



ROOTS REPORTS STRONG FIRST QUARTER FISCAL 2025 RESULTS

TORONTO, June 13, 2025 – Roots (“Roots” or the “Company”) (TSX: ROOT), a premium outdoor-lifestyle brand, announced today financial results for its first quarter ended May 3, 2025 (“Q1 2025”). 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.

"Our first-quarter results, marking the third consecutive quarter of year-over-year growth in sales, gross margin, and adjusted EBITDA, speaks to the growing resonance of the Roots brand and the discipline with which we are executing our strategic priorities," said Meghan Roach, President and Chief Executive Officer. "From elevated marketing to improved product availability and AI-operational enhancements, we drove meaningful gains across key performance metrics. As we begin 2025, I am proud of how our team continues to innovate and deliver value, while navigating consumer preferences and the evolving retail landscape."

- Sales were \$40.0 million, a 6.7% increase compared to \$37.5 million in Q1 2024.
 - DTC sales were \$34.6 million, a 10.2% increase compared to \$31.4 million in Q1 2024
 - DTC comparable sales growth was 14.1%
- Gross margin was 61.5%, up 250bps compared to 59.0% in Q1 2024
 - DTC gross margin of 62.9%, up 80bps compared to 62.1% in Q1 2024
- Net loss totaled (\$7.9) million, improving from (\$8.9) million in Q1 2024
 - Excluding the impacts from cash settled instruments under our share-based compensation plan, net loss would have been (\$7.4) million, improving 16.5% compared to (\$8.9) million in Q1 2024
- Adjusted EBITDA amounted to (\$7.1) million, a 10.7% improvement from (\$8.0) million in Q1 2024
 - Excluding the impacts from cash settled instruments under our share-based compensation plan, Adjusted EBITDA would have been (\$6.6) million, improving 16.8% compared to (\$8.0) million in Q1 2024
- Net debt reduced 6.7% year-over-year to \$29.6 million
- Repurchased 115,300 shares for \$0.3 million under the normal course issue bid that launched in Q1 2025

SELECT FINANCIAL INFORMATION (in '000s of CAD\$, except where noted)	First quarter ended		
	May 3, 2025	May 4, 2024	Change
Total sales	39,980	37,461	+6.7%
Direct-to-Consumer (“DTC”) sales	34,608	31,405	+10.2%
Partners & Other (“P&O”) sales	5,372	6,056	(11.3%)
Gross profit	24,572	22,101	+11.2%
Gross margin	61.5%	59.0%	+250 bps ¹
Selling, General and Administrative (“SG&A”) expenses	33,289	31,982	+4.1%
Net loss	(7,911)	(8,895)	+11.1%

Net loss per share	(\$0.20)	(\$0.22)	+9.1%
Adjusted EBITDA²	(7,106)	(7,959)	+10.7%
Free Cash Flow³	(21,806)	(14,613)	(49.2%)
Net Debt⁴	29,576	31,704	(6.7%)

¹ Basis points ("bps").

² Adjusted EBITDA is a non-IFRS measure that adjusts for the impact of certain items that are non-recurring or unusual in nature to remove difficulty in comparing underlying financial performance between periods. See "Non-IFRS Measures and Industry Metrics".

³ 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".

⁴ 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".

"Our first quarter results reflect our ongoing commitment to balance top-line growth with cost discipline to improve long-term profitability and operating leverage," said Leon Wu, Chief Financial Officer. "With a strong balance sheet, we are well-positioned to opportunistically respond to shifting market conditions while sustaining our current momentum."

FIRST QUARTER OVERVIEW

Total sales were \$40.0 million in Q1 2025, representing an increase of 6.7% from \$37.5 million in the first quarter of fiscal 2024 ("Q1 2024"). DTC sales (corporate retail store and eCommerce sales) were \$34.6 million, a 10.2% increase from \$31.4 million in Q1 2024. DTC momentum carried into Q1, with comparable sales growth of 14.1%, driven by double-digit growth across both channels. This was led by conversion improvements through improved product curation, customer experience improvements, and better in-stock position.

P&O sales (wholesale Roots branded products, licensing to select manufacturing partners and the sale of certain custom products) amounted to \$5.4 million in Q1 2025 as compared to \$6.1 million in Q1 2024. The decline in P&O sales is from lower wholesale sales as our international operating partner continues to optimize their inventory levels. This decline was partially offset by double digit growth from the remaining lines of business in the segment, including China Tmall eCommerce sales.

Gross profit reached \$24.6 million in Q1 2025 compared to \$22.1 million in Q1 2024, representing a year-over-year increase of 11.2%. Gross margin was 61.5% in Q1 2025 compared to 59.0% in Q1 2024. DTC gross margin was 62.9% in Q1 2025, up 80 basis points from 62.1% in Q1 2024. The increase in DTC gross margin was driven by 270 bps of product margin expansion from improved costing and lower discount sales. This was partially offset by the unfavorable foreign exchange impact on U.S. dollar purchases and increased freight premiums.

SG&A expenses totaled \$33.3 million in Q1 2025 compared to \$32.0 million in Q1 2024, representing a year-over-year increase of 4.1%. The increase was partially driven by \$0.5 million of unfavourable revaluation of cash-settled instruments under our share-based compensation plan. Excluding this item, SG&A expenses increased 2.6%, primarily reflecting higher investments in marketing, with sales-driven variable costs largely offset by savings from store fleet optimization initiatives.

Net loss totaled (\$7.9) million, or (\$0.20) per share, in Q1 2025, improving from a net loss of (\$8.9) million, or (\$0.22) per share, in Q1 2024.

Adjusted EBITDA amounted to (\$7.1) million in Q1 2025, improving from to (\$8.0) million in Q1 2024.

FINANCIAL POSITION

Inventory was \$40.5 million at the end of Q1 2025, as compared to \$35.4 million at the end of Q1 2024, representing an increase of \$5.1 million or 14.5%. The year-over-year increase in inventory was driven by an increase in certain core collections on-hand, addressing the shortages in these areas in Q1 2024, and higher in-transit inventory to support the upcoming season.

Free cash flow was (\$21.8) million in Q1 2025, as compared to (\$14.6) million in Q1 2024. The change in free cash outflows was driven by increased inventory purchases and the timing of certain monthly occupancy cost payments. As at May 3, 2025, Roots had net debt of \$29.6 million, improved from \$31.7 million a year earlier. The Company's leverage ratio, defined as total net debt to trailing 12-months Adjusted EBITDA, was 1.3x as at Q1 2025. As at May 3, 2025, Roots had \$40.6 million outstanding under its credit facilities and total liquidity of \$65.9 million, including cash and borrowing capacity available under its revolving credit facility.

NORMAL COURSE ISSUER BID

Under its Normal Course Issuer Bid ("NCIB") program, Roots repurchased 115,300 common shares of the Company ("Shares") for a total consideration of \$0.3 million in Q1 2025. The NCIB allows the Company to repurchase for cancellation up to 1,347,118 Shares during the 12-month period ending April 10, 2026. At the end of Q1 2025, 115,300 Shares had been purchased under the current NCIB program.

AMENDMENT TO THE COMPANY'S CREDIT AGREEMENT

On May 22, 2025, the Company amended its Credit Agreement to extend the current maturity date of September 6, 2026 to September 6, 2027. In addition, the amendment reduced the \$60 million Revolver Credit Facility, which includes a swing loan of \$10 million, down to \$45 million, and increased the maximum annual excess cash flow sweep, as defined in the Credit Agreement, from \$5 million to \$7.5 million. The costs incurred by the Company associated with the amendment will be recorded as debt financing costs within long-term debt and will be recognized in interest expense over the remaining term of the loan.

CONFERENCE CALL AND WEBCAST INFORMATION

Roots will hold a conference call to review its first quarter 2025 results on June 13, 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: 239625. Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until June 20, 2025, at midnight, and can be accessed by dialing 1-226-828-7578 or 1-833-950-0062 and entering the replay passcode: 507584.

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 loss or other performance measures derived in accordance with IFRS as measures of operating performance or operating cash flows or as a measure of liquidity. In addition to our results determined in accordance with IFRS, we use non-IFRS measures including "EBITDA", "Adjusted EBITDA", "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 Q1 2025, 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 table below provides a reconciliation of net loss to EBITDA and Adjusted EBITDA for the periods presented:

CAD \$000s	Q1 2025	Q1 2024
Net loss	(7,911)	(8,895)
<i>Add the impact of:</i>		
Interest expense (a)	2,015	2,127
Income taxes recovery (a)	(2,821)	(3,113)
Depreciation and amortization (a)	6,865	7,241
EBITDA	(1,852)	(2,640)
<i>Adjust for the impact of:</i>		
SG&A: Rent expense excluded from net loss due to IFRS 16 (a)	(5,379)	(5,589)
SG&A: Purchase accounting adjustments (b)	(4)	(6)
SG&A: Stock option expense (c)	75	91
SG&A: Changes in key personnel (d)	54	189
SG&A: Non-recurring legal fees (e)	—	(4)
Adjusted EBITDA^(f)	(7,106)	(7,959)

Notes:

- (a) The impact of IFRS 16 in Q1 2025 and Q1 2024 was: (i) a decrease to selling, general, and admin ("SG&A") expenses of \$1,262 and \$1,097, respectively, which comprised the impact of depreciation, and lease modifications on the right-of-use ("ROU") assets, net of the exclusion of rent payments from SG&A expenses, (ii) a decrease in interest expense of \$1,292 and \$1,291, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) a deferred tax impact of \$(8) and \$(52), 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.
- (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) Adjusted EBITDA excludes the impact of IFRS 16. If the impact of IFRS 16 was included for Q1 2025 and Q1 2024, Adjusted EBITDA would have been \$(1,723) and \$(2,364), respectively.

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

CAD \$000s	As at		
	May 3, 2025	May 4, 2024	February 1, 2025
Long-term debt ⁽¹⁾	\$ 35,490	\$ 44,119	\$ 41,370
Less: cash.	(5,914)	(12,414)	(34,021)
Net debt	\$ 29,576	\$ 31,705	\$ 7,349
Trailing 12-month Adjusted EBITDA	22,158	17,744	21,305
Leverage ratio	1.3x	1.8x	0.3x

Notes:

- (1) Total long-term debt of \$35,490 at May 3, 2025, is net of \$684 unamortized long-term debt financing costs. As at May 4, 2024, total long-term debt of \$44,119 is net of \$1,079 unamortized long-term debt financing costs. As at February 1, 2025, total long-term debt of \$41,370 is net of \$810 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