# Management’s Discussion and Analysis

Canadian Tire Corporation, Limited
First Quarter 2024

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

“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, L’Équipeur, Mark’s WorkPro, and L’Équipeur Pro 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 carried on under the Party City name and trademarks in Canada.

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

“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 8, 2024.

### 1.4 Quarterly and Annual Comparisons in the MD&A

Unless otherwise indicated, all comparisons of results for Q1 2024 (13 weeks ended March 30, 2024) are compared against results for Q1 2023 (13 weeks ended April 1, 2023).

### 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 2024.

### 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, Canadian Tire Gas+, Party City and Pro Hockey Life are key parts of the Company’s retail network. The Retail segment also includes Mark's, Mark's WorkPro, a leading source of 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 2023 Annual Information Form (“2023 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 Company Strategy

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

### *Better Connected* Strategy

The Company continues to execute on its *Better Connected* strategy announced in 2022 to bolster its omnichannel capabilities and drive long-term growth. The strategy aims to build on the Company's unparalleled brand trust and brand purpose: to Make Life in Canada Better.

In conjunction with the strategy, the Company is investing to create better customer connections, enhancing the omnichannel customer experience by better connecting digital and physical channels and rolling out a new store concept to Canadian Tire stores, strengthening supply chain fulfillment and automation, modernizing IT infrastructure and driving efficiency in how CTC operates.

The Company's *Better Connected* strategy initiatives have already proven to drive incremental sales and enhance connections to customers through an offering that has greater relevance and value, and the Company continues to manage its resources to create room for continued investment over the long term.

In the first quarter of 2024, the Company:

- Launched its loyalty partnership with Petro-Canada, building on the Company's intention to offer increased relevance and value to customers. This partnership will allow the Company to further enrich its loyalty ecosystem in the future;
- Invested $120.4 million in operating capital expenditures[1], with investments in the quarter focused on the ongoing refresh of the CTR store network with an additional 40+ stores expected to be refreshed during 2024 and the opening of two new format "Bigger, Bolder, Better" Mark's stores during Q1 in Oakville, Ontario, and Grande Prairie, Alberta;
- Enabled a richer digital customer experience with the launch of "CeeTee", an artificial intelligence (AI) shopping assistant designed to streamline the shopping journey around tire selection in CTR's automotive division, and the most recent output of the Company's work and investment in generative AI technology;
- Marked the first full year of operations for the new Distribution Centre in the Greater Toronto Area, which is delivering beyond expected productivity improvements and managing approximately 10% of CTC's total throughput.

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

# 4.0 Financial Performance

## 4.1 Consolidated Financial Performance

### 4.1.1 Consolidated Financial Results

| (C$ in millions, except where noted) | Q1 2024 | Q1 2023 | Change |
|---|---|---|---|
| Retail sales[1] | $ 3,257.5 | $ 3,326.5 | (2.1) % |
| Revenue | $ 3,524.9 | $ 3,707.2 | (4.9) % |
| Gross margin dollars | $ 1,250.2 | $ 1,281.9 | (2.5) % |
| Gross margin rate[1] | 35.5 % | 34.6 % | 89 bps |
| Other expense (income) | $ (0.9) | $ 79.0 | NM[2] |
| Selling, general and administrative expenses | 848.2 | 871.2 | (2.6) % |
| Depreciation and amortization | 190.6 | 192.1 | (0.8) % |
| Net finance costs (income) | 90.5 | 73.0 | 24.0 % |
| Income before income taxes | $ 121.8 | $ 66.6 | 82.9 % |
| Income tax expense (recovery) | 25.8 | 23.8 | 8.4 % |
| Effective tax rate[1] | 21.2 % | 35.9 % | |
| Net income | $ 96.0 | $ 42.8 | 124.7 % |
| Net income attributable to: | | | |
| Shareholders of Canadian Tire Corporation | $ 76.8 | $ 7.8 | NM[2] |
| Non-controlling interests | 19.2 | 35.0 | (45.1) % |
| | $ 96.0 | $ 42.8 | 124.7 % |
| Basic EPS | $ 1.38 | $ 0.14 | NM[2] |
| Diluted EPS | $ 1.38 | $ 0.13 | NM[2] |
| Weighted average number of Common and Class A Non-Voting Shares outstanding: | | | |
| Basic | 55,623,371 | 57,188,770 | (2.7) % |
| Diluted | 55,765,698 | 57,432,020 | (2.9) % |

[1] *For further information about this measure see section 9.2 of this MD&A.*
[2] *Not meaningful.*

### Non-Controlling Interests

The following table outlines the net income attributable to the Company's non-controlling interests. During the fourth quarter of 2023, the Company completed the repurchase of Scotiabank's 20% non-controlling interest in Canadian Tire Financial Services ("CTFS"). For additional details, refer to Note 15 to the Company's 2023 Consolidated Financial Statements.

| (C$ in millions) | Q1 2024 | Q1 2023 |
|---|---|---|
| Financial Services<br>Non-controlling interest 0.0% (2023 – 20.0%) | $ — | $ 17.1 |
| CT REIT<br>Non-controlling interest 31.6% (2023 – 31.4%) | 18.2 | 17.4 |
| Retail segment subsidiary<br>Non-controlling interest 50.0% (2023 – 50.0%) | 1.0 | 0.5 |
| Net income attributable to non-controlling interests | $ 19.2 | $ 35.0 |

## Normalizing Items

There were no normalizing items in the first quarter of 2024. In the first quarter of 2023, the Company normalized for $67.7 million in costs associated with a fire at its A.J. Billes Distribution Centre ("DC fire"), which were included in Other expense (income) in the Consolidated Statements of Income.

| (C$ in millions) | **Q1 2024** | Q1 2023 |
|---|---|---|
| DC fire | **$ —** | $ 67.7 |

## Selected Normalized Metrics – Consolidated

| (C$ in millions, except where noted) | **Q1 2024** | **Normalizing Items**[1] | **Normalized Q1 2024**[2] | Q1 2023 | Normalizing Items[1] | Normalized Q1 2023[2] | Change[3] |
|---|---|---|---|---|---|---|---|
| Revenue | **$ 3,524.9** | **$ —** | **$ 3,524.9** | $ 3,707.2 | $ — | $ 3,707.2 | (4.9) % |
| Cost of producing revenue | **2,274.7** | **—** | **2,274.7** | 2,425.3 | — | 2,425.3 | (6.2) % |
| Gross margin dollars | **$ 1,250.2** | **$ —** | **$ 1,250.2** | $ 1,281.9 | $ — | $ 1,281.9 | (2.5) % |
| Gross margin rate[4] | **35.5 %** | **— bps** | **35.5 %** | 34.6 % | — bps | 34.6 % | 89 bps |
| Other expense (income) | **$ (0.9)** | **$ —** | **$ (0.9)** | $ 79.0 | $ (67.7) | $ 11.3 | NM[5] |
| Selling, general and administrative expenses | **848.2** | **—** | **848.2** | 871.2 | — | 871.2 | (2.6) % |
| Depreciation and amortization | **190.6** | **—** | **190.6** | 192.1 | — | 192.1 | (0.8) % |
| Net finance costs (income) | **90.5** | **—** | **90.5** | 73.0 | — | 73.0 | 24.0 % |
| Income before income taxes | **$ 121.8** | **$ —** | **$ 121.8** | $ 66.6 | $ 67.7 | $ 134.3 | (9.3) % |
| Income tax expense (recovery) | **25.8** | **—** | **25.8** | 23.8 | 17.9 | 41.7 | (38.1) % |
| Net income | **$ 96.0** | **$ —** | **$ 96.0** | $ 42.8 | $ 49.8 | $ 92.6 | 3.7 % |
| Net income attributable to shareholders of CTC | **76.8** | **—** | **76.8** | 7.8 | 49.8 | 57.6 | 33.3 % |
| Diluted EPS | **$ 1.38** | **$ —** | **$ 1.38** | $ 0.13 | $ 0.87 | $ 1.00 | 38.0 % |

*1 Refer to Normalizing Items table in this section for more details.*
*2 These normalized measures (excluding Revenue, Cost of producing revenue, Gross margin dollars, Gross margin rate, Selling, general and administrative expenses, 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.*
*4 For further information about this measure see section 9.2 of this MD&A.*
*5 Not meaningful.*

### Consolidated Results Commentary

Diluted EPS for the first quarter of 2024 was $1.38 per share, $1.25 higher than the prior year. Normalized Diluted EPS was $0.38 higher than the prior year.

Consolidated Income before income taxes was $121.8 million, an increase of $55.2 million compared to the prior year. Normalized Income before income taxes was down $12.5 million from the prior year, as lower earnings in the Financial Services segment were partially offset by an increase in earnings in the Retail segment.

| | Q1 2024 |
|---|---|
| **Consolidated Results Summary** | ▲ **Diluted EPS: $1.25 per share**<br>• Consolidated Revenue was $3,524.9 million, a decrease of $182.3 million or 4.9 percent. Consolidated Revenue excluding Petroleum[1] was $3,057.0 million, a decrease of 5.2 percent. The decline was driven by the Retail segment, partially offset by revenue growth in the Financial Services segment.<br>• Consolidated Gross margin dollars were $1,250.2 million, a decrease of $31.7 million or 2.5 percent from the prior year due to decreases in both the Financial Services and Retail segments.<br>• Other expense (income) was $(0.9) million, favourable by $79.9 million compared to an expense of $79.0 million in the prior year. Excluding the $67.7 million charge relating to the DC fire in the prior year, normalized Other expense (income) was favourable by $12.2 million driven by a $13.5 million one-time cost to exit a supply chain contract in the prior year.<br>• Consolidated Selling, general and administrative expenses ("SG&A") were $848.2 million, a decrease of $23.0 million or 2.6 percent compared to the prior year. The decrease was primarily driven by the Retail segment due to lower supply chain and personnel costs.<br>• Depreciation and amortization was $190.6 million, relatively flat to the prior year.<br>• Net finance costs were $90.5 million, an increase of 24.0 percent from the prior year due to increased borrowings, mainly to fund the repurchase of Scotiabank's interest in CTFS, in addition to higher interest rates.<br>• Income tax expense was $25.8 million, compared to $23.8 million in the prior year primarily due to higher Income before income taxes. The Effective tax rate decreased for the quarter primarily due to lower non-deductible stock option expense.<br>• Diluted EPS was $1.38, an increase of $1.25 compared to the prior year. Normalized Diluted EPS increased by $0.38 compared to the prior year primarily due to an increase in the Company's controlling interest following the repurchase of Scotiabank's interest in CTFS as well as higher Net income. |

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

### 4.1.2 Consolidated Key Performance Measures

| (C$ in millions) increase/(decrease) | **Q1 2024** | Q1 2023 | Change |
|---|---|---|---|
| Selling, general and administrative expenses | **$ 848.2** | $ 871.2 | $ (23.0) |
| Normalized[1] SG&A as a percentage of revenue[2] | **24.1 %** | 23.5 % | 56 bps |
| Income before income taxes | **$ 121.8** | $ 66.6 | $ 55.2 |
| Normalized[1] EBITDA[3] as a percentage of revenue[2] | **11.6 %** | 11.1 % | 56 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").*

### 4.1.3 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 5.1.1 of the Company's 2023 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 which resulted in a change in the phasing of quarterly earnings.

| (C$ in millions, except per share amounts) | **Q1 2024** | Q4 2023 | Q3 2023 | Q2 2023 | **Q1 2023** | Q4 2022 | Q3 2022 | Q2 2022 | **Q1 2022** |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | **$3,524.9** | $4,443.0 | $4,250.5 | $4,255.8 | **$3,707.2** | $5,340.4 | $4,228.8 | $4,404.0 | **$3,837.4** |
| Net income | **96.0** | 197.2 | (27.8) | 126.9 | **42.8** | 562.6 | 225.0 | 177.6 | **217.6** |
| Diluted EPS | **1.38** | 3.09 | (1.19) | 1.76 | **0.13** | 9.09 | 3.14 | 2.43 | **3.03** |

## 4.2 Retail Segment Performance

### 4.2.1 Retail Segment Financial Results

| (C$ in millions, except where noted) | Q1 2024 | Q1 2023 | Change |
|---|---|---|---|
| Retail sales[1] | **$ 3,257.5** | $ 3,326.5 | (2.1) % |
| Revenue | **$ 3,136.6** | $ 3,337.9 | (6.0) % |
| Gross margin dollars | **$ 1,038.1** | $ 1,050.0 | (1.1) % |
| Gross margin rate[1] | **33.1 %** | 31.5 % | 164 bps |
| Other expense (income) | **$ (37.9)** | $ 42.9 | NM[2] |
| Selling, general and administrative expenses | **758.4** | 785.5 | (3.5) % |
| Depreciation and amortization | **237.2** | 239.7 | (1.0) % |
| Net finance costs (income) | **79.8** | 61.2 | 30.4 % |
| Income before income taxes | **$ 0.6** | $ (79.3) | NM[2] |

1 *For further information about this measure see section 9.2 of this MD&A.*
2 *Not meaningful.*

### Selected Normalized Metrics – Retail

| (C$ in millions, except where noted) | **Q1 2024** | **Normalizing Items[1]** | **Normalized Q1 2024[2]** | Q1 2023 | Normalizing Items[1] | Normalized Q1 2023[2] | Change[3] |
|---|---|---|---|---|---|---|---|
| Revenue | **$ 3,136.6** | **$ —** | **$ 3,136.6** | $ 3,337.9 | $ — | $ 3,337.9 | (6.0) % |
| Cost of producing revenue | **2,098.5** | **—** | **2,098.5** | 2,287.9 | — | 2,287.9 | (8.3) % |
| Gross margin dollars | **$ 1,038.1** | **$ —** | **$ 1,038.1** | $ 1,050.0 | $ — | $ 1,050.0 | (1.1) % |
| Gross margin rate[4] | **33.1 %** | **— bps** | **33.1 %** | 31.5 % | — bps | 31.5 % | 164 bps |
| Other expense (income) | **$ (37.9)** | **$ —** | **$ (37.9)** | $ 42.9 | $ (67.7) | $ (24.8) | 52.8 % |
| Selling, general and administrative expenses | **758.4** | **—** | **758.4** | 785.5 | — | 785.5 | (3.5) % |
| Depreciation and amortization | **237.2** | **—** | **237.2** | 239.7 | — | 239.7 | (1.0) % |
| Net finance costs (income) | **79.8** | **—** | **79.8** | 61.2 | — | 61.2 | 30.4 % |
| Income before income taxes | **$ 0.6** | **$ —** | **$ 0.6** | $ (79.3) | $ 67.7 | $ (11.6) | 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] 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.*
4 *For further information about this measure see section 9.2 of this MD&A.*
5 *Not meaningful.*

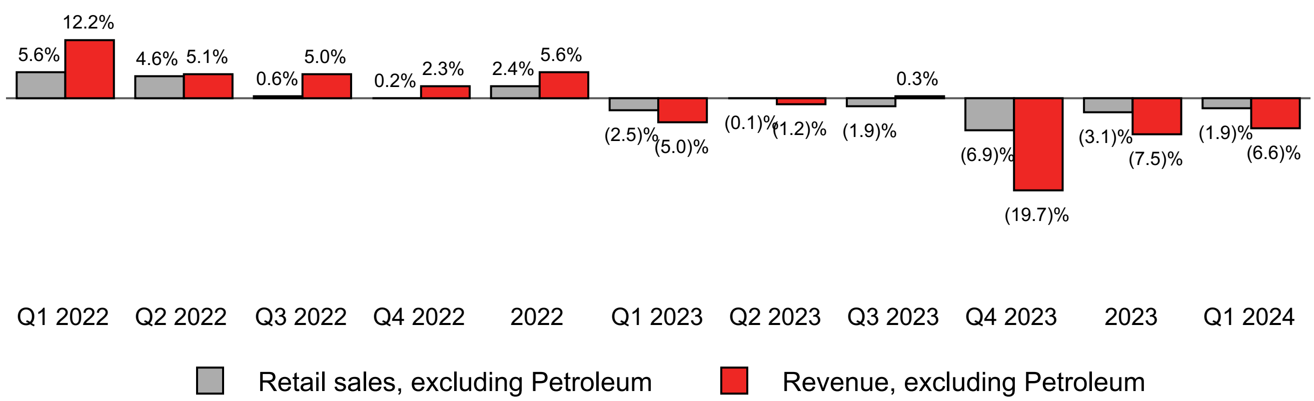
### 4.2.2 Retail Segment Key Performance Measures

| (Year-over-year percentage change, C$ in millions, except as noted) | | Q1 2024 | Q1 2023 | Change |
|---|---|---|---|---|
| | Revenue[1] | **$ 3,136.6** | $ 3,337.9 | (6.0) % |
| | Revenue, excluding Petroleum | **2,668.7** | 2,856.5 | (6.6) % |
| | Store count | **1,692** | 1,698 | |
| | Retail square footage (in millions) | **34.9** | 34.7 | |
| | Retail sales growth[2] | **(2.1) %** | (2.8) % | |
| | Retail sales growth, excluding Petroleum[2] | **(1.9) %** | (2.5) % | |
| | Consolidated Comparable sales growth[2, 3] | **(1.6) %** | (2.5) % | |
| | Retail Return on Invested Capital ("ROIC")[4, 5] | **8.4 %** | 11.3 % | (290) bps |
| | Retail normalized[6] SG&A as a percentage of revenue excluding Petroleum[2,5] | **28.4 %** | 27.5 % | 92 bps |
| CANADIAN TIRE | Revenue[1, 7] | **$ 1,798.0** | $ 1,931.7 | (6.9) % |
| | Store count[8] | **663** | 665 | |
| | Retail square footage (in millions) | **24.0** | 23.8 | |
| | Sales per square foot[2, 9] | **$ 508** | $ 529 | (4.0) % |
| | Retail sales growth[2, 10] | **(0.7) %** | (4.9) % | |
| | Comparable sales growth[2] | **(0.6) %** | (4.8) % | |
| SPORTCHEK | Revenue[1] | **$ 387.7** | $ 420.8 | (7.9) % |
| | Store count | **369** | 372 | |
| | Retail square footage (in millions) | **7.2** | 7.2 | |
| | Sales per square foot[2, 11] | **$ 313** | $ 332 | (5.7) % |
| | Retail sales growth[2, 12] | **(7.5) %** | 3.9 % | |
| | Comparable sales growth[2] | **(6.5) %** | 3.7 % | |
| Mark's | Revenue[1, 13] | **$ 288.1** | $ 294.0 | (2.0 %) |
| | Store count | **380** | 379 | |
| | Retail square footage (in millions) | **3.7** | 3.7 | |
| | Sales per square foot[2, 11] | **$ 414** | $ 429 | (3.5) % |
| | Retail sales growth[2, 14] | **(1.5) %** | 5.0 % | |
| | Comparable sales growth[2] | **(1.2) %** | 4.8 % | |
| HH HELLY HANSEN | Revenue[1] | **$ 192.2** | $ 208.4 | (7.8) % |
| GAS+ | Revenue[1] | **$ 467.9** | $ 481.4 | (2.8) % |
| | Gas bar locations | **280** | 282 | |
| | Gross margin dollars | **$ 48.2** | $ 45.6 | 5.7 % |
| | Retail sales growth[2] | **(2.9) %** | (3.9) % | |
| | Gasoline volume growth in litres | **(3.1) %** | 2.8 % | |
| | Comparable store gasoline volume growth in litres[2] | **(3.0) %** | 6.4 % | |

1 *Revenue reported for Canadian Tire Retail, SportChek, Mark's and Petroleum for the 13 weeks ended March 30, 2024 includes inter-segment revenue of $0.9 million (2023 – $1.0 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 (2023: 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 5.1.1 of the Company's 2023 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 decreased 2.1 percent and, excluding Petroleum, were down 1.9 percent in the quarter, driven by soft consumer demand affecting all banners.

Retail income before income taxes increased by $79.9 million in the first quarter. Normalized Retail income before income taxes increased $12.2 million primarily due to lower SG&A from lower supply chain and personnel costs as well as lower Other expense (income) as the prior year included a $13.5 million one-time cost to exit a supply chain contract. This was partially offset by higher Net finance costs due to higher borrowings to fund the repurchase of Scotiabank's interest in CTFS and lower Gross margin dollars due a decline in revenue.

eCommerce sales[1] were $1.1 billion on a rolling 12-month basis. Consolidated Owned Brands penetration[1] was 36.2 percent, with increased penetration at CTR and SportChek.

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

## Retail Segment Commentary *(continued)*

| | Q1 2024 |
|---|---|
| **Retail Sales** | ▼ **$69.0 million or 2.1%**<br>▼ **1.6% in Comparable sales growth**<br>• Retail sales were $3,257.5 million, a decrease of 2.1 percent. Excluding Petroleum, Retail sales declined 1.9 percent, or $53.5 million compared to the prior year, impacted by soft consumer demand, and continued weakness in discretionary categories.<br>• CTR Retail sales were down 0.7 percent. Declines in Living, Fixing and Playing were partially offset by strong performance in Automotive and Seasonal & Gardening categories.<br>• SportChek Retail sales were down 7.5 percent, driven by soft consumer demand in Skiing/ Snowboards, Outerwear, and Athletic Clothing, partially offset by strong performance in Team Sports and Footwear.<br>• Mark's Retail sales were down 1.5 percent. Declines in Industrial Businesses and Ladies' Casualwear, were partially offset by growth in Casual Footwear.<br>• GAS+ Retail sales declined 2.9 percent due to lower gas volumes while the per litre gas prices remained relatively flat. |
| **Revenue** | ▼ **$201.3 million or 6.0%**<br>▼ **6.6% excluding Petroleum**<br>• Retail Revenue was $3,136.6 million, down $201.3 million due to lower revenue at all banners, particularly driven by lower shipments at CTR. |
| **Gross Margin** | ▼ **$11.9 million or 1.1%**<br>▲ **164 bps in gross margin rate**<br>▼ **1.4% excluding Petroleum[1]**<br>▲ **193 bps in gross margin rate, excluding Petroleum**<br>• Retail Gross margin dollars were $1,038.1 million, a decrease of $11.9 million. Excluding Petroleum, Gross margin dollars were $989.9 million, a decrease of $14.5 million driven by the decline in Revenue previously described, partially offset by a higher Gross margin rate.<br>• Gross margin rate, excluding Petroleum, was 37.1 percent, an increase of 193 bps driven by favourable mix, as well as lower freight costs. |
| **Other (Income) Expense** | ▲ **$80.8 million or 188.3%**<br>• Other income was $37.9 million, compared to an expense of $42.9 million in the prior year. Excluding the $67.7 million charge relating to the DC fire in the prior year, normalized other expense was favourable by $13.1 million driven by a $13.5 million one-time cost to exit a supply chain contract in the prior year. |
| **SG&A** | ▼ **$27.1 million or 3.5%**<br>• SG&A was $758.4 million, a decrease of $27.1 million, or 3.5 percent. The decrease was primarily driven by lower supply chain costs from efficiencies and lower volume, as well as lower personnel costs. |
| **Depreciation and amortization** | ▼ **$2.5 million or 1.0%**<br>• Depreciation and amortization was $237.2 million, relatively flat to the prior year. |
| **Net Finance Costs** | ▲ **$18.6 million or 30.4%**<br>• Net finance costs increased due to higher borrowings, mainly to fund the repurchase of Scotiabank's interest in CTFS, in addition to higher interest rates. |
| **Earnings Summary** | ▲ **$79.9 million or 100.8%**<br>• Income before income taxes increased by $79.9 million. Normalized Income before income taxes increased by $12.2 million attributable to the reasons above. |

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

### 4.2.3 Retail Segment Seasonal Trend Analysis

Quarterly Revenue and Income (loss) before income taxes are affected by seasonality. The following table shows the Retail segment financial performance of the Company by quarter for the last two years. As discussed in section 5.1.1 of the Company's 2023 MD&A, the Company implemented a change in accounting estimate beginning in the first quarter of 2023 which impacted Revenue and Income (loss) before income taxes, with no change to the historical amounts reported. Retail sales were not affected by this change.

| (C$ in millions) | **Q1 2024** | Q4 2023 | Q3 2023 | Q2 2023 | **Q1 2023** | Q4 2022 | Q3 2022 | Q2 2022 | **Q1 2022** |
|---|---|---|---|---|---|---|---|---|---|
| Retail sales | **$ 3,257.5** | $5,323.4 | $4,639.3 | $5,214.9 | **$3,326.5** | $5,729.4 | $4,734.2 | $5,363.8 | **$3,421.4** |
| Revenue | **3,136.6** | 4,070.0 | 3,867.3 | 3,896.1 | **3,337.9** | 4,990.9 | 3,873.7 | 4,067.2 | **3,504.5** |
| Income (loss) before income taxes | **0.6** | 161.7 | 239.0 | 85.6 | **(79.3)** | 642.4 | 133.0 | 123.8 | **148.8** |

## 4.3 Financial Services Segment Performance

### 4.3.1 Financial Services Segment Financial Results

| (C$ in millions) | | Q1 2024 | | Q1 2023 | Change |
|---|---|---|---|---|---|
| Revenue | **$** | **389.0** | $ | 369.8 | 5.2 % |
| Gross margin dollars | **$** | **189.9** | $ | 211.3 | (10.2) % |
| Gross margin rate[1] | | **48.8 %** | | 57.2 % | (833) bps |
| Other expense (income) | **$** | **0.5** | $ | 1.2 | (55.8) % |
| Selling, general and administrative expenses | | **96.6** | | 90.7 | 6.2 % |
| Depreciation and amortization | | **2.4** | | 2.8 | (14.6) % |
| Net finance costs (income) | | **(5.3)** | | (2.1) | NM[2] |
| Income before income taxes | **$** | **95.7** | $ | 118.7 | (19.3) % |

1 *For further information about this measure see section 9.2 of this MD&A.*
2 *Not meaningful.*

### Financial Services Segment Commentary

Financial Services segment Income before income taxes was $95.7 million in the quarter, a $23.0 million decrease from the prior year. Revenue was up $19.2 million, or 5.2 percent, mainly attributable to higher interest income due to growth in receivables, partially offset by lower Gross margin, due to higher net impairment losses and funding costs, as well as higher SG&A.

Gross average accounts receivable ("GAAR")[1] was 4.5 percent higher than Q1 2023 due to an increase in active accounts and average balances, up 0.6 percent and 3.8 percent, respectively. As expected, past due credit card receivables ("PD2+" rate)[2] and the net write-off rate continue to be elevated relative to the prior year. The expected credit loss ("ECL") allowance for loans receivable remained relatively flat to Q4 2023 at $925.7 million. The ECL allowance rate finished the quarter at 12.8 percent, within the previously disclosed range of 11.5 percent to 13.5 percent, an increase from the rate in Q4 due to the seasonal decline in ending Receivables.

| | Q1 2024 |
|---|---|
| **Revenue** | ▲ **$19.2 million or 5.2%**<br>• Revenue for the quarter was $389.0 million, an increase of $19.2 million, or 5.2 percent compared to the prior year. The increase in Revenue was mainly due to higher interest income driven by growth in receivables. |
| **Gross Margin Dollars** | ▼ **$21.4 million or 10.2%**<br>• Gross margin dollars were $189.9 million, a decrease of $21.4 million, or 10.2 percent compared to the prior year. The decrease in Gross margin dollars was mainly due to higher net impairment losses and funding costs, partially offset by Revenue growth. |
| **SG&A** | ▲ **$5.9 million or 6.2%**<br>• SG&A was $96.6 million, an increase of $5.9 million, or 6.2 percent compared to the prior year. The increase was primarily due to higher operational costs including higher GST/HST related charges and higher IT costs. |
| **Earnings Summary** | ▼ **$23.0 million or 19.3%**<br>• Income before income taxes was $95.7 million, a decrease of $23.0 million, or 19.3 percent. The decrease in Income before income taxes was primarily due to lower Gross margin dollars attributable to the reasons above. |

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

### 4.3.2 Financial Services Segment Key Performance Measures

| (C$ in millions, except where noted) | Q1 2024 | Q1 2023 | Change |
|---|---|---|---|
| Credit card sales growth[1] | **(0.6) %** | 6.1 % | |
| GAAR | **$ 7,284** | $ 6,971 | 4.5 % |
| Revenue (as a percentage of GAAR)[1, 2] | **21.1 %** | 20.9 % | |
| Average number of accounts with a balance (thousands) | **2,293** | 2,278 | 0.6 % |
| Average account balance[1] (whole $) | **$ 3,177** | $ 3,059 | 3.8 % |
| Net credit card write-off rate[1, 2] | **6.4 %** | 5.3 % | |
| Past due credit card receivables (PD2+) rate[3] | **3.6 %** | 3.1 % | |
| Allowance rate | **12.8 %** | 13.0 % | |
| Return on receivables[1, 2] | **5.0 %** | 6.4 % | |

*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 performance of the Financial Services segment, the following scorecard demonstrates how Financial Services is progressing towards achieving its strategic objectives.

| Q1 2024 vs. Q1 2023 | |
|---|---|
| **Growth** | ▲ **4.5% in GAAR**<br>▼ **0.6% in credit card sales growth**<br>▲ **0.6% in average number of accounts with a balance**<br>▲ **3.8% in average account balance**<br>• GAAR increased by 4.5 percent relative to last year driven by continued strong cardholder engagement. The average number of active accounts for the quarter increased by 0.6 percent and average account balance was up 3.8 percent.<br>• Credit card sales declined by 0.6 percent over the prior year driven by softer sales at Retail segment banners and external merchants. |
| **Performance** | ▼ **136 bps in Return on receivables**<br>▲ **20 bps in Revenue as a percentage of GAAR**<br>• Return on receivables decreased by 136 bps compared to the prior year due to due to the decline in earnings on a 12-month basis outpacing GAAR growth in the quarter.<br>• Revenue as a percentage of GAAR increased by 20 bps compared to the prior year due to strong revenue growth driven by GAAR growth and higher yield. |
| **Operational metrics** | ▲ **52 bps in PD2+ rate**<br>▲ **117 bps in net credit card write-off rate**<br>▼ **12.8% allowance rate, down 19 bps**<br>• The PD2+ rate increased by 52 bps compared to the prior year as a result of higher aging of the portfolio.<br>• The increase in the net write-off rate compared to the prior year was driven by an increase in net write-off dollars relative to receivables with a return to historic levels of performance, as expected.<br>• The allowance rate decreased by 19 bps to 12.8 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 2024** | Q4 2023 | Q3 2023 | Q2 2023 | **Q1 2023** | Q4 2022 | Q3 2022 | Q2 2022 | **Q1 2022** |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | **$ 389.0** | $ 379.9 | $ 393.1 | $ 364.5 | **$ 369.8** | $ 357.2 | $ 360.4 | $ 340.4 | **$ 331.7** |
| Income before income taxes | **95.7** | 85.2 | 125.7 | 55.4 | **118.7** | 86.8 | 139.6 | 90.0 | **125.3** |

## 4.4 CT REIT Segment Performance

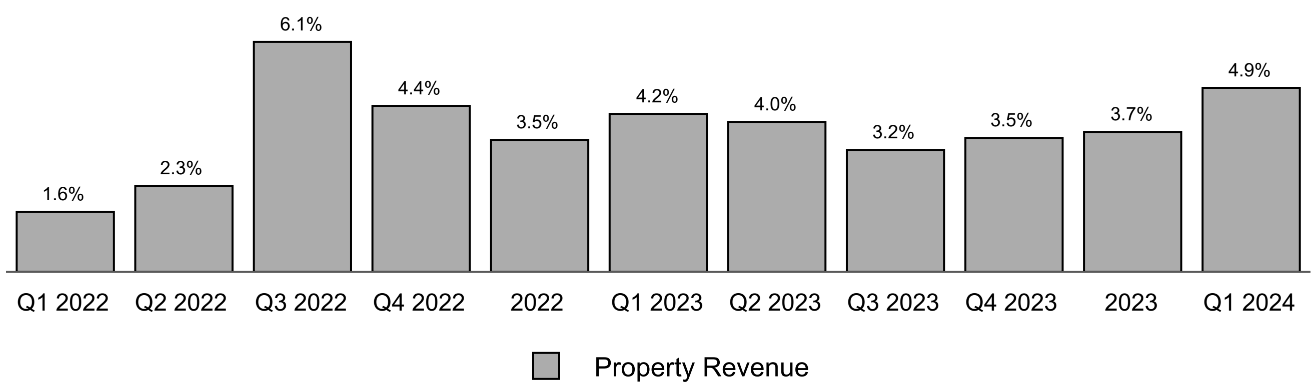
### 4.4.1 CT REIT Segment Financial Results

| (C$ in millions) | Q1 2024 | Q1 2023 | Change |
|---|---|---|---|
| Property revenue[1] | **$ 144.2** | $ 137.5 | 4.9 % |
| Property expense[1] | **31.9** | 30.5 | 4.4 % |
| General and administrative expense ("G&A") | **4.9** | 4.4 | 13.4 % |
| Net finance costs (income) | **29.9** | 27.9 | 7.1 % |
| Fair value loss (gain) adjustment[3] | **(23.6)** | 4.2 | NM[2] |
| Income before income taxes | **$ 101.1** | $ 70.5 | 43.4 % |
| Adjustment from fair value to amortized cost method on Investment property | | | |
| Fair value gain (loss) adjustment | **23.6** | (4.2) | NM[2] |
| Depreciation and impairment loss | **19.9** | 19.2 | 3.6 % |
| Income before income taxes, applying CTC accounting policies | **$ 57.6** | $ 55.5 | 3.8 % |

[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.

**Year-over-year Property Revenue Growth**




### CT REIT Segment Commentary

CT REIT segment income increased $2.1 million due to higher Property revenue, partially offset by higher Net finance costs and Property expense during the quarter. The increase in earnings was mainly due to the intensifications and developments completed during 2023, in addition to contractual rent escalations.

**CT REIT Segment Commentary** *(continued)*

| | Q1 2024 |
|---|---|
| **Property Revenue** | ▲ **$6.7 million or 4.9%**<br>• Property revenue was $144.2 million, an increase of $6.7 million, or 4.9 percent. The increase was mainly due to the intensifications and developments completed during 2023, as well as higher recovery of capital expenditures and interest earned on the unrecovered balance resulting from maintenance projects completed at the end of 2023. |
| **Property Expense** | ▲ **$1.4 million or 4.4%**<br>• Property expense was $31.9 million, an increase of $1.4 million, or 4.4 percent due to higher property taxes resulting from reassessed value associated with the intensifications and developments completed in 2023. |
| **G&A** | ▲ **$0.5 million or 13.4%**<br>• G&A was $4.9 million, an increase of $0.5 million, or 13.4 percent. The increase was driven by increased compensation and overall headcount. |
| **Depreciation and Impairment** | ▲ **$0.7 million or 3.6%**<br>• Depreciation and impairment was $19.9 million, an increase of $0.7 million due to intensifications and developments completed during 2023. |
| **Net Finance Costs (Income)** | ▲ **$2.0 million or 7.1%**<br>• Net finance costs were $29.9 million, an increase of $2.0 million or 7.1 percent, driven by the issuance of Series I senior unsecured debentures in Q4 2023, partially offset by lower Credit Facilities interest costs due to the repayment with the Series I debentures, lower interest costs due to mortgage maturity and higher interest income earned with cash on hand during the quarter. |
| **Earnings Summary** | ▲ **$2.1 million or 3.8%**<br>• Income before income taxes was $57.6 million, an increase of $2.1 million or 3.8 percent attributable to the reasons above. |

### 4.4.2 CT REIT Segment Key Performance Measures

| (C$ in millions) | **Q1 2024** | Q1 2023 | Change |
|---|---|---|---|
| Net operating income[1] | $ **113.5** | $ 107.4 | 5.6 % |
| Funds from operations[1] | **78.2** | 75.3 | 3.8 % |
| Adjusted funds from operations[1] | **72.6** | 69.2 | 4.9 % |

[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 5.6 percent compared to the prior year, primarily due to the intensifications of income-producing properties completed in 2023, and rent escalations.

**Funds from Operations ("FFO")**
FFO for the quarter increased by 3.8 percent compared to the prior year, primarily due to the increased recovery of capital expenditures and interest earned on the unrecovered balance and rent escalations.

**Adjusted Funds from Operations ("AFFO")**
AFFO for the quarter increased by 4.9 percent compared to the prior year, primarily due to the increased recovery of capital expenditures and interest earned on the unrecovered balance and rent escalations.

# 5.0 Balance Sheet Analysis, Liquidity, and Capital Resources

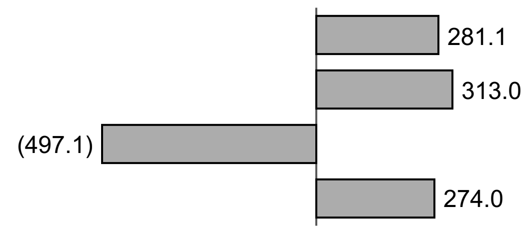
## 5.1 Selected Balance Sheet Highlights

Selected line items from the Company's assets and liabilities, as at March 30, 2024 and the year-over-year change versus April 1, 2023, are noted below:

| Change in Total assets | ▲ | $ | 263.3 |
|---|---|---|---|

| Selected Assets | March 30, 2024 |
|---|---|
| Cash and cash equivalents | 592.9 |
| Loans receivable (current portion) | 6,405.1 |
| Merchandise inventories | 2,782.5 |
| Property and equipment | 5,252.9 |

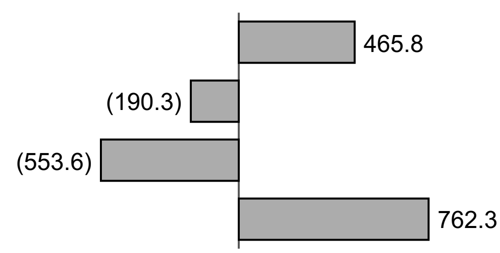
**Year-over-year change in assets**




| Change in Total liabilities | ▲ | $ | 515.1 |
|---|---|---|---|

| Selected Liabilities | March 30, 2024 |
|---|---|
| Deposits (current and long-term) | 3,543.8 |
| Short-term borrowings | 1,181.7 |
| Other long-term liabilities | 175.8 |
| Long-term debt (current and long-term portion) | 4,965.6 |

**Year-over-year change in liabilities**




| **Assets** | | | |
|---|---|---|---|
| Cash and cash equivalents | ▲ | **$281.1 million** | Refer to section 5.2 and Condensed Interim Consolidated Statements of Cash Flows for further details. |
| Loans receivable (current portion) | ▲ | **$313.0 million** | The increase was primarily due to increased cardholder activity, in both the number of active credit cards and average balance, partially offset by a higher allowance. |
| Merchandise inventories | ▼ | **$497.1 million** | Inventory declined 15.2 percent compared to prior year. Active management of inventory across the banners contributed to the decline in inventory. |
| Property and equipment | ▲ | **$274.0 million** | The increase was primarily driven by the Company's store investments as part of its *Better Connected* strategy. |

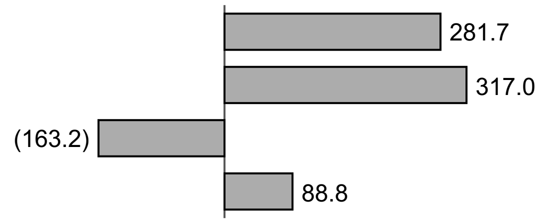
| **Liabilities** | | | |
|---|---|---|---|
| Deposits (current and long-term) | ▲ | **$465.8 million** | The increase was primarily due to increases in guaranteed investment certificate ("GIC") deposits to fund loans receivable growth in the Financial Services segment. |
| Short-term borrowings | ▼ | **$190.3 million** | The decrease was primarily due to CT REIT's repayment of short-term indebtedness with proceeds from their series I unsecured debentures issuance during Q2 2023 and also due to Retail segment's repayment of short-term borrowings during the quarter. This was partially offset by funding receivables growth in the Financial Services segment. |
| Other long-term liabilities | ▼ | **$553.6 million** | The decrease was primarily due to the extinguishment of the redeemable financial instrument as a result of the Company's repurchase of Scotiabank's 20 percent interest in CTFS in Q4 2023. |
| Long-term debt (current and long-term portion) | ▲ | **$762.3 million** | The increase was primarily due to total debt issuances after Q1 2023 of $1.75 billion by CTC, CT REIT, and Glacier Credit Card Trust ("GCCT"), partially offset by repayment of $1.0 billion in debt that matured in Q3 2023. |

Selected line items from the Company's assets and liabilities, as at March 30, 2024 and the change versus December 30, 2023, are noted below:

**Change in Total assets ▲ $ 447.8**

| Selected Assets | March 30, 2024 |
|---|---|
| Cash and cash equivalents | 592.9 |
| Trade and other receivables | 1,468.3 |
| Loans receivable (current portion) | 6,405.1 |
| Merchandise inventories | 2,782.5 |

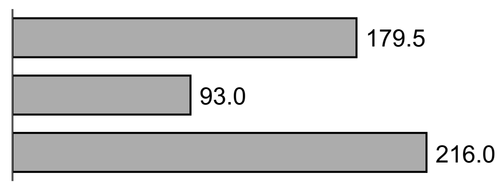
**Change in assets**




**Change in Total liabilities ▲ $ 441.5**

| Selected Liabilities | March 30, 2024 |
|---|---|
| Deposits (current and long-term) | 3,543.8 |
| Trade and other payables | 2,782.4 |
| Short-term borrowings | 1,181.7 |

**Change in liabilities**




| **Assets** | | | |
|---|---|---|---|
| Cash and cash equivalents | ▲ | **$281.7 million** | Refer to section 5.2 and Condensed Interim Consolidated Statements of Cash Flows for further details. |
| Trade and other receivables | ▲ | **$317.0 million** | The increase was a result of higher Dealer receivables due to timing and volume of payments, and an increase in fair values of derivative contracts. |
| Loans receivable (current portion) | ▼ | **$163.2 million** | The decrease was due to seasonality of the credit card portfolio in the Financial Services segment. |
| Merchandise inventories | ▲ | **$88.8 million** | The increase was primarily driven by higher inventory levels at CTR and Mark's. |

| **Liabilities** | | | |
|---|---|---|---|
| Deposits (current and long-term) | ▲ | **$179.5 million** | The increase was mainly due to increased GIC deposits to meet funding requirements, partially offset by a decline in demand deposits in the Financial Services segment. |
| Trade and other payables | ▲ | **$93.0 million** | The increase is due to timing and volume of payments, partially offset by a favourable change in the fair value of derivative contracts. |
| Short-term borrowings | ▲ | **$216.0 million** | The increase was primarily due to funding and capital requirements in the Retail segment. This was partially offset by a decrease in the Financial Services segment. |

### 5.2 Summary Cash Flows

Selected line items from the Company's Condensed Interim Consolidated Statements of Cash Flows for the quarters ended March 30, 2024 and April 1, 2023 are noted in the following table:

| (C$ in millions) | Q1 2024 | Q1 2023 | Change |
|---|---|---|---|
| Cash generated from (used for) operating activities | **$ 151.9** | $ (273.5) | $ 425.4 |
| Cash generated from (used for) investing activities | **(125.4)** | (196.7) | 71.3 |
| Cash generated from (used for) financing activities | **255.2** | 455.7 | (200.5) |
| Cash generated (used) in the period | **$ 281.7** | $ (14.5) | $ 296.2 |

| | Q1 2024 |
|---|---|
| **Operating activities** | ▲ **$425.4 million change**<br>• The increase in Cash generated from operating activities is primarily driven by Changes in operating working capital as compared to Q1 2023. |
| **Investing activities** | ▲ **$71.3 million change**<br>• The decrease in Cash used in investing activities is due to greater Proceeds from sale or maturity of short-term investments, and reduced Additions to property and equipment, investment property, and intangible assets as compared to Q1 2023. This is partially offset by an increase in Acquisitions of short-term investments. |
| **Financing activities** | ▼ **$200.5 million change**<br>• The Cash generated from financing activities declined primarily due to decreased Net issuance of short-term borrowings as compared to Q1 2023, partially offset by fewer Repurchases of share capital, growth in Deposits, timing of Payments of lease liabilities, and reduced Repayments of long-term debt. |

## 5.3 Capital Management

The Company's capital management objectives are as follows:

- Ensuring sufficient liquidity to meet its financial obligations when due and executing 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. Basel III is a global regulatory accord that was introduced to enhance the reputation, supervision, and risk management practices within the banking sector. The Bank has implemented several capital policies, procedures, and controls, including an annual Internal Capital Adequacy Assessment Process ("ICAAP"). These measures support the Bank in achieving its goals and objectives.

The Bank's objectives include maintaining capital to:

- meet all applicable regulatory requirements;
- maintain and reinforce confidence in the safety and soundness of the Bank;
- support growth in assets and liabilities; and
- offset possible operating and investment losses.

As at Q1 2024, the Bank 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 March 30, 2024 and April 1, 2023 were as follows:

| (C$ in millions) | | **Q1 2024** | | Q1 2023 |
|---|---|---|---|---|
| Modernization and efficiency enablers | **$** | **7.7** | $ | 19.1 |
| Omnichannel customer experience | | **95.7** | | 67.6 |
| Fulfillment infrastructure and automation | | **17.0** | | 20.0 |
| **Operating capital expenditures**[1] | **$** | **120.4** | $ | 106.7 |
| CT REIT acquisitions and developments excluding vend-ins from CTC | | **2.3** | | 11.6 |
| **Total capital expenditures**[2] | **$** | **122.7** | $ | 118.3 |

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 2024 |
|---|---|
| **Total capital expenditures** | ▲ **$11.5 million**<br>• The Company's operating capital expenditures and total capital expenditures were $120.4 million and $122.7 million respectively, an increase of $13.7 million and $4.4 million from the prior year driven mainly by the timing of spend. |

### Capital Commitments

The Company had commitments of approximately $142.3 million as at March 30, 2024 (April 1, 2023 – $143.5 million) for the acquisition of tangible and intangible assets.

## Operating Capital Expenditures

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

The Company plans to fund the *Better Connected* strategy, sustain the business, and continue prudent capital management and expects 2024 full-year operating capital expenditures to be in the range of $475 million to $525 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 having the ability to access additional capital from multiple sources. Several alternative liquidity 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 March 30, 2024<br>(C$ in millions) | Consolidated | Retail | Financial Services | CT REIT |
|---|---|---|---|---|
| Cash and cash equivalents | $ 592.9 | $ 73.2 | $ 469.5 | $ 50.2 |
| Short-term investments | 188.6 | — | 188.6 | — |
| **Total net cash and cash equivalents and short-term investments**[1] | $ 781.5 | $ 73.2 | $ 658.1 | $ 50.2 |
| Committed Bank Lines of Credit | 4,396.8 | 2,996.8 | 1,100.0 | 300.0 |
| Less: Borrowings outstanding[2] | 17.0 | — | 17.0 | — |
| Less: U.S. commercial paper outstanding | 869.7 | 869.7 | — | — |
| Less: Letters of credit outstanding | 3.0 | — | — | 3.0 |
| **Available Committed Bank Lines of Credit** | $ 3,507.1 | $ 2,127.1 | $ 1,083.0 | $ 297.0 |
| **Liquidity**[1] | $ 4,288.6 | $ 2,200.3 | $ 1,741.1 | $ 347.2 |

[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 $781.5 million in cash and short-term investments, net of bank indebtedness, and $4.3 billion in liquidity with $2.2 billion, $1.7 billion, and $347.2 million at its Retail, Financial Services, and CT REIT segments, respectively.

As at Q1 2024, CTC, CT REIT, CTB, and Helly Hansen complied with all financial covenants under the agreements for the committed bank lines of credit listed in the following Financing Source table:

| Financing Source | |
|---|---|
| Committed Bank Lines of Credit and Securitized Note Purchase Facility | • Provided by a syndicate of seven Canadian and three international financial institutions, $1,975 million in an unsecured bank line of credit is available to the Retail segment for general corporate purposes, expiring in June 2027. As of March 30, 2024, the Retail segment had no borrowings outstanding on this bank line of credit. Provided by a syndicate of five Canadian financial institutions, $1.0 billion in an unsecured bank line of credit is available to the Retail segment for general corporate purposes, expiring in May 2025. As of March 30, 2024, there were no borrowings outstanding on this bank line of credit.<br>• Helly Hansen has a 175 million Norwegian Krone ("NOK") secured overdraft facility ($21.8 million of Canadian dollar equivalent) provided by a Norwegian bank, expiring in January 2025. As of March 30, 2024, Helly Hansen had no borrowings outstanding on its facility.<br>• Provided by a syndicate of seven Canadian financial institutions, $300 million in an unsecured bank line of credit is available to CT REIT for general business purposes, expiring in September 2027. As of March 30, 2024, CT REIT had no borrowings outstanding on its bank line of credit.<br>• Scotiabank has provided CTB with a $400 million unsecured bank line of credit and a $700 million securitized note purchase facility for the purchase of senior and subordinated credit card asset-backed notes issued by GCCT, both of which expire in April 2025. As of March 30, 2024, CTB had $17.0 million of borrowings outstanding on its bank line of credit and a nominal amount owing on its note purchase facility. |
| Commercial Paper Programs | • CTC has a commercial paper program that allows it to issue up to a maximum aggregate principal amount of US$1.0 billion of unsecured short-term promissory notes in the United States. Terms to maturity for the promissory notes range from one to 270 days from the date of issue. Notes are issued at a discount and rank equally in right of payment with all other present and future unsecured and unsubordinated obligations to creditors of CTC. As of March 30, 2024, CTC had a C$ equivalent of $869.7 million U.S. commercial paper outstanding.<br>• Concurrent with CTC's US$ commercial paper issuances, CTC enters 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.<br>• 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 of March 30, 2024, GCCT had $295.0 million of asset-backed commercial paper notes outstanding. |
| Medium-Term Notes, Term Loan and Senior Unsecured Debentures | • As of March 30, 2024, CTC had an aggregate principal amount of $1,150.0 million of medium-term notes outstanding and a $400.0 million term loan from Desjardins Capital Markets.<br>• As of March 30, 2024, CT REIT had an aggregate principal amount of $1,425.0 million of senior unsecured debentures outstanding. |
| Asset-backed Senior and Subordinated Term Notes | • As of March 30, 2024, GCCT had an aggregate principal amount of $1,990.0 million of credit card asset-backed term notes outstanding, consisting of $1,860.7 million principal amount of senior-term notes and $129.3 million principal amount of subordinated term notes. |
| Broker GIC Deposits | • Funds continue to be readily available to CTB through broker networks. As of March 30, 2024, CTB held $2,917.7 million in broker GIC deposits. |
| Retail Deposits | • Retail deposits consist of High Interest Savings ("HIS") and retail GIC deposits held by CTB, available both within and outside a tax-free savings account. As of March 30, 2024, CTB held $626.1 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 of March 30, 2024, CTC had a 68.4 percent effective ownership interest in CT REIT.<br>• 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.<br>• As of March 30, 2024, CT REIT had an aggregate principal amount of $9.0 million of mortgages, secured by certain investment properties, outstanding. |

### 5.5.1 Contractual Obligations, Guarantees, and Commitments

For a description of contractual obligations as at December 30, 2023, refer to section 6.5.1 of the Company's 2023 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 March 30, 2024.

For a discussion of the Company's significant guarantees and commitments, refer to Note 35 to the Company's 2023 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 2023 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) | March 30, 2024 | April 1, 2023 | December 30, 2023 |
|---|---|---|---|
| **Authorized** | | | |
| 3,423,366 Common Shares | | | |
| 100,000,000 Class A Non-Voting Shares | | | |
| **Issued** | | | |
| 3,423,366 Common Shares (April 1, 2023 – 3,423,366; December 30, 2023 – 3,423,366) | **$ 0.2** | $ 0.2 | $ 0.2 |
| 52,197,823 Class A Non-Voting Shares (April 1, 2023 – 53,306,998; December 30, 2023 – 52,197,823) | **605.7** | 583.8 | 598.5 |
| | **$ 605.9** | $ 584.0 | $ 598.7 |

Each year, the Company files a Notice of Intention to Make a Normal Course Issuer Bid ("Notice of Intention") with the Toronto Stock Exchange ("TSX") which allows it to repurchase 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 repurchase or as otherwise permitted under the rules of the TSX and applicable securities laws. Class A Non-Voting Shares repurchased by the Company pursuant to the Normal Course Issuer Bid ("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 16, 2023, the TSX accepted the Company's Notice of Intention to repurchase up to 5.1 million Class A Non-Voting Shares during the period March 2, 2023 to March 1, 2024 ("2023-24 NCIB"). On February 15, 2024, the TSX accepted the Company's Notice of Intention to repurchase up to 4.9 million Class A Non-Voting Shares during the period March 2, 2024 to March 1, 2025 ("2024-25 NCIB"). Also on February 15, 2024, the TSX accepted a new Automatic Securities Purchase Plan ("ASPP") which expires on March 1, 2025 ("2024-25 ASPP") and allows a designated broker to repurchase Class A Non-Voting Shares under the 2024-25 NCIB during the Company's blackout periods, subject to pre-defined parameters.

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

On November 9, 2023, the Company announced its intention to repurchase up to $200 million of its Class A Non-Voting Shares during 2024, in excess of the amount required for anti-dilutive purposes, and subject to acceptance by the TSX of the renewal of the Company's NCIB in 2024. No such repurchases occurred during the quarter.

## 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 dividend payout ratio may fluctuate in any particular year.

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

On May 8, 2024, the Company's Board of Directors declared dividends of $1.750 per share payable on September 1, 2024 to shareholders of record as of July 31, 2024. The dividend is considered an "eligible dividend" for tax purposes.

## 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 2024, 345,000 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 $12.6 million. The Company entered into 345,000 units of new equity-forward contracts in Q1 2024 with a hedge rate of $131.92.

## 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 2023 Annual MD&A.

The Company regularly reviews the potential of 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 March 30, 2024 were $25.8 million (2023 – $23.8 million). The effective tax rate for the 13 weeks ended March 30, 2024 decreased to 21.2 percent (2023 – 35.9 percent), primarily due to lower 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 2023 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 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 2023 Consolidated Financial Statements and Notes.

### 8.2 Changes in Accounting Policies

#### Standards, Amendments and Interpretations Issued and Adopted

***Lease Liability in a Sale and Leaseback***

In September 2022, the International Accounting Standards Board (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. The Company adopted these amendments this year and determined there to be no material impact on the consolidated financial statements.

### *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. The Company adopted these amendments this year and determined there to be no material impact on the consolidated financial statements.

### *Supplier Finance Arrangements*

In May 2023, the IASB issued amendments to IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures*. The amendments add requirements to disclose information that allows users to assess how supplier finance arrangements affect an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company adopted these amendments in the current year 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 28, 2024 and, accordingly, have not been applied in preparing these interim financial statements.

### *Lack of Exchangeability*

In August 2023, the IASB issued amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates* in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.

# 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 SG&A and Other expense (income) 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. Normalized Other expense (income) is most directly comparable to Other expense (income), a GAAP measure reported in the consolidated financial statements.

| (C$ in millions) | **Q1 2024** | Q1 2023 |
|---|---|---|
| Other expense (income) | **$ (0.9)** | $ 79.0 |
| Add normalizing items: | | |
| DC fire | **—** | (67.7) |
| **Normalized Other expense (income)** | **$ (0.9)** | $ 11.3 |

### Retail Normalized Other Expense (Income)

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

| (C$ in millions) | **Q1 2024** | Q1 2023 |
|---|---|---|
| Other expense (income) | **$ (0.9)** | $ 79.0 |
| Less: Other operating segments | **37.0** | 36.1 |
| Retail Other expense (income) | **$ (37.9)** | $ 42.9 |
| Add normalizing items: | | |
| DC fire | **—** | (67.7) |
| **Retail Normalized Other expense (income)** | **$ (37.9)** | $ (24.8) |

## 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 Net finance costs (income) and 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 2024** | Q1 2023 |
|---|---|---|
| Income before income taxes | **$ 121.8** | $ 66.6 |
| Add: | | |
| Depreciation and amortization[1] | **197.3** | 203.0 |
| Net finance costs (income) | **90.5** | 73.0 |
| EBITDA | **$ 409.6** | $ 342.6 |
| Add normalizing items: | | |
| DC fire | **—** | 67.7 |
| **Normalized EBITDA** | **$ 409.6** | $ 410.3 |

[1] *Depreciation and amortization reported in Cost of producing revenue for the 13 weeks ended March 30, 2024 was $6.7 million (2023 – $10.9 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 Net finance costs (income) and Depreciation and amortization. Retail EBITDA is then adjusted for normalizing items.

| (C$ in millions) | **Q1 2024** | Q1 2023 |
|---|---|---|
| Income before income taxes | **$ 121.8** | $ 66.6 |
| Less: Other operating segments | **121.2** | 145.9 |
| Retail Income before income taxes | **$ 0.6** | $ (79.3) |
| Add: | | |
| Depreciation and amortization[1] | **243.9** | 250.6 |
| Net finance costs (income) | **79.8** | 61.2 |
| Retail EBITDA | **$ 324.3** | $ 232.5 |
| Add normalizing items: | | |
| DC fire | **—** | 67.7 |
| **Retail Normalized EBITDA** | **$ 324.3** | $ 300.2 |

[1] *Depreciation and amortization reported in Cost of producing revenue for the 13 weeks ended March 30, 2024 was $6.7 million (2023 – $10.9 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 2024 | Q1 2023 |
|---|---|---|
| Income before income taxes | **$ 121.8** | $ 66.6 |
| Add normalizing items: | | |
| DC fire | **—** | 67.7 |
| **Normalized Income before income taxes** | **$ 121.8** | $ 134.3 |

## Retail Normalized Income Before Income Taxes

Retail 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 Retail 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 2024 | Q1 2023 |
|---|---|---|
| Income before income taxes | **$ 121.8** | $ 66.6 |
| Less: Other operating segments | **121.2** | 145.9 |
| Retail Income before income taxes | **$ 0.6** | $ (79.3) |
| Add normalizing items: | | |
| DC fire | **—** | 67.7 |
| **Retail Normalized Income before income taxes** | **$ 0.6** | $ (11.6) |

## Normalized Income Tax Expense (Recovery) and Normalized Effective Tax Rate

Management uses Normalized Income tax expense (recovery) 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 expense (recovery) to Income tax expense (recovery) which is a GAAP measure reported in the consolidated financial statements.

Normalized effective tax rate is calculated by dividing Normalized Income tax expense (recovery) by Normalized Income before income taxes.

| (C$ in millions) | Q1 2024 | Q1 2023 |
|---|---|---|
| Income tax expense (recovery) | **$ 25.8** | $ 23.8 |
| Add tax effect of normalizing items: | | |
| DC fire | **—** | 17.9 |
| **Normalized Income tax expense (recovery)** | **$ 25.8** | $ 41.7 |

### Normalized Net Income, Normalized Net Income Attributable to Shareholders, Normalized Diluted Earnings per Share, and 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 EPS to Net income, a GAAP measure reported in the consolidated financial statements.

Dividend payout ratio is calculated by dividing total dividends by the prior year's Normalized Net income.

| (C$ in millions, except per share amounts) | Q1 2024 | Q1 2023 |
|---|---|---|
| Net income | **$ 96.0** | $ 42.8 |
| Net income attributable to shareholders | **76.8** | 7.8 |
| Add normalizing items: | | |
| DC fire | **—** | 49.8 |
| **Normalized Net income** | **$ 96.0** | $ 92.6 |
| **Normalized Net income attributable to shareholders[1]** | **$ 76.8** | $ 57.6 |
| **Normalized Diluted EPS** | **$ 1.38** | $ 1.00 |

1 *$5.0 million relates to non-controlling interests and is not included in the sum of Normalized net income attributable to shareholders.*

### 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 2024 | Q1 2023 |
|---|---|---|
| Total additions[1] | **$ 117.9** | $ 129.1 |
| Add: Accrued additions | **4.8** | (10.8) |
| Less: CT REIT acquisitions and developments excluding vend-ins from CTC | **2.3** | 11.6 |
| **Operating capital expenditures** | **$ 120.4** | $ 106.7 |

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 12-month 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 2024** | Q1 2023 |
| Income before income taxes | **$ 628.0** | $ 1,355.5 |
| Less: Other operating segments | **141.1** | 535.5 |
| Retail Income before income taxes | **$ 486.9** | $ 820.0 |
| Add normalizing items: | | |
| Operational Efficiency program | **—** | 45.0 |
| Helly Hansen Russia exit | **—** | 36.5 |
| Targeted headcount reduction-related charge | **19.6** | — |
| DC fire | **(56.4)** | 67.7 |
| Retail Normalized Income before income taxes | **$ 450.1** | $ 969.2 |
| Less: | | |
| Retail intercompany adjustments[1] | **212.2** | 211.2 |
| Add: | | |
| Retail interest expense[2] | **338.7** | 262.8 |
| Retail depreciation of right-of-use assets | **618.1** | 607.3 |
| Retail effective tax rate | **25.7 %** | 26.4 % |
| Add: Retail taxes | **(306.5)** | (429.6) |
| **Retail return** | **$ 888.2** | $ 1,198.5 |
| | | |
| Average total assets | **$ 22,239.4** | $ 21,884.0 |
| Less: Average assets in other operating segments | **4,437.8** | 4,302.7 |
| Average Retail assets | **$ 17,801.6** | $ 17,581.3 |
| Less: | | |
| Average Retail intercompany adjustments[1] | **3,939.0** | 3,542.8 |
| Average Retail trade payables and accrued liabilities[3] | **2,796.6** | 2,989.7 |
| Average Franchise Trust assets | **531.3** | 474.7 |
| Average Retail excess cash | **—** | — |
| **Average Retail invested capital** | **$ 10,534.7** | $ 10,574.1 |
| **Retail ROIC** | **8.4 %** | 11.3 % |

*[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 2024** | Q1 2023 |
|---|---|---|
| Revenue | **$ 3,524.9** | $ 3,707.2 |
| Less: Other operating segments and other banners | **3,332.7** | 3,498.8 |
| Helly Hansen Revenue (CAD) | **$ 192.2** | $ 208.4 |
| NOK/CAD average FX rate | **7.80** | 7.56 |
| Helly Hansen Revenue (Kroner) | **$ 1,498.4** | $ 1,576.3 |
| NOK/CAD constant FX rate | **7.56** | 7.56 |
| **Helly Hansen Revenue (constant currency)** | **$ 198.2** | $ 208.5 |

### 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 March 30, 2024<br>(C$ in millions) | **Consolidated** | **Retail** | **Financial Services** | **REIT** |
|---|---|---|---|---|
| Consolidated net debt | | | | |
| Short-term deposits | **$ 1,061.8** | **$ —** | **$ 1,061.8** | **$ —** |
| Long-term deposits | **2,482.0** | **—** | **2,482.0** | **—** |
| Short-term borrowings | **1,181.7** | **869.7** | **312.0** | **—** |
| Long-term debt | **4,965.6** | **1,550.7** | **1,985.2** | **1,429.7** |
| Total debt | **$ 9,691.1** | **$ 2,420.4** | **$ 5,841.0** | **$ 1,429.7** |
| Cash and cash equivalents[1] | **(592.9)** | **(73.1)** | **(469.5)** | **(50.3)** |
| Short-term investments[1] | **(188.6)** | **—** | **(188.6)** | **—** |
| Long-term investments[1] | **(68.6)** | **(8.6)** | **(60.0)** | **—** |
| Net debt | **$ 8,841.0** | **$ 2,338.7** | **$ 5,122.9** | **$ 1,379.4** |
| Intercompany debt | **—** | **(1,527.2)** | **75.6** | **1,451.6** |
| **Adjusted net debt** | **$ 8,841.0** | **$ 811.5** | **$ 5,198.5** | **$ 2,831.0** |

[1] *Includes regulatory reserves.*

As at April 1, 2023

| (C$ in millions) | Consolidated | Retail | Financial Services | REIT |
|---|---|---|---|---|
| Consolidated net debt | | | | |
| 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.*

## 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 2024** | Q1 2023 |
|---|---|---|
| Current portion of loans receivable | **$ 6,405.1** | $ 6,092.1 |
| Add: ECL allowance | **925.7** | 896.9 |
| Less: | | |
| Other discounts or adjustments | **169.7** | 144.1 |
| Line of credit and current portion of dealer loans | **78.3** | 67.3 |
| **Total gross credit card receivables** | **$ 7,082.8** | $ 6,777.6 |
| Less: Loans no more than 30 days past due | **6,827.8** | 6,568.7 |
| **Past due gross credit card receivables** | **$ 255.0** | $ 208.9 |

## 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 2024** | Q1 2023 |
|---|---|---|
| Revenue | **$ 3,524.9** | $ 3,707.2 |
| Less: Other operating segments | **3,380.7** | 3,569.7 |
| CT REIT Property revenue | **$ 144.2** | $ 137.5 |
| Less: | | |
| CT REIT Property expense | **31.9** | 30.5 |
| CT REIT property straight-line rent revenue | **(1.2)** | (0.4) |
| **CT REIT net operating income** | **$ 113.5** | $ 107.4 |

## 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 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 and 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 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 Income before income taxes to FFO and further reconciles FFO to AFFO:

| (C$ in millions) | Q1 2024 | Q1 2023 |
|---|---|---|
| Income before income taxes | **$ 121.8** | $ 66.6 |
| Less: Other operating segments | **20.7** | (3.9) |
| CT REIT income before income taxes | **$ 101.1** | $ 70.5 |
| Add: | | |
| CT REIT fair value loss (gain) adjustment | **(23.6)** | 4.2 |
| CT REIT deferred taxes | **0.9** | 0.4 |
| CT REIT lease principal payments on right-of-use assets | **(0.2)** | (0.4) |
| CT REIT fair value of equity awards | **(0.4)** | 0.3 |
| CT REIT internal leasing expense | **0.4** | 0.3 |
| **CT REIT funds from operations** | **$ 78.2** | $ 75.3 |
| Less: | | |
| CT REIT properties straight-line rent revenue | **(1.2)** | (0.4) |
| CT REIT direct leasing costs | **0.3** | 0.2 |
| CT REIT capital expenditure reserve | **6.5** | 6.3 |
| **CT REIT adjusted funds from operations** | **$ 72.6** | $ 69.2 |

## 9.2 Supplementary Financial Measures

### Average Account Balance

Average account balance measures average aggregate account balances in 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.

### 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 Dollars excluding Petroleum and Gross Margin Rate excluding Petroleum
Gross margin dollars excluding Petroleum captures gross margin dollars in the consolidated entity or Retail segment, as measured according to the Company's IFRS accounting policy, while excluding gross margin dollars 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 Percentage 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.

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

### Personalized Sales
Personalized sales are Retail sales made to loyalty members through personalized offers.

### 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, that 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, Canadian Tire 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 Percentage 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, the Company is exposed to risks that could have a material adverse impact on the Company's brand, financial performance, and/or ability to achieve its strategic objectives. The effective management of risk is a key priority in order to support CTC in achieving its strategies and business objectives. Accordingly, CTC has adopted an Enterprise Risk Management Framework ("ERM Framework") for identifying, assessing, monitoring, mitigating, and reporting key risks. Refer to Section 2.6 Risk Factors in the 2023 AIF for further details of CTC's ERM Framework.

The Company's 2023 Annual MD&A sets out the key risks identified through the Company's ERM Framework as well as other business risks that may impact the Company's Retail, Financial Services and CT REIT segments which may have a materially adverse effect on the Company. There may be additional risks and uncertainties not currently known to management or risks that are not considered material at this time which may evolve and materially and adversely affect the Company in the future. The actual effect of any risk may be materially different than what is currently anticipated.

The description of these risks also sets out the risk management strategies and measures undertaken by management. Although the Company believes the strategies and measures taken are reasonable in order to effectively manage the risks within the Company's risk appetite, there can be no assurance that these measures will effectively mitigate these risks.

When considering whether to purchase or sell securities of CTC, investors and others should carefully consider these factors (including that risk management strategies and measures may not effectively mitigate such risks) as well as other uncertainties, potential events and global, macroeconomic, industry-specific or other factors that may adversely impact CTC's future performance.

Refer to Section 11.0 in the Company's 2023 Annual MD&A for further discussion of the Company's 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 2023 Annual MD&A.

### Changes in Internal Control Over Financial Reporting

During the quarter ended March 30, 2024, 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 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 also has a target 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 2023 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 operating capital expenditures for the 2024 fiscal year in sections 3.0 and 5.4.1;
- the Company's strategic investments and strategic initiatives, including planned store openings and refreshes, in section 3.0; and
- the Company's intention to purchase its Class A Non-Voting Shares during the 2024 fiscal year in section 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, 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, and that risks do not materialize or are successfully mitigated. 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, customer loyalty programs and the introduction of new technologies; (f) geopolitical risks, 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, privacy and data breaches, property management and development, environmental liabilities, social matters, 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 and timing to complete any proposed acquisition or divestiture; (o) the Company's ability to realize the anticipated benefits or synergies from its acquisitions and investments or divestitures; and (p) the timing and results of the review of strategic alternatives for the Company's Financial Services business. 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 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+ website at http://www.sedarplus.ca 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 consider 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.sedarplus.ca.

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

***CANADIAN TIRE CORPORATION, LIMITED***

***CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS***

**Q1 2024**

# 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<br>(C$ in millions)(unaudited) | March 30, 2024 | April 1, 2023 | December 30, 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents (Note 15) | **$ 592.9** | $ 311.8 | $ 311.2 |
| Short-term investments | **188.6** | 177.3 | 177.2 |
| Trade and other receivables | **1,468.3** | 1,507.5 | 1,151.3 |
| Loans receivable (Note 5) | **6,405.1** | 6,092.1 | 6,568.3 |
| Merchandise inventories | **2,782.5** | 3,279.6 | 2,693.7 |
| Income taxes recoverable | **124.5** | 92.5 | 125.9 |
| Prepaid expenses and deposits | **276.5** | 238.5 | 246.6 |
| Assets classified as held for sale | **18.8** | 2.6 | 18.9 |
| **Total current assets** | **11,857.2** | 11,701.9 | 11,293.1 |
| Long-term receivables and other assets | **682.3** | 677.2 | 645.8 |
| Long-term investments | **68.6** | 62.5 | 108.2 |
| Goodwill and intangible assets | **2,201.0** | 2,287.7 | 2,254.7 |
| Investment property | **440.6** | 421.6 | 443.7 |
| Property and equipment | **5,252.9** | 4,978.9 | 5,219.5 |
| Right-of-use assets | **1,857.0** | 1,886.7 | 1,933.8 |
| Deferred income taxes | **66.5** | 146.3 | 79.5 |
| **Total assets** | **$ 22,426.1** | $ 22,162.8 | $ 21,978.3 |
| **LIABILITIES** | | | |
| Deposits | **1,061.8** | 1,191.5 | 1,041.7 |
| Trade and other payables | **2,782.4** | 2,849.3 | 2,689.4 |
| Provisions | **206.6** | 212.8 | 219.9 |
| Short-term borrowings (Note 6) | **1,181.7** | 1,372.0 | 965.7 |
| Loans | **559.3** | 502.8 | 519.9 |
| Current portion of lease liabilities | **376.9** | 369.0 | 378.5 |
| Income taxes payable | **17.6** | 15.5 | 13.4 |
| Current portion of long-term debt | **560.5** | 985.0 | 560.5 |
| **Total current liabilities** | **6,746.8** | 7,497.9 | 6,389.0 |
| Long-term provisions | **52.1** | 64.9 | 59.8 |
| Long-term debt | **4,405.1** | 3,218.3 | 4,404.0 |
| Long-term deposits | **2,482.0** | 1,886.5 | 2,322.6 |
| Long-term lease liabilities | **1,931.3** | 1,934.4 | 1,986.0 |
| Deferred income taxes | **181.9** | 128.5 | 182.1 |
| Other long-term liabilities | **175.8** | 729.4 | 190.0 |
| **Total liabilities** | **15,975.0** | 15,459.9 | 15,533.5 |
| **EQUITY** | | | |
| Share capital (Note 7) | **605.9** | 584.0 | 598.7 |
| Contributed surplus | **2.9** | 2.9 | 2.9 |
| Accumulated other comprehensive income (loss) | **(163.2)** | (147.9) | (181.8) |
| Retained earnings | **5,099.5** | 4,843.9 | 5,128.2 |
| **Equity attributable to shareholders of Canadian Tire Corporation** | **5,545.1** | 5,282.9 | 5,548.0 |
| Non-controlling interests | **906.0** | 1,420.0 | 896.8 |
| **Total equity** | **6,451.1** | 6,702.9 | 6,444.8 |
| **Total liabilities and equity** | **$ 22,426.1** | $ 22,162.8 | $ 21,978.3 |

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

# Condensed Interim Consolidated Statements of Income

| For the | | 13 weeks ended | | |
|---|---|---|---|---|
| (C$ in millions, except share and per share amounts)(unaudited) | | **March 30, 2024** | | April 1, 2023 |
| **Revenue** (Note 9) | **$** | **3,524.9** | $ | 3,707.2 |
| Cost of producing revenue (Note 10) | | **2,274.7** | | 2,425.3 |
| **Gross margin** | | **1,250.2** | | 1,281.9 |
| Other expense (income) | | **(0.9)** | | 79.0 |
| Selling, general and administrative expenses (Note 11) | | **848.2** | | 871.2 |
| Depreciation and amortization (Note 12) | | **190.6** | | 192.1 |
| Net finance costs (income) (Note 13) | | **90.5** | | 73.0 |
| **Income before income taxes** | | **121.8** | | 66.6 |
| **Income tax expense (recovery)** | | **25.8** | | 23.8 |
| **Net income** | **$** | **96.0** | $ | 42.8 |
| Net income attributable to: | | | | |
| Shareholders of Canadian Tire Corporation | **$** | **76.8** | $ | 7.8 |
| Non-controlling interests | | **19.2** | | 35.0 |
| | **$** | **96.0** | $ | 42.8 |
| **Basic earnings (loss) per share** | **$** | **1.38** | $ | 0.14 |
| **Diluted earnings (loss) per share** | **$** | **1.38** | $ | 0.13 |
| **Weighted average number of Common and Class A Non-Voting Shares outstanding:** | | | | |
| **Basic** | | **55,623,371** | | 57,188,770 |
| **Diluted** | | **55,765,698** | | 57,432,020 |

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 March 30, 2024 | April 1, 2023 |
|---|---|---|
| **Net income** | **$ 96.0** | $ 42.8 |
| **Other comprehensive income (loss), net of taxes** | | |
| **Items that may be reclassified subsequently to Net income (loss):** | | |
| Net fair value gains (losses) on hedging instruments entered into for cash flow hedges not subject to basis adjustment | **21.0** | (27.9) |
| Deferred cost of hedging not subject to basis adjustment – Changes in fair value of the time value of an option in relation to time-period-related hedged items | **(1.6)** | 3.6 |
| Reclassification of losses (gains) to income | **(0.3)** | 0.6 |
| Currency translation adjustment | **(35.5)** | (55.8) |
| **Items that will not be reclassified subsequently to Net income (loss):** | | |
| Net fair value gains (losses) on hedging instruments entered into for cash flow hedges subject to basis adjustment | **48.0** | 5.3 |
| Other comprehensive income (loss) | **$ 31.6** | $ (74.2) |
| Other comprehensive income (loss) attributable to: | | |
| Shareholders of Canadian Tire Corporation | **$ 31.6** | $ (69.5) |
| Non-controlling interests | **—** | (4.7) |
| | **$ 31.6** | $ (74.2) |
| **Comprehensive income (loss)** | **$ 127.6** | $ (31.4) |
| Comprehensive income (loss) attributable to: | | |
| Shareholders of Canadian Tire Corporation | **$ 108.4** | $ (61.7) |
| Non-controlling interests | **19.2** | 30.3 |
| | **$ 127.6** | $ (31.4) |

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) | **March 30, 2024** | April 1, 2023 |
| **Cash generated from (used for):** | | |
| **Operating activities** | | |
| Net income | **$ 96.0** | $ 42.8 |
| Adjustments for: | | |
| Depreciation of property and equipment, investment property, and right-of-use assets | **167.1** | 170.7 |
| Impairment on property and equipment, investment property, and right-of-use assets | **0.2** | — |
| Income taxes | **25.8** | 23.8 |
| Net finance costs (Note 13) | **90.5** | 73.0 |
| Amortization of intangible assets (Note 13) | **30.2** | 32.3 |
| Loss (gain) on disposal of property and equipment, investment property, assets held for sale and right-of-use assets | **(0.4)** | (3.5) |
| Non-cash charge related to fire at A.J. Billes Distribution Centre | **—** | 42.0 |
| Total except as noted below | **409.4** | 381.1 |
| Interest paid | **(121.2)** | (96.3) |
| Interest received | **12.1** | 7.1 |
| Income taxes paid | **(23.1)** | (102.1) |
| Change in loans receivable | **168.3** | 180.7 |
| Change in operating working capital and other[1] | **(293.6)** | (644.0) |
| **Cash generated from (used for) operating activities** | **151.9** | (273.5) |
| **Investing activities** | | |
| Additions to property and equipment and investment property[1] | **(105.0)** | (137.7) |
| Additions to intangible assets | **(12.9)** | (29.0) |
| Total additions | **(117.9)** | (166.7) |
| Acquisition of short-term investments | **(58.5)** | (32.3) |
| Proceeds from maturity and disposition of short-term investments | **86.7** | 31.6 |
| Proceeds on disposition of property and equipment, investment property, and assets held for sale | **0.5** | — |
| Lease payments received for finance subleases (principal portion) | **3.0** | 6.4 |
| Acquisition of long-term investments and other | **(0.3)** | (6.0) |
| Change in Franchise Trust loans receivable | **(38.9)** | (29.7) |
| **Cash generated from (used for) investing activities** | **(125.4)** | (196.7) |
| **Financing activities** | | |
| Dividends paid | **(89.6)** | (93.7) |
| Distributions paid to non-controlling interests | **(17.2)** | (35.2) |
| Net issuance of short-term borrowings | **216.0** | 795.8 |
| Issuance of loans | **65.5** | 69.3 |
| Repayment of loans | **(26.5)** | (39.5) |
| Repayment of long-term debt | **(0.1)** | (55.8) |
| Payment of lease liabilities (principal portion) | **(68.5)** | (130.9) |
| Purchase of Class A Non-Voting Shares | **(7.6)** | (168.0) |
| Net receipts (payments) on financial instruments | **5.1** | 2.6 |
| Change in deposits | **178.1** | 111.1 |
| **Cash generated from (used for) financing activities** | **255.2** | 455.7 |
| **Cash generated (used) in the period** | **281.7** | (14.5) |
| **Cash and cash equivalents, net of bank indebtedness, beginning of period** | **311.2** | 326.3 |
| **Cash and cash equivalents, end of period** | **$ 592.9** | $ 311.8 |

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) | | | Retained earnings | Equity attributable to shareholders of Canadian Tire Corporation | Equity attributable to non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | | Cash flow hedges | Currency translation adjustment | Total accumulated other comprehensive income (loss) | | | | |
| **Balance at December 30, 2023** | **$ 598.7** | **$ 2.9** | **$ 26.5** | **$ (226.4)** | **$ (181.8)** | **$ 5,128.2** | **$ 5,548.0** | **$ 896.8** | **$ 6,444.8** |
| **Net income (loss)** | **—** | **—** | **—** | **—** | **—** | **76.8** | **76.8** | **19.2** | **96.0** |
| **Other comprehensive income (loss)** | **—** | **—** | **67.1** | **(35.5)** | **31.6** | **—** | **31.6** | **—** | **31.6** |
| **Total comprehensive income (loss)** | **—** | **—** | **67.1** | **(35.5)** | **31.6** | **76.8** | **108.4** | **19.2** | **127.6** |
| **Transfers of cash flow hedge losses (gains) to non-financial assets** | **—** | **—** | **(13.0)** | **—** | **(13.0)** | **—** | **(13.0)** | **—** | **(13.0)** |
| **Contributions and distributions to shareholders of Canadian Tire Corporation** | | | | | | | | | |
| Issuance of Class A Non-Voting Shares (Note 7) | **7.8** | **—** | **—** | **—** | **—** | **—** | **7.8** | **—** | **7.8** |
| Purchase of Class A Non-Voting Shares (Note 7) | **(7.6)** | **—** | **—** | **—** | **—** | **—** | **(7.6)** | **—** | **(7.6)** |
| Excess of purchase price over average cost (Note 7) | **7.0** | **—** | **—** | **—** | **—** | **(7.0)** | **—** | **—** | **—** |
| Dividends | **—** | **—** | **—** | **—** | **—** | **(98.5)** | **(98.5)** | **—** | **(98.5)** |
| **Contributions and distributions to non-controlling interests** | | | | | | | | | |
| Issuance of trust units to non-controlling interests, net of transaction costs | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **7.2** | **7.2** |
| Distributions and dividends to non-controlling interests | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **(17.2)** | **(17.2)** |
| **Total contributions and distributions** | **7.2** | **—** | **(13.0)** | **—** | **(13.0)** | **(105.5)** | **(111.3)** | **(10.0)** | **(121.3)** |
| **Balance at March 30, 2024** | **$ 605.9** | **$ 2.9** | **$ 80.6** | **$ (261.9)** | **$ (163.2)** | **$ 5,099.5** | **$ 5,545.1** | **$ 906.0** | **$ 6,451.1** |

| (C$ in millions)(unaudited) | Share capital | Contributed surplus | Total accumulated other comprehensive income (loss) | | | Retained earnings | Equity attributable to shareholders of Canadian Tire Corporation | Equity attributable to non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | | Cash flow hedges | Currency translation adjustment | Total accumulated other comprehensive income (loss) | | | | |
| **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 (loss)** | — | — | — | — | — | 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 income (loss)** | — | — | (13.7) | (55.8) | (69.5) | 7.8 | (61.7) | 30.3 | (31.4) |
| **Transfers of cash flow hedge losses (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 7) | 5.2 | — | — | — | — | — | 5.2 | — | 5.2 |
| Purchase of Class A Non-Voting Shares (Note 7) | (162.8) | — | — | — | — | — | (162.8) | — | (162.8) |
| Change in automatic share purchase plan commitment (Note 7) | 2.1 | — | — | — | — | 14.9 | 17.0 | — | 17.0 |
| Excess of purchase price over average cost (Note 7) | 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 |

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 4.

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 March 30, 2024 (and comparative results for the 13 weeks ended April 1, 2023) 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 2023 Consolidated Financial Statements and Notes and have been prepared using the same accounting policies described in Note 3 to the 2023 Consolidated Financial Statements and Notes.

These interim financial statements were authorized for issuance by the Company's Board of Directors on May 8, 2024.

### 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 interim financial statements of each foreign subsidiary are measured using that functional currency. Assets and liabilities of foreign operations having a functional currency other than the Canadian dollar are translated at the rate of exchange prevailing at the reporting date, and revenues and expenses at average rates during the period. Gains or losses on translation are accumulated as a component of equity. On the disposal of a foreign operation, or the loss of control, the component of accumulated other comprehensive income ("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 2023 Consolidated Financial Statements and Notes.

### Standards, Amendments and Interpretations Issued and Adopted

#### *Lease Liability in a Sale and Leaseback*

In September 2022, the International Accounting Standards Board (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. The Company adopted these amendments this year and determined there to be no material impact on the consolidated financial statements.

#### *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. The Company adopted these amendments this year and determined there to be no material impact on the consolidated financial statements.

#### *Supplier Finance Arrangements*

In May 2023, the IASB issued amendments to IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures*. The amendments add requirements to disclose information that allows users to assess how supplier finance arrangements affect an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company adopted these amendments in the current year 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 28, 2024 and, accordingly, have not been applied in preparing these interim financial statements.

### *Lack of Exchangeability*

In August 2023, the IASB issued amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates* in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.

## 3. Capital Management

The Company's capital management objectives are as follows:

- Ensuring sufficient liquidity to meet its financial obligations when due and executing its operating and strategic plans;
- Maintaining healthy liquidity reserves with 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 the MD&A including current and future industry, market, and economic risks and conditions.

To achieve these objectives, the Company manages its capital structure over the long term, striking a 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.

As of March 30, 2024, Canadian Tire Corporation, Limited was compliant with all financial covenants under its bank credit agreements, providing sufficient flexibility to support business growth. Similarly, Helly Hansen was compliant with all financial covenants under its bank credit agreement.

CT Real Estate Investment Trust ("CT REIT") was also compliant with the financial covenants established under its Declaration of Trust, Trust Indenture and bank credit agreement as of March 30, 2024.

In addition, the Company is required to comply with regulatory requirements for capital associated with the operations of Canadian Tire Bank ("CTB"), 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 of March 30, 2024, 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. 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 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 Guaranteed Investment Certificates (GICs) deposits, both directly and through third-party brokers. Financial Services also includes Glacier Credit Card Trust ("GCCT"), a structured entity established to purchase co-ownership interests in the Company's credit card loans receivable, and CTFS Bermuda Ltd., a Bermuda reinsurance company. 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 in Canada, 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** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **March 30, 2024** | | | | | April 1, 2023 | | | | |
| (C$ in millions) | **Retail** | **Financial Services** | **CT REIT** | **Eliminations and adjustments** | **Total** | Retail | Financial Services | CT REIT | Eliminations and adjustments | Total |
| External revenue | **$ 3,135.7** | **$ 378.9** | **$ 15.2** | **$ (4.9)** | **$ 3,524.9** | $ 3,336.9 | $ 359.6 | $ 15.1 | $ (4.4) | $ 3,707.2 |
| Intercompany revenue | **0.9** | **10.1** | **129.0** | **(140.0)** | **—** | 1.0 | 10.2 | 122.4 | (133.6) | — |
| Total revenue | **3,136.6** | **389.0** | **144.2** | **(144.9)** | **3,524.9** | 3,337.9 | 369.8 | 137.5 | (138.0) | 3,707.2 |
| Cost of producing revenue | **2,098.5** | **199.1** | **—** | **(22.9)** | **2,274.7** | 2,287.9 | 158.5 | — | (21.1) | 2,425.3 |
| Gross margin | **1,038.1** | **189.9** | **144.2** | **(122.0)** | **1,250.2** | 1,050.0 | 211.3 | 137.5 | (116.9) | 1,281.9 |
| Other expense (income) | **(37.9)** | **0.5** | **—** | **36.5** | **(0.9)** | 42.9 | 1.2 | — | 34.9 | 79.0 |
| Selling, general and administrative expenses | **758.4** | **96.6** | **36.8** | **(43.6)** | **848.2** | 785.5 | 90.7 | 34.9 | (39.9) | 871.2 |
| Depreciation and amortization | **237.2** | **2.4** | **—** | **(49.0)** | **190.6** | 239.7 | 2.8 | — | (50.4) | 192.1 |
| Net finance costs (income) | **79.8** | **(5.3)** | **29.9** | **(13.9)** | **90.5** | 61.2 | (2.1) | 27.9 | (14.0) | 73.0 |
| Fair value loss (gain) on investment properties | **—** | **—** | **(23.6)** | **23.6** | **—** | — | — | 4.2 | (4.2) | — |
| Income (loss) before income taxes | **$ 0.6** | **$ 95.7** | **$ 101.1** | **$ (75.6)** | **$ 121.8** | $ (79.3) | $ 118.7 | $ 70.5 | $ (43.3) | $ 66.6 |
| Items included in the above: | | | | | | | | | | |
| Interest income | **28.1** | **331.3** | **0.5** | **(16.8)** | **343.1** | 27.9 | 306.3 | 0.1 | (19.1) | 315.2 |
| Interest expense | **99.0** | **55.3** | **30.4** | **(50.1)** | **134.6** | 82.1 | 43.3 | 28.0 | (51.0) | 102.4 |

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, and credit card processing fees.

While the Company primarily operates in Canada, it also operates in foreign jurisdictions predominantly through Helly Hansen. Foreign revenue earned by Helly Hansen for the 13 weeks ended March 30, 2024 amounted to $178.9 million (April 1, 2023 – $193.8 million). Property and equipment, intangible assets (brand and goodwill) and right-of-use assets located outside Canada was $883.9 million as at March 30, 2024 (April 1, 2023 – $926.9 million).

Capital expenditures by reportable operating segment are as follows:

| For the | 13 weeks ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | **March 30, 2024** | | | | April 1, 2023 |
| (C$ in millions) | **Retail** | **Financial Services** | **CT REIT** | **Total** | Retail | Financial Services | CT REIT | Total |
| Capital expenditures[1] | **$ 119.2** | **$ 1.2** | **$ 2.3** | **$ 122.7** | $ 97.5 | $ 9.2 | $ 11.6 | $ 118.3 |

[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 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | **March 30, 2024** | | | | April 1, 2023 |
| (C$ in millions) | **Retail** | **Financial Services** | **CT REIT** | **Total** | Retail | Financial Services | CT REIT | Total |
| Right-of-use asset additions | **$ 12.4** | **$ —** | **$ —** | **$ 12.4** | $ 26.4 | $ — | $ 0.3 | $ 26.7 |

Total assets by reportable operating segment are as follows:

| (C$ in millions)<br>As at | **March 30, 2024** | April 1, 2023 | December 30, 2023 |
|---|---|---|---|
| Retail | **$ 18,096.0** | $ 17,898.5 | $ 17,883.7 |
| Financial Services | **7,390.3** | 6,816.9 | 7,289.6 |
| CT REIT | **7,030.5** | 6,863.8 | 6,966.3 |
| Eliminations and adjustments | **(10,090.7)** | (9,416.4) | (10,161.3) |
| Total assets[1] | **$ 22,426.1** | $ 22,162.8 | $ 21,978.3 |

[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)<br>As at | **March 30, 2024** | April 1, 2023 | December 30, 2023 |
|---|---|---|---|
| Retail | **$ 11,082.9** | $ 10,880.5 | $ 10,828.4 |
| Financial Services | **6,253.9** | 5,678.2 | 6,165.3 |
| CT REIT | **3,127.4** | 3,012.8 | 3,118.5 |
| Eliminations and adjustments | **(4,489.2)** | (4,111.6) | (4,578.7) |
| Total liabilities[1] | **$ 15,975.0** | $ 15,459.9 | $ 15,533.5 |

[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.

## 5. 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 | **March 30, 2024** | April 1, 2023 | December 30, 2023 |
| Credit card loans[2] | **$ 6,327.2** | $ 6,025.5 | $ 6,495.6 |
| Dealer and other loans[3] | **560.9** | 504.5 | 521.9 |
| Total loans receivable | **6,888.1** | 6,530.0 | 7,017.5 |
| Less: long-term portion[4] | **483.0** | 437.9 | 449.2 |
| Current portion of loans receivable | **$ 6,405.1** | $ 6,092.1 | $ 6,568.3 |

[1] *Amounts shown are net of allowances for loans receivable.*
[2] *Includes line of credit loans.*
[3] *Dealer loans of $559.2 million (April 1, 2023 – $502.8 million and December 30, 2023 – $520.2 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 $481.3 million (April 1, 2023 – $436.2 million and December 30, 2023 – $447.4 million).*

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

| | | | | **2024** |
|---|---|---|---|---|
| (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 30, 2023 | **$ 362.1** | **$ 234.8** | **$ 329.4** | **$ 926.3** |
| Increase (decrease) during the period | | | | |
| Write-offs | **(1.9)** | **(5.3)** | **(151.3)** | **(158.5)** |
| Recoveries | **—** | **—** | **23.7** | **23.7** |
| New loans originated | **5.0** | **—** | **—** | **5.0** |
| Transfers | | | | |
| to Stage 1 | **69.8** | **(60.5)** | **(9.3)** | **—** |
| to Stage 2 | **(30.0)** | **32.5** | **(2.5)** | **—** |
| to Stage 3 | **(6.7)** | **(60.7)** | **67.4** | **—** |
| Net remeasurements | **(41.0)** | **88.0** | **82.2** | **129.2** |
| Balance at March 30, 2024 | **$ 357.3** | **$ 228.8** | **$ 339.6** | **$ 925.7** |

| | | | | 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 |

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 of 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 credit card loans receivable:

| | | | | March 30, 2024 |
|---|---|---|---|---|
| (C$ in millions) | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Low risk | **$ 3,206.5** | **$ 26.1** | **$ —** | **$ 3,232.6** |
| Moderate risk | **1,920.7** | **97.9** | **—** | **2,018.6** |
| High risk | **928.1** | **417.9** | **655.7** | **2,001.7** |
| Total gross carrying amount | **6,055.3** | **541.9** | **655.7** | **7,252.9** |
| ECL allowance | **357.3** | **228.8** | **339.6** | **925.7** |
| Net carrying amount | **$ 5,698.0** | **$ 313.1** | **$ 316.1** | **$ 6,327.2** |

| | | | | 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 |

| | | | | December 30, 2023 |
|---|---|---|---|---|
| (C$ in millions) | Stage 1 | Stage 2 | Stage 3 | Total |
| Low risk | $ 3,615.3 | $ 28.5 | $ — | $ 3,643.8 |
| Moderate risk | 1,717.5 | 98.5 | — | 1,816.0 |
| High risk | 924.3 | 402.4 | 635.4 | 1,962.1 |
| Total gross carrying amount | 6,257.1 | 529.4 | 635.4 | 7,421.9 |
| ECL allowance | 362.1 | 234.8 | 329.4 | 926.3 |
| Net carrying amount | $ 5,895.0 | $ 294.6 | $ 306.0 | $ 6,495.6 |

During the 13 weeks ended March 30, 2024, the amount of cash received from interest earned on credit cards and loans was $304.4 million (April 1, 2023 – $289.9 million).

## 6. Short-Term Borrowings

As of March 30, 2024, the Company had the following outstanding borrowings:
- $17.0 million under its committed bank lines of credit;
- a nominal amount owing under its note purchase facility;
- $869.7 million Canadian dollar equivalent of U.S. commercial paper outstanding; and
- $295.0 million of asset-backed commercial paper notes outstanding.

## 7. Share Capital

Share capital consists of the following:

(C$ in millions)

| As at | March 30, 2024 | April 1, 2023 | December 30, 2023 |
|---|---|---|---|
| Authorized | | | |
| 3,423,366 Common Shares | | | |
| 100,000,000 Class A Non-Voting Shares | | | |
| Issued | | | |
| 3,423,366 Common Shares (April 1, 2023 – 3,423,366; December 30, 2023 – 3,423,366) | **$ 0.2** | $ 0.2 | $ 0.2 |
| 52,197,823 Class A Non-Voting Shares (April 1, 2023 – 53,306,998; December 30, 2023 – 52,197,823) | **605.7** | 583.8 | 598.5 |
| | **$ 605.9** | $ 584.0 | $ 598.7 |

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 2024 and fiscal 2023, the Company issued and repurchased Class A Non-Voting Shares. The Company's share repurchases were made pursuant to its Normal-Course Issuer Bid ("NCIB") program, in connection with its anti-dilutive policy and, in fiscal 2023, the announced 2022-23 share repurchase intention.

During the first quarter of 2024, the Toronto Stock Exchange accepted the Company's notice of intention to make an NCIB to repurchase up to 4.9 million Class A Non-Voting Shares during the period March 2, 2024 to March 1, 2025.

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

| For the | 13 Weeks Ended | | | |
|---|---|---|---|---|
| | **March 30, 2024** | | April 1, 2023 | |
| (C$ in millions) | **Number** | **$** | Number | $ |
| Shares outstanding at beginning of the period | **52,197,823** | **$ 598.5** | 54,276,998 | $ 587.6 |
| Issued under the dividend reinvestment plan and stock option plan | **55,664** | **7.8** | 30,791 | 5.2 |
| Repurchased[1] | **(55,664)** | **(7.6)** | (1,000,791) | (162.8) |
| Change in accrued liability for ASPP commitment | **—** | **—** | — | 2.1 |
| Excess of repurchase price over average cost | **—** | **7.0** | — | 151.7 |
| Shares outstanding at end of the period | **52,197,823** | **$ 605.7** | 53,306,998 | $ 583.8 |

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

As of March 30, 2024, the Company had dividends declared and payable to holders of Class A Non-Voting Shares and Common Shares of $98.5 million (April 1, 2023 – $97.9 million) at a rate of $1.7500 per share (April 1, 2023 – $1.7250 per share).

On May 8, 2024, the Company's Board of Directors declared dividends at a rate of $1.7500 per share payable on September 1, 2024 to shareholders of record as of July 31, 2024.

## 8. Share-Based Payments

During the 13 weeks ended March 30, 2024, the Company granted the following share-based payment awards:

### *Stock Options*

The Company granted 588,046 (April 1, 2023 – 244,124) 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 $132.87 (April 1, 2023 – $167.80).

## 9. Revenue

External revenue by reportable operating segment is as follows:

| For the | 13 weeks ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | **March 30, 2024** | | | | | April 1, 2023 |
| (C$ in millions) | **Retail** | **Financial Services** | **CT REIT** | **Adjust-ments** | **Total** | Retail | Financial Services | CT REIT | Adjust-ments | Total |
| Sale of goods | **$ 2,990.0** | **$ —** | **$ —** | **$ —** | **$ 2,990.0** | $ 3,184.6 | $ — | $ — | $ — | $ 3,184.6 |
| Interest income on loans receivable | **8.9** | **325.9** | **—** | **(3.4)** | **331.4** | 7.1 | 304.1 | — | (3.2) | 308.0 |
| Royalties and licence fees | **13.4** | **—** | **—** | **—** | **13.4** | 14.0 | — | — | — | 14.0 |
| Services rendered | **5.4** | **53.0** | **—** | **(1.5)** | **56.9** | 3.8 | 55.5 | — | (1.2) | 58.1 |
| Rental income | **118.0** | **—** | **15.2** | **—** | **133.2** | 127.4 | — | 15.1 | — | 142.5 |
| | **$ 3,135.7** | **$ 378.9** | **$ 15.2** | **$ (4.9)** | **$ 3,524.9** | $ 3,336.9 | $ 359.6 | $ 15.1 | $ (4.4) | $ 3,707.2 |

Retail revenue breakdown is as follows:

| For the | 13 weeks ended | |
|---|---|---|
| (C$ in millions) | **March 30, 2024** | April 1, 2023 |
| Canadian Tire | **$ 1,798.0** | $ 1,931.7 |
| SportChek | **387.7** | 420.8 |
| Mark's | **288.1** | 294.0 |
| Helly Hansen[1] | **192.2** | 208.4 |
| Petroleum | **467.9** | 481.4 |
| Other and intersegment eliminations[1] | **1.8** | 0.6 |
| | **$ 3,135.7** | $ 3,336.9 |

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

### *Major Customers*

The Company does not rely on any one customer.

## 10. Cost of Producing Revenue

| For the | 13 weeks ended | |
|---|---|---|
| (C$ in millions) | **March 30, 2024** | April 1, 2023 |
| Inventory cost of sales[1] | **$ 2,101.0** | $ 2,289.7 |
| Net impairment loss on loans receivable | **125.3** | 98.5 |
| Finance costs | **32.4** | 22.1 |
| Other | **16.0** | 15.0 |
| | **$ 2,274.7** | $ 2,425.3 |

[1] *Inventory cost of sales includes depreciation for the 13 weeks ended March 30, 2024 of $6.7 million (April 1, 2023 – $10.9 million).*

Inventory write-downs as a result of net realizable value being lower than cost, recognized in the 13 weeks ended March 30, 2024 were $18.7 million (April 1, 2023 – $45.4 million).

Inventory write-downs recognized in prior periods and reversed in the 13 weeks ended March 30, 2024 were $1.3 million (April 1, 2023 – $1.1 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, with the exception of the write-downs resulting from the fire at the A.J. Billes Distribution Centre which were recognized in Other expense (income) in the Consolidated Statements of Income in 2023.

## 11. Selling, General and Administrative Expenses

| For the | 13 weeks ended | |
|---|---|---|
| (C$ in millions) | **March 30, 2024** | April 1, 2023 |
| Personnel expenses | **$ 384.3** | $ 410.7 |
| Occupancy | **126.8** | 127.8 |
| Marketing and advertising | **84.1** | 83.3 |
| Information systems | **103.8** | 86.5 |
| Other | **149.2** | 162.9 |
| | **$ 848.2** | $ 871.2 |

## 12. Depreciation and Amortization

| For the | 13 weeks ended | |
|---|---|---|
| (C$ in millions) | **March 30, 2024** | April 1, 2023 |
| Depreciation of property and equipment and investment property[1] | **$ 74.0** | $ 68.4 |
| Depreciation of right-of-use assets | **86.4** | 91.4 |
| Amortization of intangible assets | **30.2** | 32.3 |
| | **$ 190.6** | $ 192.1 |

[1] *Refer to Note 10 for depreciation included in Cost of producing revenue.*

## 13. Net Finance Costs

| For the | 13 weeks ended | |
|---|---|---|
| (C$ in millions) | **March 30, 2024** | April 1, 2023 |
| Finance income | **$ (10.5)** | $ (6.1) |
| Finance income on lease receivables[1] | **(1.2)** | (1.2) |
| Finance costs | **76.5** | 54.2 |
| Finance costs on lease liabilities | **25.7** | 26.1 |
| | **$ 90.5** | $ 73.0 |

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

## 14. Income Taxes

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

| For the | 13 weeks ended | |
|---|---|---|
| (C$ in millions) | **March 30, 2024** | April 1, 2023 |
| Net fair value gains (losses) on hedging instruments entered into for cash flow hedges not subject to basis adjustment | **$ 8.2** | $ (10.8) |
| Deferred cost of hedging not subject to basis adjustment – Changes in fair value of the time value of an option in relation to time-period-related hedged items | **(0.6)** | 1.4 |
| Reclassification of losses (gains) to income | **(0.1)** | 0.2 |
| Net fair value gains (losses) on hedging instruments entered into for cash flow hedges subject to basis adjustment | **16.5** | 1.7 |
| | **$ 24.0** | $ (7.5) |

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 income tax audits by tax authorities as disclosed in Note 16 to the 2023 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.

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

Cash and cash equivalents, comprise the following:

| (C$ in millions)<br>As at | March 30, 2024 | April 1, 2023 | December 30, 2023 |
|---|---|---|---|
| Cash | **$ 469.2** | $ 217.2 | $ 258.1 |
| Cash equivalents | **110.8** | 85.5 | 29.1 |
| Restricted cash and cash equivalents[1] | **12.9** | 9.1 | 24.0 |
| Total cash and cash equivalents[2] | **592.9** | 311.8 | 311.2 |

[1] *Restricted cash and cash equivalents of $9.2 million (April 1, 2023 – $6.1 million and December 30, 2023 – $19.8 million) relates to GCCT and is restricted for the purpose of paying principal and interest to note holders and additional funding costs. $3.7 million (April 1, 2023 – $3.0 million and December 30, 2023 – $4.2 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 March 30, 2024 was $94.0 million (April 1, 2023 – $156.9 million).

### *Capital and Other Commitments*

As at March 30, 2024, the Company had capital commitments for the acquisition of property and equipment, investment property, and intangible assets for an aggregate cost of approximately $142.3 million (April 1, 2023 – $143.5 million).

## 16. Financial Instruments

### 16.1 Fair Value of Financial Instruments

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

Cash and cash equivalents, Trade and other receivables, Loans receivable, Bank indebtedness, Trade and other payables, Short-term borrowings, and Loans are carried at amounts that approximate their fair value either due to their short-term nature or because they are derivatives carried at fair value.

Long-term receivables and other assets are carried at amounts that approximate their fair value because their carrying amounts reflect current market interest rates or because they are derivatives 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 are determined using a combination of discounted cash flow models using inputs for which market-observable prices exist, and where available, comparison to similar instruments and other valuation models.

### *Derivatives*

The fair value of derivatives is estimated using readily observable market inputs and standard valuation models, as follows:

Foreign exchange forward contracts are estimated by discounting the difference between the contractual forward price and the current forward price and applying a risk-free rate to reflect the maturity of the contract.

Interest rate swaps and swaptions, are estimated using data inputs on the measurement date and are verified against external valuation sources.

Equity derivatives are calculated referencing share price movements adjusted for interest, using market interest rates specific to the terms of the underlying derivative contracts, and are verified against external valuation sources.

### *Redeemable Financial Instrument*

From October 1, 2014 through October 31, 2023, Scotiabank held an option to sell, requiring the Company to purchase, all of Scotiabank's interest in CTFS Holdings Limited. As a result, the Company recognized a redeemable financial instrument, held at FVTPL, through October 31, 2023. The Company repurchased these shares which extinguished the redeemable financial instrument in 2023.

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

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

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

(C$ in millions)

| As at | | **March 30, 2024** | | | | | April 1, 2023 | | | December 30, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Category** | **Level** | | | Level | | | Level | | |
| Trade and other receivables | FVTPL[1] | **2** | **$** | **15.0** | 2 | $ | 37.3 | 2 | $ | 14.0 |
| Trade and other receivables | Effective hedging instruments | **2** | | **99.0** | 2 | | 128.0 | 2 | | 62.7 |
| Long-term receivables and other assets | FVTPL[1] | **2** | | **1.5** | 2 | | — | 2 | | — |
| Long-term receivables and other assets | Effective hedging instruments | **2** | | **55.5** | 2 | | 77.8 | 2 | | 44.8 |
| Trade and other payables | FVTPL[1] | **2** | | **24.5** | 2 | | 25.0 | 2 | | 34.9 |
| Trade and other payables | Effective hedging instruments | **2** | | **13.8** | 2 | | 12.8 | 2 | | 28.6 |
| Redeemable financial instrument | FVTPL | **—** | | **—** | 3 | | 567.0 | — | | — |
| Other long-term liabilities | FVTPL[1] | **2** | | **—** | 2 | | — | 2 | | 0.8 |
| Other long-term liabilities | Effective hedging instruments | **2** | | **3.7** | 2 | | 7.0 | 2 | | 15.5 |

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

There were no transfers in either direction between levels for the financial instruments during the 13 weeks ended March 30, 2024 or the 13 weeks ended April 1, 2023.

## 16.3 Fair Value Measurement of Investments, Debt, and Deposits

The fair value measurement of investments, debt, and deposits is categorized within Level 2 of the fair value hierarchy described in Note 34.2 to the Company's 2023 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 | **March 30, 2024** | | April 1, 2023 | | December 30, 2023 | |
|---|---|---|---|---|---|---|
| (C$ in millions) | **Carrying Amount** | **Fair Value** | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Short-term investments | **$ 188.6** | **$ 189.0** | $ 177.3 | $ 177.8 | $ 177.2 | $ 177.8 |
| Long-term investments | **68.6** | **69.8** | 62.5 | 63.1 | 108.2 | 110.0 |
| Debt | **4,965.6** | **4,934.3** | 4,203.3 | 4,073.4 | 4,964.5 | 4,950.1 |
| Deposits | **3,543.8** | **3,542.4** | 3,078.0 | 3,032.4 | 3,364.3 | 3,355.5 |

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

## 17. Contingencies

### Legal Matters

The Company is party to a number of legal and regulatory proceedings and has determined that each such proceeding constitutes a routine matter incidental to the business it conducts and 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 has notified its insurers of a loss caused by the fire at the A.J. Billes Distribution Centre on March 15, 2023. The Company continues to assess contingent assets in relation to claim categories beyond remediation, inventory, and property and equipment. Any additional recoveries will be recognized when the losses are estimable, and receipt is virtually certain; however, the financial effect is not practicable to disclose. Refer to Note 2 to the Company's 2023 Consolidated Financial Statements and Notes for information regarding ongoing estimation uncertainty.