



ROOTS REPORTS FIRST QUARTER FISCAL 2026 RESULTS & BUSINESS UPDATE

Q1 sales growth of 6.5% with comparable sales growth for the seventh consecutive quarter

TORONTO, June 12, 2026 – Roots (“Roots,” or the “Company”) (TSX: ROOT), a premium outdoor-lifestyle brand, announced today financial results for its first quarter ended May 2, 2026 (“Q1 2026”). 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.

Distribution Centre Transition Update

In January 2026, the Company announced its strategic distribution partnership with Metro Supply Chain. The transition is anticipated to be completed by the end of the second quarter. In Q1 2026, the Company incurred \$1.8 million incremental costs related to this transition, which is primarily driven by the accelerated non-cash depreciation of existing fixed assets. To minimize the cash impacts of the upcoming transition, Roots has shifted additional products to final sale to reduce the transfer of past-season inventory.

Strategic Review Update

As announced in March 2026, the Company and its Board of Directors continue to conduct its review of strategic alternatives, which may include, but not limited to, a sale of the Company. In Q1 2026, the Company incurred \$0.6 million in incremental consulting and legal costs related to this process.

First Quarter Highlights:

“Roots delivered first quarter sales growth of 6.5 percent and comparable sales growth of 3.2 percent, or 16.6 percent on a two-year stacked basis, alongside a 20.7 percent reduction in net debt year-over-year. Within the first quarter, we continued to diversify our product offering with both our lifestyle and activewear offerings increasing as a percentage of sales,” said Meghan Roach, President and Chief Executive Officer of Roots.

“These results reflect the continued strength of the business as we advance two significant initiatives this year: the transition of our distribution centre to Metro Supply Chain, and the review of strategic alternatives being led by our Board. The costs associated with these initiatives are reflected in our results. We remain focused on disciplined execution and building long-term value for all our shareholders,” continued Ms. Roach.

- Sales were \$42.6 million, a 6.5% increase as compared to \$40.0 million in Q1 2025
 - DTC sales were \$35.8 million, a 3.3% increase as compared to \$34.6 million in Q1 2025
 - DTC comparable sales growth was 3.2%
- Gross margin was 59.9%, as compared to 61.5% in Q1 2025

- DTC gross margin of 61.3%, as compared to 62.9% in Q1 2025
- Adjusted EBITDA amounted to (\$7.4) million, as compared to (\$7.1) million in Q1 2025
- Net loss totaled (\$10.1) million, as compared to (\$7.9) million in Q1 2025
 - Adjusted Net Income (Loss), which excludes the impacts of the distribution centre transition and strategic review, along with other non-recurring or unusual costs outside the normal course of operations, was (\$7.6) million, as compared to (\$7.4) million last year.
- Net debt reduced 20.7% year-over-year to \$23.4 million

SELECT FINANCIAL INFORMATION (in '000s of CAD\$, except where noted)	First quarter ended		
	May 2, 2026	May 3, 2025	Change
Total sales	42,567	39,980	+6.5%
Direct-to-Consumer (“DTC”) sales	35,765	34,608	+3.3%
Partners & Other (“P&O”) sales	6,802	5,372	+26.6%
Gross profit	25,507	24,572	+3.8%
Gross margin	59.9%	61.5%	(160 bps) ¹
Selling, General and Administrative (“SG&A”) expenses	37,296	33,289	+12.0%
Net loss	(10,061)	(7,911)	(27.2%)
Net loss per share	(\$0.26)	(\$0.20)	(30.0%)
Adjusted Net Income (Loss)²	(7,576)	(7,355)	(3.0%)
Adjusted Net Income (Loss) per Share²	(\$0.19)	(\$0.18)	(5.6%)
Adjusted EBITDA²	(7,436)	(7,106)	(4.6%)
Free Cash Flow³	(19,097)	(21,806)	+12.4%
Net Debt⁴	23,448	29,576	(20.7%)

¹ Basis points (“bps”).

² Adjusted Net Income (Loss), Adjusted Net Income (Loss) per Share, and Adjusted EBITDA are non-IFRS measures that adjust for the impact of certain items that are non-recurring or unusual in nature to improve the comparability of 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 non-IFRS 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 are pleased with the continued sales momentum and deleveraging in the first quarter, and we continue to progress on our strategic review and the distribution centre transition initiatives,” said Leon Wu, Chief Financial Officer. “We are in the final stages of preparation for our distribution centre move and remain on track to be fully operational at the third-party distribution centre by the end of the second quarter.”

FIRST QUARTER OVERVIEW

Total sales were \$42.6 million in Q1 2026, representing an increase of 6.5% from \$40.0 million in the first quarter of fiscal 2025 (“Q1 2025”). DTC sales (corporate retail store and eCommerce sales) were \$35.8 million, a 3.3% increase from \$34.6 million in Q1 2025. The DTC sales growth was reflected in the strong comparable sales growth of 3.2%, delivering a two-year stacked comparable sales growth of 16.6%. This was achieved through positive traffic across both channels, supported by a thoughtfully curated product assortment.

P&O sales (wholesale Roots branded products, licensing to select manufacturing partners, and the sale of certain custom products) amounted to \$6.8 million in Q1 2026, increasing 26.6% as compared to \$5.4 million in Q1 2025. The increase in P&O sales was driven by significant growth across domestic wholesale, custom products

and our licensing channels. This reflects both the continued expansion of our customer base in these channels and stronger volumes with existing customers.

Gross profit was \$25.5 million in Q1 2026 as compared to \$24.6 million in Q1 2025, representing a year-over-year increase of 3.8%. Gross margin was 59.9% in Q1 2026 as compared to 61.5% in Q1 2025. DTC gross margin was 61.3% in Q1 2026 as compared to 62.9% in Q1 2025. The year-over-year change in the DTC gross margin was driven by a higher temporary mix of final sale price point offerings on select products ahead of our distribution centre transition in the following quarter, and the unfavorable foreign exchange impact on U.S. dollar purchases. This was partially offset by continued momentum in improvements to our product costing.

SG&A expenses totaled \$37.3 million in Q1 2026 as compared to \$33.3 million in Q1 2025, representing a year-over-year increase of 12.0%. The increase in SG&A expenses was notably driven by \$1.8 million of incremental costs related to the distribution centre transition, the majority of which was comprised of accelerated depreciation on existing assets, and \$0.6 million of incremental costs related to the strategic review. Excluding the aforementioned project costs, SG&A expenses increased 4.9%, driven by higher variable selling costs, store-related occupancy costs, and personnel costs.

Net loss totaled (\$10.1) million, or \$(0.26) per share, in Q1 2026, as compared to a net loss of (\$7.9) million, or \$(0.20) per share, in Q1 2025. As the first quarter historically represents approximately 14% of the full year sales, the impacts of the non-recurring projects had a more pronounced impact on net earnings. Adjusted Net Loss, which adjusts primarily for the costs of the DC transition and strategic review, was (\$7.6) million, as compared to (\$7.4) million in Q1 2025.

Adjusted EBITDA amounted to (\$7.4) million in Q1 2026, as compared to (\$7.1) million in Q1 2025.

FINANCIAL POSITION

Inventory was \$45.0 million at the end of Q1 2026, as compared to \$40.5 million at the end of Q1 2025, representing an increase of \$4.5 million or 11.1%. Of the increase, \$0.5 million was attributable to unfavorable foreign exchange on purchases, while the remaining \$4.0 million was primarily driven by higher in-transit inventory to support upcoming selling seasons, and higher P&O inventory to support the current momentum.

Free cash flow was (\$19.1) million in Q1 2026, as compared to (\$21.8) million in Q1 2025. The year-over-year improvement in free cash flow was driven by sales growth and ongoing management of working capital.

As at the end of Q1 2026, Roots had net debt of \$23.4 million, improving from \$29.6 million a year earlier. The Company's leverage ratio, defined as total net debt to trailing 12-months Adjusted EBITDA, was 1.0x as at the end of Q1 2026. As at the end of Q1 2026, Roots had \$32.6 million outstanding under its credit facilities and total liquidity of \$53.7 million, including net cash and borrowing capacity available under its revolving credit facility.

NORMAL COURSE ISSUER BID

Under its normal course issuer bid ("NCIB") program, which commenced April 11, 2025 and terminated on April 10, 2026, the Company repurchased 1,286,700 common shares for total consideration of \$4.0 million. No common shares were repurchased under the NCIB during Q1 2026.

CONFERENCE CALL AND WEBCAST INFORMATION

Roots will hold a conference call to review its first quarter 2026 results on June 12, 2026 at 8:00 a.m. ET. All interested parties can join the call by dialing 1-365-657-4084 or 1-833-461-5787 and using conference ID: 267352366. Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay for a period of 12-months and can be accessed by following the link [here](#).

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 (loss) or other performance measures derived in accordance with IFRS as measures of operating performance or operating cash flows or as a measure of liquidity. In addition to our results determined in accordance with IFRS, we use non-IFRS measures including "EBITDA", "Adjusted EBITDA", "Adjusted Net Income (Loss)", "Adjusted Net Income (Loss) 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 Q1 2026, 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, Adjusted EBITDA, Adjusted Net Income (Loss), and Adjusted Net Income (Loss) per Share for the periods presented:

Reconciliation of net loss to EBITDA and Adjusted EBITDA:

CAD \$000s	Q1 2026	Q1 2025
Net loss	(10,061)	(7,911)
<i>Add the impact of:</i>		
Interest expense (a)	1,743	2,015
Income taxes recovery (a)	(3,471)	(2,821)
Depreciation and amortization (a)	8,641	6,865
EBITDA	(3,148)	(1,852)
<i>Adjust for the impact of:</i>		
SG&A: Rent expense excluded from net loss due to IFRS 16 (a)	(5,638)	(5,379)
SG&A: Purchase accounting adjustments (b)	–	(4)
SG&A: Stock option expense (c)	164	75
SG&A: Changes in key personnel (d)	272	54
SG&A: Tariffs on US web shipments (e)	98	–
SG&A: Transition of distribution centre - consulting costs (f)	138	–
SG&A: Strategic review costs (g)	551	–
SG&A: Other non-recurring items (h)	127	–
Adjusted EBITDA^(l)	(7,436)	(7,106)

Reconciliation of net loss to Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share:

CAD \$000s (except per share data)	Q1 2026	Q1 2025
Net loss	(10,061)	(7,911)
<i>Reverse the impact of IFRS 16:</i>		
Rent expense excluded from net loss (a)	(5,638)	(5,379)
Depreciation on ROU assets (a)	4,339	4,117
Interest on lease liabilities (a)	1,208	1,292
Deferred tax impact (a)	25	(8)
Total IFRS 16 impacts reversed	(66)	22
<i>Adjust for the impact of:</i>		
SG&A: Purchase accounting adjustments (b)	–	(4)
SG&A: Stock option expense (c)	164	75
SG&A: Changes in key personnel (d)	272	54
SG&A: Tariffs on US web shipments (e)	98	–
SG&A: Transition of distribution centre - consulting costs (f)	138	–
SG&A: Transition of distribution centre - accelerated non-cash depreciation (f) ..	1,681	–
SG&A: Strategic review costs (g)	551	–
SG&A: Other non-recurring items (h)	127	–
SG&A: Amortization of intangible assets acquired by Searchlight Capital Partners, L.P. (" Searchlight ") (i)	382	575
Total adjustments	3,413	700
Tax effect of adjustments	(862)	(166)
Adjusted Net Income (Loss)^(k)	(7,576)	(7,355)
Adjusted Net Income (Loss) per Share^(l)	(0.19)	(0.18)

Notes:

(a) The impact of IFRS 16 in Q1 2026 and Q1 2025 was: (i) a decrease to SG&A expenses of \$1,299 and \$1,262, 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 \$1,208 and \$1,292, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) a deferred tax impact of \$25 and \$(8), respectively, based on tax attributes on the ROU assets and lease liabilities balances recorded.

- (b) Roots and its subsidiaries acquired substantially all of the assets of Roots Canada Ltd. and all of the issued and outstanding shares of Roots International ULC, effective December 1, 2015 (the “**Acquisition**”). 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) Prior to the implementation of a transfer pricing structure, Roots paid tariffs on the retail sales value of US-bound eCommerce shipments. The Company has undertaken a transfer pricing study and determined that approximately 70% of the tariffs could be saved under the determined structure, which was formally put in place in March 2026. The adjustment of \$98 represents the portion of tariffs that would have been saved, had the transfer pricing structure been implemented for all of Q1 2026.
- (f) Represents \$138 of consulting, implementation, and transition costs in connection to the migration of the Company’s distribution centre from its in-house facility to a third-party operated facility, and \$1,681 of accelerated non-cash depreciation on assets at its in-house facility. The Company does not believe the costs are reflective of the underlying business results as the migration of a distribution centre is infrequent in nature.
- (g) Represents consulting and legal costs incurred in connection with the strategic review initiated by the Company’s Board of Directors in March 2026, which are outside the scope of normal operations.
- (h) Represents one-time costs that do not reflect the underlying profitability of the business, including consulting and legal fees related to the transfer pricing initiative and non-recurring settlement fees relating to the termination of certain operating contracts.
- (i) 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.
- (j) Adjusted EBITDA excludes the impact of IFRS 16. If the impact of IFRS 16 was included for Q1 2026 and Q1 2025, Adjusted EBITDA would have been \$(1,798) and \$(1,723), respectively.
- (k) Adjusted Net Income (Loss) excludes the impact of IFRS 16 in Q1 2026 and Q1 2025. If the impact of IFRS 16 was included for Q1 2026 and Q1 2025, Adjusted Net Income (Loss) would have been \$(7,510) and \$(7,374), respectively.
- (l) Adjusted Net Income (Loss) per Share has been calculated based on the weighted average number of Shares outstanding during the period. The weighted average number of Shares during Q1 2026 and Q1 2025 was 39,196,165 and 40,441,009, respectively.

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

CAD \$000s	As at		
	May 2, 2026	May 3, 2025	January 31, 2026
Long-term debt ⁽¹⁾	\$ 32,100	\$ 35,490	\$32,884
Less: cash	(8,652)	(5,914)	(28,633)
Net debt	\$ 23,448	\$ 29,576	\$4,251
Trailing 12-month Adjusted EBITDA	22,996	22,158	23,326
Leverage ratio	1.0x	1.3x	0.2x

Notes:

(1) As at May 2, 2026, total long-term debt of \$32,100 was net of \$539 unamortized long-term debt financing costs. As at May 3, 2025, total long-term debt of \$35,490 was net of \$684 unamortized long-term debt financing costs. As at January 31, 2026, total long-term debt of \$32,884 was net of \$639 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 which, as at the end of Q1 2026, operated 96 corporate retail stores and 11 short-term pop-up locations in Canada, two stores in the United States, and an eCommerce platform, roots.com. We have more than 100 partner-operated stores in Asia, and we also operate a dedicated Roots-branded storefront on Tmall.com in China. We design, market, and sell a broad selection of products in different departments, including women’s, men’s, children’s, and gender-free apparel, leather goods, footwear, and accessories. Our products are built with uncompromising comfort, quality, and style that allows you to feel At Home With Nature™. We offer products designed to meet life’s everyday adventures and provide you with the versatility to live your life to the fullest. We also wholesale through business-to-business channels

and license the brand to a select group of licensees selling products to major retailers. Roots Corporation is a Canadian corporation doing business as “Roots” and “Roots Canada”.

FORWARD-LOOKING INFORMATION

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

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

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