



ROOTS REPORTS STRONG THIRD QUARTER FISCAL 2025 RESULTS

TORONTO, December 10, 2025 – Roots (“Roots,” or the “Company”) (TSX: ROOT), a premium outdoor-lifestyle brand, announced today financial results for its third quarter ended November 1, 2025 (“Q3 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.

“Roots delivered strong third-quarter results, with growth driven by consumers’ positive response to our products, enhanced marketing efforts, and improved in-store execution,” said Meghan Roach, President and Chief Executive Officer of Roots Corporation. “Even in a dynamic retail environment, our heritage, quality, and focus on comfort continued to differentiate the brand and drive engagement across our omnichannel platform. We remain disciplined in execution and committed to strengthening the foundations of the brand to support long-term value creation.”

“While early in the fourth quarter, we continue to experience positive trends,” continued Ms. Roach.

Third Quarter Highlights

- Sales were \$71.5 million, a 6.8% increase compared to \$66.9 million in Q3 2024
 - DTC sales were \$56.8 million, a 4.8% increase compared to \$54.2 million in Q3 2024
 - DTC comparable sales growth was 6.3%
- Gross margin was 60.8%, up 80bps compared to 60.0% Q3 2024
 - DTC gross margin of 65.4%, up 140bps compared to 64.0% in Q3 2024
- Net income totaled \$2.3 million, decreasing 4.5% from \$2.4 million in Q3 2024
 - Excluding the impacts from the revaluation of cash settled instruments under our share-based compensation plan, net income would have been \$2.4 million, improving 1.5% compared to \$2.3 million in Q3 2024
- Adjusted EBITDA amounted to \$7.5 million, a 5.3% improvement from \$7.1 million in Q3 2024
 - Excluding the impacts from the revaluation of cash settled instruments under our share-based compensation plan, Adjusted EBITDA would have been \$7.6 million, improving 7.3% compared to \$7.0 million in Q3 2024
- Net debt reduced 5.9% year-over-year to \$44.1 million
- The Company repurchased 415,200 common shares for \$1.3 million under its normal course issue bid

SELECT FINANCIAL INFORMATION (in '000s of CAD\$, except where noted)	Third quarter ended			Year-to-date		
	November 1, 2025	November 2, 2024	Change	November 1, 2025	November 2, 2024	Change
Total sales	71,467	66,905	6.8%	162,216	152,113	6.6%
Direct-to-Consumer (“DTC”) sales	56,832	54,209	4.8%	132,489	122,031	8.6%
Partners & Other (“P&O”) sales	14,635	12,696	15.3%	29,727	30,082	(1.2%)
Gross profit	43,426	40,155	8.1%	98,826	89,176	10.8%
Gross margin	60.8%	60.0%	80 bps ¹	60.9%	58.6%	230 bps ¹
Selling, General and Administrative (“SG&A”) expenses	38,173	34,507	10.6%	106,194	98,334	8.0%
Net income (loss)	2,282	2,390	(4.5%)	(10,023)	(11,741)	14.6%
Net income (loss) per share	\$0.06	\$0.06	—	(\$0.26)	(\$0.29)	10.3%
Adjusted EBITDA²	7,490	7,115	5.3%	(1,746)	(3,975)	56.1%
Free Cash Flow³	(4,580)	(6,020)	23.9%	(33,287)	(29,587)	(12.5%)
Net Debt⁴	—	—	—	44,139	46,921	(5.9%)

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 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 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 disciplined approach to investing in strategic growth continues to deliver results,” said Leon Wu, Chief Financial Officer. “We have sustained positive sales momentum and maintained the underlying margins of those sales, supporting a stronger balance sheet with year-over-year reductions in net debt.”

THIRD QUARTER OVERVIEW

Total sales were \$71.5 million in Q3 2025, representing an increase of 6.8% from \$66.9 million in the third quarter of fiscal 2024 (“Q3 2024”). DTC sales (corporate retail store and eCommerce sales) were \$56.8 million, a 4.8% increase from \$54.2 million in Q3 2024. The DTC sales growth was reflected in the strong comparable sales growth of 6.3%, driven by enhancements to the omnichannel customer experience. This was further complemented by strong customer engagement with our elevated brand initiatives and 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 \$14.6 million in Q3 2025, increasing 15.3% compared to \$12.7 million in Q3 2024. The increase in P&O sales was driven by earlier orders by our wholesale operating partner in Taiwan for the upcoming holiday and spring selling seasons, a portion of which was fulfilled in the fourth quarter last year, as well as higher domestic wholesale sales of custom Roots-branded products.

Gross profit reached \$43.4 million in Q3 2025 compared to \$40.2 million in Q3 2024, representing a year-over-year increase of 8.1%. Gross margin was 60.8% in Q3 2025 compared to 60.0% in Q3 2024. DTC gross margin was 65.4% in Q3 2025, up 140 basis points from 64.0% in Q3 2024. The increase in DTC gross margin was driven

by product margin expansion from improved costing and lower discounting. The unfavourable foreign exchange impact on U.S. dollar purchases were offset by improved freight costs.

SG&A expenses totaled \$38.2 million in Q3 2025 compared to \$34.5 million in Q3 2024, representing a year-over-year increase of 10.6%. The increase was primarily driven by \$3.7 million from higher variable costs from increased sales and strategic investments in marketing and personnel. SG&A expenses in Q3 2025 also reflect \$0.3M in incremental U.S. duties paid on eCommerce sales, as well as \$0.7M of higher share-based compensation expense and costs associated with changes in key personnel.

Net income totaled \$2.3 million, or \$0.06 per share, in Q3 2025, compared to a net income of \$2.4 million, or \$0.06 per share, in Q3 2024. Excluding the impacts from cash settled instruments under our share-based compensation plan, net income would have been \$2.4 million, increasing 1.5% compared to \$2.3 million in Q3 2024.

Adjusted EBITDA amounted to \$7.5 million in Q3 2025, improving from \$7.1 million in Q3 2024. Excluding the impacts from cash settled instruments under our share-based compensation plan, Adjusted EBITDA would have been \$7.6 million, increasing 7.3% compared to \$7.0 million in Q3 2024.

YEAR-TO-DATE RESULTS

For the first nine months of fiscal 2025 ("YTD 2025"), total sales amounted to \$162.2 million, representing an increase of 6.6% compared to the first nine months of fiscal 2024 ("YTD 2024"), which amounted to \$152.1 million. DTC sales increased 8.6% to \$132.5 million, with comparable sales growth of 11.5%, while P&O sales decreased by 1.2% to \$29.7 million. Gross profit was \$98.8 million, or 60.9% of sales, up from \$89.2 million, or 58.6% of sales, last year.

Net loss totaled (\$10.0) million, or (\$0.26) per share, improving from (\$11.7) million, or (\$0.29) per share, last year. Excluding the impacts from cash settled instruments under our share-based compensation plan, net loss would have been (\$9.1) million, improving 24.6% compared to (\$12.1) million last year.

Adjusted EBITDA amounted to (\$1.7) million, improving from (\$4.0) million in the corresponding period last year. Excluding the impacts from cash settled instruments under our share-based compensation plan, Adjusted EBITDA would have been (\$0.8) million, improving 81.0% compared to (\$4.3) million last year.

FINANCIAL POSITION

Inventory was \$66.6 million at the end of Q3 2025, as compared to \$60.4 million at the end of Q3 2024, representing an increase of \$6.2 million or 10.3%. Of the increase, \$0.7 million was driven by the higher foreign exchange paid on our purchases. The remaining increase supports our improved inventory position ahead of the peak holiday selling periods, and higher in-transit inventory to support sales for the upcoming year.

Free cash flow was (\$4.6) million in Q3 2025, compared to (\$6.0) million in Q3 2024. The year-over-year improvement in free cash flow was driven by sales growth and ongoing management of working capital, partially offset by higher capital investments in the quarter.

As at the end of Q3 2025, Roots had net debt of \$44.1 million, improving from \$46.9 million a year earlier. The Company's leverage ratio, defined as total net debt to trailing 12-months Adjusted EBITDA, was 1.9x as at the

end of Q3 2025. As at the end of Q3 2025, Roots had \$52.4 million outstanding under its credit facilities and total liquidity of \$34.5 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, Roots repurchased 415,200 common shares of the Company (“Shares”) for total consideration of \$1.3 million in Q3 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. As at the end of Q3 2025, 1,022,000 Shares had been purchased under the current NCIB program for total consideration of \$3.2 million.

CONFERENCE CALL AND WEBCAST INFORMATION

Roots will hold a conference call to review its third quarter 2025 results on December 10, 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: 683231. Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until December 17, 2025, at midnight, and can be accessed by dialing 1-226-828-7578 or 1-833-950-0062 and entering the replay passcode: 863902.

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”, “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 Q3 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 tables below provide a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA, for the periods presented:

Reconciliation of net income (loss) to EBITDA and Adjusted EBITDA:

CAD \$000s	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Net income (loss)	2,282	2,390	(10,023)	(11,741)
Add the impact of:				
Interest expense ^(a)	2,062	2,389	6,070	6,693
Income taxes expense (recovery) ^(a)	909	869	(3,415)	(4,110)
Depreciation and amortization ^(a)	7,024	7,316	20,921	21,859
EBITDA	12,277	12,964	13,553	12,701
Adjust for the impact of:				
SG&A: Rent expense excluded from net income (loss) due to IFRS 16 ^(a)	(5,602)	(5,957)	(16,526)	(17,438)
SG&A: Purchase accounting adjustments ^(b)	(4)	(25)	(12)	(38)
SG&A: Stock option expense ^(c)	195	—	473	137
SG&A: Changes in key personnel ^(d)	624	129	763	661
SG&A: Non-recurring legal fee ^(e)	—	4	3	2
Adjusted EBITDA (f)	7,490	7,115	(1,746)	(3,975)

Notes:

- (a) The impact of IFRS 16 in Q3 2025 and Q3 2024 was: (i) a decrease to SG&A expenses of \$1,343 and \$1,427, 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) an increase in interest expense of \$1,199 and \$1,261, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) an increase to deferred tax expense of \$38 and \$44, respectively, based on tax attributed to these IFRS 16 impacts. The impact of IFRS 16 in YTD 2025 and YTD 2024 was: (i) a decrease to SG&A expenses of \$3,913 and \$3,914, respectively, which comprised the impact of depreciation and lease modifications on the ROU assets, net of the exclusion of rent payments from SG&A expenses, (ii) an increase in interest expense of \$3,738 and \$3,794, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) an increase to deferred tax expense of \$46 and \$32, respectively, based on tax attributed to these IFRS 16 impacts.
- (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 Q3 2025 and Q3 2024, Adjusted EBITDA would have been \$13,096 and \$13,097, respectively. If the impact of IFRS 16 was included for YTD 2025 and YTD 2024, Adjusted EBITDA would have been \$14,792 and \$13,501, respectively

The table below provides a reconciliation of long-term debt and cash to Net debt and Leverage Ratio for the periods presented:

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

CAD \$000s	As at		
	November 1, 2025	November 2, 2024	February 1, 2025
Long-term debt ⁽¹⁾	\$ 51,667	\$ 52,249	\$ 41,370
Less: cash	(7,528)	(5,328)	(34,021)
Net debt	\$ 44,139	\$ 46,921	\$ 7,349
Trailing 12-month Adjusted EBITDA	23,534	19,189	21,305
Leverage ratio	1.9x	2.4x	0.3x

Notes:

(1) Total long-term debt of \$51,667 at November 1, 2025 is net of \$739 unamortized long-term debt financing costs. As at November 2, 2024, total long-term debt of \$52,249 is net of \$937 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.

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