Management’s Discussion and Analysis

Canadian Tire Corporation, Limited
First Quarter 2023

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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, Helly Hansen, SportChek, Sports Experts, Atmosphere, Pro Hockey Life ("PHL"), Sports Rousseau, and Hockey Experts.

In this document:

"Canadian Tire" refers to the general merchandise retail and services business carried on under the Canadian Tire name and trademarks.

"Canadian Tire Retail" and "CTR" refer to the general merchandise retail and services businesses carried on under the Canadian Tire, PartSource, PHL, and Party City names and trademarks.

"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.

"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.

"Franchise Trust" refers to a legal entity sponsored by a third-party bank that originates and services loans to certain Dealers for their purchases of inventory and fixed assets ("Dealer loans").

"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 and L'Équipeur names and trademarks.

"Owned Brands" refers to brands owned by the Company and managed within the Retail segment.

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

"Party City" refers to the party supply business that operates 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 Information

This Management's Discussion and Analysis ("MD&A") contains information that may constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information provides insights regarding Management's current expectations and plans, and allows 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. Although the Company believes that the forward-looking information in this MD&A is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from Management's expectations and plans as set forth in such forward-looking information. The Company cannot provide assurance that any financial or operational performance, plans, or aspirations forecast will actually be achieved or, if achieved, will result in an increase in the Company's share price. Refer to section 13.0 in this MD&A for a more detailed discussion of the Company's use of forward-looking information.

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 10, 2023.

1.4 Quarterly and Annual Comparisons in the MD&A

Unless otherwise indicated, all comparisons of results for Q1 2023 (13 weeks ended April 1, 2023) are compared against results for Q1 2022 (13 weeks ended April 2, 2022).

1.5 Accounting Framework

The condensed interim 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 2 to the Company's interim consolidated financial statements for the first quarter of 2023.

1.6 Accounting Estimates and Assumptions

The preparation of the Company's condensed interim consolidated financial statements that conforms 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 8.1 in this MD&A for further information.

1.7 Key Performance Measures

The Company uses certain key performance measures, which provide useful information to both Management and investors in measuring the financial performance and financial condition of the Company. These measures are classified as GAAP measures, non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures, as well as non-financial measures. Readers are cautioned that the non-GAAP financial measures have no standardized meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. Refer to section 9.0 for additional information on these metrics. Many of the non-GAAP financial measures in this document are adjusted to normalize the results for certain activities Management does not believe reflect the ongoing business. Unless otherwise noted, analysis of changes in normalized results applies equally to changes in the reported results.

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.

2.0 Company and Industry Overview

Canadian Tire Corporation, Limited (TSX: CTC.A) (TSX: CTC) and its subsidiaries, are a group of companies that include a Retail segment, a Financial Services segment 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 Automotive, Fixing, Living, Playing and Seasonal & Gardening divisions. PartSource, Gas+, Party City and Pro Hockey Life are key parts of the Company's retail network. The Retail segment also includes Mark's, a leading source for casual and industrial wear; and SportChek, Hockey Experts, Sports Experts and Atmosphere, which offer the best activewear brands. CTC's 1,700 retail and gasoline outlets are supported and strengthened by our Financial Services segment 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 2022 Annual Information Form ("2022 AIF"), including section 2 "Description of the Business" and on the Company's Corporate (https://corp.canadiantire.ca) and Investor Relations (https://corp.canadiantire.ca/investors) websites.

3.0 Strategy and Four-Year (2022 to 2025) Financial Aspirations

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

At its Investor Day held on March 10, 2022, CTC announced the *Better Connected* strategy to bolster its omnichannel capabilities and drive long-term growth.

The Company's strategic growth plan builds on the Company's unparalleled brand trust and brand purpose: to Make Life in Canada Better. The focus on investing in the business is coupled with a balanced approach to dividends and share buybacks which positions CTC to continue to generate attractive returns to shareholders.

A key part of the Company's strategy and an underpinning for growth will be growing its differentiated and innovative Owned Brands portfolio and increasing customer engagement with the Triangle Rewards program.

The $3.4 billion of strategic investments, announced in conjunction with the strategy, will create better customer experiences and deeper customer connections. These investments are being allocated to:

- Enhancing the omnichannel customer experience by better connecting digital and physical channels and rolling out a new "Concept Connect" to Canadian Tire stores;
- Strengthening supply chain fulfillment infrastructure and automation; and
- Modernizing IT infrastructure and driving efficiency in how CTC operates.

In conjunction with the announcement of its strategic plan, CTC also established the following financial aspirations for fiscal years 2022 to 2025:

- 4+ percent annual average comparable sales growth[1] over the four-year period;
- Diluted EPS of $26.00+ by 2025; and
- Retail Return on Invested Capital ("ROIC")[2] of approximately 15+ percent by 2025.

In addition to those items discussed in the 2022 Annual Report to Shareholders, since the beginning of 2023 the Company has:

- Introduced a new Triangle Select subscription membership program, with more than 22,000 new members signed up since the January 2023 launch;
- Piloted express delivery by Door Dash at 10 Ottawa Canadian Tire stores;
- Launched its One Digital Platform at Party City and Atmosphere;
- Introduced a new Owned Brand, Stratus, in the cycling category at Canadian Tire Retail, and completed the acquisition of plumbing faucets and fixtures brand Danze in Canada;
- Invested $106.7 million of the Company's anticipated $750 to $800 million in annual operating capital expenditures as at April 1, 2023; and
- Continued to repurchase shares under the Company's commitment to a $500 to $700 million Class A Non-Voting Shares repurchase by the end of 2023, with $279.3 million repurchased as at April 1, 2023.

The Company's strategic framework for investment remains intact and it continues to focus on the priorities discussed at its Investor Day in March 2022. However, as disclosed in the Company's 2022 annual MD&A, the Company is now operating in a more challenging environment than expected when the *Better Connected* strategy was launched. If the impact of interest rate increases and ongoing inflationary pressure continue to affect consumer demand and spending patterns, then many of the assumptions that underpin the financial aspirations could be challenged. While the Company remains committed to achieving its financial aspirations outlined at Investor Day by continuing to invest in its building blocks for the longer term, the pacing will be different than originally planned.

[1] *For further information about this measure see section 9.2 of this MD&A.*
[2] *Retail ROIC is a non-GAAP ratio. For further information and a detailed reconciliation see section 9.1 of this MD&A.*

3.1 Material Assumptions and Risks

A discussion of the underlying material assumptions and risks that might impact the achievement of the financial aspirations are outlined below. In addition, achievement of the aspirations may be impacted by the risks identified in section 10.0 and risks and assumptions identified in section 13.0 of this MD&A.

3.1.1 Average Annual Consolidated Comparable Sales Growth (excluding Petroleum)

Material assumptions:

- Each individual business unit contributes positively to Consolidated Comparable Sales Growth
- Incremental sales growth generated from real estate investments
- Positive sales contribution from the continued focus and strategic investment in retail categories, assortment architecture and the omnichannel experience
- Continued engagement by customers in the Triangle Rewards program and personalized 1:1 offerings

Material risks:

- Decline in economic growth, consumer confidence, household spending and other market disruptions; potential recession
- The occurrence of widespread economic restrictions, construction limitations or supply chain delays due to, among other events, a global pandemic resurgence
- Pricing pressure driven by growing competition from new and existing market players
- Accelerated disruption from eCommerce competitors
- Significant change in the retail landscape

3.1.2 Diluted EPS

Material assumptions:

- Realization of the Consolidated Comparable Sales Growth aspiration
- No major changes to retail gross margin rates
- Maintain selling, general and administrative expenses ("SG&A") discipline by institutionalizing the Operational Efficiency program
- Positive contribution to earnings by the Financial Services segment from growth of first use accounts, and gross average accounts receivable ("GAAR")
- No major changes to the Company's financial leverage and capital allocation approach
- Active repurchase of shares under the Company's normal course issuer bid ("NCIB")

Material risks:

- Risks associated with the Consolidated Comparable Sales Growth aspiration described above
- Lower or lesser contribution from Operational Efficiency initiatives
- Increased costs relating to global sourcing impacting the Company's ability to manage operating and/or supply chain costs
- Adverse economic or regulatory conditions which negatively impact GAAR growth and increases volatility of the impairment allowance for credit card receivables
- Short-term effects on EPS from unexpected changes to the Company's capital-allocation initiatives
- Negative impacts due to unfavourable commodity prices, interest rates, and foreign exchange fluctuations

3.1.3 Retail ROIC

Material assumptions:

- Realization of Consolidated Comparable Sales Growth and Diluted EPS aspirations
- Prudent management of working capital and the Company's capital allocation priorities
- Continued successful investments in businesses to achieve organic growth and in projects and initiatives which yield improved asset productivity

Material risks:

- Lower than anticipated earnings growth (refer to risks associated with the Diluted EPS Growth aspiration described above)
- Unfavourable interest rates impacting the Company's asset value for new and renewed leases

4.0 Financial Performance

4.1 Consolidated Financial Performance

4.1.1 Consolidated Financial Results

(C$ in millions, except where noted)		**Q1 2023**		Q1 2022	Change
Retail sales[1]	**$**	**3,326.5**	$	3,421.4	(2.8) %
Revenue	**$**	**3,707.2**	$	3,837.4	(3.4) %
Gross margin dollars	**$**	**1,281.9**	$	1,311.4	(2.2) %
Gross margin rate[1]		**34.6 %**		34.2 %	41 bps
Other expense (income)	**$**	**79.0**	$	(1.3)	NM[3]
Selling, general and administrative expenses[2]		**871.2**		794.9	9.6 %
Depreciation and amortization[2]		**192.1**		168.3	14.1 %
Net finance costs		**73.0**		54.6	33.8 %
Income before income taxes	**$**	**66.6**	$	294.9	(77.4) %
Income tax expense		**23.8**		77.3	(69.2) %
Effective tax rate[1]		**35.9 %**		26.2 %	
Net income	**$**	**42.8**	$	217.6	(80.4) %
Net income attributable to:					
Shareholders of Canadian Tire Corporation	**$**	**7.8**	$	182.1	(95.7) %
Non-controlling interests		**35.0**		35.5	(1.6) %
	$	**42.8**	$	217.6	(80.4) %
Basic EPS	**$**	**0.14**	$	3.05	(95.4) %
Diluted EPS	**$**	**0.13**	$	3.03	(95.7) %
Weighted average number of Common and Class A Non-Voting Shares outstanding:					
Basic		**57,188,770**		59,752,779	NM[3]
Diluted		**57,432,020**		60,185,009	NM[3]

[1] For further information about this measure see section 9.2 of this MD&A.
[2] Certain prior year figures have been restated to conform to the current year presentation.
[3] 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 2022 Consolidated Financial Statements.

(C$ in millions)		**Q1 2023**		Q1 2022
Financial Services Non-controlling interest 20.0% (2022 – 20.0%)	**$**	**17.1**	$	18.3
CT REIT Non-controlling interest 31.4% (2022 – 31.0%)		**17.4**		16.3
Retail segment subsidiary Non-controlling interest 50.0% (2022 – 50.0%)		**0.5**		0.9
Net income attributable to non-controlling interests	**$**	**35.0**	$	35.5

Impact of the March 15th A.J. Billes Distribution Centre Fire

During the first quarter of 2023, the Company was impacted by a fire at its A.J. Billes Distribution Centre (the "DC fire") which services Canadian Tire Retail stores nationally and is one of the Company's largest distribution centres. Operations at the facility were suspended from March 15, 2023, and partially resumed on March 27, 2023. The Company took a charge of $67.7 million in the first quarter of 2023 relating to lost inventory, building damage, and cleanup and repairs costs, up to the end of the reporting period. These costs are included in other expense (income) in the consolidated statements of income as normalizing items.

In addition, certain financial impacts attributable to the event are not reflected in the normalizing adjustments. The DC fire resulted in approximately $20.0 million lower income before income taxes due to a delay in shipments at Canadian Tire Retail and supply chain inefficiencies incurred during the quarter due to the temporary suspension of operations at the facility.

Remediation efforts remain underway and the Company has transitioned some of its priority inventory to its other Ontario distribution centres and has set up temporary facilities to help manage the flow of product to Canadian Tire Retail stores. Shipments will likely be impacted until the facility is fully operational, which at this time is expected to be by the end of the second quarter of 2023. The Company expects additional costs and insurance recoveries relating to the DC fire which have not been recognized during the quarter. The amount and timing of the insurance recoveries are subject to approval by the insurance company. As a result, no insurance recovery was recognized during the quarter, and recoveries will only be recognized when the amount and timing are virtually certain.

Normalizing Items

The results of operations in the first quarter of 2023 and 2022 include costs associated with the DC fire and costs relating to the Company's Operational Efficiency program, respectively, which were considered as normalizing items. These costs are included in other expense (income) and selling, general and administrative expenses in the consolidated statements of income.

(C$ in millions)	**Q1 2023**	Q1 2022
DC fire	**$ 67.7**	$ —
Operational Efficiency program	**—**	2.1

Selected Normalized Metrics – Consolidated

(C$ in millions, except where noted)	Q1 2023	Normalizing Items[1]	Normalized Q1 2023[2]	Q1 2022	Normalizing Items[1]	Normalized Q1 2022[2]	Change[3]
Revenue	**$ 3,707.2**	**$ —**	**$ 3,707.2**	$ 3,837.4	$ —	$ 3,837.4	(3.4) %
Cost of producing revenue	**2,425.3**	**—**	**2,425.3**	2,526.0	—	2,526.0	(4.0) %
Gross margin	**$ 1,281.9**	**$ —**	**$ 1,281.9**	$ 1,311.4	$ —	$ 1,311.4	(2.2) %
Gross margin rate[4]	**34.6 %**	**— bps**	**34.6 %**	34.2 %	— bps	34.2 %	41 bps
Other expense (income)	**$ 79.0**	**$ (67.7)**	**$ 11.3**	$ (1.3)	$ —	$ (1.3)	NM[5]
Selling, general and administrative expenses	**871.2**	**—**	**871.2**	794.9	(2.1)	792.8	9.9 %
Depreciation and amortization	**192.1**	**—**	**192.1**	168.3	—	168.3	14.1 %
Net finance costs	**73.0**	**—**	**73.0**	54.6	—	54.6	33.8 %
Income before income taxes	**$ 66.6**	**$ 67.7**	**$ 134.3**	$ 294.9	$ 2.1	$ 297.0	(54.8) %
Income tax expense	**23.8**	**17.9**	**41.7**	77.3	0.6	77.9	(46.5) %
Net income	**$ 42.8**	**$ 49.8**	**$ 92.6**	$ 217.6	$ 1.5	$ 219.1	(57.7) %
Net income attributable to shareholders of CTC	**7.8**	**49.8**	**57.6**	182.1	1.5	183.6	(68.6) %
Diluted EPS	**$ 0.13**	**$ 0.87**	**$ 1.00**	$ 3.03	$ 0.03	$ 3.06	(67.3) %

1 *Refer to Normalizing Items table in this section for more details.*
2 *These normalized measures (excluding revenue, cost of producing revenue, gross margin, gross margin rate, depreciation and amortization, and net finance costs) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see section 9.1 of this MD&A.*
3 *Change is between normalized results, if any.*
4 *For further information about this measure see section 9.2 of this MD&A.*
5 *Not meaningful.*

Consolidated Results Commentary

Effective from the first quarter of 2023, the Company's results reflect a change in accounting estimate related to the Company's Margin-Sharing Arrangement ("MSA") with Dealers (the "change in accounting estimate"), as outlined below, with no change to the annual reported figures.

Change in Accounting Estimate

The Company's contract with its Dealers governs how margin and expenses are shared between the two groups. Beginning in the first quarter of 2023, the Company implemented a change to accounting estimates associated with one component of the contract, the MSA with the Dealers. The Company already records a portion of its margin relating to revenue and margin on shipments to its Dealers in the quarter incurred, but the majority of the MSA has historically been accrued in the fourth quarter of every year. Effective this quarter, the Company will begin to record the MSA throughout the year to better reflect the pattern over which the MSA is earned. This change simply reflects a change in the timing of this revenue and will result in less quarterly fluctuation in Retail segment gross margin and income before income taxes throughout the year. This change impacts quarterly results. There is no change to the annual reported figures. The change in accounting estimate had a $51.8 million impact on revenue and income before income taxes, and 120 bps impact on Retail segment gross margin rate excluding Petroleum[1] during the first quarter of 2023. Excluding the change in accounting estimate relating to the Company's MSA with its Dealers, consolidated revenue was down $182.0 million, Retail segment gross margin rate excluding Petroleum was down 17 bps, and consolidated income before income taxes was down $280.1 million.

Consolidated Results Summary

Diluted EPS for the first quarter of 2023 was $0.13 per share, $2.90 lower than the prior year, of which $0.87 relates to normalized costs incurred due to the DC fire.

Normalized diluted EPS was $1.00, $2.06 lower than the prior year. Excluding the $0.66 favourable impact of the change in accounting estimate, normalized diluted EPS was down $2.72, mainly attributable to a decline in earnings in the Retail segment.

Consolidated income before income taxes was $66.6 million, a decrease of $228.3 million compared to the prior year, with strong performances in the Financial Services and CT REIT segments offset by a loss in the Retail segment of $79.3 million, due in part to the normalized charge of $67.7 million relating to the DC fire, as expected lower shipments at Canadian Tire Retail due to higher Dealer inventory of Spring/Summer products, and a delay in shipments due to the DC fire.

Normalized income before income taxes was $134.3 million, $162.7 million lower than the prior year. Excluding the impact of the change in accounting estimate, normalized income before income taxes decreased by $214.5 million. The Company estimates that approximately $20.0 million of this decrease was attributable to a delay in shipments and supply chain inefficiencies due to the DC fire, while the remaining variance was primarily due to lower revenue and higher operating costs in the Retail segment, and a $13.5 million one-time cost to exit a supply chain contract.

	Q1 2023
Consolidated Results Summary	▼ **Diluted EPS: $2.90 per share** • Consolidated revenue was $3,707.2 million, a decrease of $130.2 million or 3.4 percent. Consolidated revenue excluding Petroleum[1] was $3,225.8 million, a decrease of 3.4 percent. Excluding the impact of the change in accounting estimate, consolidated revenue excluding Petroleum was down 4.9 percent. The decline was driven by the Retail segment due to as expected lower Spring/Summer shipments at Canadian Tire Retail, and a delay in shipments due to the DC fire, partially offset by revenue growth in the Financial Services segment. • Consolidated gross margin dollars were $1,281.9 million, a decrease of $29.5 million or 2.2 percent. Excluding the impact of the change in accounting estimate, consolidated gross margin dollars were down $81.3 million or 6.2 percent due to decreases in both the Retail and Financial Services segments. • Other expense was $79.0 million, unfavourable by $80.3 million, compared to income of $1.3 million in the prior year. Excluding the $67.7 million charge relating to the DC fire, normalized other expense was unfavourable by $12.6 million driven by a $13.5 million one-time cost to exit a supply chain contract.

1 *For further information about this measure see section 9.2 of this MD&A.*

Consolidated Results Commentary *(continued)*

	Q1 2023
	• Consolidated SG&A was $871.2 million, an increase of $76.3 million or 9.6 percent compared to the prior year. The increase was driven by the Retail segment mainly due to strategic investments including the transition to cloud-based IT infrastructure as part of the Better Connected strategy, and higher volume-related supply chain and operating costs. • Depreciation and amortization was $192.1 million, an increase of 14.1 percent from the prior year driven by lease renewals and extensions, store upgrades, and other capital investments. • Net finance costs were $73.0 million, an increase of 33.8 percent from the prior year mainly due to increased interest rates and borrowings, and higher lease-related costs. • Income taxes were $23.8 million, compared to $77.3 million in the prior year primarily due to lower income before income taxes. The effective tax rate increased for the quarter, primarily due to higher non-deductible stock option expense. • Diluted EPS was $0.13, a decrease of $2.90 or 95.7 percent compared to the prior year. Normalized diluted EPS was $1.00, a decrease of $2.06 or 67.3 percent compared to the prior year. Excluding the $0.66 impact of the change in accounting estimate, normalized diluted EPS decreased by $2.72 compared to the prior year, driven by the decline in earnings attributable to the reasons above.

4.1.2 Consolidated Key Performance Measures

(C$ in millions) increase/(decrease)	Q1 2023	Q1 2022	Change
Selling, general and administrative expenses	**$ 871.2**	$ 794.9	$ 76.3
Normalized[1] SG&A[2] as a percentage of revenue[4]	**23.5 %**	20.7 %	284 bps
Income before income taxes	**$ 66.6**	$ 294.9	$ (228.3)
Normalized[1] EBITDA[2,3] as a percentage of revenue[4]	**11.1 %**	13.7 %	(260) bps

[1] *Refer to section 4.1.1 in this MD&A for a description of normalizing items.*
[2] *This is a non-GAAP ratio. For further information and a detailed reconciliation see section 9.1 of this MD&A.*
[3] *Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA").*
[4] *Certain prior year figures have been restated to conform to the current year presentation.*

Changes in the percentages disclosed are driven by the related revenue, SG&A, and income before income taxes variances discussed under the Consolidated Results commentary in the previous charts.

4.1.3 Seasonal Trend Analysis

The following table shows the consolidated financial performance of the Company by quarter for the last two years. As discussed in section 4.1.1 of this MD&A, the Company implemented a change in accounting estimate beginning in the first quarter of 2023, with no change to the historical amounts reported.

(C$ in millions, except per share amounts)	**Q1 2023**	Q4 2022	Q3 2022	Q2 2022	**Q1 2022**	Q4 2021	Q3 2021	Q2 2021	**Q1 2021**
Revenue	**$3,707.2**	$5,340.4	$4,228.8	$4,404.0	**$3,837.4**	$5,137.6	$3,913.1	$3,918.5	**$3,322.9**
Net income	**42.8**	562.6	225.0	177.6	**217.6**	535.7	279.5	259.1	**186.4**
Diluted EPS	**0.13**	9.09	3.14	2.43	**3.03**	8.34	3.97	3.64	**2.47**

4.2 Retail Segment Performance

4.2.1 Retail Segment Financial Results

(C$ in millions, except where noted)	Q1 2023	Q1 2022	Change
Retail sales[1]	$ 3,326.5	$ 3,421.4	(2.8) %
Revenue	$ 3,337.9	$ 3,504.5	(4.8) %
Gross margin dollars	$ 1,050.0	$ 1,076.9	(2.5) %
Gross margin rate[1]	31.5 %	30.7 %	73 bps
Other expense (income)	$ 42.9	$ (37.4)	NM[3]
Selling, general and administrative expenses[2]	785.5	710.0	10.6 %
Depreciation and amortization[2]	239.7	212.4	12.8 %
Net finance costs	61.2	43.1	42.1 %
(Loss) income before income taxes	$ (79.3)	$ 148.8	NM[3]

1 *For further information about this measure see section 9.2 of this MD&A.*
2 *Certain prior year figures have been restated to conform to the current year presentation.*
3 *Not Meaningful.*

Selected Normalized Metrics – Retail

(C$ in millions, except where noted)	Q1 2023	Normalizing Items[1]	Normalized Q1 2023[2]	Q1 2022	Normalizing Items[1]	Normalized Q1 2022[2]	Change[3]
Revenue	$ 3,337.9	$ —	$ 3,337.9	$ 3,504.5	$ —	$ 3,504.5	(4.8) %
Cost of producing revenue	2,287.9	—	2,287.9	2,427.6	—	2,427.6	(5.8) %
Gross margin	$ 1,050.0	$ —	$ 1,050.0	$ 1,076.9	$ —	$ 1,076.9	(2.5) %
Gross margin rate[4]	31.5 %	— bps	31.5 %	30.7 %	— bps	30.7 %	73 bps
Other expense (income)	$ 42.9	$ (67.7)	$ (24.8)	$ (37.4)	$ —	$ (37.4)	(33.7) %
Selling, general and administrative expenses	785.5	—	785.5	710.0	(2.1)	707.9	11.0 %
Depreciation and amortization	239.7	—	239.7	212.4	—	212.4	12.8 %
Net finance costs	61.2	—	61.2	43.1	—	43.1	42.1 %
(Loss) income before income taxes	$ (79.3)	$ 67.7	$ (11.6)	$ 148.8	$ 2.1	$ 150.9	NM[5]

1 *Refer to section 4.1.1 in this MD&A for a description of normalizing items.*
2 *These normalized measures (other expense (income), selling, general and administrative expenses and income before income taxes) are non-GAAP financial measures. For further information and a detailed reconciliation see section 9.1 of this MD&A.*
3 *Change is between normalized results, if any.*
4 *For further information about this measure see section 9.2 of this MD&A.*
5 *Not Meaningful.*

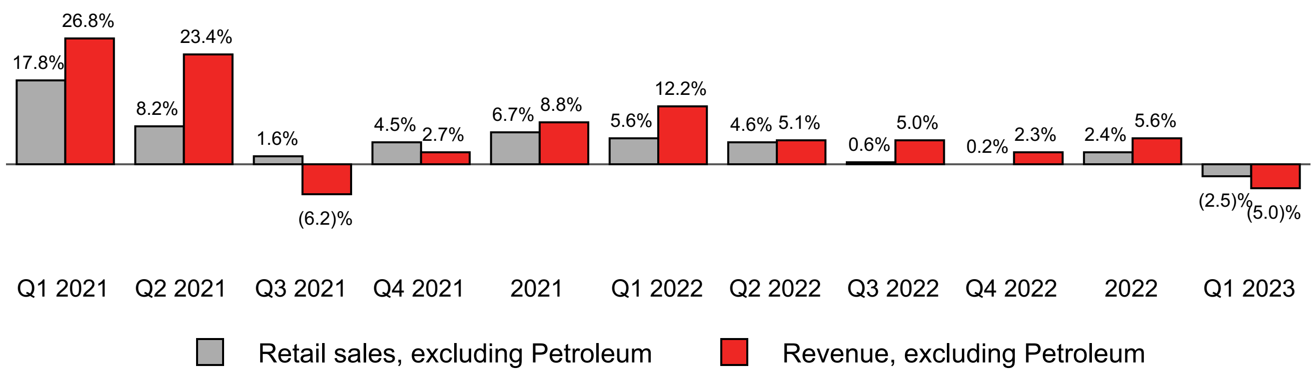
4.2.2 Retail Segment Key Performance Measures

(Year-over-year percentage change, C$ in millions, except as noted)	Q1 2023	Q1 2022	Change
Retail segment			
Revenue[1]	$ 3,337.9	$ 3,504.5	(4.8) %
Revenue, excluding Petroleum	2,856.5	3,006.1	(5.0) %
Store count	1,698	1,712	
Retail square footage (in millions)	34.7	34.2	
Retail sales growth[2]	(2.8) %	9.7 %	
Retail sales growth, excluding Petroleum[2]	(2.5) %	5.6 %	
Consolidated Comparable sales growth[2, 3]	(2.5) %	6.4 %	
Retail ROIC[4, 5]	11.3 %	13.8 %	(247) bps
Retail normalized[6] SG&A as a percentage of revenue excluding Petroleum[2,5]	27.5 %	23.5 %	395 bps
Canadian Tire			
Revenue[1, 7]	$ 1,931.7	$ 2,147.2	(10.0) %
Store count[8]	665	665	
Retail square footage (in millions)	23.8	23.4	
Sales per square foot[2, 9]	$ 529	$ 530	(0.2) %
Retail sales growth[2, 10]	(4.9) %	4.5 %	
Comparable sales growth[2]	(4.8) %	4.5 %	
SportChek			
Revenue[1]	$ 420.8	$ 408.8	2.9 %
Store count	372	375	
Retail square footage (in millions)	7.2	7.2	
Sales per square foot[2, 11]	$ 332	$ 332	— %
Retail sales growth[2, 12]	3.9 %	4.5 %	
Comparable sales growth[2]	3.7 %	10.2 %	
Mark's			
Revenue[1, 13]	$ 294.0	$ 277.2	6.1 %
Store count	379	380	
Retail square footage (in millions)	3.7	3.6	
Sales per square foot[2, 11]	$ 429	$ 399	7.6 %
Retail sales growth[2, 14]	5.0 %	17.4 %	
Comparable sales growth[2]	4.8 %	17.1 %	
Helly Hansen			
Revenue[1]	$ 208.4	$ 169.6	22.9 %
Gas+			
Revenue[1]	$ 481.4	$ 498.4	(3.4) %
Gas bar locations	282	292	
Gross margin dollars	$ 45.6	$ 51.0	(10.5) %
Retail sales growth[2]	(3.9) %	36.1 %	
Gasoline volume growth in litres	2.8 %	8.2 %	
Comparable store gasoline volume growth in litres[2]	6.4 %	9.4 %	

[1] *Revenue reported for Canadian Tire Retail, SportChek, Mark's and Petroleum for the 13 weeks ended April 1, 2023 include inter-segment revenue of $1.0 million (2022 – $1.1 million). 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] *For further information about this measure see section 9.2 of this MD&A.*
[3] *Comparable sales growth excludes Petroleum.*
[4] *Retail ROIC is calculated on a rolling 12-month basis based on normalized earnings.*
[5] *This is a non-GAAP financial measure. For further information and a detailed reconciliation see section 9.1 of this MD&A.*
[6] *Refer to section 4.1.1 in this MD&A for a description of normalizing items.*
[7] *Revenue includes revenue from Canadian Tire, PartSource, PHL, Party City and Franchise Trust.*
[8] *Store count includes stores from Canadian Tire, and other banner stores of 161 (2022: 161 stores). Other banners include PartSource, PHL, and Party City.*
[9] *Sales per square foot figures are calculated on a rolling 12-month basis. Retail space excludes seasonal outdoor garden centres, auto service bays, warehouse, and administrative space.*
[10] *Retail sales growth includes sales from Canadian Tire, PartSource, PHL, Party City and the labour portion of Canadian Tire's auto service sales.*
[11] *Sales per square foot figures are calculated on a rolling 12-month basis, include both corporate and franchise stores and warehouse, and administrative space.*
[12] *Retail sales growth includes sales from both corporate and franchise stores.*
[13] *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.*
[14] *Retail sales growth includes Retail sales from Mark's corporate and franchise stores but excludes revenue relating to alteration and embroidery services.*

The following chart shows the Retail segment, excluding Petroleum, Retail sales and revenue performance by quarter for the last two years. As discussed in section 4.1.1 of this MD&A, the Company implemented a change in accounting estimate beginning in the first quarter of 2023 which impacted Revenue, excluding Petroleum, with no change to the historical amounts reported; Retail sales, excluding Petroleum were not impacted by this change.

Year-over-year Retail Sales and Revenue Growth



Retail Segment Commentary

Retail sales and revenue decreased 2.8 percent and 4.8 percent, respectively, in the quarter against strong growth of 9.7 percent and 15.9 percent, respectively, in the prior year. Excluding Petroleum, Retail sales and revenue decreased 2.5 percent and 5.0 percent respectively. Retail sales were down against strong growth in the prior year, driven by unfavourable weather on sales of winter and spring products and a more challenging consumer demand environment. eCommerce sales[1] were $1.1 billion on a rolling 12-month basis, well above pre-pandemic levels. Consolidated Owned Brands penetration[1] was 35.8 percent, down 18 bps compared to the prior year primarily due to sales mix (lower sales in seasonal categories which have a higher Owned Brands penetration rate).

As discussed in section 4.1.1 of this MD&A, the change in accounting estimate had a $51.8 million favourable impact on Retail revenue and income before income taxes, and 120 bps favourable impact on Retail segment gross margin rate excluding Petroleum in the first quarter of 2023. Excluding the change in accounting estimate, Retail revenue decreased by $218.4 million and Retail segment gross margin rate excluding Petroleum decreased by 17 bps compared to the prior year.

Retail income before income taxes decreased by $228.1 million, and normalized income before income taxes decreased by $162.5 million. Excluding the impact of the change in accounting estimate, normalized income before income taxes decreased by $214.3 million. The decline was driven by lower revenue resulting from as expected lower shipments at Canadian Tire Retail due to higher Spring/Summer Dealer inventory, a delay in shipments due to the DC fire, higher SG&A, depreciation and amortization, and net finance costs, and a $13.5 million one-time cost to exit a supply chain contract. The increase in SG&A was due to strategic investments including the transition to cloud-based IT infrastructure as part of the *Better Connected* strategy, and volume-related supply chain and operating costs. The Company estimates that approximately $20.0 million of the decrease in normalized income before income taxes was attributable to a delay in shipments and supply chain inefficiencies due to the DC fire.

[1] For further information about this measure see section 9.2 of this MD&A.

Retail Segment Commentary *(continued)*

	Q1 2023
Retail Sales	▼ **$94.9 million or 2.8%** ▼ **2.5% in Comparable sales growth** • Retail sales were $3,326.5 million, a decrease of 2.8 percent and, excluding Petroleum, Retail sales declined 2.5 percent, or $72.5 million compared to the prior year. • CTR Retail sales were down 4.9 percent driven by the impact of unfavourable weather on sales of winter and spring products and a more challenging consumer demand environment, partially offset by growth in non-winter related Automotive categories such as auto parts and maintenance and Living categories driven by pet. • SportChek Retail sales grew 3.9 percent, led by Athletic and Casual Clothing categories. • Mark's Retail sales grew 5.0 percent, driven by growth in Men's and Ladies' Casualwear businesses. • GAS+ Retail sales declined 3.9 percent due to lower per litre gas prices, partially offset by higher gas volumes. Comparable store volume growth was up 6.4 percent.
Revenue	▼ **$166.6 million or 4.8%** ▼ **5.0% excluding Petroleum** • Retail revenue was $3,337.9 million, down $166.6 million. Excluding the $51.8 million impact of the change in accounting estimate, Retail revenue was down $218.4 million due primarily to as expected lower Spring/Summer shipments at Canadian Tire Retail, a delay in shipments due to the DC fire, and a decline in revenue at Petroleum. This was partially offset by retail sales growth at other banners and growth in wholesale and eCommerce channels at Helly Hansen.
Gross Margin	▼ **$26.9 million or 2.5%** ▲ **73 bps in gross margin rate** ▼ **2.1% excluding Petroleum[1]** ▲ **103 bps in gross margin rate, excluding Petroleum** • Retail gross margin dollars were $1,050.0 million, a decrease of $26.9 million. Excluding Petroleum, gross margin dollars were $1,004.4 million, a decrease of $21.5 million, due to the decline in revenue previously described. Excluding the impact of the change in accounting estimate, Retail gross margin dollars excluding Petroleum were down $73.3 million driven by lower shipments. • Gross margin rate, excluding Petroleum, was 35.2 percent, an increase of 103 bps. Excluding the 120 bps impact of the change in accounting estimate, gross margin rate, excluding Petroleum, was down 17 bps. A favourable sales mix among the banners along with actions to manage product cost headwinds offset increases in promotional intensity at SportChek and Mark's.
Other Expense (Income)	▲ **$80.3 million or 214.5%** • Other expense was $42.9 million, unfavourable by $80.3 million, compared to income of $37.4 million in the prior year. Excluding the $67.7 million charge relating to the DC fire, normalized other expense was unfavourable by $12.6 million driven by a $13.5 million one-time cost to exit a supply chain contract.

[1] *For further information about this measure see section 9.2 of this MD&A.*

Retail Segment Commentary *(continued)*

	Q1 2023
SG&A	▲ **$75.5 million or 10.6%** • SG&A was $785.5 million, an increase of $75.5 million, or 10.6 percent. The increase was due to strategic investments including the transition to cloud-based IT infrastructure as part of the *Better Connected* strategy, and higher volume-related supply chain and operating costs, including those relating to the Greater Toronto Area Distribution Centre which became fully operational in the quarter.
Depreciation and amortization	▲ **$27.3 million or 12.8 %** • Deprecation and amortization increased due to lease renewals and extensions, store upgrades, and other capital investments including the Greater Toronto Area Distribution Centre which became fully operational in the quarter.
Net Finance Costs	▲ **$18.1 million or 42.1%** • Net finance costs increased mainly due to increased interest rates and borrowings, and higher lease-related costs compared to the prior year.
Earnings Summary	▼ **$228.1 million or 153.3%** • Income before income taxes decreased by $228.1 million. Normalized income before income taxes decreased by $162.5 million attributable to the reasons above.

4.2.3 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. As discussed in section 4.1.1 of this MD&A, the Company implemented a change in accounting estimate in the first quarter of 2023 which impacted Revenue and (Loss) income before income taxes, with no change to the historical amounts reported. Retail sales were not affected by this change.

(C$ in millions)	**Q1 2023**	Q4 2022	Q3 2022	Q2 2022	**Q1 2022**	Q4 2021	Q3 2021	Q2 2021	**Q1 2021**
Retail sales	**$ 3,326.5**	$5,729.4	$4,734.2	$5,363.8	**$3,421.4**	$5,661.0	$4,603.2	$4,882.6	$3,117.8
Revenue	**3,337.9**	4,990.9	3,873.7	4,067.2	**3,504.5**	4,830.0	3,607.1	3,623.2	3,022.8
(Loss) income before income taxes	**(79.3)**	642.4	133.0	123.8	**148.8**	638.1	226.5	208.6	102.5

4.3 Financial Services Segment Performance

4.3.1 Financial Services Segment Financial Results

(C$ in millions)	Q1 2023	Q1 2022	Change
Revenue	**$ 369.8**	$ 331.7	11.5 %
Gross margin dollars	**$ 211.3**	$ 217.5	(2.8) %
Gross margin rate[1]	**57.2 %**	65.6 %	(842) bps
Other expense	**$ 1.2**	$ 0.2	NM[3]
Selling, general and administrative expenses[2]	**90.7**	89.7	1.1 %
Depreciation and amortization[2]	**2.8**	3.2	(12.5) %
Net finance (income)	**(2.1)**	(0.9)	NM[3]
Income before income taxes	**$ 118.7**	$ 125.3	(5.3) %

1 *For further information about this measure see section 9.2 of this MD&A.*
2 *Certain prior year figures have been restated to conform to the current year presentation.*
3 *Not meaningful.*

Financial Services Segment Commentary

Financial Services segment income before income taxes was $118.7 million in the quarter, a decrease of $6.6 million from the prior year. Revenue growth of $38.1 million was mainly attributable to higher interest income due to strong receivable growth and higher fee income on increased credit card sales. The decline in gross margin was a result of higher net impairment losses and increased funding costs.

GAAR was 10.4 percent higher relative to prior year due to increases in both active accounts and average balance, up 4.4 percent and 5.8 percent, respectively. As expected, with the return of portfolio performance to historical levels, the net write-off rate has increased to 5.3 percent; however, the expected credit loss ("ECL") allowance for loans receivable remained relatively flat to Q4 2022 at $896.9 million. The ECL allowance rate[1] finished the quarter at 13.0 percent, within the previously disclosed range of 11.5 to 13.5 percent, an increase from Q4 due to the seasonal decline in ending receivables.

1 *For further information about this measure see section 9.2 of this MD&A.*

Financial Services Segment Commentary *(continued)*

	Q1 2023
Revenue	▲ **$38.1 million or 11.5%** • Revenue for the quarter was $369.8 million, an increase of $38.1 million, or 11.5 percent compared to the prior year. The increase in revenue was mainly due to higher interest income and fee income driven by strong receivables growth and higher credit card sales, respectively.
Gross Margin	▼ **$6.2 million or 2.8%** • Gross margin was $211.3 million, a decrease of $6.2 million, or 2.8 percent compared to the prior year. The decrease in gross margin was mainly due to higher net impairment losses and funding costs, partially offset by revenue growth.
SG&A	▲ **$1.0 million or 1.1%** • SG&A was $90.7 million, an increase of $1.0 million, or 1.1 percent. The increase in SG&A was primarily due to higher IT costs and personnel expenses offset by lower marketing costs.
Earnings Summary	▼ **$6.6 million or 5.3%** • Income before income taxes was $118.7 million, a decrease of $6.6 million, or 5.3 percent. The decrease in income before income taxes was primarily due to lower gross margin attributable to the reasons above.

4.3.2 Financial Services Segment Key Performance Measures

(C$ in millions, except where noted)	**Q1 2023**	Q1 2022	Change
Credit card sales growth[1]	**6.1 %**	26.0 %	
GAAR	**$ 6,971**	$ 6,313	10.4 %
Revenue (as a % of GAAR)[1, 2]	**20.9 %**	20.6 %	
Average number of accounts with a balance (thousands)	**2,278**	2,182	4.4 %
Average account balance[1] (whole $)	**$ 3,059**	$ 2,892	5.8 %
Net credit card write-off rate[1, 2]	**5.3 %**	4.0 %	
Past due credit card receivables ("PD2+") rate[3]	**3.1 %**	2.4 %	
Allowance rate	**13.0 %**	13.3 %	
Operating expenses (as a % of GAAR)[1, 2]	**5.3 %**	6.1 %	
Return on receivables[1, 2]	**6.4 %**	7.1 %	

[1] *For further information about this measure see section 9.2 of this MD&A.*
[2] *Figures are calculated on a rolling 12-month basis.*
[3] *This is a non-GAAP financial measure. For further information and a detailed reconciliation see section 9.1 of this MD&A.*

Financial Services Segment Scorecard

To evaluate the overall financial performance of the Financial Services segment, the following scorecard demonstrates how Financial Services is progressing towards achieving its strategic objectives.

Q1 2023 vs. Q1 2022	
Growth	▲ **10.4% in GAAR** ▲ **6.1% in credit card sales growth** ▲ **4.4% in average number of accounts with a balance** ▲ **5.8% in average account balance** • GAAR increased by 10.4 percent relative to last year driven by strong cardholder engagement. The average number of active accounts for the quarter increased by 4.4 percent along with an increase in average account balance by 5.8 percent. • Credit card sales grew by 6.1 percent over the prior year led by strong sales at external merchants.
Performance	▼ **76 bps in return on receivables** ▲ **29 bps revenue as a % of GAAR** ▼ **79 bps in Operating Expenditures ("OPEX") as a % of GAAR** • Return on receivables decreased by 76 bps compared to the prior year due to both lower earnings and higher GAAR. • Revenue as a % of GAAR increased by 29 bps compared to the prior year due to strong revenue growth. • OPEX as a % of GAAR decreased by 79 bps compared to the prior year due to a decrease in operating expenses on a 12-month basis along with growth in GAAR.
Operational metrics	▲ **73 bps in PD2+ rate** ▲ **127 bps in net credit card write-off rate** ▼ **13.0% allowance rate, down 32 bps** • The PD2+ rate increased by 73 bps compared to the prior year due to the return of aging to pre-pandemic norms. • The increase in the net write-off rate compared to the prior year was driven by higher net write-offs. • The allowance rate decreased by 32 bps from Q1 2022 to 13.0 percent, remaining within the previously disclosed range of 11.5 to 13.5 percent.

4.3.3 Financial Services Segment Seasonal Trend Analysis

Quarterly operating net income and revenue are affected by seasonality. The following table shows the financial performance of the segment by quarter for the last two years.

(C$ in millions)	**Q1 2023**	Q4 2022	Q3 2022	Q2 2022	**Q1 2022**	Q4 2021	Q3 2021	Q2 2021	**Q1 2021**
Revenue	**$ 369.8**	$ 357.2	$ 360.4	$ 340.4	**$ 331.7**	$ 312.4	$ 307.6	$ 296.1	**$ 297.2**
Income before income taxes	**118.7**	86.8	139.6	90.0	**125.3**	63.0	117.7	125.3	**126.4**

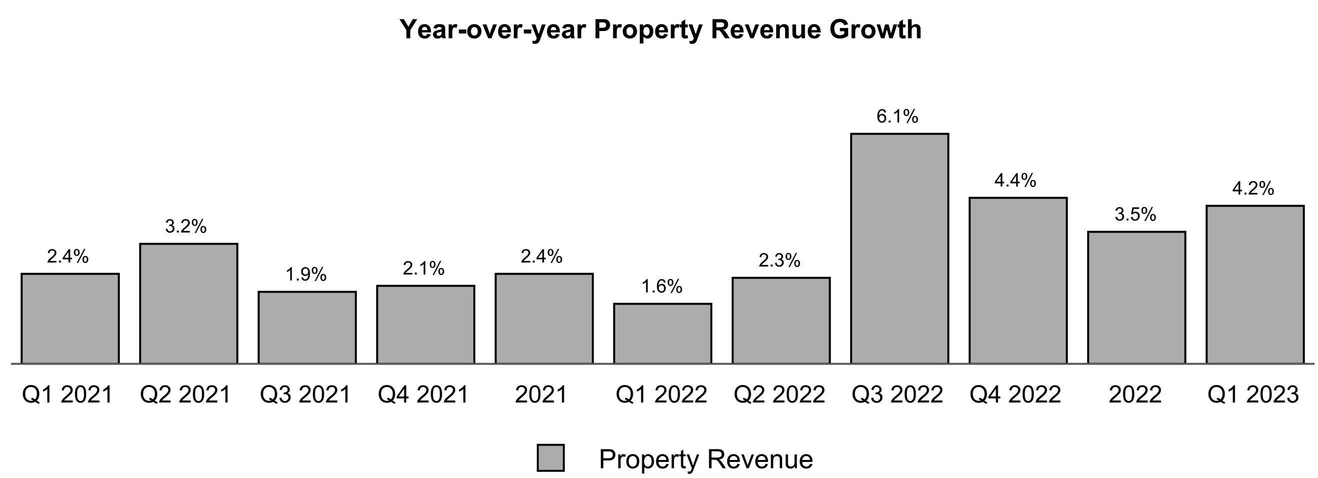
4.4 CT REIT Segment Performance

4.4.1 CT REIT Segment Financial Results

(C$ in millions)	Q1 2023	Q1 2022	Change
Property revenue[1]	**$ 137.5**	$ 131.9	4.2 %
Property expense[1]	**30.5**	28.7	6.3 %
General and administrative expense ("G&A")	**4.4**	4.4	(1.3) %
Net finance costs	**27.9**	27.8	0.4 %
Fair value loss (gain) adjustment[3]	**4.2**	(22.1)	NM[2]
Income before income taxes	**$ 70.5**	$ 93.1	(24.2) %
Adjustment from fair value to amortized cost method on Investment property			
Fair value (loss) gain adjustment	**(4.2)**	22.1	NM[2]
Depreciation and impairment loss	**19.2**	18.4	4.3 %
Income before Income taxes, applying CTC accounting policies	**$ 55.5**	$ 52.6	5.5 %

1 *For further information about this measure see section 9.2 of this MD&A.*
2 *Not meaningful.*
3 *Fair value is eliminated on consolidation.*

The following shows the CT REIT year-over-year property revenue performance by quarter for the last two years.



CT REIT Segment Commentary

CT REIT segment income increased $2.9 million due to higher property revenue, partially offset by higher property expenses and depreciation during the quarter. The increase in earnings was mainly due to the properties acquired, and developments and intensifications completed during 2023 and 2022, in addition to contractual rent escalations.

CT REIT Segment Commentary *(continued)*

	Q1 2023
Property Revenue	▲ **$5.6 million or 4.2%** • Property revenue was $137.5 million, an increase of $5.6 million, or 4.2 percent. The increase was mainly due to the properties acquired, and developments and intensifications completed during 2023 and 2022, in addition to contractual rent escalations, partially offset by vacancies.
Property Expense	▲ **$1.8 million or 6.3%** • Property expense was $30.5 million, an increase of $1.8 million, or 6.3 percent. The increase was primarily due to higher operating expenses relating to the properties acquired, and developments and intensifications completed during 2023 and 2022.
G&A	**$0.0 million or (1.3%)** • G&A was $4.4 million, flat to the prior year.
Depreciation and Impairment	▲ **$0.8 million or 4.3%** • Depreciation and impairment was $19.2 million, an increase of $0.8 million or 4.3 percent due to property acquisitions, and developments and intensifications completed during 2023 and 2022.
Net Finance Costs	▲ **$0.1 million or 0.4%** • Net finance costs were $27.9 million, an increase of $0.1 million or 0.4 percent, due to an increase in the prime rate on the credit facilities and the variable rate mortgage, offset by capitalized interest on development properties and a prepayment cost in the prior year relating to the early redemption of Series A senior unsecured debentures.
Earnings Summary	▲ **$2.9 million or 5.5%** • Income before income taxes was $55.5 million, an increase of $2.9 million or 5.5 percent. The increase in earnings was primarily due to higher property revenue, partially offset by higher property expense and depreciation attributable to the reasons above.

4.4.2 CT REIT Segment Key Performance Measures

(C$ in millions)	Q1 2023	Q1 2022	Change
Net operating income[1]	**$ 107.4**	$ 102.7	4.5 %
Funds from operations[1]	**75.3**	71.8	4.9 %
Adjusted funds from operations[1]	**69.2**	65.0	6.4 %

[1] *This measure is a non-GAAP financial measure. For further information and a detailed reconciliation see section 9.1 of this MD&A.*

Net Operating Income ("NOI")

NOI for the quarter increased by 4.5 percent compared to the prior year, primarily due to the intensifications of income-producing properties completed in 2023 and 2022, and rent escalations for CTC banner leases.

Funds from Operations ("FFO")

FFO for the quarter increased by 4.9 percent compared to the prior year, primarily due to the impact of NOI variances.

Adjusted Funds from Operations ("AFFO")

AFFO for the quarter increased by 6.4 percent compared to the prior year, primarily due to the impact of NOI variances.

5.0 Balance Sheet Analysis, Liquidity, and Capital Resources

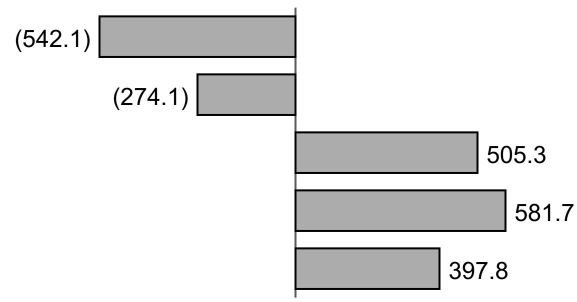
5.1 Selected Balance Sheet Highlights

Selected line items from the Company’s assets and liabilities, as at April 1, 2023 and the year-over-year change versus April 2, 2022, are noted below:

Total change	▲ $	**703.7**

Selected Assets	**April 1, 2023**
Cash and cash equivalents	311.8
Short-term Investments	177.3
Loans receivable (current portion)	6,092.1
Merchandise inventories	3,279.6
Property and equipment	4,978.9

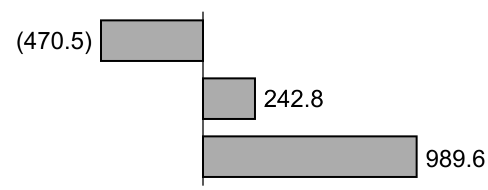
Year-over-year change in assets



Total change	▲ $	**575.7**

Selected Liabilities	**April 1, 2023**
Deposits (current and long-term)	3,078.0
Trade and other payables	2,849.3
Short-term borrowings	1,372.0

Year-over-year change in liabilities



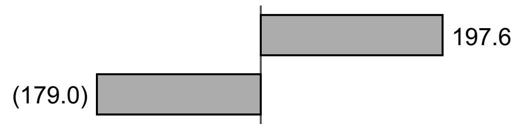
Assets		
Cash and cash equivalents	▼ **$542.1 million**	Refer to section 5.2 and Condensed Interim Consolidated Statements of Cash Flows for further details.
Short-term Investments	▼ **$274.1 million**	The decrease was primarily due to a reduction of excess accumulated liquidity in the Financial Services segment.
Loans receivable (current portion)	▲ **$505.3 million**	The increase was primarily due to increased cardholder activity, in both the number of active credit cards and average balance, offset by a higher allowance.
Merchandise inventories	▲ **$581.7 million**	While this represents an increase of 22 percent, this is down from a 30 percent year-over-year increase in the fourth quarter. Inventory increased in all Retail banners due in large part to higher product costs due to inflation. Canadian Tire also has a Spring/Summer inventory carryover, primarily in Backyard Living. Helly Hansen inventory increased to support growth in the business.
Property and equipment	▲ **$397.8 million**	The increase was primarily driven by CT REIT's investments to support the *Better-Connected* strategy. The increase is also due to equipment purchases for the new Greater Toronto Area Distribution Centre.

Liabilities		
Deposits (current and long-term)	▼ **$470.5 million**	The decrease was a result of a decline in demand deposits to reduce excess liquidity in Financial Services.
Trade and other payables	▲ **$242.8 million**	The increase was driven by increased purchases and timing of payments.
Short-term borrowings	▲ **$989.6 million**	The increase is primarily due to lower opening cash position to fund operations in the Retail Segment and due to funding receivables growth in Financial Services.

Selected line items from the Company's assets and liabilities, as at April 1, 2023 and the change versus December 31, 2022, are noted below:

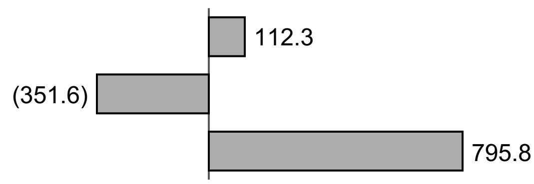
Total change	▲ $ **60.5**
Selected Assets	**April 1, 2023**
Trade and other receivables	1,507.5
Loans receivable (current portion)	6,092.1

Change in assets



Total change	▲ $ **396.8**
Selected Liabilities	**April 1, 2023**
Deposits (current and long-term)	3,078.0
Trade and other payables	2,849.3
Short-term borrowings	1,372.0

Change in liabilities



Assets			
Trade and other receivables	▲	**$197.6 million**	The increase was largely driven by higher Dealer receivables due to the timing of payment.
Loans receivable (current portion)	▼	**$179.0 million**	The decrease is due to seasonality of the credit card portfolio in the Financial Services segment.

Liabilities			
Deposits (current and long-term)	▲	**$112.3 million**	The increase is mainly due to increased guaranteed investment certificate ("GIC") deposits to meet funding requirements, partially offset by a decline in demand deposits in the Financial Services segment.
Trade and other payables	▼	**$351.6 million**	The decrease is due to reduced purchases resulting in lower accounts payable and timing of payments.
Short-term borrowings	▲	**$795.8 million**	The increase is due to funding and capital requirements in the Retail segment partially offset by reductions in the Financial Services.

5.2 Summary Cash Flows

Selected line items from the Company's Condensed Interim Consolidated Statements of Cash Flows for the quarters ended April 1, 2023 and April 2, 2022 are noted in the following table:

(C$ in millions)		**Q1 2023**		Q1 2022		Change
Cash (used for) operating activities	**$**	**(311.1)**	$	(592.8)	$	281.7
Cash (used for) investing activities		**(159.1)**		(8.6)		(150.5)
Cash generated from (used for) financing activities		**455.7**		(297.4)		753.1
Cash (used) in the period	**$**	**(14.5)**	$	(898.8)	$	884.3

	Q1 2023
Operating activities	▲ **$281.7 million change** • The decline in cash used for operating activities is primarily due to Changes in operating working capital and cash generated from loans receivable as compared to Q1 of the prior year.
Investing activities	▼ **$150.5 million change** • The cash used for investing activities increased compared to Q1 2022 primarily due to decreased Proceeds from maturity and disposition of short-term investments partially offset by reduced additions to property and equipment, investment property, and intangible assets.
Financing activities	▲ **$753.1 million change** • Cash generated from financing activities increased primarily due to increased Net issuance of short-term borrowings and increased Deposits partially offset by debt refinancing in same quarter of the prior year.

5.3 Capital Management

The Company's objectives when managing capital are:

- Ensuring sufficient liquidity to meet its financial obligations when due and execute its operating and strategic plans;
- Maintaining healthy liquidity reserves and the ability to access additional capital from multiple sources, if required; and
- Minimizing its after-tax cost of capital while taking into consideration the key risks outlined in section 10.0 of this MD&A including current and future industry, market, and economic risks and conditions.

5.3.1 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 relative to credit, market, and operational risks. The Bank has various capital policies, procedures, and controls in place, including an annual Internal Capital Adequacy Assessment Process ("ICAAP"), which it utilizes to achieve its goals and objectives.

The Bank's objectives include:

- maintaining strong capital ratios, as measured by regulatory guidelines and internal targets; and
- holding sufficient capital to maintain the confidence of investors and depositors.

As at Q1 2023, CTB complied with all regulatory capital guidelines established by OSFI and its internal targets as determined by its ICAAP.

5.4 Investing

5.4.1 Capital Expenditures

The Company's capital expenditures for the periods ended April 1, 2023 and April 2, 2022 were as follows:

(C$ in millions)		**Q1 2023**		Q1 2022
Modernization and efficiency enablers	**$**	**19.1**	$	22.9
Omnichannel customer experience		**67.6**		81.0
Fulfilment infrastructure and automation		**20.0**		38.1
Operating capital expenditures[1]	**$**	**106.7**	$	142.0
CT REIT acquisitions and developments excluding vend-ins from CTC	**$**	**11.6**		12.3
Total capital expenditures[2]	**$**	**118.3**	$	154.3

[1] *This measure is a non-GAAP financial measure. For further information and a detailed reconciliation see section 9.1 of this MD&A.*

[2] *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 2023
Total capital expenditures	▼ **$36.0 million** The Company's operating capital expenditures and total capital expenditures were $106.7 million and $118.3 million respectively, a decrease of $35.3 million and $36.0 million from the prior year driven mainly by the timing of spend.

Capital Commitments

The Company had commitments of approximately $143.5 million as at April 1, 2023 (April 2, 2022 – $155.1 million) for the acquisition of tangible and intangible assets.

Operating Capital Expenditures

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

The Company expects its 2023 full-year operating capital expenditures to be in the range of $750 million to $800 million.

5.5 Liquidity and Financing

Management is focused on ensuring that the Company has sufficient liquidity, both through maintaining a strong balance sheet and the ability to access additional capital from multiple sources, if required. Several alternative financing sources are available to its Retail, Financial Services, and CT REIT segments to meet their financial obligations when due and to execute their operating and strategic plans.

As at Q1 2023, CTC, CT REIT, CTB and Helly Hansen each complied with all financial covenants under the agreements for the committed bank lines of credit listed in the following Financing Source table.

As at April 1, 2023 (C$ in millions)	Consolidated	Retail	Financial Services	CT REIT
Cash and cash equivalents	$ 311.8	$ 82.8	$ 217.7	$ 11.3
Short-term investments	177.3	—	177.3	—
Less: Bank indebtedness	—	—	—	—
Total net cash and cash equivalents and short-term investments[1]	$ 489.1	$ 82.8	$ 395.0	$ 11.3
Committed Bank Lines of Credit	4,547.6	1,997.6	2,250.0	300.0
Less: Borrowings outstanding[2]	323.8	—	164.6	159.2
Less: U.S. commercial paper outstanding	996.4	996.40	—	—
Less: Letters of credit outstanding	4.8	—	—	4.8
Available Committed Bank Lines of Credit	$ 3,222.6	$ 1,001.2	$ 2,085.4	$ 136.0
Liquidity[1]	$ 3,711.7	$ 1,084.0	$ 2,480.4	$ 147.3

[1] *This measure is a non-GAAP financial measure with no standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.*
[2] *For further information about this measure see section 9.2 of this MD&A.*

The Company ended the quarter with $489.1 million in cash and short-term investments, net of bank indebtedness, and $3.7 billion in liquidity with $1.1 billion, $2.5 billion, and $147.3 million at its Retail, Financial Services, and CT REIT segments, respectively.

Financing Source	
Committed Bank Lines of Credit and Securitized Note Purchase Facilities	• Provided by a syndicate of seven Canadian and three international financial institutions, $1,975 million in an unsecured line of credit is available to CTC for general corporate purposes, expiring in June 2027. As at April 1, 2023, CTC had no borrowings under this line of credit. • Provided by a syndicate of seven Canadian financial institutions, $300 million in an unsecured line of credit is available to CT REIT for general business purposes, expiring in September 2027. As at April 1, 2023, CT REIT had $159.2 million of borrowings under this line of credit. • Scotiabank has provided CTB with a $500 million unsecured line of credit and $1.75 billion in securitized note purchase facilities for the purchase of senior and subordinated credit card asset-backed notes issued by Glacier Credit Card Trust ("GCCT"). As at April 1, 2023, CTB had $164.6 million of borrowings under its line of credit and a nominal amount owing under its note purchase facilities. • Helly Hansen has a 175 million Norwegian Krone ("NOK") secured overdraft facility ($22.6 million Canadian dollar equivalent) provided by a Norwegian bank, expiring in January 2024. As at April 1, 2023, Helly Hansen had no borrowings outstanding on its facility.
Commercial Paper Programs	• CTC has a commercial paper program that allows it to issue up to a maximum aggregate principal amount of US$ 1.0 billion of short-term promissory notes in the United States. Terms to maturity for the promissory notes range from one to 270 days. Notes are issued at a discount and rank equally in right of payment with all other present and future unsecured and unsubordinated obligations to creditors of CTC. As at April 1, 2023, CTC had $996.4 million of Canadian dollar equivalent U.S. commercial paper outstanding. • Concurrent with CTC's US$ commercial paper issuances, CTC enters into foreign exchange derivatives to hedge the foreign currency risk associated with both the principal and interest components of the borrowings under the program. CTC does not designate these debt derivatives as hedges for accounting purposes. • GCCT has a commercial paper program that allows it to issue up to a maximum aggregate principal amount of $300 million of short-term credit card asset-backed promissory notes. As at April 1, 2023, GCCT had $51.8 million of asset-backed commercial paper notes outstanding.
Medium-Term Notes and Senior Unsecured Debentures	• As at April 1, 2023, CTC had an aggregate principal amount of $950.0 million of medium-term notes outstanding. • As at April 1, 2023, CT REIT had an aggregate principal amount of $1.2 billion of senior unsecured debentures outstanding.
Asset-backed Senior and Subordinated Term Notes	• As at April 1, 2023, GCCT had an aggregate principal amount of $2.1 billion of credit card asset-backed term notes outstanding, consisting of $1.9 billion principal amount of senior-term notes and $135 million principal amount of subordinated-term notes.
Broker GIC Deposits	• Funds continue to be readily available to CTB through broker networks. As at April 1, 2023, CTB held $2.4 billion 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 1, 2023, CTB held $669.3 million in retail deposits.
Real Estate	• CTC can undertake strategic real estate transactions involving properties not owned by CT REIT. It also owns an investment in CT REIT in the form of publicly traded CT REIT Units. As at April 1, 2023, CTC had a 68.6 percent effective ownership interest in CT REIT. • Additional sources of funding are available to CT REIT, as appropriate, including the ability to access debt and equity markets, subject to the terms and conditions of CT REIT's Declaration of Trust and all applicable regulatory requirements.

5.5.1 Contractual Obligations, Guarantees, and Commitments

For a description of contractual obligations as at December 31, 2022, refer to section 6.5.1 of the Company's 2022 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 1, 2023.

For a discussion of the Company's significant guarantees and commitments, refer to Note 34 to the Company's 2022 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 2022 Consolidated Financial Statements. There were no significant changes in guarantees and commitments identified at year end, other than those discussed in this document.

6.0 Equity

6.1 Shares Outstanding

(C$ in millions)		April 1, 2023		April 2, 2022		December 31, 2022
Authorized						
3,423,366 Common Shares						
100,000,000 Class A Non-Voting Shares						
Issued						
3,423,366 Common Shares (April 2, 2022 – 3,423,366; December 31, 2022 – 3,423,366)	**$**	**0.2**	$	0.2	$	0.2
53,306,998 Class A Non-Voting Shares (April 2, 2022 – 56,125,813; December 31, 2022 – 54,276,998)		**583.8**		595.5		587.6
	$	**584.0**	$	595.7	$	587.8

Each year, the Company files a notice to make an NCIB with the Toronto Stock Exchange ("TSX") which allows it to purchase its Class A Non-Voting Shares on the open market 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. Security holders may obtain a copy of the notice, without charge, by contacting the Corporate Secretary of the Company.

On February 17, 2022, the TSX accepted the Company's notice of intention to make an NCIB to purchase up to 5.3 million Class A Non-Voting Shares during the period March 2, 2022 to March 1, 2023 (the "2022-23 NCIB"). On February 16, 2023, the TSX accepted the Company's notice of intention to make an NCIB to purchase up to 5.1 million Class A Non-Voting Shares during the period March 2, 2023 to March 1, 2024 (the "2023-24 NCIB"). Also on February 16, 2023, the TSX accepted a new Automatic Securities Purchase Plan ("ASPP") which expires on March 1, 2024 (the "2023-24 ASPP") and allows a designated broker to purchase Class A Non-Voting Shares under the 2023-24 NCIB during the Company's blackout periods, subject to pre-defined parameters.

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

On November 10, 2022, the Company announced that it intends to purchase $500 million to $700 million of its Class A Non-Voting Shares by the end of 2023, in excess of the amount required for anti-dilutive purposes. The following table summarizes the Company's purchases relating to the 2022-23 Share Purchase Intention.

(C$ in millions)	
2022-23 Share Purchase Intention announced on November 10, 2022	$ 500 - 700
Shares purchased in fiscal 2022 under the 2022-23 Share Purchase Intention	121.8
Shares purchased in fiscal 2023 under the 2022-23 Share Purchase Intention	157.5

6.2 Dividends

The Company has a long-term dividend payout ratio[1] target of approximately 30 to 40 percent of the prior year's normalized net income, after considering the period-end cash position, future cash flow requirements, capital market conditions, and investment opportunities. The long-term dividend payout ratio may fluctuate in any particular year due to unusual or non-recurring events.

On May 10, 2023, the Company's Board of Directors declared dividends at a rate of $1.725 per share payable on September 1, 2023 to shareholders of record as of July 31, 2023. The dividend is considered an "eligible dividend" for tax purposes.

[1] *For further information about this measure see section 9.1 of this MD&A.*

6.3 Equity Derivative Contracts

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

During Q1 2023, 455,000 units of equity-forward contracts that hedged stock options, performance share units, restricted share units and deferred share units settled and resulted in a cash payment to the counterparties of approximately $17.7 million. 195,000 units of new equity-forward contracts were entered in Q1 2023 with a hedge rate of $178.77

7.0 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 2022 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.

Income taxes for the 13 weeks ended April 1, 2023 were $23.8 million (2022 – $77.3 million). The effective tax rate for the 13 weeks ended April 1, 2023 increased to 35.9 percent (2022 – 26.2 percent). The increase in the effective tax rate was primarily due to higher non-deductible stock option expense.

8.0 Accounting Policies and Estimates

8.1 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 2022 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 are described in Note 2 to the Company's 2022 Consolidated Financial Statements and Notes.

Effective this quarter, the Company changed an accounting estimate which results in a shift of earnings from the fourth quarter to the first, second and third quarters; with no change to the annual amount. Refer to section 4.1.1 for a discussion of the impacts of the Company's MSA with Dealers.

8.2 Changes in Accounting Policies

Standards, Amendments and Interpretations Issued and Adopted

Insurance Contracts

In May 2017, the International Accounting Standards Board ("IASB") issued IFRS 17, which replaced IFRS 4 – *Insurance Contracts* and establishes a new model for recognizing insurance policy obligations, premium revenue, and claims-related expenses. In June 2020, the IASB issued 'Amendments to IFRS 17' to address concerns and implementation challenges identified after IFRS 17 was published in 2017. The amendments also deferred the effective date for two years to January 1, 2023. The Company adopted IFRS 17 January 1, 2023 and determined there to be no material impact on the consolidated financial statements. The comparative period is presented under IFRS 4 – *Insurance Contracts* and has not been restated.

As a result of adopting IFRS 17, the Company updated its accounting policies for Reinsurance revenue and the measurement of insurance contracts as follows:

Reinsurance revenue in each reporting period represents the changes in liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

IFRS 17 allows the optional simplification of the measurement of reinsurance contracts by applying the Premium Allocation Approach ("PAA"). When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows and includes an explicit risk adjustment for non-financial risk.

Clarifying Distinction Between Accounting Policies and Accounting Estimates

In February 2021, the IASB issued narrow-scope amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"). The amendments to IAS 8 clarify how companies 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 Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

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 December 30, 2023 and, accordingly, have not been applied in preparing these interim financial statements.

Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 – *Leases* ("IFRS 16") relating to sale leaseback transactions for seller-lessees. The amendment adds a requirement that measuring lease payments or revised lease payments shall not result in the recognition of a gain or loss that relates to the right-of-use asset retained by the seller-lessee. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company is assessing the potential impact of these amendments.

Non-current Liabilities with Covenants

In October 2022, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements*, which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require disclosure of information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company is assessing the potential impact of these amendments.

9.0 Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures

9.1 Non-GAAP Financial Measures and Ratios

The Company prepares and presents its financial information on a GAAP basis. Management uses many measures to assess performance, including non-GAAP financial measures and non-GAAP ratios. Non-GAAP financial measures and non-GAAP ratios have no standardized meanings under GAAP and may not be comparable to similar measures of other companies.

Management considers both reported and normalized results and measures useful in evaluating the performance of the core business operations of the Company. Management uses normalized results to assess changes in financial performance across periods on a comparable basis by removing specified items not related to the core business operations of the Company that are infrequent and non-operational in nature. The items, which can include acquisition-related transaction costs, restructuring or discontinued operations costs, Operational Efficiency program costs, one-time costs for new program rollouts, and infrequent, non-operational fair value adjustments, are removed from cost of producing revenue, SG&A and other income (expense), where applicable. Explanations of normalizing items can be found in subsection 4.1.1.

Normalized Other Expense (Income)

The following table reconciles normalized other expense (income) to other expense (income), a GAAP measure reported in the consolidated financial statements.

(C$ in millions)	Q1 2023	Q1 2022
Other expense (income)	$ 79.0	$ (1.3)
Add normalizing items: DC fire	(67.7)	—
Normalized other expense (income)	**$ 11.3**	$ (1.3)

Retail Normalized Other (Income)

The following table reconciles Retail normalized other (income) to Retail other expense (income), a GAAP measure reported in the consolidated financial statements.

(C$ in millions)	Q1 2023	Q1 2022
Other expense (income)	$ 79.0	$ (1.3)
Less: Other operating segments	36.1	36.1
Retail other expense (income)	$ 42.9	$ (37.4)
Add normalizing items: DC fire	(67.7)	—
Retail normalized other (income)	**$ (24.8)**	$ (37.4)

Normalized SG&A and Normalized SG&A as a Percentage of Revenue

Normalized SG&A is used as an additional measure when assessing the performance of the Company's ongoing operations. Normalized SG&A is most directly comparable to SG&A, a GAAP measure reported in the consolidated financial statements. SG&A is adjusted for normalizing items.

Normalized SG&A as a percentage of revenue is a non-GAAP ratio that is calculated by dividing normalized SG&A by revenue.

(C$ in millions)	Q1 2023	Q1 2022
Selling, general and administrative expenses	$ 871.2	$ 794.9
Less normalizing items: Operational Efficiency program	—	2.1
Normalized selling, general and administrative expenses	**$ 871.2**	$ 792.8

Retail Normalized SG&A and Retail Normalized SG&A as a Percentage of Revenue excluding Petroleum

Retail normalized SG&A is used as an additional measure when assessing the performance of the Company's ongoing operations. This metric is most directly comparable to SG&A, a GAAP measure reported in the consolidated financial statements. Retail SG&A is adjusted for normalizing items.

Retail normalized SG&A as a percentage of revenue excluding Petroleum is a non-GAAP ratio that is calculated by dividing Retail normalized SG&A by Retail revenue excluding Petroleum.

(C$ in millions)	**Q1 2023**	Q1 2022
Selling, general and administrative expenses	**$ 871.2**	$ 794.9
Less: Other operating segments	**85.7**	84.9
Retail selling, general and administrative expenses	**$ 785.5**	$ 710.0
Less normalizing items: Operational Efficiency program	**—**	2.1
Retail normalized selling, general and administrative expenses	**$ 785.5**	$ 707.9

EBITDA and related measures

EBITDA, normalized EBITDA, and normalized EBITDA as a percentage of revenue are used as additional measures when assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including capital expenditures. EBITDA and its successive derivations are most directly comparable to income before income tax, a GAAP measure reported in the consolidated financial statements, and is adjusted by deducting finance costs, depreciation and amortization. EBITDA itself is then adjusted for normalizing items.

Normalized EBITDA as a Percentage of Revenue is a non-GAAP Ratio that is calculated by dividing the Normalized EBITDA by Revenue.

(C$ in millions)	**Q1 2023**	Q1 2022
Income before income taxes	**$ 66.6**	$ 294.9
Add:		
Depreciation and amortization[1]	**203.0**	174.0
Net finance costs	**73.0**	54.6
EBITDA	**$ 342.6**	$ 523.5
Add normalizing items:		
DC fire	**67.7**	—
Operational Efficiency program	**—**	2.1
Normalized EBITDA	**$ 410.3**	$ 525.6

[1] *Depreciation and amortization reported in cost of producing revenue for the 13 weeks ended April 1, 2023 was $10.9 million (2022 – $5.7 million).*

Retail EBITDA and related measures

Retail EBITDA and Retail normalized EBITDA are used as additional measures when assessing the performance of the Retail segment's ongoing operations and its ability to generate cash flows to fund its cash requirements, including capital expenditures. Retail EBITDA and its successive derivations are most directly comparable to income before income tax, a GAAP measure reported in the consolidated financial statements, and is adjusted by deducting finance costs, depreciation and amortization. Retail EBITDA is then adjusted for normalizing items.

(C$ in millions)		Q1 2023		Q1 2022
Income before income taxes	**$**	**66.6**	$	294.9
Less: Other operating segments		**145.9**		146.1
Retail (loss) income before income taxes	**$**	**(79.3)**	$	148.8
Add:				
Depreciation and amortization[1]		**250.6**		218.1
Net finance costs		**61.2**		43.1
Retail EBITDA	**$**	**232.5**	$	410.0
Add normalizing items:				
DC fire		**67.7**		—
Operational Efficiency program		**—**		2.1
Retail Normalized EBITDA	**$**	**300.2**	$	412.1

[1] *Depreciation and amortization reported in cost of producing revenue for the 13 weeks ended April 1, 2023 was $10.9 million (2022 – $5.7 million).*

Normalized Income Before Income Taxes

Normalized income before income taxes is used as an additional measure to assess the Company's underlying operating performance and assists in making decisions regarding the ongoing operations of its business. The following table reconciles normalized income before income taxes to income before income taxes which is a GAAP measure reported in the consolidated financial statements.

(C$ in millions)		Q1 2023		Q1 2022
Income before income taxes	**$**	**66.6**	$	294.9
Add normalizing items:				
DC fire		**67.7**		—
Operational Efficiency program		**—**		2.1
Normalized income before income taxes	**$**	**134.3**	$	297.0

Retail normalized (loss) income before income taxes

Retail normalized (loss) income before income taxes is used as an additional measure to assess the Company's underlying operating performance and assists in making decisions regarding the ongoing operations of its business. The following table reconciles Retail normalized (loss) income before income taxes to income before income taxes which is a GAAP measure reported in the consolidated financial statements.

(C$ in millions)		Q1 2023		Q1 2022
Income before income taxes	**$**	**66.6**	$	294.9
Less: Other operating segments		**145.9**		146.1
Retail (loss) income before income taxes	**$**	**(79.3)**	$	148.8
Add normalizing items:				
DC fire		**67.7**		—
Operational Efficiency program		**—**		2.1
Retail normalized (loss) income before income taxes	**$**	**(11.6)**	$	150.9

Normalized Income Tax

Management uses normalized income tax to calculate normalized net income. The tax effect of normalizing items is calculated by multiplying normalizing items by the statutory tax rate. The following table reconciles Normalized income tax to income tax which is a GAAP measure reported in the consolidated financial statements.

(C$ in millions)		**Q1 2023**		Q1 2022
Income tax expense	**$**	**23.8**	$	77.3
Add tax effect of normalizing items:				
DC fire		**17.9**		—
Operational Efficiency program		**—**		0.6
Normalized income tax expense	**$**	**41.7**	$	77.9

Normalized Net Income, Normalized Net Income Attributable to Shareholders, Normalized Diluted Earnings per Share, and Long-term Dividend Payout Ratio

Normalized net income, normalized net income attributable to shareholders, and normalized diluted EPS are used as additional measures when assessing the Company's underlying operating performance. The following table reconciles normalized net income, normalized net income attributable to shareholders and normalized diluted earnings per share to net income, a GAAP measure reported in the consolidated financial statements.

Long-term dividend payout ratio target is calculated by dividing total dividends by the prior year's normalized net income.

(C$ in millions, except per share amounts)		**Q1 2023**		Q1 2022
Net income	**$**	**42.8**	$	217.6
Net income attributable to shareholders		**7.8**		182.1
Add normalizing items:				
DC fire	**$**	**49.8**	$	—
Operational Efficiency program		**—**		1.5
Normalized net income	**$**	**92.6**	$	219.1
Normalized net income attributable to shareholders	**$**	**57.6**	$	183.6
Normalized diluted EPS	**$**	**1.00**	$	3.06

Operating Capital Expenditures

Operating capital expenditures is used to assess the resources used to maintain capital assets at their productive capacity. Operating capital expenditures is most directly comparable to the total additions, a GAAP measure reported in the consolidated financial statements.

(C$ in millions)		**Q1 2023**		Q1 2022
Total additions[1]	**$**	**129.1**	$	160.0
Add: Accrued additions		**(10.8)**		(5.7)
Less:				
Business combinations, intellectual properties and tenant allowances		**—**		—
CT REIT acquisitions and developments excluding vend-ins from CTC		**11.6**		12.3
Operating capital expenditures	**$**	**106.7**	$	142.0

[1] *This line appears on the Consolidated Statement of Cash Flows under Investing activities.*

Retail Return on Invested Capital

Retail ROIC is calculated as Retail return divided by the Retail invested capital. Retail return is defined as trailing annual Retail 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. Retail return and Retail invested capital are non-GAAP financial measures, which the Company does not consider useful in isolation. The Company believes that Retail ROIC is useful in assessing the Retail segment's performance relative to shareholder investment.

	Rolling 12 months ended	
(C$ in millions)	**Q1 2023**	Q1 2022
Income before income taxes	**$ 1,355.5**	$ 1,742.2
Less: Other operating segments	**535.5**	520.2
Retail income before income taxes	**$ 820.0**	$ 1,222.0
Add normalizing items:		
Operational Efficiency program	**45.0**	34.3
Helly Hansen Russia exit	**36.5**	—
DC fire	**67.7**	—
Retail normalized income before income taxes	**$ 969.2**	$ 1,256.3
Less:		
Retail intercompany adjustments[1]	**211.2**	198.2
Add:		
Retail interest expense[2]	**262.8**	245.5
Retail depreciation of right-of-use assets	**607.3**	550.5
Retail effective tax rate	**26.4 %**	27.0 %
Add: Retail taxes	**(429.6)**	(499.9)
Retail return	**$ 1,198.5**	$ 1,354.2
Average total assets	**$ 21,884.0**	$ 21,491.6
Less: Average assets in other operating segments	**4,302.7**	5,018.4
Average Retail assets	**$ 17,581.3**	$ 16,473.2
Less:		
Average Retail intercompany adjustments[1]	**3,542.8**	3,432.5
Average Retail trade payables and accrued liabilities[3]	**2,989.7**	2,583.5
Average Franchise Trust assets	**474.7**	482.1
Average Retail excess cash	**—**	167.4
Average Retail invested capital	**$ 10,574.1**	$ 9,807.7
Retail ROIC	**11.3 %**	13.8 %

1 *Intercompany adjustments include intercompany income received from CT REIT which is included in the Retail segment, and intercompany 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.*

Helly Hansen Revenue on a Constant Currency Basis

Helly Hansen revenue on a constant currency basis is used to assess revenue variations by removing the effect of changes to foreign exchange rates. This is accomplished by applying the same foreign exchange rate to current and comparative periods. This measure is most directly comparable to revenue, a GAAP measure reported in the consolidated financial statements.

(C$ in millions, except where noted)	**Q1 2023**	Q1 2022
Revenue	**$ 3,707.2**	$ 3,837.4
Less: Other operating segments and other banners	**3,498.8**	3,667.8
Helly Hansen Revenue (CAD)	**$ 208.4**	$ 169.6
NOK/CAD average FX rate	**7.56**	6.99
Helly Hansen Revenue (Kroner)	**$ 1,576.3**	$ 1,185.1
NOK/CAD constant FX rate	**6.99**	6.99
Helly Hansen Revenue (constant currency)	**$ 225.6**	$ 169.6

Adjusted Net Debt

The following tables present the components of adjusted net debt. The Company believes that adjusted net debt is relevant in assessing the amount of financial leverage employed.

As at April 1, 2023 (C$ in millions)	**Consolidated**	**Retail**	**Financial Services**	**REIT**
Consolidated net debt				
Bank indebtedness	**$ —**	**$ —**	**$ —**	**$ —**
Short-term deposits	**1,191.5**	**—**	**1,191.5**	**—**
Long-term deposits	**1,886.5**	**—**	**1,886.5**	**—**
Short-term borrowings	**1,372.0**	**996.4**	**216.4**	**159.2**
Long-term debt	**4,203.3**	**952.9**	**2,069.8**	**1,180.6**
Total debt	**$ 8,653.3**	**$ 1,949.3**	**$ 5,364.2**	**$ 1,339.8**
Cash and cash equivalents[1]	**(311.8)**	**(82.8)**	**(217.7)**	**(11.3)**
Short-term investments[1]	**(177.3)**	**—**	**(177.3)**	**—**
Long-term investments[1]	**(62.5)**	**(3.2)**	**(59.3)**	**—**
Net debt	**$ 8,101.7**	**$ 1,863.3**	**$ 4,909.9**	**$ 1,328.5**
Intercompany debt	**—**	**(1,540.0)**	**88.4**	**1,451.6**
Adjusted net debt	**$ 8,101.7**	**$ 323.3**	**$ 4,998.3**	**$ 2,780.1**

[1] *Includes regulatory reserves.*

As at April 2, 2022

(C$ in millions)	Consolidated	Retail	Financial Services	REIT
Consolidated net debt				
Bank indebtedness	$ 1.0	$ 1.0	$ —	$ —
Short-term deposits	1,606.6	—	1,606.6	—
Long-term deposits	1,941.9	—	1,941.9	—
Short-term borrowings	382.4	332.2	50.2	—
Long-term debt	4,377.5	951.5	2,180.1	1,245.9
Total debt	$ 8,309.4	$ 1,284.7	$ 5,778.8	$ 1,245.9
Cash and cash equivalents	(853.9)	(120.1)	(693.6)	(40.2)
Short-term investments	(451.4)	—	(451.4)	—
Long-term investments[1]	(178.1)	(3.2)	(174.9)	—
Net debt	$ 6,826.0	$ 1,161.4	$ 4,458.9	$ 1,205.7
Intercompany debt	—	(1,545.2)	93.6	1,451.6
Adjusted net debt	$ 6,826.0	$ (383.8)	$ 4,552.5	$ 2,657.3

[1] *Includes regulatory reserves.*

Past Due Credit Card Receivables Rate

PD2+ rate is calculated by dividing gross credit card receivables that are two cycles or more overdue (30+ days past due) by total gross credit card receivables. Both components exclude allowances and discounts. Gross past due credit card receivables, total gross credit card receivables and PD2+ are non-GAAP financial measures and a non-GAAP ratio, respectively.

The ratio of past due credit card receivables provides Management and investors with an additional measure to assess the quality and health of credit card loan assets. Past due gross credit card receivables and total gross credit card receivables provide insight into the book value of cardholder balances in our portfolio at the reporting date; however, observed in isolation do not provide meaningful information.

(C$ in millions)	**Q1 2023**	Q1 2022
Current portion of loans receivable	**$ 6,092.1**	$ 5,586.8
Add: ECL allowance	**896.9**	841.9
Less:		
Other discounts or adjustments	**144.1**	127.7
Line of credit and current portion of dealer loans	**67.3**	90.3
Total gross credit card receivables	**$ 6,777.6**	$ 6,210.7
Less: Loans no more than 30 days past due	**6,568.7**	6,064.5
Past due gross credit card receivables	**$ 208.9**	$ 146.2

CT REIT Net Operating Income

NOI is defined as property revenue less property expense adjusted further for straight-line rent. This measure is most directly comparable to revenue, a GAAP measure reported in the consolidated financial statements. Management believes that NOI is a useful key indicator of performance as it represents a measure of property operations over which Management has control. NOI is also a key input in determining the value of the portfolio. NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with GAAP.

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

(C$ in millions)	**Q1 2023**	Q1 2022
Revenue	**$ 3,707.2**	$ 3,837.4
Less: Other operating segments	**3,569.7**	3,705.5
CT REIT property revenue	**$ 137.5**	$ 131.9
Less:		
CT REIT property expense	**30.5**	28.7
CT REIT property straight-line rent revenue	**(0.4)**	0.5
CT REIT net operating income	**$ 107.4**	$ 102.7

CT REIT Funds from Operations and Adjusted Funds from Operations

Funds from Operations

FFO is a non-GAAP financial measure of operating performance used by the real estate industry, particularly by those publicly-traded entities that own and operate income-producing properties. This measure is most directly comparable to net income and comprehensive income, GAAP measures reported in the consolidated financial statements. FFO should not be considered as an alternative to net income or cash flow provided by operating activities determined in accordance with IFRS. CT REIT calculates its FFO in accordance with Real Property Association of Canada's publication "REALPAC Funds From Operations & Adjusted Funds From Operations for IFRS" ("REALPAC FFO & AFFO"). The use of FFO, together with the required IFRS presentations, have been included for the purpose of improving the understanding of the operating results of CT REIT.

Management believes that FFO is a useful measure of operating performance 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.

Adjusted Funds from Operations

AFFO is a non-GAAP financial measure of recurring economic earnings used in the real estate industry to assess an entity's distribution capacity. This measure is most directly comparable to net income and comprehensive income, GAAP measures reported in the consolidated financial statements. AFFO should not be considered as an alternative to net income or cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its AFFO in accordance with REALPAC's FFO & AFFO.

CT REIT calculates AFFO by adjusting FFO for non-cash income and expense items such as amortization of straight-line rents. FFO is also adjusted as a reserve for maintaining productive capacity required for sustaining property infrastructure and revenue from real estate properties and direct leasing costs. As property capital expenditures do not occur evenly during the fiscal year or from year to year, the capital expenditure reserve in the AFFO calculation, which is used as an input in assessing the REIT's distribution payout ratio, is intended to reflect an average annual spending level. The reserve is primarily based on average expenditures as determined by building condition reports prepared by independent consultants.

Management believes that AFFO is a useful measure of operating performance similar to FFO as described, adjusted for the impact of non-cash income and expense items.

FFO per unit and AFFO per unit

FFO per unit and AFFO per unit are calculated by dividing FFO or AFFO by the weighted average number of units outstanding on a diluted basis. Management believes that these measures are useful to investors to assess the effect of this measure as it relates to their holdings.

The following table reconciles GAAP net income and comprehensive income to FFO and further reconciles FFO to AFFO:

(C$ in millions)	**Q1 2023**	Q1 2022
Income before income taxes	**$ 66.6**	$ 294.9
Less: Other operating segments	**(3.9)**	201.8
CT REIT income before income taxes	**$ 70.5**	$ 93.1
Add:		
CT REIT fair value loss (gain) adjustment	**4.2**	(22.1)
CT REIT deferred taxes	**0.4**	0.5
CT REIT lease principal payments on right-of-use assets	**(0.4)**	(0.1)
CT REIT fair value of equity awards	**0.3**	0.2
CT REIT internal leasing expense	**0.3**	0.2
CT REIT funds from operations	**$ 75.3**	$ 71.8
Less:		
CT REIT properties straight-line rent revenue	**(0.4)**	0.5
CT REIT direct leasing costs	**0.2**	0.1
CT REIT capital expenditure reserve	**6.3**	6.2
CT REIT adjusted funds from operations	**$ 69.2**	$ 65.0

9.2 Supplementary Financial Measures

Average Account Balance

Average account balance measures average aggregate account balances for the credit card portfolio, excluding lines of credit and personal loans, divided by the average number of credit card accounts, for the applicable period.

Borrowings Outstanding

Borrowings outstanding represents drawdowns from committed bank lines of credit.

Credit Card Sales and Credit Card Sales Growth

Credit card sales is a measure of the net sales charged to credit cards. Credit card sales growth excludes balance transfers and represents year-over-year percentage change.

Comparable Sales

Comparable sales is 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. Comparable sales do not form part of the Company's consolidated financial statements. Management applies this measure to Consolidated results (including and excluding Petroleum), the Retail segment (including and excluding Petroleum), and all banners under the Retail segment (including but not limited to Canadian Tire Retail, SportChek and Mark's).

Cost of Debt

Cost of debt represents the weighted average finance costs as a percentage of total short-term and long-term debt during the period.

eCommerce Sales

eCommerce sales refers to sales generated by the Company's online presence. Only eCommerce sales from corporate stores are included in the Company's consolidated financial statements. Management applies this measure to Consolidated results, the Retail segment, and banners under the Retail segment.

eCommerce Penetration Rate

eCommerce penetration rate is calculated by dividing eCommerce sales by Retail sales.

ECL Allowance Rate

This measure is the total allowance for expected credit losses as a percentage of total gross loans receivable for the Financial Services segment.

Effective Tax Rate

Effective tax rate is the tax expense for the period divided by the income before income taxes for the same period.

Gross Average Accounts Receivable

GAAR is the average accounts receivable from credit cards, personal loans and lines of credit, before allowances for expected credit losses. Measures using GAAR apply only to the Financial Services segment.

Gross Margin Rate

Gross margin rate is gross margin divided by revenue.

Gross Margin excluding Petroleum and Gross Margin Rate excluding Petroleum

Gross margin excluding Petroleum captures gross margin in the consolidated entity or Retail segment, as measured according to the Company's IFRS accounting policy, while excluding gross margin from Petroleum sales. Gross margin rate excluding Petroleum is calculated by dividing gross margin excluding Petroleum by revenue excluding Petroleum.

Interest Expense

Interest expense represents the finance cost of short-term and long-term debt, which includes lines of credit, medium-term notes, debentures, and senior and subordinated term notes. This metric excludes deposits held by CTB, Franchise Trust indebtedness, and lease liability interest.

Loyalty Sales and Loyalty Sales as a % of Retail Sales (Loyalty Penetration)

Loyalty sales are Retail sales attributable to Triangle members. Loyalty sales as a percentage of retail sales is calculated by dividing loyalty sales by Retail sales.

Net Credit Card Write-off Rate

Net credit card write-off rate measures write-offs of credit card balances only, net of recoveries for the past twelve months, as a percentage of the credit card GAAR.

Operating Expenses as % of GAAR

Operating expenses as percentage of GAAR for the Financial Services segment is calculated using rolling 12-month operating expenses divided by gross average receivables accounts receivable.

Owned Brands Penetration

Owned Brands penetration is calculated by dividing sales of Owned Brands by Retail sales.

Property Revenue

Property revenue includes all amounts earned from tenants pursuant to lease agreements including property taxes, operating costs and other recoveries.

Property Expense

Property expense consists primarily of property taxes, operating costs and property management costs (including any outsourcing of property management services).

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 banners under the Retail segment, 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 part of the Company's consolidated financial statements. Management applies this measure to Consolidated results (including and excluding Petroleum), the Retail segment (including and excluding Petroleum), and all banners under the Retail segment (including but not limited to Canadian Tire Retail, SportChek, Mark's, Helly Hansen, Gas+, and Owned Brands).

Retail SG&A Rate and Retail SG&A as a Percentage of Revenue excluding Petroleum

Retail SG&A rate is calculated by dividing Retail SG&A by Retail revenue. Retail SG&A as a percentage of revenue excluding Petroleum is calculated by dividing Retail SG&A by Retail revenue excluding Petroleum.

Return on Receivables

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

Revenue as % of GAAR

Revenue as percentage of GAAR for the Financial Services segment is the rolling 12-month revenue divided by gross average accounts receivable.

Revenue Excluding Petroleum

Revenue excluding Petroleum captures revenue in the consolidated entity and Retail segment, as measured according to the Company's IFRS accounting policy, while excluding revenues from petroleum sales.

Sales per Square Foot

Comparisons of sales per square foot metrics over several periods 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 is calculated on a rolling 12-month basis for the Retail segment. This calculation includes the period in which stores were temporarily closed. For Canadian Tire, retail space does not include seasonal outdoor garden centres, auto service bays, warehouses, and administrative space. For SportChek and Mark's, it includes both corporate and franchise stores and warehouse and administrative space.

10.0 Key Risks and Risk Management

In the normal course of its business activities, CTC regularly faces risks and opportunities. 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 ("ERM") Framework for identifying, assessing, monitoring, mitigating and reporting risks and opportunities facing CTC. Refer to Section 2.6 Risk Factors in the 2022 AIF for further details of CTC's ERM Framework.

The Company regularly assesses its businesses to identify and monitor key risks that, alone or in combination with other interrelated risks, could have a significant adverse impact on the Company's brand, financial performance, and/or ability to achieve its strategic objectives.

The mitigation and management of risk is approached holistically with a view to ensuring all risk exposures are considered. Although the Company believes the measures taken to mitigate risks are reasonable, there can be no assurance that they will effectively mitigate risks that may have a negative impact on the Company's financial performance, brand, and/or ability to achieve its strategic objectives.

There are numerous external risk factors, such as macroeconomic (inflationary pressures; higher interest rates; volatilities in foreign currencies), geopolitical (including the Russia-Ukraine conflict), cyber and ransomware attacks, changing consumer preferences, climate change, commodity pricing, supply chain disruption, pandemics, changing laws and regulations, or new technologies, the impact of which is difficult to predict.

Refer to Section 11.0 in the Company's 2022 Annual MD&A and Section 13.0 Forward-Looking Information and other Investor Communication in this MD&A for further discussion of key risks.

11.0 Internal Controls and Procedures

Details relating to disclosure controls and procedures, and internal control over financial reporting, are disclosed in section 12.0 of the Company's 2022 Annual MD&A.

Changes in Internal Control Over Financial Reporting

During the quarter ended April 1, 2023, 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.

12.0 Environmental, Social and Governance

12.1 Overview

The Company is making significant progress in executing its Environmental, Social and Governance ("ESG") strategy. This includes initiatives that reduce both energy consumption and waste and increase the use of more sustainable materials in its products. In line with global and Canadian efforts to combat climate change, the Company has also set targets to reduce its Greenhouse Gas emissions.

CTC also invests in communities across Canada where it operates through supporting a variety of social causes, with the largest single beneficiary being Canadian Tire Jumpstart Charities. Additional information regarding Jumpstart is available on their website at: https://jumpstart.canadiantire.ca

For additional details on the Company's ESG strategy please refer to section 2.8 of the 2022 AIF. A copy of the Company's ESG report, which includes a Climate Data Supplement, is available at: https://corp.canadiantire.ca/Environmental-Social-Governance/default.aspx. These reports are not incorporated herein by reference.

The Company's approach to ESG matters is led by the Chief Executive Officer, with support from the ESG Executive Council, and overseen by the Board of Directors, principally through its Brand and Corporate Responsibility Committee which coordinates with the other committees of the Board as needed.

13.0 Forward-Looking Information and Other Investor Communication

Caution Regarding Forward-Looking Information

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

- The Company's financial aspirations for the 2022 to 2025 fiscal years in section 3.0;
- The Company's strategic investments for the 2022 to 2025 fiscal years, including the rollout of "Concept Connect" to certain Canadian Tire stores, in section 3.0;
- The Company's operating capital expenditures for the 2023 fiscal year in sections 3.0 and 5.4.1; and
- The Company's intention to purchase its Class A Non-Voting Shares in sections 3.0 and 6.1.

Forward-looking information provides insights regarding Management's current expectations and plans, and allows 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 other information, other than historical information, may also constitute forward-looking information, including, but not limited to, information concerning Management's current expectations relating to possible or assumed 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 information 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 information is 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 information is disclosed.

By its very nature, forward-looking information requires Management to make assumptions and is subject to inherent risk factors and uncertainties, which give rise to the possibility that Management'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 include, but are not limited to, the duration and impact of COVID-19 on the Company's operations, liquidity, financial condition, or results, future economic conditions and related impacts on inflation, consumer spending, interest rates, and foreign exchange rates, current and future competitive conditions, and the Company's position in the competitive environment, anticipated cost savings and operational efficiencies as well as anticipated benefits from strategic and other initiatives, and the availability of sufficient liquidity. Additional assumptions relating to Management's expectations with respect to the Company's strategic investments and operating capital expenditures include: (a) no material changes in the Company's strategic and capital allocation priorities; (b) no material changes to the Company's earnings prospects and financial leverage; (c) no significant changes to the retail landscape or regulatory environment; (d) continued availability of skilled talent and source materials to execute on the capital investment agenda; and (e) continued successful investments in businesses to achieve organic growth and in projects and initiatives which yield improved asset productivity. 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 business, economic, competitive and other risk factors that could cause actual results to differ materially from Management's expectations and plans as set forth in such forward-looking information. Some of the risk factors, many of which are beyond the Company's control and the effects of which can be difficult to predict, but may cause actual results to differ from the results expressed by the forward-looking information, 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, 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) geopolitical risks (including the Russia-Ukraine conflict), 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 and investments. Additional risk factors relating to Management's expectations with respect to the Company's strategic investments and operating capital expenditures include: (a) the occurrence of widespread economic restrictions, construction limitations, or supply chain delays due to, among other events, a global pandemic resurgence; (b) shortages of raw materials and/or skilled labour required to execute capital investment plans; (c) higher than expected cost inflation for materials, equipment, and labour required to execute capital investment plans; and (d) organizational capacity to execute the capital agenda. The Company cautions that the foregoing list of important risk 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 information and are cautioned not to place undue reliance on such forward-looking information.

For more information on the material risk factors, uncertainties and assumptions that could cause the Company's actual results to differ materially from predictions, forecasts, projections, expectations or conclusions, refer to section 3.0 (Strategy and Four-Year [2022 to 2025] Financial Aspirations) and section 10.0 (Key Risks and Risk Management) in this MD&A and all subsections therein. For further information, refer to the Company's other public filings, available on the SEDAR (System for Electronic Document Analysis and Retrieval) website at http://www.sedar.com and 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 information has been disclosed have on the Company's business. The Company does not undertake to update any forward-looking information, 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 is 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:

- Annual and Quarterly Report to Shareholders;
- Quarterly earnings news releases, fact sheets, and other materials including conference call transcripts and webcasts (archived for one year);
- Supplementary information including investor presentations and videos;
- the Annual Information Form;
- the Management Information Circular;
- Information for Debtholders; and
- The Company's Approach to Corporate Governance.

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

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

May 10, 2023

CANADIAN TIRE CORPORATION, LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Q1 2023

Index to the Financial Statements and Notes

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Condensed Interim Consolidated Balance Sheets

As at (C$ in millions)(unaudited)	April 1, 2023	April 2, 2022	December 31, 2022
ASSETS			
Cash and cash equivalents (Note 16)	**$ 311.8**	$ 853.9	$ 331.3
Short-term investments	**177.3**	451.4	176.3
Trade and other receivables	**1,507.5**	1,387.4	1,309.9
Loans receivable (Note 6)	**6,092.1**	5,586.8	6,271.1
Merchandise inventories	**3,279.6**	2,697.9	3,216.1
Income taxes recoverable	**92.5**	24.2	27.4
Prepaid expenses and deposits	**238.5**	217.4	195.7
Assets classified as held for sale	**2.6**	5.3	2.6
Total current assets	**11,701.9**	11,224.3	11,530.4
Long-term receivables and other assets	**677.2**	611.4	676.7
Long-term investments	**62.5**	178.1	62.6
Goodwill and intangible assets	**2,287.7**	2,368.1	2,341.6
Investment property	**421.6**	469.1	421.5
Property and equipment	**4,978.9**	4,581.1	4,994.1
Right-of-use assets	**1,886.7**	1,819.0	1,932.0
Deferred income taxes	**146.3**	208.0	143.4
Total assets	**$ 22,162.8**	$ 21,459.1	$ 22,102.3
LIABILITIES			
Bank indebtedness (Note 16)	**$ —**	$ 1.0	$ 5.0
Deposits	**1,191.5**	1,606.6	1,226.3
Trade and other payables	**2,849.3**	2,606.5	3,200.9
Provisions	**212.8**	178.3	197.2
Short-term borrowings	**1,372.0**	382.4	576.2
Loans	**502.8**	438.0	472.9
Current portion of lease liabilities	**369.0**	364.6	381.2
Income taxes payable	**15.5**	17.8	47.1
Current portion of long-term debt	**985.0**	570.0	1,040.2
Total current liabilities	**7,497.9**	6,165.2	7,147.0
Long-term provisions	**64.9**	58.4	66.1
Long-term debt (Note 7)	**3,218.3**	3,807.5	3,217.5
Long-term deposits	**1,886.5**	1,941.9	1,739.4
Long-term lease liabilities	**1,934.4**	1,937.2	2,026.4
Deferred income taxes	**128.5**	125.3	132.1
Other long-term liabilities	**729.4**	848.7	734.6
Total liabilities	**15,459.9**	14,884.2	15,063.1
EQUITY			
Share capital (Note 8)	**584.0**	595.7	587.8
Contributed surplus	**2.9**	2.9	2.9
Accumulated other comprehensive (loss)	**(147.9)**	(163.2)	(42.4)
Retained earnings	**4,843.9**	4,759.0	5,070.2
Equity attributable to shareholders of Canadian Tire Corporation	**5,282.9**	5,194.4	5,618.5
Non-controlling interests	**1,420.0**	1,380.5	1,420.7
Total equity	**6,702.9**	6,574.9	7,039.2
Total liabilities and equity	**$ 22,162.8**	$ 21,459.1	$ 22,102.3

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 1, 2023	April 2, 2022
Revenue (Note 10)	**$ 3,707.2**	$ 3,837.4
Cost of producing revenue (Note 11)	**2,425.3**	2,526.0
Gross margin	**1,281.9**	1,311.4
Other expense (income)	**79.0**	(1.3)
Selling, general and administrative expenses[1] (Note 12)	**871.2**	794.9
Depreciation and amortization[1] (Note 13)	**192.1**	168.3
Net finance costs (Note 14)	**73.0**	54.6
Income before income taxes	**66.6**	294.9
Income taxes	**23.8**	77.3
Net income	**$ 42.8**	$ 217.6
Net income attributable to:		
Shareholders of Canadian Tire Corporation	**$ 7.8**	$ 182.1
Non-controlling interests	**35.0**	35.5
	$ 42.8	$ 217.6
Basic earnings per share	**$ 0.14**	$ 3.05
Diluted earnings per share	**$ 0.13**	$ 3.03
Weighted average number of Common and Class A Non-Voting Shares outstanding:		
Basic	**57,188,770**	59,752,779
Diluted	**57,432,020**	60,185,009

[1] *Certain prior-year figures have been restated to conform to the current-year presentation.*

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 1, 2023**	 April 2, 2022
Net income	**$ 42.8**	$ 217.6
Other comprehensive (loss) income, net of taxes		
Items that may be reclassified subsequently to net income:		
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges not subject to basis adjustment	**(27.9)**	56.0
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	**3.6**	(11.4)
Reclassification of losses to income	**0.6**	2.0
Currency translation adjustment	**(55.8)**	(6.8)
Items that will not be reclassified subsequently to net income:		
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges subject to basis adjustment	**5.3**	(20.1)
Other comprehensive (loss) income	**$ (74.2)**	$ 19.7
Other comprehensive (loss) income attributable to:		
Shareholders of Canadian Tire Corporation	**$ (69.5)**	$ 10.4
Non-controlling interests	**(4.7)**	9.3
	$ (74.2)	$ 19.7
Comprehensive (loss) income	**$ (31.4)**	$ 237.3
Comprehensive (loss) income attributable to:		
Shareholders of Canadian Tire Corporation	**$ (61.7)**	$ 192.5
Non-controlling interests	**30.3**	44.8
	$ (31.4)	$ 237.3

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 1, 2023**	April 2, 2022
Cash used for:		
Operating activities		
Net income	**$ 42.8**	$ 217.6
Adjustments for:		
Depreciation of property and equipment, investment property and right-of-use assets	**170.7**	145.8
Income taxes	**23.8**	77.3
Net finance costs (Note 14)	**73.0**	54.6
Amortization of intangible assets	**32.3**	28.2
Gain on disposal of property and equipment, investment property, assets held for sale and right-of-use assets	**(3.5)**	(7.2)
Non-cash charge related to fire at A.J. Billes Distribution Centre (Note 2)	**42.0**	—
Total except as noted below	**381.1**	516.3
Interest paid	**(96.3)**	(65.9)
Interest received	**7.1**	3.1
Income taxes paid	**(102.1)**	(237.2)
Change in loans receivable[1]	**180.7**	51.4
Change in operating working capital and other	**(681.6)**	(860.5)
Cash used for operating activities	**(311.1)**	(592.8)
Investing activities		
Additions to property and equipment and investment property	**(100.1)**	(126.8)
Additions to intangible assets	**(29.0)**	(33.2)
Total additions	**(129.1)**	(160.0)
Acquisition of short-term investments	**(32.3)**	(57.6)
Proceeds from maturity and disposition of short-term investments	**31.6**	212.8
Proceeds on disposition of property and equipment, investment property, and assets held for sale	**—**	5.7
Lease payments received for finance subleases (principal portion)	**6.4**	4.2
Acquisition of long-term investments and other	**(6.0)**	(3.1)
Change in Franchise Trust loans receivable[1]	**(29.7)**	(10.6)
Cash used for investing activities	**(159.1)**	(8.6)
Financing activities		
Dividends paid	**(93.7)**	(73.4)
Distributions paid to non-controlling interests	**(35.2)**	(56.1)
Total dividends and distributions paid	**(128.9)**	(129.5)
Net issuance of short-term borrowings	**795.8**	274.2
Issuance of loans	**69.3**	68.5
Repayment of loans	**(39.5)**	(58.0)
Issuance of long-term debt	**—**	250.0
Repayment of long-term debt	**(55.8)**	(150.2)
Payment of lease liabilities (principal portion)	**(130.9)**	(90.1)
Payment of transaction costs relating to long-term debt	**—**	(1.5)
Purchase of Class A Non-Voting Shares	**(168.0)**	(113.5)
Net receipts (payments) on financial instruments	**2.6**	(1.0)
Change in deposits	**111.1**	(346.3)
Cash generated from (used for) financing activities	**455.7**	(297.4)
Cash used in the period	**(14.5)**	(898.8)
Cash and cash equivalents, net of bank indebtedness, beginning of period	**326.3**	1,751.7
Cash and cash equivalents, net of bank indebtedness, end of period	**$ 311.8**	$ 852.9

1 *Certain prior-year figures have been restated to conform to the current-year presentation.*

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 December 31, 2022	**$ 587.8**	**$ 2.9**	**$ 132.9**	**$ (175.3)**	**$ (42.4)**	**$ 5,070.2**	**$ 5,618.5**	**$ 1,420.7**	**$ 7,039.2**
Net income	**—**	**—**	**—**	**—**	**—**	**7.8**	**7.8**	**35.0**	**42.8**
Other comprehensive income (loss)	**—**	**—**	**(13.7)**	**(55.8)**	**(69.5)**	**—**	**(69.5)**	**(4.7)**	**(74.2)**
Total comprehensive (loss) income	**—**	**—**	**(13.7)**	**(55.8)**	**(69.5)**	**7.8**	**(61.7)**	**30.3**	**(31.4)**
Transfers of cash flow hedge (gains) to non-financial assets	**—**	**—**	**(36.0)**	**—**	**(36.0)**	**—**	**(36.0)**	**—**	**(36.0)**
Contributions and distributions to shareholders of Canadian Tire Corporation									
Issuance of Class A Non-Voting Shares (Note 8)	**5.2**	**—**	**—**	**—**	**—**	**—**	**5.2**	**—**	**5.2**
Purchase of Class A Non-Voting Shares (Note 8)	**(162.8)**	**—**	**—**	**—**	**—**	**—**	**(162.8)**	**—**	**(162.8)**
Change in automatic share purchase plan commitment (Note 8)	**2.1**	**—**	**—**	**—**	**—**	**14.9**	**17.0**	**—**	**17.0**
Excess of purchase price over average cost (Note 8)	**151.7**	**—**	**—**	**—**	**—**	**(151.7)**	**—**	**—**	**—**
Dividends	**—**	**—**	**—**	**—**	**—**	**(97.3)**	**(97.3)**	**—**	**(97.3)**
Contributions and distributions to non-controlling interests									
Issuance of trust units to non-controlling interests, net of transaction costs	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4.2**	**4.2**
Distributions and dividends to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(35.2)**	**(35.2)**
Total contributions and distributions	**(3.8)**	**—**	**(36.0)**	**—**	**(36.0)**	**(234.1)**	**(273.9)**	**(31.0)**	**(304.9)**
Balance at April 1, 2023	**$ 584.0**	**$ 2.9**	**$ 83.2**	**$ (231.1)**	**$ (147.9)**	**$ 4,843.9**	**$ 5,282.9**	**$ 1,420.0**	**$ 6,702.9**

(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 1, 2022	$ 593.6	$ 2.9	$ (19.9)	$ (149.3)	$ (169.2)	$ 4,696.5	$ 5,123.8	$ 1,387.0	$ 6,510.8
Net income	—	—	—	—	—	182.1	182.1	35.5	217.6
Other comprehensive income (loss)	—	—	17.2	(6.8)	10.4	—	10.4	9.3	19.7
Total comprehensive income (loss)	—	—	17.2	(6.8)	10.4	182.1	192.5	44.8	237.3
Transfers of cash flow hedge (gains) to non-financial assets	—	—	(4.4)	—	(4.4)	—	(4.4)	—	(4.4)
Contributions and distributions to shareholders of Canadian Tire Corporation									
Issuance of Class A Non-Voting Shares (Note 8)	4.3	—	—	—	—	—	4.3	—	4.3
Purchase of Class A Non-Voting Shares (Note 8)	(113.5)	—	—	—	—	—	(113.5)	—	(113.5)
Change in accrued liability for automatic share purchase plan commitment (Note 8)	4.4	—	—	—	—	64.3	68.7	—	68.7
Excess of purchase price over average cost (Note 8)	106.9	—	—	—	—	(106.9)	—	—	—
Dividends	—	—	—	—	—	(77.0)	(77.0)	—	(77.0)
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	—	—	—	—	—	—	—	(56.1)	(56.1)
Total contributions and distributions	2.1	—	(4.4)	—	(4.4)	(119.6)	(121.9)	(51.3)	(173.2)
Balance at April 2, 2022	$ 595.7	$ 2.9	$ (7.1)	$ (156.1)	$ (163.2)	$ 4,759.0	$ 5,194.4	$ 1,380.5	$ 6,574.9

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 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 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 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 1, 2023 (and comparative results for the 13 weeks ended April 2, 2022) 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") for annual financial statements. These interim financial statements should be read in conjunction with the Company's 2022 Consolidated Financial Statements and Notes and have been prepared using the same accounting policies described in Note 3 to the 2022 Consolidated Financial Statements and Notes, with the exception of the accounting policy adopted as a result of implementation of IFRS 17 - *Insurance Contracts* ("IFRS 17").

These interim financial statements were authorized for issuance by the Company's Board of Directors on May 10, 2023.

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");
- financial instruments at fair value through other comprehensive income ("FVOCI");
- 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 ("$" or "C$"), the Company's functional currency. Each of the Company's foreign subsidiaries determines its own functional currency and items included in the consolidated 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 ("AOCI") 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.

The duration and long-term effects on CTC from macroeconomic conditions remain uncertain and Management continues to monitor and assess the impact on the business and on certain judgments and estimates, including the recoverable amount of goodwill and intangible assets.

Details of the accounting policies 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 2022 Consolidated Financial Statements and Notes and supplemented by the changes below.

The Company has historically accrued the majority of the annual benefit from its margin-sharing arrangement ("MSA") with the Canadian Tire Associate Dealers ("Dealers") in the fourth quarter of every year. Based on the experience gained since the inception of the MSA, the Company has developed a methodology to better estimate the impact on a quarterly basis. Effective this quarter, the Company will record the MSA throughout the year to better reflect the pattern over which the MSA is earned. This change has been accounted for as a change in accounting estimate, and results in a shift of earnings from the fourth quarter to the first, second and third quarters; with no change to the annual amount. The change in accounting estimate had a $51.8M impact on revenue and income before taxes in the Retail segment in the first quarter of 2023.

On March 15, 2023, a fire occurred at the A.J. Billes Distribution Centre. The Company has recorded a charge of $67.7 million in expenses relating to remediation, and write-offs of inventory and property and equipment. Actual results may differ from the estimates made. The Company is preparing an insurance claim, for further information refer to Note 18.

Standards, Amendments and Interpretations Issued and Adopted

Insurance Contracts

In May 2017, the International Accounting Standards Board ("IASB") issued IFRS 17, which replaced IFRS 4 – *Insurance Contracts* and establishes a new model for recognizing insurance policy obligations, premium revenue, and claims-related expenses. In June 2020, the IASB issued 'Amendments to IFRS 17' to address concerns and implementation challenges identified after IFRS 17 was published in 2017. The amendments also deferred the effective date for two years to January 1, 2023. The Company adopted IFRS 17 January 1, 2023 and determined there to be no material impact on the consolidated financial statements. The comparative period is presented under IFRS 4 – *Insurance Contracts* and has not been restated.

As a result of adopting IFRS 17, the Company updated its accounting policies for Reinsurance revenue and the measurement of insurance contracts as follows:

Reinsurance revenue in each reporting period represents the changes in liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

IFRS 17 allows the optional simplification of the measurement of reinsurance contracts by applying the Premium Allocation Approach ("PAA"). When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows and includes an explicit risk adjustment for non-financial risk.

Clarifying Distinction Between Accounting Policies and Accounting Estimates

In February 2021, the IASB issued narrow-scope amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"). The amendments to IAS 8 clarify how companies 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 Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

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 December 30, 2023 and, accordingly, have not been applied in preparing these interim financial statements.

Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 – *Leases* ("IFRS 16") relating to sale leaseback transactions for seller-lessees. The amendment adds a requirement that measuring lease payments or revised lease payments shall not result in the recognition of a gain or loss that relates to the right-of-use asset retained by the seller-lessee. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company is assessing the potential impact of these amendments.

Non-current Liabilities with Covenants

In October 2022, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements*, which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require disclosure of information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company is assessing the potential impact of these amendments.

3. Capital Management

The Company's objectives when managing capital are to:

- ensure sufficient liquidity to meet its financial obligations when due and execute its operating and strategic plans;
- maintain healthy liquidity reserves and have the ability to access additional capital from multiple sources, if required; and
- minimize 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 ratios 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 ratios against target ranges.

Canadian Tire Corporation, Limited was in compliance with all financial covenants under its bank credit agreements as at April 1, 2023. 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 1, 2023.

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 1, 2023.

In addition, the Company is required to comply with regulatory requirements for capital associated with the operations of Canadian Tire Bank ("CTB" or the "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 agreements. As at April 1, 2023, CTB complied with all regulatory capital guidelines established by the Office of the Superintendent of Financial Institutions of Canada and all financial covenants under its bank credit agreements.

4. Liquidity and Financing

As at April 1, 2023, the Company had no borrowings on its committed bank lines of credit and $996.4 million Canadian dollar equivalent of U.S. commercial paper outstanding. CTB had $164.6 million of borrowings under its line of credit and a nominal amount owing under its note purchase facilities and CT REIT had $159.2 million of borrowings under its line of credit. Glacier Credit Card Trust ("GCCT") had $51.8 million of asset-backed commercial paper notes outstanding.

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 in Canada, 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 brand 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 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 portfolio, as well as an existing block of Canadian Tire branded line of credit loans. CTB also offers High-Interest Savings account deposits, Tax-Free Savings Accounts and 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:

For the	**13 weeks ended**									
					April 1, 2023					April 2, 2022
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Eliminations and adjustments**	**Total**	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total
External revenue	**$ 3,336.9**	**$ 359.6**	**$ 15.1**	**$ (4.4)**	**$ 3,707.2**	$ 3,503.4	$ 321.6	$ 14.3	$ (1.9)	$ 3,837.4
Intercompany revenue	**1.0**	**10.2**	**122.4**	**(133.6)**	**—**	1.1	10.1	117.6	(128.8)	—
Total revenue	**3,337.9**	**369.8**	**137.5**	**(138.0)**	**3,707.2**	3,504.5	331.7	131.9	(130.7)	3,837.4
Cost of producing revenue	**2,287.9**	**158.5**	**—**	**(21.1)**	**2,425.3**	2,427.6	114.2	—	(15.8)	2,526.0
Gross margin	**1,050.0**	**211.3**	**137.5**	**(116.9)**	**1,281.9**	1,076.9	217.5	131.9	(114.9)	1,311.4
Other expense (income)	**42.9**	**1.2**	**—**	**34.9**	**79.0**	(37.4)	0.2	—	35.9	(1.3)
Selling, general and administrative expenses[1]	**785.5**	**90.7**	**34.9**	**(39.9)**	**871.2**	710.0	89.7	33.1	(37.9)	794.9
Depreciation and amortization[1]	**239.7**	**2.8**	**—**	**(50.4)**	**192.1**	212.4	3.2	—	(47.3)	168.3
Net finance costs (income)	**61.2**	**(2.1)**	**27.9**	**(14.0)**	**73.0**	43.1	(0.9)	27.8	(15.4)	54.6
Fair value (gain) loss on investment properties	**—**	**—**	**4.2**	**(4.2)**	**—**	—	—	(22.1)	22.1	—
(Loss) income before income taxes	**$ (79.3)**	**$ 118.7**	**$ 70.5**	**$ (43.3)**	**$ 66.6**	$ 148.8	$ 125.3	$ 93.1	$ (72.3)	$ 294.9
Items included in the above:										
Interest income	**27.9**	**306.3**	**0.1**	**(19.1)**	**315.2**	19.0	274.7	0.1	(16.1)	277.7
Interest expense	**82.1**	**43.3**	**28.0**	**(51.0)**	**102.4**	60.5	36.0	27.9	(46.3)	78.1

[1] *Certain prior year figures have been restated to conform to the current year presentation.*

Transactions among reportable operating segments are carried out at arm's length prices. 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 measurement policy to the Company's cost model, including the recording of depreciation and impairment; 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 primarily through Helly Hansen. Foreign revenue earned by Helly Hansen for the 13 weeks ended April 1, 2023 amounted to $193.8 million (April 2, 2022 – $154.4 million). Property and equipment, intangible assets (brand and goodwill) and right-of-use assets located outside of Canada was $926.9 million as at April 1, 2023 (April 2, 2022 – $956.0 million).

Capital expenditures by reportable operating segment are as follows:

For the	**13 weeks ended**							
				April 1, 2023				April 2, 2022
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Total**	Retail	Financial Services	CT REIT	Total
Capital expenditures[1]	**$ 97.5**	**$ 9.2**	**$ 11.6**	**$ 118.3**	$ 138.3	$ 3.7	$ 12.3	$ 154.3

[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 and intellectual property additions.*

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

For the	13 weeks ended							
	April 1, 2023				April 2, 2022			
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Total**	Retail	Financial Services	CT REIT	Total
Right-of-use asset additions	**$ 26.4**	**$ —**	**$ 0.3**	**$ 26.7**	$ 123.8	$ —	$ 7.0	$ 130.8

Total assets by reportable operating segment are as follows:

(C$ in millions) As at	**April 1, 2023**	April 2, 2022	December 31, 2022
Retail	**$ 17,898.5**	$ 16,732.5	$ 17,729.6
Financial Services	**6,816.9**	7,211.6	7,060.4
CT REIT	**6,863.8**	6,592.4	6,844.8
Eliminations and adjustments	**(9,416.4)**	(9,077.4)	(9,532.5)
Total assets[1]	**$ 22,162.8**	$ 21,459.1	$ 22,102.3

[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 1, 2023**	April 2, 2022	December 31, 2022
Retail	**$ 10,880.5**	$ 9,708.5	$ 10,395.5
Financial Services	**5,678.2**	6,136.9	5,883.4
CT REIT	**3,012.8**	2,859.7	3,017.6
Eliminations and adjustments	**(4,111.6)**	(3,820.9)	(4,233.4)
Total liabilities[1]	**$ 15,459.9**	$ 14,884.2	$ 15,063.1

[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.

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 1, 2023**	April 2, 2022	December 31, 2022
Credit card loans[2]	**$ 6,025.5**	$ 5,497.7	$ 6,206.3
Dealer and other loans[3]	**504.5**	439.8	474.7
Total loans receivable	**6,530.0**	5,937.5	6,681.0
Less: long-term portion[4]	**437.9**	350.7	409.9
Current portion of loans receivable	**$ 6,092.1**	$ 5,586.8	$ 6,271.1

[1] Amounts shown are net of allowances for loans receivable.
[2] Includes line of credit loans.
[3] Dealer loans of $502.8 million (April 2, 2022 – $437.9 million and December 31, 2022 – $473.0 million) relate 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 $436.2 million (April 2, 2022 – $348.9 million and December 31, 2022 – $408.2 million).

A continuity of the Company's allowances for loans receivable (Expected Credit Losses ["ECL"]) is as follows:

				2023
(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 31, 2022	**$ 423.9**	**$ 197.4**	**$ 275.8**	**$ 897.1**
Increase (decrease) during the period				
Write-offs	**(1.5)**	**(3.0)**	**(124.0)**	**(128.5)**
Recoveries	**—**	**—**	**23.5**	**23.5**
New loans originated	**4.3**	**—**	**—**	**4.3**
Transfers				
to Stage 1	**49.3**	**(39.0)**	**(10.3)**	**—**
to Stage 2	**(18.1)**	**19.3**	**(1.2)**	**—**
to Stage 3	**(6.1)**	**(38.9)**	**45.0**	**—**
Net remeasurements	**(33.9)**	**60.7**	**73.7**	**100.5**
Balance at April 1, 2023	**$ 417.9**	**$ 196.5**	**$ 282.5**	**$ 896.9**

				2022
(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 1, 2022	$ 435.9	$ 174.3	$ 231.3	$ 841.5
Increase (decrease) during the period				
Write-offs	(1.2)	(2.0)	(84.9)	(88.1)
Recoveries	—	—	20.3	20.3
New loans originated	4.0	—	—	4.0
Transfers				
to Stage 1	43.7	(29.0)	(14.7)	—
to Stage 2	(13.6)	15.3	(1.7)	—
to Stage 3	(5.5)	(25.2)	30.7	—
Net remeasurements	(40.8)	46.0	59.0	64.2
Balance at April 2, 2022	$ 422.5	$ 179.4	$ 240.0	$ 841.9

Credit card loans are considered impaired when a payment is over 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 1, 2023
(C$ in millions)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low risk	**$ 2,838.5**	**$ 57.5**	**$ —**	**$ 2,896.0**
Moderate risk	**2,158.3**	**97.1**	**—**	**2,255.4**
High risk	**946.2**	**271.4**	**553.4**	**1,771.0**
Total gross carrying amount	**5,943.0**	**426.0**	**553.4**	**6,922.4**
ECL allowance	**417.9**	**196.5**	**282.5**	**896.9**
Net carrying amount	**$ 5,525.1**	**$ 229.5**	**$ 270.9**	**$ 6,025.5**

				April 2, 2022
(C$ in millions)	Stage 1	Stage 2	Stage 3	Total
Low risk	$ 2,658.1	$ 54.7	$ —	$ 2,712.8
Moderate risk	2,005.9	95.3	—	2,101.2
High risk	836.9	194.6	494.1	1,525.6
Total gross carrying amount	5,500.9	344.6	494.1	6,339.6
ECL allowance	422.5	179.4	240.0	841.9
Net carrying amount	$ 5,078.4	$ 165.2	$ 254.1	$ 5,497.7

				December 31, 2022
(C$ in millions)	Stage 1	Stage 2	Stage 3	Total
Low risk	$ 3,069.3	$ 58.9	$ —	$ 3,128.2
Moderate risk	2,154.1	109.2	—	2,263.3
High risk	911.9	260.4	539.6	1,711.9
Total gross carrying amount	6,135.3	428.5	539.6	7,103.4
ECL allowance	423.9	197.4	275.8	897.1
Net carrying amount	$ 5,711.4	$ 231.1	$ 263.8	$ 6,206.3

During the 13 weeks ended April 1, 2023, the amount of cash received from interest earned on credit cards loans was $289.9 million (April 2, 2022 – $259.4 million).

7. Long-Term Debt

On March 9, 2023 CT REIT repaid a $55.7 million mortgage, at maturity, bearing an interest rate of 3.24 percent per annum.

8. Share Capital

Share capital consists of the following:

(C$ in millions) As at	April 1, 2023	April 2, 2022	December 31, 2022
Authorized			
3,423,366 Common Shares			
100,000,000 Class A Non-Voting Shares			
Issued			
3,423,366 Common Shares (April 2, 2022 – 3,423,366; December 31, 2022 – 3,423,366)	**$ 0.2**	$ 0.2	$ 0.2
53,306,998 Class A Non-Voting Shares (April 2, 2022 – 56,125,813; December 31, 2022 – 54,276,998)	**583.8**	595.5	587.6
	$ 584.0	$ 595.7	$ 587.8

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 have a par value.

During the first quarter of 2023 and fiscal 2022, the Company issued and purchased Class A Non-Voting Shares. The Company's share purchases were made pursuant to its Normal-Course Issuer Bid ("NCIB") program, in connection with its anti-dilutive policy and announced share purchase intentions.

During the first quarter of 2023, the Toronto Stock Exchange accepted the Company's notice of intention to make an NCIB to purchase up to 5.1 million Class A Non-Voting Shares during the period March 2, 2023 to March 1, 2024.

During the first quarter of 2023, the Company entered into an automatic securities purchase plan ("ASPP") and provided notice to its broker to purchase Class A Non-Voting Shares under the NCIB during the Company's blackout period commencing on April 2, 2023. As at April 2, 2023, an obligation to purchase $89.6 million Class A Non-Voting Shares (April 2, 2022 – $94.5 million) was recognized under the ASPP in trade and other payables.

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

For the	**13 Weeks Ended**			
	April 1, 2023		April 2, 2022	
(C$ in millions)	**Number**	**$**	Number	$
Shares outstanding at beginning of the period	**54,276,998**	**$ 587.6**	56,723,758	$ 593.4
Issued under the dividend reinvestment plan and stock option plan	**30,791**	**5.2**	23,283	4.3
Purchased[1]	**(1,000,791)**	**(162.8)**	(621,228)	(113.5)
Change in ASPP commitment	**—**	**2.1**	—	4.4
Excess of purchase price over average cost	**—**	**151.7**	—	106.9
Shares outstanding at end of the period	**53,306,998**	**$ 583.8**	56,125,813	$ 595.5

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

As of April 1, 2023, the Company had dividends declared and payable to holders of Class A Non-Voting Shares and Common Shares of $97.9 million (April 2, 2022 – $77.4 million) at a rate of $1.7250 per share (April 2, 2022 – $1.3000 per share).

On May 10, 2023, the Company's Board of Directors declared dividends at a rate of $1.725 per share payable on September 1, 2023 to shareholders of record as of July 31, 2023.

9. Share-Based Payments

During the 13 weeks ended April 1, 2023, the Company granted the following share-based payment awards:

Stock options

The Company granted 244,124 (April 2, 2022 – 226,744) 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 $167.80 (April 2, 2022 – $187.25).

10. Revenue

External revenue by reportable operating segment is as follows:

For the	13 weeks ended									
					April 1, 2023					April 2, 2022
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Adjust-ments**	**Total**	Retail	Financial Services	CT REIT	Adjust-ments	Total
Sale of goods	**$ 3,184.6**	**$ —**	**$ —**	**$ —**	**$ 3,184.6**	$ 3,356.0	$ —	$ —	$ —	$ 3,356.0
Interest income on loans receivable	**7.1**	**304.1**	**—**	**(3.2)**	**308.0**	1.6	273.6	—	(0.9)	274.3
Royalties and licence fees	**14.0**	**—**	**—**	**—**	**14.0**	12.3	—	—	—	12.3
Services rendered	**3.8**	**55.5**	**—**	**(1.2)**	**58.1**	3.7	48.0	—	(1.0)	50.7
Rental income	**127.4**	**—**	**15.1**	**—**	**142.5**	129.8	—	14.3	—	144.1
	$ 3,336.9	**$ 359.6**	**$ 15.1**	**$ (4.4)**	**$ 3,707.2**	$ 3,503.4	$ 321.6	$ 14.3	$ (1.9)	$ 3,837.4

Retail revenue breakdown is as follows:

For the	13 weeks ended	
(C$ in millions)	**April 1, 2023**	April 2, 2022
Canadian Tire	**$ 1,931.7**	$ 2,147.2
SportChek	**420.8**	408.8
Mark's	**294.0**	277.2
Helly Hansen[1]	**208.4**	169.6
Petroleum	**481.4**	498.4
Other and intersegment eliminations[1]	**0.6**	2.2
	$ 3,336.9	$ 3,503.4

[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	13 weeks ended	
(C$ in millions)	**April 1, 2023**	April 2, 2022
Inventory cost of sales[1]	**$ 2,289.7**	$ 2,430.5
Net impairment loss on loans receivable	**98.5**	63.1
Finance costs	**22.1**	20.1
Other	**15.0**	12.3
	$ 2,425.3	$ 2,526.0

[1] *Inventory cost of sales includes depreciation for the 13 weeks ended April 1, 2023 of $10.9 million (April 2, 2022 – $5.7 million).*

Inventory write-downs as a result of net realizable value being lower than cost, recognized in the 13 weeks ended April 1, 2023 were $45.4 million (April 2, 2022– $16.5 million).

Inventory write-downs recognized in prior periods and reversed in the 13 weeks ended April 1, 2023 were $1.1 million (April 2, 2022 – $7.4 million). The reversal of write-downs was the result of actual losses being lower than previously estimated.

The write-downs and reversals are included in Inventory cost of sales and Other expense (income).

12. Selling, General and Administrative Expenses

For the	13 weeks ended	
(C$ in millions)	**April 1, 2023**	April 2, 2022[1]
Personnel expenses	**$ 410.7**	$ 372.1
Occupancy	**127.8**	123.4
Marketing and advertising	**83.3**	83.9
Information systems	**86.5**	67.9
Other	**162.9**	147.6
	$ 871.2	$ 794.9

[1] *Certain prior-year figures have been restated to conform to the current-year presentation.*

13. Depreciation and Amortization

For the	13 weeks ended	
(C$ in millions)	**April 1, 2023**	April 2, 2022
Depreciation of property and equipment and investment property[1]	**$ 68.4**	$ 63.0
Depreciation of right-of-use assets	**91.4**	77.1
Amortization of intangible assets	**32.3**	28.2
	$ 192.1	$ 168.3

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

14. Net Finance Costs

For the	13 weeks ended	
(C$ in millions)	**April 1, 2023**	April 2, 2022
Finance income	**$ (6.1)**	$ (2.2)
Finance income on lease receivables[1]	**(1.2)**	(1.2)
Finance costs	**54.2**	35.6
Finance costs on lease liabilities	**26.1**	22.4
	$ 73.0	$ 54.6

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

15. Income Taxes

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

For the	13 weeks ended	
(C$ in millions)	**April 1, 2023**	April 2, 2022
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges not subject to basis adjustment	**$ (10.8)**	$ 20.1
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	**1.4**	(4.1)
Reclassification of losses to income	**0.2**	0.7
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges subject to basis adjustment	**1.7**	(7.1)
	$ (7.5)	$ 9.6

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, occasionally 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 2022 Consolidated Financial Statements and Notes.

The Company regularly reviews the potential for adverse outcomes with respect to tax matters. The Company believes that their ultimate disposition 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.

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

Cash and cash equivalents, net of bank indebtedness, comprise the following:

(C$ in millions) As at		**April 1, 2023**		April 2, 2022		December 31, 2022
Cash	**$**	**217.2**	$	632.2	$	229.1
Cash equivalents		**85.5**		201.0		84.7
Restricted cash and cash equivalents[1]		**9.1**		20.7		17.5
Total cash and cash equivalents[2]		**311.8**		853.9		331.3
Bank indebtedness		**—**		(1.0)		(5.0)
Cash and cash equivalents, net of bank indebtedness	**$**	**311.8**	$	852.9	$	326.3

1 *Restricted cash and cash equivalents of $6.1 million (April 2, 2022 – $5.4 million and December 31, 2022 – $14.3 million) relates to GCCT and is restricted for the purpose of paying principal and interest to note holders and additional funding costs. $3.0 million (April 2, 2022 – $5.3 million and December 31, 2022 – $3.2 million) represents Helly Hansen's operational items.*

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

The total cash outflow for leases during the 13 weeks ended April 1, 2023 was $156.9 million (April 2, 2022 – $112.6 million).

Capital Commitments

As at April 1, 2023, the Company had capital commitments for the acquisition of property and equipment, investment property, and intangible assets for an aggregate cost of approximately $143.5 million (April 2, 2022 – $155.1 million).

17. Financial Instruments

17.1 Fair Value of Financial Instruments

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

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

The carrying amounts 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 reflect 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 valuator 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 2022 Consolidated Financial Statements and Notes for further information regarding this financial instrument.

17.2 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 1, 2023**		April 2, 2022		December 31, 2022	
	Category	**Level**		Level		Level	
Trade and other receivables	FVTPL[1]	**2**	**$ 37.3**	2	$ 37.7	2	$ 35.5
Trade and other receivables	Effective hedging instruments	**2**	**128.0**	2	37.2	2	154.4
Long-term receivables and other assets	FVTPL[1]	**2**	**—**	2	5.5	2	—
Long-term receivables and other assets	Effective hedging instruments	**2**	**77.8**	2	88.7	2	107.9
Trade and other payables	FVTPL[1]	**2**	**25.0**	2	11.8	2	73.4
Trade and other payables	Effective hedging instruments	**2**	**12.8**	2	16.0	2	1.1
Redeemable financial instrument	FVTPL	**3**	**567.0**	3	567.0	3	567.0
Other long-term liabilities	FVTPL[1]	**2**	**—**	2	—	2	3.9
Other long-term liabilities	Effective hedging instruments	**2**	**7.0**	2	5.6	2	0.5

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

There were no transfers in either direction among categories during the 13 weeks ended April 1, 2023 or the 13 weeks ended April 2, 2022.

17.3 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 2022 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 1, 2023**		April 2, 2022		December 31, 2022	
(C$ in millions)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term investments	**$ 177.3**	**$ 177.8**	$ 451.4	$ 450.7	$ 176.3	$ 176.8
Long-term investments	**62.5**	**63.1**	178.1	177.8	62.6	63.1
Debt	**4,203.3**	**4,073.4**	4,377.5	4,363.8	4,257.7	4,085.3
Deposits	**3,078.0**	**3,032.4**	3,548.5	3,518.3	2,965.7	2,910.7

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.

18. 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.

Insurance Recoveries

The Company is preparing an insurance claim in connection with damages and losses caused by the fire at the A.J. Billes Distribution Centre on March 15, 2023. The amount and timing of recoveries are uncertain and will only be recognized when receipt becomes virtually certain.