



ROOTS REPORTS FOURTH QUARTER AND FISCAL 2024 RESULTS

TORONTO, April 9, 2025 – Roots Corporation (“Roots” or the “Company”) (TSX: ROOT), a premium outdoor-lifestyle brand, announced today financial results for its fourth quarter and fiscal year ended February 1, 2025 (“Q4 2024” and “F2024”). All financial results are reported in Canadian dollars unless otherwise stated. Certain metrics, including those expressed on an adjusted basis, are non-IFRS measures. See “Non-IFRS Measures and Industry Metrics” below.

“In the fourth quarter of Fiscal 2024, we delivered a 7.5% increase in DTC comparable sales, a 270bps rise in gross margin, and Adjusted EBITDA growth of 9.1% year-over-year. Our strong performance reflects the impressive execution by the team across our strategic initiatives. Customers responded well to our holiday products, our enhanced brand engagement, and our improved omnichannel customer experience,” said Meghan Roach, President and Chief Executive Officer.

“Our momentum has continued into the first quarter of Fiscal 2025. As we look forward, we remain focused on delivering quality, innovation, and value to our customers while positioning Roots for sustained growth in the quarters ahead.”

Fourth Quarter Highlights:

- Sales were \$110.8 million, a 2.4% increase compared to \$108.2 million in Q4 2023. Excluding the \$2.2 million of sales generated during the additional fiscal week in Q4 2023, sales increased 4.5%
 - DTC sales were \$101.2 million, a 3.6% increase compared to \$97.8 million in Q4 2023, or an increase of 6.0% excluding the additional fiscal week in Q4 2023
 - DTC comparable sales growth was 7.5%
- Gross margin was 61.3%, up 270bps compared to 58.6% in Q4 2023
 - DTC gross margin of 62.4%, up 250bps compared to 59.9% in Q4 2023
- Net income (loss) totaled (\$21.7) million, compared to \$14.6 million in Q4 2023
 - Excluding the year-end non-cash impairment charge on intangible assets, net income would have been \$15.0 million, up 2.9% compared to \$14.6 million in Q4 2023
- Adjusted Net Income was \$16.0 million, up 9.6% compared to \$14.6 million in Q4 2023
- Adjusted EBITDA amounted to \$25.3 million, a 9.1% increase from \$23.2 million in Q4 2023
- Free cash flow generation increased 9.3% to \$39.4 million, resulting in a net debt reduction of 56.7% year-over-year to \$7.3 million

Fiscal 2024 Highlights:

- Sales were \$262.9 million, a 0.1% increase compared to \$262.7 million in F2023. Excluding the \$2.2 million of sales generated during the additional fiscal week in F2023, sales increased 0.9%

- DTC sales were \$223.3 million, a 0.4% increase compared to \$222.5 million in F2023, or an increase of 1.4% excluding the additional fiscal week in F2023
- DTC comparable sales growth was 3.3%
- Gross margin was 59.8%, up 180bps compared to 58.0% in F2023
 - DTC gross margin of 62.6%, up 150bps compared to 61.1% in F2023
- Net income (loss) totaled (\$33.4) million, compared to \$1.8 million in F2023
 - Excluding the year-end non-cash impairment charge on intangible assets, net income would have totaled \$3.3 million, up 79.7% compared to \$1.8 million in F2023
- Adjusted Net Income was \$6.0 million, up 41.1% compared to \$4.3 million in F2023
- Adjusted EBITDA amounted to \$21.3 million, a 7.3% increase from \$19.9 million in F2023

SELECT FINANCIAL INFORMATION (in '000s of CAD\$, except where noted)	Fourth quarter ended			Fiscal year ended		
	February 1, 2025	February 3, 2024	Change	February 1, 2025	February 3, 2024	Change
Total sales	110,808	108,234	+2.4%	262,921	262,668	+0.1%
Direct-to-Consumer (“DTC”) sales	101,227	97,755	+3.6%	223,258	222,467	+0.4%
Partners & Other (“P&O”) sales	9,581	10,479	(8.6%)	39,663	40,201	(1.3%)
Gross profit	67,953	63,416	+7.2%	157,129	152,456	+3.1%
Gross margin	61.3%	58.6%	+270 bps ¹	59.8%	58.0%	+180 bps ¹
Selling, General and Administrative (“SG&A”) expenses	45,165	41,199	+9.6%	143,499	140,331	+2.3%
Impairment of Intangible Assets	50,000	-	-	50,000	-	-
Net income (loss)	(21,702)	14,621	nmf ²	(33,443)	1,840	nmf ²
Net income (loss) per share	(0.54)	0.36	nmf ²	(0.83)	0.05	nmf ²
Adjusted Net Income³	15,987	14,581	+9.6%	6,027	4,270	+41.1%
Adjusted Net Income per share³	0.40	0.36	+11.1%	0.15	0.11	+36.4%
Adjusted EBITDA³	25,280	23,164	+9.1%	21,305	19,855	+7.3%
Free Cash Flow⁴	39,424	36,059	+9.3%	9,837	12,358	(20.4%)
Net Debt⁵	-	-	-	7,349	16,977	(56.7%)

¹ Basis points (“bps”).

² No meaningful figure.

³ Adjusted Net Income and Adjusted EBITDA are non-IFRS measures that adjust for the impact of certain items that are non-recurring or unusual in nature to remove difficulty in comparing underlying financial performance between periods. Adjusted Net Income per share is a non-IFRS ratio that reflects the underlying performance of our operations on a per share basis, calculated as our Adjusted Net Income divided by the weighted average Shares outstanding during the periods. See “Non-IFRS Measures and Industry Metrics”.

⁴ Free cash flow is a supplementary financial measure that reflects cash flow generated from ongoing operations, calculated as our cash from operating activities less cash used in investing activities and the payment of principal on lease liabilities net of lease incentives. See “Non-IFRS Measures and Industry Metrics”.

⁵ Net debt is a supplementary financial measure that reflects our liquidity, refer to the “Reconciliation of long-term debt to net debt and leverage ratio” table for the calculation. See “Non-IFRS Measures and Industry Metrics”.

“We had another year of strong cash flow generation and achieved meaningful reductions to our net debt,” said Leon Wu, Chief Financial Officer of Roots Corporation. “Combined with a healthy inventory composition, we are well set-up to build on our momentum going into 2025.”

FOURTH QUARTER OVERVIEW

Total sales were \$110.8 million in Q4 2024, representing an increase of 2.4% from \$108.2 million in the fourth quarter of fiscal 2023 (“Q4 2023”). Excluding the \$2.2 million impact of the additional fiscal week in Q4 2023,

total sales increased 4.5% year-over-year. DTC sales (corporate retail store and eCommerce sales) were \$101.2 million, a 3.6% increase from \$97.8 million, or an increase of 6.0% excluding the additional fiscal week in Q4 2023. DTC comparable sales growth was 7.5% in Q4 2024, up across both channels, and was driven by strong performances in core fleece and active collections.

P&O sales (wholesale Roots branded products, licensing to select manufacturing partners and the sale of certain custom products) amounted to \$9.6 million in Q4 2024 as compared to \$10.5 million in Q4 2023. While the underlying sales generated by our international operating partner grew year-over-year, there was a temporary decline in wholesale sales as a result of our partner optimizing their inventory levels. This decline was partially offset by strong double-digit growth in our licensing business and China Tmall eCommerce sales.

Gross profit reached \$68.0 million in Q4 2024 compared to \$63.4 million in Q4 2023, representing a year-over-year increase of 7.2%. Gross margin was 61.3% in Q4 2024, up 270 bps as compared to 58.6% in Q4 2023. DTC gross margin was 62.4% in Q4 2024, up 250 bps from 59.9% in Q4 2023. The 250 bps DTC gross margin increase was driven by 280 bps of product margin expansion, comprised of improved product costing and lower discounting, partially offset by the unfavourable foreign exchange impact on U.S. dollar inventory purchases.

SG&A expenses totaled \$45.2 million in Q4 2024, up 9.6% from \$41.2 million in Q4 2023. The increase was primarily driven by \$2.2M of lower gains from non-cash accounting lease modifications under IFRS 16 Leases ("IFRS 16") and \$0.7M of unfavourable revaluation impacts from cash settled instruments under our share-based compensation plan. Excluding these two items, SG&A expenses increased 2.3%, reflecting investments in marketing and higher sales-driven variable costs.

Net income (loss) totaled (\$21.7) million as compared to \$14.6 million in Q4 2023 and net income (loss) per share was (\$0.54) as compared to \$0.36 per share in Q4 2023. This decline was entirely driven by a non-cash impairment charge on intangible assets and the associated deferred tax impacts, as described below. Excluding this impairment charge, net income would have totaled \$15.0 million, up 2.9% compared to \$14.6 million in Q4 2023 and net income per share would have been \$0.37, an increase of 2.8% from \$0.36 per share in Q4 2023.

Adjusted EBITDA amounted to \$25.3 million in Q4 2024, up 9.1% compared to \$23.2 million in Q4 2023.

FISCAL YEAR RESULTS

Total sales were \$262.9 million in F2024, up 0.1% from \$262.7 million in fiscal 2023 ("F2023"). Excluding the \$2.2 million impact of the additional fiscal week in F2023, total sales increased 0.9% year-over-year. DTC sales were \$223.3 million, a 0.4% increase from \$222.5 million, or an increase of 1.4% excluding the additional fiscal week in F2023. DTC sales growth was driven by strong momentum in the second half of the year from compelling brand messaging, omnichannel enhancements, and curated product assortments, including the replenishment of shortages in core collections that had negatively impacted sales in the first half of the year.

P&O sales amounted to \$39.7 million in F2024 as compared to \$40.2 million in F2023.

Gross profit reached \$157.1 million in F2024 as compared to \$152.5 million in F2023, representing a year-over-year increase of 3.1%. Gross margin was 59.8%, up 180 bps as compared to 58.0% in F2023. DTC gross margin was 62.6% in F2024, up 150 bps from 61.1% in F2023.

SG&A expenses were \$143.5 million in F2024, up 2.3% from \$140.3 million in F2023.

Net income (loss) totaled (\$33.4) million as compared to \$1.8 million in F2023, and net income (loss) per share was (\$0.83) as compared to \$0.05 per share in F2023. This decline was entirely driven by a non-cash impairment charge on intangible assets and the associated deferred tax impacts. Based on conservative perspectives of the global economy due to the current market dynamics, the impairment of intangible assets accounting adjustment is calculated through our comparison of the Company's estimated recoverable value against its carrying value. The Company does not expect the impairment charge to have any impact on its future operations and long-term growth potential, nor affect its liquidity, cash flows, or compliance with any financial and operating covenants. Excluding this impairment charge, net income would have totaled \$3.3 million, up 79.7% compared to \$1.8 million in F2023, and net income per share was \$0.08, an increase of 60.0% from \$0.05 per share in F2023.

Adjusted EBITDA amounted to \$21.3 million in F2024, up 7.3% compared to \$19.9 million in F2023.

FINANCIAL POSITION

Inventory was \$41.0 million at the end of F2024, as compared to \$36.2 million at the end of F2023, representing an increase of \$4.8 million, or 13.4%. The year-over-year increase in inventory was driven by an increase in certain core collections on-hand, addressing the inventory shortages in these areas ending F2023, and higher in-transit inventory to support the seasonal assortment in the upcoming year.

Free cash flow was \$39.4 million in Q4 2024, as compared to \$36.1 million in Q4 2023. The increase in free cash flow was driven by higher sales and lower cash taxes paid during the quarter.

As at February 1, 2025, Roots had net debt of \$7.4 million, a reduction of 56.7% as compared to \$17.0 million a year earlier. The Company's leverage ratio, defined as total net debt to trailing 12-months Adjusted EBITDA, was less than 0.4x at the end of the year. Roots has \$42.2 million outstanding under its credit facilities and total liquidity of \$94.0 million, including \$34 million of cash and \$60 million borrowing capacity available under its revolving credit facility.

NORMAL COURSE ISSUER BID

In a separate press release issued today, the Company announced its intention to commence a normal course issue bid for its Common Shares through the facilities of the Toronto Stock Exchange (or other alternative Canadian trading system) to repurchase for cancellation up to 1,347,118 of its Common Shares, representing approximately 10% of the Company's "public float", during the 12-month period commencing April 11, 2025 and ending April 10, 2026.

CONFERENCE CALL AND WEBCAST INFORMATION

Roots will hold a conference call to review its fourth quarter 2024 results on April 9, 2025 at 8:00 a.m. ET. All interested parties can join the call by dialing 1-226-828-7575 or 1-833-950-0062 and using conference ID: 008112. Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until April 16, 2025, at midnight, and can be accessed by dialing 1-226-828-7578 or 1-833-950-0062 and entering the replay passcode: 978251.

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

NON-IFRS MEASURES AND INDUSTRY METRICS

This press release makes reference to certain non-IFRS measures including certain metrics specific to the industry in which we operate. These measures are not recognized measures under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), do not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures are not intended to represent, and should not be considered as alternatives to net income or other performance measures derived in accordance with IFRS as measures of operating performance or operating cash flows or as a measure of liquidity. In addition to our results determined in accordance with IFRS, we use non-IFRS measures including "EBITDA", "Adjusted EBITDA", "Adjusted Net Income", "Adjusted Net Income per share", "Net Debt"; and non-IFRS ratio: "leverage ratio". This press release also makes reference to "gross margin", "DTC gross margin", and "comparable sales", which are commonly used metrics in our industry but that may be calculated differently compared to other companies. Gross margin, DTC gross margin and comparable sales are considered supplementary financial measures under applicable securities laws.

We believe these non-IFRS measures and industry metrics provide useful information to both management and investors in measuring our financial performance and condition and highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. For further information regarding these non-IFRS measures, please refer to "Cautionary Note-Regarding Non-IFRS Measures and Industry Metrics" in our management's discussion and analysis for F2024, which is incorporated by reference herein and is available on SEDAR+ at www.sedarplus.ca or the Company's Investor Relations website at <https://investors.roots.com>.

The tables below provides a reconciliation of net income (loss) to EBITDA, Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income per share for the periods presented:

CAD \$000s	Q4 2024	Q4 2023	F2024	F2023
Net income (loss)	(21,702)	14,621	(33,443)	1,840
<i>Adjust for the impact of:</i>				
Interest expense (a)	2,147	2,346	8,840	9,470
Income taxes expense (recovery) (a)	(7,657)	5,250	(11,767)	815
Depreciation and amortization (a)	7,803	7,460	29,662	29,706
EBITDA	(19,409)	29,677	(6,708)	41,831
<i>Adjust for the impact of:</i>				
SG&A: Rent expense excluded from net income due to IFRS 16 (a)	(5,735)	(7,901)	(23,173)	(25,253)
SG&A: IFRS 16: Impairment of ROU assets (a)	–	61	–	61
SG&A: Purchase accounting adjustments (b)	(17)	(14)	(55)	(47)
SG&A: Stock option expense (c)	19	122	156	454
SG&A: Changes in key personnel (d)	218	1,133	879	2,586
SG&A: Non-recurring legal fees (e)	124	41	126	128
SG&A: Other non-recurring items (f)	80	45	80	95
Impairment of intangible assets (h)	50,000	–	50,000	–
Adjusted EBITDA⁽ⁱ⁾	25,280	23,164	21,305	19,855
CAD \$000s	Q4 2024	Q4 2023	F2024	F2023
Net income (loss)	(21,702)	14,621	(33,443)	1,840
<i>Reverse the impact of IFRS 16:</i>				
Rent expense excluded from net income (a)	(5,735)	(7,901)	(23,173)	(25,253)
Depreciation on ROU assets (a)	4,682	4,448	18,206	17,915
Impairment on ROU assets (a)	–	61	–	61
Interest on lease liabilities (a)	1,330	1,346	5,124	4,854
Deferred tax impact (a)	(74)	543	(42)	642
Total IFRS 16 impacts reversed	203	(1,503)	115	(1,781)
<i>Adjust for the impact of:</i>				
SG&A: Purchase accounting adjustments (b)	(17)	(14)	(55)	(47)
SG&A: Stock option expense (c)	19	122	156	454
SG&A: Changes in key personnel (d)	218	1,133	879	2,586
SG&A: Non-recurring legal fees (e)	124	41	126	128
SG&A: Other non-recurring items (f)	80	45	80	95
SG&A: Amortization of intangible assets acquired by Searchlight (g)	576	620	2,302	2,346
Impairment of intangible assets (h)	50,000	–	50,000	–
Total adjustments	51,000	1,947	53,488	5,562
Tax effect of adjustments	(13,514)	(484)	(14,133)	(1,351)
Adjusted Net Income^(j)	15,987	14,581	6,027	4,270
Adjusted Net Income per share^(k)	\$0.40	\$0.36	\$0.15	\$0.11

Notes:

- (a) The impact of IFRS 16 in Q4 2024 and Q4 2023 was: (i) a decrease to selling, general, and admin (“SG&A”) expenses of \$1,053 and \$3,392, respectively, which comprised the impact of depreciation, lease modifications and impairment on the right-of-use (“ROU”) assets, net of the exclusion of rent payments from SG&A expenses, (ii) an increase in interest expense of \$1,330 and \$1,346, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) a deferred tax impact of \$(74) and \$543, respectively, based on tax attributes on the ROU assets and lease liabilities balances recorded. The impact of IFRS 16 in F2024 and F2023 was: (i) a decrease to SG&A expenses of \$4,967 and \$7,277, respectively, which comprised the impact of depreciation, lease modifications and impairment on the ROU assets, net of the exclusion of rent payments from SG&A expenses, (ii) an increase in interest expense of \$5,124 and \$4,854, respectively, arising from interest expense recorded on

the lease liabilities in the period, and (iii) a deferred tax impact of \$(42) and \$642, respectively, based on tax attributes on the ROU assets and lease liabilities balances recorded.

- (b) As a result of the Acquisition, the Company recognized an intangible asset for lease arrangements in the amount of \$6,310, which when excluding the impacts of IFRS 16, is amortized over the life of the leases and included in SG&A expenses. If the Acquisition had not occurred, such intangibles would not have been recognized and, consequently, the associated expenses would not have been incurred.
- (c) Represents non-cash share-based compensation expense in respect of our Legacy Equity Incentive Plan, Legacy Employee Option Plan, and Omnibus Equity Incentive Plan.
- (d) Represents expenses incurred in respect of the Company's efforts to recruit for vacancies in key management positions and severance costs associated with employee separations relating to such positions.
- (e) Represents non-recurring legal costs that are outside the scope of normal operations.
- (f) Represents one-time costs that do not reflect the underlying profitability of the business, including consulting fees related to inventory valuations used to explore alternative financing options with lower interest costs and non-recurring settlement fees relating to the termination of certain operating contracts.
- (g) 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 4 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.
- (h) Represents a non-cash impairment charge taken against intangible assets, where the carrying amount of the assets exceeded their estimated recoverable amount. The Company does not believe the charge to be reflective of the underlying results of the business as compared to historical periods and further does not expect the impairment charge to have any impact on its future operations, nor affect its liquidity, cash flows, or compliance with any financial and operating covenants.
- (i) Adjusted EBITDA excludes the impact of IFRS 16. If the impact of IFRS 16, net of impairments on the ROU assets, was included for Q4 2024 and F2024, Adjusted EBITDA would have been \$31,032 and \$44,533, respectively. If the impact of IFRS 16, net of impairments on the ROU assets, was included for Q4 2023 and F2023, Adjusted EBITDA would have been \$31,018 and \$45,094, respectively.
- (j) Adjusted Net Income excludes the impact of IFRS 16. If the impact of IFRS 16, net of impairments on the ROU assets, was included for Q4 2024 and F2024, Adjusted Net Income would have been \$15,796 and \$5,952, respectively. If the impact of IFRS 16, net of impairments on the ROU assets, was included for Q4 2023 and F2023, Adjusted Net Income would have been \$16,094 and \$6,086, respectively.
- (k) Adjusted Net Income per share has been calculated based on the weighted average number of Shares outstanding during the period. The weighted average number of Shares during Q4 2024 and F2024 was 40,254,609 and 40,251,312, respectively. The weighted average number of Shares during Q4 2023 and F2023 as 40,250,213 and 40,657,335, respectively.

Reconciliation of long-term debt to net debt and leverage ratio:

CAD \$000s	February 1, 2025	February 3, 2024
Long-term debt ⁽¹⁾	\$ 41,370	\$ 45,010
Less: cash	(34,021)	(28,033)
Net debt	\$ 7,349	\$ 16,977
Trailing 12-month Adjusted EBITDA	21,305	19,855
Leverage ratio	0.3x	0.9x

Notes:

- (1) Total long-term debt of \$41,370 at February 1, 2025 is net of \$810 unamortized long-term debt financing costs. As at February 3, 2024, total long-term debt of \$45,010 is net of \$1,194 unamortized long-term debt financing costs.

ABOUT ROOTS

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

FORWARD-LOOKING INFORMATION

Certain information in this press release contains forward-looking information. This information is based on management's reasonable assumptions and beliefs in light of the information currently available to us and is made as of the date of this press release. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors. Information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements.

See "Forward-Looking Information" and "Risk Factors" in the Company's current Annual Information Form for a discussion of the uncertainties, risks and assumptions associated with these statements. Readers are urged to consider the uncertainties, risks and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. We have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law.

CONTACT INFORMATION

Roots Investor Relations
Investors@roots.com
1-844-762-2343

For media or partnership inquiries, please contact:

Nicole Legate
Director of PR
nlegate@roots.com
647-828-5128