Marquee Brands to Acquire Roots for C$4.10 a Share

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Transaction Summary

Announcement Date	Aug 20, 2026
Transaction Size	C$258.1M (EV), C$160.7M (EqV)
Premium / Discount	19.7% (compared to 8/20/2026)
Expected Close Date	2026 Q4
Deal Structure	100% Cash, Take Private

Acquirer Profile – Marquee Brands

MARQUEE BRANDS

U.S. brand accelerator that acquires brand IP and monetizes it through royalties. Owned by funds managed by Neuberger Berman. 24 brands, US$5bn+ in global retail equivalent sales, partners in 100+ countries.

Founded Year	2014
HQ	New York, USA
Sector	Brand Management
Brand Portfolio	Roberto Cavalli, Laura Ashley

Acquirer Profile – JM&A

JM&A
JOSEPH MIMRAN & ASSOCIATES INC.

Toronto-based brand development, design and operating company led by Joe Mimran. Capabilities span brand strategy, product design, marketing, retail and e-commerce.

HQ	Toronto, Ontario, Canada
Sector	Brand Development
Brand Portfolio	Tilley Endurables, Kit and Ace

Target Profile – Roots (TSX: ROOT)

Roots

Canadian outdoor and lifestyle apparel brand founded in 1973. Operates 96 stores in Canada, 2 in the U.S. and 100+ partner-operated stores across Asia.

Founded Year	1973
HQ	Toronto, Ontario, Canada
Sector	Apparel & Footwear Retail
Market Cap	C$159.9M (Sep 15, 2026)
LTM Revenue	C$277.5M
LTM EBITDA	C$42.6M
EV/LTM EBITDA	6.06x
Advisor	J.P.Morgan

Deal Background

Roots has run out of ways to convert brand strength into profit: Gross margin hit a record 61.3% in F2025, yet revenue grew just 2.1% over four years while SG&A rose to 56.0% of sales, leaving net margin at 1.7%.

International expansion remains sub-scale and stagnant: Partners & Other (P&O, mainly overseas partners and licensing) sales fell 1.3% in F2024 and 3.7% in F2025, while DTC (mostly Canada) grew 0.4% and 7.3%, cutting P&O's share of sales from 15.3% to 13.8%. Roots USA was liquidated in 2020, leaving two U.S. stores, while partners operate 100+ stores across Asia.

Searchlight has held Roots for over a decade and the deal marks its exit: The private equity investor incorporated Roots in 2015 and owns 52.4% of shares. The deal takes 100% of shares private for cash, with roughly 69% of voting power committed.

Synergies & Upsides

Shared Infrastructure Across Canadian Brands Could Unlock Cost Synergies: With JM&A overseeing product development and retail, potential resource and infrastructure sharing within JM&A's portfolio could create cost synergies in addition to revenue growth. Meanwhile, JM&A's Canadian retail expertise and Roots' continued headquarters in Toronto can help preserve the brand's Canadian heritage and authenticity as it expands globally.

Revenue Expansion through Licensing and Global Reach: Marquee's licensing capabilities and 100+ country partner network could help Roots expand into new product categories and overseas markets in an asset-light manner, leveraging existing distribution and partnership channels rather than building new infrastructure from scratch.

Potential Risks

US-Canada Tariff Escalation Adds Cross-Border Uncertainty: The U.S. imposed a 50% tariff on selected Canadian goods (incl. some apparel) from Aug 22, with no USMCA exemption. Roots' direct exposure appears limited given its small U.S. footprint (two stores), but legal challenges and the USMCA review keep the outlook uncertain.

Weak Overseas Differentiation Limits Global Expansion: Reflecting its past struggles in the US, Roots faces persistent challenges connecting with international consumers. While its style built brand equity in Canada and Taiwan, the brand risks underperforming in saturated US and European markets, where it is difficult to stand out against rivals.

Our Team Insights

Tracking JM&A's precedent revitalization of Tilley: Tilley's e-commerce replatform lifted conversion 200% YoY, and per Mimran, sales grew from ~C$20M to ~C$45M within a couple of years, providing a playbook that could potentially be replicated at Roots.

Marquee's Laura Ashley revival shows partner-led global expansion can work: Marquee acquired the 70-year-old heritage brand in Jan 2025 and scaled it through licensing partners, not owned retail. Sales rose 15% YoY through Q1 2026, with growth in South Korea, Japan and the U.S. This suggests the model can extend Roots' reach with limited capex.

Marquee and JM&A's complementary strengths make the transaction beneficial for Roots: We believe the partnership is positive for Roots' long-term growth. Going private also reduces short-term market pressure and provides greater flexibility for long-term brand investment.

Precedent Transaction

Date	Target	Acquirer	Transaction Size (EV)	LTM EBITDA	EV/EBITDA	EV/Sales
08/20/2025	Guess Inc.	Authentic Brands Group	US$1400m	US$228.6m	6.1x	0.47x
03/19/2024	Moncler SpA	Private Investor	US$249.6m	US$14.1m	17.7x	7.07x
05/01/2023	Best&Less Group Holding	BBRC Private Equity	US$248.5m	US$68.3m	3.64x	0.66x
Mean			**US$632.7m**	**US$103.7m**	**9.15x**	**2.73x**
Median			**US$249.6m**	**US$68.3m**	**6.1x**	**0.66x**