Management’s Discussion and Analysis

Canadian Tire Corporation, Limited
Fourth Quarter and Full-Year 2025

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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".

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, Pro Hockey Life (PHL) and Party City names and trademarks.

"CT REIT" refers to CT Real Estate Investment Trust and its subsidiaries, including CT REIT Limited Partnership (CT REIT LP), unless the context otherwise requires.

"Financial Services" refers to the financial services businesses carried on by subsidiaries of CTFS Holdings Limited, 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 Canadian Tire Associate Dealers (Dealers) for their purchases of inventory and fixed assets (Dealer loans).

"Helly Hansen" refers to the international wholesale and retail businesses carried on under the Helly Hansen and Musto names and trademarks which were sold to Kontoor Brands, Inc. on May 31, 2025, and reported in this MD&A as discontinued operations.

"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. under the Mark's, L'Équipeur, Mark's WorkPro, L'Équipeur Pro, Mark's Commercial and L'Équipeur Commercial names and trademarks.

"Owned Brands" refers to brands owned by the Company and sold at the Company's retail banners.

"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 trademarks, in addition to the Petro-Canada and other branded gas stations owned by CTC.

"Retail" refers to the retail businesses carried on by the Company under the Company's retail banners, which include Canadian Tire, SportChek, Mark's, PartSource, Party City and PHL, as well as Petroleum.

"SportChek" refers to the retail businesses carried on by FGL Sports Ltd. under the SportChek, Sports Experts, Atmosphere, Sports Rousseau, Hockey Experts, and L'Entrepôt du Hockey names and trademarks, unless the context requires otherwise.

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 ™ 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, including the current economic uncertainty related to tariffs and trade. 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 16.0 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 February 18, 2026.

1.4 Quarterly and Annual Comparisons in the MD&A

Unless otherwise indicated, all comparisons of results for Q4 2025 (14 weeks ended January 3, 2026) are compared against results for Q4 2024 (13 weeks ended December 28, 2024) and all comparisons of results for the full-year 2025 (53 weeks ended January 3, 2026) are compared against results for the full-year 2024 (52 weeks ended December 28, 2024).

1.5 Accounting Framework

The annual consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, also referred to as Generally Accepted Accounting Principles (GAAP), using the accounting policies described in Note 3 of the 2025 Consolidated Financial Statements.

1.6 Accounting Estimates and Assumptions

The preparation of the Company's consolidated financial statements that conform to IFRS Accounting Standards, 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 consolidated financial statements and the reported revenue and expenses during the reporting period. Refer to Section 9.1 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 Accounting Standards and, therefore, may not be comparable to similar terms used by other companies. Refer to Section 10.0 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) has been a proudly Canadian business since 1922. Guided by its brand purpose, "We are here to make life in Canada better," CTC has built an expansive national retail presence, exceptional customer brand trust and one of Canada's strongest workforces – employing, along with its local Dealers and franchisees, tens of thousands of Canadians. At its core are retail businesses, each designed to serve life's pursuits: Canadian Tire, offering products spanning Living, Playing, Fixing, Automotive, and Seasonal & Gardening, bolstered by notable banners Party City and PartSource; Mark's, a leading source for casual and industrial wear; SportChek, Hockey Experts, Sports Experts and Atmosphere, offering the best brands of active wear and gear; and Pro Hockey Life, a hockey specialty store catering to elite players. CTC's banners, brand partners and credit card offerings are unified through its Triangle Rewards loyalty program – a linchpin of CTC's customer-driven strategy. With more than 12 million members, Triangle integrates first-party data to deliver valuable rewards and personalized experiences across nearly 1,700 retail and gasoline outlets. CTC also operates a retail petroleum business and a Financial Services business and holds a majority interest in CT REIT, a TSX-listed Canadian real estate investment trust. A description of the Company's business and select core capabilities can be found in the Company's 2025 Annual Information Form (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.

2.1 General Development of the Business

On May 31, 2025, the Company closed the sale of the Helly Hansen business to Kontoor Brands, Inc. for total gross proceeds of $1,313.4 million. The transaction reflects CTC's increasing focus on its Canadian retail portfolio, unlocking capital for shareholders and strategic capital investments.

In the first quarter of 2025, the Company met the criteria to report the results of Helly Hansen as discontinued operations. The discontinued operations are presented in a single amount, net of tax, in the Consolidated Statements of Income and Consolidated Statements of Comprehensive Income separate from continuing operations to the closing date of the sale, and for comparative periods. The discontinued operations have been de-consolidated from the Consolidated Balance Sheet following the sale.

For further information on the sale of the Helly Hansen business, refer to Note 4 of the 2025 Consolidated Financial Statements.

Unless otherwise indicated, all financial information in this MD&A represent the results from continuing operations.

3.0 Historical Performance Highlights

3.1 Select Annual Consolidated Financial Trends

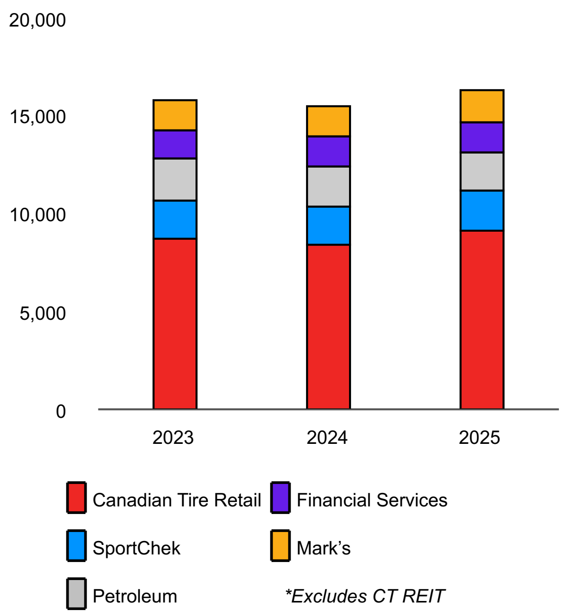
The following table provides selected annual consolidated financial and non-financial information for the last three fiscal periods. The financial information has been prepared in accordance with IFRS Accounting Standards.

(C$ in millions, except per share amounts and number of retail locations)	**2025**	2024	2023
Consolidated Comparable sales growth[1]	**4.1 %**	(1.7) %	(2.9) %
Retail sales, excluding Petroleum[1]	**$ 16,738.3**	$ 15,802.4	$ 16,073.3
Revenue	**16,315.5**	15,516.0	15,819.3
Net income	**659.0**	915.5	310.5
Normalized[2] net income[3]	**833.3**	731.3	704.7
Basic EPS	**10.60**	14.95	3.28
Diluted EPS	**10.57**	14.91	3.27
Normalized[2] diluted EPS[3]	**13.77**	11.61	10.25
Total assets	**21,539.8**	22,240.6	21,978.3
Total non-current financial liabilities	**7,924.5**	8,119.6	8,345.1
Financial Services gross average accounts receivable[1] (total portfolio)	**7,524.1**	7,373.5	7,141.5
Number of retail locations	**1,690**	1,704	1,695
Cash dividends declared per share	**$ 7.1250**	$ 7.0250	$ 6.9250
Stock price (CTC.A)[4]	**175.28**	152.87	140.72

[1] *For further information about this measure see Section 10.2 of this MD&A.*
[2] *Refer to Section 5.1.1 in this MD&A for a description of normalizing items.*
[3] *This is a non-GAAP financial measure. For further information and a detailed reconciliation see Section 10.1.1 of this MD&A.*
[4] *Closing share price as of the date closest to the Company's fiscal year end.*

REVENUE BY BANNER/UNIT*

($ millions)

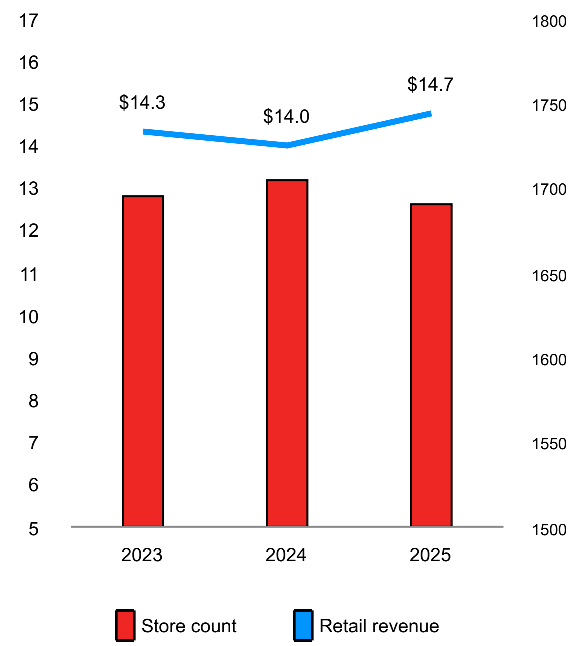


STORES AND RETAIL REVENUE

Retail revenue

($ billions)

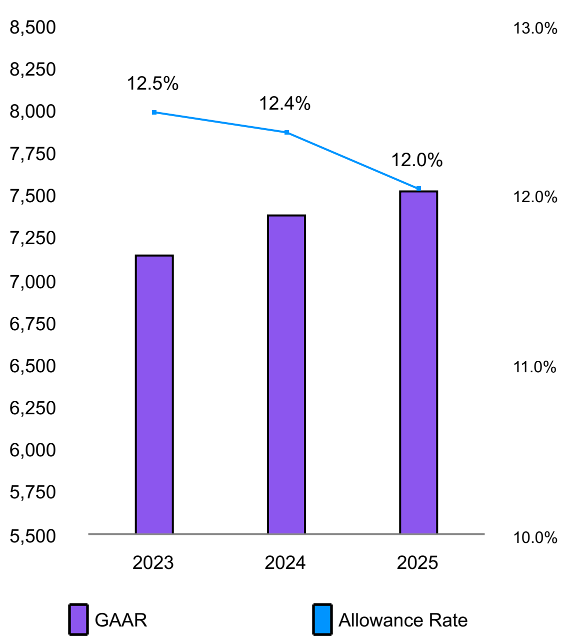
Number of stores



FINANCIAL SERVICES GROSS AVERAGE ACCOUNTS RECEIVABLE AND ALLOWANCE RATE

($ millions)

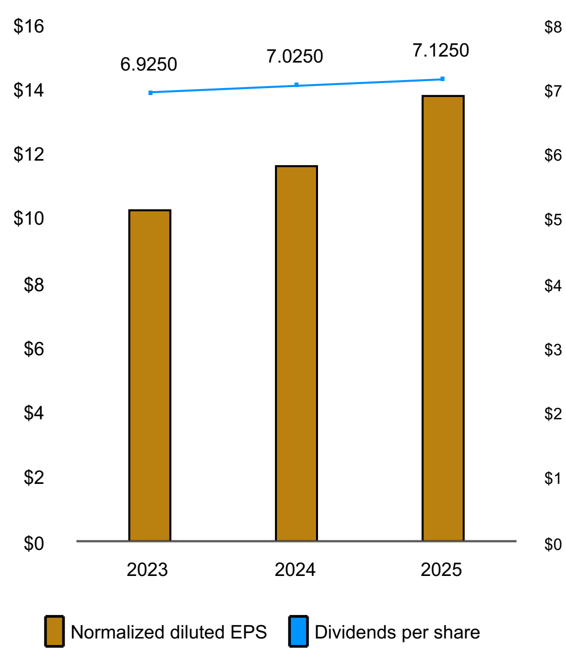
(Allowance % rate)



NORMALIZED DILUTED EPS AND DIVIDENDS PER SHARE

($ per share)

(Dividends $ per share)



4.0 Company Strategy

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

True North

In March 2025, CTC launched a four-year transformative growth strategy called True North. True North upholds CTC's Brand Purpose and is designed to drive core retail growth through four strategic cornerstones, putting customers at the core of the strategy, enhancing the Triangle Rewards loyalty program, and applying privileged data, enabled by technology and AI, to deliver enhanced digital and store experiences. The strategy is being delivered by a newly constituted senior leadership team and organizational structure, supporting CTC's transition from a holding company structure to a more integrated operating model that is agile, can operate with scale, and deliver customer value.

2025 was a key foundational year for CTC's True North transformative growth strategy, with the implementation of a more agile, tech-driven and efficient operating model in place, contributing to new ways of working, and significant achievements delivered on a number of fronts:

- Triangle Rewards came to life for more Canadians. 9.8 million are now active registered members of the program, representing a six percent increase on 2024. By early 2026, CTC had activated two loyalty partnerships and almost 100,000 RBC Avion members and 600,000 Petro-Canada Petro Points members had linked to Triangle. The Company's partnership with WestJet (WestJet Rewards) is scheduled to launch during Q2 of 2026, with the Tim Hortons partnership (Tim's Rewards) to follow in the second half of 2026.

- Refreshed stores continue to drive growth. 52 store projects were completed in 2025: 31 CTR refreshed, expanded or replacement stores including new CTR stores in Kelowna, British Columbia, and Kingston, Ontario; and 21 new or refreshed stores at other banners, including compelling new format stores at Mark's and SportChek, in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.

- New capabilities around in-stock optimization, and a new AI tool (DaiVID) that optimizes pricing and margin, provided customer value and contributed to growth. Increasing awareness of same-day delivery across all banners contributed to eCommerce sales growth outpacing bricks and mortar.

- HBC's Stripes became the newest Owned Brand to launch to customers, with a holiday capsule collection released in the fourth quarter of 2025 that generated strong customer response and sell-through. A more comprehensive product set will come to market in the summer of 2026.

- CTC's True North organizational model established clearly delineated responsibilities for the following: go-to-market strategy (under Chief Commercial Officer Matt Moore), retail execution (under Chief Operating Officer TJ Flood), performance management and capital discipline (under Chief Financial Officer Darren Myers) and transformation initiative management and value creation (under Chief Transformation Officer Susan O'Brien in a newly created role).

- With the True North restructuring completed in the third quarter of 2025, the Company is now benefiting from the associated run-rate savings, with approximately $30 million of savings reflected in operating expense in the fourth quarter of 2025. 2026 savings will continue to be balanced with focused investments to support growth and advance the True North strategy, including through investments in AI deployment.

- At the end of the year, there were five percent fewer Class A Non-Voting (CTC.A) Shares outstanding compared to the prior year, as the Company continued to execute against its existing share buyback program. CTC had repurchased a total of $442.4 million, in excess of the amount required for anti-dilutive purposes, of its CTC.A shares during the fiscal year under its 2025 and 2026 Share Repurchase Intentions.

During the third quarter of 2025, CTC negotiated amendments to its contracts with CTR Dealers, strengthening joint alignment on the True North strategic priorities.

5.0 Financial Performance

Within these financial results, Helly Hansen has been presented separately as discontinued operations. Unless otherwise indicated, all financial information represents the Company's results from continuing operations. Refer to Section 2.1 General Development of the Business for additional information.

5.1 Consolidated Financial Performance

The fourth quarter and full year 2025 results include one additional week of retail operations compared to the fourth quarter and full year 2024 results.

5.1.1 Consolidated Financial Results

(C$ in millions, except where noted)	Q4 2025	Q4 2024	Change	2025	2024	Change
Retail sales[1]	**$ 5,860.7**	$ 5,380.5	8.9 %	**$ 18,986.9**	$ 18,177.7	4.5 %
Revenue	**$ 4,551.1**	$ 4,200.8	8.3 %	**$ 16,315.5**	$ 15,516.0	5.2 %
Gross margin dollars	**$ 1,576.6**	$ 1,361.4	15.8 %	**$ 5,615.3**	$ 5,200.8	8.0 %
Gross margin rate[1]	**34.6 %**	32.4 %	223 bps	**34.4 %**	33.5 %	90 bps
Other expense (income)	**$ 47.6**	$ (241.9)	NM[2]	**$ 229.0**	$ (290.0)	NM[2]
Selling, general and administrative expenses	**935.7**	867.2	7.9 %	**3,470.6**	3,240.0	7.1 %
Depreciation and amortization	**195.9**	184.7	6.1 %	**741.7**	731.6	1.4 %
Net finance costs (income)	**78.7**	82.8	(4.9) %	**295.5**	344.1	(14.1) %
Income before income taxes	**$ 318.7**	$ 468.6	(32.0) %	**$ 878.5**	$ 1,175.1	(25.2) %
Income tax expense (recovery)	**86.3**	83.2	3.7 %	**219.5**	259.6	(15.4) %
Effective tax rate[1]	**27.1 %**	17.8 %		**25.0 %**	22.1 %	
Net income from continuing operations	**$ 232.4**	$ 385.4	(39.7) %	**$ 659.0**	$ 915.5	(28.0) %
Net income from discontinued operations	**(3.1)**	46.3	NM[2]	**(49.3)**	56.4	NM[2]
Net income	**$ 229.3**	$ 431.7	(46.9) %	**$ 609.7**	$ 971.9	(37.3) %
Net income attributable to:						
Shareholders of Canadian Tire Corporation						
Continuing operations	**$ 211.0**	$ 365.2	(42.2) %	**$ 575.6**	$ 831.3	(30.8) %
Discontinued operations	**(3.1)**	46.3	NM[2]	**(49.3)**	56.4	NM[2]
Non-controlling interests	**21.4**	20.2	5.9 %	**83.4**	84.2	(1.0) %
	$ 229.3	$ 431.7	(46.9) %	**$ 609.7**	$ 971.9	(37.3) %
Basic earnings per share	**$ 3.91**	$ 7.40	(47.2) %	**$ 9.70**	$ 15.96	(39.2) %
Continuing operations	**3.97**	6.57	(39.6) %	**10.60**	14.95	(29.1) %
Discontinued operations	**(0.06)**	0.83	NM[2]	**(0.90)**	1.01	NM[2]
Diluted earnings per share	**$ 3.90**	$ 7.37	(47.1) %	**$ 9.67**	$ 15.92	(39.3) %
Continuing operations	**3.96**	6.54	(39.4) %	**10.57**	14.91	(29.1) %
Discontinued operations	**(0.06)**	0.83	NM[2]	**(0.90)**	1.01	NM[2]
Weighted average number of Common and Class A Non-Voting Shares outstanding:						
Basic	**53,154,717**	55,624,885	(4.4) %	**54,271,164**	55,625,884	(2.4) %
Diluted	**53,326,807**	55,827,453	(4.5) %	**54,460,287**	55,766,848	(2.3) %

1 *For further information about this measure see Section 10.2 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. For additional details, refer to Note 14 of the Company's 2025 Consolidated Financial Statements.

(C$ in millions)	**Q4 2025**	Q4 2024	**2025**	2024
CT REIT Non-controlling interest 31.9% (2024 – 31.6%)	**$ 18.9**	$ 18.9	**$ 75.4**	$ 78.0
Retail segment subsidiary Non-controlling interest 50.0% (2024 – 50.0%)	**2.5**	1.3	**8.0**	6.2
Net income attributable to non-controlling interests	**$ 21.4**	$ 20.2	**$ 83.4**	$ 84.2

Normalizing Items

In relation to the True North strategy, the Company recorded a transformation charge of $125.1 million on a full year basis for restructuring costs, which includes severance and costs for optimization of the SportChek store portfolio, including closing standalone Atmosphere stores. The Company also expensed $88.4 million on a full year basis in other transformation and advisory costs, of which $13.9 million was expensed in the fourth quarter. There was also a $17.0 million impairment on a long-term investment recorded in the fourth quarter. These costs are recorded within Other expense (income) in the Consolidated Statements of Income.

The full-year results of operations in 2024 included a gain in Other expense (income) of $241.0 million, or $222.9 million net of an inventory write-down of $18.1 million, recorded in Cost of producing revenue as the Company sold a property in Brampton, Ontario (the Brampton DC). The Company also completed its strategic review of its Financial Services business, which resulted in $18.1 million in Selling, general and administrative expenses. These items are discussed in detail in section 5.1.1 of the Company's Q4 2024 MD&A.

The following table summarizes the normalizing items recorded in the quarter and year to date:

(C$ in millions)	**Q4 2025**	Q4 2024	**2025**	2024
Restructuring costs	**$ —**	$ —	**$ 125.1**	$ —
Other transformation and advisory costs	**13.9**	—	**88.4**	—
Impairment on long-term investment	**17.0**	—	**17.0**	—
Gain on sale of Brampton DC, net of inventory write-down	**—**	(222.9)	**—**	(222.9)
Expenses related to the strategic review of CTFS	**—**	18.1	**—**	18.1
Total normalized costs before income taxes	**$ 30.9**	$ (204.8)	**$ 230.5**	$ (204.8)
Income tax expense (recovery)	**3.6**	(20.6)	**56.2**	(20.6)
Total normalized costs after income taxes	**$ 27.3**	$ (184.2)	**$ 174.3**	$ (184.2)

Selected Normalized Metrics – Consolidated

(C$ in millions, except where noted)	Q4 2025	Normalizing Items[1]	Normalized Q4 2025[2]	Q4 2024	Normalizing Items[1]	Normalized Q4 2024[2]	Change[3]
Revenue	**$ 4,551.1**	**$ —**	**$ 4,551.1**	$ 4,200.8	$ —	$ 4,200.8	8.3 %
Cost of producing revenue	**2,974.5**	**—**	**2,974.5**	2,839.4	(18.1)	2,821.3	5.4 %
Gross margin dollars	**$ 1,576.6**	**$ —**	**$ 1,576.6**	$ 1,361.4	$ 18.1	$ 1,379.5	14.3 %
Gross margin rate[4]	**34.6 %**	**— bps**	**34.6 %**	32.4 %	40 bps	32.8 %	180 bps
Other expense (income)	**$ 47.6**	**$ (30.9)**	**$ 16.7**	$ (241.9)	$ 241.0	$ (0.9)	NM[5]
Selling, general and administrative expenses	**935.7**	**—**	**935.7**	867.2	(18.1)	849.1	10.2 %
Depreciation and amortization	**195.9**	**—**	**195.9**	184.7	—	184.7	6.1 %
Net finance costs (income)	**78.7**	**—**	**78.7**	82.8	—	82.8	(5.0) %
Income before income taxes	**$ 318.7**	**$ 30.9**	**$ 349.6**	$ 468.6	$ (204.8)	$ 263.8	32.5 %
Income tax expense (recovery)	**86.3**	**3.6**	**89.9**	83.2	(20.6)	62.6	43.6 %
Net income from continuing operations	**$ 232.4**	**$ 27.3**	**$ 259.7**	$ 385.4	$ (184.2)	$ 201.2	29.1 %
Net income from discontinued operations	**(3.1)**	**—**	**(3.1)**	46.3	—	46.3	NM[5]
Net income	**$ 229.3**	**$ 27.3**	**$ 256.6**	$ 431.7	$ (184.2)	$ 247.5	3.7 %
Net income attributable to shareholders of CTC							
Continuing operations	**$ 211.0**	**$ 27.3**	**$ 238.3**	$ 365.2	$ (184.2)	$ 181.0	31.7 %
Discontinued operations	**(3.1)**	**—**	**(3.1)**	46.3	—	46.3	NM[5]
Diluted EPS	**$ 3.90**	**$ 0.51**	**$ 4.41**	$ 7.37	$ (3.30)	$ 4.07	8.4 %
Continuing operations	**3.96**	**0.51**	**4.47**	6.54	(3.30)	3.24	38.0 %
Discontinued operations	**(0.06)**	**—**	**(0.06)**	0.83	—	0.83	NM[5]

1 *Refer to Normalizing Items table in this Section for more details.*
2 *These normalized measures (excluding Revenue, Depreciation and amortization, Net finance costs, and Net income from discontinued operations) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see Section 10.1 of this MD&A.*
3 *Change is between normalized results.*
4 *For further information about this measure see Section 10.2 of this MD&A.*
5 *Not meaningful.*

(C$ in millions, except where noted)	2025	Normalizing Items[1]	Normalized 2025[2]	2024	Normalizing Items[1]	Normalized 2024[2]	Change[3]
Revenue	**$16,315.5**	**$ —**	**$ 16,315.5**	$15,516.0	$ —	$ 15,516.0	5.2 %
Cost of producing revenue	**10,700.2**	**—**	**10,700.2**	10,315.2	(18.1)	10,297.1	3.9 %
Gross margin dollars	**$ 5,615.3**	**$ —**	**$ 5,615.3**	$ 5,200.8	$ 18.1	$ 5,218.9	7.6 %
Gross margin rate[4]	**34.4 %**	**— bps**	**34.4 %**	33.5 %	10 bps	33.6 %	78 bps
Other expense (income)	**$ 229.0**	**$ (230.5)**	**$ (1.5)**	$ (290.0)	$ 241.0	$ (49.0)	96.9 %
Selling, general and administrative expenses	**3,470.6**	**—**	**3,470.6**	3,240.0	(18.1)	3,221.9	7.7 %
Depreciation and amortization	**741.7**	**—**	**741.7**	731.6	—	731.6	1.4 %
Net finance costs (income)	**295.5**	**—**	**295.5**	344.1	—	344.1	(14.1) %
Income before income taxes	**$ 878.5**	**$ 230.5**	**$ 1,109.0**	$ 1,175.1	$ (204.8)	$ 970.3	14.3 %
Income tax expense (recovery)	**219.5**	**56.2**	**275.7**	259.6	(20.6)	239.0	15.4 %
Net income from continuing operations	**$ 659.0**	**$ 174.3**	**$ 833.3**	$ 915.5	$ (184.2)	$ 731.3	13.9 %
Net income from discontinued operations	**(49.3)**	**—**	**(49.3)**	56.4	—	56.4	NM[5]
Net income	**$ 609.7**	**$ 174.3**	**$ 784.0**	$ 971.9	$ (184.2)	$ 787.7	(0.5) %
Net income attributable to shareholders of CTC							
Continuing operations	**$ 575.6**	**$ 174.3**	**$ 749.9**	$ 831.3	$ (184.2)	$ 647.1	15.9 %
Discontinued operations	**(49.3)**	**—**	**(49.3)**	56.4	—	56.4	NM[5]
Diluted EPS	**$ 9.67**	**$ 3.20**	**$ 12.87**	$ 15.92	$ (3.30)	$ 12.62	2.0 %
Continuing operations	**10.57**	**3.20**	**13.77**	14.91	(3.30)	11.61	18.6 %
Discontinued operations	**(0.90)**	**—**	**(0.90)**	1.01	—	1.01	NM[5]

1 *Refer to Normalizing Items table in this Section for more details.*
2 *These normalized measures (excluding Revenue, Depreciation and amortization, Net finance costs, and Net income from discontinued operations) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see Section 10.1 of this MD&A.*
3 *Change is between normalized results.*
4 *For further information about this measure see Section 10.2 of this MD&A.*
5 *Not meaningful.*

Consolidated Results Commentary

In the fourth quarter, Consolidated Income before income taxes was $318.7 million, driven by strong Retail segment operating performance and partially offset by one-time restructuring and impairment expenses. The decrease to last year is mainly driven by a real estate gain of $222.9 million related to the sale of the Brampton DC in the fourth quarter of the prior year. Normalized Income before income taxes was up $85.8 million or 32.5 percent to $349.6 million, driven by strong Retail segment operating performance. Diluted EPS was $3.96, down $2.58. Normalized Diluted EPS was $4.47, up $1.23.

On a full year basis, Consolidated Income before income taxes decreased by $296.6 million; strong Retail segment operating performance was partially offset by one-time restructuring and impairment expenses as well as lower Financial Services segment performance. Further driving the unfavourability was a real estate gain of $222.9 million related to the sale of the Brampton DC in the fourth quarter of the prior year. Normalized Income before income taxes increased by $138.7 million or 14.3 percent, to $1,109.0 million driven by improved Retail segment profitability. Diluted EPS was $10.57, down $4.34. Normalized Diluted EPS was $13.77, up $2.16.

In the fourth quarter, Loss before income taxes from discontinued operations was $4.6 million reflecting final post closing adjustments. On a full year basis Loss before income taxes from discontinued operations was $47.5 million.

	Q4 2025	Full Year
Consolidated Results Summary	**Diluted EPS: $2.58 per share**	**Diluted EPS: $4.34 per share**
	Normalized Diluted EPS: $1.23 per share	**Normalized Diluted EPS: $2.16 per share**
	• Consolidated Revenue was $4,551.1 million, an increase of $350.3 million or 8.3 percent. Consolidated Revenue excluding Petroleum[1] was $4,068.3 million, an increase of 10.1 percent. The increase was primarily driven by the Retail segment.	• Consolidated Revenue was $16,315.5 million, an increase of $799.5 million or 5.2 percent. Consolidated Revenue excluding Petroleum was $14,377.9 million, an increase of 7.0 percent. The increase was primarily driven by the Retail segment.
	• Consolidated Gross margin dollars were $1,576.6 million, an increase of $215.2 million or 15.8 percent compared to the prior year due to growth in the Retail segment.	• Consolidated Gross margin dollars were $5,615.3 million, an increase of $414.5 million, or 8.0 percent compared to the prior year due to growth in the Retail segment.
	• Other expense (income) was $47.6 million, mainly due to restructuring and impairment expenses. On a normalized basis, Other expense (income) was $16.7 million, mainly due to impairment on certain Party City store level assets recognized.	• Other expense (income) was $229.0 million, mainly related to the True North costs expensed in the period. On a normalized basis, Other expense (income) was ($1.5 million), unfavourable by $47.5 million, mainly due to lower real estate gains and impairment on certain Party City store level assets recognized this year.
	• Consolidated Selling, general and administrative expenses (SG&A) were $935.7 million, an increase of 7.9 percent or 10.2 percent on a normalized basis, compared to the prior year. The increase was driven by both the Retail and Financial Services segments.	• Consolidated SG&A was $3,470.6 million, an increase of 7.1 percent or 7.7 percent on a normalized basis, compared to the prior year. The increase was driven by both the Retail and Financial Services segments.
	• Depreciation and amortization was $195.9 million, an increase of 6.1 percent or $11.2 million, driven by the Company's strategic capital investments.	• Depreciation and amortization was $741.7 million, a slight increase of 1.4 percent driven by the Company's strategic capital investments.
	• Net finance costs were $78.7 million, down $4.1 million or 5 percent compared to the prior year, primarily due to lower borrowings and lower interest rates.	• Net finance costs were $295.5 million, down $48.6 million or 14.1 percent compared to the prior year, primarily due to lower borrowings and lower interest rates.
	• Income tax expense (recovery) was $86.3 million, an increase of $3.1 million compared to the prior year primarily due to lower non-taxable capital gains, partially offset by lower income before income taxes this year.	• Income tax expense (recovery) was $219.5 million, a decrease of $40.1 million compared to the prior year, primarily due to lower Income before income taxes, partially offset by lower non-taxable capital gains.
	• Diluted EPS was $3.96, a decrease of $2.58 compared to the prior year. Normalized Diluted EPS was $4.47, an increase of $1.23 compared to the prior year, primarily due to an increase in normalized Net income attributable to the reasons above.	• Diluted EPS was $10.57, a decrease of $4.34 compared to the prior year. Normalized Diluted EPS was $13.77, an increase of $2.16 compared to the prior year, primarily due to an increase in normalized Net income attributable to the reasons above.

[1] *For further information about this measure see section 10.2 of this MD&A.*

5.1.2 Consolidated Key Performance Measures

(C$ in millions) increase/(decrease)	**Q4 2025**	Q4 2024	Change
Selling, general and administrative expenses	**$ 935.7**	$ 867.2	$ 68.5
Normalized[1] selling, general and administrative expenses	**935.7**	849.1	86.6
Normalized[1] SG&A as a percentage of revenue[2]	**20.6 %**	20.2 %	34 bps
Income before income taxes	**$ 318.7**	$ 468.6	$ (149.9)
Normalized[1] income before income taxes	**349.6**	263.8	85.8
EBITDA[2,3]	**598.6**	741.2	(142.6)
Normalized[1] EBITDA[3]	**629.5**	536.4	93.1
Normalized[1] EBITDA[3] as a percentage of revenue[2]	**13.8 %**	12.8 %	107 bps

1 Refer to Section 5.1.1 in this MD&A for a description of normalizing items.
2 This is a non-GAAP financial measure or non-GAAP ratio. For further information and a detailed reconciliation see Section 10.1 of this MD&A.
3 Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA).

(C$ in millions) increase/(decrease)	**2025**	2024	Change
Selling, general and administrative expenses	**$ 3,470.6**	$ 3,240.0	$ 230.6
Normalized[1] selling, general and administrative expenses	**3,470.6**	3,221.9	248.7
Normalized[1] SG&A as a percentage of revenue[2]	**21.3 %**	20.8 %	51 bps
Income before income taxes	**$ 878.5**	$ 1,175.1	$ (296.6)
Normalized[1] income before income taxes	**1,109.0**	970.3	138.7
EBITDA[2,3]	**1,938.0**	2,273.7	(335.7)
Normalized[1] EBITDA[3]	**2,168.5**	2,068.9	99.6
Normalized[1] EBITDA[3] as a percentage of revenue[2]	**13.3 %**	13.3 %	(4) bps

1 Refer to Section 5.1.1 in this MD&A for a description of normalizing items.
2 This is a non-GAAP financial measure or non-GAAP ratio. For further information and a detailed reconciliation see Section 10.1 of this MD&A.
3 Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA).

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

5.1.3 Seasonal Trend Analysis

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

(C$ in millions, except per share amounts)	**Q4 2025[1]**	Q3 2025	Q2 2025	Q1 2025	**Q4 2024**	Q3 2024	Q2 2024	Q1 2024	**Q4 2023**
Revenue	**$ 4,551.1**	$4,105.8	$4,201.9	$3,456.7	**$4,200.8**	$3,987.0	$3,995.4	$3,332.8	**$4,168.9**
Net income (loss)	**232.4**	191.3	188.3	47.0	**385.4**	218.6	232.4	79.1	**167.9**
Diluted EPS	**3.96**	3.13	3.07	0.49	**6.54**	3.55	3.72	1.08	**2.57**

1 The fourth quarter of 2025 results include one additional week of retail operations compared to the fourth quarter of 2024.

5.2 Retail Segment Performance

The fourth quarter and full year 2025 results include one additional week of retail operations compared to the fourth quarter and full year 2024 results, except for comparable sales growth, sales per square foot and comparable gasoline volume growth.

5.2.1 Retail Segment Financial Results

(C$ in millions, except where noted)	**Q4 2025**	Q4 2024	Change	**2025**	2024	Change
Retail sales[1]	**$ 5,860.7**	$ 5,380.5	8.9 %	**$ 18,986.9**	$ 18,177.7	4.5 %
Revenue	**$ 4,150.7**	$ 3,816.7	8.8 %	**$ 14,728.6**	$ 13,970.6	5.4 %
Gross margin dollars	**$ 1,361.0**	$ 1,168.6	16.5 %	**$ 4,765.5**	$ 4,380.6	8.8 %
Gross margin rate[1]	**32.8 %**	30.6 %	217 bps	**32.4 %**	31.4 %	100 bps
Other expense (income)	**$ 8.7**	$ (281.0)	NM[2]	**$ 75.2**	$ (422.6)	NM[2]
Selling, general and administrative expenses	**831.6**	773.0	7.5 %	**3,081.5**	2,889.8	6.6 %
Depreciation and amortization	**251.7**	232.6	8.2 %	**934.7**	921.0	1.5 %
Net finance costs (income)	**58.3**	67.8	(14.0) %	**220.9**	291.1	(24.1) %
Income (loss) before income taxes from continuing operations	**$ 210.7**	$ 376.2	(44.0) %	**$ 453.2**	$ 701.3	(35.4) %
Income before income taxes from discontinued operations	**(4.6)**	60.6	NM[2]	**(47.5)**	70.9	NM[2]
Income (loss) before income taxes	**$ 206.1**	$ 436.8	(52.8) %	**$ 405.7**	$ 772.2	(47.5) %

1 *For further information about this measure see Section 10.2 of this MD&A*
2 *Not meaningful.*

Selected Normalized Metrics – Retail

(C$ in millions, except where noted)	**Q4 2025**	**Normalizing Items[1]**	**Normalized Q4 2025[2]**	Q4 2024	Normalizing Items[1]	Normalized Q4 2024[2]	Change[3]
Revenue	**$ 4,150.7**	**$ —**	**$ 4,150.7**	$ 3,816.7	$ —	$ 3,816.7	8.8 %
Cost of producing revenue	**2,789.7**	**—**	**2,789.7**	2,648.1	(18.1)	2,630.0	6.1 %
Gross margin dollars	**$ 1,361.0**	**$ —**	**$ 1,361.0**	$ 1,168.6	$ 18.1	$ 1,186.7	14.7 %
Gross margin rate[4]	**32.8 %**	**— bps**	**32.8 %**	30.6 %	47 bps	31.1 %	170 bps
Other expense (income)	**$ 8.7**	**$ (30.9)**	**$ (22.2)**	$ (281.0)	$ 241.0	$ (40.0)	(44.5) %
Selling, general and administrative expenses	**831.6**	**—**	**831.6**	773.0	(8.7)	764.3	8.8 %
Depreciation and amortization	**251.7**	**—**	**251.7**	232.6	—	232.6	8.2 %
Net finance costs (income)	**58.3**	**—**	**58.3**	67.8	—	67.8	(14.0) %
Income (loss) before income taxes from continuing operations	**$ 210.7**	**$ 30.9**	**$ 241.6**	$ 376.2	$ (214.2)	$ 162.0	49.1 %
Income before income taxes from discontinued operations	**(4.6)**	**—**	**(4.6)**	60.6	—	60.6	NM[5]
Income (loss) before income taxes	**$ 206.1**	**$ 30.9**	**$ 237.0**	$ 436.8	$ (214.2)	$ 222.6	6.5 %

1 *Refer to Section 5.1.1 in this MD&A for a description of normalizing items.*
2 *These normalized measures (excluding Revenue, Depreciation and amortization, Net finance costs, and Income before income taxes from discontinued operations) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see Section 10.1 of this MD&A.*
3 *Change is between normalized results.*
4 *For further information about this measure see Section 10.2 of this MD&A.*
5 *Not meaningful.*

(C$ in millions, except where noted)	**2025**	**Normalizing Items**[1]	**Normalized 2025**[2]	2024	Normalizing Items[1]	Normalized 2024[2]	Change[3]
Revenue	**$ 14,728.6**	**$ —**	**$ 14,728.6**	$ 13,970.6	$ —	$ 13,970.6	5.4 %
Cost of producing revenue	**9,963.1**	**—**	**9,963.1**	9,590.0	(18.1)	9,571.9	4.1 %
Gross margin dollars	**$ 4,765.5**	**$ —**	**$ 4,765.5**	$ 4,380.6	$ 18.1	$ 4,398.7	8.3 %
Gross margin rate[4]	**32.4 %**	**— bps**	**32.4 %**	31.4 %	13 bps	31.5 %	55 bps
Other expense (income)	**$ 75.2**	**$ (230.5)**	**$ (155.3)**	$ (422.6)	$ 241.0	$ (181.6)	(14.5) %
Selling, general and administrative expenses	**3,081.5**	**—**	**3,081.5**	2,889.8	(8.7)	2,881.1	7.0 %
Depreciation and amortization	**934.7**	**—**	**934.7**	921.0	—	921.0	1.5 %
Net finance costs (income)	**220.9**	**—**	**220.9**	291.1	—	291.1	(24.1) %
Income (loss) before income taxes from continuing operations	**$ 453.2**	**$ 230.5**	**$ 683.7**	$ 701.3	$ (214.2)	$ 487.1	40.4 %
Income before income taxes from discontinued operations	**(47.5)**	**—**	**(47.5)**	70.9	—	70.9	NM[5]
Income (loss) before income taxes	**$ 405.7**	**$ 230.5**	**$ 636.2**	$ 772.2	$ (214.2)	$ 558.0	14.0 %

1 *Refer to Section 5.1.1 in this MD&A for a description of normalizing items.*
2 *These normalized measures (excluding Revenue, Depreciation and amortization, Net finance costs, and Income before income taxes from discontinued operations) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see Section 10.1 of this MD&A.*
3 *Change is between normalized results.*
4 *For further information about this measure see Section 10.2 of this MD&A.*
5 *Not meaningful.*

5.2.2 Retail Segment Key Performance Measures[1]

	(Year-over-year percentage change, C$ in millions, except as noted)	**Q4 2025**	Q4 2024	Change	**2025**	2024	Change
	Revenue[2]	**$4,150.7**	$3,816.7	8.8 %	**$14,728.6**	$13,970.6	5.4 %
	Revenue, excluding Petroleum	**3,667.9**	3,312.0	10.7 %	**12,791.0**	11,894.0	7.5 %
	Store count	**1,690**	1,704				
	Retail square footage (in millions)	**35.4**	35.3				
	Retail sales growth[3]	**8.9 %**	1.1 %		**4.5 %**	(1.8) %	
	Retail sales growth, excluding Petroleum[3]	**10.2 %**	1.2 %		**5.9 %**	(1.7) %	
	Consolidated Comparable sales growth[3, 4]	**4.2 %**	1.1 %		**4.1 %**	(1.7) %	
	Retail Return on Invested Capital (ROIC)[5, 6]	**11.0 %**	9.8 %	119 bps	**n/a**	n/a	
	Retail normalized[7] SG&A as a percentage of revenue excluding Petroleum[3, 6]	**22.7 %**	23.1 %	(41) bps	**24.1 %**	24.2 %	(13) bps
	Owned Brands penetration rate[3]	**37.9 %**	38.0%	(2) bps	**36.5 %**	36.7%	(15) bps
CANADIAN TIRE	Revenue[2, 8]	**$2,379.8**	$2,187.2	8.8 %	**$ 9,081.2**	$ 8,452.6	7.4 %
	Store count[9]	**673**	671				
	Retail square footage (in millions)	**24.4**	24.2				
	Sales per square foot[3, 10]	**$ 511**	$ 497	2.8 %	**n/a**	n/a	
	Retail sales growth[3, 11]	**8.7 %**	1.3 %		**5.6 %**	(1.9) %	
	Comparable sales growth[3]	**2.7 %**	1.1 %		**3.7 %**	(2.0) %	
SPORTCHEK	Revenue[2]	**$ 637.8**	$ 546.8	16.6 %	**$ 2,071.9**	$ 1,897.7	9.2 %
	Store count[12]	**354**	371				
	Retail square footage (in millions)	**7.1**	7.2				
	Sales per square foot[3, 13]	**$ 335**	$ 315	6.3 %	**n/a**	n/a	
	Retail sales growth[3, 14]	**14.5 %**	0.2 %		**7.4 %**	(1.3) %	
	Comparable sales growth[3]	**9.5 %**	0.4 %		**6.2 %**	(0.7) %	
Mark's	Revenue[2, 15]	**$ 647.3**	$ 575.3	12.5 %	**$ 1,620.4**	$ 1,523.3	6.4 %
	Store count	**386**	383				
	Retail square footage (in millions)	**3.9**	3.8				
	Sales per square foot[3, 13]	**$ 416**	$ 410	1.7 %	**n/a**	n/a	
	Retail sales growth[3, 16]	**13.0 %**	2.4 %		**6.5 %**	— %	
	Comparable sales growth[3]	**7.2 %**	1.8 %		**3.9 %**	(0.1) %	
GAS+	Revenue[2]	**$ 482.8**	$ 504.7	(4.3) %	**$ 1,937.6**	$ 2,076.6	(6.7) %
	Gas bar locations	**277**	279				
	Gross margin dollars	**$ 61.3**	$ 52.4	17.0 %	**$ 226.2**	$ 210.2	7.6 %
	Retail sales growth[3]	**(1.5) %**	0.3 %		**(5.3) %**	(2.3) %	
	Gasoline volume growth in litres	**9.4 %**	1.4 %		**4.8 %**	(2.1) %	
	Comparable store gasoline volume growth in litres[3]	**0.7 %**	0.6 %		**1.7 %**	(2.5) %	

1 The variance between Retail Sales and Comparable Sales is partly attributable to the basis of calculation with Comparable Sales calculated on a 52 week basis, compared to Retail Sales which is calculated on a full year (53 week) basis.

2 Revenue reported for CTR, SportChek, Mark's and Petroleum for the 14 and 53 weeks ended January 3, 2026 includes inter-segment revenue of $3.0 million (2024 – $7.7 million) and $11.7 million (2024 - $10.9 million), respectively. Therefore, in aggregate, revenue for CTR, SportChek, Mark's, and Petroleum will not equal total revenue for the Retail segment.

3 For further information about this measure see Section 10.2 of this MD&A.

4 Comparable sales growth excludes Petroleum.

5 Retail ROIC is calculated on a rolling 12-month basis based on normalized earnings.

6 This is a non-GAAP financial measure. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

7 Refer to section 5.1.1 in this MD&A for a description of normalizing items.

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

9 Store count includes stores from Canadian Tire, and other banner stores of 171 (2024: 169 stores). Other banners include PartSource, PHL, and Party City.

10 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.

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

12 SportChek franchise stores include instances where stores are co-located.

13 Sales per square foot figures are calculated on a rolling 12-month basis, include both corporate and franchise stores and warehouse, and administrative space.

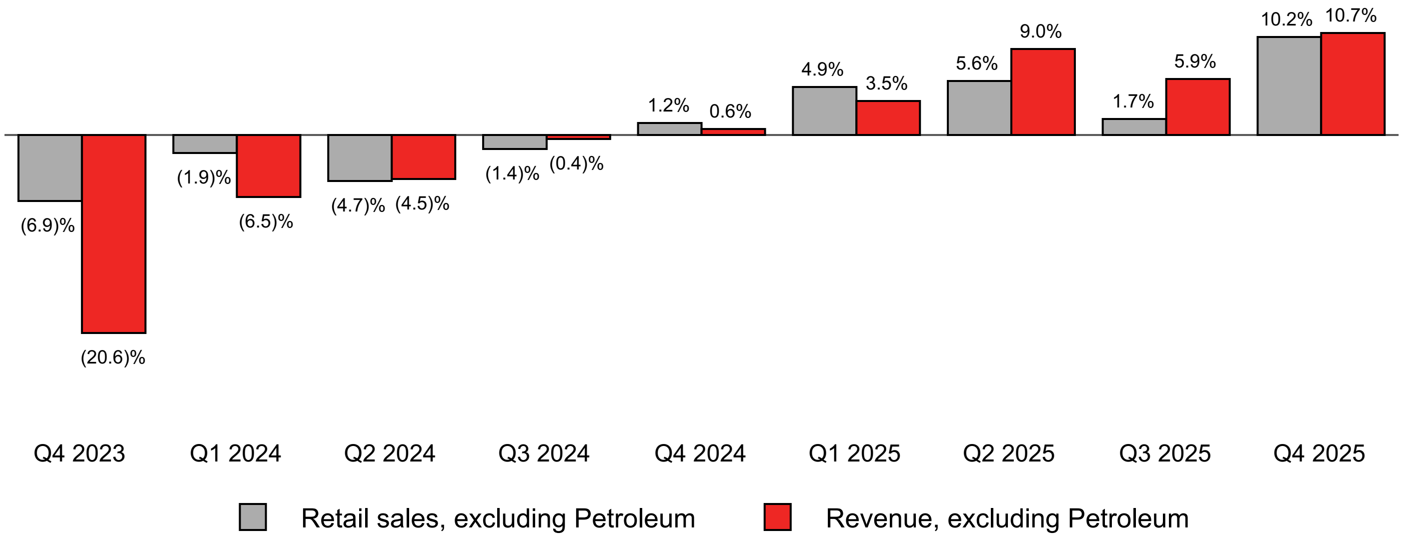
14 Retail sales growth includes sales from both corporate and franchise stores.

15 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.

16 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 Retail sales[1] and Revenue for the Retail segment, excluding Petroleum[1, 2], by quarter for the last two years. Numbers are on a continuing operations basis.

Year-over-year Retail Sales and Revenue Growth



[1] The fourth quarter of 2025 results include one additional week of retail operations compared to the fourth quarter of 2024 and 2023.
[2] For further information about this measure see section 10.2 of this MD&A.

Retail Segment Commentary

Income before income taxes was $210.7 million in the fourth quarter and $453.2 million for the full year, representing decreases of $165.5 million and $248.1 million, respectively, compared to the prior year. The year-over-year decline primarily reflects the impact of one-time restructuring costs incurred in the current year and the absence of a $222.9 million real estate gain recognized in the fourth quarter of the prior year related to the sale of the Brampton DC.

On a normalized basis retail Income before income taxes increased by $79.6 million in the fourth quarter and by $196.6 million for the full year, driven by strong underlying operating performance across all major banners despite increased operating expenses from previously announced IT investments to enable True North transformation initiatives.

Loyalty penetration[1] was up 112 bps on a rolling 12-month basis, reaching 55.5 percent of Retail sales on a direct scan basis, including Petroleum.

	Q4 2025	Full Year
Retail Sales	▲ **$480.2 million or 8.9%** ▲ **4.2% in Comparable sales growth**	▲ **$809.2 million or 4.5%** ▲ **4.1% in Comparable sales growth**
	• Retail sales were $5,860.7 million, an increase of 8.9 percent. Excluding Petroleum, Retail sales grew by 10.2 percent, or $488.8 million compared to the prior year, with weather an important driver of growth across all major banners, led by SportChek.	• Retail sales were $18,986.9 million, an increase of 4.5 percent. Excluding Petroleum, Retail sales increased 5.9 percent or $935.9 million compared to the prior year, with growth across all major banners, led by SportChek and CTR. eCommerce sales[1] were $1 billion, up 8.5 percent compared to the prior year.
	• CTR Retail sales were up 8.7 percent. Sales were up across most divisions, led by strong growth in Seasonal and Gardening and weather dependent categories.	• CTR Retail sales were up 5.6 percent with sales up across all divisions, led by growth in Automotive and Seasonal & Gardening.
	• SportChek Retail sales were up 14.5 percent, led by strong sales in outerwear, fanwear, and hockey.	• SportChek Retail sales were up 7.4 percent, led by fanwear, outerwear and hockey.
	• Mark's Retail sales were up 13.0 percent, driven by strength in new format store sales, and strong growth in ladies casualwear, industrial businesses, and casual footwear.	• Mark's Retail sales were up 6.5 percent driven by growth in men's industrial footwear, workwear, and men's jeans.
	• GAS+ Retail sales were down 1.5 percent driven by lower per litre gas prices partially offset by higher gas volumes.	• GAS+ Retail sales declined 5.3 percent due to lower per litre gas prices, partially offset by higher gas volumes.
Revenue	▲ **$334.0 million or 8.8%** ▲ **10.7% excluding Petroleum**	▲ **$758.0 million or 5.4%** ▲ **7.5% excluding Petroleum**
	• Retail Revenue was $4,150.7 million, an increase of 8.8 percent or $334.0 million, due to higher shipments at CTR and strong growth at Mark's and SportChek.	• Retail Revenue was $14,728.6 million, an increase of 5.4 percent or $758.0 million, due to higher shipments at CTR and sales growth at Mark's and SportChek.

[1] *For further information about this measure see section 10.2 of this MD&A.*

Retail Segment Commentary *(continued)*

	Q4 2025	Full Year
Gross Margin	▲ **$192.4 million or 16.5%** ▲ **217 bps in gross margin rate** ▲ **16.4% excluding Petroleum[1]** ▲ **173 bps in gross margin rate, excluding Petroleum[1]** • Retail Gross margin dollars were $1,361.0 million, an increase of $192.4 million. Excluding Petroleum[1], Gross margin dollars were $1,299.7 million, an increase of $183.5 million, or 16.4 percent driven by the increase in Revenue previously described, combined with a stronger gross margin rate. • Gross margin rate, excluding Petroleum, was 35.4 percent, an increase of 173 bps. On a normalized basis, gross margin rate excluding Petroleum increased by 118 bps, driven by higher margin rates at CTR and SportChek.	▲ **$384.9 million or 8.8%** ▲ **100 bps in gross margin rate** ▲ **8.8% excluding Petroleum** ▲ **42 bps in gross margin rate, excluding Petroleum** • Retail Gross margin dollars were $4,765.5 million, an increase of $384.9 million. Excluding Petroleum, Gross margin dollars were $4,539.3 million, an increase of $368.9 million, or 8.8 percent driven by the increase in Revenue previously described, combined with a stronger gross margin rate. • Gross margin rate, excluding Petroleum, was 35.5 percent, an increase of 42 bps. On a normalized basis, gross margin rate excluding Petroleum increased by 27 bps, driven by modestly higher margin rates at CTR and SportChek.
Other Expense (Income)	▲ **$289.7 million or 103.1%** • Normalizing expenses of $30.9 million this year and normalizing income of $241.0 million in the prior year led to an increase in Other expense (income) of $271.9 million. Excluding these items, normalized Other expenses (income) was unfavourable by $17.8 million mainly due to impairment on certain Party City store level assets recognized in the quarter.	▲ **$497.8 million or 117.8%** • Normalizing expenses of $230.5 million in the current year and normalizing income of $241.0 million in the prior year led to an increase in Other expense (income) of $471.5 million. Excluding these items, normalized Other expense (income) was unfavourable by $26.3 million, mainly due to impairment on certain Party City store level assets recognized in the year.
SG&A	▲ **$58.6 million or 7.5%** • SG&A was $831.6 million, an increase of 7.5 percent or 8.8 percent on a normalized basis, primarily due to higher real estate costs, higher variable compensation, higher IT, as well as inflationary and sales volume-related increases.	▲ **$191.7 million or 6.6%** • SG&A was $3,081.5 million, an increase of 6.6 percent or 7.0 percent on a normalized basis, primarily due to increased IT and IT-related investments in the True North initiatives, higher real estate costs, higher variable compensation, as well as inflationary and sales volume-related increases.
Depreciation and amortization	▲ **$19.0 million or 8.2%** • Depreciation and amortization increased driven by costs associated with the Company's strategic capital investments.	▲ **$13.7 million or 1.5 %** • Depreciation and amortization increased driven by costs associated with the Company's strategic capital investments.
Net Finance Costs	▼ **$9.5 million or 14.0%** • Net finance costs decreased from the prior year due to lower borrowings and lower interest rates.	▼ **$70.2 million or 24.1%** • Net finance costs decreased from the prior year due to lower borrowings and lower interest rates.
Earnings Summary	▼ **$165.5 million or 44.0%** • Income before income taxes decreased by $165.5 million. Normalized Income before income taxes increased by $79.6 million, attributable to the reasons above.	▼ **$248.1 million or 35.4%** • Income before income taxes decreased by $248.1 million. Normalized Income before income taxes increased by $196.6 million, attributable to the reasons above.

[1] *For further information about this measure see section 10.2 of this MD&A.*

5.2.3 Retail Segment Seasonal Trend Analysis

Quarterly Revenue and Income (loss) before income taxes are affected by seasonality. The following table shows the Retail's segment financial performance of the Company from continuing operations by quarter for the last two years.

(C$ in millions)	**Q4 2025[1]**	Q3 2025	Q2 2025	Q1 2025	**Q4 2024**	Q3 2024	Q2 2024	Q1 2024	**Q4 2023**
Retail sales	**$ 5,860.7**	$4,541.5	$5,161.7	$3,423.0	**$5,380.5**	$4,539.5	$5,000.2	$3,257.5	**$5,323.4**
Revenue	**4,150.7**	3,705.8	3,810.3	3,061.8	**3,816.7**	3,591.9	3,617.5	2,944.5	**3,796.0**
Income (loss) before income taxes	**210.7**	144.6	161.1	(63.2)	**376.2**	162.2	181.2	(18.3)	**121.6**

[1] *The fourth quarter of 2025 results include one additional week of retail operations compared to the fourth quarter of 2024.*

5.3 Financial Services Segment Performance

5.3.1 Financial Services Segment Financial Results

(C$ in millions)	**Q4 2025**	Q4 2024	Change	**2025**	2024	Change
Revenue	**$ 404.8**	$ 388.9	4.1 %	**$ 1,593.8**	$ 1,560.2	2.2 %
Gross margin dollars	**$ 195.4**	$ 175.4	11.4 %	**$ 761.7**	$ 741.9	2.7 %
Gross margin rate[1]	**48.3 %**	45.1 %	319 bps	**47.8 %**	47.5 %	24 bps
Other expense (income)	**$ 1.1**	$ 1.2	NM[2]	**$ 3.8**	$ (1.1)	NM[2]
Selling, general and administrative expenses	**116.4**	107.4	8.4 %	**426.2**	388.4	9.7 %
Depreciation and amortization	**1.5**	2.6	(43.1) %	**6.7**	9.4	(28.8) %
Net finance costs (income)	**(2.8)**	(3.3)	(15.1) %	**(9.7)**	(16.8)	(42.4) %
Income before income taxes	**$ 79.2**	$ 67.5	17.3 %	**$ 334.7**	$ 362.0	(7.5) %

[1] *For further information about this measure see Section 10.2 of this MD&A.*
[2] *Not meaningful.*

Selected Normalized Metrics – Financial Services

(C$ in millions, except where noted)	**Q4 2025**	**Normalizing Items[1]**	**Normalized Q4 2025[2]**	Q4 2024	Normalizing Items[1]	Normalized Q4 2024[2]	Change[3]
Revenue	**$ 404.8**	**$ —**	**$ 404.8**	$ 388.9	$ —	$ 388.9	4.1 %
Gross margin dollars	**195.4**	**—**	**195.4**	175.4	—	175.4	11.4 %
Gross margin rate[4]	**48.3 %**	**— bps**	**48.3 %**	45.1 %	— bps	45.1 %	319 bps
Other expense (income)	**$ 1.1**	**$ —**	**$ 1.1**	$ 1.2	$ —	$ 1.2	(8.3)%
Selling, general and administrative expenses	**116.4**	**—**	**116.4**	107.4	(9.4)	98.0	18.8 %
Depreciation and amortization	**1.5**	**—**	**1.5**	2.6	—	2.6	(43.1) %
Net finance costs (income)	**(2.8)**	**—**	**(2.8)**	(3.3)	—	(3.3)	(15.1) %
Income before income taxes	**$ 79.2**	**$ —**	**$ 79.2**	$ 67.5	$ 9.4	$ 76.9	3.0 %

[1] *Refer to Section 5.1.1 for a description of normalizing items.*
[2] *These normalized measures (Selling, general and administrative expenses and Income before income taxes) are non-GAAP financial measures. For further information and a detailed reconciliation see Section 10.1 of this MD&A.*
[3] *Change is between normalized results.*
[4] *For further information about this measure see Section 10.2 of this MD&A.*

Selected Normalized Metrics – Financial Services

(C$ in millions, except where noted)	2025	Normalizing Items[1]	Normalized 2025[2]	2024	Normalizing Items[1]	Normalized 2024[2]	Change[3]
Revenue	**$ 1,593.8**	**$ —**	**$ 1,593.8**	$ 1,560.2	$ —	$ 1,560.2	2.2 %
Gross margin dollars	**761.7**	**—**	**761.7**	741.9	—	741.9	2.7 %
Gross margin rate[4]	**47.8 %**	**— bps**	**47.8 %**	47.5 %	— bps	47.5 %	24 bps
Other expense (income)	**$ 3.8**	**$ —**	**$ 3.8**	$ (1.1)	$ —	$ (1.1)	NM[5]
Selling, general and administrative expenses	**426.2**	**—**	**426.2**	388.4	(9.4)	379.0	12.5 %
Depreciation and amortization	**6.7**	**—**	**6.7**	9.4	—	9.4	(28.8)%
Net finance costs (income)	**(9.7)**	**—**	**(9.7)**	(16.8)	—	(16.8)	(42.4)%
Income before income taxes	**$ 334.7**	**$ —**	**$ 334.7**	$ 362.0	$ 9.4	$ 371.4	(9.9)%

1 Refer to Section 5.1.1 for a description of normalizing items.
2 These normalized measures (Selling, general and administrative expenses and Income before income taxes) are non-GAAP financial measures. For further information and a detailed reconciliation see Section 10.1 of this MD&A.
3 Change is between normalized results.
4 For further information about this measure see Section 10.2 of this MD&A.
5 Not meaningful.

Financial Services Segment Commentary

Financial Services segment Income before income taxes was $79.2 million in the quarter, an increase of $11.7 million from the prior year and a $2.3 million increase on a normalized basis. Higher Gross margin dollars was primarily from higher interest revenue and lower net impairment losses and was partially offset by higher SG&A expenses driven by previously disclosed regulatory and True North investments.

On a full year basis, Financial Services segment Income before income taxes was $334.7 million, a decrease of $27.3 million from the prior year and down $36.7 million on a normalized basis, driven primarily by higher SG&A expenses due to previously disclosed regulatory and True North investments and higher volume driven operating expenses.

	Q4 2025	Full Year
Revenue	▲ **$15.9 million or 4.1%** • Revenue for the quarter was $404.8 million, an increase of $15.9 million, or 4.1 percent compared to the prior year due primarily to growth in interest income.	▲ **$33.6 million or 2.2%** • Revenue was $1,593.8 million, an increase of $33.6 million, or 2.2 percent compared to the prior year due primarily to growth in interest income, partially offset by lower fee income.
Gross Margin Dollars	▲ **$20.0 million or 11.4%** • Gross margin dollars were $195.4 million, an increase of $20.0 million, or 11.4 percent from the prior year. The increase was due to Revenue growth and lower net impairment losses, partially offset by higher funding costs.	▲ **$19.8 million or 2.7%** • Gross margin dollars were $761.7 million, an increase of $19.8 million, or 2.7 percent from the prior year. The increase was mainly due to Revenue growth, offset by higher net impairment losses and funding costs, as expected.
SG&A	▲ **$9.0 million or 8.4%** • SG&A was $116.4 million, an increase of $9.0 million, or 8.4 percent from the prior year. Normalized SG&A increased $18.4 million primarily due to higher IT as well as consulting costs to support regulatory infrastructure investment and True North initiatives, higher personnel costs and higher volume-driven costs.	▲ **$37.8 million or 9.7%** • SG&A was $426.2 million, an increase of $37.8 million or 9.7 percent from the prior year. Normalized SG&A increased $47.2 million primarily due to higher IT as well as consulting costs to support regulatory infrastructure investment and True North initiatives, and higher volume-driven costs.
Earnings Summary	▲ **$11.7 million or 17.3%** • Income before income taxes was $79.2 million, an increase of $11.7 million, or 17.3 percent from the prior year attributable to the reasons noted above. On a normalized basis, Income before taxes was $2.3 million higher than prior year.	▼ **$27.3 million or 7.5%** • Income before income taxes was $334.7 million, a decrease of $27.3 million or 7.5 percent from the prior year attributable to the reasons noted above. On a normalized basis, Income before taxes was $36.7 million lower than prior year.

5.3.2 Financial Services Segment Key Performance Measures

(C$ in millions, except where noted)	Q4 2025	Q4 2024	Change	2025	2024	Change
Credit card sales growth[1]	**3.9 %**	3.5 %		**3.4 %**	1.6 %	
GAAR[1]	**$ 7,656**	$ 7,465	2.5 %	**$ 7,524**	$ 7,374	2.0 %
Revenue (as a percentage of GAAR)[1, 2]	**21.2 %**	21.2 %		**n/a**	n/a	
Average number of accounts with a balance (thousands)	**2,354**	2,335	0.8 %	**2,321**	2,318	0.1 %
Average account balance[1] (whole $)	**$ 3,252**	$ 3,197	1.7 %	**$ 3,242**	$ 3,180	1.9 %
Net credit card write-off rate[1, 2]	**7.2 %**	7.0 %		**n/a**	n/a	
Past due credit card receivables rate[3]	**3.5 %**	3.6 %		**n/a**	n/a	
Allowance rate	**12.0 %**	12.4 %		**n/a**	n/a	
Return on receivables[1, 2]	**4.4 %**	4.9 %		**n/a**	n/a	
Share of tender[1, 2]	**13.2 %**	13.2 %		**n/a**	n/a	
eCTM issued to CTB credit card holders[1, 2]	**$ 328.5**	$ 292.4	12.3 %	**n/a**	n/a	

[1] *For further information about this measure see Section 10.2 of this MD&A.*
[2] *Figures are calculated on a rolling 12-month basis.*
[3] *This is a non-GAAP ratio. For further information and a detailed reconciliation see section 10.1 of this MD&A*

Financial Services Segment Scorecard

Q4 2025 vs. Q4 2024	
Growth	▲ **3.9% in credit card sales growth** ▲ **2.5% in GAAR** ▲ **0.8% in average number of accounts with a balance** ▲ **1.7% in average account balance** ▶ **2 bps decrease in share of tender** ▲ **12.3% in eCTM issued to CTB credit card holders** • Credit card sales increased by 3.9 percent over the prior year led by higher spend at both internal retail banners and external merchants. • GAAR increased by 2.5 percent, driven by continued cardholder engagement, which resulted in account balances up 1.7 percent on credit card sales growth and an increase in active accounts. • Strong card sales and cardholder engagement drove increased electronic Canadian Tire Money (eCTM) issuance over the prior year.
Performance	▼ **46 bps in return on receivables** ▶ **2 bps increase in Revenue as a percentage of GAAR** • Return on receivables decreased by 46 bps due to the decline in earnings on a 12-month basis from regulatory infrastructure investments, True North initiatives and the increase in GAAR.
Operational metrics	▼ **11 bps decrease in PD2+ rate** ▲ **13 bps in net credit card write-off rate** ▼ **33 bps in allowance rate** • The PD2+ rate remained stable, finishing 11 bps lower than the prior year. • The net credit card write-off rate was up 13 bps, driven by an expected increase in net write-off dollars relative to receivable growth. The net write-off rate was flat to Q3 2025. • The allowance rate decreased by 33 bps to 12.0 percent, remaining within the previously disclosed range of 11.5 to 13.5 percent. The Expected Credit Loss (ECL) allowance for loans receivable was relatively unchanged from Q3 2025, finishing at $934.9 million.

5.3.3 Financial Services Segment Seasonal Trend Analysis

Quarterly Income before income taxes 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)	**Q4 2025**	Q3 2025	Q2 2025	Q1 2025	**Q4 2024**	Q3 2024	Q2 2024	Q1 2024	**Q4 2023**
Revenue	**$ 404.8**	$ 401.3	$ 392.1	$ 395.6	**$ 388.9**	$ 399.1	$ 383.2	$ 389.0	**$ 379.9**
Income before income taxes	**79.2**	84.4	74.1	97.0	**67.5**	110.3	88.5	95.7	**85.2**

5.4 CT REIT Segment Performance

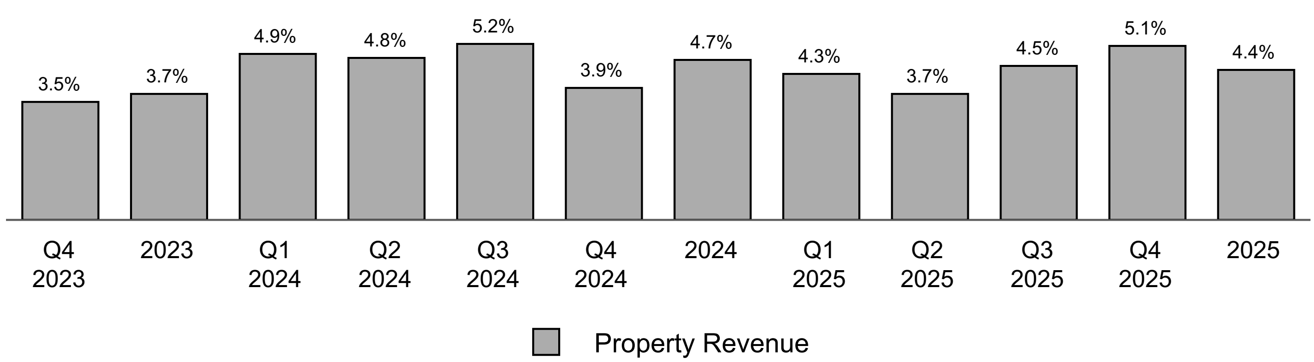
5.4.1 CT REIT Segment Financial Results

(C$ in millions)	Q4 2025	Q4 2024	Change	2025	2024	Change
Property revenue[1]	**$ 153.0**	$ 145.4	5.1 %	**$ 604.3**	$ 578.7	4.4 %
Property expense[1]	**33.5**	30.9	8.4 %	**132.6**	125.7	5.5 %
General and administrative expense (G&A)	**4.3**	2.8	49.2 %	**18.4**	16.1	14.5 %
Net finance costs	**34.3**	31.2	10.0 %	**131.6**	121.8	8.1 %
Fair value (gain) loss adjustment[2]	**(110.4)**	(54.8)	NM[3]	**(195.4)**	(119.1)	64.1 %
Income before income taxes	**$ 191.3**	$ 135.3	41.4 %	**$ 517.1**	$ 434.2	19.1 %
Adjustment from fair value to amortized cost method on Investment property						
Fair value gain (loss) adjustment	**110.4**	54.8	NM[3]	**195.4**	119.1	64.1 %
(Gain) realized on sale of property	**—**	—	NM[3]	**—**	(12.8)	NM[3]
Depreciation and impairment loss	**21.8**	20.7	5.3 %	**84.4**	80.9	4.3 %
Income before income taxes, applying CTC accounting policies	**$ 59.1**	$ 59.8	(1.2) %	**$ 237.3**	$ 247.0	(3.9) %

[1] *For further information about this measure see Section 10.2 of this MD&A.*
[2] *Fair value is eliminated on consolidation.*
[3] *Not meaningful.*

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

On a quarterly basis, CT REIT segment income, applying CTC accounting policies, decreased $0.7 million due to higher Net finance costs, Property expense, General and administrative expenses, and Depreciation, partially offset by higher Property revenue.

On a full year basis, CT REIT segment income, applying CTC accounting policies, decreased $9.7 million primarily due to a gain on sale of property in the second quarter of the prior year.

	Q4 2025	Full Year
Property Revenue	▲ **$7.6 million or 5.1%** • Property revenue was $153.0 million, an increase of $7.6 million, or 5.1 percent. The increase was mainly due to property acquisitions, intensifications and developments completed during 2024 and 2025, and contractual rent escalations.	▲ **$25.6 million or 4.4%** • Property revenue was $604.3 million, an increase of $25.6 million, or 4.4 percent. The increase was mainly due to property acquisitions, intensifications and developments completed during 2024 and 2025, and contractual rent escalations.
Property Expense	▲ **$2.6 million or 8.4%** • Property expense was $33.5 million, an increase of $2.6 million, or 8.4 percent, primarily due to higher property taxes.	▲ **$6.9 million or 5.5%** • Property expense was $132.6 million, an increase of $6.9 million, or 5.5 percent, primarily due to higher property taxes.
G&A	▲ **$1.5 million or 49.2%** • G&A was $4.3 million, an increase of $1.5 million, primarily due to mark-to-market of variable compensation expense.	▲ **$2.3 million or 14.5%** • G&A was $18.4 million, an increase of $2.3 million, primarily due to mark-to-market of variable compensation expense and increased personnel compensation.
Depreciation	▲ **$1.1 million or 5.3%** • Depreciation was $21.8 million, an increase of $1.1 million or 5.3 percent, due to property acquisitions, intensifications and developments completed during 2024 and 2025.	▲ **$3.5 million or 4.3%** • Depreciation was $84.4 million, an increase of $3.5 million or 4.3 percent due to property acquisitions, intensifications and developments completed during 2024 and 2025.
Net Finance Costs	▲ **$3.1 million or 10.0%** • Net finance costs were $34.3 million, an increase of $3.1 million or 10.0 percent, driven by higher rates on Class C units and the issuance of Series J senior unsecured debentures.	▲ **$9.8 million or 8.1%** • Net finance costs were $131.6 million, an increase of $9.8 million or 8.1 percent, driven by higher rates on Class C units, drawdown on credit facilities, higher interest on lease liabilities and lower interest income.
Earnings Summary	▼ **$0.7 million or 1.2%** • Income before income taxes, applying CTC accounting policies, was $59.1 million, a decrease of $0.7 million or 1.2 percent due to the items mentioned above.	▼ **$9.7 million or 3.9%** • Income before income taxes, applying CTC accounting policies, was $237.3 million, a decrease of $9.7 million or 3.9 percent due to a gain on sale of a property in Q2 2024, offset by the items mentioned above.

5.4.2 CT REIT Segment Key Performance Measures

(C$ in millions except per unit metrics)	Q4 2025	Q4 2024	Change	2025	2024	Change
Net operating income[1]	**$ 121.2**	$ 115.6	4.9 %	**$ 478.7**	$ 457.6	4.6 %
Funds from operations[1]	**80.7**	79.0	2.2 %	**323.6**	314.7	2.8 %
Diluted funds from operations per unit[1]	**$ 0.339**	$ 0.334	1.5 %	**$ 1.360**	$ 1.333	2.0 %
Adjusted funds from operations[1]	**75.6**	73.0	3.6 %	**303.1**	292.4	3.7 %
Diluted adjusted funds from operations per unit[1]	**$ 0.317**	$ 0.308	2.9 %	**$ 1.274**	$ 1.239	2.8 %

[1] *This measure is a non-GAAP financial measure. For further information and a detailed reconciliation see Section 10.1.6 of this MD&A.*

Net Operating Income (NOI)
NOI for the quarter increased by 4.9 percent compared to the prior year, primarily due to contractual rent escalations and recovery of capital expenditures, coupled with an increase in NOI due to properties acquired, intensified, and developed in 2024 and 2025.

Funds from Operations (FFO)
FFO for the quarter increased by 2.2 percent compared to the prior year, primarily due to the acquisition, intensifications and developments completed during 2024 and 2025, partially offset by higher Net finance costs.

Diluted FFO per unit

Diluted FFO per unit for the quarter increased by 1.5 percent compared to the prior year, primarily due to the growth of FFO exceeding the growth in weighted average units outstanding on a diluted basis.

Adjusted Funds from Operations (AFFO)
AFFO for the quarter increased by 3.6 percent compared to the prior year, primarily due to the acquisition, intensifications and developments completed during 2024 and 2025 and rent escalations, partially offset by higher Net finance costs.

Diluted AFFO per unit
Diluted AFFO per unit for the quarter increased by 2.9 percent compared to the prior year, primarily due to the growth of AFFO exceeding the growth in the weighted average units outstanding on a diluted basis.

6.0 Balance Sheet Analysis, Liquidity, and Capital Resources

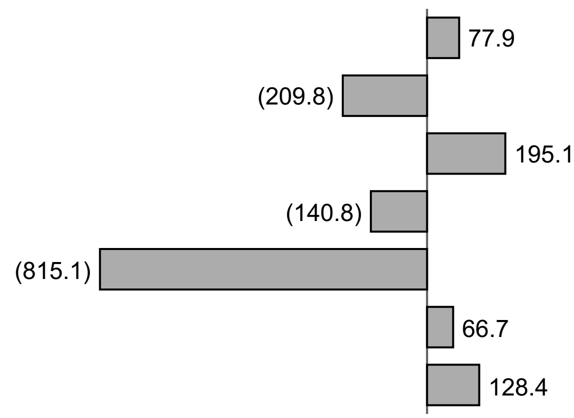
6.1 Selected Balance Sheet Highlights

Selected line items from the Company's assets and liabilities, as at January 3, 2026 and the year-over-year change versus December 28, 2024, are noted below. The prior-year comparatives have not been restated for the sale of Helly Hansen.

Change in Total assets	▼	$	700.8

Selected Assets	January 3, 2026
Cash and cash equivalents	553.5
Trade and other receivables	1,053.2
Loans receivable (current and long-term portion)	7,395.7
Merchandise inventories	2,417.5
Goodwill and intangible assets	1,361.1
Investment property	503.4
Property and equipment	5,522.8

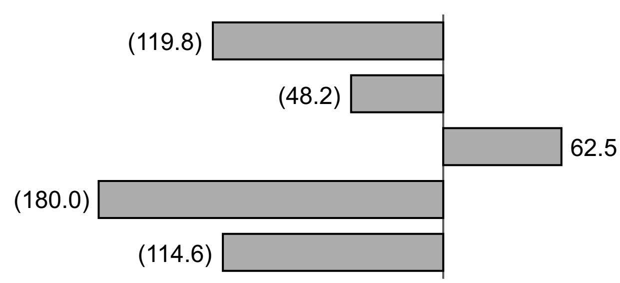
Year-over-year change in assets



Change in Total liabilities	▼	$	426.4

Selected Liabilities	January 3, 2026
Trade and other payables	2,811.6
Lease liabilities (current and long-term)	2,441.9
Provisions (short-term and long-term)	315.8
Long-term debt (current and long-term)	4,375.9
Deferred income taxes	130.9

Year-over-year change in liabilities



Assets			
Cash and cash equivalents	▲	**$77.9 million**	Refer to Section 6.2 Summary Cash Flows for further details.
Trade and other receivables	▼	**$209.8 million**	The decrease in trade and other receivables is largely attributable to the sale of Helly Hansen in Q2 2025.
Loans receivable (current and long-term)	▲	**$195.1 million**	The increase is primarily due to increased cardholder activity in both the average balance and number of active credit card accounts.
Merchandise inventories	▼	**$140.8 million**	The decrease in inventory is due to the sale of Helly Hansen in Q2 2025, partially offset by an increase in inventory due to earlier receipt of product relative to the prior year.
Goodwill and intangible assets	▼	**$815.1 million**	The decrease is largely attributable to the sale of Helly Hansen in Q2 2025.
Investment property	▲	**$66.7 million**	The increase in investment property is due to various REIT investments.
Property and equipment	▲	**$128.4 million**	The increase is primarily driven by store and supply chain investments, including the Company's Richmond distribution centre, which opened in 2025.

Liabilities			
Trade and other payables	▼	**$119.8 million**	The decrease is mainly attributable to the sale of Helly Hansen in Q2 2025.
Lease liabilities (current and long-term)	▼	**$48.2 million**	The decrease in lease liabilities is mainly due to the timing of lease payments and the sale of Helly Hansen in Q2 2025.
Provisions (short-term and long-term)	▲	**$62.5 million**	The increase is mainly due to provisions for True North and the increase in sales leading to higher warranty and returns provisions this year.
Long-term debt (current and long-term)	▼	**$180.0 million**	The decrease is primarily due to repayment of $200 million medium-term notes during Q2 2025.
Deferred income taxes	▼	**$114.6 million**	The decrease is mainly attributable to the sale of Helly Hansen in Q2 2025.

6.2 Summary Cash Flows

Selected line items from the Company's Consolidated Statements of Cash Flows from both continuing and discontinued operations for the quarters and years ended January 3, 2026 and December 28, 2024 are noted in the following tables:

(C$ in millions)	**Q4 2025**	Q4 2024	Change
Cash generated from (used for) operating activities	**$ 798.9**	$ 875.3	$ (76.4)
Cash generated from (used for) investing activities	**(248.6)**	171.7	(420.3)
Cash generated from (used for) financing activities	**(339.2)**	(925.4)	586.2
Cash generated (used) in the period	**$ 211.1**	$ 121.6	$ 89.5

(C$ in millions)	**2025**	2024	Change
Cash generated from (used for) operating activities	**$ 952.1**	$ 2,063.8	$ (1,111.7)
Cash generated from (used for) investing activities	**638.8**	(264.1)	902.9
Cash generated from (used for) financing activities	**(1,513.0)**	(1,635.3)	122.3
Cash generated (used) in the period	**$ 77.9**	$ 164.4	$ (86.5)

	Q4 2025	**Full Year**
Operating activities	▼ **$76.4 million change** • The decrease in cash generated from operating activities was primarily driven by changes in working capital.	▼ **$1,111.7 million change** • The decrease in cash generated from operating activities was primarily driven by changes in working capital and higher Income taxes paid.
Investing activities	▼ **$420.3 million change** • The decrease in cash generated from investing activities was primarily driven by a decrease in proceeds on disposition of properties, which included the Brampton DC, in the prior year.	▲ **$902.9 million change** • The increase in cash generated from investing activities was primarily driven by proceeds from sale of Helly Hansen in the current year partially offset by a decrease in proceeds on disposition of properties, which included the Brampton DC, in the prior year.
Financing activities	▲ **$586.2 million change** • The decrease in cash used for financing activities was primarily due to lower net repayment of long-term debt, offset by higher repurchases of Class A Non-Voting shares.	▲ **$122.3 million change** • The decrease in cash used for financing activities was due to higher repayment of short-term borrowings and long-term debt in the prior year, partially offset by higher repurchases of Class A Non-Voting shares this year.

6.3 Capital Management

The definition of capital varies across companies, industries, and specific purposes. In managing the Company's capital, Management includes the following items in its definition of capital, which includes Glacier Credit Card Trust (GCCT) indebtedness but excludes Franchise Trust indebtedness because it is a legal liability of the Dealers:

(C$ in millions)	2025	% of total	2024	% of total
Capital components				
Deposits	**$ 1,109.4**	**7.9 %**	$ 1,171.4	8.0 %
Short-term borrowings	**295.1**	**2.1 %**	295.8	2.0 %
Current portion of long-term debt	**758.0**	**5.4 %**	680.4	4.6 %
Long-term debt	**3,617.9**	**25.7 %**	3,875.5	26.5 %
Long-term deposits	**2,432.7**	**17.3 %**	2,386.0	16.3 %
Total debt	**$ 8,213.1**	**58.4 %**	$ 8,409.1	57.4 %
Share capital	**615.9**	**4.4 %**	625.9	4.3 %
Retained earnings	**5,230.3**	**37.2 %**	5,614.4	38.3 %
Total capital under management	**$ 14,059.3**	**100.0 %**	$ 14,649.4	100.0 %

The Company's capital management objectives are to:

- ensure sufficient liquidity with the flexibility to access additional capital from multiple sources, if required; to meet financial obligations as they come due and to support the execution of operating and strategic plans; and
- minimize the after-tax cost of capital while considering key risks, including current and future industry, market, and economic conditions, as outlined in Section 11.0 of this MD&A.

6.3.1 Canadian Tire Bank's Regulatory Environment

CTB manages its capital in accordance with guidelines established by the Office of the Superintendent of Financial Institutions of Canada (OSFI), which are based on the Basel III framework, developed by the International Basel Committee on Banking Supervision. Basel III, in effect since January 1, 2013, is designed to strengthen regulation, supervision, and risk management in the banking sector.

To comply with these regulations, CTB has implemented several capital policies, procedures, and controls. A key component of this framework is the annual Internal Capital Adequacy Assessment Process (ICAAP), which supports CTB in achieving its strategic and operational objectives.

The Bank's capital management objectives include:

- 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 unexpected operating and investment losses and volatility.

As at the end of the fourth quarter of 2025, the Bank was in compliance with all applicable regulatory capital requirements established by OSFI, and had achieved its internal targets as determined through its ICAAP.

6.4 Investing

6.4.1 Capital Expenditures

The Company's capital expenditures for the periods ended January 3, 2026 and December 28, 2024 were as follows:

(C$ in millions)		2025		2024
Fulfillment and systems modernization	**$**	**182.8**	$	181.7
Omnichannel customer experience		**142.7**		102.4
Store investments		**176.7**		194.3
Operating capital expenditures[1]	**$**	**502.2**	$	478.4
CT REIT acquisitions and developments excluding vend-ins from CTC		**128.3**		96.7
Total capital expenditures[2]	**$**	**630.5**	$	575.1

1 This measure is a non-GAAP financial measure. For further information and a detailed reconciliation see Section 10.1 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.

	Full Year
Total capital expenditures	▲ **$55.4 million** • The Company's operating capital expenditures and total capital expenditures were $502.2 million and $630.5 million respectively, an increase of $23.8 million and $55.4 million from the prior year. The increase was driven mainly by the timing of spend.

Capital Commitments

As at January 3, 2026, the Company had capital commitments for the acquisition of property and equipment, investment property and intangible assets for an aggregate cost of approximately $94.7 million (December 28, 2024 – $122.4 million).

Operating Capital Expenditures

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

The Company's 2025 full-year operating capital expenditures were $502.2 million, below the disclosed range in Q3 2025 of $525 million to $575 million. Full-year operating capital expenditures for 2026 are expected to be in the range of $500 million to $550 million.

6.5 Liquidity and Financing

Management is focused on ensuring that the Company maintains sufficient liquidity through a strong balance sheet and the ability to access additional capital from multiple sources. Each of the Retail, Financial Services, and CT REIT segments has access to various alternative sources of funding and liquidity to meet financial obligations as they come due and to support the execution of operating and strategic plans.

As at January 3, 2026, each of CTC, CT REIT, and CTB were in full compliance with all financial covenants under the agreements for the committed bank lines of credit listed in the following Financing Source table.

As at January 3, 2026 (C$ in millions)	Consolidated	Retail	Financial Services	CT REIT
Cash and cash equivalents	$ 553.5	$ 210.7	$ 338.6	$ 4.2
Short-term investments	148.5	—	148.5	—
Total net cash and cash equivalents and short-term investments[1]	$ 702.0	$ 210.7	$ 487.1	$ 4.2
Committed Bank Lines of Credit[2]	3,775.0	1,975.0	1,500.0	300.0
Less: Borrowings outstanding[3]	—	—	—	—
Less: U.S. commercial paper outstanding[4]	—	—	—	—
Less: Letters of credit outstanding	2.7	—	—	2.7
Available Committed Bank Lines of Credit	$ 3,772.3	$ 1,975.0	$ 1,500.0	$ 297.3
Liquidity[1]	$ 4,474.3	$ 2,185.7	$ 1,987.1	$ 301.5

1 This measure is a non-GAAP financial measure with no standardized meaning under IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other issuers.

2 The funding commitment for the Financial Services segment includes a GCCT Note Purchase Facility (NPF) in the amount of $1.2 billion and a $300.0 million secured bank line of credit.Management excludes from the Financial Service segment's liquidity the difference between the outstanding asset-backed commercial paper (ABCP) notes issued by GCCT ($295.0 million as at January 3, 2026) and the $300.0 million syndicated global-style liquidity facility, as access to this facility depends on initial market funding, which historically has not always been available.

3 For further information about this measure see Section 10.2 of this MD&A.

4 U.S. commercial paper is fully back-stopped by CTC's syndicated committed bank line of credit so such borrowings reduce Retail's liquidity.

As at January 3, 2026, the Company had $702.0 million in cash and short-term investments, net of bank indebtedness, and $4.5 billion in liquidity with $2.2 billion, $2.0 billion, and $301.5 million at its Retail, Financial Services, and CT REIT segments, respectively.

Financing Source	
Committed Bank Lines of Credit and Securitized Note Purchase Facility	• A syndicate of eight Canadian and two international financial institutions provide the Retail segment with a $1,975 million unsecured bank line of credit for general corporate purposes, including back-stopping outstanding U.S. CP discussed below, expiring in September 2030. As of January 3, 2026, there were no borrowings outstanding on this facility. • CT REIT is supported by a $300.0 million unsecured bank line of credit from a syndicate of seven Canadian financial institutions, also expiring in September 2030. As of January 3, 2026, CT REIT had no borrowings outstanding on this facility. • CTB has access to a $300.0 million secured bank line of credit and a $1.2 billion securitized note purchase facility (NPF), both expiring in April 2028. As of January 3, 2026, CTB had no borrowings outstanding on its bank line of credit and a nominal amount owing on the senior and subordinated credit card asset-backed notes issued by GCCT to the lender under the NPF.
Commercial Paper Programs	• CTC has a U.S. dollar-denominated commercial paper (U.S. CP) program with a maximum issuance capacity of USD $1.0 billion in unsecured short-term promissory notes. These notes mature between one and 270 days, are issued at a discount, and rank pari passu with all other unsecured and unsubordinated obligations of CTC. As of January 3, 2026, CTC had no U.S. CP outstanding. • Concurrently, CTC uses foreign exchange derivatives to hedge the currency risk associated with its U.S. CP issuances, covering both the principal and interest components. For accounting purposes, CTC does not designate these derivatives as hedges. • GCCT maintains an ABCP program that permits the issuance of up to $300 million of short-term credit card asset-backed promissory notes. The program is fully supported by a global-style liquidity facility provided by a syndicate of five Canadian financial institutions, expiring in September 2028. As of January 3, 2026, GCCT had $295.1 million of ABCP notes outstanding in short-term borrowings.
Medium-Term Notes, Term Loan and Senior Unsecured Debentures	• As of January 3, 2026, CTC had an aggregate principal amount of $950.0 million of medium-term notes outstanding. • As of January 3, 2026, 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 January 3, 2026, GCCT had $2,000.0 million of credit card asset-backed term notes outstanding. This includes $1,870.0 million of senior term notes and $130.0 million of subordinated term notes.
Broker GIC Deposits	• As of January 3, 2026, CTB had $2,957.5 million of GIC deposits which are sourced through various active broker networks.
Retail Deposits	• As of January 3, 2026, CTB had $584.6 million of retail deposits consisting of High Interest Savings (HIS) and retail GIC deposits, available both within and outside tax-free savings accounts.
Real Estate	• As of January 3, 2026, CTC had a 68.1 percent effective ownership interest in CT REIT, which includes publicly traded CT REIT units. CTC also engages in strategic real estate transactions involving properties not owned by CT REIT. • CT REIT has access to additional funding sources, including access to debt and equity markets, subject to the terms and conditions of CT REIT's Declaration of Trust and all applicable regulatory requirements. • As of January 3, 2026, CT REIT had an $8.1 million mortgage outstanding which is secured by an investment property.

Credit Ratings

A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments. Ratings for long-term debt instruments range from highest credit quality (generally "AAA") to default in payment (generally "D"). Ratings for short-term debt instruments range from "R-1 (high)" (Morningstar DBRS), "A-1+" (S&P), "P-1" (Moody's), or "F1+" (Fitch), representing the highest credit quality to "D" (Morningstar DBRS, S&P and Fitch) and "not prime" (Moody's) for the lowest credit quality of securities rated.

	Morningstar DBRS		**S&P**		**Moody's**		**Fitch**	
Credit Rating Summary	Rating	Trend	Rating	Outlook	Rating	Outlook	Rating	Outlook
Canadian Tire Corporation[1]								
Issuer (long-term)	BBB	Stable	BBB	Stable	—	—	—	—
Medium-term notes (long-term)	BBB	Stable	BBB	—	—	—	—	—
Issuer (short-term)	—	—	A-2	—	P-2	—	—	—
Glacier Credit Card Trust								
Asset-backed senior-term notes	AAA (sf)	—	AAA (sf)	—	—	—	—	—
Asset-backed subordinated-term notes	A (sf)	—	A (sf)	—	—	—	—	—
Asset-backed commercial paper	R-1 (high) (sf)	—	—	—	—	—	F1+ (sf)	—
CT REIT								
Issuer (short-term & long-term)	BBB	Stable	—	—	—	—	—	—
Senior unsecured debentures	BBB	Stable	—	—	—	—	—	—

[1] S&P assigns both long-term and short-term issuer ratings to the Company (for both local and foreign currencies), whereas Moody's assigns a short-term rating solely to the Company's U.S. commercial paper program.

6.5.1 Contractual Obligations, Guarantees and Commitments

The Company funds capital expenditures, working capital needs, dividend payments, and other financing needs, such as debt repayments and Class A Non-Voting Share repurchases under its normal course issuer bid (NCIB), from a combination of sources. The following table shows the Company's contractual obligations to be paid over the next five years and beyond. As at January 3, 2026, the Company believed it had the ability to meet these contractual obligations.

(C$ in millions)	**2026**	**2027**	**2028**	**2029**	**2030**	**2031 & beyond**	**Total**
Deposits	$ 1,120.5	$ 735.4	$ 739.0	$ 534.8	$ 423.5	$ —	**$ 3,553.2**
Total debt[1]	758.1	825.0	900.0	250.0	1,100.0	550.0	**4,383.1**
Lease obligations[2]	414.7	398.3	333.8	270.1	212.0	1,299.6	**2,928.5**
Purchase obligations	2,839.0	342.1	228.6	119.1	33.2	2.8	**3,564.8**
Other obligations	32.8	26.5	14.2	10.2	8.2	9.0	**100.9**
Interest payments	330.4	281.6	191.1	124.3	59.9	101.8	**1,089.1**
	$ 5,495.5	$ 2,608.9	$ 2,406.7	$ 1,308.5	$ 1,836.8	$ 1,963.2	**$ 15,619.6**

[1] Includes current debt, long-term debt, GCCT term notes (senior and subordinated term notes), and a mortgage. Details can be found in Note 21 to the 2025 Consolidated Financial Statements.
[2] Excludes reasonably certain options of $314.0 million (2024 - $249.3 million).

In the normal course of business, the Company enters into numerous agreements that may contain features that meet the definition of a guarantee. For a discussion of the Company's significant guarantees and commitments, refer to Note 35 of the 2025 Consolidated Financial Statements. The Company's maximum exposure to credit risk with respect to such guarantees and commitments is provided in Note 24 of the 2025 Consolidated Financial Statements.

6.6 Funding Costs

The table below shows the funding costs relating to short-term and long-term debt, excluding deposits held by CTB, Franchise Trust indebtedness, and lease liability interest:

(C$ in millions)	**2025**	2024
Interest expense[1]	**$ 211.0**	$ 266.0
Cost of debt[1]	**4.40 %**	4.61 %

[1] *For further information about this measure see Section 10.2 of this MD&A.*

Refer to Section 11.2 in this MD&A for a discussion of the liquidity and credit risks associated with the Company's ability to generate sufficient resources to meet its financial obligations.

7.0 Equity

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

7.1 Shares Outstanding

(C$ in millions)	**2025**	2024
Authorized		
3,423,366 Common Shares		
100,000,000 Class A Non-Voting Shares		
Issued		
3,423,366 Common Shares (2024 – 3,423,366)	**$ 0.2**	$ 0.2
49,524,531 Class A Non-Voting Shares (2024 – 52,197,823)	**615.7**	625.7
	$ 615.9	$ 625.9

Each year, the Company files a notice of intention to make a normal course issuer bid (NCIB) with the Toronto Stock Exchange (TSX) which allows it to repurchase its Class A Non-Voting Shares by means of open market transactions through the TSX and/or alternative Canadian trading systems, if eligible, at the market price of the Class A Non-Voting 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 NCIB are restored to the status of authorized but unissued shares. Copies of the notices are available from the Corporate Secretary of the Company.

On March 6, 2025, the TSX approved the Company's notice of intention to renew its NCIB. Under the NCIB approved by the TSX, the Company may repurchase up to 4.9 million Class A Non-Voting Shares between March 11, 2025 to March 10, 2026 (2025-26 NCIB). The TSX also approved a new automatic securities purchase plan which expires on or before March 10, 2026, allowing a designated broker to facilitate repurchases of Class A Non-Voting Shares under its 2025-26 NCIB at times when the Company would ordinarily not be permitted to repurchase its securities due to regulatory restrictions and customary self-imposed black-out periods. Additionally, 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.

On November 7, 2024, the Company announced its intention to repurchase up to $200 million of its Class A Non-Voting Shares, in excess of the amount required for anti-dilutive purposes, in 2025. On March 6, 2025, as part of the announcement of its True North strategy, the Company increased its share repurchase intention to up to $400 million in 2025, subject to the completion of the sale of Helly Hansen (the 2025 Share Repurchase Intention).

On November 5, 2025, the Board approved the Company's intention to repurchase up to $400 million of its Class A Non-Voting Shares in excess of the amount required for anti-dilutive purposes by the end of 2026, subject to regulatory approval of the renewal of the Company's NCIB (the 2025-26 Share Repurchase Intention).

In 2025, CTC repurchased a total of 2,673,292 Class A Non-Voting Shares beyond anti-dilutive shares for $442.4 million, 2,423,492 Class A Non-Voting Shares for $400.0 million under the 2025 Share Repurchase Intention and 249,800 Class A Non-Voting Shares for $42.4 million under the 2025-26 Share Repurchase Intention.

7.2 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.

On November 5, 2025, the Company increased its annual dividend for the 16th consecutive year, to $7.20 per Common Voting Share and Class A Non-Voting Share from $7.10, an increase of approximately 1.4 percent over the prior year.

On February 18, 2026, the Company's Board of Directors declared dividends of $1.80 per share payable on June 1, 2026 to shareholders of record as of April 30, 2026. The dividend is considered an "eligible dividend" for tax purposes.

7.3 Equity Derivative Contracts

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

During the fourth quarter of 2025, 240,000 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 receipt from counterparties of approximately $3.5 million. The Company entered into 320,000 units of new equity-forward contracts during the quarter.

8.0 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.

With respect to temporary differences relating to and arising from the Company's investment in its subsidiaries, the Company is able to control and has no plans that would result in the realization of the respective temporary differences. Accordingly, the Company has not provided for deferred taxes relating to these respective temporary differences that might otherwise occur from transactions relating to the Company's investment in its subsidiaries. Refer to the Income Taxes accounting policy described in Note 3 of the 2025 Consolidated Financial Statements.

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

Income taxes for the quarter ended January 3, 2026 were $86.3 million (2024 - $83.2 million). The Effective tax rate[2] for the quarter ended January 3, 2026 increased to 27.1 percent (2024 - 17.8 percent), primarily due to lower non-taxable capital gains from property dispositions. When adjusted for normalizing items[3], the Effective tax rate for the quarter was 25.7 percent for 2025 and 23.7 percent for 2024.

Income taxes for the full year ended January 3, 2026 were $219.5 million compared with $259.6 million in 2024. The Effective tax rate for the full year ended January 3, 2026 increased to 25.0 percent from 22.1 percent in 2024, primarily due to lower non-taxable gains from property dispositions. When adjusted for normalizing items[3], the Effective tax rate[2] for the full year was 24.9 percent for 2025 and 24.6 percent for 2024.

1 For further information about this measure see Section 10.1 of this MD&A.
2 This measure is a non-GAAP ratio. For further information and a detailed reconciliation see Section 10.1 of this MD&A.
3 Refer to Section 5.1.1 in this MD&A for a description of normalizing items.

9.0 Accounting Policies and Estimates

9.1 Critical Accounting Estimates

The Company estimates certain amounts, which are reflected in its 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 2025 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 consolidated financial statements are described in Note 2 to the Company's 2025 Consolidated Financial Statements.

9.2 Changes in Accounting Policies

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 ended January 3, 2026 and, accordingly, have not been applied in preparing these interim financial statements.

Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 – *Financial Instruments* and IFRS 7 – *Financial Instruments: Disclosures*. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, and create additional disclosure requirements for financial instruments. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard IFRS 18 – *Presentation and Disclosure in Financial Statements* that will replace IAS 1 – *Presentation of Financial Statements*. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of management performance measures in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

10.0 Non-GAAP Financial Measures and Ratios

Within these financial results, Helly Hansen has been presented separately as discontinued operations. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

10.1 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.

10.1.1 Normalizing non-GAAP financial measures

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 other dispositions, including store closures, operational efficiency program costs, one-time costs for new program rollouts, and infrequent non-operational valuation adjustments, are removed from Cost of producing revenue, SG&A and Other expense (income) where applicable. Explanations of normalizing items can be found in Section 5.1.1.

Normalized Cost of Producing Revenue

Normalized cost of producing revenue is most directly comparable to Cost of producing revenue, a GAAP measure reported in the consolidated financial statements. The following table reconciles normalized cost of producing revenue to cost of producing revenue.

(C$ in millions)	**Q4 2025**	Q4 2024	**2025**	2024
Cost of producing revenue	**$ 2,974.5**	$ 2,839.4	**$ 10,700.2**	$ 10,315.2
Less normalizing items:				
Inventory write-down related to the sale of Brampton DC	**—**	18.1	**—**	18.1
Normalized cost of producing revenue	**$ 2,974.5**	$ 2,821.3	**$ 10,700.2**	$ 10,297.1

Retail Normalized Cost of Producing Revenue

Retail normalized cost of producing revenue is most directly comparable to Retail cost of producing revenue, a GAAP measure reported in the consolidated financial statements. The following table reconciles Retail normalized cost of producing revenue to Retail cost of producing revenue.

(C$ in millions)	**Q4 2025**	Q4 2024	**2025**	2024
Cost of producing revenue	**$ 2,974.5**	$ 2,839.4	**$ 10,700.2**	$ 10,315.2
Less: Other operating segments	**184.8**	191.3	**737.1**	725.2
Retail cost of producing revenue	**$ 2,789.7**	$ 2,648.1	**$ 9,963.1**	$ 9,590.0
Less normalizing items:				
Inventory write-down related to the sale of Brampton DC	**—**	18.1	**—**	18.1
Retail normalized cost of producing revenue	**$ 2,789.7**	$ 2,630.0	**$ 9,963.1**	$ 9,571.9

Normalized Gross Margin and Normalized Gross Margin Rate

Normalized gross margin and normalized gross margin rate are used as additional measures when assessing the amount of revenue retained after incurring direct costs associated with the products and services the Company provides. The following table reconciles normalized gross margin to gross margin, a GAAP measure reported in the consolidated financial statements.

Normalized gross margin rate is normalized gross margin divided by revenue.

(C$ in millions)	**Q4 2025**	Q4 2024	**2025**	2024
Gross margin	**$ 1,576.6**	$ 1,361.4	**$ 5,615.3**	$ 5,200.8
Add normalizing items:				
Inventory write-down related to the sale of Brampton DC	**—**	18.1	**—**	18.1
Normalized gross margin	**$ 1,576.6**	$ 1,379.5	**$ 5,615.3**	$ 5,218.9

Retail Normalized Gross Margin and related measures

Retail normalized gross margin, Retail normalized gross margin excluding Petroleum, Retail normalized gross margin rate, and Retail normalized gross margin rate excluding Petroleum are used as additional measures when assessing the amount of revenue retained after incurring direct costs associated with the products and services the Company provides. Retail normalized gross margin and its successive derivations are most directly comparable to gross margin, a GAAP measure reported in the consolidated financial statements.

Retail normalized gross margin rate is retail normalized gross margin divided by revenue. Retail normalized gross margin rate excluding Petroleum is retail normalized gross margin excluding Petroleum, divided by revenue excluding Petroleum.

(C$ in millions)	**Q4 2025**	Q4 2024	**2025**	2024
Gross margin	**$ 1,576.6**	$ 1,361.4	**$ 5,615.3**	$ 5,200.8
Less: Other operating segments	**215.6**	192.8	**849.8**	820.2
Retail gross margin	**$ 1,361.0**	$ 1,168.6	**$ 4,765.5**	$ 4,380.6
Add normalizing items:				
Inventory write-down related to the sale of Brampton DC	**—**	18.1	**—**	18.1
Retail normalized gross margin	**$ 1,361.0**	$ 1,186.7	**$ 4,765.5**	$ 4,398.7
Less: Petroleum gross margin	**61.3**	52.4	**226.2**	210.2
Retail normalized gross margin excluding Petroleum	**$ 1,299.7**	$ 1,134.3	**$ 4,539.3**	$ 4,188.5

Normalized Other Expense (Income)

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

(C$ in millions)	**Q4 2025**	Q4 2024	**2025**	2024
Other expense (income)	**$ 47.6**	$ (241.9)	**$ 229.0**	$ (290.0)
Less normalizing items:				
Restructuring costs	**—**	—	**125.1**	—
Other transformation and advisory costs	**13.9**	—	**88.4**	—
Impairment on long-term investment	**17.0**	—	**17.0**	—
Gain on sale of Brampton DC	**—**	241.0	**—**	241.0
Normalized Other expense (income)	**$ 16.7**	$ (0.9)	**$ (1.5)**	$ (49.0)

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)	**Q4 2025**	Q4 2024	**2025**	2024
Other expense (income)	**$ 47.6**	$ (241.9)	**$ 229.0**	$ (290.0)
Less: Other operating segments	**38.9**	39.1	**153.8**	132.6
Retail Other expense (income)	**$ 8.7**	$ (281.0)	**$ 75.2**	$ (422.6)
Less normalizing items:				
Restructuring costs	**—**	—	**125.1**	—
Other transformation and advisory costs	**13.9**	—	**88.4**	—
Impairment on long-term investment	**17.0**	—	**17.0**	—
Gain on sale of Brampton DC	**—**	241.0	**—**	241.0
Retail Normalized Other expense (income)	**$ (22.2)**	$ (40.0)	**$ (155.3)**	$ (181.6)

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

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

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

(C$ in millions)	Q4 2025	Q4 2024	2025	2024
Selling, general and administrative expenses	**$ 935.7**	$ 867.2	**$ 3,470.6**	$ 3,240.0
Less normalizing items:				
Expenses related to the strategic review of CTFS	**—**	18.1	**—**	18.1
Normalized Selling, general and administrative expenses	**$ 935.7**	$ 849.1	**$ 3,470.6**	$ 3,221.9

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

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

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

(C$ in millions)	Q4 2025	Q4 2024	2025	2024
Selling, general and administrative expenses	**$ 935.7**	$ 867.2	**$ 3,470.6**	$ 3,240.0
Less: Other operating segments	**104.1**	94.2	**389.1**	350.2
Retail Selling, general and administrative expenses	**$ 831.6**	$ 773.0	**$ 3,081.5**	$ 2,889.8
Less normalizing items:				
Expenses related to the strategic review of CTFS	**—**	8.7	**—**	8.7
Retail Normalized Selling, general and administrative expenses	**$ 831.6**	$ 764.3	**$ 3,081.5**	$ 2,881.1

Financial Services Normalized SG&A

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

(C$ in millions)	Q4 2025	Q4 2024	2025	2024
Selling, general and administrative expenses	**$ 935.7**	$ 867.2	**$ 3,470.6**	$ 3,240.0
Less: Other operating segments	**819.3**	759.8	**3,044.4**	2,851.6
Financial Services Selling, general and administrative expenses	**$ 116.4**	$ 107.4	**$ 426.2**	$ 388.4
Less normalizing items:				
Expenses related to the strategic review of CTFS	**—**	9.4	**—**	9.4
Financial Services Normalized Selling, general and administrative expenses	**$ 116.4**	$ 98.0	**$ 426.2**	$ 379.0

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)	**Q4 2025**	Q4 2024	**2025**	2024
Income before income taxes	**$ 318.7**	$ 468.6	**$ 878.5**	$ 1,175.1
Add normalizing items:				
Restructuring costs	**—**	—	**125.1**	—
Other transformation and advisory costs	**13.9**	—	**88.4**	—
Impairment on long-term investment	**17.0**	—	**17.0**	—
Gain on sale of Brampton DC, net of inventory write-down	**—**	(222.9)	**—**	(222.9)
Expenses related to the strategic review of CTFS	**—**	18.1	**—**	18.1
Normalized Income before income taxes	**$ 349.6**	$ 263.8	**$ 1,109.0**	$ 970.3

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)	**Q4 2025**	Q4 2024	**2025**	2024
Income before income taxes	**$ 318.7**	$ 468.6	**$ 878.5**	$ 1,175.1
Less: Other operating segments	**108.0**	92.4	**425.3**	473.8
Retail Income (loss) before income taxes	**$ 210.7**	$ 376.2	**$ 453.2**	$ 701.3
Add normalizing items:				
Restructuring costs	**—**	—	**125.1**	—
Other transformation and advisory costs	**13.9**	—	**88.4**	—
Impairment on long-term investment	**17.0**	—	**17.0**	—
Gain on sale of Brampton DC, net of inventory write-down	**—**	(222.9)	**—**	(222.9)
Expenses related to the strategic review of CTFS	**—**	8.7	**—**	8.7
Retail Normalized Income (loss) before income taxes	**$ 241.6**	$ 162.0	**$ 683.7**	$ 487.1

Financial Services Normalized Income Before Income Taxes

Financial Services 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 Financial Services Normalized Income before income taxes to Income before income taxes which is a GAAP measure reported in the consolidated financial statements.

(C$ in millions)	**Q4 2025**	Q4 2024	**2025**	2024
Income before income taxes	**$ 318.7**	$ 468.6	**$ 878.5**	$ 1,175.1
Less: Other operating segments	**239.5**	401.1	**543.8**	813.1
Financial Services Income before income taxes	**$ 79.2**	$ 67.5	**$ 334.7**	$ 362.0
Add normalizing items:				
Expenses related to the strategic review of CTFS	**—**	9.4	**—**	9.4
Financial Services Normalized Income before income taxes	**$ 79.2**	$ 76.9	**$ 334.7**	$ 371.4

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)	**Q4 2025**	Q4 2024	**2025**	2024
Income tax expense (recovery)	**$ 86.3**	$ 83.2	**$ 219.5**	$ 259.6
Add tax effect of normalizing items:				
Restructuring costs	**—**	—	**32.9**	—
Other transformation and advisory costs	**3.6**	—	**23.3**	—
Gain on sale of Brampton DC, net of inventory write-down	**—**	(25.6)	**—**	(25.6)
Expenses related to the strategic review of CTFS	**—**	5.0	**—**	5.0
Normalized Income tax expense (recovery)	**$ 89.9**	$ 62.6	**$ 275.7**	$ 239.0

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)	**Q4 2025**	Q4 2024	**2025**	2024
Net income	**$ 232.4**	$ 385.4	**$ 659.0**	$ 915.5
Net income attributable to shareholders	**211.0**	365.2	**575.6**	831.3
Add normalizing items, net of tax:				
Impairment on long-term investment	**17.0**	—	**17.0**	—
Restructuring costs	**—**	—	**92.2**	—
Other transformation and advisory costs	**10.3**	—	**65.1**	—
Gain on sale of Brampton DC, net of inventory write-down	**—**	(197.4)	**—**	(197.4)
Expenses related to the strategic review of CTFS	**—**	13.2	**—**	13.2
Normalized Net income	**$ 259.7**	$ 201.2	**$ 833.3**	$ 731.3
Normalized Net income attributable to shareholders	**$ 238.3**	$ 181.0	**$ 749.9**	$ 647.1
Normalized Diluted EPS	**$ 4.47**	$ 3.24	**$ 13.77**	$ 11.61

10.1.2. EBITDA

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 calculated by dividing the Normalized EBITDA by Revenue.

(C$ in millions)	**Q4 2025**	Q4 2024	**2025**	2024
Income before income taxes	**$ 318.7**	$ 468.6	**$ 878.5**	$ 1,175.1
Add:				
Depreciation and amortization[1]	**201.2**	189.8	**764.0**	754.5
Net finance costs (income)	**78.7**	82.8	**295.5**	344.1
EBITDA	**$ 598.6**	$ 741.2	**$ 1,938.0**	$ 2,273.7
Add normalizing items:				
Restructuring costs	**—**	—	**125.1**	—
Other transformation and advisory costs	**13.9**	—	**88.4**	—
Impairment on long-term investment	**17.0**	—	**17.0**	—
Gain on sale of Brampton DC, net of inventory write-down	**—**	(222.9)	**—**	(222.9)
Expenses related to the strategic review of CTFS	**—**	18.1	**—**	18.1
Normalized EBITDA	**$ 629.5**	$ 536.4	**$ 2,168.5**	$ 2,068.9

[1] *Depreciation and amortization reported in Cost of producing revenue for the 14 and 53 weeks ended January 3, 2026 was $5.3 million (2024 – $5.1 million) and $22.3 million (2024 – $22.9 million), respectively.*

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 meet 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)	**Q4 2025**	Q4 2024	**2025**	2024
Income before income taxes	**$ 318.7**	$ 468.6	**$ 878.5**	$ 1,175.1
Less: Other operating segments	**108.0**	92.4	**425.3**	473.8
Retail Income (loss) before income taxes	**$ 210.7**	$ 376.2	**$ 453.2**	$ 701.3
Add:				
Depreciation and amortization[1]	**257.0**	237.7	**957.0**	943.9
Net finance costs (income)	**58.3**	67.8	**220.9**	291.1
Retail EBITDA	**$ 526.0**	$ 681.7	**$ 1,631.1**	$ 1,936.3
Add normalizing items:				
Restructuring costs	**—**	—	**125.1**	—
Other transformation and advisory costs	**13.9**	—	**88.4**	—
Impairment on long-term investment	**17.0**	—	**17.0**	—
Gain on sale of Brampton DC, net of inventory write-down	**—**	(222.9)	**—**	(222.9)
Expenses related to the strategic review of CTFS	**—**	8.7	**—**	8.7
Retail Normalized EBITDA	**$ 556.9**	$ 467.5	**$ 1,861.6**	$ 1,722.1

[1] *Depreciation and amortization reported in Cost of producing revenue for the 14 and 53 weeks ended January 3, 2026 was $5.3 million (2024 – $5.1 million) and $22.3 million (2024 – $22.9 million).*

Financial Services EBITDA

Financial Services EBITDA is used as an additional measure when assessing the performance of the Financial Services segment's ongoing operations and its ability to generate cash flows to fund its cash requirements. Financial Services EBITDA is 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.

(C$ in millions)	**Q4 2025**	Q4 2024	**2025**	2024
Income before income taxes	**$ 318.7**	$ 468.6	**$ 878.5**	$ 1,175.1
Less: Other operating segments	**239.5**	401.1	**543.8**	813.1
Financial Services Income before income taxes	**$ 79.2**	$ 67.5	**$ 334.7**	$ 362.0
Add:				
Depreciation and amortization	**1.5**	2.6	**6.7**	9.4
Net finance costs (income)	**(2.8)**	(3.3)	**(9.7)**	(16.8)
Financial Services EBITDA	**$ 77.9**	$ 66.8	**$ 331.7**	$ 354.6
Add normalizing items:				
Expenses related to the strategic review of CTFS	**—**	9.4	**—**	9.4
Financial Services Normalized EBITDA	**$ 77.9**	$ 76.2	**$ 331.7**	$ 364.0

CT REIT EBITDA and related measures

CT REIT EBITDA and CT REIT EBITFV are used as additional measures when assessing the performance of the CT REIT segment's ongoing operations and its ability to generate cash flows to fund its cash requirements, including capital expenditures. CT REIT 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. CT REIT EBITDA is then adjusted for fair value changes.

(C$ in millions)		**Q4 2025**		Q4 2024		**2025**		2024
Income before income taxes	**$**	**318.7**	$	468.6	**$**	**878.5**	$	1,175.1
Less: Other operating segments		**127.4**		333.3		**361.4**		740.9
CT REIT Income before income taxes	**$**	**191.3**	$	135.3	**$**	**517.1**	$	434.2
Add:								
Net finance costs (income)		**34.3**		31.2		**131.6**		121.8
CT REIT EBITDA[1]	**$**	**225.6**	$	166.5	**$**	**648.7**	$	556.0
Add:								
Fair value (gain) loss adjustment		**(110.4)**		(54.8)		**(195.4)**		(119.1)
Fair value (gain) loss on unit-based awards and other adjustments		**(0.4)**		(1.5)		**1.2**		0.7
CT REIT EBITFV	**$**	**114.8**	$	110.2	**$**	**454.5**	$	437.6

[1] *CT REIT applies a fair value model to account for its Investment property, as a result CT REIT does not recognize Depreciation and amortization in its segmented results.*

10.1.3 Other Consolidated Non-GAAP Financial Measures

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 January 3, 2026 (C$ in millions)	Consolidated	Retail	Financial Services	CT REIT
Consolidated net debt				
Short-term deposits	**$ 1,109.4**	**$ —**	**$ 1,109.4**	**$ —**
Long-term deposits	**2,432.7**	**—**	**2,432.7**	**—**
Short-term borrowings	**295.1**	**—**	**295.1**	**—**
Long-term debt	**4,375.9**	**951.4**	**1,994.6**	**1,429.9**
Total debt	**$ 8,213.1**	**$ 951.4**	**$ 5,831.8**	**$ 1,429.9**
Cash and cash equivalents[1]	**(553.5)**	**(210.7)**	**(338.6)**	**(4.2)**
Short-term investments[1]	**(148.5)**	**—**	**(148.5)**	**—**
Long-term investments[1]	**(71.4)**	**(11.4)**	**(60.0)**	**—**
Net debt	**$ 7,439.7**	**$ 729.3**	**$ 5,284.7**	**$ 1,425.7**
Intercompany debt	**—**	**(508.1)**	**311.4**	**196.7**
Outstanding Class C CT REIT LP units	**—**	**(1,451.6)**	**—**	**1,451.6**
Adjusted net debt	**$ 7,439.7**	**$ (1,230.4)**	**$ 5,596.1**	**$ 3,074.0**

[1] *Includes regulatory reserves.*

As at December 28, 2024 (C$ in millions)	Consolidated	Retail	Financial Services	CT REIT
Consolidated net debt				
Short-term deposits	$ 1,171.4	$ —	$ 1,171.4	$ —
Long-term deposits	2,386.0	—	2,386.0	—
Short-term borrowings	295.8	—	293.8	2.0
Long-term debt	4,555.9	1,150.8	1,974.9	1,430.2
Total debt	$ 8,409.1	$ 1,150.8	$ 5,826.1	$ 1,432.2
Cash and cash equivalents[1]	(475.6)	(172.9)	(299.6)	(3.1)
Short-term investments[1]	(128.4)	—	(128.4)	—
Long-term investments[1]	(72.8)	(12.8)	(60.0)	—
Net debt	$ 7,732.3	$ 965.1	$ 5,338.1	$ 1,429.1
Intercompany debt	—	(226.5)	129.5	97.0
Outstanding Class C CT REIT LP units	—	(1,451.1)	—	1,451.1
Adjusted net debt	$ 7,732.3	$ (712.5)	$ 5,467.6	$ 2,977.2

[1] *Includes regulatory reserves.*

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)	**2025**	2024
Total additions[1]	**$ 663.7**	$ 636.8
Add: Change in accrued additions and other non-cash items	**(3.2)**	(61.7)
Less:		
Acquisition of Hudson's Bay Company intellectual property	**30.0**	—
CT REIT acquisitions and developments excluding vend-ins from CTC	**128.3**	96.7
Operating capital expenditures	**$ 502.2**	$ 478.4

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

10.1.4 Other Retail

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.

(C$ in millions, except where noted)	2025	2024
Income before income taxes	$ 878.5	$ 1,175.1
Less: Other operating segments	425.3	473.8
Retail Income before income taxes	$ 453.2	$ 701.3
Add normalizing items:		
Restructuring costs	125.1	—
Other transformation and advisory costs	88.4	—
Gain on sale of Brampton DC, net of inventory write-down	—	(222.9)
Expenses related to the strategic review of CTFS	—	8.7
Other impairment costs	17.0	—
Retail Normalized Income before income taxes	$ 683.7	$ 487.1
Less:		
Retail intercompany adjustments[1]	229.6	218.5
Add:		
Retail interest expense[2]	291.7	335.8
Retail depreciation of right-of-use assets	593.2	578.7
Retail effective tax rate	26.0 %	25.8 %
Add: Retail taxes	(348.1)	(305.8)
Retail return	$ 990.9	$ 877.3
Average total assets from continuing operations	$ 21,508.4	$ 20,839.6
Less: Average assets in other operating segments	4,422.2	4,334.4
Average Retail assets from continuing operations	$ 17,086.2	$ 16,505.2
Less:		
Average Retail intercompany adjustments[1]	4,547.6	4,339.8
Average Retail trade payables and accrued liabilities[3]	2,834.1	2,611.2
Average Franchise Trust assets	550.9	583.8
Average Retail excess cash	123.2	—
Average Retail invested capital	$ 9,030.4	$ 8,970.4
Retail ROIC	11.0 %	9.8 %

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

Normalized Available Retail Free Cash Flow

Available Retail cash flow is a measure used to assess the Company's ability to generate cash and that is available to its Retail operations. Management believes that it is an important measure in evaluating the Company's ability to fund its shareholder distributions, financing activities, and potential business acquisitions.

The following table reconciles cash generated from operating activities, a GAAP measure reported in the consolidated financial statements, to Normalized available Retail free cash flow.

(C$ in millions)		**2025**		2024
Cash generated from operating activities	**$**	**952.1**	$	2,063.8
Exclude: Other operating segments, normalization, Discontinued Operations and working capital		**156.9**		(949.4)
Normalized Retail cash generated from operating activities before working capital change	**$**	**1,109.0**	$	1,114.4
Retail payment of lease liabilities (principal portion), net of payments received		**(631.3)**		(580.4)
Distributions from CT REIT to Retail		**220.6**		212.1
Normalized Retail cash flow after Lease and REIT impacts before working capital change	**$**	**698.3**	$	746.1
Retail capital expenditures, net of tenant allowances		**(445.5)**		(440.7)
Normalized Retail free cash flow after capital expenditures before working capital change	**$**	**252.8**	$	305.4
Dividends from Financial Services to Retail		**273.4**		358.0
Normalized available Retail free cash flow before working capital change	**$**	**526.2**	$	663.4
Retail change in working capital		**(128.3)**		528.8
Normalized available Retail free cash flow	**$**	**397.9**	$	1,192.2

The following table reconciles Retail income before income taxes to Retail cash from operating activities before working capital changes.

(C$ in millions)		**2025**		2024
Income before income taxes	**$**	**878.5**	$	1,175.1
Less: Other operating segments		**425.3**		473.8
Add: Normalized Costs		**230.5**		(214.2)
Normalized Retail income before income taxes	**$**	**683.7**	$	487.1
Adjustments for:				
Income from Financial Services and CT REIT		**(352.4)**		(340.5)
Retail depreciation and amortization		**957.0**		943.8
Retail income taxes, interest costs and other		**(179.3)**		24.0
Normalized Retail cash generated from operating activities before working capital change	**$**	**1,109.0**	$	1,114.4

10.1.5 Other Financial Services

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)	**2025**	2024
Current portion of loans receivable	**$ 6,857.8**	$ 6,697.5
Add: ECL allowance	**934.9**	935.9
Less:		
Other discounts or adjustments	**215.9**	195.4
Line of credit and current portion of Dealer loans	**20.9**	63.2
Total gross credit card receivables	**$ 7,555.9**	$ 7,374.8
Less: Loans no more than 30 days past due	**7,291.6**	7,108.7
Past due gross credit card receivables	**$ 264.3**	$ 266.1

10.1.6 Other CT REIT

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)	**Q4 2025**	Q4 2024	**2025**	2024
Revenue	**$ 4,551.1**	$ 4,200.8	**$ 16,315.5**	$ 15,516.0
Less: Other operating segments	**4,398.1**	4,055.4	**15,711.2**	14,937.3
CT REIT Property revenue	**$ 153.0**	$ 145.4	**$ 604.3**	$ 578.7
Less:				
CT REIT Property expense	**33.5**	30.9	**132.6**	125.7
CT REIT Property straight-line rent revenue	**(1.7)**	(1.1)	**(7.0)**	(4.6)
CT REIT net operating income	**$ 121.2**	$ 115.6	**$ 478.7**	$ 457.6

CT REIT Funds from Operations (FFO) 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 Accounting Standards. 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 Accounting Standards 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 Accounting Standards.

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 Accounting Standards. 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.

The following table reconciles GAAP Income before income taxes to FFO and further reconciles FFO to AFFO:

(C$ in millions)	Q4 2025	Q4 2024	2025	2024
Income before income taxes	**$ 318.7**	$ 468.6	**$ 878.5**	$ 1,175.1
Less: Other operating segments	**127.4**	333.3	**361.4**	740.9
CT REIT income before income taxes	**$ 191.3**	$ 135.3	**$ 517.1**	$ 434.2
Add:				
CT REIT fair value (gain) loss adjustment	**(110.4)**	(54.8)	**(195.4)**	(119.1)
CT REIT deferred taxes	**(0.5)**	(0.3)	**(0.3)**	(0.1)
CT REIT lease principal payments on right-of-use assets	**(0.1)**	(0.2)	**(0.6)**	(0.8)
CT REIT fair value of equity awards	**0.1**	(1.4)	**1.4**	(0.7)
CT REIT internal leasing expense	**0.3**	0.4	**1.4**	1.2
CT REIT funds from operations	**$ 80.7**	$ 79.0	**$ 323.6**	$ 314.7
Less:				
CT REIT properties straight-line rent revenue	**(1.7)**	(1.1)	**(7.0)**	(4.6)
CT REIT direct leasing costs	**0.2**	0.2	**0.8**	0.9
CT REIT capital expenditure reserve	**6.6**	6.9	**26.7**	26.0
CT REIT adjusted funds from operations	**$ 75.6**	$ 73.0	**$ 303.1**	$ 292.4

Diluted FFO per unit and Diluted AFFO per unit

Diluted FFO per unit and Diluted 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.

(C$ in millions)	Q4 2025	Q4 2024	Change	2025	2024	Change
CT REIT funds from operations	**$ 80.7**	$ 79.0	2.2 %	**$ 323.6**	$ 314.7	2.8 %
Weighted average number of units outstanding on a diluted basis[1]	**238.4**	236.7		**237.9**	236.1	
Diluted CT REIT funds from operations per unit	**$ 0.339**	$ 0.334	1.5 %	**$ 1.360**	$ 1.333	2.0 %

[1] *Diluted units include restricted and deferred units issued under various plans and exclude the effects of settling*

(C$ in millions)	Q4 2025	Q4 2024	Change	2025	2024	Change
CT REIT adjusted funds from operations	**$ 75.6**	$ 73.0	3.6 %	**$ 303.1**	$ 292.4	3.7 %
Weighted average number of units outstanding on a diluted basis[1]	**238.4**	236.7		**237.9**	236.1	
Diluted CT REIT adjusted funds from operations per unit	**$ 0.317**	$ 0.308	2.9 %	**$ 1.274**	$ 1.239	2.8 %

[1] *Diluted units include restricted and deferred units issued under various plans and exclude the effects of settling the Class C LP Units with Class B LP Units.*

10.2 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, and uses a 52 week-week time frame. 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.

eCTM Issued to CTB Credit Card Holders

eCTM issued to CTB credit card holders measures the amount of eCTM issued to CTB credit card holders based on their purchases at the Company's banners, partners and external retailers. This measure is calculated on a rolling 12-month basis.

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)

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 Standards 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 Penetration

Loyalty penetration is Retail sales attributable to Triangle Rewards members from banners eligible for eCTM issuance in which loyalty or Triangle-branded credit cards are scanned at point-of-sale (Loyalty sales), divided by Retail sales from those banners, over a rolling 12-month period.

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.

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, 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, and Petroleum).

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 (ROR)

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 Standards 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.

Share of Tender

Share of tender measures the percentage of Retail sales from the Company's major banners charged on a CTB credit card (in lieu of cash, debit or a competing credit card for purchases) divided by total Retail sales from the same banners. Share of tender is calculated on a rolling 12-month basis.

11.0 Risks and Risk Management

Overview

The effective management of risk is a key priority for the Board and Senior Management. Balanced risk-taking and effective risk management create valuable business returns and shareholder value, as well as market opportunities and competitive advantages, all of which support profitable growth over the long term. CTC has adopted an Enterprise Risk Management (ERM) Policy and Framework, Risk Appetite Statements and other policies designed to identify, assess, manage, monitor, escalate and report risks that alone, or in combination with other interrelated risks, could have a significant adverse impact on the Company's brand, financial performance and/or ability to achieve its strategic objectives (key risks). For further information on the ERM Policy and Framework, please refer to Section 2.6 of the Company's 2025 AIF.

The following section provides a description of key risks as well as other risks that may have a material adverse effect on the Company, grouped into business and operational risks, and financial risks. In addition to the risks described below, 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 from what is currently anticipated. Many of the risks are interconnected, influencing the likelihood and impact of other risks.

CTC strives to implement appropriate measures and risk management strategies to address its key risks. Management regularly reviews its risk management strategies and measures for sufficiency given the dynamic nature of the risks, as well as emerging risks and/or trends, which might have an impact on CTC's residual risk exposures. However, there can be no assurance that these strategies and measures will successfully mitigate these risks.

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

For a further discussion of risks that affect CT REIT, please refer to Section 5 in CT REIT's Annual Information Form and Section 12.0 in CT REIT's Management's Discussion and Analysis for the period ended December 31, 2025, which are not incorporated herein by reference.

11.1 Business and Operational Risks

Strategic Agility

The Company selects, invests in, resources and executes on strategies, including the True North strategy, which are intended to address opportunities, predict market activity and positively differentiate its performance in the marketplace. Macroeconomic and geopolitical conditions, emerging and disruptive technologies, and dynamic competitive forces may fundamentally alter the assumptions underlying the Company's strategy. The Company's success depends on, among other things, its ability to be agile and responsive to trends and developments, and to pivot its strategic direction, as needed, in a timely and effective manner. The Company's diverse internal operations, ongoing projects and investments, legacy IT systems, existing contractual obligations and dependence on third parties, including Franchise Holders (defined below), may create challenges in its ability to respond in an agile manner. In addition, the scope, complexity, and pace of change of strategic initiatives undertaken by the Company may impact its ability to execute on those initiatives, achieve the anticipated benefits, and build the capabilities to sustain those benefits, and may also divert attention from the performance of the business. Any future acquisitions, dispositions, partnerships, and similar transactions must be successfully executed and, where applicable, integrated into the Company's strategies and operations to realize any anticipated synergies and other benefits, which may be subject to significant uncertainty. The Company's strategy may include cost-saving measures, which could impact its strategic agility, and the Company may also fail to realize the anticipated cost savings. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including reduced shareholder returns, which may lead to shareholder activism.

The Company's True North strategy involves a multi-year transformation. Large-scale transformation initiatives require substantial and sustained resource and funding commitments and place significant demands on the organization. Insufficient capacity or capability at critical stages may result in delays, cost escalation, and reduced effectiveness of planned changes. Employees may be required to assume new responsibilities, operate unfamiliar systems, or adjust to re-designed processes, which can contribute to productivity challenges, execution risk, and increased turnover. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, and the Company may fail to realize the anticipated benefits of the True North strategy.

Franchise Operations

The Company's Canadian Tire stores and Party City stores are operated by Dealers, certain SportChek banner stores (Sports Experts, Atmosphere, Hockey Experts and Sports Rousseau) and Mark's stores are operated by franchisees, and the Company's Petroleum gas bars are operated by independent retailers (together with the Dealers and other franchisees, for the purposes of this Section 11 only, collectively referred to as Franchise Holders). Franchise Holders are independent business operators that have entered into agreements with the Company to operate their respective stores in a manner consistent with CTC's standards, requiring the Company to manage complex relationships and contractual arrangements.

A substantial portion of the Company's revenues come from sales to Dealers and other amounts paid by Franchise Holders and, as a result, poor performance by Franchise Holders could negatively impact the Company's financial results. The success of the operations and financial performance of Franchise Holders may be negatively affected by factors beyond the Company's control. In many cases, Franchise Holders are subject to similar risks to the Company, including with respect to macroeconomic conditions, seasonality, talent, supply chain and customer trends, which may impact both their, and ultimately CTC's, operations and financial performance. As independent business operators, Franchise Holders may not operate their stores in a manner consistent with CTC's standards (despite contractual obligations), which may adversely impact their financial performance and, by association, their actions may be attributed by customers to CTC or its banners, damaging the Company's reputation. Franchise Holders may fail to effectively support the implementation of marketing programs and operational and strategic initiatives, which could adversely impact the effectiveness of the Company's strategy and related tactics. New or existing franchise legislation or other legal requirements may impact the Company's ability to operate or result in additional liability to the Company as a franchisor. CTC may also become involved in legal disputes with one or more Franchise Holders. Should any of these risks materialize, the Company may experience material adverse effects on its strategic objectives, financial performance and operations, including reduced revenue from sales to Franchise Holders and margin sharing arrangements with Dealers, loss of reputation and diminished customer experience.

Brand and Reputation

CTC must protect and strengthen its reputation and build brand trust and equity to enhance the value and identity of its brands. The strength of CTC's brand and reputation depends on, among other things, providing a relevant product assortment that meets evolving customer needs, and operating in a manner that meets the expectations of its customers and other stakeholders. Negative media coverage and social media activity, including in connection with failures in cyber security, data and privacy, regulatory compliance, management of environmental, social and governance (ESG) matters such as talent, climate change and responsible sourcing, or customer interactions or employee experiences, could impact the Company's brand and reputation. Actions of Franchise Holders, over whom the Company does not have control, may also be attributed to the Company, which may negatively impact the Company's brand and reputation. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including decreased sales and market share, challenges attracting and retaining talent, and a loss of stakeholder trust and connection.

Geopolitical Conditions

Global operations of the Company include the sourcing and supply chain aspects of the Retail segment. To reliably, efficiently and effectively source its products and operate internationally, the Company must anticipate and respond to known and unknown geopolitical conditions in countries where the Company or its vendors operate, particularly in Asia. Geopolitical conditions include the implementation of trade restrictions, quotas, tariffs or other import-related taxes, changes in government commitments and direction, civil unrest in foreign countries, changes in diplomatic or trade relationships, and wars, terrorism or other conflicts. International conflicts such as wars or acts of terrorism may exacerbate global tensions, potentially leading to further trade restrictions, additional or expanded conflicts, or other geopolitical developments. The duration and scale of geopolitical conditions are uncertain. The Company and its vendors, as well as other Canadian businesses and consumers, are impacted by tariffs and other trade restrictions, which are subject to change or expansion, and additional tariffs or further trade restrictions may be imposed. Tariffs and other trade restrictions may result in indirect impacts to the Company including adverse macroeconomic conditions (such as reduced gross domestic product and increased inflation and unemployment), and direct impacts including reduced sales and increased cost of goods and consumer credit risk. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including supply chain disruptions, reduced sales, increased costs, regulatory non-compliance, increased cyber security threats, loss of reputation and reduced or lost access to certain global markets.

Talent

<u>Workforce</u>

The Company must attract, retain and develop an appropriately skilled, diverse and committed workforce, including retail managers and sales associates, personnel who staff its distribution centres and contact centres, and other professionals, and cultivate a meaningful and productive corporate culture to support its operations. The Company's ability to meet its workforce needs and the associated costs are subject to a wide variety of external factors, such as increased market pressures on wage rates, unemployment levels, and health and other insurance costs; the impact of changes to legislation and regulations; changing demographics and expectations among the workforce; shifts in labour relations; and the Company's reputation in the labour market. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including increased wages, higher turnover and diminished customer experience.

<u>Key personnel</u>

The Company relies on Executives and other key personnel to drive its growth and success, including cultivating a meaningful and productive corporate culture. CTC requires employees with specialized skill in areas such as merchandising, marketing, product development, customer insights, supply chain, finance and retail leadership to drive and sustain its core retail business. In addition, CTC requires employees with specialized skill to support future growth in key areas such as technology, AI, digital, and data analytics. The market for talent is highly competitive, and CTC's ability to attract and retain key personnel depends on a variety of factors, such as the availability of qualified individuals, the attractiveness of CTC as an employer and CTC's ability to provide competitive compensation and benefits. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including increased costs and reduced strategic agility and competitive positioning.

Macroeconomic Conditions

The Company's business is subject to fluctuations and fundamental changes in the external environment at the regional, provincial, national and global level. Macroeconomic conditions, such as inflation, unemployment levels, gross domestic product, consumer income and debt levels, and demographics are impacted by government fiscal, and monetary policies, interest rates, tax rates and policies, political uncertainty, geopolitical conditions, foreign currency rates, pandemics or epidemics, and natural disasters, as applicable. Macroeconomic conditions and the factors influencing these conditions are inherently uncertain, volatile and beyond the Company's control. Adverse macroeconomic conditions can lead to reduced customer spending levels, shifting purchase patterns towards less profitable products or categories outside the Company's assortment, and increased costs of goods, services, talent, equipment and real estate matters (such as higher lease rates and increased property development and renovation costs), as well as disruptions to commerce and international trade. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including reduced sales, increased costs and supply chain disruptions.

Technology Infrastructure

The Company is increasingly dependent on the functionality of its technologies to support its operations, such as financial reporting and accounting, inventory management and replenishment, data management and customer interactions. The retail digital platforms operated by the Company play an integral role in facilitating an omnichannel shopping experience and must be maintained and adapted over time to meet the needs of its customers. The Company's legacy IT systems can be rigidly designed, difficult to scale, and less adaptable and efficient over time. Technological changes and solutions are also critical to the Company's strategic plans, including the True North strategy, and can be slow, costly and difficult to effectively implement within the Company's operations, detrimentally impacting the Company's ability to achieve its strategic objectives. Failures or outages in the availability, capacity or sustainability of these systems, which may be caused by, for example, software, hardware or telecommunication failures or employee or third-party error or malfeasance, may result in disruptions to the business. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including financial losses due to downtime, increased costs to maintain the systems and migrate to new IT systems, slower implementation of strategic initiatives and loss of reputation.

Emerging and Disruptive Technology

Emerging and disruptive technologies are impacting the Company's business model and operations, including advancements in areas such as artificial intelligence (AI). AI is an increasingly complex and fast-moving space with varied applications, including generative and agentic AI and AI orchestration. These technologies can potentially render existing businesses, products and services obsolete, eliminate competitive advantages, reduce barriers to competition for new competitive entrants and fundamentally change customer expectations, requiring the Company to assess and adopt new technologies, and mitigate the impacts of technological disruptions. New technologies may require significant resources and investment, with no guarantee of achieving the desired outcomes or recovering the costs incurred. In addition, the adoption of any new technologies brings additional challenges and concerns that require diligent management and oversight, such as privacy and ethical issues, cyber security risks, impacts to customer perceptions and brand trust, greater regulatory scrutiny, and inappropriate use by the Company's workforce, as well as algorithmic biases, deficiencies or inaccuracies. These risks may be impacted by the proliferation and adoption of these technologies across the broader market and evolving stakeholder expectations to leverage new and innovative technologies. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including reduced sales and competitive positioning, increased costs, regulatory non-compliance and potential litigation.

Cyber Security

The Company's IT systems, as well as those of its third-party service providers, vendors and strategic partners, are subject to the increasing frequency and sophistication of global cyber security threats, such as ransomware attacks, malware, denial of service, viruses, worms, phishing, social engineering, malicious code, internal and external security breaches and other known or unknown disruptive events. These systems, including relevant hardware and software, may also contain exploitable vulnerabilities, bugs, or defects, such as configuration, operational or patching errors. Cyber security threats can be orchestrated by insiders or external actors, including sophisticated criminal organizations, each with different motives and skill levels. Geopolitical conditions can also influence the motivations of certain external actors, potentially increasing the risk of cyber security threats. The methods used to gain unauthorized access, disable, modify, or degrade service or sabotage systems are constantly evolving, and are increasingly difficult to protect against. The IT systems that the Company relies upon, including back-up systems, are also vulnerable to damage, interruption, disablement or failures arising from a variety of potential issues, such as physical theft, fire, power loss, computer and telecommunication failures or other catastrophic events. Technological changes and solutions are critical to the Company's strategic plans and the Company's systems are increasingly aging, which necessitate the introduction of new systems and technologies, including emerging technologies, and may create new exposure to cyber security threats.

The Company has a cyber security program pursuant to which it has implemented and actively monitors policies, processes and controls to protect the Company's IT systems, and monitors risks with respect to third-party IT systems. Accountability for the Company's cyber security program, operations and governance is held by the Chief Information Security Officer who reports to, and is supported by, the Chief Information & Technology Officer. Security protocols and information security policies facilitate compliance with information security standards, including those relating to personal information of customers and employees. Furthermore, CTC has implemented additional cyber security measures with respect to employee training, monitoring and testing, systems protection, and business continuity and contingency planning, and has established security processes and standards for its third-party service providers. However, there can be no assurance that these measures will successfully mitigate these risks.

As previously disclosed by the Company, on October 2, 2025, the Company identified a data breach involving customer information in an e-commerce database that contained basic personal information for customers who had an e-commerce account with one or more of Canadian Tire, SportChek, Mark's/L'Equipeur and Party City. Although the Company resolved the vulnerability and has worked with external experts to enhance related protections, there can be no assurance that these enhancements will be sufficient to prevent future cyber security breaches or that the Company will not be the subject of cyber security breaches in the future.

Should any of the above described risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including business disruptions, financial losses due to downtime, increased costs, loss of reputation, potential litigation and regulatory non-compliance. A cyber security breach at the Company may also impact third parties such as vendors or customers, leading to potential liabilities or compensation to those parties.

Data and Privacy

In the normal course of business, the Company and its third-party service providers collect, store, use, destroy and, where appropriate, disclose, sensitive and confidential data and information, such as the personal information of its customers and employees, proprietary information of CTC and its business partners, and other information. Data, analytics and technology are becoming increasingly relevant to the Company's business operations and strategy, informing and enhancing retail offerings and driving customer engagement and spending patterns. The Company must ensure the integrity, reliability and security of this information in a manner compliant with privacy laws that govern the Company's collection, storage, use and disclosure of this information to support its business operations and strategy. The Company's ability to collect and use data for these purposes may be hampered by evolving privacy laws that create significant costs or necessitate changes to business practices. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including decreased sales and competitive positioning, loss of reputation, regulatory non-compliance, potential litigation, and business and reporting disruptions.

Third Parties

CTC relies on third parties, over whom the Company does not have control, for various aspects of the Company's business and operations. Third-party vendors must manufacture products of an appropriate quantity and quality and in a timely manner to support the Company's sale of products to customers and its Franchise Holders. Various suppliers, consultants and other service providers support the Company across a range of enterprise matters, such as strategy, technology, procurement, supply chain, customer service, marketing and advertising, flyer delivery and cyber security. The Company also relies on other third parties, such as joint venture participants as well as loyalty and other partners, to support the achievement of its strategic objectives. Third parties are, in turn, subject to a variety of risks which may impact their performance of contractual obligations owed to CTC and ultimately CTC's operations. For example, third parties may experience business, technological or supply chain disruptions, including cyber security breaches, that hinder their ability to manufacture products sold by the Company or provide services to the Company, as applicable, or the Company's third parties may become financially unstable or insolvent, impacting the performance of their obligations. In addition, CTC may fail to effectively manage the scope, complexity and materiality of relationships with third parties to ensure ongoing business operations. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including increased costs, reduced sales, decreased product diversification, product quality issues or recalls, insufficient inventory, and loss of reputation.

Supply Chain

CTC relies on internal resources and third-party logistics providers to manage the movement of goods between vendors, the Company's distribution centres and stores operated by the Company or its Franchise Holders. A substantial portion of the Company's product assortment is sourced from foreign vendors, particularly in Asia, broadening the Company's exposure to supply chain-related challenges. The integrity, reliability and costs associated with the Company's supply chain may be impacted by a wide variety of external factors, such as macroeconomic conditions (including foreign currency rates) and geopolitical conditions (including civil unrest, trade disputes and tariffs), raw material and component shortages, fuel availability, labour shortages or stoppages, responsible sourcing issues, supply and demand for freight services, including capacity at ports, climate change and weather events, pandemics or epidemics, and natural disasters. In the event of supply chain disruptions, including shortages, the Company may seek alternative sources of products, if available, which may increase costs due to higher product and freight costs. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including supply chain disruptions, insufficient inventory, reduced sales, decreased margin and loss of reputation.

Responsible Sourcing

The Company's business relies on a global supply chain, with many vendors based in countries which carry greater risks of human rights, worker safety and environmental issues. The Company maintains a Supplier Code of Business Conduct that outlines the standards vendors must adhere to, covering topics such as occupational health and safety, child labour, forced or involuntary labour, compensation and human rights. Although there are mechanisms in place to monitor vendors and address non-conformances, there can be no assurance that those mechanisms will be sufficient or that responsible sourcing risks will not materialize. Further, responsible sourcing risks exist along the Company's entire supply chain, but the Company has limited visibility to the suppliers beyond its direct vendors. The Company's global supply chain model also garners heightened levels of public scrutiny, and allegations may arise, whether founded or unfounded, of business practices that are contrary to the Company's standards. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including product recalls, loss of reputation, regulatory non-compliance and potential litigation.

Loyalty Program

Triangle Rewards, the Company's loyalty program, is a key enabler of sustained cross-banner customer engagement and personalized marketing, which supports the Company's operations and growth. Failure to invest in Triangle Rewards, deliver relevant and personalized customer offers and experiences, preserve positive customer perceptions and adapt to evolutions in the loyalty landscape, may limit CTC's ability to attract, engage and retain Triangle Rewards members. Partnerships with other loyalty programs are intended to help grow Triangle Rewards; however, the Company may be unable to identify and negotiate arrangements with attractive and uncommitted loyalty partners complimentary to CTC's business. Further, the Company must execute on and integrate its partnerships in a timely and effective manner, which may be challenging due to the complex nature of such partnerships, in order to realize the anticipated benefits. Loyalty partners may experience operational or reputational issues which may negatively impact the applicable partnership and CTC's operations and brand and reputation. In addition, Triangle Rewards relies on continued access and consent to use customer data. Legal developments, changes in customer preferences, reduced customer trust, or other developments that reduce access to data could impair the success of the program. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives and financial performance, including decreased sales and market share.

Competitive Environment

The Company operates in highly competitive and constantly evolving markets, and its success in maintaining and growing market share depends on, among other things, its ability to anticipate and address these competitive pressures. The Company's retail banners compete for customers, employees, store sites, products and services with many new and established international, national and regional businesses and retail hyperscalers. Petroleum competes with other national and regional operators of gas bars, convenience stores and car washes. CTB competes with banks and other financial institutions in the highly regulated and competitive Canadian credit card and deposit product market. Competitors may build and sustain brand awareness and gain market share more rapidly and effectively than the Company, and may attempt to capture market share through actions such as reduced pricing, enhanced value offerings, liquidations and promotions, as applicable. The Company's success in competing for market share depends on its ability to recognize changes in macroeconomic conditions, and customer trends, preferences and spending patterns, along with other trends and developments impacting its strategy, and respond in a timely and effective manner. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives and financial performance, including decreased sales, margin and market share.

Customer Trends

The success of the Company's retail business relies upon its ability to anticipate and respond in a timely and agile manner to shifts in customer trends, preferences, and shopping and spending patterns, which can be challenging to predict. These include preferences related to online shopping (including the online experience, agentic commerce and automated shopping), increased demand for particular product categories and shifting spending priorities between discretionary and essential spending. The Company's ability to anticipate and respond to changing tastes and preferences depends on many factors, including the availability of accurate and relevant data, and relies upon the Company's ability to procure relevant product assortments, market those assortments to drive customer conversion, manage inventory levels and implement competitive pricing and promotion strategies. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives and financial performance, including reduced sales, insufficient or excess inventory, product markdowns, and loss of reputation.

Seasonality

The Company's business is seasonal in nature, with the fourth quarter typically generating the largest share of revenue and earnings, and the first quarter the least. The Retail segment derives a significant amount of its revenue from the sale of seasonal merchandise, such as outdoor home and garden products in spring and summer, and cold weather products and Christmas merchandise during the winter. Any issues that may affect sales or operations will have a more pronounced impact on the Company if they occur during key seasons. For example, any business or supply chain disruptions, which may be caused by cyber security breaches, technology failures, staffing shortages, climate change and weather events, natural disasters, pandemics or epidemics, and geopolitical developments, may hamper the Company's ability to capitalize on key seasons. In addition, if key regions experience unusual weather patterns, particularly during the winter, historical sales of certain products, including seasonal merchandise, may not occur or may shift to other quarters, and products in stores may be incompatible with weather conditions. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives and financial performance, including reduced sales and excess or insufficient inventory.

Legal

<u>Regulatory Compliance</u>

The Company is subject to a wide variety of laws and regulations, such as those involving privacy, employment, franchise, banking, consumer protection, securities, tax, product safety, product labelling, intellectual property, environmental, health and safety, anti-trust and competition, trade, ESG and other matters. These, and potential additional legislation and regulations, are subject to change and may impose constraints on CTC's operations, increase the cost of operating the business, or require substantial future capital or other expenditures. The Company's Financial Services segment operates in a highly regulated industry, with unique regulatory requirements that are more onerous than a traditional retail enterprise. Failure by the Company to comply with applicable laws, regulations and orders could subject the Company to civil or regulatory actions, investigations or proceedings, such as fines, assessments, injunctions or recalls, or impact its ability to operate. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including loss of reputation, increased costs and reduced sales.

<u>Litigation</u>

The Company is involved in, and potentially subject to, claims, disputes and legal proceedings. These may include product liability claims, intellectual property infringement lawsuits, commercial disputes, shareholder class actions, derivative claims and disputes with Franchise Holders. In some cases, the Company relies on legal proceedings to enforce its rights, including with respect to contractual arrangements and intellectual property. The potential outcome of litigation is uncertain, and the Company may not be successful. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including increased costs, loss of reputation and diversion of Management's time and attention.

Climate Change

Climate change poses physical risks, which encompass increasing mean temperatures and the increasing frequency and severity of weather-related events such as floods, wildfires and windstorms, and transition risks, such as policy, regulatory, market or technology changes that may arise as part of the transition to a low-carbon economy. These risks may be impacted by the willingness, or lack thereof, of governments, industries and other actors to organize and decarbonize global economies. The adaptation and transition strategies that the Company may implement to manage these risks could require significant operating changes and expenditures. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance and operations, including store operation, supply chain and other business disruptions, physical damage to the Company's assets, product category obsolescence, and increased procurement (related to fuels, electricity, production, transportation and raw materials), insurance and other costs.

Environmental, Social and Governance

The Company actively manages its priority ESG topics, some of which can pose a direct risk to the Company's business, as described in the talent, cyber security, data and privacy, climate change and responsible sourcing risks. In connection with these priority topics, the Company has developed ESG reporting and established publicly announced strategies, targets and commitments. These goals, commitments and targets reflect the Company's current plans and aspirations, but there is no certainty that they will meet the expectations of its stakeholders. Further, they are subject to various risks and uncertainties related to financial and operational feasibility and the implementation of relevant government and industry initiatives, which may lead the Company to adjust, refine, or withdraw these goals, commitments and targets in the future. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives and operations, including loss of reputation and challenges attracting and retaining talent.

Business Disruptions

The Company's operations and critical business services are at risk of business disruptions. Business disruptions can occur as a result of various incidents, such as climate change and weather events, natural disasters, fires, pandemics or epidemics, work stoppages, supply chain disruptions, boycotts, geopolitical conditions, cyber security breaches, prolonged IT systems failures, power failures, border closures, acts of terrorism, and other national or international catastrophes. The length of any disruption may be uncertain, and there is no assurance that the Company's operations and critical business services will be able to resume in the same manner, and on a timely basis, after such an event. Should any of these business disruptions materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including reduced sales, increased costs and loss of reputation.

11.2 Financial Risks

The Company has exposure to credit risk, liquidity risk and market risk. For further information on the Company's financial instruments, their classification, their impact on financial statements, and determination of fair value, refer to Notes 3 and 34 of the 2025 Consolidated Financial Statements**.** The Company is also exposed to other financial risks, including with respect to commodity price and insurance.

Credit

The Company's relationships with its customers and other counterparties exposes it to credit risk, which is a risk of loss if any of these parties fail to fulfill their contractual obligations. The risk arises principally from operations of the Bank's credit card loan portfolio and the Company's interaction with its Franchise Holders and wholesale customers, and financial counterparties, which are discussed in more detail below. Adverse macroeconomic conditions, such as reduced real gross domestic product and consumer income levels, and increased inflation, unemployment and debt levels may increase credit risk.

Consumer Credit Risk

Through the granting of credit cards, the Bank is exposed to consumer credit risk with respect to the ability and willingness of its customers to repay loans owing to it. Refer to Note 8 of the 2025 Consolidated Financial Statements for information on the credit quality and performance of loans receivable. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance, including provisions for credit losses and reduced cash flows and liquidity.

The Bank manages consumer credit risk by: maintaining credit risk management policies, processes and controls; employing credit-scoring models to monitor the creditworthiness of customers; using technology to make informed credit decisions for each new and existing customer account to limit credit risk exposure; adopting technology to improve the effectiveness of the collection process; and monitoring macroeconomic conditions, including consumer debt, income and unemployment levels, and other factors such as interest rates. However, there can be no assurance that these measures will successfully mitigate these risks.

Franchise Holder Credit Risk

The Company is also exposed to credit risk in connection with its business dealings with its Franchise Holders and wholesale customers, who may be unable or unwilling to satisfy their debts. In addition, the Company is exposed to credit risks through its guarantees of standby letters of credit (LCs) in connection with Franchise Trust's Dealer loan portfolio and its guarantees provided to third parties for bank debt or inventory buybacks for certain Franchise Holders, which may be called upon by the issuing banks. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance, including provisions for credit losses and bad debts, reduced cash flows and liquidity.

For additional information on guarantees and commitments, refer to Note 35 of the 2025 Consolidated Financial Statements.

Financial Instrument Counterparty Credit Risk

Counterparty credit risk includes risk relating to cash balances, investment activity, and the use of financial derivatives. Exposure to counterparty credit risk may occur any time funds are extended, committed or invested through an actual or implied contractual agreement. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance, including provisions for credit losses, fair value adjustments and reduced cash flows and liquidity.

The FRM Policy governs the Company's approach to managing its exposure to financial instrument counterparty credit risk. The Company's financial instrument portfolio is diversified across financial institutions, provincial and federal governments and, to a lesser extent, corporate issuers and asset-backed note issuers. The FRM Policy mandates transacting only with highly-rated financial institutions and other counterparties managed within the specific limits for credit exposure and term-to-maturity pursuant to the policy. However, there can be no assurance that these measures will successfully mitigate these risks.

Liquidity

The Company requires sufficient and cost-effective liquidity to meet the obligations associated with its indebtedness and other financial liabilities. Its ability to service these obligations depends on cash flows from operating activities and financing sources such as bank lines of credit, commercial paper programs, broker guaranteed investment certificate (GIC) deposits, retail deposits, new public or private issuances of debt or equity and securitization of credit card loans receivable through GCCT. The Bank also holds high quality liquid assets, as required by OSFI. For information regarding the Company's financing sources, refer to section 6.5 of this MD&A.

At times, operational cash flows may be insufficient and liquidity risk would arise if the Company is unable to access its funding sources in a cost-effective manner. Macroeconomic conditions, such as reduced consumer income levels and increased inflation, unemployment and debt levels may increase liquidity risk. The Company's ability to obtain and maintain cost-effective financing depends on its credit ratings, and credit ratings may be downgraded due to various reasons, including reduced revenues, increased debt levels and adverse macroeconomic conditions. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, which may lead to the Company seeking additional funding at unfavourable terms, delaying or limiting its capital expenditures, foregoing potential opportunities, liquidating assets or restructuring its debt.

The FRM Policy governs the Company's approach to managing its exposure to liquidity risk. The Company uses a consolidated cash flow forecast model to regularly monitor its near-term and longer-term cash flow requirements, which assists in optimizing its short-term cash and indebtedness position while evaluating longer-term funding and capital allocation strategies. In addition, the Bank's Asset Liability Management Policy governs its approach to managing its exposure to liquidity risk through a liquidity management framework and satisfaction of applicable regulatory requirements. However, there can be no assurance that these measures will successfully mitigate these risks.

Market

Market risk is the risk that changes in market prices, such as foreign currency rates, interest rates and other prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters while optimizing the return. The Company uses financial instruments to mitigate certain market risks including foreign currency, interest rate and other price risks (such as equity prices impacting compensation expense); however, there are no assurances that these measures will fully mitigate the risks.

<u>Foreign Currency Risk</u>

While the Company's sales are predominately in Canadian dollars, a significant amount of its merchandise is sourced globally. In 2025, approximately 50 percent of Canadian Tire Retail, 33 percent of Mark's, and 21 percent of SportChek inventory purchases were sourced directly from vendors outside Canada and denominated primarily in U.S. dollars (USD). Fluctuations in foreign currency exchange rates are driven by various factors, including macroeconomic conditions and geopolitical developments. These fluctuations can impact the cost of purchases when converted back to Canadian dollars. Certain vendors may adjust their prices due to their own exposure to currency fluctuations which may affect the price they charge the Company for merchandise. The Company may attempt to pass on the impacts from currency fluctuations to customers, however, its ability to do so would be subject to market conditions. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance, including increased inventory costs and decreased margin.

The FRM Policy governs the Company's approach to managing foreign currency risk, including hedging forecasted USD purchases with foreign exchange derivatives. The Company has hedged a significant portion of near-term forecasted USD purchases to minimize the immediate impacts of adverse changes in foreign currency exchange rates. However, there are no assurances that these measures will fully mitigate this risk, and sustained changes in foreign currency exchange rates may impact purchasing costs over time.

<u>Interest Rate Risk</u>

The FRM Policy governs the Company's approach to managing interest rate risk by requiring that at least 75 percent of the Company's consolidated debt (including short-term and long-term debt, excluding Franchise Trust, and considering any interest rate derivatives) be maintained at fixed interest rates. As a result, a 1 percent change in interest rates would not materially affect the Company's net income or equity due to a relatively low floating interest rate exposure.

The Company is exposed to interest rate changes from its short-term borrowings (bank lines of credit in each segment, the NPF in the Financial Services segment and the commercial paper in the Retail segment (U.S. CP) and the Financial Services segment (GCCT ABCP)), and the Financial Services segment's HIS account and TFSA deposits**.** The Company is also exposed to interest rate risk through the refinancing of maturing debt as well as from its impact on the credit risk of consumers, Dealers and franchisees, as discussed above. Changes in interest rates can be favourable or unfavourable, and are impacted by various factors, including macroeconomic conditions. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance, including increased borrowing costs, reduced cash flows, and forgone opportunities for investment and growth.

The Company manages its exposure to future interest rate increases by entering into interest rate derivatives and exercising early termination or redemption options under its financial liabilities. The Bank has hedged a portion of its planned issuances of GCCT term notes and broker GIC deposits in 2026 to 2030 with interest rate derivatives. Additionally, the Bank holds short-term interest-bearing investments in reserve to comply with liquidity and regulatory requirements and charges interest on credit cards, which may offset certain interest rate fluctuations. However, there can be no assurance that these measures will successfully mitigate these risks.

Commodity Price

The operating performance of Petroleum is dependent on the global oil market and the commodity price of oil. The Company must balance price fluctuations against its ability or desire to pass those costs along to the customer or absorb them internally. Global oil prices can be influenced by macroeconomic conditions, changes in the global demand for oil, trading behaviours of commodities speculators, geopolitical developments and disruptions in the supply chain for oil. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives and financial performance, including reduced sales and decreased margin.

Insurance

The Company has insurance coverage reflecting limits of liability, retentions, deductibles, premiums, and terms and conditions that Management believes are reasonable based on the nature and size of CTC's operations. The Company is not insured against all losses, such as losses resulting from acts of war, terrorism, nuclear disasters, pandemics or epidemics, reputational harm, product recalls, strikes, riots and certain natural disasters, any of which may expose the Company to significant losses and costs should these events occur. Even for events covered by insurance, there can be no assurance that its policies will compensate CTC for all losses. The availability of adequate insurance coverage on reasonable terms is subject to a variety of factors including conditions in relation to the insurance industry, as well as the Company's past claims and risk profile. Insurers may also dispute coverage with respect to claims submitted. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance and operations, including increased costs.

12.0 Internal Controls and Procedures

12.1 Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant material information is gathered and reported to Senior Management on a timely basis, including the CEO and the CFO, so that they can make appropriate decisions regarding public disclosure.

As required by CSA National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), an evaluation of the adequacy of the design (quarterly) and effective operation (annually) of the Company's disclosure controls and procedures was conducted under the supervision of Management, including the CEO and the CFO, as at January 3, 2026. Based on that evaluation, the CEO and the CFO have concluded that the design and operation of the system of disclosure controls and procedures were effective as at January 3, 2026.

12.2 Internal Control over Financial Reporting

Management is also responsible for establishing and maintaining appropriate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements.

As also required by NI 52-109, Management, including the CEO and the CFO, evaluates the adequacy of the design (quarterly) and the effective operation (annually) of the Company's internal control over financial reporting using the framework established by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). Based on that evaluation, the CEO and the CFO have concluded that the design and operation of the internal control over financial reporting were effective as at January 3, 2026.

12.3 Changes in Internal Control over Financial Reporting

During the quarter and year ended January 3, 2026, 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.

13.0 Related Parties

Martha Billes and Owen Billes, in aggregate, beneficially own, or control or direct approximately 61.4 percent of the Common Shares of the Company through two privately held companies, Tire 'N' Me Pty. Ltd. and Albikin Management Inc.

Transactions with Dealer members of the Company's Board of Directors represented less than one percent of the Company's total revenue and were in accordance with established Company policy applicable to all Dealers. Other transactions with related parties, as defined by IFRS Accounting Standards, were not significant during the year.

14.0 Environmental, Social, and Governance

CTC's Brand Purpose, *We Are Here to Make Life in Canada Better*, informs its decisions and strategy, which includes its approach to ESG matters. The Company has identified the ESG topics that are most relevant to the enterprise and its stakeholders, and manages the associated risks and opportunities.

CTC publishes an annual ESG Report which outlines its approach to ESG, including underlying strategies and targets. The report includes a Climate Data Index and disclosures against the Sustainability Accounting Standards Board (SASB) standards. The Company also publishes reports on specific ESG matters, including an annual Forced Labour and Child Labour Report and an annual Diversity, Inclusion & Belonging Year-in-Review.

These reports are available at: https://corp.canadiantire.ca/Environmental-Social-Governance/, and are not incorporated by reference herein.

15.0 Quarterly Trends

15.1 2025 Quarterly Trends

The results below are normalized amounts adjusted for discontinued operations. Normalized amounts adjust results for previously disclosed normalizing items.

Normalized Consolidated Results

(C$ in millions, except where noted)	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2025
Revenue	$ 3,456.7	$ 4,201.9	$ 4,105.8	$ 4,551.1	$ 16,315.5
Cost of producing revenue	2,265.9	2,782.4	2,677.4	2,974.5	10,700.2
Gross margin dollars	$ 1,190.8	$ 1,419.5	$ 1,428.4	$ 1,576.6	$ 5,615.3
Other expense (income)	(2.2)	(8.7)	(7.3)	16.7	(1.5)
Selling, general and administrative expenses	775.9	880.6	878.4	935.7	3,470.6
Depreciation and amortization	181.8	177.3	186.7	195.9	741.7
Net finance costs (income)	69.6	74.3	72.9	78.7	295.5
Income before income taxes	$ 165.7	$ 296.0	$ 297.7	$ 349.6	$ 1,109.0
Income tax expense (recovery)	34.6	80.0	71.2	89.9	275.7
Net income from continuing operations	$ 131.1	$ 216.0	$ 226.5	$ 259.7	$ 833.3
Net income from discontinued operations	9.9	(56.1)	—	(3.1)	(49.3)
Net income	**$ 141.0**	**$ 159.9**	**$ 226.5**	**$ 256.6**	**$ 784.0**
Net income attributable to Shareholders of Canadian Tire Corporation:					
Continuing operations	$ 111.4	$ 195.9	$ 204.3	$ 238.3	$ 749.9
Discontinued operations	9.9	(56.1)	—	(3.1)	(49.3)
Diluted earnings (loss) per share	**$ 2.18**	**$ 2.54**	**$ 3.78**	**$ 4.41**	**$ 12.87**
Continuing operations	2.00	3.57	3.78	4.47	13.77
Discontinued operations	0.18	(1.03)	—	(0.06)	(0.90)

Normalized Retail Segment Continuing Operations

(C$ in millions)	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2025
Total revenue	$ 3,061.8	$ 3,810.3	$ 3,705.8	$ 4,150.7	$ 14,728.6
Cost of producing revenue	2,084.0	2,595.5	2,493.9	2,789.7	9,963.1
Gross margin	$ 977.8	$ 1,214.8	$ 1,211.9	$ 1,361.0	$ 4,765.5
Other expense (income)	(40.9)	(46.6)	(45.6)	(22.2)	(155.3)
Selling, general and administrative expenses	689.8	779.6	780.5	831.6	3,081.5
Depreciation and amortization	223.9	226.1	233.0	251.7	934.7
Net finance costs (income)	54.1	56.9	51.6	58.3	220.9
Income before taxes	$ 50.9	$ 198.8	$ 192.4	$ 241.6	$ 683.7
Depreciation and amortization in cost of producing revenue	$ 5.3	$ 5.0	$ 6.7	$ 5.3	$ 22.3
EBITDA	334.2	486.8	483.7	556.9	1,861.6
Items included in the above:					
Interest income[1]	30.3	28.3	30.6	27.6	116.8
Interest expense	78.1	79.4	76.3	80.4	314.2
Retail gross margin rate excluding Petroleum	36.1 %	34.8 %	35.8 %	35.4 %	35.5 %

[1] *Interest income includes interest on loans receivable recognized in External Revenue. Refer to the Revenue note in the consolidated financial statements for the specific reporting period above.*

15.2 2024 Quarterly Trends

The results below are normalized amounts adjusted for discontinued operations. Normalized amounts adjust results for previously disclosed normalizing items. There were no normalizing items in the first three quarters of 2024.

Normalized Consolidated Results

(C$ in millions, except where noted)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024
Revenue	$ 3,332.8	$ 3,995.4	$ 3,987.0	$ 4,200.8	$ 15,516.0
Cost of producing revenue	2,182.2	2,648.9	2,644.7	2,821.3	10,297.1
Gross margin dollars	$ 1,150.6	$ 1,346.5	$ 1,342.3	$ 1,379.5	$ 5,218.9
Other expense (income)	(0.9)	(12.7)	(34.5)	(0.9)	(49.0)
Selling, general and administrative expenses	776.5	781.9	814.4	849.1	3,221.9
Depreciation and amortization	183.0	182.3	181.6	184.7	731.6
Net finance costs (income)	89.1	88.1	84.1	82.8	344.1
Income before income taxes	$ 102.9	$ 306.9	$ 296.7	$ 263.8	$ 970.3
Income tax expense (recovery)	23.8	74.5	78.1	62.6	239.0
Net income from continuing operations	$ 79.1	$ 232.4	$ 218.6	$ 201.2	$ 731.3
Net income from discontinued operations	16.9	(8.9)	2.1	46.3	56.4
Net income	**$ 96.0**	**$ 223.5**	**$ 220.7**	**$ 247.5**	**$ 787.7**
Net income attributable to Shareholders of Canadian Tire Corporation:					
Continuing operations	$ 59.9	$ 207.7	$ 198.5	$ 181.0	$ 647.1
Discontinued operations	16.9	(8.9)	2.1	46.3	56.4
Diluted earnings (loss) per share	**$ 1.38**	**$ 3.56**	**$ 3.59**	**$ 4.07**	**$ 12.62**
Continuing operations	1.08	3.72	3.55	3.24	11.61
Discontinued operations	0.30	(0.16)	0.04	0.83	1.01

Normalized Retail Segment Continuing Operations

(C$ in millions)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024
Total revenue	$ 2,944.5	$ 3,617.5	$ 3,591.9	$ 3,816.7	$ 13,970.6
Cost of producing revenue	2,006.0	2,469.5	2,466.4	2,630.0	9,571.9
Gross margin	$ 938.5	$ 1,148.0	$ 1,125.5	$ 1,186.7	$ 4,398.7
Other expense (income)	(37.9)	(34.3)	(69.4)	(40.0)	(181.6)
Selling, general and administrative expenses	686.7	696.1	734.0	764.3	2,881.1
Depreciation and amortization	229.6	229.6	229.2	232.6	921.0
Net finance costs (income)	78.4	75.4	69.5	67.8	291.1
Income before taxes	$ (18.3)	$ 181.2	$ 162.2	$ 162.0	$ 487.1
Depreciation and amortization in cost of producing revenue	$ 6.7	$ 5.7	$ 5.4	$ 5.1	$ 22.9
EBITDA	296.4	491.9	466.3	467.5	1,722.1
Items included in the above:					
Interest income[1]	27.1	30.8	29.3	27.5	114.7
Interest expense	96.6	96.8	89.5	87.5	370.4
Retail gross margin rate excluding Petroleum	35.9 %	35.7 %	35.2 %	34.2 %	35.2 %

[1] *Interest income includes interest on loans receivable recognized in External Revenue. Refer to the Revenue note in the consolidated financial statements for the specific reporting period above.*

16.0 Caution Regarding Forward-Looking Information

This document 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. Statements containing forward-looking information are neither historical facts nor assurances of future performance. Forward-looking information included or incorporated by reference in this document includes, but is not limited to, information with respect to:

- the impacts of the Company's True North strategy, including operating expense savings, in Section 4.0;
- the planned launch of loyalty partnerships with WestJet and Tim Hortons in Section 4.0;
- the Company's operating capital expenditure expectations in Section 6.4.1; and
- the Company's intention to repurchase its Class A Non-Voting Shares in Sections 7.1.

Other non-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 objectives 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", "target", "forecast", "anticipate", "aspire", "foresee", "continue", "ongoing" or the negative of these terms or variations of them or similar terminology.

By its nature, forward-looking information is based on estimates and assumptions and information currently available to Management. Among other things, and except where noted, Management has assumed that there will be no material adverse changes to regional, provincial, national and global macroeconomic conditions (such as inflation, gross domestic product and consumer income and debt levels), geopolitical conditions (including tariffs), consumer spending levels, interest rates, foreign exchange rates, regulatory environment (including taxes), and the Company's competitive position in the retail landscape, earnings prospects and liquidity. Management has also assumed that there will be no material changes to the Company's strategic and capital allocation priorities, that anticipated cost savings and operational efficiencies will be achieved, that anticipated benefits from initiatives, partnerships or acquisitions will be realized and that all required regulatory approvals will be received. There can be no assurance that the estimates and assumptions upon which forward-looking information is based will prove to be correct.

Although the Company believes that the forward-looking information in this document is based on information, estimates and assumptions that are reasonable, such information is necessarily subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied in such forward-looking information. These risks, uncertainties and other factors are set out below and include those described in Section 11.0 (Risks and Risk Management) in this MD&A and all subsections therein:

- failure of the Company to respond to evolving trends and developments and execute on its True North strategy, acquisitions, projects, investments and cost saving measures, as well as associated transformation-related risks;
- poor operating or financial performance by Dealers, franchisees and independent retailers;
- damage to the Company's brand and reputation;
- adverse geopolitical conditions, including trade restrictions, quotas, tariffs and other import-related taxes, changes in government commitments and international conflicts;
- failure to attract, retain and develop its workforce, including executives and other key personnel;
- adverse macroeconomic conditions, such as increased inflation and consumer debt levels and lower gross domestic product and consumer income levels;
- increasing dependence on technology and legacy IT systems, with increased risk of system failures or outages;
- emergence of disruptive technologies, including AI;
- increasing frequency and sophistication of global cyber security threats and potential cyber security breaches;

- evolving privacy laws, which may impact the collection, use and disclosure of customer and other data that support the Company's strategy;
- reliance on third parties which are in turn subject to a variety of risks that could impact their performance;
- supply chain disruptions and product shortages;
- failure to identify human rights, worker safety, environmental or other issues in the Company's supply chain;
- failure to attract, retain and grow membership in the Company's loyalty program and expand and execute loyalty partnerships;
- failure to maintain and grow market share given the highly competitive and constantly evolving markets in which the Company operates;
- shifts in customer trends, preferences and spending patterns;
- risks associated with the seasonal nature of the Company's business, including the impact of unusual weather patterns;
- changes in laws and regulations to which the Company is subject to, and any involvement in civil or regulatory actions, investigations or proceedings;
- risks associated with climate change, including physical risks and transition risks;
- risks associated with the Company's management of its priority ESG topics;
- business disruptions and challenges restoring operations and critical business services;
- credit risks from a counterparty failing to meet its contractual obligations, including financial instrument counterparty credit risk and consumer, Dealer and franchisee credit risks;
- insufficient liquidity to meet the obligations associated with the Company's indebtedness and other financial liabilities;
- the risk that changes in market prices, resulting from foreign currency rate and interest rate fluctuations, will affect the Company's income or value of its holdings of financial instruments;
- price fluctuations in the commodity price of oil; and
- the unavailability of adequate insurance coverage on reasonable terms.

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. In addition, the Company cautions that the foregoing lists of risks and assumptions are not exhaustive, and other risks, uncertainties and factors could also adversely affect the Company's results and may cause actual results to differ materially from those expressed or implied in the forward-looking information.

The forward-looking information contained herein is based on information, estimates and assumptions as of the date hereof. The Company does not undertake to update any forward-looking information, whether written or oral, except as is required by applicable 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.

17.0 Commitment to Disclosure and Investor Communication

The Company strives to maintain a high standard of disclosure and investor communication. 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.

February 18, 2026

CANADIAN TIRE CORPORATION, LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended January 3, 2026 and December 28, 2024

Index to the Consolidated Financial Statements and Notes

Management’s Responsibility for Financial Statements

The Management of Canadian Tire Corporation, Limited (Company) is responsible for the integrity and reliability of the accompanying consolidated financial statements. These consolidated financial statements have been prepared by Management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and include amounts based on judgments and estimates. All financial information in our Management's Discussion and Analysis is consistent with these consolidated financial statements.

Management is responsible for establishing and maintaining adequate systems of internal control over financial reporting. These systems are designed to provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Management has assessed the effectiveness of the Company’s internal controls over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and concluded that the Company's internal controls over financial reporting were effective as at the date of these consolidated statements.

The Board of Directors oversees Management’s responsibilities for the consolidated financial statements primarily through the activities of its Audit Committee, which comprises solely of directors who are neither officers nor employees of the Company. This Committee meets with Management and the Company’s independent auditors, Deloitte LLP, to review the consolidated financial statements and recommend approval by the Board of Directors. The Audit Committee is responsible for making recommendations to the Board of Directors with respect to the appointment of and, subject to the approval of the shareholders authorizing the Board of Directors to do so, approving the remuneration and terms of engagement of the Company’s auditors. The Audit Committee also meets with the auditors, without the presence of Management, to discuss the results of their audit.

The consolidated financial statements have been audited by Deloitte LLP, in accordance with Canadian generally accepted auditing standards. Their report is presented on the following page.

Greg Hicks
President and
Chief Executive Officer

Darren Myers
Executive Vice-President
and Chief Financial Officer

February 18, 2026

Independent Auditor's Report

To the Shareholders of Canadian Tire Corporation, Limited

Opinion

We have audited the consolidated financial statements of Canadian Tire Corporation, Limited (the "Company"), which comprise the consolidated balance sheets at January 3, 2026 and December 28, 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 3, 2026 and December 28, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended January 3, 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of assets - Refer to Note 10 to the consolidated financial statements

Key Audit Matter Description

The Company's evaluation of goodwill for impairment involves the comparison of the recoverable amount of each cash generating unit to its carrying value. The recoverable amount of the SportChek CGU is estimated using a value in use ("VIU") model, determined using discounted cash flows based on an after tax discount rate. This requires management to make significant estimates and assumptions related to the projected revenues and associated earnings before income taxes, depreciation and amortization ("EBITDA") margins, terminal growth rate, and discount rate. Changes in these estimates and assumptions could have a significant impact on the recoverable amount. Management determined that the recoverable amount of the SportChek CGU exceeded their carrying value as of the measurement date and, therefore, no impairment was recognized.

Given the significant judgments made by management to estimate the VIU of the SportChek CGU, performing audit procedures to evaluate the reasonableness of the estimates and assumptions related to the projected revenues and associated EBITDA margins, terminal growth rate, and discount rate required a high degree of auditor judgment and an increased extent of effort, which included the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit:

Our audit procedures related to the projected revenues and associated EBITDA margins, terminal growth rate and discount rate for the SportChek CGU used by management to determine the recoverable amount, included the following, among others:

- Evaluated management's ability to accurately forecast future revenues and EBITDA margins by comparing actual results to management's historical forecasts.

- Evaluated the reasonableness of management’s forecasts of future revenues and EBITDA margins by considering:
  - Historical revenues and operating margins.
  - Internal communications to management and the Board of Directors.
  - Underlying analyses detailing business strategies and growth plans.
  - Third-party economic research, projected and historical growth of SportChek’s peer group.
- With the assistance of our fair value specialists;
  - Considered the terminal growth rate to available industry data and expected long term inflation rates.
  - Evaluated the reasonableness of the discount rate by testing the source information underlying the determination of the discount rate and developing a range of independent estimates and compared those to the discount rate used.

Allowance on credit card loans receivable - Refer to Note 2 and 8 to the consolidated financial statements

Key Audit Matter Description

The Company’s estimate of allowance on credit card loans receivable is measured using an expected credit loss (“ECL”) model. The allowance on credit card loans receivable represents a complex accounting estimate based on an assessment of the probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”) of each cardholder. The Company’s ECL model employs an analysis of historical data, economic indicators and experience of delinquency and default, to estimate the amount of credit card loans receivable that may default as a result of past or future events, with certain adjustments for other relevant circumstances influencing the recoverability of these credit card loans. ECL allowances are measured at amounts equal to either (i) 12-month ECL; or (ii) lifetime ECL for those credit card loans that have experienced a significant increase in credit risk (“SICR”) since initial recognition or when there is objective evidence of impairment.

The allowance on credit card loans receivable was identified as a key audit matter given the inherent complexity of the models, assumptions, judgments and the interrelationship of these variables in measuring the ECL. Although many estimates and assumptions are required, those with the highest degree of subjectivity and impact on the allowance are related to the PD, EAD, LGD, SICR, lifetime credit losses, effective interest rate, forward looking scenarios including the weighting of those scenarios and the application of expert credit judgment. These matters required a high degree of auditor judgment and increased audit effort which included the involvement of financial modelling specialists.

How the Key Audit Matter Was Addressed in the Audit:

Our audit procedures related to testing the models, assumptions and judgments used by management to estimate the ECL included the following, among others:

- Evaluated the effectiveness of management’s internal controls related to the credit card portfolio data, the governance and oversight over the modelled results and the use of expert credit judgment.
- Evaluated the completeness and accuracy of the data used in the estimate of ECL.
- With the assistance of financial modelling specialists:
  - Evaluated the Company’s ECL methodology and key assumptions used for compliance with IFRS Accounting Standards.
  - Evaluated the appropriateness of the methodology and inputs used in the models to estimate PD, EAD, LGD, SICR, lifetime credit losses, effective interest rate and the design of the forward-looking scenarios including the weighting of those scenarios.
  - Evaluated the quantitative assessments of the ECL by comparing management’s estimate of PD to actual default rates and comparing management’s estimates of EAD and LGD to actual loss experience.
  - On a sample basis, independently recalculated the ECL.
  - Evaluated the qualitative assessments included in the ECL by comparing management’s expert credit judgments against macroeconomic trends and evaluating those judgments to ensure they are reflective of the credit quality of the credit card portfolio.

Other Information

Management is responsible for the other information. The other information comprises:

- Management’s Discussion and Analysis
- The information, other than the financial statements and our auditor’s report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor’s report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor’s Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Adam Charles Burke.

Deloitte LLP

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
February 18, 2026

Consolidated Balance Sheets

As at (C$ in millions)		January 3, 2026		December 28, 2024
ASSETS				
Cash and cash equivalents (Note 6)	**$**	**553.5**	$	475.6
Short-term investments		**148.5**		128.4
Trade and other receivables (Note 7)		**1,053.2**		1,263.0
Loans receivable (Note 8)		**6,857.8**		6,697.5
Merchandise inventories		**2,417.5**		2,558.3
Income taxes recoverable		**59.8**		9.3
Prepaid expenses and deposits		**220.2**		212.0
Assets classified as held for sale		**5.8**		3.8
Total current assets		**11,316.3**		11,347.9
Long-term receivables and other assets (Note 9)		**703.4**		711.9
Long-term investments		**71.4**		72.8
Goodwill and intangible assets (Note 10)		**1,361.1**		2,176.2
Investment property (Note 11)		**503.4**		436.7
Property and equipment (Note 12)		**5,522.8**		5,394.4
Right-of-use assets (Note 13)		**2,001.8**		2,034.8
Deferred income taxes (Note 15)		**59.6**		65.9
Total assets	**$**	**21,539.8**	$	22,240.6
LIABILITIES				
Deposits (Note 16)	**$**	**1,109.4**	$	1,171.4
Trade and other payables (Note 17)		**2,811.6**		2,931.4
Provisions (Note 18)		**255.6**		186.2
Short-term borrowings (Note 19)		**295.1**		295.8
Loans (Note 20)		**556.6**		563.2
Current portion of lease liabilities (Note 13)		**355.6**		418.5
Income taxes payable		**54.6**		88.5
Current portion of long-term debt (Note 21)		**758.0**		680.4
Total current liabilities		**6,196.5**		6,335.4
Long-term deposits (Note 16)		**2,432.7**		2,386.0
Long-term provisions (Note 18)		**60.2**		67.1
Long-term lease liabilities (Note 13)		**2,086.3**		2,071.6
Deferred income taxes (Note 15)		**130.9**		245.5
Long-term debt (Note 21)		**3,617.9**		3,875.5
Other long-term liabilities (Note 22)		**201.4**		171.2
Total liabilities		**14,725.9**		15,152.3
EQUITY				
Share capital (Note 26)		**615.9**		625.9
Accumulated other comprehensive income (loss)		**9.4**		(85.3)
Retained earnings		**5,230.3**		5,614.4
Equity attributable to shareholders of Canadian Tire Corporation		**5,855.6**		6,155.0
Non-controlling interests (Note 14)		**958.3**		933.3
Total equity		**6,813.9**		7,088.3
Total liabilities and equity	**$**	**21,539.8**	$	22,240.6

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

J. Michael Owens
Director

Nadir Patel
Director

Consolidated Statements of Income

For the years ended (C$ in millions, except share and per share amounts)	January 3, 2026	December 28, 2024[1]
Revenue (Note 28)	**$ 16,315.5**	$ 15,516.0
Cost of producing revenue (Note 29)	**10,700.2**	10,315.2
Gross margin	**5,615.3**	5,200.8
Other expense (income) (Note 18)	**229.0**	(290.0)
Selling, general and administrative expenses (Note 30)	**3,470.6**	3,240.0
Depreciation and amortization (Note 31)	**741.7**	731.6
Net finance costs (income) (Note 32)	**295.5**	344.1
Income before income taxes	**878.5**	1,175.1
Income tax expense (recovery)	**219.5**	259.6
Net income from continuing operations	**659.0**	915.5
Net (loss) income from discontinued operations	**(49.3)**	56.4
Net income	**$ 609.7**	$ 971.9
Net income (loss) attributable to:		
Shareholders of Canadian Tire Corporation		
Continuing operations	**$ 575.6**	$ 831.3
Discontinued operations	**(49.3)**	56.4
Non-controlling interests (Note 14)	**83.4**	84.2
	$ 609.7	$ 971.9
Basic earnings (loss) per share	**$ 9.70**	$ 15.96
Continuing operations	**10.60**	14.95
Discontinued operations	**(0.90)**	1.01
Diluted earnings (loss) per share	**$ 9.67**	$ 15.92
Continuing operations	**10.57**	14.91
Discontinued operations	**(0.90)**	1.01
Weighted average number of Common and Class A Non-Voting Shares outstanding:		
Basic	**54,271,164**	55,625,884
Diluted	**54,460,287**	55,766,848

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*

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

Consolidated Statements of Comprehensive Income

For the years ended (C$ in millions)		January 3, 2026		December 28, 2024[1]
Net income from continuing operations	**$**	**659.0**	$	915.5
Other comprehensive income (loss), net of taxes				
Items that may be reclassified subsequently to Net income (loss):				
Net fair value gains (losses) on inventory cash flow hedges		**(71.3)**		151.0
Net fair value gains (losses) on derivatives designated as cash flow hedges excluding time value of swaptions		**8.6**		16.3
Changes in fair value of the time value of swaptions		**(16.6)**		(8.5)
Reclassification of losses (gains) to income		**(9.4)**		(8.8)
Currency translation adjustment		**(2.8)**		4.6
Items that will not be reclassified subsequently to Net income (loss):				
Actuarial gains (losses)		**5.0**		17.3
Changes in fair value of equity securities designated as fair value through other comprehensive income		**5.8**		—
Other comprehensive income (loss) from continuing operations attributable to shareholders of Canadian Tire Corporation	**$**	**(80.7)**	$	171.9
Comprehensive income from continuing operations	**$**	**578.3**	$	1,087.4
Net income from discontinued operations	**$**	**(49.3)**	$	56.4
Other comprehensive income (loss) from discontinued operations		**228.8**		11.1
Comprehensive income from discontinued operations attributable to shareholders of Canadian Tire Corporation	**$**	**179.5**	$	67.5
Comprehensive income attributable to:				
Shareholders of Canadian Tire Corporation				
Continuing operations	**$**	**494.9**	$	1,003.2
Discontinued operations		**179.5**		67.5
Non-controlling interests from continuing operations		**83.4**		84.2
Comprehensive income	**$**	**757.8**	$	1,154.9

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*

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

Consolidated Statements of Cash Flows

For the years ended (C$ in millions)	January 3, 2026	December 28, 2024[1]
Cash generated from (used for):		
Operating activities		
Net income (loss) from continuing operations	**$ 659.0**	$ 915.5
Adjustments for:		
Depreciation of property and equipment, investment property, and right-of-use assets	**653.9**	634.2
Impairment on property and equipment, investment property, and right-of-use assets	**27.9**	8.6
Amortization of intangible assets (Note 31)	**110.1**	120.2
Loss (gain) on disposal of property and equipment, investment property, assets held for sale and right-of-use assets	**(7.0)**	(279.6)
Income taxes	**219.5**	259.5
Net finance costs (Note 32)	**295.5**	344.1
Total except as noted below	**1,958.9**	2,002.5
Interest paid	**(367.9)**	(394.0)
Interest received	**28.6**	40.4
Income taxes (paid) received	**(283.9)**	(46.9)
Change in loans receivable	**(202.5)**	(139.0)
Change in operating working capital and other	**(148.2)**	531.1
Cash generated from (used for) operating activities from discontinued operations	**(32.9)**	69.7
Cash generated from (used for) operating activities	**952.1**	2,063.8
Investing activities		
Additions to property and equipment and investment property	**(582.0)**	(567.8)
Additions to intangible assets	**(81.7)**	(60.5)
Total additions	**(663.7)**	(628.3)
Acquisition of short-term investments	**(331.7)**	(183.0)
Proceeds from sale of long-term investments	**72.7**	—
Proceeds from maturity and disposition of short-term investments	**309.3**	271.2
Proceeds on disposition of property and equipment, investment property, intangible assets and assets held for sale	**6.4**	321.1
Lease payments received for finance subleases (principal portion)	**20.3**	16.0
Acquisition of long-term investments and other	**(65.7)**	(5.4)
Change in Franchise Trust loans receivable	**6.7**	(43.2)
Proceeds from sale of Helly Hansen, net of transaction costs	**1,290.0**	—
Cash used for investing activities from discontinued operations	**(5.5)**	(12.5)
Cash generated from (used for) investing activities	**638.8**	(264.1)
Financing activities		
Dividends paid	**(361.7)**	(359.8)
Distributions paid to non-controlling interests	**(76.9)**	(70.3)
Net issuance (repayments) of short-term borrowings	**(0.7)**	(669.9)
Net issuance (repayments) of Franchise Trust loans	**(6.7)**	43.2
Issuance of long-term debt	**700.0**	550.0
Repayment of long-term debt	**(880.4)**	(960.4)
Payment of lease liabilities (principal portion)	**(383.2)**	(327.5)
Payment of transaction costs relating to long-term debt	**(3.6)**	(2.0)
Purchase of Class A Non-Voting Shares	**(467.2)**	(29.8)
Net receipts (payments) on financial instruments	**(2.7)**	25.2
Change in deposits	**(20.2)**	187.8
Cash used for financing activities from discontinued operations	**(9.7)**	(21.8)
Cash generated from (used for) financing activities	**(1,513.0)**	(1,635.3)
Cash generated (used) in the period	**77.9**	164.4
Cash and cash equivalents, beginning of period	**475.6**	311.2
Cash and cash equivalents, end of period (Note 6)	**$ 553.5**	$ 475.6

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*

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

Consolidated Statements of Changes in Equity

		Total accumulated other comprehensive income (loss)						
(C$ in millions)	**Share capital**	**Cash flow hedges & other**	**Currency translation adjustment**	**Total accumulated other comprehensive income (loss)**	**Retained earnings**	**Equity attributable to shareholders of Canadian Tire Corporation**	**Equity attributable to non-controlling interests**	**Total equity**
Balance at December 28, 2024	**$ 625.9**	**$ 152.8**	**$ (238.1)**	**$ (85.3)**	**$ 5,614.4**	**$ 6,155.0**	**$ 933.3**	**$ 7,088.3**
Net income (loss) from continuing and discontinued operations	**—**	**—**	**—**	**—**	**526.3**	**526.3**	**83.4**	**609.7**
Other comprehensive income (loss) from continuing and discontinued operations	**—**	**(107.9)**	**245.2**	**137.3**	**10.8**	**148.1**	**—**	**148.1**
Total comprehensive income (loss)	**—**	**(107.9)**	**245.2**	**137.3**	**537.1**	**674.4**	**83.4**	**757.8**
Transfers of cash flow hedge losses (gains) to non-financial assets from continuing and discontinued operations	**—**	**(42.6)**	**—**	**(42.6)**	**—**	**(42.6)**	**—**	**(42.6)**
Contributions and distributions to shareholders of Canadian Tire Corporation								
Issuance of Class A Non-Voting Shares (Note 26)	**24.5**	**—**	**—**	**—**	**—**	**24.5**	**—**	**24.5**
Purchase of Class A Non-Voting Shares (Note 26)	**(467.2)**	**—**	**—**	**—**	**(7.2)**	**(474.4)**	**—**	**(474.4)**
Change in automatic share purchase plan commitment (Note 26)	**—**	**—**	**—**	**—**	**(99.2)**	**(99.2)**	**—**	**(99.2)**
Excess of purchase price over average cost (Note 26)	**432.7**	**—**	**—**	**—**	**(432.7)**	**—**	**—**	**—**
Dividends	**—**	**—**	**—**	**—**	**(382.1)**	**(382.1)**	**—**	**(382.1)**
Contributions and distributions to non-controlling interests								
Issuance of trust units to non-controlling interests, net of transaction costs	**—**	**—**	**—**	**—**	**—**	**—**	**18.5**	**18.5**
Distributions and dividends to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**(76.9)**	**(76.9)**
Total contributions and distributions	**(10.0)**	**(42.6)**	**—**	**(42.6)**	**(921.2)**	**(973.8)**	**(58.4)**	**(1,032.2)**
Balance at January 3, 2026	**$ 615.9**	**$ 2.3**	**$ 7.1**	**$ 9.4**	**$ 5,230.3**	**$ 5,855.6**	**$ 958.3**	**$ 6,813.9**

		Total accumulated other comprehensive income (loss)						
(C$ in millions)	Share capital	Cash flow hedges & other	Currency translation adjustment	Total accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
Balance at December 30, 2023	$ 598.7	$ 44.6	$ (226.4)	$ (181.8)	$ 5,128.2	$ 5,545.1	$ 899.7	$ 6,444.8
Net income (loss) from continuing and discontinued operations	—	—	—	—	887.7	887.7	84.2	971.9
Other comprehensive income from continuing and discontinued operations	—	177.4	(11.7)	165.7	17.3	183.0	—	183.0
Total comprehensive income	—	177.4	(11.7)	165.7	905.0	1,070.7	84.2	1,154.9
Transfers of cash flow hedge losses (gains) to non-financial assets from continuing and discontinued operations	—	(69.2)	—	(69.2)	—	(69.2)	—	(69.2)
Contributions and distributions to shareholders of Canadian Tire Corporation								
Issuance of Class A Non-Voting Shares (Note 26)	29.6	—	—	—	—	29.6	—	29.6
Purchase of Class A Non-Voting Shares (Note 26)	(29.8)	—	—	—	—	(29.8)	—	(29.8)
Excess of purchase price over average cost (Note 26)	27.4	—	—	—	(27.4)	—	—	—
Dividends	—	—	—	—	(391.4)	(391.4)	—	(391.4)
Contributions and distributions to non-controlling interests								
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	19.7	19.7
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	(70.3)	(70.3)
Total contributions and distributions	27.2	(69.2)	—	(69.2)	(418.8)	(460.8)	(50.6)	(511.4)
Balance at December 28, 2024	$ 625.9	$ 152.8	$ (238.1)	$ (85.3)	$ 5,614.4	$ 6,155.0	$ 933.3	$ 7,088.3

The related notes form an integral part of these 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 consolidated financial statements as the “Company”, “CTC” or “Canadian Tire Corporation”. Refer to Note 14 for the Company’s major subsidiaries.

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

This document contains trade names, trademarks, and service marks of the Company 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

Fiscal Year

The fiscal year of the Company consists of a 52 or 53-week period ending on the Saturday closest to December 31. The fiscal years for the consolidated financial statements and notes presented for 2025 and 2024 are the 53-week and 52-week periods ended January 3, 2026 and December 28, 2024, respectively.

Discontinued Operations

A discontinued operation is a component of the Company that can be clearly distinguished from the rest of the Company and that represents a separate major line of business, forms part of a single coordinated plan to dispose of such a business, or is a subsidiary acquired exclusively with a view to resale.

During fiscal 2025, the Company classified the Helly Hansen business as a discontinued operation following management’s decision and commitment to divest the business. Classification as a discontinued operation occurred when the Helly Hansen business met the criteria to be classified as held for sale under IFRS 5. Refer to Note 4 for additional information regarding discontinued operations.

The discontinued operations are presented in a single amount, net of tax, in the Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the current and comparative periods. The discontinued operations have been de-consolidated from the Consolidated Balance Sheet at closing of the sale. The Statements of Cash Flows are re-presented to distinguish the discontinued operations for the current and comparative periods.

Unless otherwise indicated, all income and expenses represent the Company’s results from continuing operations, and all assets and liabilities are continuing operations in the current period, however assets and liabilities are not restated for comparative periods.

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) using the accounting policies described herein.

These consolidated financial statements were authorized for issuance by the Company’s Board of Directors on February 18, 2026.

Basis of Presentation

These consolidated 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 consolidated financial statements are presented in Canadian dollars ($ or C$), the Company's functional currency.

Judgments and Estimates

The preparation of these consolidated financial statements in accordance with IFRS Accounting Standards 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 consolidated 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 the Company 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.

The section below contains 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 consolidated financial statements.

Impairment of Assets

The Company uses judgment in determining the grouping of assets to identify its Cash Generating Units (CGU) for purposes of testing for impairment of property and equipment and goodwill and intangible assets. The Company has determined that its Retail CGUs comprise individual stores or groups of stores. In testing for impairment, goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from the synergies of the business combination. In testing for impairment of intangibles with indefinite lives, these assets are allocated to the CGUs to which they relate. Furthermore, on a quarterly basis, judgment is used in determining whether there has been an indication of impairment, which would require the completion of a quarterly impairment test, in addition to the annual requirement.

The Company's estimate of a CGU's or group of CGUs' recoverable amount, based on Value in Use (VIU), involves estimating future cash flows. Future cash flows are estimated based on multi-year extrapolation of the most recent historical actual results or budgets and a terminal value is calculated by discounting the final year in perpetuity. The growth rate applied to the terminal value is based on the Bank of Canada's target inflation rate or Management's estimate of the growth rate specific to the item being tested. The future cash flow estimates are then discounted to their present value using an appropriate discount rate that incorporates a risk premium specific to each business.

The Company's determination of a CGU's or group of CGUs' recoverable amount based on Fair Value Less Cost to Sell (FVLCS) uses factors such as royalty rates and related revenue projections or market rental rates for comparable assets based on an after-tax discount rate, consistent with the assumptions that a market participant would make.

Merchandise Inventories
Merchandise inventories are carried at the lower of cost and net realizable value. The estimation of net realizable value is based on the most reliable evidence available of the amount the merchandise inventories are expected to realize. Additionally, estimation is required for inventory provisions due to shrinkage.

Income and Other Taxes
In calculating current and deferred income and other taxes, the Company uses judgment when interpreting the tax rules in jurisdictions where the Company operates. The Company also uses judgment in classifying transactions and assessing probable outcomes of claimed deductions, which considers expectations of future operating results, the timing and reversal of temporary differences and possible audits of income tax and other tax filings by tax authorities.

Consolidation
The Company uses judgment in determining the entities that it controls and consolidates accordingly. An entity is controlled when the Company has power over an entity, exposure or rights to variable returns from its involvement with the entity and is able to use its power over the entity to affect its return from the entity. The Company has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, which are the activities that significantly affect investees' returns. Since power comes from rights, power can result from contractual arrangements. However, certain contractual arrangements contain rights that are designed to protect the Company's interest, without giving it power over the entity.

Allowance on Loans Receivable
The Company's estimate of allowances on credit card loans receivable is based on an Expected Credit Loss (ECL) approach that employs an analysis of historical data, economic indicators, and experience of delinquency and default to estimate the amount of loans that may default as a result of past or future events, with certain adjustments for other relevant circumstances influencing the recoverability of these loans receivable. Impairment of loans is assessed based on whether there has been a significant increase in credit risk since origination and incorporation of forward-looking information in the measurement of ECL. Default rates, loss rates and the expected timing of future recoveries are periodically benchmarked against actual outcomes to ensure that they remain appropriate. Future customer behaviour may be affected by several factors, including changes in interest and unemployment rates and credit card program design changes.

Post-Employment Benefits
The accounting for the Company's post-employment benefit plan requires the use of assumptions. The accrued benefit liability is calculated using actuarial data and the Company's best estimates of future salary escalations, retirement ages of employees, employee turnover, mortality rates, market discount rates, and expected health and dental care costs.

Lease Liabilities
For the measurement of lease liabilities, Management considers all factors that create an economic incentive to exercise extension options, or not exercise termination options available in its leasing arrangements. Extension options, or periods subject to termination options, are only included in the lease term if Management determines it is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and it is within the control of the lessee.

The Company generally uses the lessee's incremental borrowing rate when initially recording property leases. For property leases, the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor relating to the leased assets are not available. The Company determines the incremental borrowing rate as the rate of interest that the lessee would pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

Other

Other estimates include determining the useful lives and depreciation methods applied to investment property and intangible assets for the purposes of depreciation and amortization; in accounting for and measuring items such as deferred revenue, provisions, and purchase price adjustments on business combinations; and in measuring certain fair values, including those relating to the valuation of assets and liabilities acquired in a business combinations, share-based payments, and financial instruments.

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 ended January 3, 2026 and, accordingly, have not been applied in preparing these interim financial statements.

Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 – *Financial Instruments* and IFRS 7 – *Financial Instruments: Disclosures*. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, and create additional disclosure requirements for financial instruments. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard IFRS 18 – *Presentation and Disclosure in Financial Statements* that will replace IAS 1 – *Presentation of Financial Statements*. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of management performance measures in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

3. Material Accounting Policy Information

The following accounting policies have been applied consistently to all periods presented in these consolidated financial statements, except as noted below.

Basis of Consolidation

These consolidated financial statements include the accounts of Canadian Tire Corporation and entities it controls. An entity is controlled when the Company has the ability to direct the relevant activities of the entity, has exposure or rights to variable returns from its involvement with the entity, and is able to use its power over the entity to affect its returns from the entity. Refer to Note 14.1 for details of the Company's significant controlled entities.

The results of certain subsidiaries that have different year ends have been included in these consolidated financial statements for the 53-week period ended January 3, 2026 and 52-week period ended December 28, 2024. The year end of CT Real Estate Investment Trust (CT REIT), Franchise Trust and CTFS Holdings Limited and their subsidiaries is December 31.

Income or loss and each component of Other Comprehensive Income (OCI) are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance on consolidation.

When the proportion of the equity held by non-controlling interests changes, the Company adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

Business Combinations

The Company applies the acquisition method in accounting for business combinations by allocating the purchase price to the fair value of the assets acquired at the acquisition date, with any difference recognized as goodwill. The purchase price, or the consideration transferred, includes the recognized amount of any non-controlling interests in the acquiree, the fair value of the assets transferred (including cash), liabilities incurred by the Company on behalf of the acquiree, the fair value of any contingent consideration and equity interests issued by the Company.

The Company determines the fair value of assets acquired by applying either the cost, market or income approach that provides the most reliable support for the specific asset. Market approaches are applied to property and securities that are available in the public market. The cost approach is applied to other major asset classes. The income approach is applied in calculating the fair value of intangible assets.

Transaction costs that the Company incurs in connection with a business combination are expensed immediately.

Joint Arrangement

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control whereby decisions about relevant activities require unanimous consent of the parties sharing control. A joint arrangement is classified as a joint operation when the parties that have joint control have rights to the assets and obligations for the liabilities related to the arrangement. The Company's interest in a joint operation includes assets, liabilities, revenues, and expenses in relation to the joint operation, along with its share of any assets and liabilities jointly held, and its share of revenue and expenses earned or incurred jointly.

CT REIT has a one-half interest in Canada Square, a mixed-use commercial property in Toronto, Ontario (the Co-Ownership), pursuant to a Co-Ownership arrangement. The Co-Ownership is a joint arrangement as the material decisions about relevant activities require unanimous consent of the co-owners. This joint arrangement is a joint operation as each co-owner has rights to the assets and obligations for the liabilities related to the Co-Ownership.

Investments in Joint Ventures and Associates (under the Equity Method)

A joint venture is a joint arrangement where the investees have rights to the net assets of the arrangement. The Company has significant influence over an associate if it has the power to participate in the financial and operating policy decisions of the investee but does not meet the definition of control or joint control.

The Company recognizes its interest in associates and joint ventures in Long-term receivables and other assets in the Consolidated Balance Sheets. The Company measures its interest using the equity method, where the investment is initially recognized at cost and adjusted thereafter for the investors' share of the changes in the investee's net assets. The investment is reviewed at the end of each reporting period for indicators of impairment, and if such evidence exists, the Company recognizes an impairment loss in Other expense (income) in the Consolidated Statements of Income. Impairment losses are limited to the recoverable amount of the investment.

Functional and Presentation Currency

Each of the Company's foreign operations determines its own functional currency with transactions of each foreign operation measured using that functional currency. Assets and liabilities of foreign operations having a functional currency other than the Canadian dollar are translated to the Canadian dollar presentation currency at the rate of exchange prevailing at the reporting date, and revenues and expenses are translated at average rates during the period. Exchange differences 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 Other expense (income) in the Consolidated Statements of Income.

Foreign Currency Transactions and Balances

Transactions in foreign currencies are translated into the entity's functional currency at rates in effect at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the entity's functional currency at the closing exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost are translated into the entity's functional currency at the exchange rate at the date of the original transaction. Exchange gains or losses arising from translation are recorded in Other expense (income) or Cost of producing revenue as applicable in the Consolidated Statements of Income.

Financial Instruments

Recognition, Derecognition and Initial Measurement

Financial instruments can include cash, derivatives, or any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized in the Consolidated Balance Sheets when the Company becomes a party to the contractual provisions of a financial instrument. A financial asset is derecognized when the contractual rights to the cash flows from the asset expire or when the Company transfers substantially all the risks and rewards of ownership in the financial asset to another party. Any interest in transferred financial assets created or retained by the Company is recognized as a separate asset or liability. A financial liability is derecognized when its contractual obligations are discharged, cancelled, or expire. All financial instruments are measured at fair value on initial recognition.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in Net income.

Classification at Initial Recognition and Subsequent Measurement

At initial recognition, the Company classifies financial assets according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in one of the following measurement categories: (i) amortized cost, (ii) FVOCI, and (iii) FVTPL. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL, which are those that either meet the definition of held for trading or are designated as FVTPL.

Financial Instruments at Amortized Cost, including Impairment

Financial liabilities are subsequently measured at amortized cost using the effective interest method with gains and losses recognized in Net income in the period that the liability is derecognized, except for financial liabilities classified as FVTPL.

Financial assets are subsequently measured at amortized cost if both the following conditions are met, and they are not designated as FVTPL:

- the financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

Financial assets are subsequently measured at amortized cost using the effective interest method, and are subject to impairment, with a loss allowance, ECL, recognized on either a 12-month or a lifetime ECL basis.

A 12-month ECL represents the loss expected from default events that are possible within 12-months of the reporting date. This 12-month ECL is recognized in the same reporting period as the initial recognition. The following types of financial assets are measured at 12-month ECL:

- investments determined to have low credit risk at the reporting date with a credit risk rating equivalent to investment grade; and
- other financial assets, such as loans receivable, for which credit risk has not increased significantly since initial recognition.

All other financial assets measured at amortized cost are impaired using a lifetime ECL model, which represents credit losses from all probable default events over the expected life of a financial instrument.

The loss allowance is measured at lifetime ECL if there is a significant increase in credit risk, which is assessed based on changes in the probability of default since initial recognition along with borrower specific qualitative information, or when the loan is more than 30 days past due. ECL is calculated as the product of the probability of default, exposure at default and loss given default over the remaining expected life of the loans and discounted to the reporting date. The ECL model also incorporates forward-looking information, which increases the degree of judgment required as to how changes in macroeconomic factors will affect ECLs, such as current and forecast unemployment rates. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Credit card loans are considered impaired and in default when they are 90 days past due or there is sufficient doubt regarding the collectability of principal and/or interest. Where a customer has initiated the consumer proposal insolvency process, the estimated credit card loans receivable is based on the present value of expected future cash flows outlined in the terms of the consumer proposal agreement received. Credit card loans over 180 days past due are written down to the present value of the expected future cash flows.

Financial Instruments at Fair Value Through Other Comprehensive Income

Financial assets are classified as FVOCI when the financial asset meets the business model objective by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest. Financial assets, in the form of equity instruments, can be designated as FVOCI or otherwise default as FVTPL.

Financial instruments classified as FVOCI are measured at fair value, with changes in fair value recorded in Other comprehensive income in the period in which they arise. Subsequent changes in fair value of investments in equity instruments designated as FVOCI are accumulated in Other comprehensive income and are not reclassified to the Consolidated Statements of Income, while distributions received from these investments are recognized in the Consolidated Statements of Income.

Financial Instruments at Fair Value Through Profit or Loss

All financial assets not classified as amortized cost, or designated as FVOCI, are measured at FVTPL. This includes derivative financial assets that are not part of a designated hedging relationship. Financial liabilities, including derivative liabilities, are classified as FVTPL when the financial instrument is either held for trading or designated as such upon initial recognition. Financial instruments are classified as held for trading if acquired principally for the purpose of selling in the near future or if part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-making.

Financial instruments classified as FVTPL are measured at fair value, with changes in fair value recorded in Net income in the period they arise, to the extent they are not part of the effective portion of a designated hedging relationship.

Derivative Financial Instruments

The Company enters into various derivatives as part of a strategy to manage its foreign currency and interest rate exposures. The Company also enters into equity derivative contracts to hedge a portion of future share-based payment expenses. The Company does not enter into derivatives for trading purposes.

All derivative instruments are measured at fair value including embedded derivatives contained within financial or non-financial contracts that are not closely related to the host contract. The gain or loss that results from remeasurement at each reporting period is immediately recognized in Net income unless the derivative qualifies and is designated as a hedging instrument, in which case the timing of the recognition in Net income depends on the nature of the hedge relationship.

Cash Flow Hedges

For cash flow hedges, the effective portion of the changes in the fair value of the hedging derivative, net of taxes, is recognized in OCI, while the ineffective and unhedged portions are recognized immediately in Net income. Amounts recorded in AOCI are reclassified to Net income in the periods when the hedged item affects Net income. When a forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously recognized in AOCI are directly transferred from AOCI to the initial measurement of the cost of the non-financial asset or liability.

When hedge accounting is discontinued, there is no further deferral of changes in market value of the derivative to OCI. The amounts previously deferred remain in AOCI until the cash flows relating to underlying exposure affects Net income; at this time the related AOCI is reclassified to Net income. If hedge accounting is discontinued due to the hedged item no longer expected to occur, the amount previously deferred in AOCI is immediately reclassified to Net income.

The Company enters into foreign currency derivative contracts to hedge its exposure against foreign currency risk on future payments of foreign-currency-denominated inventory purchases and expenses. The critical terms of the foreign currency derivative contracts align with the hedged item on a 1:1 basis. Hedge ineffectiveness may arise if the timing of the hedged transactions changes from the original estimate. Once the inventory is received, the Company transfers the related AOCI amount to merchandise inventories and subsequent changes in the fair value of the foreign currency derivative contracts are recorded in Net income as they occur.

The Company enters into interest rate swap and swaption contracts to hedge and manage the exposure against interest rate risk on the future interest payments of certain debt issuances. The critical terms of the interest rate swap and swaptions contracts align with the hedged item and have a 1:1 hedge ratio. In accordance with IFRS 9, the Company designates the change in fair value of the intrinsic value of the instrument as the hedging instrument. Change in the fair value of the time value of the option is also deferred in OCI and is amortized to the Consolidated Statements of Income as a component of Net finance cost on a systematic and rational basis over the period during which the underlying interest of the underlying debt affects profit or loss. Hedge ineffectiveness may arise if the timing of the hedged transactions changes from the original estimate. When hedged expenses are incurred, the Company reclassifies the related AOCI amount to the expense.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash plus highly liquid and rated certificates of deposit or commercial paper with an original term to maturity of three months or less.

Short-Term Investments

Short-term investments are investments in highly liquid and rated certificates of deposit, commercial paper or other securities, primarily Canadian and United States government securities and notes of other creditworthy parties, with an original term to maturity of more than three months and remaining term to maturity of less than one year. The Company's exposure to credit, currency and interest rate risks relating to other investments is disclosed in Note 24.

Trade and Other Receivables

The Company recognizes a loss allowance based on lifetime ECL for trade and other receivables. It is estimated based on the Company's historical loss experience, adjusted for factors specific to the debtors and an assessment of both the current and forecast direction of conditions at the reporting date. The loss and any subsequent recoveries of amounts written off, are recognized in Selling, general and administrative expenses in the Consolidated Statements of Income.

Loans Receivable

Loans receivable consists of credit card loans, as well as loans to certain Dealers, who are independent third-party operators of Canadian Tire stores. Impairment losses are recorded in Cost of producing revenue in the Consolidated Statements of Income.

Long-Term Investments

Investments in highly liquid and rated securities with a remaining term to maturity of greater than one year are classified as long-term investments. The Company's exposure to credit, currency and interest rate risks relating to other investments is disclosed in Note 24.

Debt
Debt is classified as current when the Company expects to settle the liability in its normal operating cycle, it holds the liability primarily for the purpose of trading, the liability is due to be settled within 12 months after the date of the Consolidated Balance Sheets, or it does not have the right to defer settlement of the liability for at least 12 months after the date of the Consolidated Balance Sheets.

Merchandise Inventories
Merchandise inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price of inventory during the normal course of business less estimated selling expenses.

The cost of merchandise inventories is determined based on weighted average cost and includes costs incurred in bringing the merchandise inventories to their present location and condition. All inventories are finished goods.

Cash consideration received from vendors is recognized as a reduction to the cost of related inventory, unless the cash consideration received is either a reimbursement of incremental costs incurred by the Company or a payment for assets or services delivered to the vendor.

Intangible Assets
Intangible assets include goodwill, indefinite life, and finite life intangible assets.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the identifiable assets acquired and liabilities assumed in a business combination. Goodwill is measured at cost less any accumulated impairment and is not amortized.

Intangible assets with indefinite useful lives are measured at cost, less any accumulated impairment and are not amortized. Intangible assets with finite useful lives are recognized when the asset is identifiable (either separable or resulting from contractual or legal rights), the Company controls the asset, there are expected future economic benefits which will flow to the Company, and costs can be measured reliably. Intangible assets with finite useful lives are measured at cost and are amortized on a straight-line basis over their estimated useful lives, generally for a period of two to ten years. The Company capitalizes implementation costs associated with software as a service activities where the activities create and meet the recognition criteria of an intangible asset. Refer below to the Impairment of Assets policy.

Expenditures on research activities are expensed as incurred.

Investment Property
Investment property is property held to earn rental income or for appreciation of capital or both. The Company has determined that properties it provides to its Dealers, franchisees and agents are not investment properties as they relate to the Company's operating activities. This was determined based on certain criteria such as whether the Company provides significant ancillary services to the lessees of the property. The Company includes property that it leases to third parties (other than Dealers, franchisees, or agents) in investment property. Investment property is measured and depreciated in the same manner as property and equipment.

Property and Equipment
Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment except for land and properties during construction which are measured at cost less any accumulated impairment. The cost of an item of property or equipment includes initial estimates of the cost of dismantling and removing the item and restoring the site on which it is located. Depreciation is calculated on a straight-line basis over the following estimated useful lives, after adjusting the cost for the asset's estimated residual value:

Asset Category	Estimated Useful Lives
Buildings	10 – 45 years
Fixtures and equipment	3 – 25 years
Leasehold improvements	Shorter of term of lease or estimated useful life

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized. All other borrowing costs are recognized in Cost of producing revenue or in Net finance costs in the Consolidated Statements of Income in the period in which they are incurred.

Leases

Lessee

The Company assesses whether a contract is or contains a lease at inception of a contract. Leases are recognized as a right-of-use asset and corresponding liability at the commencement date.

Right-of-use assets are measured at cost which is calculated as the amount of the initial measurement of lease liability plus any lease payments made on or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or if the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease and is recognized in Depreciation and amortization in the Consolidated Statements of Income.

Lease liabilities are measured at the present value of fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, and where the lessee is reasonably certain to exercise an option, the exercise price of that purchase option and payments of penalties for terminating the lease. The lease liability is net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The period over which the lease payments are discounted is the lease term, including renewal options that the Company is reasonably certain to exercise. Renewal options are included in a number of leases across the Company. Each lease payment draws down the lease liability while the unwinding of the discount is reflected as a finance cost. The finance cost is recognized in Net finance costs in the Consolidated Statements of Income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases, with a lease term of 12 months or less, and leases of low-value assets are recognized as an expense on a straight-line basis in Selling, general and administrative expenses in the Consolidated Statements of Income. Variable lease payments that do not depend on an index or a rate or subject to a fair market value renewal are expensed as incurred and recognized in Selling, general and administrative expenses in the Consolidated Statements of Income.

Lessor

When the Company is the lessor in an operating lease, rental income is recognized in Revenue in the Consolidated Statements of Income on a straight-line basis over the term of the lease.

Subleases

When the Company enters into sublease arrangements as an intermediate lessor, it determines whether the sublease is a finance sublease or operating sublease by reference to the right-of-use asset arising from the head lease. When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. A sublease is a finance sublease if substantially all the risks and rewards of the related head lease right-of-use asset have been transferred to the sub-lessee.

For finance subleases, the Company derecognizes the corresponding right-of-use asset and records a net investment in the finance sublease and corresponding interest income is recognized in net finance costs in the Consolidated Statements of Income. The net investment in the sublease is recognized in Trade and other receivables and Long-term receivables and other assets in the Consolidated Balance Sheets, for the current and non-current portions respectively.

Impairment of Assets

Property and equipment, investment property, right-of-use assets and intangible assets with finite useful lives are assessed for indicators of impairment at the end of each reporting period. If indicators exist, then the recoverable amount of the asset is estimated.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortized but are tested for impairment at least annually or whenever there is an indicator that the asset may be impaired. These assets do not generate their own cashflows, as a result goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are allocated to the CGUs, or groups of CGUs (such as the Company's banners identified in Note 5 Operating Segments), to which they relate. A CGU is the smallest identifiable group of assets whose continuing use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Once allocated, the recoverable amount of the CGU is estimated for impairment testing.

The recoverable amount of an asset or CGU is defined as the higher of its fair value less cost to sell and its VIU. In assessing VIU, the estimated future cash flows are discounted to their present value, using a discount rate that includes a risk premium specific to each line of business. The Company estimates cash flows which are extrapolated over a period of up to five years adding a terminal value calculated by discounting the final year in perpetuity. The growth rate applied to the terminal values is based on the Bank of Canada's target inflation rate or a growth rate specific to the item being tested.

An impairment loss is recognized when the carrying amount of an asset, or of the CGU to which it belongs, exceeds the recoverable amount and is recognized in Other expense (income) in the Consolidated Statements of Income. Any impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU. Impairments of goodwill cannot be reversed. Impairments of other assets recognized in prior periods are assessed at the end of each reporting period to determine if the indicators of impairment have reversed or no longer exist. An impairment loss is reversed if the estimated recoverable amount exceeds the carrying amount; however, the resulting carrying amount may not exceed the carrying amount that would have been determined had no impairment been recognized in prior periods.

Employee Benefits

Short-Term Benefits

The Company recognizes a liability and an expense for short-term benefits such as bonuses, profit-sharing and employee stock purchases if the Company has a present legal obligation or constructive obligation to pay these amounts as a result of past service provided by the employees.

Post-Employment Benefits

The Company provides certain health care, dental care, life insurance and other benefits, but not pensions, for certain retired employees pursuant to Company policy. The Company accrues the cost of these employee benefits over the periods in which the employees earn the benefits. The cost of employee benefits earned is actuarially determined using the projected benefit method prorated on length of service and Management's best estimate of retirement ages of employees, employee turnover, life expectancy, and expected health and dental care costs. The costs are discounted at a rate based on market rates as at the measurement date. Actuarial gains and losses are recorded in OCI and are permanently transferred to Retained earnings at the end of the year.

Share-Based Payments

Stock options are granted to employees allowing the recipient to exercise the stock option or receive a cash payment equal to the difference between the market price of the Company's Class A Non-Voting Shares at the exercise date and the exercise price of the stock option. These stock options are considered to be compound instruments. The fair value of compound instruments is measured at each reporting date, taking into account the terms and conditions on which the rights to cash or equity instruments are granted. The corresponding expense and liability are recognized over the respective vesting period.

The fair value of the amount payable to employees with respect to share unit plans and trust unit plans, settled in cash, is recorded in Selling, General and Administrative expenses as the services are provided over the vesting period. The fair value of the liability is remeasured at each reporting date with the change in the liability recognized in Selling, general and administrative expenses in the Consolidated Statements of Income.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. Where the effect of discounting is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The provision for sales and warranty returns relates to the Company's obligation for defective goods in current store inventories and defective goods sold to customers that have yet to be returned, after-sales service for replacement parts and future corporate store sales returns. Accruals for sales and warranty returns are estimated on the basis of historical returns and are recorded as a reduction to Revenue in the Consolidated Statements of Income.

Site restoration and decommissioning provisions arise from legal or constructive obligations associated with the removal of underground fuel storage tanks and site remediation costs on the retirement of certain property and equipment and with the termination of certain lease agreements. The obligations are initially measured using an expected value approach and are discounted to present value.

Share Capital

Shares issued by the Company are recorded at the value of proceeds received. Repurchased shares are removed from equity. No gain or loss is recognized in Net income on the purchase, sale, issue, or cancellation of the Company's shares. Share purchases are charged to Share capital at the average cost per share outstanding and the excess between the purchase price and the average cost is allocated to Retained earnings.

Revenue

Sale of Goods

Revenue from the sale of goods includes merchandise sold to Dealers, Mark's, SportChek[1] and Party City[2] franchisees, the sale of gasoline through agents, the sale of goods to the general public by Mark's, PartSource, and SportChek. Revenue from the sale of goods is recognized when the goods are delivered, measured at the fair value of the consideration received less an appropriate deduction for actual and expected returns, discounts, rebates and warranty and customer loyalty program costs, net of sales taxes.

Customer Loyalty Programs

Loyalty reward credits result in revenue being deferred until the loyalty reward is redeemed. The obligation is measured at the fair value of the rewards to be redeemed.

Interest Income on Loans Receivable

Interest income, including interest charged on loans receivable, is determined using the effective interest method and recognized in Revenue in the Consolidated Statements of Income.

Services Rendered

Service revenue primarily includes merchant, interchange and processing fees, cash advance fees, foreign exchange fees, and service charges on the loans receivable of the Financial Services operating segment. Service revenue is recognized according to the contractual provisions of the arrangement, which is generally when the service is provided or over the contractual period.

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[1] *"SportChek" refers to the retail business carried on by FGL Sports Ltd., including stores operated under the SportChek, Sports Experts, Atmosphere, Sports Rousseau and Hockey Experts names and trademarks.*

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

Merchant, interchange and processing fees, cash advance fees and foreign exchange fees on credit card transactions are recognized as revenue at the time transactions are completed.

Reinsurance Revenue

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

Royalties and Licence Fees

Royalties and licence fees include licence fees from Dealers, Petroleum agents and royalties from Mark's and SportChek franchisees. Royalties and licence fee revenues are recognized as they are earned in accordance with the substance of the relevant agreement, which is generally based on percentage of sales.

Rental Income

Rental income from operating leases where the Company is the lessor is recognized on a straight-line basis over the terms of the respective leases.

Vendor Rebates

The Company records cash consideration from vendors as a reduction in the price of vendors' products and recognizes it as a reduction to the cost of related inventory or, if the related inventory has been sold, to the Cost of producing revenue in the Consolidated Statements of Income. Certain exceptions apply where the cash consideration received is either a reimbursement of incremental selling costs incurred by the Company or a payment for assets or services delivered to the vendor, in which case the cost is reflected as a reduction in Selling, general and administrative expenses in the Consolidated Statements of Income.

The Company recognizes rebates that are at the vendor's discretion when the vendor either pays the rebates or agrees to pay them.

Net Finance Costs

Net finance cost comprises finance costs reduced by finance income.

Finance costs comprise interest expense on borrowings (including borrowings relating to the Dealer Loan Program), unwinding of the discount on provisions, as well as finance cost on lease liabilities and is net of borrowing costs that have been capitalized. Interest on deposits is recorded in Cost of producing revenue in the Consolidated Statements of Income.

Finance income comprises interest income on funds invested and interest income on lease receivables for finance subleases. Interest income is recognized as it accrues using the effective interest method.

Income Taxes

The Income tax expense for the year comprises current and deferred income tax. Income tax expense is recognized in Net income except to the extent that it relates to items recognized either in OCI or directly in equity, for which the income tax expense is recognized in OCI or in equity, respectively.

Income tax expense is calculated based on the tax laws enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognized using the liability method for unused tax losses, unused tax benefits and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred income tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction, other than a business combination that, at the time of the transaction, affects neither accounting nor taxable income, and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred income tax liabilities are provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. The Company has applied the temporary mandatory exception from the recognition and disclosure of deferred tax related to the implementation of Pillar Two model rules.

Earnings per Share

Basic earnings per share is calculated by dividing the Net income attributable to the shareholders of the Company by the weighted average number of Common and Class A Non-Voting shares outstanding during the reporting period. Diluted earnings per share is calculated by dividing the Net income attributable to the shareholders of the Company by the weighted average number of shares outstanding adjusted for the effects of all potentially dilutive equity instruments, which comprise employee stock options.

4. Discontinued Operations

On May 31, 2025, the Company closed the sale of the Helly Hansen business to Kontoor Brands, Inc. for total gross proceeds of $1,313.4 million which represents the announced proceeds of $1,276.0 million and closing adjustments of $37.4 million finalized in the fourth quarter of 2025. The transaction reflects the Company's increasing focus on its Canadian retail portfolio.

In the first quarter of the year, the Company met the criteria to report the results of Helly Hansen as a discontinued operation, which is a component of an entity, that has either been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

The discontinued operations are presented in a single amount, net of tax, in the Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the current and comparative periods. The discontinued operations have been de-consolidated from the Consolidated Balance Sheet at closing of the sale. The Statements of Cash Flows are re-presented to distinguish the discontinued operations for the current and comparative periods.

Unless otherwise indicated, all income and expenses represent the Company's results from continuing operations, and all assets and liabilities are continuing operations in the current period, however assets and liabilities are not restated for comparative periods.

The major classes of assets and liabilities associated with the Company's discontinued operations at the time of closing were as follows:

As at (C$ in millions)	May 31, 2025
ASSETS	
Current assets	$ 509.5
Non-current assets	1,054.3
Total assets	$ 1,563.8
LIABILITIES	
Current liabilities	$ 198.8
Non-current liabilities	207.7
Total liabilities	$ 406.5

The results of Helly Hansen were as follows:

For the years ended (C$ in millions)		**January 3, 2026**[1]		December 28, 2024
Revenue	**$**	**306.6**	$	841.8
Gross Margin		**154.3**		417.9
Expenses		**149.2**		346.9
Income tax expense		**2.2**		14.6
Net income from discontinued operations before loss on disposal	**$**	**2.9**	$	56.4
Loss on sale of Helly Hansen after income taxes		**(52.2)**		—
Net (Loss) Income from discontinued operations	**$**	**(49.3)**	$	56.4

[1] *Results of operations of Helly Hansen ended May 31, 2025.*

The loss on sale after income taxes is comprised of the following components:

(C$ in millions)		**2025**
Gross proceeds	**$**	**1,276.0**
Add: Closing adjustments		**37.4**
Net consideration received	**$**	**1,313.4**
Less: Net assets of the discontinued operations		**(1,157.3)**
Less: Transaction and other related costs		**(23.8)**
Gain on sale before tax and reclassification of foreign currency translation losses	**$**	**132.3**
Less: Reclassification of foreign currency translation loss from accumulated other comprehensive income		**(184.9)**
Add: Income tax recovery		**0.4**
Loss on sale of Helly Hansen after income taxes	**$**	**(52.2)**

5. Operating Segments

The Company has three operating segments: Retail, Financial Services, and CT REIT. The operating segments are strategic business units offering different products and services. The following summary describes the operations of each of the Company's operating segments:

- The retail business is conducted under a number of banners including Canadian Tire, Canadian Tire Gas+ (Petroleum), Mark's, PartSource, Party City in Canada, and various SportChek banners. Retail also includes the Dealer Loan Program through which Franchise Trust issues loans to certain Dealers. Non-CT REIT real estate is included in Retail.

- Financial Services issues Canadian Tire's Triangle brand credit cards, including Triangle Mastercard, Triangle World Elite Mastercard, and Cash Advantage Mastercard. Financial Services also markets insurance products, and provides settlement services to the Company. Financial Services includes Canadian Tire Bank (CTB, the Bank), a federally regulated Schedule I bank that manages and finances the Company's consumer Mastercard portfolio, and Canadian Tire-branded line of credit loans. The Bank also accepts deposits in High-Interest Savings accounts (including Tax-Free Savings Accounts) and Guaranteed Investment Certificates 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, 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:

					2025					2024[1]
(C$ in millions)	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total
External revenue	$14,716.9	$ 1,542.2	$ 64.4	$ (8.0)	$16,315.5	$13,959.7	$ 1,508.3	$ 61.6	$ (13.6)	$15,516.0
Intercompany revenue	11.7	51.6	539.9	(603.2)	—	10.9	51.9	517.1	(579.9)	—
Total revenue	14,728.6	1,593.8	604.3	(611.2)	16,315.5	13,970.6	1,560.2	578.7	(593.5)	15,516.0
Cost of producing revenue	9,963.1	832.1	—	(95.0)	10,700.2	9,590.0	818.3	—	(93.1)	10,315.2
Gross margin	4,765.5	761.7	604.3	(516.2)	5,615.3	4,380.6	741.9	578.7	(500.4)	5,200.8
Other expense (income)	75.2	3.8	—	150.0	229.0	(422.6)	(1.1)	—	133.7	(290.0)
Selling, general and administrative expenses	3,081.5	426.2	151.0	(188.1)	3,470.6	2,889.8	388.4	141.8	(180.0)	3,240.0
Depreciation and amortization	934.7	6.7	—	(199.7)	741.7	921.0	9.4	—	(198.8)	731.6
Net finance costs (income)	220.9	(9.7)	131.6	(47.3)	295.5	291.1	(16.8)	121.8	(52.0)	344.1
Fair value loss (gain) on investment properties	—	—	(195.4)	195.4	—	—	—	(119.1)	119.1	—
Income (loss) before income taxes	$ 453.2	$ 334.7	$ 517.1	$ (426.5)	$ 878.5	$ 701.3	$ 362.0	$ 434.2	$ (322.4)	$ 1,175.1
Items included in the above:										
Interest income[2]	116.8	1,392.8	0.2	(77.6)	1,432.2	114.7	1,349.7	1.5	(71.1)	1,394.8
Interest expense[3]	314.2	234.2	131.8	(211.9)	468.3	370.3	230.6	123.3	(202.7)	521.5

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*
[2] *Interest income includes $23.5 million for the Retail Segment and $1,382.6 million for the Financial Services Segment offset by $(8.0) million in Eliminations and adjustments recognized in External Revenue above. Refer to Note 28.*
[3] *Interest expense includes $233.6 million for the Financial Services Segment offset by $(95.0) million in Eliminations and adjustments recognized in Cost of producing revenue above. Refer to Note 29.*

Transactions among reportable operating segments are carried out at arm's length prices.

The eliminations between the Retail segment and Financial Services segment, and adjustments related to the Financial Services segment include:
- revenue from credit card processing fees in the Financial Services segment is eliminated against the Retail segment's Selling, general and administrative expenses.
- investment income recorded as Revenue and Interest expense in Cost of producing revenue in the Financial Services segment are reclassified to Net finance costs (income).

The eliminations between the Retail segment and the CT REIT segment, and adjustments related to the CT REIT segment include:
- intercompany leases between the CT REIT segment (as lessor) and Retail segment (as lessee) are eliminated across Revenue, Depreciation and amortization, Net finance costs, Selling, general and administrative expenses, Right-of-use asset, Lease liability and Retained earnings.
- conversion from CT REIT's fair value investment property measurement to the Company's cost model results in reversal of CT REIT's Fair value loss (gain) on investment properties and adjustments to Depreciation and amortization and potential impairment charges; and
- distribution income recognized in Other expense (income) in the Retail segment is eliminated against Distributions recorded in CT REIT's Retained Earnings.

The Company primarily operates in Canada. Through May 31, 2025, the Company had foreign operations predominantly through the Company's discontinued operations, Helly Hansen. Within continuing operations, the Company has nominal foreign revenue, property and equipment, intangible assets and right-of-use assets located outside Canada.

During the second quarter, the Company purchased intellectual property of the Hudson's Bay Company for $30.0 million. This acquisition is excluded from the capital expenditures by reportable operating segment summarized in the following table:

	2025				2024			
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Total**	Retail	Financial Services	CT REIT	Total
Capital expenditures[1]	**$ 496.5**	**$ 5.7**	**$ 128.3**	**$ 630.5**	$ 473.5	$ 4.9	$ 96.7	$ 575.1

[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:

	2025				2024			
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Total**	Retail	Financial Services	CT REIT	Total
Right-of-use asset additions	**$ 420.4**	**$ 6.7**	**$ 30.9**	**$ 458.0**	$ 456.3	$ —	$ —	$ 456.3

Total assets by reportable operating segment are as follows:

(C$ in millions)	**2025**	2024
Retail	**$ 17,042.6**	$ 17,935.6
Financial Services	**7,711.6**	7,430.5
CT REIT	**7,740.0**	7,249.2
Eliminations and adjustments[1]	**(10,954.4)**	(10,374.7)
Total assets[2]	**$ 21,539.8**	$ 22,240.6

[1] *Eliminations are made to remove intercompany leases and investments in subsidiaries. Adjustments are made to measure investment properties at amortized cost.*

[2] *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)	**2025**	2024
Retail	**$ 9,913.4**	$ 10,371.2
Financial Services	**6,537.0**	6,308.0
CT REIT	**3,329.1**	3,150.5
Eliminations and adjustments[1]	**(5,053.6)**	(4,677.4)
Total liabilities[2]	**$ 14,725.9**	$ 15,152.3

[1] *Eliminations are made to remove intercompany leases, payables, and debt.*

[2] *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 accumulated depreciation; and
- intersegment eliminations.

6. Cash and Cash Equivalents

Cash and cash equivalents, comprise the following:

(C$ in millions)		2025		2024
Cash	**$**	**524.4**	$	423.6
Cash equivalents		**—**		23.9
Restricted cash and cash equivalents[1]		**29.1**		28.1
Total cash and cash equivalents[2]	**$**	**553.5**	$	475.6

[1] *Restricted cash and cash equivalents of $29.1 million (December 28, 2024 – $23.9 million) relates to GCCT and is restricted for the purpose of paying principal and interest to note holders and additional funding costs. Restricted cash and cash equivalents of Nil (December 28, 2024 – $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 (refer to Note 33.1).*

7. Trade and Other Receivables

Trade and other receivables include the following:

(C$ in millions)		2025		2024
Trade receivables	**$**	**813.2**	$	829.6
Other receivables		**185.9**		218.8
Net investment in subleases (Note 13.2.1)		**19.2**		21.2
Derivatives (Note 34.2)		**34.9**		193.4
	$	**1,053.2**	$	1,263.0

Trade receivables are primarily from Dealers, and franchisees. This is a large and geographically dispersed group whose receivables, individually, generally comprise less than one percent of the total balance outstanding. Receivables from Dealers are in the normal course of business and include cost and margin-sharing arrangements. Other receivables are primarily receivables from vendors and tenants, and insurance receivables. The credit range period on sale of goods is between one and 180 days.

8. Loans Receivable

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

	Total principal amount of receivables[1]			
(C$ in millions)		2025		2024
Credit card loans[2]	**$**	**6,837.0**	$	6,634.5
Dealer[3] and other loans		**558.7**		566.1
Total loans receivable		**7,395.7**		7,200.6
Less: long-term portion[4]		**537.9**		503.1
Current portion of loans receivable	**$**	**6,857.8**	$	6,697.5

[1] *Amounts shown are net of allowance for loans receivable.*

[2] *Includes line of credit loans.*

[3] *Includes loans issued to certain Dealers by Franchise Trust, a special-purpose entity, of $556.6 million (December 28, 2024 - $563.2 million). These are not legal assets of the Company - refer to Note 20.*

[4] *The long-term portion of loans receivable is included in long-term receivables and other assets and includes Dealer loans of $535.9 million (December 28, 2024 – $500.4 million).*

For the year ended January 3, 2026, cash received from interest earned on credit cards and loans was $1,282.4 million (December 28, 2024 – $1,239.4 million).

Credit risk at the Bank is influenced mainly by the individual characteristics of each credit card customer. The Bank uses sophisticated credit scoring models, monitoring technology and collection modelling techniques to implement and manage strategies, policies, and limits that are designed to control risk. Loans receivable are generated by a large and geographically dispersed group of customers in Canada. Current credit exposure is limited to the loss that would be incurred if all the Bank's counterparties were to default at the same time.

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

				2025
(C$ in millions)	**12-month ECL (Stage 1)**	**Lifetime ECL – not credit-impaired (Stage 2)**	**Lifetime ECL – credit-impaired (Stage 3)**	**Total**
Balance at December 28, 2024	**$ 350.5**	**$ 227.1**	**$ 358.3**	**$ 935.9**
Increase (decrease) during the period				
Write-offs	**(16.5)**	**(56.5)**	**(601.3)**	**(674.3)**
Recoveries	**—**	**—**	**120.5**	**120.5**
New loans originated	**38.0**	**—**	**—**	**38.0**
Transfers				
to Stage 1	**117.9**	**(75.1)**	**(42.8)**	**—**
to Stage 2	**(34.1)**	**42.5**	**(8.4)**	**—**
to Stage 3	**(29.1)**	**(47.1)**	**76.2**	**—**
Net remeasurements	**(59.9)**	**144.3**	**430.4**	**514.8**
Balance at January 3, 2026	**$ 366.8**	**$ 235.2**	**$ 332.9**	**$ 934.9**

				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	(15.9)	(54.2)	(569.8)	(639.9)
Recoveries	—	—	104.6	104.6
New loans originated	32.7	—	—	32.7
Transfers				
to Stage 1	94.4	(60.9)	(33.5)	—
to Stage 2	(35.9)	43.2	(7.3)	—
to Stage 3	(31.5)	(55.5)	87.0	—
Net remeasurements	(55.4)	119.7	447.9	512.2
Balance at December 28, 2024	$ 350.5	$ 227.1	$ 358.3	$ 935.9

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 loans receivable, except for loans to Dealers, as discussed above. 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 loans receivable:

				2025
(C$ in millions)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low risk	**$ 3,567.4**	**$ 29.4**	**$ —**	**$ 3,596.8**
Moderate risk	**2,046.1**	**91.4**	**—**	**2,137.5**
High risk	**1,034.0**	**390.9**	**612.7**	**2,037.6**
Total gross carrying amount	**6,647.5**	**511.7**	**612.7**	**7,771.9**
ECL allowance	**366.8**	**235.2**	**332.9**	**934.9**
Net carrying amount	**$ 6,280.7**	**$ 276.5**	**$ 279.8**	**$ 6,837.0**

				2024
(C$ in millions)	Stage 1	Stage 2	Stage 3	Total
Low risk	$ 3,484.5	$ 32.6	$ —	$ 3,517.1
Moderate risk	1,957.6	119.8	—	2,077.4
High risk	897.5	409.5	668.8	1,975.8
Total gross carrying amount	6,339.6	561.9	668.8	7,570.3
ECL allowance	350.4	227.1	358.3	935.8
Net carrying amount	$ 5,989.2	$ 334.8	$ 310.5	$ 6,634.5

CTB entered into a $300.0 million credit agreement with Royal Bank of Canada (RBC), which became effective during the second quarter. This line of credit is predominately secured by CTB credit card loans receivable. CTB designated which credit card accounts are subject to the security interest granted to RBC and must maintain a minimum borrowing base.

Transfers of Financial Assets

Glacier Credit Card Trust

GCCT is a structured entity created to securitize some of the Bank's credit card loans receivable. The Bank has transferred co-ownership interest in certain credit card loans receivable to GCCT and has determined, for the purposes of accounting, consolidation of GCCT is appropriate. The associated liabilities, as at January 3, 2026 and December 28, 2024, secured by these assets, include the commercial paper notes and term notes on the Consolidated Balance Sheets and are carried at amortized cost. For legal purposes, the co-ownership interests in the Bank's credit card loans receivable owned by GCCT have been legally sold to GCCT. The table below sets out the carrying amounts and the fair values of the Bank's transferred credit card loans receivable and the associated liabilities.

		2025		2024
(C$ in millions)	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Credit card loans receivable transferred[1]	**$ 2,295.4**	**$ 2,295.4**	$ 2,274.1	$ 2,274.1
Associated liabilities	**2,289.7**	**2,351.3**	2,268.7	2,325.8
Net position	**$ 5.7**	**$ (55.9)**	$ 5.4	$ (51.7)

[1] *The fair value measurement of credit card loans receivable is categorized within Level 2 of the fair value hierarchy. For definitions of the levels refer to Note 34.2.*

The Bank has not identified any factors arising from current market circumstances that could lead to a need to change the substance of the Bank's relationship with GCCT. There have been no relevant changes in the capital structure of GCCT since the Bank's assessment for consolidation.

9. Long-Term Receivables and Other Assets

Long-term receivables and other assets include the following:

(C$ in millions)	**2025**	2024[1]
Loans receivable (Note 8)	**$ 537.9**	$ 503.1
Net investment in subleases (Note 13.2.1)	**96.7**	85.8
Derivatives (Note 34.2)	**38.2**	59.2
Other receivables and assets	**30.6**	63.8
	$ 703.4	$ 711.9

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation.*

Other receivables and assets is primarily related to the Company's minority interest in Ashcroft Terminal Ltd. and other rent related receivables.

10. Goodwill and Intangible Assets

The following table presents the changes in cost and accumulated amortization and impairment of the Company's goodwill and intangible assets:

						2025
	Goodwill and Indefinite-life intangible assets			**Finite-life intangible assets**		
(C$ in millions)	**Goodwill**	**Banners and trademarks**	**Franchise agreements and other intangibles**	**Software**	**Other intangibles**	**Total**
Cost						
Balance, beginning of year	**$ 842.7**	**$ 872.7**	**$ 167.9**	**$ 1,593.0**	**$ 11.7**	**$ 3,488.0**
Additions	**—**	**30.0**	**—**	**55.2**	**—**	**85.2**
Disposals/retirements	**—**	**—**	**—**	**(21.0)**	**—**	**(21.0)**
Currency translation adjustment	**—**	**(1.2)**	**—**	**—**	**—**	**(1.2)**
Transfer to assets held for sale[1]	**(347.6)**	**(450.3)**	**—**	**—**	**—**	**(797.9)**
Balance, end of year	**$ 495.1**	**$ 451.2**	**$ 167.9**	**$ 1,627.2**	**$ 11.7**	**$ 2,753.1**
Accumulated amortization and impairment						
Balance, beginning of year	**$ (4.0)**	**$ (17.0)**	**$ —**	**$ (1,279.1)**	**$ (11.7)**	**$ (1,311.8)**
Amortization for the year	**—**	**—**	**—**	**(110.1)**	**—**	**(110.1)**
Impairment	**—**	**(2.1)**	**—**	**—**	**—**	**(2.1)**
Disposals/retirements	**—**	**—**	**—**	**16.0**	**—**	**16.0**
Transfer to assets held for sale[1]	**—**	**16.0**	**—**	**—**	**—**	**16.0**
Balance, end of year	**$ (4.0)**	**$ (3.1)**	**$ —**	**$ (1,373.2)**	**$ (11.7)**	**$ (1,392.0)**
Net carrying amount, end of year	**$ 491.1**	**$ 448.1**	**$ 167.9**	**$ 254.0**	**$ —**	**$ 1,361.1**

[1] *Transfer to assets held for sales consists of assets reclassified to held for sale as part of the divestiture of Helly Hansen (refer to Note 4).*

						2024
	Goodwill and Indefinite-life intangible assets			Finite-life intangible assets		
(C$ in millions)	Goodwill	Banners and trademarks	Franchise agreements and other intangibles	Software	Other intangibles	Total
Cost						
Balance, beginning of year	$ 848.8	$ 880.4	$ 167.9	$ 1,593.3	$ 11.7	$ 3,502.1
Additions	—	—	—	56.0	—	56.0
Disposals/retirements	—	(1.5)	—	(56.3)	—	(57.8)
Currency translation adjustment	(6.1)	(6.2)	—	—	—	(12.3)
Balance, end of year	$ 842.7	$ 872.7	$ 167.9	$ 1,593.0	$ 11.7	$ 3,488.0
Accumulated amortization and impairment						
Balance, beginning of year	$ (4.0)	$ (17.0)	$ —	$ (1,214.7)	$ (11.7)	$ (1,247.4)
Amortization for the year	—	—	—	(120.2)	—	(120.2)
Impairment	—	—	—	—	—	—
Disposals/retirements	—	—	—	55.8	—	55.8
Balance, end of year	$ (4.0)	$ (17.0)	$ —	$ (1,279.1)	$ (11.7)	$ (1,311.8)
Net carrying amount, end of year	$ 838.7	$ 855.7	$ 167.9	$ 313.9	$ —	$ 2,176.2

The following table presents the details of the Company’s goodwill and indefinite-life intangible assets:

		2025		2024
(C$ in millions)	**Goodwill**	**Indefinite-life Intangible Assets**	Goodwill	Indefinite-life Intangible Assets
Helly Hansen	**$ —**	**$ —**	$ 347.6	$ 437.0
SportChek	**361.8**	**336.9**	362.5	338.5
Canadian Tire	**72.7**	**202.6**	71.9	171.6
Mark’s	**56.6**	**76.5**	56.7	76.5
Total	**$ 491.1**	**$ 616.0**	$ 838.7	$ 1,023.6

The Company’s banners and trademarks, which include SportChek, Mark’s, Party City and acquired private-label brands, represent legal trademarks of the Company with expiry dates ranging from 2026 to 2038 with further renewals at the Company’s election and discretion dependent on use. As the Company currently has no approved plans to change its store banners and intends to continue to use and renew its trademarks and private-label brands at each expiry date for the foreseeable future, there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows. Therefore, these intangible assets are considered to have indefinite useful lives.

Franchise agreements have expiry dates with options to renew or have indefinite lives. As the Company intends to renew these agreements at each renewal date for the foreseeable future, there is no foreseeable limit to the period over which the franchise agreements and franchise locations will generate net cash inflows. Therefore, these assets are considered to have indefinite useful lives.

Borrowing costs capitalized were $1.3 million (December 28, 2024 – $2.4 million). The capitalization rate used to determine the amount of borrowing costs capitalized during the year was 5.9 percent (December 28, 2024 – 5.6 percent).

Amortization expense of software and other finite-life intangible assets is included in Depreciation and amortization in the Consolidated Statements of Income.

Impairment of Intangible Assets

The Company performed its annual impairment test on goodwill and indefinite-life intangible assets for all CGUs to which these assets are allocated. The recoverable amounts were determined using the higher of VIU and FVLCS. Sales and cash flow projections utilized in the valuations included specific estimates for up to five years and terminal growth rates to extrapolate projections beyond the period covered by the most recent forecasts. Discount rates reflect the post-tax rates specific to each CGUs risk profile and are consistent with the basis of cash flows.

The key assumptions used in the estimation of the recoverable amount for all CGUs are set out below.

	2025	2024
Discount rate	**6.8 to 9.0 %**	7.0 to 10.3 %
Terminal growth rate	**2.0 %**	2.0 to 3.0 %

A change in the assumptions used in testing SportChek goodwill and intangible assets could cause the carrying amount to exceed the estimated recoverable amount. As SportChek is the banner most sensitive to changes in assumptions, the following mutually exclusive changes in assumptions would result in the carrying value being equal to the recoverable amount:

	Increase in Discount Rate	Decreases in Terminal Growth Rate
SportChek	3.3 %	4.5 %

In addition, changes in assumptions for revenue and EBITDA growth could also cause the carrying amount to exceed the estimated recoverable amount.

There was an impairment charge of $2.1 million for indefinite-life intangible assets (December 28, 2024 – nil). There were no impairment charges nor reversal of impairments for finite-life intangible assets (December 28, 2024 – nil). There were no impairment charges for goodwill (December 28, 2024 – nil).

11. Investment Property

The following table presents changes in the cost and the accumulated depreciation and impairment on the Company's investment property:

(C$ in millions)		2025		2024
Cost				
Balance, beginning of year	**$**	**548.5**	$	542.8
Additions		**78.4**		9.5
Other[1]		**—**		(3.8)
Balance, end of year	**$**	**626.9**	$	548.5
Accumulated depreciation and impairment				
Balance, beginning of year	**$**	**(111.8)**	$	(99.1)
Depreciation for the year		**(11.6)**		(11.7)
Other[1]		**(0.1)**		(1.0)
Balance, end of year	**$**	**(123.5)**	$	(111.8)
Net carrying amount, end of year[2]	**$**	**503.4**	$	436.7

[1] Other includes disposals, retirements, impairment, reclassifications and transfers. The Company reclassified nil (December 28, 2024 - $3.8 million) of property including nil (December 28, 2024 - $0.3 million) in accumulated amortization to Held for sale.

[2] Investment property includes $5.5 million (December 28, 2024 – $5.7 million) right-of-use assets related to operating subleases where the Company is an intermediate lessor.

The investment properties generated rental income of $67.7 million (December 28, 2024 – $65.3 million). Direct operating expenses (including repairs and maintenance) arising from investment property recognized in Net income were $28.8 million (December 28, 2024 – $27.1 million).

The estimated fair value of investment property was $672.7 million (December 28, 2024 – $619.8 million). This recurring fair value measurement is categorized within Level 3 of the fair value hierarchy (refer to Note 34.2 for definition of levels). The Company determines the fair value of investment property by applying a pre-tax discount rate to the annual rental income for the current leases. The discount rate ranged from 5.00 percent to 8.46 percent (December 28, 2024 – 5.00 percent to 8.68 percent). The cash flows are for a term of five years, including a terminal value. The Company has real estate management expertise that is used to perform the valuation of investment property and has also completed independent appraisals on certain investment property owned by CT REIT.

Impairment of Investment Property

Any impairment or reversals of impairment are reported in Other expense (income) in the Consolidated Statements of Income. The Company recorded an impairment loss of $0.1 million for investment property (December 28, 2024 – $1.3 million). There was no reversal of impairments for investment property (December 28, 2024 – nil).

12. Property and Equipment

The following table presents changes in the cost and the accumulated depreciation and impairment on the Company's property and equipment:

						2025
(C$ in millions)	Land	Buildings	Fixtures and equipment	Leasehold improvements	Construction in progress	Total
Cost						
Balance, beginning of year	**$ 1,147.4**	**$ 4,133.7**	**$ 2,421.7**	**$ 1,696.5**	**$ 371.1**	**$ 9,770.4**
Additions	**20.5**	**239.0**	**206.5**	**148.1**	**(117.5)**	**496.6**
Disposals/retirements[1]	**—**	**(1.0)**	**(67.2)**	**(7.5)**	**—**	**(75.7)**
Other[2]	**(2.1)**	**(4.1)**	**3.6**	**—**	**—**	**(2.6)**
Transfer to asset held for sale[3]	**—**	**$ —**	**(46.8)**	**(18.3)**	**—**	**(65.1)**
Balance, end of year	**$ 1,165.8**	**$ 4,367.6**	**$ 2,517.8**	**$ 1,818.8**	**$ 253.6**	**$ 10,123.6**
Accumulated depreciation and impairment						
Balance, beginning of year	**$ (5.7)**	**$ (2,000.5)**	**$ (1,426.1)**	**$ (943.7)**	**$ —**	**$ (4,376.0)**
Depreciation for the year	**—**	**(85.6)**	**(150.3)**	**(85.3)**	**—**	**(321.2)**
Net impairment (loss) reversal	**0.1**	**0.1**	**(0.9)**	**(3.4)**	**—**	**(4.1)**
Disposals/retirements[1]	**—**	**1.0**	**63.8**	**6.3**	**—**	**71.1**
Other[2]	**—**	**3.5**	**0.2**	**—**	**—**	**3.7**
Transfer to assets held for sale[3]	**—**	**—**	**18.4**	**7.3**	**—**	**25.7**
Balance, end of year	**$ (5.6)**	**$ (2,081.5)**	**$ (1,494.9)**	**$ (1,018.8)**	**$ —**	**$ (4,600.8)**
Net carrying amount, end of year	**$ 1,160.2**	**$ 2,286.1**	**$ 1,022.9**	**$ 800.0**	**$ 253.6**	**$ 5,522.8**

[1] *Disposals includes $53.0 million of assets no longer in use with a net book value of nil.*
[2] *Other includes reclassifications, transfers and tenant allowances.*
[3] *Transfer to assets held for sales consists of assets reclassified to held for sale as part of the divestiture of Helly Hansen (refer to Note 4).*

						2024
(C$ in millions)	Land	Buildings	Fixtures and equipment	Leasehold improvements	Construction in progress	Total
Cost						
Balance, beginning of year	$ 1,135.2	$ 4,118.8	$ 2,242.7	$ 1,525.3	$ 422.5	$ 9,444.5
Additions	24.1	105.4	241.8	142.0	(3.6)	509.7
Disposals/retirements[1]	(3.9)	(9.1)	(76.7)	(4.1)	—	(93.8)
Currency translation adjustment	—	—	(0.5)	(0.6)	(0.1)	(1.2)
Other[2]	(8.0)	(81.4)	14.4	33.9	(47.7)	(88.8)
Balance, end of year	$ 1,147.4	$ 4,133.7	$ 2,421.7	$ 1,696.5	$ 371.1	$ 9,770.4
Accumulated depreciation and impairment						
Balance, beginning of year	$ (5.7)	$ (2,011.5)	$ (1,340.8)	$ (867.0)	$ —	$ (4,225.0)
Depreciation for the year	—	(80.9)	(159.6)	(79.0)	—	(319.5)
Net impairment (loss) reversal	—	(0.2)	(0.1)	(1.1)	—	(1.4)
Disposals/retirements[1]	—	7.1	71.6	3.4	—	82.1
Other[2]	—	85.0	2.8	—	—	87.8
Balance, end of year	$ (5.7)	$ (2,000.5)	$ (1,426.1)	$ (943.7)	$ —	$ (4,376.0)
Net carrying amount, end of year	$ 1,141.7	$ 2,133.2	$ 995.6	$ 752.8	$ 371.1	$ 5,394.4

[1] *Disposals includes $53.6 million of assets no longer in use with a net book value of nil.*
[2] *Other includes reclassifications, transfers, tenant allowances and transfer of Brampton DC to Held for sale.*

The Company capitalized borrowing costs of $15.5 million (December 28, 2024 – $14.7 million) relating to property and equipment under construction. The rate used to determine the amount of borrowing costs capitalized during the year was 5.4 percent (December 28, 2024 – 5.2 percent).

Impairment of Property and Equipment

There was a net impairment of $4.1 million (December 28, 2024 – net impairment of $1.4 million). Any impairment or reversal of impairment is reported in Other expense (income) in the Consolidated Statements of Income.

During the fourth quarter of 2025, the Company recognized an impairment charge of $18.1 million relating to certain Party City store level assets. The impairment resulted from declines in the store level performance. The charge primarily related to right-of-use assets ($16.7 million) and property and equipment ($1.4 million).

13. Leases

13.1 As a Lessee

Extension and termination options are included in a number of leases across the Company, particularly for property related leases. These terms are used to maximize the operational flexibility of managing contracts. The majority of the extension and termination options held are exercisable only by the Company and not by the respective lessor.

13.1.1 Right-of-use Assets

The following table presents changes to the carrying amount of the Company's right-of-use assets at the end of the reporting period:

			2025
(C$ in millions)	**Property**	**Non-property[1]**	**Total**
Balance, beginning of year	**$ 1,966.9**	**$ 67.9**	**$ 2,034.8**
Additions	**445.5**	**12.5**	**458.0**
Depreciation for the year	**(300.9)**	**(20.9)**	**(321.8)**
Impairment	**(23.6)**	**—**	**(23.6)**
Disposals/retirements and other	**(39.6)**	**(6.7)**	**(46.3)**
Transfer to assets held for sale[2]	**(99.3)**	**—**	**(99.3)**
Balance, end of year	**$ 1,949.0**	**$ 52.8**	**$ 2,001.8**

1 Non-property leases consist of leased IT equipment, supply chain and transportation related assets.
2 Transfer to assets held for sales consists of assets reclassified to held for sale as part of the divestiture of Helly Hansen (refer to Note 4).

			2024
(C$ in millions)	Property	Non-property[1]	Total
Balance, beginning of year	$ 1,872.5	$ 61.3	$ 1,933.8
Additions	429.4	26.9	456.3
Depreciation for the year	(314.4)	(20.4)	(334.8)
Impairment	(5.8)	—	(5.8)
Disposals/retirements and other	(14.8)	0.1	(14.7)
Balance, end of year	$ 1,966.9	$ 67.9	$ 2,034.8

1 Non-property leases consist of leased IT equipment, supply chain and transportation related assets.

Impairment of Right-of-use Assets

There was an impairment charge of $23.6 million (December 28, 2024 – impairment charge of $5.8 million). Any impairment or reversal of impairment is reported in Other expense (income) in the Consolidated Statements of Income.

Impairment charge of $16.7 million is related to certain Party City store level asset impairment. See Note 12 for further information.

13.1.2 Lease Liability Undiscounted Cash Flows

Total lease liabilities of $2,441.9 million (December 28, 2024 - $2,490.1 million) include annual lease payments for property and non-property leases of:

(C$ in millions)		2025		2024
Less than one year	$	**430.4**	$	497.5
One to five years		**1,459.4**		1,489.7
More than five years		**1,352.6**		1,276.5
Total undiscounted lease obligation[1]	$	**3,242.4**	$	3,263.7

[1] *Excludes $286.9 million (December 28, 2024 – $200.6 million) commitment for lease agreements signed but not yet commenced.*

13.2 As a Lessor

The Company leases out a number of its investment properties (refer to Note 11) and has certain sublease arrangements with the majority having an option to renew after the expiry date. The lessee does not have an option to purchase the property at the expiry of the lease period.

13.2.1 Net Investment in Subleases

The table below summarizes the Company's contractual cash flows from its net investment in subleases.

(C$ in millions)		2025		2024
Less than one year	$	**24.1**	$	26.4
One to two years		**23.7**		24.2
Two to three years		**20.5**		21.2
Three to four years		**18.8**		15.8
Four to five years		**15.3**		13.6
More than five years		**27.7**		25.8
Total undiscounted lease payments receivable		**130.1**		127.0
Unearned finance income		**(14.2)**		(20.0)
Net investment in subleases[1]	$	**115.9**	$	107.0

[1] *Includes the short term portion of $19.2 million (December 28, 2024 - $21.2 million - refer to Note 7) and long term portion of $96.7 million (December 28, 2024 - $85.8 million - refer to Note 9.)*

13.2.2 Operating Leases

The table below summarizes the Company's future undiscounted annual minimum lease payments receivable from lessees under non-cancellable operating leases.

(C$ in millions)		2025		2024
Less than one year	$	**42.4**	$	38.7
One to two years		**36.9**		35.9
Two to three years		**31.7**		30.3
Three to four years		**25.8**		25.3
Four to five years		**19.8**		19.8
More than five years		**65.7**		62.0
Total	$	**222.3**	$	212.0

13.3 Variable Lease Payments

The Company makes variable lease payments for property tax and insurance costs on leased properties. The Company also has certain retail store leases where portions of the lease payments are contingent on a percentage of retail sales. During 2025, $125.8 million (December 28, 2024 – $124.1 million) of variable lease payments were recognized in Selling, general and administrative expenses.

14. Subsidiaries

14.1 Control of Subsidiaries and Composition of the Company

These Consolidated Financial Statements include entities controlled by Canadian Tire Corporation. Control exists when the Company has the ability to direct the relevant activities of the entity, has exposure or rights to variable returns from its involvement with the entity, and is able to use its power over the entity to affect its returns from the entity. The financial statements of these entities are included in these consolidated financial statements from the date that control commences until the date that control ceases. Details of the Company's significant entities are as follows:

			Ownership Interest	
Name of subsidiary	**Principal activity**	Country of incorporation and operation	**2025**	2024
CTFS Holdings Limited[1]	Banking, processing credit card transactions at Canadian Tire Retail Banners, marketing of insurance products, and reinsurance	Canada	**100.0 %**	100.0 %
Canadian Tire Real Estate Limited	Real estate	Canada	**100.0 %**	100.0 %
CT Real Estate Investment Trust	Real estate	Canada	**68.1 %**	68.4 %
FGL Sports Ltd. (SportChek)	Retailer of sporting equipment, apparel and footwear	Canada	**100.0 %**	100.0 %
Franchise Trust[2]	Canadian Tire Dealer Loan Program	Canada	**0.0 %**	0.0 %
Glacier Credit Card Trust[3]	Financing program to purchase co-ownership interests in the Bank's credit card loans	Canada	**0.0 %**	0.0 %
Mark's Work Wearhouse Ltd.	Retailer of clothing and footwear	Canada	**100.0 %**	100.0 %
Helly Hansen Group AS[4]	Holding company for "Helly Hansen" branded global wholesaler of sportswear and workwear	Norway	**0.0 %**	100.0 %

[1] *Legal entity CTFS Holdings Limited, incorporated in 2014, is the parent company of CTB and CTFS Bermuda Ltd. CTB's principal activity is banking, marketing of insurance products and processing credit card transactions at the Company's stores. CTFS Bermuda Ltd.'s principal activity is reinsurance.*

[2] *Franchise Trust is a legal entity sponsored by a third-party bank that originates loans to certain Dealers under the Dealer Loan program. The Company does not have any share ownership in Franchise Trust; however, the Company has determined that it has the ability to direct the relevant activities and returns on the silo of assets and liabilities of Franchise Trust that relate to the Canadian Tire Dealer Loan Program. As the Company has control over this silo of assets and liabilities, it is consolidated in these financial statements.*

[3] *GCCT was formed to meet specific business needs of the Company, namely to buy co-ownership interests in the Company's credit card loans receivable. GCCT issues debt to third-party investors to fund such purchases. The Company does not have any share ownership in GCCT; however, the Company has determined that it is able to direct the relevant activities and returns of GCCT. As the Company has control over GCCT from an accounting perspective, it is consolidated in these financial statements.*

[4] *On May 31, 2025, the Company completed the sale of the Helly Hansen business to Kontoor Brands and finalized in the fourth quarter of 2025 (refer to note 4).*

14.2 Details of Non-wholly Owned Subsidiaries that have Non-Controlling Interests

The portion of net assets and income attributable to third parties is reported as non-controlling interests and Net income attributable to non-controlling interests in the Consolidated Balance Sheets and Consolidated Statements of Income, respectively. The non-controlling interests of CT REIT were initially measured at fair value on the date of acquisition.

The following table summarizes the information relating to non-controlling interests:

			2025
(C$ in millions)	**CT REIT[1]**	**Other[2]**	**Total**
Non-controlling interests	**31.9 %**	**50.0 %**	
Current assets	**$ 21.8**	**$ 30.8**	**$ 52.6**
Non-current assets	**7,718.2**	**60.1**	**7,778.3**
Current liabilities	**525.2**	**23.9**	**549.1**
Non-current liabilities	**2,803.9**	**31.7**	**2,835.6**
Net assets	**4,410.9**	**35.3**	**4,446.2**
Revenue	**$ 604.3**	**$ 296.9**	**$ 901.2**
Net income attributable to non-controlling interests	**$ 75.4**	**$ 8.0**	**$ 83.4**
Equity attributable to non-controlling interests	**939.8**	**18.5**	**958.3**
Distributions to non-controlling interests	**(70.9)**	**(6.0)**	**(76.9)**

1 Net income attributable to non-controlling interests is based on net income of CT REIT adjusted to convert to the Company's cost method, including recording of depreciation.
2 Net income attributable to non-controlling interests is based on net income of the subsidiary adjusted for contractual requirements as stipulated in the ownership agreement.

			2024
(C$ in millions)	CT REIT[1]	Other[2]	Total
Non-controlling interests	31.6 %	50.0 %	
Current assets	$ 11.4	$ 30.2	$ 41.6
Non-current assets	7,237.8	60.1	7,297.9
Current liabilities	619.0	15.7	634.7
Non-current liabilities	2,531.4	34.8	2,566.2
Net assets	4,098.8	39.8	4,138.6
Revenue	$ 578.7	$ 298.5	$ 877.2
Net income attributable to non-controlling interests	$ 78.0	$ 6.2	$ 84.2
Equity attributable to non-controlling interests	916.9	16.4	933.3
Distributions to non-controlling interests	(68.0)	(2.3)	(70.3)

1 Net income attributable to non-controlling interests is based on net income of CT REIT adjusted to convert to the Company's cost method, including recording of depreciation.
2 Net income attributable to non-controlling interests is based on net income of the subsidiary adjusted for contractual requirements as stipulated in the ownership agreement.

15. Income Taxes

15.1 Deferred Income Tax Assets and Liabilities

The amount of deferred tax assets or liabilities recognized in the Consolidated Balance Sheets and the corresponding movement recognized in the Consolidated Statements of Income, Consolidated Statements of Changes in Equity, or resulting from a business combination is as follows:

						2025
(C$ in millions)	**Balance, beginning of year**	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Recognized in equity**	**Transfer to assets held for sale[2]**	**Balance, end of year**
Provisions, deferred revenue and reserves	**$ 127.3**	**$ (2.2)**	**$ —**	**$ —**	**$ (7.1)**	**$ 118.0**
Property and equipment	**(157.0)**	**(17.9)**	**—**	**1.0**	**3.8**	**(170.1)**
Intangible assets	**(278.7)**	**12.4**	**—**	**—**	**88.0**	**(178.3)**
Employee benefits	**37.2**	**0.7**	**(1.8)**	**—**	**—**	**36.1**
Cash flow hedges	**(53.9)**	**—**	**32.3**	**14.0**	**6.0**	**(1.6)**
Right-of-use asset and lease liabilities	**122.3**	**2.1**	**—**	**—**	**(2.1)**	**122.3**
Non-capital losses carryforward	**15.1**	**(4.4)**	**—**	**(0.1)**	**(8.8)**	**1.8**
Other	**8.1**	**(2.1)**	**—**	**—**	**(5.5)**	**0.5**
Net deferred tax asset (liability)[1]	**$ (179.6)**	**$ (11.4)**	**$ 30.5**	**$ 14.9**	**$ 74.3**	**$ (71.3)**

[1] Includes the net amount of deferred tax assets of $59.6 million and deferred tax liabilities of $130.9 million.
[2] Transfer to assets held for sales consists of assets reclassified to held for sale as part of the divestiture of Helly Hansen (refer to Note 4).

					2024
(C$ in millions)	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Balance, end of year
Provisions, deferred revenue and reserves	$ 95.5	$ 29.9	$ —	$ 1.9	$ 127.3
Property and equipment	(120.8)	(35.6)	—	(0.6)	(157.0)
Intangible assets	(285.2)	4.9	—	1.6	(278.7)
Employee benefits	42.1	1.3	(6.2)	—	37.2
Cash flow hedges	(16.2)	—	(61.0)	23.3	(53.9)
Right-of-use asset and lease liabilities	128.0	(5.8)	—	0.1	122.3
Non-capital losses carryforward	45.1	(29.3)	—	(0.7)	15.1
Other	8.9	(1.0)	—	0.2	8.1
Net deferred tax asset (liability)[1]	$ (102.6)	$ (35.6)	$ (67.2)	$ 25.8	$ (179.6)

[1] Includes the net amount of deferred tax assets of $51.3 million and deferred tax liabilities of $156.2 million.

No deferred tax is recognized on the amount of temporary differences arising from the difference between the carrying amount of the investment in subsidiaries, branches and associates and interests in joint arrangements accounted for in these consolidated financial statements and the cost amount for tax purposes of the investment. The Company is able to control the timing of the reversal of these temporary differences and believes it is probable that they will not reverse in the foreseeable future. The amount of these taxable temporary differences was approximately $2.6 billion at January 3, 2026 (December 28, 2024 – $2.6 billion).

No deferred tax asset is recognized for the carryforward of unused tax losses and unused tax credits to the extent that it is not probable that future taxable profit will be available against which to use the unused tax losses and tax credits. The amount of these deductible temporary differences was approximately $11.6 million at January 3, 2026 (December 28, 2024 – $187.9 million).

The Government of Canada enacted the Global Minimum Tax Act (the GMTA) on June 20, 2024, which implements the Organisation for Economic Co-operation and Development’s 15% global minimum corporate tax regime for certain multinational enterprises (Pillar Two) in Canada. The GMTA and other corresponding foreign Pillar Two legislation were effective for the Company’s fiscal year beginning January 1, 2024.

The Company performed an assessment of its potential exposure to Pillar Two income taxes and determined that Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%. In jurisdictions where the transitional safe harbour rules do not apply and the Pillar Two effective tax rate is below 15%, the Company has insignificant exposure to Pillar Two income taxes. Therefore, the Company has not provided for current tax expense related to Pillar Two. The Company has applied the temporary mandatory exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two model rules.

15.2 Income Tax Expense

The following are the major components of income tax expense:

(C$ in millions)		2025		2024[1]
Current period	$	**225.5**	$	195.0
Adjustments with respect to prior years		**(17.4)**		31.0
Current tax expense	$	**208.1**	$	226.0
Deferred income tax (benefit) expense relating to the origination and reversal of temporary differences	$	**(1.2)**	$	65.3
Deferred income tax expense (benefit) adjustments with respect to prior years		**12.6**		(31.7)
Deferred tax expense (benefit)		**11.4**		33.6
Total income tax expense	$	**219.5**	$	259.6

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*

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

(C$ in millions)		2025		2024[1]
Net fair value gains (losses) on derivatives designated as cash flow hedges excluding time value of swaptions	$	**3.3**	$	6.3
Changes in fair value of the time value of swaptions		**(6.5)**		(3.3)
Reclassification of losses (gains) to income		**(3.7)**		(3.4)
Net fair value gains (losses) on inventory cash flow hedges		**(25.4)**		53.7
Actuarial gains (losses)		**1.8**		6.2
Total income tax (benefit) expense	$	**(30.5)**	$	59.5

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*

Reconciliation of Income Tax Expense

Income taxes in the Consolidated Statements of Income vary from amounts that would be computed by applying the statutory income tax rate for the following reasons:

(C$ in millions)		2025		2024[1]
Income before income taxes	$	**878.5**	$	1,175.1
Income taxes based on the applicable statutory tax rate of 26.4% (December 28, 2024 – 26.4%)	$	**231.8**	$	310.3
Adjustment to income taxes resulting from:				
Non-deductible (non-taxable) portion of capital loss (gains)		**2.7**		(33.1)
Income attributable to non-controlling interests in flow-through entities		**(21.8)**		(22.0)
Non-deductible stock option expense		**3.9**		1.7
Other		**2.9**		2.7
Income tax expense	$	**219.5**	$	259.6

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*

The applicable statutory tax rate is the aggregate of the Canadian federal income tax rate of 15.0 percent (December 28, 2024 – 15.0 percent) and the Canadian provincial income tax rate of 11.4 percent (December 28, 2024 – 11.4 percent).

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.

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

16. Deposits

Total deposits of $3,542.1 million (December 28, 2024 - $3,557.4 million) consist of broker deposits and retail deposits.

Cash from broker deposits is generated from guaranteed investment certificate (GIC) offerings through broker channels rather than direct receipts from retail customers. Broker deposits are offered for varying terms ranging from 30 days to five years and issued broker GICs are non-redeemable prior to maturity (except in rare circumstances). Total short-term and long-term broker deposits outstanding at January 3, 2026, were $2,884.3 million (December 28, 2024 – $2,946.5 million).

Retail deposits consist of High-Interest Savings (HIS) deposits, retail GICs and TFSA deposits. Total retail deposits outstanding at January 3, 2026, were $657.8 million (December 28, 2024 – $610.9 million).

For repayment requirements of deposits refer to Note 24.4. The following are the effective rates of interest:

	2025	2024
GIC deposits	**4.09 %**	3.88 %
HIS account deposits	**2.60 %**	3.62 %

17. Trade and Other Payables

Trade and other payables include the following:

(C$ in millions)	**2025**	2024
Trade payables and accrued liabilities	**$ 2,264.3**	$ 2,411.4
Derivatives (Note 34.2)	**34.9**	15.1
Financial liabilities	**2,299.2**	2,426.5
Deferred revenue	**375.0**	351.6
Other	**137.4**	153.3
	$ 2,811.6	$ 2,931.4

Deferred revenue consists mainly of unearned revenue relating to gift cards and customer loyalty program rewards. Deferred revenue will be recognized as revenue as the customer utilizes gift cards and loyalty rewards are redeemed. The majority of deferred revenue is expected to be redeemed within one year from issuance. $319.4 million included in deferred revenue at the beginning of the period was recognized as revenue in 2025 (December 28, 2024 – $311.8 million).

Other consists primarily of the short-term portion of share-based payment liabilities and sales taxes payable.

The payment terms for trade payables range from due immediately to 180 days (December 28, 2024 – due immediately to 180 days).

18. Provisions

During the year, a total restructuring charge of $213.5 million was accrued in relation to the Company's True North strategy and recognized in Other expense (income). This restructuring charge includes $125.1 million relating to severance and costs for optimization of the SportChek store portfolio, including closing standalone Atmosphere stores, and $88.4 million for other transformation and advisory costs. At the end of the period $37.6 million remains as a provision.

The following table presents the changes to the Company's provisions:

(C$ in millions)	Sales and warranty returns	Site restoration and decommissioning	Other	Total
				2025
Balance, beginning of year	**$ 189.1**	**$ 51.2**	**$ 13.0**	**$ 253.3**
Charges, net of reversals	**632.9**	**16.0**	**221.7**	**870.6**
Utilizations	**(621.9)**	**(9.9)**	**(176.8)**	**(808.6)**
Discount adjustments	**$ 4.0**	**$ (3.7)**	**$ 0.2**	**$ 0.5**
Balance, end of year	**$ 204.1**	**$ 53.6**	**$ 58.1**	**$ 315.8**
Current provisions	**197.3**	**12.2**	**46.1**	**255.6**
Long-term provisions	**6.8**	**41.4**	**12.0**	**60.2**

19. Short-Term Borrowings

Short-term borrowings include commercial paper notes issued by GCCT, and borrowings on the committed bank lines of credit of CT REIT. Short-term borrowings may bear interest payable monthly, at maturity, or be sold at a discount and mature at face value.

The commercial paper notes are short-term notes issued with varying original maturities of 364 days or less for GCCT's asset-backed commerical paper (ABCP) at interest rates fixed at the time of each issuance or increase and are recorded at amortized cost.

Short-term borrowings consists of the following:

(C$ in millions)	**2025**	2024
CT REIT – Unsecured Bank Lines	**$ —**	$ 2.0
GCCT – ABCP Outstanding	**295.1**	293.8
Total short-term borrowings	**$ 295.1**	$ 295.8

20. Loans

The consolidated financial statements include a portion (silo) of Franchise Trust, a special-purpose 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). The Company has arranged for several major Canadian banks to provide standby LCs to Franchise Trust as credit support for the Dealer loans. Franchise Trust has sold all its rights in the LCs and outstanding Dealer loans to other independent trusts set up by major Canadian banks (Co-owner Trusts) that raise funds in capital markets to finance their purchase of these undivided co-ownership interests. Due to the retention of substantially all the risks and rewards relating to these Dealer loans, the transfers are accounted for as secured financing transactions. Accordingly, the Company continues to recognize the current portion of these assets in Loans receivable and the long-term portion in Long-term receivables and other assets and records the associated liability secured by these assets as Loans, being the loans that Franchise Trust has incurred to fund the Dealer loans. The Dealer loans and Loans are initially recorded at fair value and subsequently carried at amortized cost.

	2025		2024	
(C$ in millions)	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Dealer loans[1] (Note 8)	**$ 556.6**	**$ 556.6**	$ 563.2	$ 563.2
Associated liabilities	**556.6**	**556.6**	563.2	563.2
Net position	**$ —**	**$ —**	$ —	$ —

[1] *The fair value measurement of Dealer loans is categorized within Level 2 of the fair value hierarchy. For definitions of the levels refer to Note 34.2.*

The Dealer loans have been legally sold and are not available to the creditors of the Company. Loans are not legal liabilities of the Company. If a Dealer defaults on a loan, the Company has the right to purchase such loan from the Co-owner Trusts, at which time the Co-owner Trusts will assign such Dealer's debt instrument and related security documentation to the Company. The Co-owner Trusts also have the right to assign any defaulted loan to the Company and draw on the LCs to repay the loan. The assignment of this documentation would provide the Company with first-priority security rights over all such Dealer's assets, subject to certain prior ranking statutory claims. In most cases, the Company expects to recover any payments made to purchase a defaulted loan, including any associated expenses. The Co-owner Trusts may also draw against the LCs to cover any shortfalls in certain related fees owing to them. In any case, where a draw is made against the LCs, the Company has agreed to reimburse the bank issuing the LCs for the amount so drawn. Refer to Note 35 for further information.

21. Long-Term Debt

Long-term debt includes the following:

	2025		2024	
(C$ in millions)	**Face value**	**Carrying amount**	Face value	Carrying amount
Medium-term notes (CTC)				
Series 2, 6.5%, due April 13, 2028	**$ 150.0**	**$ 151.9**	$ 150.0	$ 151.2
Series 2, 6.57%, due February 24, 2034	**200.0**	**203.5**	200.0	201.7
Series B, 5.610%, due September 4, 2035	**200.0**	**198.9**	200.0	199.7
Series G, 5.372%, due September 16, 2030	**400.0**	**397.2**	400.0	398.6
Series H, CORRA + 1.00%, due September 14, 2026	**—**	**—**	200.0	199.6
Debentures (CT REIT)				
Series B, 3.527%, due June 9, 2025	**—**	**—**	200.0	199.9
Series D, 3.289%, due June 1, 2026	**200.0**	**199.9**	200.0	199.8
Series E, 3.469%, due June 16, 2027	**175.0**	**174.8**	175.0	174.7
Series F, 3.865%, due December 7, 2027	**200.0**	**199.7**	200.0	199.6
Series G, 2.371%, due January 6, 2031	**150.0**	**149.5**	150.0	149.4
Series H, 3.029%, due February 5, 2029	**250.0**	**249.3**	250.0	249.1
Series I, 5.828%, due June 14, 2028	**250.0**	**249.3**	250.0	249.0
Series J, 4.292%, due June 9, 2030	**200.0**	**199.1**	—	—
Senior asset-backed term notes (GCCT)				
Series 2020-1, 1.388%, due September 22, 2025[1]	**—**	**—**	448.8	448.5
Series 2022-1, 4.958%, due September 20, 2027[1]	**420.7**	**419.9**	420.7	419.4
Series 2023-1, 5.681%, due September 20, 2028[1]	**467.5**	**466.1**	467.5	465.6
Series 2024-1, 4.740%, September 20, 2026[1]	**514.3**	**513.6**	514.3	512.7
Series 2025-1, 3.908%, September 20,2030[1]	**467.5**	**465.0**	—	—
Subordinated asset-backed term notes (GCCT)				
Series 2020-1, 2.438%, due September 22, 2025[1]	**—**	**—**	31.2	31.2
Series 2022-1, 6.108%, due September 20, 2027[1]	**29.3**	**29.3**	29.3	29.3
Series 2023-1, 6.881%, due September 20, 2028[1]	**32.5**	**32.5**	32.5	32.5
Series 2024-1, 5.588%, September 20, 2026[1]	**35.7**	**35.8**	35.7	35.8
Series 2025-1, 4.728%, September 20, 2030[1]	**32.5**	**32.5**	—	—
Mortgages	**8.1**	**8.1**	8.5	8.6
Total debt	**$ 4,383.1**	**$ 4,375.9**	$ 4,563.5	$ 4,555.9
Current	**758.0**	**758.0**	680.4	680.4
Non-current	**3,625.1**	**3,617.9**	3,883.1	3,875.5

[1] *The expected repayment date as defined in the series supplemental indenture.*

The carrying amount of long-term debt is net of debt issuance costs of $12.3 million (December 28, 2024 – $12.6 million).

Senior and Subordinated Credit Card Asset-Backed Term Notes (GCCT)

The asset-backed senior and subordinated term notes issued by GCCT are securitized by a co-ownership interest in a pool of loans receivable that are owing by selected credit card customer accounts of the Bank (Securitized Pool). These notes are recorded at amortized cost using the effective interest method.

Subject to the payment of certain priority amounts, the senior asset-backed term notes of a series have recourse on a priority basis to the allocable collections from such series' co-ownership interest in the Securitized Pool. The subordinated asset-backed term notes of such series have recourse to such series' allocable collections on a subordinated basis to the senior asset-backed term notes of such series in terms of the priority of payment of principal and, in some circumstances, interest. The entitlement of noteholders and other parties to such assets is governed by the priority and payment provisions set forth in GCCT's Trust Indenture dated November 29, 1995, as amended, and the related series supplements under which the outstanding series of notes were issued as well as the series purchase agreements which set forth the Bank's overcollateralization credit enhancement.

Repayment of the principal of the series 2022-1, 2023-1 and 2024-1 and 2025-1 asset-backed term notes is scheduled for the expected repayment dates indicated in the preceding table. None of GCCT's asset-backed term notes are early redeemable by GCCT or the Bank. During a contractual liquidation period prior to the expected repayment date of a particular series' notes, collections from the Securitized Pool allocable to GCCT with respect to the liquidating series as well as all outstanding series in their revolving periods will be accumulated by the custodian. If any amount remained owing after the expected repayment date, collections from the Securitized Pool allocable to GCCT with respect to the liquidating series as well as any outstanding series in their revolving periods will be applied to pay such amount until a specified termination date which is currently 36 months after the expected repayment date.

Principal repayments may commence earlier than a series' expected repayment date (an amortization period) if certain events occur including:

- the Bank (as seller or servicer) failing to make required payments to GCCT or failing to meet covenant or other contractual terms;
- the performance of the Securitized Pool failing to achieve set criteria; and
- insufficient credit card loans receivable in the Securitized Pool.

None of these events occurred in the Bank's year ended December 31, 2025 and December 31 2024.

Medium-Term Notes and Debentures

Medium-term notes and debentures are unsecured and those issued by the Company and CT REIT with initial terms greater than two years are redeemable by the Company or CT REIT, as applicable, in whole or in part, at any time (except for CT REIT not on or after the Par call Date), at the greater of par or a formula price based upon interest rates at the time of redemption. On or after the Par call Date, CT REIT's debentures are redeemable, any time at its option, in whole or in part, at par.

Mortgage

The mortgage payable as at January 3, 2026 had an interest rate of 3.24 percent and a maturity date of March 1, 2026.

22. Other Long-Term Liabilities

Other long-term liabilities include the following:

(C$ in millions)	**2025**	2024
Post employment benefits (Note 23)	**$ 137.5**	$ 141.5
Derivatives (Note 34.2)	**6.6**	6.3
Other	**57.3**	23.4
	$ 201.4	$ 171.2

Other primarily includes the long-term portion of share-based payment liabilities.

23. Employment Benefits

Profit-Sharing Program

The Company has a profit-sharing program for certain employees. The amount awarded to employees is contingent on the Company's profitability but shall be equal to at least one percent of the Company's previous year's net profits after income tax. A portion of the award (Base Award) is contributed to a Deferred Profit Sharing Plan (DPSP) for the benefit of the employees. The maximum amount of the Company's Base Award contribution to the DPSP per employee per year is subject to limits set by the Income Tax Act. Each participating employee is required to invest and maintain 10 percent of the Base Award in a Company share fund of the DPSP. The share fund holds both Common Shares and Class A Non-Voting Shares. The Company's contributions to the DPSP, with respect to each employee, vest 20 percent after one year of continuous service and 100 percent after two years of continuous service.

In 2025, the Company contributed $31.6 million (December 28, 2024 – $32.9 million) under the terms of the DPSP.

Post Employment Benefits: Defined Benefit Plan

The Company provides certain health care, dental care, life insurance, and other benefits to certain retired employees pursuant to the Company's policies. The Company does not have a pension plan. Information about the Company's defined benefit plan is as follows:

(C$ in millions)	2025	2024
Change in the present value of defined benefit obligation		
Defined benefit obligation, beginning of year	**$ 141.5**	$ 160.1
Current service cost	**1.2**	1.5
Interest cost	**6.7**	7.2
Actuarial loss (gain) arising from changes in demographic assumptions	**—**	(17.5)
Actuarial loss (gain) arising from changes in financial assumptions	**(5.6)**	(3.3)
Actuarial loss (gain) arising from changes in experience assumptions	**(1.2)**	(2.8)
Benefits paid	**(5.1)**	(3.7)
Defined benefit obligation, end of year[1]	**$ 137.5**	$ 141.5

[1] *The accrued benefit obligation is not funded because funding is provided when benefits are paid. Accordingly, there are no plan assets.*

Significant actuarial assumptions used:

	2025	2024
Defined benefit obligation, end of year:		
Discount rate	**5.00 %**	4.70 %
Net benefit plan expense for the year:		
Discount rate	**4.70 %**	4.60 %

To measure the defined benefit obligation, a 2.78 percent weighted average health care cost trend rate is assumed for 2025 (December 28, 2024 – 2.84 percent). The rate is assumed to decrease gradually to 1.71 percent for 2040 and remain at that level thereafter.

The January 3, 2026 actuarial valuation was extrapolated from the actuarial valuation performed as of December 28, 2024.

The cumulative amount of actuarial losses before tax recognized in equity at January 3, 2026, was $0.2 million (December 28, 2024 – $7.0 million).

Sensitivity Analysis:

The Company's defined benefit plan is exposed to actuarial risks such as the health care cost trend rate, the discount rate and the life expectancy assumptions. The following table provides the sensitivity of the defined benefit obligation to these assumptions. For each sensitivity test, the impact of a reasonably possible change in a single factor is shown with other assumptions left unchanged.

(C$ in millions)	**2025**	
Sensitivity analysis	**Accrued benefit obligation**	
	Increase	***Decrease***
A fifty basis point change in assumed discount rates	**$ (8.5)**	**$ 9.5**
A one-percentage-point change in assumed health care cost trend rates	**10.8**	**(9.1)**
A one-year change in assumed life expectancy	**3.1**	**(3.1)**

The weighted-average duration of the defined benefit plan obligation at January 3, 2026 is 13.0 years (December 28, 2024 – 13.8 years).

24. Financial Risk Management

24.1 Overview

The Company has exposure to credit risk, liquidity risk and market risk. For further information on the Company's financial instruments, their classification, their impact on financial statements, and determination of fair value, refer to Notes 3. and 34.

24.2 Risk Management Framework

The Company's Financial Risk Management Board Policy (the FRM Policy) serves to: identify and analyze the risks faced by the Company, set acceptable risk tolerance limits and controls; and, monitor risks and adherence to those limits. The financial risk management strategies and systems are reviewed regularly to ensure they remain consistent with the Company's objectives, risk tolerance, and current market trends and conditions. The Company, through its hiring, training, management standards and procedures, aims to uphold its disciplined and constructive control environment in which all employees understand their roles and obligations.

24.3 Credit Risk

The Company's relationships with its customers and other counterparties exposes it to credit risk, which is a risk of loss if any of these parties fail to fulfill their contractual obligations. The risk arises principally from operations of the Bank's credit card loan portfolio and the Company's interaction with its Dealers, franchisees, wholesale customers, and financial instrument counterparties, which are discussed in more detail below. Adverse macroeconomic conditions, such as reduced real gross domestic product and consumer income levels, and increased inflation, unemployment and debt levels may increase credit risk.

24.3.1 Consumer Credit Risk

Through the granting of credit cards, the Bank is exposed to consumer credit risk with respect to the ability and willingness of its customers to repay loans owing to it. Refer to Note 8. for information on the credit quality and performance of its loans receivable. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance, including provisions for credit losses and reduced cash flows and liquidity.

The Bank manages consumer credit risk by: maintaining credit risk management policies, processes and controls; employing credit-scoring models to monitor the creditworthiness of customers; using technology to make informed credit decisions for each new and existing customer account to limit credit risk exposure; adopting technology to improve the effectiveness of the collection process; and monitoring macroeconomic conditions, including consumer debt, income and unemployment levels, and other factors such as interest rates. However, there can be no assurance that these measures will successfully mitigate these risks.

24.3.2 Dealer/Franchisee Credit Risk

The Company is also exposed to credit risk in connection with its business dealings with its Dealers, franchisees, and wholesale customers, who may be unable or unwilling to satisfy their debts. In addition, the Company is exposed to credit risks through its guarantees of standby letters of credit (LCs) in connection with Franchise Trust's Dealer loan portfolio and its guarantees provided to third parties for bank debt or inventory buybacks for certain Dealers and franchisees, which may be called upon by the issuing banks. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance, including provisions for credit losses and bad debts, reduced cash flows and liquidity.

For additional information on guarantees and commitments, refer to Note 35.

24.3.3 Financial Instrument Counterparty Credit Risk

Counterparty credit risk includes risk relating to cash balances, investment activity, and the use of financial derivatives. Exposure to counterparty credit risk may occur any time funds are extended, committed or invested through an actual or implied contractual agreement. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance, including provisions for credit losses, fair value adjustments and reduced cash flows and liquidity.

The Company's FRM Policy governs its approach to managing its exposure to financial instrument counterparty credit risk. The Company's financial instrument portfolio is diversified across financial institutions, provincial and federal governments and, to a lesser extent, corporate issuers and asset-backed note issuers. The FRM Policy mandates transacting only with highly-rated financial institutions and other counterparties managed within the specific limits for credit exposure and term-to-maturity pursuant to the policy. However, there can be no assurance that these measures will successfully mitigate these risks.

24.3.4 Additional Credit Risk Exposure

The Company's maximum exposure to credit risk, over and above amounts recognized in the Consolidated Balance Sheets, include the following:

(C$ in millions)		2025		2024
Undrawn loan commitments	**$**	**13,880.3**	$	12,819.1
Guarantees		**236.8**		246.4
Total	**$**	**14,117.1**	$	13,065.5

Refer to Note 8 for information on the credit quality and performance of loans receivable.

24.4 Liquidity Risk

The Company requires sufficient and cost-effective liquidity to meet the obligations associated with its indebtedness and other financial liabilities. Its ability to service these obligations depends on cash flows from operating activities and financing sources such as bank lines of credit, commercial paper programs, broker GIC deposits, retail deposits, new public or private issuances of debt or equity and the securitization of credit card loans receivable through GCCT. The Bank also holds high quality liquid assets, as required by the Office of the Superintendent of Financial Institutions (OSFI).

At times, operational cash flows may be insufficient and liquidity risk would arise if the Company is unable to access its funding sources in a cost-effective manner. Macroeconomic conditions, such as reduced consumer income levels and increased inflation, unemployment and debt levels may increase liquidity risk. The Company's ability to obtain and maintain cost-effective financing depends on its credit ratings, and credit ratings may be downgraded due to various reasons, including reduced revenues, increased debt levels and adverse macroeconomic conditions. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, which may lead to the Company seeking additional funding at unfavourable terms, delaying or limiting its capital expenditures, foregoing potential opportunities, liquidating assets or restructuring its debt.

The FRM Policy governs the Company's approach to managing its exposure to liquidity risk. The Company uses a consolidated cash flow forecast model to regularly monitor its near-term and longer-term cash flow requirements, which assists in optimizing its short-term cash and indebtedness position while evaluating longer-term funding and capital allocation strategies. In addition, the Bank's Asset Liability Management Policy governs its approach to managing its exposure to liquidity risk through a liquidity management framework and satisfaction of applicable regulatory requirements. However, there can be no assurance that these measures will successfully mitigate these risks.

The following sources of financing are available to The Company to mitigate liquidity risk:

- A $1.975 billion unsecured committed bank line of credit from a syndicate of eight Canadian and two international financial institutions, expiring in September 2030, for general corporate purposes.
- The Company can issue up to an aggregate principal amount of U.S. $1.0 billion of unsecured short-term promissory notes in the United States which is back-stopped by the above bank line of credit. These notes mature between one and 270 days, are issued at a discount and rank equally with all other unsecured and unsubordinated obligations of the Company.
- A $300.0 million unsecured committed bank line of credit from a syndicate of seven Canadian financial institutions, expiring in September 2030, for general business purposes at CT REIT.
- RBC provides the Bank with a $300.0 million secured committed bank line of credit and a $1,200.0 million committed securitized note purchase facility for the funding of additional amounts on the senior and subordinated credit card asset-backed notes issued by GCCT and purchased by RBC, both expiring in April 2028.
- A $300.0 million committed, global-style liquidity facility from a syndicate of five Canadian financial institutions, serves as backstop protection to GCCT's Series 1997-1 credit card ABCP program should GCCT be unable to rollover maturing ABCP, expiring in September 2028.

Due to its diversified funding sources, the Company minimizes concentrations of liquidity risk. The following table summarizes the Company's contractual maturities for its financial liabilities, including both principal and interest payments:

(C$ in millions)	2026	2027	2028	2029	2030	Thereafter	Total
Non-derivative financial liabilities							
Deposits[1,2]	$ 1,120.5	$ 735.4	$ 739.0	$ 534.8	$ 423.5	$ —	$ 3,553.2
Trade and other payables (Note 17)	2,264.3	—	—	—	—	—	2,264.3
Short-term borrowings	295.1	—	—	—	—	—	295.1
Loans	556.6	—	—	—	—	—	556.6
Long-term debt	750.0	825.0	900.0	250.0	1,100.0	550.0	4,375.0
Mortgages	8.1	—	—	—	—	—	8.1
Interest payments[3]	330.4	281.6	191.1	124.3	59.9	101.8	1,089.1
Total	$ 5,325.0	$ 1,842.0	$ 1,830.1	$ 909.1	$ 1,583.4	$ 651.8	$ 12,141.4

1 *Deposits exclude the GIC broker fee discount of $11.1 million.*
2 *The average remaining term of the GIC deposits was 29 months as at January 3, 2026.*
3 *Includes interest payments on deposits, short-term borrowings, loans, and long-term debt.*

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

24.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign currency rates, interest rates and other prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters while optimizing the return. The Company uses financial instruments to mitigate certain market risks including foreign currency, interest rate and other price risks (such as equity prices impacting compensation expense); however, there are no assurances that these measures will fully mitigate the risks.

24.5.1 Foreign Currency Risk

While the Company's sales are predominately in Canadian dollars, a significant amount of its merchandise is sourced globally. In 2025, approximately 50 percent of Canadian Tire Retail, 33 percent of Mark's, and 21 percent of SportChek inventory purchases were sourced directly from vendors outside Canada and denominated primarily in U.S. dollars (USD). Fluctuations in foreign currency exchange rates are driven by various factors, including macroeconomic conditions and geopolitical developments. These fluctuations can impact the cost of purchases when converted back to Canadian dollars. Certain vendors may adjust their prices due to their own exposure to currency fluctuations which may affect the price they charge the Company for merchandise. The Company may attempt to pass on the impacts from currency fluctuations to customers, however, its ability to do so would be subject to market conditions. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance, including increased inventory costs and decreased margin.

The FRM Policy governs the Company's approach to managing foreign currency risk, including hedging forecasted USD purchases with foreign exchange derivatives. The Company has hedged a significant portion of near-term forecasted USD purchases to minimize the immediate impacts of adverse changes in foreign currency exchange rates. However, there are no assurances that these measures will fully mitigate this risk, and sustained changes in foreign currency exchange rates may impact purchasing costs over time.

24.5.2 Interest Rate Risk

The FRM Policy governs the Company's approach to managing interest rate risk by requiring that at least 75% of the Company's consolidated debt (including short-term and long-term debt, excluding Franchise Trust, and considering any interest rate derivatives) be maintained at fixed interest rates. As a result, a 1% change in interest rates would not materially affect the Company's net income or equity due to a relatively low floating interest rate exposure.

The Company is exposed to interest rate changes from its short-term borrowings (bank lines of credit in each segment, the NPF in the Financial Services segment and the commercial paper in the Retail segment (U.S. CP) and the Financial Services segment (GCCT ABCP)), and the Financial Services segment's HIS account and TFSA deposits. The Company is also exposed to interest rate risk through the refinancing of maturing debt as well as from its impact on the credit risk of consumers, Dealers and franchisees, as discussed above. Changes in interest rates can be favourable or unfavourable, and are impacted by various factors, including macroeconomic conditions. Should any of these risks materialize, the Company may experience material adverse impacts on its financial performance, including increased borrowing costs, reduced cash flows, and forgone opportunities for investment and growth.

The Company manages its exposure to future interest rate increases by entering into interest rate derivatives and exercising early termination or redemption options under its financial liabilities. The Bank has hedged a portion of its planned issuances of GCCT term notes and broker GIC deposits in 2026 to 2030 with interest rate derivatives. Additionally, the Bank holds short-term interest-bearing investments in reserve to comply with liquidity and regulatory requirements and charges interest on credit cards, which may offset certain interest rate fluctuations. However, there can be no assurance that these measures will successfully mitigate these risks.

25. Capital Management

The Company's capital management objectives are as follows:

- ensure sufficient liquidity with the flexibility to access additional capital from multiple sources, if required to meet financial obligations when due and execute operating and strategic plans; and
- minimize after-tax cost of capital while considering key risks including current and future industry, market, and economic conditions.

The definition of capital varies across companies, industries and for specific purposes. In managing the Company's capital, Management includes the following items in its definition of capital, which includes GCCT indebtedness but excludes Franchise Trust indebtedness because it is a legal liability of the Dealers:

(C$ in millions)		2025	% of total		2024	% of total
Capital components						
Deposits	**$**	**1,109.4**	**7.9 %**	$	1,171.4	8.0 %
Short-term borrowings		**295.1**	**2.1 %**		295.8	2.0 %
Current portion of long-term debt		**758.0**	**5.4 %**		680.4	4.6 %
Long-term debt		**3,617.9**	**25.7 %**		3,875.5	26.5 %
Long-term deposits		**2,432.7**	**17.3 %**		2,386.0	16.3 %
Total debt	**$**	**8,213.1**	**58.4 %**	$	8,409.1	57.4 %
Share capital		**615.9**	**4.4 %**		625.9	4.3 %
Retained earnings		**5,230.3**	**37.2 %**		5,614.4	38.3 %
Total capital under management	**$**	**14,059.3**	**100.0 %**	$	14,649.4	100.0 %

The Company monitors its capital structure by measuring debt-to-earnings ratios and manages its debt service and other fixed obligations by tracking its interest and other coverage ratios and forecasting corporate liquidity.

The Company manages its capital structure with a long-term perspective, aiming to balance cost of capital, capital efficiency, financial flexibility, and risk mitigation. To support this objective, Management monitors key leverage metrics, which are calculated using ratios that approximate the methodologies of credit rating agencies and other market participants. These metrics are reviewed on both a current and forward-looking basis and are assessed against targeted ranges to evaluate the effectiveness in managing leverage.

In order to maintain or adjust the capital structure, the Company has the flexibility to adjust discretionary capital spending, adjust the amount of credit card loans receivables outstanding, issue debt or equity, early redeem outstanding debt, repurchase its Class A Non-Voting Shares, adjust the amount of dividends paid to shareholders, monetize various assets, and engage in sale and leaseback transactions of real estate properties.

Financial covenants are reviewed by Management on an ongoing basis to monitor compliance.

The key financial covenant for the Company is a requirement for the Retail segment to maintain a ratio of total indebtedness to total capitalization equal to or lower than a specified maximum percentage (as defined in the Company's bank credit agreements, but which excludes consideration of CTFS Holdings Limited, CT REIT, Franchise Trust, and their respective subsidiaries, if any). The Company was in compliance with all financial covenants under its credit agreements as at January 3, 2026 and December 28, 2024.

CT REIT is required to comply with covenants established under its Declaration of Trust, Trust Indenture and bank credit agreement and was in compliance with all financial covenants thereunder as at January 3, 2026 and December 28, 2024.

The Bank, a federally regulated Schedule 1 bank, is required to comply with regulatory requirements for capital, other regulatory requirements that have an impact on its business operations, and certain financial covenants established under its bank credit agreements. The Bank's Management reviews the Bank's compliance with and performance against its capital management policy, with policy limits exceeding the regulatory minimums. In addition, the policy is reviewed periodically to ensure consistency with risk tolerances.

The Bank manages its capital under guidelines established by the 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 (Basel III), which came into effect in Canada on January 1, 2013. Basel III is a global regulatory accord that enhances the regulation, 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 capital management objectives include:
- 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 unexpected operating and investment losses and volatility.

OSFI's regulatory capital guidelines under Basel III allow for two tiers of capital: Tier 1 and Tier 2. Tier 1 capital incorporates Common Equity Tier 1 capital which includes common shares, retained earnings, and accumulated other comprehensive income, less regulatory adjustments. The Bank currently does not hold any additional Tier 1 capital instruments. Tier 2 capital consists of the eligible portion of general allowances.

The capital and leverage ratios are prescribed in OSFI's Capital Adequacy Requirements and Leverage Requirements Guidelines. The capital ratios are calculated as regulatory capital divided by risk-weighted assets (RWAs). The leverage ratio provides an overall measure of the adequacy of an institution's capital and is calculated as the total Tier 1 capital divided by the leverage exposure.

RWAs includes a credit risk component for all on-balance sheet assets weighted for the risk inherent in each type of asset, off-balance sheet financial instruments, an operational risk component based on a percentage of the trailing 3-year annual average adjusted gross income and a market-risk component for any assets held for trade. For the purposes of calculating RWAs, securitized assets are considered off-balance sheet and, therefore, except for the Bank's retained exposures, are not included in the RWAs calculation.

The leverage exposure is the sum of on-balance sheet exposures, derivative exposures, securities financing transaction exposures, subordinate loans, and a portion of unused credit limits, with a reduction for off-balance sheet items, which include securitized assets.

As at December 31, 2025 and December 31, 2024, the Bank was in compliance with all applicable regulatory capital requirements established by OSFI, and had achieved its internal targets as determined through its ICAAP.

26. Share Capital

Share capital consists of the following:

(C$ in millions)	**2025**	2024
Authorized		
3,423,366 Common Shares		
100,000,000 Class A Non-Voting Shares		
Issued		
3,423,366 Common Shares (2024 – 3,423,366)	**$ 0.2**	$ 0.2
49,524,531 Class A Non-Voting Shares (2024 – 52,197,823)	**615.7**	625.7
	$ 615.9	$ 625.9

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 2025 and 2024, the Company issued and repurchased Class A Non-Voting Shares. The Company's Class A Non-Voting Share repurchases were made pursuant to its Normal-Course Issuer Bid (NCIB) program, in connection with its anti-dilutive policy and announced share repurchase intentions.

The following transactions occurred with respect to Class A Non-Voting Shares during 2025 and 2024:

	2025		2024	
(C$ in millions)	**Number**	**$**	Number	$
Shares outstanding at beginning of the year	**52,197,823**	**$ 625.7**	52,197,823	$ 598.5
Issued under the dividend reinvestment plan	**150,804**	**24.5**	204,758	29.6
Repurchased[1]	**(2,824,096)**	**(467.2)**	(204,758)	(29.8)
Excess of repurchase price over average cost	**—**	**432.7**	—	27.4
Shares outstanding at end of the year	**49,524,531**	**$ 615.7**	52,197,823	$ 625.7

[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.*

The dilutive effect of employee stock options is 189,123 (December 28, 2024 – 140,964).

Material Characteristics of Common Shares

The holders of Common Shares of the Company are entitled to vote at all meetings of holders of Common Shares, including the election of 13 of the 16 Directors to be elected at the upcoming annual meeting of shareholders and the appointment of the external auditor. Each Common Share carries one vote. In addition, each holder of Common Shares at any time is entitled to have all or any number of the Common Shares held by such holder converted into Class A Non-Voting Shares on the basis of one Class A Non-Voting Share for each Common Share. The foregoing is a summary of certain conditions attached to the Common Shares of the Company and is qualified by reference to the Company's articles of amendment dated December 15, 1983, which are available on SEDAR+ at https://www.sedarplus.ca and on the Company's website at https://corp.canadiantire.ca.

Material Characteristics of Class A Non-Voting Shares

The holders of Class A Non-Voting Shares of the Company are entitled to vote on the election of three of the 16 Directors to be elected at the upcoming annual meeting of shareholders. With the exception of (i) the entitlement to vote for the election of three Directors, or, if the number of directors of the Company exceeds 17, one-fifth of the Directors of the Company, calculated to the nearest whole number, (ii) the entitlement to vote in the circumstances referred to under the heading "Change in Class A Non-Voting Shares and Common Shares" below, and, (iii) as provided under applicable law, the holders of Class A Non-Voting Shares are not entitled as such to vote at any meeting of shareholders of the Company. Subject to the foregoing, each Class A Non-Voting Share carries one vote. However, the articles of the Company provide that in the event an offer to purchase Common Shares is made to all or substantially all holders of Common Shares or is required by law or by the TSX to be made to all holders of Common Shares in Ontario (other than an offer to purchase both classes of shares at the same price per share and on the same terms and conditions) and a majority of the Common Shares then issued and outstanding are tendered to and taken up by the party making the offer, the holders of Class A Non-Voting Shares will thereafter be entitled to one vote per share at all shareholder meetings and the Class A Non-Voting Shares shall be designated as "Class A Shares". The Common Shares and Class A Non-Voting Shares are each generally voted separately as a class. As a result, aggregating the voting rights attached to the Common Shares and Class A Non-Voting Shares is not relevant to any corporate action currently contemplated. The foregoing is a summary of certain conditions attached to the Class A Non-Voting Shares of the Company and is qualified by reference to the Company's articles of amendment dated December 15, 1983, which are available on SEDAR+ at https://www.sedarplus.ca and on the Company's website at https://corp.canadiantire.ca.

Rights Upon Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, all of the property of the Company available for distribution to the holders of Class A Non-Voting Shares and the holders of Common Shares shall be paid or distributed equally share for share to the holders of Class A Non-Voting Shares and to the holders of Common Shares without preference or distinction or priority of one share over another.

Change in Class A Non-Voting Shares and Common Shares

Except as provided above, neither the Class A Non-Voting Shares nor the Common Shares shall be changed in any manner whatsoever whether by way of subdivision, consolidation, reclassification, exchange or otherwise unless contemporaneously therewith the other class of shares is changed in the same manner and in the same proportion. Also, the authorized number of Common Shares and Class A Non-Voting Shares cannot be increased without the prior approval of the holders of at least two-thirds of the shares of each such class represented and voted at a meeting of shareholders called for the purpose of considering such an increase.

Dividends

Dividend Rights

When fixed cumulative preferential dividends aggregating one cent per share per annum have been paid or declared and set apart for payment on all of the outstanding Class A Non-Voting Shares with respect to the current year and each preceding year and a non-cumulative dividend aggregating one cent per share per annum has been paid or declared and set apart for payment on all of the outstanding Common Shares with respect to the current year, any and all additional dividends, including stock dividends or other distributions to shareholders, will be paid or declared and set apart for payment or otherwise distributed in equal amounts per share on all Class A Non-Voting Shares and all Common Shares at the time outstanding without preference or distinction or priority of one share over another.

Dividend Information

As of January 3, 2026, the Company had dividends declared and payable to holders of Class A Non-Voting Shares and Common Voting Shares of $94.0 million (December 28, 2024 – $98.7 million) at a rate of $1.8000 per share (December 28, 2024 – $1.7750 per share).

On February 18, 2026, the Company's Board of Directors declared a dividend of $1.8000 per share payable on June 1, 2026 to shareholders of record as of April 30, 2026.

Dividends per share declared were $7.1250 in 2025 (December 28, 2024 – $7.0250).

27. Share-Based Payments

The Company's share-based payment plans are described below.

Stock Options

The Company granted stock options to certain employees that enable such employees to exercise those stock options and subscribe for Class A Non-Voting Shares or surrender their options and receive a cash payment. Such cash payment is calculated as the difference between the fair market value of Class A Non-Voting Shares as at the surrender date and the exercise price of the option. Stock options vest over a three-year period. All outstanding stock options have a term of seven years. At January 3, 2026, and December 28, 2024, the aggregate number of Class A Non-Voting Shares authorized for issuance under the stock option plan was 3,387,702.

Stock option transactions during 2025 and 2024 were as follows:

	2025		2024	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding at beginning of year	**1,470,213**	**$ 143.79**	1,150,597	$ 146.44
Granted	**359,002**	**161.91**	588,046	132.87
Exercised and surrendered[1]	**(306,237)**	**123.00**	(117,186)	90.28
Forfeited	**(167,416)**	**163.56**	(151,244)	162.94
Outstanding at end of year	**1,355,562**	**$ 150.85**	1,470,213	$ 143.79
Stock options exercisable at end of year	**517,767**		290,738	

[1] *The weighted average market price of the Company's shares when the options were exercised in 2025 was $169.11 (December 28, 2024 – $150.50).*

The following table summarizes information about stock options outstanding and exercisable at January 3, 2026:

	Options outstanding		Options exercisable	
Range of exercise prices	Number of outstanding options	Weighted average remaining contractual life[1]	Number of exercisable options	Weighted average exercise price
$ 187.25	**152,129**	**3.23**	**—**	**$ —**
173.14	**131,264**	**2.20**	**131,264**	**173.14**
167.80	**176,977**	**4.23**	**122,676**	**167.80**
161.91	**335,265**	**6.38**	**6,719**	**161.91**
144.35	**15,490**	**0.14**	**15,490**	**144.35**
132.87	**445,654**	**5.21**	**142,835**	**132.87**
80.49	**98,783**	**1.22**	**98,783**	**80.49**
$ 80.49 to 187.25	**1,355,562**	**4.51**	**517,767**	**$ 142.08**

[1] *Weighted average remaining contractual life is expressed in years.*

Performance Share Units (PSUs) and Performance Units (PUs)

The Company grants PSUs to certain of its employees that generally vest after three years. Each PSU entitles the participant to receive a cash payment equal to the fair market value of the Company's Class A Non-Voting Shares on the date set out in the PSU plan, multiplied by a factor determined by specific performance-based criteria and a relative total shareholder return modifier.

CT REIT grants PUs to certain of its employees that generally vest after three years. Each PU entitles the participant to receive a cash payment equal to the fair market value of units of CT REIT on the date set out in the PU plan, multiplied by a factor determined by specific performance-based criteria.

Restricted Share Units (RSUs) and Restricted Units (RUs)

The Company grants RSUs to certain of its employees that generally vest on a graduated basis, with one-third vesting each year on the anniversary date of the grant. Each RSU entitles the participant to receive a cash payment equal to the fair market value of the Company's Class A Non-Voting Shares on the date set out in the RSU plan.

CT REIT offers a RU plan for its Executives. RUs may be issued as discretionary grants or, Executives may elect to receive all or a portion of their annual bonus in RUs. At the end of the vesting period, which is generally three years from the date of grant (in the case of discretionary grants) and five years from the annual bonus payment date (in the case of deferred bonus), an Executive receives an equivalent number of units issued by CT REIT or, at the Executive's election, the cash equivalent thereof.

Deferred Share Units (DSUs) and Deferred Units (DUs)

The Company offers DSU plans to certain of its Executives and to members of its Board of Directors. Under the Executives' DSU plan, eligible Executives may elect to receive all or a portion of their annual bonus in DSUs. The Executives' DSU plan also provides for the granting of discretionary DSUs. Under the Directors' DSU plan, eligible Directors may defer all or a portion of their annual director fees into DSUs. DSUs received under both the Executives' and Directors' DSU plans are settled in cash following termination of service with the Company and/or the Board based on the fair market value of the Company's Class A Non-Voting Shares on the settlement date.

CT REIT also offers a DU plan for members of its Board of Trustees. Under this plan, eligible trustees may elect to receive all or a portion of their annual trustee fees in DUs. DUs are settled through the issuance of an equivalent number of units of CT REIT or, at the election of the trustee, cash, following termination of service with the Board.

All Plans

The fair value of stock options, PSUs and RSUs at the end of the year was determined using the Black-Scholes option pricing model with the following inputs:

	2025			2024		
	Stock options	**PSUs**	**RSUs**	Stock options	PSUs	RSUs
Share price at end of year (C$)	**$ 175.28**	**$ 175.28**	**$ 175.28**	$ 152.87	$ 152.87	$ 152.87
Weighted average exercise price[1](C$)	**$ 151.36**	**N/A**	**N/A**	$ 144.45	N/A	N/A
Expected remaining life (years)	**3.6**	**1.4**	**0.9**	3.6	2.0	1.0
Expected dividends	**3.9 %**	**4.2 %**	**4.5 %**	4.3 %	4.4 %	4.3 %
Expected volatility[2]	**25.9 %**	**21.4 %**	**20.7 %**	24.9 %	21.5 %	18.4 %
Risk-free interest rate	**2.7 %**	**2.4 %**	**2.4 %**	2.8 %	2.8 %	3.0 %

[1] *Reflects expected forfeitures.*

[2] *Reflects historical volatility over a period of time similar to the remaining life of the stock options, which may not necessarily be the actual outcome.*

Service and non-market performance conditions attached to the transactions are not considered in determining fair value.

The Company enters into equity derivative transactions to hedge share-based payments and does not apply hedge accounting. The expense recognized for share-based compensation is summarized as follows:

(C$ in millions)	**2025**	2024
Expense (recovery) arising from share-based payment transactions	**$ 86.9**	$ 38.1
Effect of hedging arrangements	**(31.6)**	(10.9)
Total expense included in Net income	**$ 55.3**	$ 27.2

The total carrying amount of liabilities for share-based payment transactions at January 3, 2026, was $130.9 million (December 28, 2024 – $78.4 million).

The intrinsic value of the liability for vested benefits at January 3, 2026, was $44.5 million (December 28, 2024 – $35.8 million).

28. Revenue

External revenue by reportable operating segment is as follows:

	2025					2024[1]				
(C$ in millions)	**Retail**	**Financial Services**	**CT REIT**	**Adjust-ments**	**Total**	Retail	Financial Services	CT REIT	Adjust-ments	Total
Sale of goods	**$14,118.0**	**$ —**	**$ —**	**$ —**	**$14,118.0**	$13,380.3	$ —	$ —	$ —	$13,380.3
Interest income on loans receivable	**23.5**	**1,382.6**	**—**	**(8.0)**	**1,398.1**	35.5	1,332.4	—	(13.6)	1,354.3
Royalties and licence fees	**64.4**	**—**	**—**	**—**	**64.4**	60.1	—	—	—	60.1
Services rendered	**12.1**	**159.6**	**—**	**—**	**171.7**	14.8	175.9	—	—	190.7
Rental income	**498.9**	**—**	**64.4**	**—**	**563.3**	469.0	—	61.6	—	530.6
	$14,716.9	**$ 1,542.2**	**$ 64.4**	**$ (8.0)**	**$16,315.5**	$13,959.7	$ 1,508.3	$ 61.6	$ (13.6)	$15,516.0

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*

Retail revenue breakdown is as follows:

(C$ in millions)		2025		2024[1]
Canadian Tire	**$**	**9,081.2**	$	8,452.6
SportChek		**2,071.9**		1,897.7
Mark's		**1,620.4**		1,523.3
Petroleum		**1,937.6**		2,076.6
Other and intersegment eliminations		**5.8**		9.5
	$	**14,716.9**	$	13,959.7

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*

Major Customers

The Company does not rely on any one customer.

29. Cost of Producing Revenue

Cost of producing revenue consists of the following:

(C$ in millions)		2025		2024[1]
Inventory cost of sales[2]	**$**	**9,972.5**	$	9,589.9
Net impairment loss on loans receivable		**517.8**		509.2
Finance costs on deposits		**138.6**		136.9
Other		**71.3**		79.2
	$	**10,700.2**	$	10,315.2

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*
[2] *Inventory cost of sales includes depreciation for the year ended January 3, 2026 of $22.3 million (December 28, 2024 – $22.9 million).*

Inventory write-downs, as a result of net realizable value being lower than cost, recognized in the year ended January 3, 2026 were $80.3 million (December 28, 2024 – $93.7 million). The write-downs and reversals are included in Inventory cost of sales.

Inventory write-downs recognized in prior periods and reversed in the year ended January 3, 2026 were $16.9 million (December 28, 2024 – $9.3 million). The reversal of write-downs was the result of actual losses being lower than previously estimated.

30. Selling, General and Administrative expenses

Selling, general and administrative expenses consist of the following:

(C$ in millions)		2025		2024[1]
Personnel expenses[2]	**$**	**1,546.0**	$	1,470.7
Occupancy[3]		**522.0**		494.9
Marketing and advertising		**310.5**		306.7
Information systems		**390.0**		364.6
Other		**702.1**		603.1
	$	**3,470.6**	$	3,240.0

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*
[2] *Includes employee personnel costs in relation to various functions such as information technology, marketing and advertising, and other corporate functions including corporate store staff wages.*
[3] *Includes property tax, maintenance, and utilities.*

31. Depreciation and Amortization

(C$ in millions)		2025		2024[1]
Depreciation of property and equipment and investment property[2]	$	**316.8**	$	306.0
Depreciation of right-of-use assets		**314.8**		305.4
Amortization of intangible assets		**110.1**		120.2
	$	**741.7**	$	731.6

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*
[2] *Inventory cost of sales includes depreciation for the year ended January 3, 2026 of $22.3 million (December 28, 2024 – $22.9 million).*

32. Net Finance Costs

Net finance costs consists of the following:

(C$ in millions)		2025		2024[1]
Finance costs	$	**220.6**	$	284.9
Finance costs on lease liabilities		**109.1**		99.7
Finance (income)		**(29.0)**		(35.1)
Finance (income) on lease receivables[2]		**(5.2)**		(5.4)
	$	**295.5**	$	344.1

[1] *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*
[2] *Relates to properties where the Company is an intermediate lessor in a sublease arrangement classified as a finance sublease under IFRS 16.*

33. Notes to the Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities comprise the following:

						2025
(C$ in millions)		**Lease liabilities**		**Deposits**		**Long-term debt**
Balance, beginning of year	**$**	**2,490.1**	**$**	**3,557.4**	**$**	**4,555.9**
Cash changes:						
Payment of lease liabilities (principal portion)		**(383.2)**		**—**		**—**
Change in deposits		**—**		**(20.2)**		**—**
Long-term debt issuance		**—**		**—**		**700.0**
Long-term debt repayment		**—**		**—**		**(880.0)**
Mortgage repayment		**—**		**—**		**(0.4)**
Payment of transaction costs related to long-term debt		**—**		**—**		**(3.6)**
Total changes from financing cash flows		**(383.2)**		**(20.2)**		**(184.0)**
Non-cash and other changes:						
New leases, interest accretion, currency translation adjustment and other		**443.2**		**—**		**0.1**
Transfer to liabilities held for sale[1]		**(108.2)**		**—**		**—**
Amortization of broker commission		**—**		**4.9**		**—**
Amortization of debt issuance costs		**—**		**—**		**3.9**
Balance, end of year	**$**	**2,441.9**	**$**	**3,542.1**	**$**	**4,375.9**

[1] *Transfer to liabilities held for sales consists of liabilities reclassified to held for sale as part of the divestiture of Helly Hansen (refer to Note 4).*

						2024
(C$ in millions)		Lease liabilities		Deposits		Long-term debt
Balance, beginning of year	$	2,364.5	$	3,364.3	$	4,964.5
Cash changes:						
Payment of lease liabilities (principal portion)		(349.3)		—		—
Change in deposits		—		187.8		—
Long-term debt issuance		—		—		550.0
Long-term debt repayment		—		—		(960.0)
Mortgage repayment		—		—		(0.4)
Payment of transaction costs related to long-term debt		—		—		(2.0)
Total changes from financing cash flows		(349.3)		187.8		(412.4)
Non-cash and other changes:						
New leases, interest accretion, currency translation adjustment and other		474.9		—		0.1
Amortization of broker commission		—		5.3		—
Amortization of debt issuance costs		—		—		3.7
Balance, end of year	$	2,490.1	$	3,557.4	$	4,555.9

33.1 Cash and Marketable Investments Held in Reserve

Cash and marketable investments includes reserves held by the Financial Services segment in support of its liquidity and regulatory requirements. As at January 3, 2026, reserves held by Financial Services totalled $432.8 million (December 28, 2024 – $361.6 million) and includes restricted cash disclosed in Note 6 as well as short-term investments.

34. Financial Instruments

34.1 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.

34.2 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 levels of which are:

Level 1 – Inputs are unadjusted quoted prices of identical instruments in active markets;
Level 2 – Inputs are other than quoted prices included in Level 1 but are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs are not based on observable market data.

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

(C$ in millions)				**2025**			2024
	Category	**Level**			Level		
Trade and other receivables	FVTPL[1]	**2**	**$**	**16.6**	2	$	38.3
Trade and other receivables	Effective hedging instruments	**2**		**18.3**	2		155.1
Long-term receivables and other assets	FVTPL[1]	**2**		**2.1**	2		—
Long-term receivables and other assets	Effective hedging instruments	**2**		**36.1**	2		59.2
Trade and other payables	FVTPL[1]	**2**		**7.9**	2		6.8
Trade and other payables	Effective hedging instruments	**2**		**27.0**	2		8.3
Other long-term liabilities	FVTPL[1]	**2**		**1.0**	2		3.2
Other long-term liabilities	Effective hedging instruments	**2**		**5.6**	2		3.1
Net Asset (Liability) position			**$**	**31.6**		$	231.2

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

There were no transfers in either direction between levels for the financial instruments remaining at the end of the reporting period in 2025 or 2024

34.3 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 (refer to Note 34.2). The fair values of the Company's investments, debt and deposits compared to the carrying amounts are as follows:

As at		**January 3, 2026**		December 28, 2024
(C$ in millions)	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Short-term investments	**$ 148.5**	**$ 148.3**	$ 128.4	$ 128.7
Long-term investments	**71.4**	**72.1**	72.8	73.8
Long-term Debt[1]	**4,375.9**	**4,509.0**	4,555.9	4,668.2
Deposits	**3,542.1**	**3,603.5**	3,557.4	3,641.6

[1] *Includes current portion of Long-term debt.*

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.

34.4 Items of Income, Expense, Gains or Losses

The following table presents certain amounts of income, expense, gains, or losses, arising from financial instruments that were recognized in Net income or equity:

(C$ in millions)	**2025**	2024[1]
Net (loss) gain on:		
Financial instruments designated and/or classified as FVTPL[2]	**$ (12.1)**	$ (37.4)
Interest income (expense):		
Total interest income calculated using effective interest method for financial instruments that are not at FVTPL	**1,420.8**	1,388.5
Total interest expense calculated using effective interest method for financial instruments that are not at FVTPL	**(352.8)**	(414.0)
Fee expense arising from financial instruments that are not at FVTPL:		
Other fee expense	**(31.0)**	(26.4)

1 *Certain comparative figures have been re-presented to reflect the current year's presentation of the Helly Hansen business as a discontinued operation (refer to Note 4).*
2 *Excludes gains (losses) on cash flow hedges, which are effective hedging relationships and are reflected on the Consolidated Statements of Comprehensive Income.*

35. Guarantees and Commitments

Guarantees

In the normal course of business, the Company enters into numerous agreements that may contain features that meet the definition of a guarantee. A guarantee is defined to be a contract (including an indemnity) that contingently requires the Company to make payments to the guaranteed party based, either directly or indirectly, on (i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable that is related to an asset, a liability or an equity security of the counterparty; (ii) failure of another party to perform under an obligating agreement; (iii) failure of a third party to pay its indebtedness when due.

The Company has provided the following significant guarantees and other commitments to third parties:

Standby Letters of Credit

Franchise Trust, a legal entity sponsored by a third-party bank, originates loans to certain Dealers for their purchase of Canadian Tire store inventory and fixed assets. While Franchise Trust is consolidated as part of these financial statements, the Loans are not a legal liability of the Company. Instead, the Company has arranged for several major Canadian banks to provide standby LCs to Franchise Trust to achieve the required "AAA" equivalent credit rating of the funding of the Dealer loan portfolio. Franchise Trust has sold all its rights in the LCs to the Co-owner Trusts. Franchise Trust, on behalf of the Co-owner Trusts, may draw against the LCs in certain pre-defined circumstances. Should a draw be made against an LC, the Company agrees to reimburse the bank issuing such standby LC for the amount so drawn. The Company has not recorded any liability for these amounts given full consolidation of the Dealer loans receivable and the Loans. In terms of the Company's legal guarantee of the LCs, there having been no historical draws made by Franchise Trust under such LCs given the credit quality of the Dealer loans and the nature of the underlying collateral represented by the inventory and fixed assets of the borrowing Dealers, both of which are enhanced by the Dealer mobility system contained in the individual contracts between the Company and Dealers. The Company's maximum exposure as at January 3, 2026 under the LCs was $125.6 million (December 28, 2024 – $136.1 million).

The Company has obtained documentary and standby LCs aggregating $23.8 million (December 28, 2024 – $37.2 million) relating to the importation of merchandise inventories and to facilitate various real estate activities.

Business and Property Dispositions

In connection with agreements for the sale of all or part of a business or property and in addition to indemnifications relating to failure to perform covenants and breach of representations and warranties, the Company has agreed to indemnify the purchasers against claims from its past conduct, including environmental remediation. Typically, the term and amount of such indemnification will be determined by the parties in the agreements. The nature of these indemnification agreements prevents the Company from estimating the maximum potential liability required to be paid to counterparties. Historically, the Company has not made any significant payments under such additional indemnification agreements and any related unpaid accruals are minimal at the end of the fiscal year in the consolidated financial statements.

Lease Agreements Guarantees

The Company has guaranteed leases on certain franchise stores in the event the franchisees are unable to meet their remaining lease commitments. These lease agreements have expiration dates through October 2033. The maximum amount that the Company may be required to pay under these agreements is $4.1 million (December 28, 2024 – $4.8 million). In addition, the Company could be required to make payments for percentage rents, realty taxes, and common area costs. No amount has been accrued in the consolidated financial statements with respect to these lease agreements.

Third-Party Financial Guarantees

The Company has guaranteed certain bank loans of certain Dealers. These third-party financial guarantees require the Company to make payments if the Dealer fails to make scheduled debt payments. Many of these third-party financial guarantees have expiration dates extending up to and including January 2028 and any extension is at the Company's discretion. The Company's maximum exposure as at January 3, 2026 under these financial guarantees was $13.1 million (December 28, 2024 – $15.6 million).

The Company has entered into agreements to buy back certain franchisee-owned merchandise inventory should the banks foreclose on any of the applicable franchisees. The initial terms of the buy-back agreements are for one year and any extension is at the Company's discretion. The Company's maximum exposure as at January 3, 2026 under these buy-back agreements was $18.6 million (December 28, 2024 – $24.6 million). The Company may be able to resell some or all of any purchased merchandise inventory in order to reduce its exposure.

No amount has been accrued in the consolidated financial statements with respect to these guarantees and buy-back agreements.

Indemnification of Lenders and Agents Under Credit Facilities

In the ordinary course of business, the Company has agreed to indemnify its lenders under various credit facilities against costs or losses resulting from changes in laws and regulations that would increase the lenders' costs and from any legal action brought against the lenders relating to the use of the loan proceeds. These indemnifications generally extend for the term of the credit facilities and do not provide any limit on the maximum potential liability. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the consolidated financial statements with respect to these indemnification agreements.

Other Indemnification Agreements

In the ordinary course of business, the Company provides other additional indemnification agreements to counterparties in transactions such as lease transactions, service arrangements, investment banking agreements, securitization agreements, indemnification of trustees under indentures for outstanding public debt, Director and Officer indemnification agreements, escrow agreements, price escalation clauses, sales of assets (other than dispositions of businesses noted) and the arrangements with Franchise Trust noted. These additional indemnification agreements require the Company to compensate the counterparties for certain amounts and costs incurred, including costs resulting from changes in laws and regulations (including tax legislation) or as a result of litigation claims or statutory sanctions that may be suffered by a counterparty as a consequence of the transaction.

The terms of these additional indemnification agreements vary based on the contract and do not provide any limit on the maximum potential liability. Historically, the Company has not made any significant payments under such additional indemnifications and no amount has been accrued in the consolidated financial statements with respect to these additional indemnification commitments.

The Company's exposure to credit risks related to the above-noted guarantees are disclosed in Note 24.

Capital and Other Commitments

As at January 3, 2026, the Company had capital commitments for the acquisition of property and equipment, investment property and intangible assets for an aggregate cost of approximately $94.7 million (December 28, 2024 – $122.4 million).

36. Related Parties

Martha Billes and Owen Billes, in aggregate, beneficially own, or control or direct approximately 61.4 percent of the Common Shares of the Company through two privately held companies, Tire 'N' Me Pty. Ltd. and Albikin Management Inc.

Transactions with Dealer members of the Company's Board of Directors represented less than one percent of the Company's total revenue and were in accordance with established Company policy applicable to all Dealers. Other transactions with related parties, as defined by IFRS Accounting Standards, were not significant during the year.

The following outlines the compensation of the Company's Board of Directors and key Management personnel (the Company's Chief Executive Officer, Chief Financial Officer and certain other Senior Officers):

(C$ in millions)	**2025**	2024
Salaries and short-term employee benefits	**$ 35.2**	$ 17.5
Share-based payments and other	**29.2**	11.4
	$ 64.4	$ 28.9

37. Contingencies

Legal Matters

In the ordinary course of business, the Company is party to a number of legal and regulatory proceedings which may involve monetary damages and other relief. The Company cannot determine the ultimate outcome of all outstanding proceedings, but believes that their ultimate disposition will not have a material adverse effect on its consolidated Net income, cash flows, or financial position.