

***CANADIAN TIRE CORPORATION, LIMITED***  
***CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS***  
**Q3 2021**

# Index to the Financial Statements and Notes

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS:

Condensed Interim Consolidated Balance Sheets (Unaudited).....	3
Condensed Interim Consolidated Statements of Income (Unaudited).....	4
Condensed Interim Consolidated Statements of Comprehensive Income (Unaudited).....	5
Condensed Interim Consolidated Statements of Cash Flows (Unaudited).....	6
Condensed Interim Consolidated Statements of Changes in Equity (Unaudited).....	7

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. The Company and its Operations .....	8
Note 2. Basis of Preparation .....	8
Note 3. Capital Management .....	11
Note 4. Liquidity and Financing .....	12
Note 5. Operating Segments .....	12
Note 6. Loans Receivable .....	15
Note 7. Long-Term Debt .....	17
Note 8. Share Capital .....	17
Note 9. Share-Based Payments .....	18
Note 10. Revenue .....	19
Note 11. Cost of Producing Revenue .....	20
Note 12. Selling, General and Administrative Expenses .....	20
Note 13. Net Finance Costs .....	20
Note 14. Income Taxes .....	21
Note 15. Notes to the Condensed Interim Consolidated Statements of Cash Flows .....	21
Note 16. Financial Instruments .....	22
Note 17. Contingencies .....	23

# Condensed Interim Consolidated Balance Sheets

As at (C\$ in millions)(unaudited)	October 2, 2021	September 26, 2020	January 2, 2021
<b>ASSETS</b>			
Cash and cash equivalents (Note 15)	\$ 1,548.3	\$ 1,302.8	\$ 1,327.2
Short-term investments	580.0	402.2	643.0
Trade and other receivables	834.9	917.7	973.6
Loans receivable (Note 6)	5,329.1	4,975.0	5,031.8
Merchandise inventories	2,875.2	2,505.1	2,312.9
Income taxes recoverable	24.9	36.0	21.9
Prepaid expenses and deposits	220.9	179.7	193.8
Assets classified as held for sale	4.3	15.6	42.6
<b>Total current assets</b>	<b>11,417.6</b>	<b>10,334.1</b>	<b>10,546.8</b>
Long-term receivables and other assets	660.7	683.1	631.9
Long-term investments	176.7	176.3	146.2
Goodwill and intangible assets	2,374.1	2,331.3	2,372.8
Investment property	389.2	391.1	385.8
Property and equipment	4,439.7	4,247.1	4,298.2
Right-of-use assets	1,872.6	1,512.4	1,696.7
Deferred income taxes	230.9	297.5	298.7
<b>Total assets</b>	<b>\$ 21,561.5</b>	<b>\$ 19,972.9</b>	<b>\$ 20,377.1</b>
<b>LIABILITIES</b>			
Bank indebtedness (Note 15)	\$ 12.9	\$ 6.8	\$ —
Deposits	2,026.0	966.6	1,228.0
Trade and other payables	2,572.8	2,555.6	2,508.3
Provisions	176.6	169.3	196.7
Short-term borrowings	114.8	563.9	165.4
Loans	492.6	552.4	506.6
Current portion of lease liabilities	361.0	355.7	329.9
Income taxes payable	66.8	100.2	120.4
Current portion of long-term debt	719.7	150.5	150.5
<b>Total current liabilities</b>	<b>6,543.2</b>	<b>5,421.0</b>	<b>5,205.8</b>
Long-term provisions	63.5	68.3	70.3
Long-term debt	3,547.5	4,114.8	4,115.7
Long-term deposits	2,065.5	2,282.4	2,281.7
Long-term lease liabilities	2,015.4	1,719.1	1,896.6
Deferred income taxes	123.1	121.3	122.0
Other long-term liabilities	844.1	789.6	850.3
<b>Total liabilities</b>	<b>15,202.3</b>	<b>14,516.5</b>	<b>14,542.4</b>
<b>EQUITY</b>			
Share capital (Note 8)	607.3	593.5	597.0
Contributed surplus	2.9	2.9	2.9
Accumulated other comprehensive loss	(154.6)	(203.4)	(237.7)
Retained earnings	4,532.6	3,732.3	4,136.9
<b>Equity attributable to shareholders of Canadian Tire Corporation</b>	<b>4,988.2</b>	<b>4,125.3</b>	<b>4,499.1</b>
Non-controlling interests	1,371.0	1,331.1	1,335.6
<b>Total equity</b>	<b>6,359.2</b>	<b>5,456.4</b>	<b>5,834.7</b>
<b>Total liabilities and equity</b>	<b>\$ 21,561.5</b>	<b>\$ 19,972.9</b>	<b>\$ 20,377.1</b>

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

# Condensed Interim Consolidated Statements of Income

For the (C\$ in millions, except share and per share amounts)(unaudited)	13 weeks ended		39 weeks ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
<b>Revenue</b> (Note 10)	\$ 3,913.1	\$ 3,986.4	\$ 11,154.5	\$ 9,996.5
Cost of producing revenue (Note 11)	2,556.0	2,639.6	7,266.0	6,769.8
<b>Gross margin</b>	1,357.1	1,346.8	3,888.5	3,226.7
Other (income) expense	(2.7)	5.6	(28.7)	29.8
Selling, general and administrative expenses (Note 12)	935.0	838.8	2,766.9	2,545.7
Net finance costs (Note 13)	54.9	60.1	168.4	197.7
<b>Income before income taxes</b>	369.9	442.3	981.9	453.5
<b>Income taxes</b>	90.4	116.0	256.9	112.7
<b>Net income</b>	\$ 279.5	\$ 326.3	\$ 725.0	\$ 340.8
Net income attributable to:				
Shareholders of Canadian Tire Corporation	\$ 243.7	\$ 296.3	\$ 619.1	\$ 263.0
Non-controlling interests	35.8	30.0	105.9	77.8
	\$ 279.5	\$ 326.3	\$ 725.0	\$ 340.8
<b>Basic earnings per share</b>	\$ 4.01	\$ 4.87	\$ 10.18	\$ 4.32
<b>Diluted earnings per share</b>	\$ 3.97	\$ 4.84	\$ 10.08	\$ 4.30
<b>Weighted average number of Common and Class A Non-Voting Shares outstanding:</b>				
<b>Basic</b>	60,807,123	60,808,021	60,807,859	60,928,842
<b>Diluted</b>	61,337,523	61,185,383	61,430,301	61,101,887

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

# Condensed Interim Consolidated Statements of Comprehensive Income

For the (C\$ in millions)(unaudited)	13 weeks ended		39 weeks ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
<b>Net income</b>	\$ 279.5	\$ 326.3	\$ 725.0	\$ 340.8
<b>Other comprehensive income (loss), net of taxes</b>				
<b>Items that may be reclassified subsequently to net income:</b>				
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges not subject to basis adjustment	4.3	(1.5)	9.5	(33.2)
Deferred cost of hedging not subject to basis adjustment – Changes in fair value of the time value of an option in relation to time-period related hedged items	(3.0)	3.9	—	(3.6)
Reclassification of losses to income	2.6	0.5	11.7	1.0
Currency translation adjustment	23.3	(10.1)	(12.7)	(61.8)
<b>Items that will not be reclassified subsequently to net income:</b>				
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges subject to basis adjustment	50.1	(25.8)	1.3	54.4
<b>Other comprehensive income (loss)</b>	\$ 77.3	\$ (33.0)	\$ 9.8	\$ (43.2)
Other comprehensive income (loss) attributable to:				
Shareholders of Canadian Tire Corporation	\$ 76.5	\$ (33.5)	\$ 5.5	\$ (36.0)
Non-controlling interests	0.8	0.5	4.3	(7.2)
	\$ 77.3	\$ (33.0)	\$ 9.8	\$ (43.2)
<b>Comprehensive income</b>	\$ 356.8	\$ 293.3	\$ 734.8	\$ 297.6
Comprehensive income attributable to:				
Shareholders of Canadian Tire Corporation	\$ 320.2	\$ 262.8	\$ 624.6	\$ 227.0
Non-controlling interests	36.6	30.5	110.2	70.6
	\$ 356.8	\$ 293.3	\$ 734.8	\$ 297.6

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

# Condensed Interim Consolidated Statements of Cash Flows

For the (C\$ in millions)(unaudited)	13 weeks ended		39 weeks ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
<b>Cash (used for) generated from:</b>				
<b>Operating activities</b>				
Net income	\$ 279.5	\$ 326.3	\$ 725.0	\$ 340.8
Adjustments for:				
Depreciation of property and equipment, investment property and right-of-use assets (Notes 11 and 12)	146.3	144.4	433.6	435.1
(Reversal of) impairment on property and equipment, right-of-use assets and intangible assets	(0.9)	—	(0.9)	27.9
Income taxes	90.4	116.0	256.9	112.7
Net finance costs (Note 13)	54.9	60.1	168.4	197.7
Amortization of intangible assets (Note 12)	31.0	26.9	89.6	84.8
(Gain) loss on disposal of property and equipment, investment property, assets held for sale and right-of-use assets	(5.0)	2.9	(18.7)	(5.9)
Total except as noted below	596.2	676.6	1,653.9	1,193.1
Interest paid	(67.8)	(72.7)	(189.4)	(217.3)
Interest received	3.3	4.0	9.6	12.4
Income taxes paid	(30.0)	(64.3)	(280.9)	(69.8)
Change in loans receivable	(146.7)	192.1	(259.9)	934.8
Change in operating working capital and other	(314.3)	(247.5)	(260.0)	(173.0)
<b>Cash generated from operating activities</b>	<b>40.7</b>	<b>488.2</b>	<b>673.3</b>	<b>1,680.2</b>
<b>Investing activities</b>				
Additions to property and equipment and investment property	(119.8)	(54.8)	(331.9)	(189.0)
Additions to intangible assets	(39.8)	(55.4)	(103.4)	(103.2)
Total additions	(159.6)	(110.2)	(435.3)	(292.2)
Acquisition of short-term investments	(267.6)	(307.4)	(757.7)	(467.4)
Proceeds from maturity and disposition of short-term investments	332.1	106.7	855.9	296.8
Proceeds on disposition of property and equipment, investment property and assets held for sale	5.2	1.9	62.1	3.5
Lease payments for finance subleases (principal portion)	2.7	4.2	10.6	12.6
Acquisition of long-term investments and other	(53.1)	(21.6)	(114.5)	(68.8)
<b>Cash used for investing activities</b>	<b>(140.3)</b>	<b>(326.4)</b>	<b>(378.9)</b>	<b>(515.5)</b>
<b>Financing activities</b>				
Dividends paid	(68.0)	(65.4)	(203.4)	(197.4)
Distributions paid to non-controlling interests	(16.1)	(24.2)	(87.1)	(65.5)
Total dividends and distributions paid	(84.1)	(89.6)	(290.5)	(262.9)
Net issuance (repayment) of short-term borrowings	27.7	175.0	(50.6)	113.9
Issuance of loans	42.5	13.6	267.8	164.7
Repayment of loans	(116.2)	(73.5)	(281.8)	(233.7)
Issuance of long-term debt	—	480.0	150.0	1,198.6
Repayment of long-term debt	(0.1)	(1,450.1)	(150.3)	(1,450.7)
Payment of lease liabilities (principal portion)	(93.4)	(84.5)	(267.9)	(254.6)
Payment of transaction costs related to long-term debt	—	(1.9)	(1.0)	(2.2)
Purchase of Class A Non-Voting Shares	(3.5)	(3.7)	(11.0)	(107.9)
Payments on financial instruments	(7.0)	(15.6)	(29.2)	(30.4)
Change in deposits	(70.8)	192.7	578.3	801.4
<b>Cash (used for) financing activities</b>	<b>(304.9)</b>	<b>(857.6)</b>	<b>(86.2)</b>	<b>(63.8)</b>
<b>Cash (used) generated in the period</b>	<b>(404.5)</b>	<b>(695.8)</b>	<b>208.2</b>	<b>1,100.9</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,939.9</b>	<b>1,991.8</b>	<b>1,327.2</b>	<b>195.1</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,535.4</b>	<b>\$ 1,296.0</b>	<b>\$ 1,535.4</b>	<b>\$ 1,296.0</b>

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

# Condensed Interim Consolidated Statements of Changes in Equity

(C\$ in millions)(unaudited)	Total accumulated other comprehensive income (loss)					Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Cash flow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)				
<b>Balance at January 2, 2021</b>	\$597.0	\$2.9	\$(123.1)	\$(114.6)	\$(237.7)	\$4,136.9	\$4,499.1	\$1,335.6	\$5,834.7
<b>Net income</b>	—	—	—	—	—	619.1	619.1	105.9	725.0
<b>Other comprehensive income (loss)</b>	—	—	18.2	(12.7)	5.5	—	5.5	4.3	9.8
<b>Total comprehensive income (loss)</b>	—	—	18.2	(12.7)	5.5	619.1	624.6	110.2	734.8
<b>Transfers of cash flow hedge losses to non-financial assets</b>	—	—	77.6	—	77.6	—	77.6	—	77.6
<b>Contributions and distributions to shareholders of Canadian Tire Corporation</b>									
Issuance of Class A Non-Voting Shares (Note 8)	10.9	—	—	—	—	—	10.9	—	10.9
Purchase of Class A Non-Voting Shares (Note 8)	(11.0)	—	—	—	—	—	(11.0)	—	(11.0)
Excess of purchase price over average cost (Note 8)	10.4	—	—	—	—	(10.4)	—	—	—
Dividends	—	—	—	—	—	(213.0)	(213.0)	—	(213.0)
<b>Contributions and distributions to non-controlling interests</b>									
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	12.3	12.3
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(87.1)	(87.1)
<b>Total contributions and distributions</b>	10.3	—	77.6	—	77.6	(223.4)	(135.5)	(74.8)	(210.3)
<b>Balance at October 2, 2021</b>	\$ 607.3	\$ 2.9	\$(27.3)	\$(127.3)	\$(154.6)	\$ 4,532.6	\$ 4,988.2	\$ 1,371.0	\$ 6,359.2

(C\$ in millions)(unaudited)	Total accumulated other comprehensive income (loss)					Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Cash flow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)				
<b>Balance at December 28, 2019</b>	\$ 588.0	\$ 2.9	\$(28.3)	\$(101.6)	\$(129.9)	\$ 3,729.6	\$ 4,190.6	\$ 1,314.1	\$ 5,504.7
<b>Net income</b>	—	—	—	—	—	263.0	263.0	77.8	340.8
<b>Other comprehensive income (loss)</b>	—	—	25.8	(61.8)	(36.0)	—	(36.0)	(7.2)	(43.2)
<b>Total comprehensive income (loss)</b>	—	—	25.8	(61.8)	(36.0)	263.0	227.0	70.6	297.6
<b>Transfers of cash flow hedge (gains) to non-financial assets</b>	—	—	(37.5)	—	(37.5)	—	(37.5)	—	(37.5)
<b>Contributions and distributions to shareholders of Canadian Tire Corporation</b>									
Issuance of Class A Non-Voting Shares (Note 8)	10.6	—	—	—	—	—	10.6	—	10.6
Purchase of Class A Non-Voting Shares (Note 8)	(107.1)	—	—	—	—	—	(107.1)	—	(107.1)
Reversal of accrued liability for automatic share purchase plan commitment (Note 8)	3.0	—	—	—	—	46.1	49.1	—	49.1
Excess of purchase price over average cost (Note 8)	99.0	—	—	—	—	(99.0)	—	—	—
Dividends	—	—	—	—	—	(207.4)	(207.4)	—	(207.4)
<b>Contributions and distributions to non-controlling interests</b>									
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	12.1	12.1
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(65.7)	(65.7)
<b>Total contributions and distributions</b>	5.5	—	(37.5)	—	(37.5)	(260.3)	(292.3)	(53.6)	(345.9)
<b>Balance at September 26, 2020</b>	\$ 593.5	\$ 2.9	\$(40.0)	\$(163.4)	\$(203.4)	\$ 3,732.3	\$ 4,125.3	\$ 1,331.1	\$ 5,456.4

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

## 1. The Company and its Operations

---

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

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

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

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

## 2. Basis of Preparation

---

### Statement of Compliance

These condensed interim consolidated financial statements (“interim financial statements”) for the 13 and 39 weeks ended October 2, 2021 (and comparative results for the 13 and 39 weeks ended September 26, 2020) have been prepared in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting* and therefore do not contain all disclosures required by International Financial Reporting Standards (“IFRS”). These interim financial statements should be read in conjunction with the Company’s 2020 Consolidated Financial Statements and Notes and have been prepared using the same accounting policies described in Note 3 to the 2020 Consolidated Financial Statements and Notes.

These interim financial statements were authorized for issuance by the Company’s Board of Directors on November 10, 2021.

### Basis of Presentation

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

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

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

### Functional and Presentation Currency

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

## Judgments and Estimates

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

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

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

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

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

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

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

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

## Standards, Amendments and Interpretations Issued and Adopted

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

Effective in the first quarter 2021, the Company adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), issued in August 2020. These amendments address issues that arise from the implementation of interest rate benchmarks (e.g., interbank offered rates ("IBORs")) reform, where IBORs will be replaced with alternative benchmark rates.

For financial instruments carried at amortized cost, the amendments introduce a practical expedient such that, if a change in the contractual cash flows occurs as a direct consequence of IBOR reform and on an economically equivalent basis, the change will be accounted for by updating the effective interest rate prospectively with no immediate gain or loss recognized. As at October 2, 2021, except for short and long-term investments of \$241.4 million that specify a three-month tenor of the Canadian Dollar Offered Rate ("CDOR"), the Company's exposure to non-derivative financial assets and financial liabilities to IBORs subject to reform is not significant.

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

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

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

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

Management is closely monitoring the impacted hedging relationship for possible changes to CDOR and its possible replacement with a new interest rate benchmark. Effective May 17, 2021, Refinitiv Benchmark Services (UK) Limited, the administrator of CDOR, ceased publication of the six and 12 month tenors of CDOR. The one, two and three-month tenors of CDOR will continue to be published. As of the date of these interim financial statements, the Company’s hedging instruments do not specify six and 12 month tenors of CDOR. The practical expedients available under these amendments will be applied for the 2021 annual fiscal period and beyond once the IBOR reform begins to impact the hedge accounting requirements.

### **Standards, Amendments and Interpretations Issued but not yet Adopted**

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

#### ***Insurance Contracts***

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

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

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

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

The amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied

prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

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

### ***Deferred Tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)***

In May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The Company is assessing the potential impact of the amendment.

## **3. Capital Management**

---

The Company's objectives when managing capital are:

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

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

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

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

Helly Hansen is required to comply with covenants established under its bank credit agreements and was in compliance with all financial covenants thereunder as at October 2, 2021.

CT Real Estate Investment Trust ("CT REIT") is required to comply with covenants established under its Declaration of Trust, Trust Indenture and bank credit agreement and was in compliance with all financial covenants thereunder as at October 2, 2021.

In addition, the Company is required to comply with regulatory requirements for capital associated with the operations of Canadian Tire Bank ("CTB" or the "Bank"), a federally chartered bank, and other regulatory requirements that have an impact on its business operations and certain covenants established under its bank credit agreements. As at October 2, 2021, CTB complied with all regulatory capital guidelines established by the Office of the Superintendent of Financial Institutions of Canada ("OSFI") and all financial covenants under its bank credit agreements.

## 4. Liquidity and Financing

---

As at October 2, 2021, the Company (excluding Helly Hansen) had no borrowings on its committed bank lines of credit and no U.S. Commercial Paper outstanding. Helly Hansen had \$64.7 million of C\$ equivalent borrowings outstanding on its committed bank line of credit (180.0 million Norwegian Krone ["NOK"]) and its factoring facility (261.4 million NOK). CT REIT had no borrowings under its committed bank line of credit.

As at October 2, 2021, Glacier Credit Card Trust ("GCCT") had \$50.1 million of asset-backed commercial paper outstanding and a nominal amount outstanding on CTB's committed note purchase facilities. CTB had no borrowings outstanding under its committed bank line of credit.

## 5. Operating Segments

---

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

- The retail business is conducted under a number of banners including Canadian Tire, Canadian Tire Gas ("Petroleum"), Mark's, PartSource, Helly Hansen, Party City<sup>1</sup> and various SportChek banners. Retail also includes the Dealer Loan Program (the portion [silo] of Franchise Trust that issues loans to certain Dealers). Non-CT REIT real estate is included in Retail.
- Financial Services issues Canadian Tire's Triangle branded credit cards, including Triangle Mastercard, Triangle World Mastercard and Triangle World Elite Mastercard. Financial Services also offers Cash Advantage Mastercard and Gas Advantage Mastercard products, markets insurance products, and provides settlement services to the Company's affiliates. Financial Services includes CTB, a federally regulated Schedule I bank that manages and finances the Company's consumer Mastercard portfolio, as well as an existing block of Canadian Tire branded line of credit loans. CTB also offers high-interest savings ("HIS") account deposits, tax-free savings accounts ("TFSA") and guaranteed investment certificate ("GIC") deposits, both directly and through third-party brokers. Financial Services includes GCCT, a structured entity established to purchase co-ownership interests in the Company's credit card loans receivable. GCCT issues debt to third-party investors to fund its purchases.
- CT REIT is an unincorporated, closed-end real estate investment trust. CT REIT holds a geographically-diversified portfolio of properties mainly comprising Canadian Tire banner stores, Canadian Tire anchored retail developments, mixed-use commercial property, and industrial properties.

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

---

<sup>1</sup>"Party City" refers to the party supply business that operates under the Party City name and trademarks in Canada.

For the	13 weeks ended									
	October 2, 2021					September 26, 2020				
(C\$ in millions)	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total
External revenue	\$ 3,606.4	\$ 295.6	\$ 12.8	\$ (1.7)	\$ 3,913.1	\$ 3,684.2	\$ 291.4	\$ 12.6	\$ (1.8)	\$ 3,986.4
Intercompany revenue	0.7	12.0	112.7	(125.4)	—	0.6	9.9	110.6	(121.1)	—
Total revenue	3,607.1	307.6	125.5	(127.1)	3,913.1	3,684.8	301.3	123.2	(122.9)	3,986.4
Cost of producing revenue	2,464.0	108.1	—	(16.1)	2,556.0	2,523.4	133.7	—	(17.5)	2,639.6
Gross margin	1,143.1	199.5	125.5	(111.0)	1,357.1	1,161.4	167.6	123.2	(105.4)	1,346.8
Other (income) expense	(36.3)	(0.5)	—	34.1	(2.7)	(26.2)	0.2	—	31.6	5.6
Selling, general and administrative expenses	905.6	84.1	26.8	(81.5)	935.0	810.3	77.5	28.4	(77.4)	838.8
Net finance costs (income)	47.3	(1.8)	26.3	(16.9)	54.9	51.1	(0.6)	26.3	(16.7)	60.1
Fair value (gain) loss on investment properties	—	—	(5.9)	5.9	—	—	—	4.4	(4.4)	—
Income before income taxes	\$ 226.5	\$ 117.7	\$ 78.3	\$ (52.6)	\$ 369.9	\$ 326.2	\$ 90.5	\$ 64.1	\$ (38.5)	\$ 442.3
Items included in the above:										
Depreciation and amortization	\$ 221.0	\$ 3.1	\$ —	\$ (46.8)	\$ 177.3	\$ 212.5	\$ 3.3	\$ —	\$ (44.5)	\$ 171.3
Interest income	19.3	258.0	—	(16.0)	261.3	20.6	255.4	—	(16.1)	259.9
Interest expense	64.8	39.1	26.3	(48.2)	82.0	69.1	38.1	26.3	(49.3)	84.2

For the	39 weeks ended									
	October 2, 2021					September 26, 2020				
(C\$ in millions)	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total
External revenue	\$10,250.8	\$ 869.5	\$ 39.5	\$ (5.3)	\$11,154.5	\$ 9,036.0	\$ 927.4	\$ 39.8	\$ (6.7)	\$ 9,996.5
Intercompany revenue	2.3	31.4	345.5	(379.2)	—	1.8	25.7	335.7	(363.2)	—
Total revenue	10,253.1	900.9	385.0	(384.5)	11,154.5	9,037.8	953.1	375.5	(369.9)	9,996.5
Cost of producing revenue	7,033.0	280.7	—	(47.7)	7,266.0	6,309.4	514.0	—	(53.6)	6,769.8
Gross margin	3,220.1	620.2	385.0	(336.8)	3,888.5	2,728.4	439.1	375.5	(316.3)	3,226.7
Other (income) expense	(132.5)	3.5	—	100.3	(28.7)	(60.7)	0.8	—	89.7	29.8
Selling, general and administrative expenses	2,671.2	250.1	90.9	(245.3)	2,766.9	2,459.1	227.7	92.0	(233.1)	2,545.7
Net finance costs (income)	143.8	(2.8)	79.3	(51.9)	168.4	169.6	(1.1)	80.7	(51.5)	197.7
Fair value (gain) loss on investment properties	—	—	(116.7)	116.7	—	—	—	33.5	(33.5)	—
Income before income taxes	\$ 537.6	\$ 369.4	\$ 331.5	\$ (256.6)	\$ 981.9	\$ 160.4	\$ 211.7	\$ 169.3	\$ (87.9)	\$ 453.5
Items included in the above:										
Depreciation and amortization	\$ 651.0	\$ 9.8	\$ —	\$ (137.6)	\$ 523.2	\$ 642.0	\$ 10.0	\$ —	\$ (132.1)	\$ 519.9
Interest income	58.6	748.0	—	(48.2)	758.4	67.7	806.3	0.1	(50.9)	823.2
Interest expense	196.9	116.1	79.3	(145.2)	247.1	226.4	109.3	80.8	(151.7)	264.8

The eliminations and adjustments include the following items:

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

While the Company primarily operates in Canada, it also operates in foreign jurisdictions primarily through Helly Hansen. Foreign revenue earned by Helly Hansen for the 13 and 39 weeks ended October 2, 2021 amounted to \$145.0 million (September 26, 2020 – \$142.6 million) and \$367.4 million (September 26, 2020 – \$321.8 million),

respectively. Property and equipment, intangible assets (brand and goodwill) and right-of-use assets located outside of Canada was \$947.8 million as at October 2, 2021 (September 26, 2020 – \$906.5 million).

Capital expenditures by reportable operating segment are as follows:

For the	13 weeks ended							
	October 2, 2021				September 26, 2020			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Capital expenditures <sup>1</sup>	\$ 186.1	\$ 2.7	\$ 18.1	\$ 206.9	\$ 69.3	\$ 0.9	\$ 11.0	\$ 81.2

<sup>1</sup> 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.

For the	39 weeks ended							
	October 2, 2021				September 26, 2020			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Capital expenditures <sup>1</sup>	\$ 427.9	\$ 6.7	\$ 46.2	\$ 480.8	\$ 205.8	\$ 2.5	\$ 58.6	\$ 266.9

<sup>1</sup> Capital expenditures are presented on an accrual basis and include software additions, but exclude right-of-use asset additions, acquisitions relating to business combinations and intellectual property additions.

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

For the	13 weeks ended							
	October 2, 2021				September 26, 2020			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Right-of-use asset additions	\$ 171.5	\$ —	\$ —	\$ 171.5	\$ 58.8	\$ —	\$ —	\$ 58.8

For the	39 weeks ended							
	October 2, 2021				September 26, 2020			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Right-of-use asset additions	\$ 403.5	\$ —	\$ 3.4	\$ 406.9	\$ 135.9	\$ 1.8	\$ 3.0	\$ 140.7

Total assets by reportable operating segment are as follows:

(C\$ in millions)	October 2, 2021			September 26, 2020	January 2, 2021
As at					
Retail	\$	16,419.2	\$	15,589.5	\$ 15,937.2
Financial Services		7,832.4		7,034.7	7,134.2
CT REIT		6,365.8		6,139.6	6,176.1
Eliminations and adjustments		(9,055.9)		(8,790.9)	(8,870.4)
Total assets <sup>1</sup>	\$	21,561.5	\$	19,972.9	\$ 20,377.1

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

Total liabilities by reportable operating segment are as follows:

(C\$ in millions)				
As at		<b>October 2, 2021</b>	September 26, 2020	January 2, 2021
Retail	\$	<b>9,628.1</b>	\$ 9,569.6	\$ 9,534.6
Financial Services		<b>6,722.3</b>	6,016.4	6,120.5
CT REIT		<b>2,771.0</b>	2,755.3	2,800.3
Eliminations and adjustments		<b>(3,919.1)</b>	(3,824.8)	(3,913.0)
<b>Total liabilities<sup>1</sup></b>	<b>\$</b>	<b>15,202.3</b>	<b>\$ 14,516.5</b>	<b>\$ 14,542.4</b>

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

The eliminations and adjustments include the following items:

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

## 6. Loans Receivable

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

(C\$ in millions)		<b>Total principal amount of receivables<sup>1</sup></b>		
As at		<b>October 2, 2021</b>	September 26, 2020	January 2, 2021
Credit card loans <sup>2</sup>	\$	<b>5,257.8</b>	\$ 4,928.3	\$ 4,983.8
Dealer and other loans <sup>3</sup>		<b>493.6</b>	553.5	507.7
Total loans receivable		<b>5,751.4</b>	5,481.8	5,491.5
Less: long-term portion <sup>4</sup>		<b>422.3</b>	506.8	459.7
<b>Current portion of loans receivable</b>	<b>\$</b>	<b>5,329.1</b>	<b>\$ 4,975.0</b>	<b>\$ 5,031.8</b>

<sup>1</sup> Amounts shown are net of allowances for loans receivable.

<sup>2</sup> Includes line of credit loans.

<sup>3</sup> Dealer loans of \$492.6 million relate to loans issued by Franchise Trust.

<sup>4</sup> The long-term portion of loans receivable is included in long-term receivables and other assets and includes Dealer loans of \$421.3 million (September 26, 2020 – \$505.7 million and January 2, 2021 – \$458.7 million).

The Company's allowances for loans receivable decreased by \$52.3 million from January 2, 2021. The reduction is primarily due to the ongoing strength in portfolio metrics, as evidenced by the continuation of strong payment and favourable delinquency rates. Despite improvements in overall risk, Management continues to assess allowances with consideration for the ongoing level of uncertainty over future cardholder behaviour, which may be impacted by the easing of Government restrictions and the expected completion of Government relief measures, among other indicators of economic health. A continuity of the Company's allowances for loans receivable is as follows:

	2021			
(C\$ in millions)	12-month ECL (Stage 1)	Lifetime ECL – not credit- impaired (Stage 2)	Lifetime ECL – credit- impaired (Stage 3)	Total
Balance at January 2, 2021	\$ 409.1	\$ 161.3	\$ 293.6	\$ 864.0
Increase (decrease) during the period				
Write-offs	(5.1)	(13.3)	(235.2)	(253.6)
Recoveries	—	—	68.7	68.7
New loans originated	13.8	—	—	13.8
Transfers				
to Stage 1	104.2	(37.4)	(66.8)	—
to Stage 2	(13.1)	20.6	(7.5)	—
to Stage 3	(16.1)	(20.9)	37.0	—
Net remeasurements	(76.4)	55.6	139.6	118.8
Balance at October 2, 2021	\$ 416.4	\$ 165.9	\$ 229.4	\$ 811.7

  

	2020			
(C\$ in millions)	12-month ECL (Stage 1)	Lifetime ECL – not credit- impaired (Stage 2)	Lifetime ECL – credit- impaired (Stage 3)	Total
Balance at December 28, 2019	\$ 300.5	\$ 192.1	\$ 304.2	\$ 796.8
Increase (decrease) during the period				
Write-offs	(7.8)	(27.3)	(313.5)	(348.6)
Recoveries	—	—	61.6	61.6
New loans originated	7.7	—	—	7.7
Transfers				
to Stage 1	106.2	(66.3)	(39.9)	—
to Stage 2	(14.4)	19.3	(4.9)	—
to Stage 3	(24.8)	(42.6)	67.4	—
Net remeasurements	60.1	95.2	218.5	373.8
Balance at September 26, 2020	\$ 427.5	\$ 170.4	\$ 293.4	\$ 891.3

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

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

	October 2, 2021			
(C\$ in millions)	Stage 1	Stage 2	Stage 3	Total
Low risk	\$ 2,676.7	\$ 57.5	\$ —	\$ 2,734.2
Moderate risk	1,842.5	102.9	—	1,945.4
High risk	737.2	155.0	497.7	1,389.9
Total gross carrying amount	5,256.4	315.4	497.7	6,069.5
ECL allowance	416.4	165.9	229.4	811.7
Net carrying amount	\$ 4,840.0	\$ 149.5	\$ 268.3	\$ 5,257.8

	September 26, 2020			
(C\$ in millions)	Stage 1	Stage 2	Stage 3	Total
Low risk	\$ 2,272.4	\$ 57.0	\$ —	\$ 2,329.4
Moderate risk	1,827.0	103.2	—	1,930.2
High risk	733.5	184.8	641.7	1,560.0
Total gross carrying amount	4,832.9	345.0	641.7	5,819.6
ECL allowance	427.5	170.4	293.4	891.3
Net carrying amount	\$ 4,405.4	\$ 174.6	\$ 348.3	\$ 4,928.3

  

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

During the 13 and 39 weeks ended October 2, 2021, the amount of cash received from interest earned on credit cards loans was \$235.7 million (September 26, 2020 – \$244.0 million) and \$701.5 million (September 26, 2020 – \$773.9 million), respectively.

## 7. Long-Term Debt

On January 6, 2021, CT REIT issued \$150.0 million of Series G senior unsecured debentures. The debentures have a coupon rate of 2.371 percent and a maturity date of January 6, 2031.

On January 10, 2021, CT REIT redeemed the entire outstanding principal amount of \$150.0 million Series C senior unsecured debentures.

## 8. Share Capital

Share capital consists of the following:

(C\$ in millions)	October 2, 2021	September 26, 2020	January 2, 2021
As at			
Authorized			
3,423,366 Common Shares			
100,000,000 Class A Non-Voting Shares			
Issued			
3,423,366 Common Shares (2020 – 3,423,366)	\$ 0.2	\$ 0.2	\$ 0.2
57,383,757 Class A Non-Voting Shares (September 26, 2020 – 57,383,757; January 2, 2021 – 57,383,758)	607.1	593.3	596.8
	\$ 607.3	\$ 593.5	\$ 597.0

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

During the first three quarters of 2021 and fiscal 2020, the Company issued and purchased Class A Non-Voting Shares. The Company's Class A Non-Voting Shares were purchased under its normal course issuer bid ("NCIB") and pursuant to its anti-dilutive policy. During the first quarter of 2020, Class A Non-Voting Shares were also purchased in fulfillment of the Company's 2020 Share Purchase Intention. Purchases are charged to share

capital at the average cost per share outstanding and the excess between the purchase price and the average cost is first allocated to contributed surplus, with any remainder allocated to retained earnings.

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

For the (C\$ in millions)	13 Weeks Ended				39 Weeks Ended			
	October 2, 2021		September 26, 2020		October 2, 2021		September 26, 2020	
	Number	\$	Number	\$	Number	\$	Number	\$
Shares outstanding at beginning of the period	57,383,758	\$ 603.9	57,383,758	\$ 589.9	57,383,758	\$ 596.8	58,096,958	\$ 587.8
Issued under the dividend reinvestment plan and stock option plan	17,813	3.4	27,214	3.7	59,658	10.9	82,917	10.6
Purchased <sup>1</sup>	(17,814)	(3.4)	(27,215)	(3.7)	(59,659)	(11.0)	(796,118)	(107.1)
Reversal of accrued liability for ASPP <sup>2</sup> commitment	—	—	—	—	—	—	—	3.0
Excess of purchase price over average cost	—	3.2	—	3.4	—	10.4	—	99.0
Shares outstanding at end of the period	57,383,757	\$ 607.1	57,383,757	\$ 593.3	57,383,757	\$ 607.1	57,383,757	\$ 593.3

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

<sup>2</sup> Automatic Share Purchase Plan.

As of October 2, 2021, the Company had dividends declared and payable to holders of Class A Non-Voting Shares and Common Shares of \$71.4 million (September 26, 2020 – \$69.2 million) at a rate of \$1.1750 per share (September 26, 2020 – \$1.1375 per share).

On November 10, 2021, the Company's Board of Directors declared dividends at a rate of \$1.30 per share payable on March 1, 2022 to shareholders of record as of January 31, 2022.

For the 13 and 39 weeks ended September 26, 2020, 377,361 and 173,046 stock options, respectively, were not included in the calculation of diluted earnings per share as they were anti-dilutive.

## 9. Share-Based Payments

During the 39 weeks ended October 2, 2021, the Company granted the following share-based payment awards:

### Stock options

The Company granted 225,011 (September 26, 2020 – 1,021,688) stock options to certain employees. These stock options vest on a graduated basis over a three-year period, are exercisable over a term of seven years and have exercise prices of \$173.14 and \$207.09 (September 26, 2020 – \$80.49).

## 10. Revenue

Revenue by reportable operating segment is as follows:

For the	13 weeks ended									
	October 2, 2021					September 26, 2020				
(C\$ in millions)	Retail	Financial Services	CT REIT	Adjustments	Total	Retail	Financial Services	CT REIT	Adjustments	Total
Sale of goods	\$ 3,460.5	\$ —	\$ —	\$ —	\$ 3,460.5	\$ 3,532.0	\$ —	\$ —	\$ —	\$ 3,532.0
Interest income on loans receivable	1.8	256.0	—	(0.9)	256.9	2.6	254.6	—	(1.0)	256.2
Royalties and licence fees	16.1	—	—	—	16.1	15.7	—	—	—	15.7
Services rendered	4.7	39.6	—	(0.8)	43.5	5.8	36.8	—	(0.8)	41.8
Rental income	123.3	—	12.8	—	136.1	128.1	—	12.6	—	140.7
	\$ 3,606.4	\$ 295.6	\$ 12.8	\$ (1.7)	\$ 3,913.1	\$ 3,684.2	\$ 291.4	\$ 12.6	\$ (1.8)	\$ 3,986.4

For the	39 weeks ended									
	October 2, 2021					September 26, 2020				
(C\$ in millions)	Retail	Financial Services	CT REIT	Adjustments	Total	Retail	Financial Services	CT REIT	Adjustments	Total
Sale of goods	\$ 9,824.0	\$ —	\$ —	\$ —	\$ 9,824.0	\$ 8,645.8	\$ —	\$ —	\$ —	\$ 8,645.8
Interest income on loans receivable	5.5	744.6	—	(2.5)	747.6	10.9	804.5	—	(4.1)	811.3
Royalties and licence fees	41.5	—	—	—	41.5	34.6	—	—	—	34.6
Services rendered	13.6	124.9	—	(2.8)	135.7	14.7	122.9	—	(2.6)	135.0
Rental income	366.2	—	39.5	—	405.7	330.0	—	39.8	—	369.8
	\$ 10,250.8	\$ 869.5	\$ 39.5	\$ (5.3)	\$ 11,154.5	\$ 9,036.0	\$ 927.4	\$ 39.8	\$ (6.7)	\$ 9,996.5

Retail revenue breakdown is as follows:

For the	13 weeks ended		39 weeks ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
(C\$ in millions)				
Canadian Tire	\$ 2,067.4	\$ 2,322.7	\$ 6,329.7	\$ 5,775.5
SportChek	560.6	533.2	1,410.7	1,210.0
Mark's	307.3	286.3	842.3	679.8
Helly Hansen <sup>1</sup>	157.6	155.4	394.5	345.8
Petroleum	503.5	374.6	1,247.5	1,003.8
Other and intersegment eliminations <sup>1</sup>	10.0	12.0	26.1	21.1
	\$ 3,606.4	\$ 3,684.2	\$ 10,250.8	\$ 9,036.0

<sup>1</sup> Helly Hansen revenue represents external revenue only.

### Major customers

The Company does not rely on any one customer.

## 11. Cost of Producing Revenue

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Inventory cost of sales <sup>1</sup>	\$ 2,460.4	\$ 2,518.8	\$ 7,032.7	\$ 6,300.5
Net impairment loss on loans receivable	54.9	83.3	122.5	367.8
Finance costs	22.7	20.4	67.8	55.2
Other	18.0	17.1	43.0	46.3
	\$ 2,556.0	\$ 2,639.6	\$ 7,266.0	\$ 6,769.8

<sup>1</sup> Inventory cost of sales includes depreciation for the 13 and 39 weeks ended October 2, 2021 of \$4.6 million (2020 – \$3.4 million) and \$12.6 million (2020 – \$9.7 million), respectively.

Inventory writedowns as a result of net realizable value being lower than cost, recognized in the 13 and 39 weeks ended October 2, 2021 were \$25.7 million (2020 – \$13.6 million) and \$87.1 million (2020 – \$53.4 million), respectively.

Inventory writedowns recognized in prior periods and reversed in the 13 and 39 weeks ended October 2, 2021 were \$2.9 million (2020 – \$2.3 million) and \$8.0 million (2020 – \$5.2 million), respectively. The reversal of writedowns was the result of actual losses being lower than previously estimated.

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

## 12. Selling, General and Administrative Expenses

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Personnel expenses	\$ 377.7	\$ 334.1	\$ 1,113.8	\$ 1,006.0
Occupancy	109.6	104.0	340.9	320.9
Marketing and advertising	77.8	62.8	217.0	184.5
Depreciation of property and equipment and investment property <sup>1</sup>	67.4	70.5	203.4	214.7
Depreciation of right-of-use assets	74.3	70.5	217.6	210.7
Amortization of intangible assets	31.0	26.9	89.6	84.8
Information systems	66.6	55.0	182.9	156.7
Other	130.6	115.0	401.7	367.4
	\$ 935.0	\$ 838.8	\$ 2,766.9	\$ 2,545.7

<sup>1</sup> Refer to Note 11 for depreciation included in cost of producing revenue.

## 13. Net Finance Costs

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Finance income	\$ (3.2)	\$ (2.2)	\$ (7.1)	\$ (7.5)
Finance income on lease receivables <sup>1</sup>	(1.2)	(1.5)	(3.8)	(4.4)
Finance costs	37.4	39.6	111.3	135.0
Finance costs on lease liabilities	21.9	24.2	68.0	74.6
	\$ 54.9	\$ 60.1	\$ 168.4	\$ 197.7

<sup>1</sup> Relates to properties where the Company is an intermediate lessor in a sublease arrangement classified as a finance sublease under IFRS 16.

## 14. Income Taxes

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

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges not subject to basis adjustment	\$ 1.5	\$ (0.6)	\$ 3.4	\$ (12.0)
Deferred cost of hedging not subject to basis adjustment – Changes in fair value of the time value of an option in relation to time-period related hedged items	(1.1)	1.4	—	(1.3)
Reclassification of losses to income	0.9	0.1	4.2	0.3
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges subject to basis adjustment	17.8	(9.3)	3.1	19.6
	\$ 19.1	\$ (8.4)	\$ 10.7	\$ 6.6

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

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

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

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

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

(C\$ in millions)	October 2, 2021	September 26, 2020	January 2, 2021
As at			
Cash	\$ 719.8	\$ 511.7	\$ 750.7
Cash equivalents	814.2	779.7	540.3
Restricted cash and cash equivalents <sup>1</sup>	14.3	11.4	36.2
Total cash and cash equivalents <sup>2</sup>	1,548.3	1,302.8	1,327.2
Bank indebtedness	(12.9)	(6.8)	—
Cash and cash equivalents, net of bank indebtedness	\$ 1,535.4	\$ 1,296.0	\$ 1,327.2

<sup>1</sup> Restricted cash and cash equivalents relates to GCCT and is restricted for the purpose of paying principal and interest to note holders and additional funding costs of \$5.4 million (September 26, 2020 – \$5.8 million and January 2, 2021 – \$29.7 million) and Helly Hansen's other operational items \$8.9 million (September 26, 2020 – \$5.6 million and January 2, 2021 – \$6.6 million).

<sup>2</sup> Included in cash and cash equivalents are amounts held in reserve in support of Financial Services' liquidity and regulatory requirements.

The total cash outflow for leases during the 13 and 39 weeks ended October 2, 2021 was \$120.1 million (September 26, 2020 – \$108.3 million) and \$344.1 million (2020 – \$327.9 million), respectively.

**Capital Commitments**

As at October 2, 2021, the Company had capital commitments for the acquisition of property and equipment, investment property and intangible assets for an aggregate cost of approximately \$167.7 million (September 26, 2020 – \$237.1 million).

**16. Financial Instruments****16.1 Fair Value of Financial Instruments**

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

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

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

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

**Investments in Debt Securities**

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

**Derivatives**

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

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

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

**Redeemable Financial Instrument**

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

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

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

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

(C\$ in millions)

As at		October 2, 2021	September 26, 2020	January 2, 2021
	Category	Level	Level	Level
Trade and other receivables	FVTPL <sup>1</sup>	2 \$ 61.7	2 \$ 30.1	2 \$ 69.8
Trade and other receivables	Effective hedging instruments	2 31.4	2 21.4	2 0.2
Long-term receivables and other assets	FVTPL <sup>1</sup>	2 2.1	2 16.0	2 28.2
Long-term receivables and other assets	Effective hedging instruments	2 53.3	2 28.9	2 14.4
Trade and other payables	FVTPL <sup>1</sup>	2 18.8	2 8.2	2 25.6
Trade and other payables	Effective hedging instruments	2 19.0	2 18.3	2 93.7
Redeemable financial instrument	FVTPL	3 567.0	3 567.0	3 567.0
Other long-term liabilities	FVTPL <sup>1</sup>	2 8.0	2 0.7	2 2.2
Other long-term liabilities	Effective hedging instruments	2 1.3	2 2.3	2 8.2

<sup>1</sup> Relates to derivatives not designated as hedging instruments.

There were no transfers in either direction among categories during the 13 and 39 weeks ended October 2, 2021 or the 13 and 39 weeks ended September 26, 2020.

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

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

As at	October 2, 2021		September 26, 2020		January 2, 2021	
(C\$ in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term investments	\$ 580.0	\$ 579.7	\$ 402.2	\$ 401.6	\$ 643.0	\$ 642.3
Long-term investments	176.7	176.2	176.3	176.3	146.2	146.1
Debt	4,267.2	4,500.5	4,265.3	4,539.1	4,266.2	4,593.3
Deposits	4,091.5	4,122.3	3,249.0	3,337.1	3,509.7	3,613.3

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

## 17. Contingencies

### Legal Matters

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

The Bank appealed commodity tax assessments for the years 2011 through 2017 to the Tax Court of Canada. On June 29, 2021, the Tax Court issued a judgment allowing the Bank's appeal on the basis that the service fees paid by the Bank to the credit card networks are consideration for exempt supplies of financial services, pursuant to a consent judgment. The Bank expects the Canada Revenue Agency to reassess in accordance with the Tax Court's judgment in the coming months, reversing the commodity tax assessments. No provision was made for the assessed amounts that would have been payable in the event of an adverse outcome.