



ROOTS CORPORATION

Interim Condensed Consolidated Financial Statements

For the 13 and 39 week periods ended November 1, 2025 and November 2, 2024
In Canadian dollars
(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice to this effect. The accompanying unaudited interim condensed consolidated financial statements of Roots Corporation have been prepared by, and are the responsibility of management of Roots Corporation.

Roots Corporation's independent auditor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the accompanying interim condensed consolidated financial statements. Readers are cautioned that these financial statements may not be appropriate for their intended purposes.

ROOTS CORPORATION

Interim Condensed Consolidated Statement of Financial Position
(In thousands of Canadian dollars)
(Unaudited)

	Note	November 1, 2025	November 2, 2024	February 1, 2025
Assets				
Current assets				
Cash		\$ 7,528	\$ 5,328	\$ 34,021
Accounts receivable	10	11,989	11,556	11,843
Inventories		66,582	60,370	40,994
Income tax recoverable		584	3,276	–
Prepaid expenses		5,598	5,691	3,367
Derivative assets	4, 10	68	926	2,549
Total current assets		92,349	87,147	92,774
Non-current assets:				
Fixed assets		30,162	33,229	32,038
Right-of-use assets		57,729	59,876	64,425
Intangible assets		129,881	182,172	131,594
Goodwill		7,906	7,906	7,906
Other assets	9	300	300	300
Total non-current assets		225,978	283,483	236,263
Total assets		\$ 318,327	\$ 370,630	\$ 329,037
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	10	35,783	38,208	29,461
Deferred revenue		4,747	4,775	5,223
Income taxes payable		–	–	3,915
Current portion of lease liabilities	10	21,237	19,753	22,004
Current portion of long-term debt	5, 10	3,535	4,024	5,937
Total current liabilities		65,302	66,760	66,540
Non-current liabilities:				
Deferred tax liabilities		11,162	23,322	11,028
Long-term portion of lease liabilities	10	49,807	52,578	56,508
Long-term debt	5, 10	48,132	48,225	35,433
Total non-current liabilities		109,101	124,125	102,969
Total liabilities		174,403	190,885	169,509
Shareholders' equity:				
Share capital	6, 8	182,189	187,544	187,934
Contributed surplus	8	5,121	4,845	4,748
Accumulated other comprehensive income		50	681	1,873
Retained earnings (deficit)		(43,436)	(13,325)	(35,027)
Total shareholders' equity		143,924	179,745	159,528
Total liabilities and shareholders' equity		\$ 318,327	\$ 370,630	\$ 329,037

On behalf of the Board of Directors:

"Erol Uzumeri" Director
"Mary Ann Curran" Director

See accompanying notes to unaudited interim condensed consolidated financial statements.

ROOTS CORPORATION

Interim Condensed Consolidated Statement of Net Income (Loss)
(In thousands of Canadian dollars, except per share amounts)
(Unaudited)

For the 13 and 39 week periods ended November 1, 2025 and November 2, 2024

	Note	November 1, 2025 (13 weeks)	November 2, 2024 (13 weeks)	November 1, 2025 (39 weeks)	November 2, 2024 (39 weeks)
Sales		\$ 71,467	\$ 66,905	\$ 162,216	\$ 152,113
Cost of goods sold		28,041	26,750	63,390	62,937
Gross profit		43,426	40,155	98,826	89,176
Selling, general and administrative expenses	8	38,173	34,507	106,194	98,334
Income (loss) before interest expense and income taxes expense (recovery)		5,253	5,648	(7,368)	(9,158)
Interest expense		2,062	2,389	6,070	6,693
Income (loss) before income taxes		3,191	3,259	(13,438)	(15,851)
Income taxes expense (recovery)	11	909	869	(3,415)	(4,110)
Net income (loss)		\$ 2,282	\$ 2,390	\$ (10,023)	\$ (11,741)
Basic earnings (loss) per share	7	\$ 0.06	\$ 0.06	\$ (0.26)	\$ (0.29)
Diluted earnings (loss) per share	7	\$ 0.06	\$ 0.06	\$ (0.26)	\$ (0.29)

See accompanying notes to unaudited interim condensed consolidated financial statements.

ROOTS CORPORATION

Interim Condensed Consolidated Statement of Comprehensive Income (Loss)
(In thousands of Canadian dollars)
(Unaudited)

For the 13 and 39 week periods ended November 1, 2025 and November 2, 2024

	Note	November 1, 2025 (13 weeks)	November 2, 2024 (13 weeks)	November 1, 2025 (39 weeks)	November 2, 2024 (39 weeks)
Net income (loss)		\$ 2,282	\$ 2,390	\$ (10,023)	\$ (11,741)
Other comprehensive income (loss):					
Items that may be subsequently reclassified to net income (loss):					
Effective portion of changes in fair value of cash flow hedges	4,10	577	361	(2,050)	1,536
Gain (cost) of hedging excluded from cash flow hedges	4,10	42	(40)	439	(1)
Tax impact of cash flow hedges	4,10	(164)	(85)	427	(407)
Total other comprehensive income (loss)		455	236	(1,184)	1,128
Total comprehensive income (loss)		\$ 2,737	\$ 2,626	\$ (11,207)	\$ (10,613)

See accompanying notes to unaudited interim condensed consolidated financial statements.

ROOTS CORPORATION

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
(In thousands of Canadian dollars)
(Unaudited)

For the 39 week periods ended November 1, 2025 and November 2, 2024

November 1, 2025 (39 weeks)	Note	Share capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total
Balance, February 1, 2025		\$ 187,934	\$ 4,748	\$ (35,027)	\$ 1,873	\$ 159,528
Net loss		–	–	(10,023)	–	(10,023)
Net loss from change in fair value of cash flow hedges, net of income taxes	4,10	–	–	–	(1,184)	(1,184)
Transfer of net realized gain on cash flow hedges to inventories, net of income taxes		–	–	–	(639)	(639)
Share-based compensation	8	–	473	–	–	473
Issuance of Shares	6	100	(100)	–	–	–
Purchase of Shares	6	(5,845)	–	1,614	–	(4,231)
Balance, November 1, 2025		\$ 182,189	\$ 5,121	\$ (43,436)	\$ 50	\$ 143,924
November 2, 2024 (39 weeks)	Note	Share capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total
Balance, February 3, 2024		\$ 187,544	\$ 4,708	\$ (1,584)	\$ 149	\$ 190,817
Net loss		–	–	(11,741)	–	(11,741)
Net gain from change in fair value of cash flow hedges, net of income taxes	4,10	–	–	–	1,128	1,128
Transfer of net realized gain on cash flow hedges to inventories, net of income taxes		–	–	–	(596)	(596)
Share-based compensation	8	–	137	–	–	137
Balance, November 2, 2024		\$ 187,544	\$ 4,845	\$ (13,325)	\$ 681	\$ 179,745

See accompanying notes to unaudited interim condensed consolidated financial statements.

ROOTS CORPORATION

Interim Condensed Consolidated Statement of Cash Flows
(In thousands of Canadian dollars)
(Unaudited)

For the 39 week periods ended November 1, 2025 and November 2, 2024

	Note	November 1, 2025 (39 weeks)	November 2, 2024 (39 weeks)
Cash provided by (used in):			
Operating activities:			
Net loss		\$ (10,023)	\$ (11,741)
Items not involving cash:			
Depreciation and amortization		20,921	21,859
Share-based compensation expense	8	473	137
Gain on lease modifications		–	(572)
Interest expense		6,070	6,693
Income taxes recovery	11	(3,415)	(4,110)
Interest paid		(1,987)	(2,541)
Payment of interest on lease liabilities		(3,738)	(3,794)
Income taxes paid		(291)	(18)
Change in non-cash operating working capital:			
Accounts receivable		(146)	(5,482)
Inventories		(25,588)	(24,213)
Prepaid expenses		(2,231)	(368)
Accounts payable and accrued liabilities		5,286	13,328
Deferred revenue		(476)	(526)
		(15,145)	(11,348)
Financing activities			
Proceeds from Revolving Credit Facility	5	18,000	10,000
Long-term debt financing costs	5	(274)	(100)
Repayment of Term Credit Facility	5	(7,774)	(3,018)
Purchase of Shares	6	(3,158)	–
Payment of principal on lease liabilities, net of tenant allowance		(13,535)	(12,917)
		(6,741)	(6,035)
Investing activities			
Additions to fixed assets		(4,583)	(5,184)
Additions to right-of-use assets		–	(100)
Additions to intangible assets		(24)	(38)
		(4,607)	(5,322)
Decrease in cash		(26,493)	(22,705)
Cash, beginning of period		34,021	28,033
Cash, end of period		\$ 7,528	\$ 5,328

See accompanying notes to unaudited interim condensed consolidated financial statements.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

1. Nature of operations and basis of presentation

Nature of operations

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 November 1, 2025, operated 99 corporate retail stores and 11 short-term pop-up locations in Canada, two corporate retail 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", incorporated under the *Canada Business Corporations Act* on October 14, 2015. Its head office and registered office is located at 1400 Castlefield Avenue, Toronto, Ontario M6B 4C4. Roots Corporation and its subsidiaries are collectively referred to in these interim condensed consolidated financial statements as the "Company" or "Roots Corporation". The Company's common shares ("Shares") are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "ROOT".

The Company experiences seasonal fluctuations in the financial results of its retail business, as a meaningful portion of its sales and earnings occur in the third and fourth fiscal quarters. The Company's working capital requirements generally increase in the periods preceding these peak periods, and it is not uncommon for net income (loss) before interest expense, income taxes expense (recovery) and depreciation and amortization ("EBITDA") to be negative in the first two fiscal quarters.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

Basis of presentation

(a) Statement of compliance:

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and the accounting policies described in the Company’s audited consolidated financial statements as at and for the 52 week period ended February 1, 2025 (the “annual financial statements”). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards (“IFRS”). However, select explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the annual financial statements. These interim condensed consolidated financial statements were authorized for issue by the Company’s Board of Directors (“Board”) on December 9, 2025.

(b) Basis of measurement:

These interim condensed consolidated financial statements were prepared on a historical cost basis, except for derivative financial instruments consisting of foreign currency forward contracts (“forward contracts”) and interest rate swap contracts (“swap contracts”), other assets consisting of non-derivative equity securities, and cash-settled deferred share units (“DSU”), which are measured at fair value.

(c) Use of estimates and judgements:

In preparing these interim condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

2. Material accounting policies

The accounting policies as disclosed in the annual financial statements for the year ended February 1, 2025 have been applied consistently in the preparation of these interim condensed consolidated financial statements.

New standard not yet adopted:

IFRS 18, Presentation and Disclosure in Financial Statements (“IFRS 18”)

In April 2024, the IASB issued *IFRS 18*, which replaces IAS 1, *Presentation of Financial Statements*, to achieve comparability of the financial performance of similar entities. The standard impacts the presentation of the primary financial statements and notes, including the required classification of income and expenses into three categories: operating, investing and financing, with defined subtotals, including “operating profit”. IFRS 18 will also require management-defined performance measures to be disclosed in a separate note to the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027.

The Company is assessing the impact of this new standard on the consolidated financial statements.

3. Operating segments

The Company has two reportable operating segments:

- (a) The “Direct-to-Consumer” segment comprises sales through corporate retail stores and the Company’s eCommerce website roots.com; and
- (b) The “Partners and Other” segment consists primarily of the wholesale of Roots-branded products to our international operating partner. The Partners and Other segment also includes the Company’s sales from its Roots-branded storefront on business-to-consumer marketplace website Tmall.com in China, royalties earned through the licensing of our brand to select manufacturing partners, the wholesale of Roots-branded products to select retail partners, and the sale of custom Roots-branded products to select business clients.

The Company defines an operating segment on the same basis that the Chief Operating Decision Maker (the “CODM”) uses to evaluate performance internally and to allocate resources. The Company has determined that the President and Chief Executive Officer is its CODM. The accounting policies of the reportable segments are the same as those described in the Company’s material accounting policies (see Note 2). The Company measures each reportable operating segment’s performance based on sales and gross profit, which is the profit metric used by the CODM for assessing performance of each segment. The Company does not report total assets or total liabilities based on its operating segments.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

Information for each reportable operating segment, as presented to the CODM, is included below:

	November 1, 2025 (13 weeks)			November 2, 2024 (13 weeks)		
	Direct-to- Consumer	Partners and Other	Total	Direct-to- Consumer	Partners and Other	Total
Sales	\$ 56,832	\$ 14,635	\$ 71,467	\$ 54,209	\$ 12,696	\$ 66,905
Cost of goods sold	19,652	8,389	28,041	19,542	7,208	26,750
Gross profit	37,180	6,246	43,426	34,667	5,488	40,155
Selling, general and administrative expenses ⁽¹⁾			38,173			34,507
Income before interest expense and income taxes expense			5,253			5,648
Interest expense ⁽¹⁾			2,062			2,389
Income before income taxes expense			\$ 3,191			\$ 3,259

	November 1, 2025 (39 weeks)			November 2, 2024 (39 weeks)		
	Direct-to- Consumer	Partners and Other	Total	Direct-to- Consumer	Partners and Other	Total
Sales	\$ 132,489	\$ 29,727	\$ 162,216	\$ 122,031	\$ 30,082	\$ 152,113
Cost of goods sold	47,596	15,794	63,390	45,378	17,559	62,937
Gross profit	84,893	13,933	98,826	76,653	12,523	89,176
Selling, general and administrative expenses ⁽¹⁾			106,194			98,334
Loss before interest expense and income taxes expense (recovery)			(7,368)			(9,158)
Interest expense ⁽¹⁾			6,070			6,693
Loss before income taxes recovery			\$ (13,438)			\$ (15,851)

⁽¹⁾ These unallocated items represent income and expenses which management does not report when analyzing segment underlying performance.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

4. Financial instruments

The Company's financial instruments consist of cash, accounts receivable, other assets, accounts payable and accrued liabilities, long-term debt, derivative assets and derivative liabilities.

The Company has determined that the carrying amount of its short-term financial assets and financial liabilities approximates its fair value due to the short-term maturity of these financial instruments.

The fair value of long-term debt approximates its carrying value, as determined based on Level 2 of the fair value hierarchy.

The fair value of other assets, which consist of common shares of Saturday Industries Limited ("Mr. Saturday"), are determined using valuation techniques based on unobservable inputs. This has been determined using Level 3 of the fair value hierarchy.

The fair values of derivative assets and derivative obligations resulting from forward contracts and swap contracts are determined using a valuation technique that employs the use of market observable inputs and are based on the differences between the contract rates and the market rates as at the period-end date, taking into consideration discounting to reflect the time value of money. This has been determined using Level 2 of the fair value hierarchy.

There were no transfers between levels of the fair value hierarchy for the 13 and 39 week periods ended November 1, 2025 and November 2, 2024.

The Company enters into forward contracts to hedge its exposure for a portion of purchases denominated in U.S. dollars. As at November 1, 2025, the Company had outstanding forward contracts to buy US\$35,050 (November 2, 2024 – US\$36,720, February 1, 2025 – US\$37,020) of U.S. dollars at an average forward rate of 1.39 (November 2, 2024 – 1.36, February 1, 2025 – 1.37). As at November 1, 2025, the forward contracts have maturity dates between November 3, 2025 and October 5, 2026.

For the 13 week periods ended November 1, 2025 and November 2, 2024, the effective portion of changes in the fair value of all matured forward contracts and outstanding forward contracts resulted in a gain of \$577 (net of tax – \$424) and a gain of \$361 (net of tax – \$265), respectively, which were recorded in other comprehensive income (loss).

For the 39 week periods ended November 1, 2025 and November 2, 2024, the effective portion of changes in the fair value of all matured forward contracts and outstanding forward contracts resulted in a loss of \$2,050 (net of tax – \$1,507) and a gain of \$1,518 (net of tax – \$1,116), respectively, which were recorded in other comprehensive income (loss).

For the 13 and 39 week periods ended November 2, 2024, the Company had interest rate swap contracts to hedge a portion of its exposure to changes in the market interest rates for the Credit Facilities, as described in Note 5. The Company had swap contracts to affix its Canadian Overnight Repo Rate Average ("CORRA") rate at 4.4% per annum, until September 2024 on \$40,000 of its long-term debt under its Credit Facilities. The swap contracts expired on maturity and there were no interest rate swap contracts outstanding as at November 1, 2025.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

For the 13 and 39 week periods ended November 2, 2024, the effective portion of changes in the fair value of interest rate swap contracts resulted in a gain of \$nil and a gain of \$18 (net of tax – \$13), respectively, which were recorded in other comprehensive income (loss).

5. Long-term debt

The Company has a secured credit agreement (“Credit Agreement”) with a syndicate of lenders consisting of a term loan (“Term Credit Facility”) and a revolving credit loan (“Revolving Credit Facility”) (together with the Term Credit Facility, the “Credit Facilities”).

On June 7, 2024, the Company amended its Credit Agreement to adjust certain definitions, covenant limits, and transitioned from the Canadian Dollar Offered Rate (“CDOR”) to the Canadian Overnight Repo Rate Average (“CORRA”). The Company incurred \$100 of costs associated with the amendment, which were recorded as debt financing costs within long-term debt and will be recognized as interest expense over the remaining term of the loan.

On May 22, 2025, the Company amended its Credit Agreement to extend the maturity date of September 6, 2026 to September 6, 2027. In addition, the amendment reduced the \$60,000 Revolver Credit Facility, which includes a swing loan of \$10,000, down to \$45,000, and increased the maximum annual excess cash flow sweep, as defined in the Credit Agreement, from \$5,000 to \$7,500. The Company incurred \$274 of costs associated with the amendment, which were recorded as debt financing costs within long-term debt and will be recognized as interest expense over the remaining term of the loan.

The following table reconciles the changes in cash flows from financing activities for long-term debt for the 39 week periods ended November 1, 2025 and November 2, 2024:

	November 1, 2025 (39 weeks)	November 2, 2024 (39 weeks)
Long-term debt, beginning of period	\$ 41,370	\$ 45,010
Proceeds from Revolving Credit Facility	18,000	10,000
Long-term debt repayments of Term Credit Facility	(7,774)	(3,018)
Long-term debt financing costs	(274)	(100)
Total changes to long-term debt financing activities	9,952	6,882
Amortization of long-term debt financing costs	345	357
Total non-cash long-term debt activity	345	357
Total long-term debt, end of period ⁽¹⁾	\$ 51,667	\$ 52,249

(1) Total long-term debt of \$51,667 as 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.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

Recorded in the interim condensed consolidated statement of financial position as follows:

	November 1, 2025 (39 weeks)	November 2, 2024 (39 weeks)
Current portion of long-term debt	3,535	4,024
Non-current portion of long-term debt	48,132	48,225
	\$ 51,667	\$ 52,249

6. Share capital

The Company's authorized share capital consists of an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. The holders of Shares are entitled to receive distributions as declared from time to time by the Board. Shareholders are entitled to one vote per share at shareholder meetings of the Company.

Preferred shares of each series, if and when issued, will, with respect to the payment of dividends, be entitled to preference over Shares. Except as provided in any special rights or restrictions attaching to any series of preferred shares issued from time to time, the holders of preferred shares will not be entitled to vote at any shareholder meetings of the Company.

There were no dividends or distributions declared during the 13 and 39 week periods ended November 1, 2025 and November 2, 2024.

The following table provides a summary of changes to the Company's share capital for the 39 week periods ended November 1, 2025 and November 2, 2024:

	39 week period ended November 1, 2025		39 week period ended November 2, 2024	
	Number of Shares	Share capital	Number of Shares	Share capital
Outstanding Shares, beginning of period	40,450,213	\$ 187,934	40,250,213	\$ 187,544
Issuance of Shares	15,985	100	–	–
Purchase of Shares ⁽¹⁾	(1,022,000)	(5,845)	–	–
Outstanding Shares, end of period	39,444,198	\$ 182,189	40,250,213	\$ 187,544

(1) For the 39 week period ending November 1, 2025, the reduction to share capital includes a \$1,073 obligation to repurchase shares under the Automatic Shares Purchase Plan ("ASPP") and \$4,772 for the purchase of 1,022,000 shares for cancellation.

During the 39 week period ended November 1, 2025, 15,985 Shares (39 week period ended November 2, 2024 – nil Shares) were issued from treasury as a result of the exercise of 15,985 restricted share units ("RSUs") (39 week period ended November 2, 2024 – nil RSUs) granted under the Company's

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

Omnibus Equity Incentive Plan (the “Omnibus Plan”), see Note 8. No stock options were exercised during the 39 week periods ended November 1, 2025 or November 2, 2024.

As at November 1, 2025, there were 39,444,198 Shares (November 2, 2024 – 40,250,213, February 1, 2025 – 40,450,213) and nil preferred shares (November 2, 2024 – nil preferred shares, February 1, 2025 – nil preferred shares) issued and outstanding. All issued Shares are fully paid.

Share Purchase

On April 9, 2025, the TSX accepted the Company’s notice of intention to commence a normal course issuer bid (“NCIB”), allowing the Company to purchase, at its discretion, up to 1,347,118 Shares. The program commenced on April 11, 2025 and terminates on April 10, 2026.

From time to time, the Company participates in an ASPP that allows the purchase of shares for cancellation by a designated broker under the NCIB during predetermined trading blackout periods. On April 9, 2025, the Company entered into an ASPP. Purchasing parameters under the ASPP are established prior to the commencement of each trading blackout period. As at November 1, 2025, an obligation of \$1,073 (November 2, 2024 - \$nil, February 1, 2025 – \$nil) was recognized in accounts payable and accrued liabilities, and recorded against share capital, for the potential purchase of Shares under the ASPP.

During the 39 week period ended November 1, 2025, 1,022,000 were purchased for cancellation for \$3,158, resulting in a decrease to share capital of \$4,772 and an increase to retained earnings (deficit) of \$1,614. During the 39 week period ended November 2, 2024, no Shares were purchased for cancellation.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

7. Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share (“EPS”) data. Basic EPS is calculated by dividing net income (loss) by the weighted average number of Shares outstanding during the period. Diluted EPS is determined by adjusting net income (loss) and the weighted average number of Shares outstanding, for the effects of all dilutive potential shares, which comprise share-based compensation granted to employees.

	November 1, 2025 (13 weeks)	November 2, 2024 (13 weeks)	November 1, 2025 (39 weeks)	November 2, 2024 (39 weeks)
Weighted average Shares outstanding	39,633,758	40,250,213	39,252,519	40,250,213
Dilutive share-based compensation	865,452	241,059	–	–
Dilutive weighted average Shares outstanding	40,499,210	40,491,272	39,252,519	40,250,213

	November 1, 2025 (13 weeks)	November 2, 2024 (13 weeks)	November 1, 2025 (39 weeks)	November 2, 2024 (39 weeks)
Net income (loss)	\$ 2,282	\$ 2,390	\$ (10,023)	\$ (11,741)
Basic earnings (loss) per share	\$ 0.06	\$ 0.06	\$ (0.26)	\$ (0.29)
Diluted earnings (loss) per share	\$ 0.06	\$ 0.06	\$ (0.26)	\$ (0.29)

For the 13 week periods ended November 1, 2025 and November 2, 2024, 865,203 and 1,357,036 stock options, respectively, were not included in the calculation of diluted weighted average Shares outstanding, as they were anti-dilutive.

For the 39 week periods ended November 1, 2025 and November 2, 2024, 1,857,954 and 2,038,536 stock options, respectively, were not included in the calculation of diluted weighted average Shares outstanding, as they were anti-dilutive.

For the 39 week periods ended November 1, 2025 and November 2, 2024, 494,583 and 15,985 RSUs, were not included in the calculation of diluted weighted average Shares outstanding, as they were anti-dilutive.

For the 39 week period ended November 1, 2025 and the 13 and 39 week periods ended November 2, 2024, 100,000 common share purchase warrants (“Warrants”) were not included in the calculation of diluted weighted average Shares outstanding, as they were anti-dilutive.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except share and per share amounts)

(Unaudited)

8. Share-based compensation

Under the various share-based compensation plans, the Company may grant stock options or other security-based instruments to buy up to 3,613,825 Shares. As at November 1, 2025, 1,857,954 stock options, 100,000 Warrants and 494,583 RSUs were granted and outstanding.

The following is a summary of the Company's stock option and warrants activity for the 13 and 39 week periods ended November 1, 2025 and November 2, 2024:

November 1, 2025 (13 weeks)	Legacy Employee Option Plan		Omnibus Plan		Omnibus Plan		Total	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of Warrants	Weighted average exercise price	Number of options & Warrants	Weighted average exercise price
Outstanding options, beginning of period ⁽¹⁾	144,575	\$ 6.26	1,746,878	\$ 2.92	100,000	\$ 2.98	1,991,453	\$ 3.17
Forfeited	(10,709)	6.26	(22,790)	4.82	–	–	(33,499)	5.28
Outstanding options, end of period	133,866	\$ 6.26	1,724,088	\$ 2.90	100,000	\$ 2.98	1,957,954	\$ 3.13
Exercisable options, end of period	133,866	\$ 6.26	1,459,506	\$ 2.97	66,667	\$ 2.98	1,660,039	\$ 3.24

(1) The outstanding Warrants were issued against the Omnibus plan, reducing the available shares to issue.

November 2, 2024 (13 weeks)	Legacy Employee Option Plan		Omnibus Plan		Omnibus Plan		Total	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of Warrants	Weighted average exercise price	Number of options & Warrants	Weighted average exercise price
Outstanding options, beginning of period ⁽¹⁾	144,575	\$ 6.26	1,997,294	\$ 2.83	100,000	\$ 2.98	2,241,869	\$ 3.06
Forfeited	–	–	(103,333)	3.01	–	–	(103,333)	3.01
Outstanding options, end of period	144,575	\$ 6.26	1,893,961	\$ 2.82	100,000	\$ 2.98	2,138,536	\$ 3.06
Exercisable options, end of period	144,575	\$ 6.26	1,627,297	\$ 2.81	33,334	\$ 2.98	1,805,206	\$ 3.09

(1) The outstanding Warrants were issued against the Omnibus plan, reducing the available shares to issue.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

November 1, 2025 (39 weeks)	Legacy Employee Option Plan		Omnibus Plan		Omnibus Plan		Total	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of Warrants	Weighted average exercise price	Number of options & Warrants	Weighted average exercise price
Outstanding options, beginning of period ⁽¹⁾	144,575	\$ 6.26	1,597,294	\$ 2.84	100,000	\$ 2.98	1,841,869	\$ 3.25
Granted	–	–	149,584	2.22	–	–	149,584	2.22
Forfeited	(10,709)	6.26	(22,790)	4.82	100,000	\$ 2.98	(33,499)	5.28
Outstanding options, end of period	133,866	\$ 6.26	1,724,088	\$ 2.90	100,000	\$ 2.98	1,957,954	\$ 3.13
Exercisable options, end of period	133,866	\$ 6.26	1,459,506	\$ 2.97	66,667	\$ 2.98	1,660,039	\$ 3.24

November 2, 2024 (39 weeks)	Legacy Employee Option Plan		Omnibus Plan		Omnibus Plan		Total	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of Warrants	Weighted average exercise price	Number of options & Warrants	Weighted average exercise price
Outstanding options, beginning of period ⁽¹⁾	155,284	\$ 6.26	2,009,544	\$ 2.84	100,000	\$ 2.98	2,264,828	\$ 3.08
Forfeited	(10,709)	6.26	(115,583)	3.26	–	–	(126,292)	3.52
Outstanding options, end of period	144,575	\$ 6.26	1,893,961	\$ 2.82	100,000	\$ 2.98	2,138,536	\$ 3.06
Exercisable options, end of period	144,575	\$ 6.26	1,627,297	\$ 2.81	33,334	\$ 2.98	1,805,206	\$ 3.09

(1) The granted Warrants were issued against the Omnibus plan, reducing the available shares to issue.

During the 13 week period ended November 1, 2025, no stock options were granted. During the 39 week period ended November 1, 2025, the fair value of stock options granted was \$126. During the 13 and 39 week periods ended November 2, 2024, no stock options were granted.

The fair value of the stock options and Warrants issued in the period were estimated at the date of grant using the Black Scholes model and used the following assumptions:

	November 1, 2025 (39 weeks)	November 2, 2024 (39 weeks)
Expected volatility	33.0% - 33.6%	N/A – no grants
Share price at grant date	\$2.22	N/A – no grants
Exercise price	\$2.22	N/A – no grants
Risk-free interest rate	2.92% - 3.10%	N/A – no grants
Expected term	5.5 years – 7.5 years	N/A – no grants
Fair value per option	\$0.81 - \$0.95	N/A – no grants

The computation of expected volatility was based on the historical volatility of comparable companies from a representative peer group selected based on industry. The risk-free interest rate is based on

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

Government of Canada bond yields with maturities that coincide with the exercise period and terms of the grant. The expected life estimate was determined by management based on a number of factors including vesting terms, exercise behaviour and the contractual term of the options.

The following is a summary of the Company's RSU and deferred share unit ("DSU") activity for the 13 and 39 week periods ended November 1, 2025 and November 2, 2024:

November 1, 2025 (13 weeks)	Legacy Equity Incentive Plan	Omnibus Plan	DSU Plan	Total	
	Number of RSUs	Number of RSUs	Number of DSUs	Number of RSUs	Number of DSUs
Units, beginning of period	–	494,583	1,144,452	494,583	1,144,452
Granted	–	–	29,021	–	29,021
Exercised	–	–	(254,835)	–	(254,835)
Units, end of period	–	494,583	918,638	494,583	918,638

November 2, 2024 (13 weeks)	Legacy Equity Incentive Plan	Omnibus Plan	DSU Plan	Total	
	Number of RSUs	Number of RSUs	Number of DSUs	Number of RSUs	Number of DSUs
Units, beginning of period	15,985	–	992,983	15,985	992,983
Granted	–	–	43,933	–	43,933
Units, end of period	15,985	–	1,036,916	15,985	1,036,916

November 1, 2025 (39 weeks)	Legacy Equity Incentive Plan	Omnibus Plan	DSU Plan	Total	
	Number of RSUs	Number of RSUs	Number of DSUs	Number of RSUs	Number of DSUs
Units, beginning of period	15,985	–	1,077,123	15,985	1,077,123
Granted	–	494,583	96,350	494,583	96,350
Exercised	(15,985)	–	(254,835)	(15,985)	(254,835)
Units, end of period	–	494,583	918,638	494,583	918,638

November 2, 2024 (39 weeks)	Legacy Equity Incentive Plan	Omnibus Plan	DSU Plan	Total	
	Number of RSUs	Number of RSUs	Number of DSUs	Number of RSUs	Number of DSUs
Units, beginning of period	15,985	–	911,525	15,985	911,525
Granted	–	–	125,391	–	125,391
Units, end of period	15,985	–	1,036,916	15,985	1,036,916

There were no RSUs granted during the 13 week periods ended November 1, 2025 and November 2, 2024. The fair value of the RSUs granted during the 39 week period ended November 1, 2025 was \$1,098 (39 week period ended November 2, 2024 – nil). There were no RSUs vested as at November 1, 2025 (November 2, 2024 – 15,985).

The fair value of DSUs granted during the 13 and 39 week periods ended November 1, 2025 were \$95 and \$271, respectively (13 and 39 week periods ended November 2, 2024 - \$90 and \$270).

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

The fair values of the DSUs granted were calculated based on the closing price of a Share on the TSX on the last trading date immediately prior to the date of grant.

The grant date fair value of share-based compensation awards granted to employees is recognized as share-based compensation expense, recorded in selling, general and administrative expenses with a corresponding increase to contributed surplus, over the period that the employees unconditionally become entitled to the awards. For the 13 and 39 week periods ended November 1, 2025, the Company recorded share-based compensation expense of \$195 and \$473, respectively (13 and 39 week periods ended November 2, 2024 - \$nil and \$137, respectively).

The fair value of cash-settled DSUs on the grant date is recorded in selling, general and administrative expenses with a corresponding increase to accounts payable and accrued liabilities. The DSUs are recorded at fair value based on the Company's closing share price on the last trading day of the period, which determines the cash payment required to settle each DSU. Changes in the fair value are recorded in selling, general, and administrative expenses with a corresponding adjustment to accounts payable and accrued liabilities. As at November 1, 2025, the fair market value of future DSU cash-settlement obligations was \$2,986 (November 2, 2024 – \$2,084). For the 13 and 39 week periods ended November 1, 2025, the Company recorded \$71 and \$929, respectively, as increases to selling, general, and administrative expenses as a result of the changes in the fair market value of DSU cash-settlement obligations (13 and 39 week periods ended November 2, 2024 – \$(71) and \$(328), respectively, as decreases to selling, general, and administrative expenses).

9. Other assets

Other assets include a minority equity investment in Mr. Saturday by acquiring common shares in Mr. Saturday ("Mr. Saturday Shares"), as part of the Company's appointment of Mr. Saturday and its principal Joey Gollish as Creative Director in Residence.

The Company elected, upon initial recognition, to present changes in the fair value of the Mr. Saturday Shares in other comprehensive income as the Company determined they are not held-for-trading. As at November 1, 2025, the Mr. Saturday Shares had a fair value of \$300 (November 2, 2024 - \$300, February 1, 2025 - \$300), resulting in no gain or loss for the 13 and 39 week periods ended November 1, 2025 (13 and 39 week periods ended November 2, 2024 - \$nil).

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

10. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company prepares cash flow forecasts to ensure it has sufficient funds through operations and access to debt facilities to meet its financial obligations. The Company maintains the Credit Facilities, as described in Note 5, allowing it to access funds for operations. Continued compliance with the covenants under the Credit Facilities is dependent on the Company achieving financial forecasts. Market conditions are difficult to predict and there is no assurance that the Company will achieve its forecasts. In the event of non-compliance, the Company's lenders have the right to demand repayment of the amounts outstanding under the current lending agreements or pursue other remedies including provision of waivers for financial covenants.

The contractual maturities of the Company's current and long-term financial liabilities as at November 1, 2025, excluding interest payments, are as follows:

	Carrying amount	Contractual cash flows	Remaining to maturity			
			Under 1 year	1 – 3 years	3 – 5 years	More than 5 years
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	35,783	35,783	35,783	–	–	–
Long-term debt	51,667	52,406	3,535	48,871	–	–
Lease liabilities	71,044	85,147	21,952	32,444	14,147	16,604
	\$ 158,494	\$ 173,336	\$ 61,270	\$ 81,315	\$ 14,147	\$ 16,604

(b) Currency risk:

The Company is exposed to foreign exchange risk on foreign currency denominated financial assets and liabilities. A five-percentage point change in the Canadian dollar against the U.S. dollar, assuming that all other variables are constant, would have changed pre-tax net income (loss) for the 13 and 39 week periods ended November 1, 2025 by \$721 (13 and 39 week periods ended November 2, 2024 – \$684), as a result of the revaluation on these financial assets and liabilities. For the 13 and 39 week periods ended November 1, 2025, the Company recorded \$(61) and \$401, respectively (13 and 39 week periods ended November 2, 2024 - \$(292) and \$(501), respectively), as an increase (decrease) to selling, general, and administrative expenses as a result of the revaluation on these foreign currency denominated financial assets and liabilities.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

The Company purchases a significant amount of its merchandise in U.S. dollars and enters into forward contracts to reduce the foreign exchange risk with respect to these U.S. dollar denominated purchases. A five-percentage point change in the Canadian dollar against the U.S. dollar, assuming that all other variables remain constant, would have changed other comprehensive income (loss) for the 13 and 39 week periods ended November 1, 2025 by \$2,410 (13 and 39 week periods ended November 2, 2024 – \$2,497), as a result of the revaluation on the Company's forward contracts.

(c) Interest rate risk:

Market fluctuations in interest rates impact the Company's earnings with respect to cash borrowings under the Credit Facilities. During the 13 and 39 week periods ended November 2, 2024, the Company hedged its exposure to the volatility of the interest rate on \$40,000 of its long-term debt under its Credit Facilities until the interest rate swap contracts expired on maturity on September 6, 2024. No instruments were used to hedge interest rates during the 13 and 39 week periods ended November 1, 2025. A one percentage point change in the applicable interest rate would have changed pre-tax net income (loss) for the 13 and 39 week periods ended November 1, 2025 by \$109 and \$153 respectively (13 and 39 week periods ended November 2, 2024 – \$51 and \$80, respectively).

(d) Credit risk:

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash, accounts receivable and derivative contracts used to hedge market risks. The Company limits its exposure to credit risk with respect to cash and derivative contracts by dealing primarily with large Canadian and U.S. financial institutions. The Company's accounts receivable consists primarily of receivables from business partners in the Partners and Other segment, which are generally settled in the following fiscal quarter.

As at November 1, 2025, the Company's maximum exposure to credit risk for accounts receivable was \$11,989 (November 2, 2024 – \$11,556, February 1, 2025 – \$11,843).

(e) Capital management:

The Company manages its capital and capital structure with the objective of ensuring that sufficient liquidity is available to support its financial obligations and to execute its strategic plans. The Company considers net income (loss) before interest expense, income taxes expense (recovery) and depreciation and amortization ("EBITDA") as a measure of its ability to service its debt and meet other financial obligations as they become due.

ROOTS CORPORATION

Notes to Interim Condensed Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

11. Income taxes expense (recovery)

Income taxes expense for the 13 week period ended November 1, 2025 was \$909 (13 week period ended November 2, 2024 – \$869), resulting in an effective income taxes expense rate for the 13 week period ended November 1, 2025 of 28.5% (13 week period ended November 2, 2024 – 26.7%). The increase in the effective income taxes expense rate was primarily attributable to higher non-deductible share-based compensation expenses.

Income taxes recovery for the 39 week period ended November 1, 2025 was \$(3,415) (39 week period ended November 2, 2024 – \$(4,110)), resulting in an effective income taxes recovery rate for the 39 week period ended November 1, 2025 of 25.4% (39 week period ended November 2, 2024 – 25.9%). The decrease in the effective income taxes recovery rate was primarily attributable to higher non-deductible share-based compensation expenses.

12. Related party transactions

The Company's related parties include key management personnel and key shareholders of the Company, including other entities under common control. Investment funds managed by Searchlight Capital Partners, L.P. ("Searchlight") beneficially own approximately 52.0% of the total issued and outstanding Shares. Shareholders of a company formerly known as Roots Canada Ltd., through their wholly-owned entities (the "Founders"), continue to own a minority interest of the total issued and outstanding Shares.

The Company leases a building for its leather factory from a company that is under common control of the Founders. For the 13 and 39 week periods ended November 1, 2025, the rent expense amounts that relate to the lease of this property were \$188 and \$564, respectively (13 and 39 week periods ended November 2, 2024 - \$182 and \$545, respectively). This transaction was conducted in the normal course of business and has been accounted for at its exchange value under selling, general, and administrative expenses.