Management's Discussion and Analysis

Canadian Tire Corporation, Limited
First Quarter 2021

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Table of Contents

1.0 Preface

1.1 Definitions

In this document, the terms “we”, “us”, “our”, “Company”, “Canadian Tire Corporation”, “CTC”, and “Corporation” refer to Canadian Tire Corporation, Limited, on a consolidated basis. This document also refers to the Corporation’s three reportable operating segments: the “Retail segment”, the “Financial Services segment”, and the “CT REIT segment”.

The financial results for the Retail segment are delivered by the businesses operated by the Company under the Company’s retail banners, which include Canadian Tire, PartSource, Petroleum, Gas+, Party City, Mark’s, Mark’s Work Wearhouse, L’Équipeur, Helly Hansen, SportChek, Sports Experts, Atmosphere, Pro Hockey Life (“PHL”), National Sports, Sports Rousseau, and Hockey Experts.

In this document:

“Canadian Tire” refers to the general merchandise retail and services businesses carried on under the Canadian Tire, PartSource, PHL, and Party City names and trademarks, and the retail petroleum business carried on by Petroleum.

“Canadian Tire stores” and “Canadian Tire gas bars” refer to stores and gas bars (which may include convenience stores, car washes, and propane stations) that operate under the Canadian Tire and Gas+ names and trademarks.

“Owned Brands” refers to brands owned by the Company and are managed by the consumer brands division of the Retail segment.

“CT REIT” refers to the business carried on by CT Real Estate Investment Trust and its subsidiaries, including CT REIT Limited Partnership (“CT REIT LP”).

“Financial Services” refers to the business carried on by the Company’s Financial Services subsidiaries, namely Canadian Tire Bank (“CTB” or “the Bank”) and CTFS Bermuda Ltd. (“CTFS Bermuda”), a Bermuda reinsurance company.

“Helly Hansen” refers to the international wholesale and retail businesses that operate under the Helly Hansen and Musto brands.

“Jumpstart” refers to Canadian Tire Jumpstart Charities.

“Mark’s” refers to the retail and commercial wholesale businesses carried on by Mark’s Work Wearhouse Ltd., and “Mark’s stores” including stores that operate under the Mark’s, Mark’s Work Wearhouse, and L’Équipeur names and trademarks.

“PartSource stores” refers to stores that operate under the PartSource name and trademarks.

“Party City” refers to the party supply business that operate under the Party City name and trademarks in Canada.

“Petroleum” refers to the retail petroleum business carried on under the Canadian Tire and Gas+ names and trademarks.

“SportChek” refers to the retail business carried on by FGL Sports Ltd., including stores that operate under the SportChek, Sports Experts, Atmosphere, Sports Rousseau, and Hockey Experts names and trademarks.

Other terms that are capitalized in this document are defined the first time they are used.

This document contains trade names, trademarks, and service marks of CTC and other organizations, all of which are the property of their respective owners. Solely for convenience, the trade names, trademarks, and service marks referred to herein appear without the ® or TM symbol.

1.2 Forward-Looking Statements

This Management's Discussion and Analysis ("MD&A") contains statements that are forward-looking and may constitute "forward-looking information" within the meaning of applicable securities legislation. Actual results or events may differ materially from those forecasted and from statements of the Company's plans or aspirations that are made in this MD&A because of the risks and uncertainties associated with the Corporation's businesses and the general economic environment. The Company cannot provide any assurance that any forecast financial or operational performance, plans, or aspirations will actually be achieved or, if achieved, will result in an increase in the Company's share price. Refer to section 11.0 in this MD&A for a more detailed discussion of the Company's use of forward-looking statements.

1.3 Review and Approval by the Board of Directors

The Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A on May 12, 2021.

1.4 Quarterly and Annual Comparisons in the MD&A

Unless otherwise indicated, all comparisons of results for Q1 2021 (13 weeks ended April 3, 2021) are compared against Q1 2020 (13 weeks ended March 28, 2020).

1.5 Accounting Framework

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), also referred to as Generally Accepted Accounting Principles ("GAAP"), using the accounting policies described in Note 3 to the consolidated financial statements.

1.6 Accounting Estimates and Assumptions

The preparation of the Company's condensed interim consolidated financial statements that conform to IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Refer to section 7.1 in this MD&A for further information.

1.7 Key Operating Performance Measures and Additional GAAP and Non-GAAP Financial Measures

The Company has identified several key operating performance measures and non-GAAP financial measures which Management believes are useful in assessing the performance of the Company; however, readers are cautioned that some of these measures may not have standardized meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. Refer to section 7.3.1 and 7.3.2 for additional information on these metrics.

1.8 Rounding and Percentages

Rounded numbers are used throughout the MD&A. All year-over-year percentage changes are calculated on whole dollar amounts except in the presentation of basic and diluted earnings per share ("EPS"), in which year-over-year percentage changes are based on fractional amounts.

1.9 Forward Looking Financial Information

Given the ongoing uncertainty regarding the duration and severity of COVID-19 and its impact on the economy, consumer demand, and operations, the Company believes it is not appropriate at this time to provide forward-looking financial information with respect to its financial aspirations and expectations relating to its capital expenditures and annual effective tax rate.

2.0 Company and Industry Overview

Canadian Tire Corporation, Limited, (TSX: CTC.A) (TSX: CTC), is a family of businesses that includes a Retail segment, a Financial Services division and CT REIT. Our retail business is led by Canadian Tire, which was founded in 1922 and provides Canadians with products for life in Canada across its Living, Playing, Fixing, Automotive and Seasonal & Gardening divisions. PartSource, Gas+, Party City and Pro Hockey Life are key parts of the Canadian Tire network. The Retail segment also includes Mark's, a leading source for casual and industrial wear; and SportChek, Hockey Experts, Sports Experts, Intersport and Atmosphere, which offer the best active wear brands. The approximately 1,740 retail and gasoline outlets are supported and strengthened by our Financial Services division and the tens of thousands of people employed across Canada and around the world by the Company and its Canadian Tire Associate Dealers ("Dealers"), franchisees and petroleum retailers. In addition, Canadian Tire Corporation owns Helly Hansen, a leading global brand in sportswear and workwear based in Oslo, Norway whose results are included in the Retail segment. A description of the Company's business and select core capabilities can be found in the Company's 2020 Annual Information Form ("2020 AIF"), including section 2 "Description of the Business" and on the Company's Corporate (https://corp.canadiantire.ca/English/home/default.aspx) and Investor Relations (https://corp.canadiantire.ca/English/investors/default.aspx) websites.

3.0 Financial Performance

3.1 Consolidated Financial Performance

3.1.1 Consolidated Financial Results

(C$ in millions, except where noted)	**Q1 2021**	Q1 2020	Change
Retail sales[1]	**$ 3,117.8**	$ 2,757.1	13.1 %
Revenue	**$ 3,322.9**	$ 2,848.3	16.7 %
Gross margin dollars	**$ 1,186.4**	$ 939.2	26.3 %
Gross margin as a % of revenue	**35.7 %**	33.0 %	273 bps
Other (income)	**$ (16.8)**	$ (8.6)	94.5 %
Selling, general and administrative expenses	**891.4**	876.7	1.7 %
Net finance costs	**57.3**	68.2	(16.1)%
Income before income taxes	**$ 254.5**	$ 2.9	NM[2]
Income taxes expense (recovery)	**68.1**	(9.3)	NM[2]
Effective tax rate	**26.8 %**	NM[2]	NM[2]
Net income	**$ 186.4**	$ 12.2	1,425.7 %
Net income (loss) attributable to:			
Shareholders of Canadian Tire Corporation	**$ 151.8**	$ (13.3)	NM[2]
Non-controlling interests	**34.6**	25.5	35.4 %
	$ 186.4	$ 12.2	1,425.7 %
Basic EPS	**$ 2.50**	$ (0.22)	NM[2]
Diluted EPS	**$ 2.47**	$ (0.22)	NM[2]
Weighted average number of Common and Class A Non-Voting Shares outstanding:			
Basic	**60,808,383**	61,170,366	NM[2]
Diluted	**61,397,960**	61,170,366	NM[2]

[1] *Retail sales is a key operating performance measure. Refer to section 7.3.1 in this MD&A for additional information.*
[2] *Not meaningful.*

Non-Controlling Interests

The following table outlines the net income attributable to the Company's non-controlling interests. For additional details, refer to Note 15 to the Company's 2020 Consolidated Financial Statements.

(C$ in millions)	Q1 2021	Q1 2020
Financial Services Non-controlling interest percentage 20.0% (2020 – 20.0%)	$ 18.4	$ 10.1
CT REIT Non-controlling interest percentage 30.8% (2020 – 30.7%)	16.2	15.4
Net income attributable to non-controlling interests	$ 34.6	$ 25.5

Operational Efficiency program

During the first quarter of 2021, the Company continued to execute its Operational Efficiency program and related initiatives and remains committed and on track to deliver its targeted $200+ million in annualized savings by 2022.

Normalizing Items

The results of operations in the first quarter of 2021 and 2020 include costs related to the Company's Operational Efficiency program which were considered as normalizing items. During the quarter, the Company incurred costs amounting to $3.3 million related to the previously announced decision to close its National Sports banner and $5.4 million mainly in IT-project related costs and consulting costs related to other initiatives within the Operational Efficiency program.

(C$ in millions)	Q1 2021	Q1 2020
Operating Efficiency program	$ 8.7	$ 7.5

Normalized results are non-GAAP measures and do not have standardized meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. For further information and a reconciliation to GAAP measures, refer to section 7.3.2 in this MD&A.

Selected Normalized Metrics – Consolidated

(C$ in millions, except where noted)	Q1 2021	Normalizing Items[1]	Normalized Q1 2021	Q1 2020	Normalizing Items[1]	Normalized Q1 2020	Change[2]
Revenue	$ 3,322.9	$ —	$ 3,322.9	$ 2,848.3	$ —	$ 2,848.3	16.7%
Cost of producing revenue	2,136.5	—	2,136.5	1,909.1	—	1,909.1	11.9%
Gross margin	$ 1,186.4	$ —	$ 1,186.4	$ 939.2	$ —	$ 939.2	26.3%
Gross margin rate	35.7%	—	35.7%	33.0%	—	33.0%	273 bps
Other (income)	$ (16.8)	$ —	$ (16.8)	$ (8.6)	$ —	$ (8.6)	94.5%
Selling, general and administrative expenses	891.4	(8.7)	882.7	876.7	(7.5)	869.2	1.6%
Net finance costs	57.3	—	57.3	68.2	—	68.2	(16.1)%
Income before income taxes	$ 254.5	$ 8.7	$ 263.2	$ 2.9	$ 7.5	$ 10.4	NM[3]
Income tax expense (recovery)	68.1	2.3	70.4	(9.3)	2.0	(7.3)	NM[3]
Net income	$ 186.4	$ 6.4	$ 192.8	$ 12.2	$ 5.5	$ 17.7	989.3%
Net income (loss) attributable to shareholders of CTC	151.8	6.4	158.2	(13.3)	5.5	(7.8)	NM[3]
Diluted EPS	$ 2.47	$ 0.10	$ 2.57	$ (0.22)	$ 0.09	$ (0.13)	NM[3]

[1] Refer to Normalizing Items table in this section for more details.
[2] Change is between normalized results.
[3] Not meaningful.

Consolidated Results Commentary

Diluted EPS for the first quarter of 2021 was $2.47 per share, $2.69 higher compared to the prior year. Normalized diluted EPS was $2.57, $2.70 higher compared to the prior year, driven by higher shipments to Dealers at Canadian Tire and strong sales growth across all Retail banners. Retail segment normalized income before taxes was $111.2 million, up $203.3 million compared to a loss of $92.1 million and Retail segment revenue was $3,022.8 million, an increase of 20.8 percent compared to the prior year. Retail gross margin dollars were $960.3 million, growing 24.6 percent excluding Petroleum, compared to the prior year. Retail gross margin rate, excluding Petroleum, was lower by 62 bps attributable mainly to sales mix between the Retail banners. The gross margin rate at SportChek and Mark's improved due to lower promotional activity, while the rate at Canadian Tire decreased due to sales mix within the business. Retail segment normalized selling general and administration ("SG&A") was $848.6 million, relatively flat compared to the prior year, with higher volume-related supply chain costs partially offset by lower variable compensation expenses and Operational Efficiency program related savings. Normalized SG&A adjusted for rent expense (excluding depreciation and amortization) and excluding Petroleum as a percentage of revenue was 27.1 percent, favourable by 520 bps as the strong revenue growth outpaced the increase in SG&A expenses.

The Financial Services segment income before taxes was $126.4 million, an increase by 80.1 percent, partially attributable to a $21.1 million reduction in the expected credit loss ("ECL") allowance for loans receivable due to the continued strength in portfolio metrics, as evidenced by the continuation of strong payment rates and favourable delinquency rates. Despite improvements in overall risk, Management continues to assess allowance with consideration for the heightened level of uncertainty given continued financial stimulus, recent lockdowns and new variants of concern which have led to the increase in active Coronavirus ("COVID-19") cases, among other indicators of economic health.

With the COVID-19 pandemic continuing into 2021, the Company continues to execute wide-ranging measures to support its businesses and protect the health and well-being of its employees, customers, Dealers and franchisees along with supporting local communities.

In the first quarter of 2021, in compliance with advisories and directives issued by local government authorities, the Company experienced varying degree of restrictions on its Retail segment store operations ranging from temporary store closures, temporary restrictions on the sale of certain product categories, restrictions on store operating hours and in-store capacity restrictions across its Retail store network throughout Canada and its foreign operations at Helly Hansen. Refer to section 3.2 for further details concerning restrictions on the Company's Retail store network operations during the quarter. While these restrictions continue to influence the financial performance of the Company, the impact has been absorbed into the day-to-day operations of the Company.

Consistent with 2021, revenue in the first quarter of 2020 was impacted by temporary store closures within the Retail segment. In addition, as disclosed in the Q1 2020 MD&A, the Company's consolidated financial results in the prior year, not including the loss in revenue resulting from temporary store closures at SportChek and Mark's banners, were negatively impacted by $93.8 million or $0.96 EPS attributable to the impact of COVID-19 related market disruptions described below:

In the Retail segment:

- $41.8 million net expense due to the significant decline in share price from the 2019 year end resulting in a mark-to-market adjustment on the Company's equity hedges related to share-based compensation awards; and
- $7.1 million non-operational foreign exchange losses recognized at Helly Hansen due to the foreign exchange fluctuations from the 2019 year end, primarily driven by the depreciation in the Norwegian Krone ("NOK").

In the Financial Services segment:

- $44.9 million related to an increase in the ECL allowance resulting from forward looking economic assumption changes at the onset of the pandemic.

Consolidated Results Commentary *(continued)*

	Q1 2021
Consolidated Results Summary	▲ **Diluted EPS: $2.69 per share** • Consolidated revenue for the quarter was $3,322.9 million, an increase of $474.6 million, or 16.7 percent. Excluding Petroleum, consolidated revenue of $2,979.7 million increased 21.2 percent compared to the prior year, mainly attributable to exceptional revenue growth in the Retail segment, which was partially offset by lower revenue in the Financial Services segment. Retail segment revenue increased across all banners led by strong growth at Canadian Tire driven primarily by higher shipments. The revenue decline in the Financial Services segment was mainly attributable to lower credit charges resulting from lower receivable volumes compared to the prior year. • Consolidated gross margin dollars was $1,186.4 million, an increase of $247.2 million, or 26.3 percent, primarily attributable to the Retail segment driven by strong growth at Canadian Tire, SportChek as well as Mark's. The Financial Services segment also contributed to the increase in gross margin, attributable to a decrease in the ECL allowance and lower write offs net of recoveries compared to prior year. • Other income was $16.8 million, an increase of $8.2 million, mainly attributable to non-operational foreign exchange gains in the current year compared to the prior year, which was partially offset by lower real estate related gains in the Retail segment. • Consolidated SG&A expenses increased by $14.7 million, or 1.7 percent. Normalized consolidated SG&A increased $13.5 million, or 1.6 percent. The increase was mainly attributable to the impact of higher shipment volumes on supply chain costs, an increase in IT-related costs, and marketing spend. This increase was partially offset by lower variable compensation expenses due to the unfavourable impact in the prior year of the mark-to-market adjustment on the Company's equity hedges related to the share-based compensation awards amounting to $41.8 million, and savings from the Operational Efficiency program compared to the prior year. • Net finance costs during the quarter were $57.3 million, which was lower by 16.1 percent, primarily due to lower medium-term and short-term funding volume and lower rates compared to the prior year. • Income taxes for the quarter was an expense of $68.1 million, compared to a recovery $9.3 million in the prior year. The income tax expense was primarily due to higher income, higher non-deductible stock-option expense and lower favourable adjustments to tax estimates in the quarter. • Normalized diluted EPS in the quarter was $2.57, compared to $(0.13) in the prior year. The increase in earnings was led by strong growth in the Retail segment and an increase in earnings in the Financial Services segment primarily due to lower net impairment losses.

3.1.2 Consolidated Key Operating Performance Measures, Excluding Petroleum

Key operating performance measures do not have standard meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. Refer to section 7.3.1 in this MD&A for definitions and further information.

(C$ in millions) increase/(decrease)	**Q1 2021**	Q1 2020	Change
Normalized[1] SG&A expenses adjusted for rent expense[2] (excluding depreciation and amortization[3]) and excluding Petroleum, as a percentage of revenue[4, 5]	**27.1 %**	32.3 %	(520) bps
Normalized[1] EBITDA[6] adjusted for rent expense[2] and excluding Petroleum, as a percentage of revenue[4, 5]	**12.0 %**	4.9 %	708 bps

1 *Refer to section 3.1.1 for a description of normalizing items.*
2 *Adjustments to SG&A include an addition of depreciation on right-of-use assets and net finance costs relating to lease liability as an estimate for rent expense.*
3 *Depreciation and amortization excluded amounted to $96.6 million (2020 - $98.8 million).*
4 *Revenue excludes Petroleum revenue, EBITDA excludes Petroleum gross margin.*
5 *Normalized SG&A adjusted for rent expense and normalized EBITDA adjusted for rent expense are non-GAAP measures; refer to section 7.3.2 in this MD&A for a reconciliation of these non-GAAP measures to the related GAAP measure and additional information.*
6 *Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA")*

	Q1 2021
Normalized SG&A expenses adjusted for rent expense (excluding depreciation and amortization) and excluding Petroleum as a percentage of Revenue	▼ **520 bps** • Normalized SG&A expenses adjusted for rent (excluding depreciation and amortization) and excluding Petroleum, as a percentage of revenue, was 27.1 percent, a decrease of 520 bps compared to prior year. The decrease in rate was mainly attributable to strong growth in revenue, excluding Petroleum, of $521.4 million, or 21.2 percent compared to prior year, mainly attributable to the Retail segment driven by strong revenue growth across all banners led by Canadian Tire. Normalized SG&A of $882.7 million, increased by 1.6 percent compared to the prior year due primarily to higher volume-related supply chain expenses. This increase was partially offset by lower variable compensation expenses attributable to the mark-to-market adjustment of $41.8 million on the Company's equity hedges in the prior year as described in section 3.1.1 which contributed approximately 170 bps to the decrease in rate. No such impact was recorded in the current year. Furthermore, SG&A benefited from Operational Efficiency program savings compared to the prior year.
Normalized EBITDA adjusted for rent expense and excluding Petroleum, as a percentage of Revenue	▲ **708 bps** • Normalized EBITDA adjusted for rent expense as a percentage of revenue, excluding Petroleum, was 12.0 percent, an increase of 708 bps. The increase in rate was mainly driven by the increase in Retail segment revenue attributable mainly to strong growth across the Retail segment banners led by Canadian Tire. The rate also benefited from lower variable compensation expenses, Operational Efficiency program savings and higher earnings in the Financial Services segment.

3.1.3 Seasonal Trend Analysis

The following table shows the consolidated financial performance of the Company by quarter for the last two years.

(C$ in millions, except per share amounts)	**Q1 2021**	Q4 2020	Q3 2020	Q2 2020	**Q1 2020**	Q4 2019	Q3 2019	Q2 2019
Revenue	**$ 3,322.9**	$ 4,874.5	$ 3,986.4	$ 3,161.8	**$ 2,848.3**	$ 4,316.7	$ 3,636.7	$ 3,686.6
Net income	**186.4**	521.8	326.3	2.3	**12.2**	365.9	227.7	203.8
Normalized net income[1]	**192.8**	548.4	331.9	6.9	**17.7**	372.4	243.8	209.7
Diluted EPS	**2.47**	7.97	4.84	(0.33)	**(0.22)**	5.42	3.20	2.87
Normalized diluted EPS[1]	**2.57**	8.40	4.93	(0.25)	**(0.13)**	5.53	3.46	2.97

1 *Refer to section 3.1.1 for a description of normalizing items.*

3.2 Retail Segment Performance

3.2.1 Retail Segment Financial Results

(C$ in millions)		**Q1 2021**		Q1 2020	Change
Retail sales[1]	**$**	**3,117.8**	$	2,757.1	13.1%
Revenue	**$**	**3,022.8**	$	2,503.2	20.8%
Gross margin dollars	**$**	**960.3**	$	773.3	24.2%
Gross margin as a % of revenue		**31.8%**		30.9%	87 bps
Other (income)	**$**	**(48.6)**	$	(35.6)	36.3%
Selling, general and administrative expenses		**857.3**		848.7	1.0%
Net finance costs		**49.1**		59.8	(17.9%)
Income (loss) before income taxes	**$**	**102.5**	$	(99.6)	NM[2]

[1] *Retail sales is a key operating performance measure. Refer to section 7.3.1 in this MD&A for additional information.*
[2] *Not meaningful.*

Normalized results are non-GAAP measures and do not have standardized meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. For further information and a reconciliation to GAAP measures, refer to section 7.3.2 in this MD&A.

Selected Normalized Metrics – Retail

(C$ in millions, except where noted)	**Q1 2021**	**Normalizing Items[1]**	**Normalized Q1 2021**	Q1 2020	Normalizing Items[1]	Normalized Q1 2020	Change[2]
Revenue	**$ 3,022.8**	**$ —**	**$ 3,022.8**	$ 2,503.2	$ —	$ 2,503.2	20.8%
Cost of producing revenue	**2,062.5**	**—**	**2,062.5**	1,729.9	—	1,729.9	19.2%
Gross margin	**$ 960.3**	**$ —**	**$ 960.3**	$ 773.3	$ —	$ 773.3	24.2%
Gross margin rate	**31.8%**	**—**	**31.8%**	30.9%	—	30.9%	87 bps
Other (income)	**$ (48.6)**	**$ —**	**$ (48.6)**	$ (35.6)	$ —	$ (35.6)	36.3%
Selling, general and administrative expenses	**857.3**	**(8.7)**	**848.6**	848.7	(7.5)	841.2	0.9%
Net finance costs	**49.1**	**—**	**49.1**	59.8	—	59.8	(17.9)%
Income (loss) before income taxes	**$ 102.5**	**$ 8.7**	**$ 111.2**	$ (99.6)	$ 7.5	$ (92.1)	NM[3]

[1] *Refer to section 3.1.1 for a description of normalizing items.*
[2] *Change is between normalized results.*
[3] *Not meaningful.*

3.2.2 Retail Segment Key Operating Performance Measures

Key operating performance measures do not have standard meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. Comparable sales and Comparable store gasoline volume growth metrics include sales from stores which were impacted by government restrictions. Refer to section 7.3.1 in this MD&A for further information.

(Year-over-year percentage change, C$ in millions, except as noted)		Q1 2021	Q1 2020	Change
	Revenue[1]	**$ 3,022.8**	$ 2,503.2	20.8 %
	Revenue, excluding Petroleum	**2,679.6**	2,113.2	26.8 %
	Store count	**1,740**	1,743	
	Retail square footage (in millions)	**34.5**	34.4	
	Retail sales growth	**13.1 %**	(2.7)%	
	Retail sales growth, excluding Petroleum	**17.8 %**	(2.5)%	
	Consolidated comparable sales growth[2]	**19.3 %**	(0.3)%	
	Retail ROIC[3]	**12.2 %**	9.6 %	
CANADIAN TIRE	Revenue[1, 4]	**$ 1,893.9**	$ 1,405.4	34.8 %
	Store count[5]	**667**	666	
	Retail square footage (in millions)	**23.4**	23.3	
	Sales per square foot[6]	**$ 512**	$ 442	15.8 %
	Retail sales growth[7]	**20.1 %**	2.2 %	
	Comparable sales growth[2]	**19.2 %**	0.7 %	
SPORTCHEK	Revenue[1]	**$ 396.7**	$ 370.1	7.2 %
	Store count	**397**	400	
	Retail square footage (in millions)	**7.5**	7.5	
	Sales per square foot[8]	**$ 282**	$ 297	(5.0)%
	Retail sales growth[9]	**10.0 %**	(13.1)%	
	Comparable sales growth[2]	**18.7 %**	(1.8)%	
Mark's	Revenue[1, 10]	**$ 245.0**	$ 212.5	15.3 %
	Store count	**380**	380	
	Retail square footage (in millions)	**3.6**	3.6	
	Sales per square foot[8]	**$ 341**	$ 350	(2.4)%
	Retail sales growth[11]	**13.7 %**	(15.3)%	
	Comparable sales growth[2]	**22.0 %**	(4.5)%	
HH HELLY HANSEN	Revenue[1]	**$ 136.3**	$ 121.5	12.2 %
GAS+	Revenue[1]	**$ 343.2**	$ 390.0	(12.0)%
	Gas bar locations	**296**	297	
	Gross margin dollars	**$ 41.9**	$ 36.0	16.3 %
	Retail sales growth	**(10.1)%**	(3.4)%	
	Gasoline volume growth in litres	**(20.4)%**	(8.3)%	
	Comparable store gasoline volume growth in litres[2]	**(21.4)%**	(5.2)%	

1 *Revenue reported for Canadian Tire, SportChek, Mark's and Petroleum include inter-segment revenue. Helly Hansen revenue represents external revenue only. Therefore, in aggregate, revenue for Canadian Tire, SportChek, Mark's, Petroleum, and Helly Hansen will not equal total revenue for the Retail segment.*

2 *Comparable sales growth excludes Petroleum. The Canadian Tire banner includes PartSource, PHL and Party City. Comparable sales growth and comparable store gasoline volume growth has been calculated by aligning the 2020 fiscal calendar to match the 2021 fiscal calendar (i.e. sales from the first week in 2021 are compared with the sales from the second week of 2020) and includes the sales of stores which were temporary closed in the first quarter of 2021. Comparable sales in the prior year, for SportChek and Mark's, were calculated on sales up to March 18, 2020, beyond which their retail stores were closed. Refer to section 7.3.1 in this MD&A for additional information on Comparable sales growth.*

3 *Retail Return on Invested Capital ("ROIC") is calculated on a rolling 12-month basis based on normalized earnings. The prior period figures for ROIC have been restated to align with current year calculation. Refer to section 7.3.1 in this MD&A for additional information.*

4 *Revenue includes revenue from Canadian Tire, PartSource, PHL, Party City and Franchise Trust.*

5 *Store count includes stores from Canadian Tire, and other banner stores of 163 (2020: 163 stores). Other banners include PartSource, PHL and Party City.*

6 *Sales per square foot figures are calculated on a rolling 12-month basis, for the current year, this calculation includes the period in which the stores were temporarily closed in the Retail segment. Retail space does not include seasonal outdoor garden centres, auto service bays, or warehouse and administrative space.*

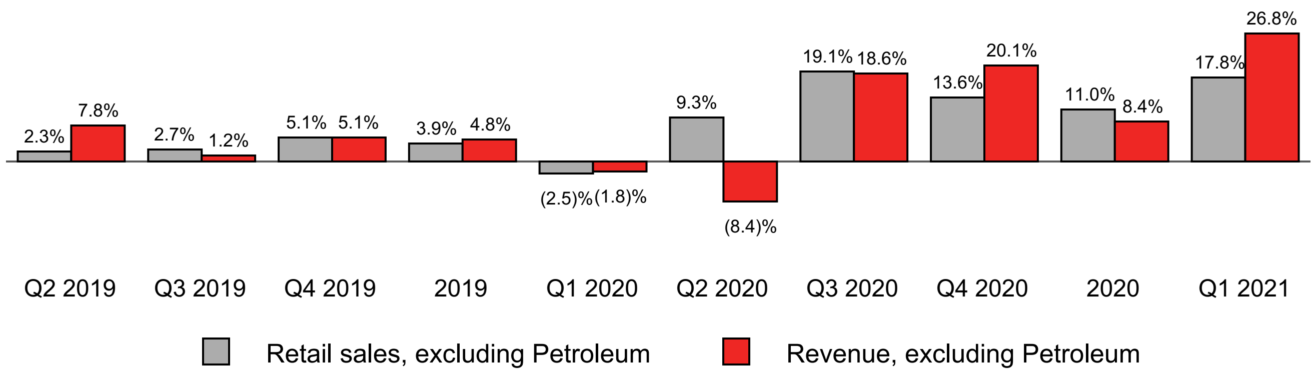
7 *Retail sales growth includes sales from Canadian Tire, PartSource, PHL, Party City and the labour portion of Canadian Tire's auto service sales.*

8 *Sales per square foot figures are calculated on a rolling 12-month basis, include both corporate and franchise stores and warehouse and administrative space. For the current year, this calculation includes the period in which the stores were temporarily closed in the Retail segment.*

9 *Retail sales growth includes sales from both corporate and franchise stores.*
10 *Revenue includes the sale of goods to Mark's franchise stores, retail sales from Mark's corporate stores, Mark's wholesale revenue from its commercial division, and includes ancillary revenue relating to embroidery and alteration services.*
11 *Retail sales growth includes retail sales from Mark's corporate and franchise stores, but excludes ancillary revenue relating to alteration and embroidery services.*
12 *Not meaningful.*

The following chart shows the Retail segment, excluding Petroleum, retail sales and revenue performance by quarter for the last two years.

Year-over-year Retail Sales and Revenue Growth



Retail Segment Commentary

Despite store closures and restrictions on in-store shopping continuing throughout the quarter, strong omni-channel performance drove comparable sales growth of 19.3 percent.

Entering the first quarter of 2021, the majority of the Company's Canadian store network was operating under various restrictions depending upon the jurisdiction, including restrictions on, and the closure of, in-store shopping as well as limitations on the types of goods permitted for sale in stores. These restrictions began to ease in February as stores re-opened gradually throughout the month and the first two weeks of March. From March 14 until the end of the quarter, the entire domestic store network was open for in-store shopping. The table below shows the percentage of the store network that was fully operational in the Retail segment by banner throughout the quarter:

	January 3 - February 7, 2021	February 8 - March 14, 2021[3]
Canadian Tire	40 %	40% - 100%
Other Canadian Tire Retail banners[1]	37 %	37% - 100%
SportChek[2]	34 %	34% - 100%
Mark's[2]	64 %	64% - 100%

1 *Includes PartSource, PHL and Party City stores.*
2 *Includes franchise stores.*
3 *In conjunction with the easing of restrictions over the period February 8 to March 14, 2021, the retail store network began opening its temporarily closed stores for in-store shopping across various provinces on various days.*

Retail segment eCommerce sales were approximately $450 million in the quarter, which contributed to the strong growth, an increase of 257 percent, led by the Canadian Tire banner with growth of almost 400 percent compared to the prior year. The Retail segment eCommerce penetration rate more than tripled the previous year's levels with eCommerce sales over $1.9 billion for the past twelve months.

Retail Segment Commentary *(continued)*

Retail segment normalized income before income taxes was $111.2 million, compared to a loss of $92.1 million in the prior year. The increase was driven by strong revenue growth and relatively flat SG&A expenses as higher volume-related supply chain expenses and higher IT related costs were largely offset by lower variable compensation expense and savings from the Operational Efficiency program.

The prior year results were impacted as a result of COVID-19 related market disruptions described in section 3.1 of this MD&A.

	Q1 2021
Retail Sales	▲ **$360.7 million or 13.1%** ▲ **19.3% in comparable sales growth** • Retail sales of $3,117.8 million, grew an impressive 13.1 percent in the quarter. Excluding Petroleum, retail sales grew 17.8 percent, or $408.1 million. All banners experienced strong growth in the digital channel, with the eCommerce penetration rate more than triple compared to the prior year. Strong performance from the Company's Owned Brands also contributed to the exceptional growth in sales. • Canadian Tire retail sales were up by 20.1 percent. Top performing categories included Backyard Living, Tools, and Cycling, which were partially offset by a decline in Home Essentials, which benefited in the prior year from consumer purchasing patterns at the onset of the pandemic, and auto maintenance categories as Canadians continued to commute less. An early arrival of spring also provided a boost to seasonally relevant categories. Owned Brands sales outpaced overall retail sales growth led by CANVAS and Mastercraft, resulting in an increase in Owned Brands penetration. The banner also saw strong growth in basket size compared to prior year. • SportChek retail sales were up by 10.0 percent driven by strong sales in the second half of the quarter in outdoor categories led by Cycling, Footwear and Kids clothing. eCommerce sales and Owned Brands sales continued to deliver strong growth and contributed to the increase in retail sales in the quarter. • Mark's retail sales were higher by 13.7 percent, led by strong growth in eCommerce with Industrial, Men's and Ladies Casualwear being the top performing categories in the quarter. • GAS+ Petroleum retail sales decreased 10.1 percent due to lower gas volume, partially offset by higher per litre gas prices and higher non-gas sales compared to the prior year.
Revenue	▲ **$519.6 million or 20.8%** ▲ **26.8% excluding Petroleum** • Retail revenue was $3,022.8 million, favourable by 20.8 percent. The strong growth in revenue across all Retail banners was led by performance at Canadian Tire driven primarily by strong shipment growth. Strong eCommerce growth across all banners contributed to the growth in revenue.
Gross Margin	▲ **$187.0 million or 24.2%** ▲ **87 bps in gross margin rate** ▲ **24.6% excluding Petroleum** ▼ **62 bps in gross margin rate, excluding Petroleum** • Excluding Petroleum, gross margin dollars was $918.4 million, an increase of $181.1 million, primarily driven by a strong increase in revenue attributable to the reasons described above. • Normalized gross margin rate, excluding Petroleum, decreased by 62 bps. The decrease in the normalized gross margin rate was attributable mainly to sales mix between Retail banners. The gross margin rate at SportChek and Mark's improved due to lower promotional activity, while the rate at Canadian Tire decreased due to sales mix within the business.

Retail Segment Commentary *(continued)*

	Q1 2021
Other Income	▲ **$13.0 million or 36.3%** • Other income was $48.6 million, higher by $13.0 million, mainly attributable to non-operational foreign exchange gains recognized in Helly Hansen in the current year compared to losses in the prior year, which was partially offset by lower real estate related gains compared to the prior year.
Selling, General & Administr-ative Expenses	▲ **$8.6 million or 1.0%** • Normalized SG&A expenses was $848.6 million, an increase of $7.4 million, or 0.9 percent, primarily attributable to an increase in volume-related supply chain costs and IT costs, partially offset by lower variable compensation expense due to the unfavourable impact in the prior year of the mark-to-market adjustment on the Company's equity hedges related to the share-based compensation awards amounting to $41.8 million, and savings from the Operational Efficiency program.
Earnings Summary	▲ **$202.1 million** • Normalized income before income taxes was $111.2 million, an increase of $203.3 million. The increase in income was attributable mainly to a strong increase in gross margin and an increase in other income, partially offset by an increase in SG&A expenses attributable to the reasons described above.

3.2.3 Retail Segment Seasonal Trend Analysis

Quarterly operating net income and revenue are affected by seasonality. The fourth quarter typically generates the greatest contribution to revenue and earnings, and the first quarter the least. The following table shows the Retail segment financial performance of the Company by quarter for the last two years.

(C$ in millions, except per share amounts)	**Q1 2021**	Q4 2020	Q3 2020	Q2 2020	**Q1 2020**	Q4 2019	Q3 2019	Q2 2019
Retail sales	**$ 3,117.8**	$ 5,317.2	$ 4,414.4	$ 4,375.7	**$ 2,757.1**	$ 4,838.2	$ 3,904.3	$ 4,303.7
Revenue	**3,022.8**	4,582.2	3,684.8	2,849.8	**2,503.2**	3,989.2	3,296.3	3,360.3
Income (loss) before income taxes	**102.5**	577.9	326.2	(66.2)	**(99.6)**	351.6	170.6	139.1
Normalized[1] (loss) income before income taxes	**111.2**	613.2	333.8	(59.9)	**(92.1)**	360.5	192.7	147.2

[1] *Refer to section 3.1.1 for a description of normalizing items.*

3.3 Financial Services Segment Performance

3.3.1 Financial Services Segment Financial Results

(C$ in millions)		Q1 2021		Q1 2020	Change
Revenue	$	297.2	$	341.9	(13.1)%
Gross margin dollars	$	207.6	$	145.2	42.9 %
Gross margin as a % of revenue		69.8%		42.5%	2,735 bps
Other (income) expense	$	(0.3)	$	0.1	NM[1]
Selling, general and administrative expenses		82.0		75.0	9.1 %
Net finance (income)		(0.5)		(0.1)	280.3 %
Income before income taxes	$	126.4	$	70.2	80.1 %

[1] *Not meaningful.*

Financial Services Segment Commentary

During the first quarter, income before income taxes increased $56.2 million, primarily attributable to an increase in gross margin of $62.4 million. The gross margin increase was mainly attributable to lower net impairment losses of $112.8 million, partially offset by a $44.7 million decline in revenue attributable to a 11.3 percent reduction in gross average accounts receivable ("GAAR") relative to prior year. Although credit card sales growth for the quarter was strong, GAAR was lower compared to the prior year due to the continued strength of customer payment rates and the impact of fewer new accounts acquired in 2020.

ECL allowance for loans receivable was reduced by $21.1 million in the quarter due to continued strength in portfolio metrics as evidenced by the low delinquency rate compared to an increase in the prior year of $44.9 million.

	Q1 2021
Revenue	▼ **$44.7 million or 13.1%** • Revenue for the quarter was $297.2 million, a decline of $44.7 million or 13.1 percent compared to the prior year. The decline in revenue was mainly due to lower credit charges, primarily attributable to the decline in GAAR.
Gross Margin	▲ **$62.4 million or 42.9%** • Gross margin was $207.6 million, an increase of $62.4 million or 42.9 percent compared to the prior year. The increase in gross margin was mainly due to lower net impairment losses, attributable to a reduction in the ECL allowance of $21.1 million compared to an increase of $44.9 million in the prior year and lower write offs net of recoveries, which were partially offset by a decrease in revenue and higher funding costs.
SG&A Expenses	▲ **$7.0 million or 9.1%** • SG&A was $82.0 million, an increase of $7.0 million or 9.1 percent. The increase in SG&A expenses was primarily due to an increase in marketing costs related to the continued expansion of digital acquisition and personnel-related expenses.
Earnings Summary	▲ **$56.2 million or 80.1%** • Income before income taxes was $126.4 million, an increase of $56.2 million or 80.1 percent. The increase in income before income taxes was primarily due to a higher gross margin, which was partially offset by an increase in SG&A expenses attributable to the reasons described above.

3.3.2 Financial Services Segment Key Operating Performance Measures

Key operating performance measures do not have standard meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. Refer to section 7.3.1 in this MD&A for definitions and further information on performance measures.

(C$ in millions) except where noted	Q1 2021	Q1 2020	Change
Credit card sales growth[1]	**7.1 %**	3.6%	
GAAR	**$ 5,645.4**	$ 6,363.3	(11.3)%
Revenue[2] (as a % of GAAR)	**20.65%**	21.32%	
Average number of accounts with a balance[3] (thousands)	**2,025**	2,110	(4.0)%
Average account balance[3] (whole $)	**$ 2,788**	$ 3,015	(7.5)%
Net credit card write-off rate[2, 3]	**5.28%**	6.35%	
Past due credit card receivables ("PD2+")[3, 4]	**1.98%**	3.07%	
Allowance rate[5]	**14.93%**	13.64%	
Operating expenses[2] (as a % of GAAR)	**5.59%**	4.91%	
Return on receivables[2]	**6.58%**	6.08%	

1 Credit card sales growth excludes balance transfers. Represents year-over-year percentage change.
2 Figures are calculated on a rolling 12-month basis.
3 Credit card portfolio only.
4 Credit card receivables more than 30 days past due as a percentage of total-ending credit card receivables.
5 The allowance rate was calculated based on the total-managed portfolio of loans receivable.

Financial Services Segment Scorecard

To evaluate the overall financial performance of the Financial Services segment, the following scorecard provides a balanced view on how Financial Services is progressing towards achieving its strategic objectives.

Q1 2021 vs Q1 2020	
Growth	▼ **11.3% in GAAR** ▲ **7.1% in credit card sales growth** ▼ **4.0% in average number of accounts with a balance** ▼ **7.5% in average account balance** • GAAR declined by 11.3 percent relative to last year due to a 7.5 percent decline in average account balances and a 4.0 percent decline in average active accounts. The decrease in average active accounts was primarily due to lower new credit card customer acquisitions since the outset of the pandemic as a result of continued restrictions in the Company's store network. • Credit card sales grew by 7.1 percent over the prior year driven by strong sales at both Retail segment banners and external merchants.
Performance	▲ **50 bps in return on receivables** ▼ **67 bps in revenue as a % of GAAR** ▲ **68 bps in OPEX as a % of GAAR** • Return on receivables increased by 50 bps compared to the prior year due to increased income resulting from improved gross margin combined with lower GAAR compared to the prior year. • Operating expenses as a percentage of GAAR increased by 68 bps compared to the prior year due to lower GAAR and an increase in operating expenses resulting from increase in new account acquisition costs and personnel-related expenses.
Operational metrics	▼ **109 bps in PD2+ rate** ▼ **107 bps in net credit card write-off rate** ▲ **14.93% allowance rate, up 129 bps** • Strong customer payments continued to contribute to a significant improvement in the PD2+ rate, which was a result of improved risk across the portfolio. • The decrease in the net write-off rate compared to the prior year is primarily driven by a decline in insolvencies. • The allowance rate increased by 129 bps from Q1 2020 to 14.93 percent reflecting Management's continued expectation of increased future losses associated with the ongoing impacts of COVID-19 (including the impact of recent lockdowns and new variants of concern) on the economy and the eventual end of financial stimulus.

3.3.3 Financial Services Segment Seasonal Trend Analysis

Quarterly operating net income and revenue are affected by seasonality. In the first quarter, the Financial Services segment would typically contribute the majority of consolidated earnings. The following table shows the financial performance of the segment by quarter for the last two years.

(C$ in millions, except per share amounts)	**Q1 2021**	Q4 2020	Q3 2020	Q2 2020	**Q1 2020**	Q4 2019	Q3 2019	Q2 2019
Revenue	**$ 297.2**	$ 295.3	$ 301.3	$ 309.9	**$ 341.9**	$ 333.0	$ 343.0	$ 329.3
Income before income taxes	**126.4**	115.6	90.5	51.0	**70.2**	109.5	108.9	95.5

3.4 CT REIT Segment Performance

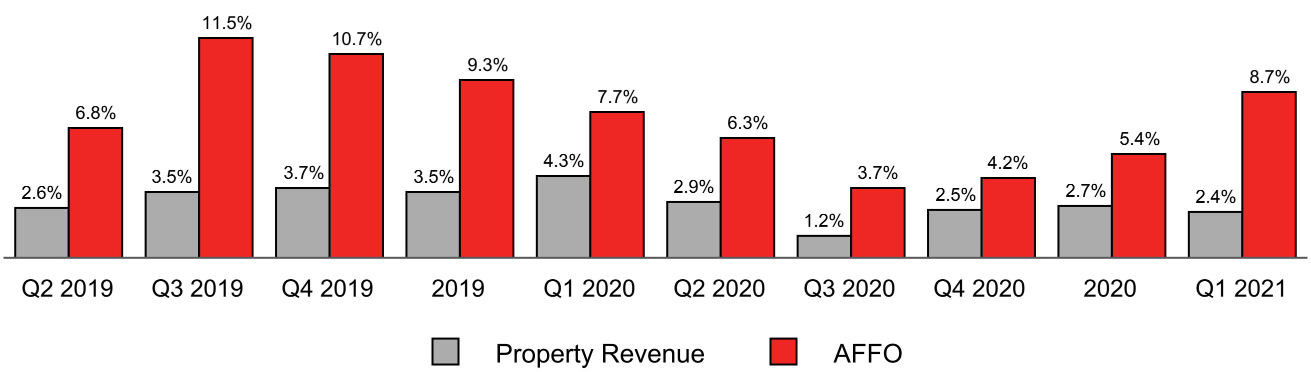
3.4.1 CT REIT Segment Financial Results

(C$ in millions)		**Q1 2021**		Q1 2020	Change
Property revenue	**$**	**129.9**	$	126.8	2.4 %
Property expense		**29.2**		28.9	0.7 %
General and administrative expense ("G&A")		**3.8**		3.0	33.3 %
Net finance costs		**26.6**		27.5	(3.3)%
Fair value (gain) loss adjustment		**(4.3)**		24.2	NM[1]
Income before income taxes	**$**	**74.6**	$	43.2	72.6 %

[1] *Not meaningful.*

The following shows the CT REIT year-over-year property revenue and adjusted funds from operations ("AFFO") performance by quarter for the last two years.

Year-over-year Property Revenue and AFFO Growth



CT REIT Segment Commentary

In the first quarter of 2021, property revenue increased by $3.1 million, mainly attributable to contractual rent escalations, additional base rent related to properties acquired, and developments and intensifications completed during the quarter and in 2020. The change in fair value adjustment on investment properties of $28.5 million from updated assumptions for property-appraisal models was the primary reason for the increase in earnings of $31.4 million.

AFFO was $5.3 million higher compared to the previous year attributable to an increase in operating income driven by rent escalations, acquisitions during 2020 and lower finance costs.

CT REIT Segment Commentary *(continued)*

	Q1 2021
Property Revenue	▲ **$3.1 million or 2.4%** • Property revenue was $129.9 million, an increase of $3.1 million, or 2.4 percent. The increase was mainly due to contractual rent escalations, additional base rent related to properties acquired, and developments and intensifications completed during 2021 and 2020.
Property Expense	▲ **$0.3 million flat to prior year** • The property expense was $29.2 million, overall in line with prior year.
G&A Expenses	▲ **$0.8 million or 33.3%** • G&A expense was $3.8 million, an increase of $0.8 million or 33.3 percent. The increase in G&A was mainly driven by increased personnel costs, which were partially offset by lower income tax expense.
Net Finance Cost	▼ **$0.9 million or 3.3%** • Net finance cost was $26.6 million, a decrease of $0.9 million or 3.3 percent. The decrease was attributable to lower interest on the Class C LP Units and lower interest capitalization on development projects in 2020, partially offset by increased utilization on the credit facilities.
Fair Value Adjustment on Investment Properties	▲ **$28.5 million** • The fair value adjustment on investment properties was a gain of $4.3 million, mainly attributable to the updated inputs and assumptions in the property-appraisal models. This fair value adjustment is eliminated upon consolidation.
Earnings Summary	▲ **$31.4 million or 72.6%** • Income before income taxes was $74.6 million, an increase of $31.4 million or 72.6 percent. The increase in earnings was primarily due to the fair value adjustments on investment properties and an increase in property revenue.

3.4.2 CT REIT Segment Key Operating Performance Measures

Key operating performance measures do not have standard meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. Refer to section 7.3.1 in this MD&A for definitions and further information on performance measures.

(C$ in millions)	Q1 2021	Q1 2020	Change
Net operating income[1]	**$ 99.0**	$ 95.3	3.9 %
Funds from operations[1]	**71.4**	66.9	6.4 %
Adjusted funds from operations[1]	**63.5**	58.2	8.7 %

[1] *Non-GAAP measures exclude all fair value adjustments, refer to section 7.3.2 in this MD&A for additional information.*

Net operating income (NOI)

NOI for the quarter increased by 3.9 percent compared to the prior year, primarily due to the acquisition of income-producing properties and properties under development completed in 2021 and 2020. NOI is a non-GAAP measure. Refer to section 7.3.2 for additional information.

Funds from operations (FFO)

FFO for the quarter increased by 6.4 percent compared to the prior year, primarily due to the impact of NOI variances, lower interest expense and timing of professional fees. FFO is a non-GAAP measure. Refer to section 7.3.2 for additional information.

Adjusted funds from operations

AFFO for the quarter increased by 8.7 percent compared to the prior year, primarily due to the impact of NOI variances and lower interest expense. AFFO is a non-GAAP measure. Refer to section 7.3.2 for additional information.

4.0 Balance Sheet Analysis, Liquidity, and Capital Resources

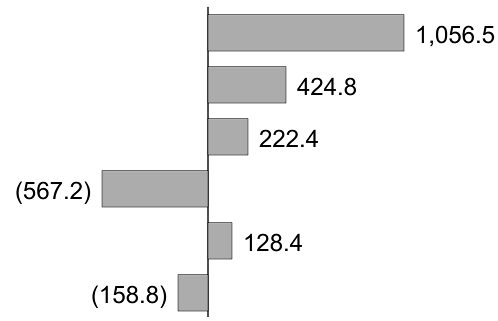
4.1 Selected Balance Sheet Highlights

Selected line items from the Company's assets and liabilities, as at April 3, 2021 and the year-over-year change versus March 28, 2020, are noted below:

Total change ▲ $ 1,416.3

Selected Asset	April 3, 2021
Cash and cash equivalents	1,499.9
Short-term investments	630.0
Trade and other receivables	1,220.8
Loans receivable	4,864.0
Merchandise inventories	2,603.6
Long-term receivables and other assets	676.4

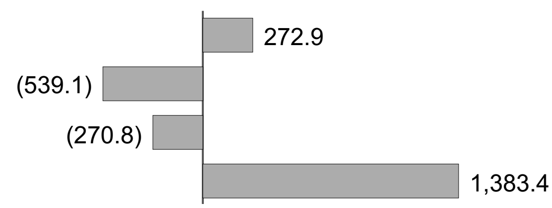
Year-over-year change in assets



Total change ▲ $ 882.8

Selected Liability	April 3, 2021
Trade and other payables	2,313.4
Short-term borrowings	615.4
Long-term debt (current and long-term portion)	4,265.9
Deposits (current and long term)	3,870.7

Year-over-year change in liabilities



Assets		
Cash and cash equivalents	▲ **$1,056.5 million**	The increase was primarily due to cash generated from operating activities, partially offset by investing activities and financing activities. Refer to section 4.2 for further details.
Short-term investments	▲ **$424.8 million**	Short-term investments increased as the Company ended the quarter with excess liquidity position mainly in the Financial Services segment.
Trade and other receivables	▲ **$222.4 million**	The increase in trade and other receivables was primarily attributable to an increase in Dealer receivables driven by higher shipment volumes at Canadian Tire.
Loans receivable	▼ **$567.2 million**	The decrease was mainly driven by strong customer payments, lower active accounts, and lower average card balance compared to the prior year.
Merchandise inventories	▲ **$128.4 million**	The increase was primarily driven by higher seasonally anticipated customer demand at Canadian Tire, partially offset by inventory at SportChek due to strong sales growth compared to the prior year.
Long-term receivables and other assets	▼ **$158.8 million**	The decrease was mainly due to improved liquidity positions and strong operating results of Franchise Trust borrowers.

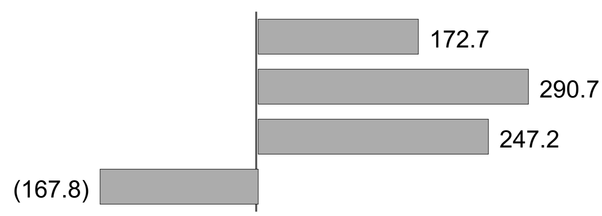
Liabilities			
Trade and other payables	▲	$272.9 million	The increase was mainly driven by higher inventory purchases in an anticipation of strong customer demand compared to the prior year.
Short-term borrowings	▼	$539.1 million	The decrease was mainly attributable to lower borrowings under the Company's committed bank line and decrease of Glacier commercial paper by $245 million, partially offset by higher US commercial paper outstanding.
Long-term debt (current and long-term portion)	▼	$270.8 million	The decrease was mainly attributable to the repayment of the $250 million medium-term notes during Q3 2020.
Deposits (current and long term)	▲	$1,383.4 million	The increase was attributable to increases in High Interest Savings ("HIS") deposits and long-term broker guaranteed investment certificates ("GIC") deposits in the Financial Services segment.

Selected line items from the Company's assets and liabilities, as at April 3, 2021 and the change versus January 2, 2021, are noted below:

Total change	▲	$	571.9

Selected Asset	April 3, 2021
Cash and cash equivalents	1,499.9
Merchandise inventories	2,603.6
Trade and other receivables	1,220.8
Loans receivable	4,864.0

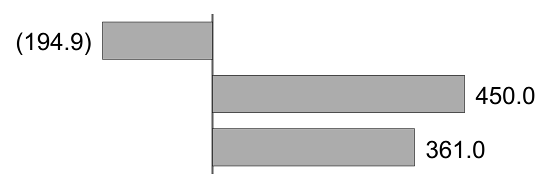
Change in assets



Total change	▲	$	485.1

Selected Liability	April 3, 2021
Trade and other payables	2,313.4
Short-term borrowings	615.4
Deposits (current and long term)	3,870.7

Change in liabilities



Assets			
Cash and cash equivalents	▲	$172.7 million	The increase was primarily due to cash generated from financing activities, partially offset by cash used in operating activities and investing activities. Refer to section 4.2 for further details.
Merchandise inventory	▲	$290.7 million	The increase was primarily driven by higher inventory levels at Canadian Tire to meet seasonally driven anticipated customer demand.
Trade and other receivables	▲	$247.2 million	The increase in trade and other receivables was primarily attributable to an increase in Dealer receivables driven by higher shipment volumes and timing at Canadian Tire.
Loans receivable	▼	$167.8 million	The decrease was mainly attributable to lower active accounts and lower average card balance at Financial Services segment compared to 2020 year end.

Liabilities			
Trade and other payables	▼	$194.9 million	The decrease in trade and other payables was mainly due to the timing of payments made to vendors during the quarter.
Short-term borrowings	▲	$450.0 million	The increase was mainly driven by issuance of $523 million of C$ equivalent U.S. commercial paper.
Deposits and long-term deposits	▲	$361.0 million	The increase was mainly due to increased HIS deposits during the quarter.

4.2 Summary Cash Flows

The Company's cash and cash equivalents position, net of bank indebtedness, was $1,499.9 million as at April 3, 2021. Selected line items from the Company's Condensed Interim Consolidated Statements of Cash Flows for the quarters ended April 3, 2021 and March 28, 2020 are noted in the following table:

(C$ in millions)	Q1 2021	Q1 2020	Change
Cash (used for) operating activities	**$ (369.1)**	$ (147.1)	$ (222.0)
Cash (used for) investing activities	**(88.9)**	(99.1)	10.2
Cash generated from financing activities	**630.7**	494.5	136.2
Cash generated in the period	**$ 172.7**	$ 248.3	$ (75.6)

	Q1 2021
Operating activities	▲ **$222.0 million change** • The increase in cash used for operating activities was primarily due to higher income taxes paid during the quarter as income tax installments were deferred in the comparative period. Final tax payments were also made in the quarter related to significantly higher income during 2020. Operating activities within the Retail segment required more working capital, primarily as a result of increased receivables due to higher shipments to Dealers and higher inventory levels to support future sales, partially offset by higher vendor payments. Improvement to cash balance by way of changes in loans receivable were also lower attributable to an increase in credit cards sales growth.
Investing activities	▼ **$10.2 million change** • The decrease in cash used for investing activities was mainly due to higher net proceeds on the disposition of property and equipment and assets held for sale. Operating capital expenditures were relatively flat compared to the prior year as higher spending on the Operating Efficiency program was offset by a lower real estate spend.
Financing activities	▲ **$136.2 million change** • The increase in cash generated from financing activities was primarily driven by issuance of deposits in the Financial Services segment and lower spend in connection with the Company's share repurchase program offset by lower short term borrowings.

4.3 Capital Management

The Company's objectives when managing capital are: ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans; maintaining healthy liquidity reserves and access to capital; and minimizing the after-tax cost of capital while taking into consideration current and future industry, market, and economic risks and conditions.

4.3.1 Canadian Tire Bank's Regulatory Environment

CTB manages its capital under guidelines established by the Office of the Superintendent of Financial Institutions of Canada ("OSFI"). OSFI's regulatory capital guidelines are based on the international Basel Committee on Banking Supervision framework entitled Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems, which came into effect in Canada on January 1, 2013, and measures capital in relation to credit, market and operational risks. The Bank has various capital policies and procedures and controls, including an Internal Capital Adequacy Assessment Process ("ICAAP"), which it utilizes to achieve its goals and objectives.

The Bank's objectives include:
- holding sufficient capital to maintain the confidence of investors and depositors; and
- being an appropriately capitalized institution, as measured internally, defined by regulatory authorities and compared with the Bank's peers.

As at Q1 2021, CTB complied with all regulatory capital guidelines established by OSFI, its internal targets as determined by its ICAAP and all financial covenants under its bank credit agreement.

4.4 Investing

4.4.1 Capital Expenditures

The Company's capital expenditures for the periods ended April 3, 2021 and March 28, 2020 were as follows:

(C$ in millions)	**Q1 2021**	Q1 2020
Real estate	**$ 34.2**	$ 36.5
Information technology	**21.7**	21.5
Other operating	**5.1**	2.6
Operational Efficiency program	**12.3**	8.5
Operating capital expenditures	**73.3**	69.1
CT REIT acquisitions and developments excluding vend-ins from CTC	**3.5**	41.0
Distribution capacity	**12.5**	4.2
Total capital expenditures[1]	**$ 89.3**	$ 114.3

[1] *Capital expenditures are presented on an accrual basis and include software additions, but exclude right-of-use asset additions, acquisitions relating to business combinations, intellectual properties, and tenant allowances received.*

	Q1 2021
Total capital expenditures	▼ **$25.0 million** • Operating capital expenditures were relatively flat compared to the prior year as higher spending on the Operating Efficiency program was offset by a lower real estate spend. Total capital spend was lower due to lower CT REIT acquisitions, partially offset by an increase in spend of distribution capacity in the current quarter.

Capital Commitments

The Company had commitments of approximately $255.1 million as at April 3, 2021 (2020 – $202.0 million) for the acquisition of tangible and intangible assets.

4.5 Liquidity and Financing

The Company is in a strong liquidity position with the ability to access capital from multiple sources. A number of alternative financing sources are available to the Company, CT REIT, and CTB, to help ensure an appropriate level of liquidity is available to meet the Company's financial obligations and key initiatives.

The current economic, operating and capital market environment continues to support an increased emphasis on liquidity and capital management. Management is focused on maintaining a strong balance sheet and ensuring continued access to capital.

During the quarter ended April 3, 2021:
- On January 6, 2021, CT REIT issued $150.0 million of Series G Senior Unsecured Debentures with a coupon rate of 2.371 percent and a maturity date of January 6, 2031;
- On January 10, 2021, CT REIT repaid $150.0 million of Series C Senior Unsecured Debentures.

As at April 3, 2021 (C$ in millions)	Consolidated	Retail	Financial Services	CT REIT
Committed Bank Lines of Credit	$ 5,338.2	$ 2,788.2	$ 2,250.0	$ 300.0
Less: Borrowings outstanding	(42.1)	(42.1)	—	—
Less: U.S. commercial paper outstanding	(523.3)	(523.3)	—	—
Less: Letters of credit outstanding	(5.8)	—	—	(5.8)
Available Committed Bank Lines of Credit	$ 4,767.0	$ 2,222.8	$ 2,250.0	$ 294.2
Cash and cash equivalents and short-term investments	2,129.9	118.2	2,005.1	6.6
Liquidity	$ 6,896.9	$ 2,341.0	$ 4,255.1	$ 300.8

The Company ended the quarter with $2.1 billion cash and short-term investments and $2.3 billion, $4.3 billion and $300.8 million in liquidity at its Retail, Financial Services, and REIT segments, respectively.

Financing Source	
Committed Bank Lines of Credit	• Provided by a syndicate of seven Canadian and three international financial institutions, $2.0 billion in a committed bank line of credit is available to CTC for general corporate purposes, expiring in August 2024. There were no borrowings under this bank line as at April 3, 2021. • Provided by a syndicate of five Canadian financial institutions $710.0 million in a committed bank line of credit is available to CTC for general corporate purposes that expires on June 30, 2022. There were no borrowings under this bank line as at April 3, 2021. • Provided by a syndicate of seven Canadian financial institutions, $300.0 million in a committed bank line of credit is available to CT REIT for general business purposes, expiring in December 2024. There were no borrowings under this bank line as at April 3, 2021. • Scotiabank has provided CTB with a $250.0 million unsecured committed bank line of credit expiring in October 2022. There were no borrowings under this bank line as at April 3, 2021. • Helly Hansen has a 350.0 million NOK secured committed bank line of credit and a NOK 350.0 million factoring facility (both $51.6 million C$ equivalent) provided by a Norwegian bank which expire in October 2022. A total of $42.1 million of C$ equivalent borrowings (285.4 million NOK) was outstanding on these bank lines as at April 3, 2021.
GCCT Note Purchase Facilities	• Scotiabank has provided CTB with $2.0 billion in committed note-purchase facilities for the purchase of senior and subordinated notes issued by GCCT, expiring in October 2022. GCCT had a nominal amount outstanding under these facilities as at April 3, 2021.
Commercial Paper Programs	• As at April 3, 2021, GCCT had $50 million of asset-backed commercial paper outstanding. • As at April 3, 2021, CTC had $523.3 million of C$ equivalent U.S. commercial paper outstanding ($416 million USD).
Medium-Term Notes and Debentures	• As at April 3, 2021, CTC had an aggregate principal amount of $950.0 million of medium-term notes outstanding. • As at April 3, 2021, CT REIT had an aggregate principal amount of $1.1 billion of senior unsecured debentures outstanding. • Additional details on the Company’s sources of funding are provided in section 6.5 of the Company’s Annual 2020 MD&A.
GCCT Term Senior and Subordinated Notes	• As at April 3, 2021, GCCT had an aggregate principal amount of $2.2 billion of senior and subordinated term notes outstanding. • Additional details on the Company’s sources of funding are provided in section 6.5 of the Company’s 2020 Annual MD&A.
Broker GIC Deposits	• Funds continue to be readily available to CTB through broker networks. As at April 3, 2021, CTB held $2,487.2 million in broker GIC deposits.
Retail Deposits	• Retail deposits consist of HIS and retail GIC deposits held by CTB, available both within and outside a Tax-Free Savings Account. As at April 3, 2021, CTB held $1,383.4 million in retail deposits.

Credit Ratings

On February 26, 2021, Standard & Poor's (S&P) revised the Company's outlook on its long-term issuer rating from "Negative" to "Stable", citing stronger than expected fiscal 2020 operating results and year-over-year increases in retail EBITDA and free operating cash flow. There are no other changes to the Company's credit ratings as provided in section 6.5 in the Company's 2020 Annual MD&A.

4.5.1 Contractual Obligations, Guarantees, and Commitments

For a description of contractual obligations as at January 2, 2021, refer to section 6.5.1 of the Company's 2020 Annual MD&A. There were no significant changes to the outstanding contractual obligations identified at year end, other than those discussed in this document. The Company believes it has the ability to meet its contractual obligations as at April 3, 2021.

For a discussion of the Company's significant guarantees and commitments, refer to Note 34 to the Company's 2020 Consolidated Financial Statements. The Company's maximum exposure to credit risk with respect to such guarantees and commitments is provided in Note 5 to the Company's 2020 Consolidated Financial Statements. There were no significant changes in guarantees and commitments identified at year end, other than those discussed in this document.

5.0 Equity

5.1 Shares Outstanding

(C$ in millions)	**April 3, 2021**	March 28, 2020	January 2, 2021
Authorized			
3,423,366 Common Shares			
100,000,000 Class A Non-Voting Shares			
Issued			
3,423,366 Common Shares (2020 – 3,423,366)	**$ 0.2**	$ 0.2	$ 0.2
57,383,758 Class A Non-Voting Shares (March 28, 2020 – 57,383,758; January 2, 2021 – 57,383,758)	**600.4**	586.7	596.8
	$ 600.6	$ 586.9	$ 597.0

Each year, the Company files a normal course issuer bid ("NCIB") with the Toronto Stock Exchange ("TSX") which allows it to purchase its Class A Non-Voting Shares on the open market.

The following represents forward-looking information and readers are cautioned that actual results may vary.

On February 14, 2020, the TSX accepted the Company's notice of intention to make an NCIB to purchase up to 5.5 million Class A Non-Voting Shares during the period March 2, 2020 to March 1, 2021. On February 19, 2021, the TSX accepted the Company's notice of intention to make an NCIB to purchase up to 5.4 million Class A Non-Voting Shares during the period March 2, 2021 to March 1, 2022. At this time, the Company intends only to purchase Class A Non-Voting Shares for anti-dilutive purposes in 2021.

All purchases pursuant to the NCIB are made by means of open market transactions through the facilities of the TSX and/or alternative Canadian trading systems, if eligible, at the market price of the shares at the time of purchase or as otherwise permitted under the rules of the TSX and applicable securities laws. Class A Non-Voting Shares purchased by the Company pursuant to the NCIB are restored to the status of authorized but unissued shares. Securityholders may obtain a copy of the notice, without charge, by contacting the Corporate Secretary of the Company.

5.2 Dividends

The Company has a long-term payout ratio target of approximately 30 to 40 percent of the prior year normalized earnings, after giving consideration to the period-end cash position, future cash flow requirements, capital market conditions, and investment opportunities. The payout ratio may fluctuate in any particular year due to unusual or non-recurring events, such as the impact of COVID-19 on the Company.

On May 12, 2021, the Company declared dividends payable to holders of Class A Non-Voting Shares and Common Shares at a rate of $1.175 per share, payable on September 1, 2021 to shareholders of record as of July 31, 2021. The dividend is considered an "eligible dividend" for tax purposes.

5.3 Equity Derivative Contracts

The Company enters into equity-derivative contracts to partially offset its exposure to fluctuations in stock-option, performance share unit plan, and deferred share unit plan expenses. The Company currently uses floating-rate equity forwards.

During the year, 200,000 equity forwards that hedged stock-options and performance share units settled and resulted in a cash receipts of approximately $6.6 million. No new equity forward contracts were entered into in Q1 2021.

6.0 Tax Matters

In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. While the Company has determined that its tax filing positions are appropriate and supportable, from time to time certain matters are reviewed and challenged by the tax authorities.

There have been no material changes in the status of ongoing audits by tax authorities as disclosed in section 8.0 in the Company's 2020 Annual MD&A.

The Company regularly reviews the potential for adverse outcomes with respect to tax matters. The Company believes that the ultimate disposition of these matters will not have a material adverse effect on its liquidity, consolidated financial position or net income because the Company has determined that it has adequate provision for these tax matters. Should the ultimate tax liability materially differ from the provision, the Company's effective tax rate and its earnings could be affected positively or negatively in the period in which the matters are resolved. For a discussion of the Company's tax contingency, refer to Note 17 to the Company's interim consolidated financial statements for the first quarter of 2021.

Income taxes for the 13 weeks ended April 3, 2021 were an expense of $68.1 million, compared to a recovery of $9.3 million in the prior year. The income tax expense is primarily due to higher income, higher non-deductible stock-option expense and lower favourable adjustments to tax estimates in the period.

7.0 Accounting Policies, Estimates, and Non-GAAP Measures

7.1 Critical Accounting Estimates

The Company estimates certain amounts, which are reflected in its condensed interim consolidated financial statements using detailed financial models based on historical experience, current trends, and other assumptions. Actual results could differ from those estimates. In Management's judgment, the accounting estimates and policies detailed in Note 2 and Note 3 to the Company's 2020 Consolidated Financial Statements do not require Management to make assumptions about matters that are highly uncertain and, accordingly, none of those estimates are considered a "critical accounting estimate" as defined in Form 51-102F1 – *Management's Discussion and Analysis,* published by the Canadian Securities Administrators, except for the allowance for loan impairment in the Financial Services segment.

Details of the accounting policies that are subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in its condensed interim consolidated financial statements, including the extent to which the impacts of the COVID-19 pandemic affect the judgments and estimates, are described in Note 2 to the Company's 2020 Consolidated Financial Statements and Notes.

7.2 Changes in Accounting Policies

Standards, Amendments and Interpretations Issued and Adopted

Effective in the first quarter 2020, the Company adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), issued in August 2020. These amendments address issues that arise from the implementation of interest rate benchmarks (e.g. interbank offered rates ("IBORs")) reform, where IBORs will be replaced with alternative benchmark rates.

For financial instruments carried at amortized cost, the amendments introduce a practical expedient such that if a change in the contractual cash flows occurs as a direct consequence of IBOR reform and on an economically equivalent basis, the change will be accounted for by updating the effective interest rate prospectively with no immediate gain or loss recognized. As at April 3, 2021, except for short and long-term investments of $250 million that specify 3 month tenor of Canadian Dollar Offered Rate ("CDOR"), the Company's exposure to non-derivative financial assets and financial liabilities to IBORs subject to reform is not significant.

The amendments also provide temporary relief that allow for hedging relationships to continue upon the replacement of an existing interest rate benchmark with an alternative benchmark rate under certain qualifying conditions, including the amendment of the hedge designation and documentation to reflect the new rate, and permits new hedging relationships that are in the scope of the Phase 2 amendments.

The Company enters into interest rate swap contracts to hedge the exposure against interest rate risk on the future interest payments of certain debt issuances and deposits. The Company also enters into "swaption" derivative financial instruments that provide an option to enter into an interest rate swap as part of the Company's strategy to manage its interest rate exposure risk on the future interest payments of certain debt issuances and deposits. Where hedge accounting can be applied, the Company accounts for these derivatives as cash flow hedges.

The Company's hedging relationships have significant exposure to CDOR. Under IBOR reform, CDOR may be subject to discontinuance, changes in methodology, or become unavailable. The Company's hedging relationships have significant exposure to the CDOR benchmark.

During the quarter, the Company adhered to the International Swaps and Derivatives Association Fallbacks Protocol ("ISDA Protocol"). The ISDA Protocol provides specific fallbacks depending on whether the relevant IBOR has been permanently discontinued or is temporarily unavailable. It provides an efficient amendment mechanism for mutually adhering counterparties to incorporate these fallback provisions into legacy derivative contracts.

For aspects of hedge accounting not covered by the amendments and hedges that are not directly impacted by the IBOR reform, the accounting policies as described in Note 3 to the Company's 2020 Consolidated Financial Statements and Notes continue to apply.

Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending January 1, 2022 and, accordingly, have not been applied in preparing the condensed interim consolidated financial statements.

Insurance Contracts

In May 2017, the International Accounting Standards Board ("IASB") issued IFRS 17 – Insurance Contracts ("IFRS 17"), which replaces IFRS 4 – Insurance Contracts and establishes a new model for recognizing insurance policy obligations, premium revenue, and claims-related expenses. IFRS 17 is effective for annual periods beginning on or after January 1, 2021. In June 2020, the IASB issued 'Amendments to IFRS 17' to address concerns and implementation challenges that were identified after IFRS 17 was published in 2017. The amendment also deferred the effective date for two years to January 1, 2023. Early adoption is permitted. The Company is assessing the potential impact of this standard.

Improving accounting policy disclosures and clarifying distinction between accounting policies and accounting estimates (Amendments to IAS 1 and IAS 8)

In February 2021, the IASB issued narrow-scope amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 Making Materiality Judgments and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is assessing the potential impact of these amendments.

7.3 Key Operating Performance Measures and Non-GAAP Financial Measures

The Company uses certain key operating performance measures and non-GAAP financial measures and believes that they provide useful information to both Management and investors in measuring the financial performance and financial condition of the Company for the following reasons.

7.3.1 Key Operating Performance Measures

Retail Sales

Retail sales refers to the point-of-sale value of all goods and services sold to retail customers at stores operated by Dealers, Mark's and SportChek franchisees, and Petroleum retailers, at corporately-owned stores across all retail banners, services provided as part of the Home Services offering, and of goods sold through the Company's online sales channels, and in aggregate do not form a part of the Company's condensed interim consolidated financial statements. Sales descriptions for the retail banners can be found in the footnotes to the table contained within section 3.2.2 of this MD&A. Retail sales excludes Helly Hansen retail sales at its retail stores.

Management believes that retail sales and related year-over-year comparisons provide meaningful information to investors and are expected and valued by them to help assess the size and financial health of the Company's retail network of stores. These measures also serve as an indicator of the strength of the Company's brand, which ultimately impacts its consolidated financial performance.

Comparable Sales

Comparable sales is a metric used by Management and is also commonly used in the retail industry to identify sales growth generated by a Company's existing store network and removes the effect of opening and closing stores in the period. The calculation includes sales from all stores that have been open for a minimum of one year and one week, as well as eCommerce sales. For the current year, comparable sales growth and comparable store gasoline volume growth has been calculated by aligning the 2020 fiscal calendar to match the 2021 fiscal calendar (i.e. sales from the first week in 2021 are compared with the sales from the second week of 2020) and includes the sales of stores which were temporarily closed. Comparable sales in the prior year excluded the sales during the period in which the stores were temporarily closed. The Company also reviews consolidated comparable sales which include comparable sales at Canadian Tire (including PartSource, PHL, and Party City), SportChek, and Mark's but excludes comparable sales at Petroleum and Helly Hansen. Additional information on comparable sales and retail sales growth descriptions for Canadian Tire, Mark's, and SportChek can be found in section 3.2.2 of this MD&A.

Sales per Square Foot

Management and investors use comparisons of sales per square foot metrics over several periods to help identify whether existing assets are being made more productive by the Company's introduction of new store layouts and merchandising strategies. Sales per square foot descriptions for Canadian Tire, Mark's, and SportChek can be found in section 3.2.2 of this MD&A.

Retail Return on Invested Capital

The Company believes that Retail ROIC is useful in assessing the return on capital invested in its Retail assets. Retail ROIC is calculated as Retail earnings divided by the Retail invested retail capital. Retail earnings are defined as trailing annual Retail segment after tax earnings excluding interest expense, lease related depreciation expense, inter-segment earnings, and any normalizing items. Retail invested capital is defined as Retail segment total assets, less Retail segment trade payables and accrued liabilities and inter-segment balances based on an average of the trailing four quarters.

In 2021, the Company has updated its calculation to include right-of-use assets in the invested capital base in place of operating leases capitalized at a factor of eight under the previous definition. Management has restated the previously disclosed metric for comparability of Retail ROIC to conform with the current year calculation. Numerous methods exist to calculate Retail ROIC and the methodology adopted by CTC to calculate Retail ROIC may differ from the methodologies used by other companies. As such, the Company has presented the details of the calculation in the following section for comparison purposes.

(C$ in millions)		**Q1 2021**		Q1 2020
Normalized retail income before income taxes	**$**	**998.3**	$	607.7
Less:				
Intercompany adjustments[1]		**(191.6)**		(195.1)
Add:				
Interest expense[2]		**273.2**		301.6
Depreciation of right-of-use assets		**523.0**		504.0
Normalized retail effective tax rate		**29.0%**		24.2%
Taxes		**(465.2)**		(294.9)
Retail earnings	**$**	**1,137.7**	$	923.3
Retail assets[2]		**15,155.4**		15,290.4
Less:				
Intercompany adjustments[1]		**(3,397.9)**		(3,445.9)
Trade payables and accrued liabilities[3]		**(2,405.9)**		(2,234.8)
Retail invested capital	**$**	**9,351.6**	$	9,609.7
Retail ROIC		**12.2%**		9.6%

1 *Intercompany adjustments include intercompany income received from CT REIT which is included in the Retail segment, and inter company investments made by the Retail segment in CT REIT and CTFS.*
2 *Excludes Franchise Trust.*
3 *Trade payables and accrued liabilities include trade and other payables, short-term derivative liabilities, short-term provisions and income tax payables.*

Return on Receivables

Return on Receivables ("ROR") is used by Management to assess the profitability of the Financial Services' total portfolio of receivables. ROR is calculated by dividing income before income tax and gains/losses on disposal of property and equipment by the average total-managed portfolio over a rolling 12-month period.

7.3.2 Non-GAAP Financial Measures

Consolidated Normalized EBITDA Adjusted for Rent Expense, Normalized EBITDA and EBITDA

The following table reconciles the consolidated normalized income before income taxes, net finance costs, depreciation and amortization and certain one-time normalizing items, or normalized EBITDA adjusted for rent expense and normalized EBITDA respectively, to net income attributable to shareholders of Canadian Tire Corporation, which is a GAAP measure reported in the condensed interim consolidated financial statements for the periods ended April 3, 2021 and March 28, 2020. Management uses normalizations to exclude one-time, non-operational items and has adjusted EBITDA to include an estimate of rent expense, a significant operating expense for its retail business. Normalized EBITDA adjusted for rent expense and normalized EBITDA, which include normalized gross margin and normalized selling, general and administrative expenses with adjustments for an estimate of rent expense, are used as a supplementary measure when assessing the performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital expenditures.

(C$ in millions)	**Q1 2021**	Q1 2020
Normalized EBITDA adjusted for rent expense	**$ 398.9**	$ 156.4
Add:		
Depreciation of right-of-use assets	**70.6**	69.7
Net finance costs, related to leases	**22.1**	24.1
Normalized EBITDA	**$ 491.6**	$ 250.2
Less normalizing items:		
Operating Efficiency program	**8.7**	7.5
EBITDA	**$ 482.9**	$ 242.7
Less:		
Depreciation and amortization, other than right-of-use assets[1]	**100.5**	101.9
Depreciation of right-of-use assets	**70.6**	69.7
Net finance costs, other than those related to leases	**35.2**	44.1
Net finance costs, related to leases	**22.1**	24.1
Income before income taxes	**$ 254.5**	$ 2.9
Income taxes expense	**68.1**	(9.3)
Net income	**$ 186.4**	$ 12.2
Net income attributable to non-controlling interests	**34.6**	25.5
Net income (loss) attributable to shareholders of Canadian Tire Corporation	**$ 151.8**	$ (13.3)

[1] *Depreciation and amortization reported in cost of producing revenue for the 13 weeks ended April 3, 2021 was $3.9 million (2020 – $3.1 million).*

Retail Segment Normalized EBITDA Adjusted for Rent Expense, Normalized EBITDA and EBITDA

The following table reconciles the Retail segment normalized income before income taxes, net finance costs, depreciation and amortization and certain one-time normalizing items, or normalized EBITDA adjusted for rent expense and normalized EBITDA respectively, to income before income taxes, which is a supplementary GAAP measure reported in the notes to the condensed interim consolidated financial statements for the periods ended April 3, 2021 and March 28, 2020. Management uses normalizations to exclude one-time, non-operational items and has adjusted EBITDA to include an estimate of rent expense, a significant operating expense for its retail business. Normalized EBITDA adjusted for rent expense and normalized EBITDA, which include normalized gross margin and normalized SG&A expenses with adjustments for an estimate of rent expense, are used as a supplementary measure when assessing the performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital expenditures.

(C$ in millions)		**Q1 2021**		Q1 2020
Normalized EBITDA adjusted for rent expense	**$**	**187.7**	$	(5.2)
Add:				
Depreciation of right-of-use assets		**132.0**		129.0
Net finance costs, related to leases		**53.4**		57.0
Normalized EBITDA	**$**	**373.1**	$	180.8
Less normalizing items:				
Operating Efficiency program		**8.7**		7.5
EBITDA	**$**	**364.4**	$	173.3
Less:				
Depreciation and amortization, other than right-of-use assets[1]		**80.8**		84.1
Depreciation of right-of-use assets		**132.0**		129.0
Net finance (income) costs, other than related to leases		**(4.3)**		2.8
Net finance costs, related to leases		**53.4**		57.0
Income before income taxes	**$**	**102.5**	$	(99.6)

[1] *Depreciation and amortization reported in cost of producing revenue for the 13 weeks ended April 3, 2021 was $3.9 million (2020 – $3.1 million).*

Normalized Selling, General and Administrative Expenses Adjusted for Rent Expense

The following table reconciles the normalized SG&A expenses, adjusted for rent expenses, and normalized SG&A expenses to SG&A expenses, which is a supplementary GAAP measure reported in the notes to the condensed interim consolidated financial statements for the periods ended April 3, 2021 and March 28, 2020. Management uses normalizations to exclude one-time, non-operational items and has adjusted SG&A expenses to include an estimate of rent expense, a significant operating expense for the Company's Retail business. Normalized SG&A expenses adjusted for rent expense and normalized SG&A expenses, are used as a supplementary measure when assessing the performance of its ongoing operations.

(C$ in millions)		**Q1 2021**		Q1 2020
Normalized selling, general and administrative expenses adjusted for rent expense	**$**	**808.2**	$	794.5
Add:				
Depreciation and amortization, other than right-of-use assets		**96.6**		98.8
Less:				
Net finance costs, related to leases		**22.1**		24.1
Normalized selling, general and administrative expenses	**$**	**882.7**	$	869.2
Add normalizing items:				
Operational Efficiency program		**8.7**		7.5
Selling, general and administrative expenses	**$**	**891.4**	$	876.7

Retail Normalized Selling, General and Administrative Expenses Adjusted for Rent Expense

The following table reconciles the Retail normalized SG&A expenses, adjusted for rent expenses, and, Retail normalized SG&A expenses, to Retail SG&A expenses, which is a supplementary GAAP measure reported in the notes to the condensed interim consolidated financial statements for the periods ended April 3, 2021 and March 28, 2020. Management uses normalizations to exclude one-time, non-operational items and has adjusted SG&A expenses to include an estimate of rent expense, a significant operating expense for our retail business. Normalized SG&A expenses, adjusted for rent expense and normalized SG&A expenses, are used as a supplementary measure when assessing the performance of its ongoing operations.

(C$ in millions)		**Q1 2021**		Q1 2020
Normalized selling, general and administrative expenses adjusted for rent expense	**$**	**825.1**	$	817.2
Add:				
Depreciation and amortization, other than right-of-use assets		**76.9**		81.0
Less:				
Net finance costs, related to leases		**53.4**		57.0
Normalized selling, general and administrative expenses	**$**	**848.6**	$	841.2
Add normalizing items:				
Operational Efficiency program		**8.7**		7.5
Selling, general and administrative expenses	**$**	**857.3**	$	848.7

Normalized Net Income

The following table reconciles normalized net income to net income which is a GAAP measure reported in the notes to the condensed interim consolidated financial statements for the periods ended April 3, 2021 and March 28, 2020. Management believes that normalizing GAAP net income provides a useful method for assessing the Company's underlying operating performance and assists in making decisions regarding the ongoing operations of its business.

(C$ in millions)		**Q1 2021**		Q1 2020
Normalized net income	**$**	**192.8**	$	17.7
Less normalizing items:				
Operating Efficiency program		**6.4**		5.5
Net income	**$**	**186.4**	$	12.2

Normalized Net Income Attributable to Shareholders and Earnings per Share

Management believes that normalizing GAAP net income attributable to shareholders of the Company and basic EPS for non-operating items provides a useful method for assessing the Company's underlying operating performance and assists in making decisions regarding the ongoing operations of its business.

The following table is a reconciliation of normalized net income attributable to shareholders of the Company and normalized basic and diluted EPS to the respective GAAP measures:

(C$ in millions, except per share amounts)		**Q1 2021**		**EPS**		Q1 2020		EPS
Net income/basic EPS	**$**	**151.8**	**$**	**2.50**	$	(13.3)	$	(0.22)
Add the after-tax impact of the following, attributable to shareholders of the Company:								
Operational Efficiency program	**$**	**6.4**	**$**	**0.10**	$	5.5	$	0.09
Normalized net income (loss)/normalized basic EPS	**$**	**158.2**	**$**	**2.60**	$	(7.8)	$	(0.13)
Normalized net income (loss)/normalized diluted EPS	**$**	**158.2**	**$**	**2.57**	$	(7.8)	$	(0.13)

Adjusted Net Debt

The following tables reconcile adjusted net debt to GAAP measures. The Company believes that adjusted net debt is relevant in assessing the amount of financial leverage employed.

As at April 3, 2021 (C$ in millions)	Consolidated	Retail	Financial Services	REIT
Consolidated net debt				
Short-term deposits	**1,696.8**	**—**	**1,696.8**	**—**
Long-term deposits	**2,173.9**	**—**	**2,173.9**	**—**
Short-term borrowings	**615.4**	**565.4**	**50.0**	**—**
Current portion of long-term debt	**0.5**	**—**	**—**	**0.5**
Long-term debt	**4,265.4**	**951.1**	**2,178.0**	**1,136.3**
Debt	**8,752.0**	**1,516.5**	**6,098.7**	**1,136.8**
Cash and cash equivalents and short-term investments[1]	**(2,129.9)**	**(118.2)**	**(2,005.1)**	**(6.6)**
Long-term investments[1]	**(176.4)**	**—**	**(176.4)**	**—**
Net debt	**6,445.7**	**1,398.3**	**3,917.2**	**1,130.2**
Inter-company debt	**—**	**(1,572.8)**	**79.2**	**1,493.6**
Adjusted net debt	**$ 6,445.7**	**$ (174.5)**	**$ 3,996.4**	**$ 2,623.8**

[1] *Includes regulatory reserves.*

As at March 28, 2020 (C$ in millions)	Consolidated	Retail	Financial Services	REIT
Consolidated net debt				
Short-term deposits	770.9	—	770.9	—
Long-term deposits	1,716.4	—	1,716.4	—
Short-term borrowings	1,154.0	859.1	294.9	—
Current portion of long-term debt	751.0	250.4	500.0	0.6
Long-term debt	3,786.0	950.7	1,698.5	1,136.8
Debt	8,178.3	2,060.2	4,980.7	1,137.4
Cash and cash equivalents and short-term investments[1,2]	(648.6)	(239.4)	(389.0)	(20.2)
Long-term investments[1,2]	(116.0)	—	(116.0)	—
Net debt	7,413.7	1,820.8	4,475.7	1,117.2
Inter-company debt[2]	—	(1,513.9)	62.3	1,451.6
Adjusted net debt	$ 7,413.7	$ 306.9	$ 4,538.0	$ 2,568.8

[1] *Includes regulatory reserves.*
[2] *The prior period figures have been restated to align with current year presentation.*

CT REIT Non-GAAP Financial Measures

Net Operating Income

NOI is defined as cash rental revenue from investment properties less property operating costs. NOI is used as a key indicator of performance as it represents a measure of property operations over which Management has control.

CT REIT evaluates its performance by comparing the performance of the portfolio adjusted for the effects of non-operational items and current-year acquisitions.

The following table shows the relationship of NOI to GAAP property revenue and property expense in CT REIT's Consolidated Statements of Income and Comprehensive Income:

(C$ in millions)		**Q1 2021**		Q1 2020
Property revenue	**$**	**129.9**	$	126.8
Less:				
Property expense		**29.2**		28.9
Property straight-line rent revenue		**1.7**		2.6
Net operating income	**$**	**99.0**	$	95.3

Funds from Operations and Adjusted Funds from Operations

CT REIT calculates its FFO and AFFO in accordance with the *Real Property Association of Canada's* White Paper on FFO and AFFO for IFRS issued in February 2019. FFO and AFFO should not be considered as alternatives to net income or cash flow provided by operating activities determined in accordance with IFRS.

Management believes that FFO provides an operating performance measure that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and property taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income determined in accordance with IFRS. FFO adds back items to net income that do not arise from operating activities, such as fair-value adjustments. FFO, however, still includes non-cash revenues relating to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

AFFO is a supplemental measure of recurring economic earnings used in the real estate industry to assess an entity's distribution capacity. CT REIT calculates AFFO by adjusting net income for all adjustments used to calculate FFO as well as adjustments for non-cash income and expense items such as amortization of straight-line rents. Net income is also adjusted by a reserve for maintaining productive capacity required to sustain property infrastructure and revenue from real estate properties and direct leasing costs. Property capital expenditures do not occur evenly during the fiscal year or from year to year. The capital expenditure reserve in the AFFO calculation is intended to reflect an average annual spending level.

The following table reconciles income before income taxes, as reported in the notes to the condensed interim consolidated financial statements for the periods ended April 3, 2021 and March 28, 2020, to FFO and AFFO:

(C$ in millions)		**Q1 2021**		Q1 2020
Income before income taxes	**$**	**74.6**	$	43.2
Fair-value (gain) loss adjustment		**(4.3)**		24.2
Deferred taxes		**0.7**		1.0
Lease principal payments on right-of-use assets		**(0.2)**		(0.1)
Fair value of equity awards		**0.4**		(1.6)
Internal leasing expense		**0.2**		0.2
Funds from operations		**71.4**		66.9
Properties straight-line rent adjustment		**(1.7)**		(2.6)
Capital expenditure reserve		**(6.2)**		(6.1)
Adjusted funds from operations	**$**	**63.5**	$	58.2

8.0 Key Risks and Risk Management

CTC is regularly faced with a number of opportunities and risks through the normal course of its business activities. The effective management of risk is a key priority for the Company to support CTC in achieving its strategies and business objectives. Accordingly, CTC has adopted an Enterprise Risk Management Framework ("ERM Framework") for identifying, assessing, monitoring, mitigating and reporting key risks. The ERM Framework is designed to:

- safeguard the Company and its reputation;
- support the achievement of the Company's strategic objectives;
- preserve and enhance shareholder value; and
- support business planning and operations by providing a cross-functional perspective to risk management integrated with strategic planning and reporting processes across all lines of business.

The Company promotes a strong risk culture by fostering a common set of values, beliefs, knowledge and understanding about risk. This culture is essential to support the ERM Framework and effective governance of risk across the Company.

Refer to section 10.0 in the Company's 2020 Annual MD&A for further details of CTC's ERM Framework and discussion of key risks.

9.0 Internal Controls and Procedures

Details relating to disclosure controls and procedures, and internal control over financial reporting, are disclosed in section 11.0 of the Company's 2020 Annual MD&A.

Changes in Internal Control Over Financial Reporting

During the quarter ended April 3, 2021, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

10.0 Environmental and Social Responsibility

10.1 Overview

As a proud Canadian company and responsible corporate citizen, CTC has made environmental sustainability a priority. In line with global and Canadian efforts to combat climate change, the Company has set targets to reduce its Greenhouse Gas (GHG) emissions and is making progress in executing sustainability initiatives that reduce both energy consumption and waste, as well as using more sustainable materials in its products. For additional details on the Company's sustainability strategy please refer to section 2.8 of the 2020 Annual Information Form. A copy of the Environmental Sustainability Report is available at https://corp.canadiantire.ca/English/sustainability/default.aspx.

CTC supports a variety of social causes, but the largest single beneficiary is Canadian Tire Jumpstart Charities. For details on the Company's commitment to various social causes aimed at improving social outcomes for Canadians, refer to section 2.8 of the 2020 Annual Information Form. Additional information regarding Jumpstart is available on their website at: http://jumpstart.canadiantire.ca.

11.0 Forward-Looking Statements and Other Investor Communication

Caution Regarding Forward-looking Statements

This document contains forward-looking statements that reflect Management's current expectations relating to matters such as future financial performance and operating results of the Company. Specific forward-looking statements included or incorporated by reference in this document include, but are not limited to, statements with respect to:

- the impacts of COVID-19, in section 3.0;
- the Company's Operational Efficiency program, including the target annualized savings in section 3.1.1; and
- the Company's intention with respect to the purchase of its Class A Non-Voting Shares in section 5.1.

Forward-looking statements provide information about Management's current expectations and plans, and allow investors and others to better understand the Company's anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Certain statements other than statements of historical facts included in this document may constitute forward-looking statements, including, but not limited to, statements concerning Management's current expectations relating to possible or assumed future prospects and results, the Company's strategic goals and priorities, its actions and the results of those actions and the economic and business outlook for the Company. Often, but not always, forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "estimate", "plan", "can", "could", "should", "would", "outlook", "forecast", "anticipate", "aspire", "foresee", "continue", "ongoing" or the negative of these terms or variations of them or similar terminology. Forward-looking statements are based on the reasonable assumptions, estimates, analyses, beliefs and opinions of Management, made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that Management believes to be relevant and reasonable at the date that such statements are made.

By their very nature, forward-looking statements require Management to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that the Company's assumptions, estimates, analyses, beliefs and opinions may not be correct and that the Company's expectations and plans will not be achieved. Examples of material assumptions and Management's beliefs, which may prove to be incorrect, include, but are not limited to, the duration and impact of COVID-19, including measures adopted by governmental or public authorities in response to the pandemic, the effectiveness of certain performance measures, current and future competitive conditions and the Company's position in the competitive environment, the Company's core capabilities, and expectations around the availability of sufficient liquidity to meet the Company's contractual obligations. Management's expectations with respect to the Operational Efficiency program are based on a number of assumptions relating to anticipated cost savings and operational efficiencies. Although the Company believes that the forward-looking information in this document is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of factors that could cause actual results to differ materially from Management's expectations and plans as set forth in such forward-looking statements. Some of the factors, many of which are beyond the Company's control and the effects of which can be difficult to predict, include: (a) credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates; (b) the ability of the Company to attract and retain high-quality executives and employees for all of its businesses, Dealers, Canadian Tire Petroleum retailers, and Mark's and SportChek franchisees, as well as the Company's financial arrangements with such parties; (c) the growth of certain business categories and market segments and the willingness of customers to shop at its stores or acquire the Company's Owned Brands or its financial products and services; (d) the Company's margins and sales and those of its competitors; (e) the changing consumer preferences and expectations relating to eCommerce, online retailing and the introduction of new technologies; (f) the possible effects on our business from international conflicts, political conditions, and other developments including changes relating to or affecting economic or trade matters as well as the outbreak of contagions or pandemic diseases; (g) risks and uncertainties relating to information management, technology, cyber threats, property management and development, environmental liabilities, supply-chain management, product safety, competition, seasonality, weather patterns, climate change, commodity prices and business continuity; (h) the Company's relationships with its Dealers, franchisees, suppliers, manufacturers, partners and other third parties; (i) changes in laws, rules, regulations and policies applicable to the Company's business; (j) the risk of damage to the Company's reputation and brand; (k) the cost of store network expansion and retrofits; (l) the Company's capital structure, funding strategy, cost management program, and share price; (m) the Company's ability to obtain all necessary regulatory approvals; (n) the Company's ability to complete any proposed acquisition; and (o) the Company's ability to realize the anticipated benefits or synergies from its acquisitions. With respect to the statements concerning the Company's Operational Efficiency program, such factors also include: (a) the possibility that the Company does not achieve the targeted annualized savings; (b) the possibility that the program results in unforeseen impacts to overall performance; (c) the possibility that the one-time costs and capital investments associated with the program are more significant than expected; and (d) the possibility that the Company does not achieve the expected payback during the anticipated timeframe for the severance, store closure and other related expenses recorded. Management cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect the Company's results. Investors and other readers are urged to consider the foregoing risks, uncertainties, factors and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements.

For more information on the risks, uncertainties and assumptions that could cause the Company's actual results to differ from current expectations, refer to section 10.0 (Key Risks and Risk Management) of the 2020 Annual MD&A and all subsections thereunder, as well as the Company's other public filings, available on the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com and at https://investors.canadiantire.ca.

The forward-looking information contained herein is based on certain factors and assumptions as of the date hereof and does not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on the Company's business. The Company does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as required by applicable securities laws.

Information contained in or otherwise accessible through the websites referenced in this MD&A does not form part of this MD&A and is not incorporated by reference into this MD&A. All references to such websites are inactive textual references and are for information only.

This document contains trade names, trademarks and service marks of CTC and other organizations, all of which are the property of their respective owners. Solely for convenience, the trade names, trademarks, and service marks referred to herein appear without the ® or ™ symbol.

Commitment to Disclosure and Investor Communication

The Company strives to maintain a high standard of disclosure and investor communication and has been recognized as a leader in financial reporting practices. Reflecting the Company's commitment to full and transparent disclosure, the Investor Relations section of the Company's website at: https://investors.canadiantire.ca, includes the following documents and information of interest to investors:

- Report to Shareholders;
- the Annual Information Form;
- the Management Information Circular;
- quarterly reports;
- quarterly fact sheets and other supplementary information;
- reference materials on the Company's reporting changes; and
- conference call webcasts (archived for one year).

The Company's Report to Shareholders, Annual Information Form, Management Information Circular and quarterly financial statements and MD&A are also available at www.sedar.com.

If you would like to contact the Investor Relations department directly, email investor.relations@cantire.com.

May 12, 2021

CANADIAN TIRE CORPORATION, LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Q1 2021

Index to the Financial Statements and Notes

Condensed Interim Consolidated Balance Sheets

As at (C$ in millions)(unaudited)	April 3, 2021	March 28, 2020	January 2, 2021
ASSETS			
Cash and cash equivalents (Note 15)	**$ 1,499.9**	$ 443.4	$ 1,327.2
Short-term investments	**630.0**	205.2	643.0
Trade and other receivables	**1,220.8**	998.4	973.6
Loans receivable (Note 6)	**4,864.0**	5,431.2	5,031.8
Merchandise inventories	**2,603.6**	2,475.2	2,312.9
Income taxes recoverable	**48.4**	35.9	21.9
Prepaid expenses and deposits	**216.2**	152.7	193.8
Assets classified as held for sale	**19.4**	14.2	42.6
Total current assets	**11,102.3**	9,756.2	10,546.8
Long-term receivables and other assets	**676.4**	835.2	631.9
Long-term investments	**176.4**	116.0	146.2
Goodwill and intangible assets	**2,365.0**	2,341.6	2,372.8
Investment property	**396.8**	391.2	385.8
Property and equipment	**4,264.8**	4,280.7	4,298.2
Right-of-use assets	**1,684.1**	1,540.3	1,696.7
Deferred income taxes	**283.2**	271.5	298.7
Total assets	**$ 20,949.0**	$ 19,532.7	$ 20,377.1
LIABILITIES			
Deposits	**1,696.8**	770.9	1,228.0
Trade and other payables	**2,313.4**	2,040.5	2,508.3
Provisions	**178.4**	186.9	196.7
Short-term borrowings	**615.4**	1,154.5	165.4
Loans	**539.9**	629.9	506.6
Current portion of lease liabilities	**353.4**	343.1	329.9
Income taxes payable	**25.8**	26.7	120.4
Current portion of long-term debt	**0.5**	751.0	150.5
Total current liabilities	**5,723.6**	5,903.5	5,205.8
Long-term provisions	**66.0**	64.5	70.3
Long-term debt	**4,265.4**	3,785.7	4,115.7
Long-term deposits	**2,173.9**	1,716.4	2,281.7
Long-term lease liabilities	**1,856.1**	1,775.4	1,896.6
Deferred income taxes	**121.1**	126.1	122.0
Other long-term liabilities	**821.4**	773.1	850.3
Total liabilities	**15,027.5**	14,144.7	14,542.4
EQUITY			
Share capital (Note 8)	**600.6**	586.9	597.0
Contributed surplus	**2.9**	2.9	2.9
Accumulated other comprehensive loss	**(224.7)**	(117.3)	(237.7)
Retained earnings	**4,213.0**	3,601.5	4,136.9
Equity attributable to shareholders of Canadian Tire Corporation	**4,591.8**	4,074.0	4,499.1
Non-controlling interests	**1,329.7**	1,314.0	1,335.6
Total equity	**5,921.5**	5,388.0	5,834.7
Total liabilities and equity	**$ 20,949.0**	$ 19,532.7	$ 20,377.1

The related notes form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Income

For the (C$ in millions, except share and per share amounts)(unaudited)	13 weeks ended **April 3, 2021**	 March 28, 2020
Revenue (Note 10)	**$ 3,322.9**	$ 2,848.3
Cost of producing revenue (Note 11)	**2,136.5**	1,909.1
Gross margin	**1,186.4**	939.2
Other income	**(16.8)**	(8.6)
Selling, general and administrative expenses (Note 12)	**891.4**	876.7
Net finance costs (Note 13)	**57.3**	68.2
Income before income taxes	**254.5**	2.9
Income tax expense (recovery)	**68.1**	(9.3)
Net income	**$ 186.4**	$ 12.2
Net income (loss) attributable to:		
Shareholders of Canadian Tire Corporation	**$ 151.8**	$ (13.3)
Non-controlling interests	**34.6**	25.5
	$ 186.4	$ 12.2
Basic earnings (loss) per share	**$ 2.50**	$ (0.22)
Diluted earnings (loss) per share	**$ 2.47**	$ (0.22)
Weighted average number of Common and Class A Non-Voting Shares outstanding:		
Basic	**60,808,383**	61,170,366
Diluted	**61,397,960**	61,170,366

The related notes form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Comprehensive Income

For the (C$ in millions)(unaudited)	13 weeks ended April 3, 2021	March 28, 2020
Net income	**$ 186.4**	$ 12.2
Other comprehensive (loss) income, net of taxes		
Items that may be reclassified subsequently to net income:		
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges not subject to basis adjustment	**20.6**	(27.3)
Deferred cost of hedging not subject to basis adjustment – Changes in fair value of the time value of an option in relation to time-period related hedged items	**(4.4)**	14.4
Reclassification of losses to income	**2.4**	0.5
Currency translation adjustment	**(9.9)**	(74.4)
Items that will not be reclassified subsequently to net income:		
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges subject to basis adjustment	**(14.9)**	104.9
Other comprehensive (loss) income	**$ (6.2)**	$ 18.1
Other comprehensive (loss) income attributable to:		
Shareholders of Canadian Tire Corporation	**$ (9.9)**	$ 20.6
Non-controlling interests	**3.7**	(2.5)
	$ (6.2)	$ 18.1
Comprehensive income	**$ 180.2**	$ 30.3
Comprehensive income attributable to:		
Shareholders of Canadian Tire Corporation	**$ 141.9**	$ 7.3
Non-controlling interests	**38.3**	23.0
	$ 180.2	$ 30.3

The related notes form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows

For the	13 weeks ended	
(C$ in millions)(unaudited)	**April 3, 2021**	March 28, 2020
Cash (used for) generated from:		
Operating activities		
Net income	**$ 186.4**	$ 12.2
Adjustments for:		
Depreciation of property and equipment, investment property and right-of-use assets (Notes 11 and 12)	**142.5**	145.3
Income tax expense (recovery)	**68.1**	(9.3)
Net finance costs (Note 13)	**57.3**	68.2
Amortization of intangible assets (Note 12)	**28.6**	26.3
Gain on disposal of property and equipment, investment property, assets held for sale and right-of-use assets	**(6.7)**	(10.9)
Total except as noted below	**476.2**	231.8
Interest paid	**(63.2)**	(78.3)
Interest received	**3.2**	4.1
Income taxes paid	**(183.8)**	(24.4)
Change in loans receivable	**149.7**	375.6
Change in operating working capital and other	**(751.2)**	(655.9)
Cash used for operating activities	**(369.1)**	(147.1)
Investing activities		
Additions to property and equipment and investment property	**(80.5)**	(84.8)
Additions to intangible assets	**(31.3)**	(38.4)
Total additions	**(111.8)**	(123.2)
Acquisition of short-term investments	**(232.3)**	(77.0)
Proceeds from maturity and disposition of short-term investments	**245.3**	104.4
Proceeds on disposition of property and equipment, investment property and assets held for sale	**36.7**	0.8
Lease payments for finance subleases (principal portion)	**3.6**	4.3
Acquisition of long-term investments and other	**(30.4)**	(8.4)
Cash used for investing activities	**(88.9)**	(99.1)
Financing activities		
Dividends paid	**(67.7)**	(66.3)
Distributions paid to non-controlling interests	**(49.0)**	(27.5)
Total dividends and distributions paid	**(116.7)**	(93.8)
Net issuance of short-term borrowings	**450.0**	704.5
Issuance of loans	**112.2**	71.6
Repayment of loans	**(78.9)**	(63.1)
Issuance of long-term debt	**150.0**	18.6
Repayment of long-term debt	**(150.0)**	(0.5)
Payment of lease liabilities (principal portion)	**(84.6)**	(83.9)
Payment of transaction costs related to long-term debt	**(1.0)**	—
Purchase of Class A Non-Voting Shares	**(4.0)**	(100.4)
Payments on financial instruments	**(6.2)**	(0.6)
Change in deposits	**359.9**	42.1
Cash generated from financing activities	**630.7**	494.5
Cash generated in the period	**172.7**	248.3
Cash and cash equivalents, beginning of period	**1,327.2**	195.1
Cash and cash equivalents, end of period	**$ 1,499.9**	$ 443.4

The related notes form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Changes in Equity

(C$ in millions)(unaudited)	Share capital	Contributed surplus	Total accumulated other comprehensive income (loss) Cash flow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
Balance at January 2, 2021	**$597.0**	**$2.9**	**$(123.1)**	**$(114.6)**	**$(237.7)**	**$4,136.9**	**$4,499.1**	**$1,335.6**	**$5,834.7**
Net income	**—**	**—**	**—**	**—**	**—**	**151.8**	**151.8**	**34.6**	**186.4**
Other comprehensive income (loss)	**—**	**—**	**—**	**(9.9)**	**(9.9)**	**—**	**(9.9)**	**3.7**	**(6.2)**
Total comprehensive income (loss)	**—**	**—**	**—**	**(9.9)**	**(9.9)**	**151.8**	**141.9**	**38.3**	**180.2**
Transfers of cash flow hedge losses to non-financial assets	**—**	**—**	**22.9**	**—**	**22.9**	**—**	**22.9**	**—**	**22.9**
Contributions and distributions to shareholders of Canadian Tire Corporation									
Issuance of Class A Non-Voting Shares (Note 8)	**3.9**	**—**	**—**	**—**	**—**	**—**	**3.9**	**—**	**3.9**
Purchase of Class A Non-Voting Shares (Note 8)	**(4.0)**	**—**	**—**	**—**	**—**	**—**	**(4.0)**	**—**	**(4.0)**
Excess of purchase price over average cost (Note 8)	**3.7**	**—**	**—**	**—**	**—**	**(3.7)**	**—**	**—**	**—**
Dividends	**—**	**—**	**—**	**—**	**—**	**(72.0)**	**(72.0)**	**—**	**(72.0)**
Contributions and distributions to non-controlling interests									
Issuance of trust units to non-controlling interests, net of transaction costs	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4.8**	**4.8**
Distributions and dividends to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(49.0)**	**(49.0)**
Total contributions and distributions	**3.6**	**—**	**22.9**	**—**	**22.9**	**(75.7)**	**(49.2)**	**(44.2)**	**(93.4)**
Balance at April 3, 2021	**$ 600.6**	**$ 2.9**	**$ (100.2)**	**$ (124.5)**	**$ (224.7)**	**$ 4,213.0**	**$ 4,591.8**	**$ 1,329.7**	**$ 5,921.5**

(C$ in millions)(unaudited)	Share capital	Contributed surplus	Total accumulated other comprehensive income (loss) Cash flow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
Balance at December 28, 2019	$ 588.0	$ 2.9	$ (28.3)	$ (101.6)	$ (129.9)	$ 3,729.6	$ 4,190.6	$ 1,314.1	$ 5,504.7
Net income	—	—	—	—	—	(13.3)	(13.3)	25.5	12.2
Other comprehensive income	—	—	95.0	(74.4)	20.6	—	20.6	(2.5)	18.1
Total comprehensive (loss) income	—	—	95.0	(74.4)	20.6	(13.3)	7.3	23.0	30.3
Transfers of cash flow hedge (gains) to non-financial assets	—	—	(8.0)	—	(8.0)	—	(8.0)	—	(8.0)
Contributions and distributions to shareholders of Canadian Tire Corporation									
Issuance of Class A Non-Voting Shares (Note 8)	3.4	—	—	—	—	—	3.4	—	3.4
Purchase of Class A Non-Voting Shares (Note 8)	(99.6)	—	—	—	—	—	(99.6)	—	(99.6)
Reversal of accrued liability for automatic share purchase plan commitment (Note 8)	3.0					46.1	49.1		49.1
Excess of purchase price over average cost (Note 8)	92.1	—	—	—	—	(92.1)	—	—	—
Dividends	—	—	—	—	—	(68.8)	(68.8)	—	(68.8)
Contributions and distributions to non-controlling interests									
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	4.4	4.4
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(27.5)	(27.5)
Total contributions and distributions	(1.1)	—	(8.0)	—	(8.0)	(114.8)	(123.9)	(23.1)	(147.0)
Balance at March 28, 2020	$ 586.9	$ 2.9	$ 58.7	$ (176.0)	$ (117.3)	$ 3,601.5	$ 4,074.0	$ 1,314.0	$ 5,388.0

The related notes form an integral part of these condensed interim consolidated financial statements.

1. The Company and its Operations

Canadian Tire Corporation, Limited is a Canadian public company primarily domiciled in Canada. Its registered office is located at 2180 Yonge Street, Toronto, Ontario, M4P 2V8, Canada. It is listed on the Toronto Stock Exchange (TSX – CTC, CTC.A). Canadian Tire Corporation, Limited and the entities it controls are together referred to in these condensed interim consolidated financial statements as the “Company”, “CTC” or “Canadian Tire Corporation”.

The Company comprises of three main business operations, which offer a wide range of retail goods and services, including general merchandise, apparel, sporting goods, petroleum, Financial Services including a bank, and real estate operations. Details of the Company’s three reportable operating segments are provided in Note 5.

Quarterly net income and revenue are affected by seasonality. The fourth quarter typically generates the greatest contribution to revenue and earnings and the first quarter the least.

This document contains trade names, trademarks and service marks of CTC and other organizations, all of which are the property of their respective owners. Solely for convenience, the trade names, trademarks and service marks referred to herein appear without the ® or TM symbol.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements (“interim financial statements”) for the 13 weeks ended April 3, 2021 (and comparative results for the 13 weeks ended March 28, 2020) have been prepared in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting* and therefore do not contain all disclosures required by International Financial Reporting Standards (“IFRS”). These interim financial statements should be read in conjunction with the Company’s 2020 Consolidated Financial Statements and Notes and have been prepared using the same accounting policies described in Note 3 to the 2020 Consolidated Financial Statements and Notes.

These interim financial statements were authorized for issuance by the Company’s Board of Directors on May 12, 2021.

Basis of Presentation

These interim financial statements have been prepared on a historical cost basis, except for the following items, which are measured at fair value:

- financial instruments at fair value through profit or loss (“FVTPL”);
- derivative financial instruments;
- liabilities for share-based payment plans; and
- initial recognition of assets acquired and liabilities assumed in a business combination.

In addition, the post-employment defined benefit obligation is recorded at its discounted present value.

Functional and Presentation Currency

These interim financial statements are presented in Canadian dollars (“C$”), the Company’s functional currency. Each of the Company’s foreign subsidiaries determines its own functional currency and items included in the interim financial statements of each foreign subsidiary are measured using that functional currency. Assets and liabilities of foreign operations having a functional currency other than the Canadian dollar are translated at the rate of exchange prevailing at the reporting date, and revenues and expenses at average rates during the period. Gains or losses on translation are accumulated as a component of equity. On the disposal of a foreign operation, or the loss of control, the component of accumulated other comprehensive income relating to that foreign operation is reclassified to net income.

Judgments and Estimates

The preparation of these interim financial statements in accordance with IAS 34 requires Management to make judgments and estimates that affect:

- the application of accounting policies;
- the reported amounts of assets and liabilities;
- disclosures of contingent assets and liabilities; and
- the amounts of revenue and expenses recognized during the reporting periods.

Actual results may differ from estimates made in these interim financial statements.

Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to assess whether they remain appropriate. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

As disclosed in Note 2 to the Company's 2020 Consolidated Financial Statements and Notes, the Coronavirus ("COVID-19") pandemic continues to give rise to heightened uncertainty as it relates to accounting estimates and assumptions and increases the need to apply judgments when evaluating the economic environment and its impact on significant estimates.

There is significant uncertainty regarding the extent and duration of the impact that the COVID-19 pandemic will have on Company's operations. The extent to which the impacts of COVID-19 pandemic affects the judgments and estimates described in Note 2 to the Company's 2020 Consolidated Financial Statements and Notes depend on future developments, which are highly uncertain and cannot be predicted. COVID-19 continues to impact assumptions relating to the impairment analysis of the Company's investment property, right-of-use assets, property and equipment and goodwill and intangible assets, the inputs used to fair value the redeemable financial instrument and the information used in determining the estimate of allowances on credit card loans receivables. The changes in assumptions and inputs during the quarter did not impact these interim financial statements, except as it relates to the allowance on credit card loans receivable as described in Note 6.

Management will continue to monitor and assess the impact of the pandemic on its judgments, estimates, accounting policies and amounts recognized in these interim financial statements, including but not limited to Impairment of Financial and Non-Financial Assets, Fair Value of Redeemable Financial Instruments and Loans Receivable.

Details of the accounting policies that are subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these interim financial statements are described in Note 2. to the Company's 2020 Consolidated Financial Statements and Notes.

Standards, Amendments and Interpretations Issued and Adopted

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Effective in the first quarter 2020, the Company adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), issued in August 2020. These amendments address issues that arise from the implementation of interest rate benchmarks (e.g. interbank offered rates ("IBORs")) reform, where IBORs will be replaced with alternative benchmark rates.

For financial instruments carried at amortized cost, the amendments introduce a practical expedient such that if a change in the contractual cash flows occurs as a direct consequence of IBOR reform and on an economically equivalent basis, the change will be accounted for by updating the effective interest rate prospectively with no immediate gain or loss recognized. As at April 3, 2021, except for short and long-term investments of $250 million that specify 3 month tenor of Canadian Dollar Offered Rate ("CDOR"), the Company's exposure to non-derivative financial assets and financial liabilities to IBORs subject to reform is not significant.

The amendments also provide temporary relief that allow for hedging relationships to continue upon the replacement of an existing interest rate benchmark with an alternative benchmark rate under certain qualifying conditions, including the amendment of the hedge designation and documentation to reflect the new rate, and permits new hedging relationships that are in the scope of the Phase 2 amendments.

The Company enters into interest rate swap contracts to hedge the exposure against interest rate risk on the future interest payments of certain debt issuances and deposits. The Company also enters into “swaption” derivative financial instruments that provide an option to enter into an interest rate swap as part of the Company’s strategy to manage its interest rate exposure risk on the future interest payments of certain debt issuances and deposits. Where hedge accounting can be applied, the Company accounts for these derivatives as cash flow hedges.

The Company’s hedging relationships have significant exposure to CDOR. Under IBOR reform, CDOR may be subject to discontinuance, changes in methodology, or become unavailable. The Company’s hedging relationships have significant exposure to the CDOR benchmark.

During the quarter, the Company adhered to the International Swaps and Derivatives Association Fallbacks Protocol (“ISDA Protocol”). The ISDA Protocol provides specific fallbacks depending on whether the relevant IBOR has been permanently discontinued or is temporarily unavailable. It provides an efficient amendment mechanism for mutually adhering counterparties to incorporate these fallback provisions into legacy derivative contracts.

Management is closely monitoring the impacted hedging relationship for possible changes to CDOR and its possible replacement with a new interest rate benchmark. In November 2020, Refinitiv Benchmark Services (UK) Limited, the administrator of CDOR, announced that the 6 and 12 month tenors of CDOR will cease to be published effective May 17, 2021. The 1, 2 and 3 month tenors of CDOR will continue to be published. As of the date of these interim financial statements, the Company’s hedging instruments do not specify 6 and 12 month tenors of CDOR. The practical expedients available under these amendments will be applied for the 2021 annual fiscal period and beyond once the IBOR reform begins to impact the hedge accounting requirements.

Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending January 1, 2022 and, accordingly, have not been applied in preparing these interim financial statements.

Insurance Contracts

In May 2017, the International Accounting Standards Board (“IASB”) issued IFRS 17 – Insurance Contracts (“IFRS 17”), which replaces IFRS 4 – Insurance Contracts and establishes a new model for recognizing insurance policy obligations, premium revenue, and claims-related expenses. IFRS 17 is effective for annual periods beginning on or after January 1, 2021. In June 2020, the IASB issued ‘Amendments to IFRS 17’ to address concerns and implementation challenges that were identified after IFRS 17 was published in 2017. The amendment also deferred the effective date for two years to January 1, 2023. Early adoption is permitted. The Company is assessing the potential impact of this standard.

Improving accounting policy disclosures and clarifying distinction between accounting policies and accounting estimates (Amendments to IAS 1 and IAS 8)

In February 2021, the IASB issued narrow-scope amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 Making Materiality Judgments and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is assessing the potential impact of these amendments.

3. Capital Management

The Company's objectives when managing capital are:

- ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintaining healthy liquidity reserves and access to capital; and
- minimizing the after-tax cost of capital while taking into consideration current and future industry, market and economic risks and conditions.

The Company manages its capital structure over the long term to optimize the balance among capital efficiency, financial flexibility, and risk mitigation. Management calculates credit metrics to approximate the methodologies of credit rating agencies and other market participants on a current and prospective basis. To assess its effectiveness in managing capital, Management monitors these metrics against the target range for the rating.

The current economic, operating and capital market environment continues to support an increased emphasis on liquidity and capital management. Management is focused on ensuring sufficient liquidity, both through maintaining a strong balance sheet and ensuring access to capital.

The Company was in compliance with all financial covenants under its existing credit agreements as at April 3, 2021 and January 2, 2021. Under these covenants, the Company has sufficient flexibility to support business growth.

Helly Hansen is required to comply with covenants established under its bank credit agreements and was in compliance with all financial covenants thereunder as at April 3, 2021.

CT Real Estate Investment Trust ("CT REIT") is required to comply with covenants established under its Declaration of Trust, Trust Indenture and bank credit agreement and was in compliance with all financial covenants thereunder as at April 3, 2021.

In addition, the Company is required to comply with regulatory requirements for capital associated with the operations of Canadian Tire Bank ("CTB" or "Bank"), a federally chartered bank, and other regulatory requirements that have an impact on its business operations and certain covenants established under its bank credit agreement. As at April 3, 2021, CTB complied with all regulatory capital guidelines established by the Office of the Superintendent of Financial Institutions of Canada ("OSFI") and all financial covenants under its bank credit agreement.

4. Liquidity and Financing

As at April 3, 2021, the Company (excluding Helly Hansen) had no borrowings on its committed bank lines of credit and $523.3 million of C$ equivalent ($416 million USD) U.S. Commercial Paper outstanding. Helly Hansen had a total of $42.1 million of C$ equivalent borrowings outstanding on its committed bank line of credit (115 million Norwegian Krone ["NOK"]) and its factoring facility (170.4 million NOK). CT REIT had no borrowings under its committed bank line of credit.

As at April 3, 2021, Glacier Credit Card Trust ("GCCT") had $50 million of asset-backed commercial paper and a nominal amount outstanding on CTB's committed note purchase facilities. CTB also had no borrowings outstanding under its committed bank line of credit.

5. Operating Segments

The Company has three reportable operating segments: Retail, Financial Services, and CT REIT. The reportable operating segments are strategic business units offering different products and services. They are separately managed due to their distinct nature. The following summary describes the operations of each of the Company's reportable segments:

- The retail business is conducted under a number of banners including Canadian Tire, Canadian Tire Gas ("Petroleum"), Mark's, PartSource, Helly Hansen, Party City[1] and various SportChek banners. Retail also includes the Dealer Loan Program (the portion [silo] of Franchise Trust that issues loans to certain Dealers). Non-CT REIT real estate is included in Retail.

- Financial Services issues Canadian Tire's Triangle branded credit cards, including Triangle Mastercard, Triangle World Mastercard and Triangle World Elite Mastercard. Financial Services also offers Cash Advantage Mastercard and Gas Advantage Mastercard products, markets insurance and warranty products, and provides settlement services to the Company's affiliates. Financial Services includes CTB, a federally-regulated Schedule I bank that manages and finances the Company's consumer Mastercard and retail credit card portfolios, as well as an existing block of Canadian Tire branded line of credit loans. CTB also offers high-interest savings ("HIS") account deposits, tax-free savings accounts ("TFSA") and guaranteed investment certificate ("GIC") deposits, both directly and through third-party brokers. Financial Services includes GCCT, a structured entity established to purchase co-ownership interests in the Company's credit card loans receivable. GCCT issues debt to third-party investors to fund its purchases.

- CT REIT is an unincorporated, closed-end real estate investment trust. CT REIT holds a geographically-diversified portfolio of properties mainly comprising Canadian Tire banner stores, Canadian Tire anchored retail developments, mixed-use commercial property, and industrial properties.

Performance is measured based on segment income before income taxes, as included in internal management reports. Management has determined that this measure is the most relevant in evaluating segment results and allocating resources. Information regarding the results of each reportable operating segment is as follows:

[1] *"Party City" refers to the party supply business that operate under the Party City name and trademarks in Canada.*

For the	13 weeks ended									
	April 3, 2021					March 28, 2020				
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Eliminations and adjustments**	**Total**	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total
External revenue	**$ 3,022.0**	**$ 288.9**	**$ 13.7**	**$ (1.7)**	**$ 3,322.9**	$ 2,502.6	$ 334.5	$ 13.9	$ (2.7)	$ 2,848.3
Intercompany revenue	**0.8**	**8.3**	**116.2**	**(125.3)**	**—**	0.6	7.4	112.9	(120.9)	—
Total revenue	**3,022.8**	**297.2**	**129.9**	**(127.0)**	**3,322.9**	2,503.2	341.9	126.8	(123.6)	2,848.3
Cost of producing revenue	**2,062.5**	**89.6**	**—**	**(15.6)**	**2,136.5**	1,729.9	196.7	—	(17.5)	1,909.1
Gross margin	**960.3**	**207.6**	**129.9**	**(111.4)**	**1,186.4**	773.3	145.2	126.8	(106.1)	939.2
Other (income) expense	**(48.6)**	**(0.3)**	**—**	**32.1**	**(16.8)**	(35.6)	0.1	—	26.9	(8.6)
Selling, general and administrative expenses	**857.3**	**82.0**	**33.0**	**(80.9)**	**891.4**	848.7	75.0	31.9	(78.9)	876.7
Net finance costs (income)	**49.1**	**(0.5)**	**26.6**	**(17.9)**	**57.3**	59.8	(0.1)	27.5	(19.0)	68.2
Fair value loss (gain) on investment properties	**—**	**—**	**(4.3)**	**4.3**	**—**	—	—	24.2	(24.2)	—
Income (loss) before income taxes	**$ 102.5**	**$ 126.4**	**$ 74.6**	**$ (49.0)**	**$ 254.5**	$ (99.6)	$ 70.2	$ 43.2	$ (10.9)	$ 2.9
Items included in the above:										
Depreciation and amortization	**$ 212.8**	**$ 3.6**	**$ —**	**$ (45.3)**	**$ 171.1**	$ 213.1	$ 3.0	$ —	$ (44.5)	$ 171.6
Interest income	**19.8**	**248.0**	**—**	**(16.1)**	**251.7**	24.8	289.0	0.1	(18.2)	295.7
Interest expense	**67.0**	**38.0**	**26.6**	**(48.9)**	**82.7**	79.9	33.5	27.6	(52.6)	88.4

The eliminations and adjustments include the following items:

- reclassifications of certain revenues and costs in the Financial Services segment to net finance costs (income);
- conversion from CT REIT's fair value investment property valuation policy to the Company's cost model, including the recording of depreciation; and
- intersegment eliminations and adjustments including intercompany rent, property management fees, credit card processing fees and the change in fair value of the redeemable financial instrument.

While the Company primarily operates in Canada, it also operates in foreign jurisdictions through Helly Hansen. Foreign revenue earned by Helly Hansen for the 13 weeks ended April 3, 2021 amounted to $127.3 million (March 28, 2020 – $114.2 million). Property and equipment, intangible assets (brand and goodwill) and right-of-use assets located outside of Canada was $958.3 million as at April 3, 2021 (March 28, 2020 – $890.7 million).

Capital expenditures by reportable operating segment are as follows:

For the	13 weeks ended							
	April 3, 2021				March 28, 2020			
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Total**	Retail	Financial Services	CT REIT	Total
Capital expenditures[1]	**$ 85.1**	**$ 0.7**	**$ 3.5**	**$ 89.3**	$ 72.4	$ 0.9	$ 41.0	$ 114.3

[1] *Capital expenditures are presented on an accrual basis and include software additions, but exclude right-of-use asset additions, acquisitions relating to business combinations, intellectual property additions and tenant allowances received.*

Right-of-use asset additions by reportable operating segment are as follows:

For the	13 weeks ended							
	April 3, 2021				March 28, 2020			
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Total**	Retail	Financial Services	CT REIT	Total
Right-of-use asset additions	**$ 68.4**	**$ —**	**$ —**	**$ 68.4**	$ 11.3	$ 1.8	$ 3.0	$ 16.1

Total assets by reportable operating segment are as follows:

(C$ in millions) As at	April 3, 2021	March 28, 2020	January 2, 2021
Retail	**$ 16,191.8**	$ 15,990.2	$ 15,937.2
Financial Services	**7,343.2**	6,255.8	7,134.2
CT REIT	**6,185.3**	6,069.0	6,176.1
Eliminations and adjustments	**(8,771.3)**	(8,782.3)	(8,870.4)
Total assets[1]	**$ 20,949.0**	$ 19,532.7	$ 20,377.1

[1] *The Company employs a shared-services model for several of its back-office functions including finance, information technology, human resources, and legal. As a result, expenses relating to these functions are allocated on a systematic and rational basis to the reportable operating segments. The associated assets and liabilities are not allocated among segments in the presented measures of segmented assets and liabilities.*

Total liabilities by reportable operating segment are as follows:

(C$ in millions) As at	April 3, 2021	March 28, 2020	January 2, 2021
Retail	**$ 9,646.9**	$ 9,972.5	$ 9,534.6
Financial Services	**6,395.9**	5,274.7	6,120.5
CT REIT	**2,769.9**	2,732.4	2,800.3
Eliminations and adjustments	**(3,785.2)**	(3,834.9)	(3,913.0)
Total liabilities[1]	**$ 15,027.5**	$ 14,144.7	$ 14,542.4

[1] *The Company employs a shared-services model for several of its back-office functions including finance, information technology, human resources, and legal. As a result, expenses relating to these functions are allocated on a systematic and rational basis to the reportable operating segments. The associated assets and liabilities are not allocated among segments in the presented measures of segmented assets and liabilities.*

The eliminations and adjustments include the following items:

- conversion from CT REIT's fair value investment property valuation policy to the Company's cost model, including the recording of depreciation; and
- intersegment eliminations.

6. Loans Receivable

Quantitative information about the Company's loans receivable portfolio is as follows:

(C$ in millions)	Total principal amount of receivables[1]		
As at	April 3, 2021	March 28, 2020	January 2, 2021
Credit card loans[2]	**$ 4,800.8**	$ 5,410.0	$ 4,983.8
Dealer loans[3]	**541.0**	631.0	507.7
Total loans receivable	**5,341.8**	6,041.0	5,491.5
Less: long-term portion[4]	**477.8**	609.8	459.7
Current portion of loans receivable	**$ 4,864.0**	$ 5,431.2	$ 5,031.8

[1] *Amounts shown are net of allowances for loans receivable.*
[2] *Includes line of credit loans.*
[3] *Dealer loans primarily relates to loans issued by Franchise Trust.*
[4] *The long-term portion of loans receivable is included in long-term receivables and other assets and includes Dealer loans of $476.7 million (March 28, 2020 – $608.7 million and January 2, 2021 – $458.7 million).*

The Company's allowances for loans receivable decreased by $21.1 million from January 2, 2021. The reduction is primarily due to the continued strength in portfolio metrics, as evidenced by the continuation of strong payment and delinquency rates. Despite improvements in overall risk, Management continues to assess allowance with consideration for the heightened level of uncertainty given continued Government stimulus, recent lockdowns and new variants of concern which have led to the increase in active COVID-19 cases, among other indicators of economic health, through the use of management overlays.

A continuity of the Company's allowances for loans receivable is as follows:

								2021
(C$ in millions)		12-month ECL (Stage 1)		Lifetime ECL – not credit-impaired (Stage 2)		Lifetime ECL – credit-impaired (Stage 3)		Total
Balance at January 2, 2021	$	409.1	$	161.3	$	293.6	$	864.0
Increase (decrease) during the period								
Write-offs		(1.1)		(2.3)		(84.0)		(87.4)
Recoveries		—		—		23.6		23.6
New loans originated		4.0		—		—		4.0
Transfers								
to Stage 1		63.5		(33.3)		(30.2)		—
to Stage 2		(10.2)		13.4		(3.2)		—
to Stage 3		(6.6)		(22.0)		28.6		—
Net remeasurements		(42.4)		33.9		47.2		38.7
Balance at April 3, 2021	$	416.3	$	151.0	$	275.6	$	842.9

								2020
(C$ in millions)		12-month ECL (Stage 1)		Lifetime ECL – not credit-impaired (Stage 2)		Lifetime ECL – credit-impaired (Stage 3)		Total
Balance at December 28, 2019	$	300.5	$	192.1	$	304.2	$	796.8
Increase (decrease) during the period								
Write-offs		(2.0)		(5.7)		(119.6)		(127.3)
Recoveries		—		—		21.1		21.1
New loans originated		3.0		—		—		3.0
Transfers								
to Stage 1		61.8		(48.8)		(13.0)		—
to Stage 2		(24.2)		27.0		(2.8)		—
to Stage 3		(7.7)		(41.1)		48.8		—
Net remeasurements		(19.8)		98.1		75.2		153.5
Balance at March 28, 2020	$	311.6	$	221.6	$	313.9	$	847.1

Credit card loans are considered impaired when a payment is 90 days past due or there is sufficient doubt regarding the collectability of the outstanding balance. No collateral is held against credit card loans. The Bank continues to seek recovery on amounts that were written off during the period, unless the Bank no longer has the right to collect, the receivable has been sold to a third party, or all reasonable efforts to collect have been exhausted.

The following table sets out information about the credit risk exposure of loans receivable:

				April 3, 2021
(C$ in millions)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low risk	**$ 2,266.1**	**$ 55.7**	**$ —**	**$ 2,321.8**
Moderate risk	**1,774.3**	**93.1**	**—**	**1,867.4**
High risk	**701.1**	**151.4**	**602.0**	**1,454.5**
Total gross carrying amount	**4,741.5**	**300.2**	**602.0**	**5,643.7**
ECL allowance	**416.3**	**151.0**	**275.6**	**842.9**
Net carrying amount	**$ 4,325.2**	**$ 149.2**	**$ 326.4**	**$ 4,800.8**

				March 28, 2020
(C$ in millions)	Stage 1	Stage 2	Stage 3	Total
Low risk	$ 2,161.1	$ 61.9	$ —	$ 2,223.0
Moderate risk	1,929.1	161.1	—	2,090.2
High risk	968.5	340.4	635.0	1,943.9
Total gross carrying amount	5,058.7	563.4	635.0	6,257.1
ECL allowance	311.6	221.6	313.9	847.1
Net carrying amount	$ 4,747.1	$ 341.8	$ 321.1	$ 5,410.0

				January 2, 2021
(C$ in millions)	Stage 1	Stage 2	Stage 3	Total
Low risk	$ 2,364.6	$ 58.9	$ —	$ 2,423.5
Moderate risk	1,799.3	108.4	—	1,907.7
High risk	698.1	168.8	649.7	1,516.6
Total gross carrying amount	4,862.0	336.1	649.7	5,847.8
ECL allowance	409.1	161.3	293.6	864.0
Net carrying amount	$ 4,452.9	$ 174.8	$ 356.1	$ 4,983.8

During the 13 weeks ended April 3, 2021, the amount of cash received from interest earned on credit cards loans was $239.9 million (March 28, 2020 – $270.2 million).

7. Long-Term Debt

On January 6, 2021, CT REIT issued $150 million of Series G senior unsecured debentures. The Debentures have a coupon rate of 2.371 percent and a maturity date of January 6, 2031.

On January 10, 2021, CT REIT redeemed the entire outstanding principal amount of $150 million Series C senior unsecured debentures.

8. Share Capital

Share capital consists of the following:

(C$ in millions) As at		**April 3, 2021**		March 28, 2020		January 2, 2021
Authorized						
3,423,366 Common Shares						
100,000,000 Class A Non-Voting Shares						
Issued						
3,423,366 Common Shares (2020 – 3,423,366)	**$**	**0.2**	$	0.2	$	0.2
57,383,758 Class A Non-Voting Shares (March 28, 2020 – 57,383,758; January 2, 2021 – 57,383,758)		**600.4**		586.7		596.8
	$	**600.6**	$	586.9	$	597.0

All issued shares are fully paid. The Company does not hold any of its Common or Class A Non-Voting Shares. Neither the Common nor Class A Non-Voting Shares has a par value.

During the first quarter of 2021 and 2020, the Company issued and purchased Class A Non-Voting Shares. The Company's purchases were made pursuant to its normal course issuer bid ("NCIB") program, anti-dilutive policy and during the first quarter of 2020 pursuant to its 2020 Share Purchase Intention. The Class A Non-Voting Shares purchased in the first quarter of 2021 were for anti-dilutive purposes only. Of the Class A Non-Voting Shares purchased in the first quarter of 2020, only $3.2 million were for anti-dilutive purposes. Purchases are charged to share capital at the average cost per share outstanding and the excess between the purchase price and the average cost is first allocated to contributed surplus, with any remainder allocated to retained earnings.

During the first quarter of 2021, the Toronto Stock Exchange accepted the Company's notice of intention to make an NCIB to purchase from March 2, 2021 to March 1, 2022 up to 5.4 million Class A Non-Voting Shares.

The following transactions occurred with respect to the Class A Non-Voting Shares:

For the	**13 Weeks Ended**					
	April 3, 2021			March 28, 2020		
(C$ in millions)	**Number**		**$**	Number		$
Shares outstanding at beginning of the period	**57,383,758**	**$**	**596.8**	58,096,958	$	587.8
Issued under the dividend reinvestment plan and stock option plan	**24,357**		**3.9**	24,971		3.4
Purchased[1]	**(24,357)**		**(4.0)**	(738,171)		(99.6)
Reversal of accrued liability for ASPP[2] commitment				—		3.0
Excess of purchase price over average cost			**3.7**	—		92.1
Shares outstanding at end of the period	**57,383,758**	**$**	**600.4**	57,383,758	$	586.7

[1] *Purchased Shares, pursuant to the Company's NCIB program, have been restored to the status of authorized but unissued shares. The Company records Shares purchased on a transaction date basis.*

[2] *Automatic Share Purchase Plan*

As of April 3, 2021, the Company had dividends declared and payable to holders of Class A Non-Voting Shares and Common Shares of $71.4 million (March 28, 2020 – $69.2 million) at a rate of $1.1750 per share (March 28, 2020 – $1.1375 per share).

On May 12, 2021, the Company's Board of Directors declared dividends at a rate of $1.175 payable on September 1, 2021 to shareholders of record as of July 31, 2021.

For the 13 weeks ended March 28, 2020, 210,986 stock options were not included in the calculation of diluted earnings per share as they were anti-dilutive.

9. Share-Based Payments

During the 13 weeks ended April 3, 2021, the Company granted the following share-based payment awards:

Stock options

The Company granted 218,534 (March 28, 2020 – 1,021,688) stock options to certain employees. These stock options vest on a graduated basis over a three-year period, are exercisable over a term of seven years and have an exercise price of $173.14 (March 28, 2020 – $80.49).

10. Revenue

Revenue by reportable operating segment is as follows:

For the	13 weeks ended									
					April 3, 2021					March 28, 2020
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Adjust-ments**	**Total**	Retail	Financial Services	CT REIT	Adjust-ments	Total
Sale of goods	**$ 2,892.6**	**$ —**	**$ —**	**$ —**	**$ 2,892.6**	$ 2,384.0	$ —	$ —	$ —	$ 2,384.0
Interest income on loans receivable	**1.9**	**247.4**	**—**	**(0.8)**	**248.5**	4.7	288.6	—	(1.8)	291.5
Royalties and licence fees	**11.6**	**—**	**—**	**—**	**11.6**	11.7	—	—	—	11.7
Services rendered	**3.7**	**41.5**	**—**	**(0.9)**	**44.3**	4.1	45.9	—	(0.9)	49.1
Rental income	**112.2**	**—**	**13.7**	**—**	**125.9**	98.1	—	13.9	—	112.0
	$ 3,022.0	**$ 288.9**	**$ 13.7**	**$ (1.7)**	**$ 3,322.9**	$ 2,502.6	$ 334.5	$ 13.9	$ (2.7)	$ 2,848.3

Retail revenue breakdown is as follows:

For the	13 weeks ended	
(C$ in millions)	**April 3, 2021**	March 28, 2020
Canadian Tire	**$ 1,893.9**	$ 1,405.4
SportChek	**396.7**	370.1
Mark's	**245.0**	212.5
Helly Hansen[1]	**136.3**	121.5
Petroleum	**343.2**	390.0
Other and intersegment eliminations[1]	**6.9**	3.1
	$ 3,022.0	$ 2,502.6

[1] *Helly Hansen revenue represents external revenue only.*

Major customers

The Company does not rely on any one customer.

11. Cost of Producing Revenue

For the (C$ in millions)	13 weeks ended April 3, 2021	March 28, 2020
Inventory cost of sales[1]	**$ 2,064.7**	$ 1,724.9
Net impairment loss on loans receivable	**39.0**	151.8
Finance costs	**22.1**	16.0
Other	**10.7**	16.4
	$ 2,136.5	$ 1,909.1

[1] *Inventory cost of sales includes depreciation for the 13 weeks ended April 3, 2021 of $3.9 million (March 28, 2020 – $3.1 million).*

Inventory writedowns as a result of net realizable value being lower than cost, recognized in the 13 weeks ended April 3, 2021 were $32.1 million (March 28, 2020 – $14.0 million).

Inventory writedowns recognized in prior periods and reversed in the 13 weeks ended April 3, 2021 were $2.0 million (March 28, 2020 – $1.9 million). The reversal of writedowns was the result of actual losses being lower than previously estimated.

The writedowns and reversals are included in inventory cost of sales.

12. Selling, General and Administrative Expenses

For the (C$ in millions)	13 weeks ended April 3, 2021	March 28, 2020
Personnel expenses	**$ 358.7**	$ 364.4
Occupancy	**115.9**	112.6
Marketing and advertising	**64.4**	57.9
Depreciation of property and equipment and investment property[1]	**68.0**	72.5
Depreciation of right-of-use assets	**70.6**	69.7
Amortization of intangible assets	**28.6**	26.3
Information systems	**54.8**	50.9
Other	**130.4**	122.4
	$ 891.4	$ 876.7

[1] *Refer to Note 11 for depreciation included in cost of producing revenue.*

13. Net Finance Costs

For the (C$ in millions)	13 weeks ended April 3, 2021	March 28, 2020
Finance income	**$ (2.0)**	$ (2.7)
Finance income on lease receivables[1]	**(1.3)**	(1.5)
Finance costs	**37.2**	46.8
Finance costs on lease liabilities	**23.4**	25.6
	$ 57.3	$ 68.2

[1] *Relates to properties where the Company is an intermediate lessor in a sublease arrangement classified as a finance sublease under IFRS 16.*

14. Income Taxes

Income tax expense recognized in other comprehensive income is as follows:

For the	13 weeks ended	
(C$ in millions)	**April 3, 2021**	March 28, 2020
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges not subject to basis adjustment	**$ 7.4**	$ (9.8)
Deferred cost of hedging not subject to basis adjustment – Changes in fair value of the time value of an option in relation to time-period related hedged items	**(1.6)**	5.2
Reclassification of losses to income	**0.9**	0.2
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges subject to basis adjustment	**(5.3)**	37.8
	$ 1.4	$ 33.4

In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. While the Company has determined that its tax filing positions are appropriate and supportable, from time to time certain matters are reviewed and challenged by the tax authorities.

There have been no material changes in ongoing audits by tax authorities as disclosed in Note 16 to the 2020 Consolidated Financial Statements and Notes.

The Company regularly reviews the potential for adverse outcomes with respect to tax matters. The Company believes that the ultimate disposition of these matters will not have a material adverse effect on its liquidity, consolidated financial position, or net income because the Company has determined that it has adequate provision for these tax matters. Should the ultimate tax liability materially differ from the provision, the Company's effective tax rate and its earnings could be affected positively or negatively in the period in which the matters are resolved.

15. Notes to the Condensed Interim Consolidated Statements of Cash Flows

Cash and cash equivalents comprise the following:

(C$ in millions) As at	**April 3, 2021**	March 28, 2020	January 2, 2021
Cash	**$ 756.5**	$ 152.2	$ 750.7
Cash equivalents	**730.5**	281.8	540.3
Restricted cash and cash equivalents[1]	**12.9**	9.4	36.2
Cash and cash equivalents[2]	**$ 1,499.9**	$ 443.4	$ 1,327.2

1 *Restricted cash and cash equivalents relates to GCCT and is restricted for the purpose of paying principal and interest to note holders and additional funding costs of $5.4 million (March 28, 2020 – $5.6 million and January 2, 2021 – $29.6 million) and Helly Hansen's other operational items $7.5 million (March 28, 2020 – $3.8 million and January 2, 2021 – $6.6 million).*

2 *Included in cash and cash equivalents are amounts held in reserve in support of Financial Services' liquidity and regulatory requirements.*

The total cash outflow for leases during the 13 weeks ended April 3, 2021 was $107.7 million (March 28, 2020 – $109.1 million).

Capital Commitments

As at April 3, 2021, the Company had capital commitments for the acquisition of property and equipment, investment property and intangible assets for an aggregate cost of approximately $255.1 million (March 28, 2020 – $202.0 million).

16. Financial Instruments

16.1 Fair Value of Financial Instruments

Fair values have been determined for measurement and/or disclosure purposes based on the following:

The carrying amount of the Company's cash and cash equivalents, trade and other receivables, loans receivable, trade and other payables, short-term borrowings and loans payable approximate their fair value either due to their short-term nature or because they are derivatives, which are carried at fair value.

The carrying amount of the Company's long-term receivables and other assets approximate their fair value either because the interest rates applied to measure their carrying amount approximate current market interest rates or because they are derivatives, which are carried at fair value.

Fair values of financial instruments reflect the credit risk of the Company and counterparties when appropriate.

Investments in Debt Securities

The fair values of financial assets traded in active markets are determined by reference to their quoted closing bid price or dealer price quotations at the reporting date. For investments that are not traded in active markets, the Company determines fair values using a combination of discounted cash flow models, comparison to similar instruments for which market-observable prices exist and other valuation models.

Derivatives

The fair value of a foreign exchange forward contract is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps and swaptions reflects the estimated amounts the Company would receive or pay if it were to settle the contracts at the measurement date and is determined by an external service provider using valuation techniques based on observable market input data.

The fair value of equity derivatives is determined by reference to share price movement, adjusted for interest, using market interest rates specific to the terms of the underlying derivative contracts.

Redeemable Financial Instrument

The fair value of the redeemable financial instrument is calculated based on a discounted cash flow model using earnings attributable to the Financial Services business, adjusted for any undistributed earnings and Scotiabank's proportionate interest in the Financial Services business. This recurring fair value measurement is categorized within Level 3 of the fair value hierarchy. Refer to Note 3 and Note 33 to the Company's 2020 Consolidated Financial Statements and Notes for further information regarding this financial instrument.

16.2 Fair Value of Financial Assets and Financial Liabilities Classified Using the Fair Value Hierarchy

The Company uses a fair value hierarchy to categorize the inputs used to measure the fair value of financial assets and financial liabilities.

The following table presents the financial instruments measured at fair value classified by the fair value hierarchy:

(C$ in millions) As at		**April 3, 2021**			March 28, 2020			January 2, 2021		
	Category	**Level**			Level			Level		
Trade and other receivables	FVTPL[1]	**2**	**$**	**96.6**	2	$	27.6	2	$	69.8
Trade and other receivables	Effective hedging instruments	**2**		**2.3**	2		106.0	2		0.2
Long-term receivables and other assets	FVTPL[1]	**2**		**27.8**	2		—	2		28.2
Long-term receivables and other assets	Effective hedging instruments	**2**		**41.5**	2		65.3	2		14.4
Trade and other payables	FVTPL[1]	**2**		**20.2**	2		63.0	2		25.6
Trade and other payables	Effective hedging instruments	**2**		**87.1**	2		22.8	2		93.7
Redeemable financial instrument	FVTPL	**3**		**567.0**	3		567.0	3		567.0
Other long-term liabilities	FVTPL[1]	**2**		**0.4**	2		—	2		2.2
Other long-term liabilities	Effective hedging instruments	**2**		**4.2**	2		5.9	2		8.2

[1] *Relates to derivatives not designated as hedging instruments.*

There were no transfers in either direction among categories during the 13 weeks ended April 3, 2021 or the 13 weeks ended March 28, 2020.

16.3 Fair Value Measurement of Investments, Debt and Deposits

The fair value measurement of investments, debt, and deposits is categorized within Level 2 of the fair value hierarchy described in Note 33.2 to the Company's 2020 Consolidated Financial Statements and Notes. The fair values of the Company's investments, debt and deposits compared to the carrying amounts are as follows:

As at	**April 3, 2021**		March 28, 2020		January 2, 2021	
(C$ in millions)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term investments	**$ 630.0**	**$ 629.5**	$ 205.2	$ 205.6	$ 643.0	$ 642.3
Long-term investments	**176.4**	**176.2**	116.0	115.4	146.2	146.1
Debt	**4,265.9**	**4,504.2**	4,536.7	4,640.3	4,266.2	4,593.3
Deposits	**3,870.7**	**3,945.8**	2,487.3	2,497.5	3,509.7	3,613.3

The difference between the fair values and the carrying amounts (excluding transaction costs that are included in the carrying amount of debt) is due to changes in market interest rates for similar instruments. The fair values are determined by discounting the associated future cash flows using current market interest rates for items of similar risk.

17. Contingencies

Legal Matters

The Company is party to a number of legal and regulatory proceedings, and has determined that each such proceeding constitutes a routine matter incidental to the business it conducts, and that the ultimate disposition of the proceedings will not have a material effect on its consolidated net income, cash flows, or financial position.

The Bank's commodity tax assessments for the years 2011 through 2017 have been appealed to the Tax Court of Canada. The Bank is of the view that certain services provided by Credit Card Networks are exempt financial services under the *Excise Tax Act* (Canada). The Federal Court of Appeal in a proceeding unrelated to the Bank concluded that similar services were exempt financial services. On March 30, 2021, the Bank filed in the Tax Court of Canada a Consent to Judgment signed by the Department of Justice allowing the Bank's appeals for the years 2011 and 2017 on the basis that the service fees paid by the Bank to the credit card networks are consideration for exempt supplies of financial services. The Bank is awaiting a court order to approve the Consent to Judgment, after which the Bank expects the Canada Revenue Agency to reverse the audit assessments. No provision was made for the assessed amounts that would have been payable in the event of an adverse outcome.