



ROOTS REPORTS SECOND QUARTER FISCAL 2026

RESULTS & BUSINESS UPDATES

TORONTO, September 11, 2026 – Roots (“Roots,” or the “Company”) (TSX: ROOT), a premium outdoor-lifestyle brand, announced today financial results for its second quarter ended August 1, 2026 (“Q2 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.

Strategic Review Update

As previously announced on August 20, 2026, the Company entered into an arrangement agreement whereby Marquee Brands, through its operating partner JM&A Design and Development Inc., would acquire all of the Company’s issued and outstanding common shares at a price of \$4.10 per share in cash, implying an equity value of approximately \$161 million. The transaction is expected to close in the fourth quarter of fiscal 2026, subject to shareholder, court and regulatory approvals. In Q2 2026, the Company incurred \$1.0 million in incremental consulting and legal costs related to this process. Year-to-date, the costs incurred related to this process have been \$1.5 million.

Distribution Centre Transition Update

The Company completed its transition to the Metro Supply Chain distribution centre (“DC”) in July 2026. In Q2 2026, the Company incurred \$2.0 million incremental costs related to this transition, \$1.2 million of which was driven by the accelerated non-cash depreciation of existing fixed assets, and \$0.8 million from non-recurring transition costs, including operating costs of two distribution centres during the move. Year-to-date, the Company has incurred \$3.8 million incremental costs related to this transition, \$2.9 million of which was driven by the accelerated non-cash depreciation.

Starting June 2026, with the new distribution partnership, gross margins began to include DC occupancy costs that were previously recorded within SG&A when distribution operations were managed in-house.

Second Quarter Highlights:

"Subsequent to the quarter, Roots agreed to be acquired in a transaction that strongly endorses the Roots brand. Over the past several years, we have restored Roots to a position of strength, with a distinctive Canadian identity that resonates with customers here and around the world," said Meghan Roach, President and CEO of Roots.

"Despite the short-term impact of the Whistler relocation, we were pleased to end the quarter with over 26% growth in Adjusted EBITDA," continued Ms. Roach.

- Sales were \$49.5 million, a 2.4% reduction as compared to \$50.8 million in Q2 2025

- DTC sales were \$40.5 million, a 1.3% reduction as compared to \$41.0 million in Q2 2025
- DTC comparable sales decline was 1.0%
- Gross margin was 58.3%, as compared to 60.7% in Q2 2025
 - DTC gross margin was 60.6%, as compared to 63.2% in Q2 2025
 - Excluding all DC costs, DTC gross margin was 67.2%, as compared to 66.4% in Q2 2025
- Adjusted EBITDA amounted to (\$1.6) million, as compared to (\$2.1) million in Q2 2025
- Net loss totaled (\$6.0) million, as compared to (\$4.4) million in Q2 2025
 - Adjusted Net Income (Loss), which excludes the costs arising from the DC transition and strategic review, along with other non-recurring or unusual costs outside the normal course of operations, was (\$3.2) million, as compared to (\$3.8) million last year.
- Net debt reduced 11.8% year-over-year to \$33.6 million

SELECT FINANCIAL INFORMATION (in '000s of CAD\$, except where noted)	Second quarter ended			Year-to-date		
	August 1, 2026	August 2, 2025	Change	August 1, 2026	August 2, 2025	Change
Total sales	49,544	50,769	(2.4%)	92,111	90,749	1.5%
Direct-to-Consumer (“DTC”) sales	40,533	41,049	(1.3%)	76,298	75,657	0.8%
Partners & Other (“P&O”) sales	9,011	9,720	(7.3%)	15,813	15,092	4.8%
Gross profit	28,862	30,828	(6.4%)	54,369	55,400	(1.9%)
Gross margin	58.3%	60.7%	(240 bps) ¹	59.0%	61.0%	(200 bps) ¹
Selling, General and Administrative (“SG&A”) expenses	35,211	34,732	1.4%	72,507	68,021	6.6%
Net loss	(6,038)	(4,394)	(37.4%)	(16,099)	(12,305)	(30.8%)
Net loss per share	(\$0.15)	(\$0.11)	(36.4%)	(\$0.41)	(\$0.31)	(32.3%)
Adjusted Net Income (Loss)²	(3,207)	(3,751)	14.5%	(10,783)	(11,106)	2.9%
Adjusted Net Income (Loss) per Share²	(\$0.08)	(\$0.09)	11.1%	(\$0.28)	(\$0.28)	—
Adjusted EBITDA²	(1,573)	(2,130)	26.2%	(9,009)	(9,236)	2.5%
Free Cash Flow³	(10,081)	(6,901)	(46.1%)	(29,178)	(28,707)	(1.6%)
Net Debt⁴	—	—	—	33,627	38,131	(11.8%)

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 to have largely completed the distribution centre transition and relocation of our flagship Whistler store,” said Leon Wu, Chief Financial Officer. “Thanks to the hard work of our cross functional teams, we are well positioned to scale operations and better serve our customers during the larger second half of the year.”

SECOND QUARTER OVERVIEW

Total sales were \$49.5 million in Q2 2026, representing a decrease of 2.4% from \$50.8 million in the second quarter of fiscal 2025 (“Q2 2025”).

DTC sales (corporate retail store and eCommerce sales) were \$40.5 million, a 1.3% decrease from \$41.0 million in Q2 2025. The year-over-year variance in DTC sales was primarily impacted by the temporary closure of a flagship store location in Whistler, British Columbia, as part of a scheduled relocation. Excluding this temporary closure, total DTC sales in Q2 2026 would have grown relative to Q2 2025. Additionally, sales were impacted by the temporary delays in the introduction of new seasonal products during the DC transition in the second half of Q2.

P&O sales (wholesale Roots branded products, licensing to select manufacturing partners, and the sale of certain custom products) amounted to \$9.0 million in Q2 2026, decreasing 7.3% as compared to \$9.7 million in Q2 2025. P&O sales were primarily driven by lower wholesale sales volumes to our international operating partner in Taiwan, and timing shifts in licensing royalties from select manufacturing partners into the next quarter. This was partially offset by continued positive momentum across our North American wholesale and custom products channels.

Gross profit was \$28.9 million in Q2 2026, as compared to \$30.8 million in Q2 2025, representing a year-over-year decrease of 6.4%. Gross margin was 58.3% in Q2 2026 as compared to 60.7% in Q2 2025.

DTC gross margin was 60.6% in Q2 2026, as compared to 63.2% in Q2 2025. DTC gross margin was impacted by both non-recurring DC transition costs and the reporting of DC occupancy costs that were recorded within SG&A expenses in the prior year. Excluding all DC costs, DTC gross margin would have been 67.2%, as compared to 66.4% in Q2 2025.

SG&A expenses totaled \$35.2 million in Q2 2026, as compared to \$34.7 million in Q2 2025, representing a year-over-year increase of 1.4%. The year-over-year change in SG&A expenses was primarily driven by \$1.4 million of incremental costs related to the DC transition, the majority of which was comprised of accelerated depreciation on existing assets, and \$1.0 million of incremental costs related to the strategic review. Excluding these project costs, SG&A expenses decreased 5.4%, driven by the management of corporate costs, lower variable selling costs, and impacts from cash settled instruments under our share-based compensation plan.

Net loss totaled (\$6.0) million, or \$(0.15) per share, in Q2 2026, as compared to a net loss of (\$4.4) million, or \$(0.11) per share, in Q2 2025. As the second quarter historically represents approximately 17% 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 (\$3.2) million, as compared to (\$3.8) million in Q2 2025.

Adjusted EBITDA amounted to (\$1.6) million in Q2 2026, improving from (\$2.1) million in Q2 2025.

YEAR-TO-DATE RESULTS

For the first six months of fiscal 2026 ("YTD 2026"), total sales amounted to \$92.1 million, representing an increase of 1.5% compared to the first six months of fiscal 2025 ("YTD 2025"), which amounted to \$90.7 million. DTC sales increased 0.8% to \$76.3 million, with comparable sales growth of 0.9%, while P&O sales increased by 4.8% to \$15.8 million. Gross profit stood at \$54.4 million, or 59.0% of sales, down from \$55.4 million, or 61.0% of sales, last year.

Net loss totaled (\$16.1) million, or (\$0.41) per share, as compared to (\$12.3) million, or (\$0.31) per share, last year. Adjusted Net Loss, which primarily adjusts for the costs of the DC transition and strategic review, was (\$10.8) million, as compared to (\$11.1) million in YTD 2025.

Adjusted EBITDA amounted to (\$9.0) million, improving from (\$9.2) million in YTD 2025.

FINANCIAL POSITION

Inventory was \$57.8 million at the end of Q2 2026, as compared to \$49.9 million at the end of Q2 2025, representing an increase of \$7.9 million or 15.8%. The increase in inventory was driven by higher in-transit inventory from earlier shipments related to our upcoming holiday season. Excluding the higher in-transit inventory, inventory was down \$0.4M or 1% to Q2 2025.

Free cash flow was (\$10.1) million in Q2 2026, as compared to (\$6.9) million in Q2 2025. The year-over-year reduction in free cash flow was driven by the impacts of incremental costs related to the strategic review and the non-recurring cash costs related to the DC transition, along with higher capital expenditures and earlier receipts of inventory.

As at the end of Q2 2026, Roots had net debt of \$33.6 million, improving from \$38.1 million or 11.8% a year earlier. The Company's leverage ratio, defined as total net debt to trailing 12-months Adjusted EBITDA, was 1.4x as at the end of Q2 2026. As at the end of Q2 2026, Roots had \$38.0 million outstanding under its credit facilities and total liquidity of \$40.9 million, including net cash and borrowing capacity available under its revolving credit facility.

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)", and "Net Debt", and non-IFRS ratios including "Adjusted Net Income (Loss) per Share", and 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 Q2 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	Q2 2026	Q2 2025	YTD 2026	YTD 2025
Net loss	(6,038)	(4,394)	(16,099)	(12,305)
<i>Add the impact of:</i>				
Interest expense (a)	1,829	1,993	3,572	4,008
Income taxes recovery (a)	(2,140)	(1,503)	(5,611)	(4,324)
Depreciation and amortization (a)	8,018	7,032	16,659	13,897
EBITDA	1,669	3,128	(1,479)	1,276
<i>Adjust for the impact of:</i>				
SG&A: Rent expense excluded from net loss due to IFRS 16 (a)	(5,557)	(5,545)	(11,195)	(10,924)
SG&A: Purchase accounting adjustments (b)	–	(4)	–	(8)
SG&A: Stock option expense (c)	75	203	239	278
SG&A: Changes in key personnel (d)	367	85	639	139
SG&A: Tariffs on US web shipments (e)	21	–	119	–
SG&A: Transition of distribution centre – consulting costs & other costs (f)	167	–	305	–
COGS: Transition of distribution centre – non-recurring costs (f)	621	–	621	–
SG&A: Strategic review related costs (g)	980	–	1,531	–
SG&A: Other non-recurring items (h)	84	3	211	3
Adjusted EBITDA⁽ⁱ⁾	(1,573)	(2,130)	(9,009)	(9,236)

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

CAD \$000s (except per share data)	Q2 2026	Q2 2025	YTD 2026	YTD 2025
Net loss	(6,038)	(4,394)	(16,099)	(12,305)
<i>Reverse the impact of IFRS 16:</i>				
Rent expense excluded from net loss (a)	(5,557)	(5,545)	(11,195)	(10,924)
Depreciation on ROU assets (a)	4,298	4,237	8,637	8,354
Interest on lease liabilities (a)	1,183	1,247	2,391	2,539
Deferred tax impact (a)	19	16	44	8
Total IFRS 16 impacts reversed	(57)	(45)	(123)	(23)
<i>Adjust for the impact of:</i>				
SG&A: Purchase accounting adjustments (b)	–	(4)	–	(8)
SG&A: Stock option expense (c)	75	203	239	278
SG&A: Changes in key personnel (d)	367	85	639	139
SG&A: Tariffs on US web shipments (e)	21	–	119	–
SG&A: Transition of distribution centre – consulting & other costs (f)	167	–	305	–
SG&A: Transition of distribution centre – accelerated non-cash depreciation (f)	1,205	–	2,886	–
COGS: Transition of distribution centre – non-recurring costs (f)	621	–	621	–
SG&A: Strategic review related costs (g)	980	–	1,531	–
SG&A: Other non-recurring items (h)	84	3	211	3
SG&A: Amortization of intangible assets acquired by Searchlight Capital Partners, L.P. ("Searchlight") (i)	382	575	764	1,150
Total adjustments	3,902	862	7,315	1,562
Tax effect of adjustments	(1,014)	(174)	(1,876)	(340)
Adjusted Net Income (Loss)^(k)	(3,207)	(3,751)	(10,783)	(11,106)
Adjusted Net Income (Loss) per Share^(l)	(0.08)	(0.09)	(0.28)	(0.28)

Notes:

- (a) The impact of IFRS 16 in Q2 2026 and Q2 2025 was: (i) a decrease to selling, general, and administrative ("SG&A") expenses of \$1,259 and \$1,308, 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 \$1,183 and \$1,247, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) a deferred tax expense of \$19 and \$16, respectively, based on tax attributed to these IFRS 16 impacts. The impact of IFRS 16 in YTD 2026 and YTD 2025 was: (i) a decrease to SG&A expenses of \$2,558 and \$2,570, 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 \$2,391 and \$2,539, respectively, arising from interest expense recorded on the lease liabilities in the period, and (iii) a deferred tax expense (recovery) of \$44 and \$8, respectively, based on tax attributed to these IFRS 16 impacts.
- (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 \$21 and \$119 represents the portion of tariffs that would have been saved in Q2 2026 and YTD 2026, respectively, had the transfer pricing structure been implemented for all of 2026. The adjustment in Q2 2026 pertains to tariffs paid on shipments that were processed by US customs prior to the implementation of transfer pricing arrangements.
- (f) Represents consulting, implementation, and transition costs in connection to the migration of the Company's DC from its in-house facility to a third-party operated facility, and 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 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 Q2 2026 and Q2 2025, Adjusted EBITDA would have been \$3,984 and \$3,419, respectively. If the impact of IFRS 16 was included for YTD 2026 and YTD 2025, Adjusted EBITDA would have been \$2,186 and \$1,696, respectively.
- (k) Adjusted Net Income (Loss) excludes the impact of IFRS 16 in Q2 2026 and Q2 2025. If the impact of IFRS 16 was included for Q2 2026 and Q2 2025, Adjusted Net Income (Loss) would have been \$(3,150) and \$(3,703), respectively. If the impact of IFRS 16 was included for YTD 2026 and YTD 2025, Adjusted Net Income (Loss) would have been \$(10,660) and \$(11,077), 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 Q2 2026 and Q2 2025 was 39,196,594 and 40,020,311, respectively. The weighted average number of shares during YTD 2026 and YTD 2025 was 39,196,594 and 40,068,308, respectively.

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

CAD \$000s	As at		
	August 1, 2026	August 2, 2025	January 31, 2026
Long-term debt ⁽¹⁾	\$ 37,562	\$ 36,952	\$32,884
Add: bank indebtedness	—	3,107	—
Less: cash	(3,935)	(1,928)	(28,633)
Net debt	\$ 33,627	\$ 38,131	\$4,251
Trailing 12-month Adjusted EBITDA	23,553	23,159	23,326
Leverage ratio	1.4x	1.6x	0.2x

Notes:

- (1) As at August 1, 2026, total long-term debt of \$37,562 was net of \$439 unamortized long-term debt financing costs. As at August 2, 2025, total long-term debt of \$36,952 was net of \$839 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 Q2 2026, operated 97 corporate retail stores and 10 temporary 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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