value of the derivative is recognized in other comprehensive income ("OCI") and presented in accumulated other comprehensive income, net of deferred taxes. When the Company purchases the hedged inventories, the amounts are reclassified from accumulated other comprehensive income to cost of purchases. Any ineffective portion of changes in the fair value of the forward contracts is recognized immediately in net income.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. If the forecasted transaction is no longer expected to occur, then the balance in accumulated other comprehensive income is recognized immediately in net income.

The Company has classified its financial assets and financial liabilities as follows:

	Classification
Financial assets:	
Cash	Fair value through profit or loss
Accounts receivable	Amortized cost
Loan receivable	Amortized cost
Derivative assets	Fair value through OCI
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Derivative obligations	Fair value through OCI
Long-term debt	Amortized cost
Finance lease obligation	Amortized cost

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1 – inputs that are quoted market prices (unadjusted) in active markets for identical instruments;

- Level 2 – inputs other than quoted market prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and

- Level 3 – inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which

significant unobservable adjustments or assumptions are required to reflect the difference between the instruments.

(l) New standards adopted in the year

In 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”), replacing IAS 18, *Revenue*; IAS 11, *Construction Contracts*; and related interpretations. The new standard provides a comprehensive framework for the recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the accounting standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

The Company adopted IFRS 15 on February 4, 2018. The adoption of IFRS 15 did not require any changes to the Company’s revenue recognition approach and did not result in any measurement adjustments. As a result, there were no changes required to the Company’s consolidated financial statements.

(m) New standards and interpretations not yet adopted

In 2016, the IASB issued IFRS 16, *Leases* (“IFRS 16”), replacing IAS 17, *Leases* (“IAS 17”), and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Substantially all of the Company’s existing leases are real estate leases for retail stores, its distribution centre, leather factory, and corporate head office, and are all classified as operating leases. Other operating leases include trucks, IT equipment, and certain machinery. Lessors continue to classify leases as finance and operating leases.

As a lessee, the Company will recognize right-of-use assets and lease liabilities for the aforementioned operating leases. The right-of-use assets will be depreciated on a straight-line basis over the remaining life of the lease. The lease liability will be recorded at amortized cost, with a finance charge recorded from unwinding the lease liability discount. The depreciation expense of the right-of-use assets and finance charge of the lease liability will replace rent expense, previously recognized on a straight-line basis under IAS 17 over the lease term.

IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019. The Company intends to adopt IFRS 16 for the annual period beginning on February 3, 2019 using the modified retrospective approach. The modified retrospective approach applies the requirements of the standard retrospectively with no restatement of the comparative period. In addition, the Company has elected to use the following practical expedients permitted on adoption of IFRS 16:

- contracts that were identified as leases under IAS 17 will not be reassessed under IFRS 16;

- a single discount rate will be applied to a portfolio of leases with reasonably similar underlying characteristics;
- initial direct costs will be excluded in the measurement of the right-of-use asset on transition; and
- use hindsight in determining lease term at the date of initial application.

Based on the information as at April 2, 2019, as a result of the initial application of IFRS 16 as at February 3, 2019, the Company anticipates recognizing approximately $108 million to $128 million of right-of-use assets and $125 million to $145 million of lease liabilities on its consolidated statement of financial position. The difference, net of the deferred tax impact, will be recorded in opening retained earnings.

3. Operating Segments

The Company has two reportable operating segments:

(a) The “Direct-to-Consumer” segment comprises sales through corporate retail stores and e-commerce; and

(b) The “Partners and Other” segment consists primarily of the wholesale of Roots-branded products to our international operating partner and the royalties earned on the retail sales of Roots-branded products by our partner. The Partners and Other segment also consists of royalties earned through the licensing of our brand to select manufacturing partners, the wholesale of Roots-branded products to select retail partners, and the sale of custom Roots-branded products to select business clients.

The Company defines an operating segment on the same basis that the Chief Operating Decision Maker (the “CODM”) uses to evaluate performance internally and to allocate resources. The Company has determined that the President and Chief Executive Officer is its CODM. The accounting policies of the reportable segments are the same as those described in the Company’s summary of significant accounting policies (see Note 2). The Company measures each reportable operating segment’s performance based on sales and gross profit, which is the profit metric used by the CODM for assessing performance of each segment. The Company does not report total assets or total liabilities based on its operating segments.

Information for each reportable operating segment, as presented to the CODM, is included below:

	February 2, 2019			February 3, 2018		
	Direct-to-Consumer	Partners and Other	Total	Direct-to-Consumer	Partners and Other	Total
Sales	$ 283,856	$ 45,172	$ 329,028	$ 284,131	$ 41,926	$ 326,057
Cost of goods sold	110,040	30,498	140,538	116,567	27,492	144,059
Gross profit	173,816	14,674	188,490	167,564	14,434	181,998
Selling, general and administrative expenses[1]	–	–	166,790	–	–	151,867
Income before interest expense and income taxes expense	–	–	21,700	–	–	30,131
Interest expense[1]	–	–	5,171	–	–	5,728
Income before income taxes	$ –	$ –	$ 16,529	$ –	$ –	$ 24,403

[1] These unallocated items represent income and expenses which management does not report when analyzing segment underlying performance.

4. Inventories

	February 2, 2019	February 3, 2018
Raw materials	$ 4,667	$ 4,161
Work in progress	2,193	1,988
Finished goods – On hand	31,616	23,928
Finished goods – In-transit	11,057	5,330
	$ 49,533	$ 35,407

The cost of merchandise inventories recognized as an expense and included in cost of goods sold for the 52 week period ended February 2, 2019 was $135,882 (53 week period ended February 3, 2018 – $139,691). Cost includes cost to purchase inventory plus freight, import taxes and duties.

During the 52 week period ended February 2, 2019, the Company recorded no write-down of inventories with net realizable values below cost (53 week period ended February 3, 2018 – $1,072).

5. Fixed assets

	Computer hardware	Furniture and fixtures	Equipment	Computer software	Leasehold improvements	Finance leases	Total
Cost							
Balance, January 28, 2017	$ 1,390	$ 3,592	$ 610	$ 6,170	$ 25,163	$ 612	$ 37,537
Additions	224	1,184	512	2,799	9,339	–	14,058
Disposals/adjustments	(500)	(546)	–	–	(1,631)	500	(2,177)
Balance, February 3, 2018	1,114	4,230	1,122	8,969	32,871	1,112	49,418
Additions	527	1,464	7,987	4,947	22,770	–	37,695
Disposals/adjustments	(30)	(428)	–	–	(3,208)	–	(3,666)
Balance, February 2, 2019	$ 1,611	$ 5,266	$ 9,109	$ 13,916	$ 52,433	$ 1,112	$ 83,447
Accumulated depreciation and impairment losses							
Balance, January 28, 2017	$ 243	$ 586	$ 79	$ 1,164	$ 4,246	$ –	$ 6,318
Depreciation	48	672	82	1,421	4,580	212	7,015
Disposals/adjustments	–	(546)	–	–	(1,631)	–	(2,177)
Fixed asset impairment	–	–	–	–	1,281	–	1,281
Balance, February 3, 2018	291	712	161	2,585	8,476	212	12,437
Depreciation	230	835	126	1,295	6,546	106	9,138
Disposals/adjustments	(30)	(428)	–	–	(3,208)	–	(3,666)
Fixed asset impairment	–	–	–	–	1,375	–	1,375
Balance, February 2, 2019	$ 491	$ 1,119	$ 287	$ 3,880	$ 13,189	$ 318	$ 19,284
Carrying amount							
February 3, 2018	$ 823	$ 3,518	$ 961	$ 6,384	$ 24,395	$ 900	$ 36,981
February 2, 2019	1,120	4,147	8,822	10,036	39,244	794	64,163

For the 52 week period ended February 2, 2019, the Company recorded $1,375 (53 week period ended February 3, 2018 – $1,281) of impairment losses on fixed assets in respect of six CGUs using a VIU test (53 week period ended February 3, 2018 – five CGUs) in the Direct-to-Consumer operating segment as part of selling, general and administrative expenses.

For the 52 week period ended February 2, 2019, the Company had no impairment reversals on fixed assets (53 week period ended February 3, 2018 – $nil).

The recoverable amount for a retail location is based on the value-in-use of the related CGU. When determining the VIU of a retail location, the Company develops a discounted cash flow model for each CGU. The duration of the cash flow projections for individual CGUs varies based on the remaining useful life of the significant assets within the CGU or the remaining lease term. Sales forecasts for cash flows are based on actual operating results, operating budgets, and long-term growth rates. The estimate of the VIU of the relevant CGUs was determined using a pre-tax discount rate of 12.5% at February 2, 2019 (February 3, 2018 – 14%).

6. Intangible assets and other non-current liabilities

Intangible assets:

	Trade names	License arrangements	Customer relationships	Favourable lease agreements	Total
Cost					
Balance, January 28, 2017	$ 175,044	$ 25,910	$ 7,766	$ 6,310	$ 215,030
Balance, February 3, 2018	175,044	25,910	7,766	6,310	215,030
Balance, February 2, 2019	$ 175,044	$ 25,910	$ 7,766	$ 6,310	$ 215,030
Accumulated amortization and impairment losses					
Balance, January 28, 2017	$ –	$ 3,530	$ 904	$ 2,055	$ 6,489
Amortization	–	3,081	790	1,262	5,133
Balance, February 3, 2018	–	6,611	1,694	3,317	11,622
Amortization	–	3,023	774	887	4,684
Balance, February 2, 2019	$ –	$ 9,634	$ 2,468	$ 4,204	$ 16,306
Carrying amount					
February 3, 2018	$ 175,044	$ 19,299	$ 6,072	$ 2,993	$ 203,408
February 2, 2019	175,044	16,276	5,298	2,106	198,724

Other non-current liabilities:

		Unfavourable lease agreements
Cost		
Balance, January 28, 2017	$	2,636
Balance, February 3, 2018		2,636
Balance, February 2, 2019	$	2,636
Accumulated amortization and impairment losses		
Balance, January 28, 2017	$	518
Amortization		355
Balance, February 3, 2018	$	873
Amortization		339
Balance, February 2, 2019	$	1,212
Carrying amount		
February 3, 2018	$	1,763
February 2, 2019		1,424

Amortization expenses, impairment losses and reversals are recorded in selling, general and administrative expenses in the consolidated statement of net income in the period in which they occur. No impairment losses or reversals were recognized on intangible assets for the 52 week period ended February 2, 2019 (53 week period ended February 3, 2018 – $nil).

Amortization expense on definite life intangibles of $4,345 (53 week period ended February 3, 2018 – $4,778) has been recognized in the consolidated statement of net income.

The Company has determined that trade names, primarily consisting of the Roots brand, have an indefinite life based on the brand’s long history and the continued investment to be made to support the brand, which is the key value contributor to the on-going success of the business. Trade names are not amortized and instead tested for impairment annually or when such changes in events or circumstances indicate a trigger for impairment or a change in its future economic benefits that would result in assessing the appropriateness of its useful life.

7. Goodwill

The Company performs an annual impairment assessment on goodwill by comparing the carrying value of assets within each CGU group to the recoverable amount of the CGU group.

For the purpose of impairment testing, goodwill is allocated to the grouping of CGUs, which represent the lowest level within the Company at which these assets are monitored for internal management purposes. Management has determined this grouping to be as follows:

Direct-to-Consumer	$	44,799
Partners and Other		7,906
Total carrying amount of goodwill	$	52,705

The Company completed its annual impairment tests for goodwill and concluded that the recoverable amount exceeded the carrying amount for both CGUs.

The key assumptions used to calculate the recoverable amount are those regarding discount rates, growth rates, and expected improvement in margins.

The after-tax discount rate was determined to be 13.5% (February 3, 2018 – 12%) and is based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an entity-specific risk premium, an after-tax cost of debt based on corporate bond yields and the capital structure of the Company. The pre-tax discount rate was 17% (February 3, 2018 – 16%).

The Company included a minimum of five years of cash flows in its discounted cash flow model. The cash flow forecasts were extrapolated beyond the five-year period using an estimated terminal growth rate of 2% (February 3, 2018 – 2%).

8. Financial instruments

The Company has determined that the carrying amount of its short-term financial assets and financial liabilities approximates its fair value due to the short-term maturity of these financial instruments.

The fair value of long-term debt approximates its carrying value, as determined based on Level 2 of the fair value hierarchy (see Note 2).

The fair value of derivative assets and derivative obligations consisting of forward contracts is determined using a valuation technique that employs the use of market observable inputs and is based on the differences between the contract rate and the market rates as at the period-end date, taking into consideration discounting to reflect the time value of money. This has been determined using Level 2 of the fair value hierarchy.

There were no transfers between levels of the fair value hierarchy for the 52 week period ended February 2, 2019 or 53 week period ended February 3, 2018.

The Company enters into forward contracts, from time to time, to hedge its exposure for a portion of purchases denominated in U.S. dollars. As at February 2, 2019, the Company had outstanding forward contracts to buy US$42,460 (February 3, 2018 – US$52,315) at an average forward rate of 1.30 (February 3, 2018 – 1.26).

For the 52 week period ended February 2, 2019 and the 53 week period ended February 3, 2018, the effective portion of changes in the fair value of all matured forward contracts and outstanding forward contracts resulted in a gain of $3,538 (net of tax - $2,595) and a loss of $2,320 (net of tax – $1,702), respectively, which were recorded in other comprehensive income (loss).

9. Long-term debt

On December 1, 2015, the Company entered into a secured credit agreement (the “Credit Agreement”) with a syndicate of lenders to obtain an initial term loan (the “Term Credit Facility”) for an aggregate principal amount not exceeding $111,000 and a revolving credit loan (the “Revolving Credit Facility”) not exceeding $25,000, less the aggregate swing line loan of $5,000 (together, the “Credit Facilities”).

The Credit Facilities were subsequently amended on April 19, 2017 and September 6, 2017, such that the Credit Facilities, as amended, were comprised of (i) the Revolving Credit Facility in the amount of $50,000, less the aggregate swing line loan of $10,000 and (ii) an approximately $100,000 Term Credit Facility, both maturing on September 6, 2022. The Company incurred $467 and $532 of costs associated with the first and second amendment, respectively, which have been recorded as debt financing costs against long-term debt and will be recognized in interest expense over the term of the loan.

On October 12, 2018, the Company further amended the Credit Facility to increase the availability under the Revolving Credit Facility to an amount not exceeding $60,000, less the aggregate swing line loan of $10,000. The Company incurred $66 of costs associated with the amendment, which have been recorded as debt financing costs against long-term debt and will be recognized in interest expense over the remaining term of the loan.

The Credit Facilities include an accordion feature with a remaining unexercised amount of $15,000 and bear interest according to the type of borrowing advanced, which may be based on a reference rate of the U.S. base rate or the Canadian prime rate, plus a margin that ranges from 100 to 225 basis points (bps) or the LIBOR rate or bankers’ acceptances rate, plus a margin that ranges from 200 to 325 bps. The applicable margins are derived from the Company’s senior leverage ratio, as follows: (i) where the U.S. base rate or a Canadian prime rate is used, the margins range from 100 bps at less than 2.0x senior leverage ratio, to 225 bps at greater than or equal to 3.5x senior leverage ratio; and (ii) where the LIBOR rate or bankers’ acceptances rate is used, the margins range from 200 bps at less than 2.0x senior leverage ratio, to 325 bps at greater than or equal to 3.5x senior leverage ratio.

The following table reconciles the changes in cash flows from financing activities for long-term debt for the 52 week period ended February 2, 2019 and the 53 week period ended February 3, 2018:

	February 2, 2019	February 3, 2018
Long-term debt, beginning of period	$ 84,465	$ 104,459
Long-term debt repayments of Term Credit Facility	(4,984)	(19,654)
Long-term debt financing costs	(66)	(999)
Long-term debt proceeds from Revolving Credit Facility	5,000	–
Total cash flow from long-term debt financing activities	84,415	83,806
Amortization of long-term debt financing costs	600	659
Total non-cash long-term debt activity	600	659
Total long-term debt, end of period	$ 85,015	$ 84,465
Recorded in the consolidated balance sheet as follows:		
Current portion of long-term debt	$ 4,984	$ 4,984
Long-term portion of long-term debt	80,031	79,481
	$ 85,015	$ 84,465

As at February 2, 2019, principal repayments due on long-term debt were as follows:

	Term Credit Facility	Revolving Credit Facility
Within 1 year	$ 4,984	$ –
Within 1 - 2 years	4,984	–
Within 2 - 3 years	4,984	–
Within 3 - 4 years	67,247	5,000
Total[1]	$ 82,199	$ 5,000

[1] Total long-term debt of $85,015 is net of $2,184 unamortized long-term debt financing costs.

Total interest expense for the 52 week period ended February 2, 2019 was $5,171 (53 week period ended February 3, 2018 – $5,728) and was comprised of:

	February 2, 2019	February 3, 2018
Interest paid on long-term debt	$ 4,468	$ 4,915
Amortization of long-term debt financing costs	600	659
Other	103	154
Interest Expense	$ 5,171	$ 5,728

10. Share Capital

On October 25, 2017, the Company successfully completed the IPO at a price of $12.00 per Share through a secondary sale of Shares by its principal shareholders. The Company's principal shareholders sold an aggregate of 16,667,000 Shares for total gross proceeds of $200,004. The Company did not receive any of the proceeds from the IPO. Costs relating to the IPO (excluding the underwriters' fees payable by the selling shareholders), amounted to $160 for the 52 week period ended February 2, 2019 and $3,733 for the 53 week period ended February 3, 2018, and were expensed in selling, general and administrative expenses as incurred.

Immediately prior to the closing of the IPO, the following capital changes were implemented by the Company (the "Pre-Closing Capital Changes"):

- all of the outstanding Class B Shares of the Company ("Class B Shares") were converted into Class A Shares of the Company ("Class A Shares") on a one-for-one basis;

- immediately following the foregoing conversion, the Company's share capital was amended to be comprised of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series;

- each Class A Share was exchanged for one Share.

Following the foregoing share exchanges:

- all of the Company's issued and outstanding Shares were consolidated on a 0.214193-to-one basis; and

- each stock option to acquire, and restricted share unit ("RSU") exercisable to acquire, Class C Shares of the Company outstanding immediately prior to the closing of the IPO, were exchanged on a 0.214193-to-one basis for stock options and RSUs exercisable to acquire Shares at a post-consolidation exercise price such that the in-the-money value of such stock options remained unchanged.

The Company's authorized share capital consists of an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. The holders of Shares are entitled to receive distributions as declared from time to time by the Board. Shareholders are entitled to one vote per Share at shareholder meetings of the Company.

Preferred shares of each series, if and when issued, will, with respect to the payment of dividends, be entitled to preference over Shares. Except as provided in any special rights or restrictions attaching to any series of preferred shares issued from time to time, the holders of preferred shares will not be entitled to vote at any shareholder meetings of the Company.

During the 53 week period ended February 3, 2018, the Company paid a one-time distribution of $20,000 to Shareholders, equivalent to $0.48 per Share. There were no dividends or distributions declared during the 52 week period ended February 2, 2019.

During the 52 week period ended February 2, 2019, 139,731 Shares were issued from treasury, as a result of the exercise of 139,731 stock options granted under the Legacy Equity Incentive Plan (52 week period ended February 3, 2018 – nil) (see Note 12). There were no other changes to the Company's share capital for the 52 week period ended February 2, 2019 or the 53 week period ended February 3, 2018.

As at February 2, 2019, there were 42,120,231 Shares and nil preferred shares issued and outstanding. All issued Shares are fully paid.

The following table provides a summary of changes to the Company's share capital:

	February 2, 2019		February 3, 2018	
	Number of Shares	Share capital	Number of Shares	Share capital
Outstanding Shares, beginning of period	41,980,500	$ 195,994	41,980,500	$ 195,994
Issuance of Shares	139,731	859	–	–
Outstanding Shares, end of period	42,120,231	$ 196,853	41,980,500	$ 195,994

11. Earnings per Share

The Company presents basic and diluted EPS data for its Shares. Basic EPS is calculated by dividing net income by the weighted average number of Shares outstanding during the period. Diluted EPS is determined by adjusting net income and the weighted average number of Shares outstanding, for the effects of all dilutive potential Shares, which comprise share-based compensation granted to employees.

	February 2, 2019	February 3, 2018
Weighted average Shares outstanding	42,057,881	41,980,500
Stock options	496,275	580,259
Dilutive weighted average Shares outstanding	42,554,156	42,560,759

	February 2, 2019	February 3, 2018
Net income	$ 11,400	$ 17,501
Basic earnings per Share	$ 0.27	$ 0.42
Diluted earnings per Share	0.27	0.41

For the 52 week period ended February 2, 2019 and 53 week period ended February 3, 2018, 1,850,841 performance-based stock options were not included in the calculation of basic or diluted EPS as the conditions required to convert these options to shares were not met. See Note 12 for more information regarding these stock options.

In addition, for the 52 week period ended February 2, 2019 and 53 week period ended February 3, 2018, 250,538 and 86,883 options, respectively, were not included in the calculation of basic or diluted EPS as they were either anti-dilutive or not in the money.

12. Share-based compensation

Under the various share-based compensation plans, the Company may grant stock options or other security-based instruments to buy approximately 4.7 million Shares. As at February 2, 2019, approximately 3.3 million stock options and 59,072 RSUs were granted and outstanding.

The following is a summary of the Company's stock option activity:

For the 52 week period ended February 2, 2019	Legacy Equity Incentive Plan		Legacy Employee Option Plan		Omnibus Plan		Total	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding options, beginning of period	2,515,615	$ 4.77	497,986	$ 6.26	300,649	$ 11.87	3,314,250	$ 5.64
Granted	–	–	–	–	131,282	12.39	131,282	12.39
Exercised	(139,731)	4.67	–	–	–	–	(139,731)	4.67
Forfeited	–	–	(32,128)	6.26	(10,408)	12.93	(42,536)	7.89
Outstanding options, end of period	2,375,884	$ 4.78	465,858	$ 6.26	421,523	$ 12.01	3,263,265	$ 5.93
Exercisable options, end of period	240,768	$ 4.82	155,288	$ 6.26	42,296	$ 11.69	438,352	$ 5.99

For the 53 week period ended February 3, 2018	Legacy Equity Incentive Plan		Legacy Employee Option Plan		Omnibus Plan		Total	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding options, beginning of period	2,515,615	$ 4.77	–	$ –	–	$ –	2,515,615	$ 4.77
Granted	–	–	497,986	6.26	300,649	11.87	798,635	8.37
Outstanding options, end of period	2,515,615	$ 4.77	497,986	$ 6.26	300,649	$ 11.87	3,314,250	$ 5.64
Exercisable options, end of period	212,791	$ 4.75	–	$ –	–	$ –	212,791	$ 4.75

The fair value of the stock options issued in the year are estimated at the date of grant using the Black Scholes model and using the following assumptions:

	February 2, 2019	February 3, 2018
Expected volatility	27.0% - 32.5%	31.0% - 40.0%
Share price at grant date	$7.06 - $13.07	$6.26 - $12.00
Exercise price	$7.06 - $13.07	$6.26 - $12.00
Risk-free interest rate	2.21% - 2.27%	1.36% - 2.08%
Expected term	6 years – 6.5 years	4.5 years – 10.5 years
Fair value per option	$2.52 - $4.38	$3.08 - $4.30

The computation of expected volatility was based on the historical volatility of comparable companies from a representative peer group selected based on industry. The risk-free interest rate is based on Government of Canada bond yields with maturities that coincide with the exercise period and terms of the grant. The expected life estimate was determined by management based on a number of factors including vesting terms, exercise behaviour and the contractual term of the options.

The following is a summary of the Company's RSU and DSU activity (as defined below):

For the 52 week period ended February 2, 2019	Legacy Equity Incentive Plan	Omnibus Plan	DSU Plan	Total	
	Number of RSUs	Number of RSUs	Number of DSUs	Number of RSUs	Number of DSUs
Units, beginning of period	15,985	–	–	15,985	–
Granted	–	47,296	34,237	47,296	34,237
Forfeited	–	(4,209)	–	(4,209)	–
Units, end of period	15,985	43,087	34,237	59,072	34,237

For the 53 week period ended February 2, 2018	Legacy Equity Incentive Plan	Omnibus Plan	DSU Plan	Total	
	Number of RSUs	Number of RSUs	Number of DSUs	Number of RSUs	Number of DSUs
Units, beginning of period	–	–	–	–	–
Granted	15,985	–	–	15,985	–
Units, end of period	15,985	–	–	15,985	–

The fair value of RSUs granted during the 52 week period ended February 2, 2019 was $581 (53 week period ended February 3, 2018 – $100). There were 15,985 RSUs vested as at February 2, 2019 (February 3, 2018 – 15,985). The fair value of DSUs granted during the 52 week period ended February 2, 2019 was $291 (53 week period ended February 3, 2018 – $nil).

Legacy Equity Incentive Plan

On June 7, 2017, the Company amended and restated its Legacy Equity Incentive Plan (the "Legacy Equity Incentive Plan"), adopted on December 1, 2015. The Legacy Equity Incentive Plan is a part of a legacy compensation program pursuant to which four executive officers and one director of the Company were granted time-based stock options and performance-based stock options to purchase shares in the capital of the Company and/or RSUs that provide rights to acquire shares in the capital of the Company. The time-based stock options vest over a five year period from the applicable grant date. The performance-based stock options vest and are exercisable upon the majority shareholders' achievement of certain internal rates of return. The stock options have a contractual life of 10 years.

The Legacy Equity Incentive Plan was further amended at the closing of the IPO so that no additional awards could be made under the plan, but stock options and RSUs previously granted under the plan continue to remain outstanding in accordance with their terms and will continue to be governed by the provisions of the plan.

Legacy Employee Option Plan

On June 7, 2017, the Company adopted a new employee option plan (the "Legacy Employee Option Plan"). The Legacy Employee Option Plan is a part of a legacy compensation program pursuant to which certain employees and consultants of the Company or its subsidiaries were granted stock options to purchase shares in the capital of the Company. The Legacy Employee Option Plan entitles eligible personnel to time-based stock options which commenced vesting on October 25, 2017 (date of IPO) and vest over a three-year period. The stock options have a contractual life of 11 years.

The Legacy Employee Option Plan was further amended at the closing of the IPO so that no additional awards could be made under the plan, but stock options previously granted under the plan continue to remain outstanding in accordance with their terms and will continue to be governed by the provisions of the plan.

Omnibus Plan

On October 25, 2017, in connection with the IPO, the Company established a new omnibus equity incentive plan (the "Omnibus Plan"). The Omnibus Plan provides eligible participants with compensation opportunities that will encourage ownership of the Shares, through the grants of stock options, RSUs and performance share units ("PSUs"). Time-based options vest over a period of up to five years. The performance-based options vest and are exercisable upon the majority shareholders' achievement of certain internal rates of return. The options have a contractual life of 10 years. Stock options, PSUs and RSUs issued by the Company under the Omnibus Plan are settled in Shares and are accounted for as equity-settled awards. The maximum number of Shares that are available for issuance under the Omnibus Plan is 1,679,220, which represents approximately 4% of the issued and outstanding Shares.

The exercise price for stock options will be determined by the Board, which may not be less than the fair market value of a Share (being the closing price of a Share on the TSX on the last trading day immediately prior to the applicable date (the “Market Value”) on the date the stock option is granted). Stock options will vest in accordance with the vesting schedule established on the grant date. Stock options must be exercised within a period fixed by the Board that may not exceed 10 years from the date of grant. The Omnibus Plan also provides for earlier expiration of stock options upon the occurrence of certain events, including the termination of a participant’s employment.

A RSU is a right to acquire a Share following a period of continuous employment. PSUs are similar to RSUs, but their vesting is, in whole or in part, conditioned on the attainment of specified performance metrics as may be determined by the Board. The terms and conditions of grants of stock options, RSUs or PSUs, including the quantity, type of award, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to the awards, will be set out in the participant’s grant agreement. In the case of PSUs, the performance-related vesting conditions may include financial or operational performance of the Company, total shareholder return, individual performance criteria or other criteria as determined by the Board, which will be measured over a specified period.

The following is a summary of the Company’s share-based compensation expense, recorded in selling, general and administrative expenses with a corresponding increase to contributed surplus:

	February 2, 2019	February 3, 2018
Legacy Equity Incentive Plan	$ 850	$ 713
Legacy Employee Option Plan	765	313
Omnibus Plan	892	166
Total share-based compensation expense	$ 2,507	$ 1,192

Director Deferred Share Unit Plan

On October 25, 2017, the Company established a director deferred share unit plan (the “DSU Plan”). The DSU Plan encourages Company directors to increase their ownership in the Company by allowing them to elect to take all or a portion of their annual cash retainer in the form of deferred share units (“DSUs”). A DSU is a unit, equivalent to the value of a Share, credited to a director. Following the end of an eligible director’s tenure as a member of the Board, the director will receive a payment in cash equal to the fair market value of the Shares represented by his or her DSUs. DSUs issued by the Company under the DSU Plan are settled in cash and are accounted for as cash-settled awards. No Shares are required to be reserved under the DSU Plan.

13. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

(a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company prepares cash flow forecasts to ensure it has sufficient funds through operations and access to debt facilities to meet its financial obligations.

The Company maintains the Credit Facilities, as described in Note 9, allowing it to access funds for operations.

The contractual maturities of the Company's current and long-term financial liabilities as at February 2, 2019, excluding interest payments, are as follows:

			Remaining to maturity			
	Carrying amount	Contractual cash flows	Under 1 year	1 - 3 years	3 - 5 years	More than 5 years
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	22,291	22,291	22,291	–	–	–
Long-term debt	85,015	87,199	4,984	9,968	72,247	–
Finance lease obligation	504	525	338	178	9	–
	$ 107,810	$ 110,015	$ 27,613	$ 10,146	$ 72,256	$ –

(b) Currency risk

The Company is exposed to foreign exchange risk on foreign currency denominated financial assets and liabilities. A five percentage point change in the Canadian dollar against the U.S. dollar, assuming that all other variables are constant, would have changed pre-tax net income for the 52 week period ended February 2, 2019 by $308 (53 week period ended February 3, 2018 – $361), as a result of the revaluation on these financial assets and liabilities.

The Company purchases a significant amount of its merchandise in U.S. dollars and enters into forward contracts to reduce the foreign exchange risk with respect to these U.S. dollar denominated purchases. The Company has performed a sensitivity analysis on its forward contracts (designated as cash flow hedges), to determine how a change in the U.S. dollar exchange rate would impact other comprehensive income. A five percentage point change in the Canadian dollar against the U.S. dollar, assuming that all other variables remain constant, would have changed other comprehensive income for the 52 week period ended February 2,

2019 by $2,748 (53 week period ended February 3, 2018 – $3,212), as a result of the revaluation on the Company's forward contracts.

(c) Interest rate risk

Market fluctuations in interest rates impact the Company's earnings with respect to cash borrowings under the Credit Facilities. A one percentage point change in the applicable interest rate would have changed pre-tax net income for the 52 week period ended February 2, 2019 by $1,072 (53 week period ended February 3, 2018 – $1,130).

(d) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash, loans receivable, and accounts receivable. The Company limits its exposure to credit risk with respect to cash by dealing primarily with large Canadian and U.S. financial institutions. The Company's accounts receivable consist primarily of receivables from business partners in the Partners and Other operating segment, which are settled in the following fiscal quarter.

As at February 2, 2019, the Company's maximum exposure to credit risk for these financial instruments was as follows:

Loans receivable	$	562
Accounts receivable, excluding allowance for doubtful accounts		6,709
	$	7,271

(e) Capital management

The Company manages its capital and capital structure with the objective of ensuring that sufficient liquidity is available to support its financial obligations and to execute its strategic plans. The Company considers EBITDA as a measure of its ability to service its debt and meet other financial obligations as they become due.

The Company has financial and non-financial covenants under the Credit Facilities which allow for certain adjustments to EBITDA ("Adjusted EBITDA") for purposes of compliance with those covenants. The key financial covenant includes a consolidated debt to Adjusted EBITDA ratio, total debt to Adjusted EBITDA ratio, and fixed charge coverage ratio. As at February 2, 2019, the Company was in compliance with its covenants under the Credit Facilities.

14. Income taxes expense

The Company's income taxes expense comprises the following:

	February 2, 2019	February 3, 2018
Current income taxes expense	$ 3,960	$ 6,655
Deferred income taxes expense:		
Origination and reversal of temporary differences	1,169	247
Total income taxes expense	$ 5,129	$ 6,902

The effective income tax rate in the consolidated statement of net income and statement of comprehensive income (loss) was reported at rates different than the combined basic Canadian federal and provincial average statutory income tax rates, as follows:

	February 2, 2019	February 3, 2018
Combined basic federal and provincial average statutory rate	26.7%	26.7%
Non-deductible expenses	4.3%	1.6%
Effective tax rate	31.0%	28.3%

The non-deductible expenses for income taxes purposes primarily relate to share-based compensation expense.

The following tables outline the movements in deferred tax liabilities (assets) balance associated with:

	As at February 4, 2018	Expense (recovery)	Other comprehensive loss	As at February 2, 2019
Deferred financing costs	$ (31)	$ 68	$ –	$ 37
Deferred lease costs	(637)	8	–	(629)
Fixed assets	638	(723)	–	(85)
Intangible assets and goodwill	21,525	1,816	–	23,341
Derivative obligations	(329)	–	426	97
	$ 21,166	$ 1,169	$ 426	$ 22,761

	As at January 29, 2017	Expense (recovery)	Other comprehensive income	As at February 3, 2018
Deferred financing costs	$ (73)	$ 42	$ –	$ (31)
Deferred lease costs	(375)	(262)	–	(637)
Fixed assets	1,583	(945)	–	638
Intangible assets and goodwill	20,113	1,412	–	21,525
Derivative obligations	–	–	(329)	(329)
	$ 21,248	$ 247	$ (329)	$ 21,166

15. Commitments and contingencies

(a) Commitments

The Company leases various store locations, a head office, distribution warehouses, a manufacturing facility and equipment under non-cancellable operating lease agreements. The leases are classified as operating leases since there is no transfer of risks and rewards inherent to ownership.

The leases have varying terms, escalation clauses and renewal rights. Minimum lease payments are recognized on a straight-line basis. Leases run for varying terms that generally do not exceed 10 years, with options to renew (if any) that do not exceed 5 years. The majority of real estate leases are net leases, which require additional payments for the cost of insurance, taxes, common area maintenance and utilities. Non-cancellable operating lease base rent payments are payable on a fiscal year end as follows:

2019	$ 29,591
2020	28,499
2021	25,731
2022	23,426
2023	21,841
Thereafter	68,500
	$ 197,588

(b) Contingencies

In the course of its business, the Company, from time to time, becomes involved in various claims and legal proceedings. In the opinion of management, all such claims and suits are adequately covered by insurance, or if not so covered, the results are not expected to materially affect the Company's financial position.

16. Personnel expenses

	February 2, 2019	February 3, 2018
Wages and salaries	$ 56,699	$ 52,102
Benefits and other incentives	10,400	11,431
	$ 67,099	$ 63,533

17. Related party transactions

The Company's related parties include key management personnel and key shareholders of the Company, including other entities under common control. Investment funds managed by Searchlight Capital Partners, L.P. ("Searchlight") beneficially own approximately 48.7% of the total issued and outstanding Shares and shareholders of a company formerly known as Roots Canada Ltd. (the "Founders") beneficially own approximately 12.0% of the total issued and outstanding Shares. All transactions as described in the table below are in the normal course of business and have been accounted for at their exchange value.

(a) Transactions with shareholders

The Company incurred the following costs in connection with transactions entered into with its principal shareholders:

	February 2, 2019	February 3, 2018
Rent[(1)]	$ 794	$ 786
Consulting fees[(2)]	–	567
Reimbursements[(2)]	35	35
Monitoring fees[(3)]	–	921

(1) The Company leases the building for the current distribution centre and the manufacturing facility from companies that are under common control of the Founders. Figures include rent expenses as they relate to the lease of these properties. As at February 3, 2018, the Company had outstanding letters of credit of $286 for companies that are under common control of the Founders, which were no longer outstanding as at February 2, 2019.

(2) Under a consulting agreement between the Company and the Founders, the Founders and their spouses were entitled to consulting fees, clothing allowances and reimbursement for certain travel, meals and phone expenses. This agreement was terminated upon the closing of the IPO. Accordingly, the Company is no longer required to pay consulting fees or reimbursements of expenses previously incurred, with exception to agreed-upon clothing allowances.

(3) In accordance with a Unanimous Shareholder Agreement in existence prior to, and terminated upon completion of, the IPO, the Company was required to pay Searchlight a monitoring fee and reimburse Searchlight for certain out-of-pocket expenses incurred during the year in connection with matters regarding the Company. In connection with the IPO, the Unanimous Shareholder Agreement and, therefore, the monitoring fee and expense reimbursement payable thereunder, terminated upon completion of the IPO.

(b) Transactions with key management personnel

Key management of the Company includes members of the Board, as well as members of the Company's executive team. Key management personnel remuneration includes the following:

	February 2, 2019	February 3, 2018
Salaries, benefits and incentives, and consulting fees	$ 4,614	$ 4,794
Management share-based compensation	1,871	885
Director fees	512	186
	$ 6,997	$ 5,865

In February 2016, a member of the Company's executive team purchased 214,193 Shares from Searchlight at a price of $4.67 per Share. The purchase was paid for using $500 in cash and a $500 loan from the Company. The $500 loan from the Company is to be repaid at the earlier of six years from the loan date and upon a liquidity sale of the Company. Interest accrues at a rate of 4% per annum and will be payable at the start of each calendar year following the date of the loan. Unpaid interest may be deemed paid by increasing the principal amount outstanding. As at February 2, 2019, the outstanding balance on the loan was $562 (February 3, 2018 – $541).

Corporate Information

Board of Directors

Mary Ann Curran

Gregory David

Jim Gabel

Dale H. Lastman, C.M.

Richard P. Mavrinac

Joel Teitelbaum

Erol Uzumeri – Chairman

Eric Zinterhofer

Executive Officers

Jim Gabel
President & Chief Executive Officer

Jim Rudyk
Chief Financial Officer

James Connell
Chief eCommerce and Customer Experience Officer

Almira Cuizon
Vice President, Retail Operations

Non-Executive Senior Management

Anne Hodkin
Vice President, Information Strategy & Systems

Kaleb Honsberger
Vice President, General Counsel

Alex Jones
Vice President, Real Estate

Karl Kowalewski
Vice President, Leather Factory

Michelle Lettner
Vice President, Human Resources

Melinda McDonald
Vice President, Wholesale & Business Development

Karen Zuccala
Vice President, Marketing

Corporate Head Office

1400 Castlefield Avenue
Toronto, ON M6B 4C4
Canada
roots.com

Share Information

Shares in Roots Corporation are traded on the Toronto Stock Exchange (TSX) under the trading symbol "ROOT"

Annual General Meeting

Friday, June 14, 2019, 10:00 a.m. eastern time
TMX Broadcast Centre
130 King Street West
Toronto, ON
Canada

Auditor

KPMG
Toronto, ON

Transfer Agent

Computershare
Toronto, ON

Legal Counsel

Kaleb Honsberger
Roots
legal@roots.com

Investor Relations Contact

Kristen Davies
Roots
investors@roots.com
1-844-762-2343

investors.roots.com

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