

***CANADIAN TIRE CORPORATION, LIMITED***  
***CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS***  
**Q3 2023**

# Index to the Financial Statements and Notes

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS:

Condensed Interim Consolidated Balance Sheets (Unaudited).....	2
Condensed Interim Consolidated Statements of Income (Unaudited).....	3
Condensed Interim Consolidated Statements of Comprehensive Income (Unaudited).....	4
Condensed Interim Consolidated Statements of Cash Flows (Unaudited).....	5
Condensed Interim Consolidated Statements of Changes in Equity (Unaudited).....	6

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

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

# Condensed Interim Consolidated Balance Sheets

As at (C\$ in millions)(unaudited)	September 30, 2023	October 1, 2022	December 31, 2022
<b>ASSETS</b>			
Cash and cash equivalents (Note 16)	\$ 458.9	\$ 316.2	\$ 331.3
Short-term investments	125.2	173.6	176.3
Trade and other receivables	1,524.3	1,477.0	1,309.9
Loans receivable (Note 6)	6,422.5	6,107.8	6,271.1
Merchandise inventories	3,360.0	3,443.5	3,216.1
Income taxes recoverable	78.8	80.8	27.4
Prepaid expenses and deposits	215.0	193.9	195.7
Assets classified as held for sale	3.9	2.8	2.6
<b>Total current assets</b>	<b>12,188.6</b>	<b>11,795.6</b>	<b>11,530.4</b>
Long-term receivables and other assets	669.5	681.1	676.7
Long-term investments	63.4	96.6	62.6
Goodwill and intangible assets	2,256.4	2,270.1	2,341.6
Investment property	431.4	404.9	421.5
Property and equipment	5,082.6	4,856.9	4,994.1
Right-of-use assets	1,930.1	1,960.5	1,932.0
Deferred income taxes	90.8	145.7	143.4
<b>Total assets</b>	<b>\$ 22,712.8</b>	<b>\$ 22,211.4</b>	<b>\$ 22,102.3</b>
<b>LIABILITIES</b>			
Bank indebtedness (Note 16)	\$ —	\$ 13.3	\$ 5.0
Deposits	1,037.8	1,337.4	1,226.3
Trade and other payables	2,990.4	3,158.0	3,200.9
Provisions	221.7	178.3	197.2
Short-term borrowings	1,251.8	840.0	576.2
Loans	531.5	452.1	472.9
Current portion of lease liabilities	370.6	388.4	381.2
Income taxes payable	34.8	16.4	47.1
Current portion of long-term debt	560.5	640.1	1,040.2
<b>Total current liabilities</b>	<b>6,999.1</b>	<b>7,024.0</b>	<b>7,147.0</b>
Long-term provisions	52.0	52.5	66.1
Long-term debt (Note 7)	3,754.8	3,617.0	3,217.5
Long-term deposits	2,211.7	1,745.7	1,739.4
Long-term lease liabilities	1,992.9	2,033.6	2,026.4
Deferred income taxes	138.8	121.6	132.1
Other long-term liabilities	1,062.6	790.4	734.6
<b>Total liabilities</b>	<b>16,211.9</b>	<b>15,384.8</b>	<b>15,063.1</b>
<b>EQUITY</b>			
Share capital (Note 8)	591.9	599.7	587.8
Contributed surplus	2.9	2.9	2.9
Accumulated other comprehensive (loss)	(108.0)	(20.4)	(42.4)
Retained earnings	4,576.0	4,815.7	5,070.2
<b>Equity attributable to shareholders of Canadian Tire Corporation</b>	<b>5,062.8</b>	<b>5,397.9</b>	<b>5,618.5</b>
Non-controlling interests	1,438.1	1,428.7	1,420.7
<b>Total equity</b>	<b>6,500.9</b>	<b>6,826.6</b>	<b>7,039.2</b>
<b>Total liabilities and equity</b>	<b>\$ 22,712.8</b>	<b>\$ 22,211.4</b>	<b>\$ 22,102.3</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	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
<b>Revenue</b> (Note 10)	\$ 4,250.5	\$ 4,228.8	\$ 12,213.5	\$ 12,470.2
Cost of producing revenue (Note 11)	2,814.0	2,843.5	8,046.7	8,390.7
<b>Gross margin</b>	1,436.5	1,385.3	4,166.8	4,079.5
Other expense (income)	(126.8)	13.8	31.2	61.4
Selling, general and administrative expenses <sup>1</sup> (Note 12)	891.7	833.5	2,692.2	2,490.5
Depreciation and amortization <sup>1</sup> (Note 13)	194.0	183.8	574.9	530.9
Net finance costs (income) (Note 14)	80.3	55.6	230.7	165.1
Change in fair value of redeemable financial instrument (Note 17)	328.0	—	328.0	—
<b>Income before income taxes</b>	69.3	298.6	309.8	831.6
<b>Income tax expense (recovery)</b>	97.1	73.6	167.9	211.4
<b>Net income (loss)</b>	\$ (27.8)	\$ 225.0	\$ 141.9	\$ 620.2
Net income (loss) attributable to:				
Shareholders of Canadian Tire Corporation	\$ (66.4)	\$ 184.9	\$ 40.8	\$ 512.2
Non-controlling interests	38.6	40.1	101.1	108.0
	\$ (27.8)	\$ 225.0	\$ 141.9	\$ 620.2
<b>Basic (loss) earnings per share</b>	\$ (1.19)	\$ 3.15	\$ 0.72	\$ 8.65
<b>Diluted (loss) earnings per share</b>	\$ (1.19)	\$ 3.14	\$ 0.72	\$ 8.59
<b>Weighted average number of Common and Class A Non-Voting Shares outstanding:</b>				
<b>Basic</b>	55,766,255	58,671,402	56,430,392	59,231,854
<b>Diluted</b>	55,766,255	58,983,396	56,677,046	59,611,273

<sup>1</sup> Certain prior-year figures have been restated to conform to the current-year presentation.

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

# Condensed Interim Consolidated Statements of Comprehensive Income

For the (C\$ in millions)(unaudited)	13 weeks ended		39 weeks ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
<b>Net income (loss)</b>	\$ (27.8)	\$ 225.0	\$ 141.9	\$ 620.2
<b>Other comprehensive income (loss), net of taxes</b>				
<b>Items that may be reclassified subsequently to net income (loss):</b>				
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges not subject to basis adjustment	13.6	(25.5)	19.2	85.3
Deferred cost of hedging not subject to basis adjustment – Changes in fair value of the time value of an option in relation to time-period-related hedged items	26.5	33.8	28.1	12.7
Reclassification of losses (gains) to income	0.4	1.8	1.4	5.7
Currency translation adjustment	21.9	(7.9)	(73.0)	(97.4)
<b>Items that will not be reclassified subsequently to net income (loss):</b>				
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges subject to basis adjustment	75.7	155.5	37.9	205.4
<b>Other comprehensive income (loss)</b>	\$ 138.1	\$ 157.7	\$ 13.6	\$ 211.7
<b>Other comprehensive income (loss) attributable to:</b>				
Shareholders of Canadian Tire Corporation	\$ 130.0	\$ 155.6	\$ 3.9	\$ 190.9
Non-controlling interests	8.1	2.1	9.7	20.8
	\$ 138.1	\$ 157.7	\$ 13.6	\$ 211.7
<b>Comprehensive income (loss)</b>	\$ 110.3	\$ 382.7	\$ 155.5	\$ 831.9
<b>Comprehensive income (loss) attributable to:</b>				
Shareholders of Canadian Tire Corporation	\$ 63.6	\$ 340.5	\$ 44.7	\$ 703.1
Non-controlling interests	46.7	42.2	110.8	128.8
	\$ 110.3	\$ 382.7	\$ 155.5	\$ 831.9

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	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
<b>Cash generated from (used for):</b>				
<b>Operating activities</b>				
Net income (loss)	\$ (27.8)	\$ 225.0	\$ 141.9	\$ 620.2
Adjustments for:				
Depreciation of property and equipment, investment property and right-of-use assets	169.2	158.7	504.6	458.8
Impairment of right-of-use assets	2.1	—	2.1	—
Income taxes	97.1	73.6	167.9	211.4
Net finance costs (Note 14)	80.3	55.6	230.7	165.1
Amortization of intangible assets (Note 13)	31.4	31.3	94.4	90.4
Gain (loss) on disposal of property and equipment, investment property, assets held for sale and right-of-use assets	(0.2)	3.4	(1.5)	(8.4)
Change in fair value of redeemable financial instrument (Note 17)	328.0	—	328.0	—
Non-cash loss on exit of Helly Hansen operations in Russia	—	—	—	20.8
Non-cash charge related to fire at A.J. Billes Distribution Centre (Note 2)	0.5	—	54.8	—
Total except as noted below	680.6	547.6	1,522.9	1,558.3
Interest paid	(128.2)	(76.6)	(302.1)	(187.4)
Interest received	13.9	6.8	29.0	15.2
Income taxes paid	(17.0)	(112.5)	(172.5)	(449.1)
Change in loans receivable <sup>1</sup>	(9.8)	(127.8)	(99.9)	(461.1)
Change in operating working capital and other	(568.0)	(577.0)	(493.6)	(920.6)
<b>Cash generated from (used for) operating activities</b>	<b>(28.5)</b>	<b>(339.5)</b>	<b>483.8</b>	<b>(444.7)</b>
<b>Investing activities</b>				
Additions to property and equipment and investment property	(169.3)	(239.6)	(322.9)	(450.8)
Additions to intangible assets	(19.3)	(19.1)	(73.7)	(88.5)
Total additions	(188.6)	(258.7)	(396.6)	(539.3)
Acquisition of short-term investments	(56.5)	(29.8)	(121.0)	(134.7)
Proceeds from maturity and disposition of short-term investments	109.7	149.9	172.9	649.6
Proceeds on disposition of property and equipment, investment property, and assets held for sale	—	—	—	5.7
Lease payments received for finance subleases (principal portion)	4.5	4.2	15.3	12.6
Acquisition of long-term investments and other	(1.0)	(6.3)	(7.0)	(17.4)
Change in Franchise Trust loans receivable <sup>1</sup>	(29.8)	9.9	(58.4)	(24.6)
<b>Cash used for investing activities</b>	<b>(161.7)</b>	<b>(130.8)</b>	<b>(394.8)</b>	<b>(48.1)</b>
<b>Financing activities</b>				
Dividends paid	(88.8)	(89.9)	(272.1)	(236.4)
Distributions paid to non-controlling interests	(29.6)	(22.7)	(103.5)	(101.2)
Net issuance of short-term borrowings	225.6	744.2	675.6	731.9
Issuance of loans	95.7	62.5	238.6	212.4
Repayment of loans	(65.9)	(72.5)	(180.1)	(187.8)
Issuance of long-term debt	1,100.0	450.0	1,100.0	700.0
Repayment of long-term debt	(984.1)	(569.6)	(1,040.0)	(720.0)
Payment of lease liabilities (principal portion)	(99.7)	(94.1)	(332.2)	(270.3)
Payment of transaction costs relating to long-term debt	(4.2)	(1.6)	(4.2)	(3.1)
Purchase of Class A Non-Voting Shares	(51.1)	(78.6)	(368.5)	(297.8)
Net receipts (payments) on financial instruments	45.5	30.0	50.0	30.2
Change in deposits	72.9	(92.5)	280.0	(813.9)
<b>Cash generated from (used for) financing activities</b>	<b>216.3</b>	<b>265.2</b>	<b>43.6</b>	<b>(956.0)</b>
<b>Cash generated (used) in the period</b>	<b>26.1</b>	<b>(205.1)</b>	<b>132.6</b>	<b>(1,448.8)</b>
<b>Cash and cash equivalents, net of bank indebtedness, beginning of period</b>	<b>432.8</b>	<b>508.0</b>	<b>326.3</b>	<b>1,751.7</b>
<b>Cash and cash equivalents, net of bank indebtedness, end of period</b>	<b>\$ 458.9</b>	<b>\$ 302.9</b>	<b>\$ 458.9</b>	<b>\$ 302.9</b>

<sup>1</sup> Certain prior-year figures have been restated to conform to the current-year presentation.

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

# Condensed Interim Consolidated Statements of Changes in Equity

(C\$ in millions)(unaudited)	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 31, 2022</b>	\$ 587.8	\$ 2.9	\$ 132.9	\$ (175.3)	\$ (42.4)	\$ 5,070.2	\$ 5,618.5	\$ 1,420.7	\$ 7,039.2	
<b>Net income (loss)</b>	—	—	—	—	—	40.8	40.8	101.1	141.9	
<b>Other comprehensive income (loss)</b>	—	—	76.9	(73.0)	3.9	—	3.9	9.7	13.6	
<b>Total comprehensive income (loss)</b>	—	—	76.9	(73.0)	3.9	40.8	44.7	110.8	155.5	
<b>Transfers of cash flow hedge (gains) to non-financial assets</b>	—	—	(69.5)	—	(69.5)	—	(69.5)	—	(69.5)	
<b>Contributions and distributions to shareholders of Canadian Tire Corporation</b>										
Issuance of Class A Non-Voting Shares (Note 8)	20.4	—	—	—	—	—	20.4	—	20.4	
Purchase of Class A Non-Voting Shares (Note 8)	(368.5)	—	—	—	—	—	(368.5)	—	(368.5)	
Change in automatic share purchase plan commitment (Note 8)	8.1	—	—	—	—	98.6	106.7	—	106.7	
Excess of purchase price over average cost (Note 8)	344.1	—	—	—	—	(344.1)	—	—	—	
Dividends	—	—	—	—	—	(289.5)	(289.5)	—	(289.5)	
<b>Contributions and distributions to non-controlling interests</b>										
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	10.1	10.1	
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(103.5)	(103.5)	
<b>Total contributions and distributions</b>	4.1	—	(69.5)	—	(69.5)	(535.0)	(600.4)	(93.4)	(693.8)	
<b>Balance at September 30, 2023</b>	\$ 591.9	\$ 2.9	\$ 140.3	\$ (248.3)	\$ (108.0)	\$ 4,576.0	\$ 5,062.8	\$ 1,438.1	\$ 6,500.9	

(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 1, 2022</b>	\$ 593.6	\$ 2.9	\$ (19.9)	\$ (149.3)	\$ (169.2)	\$ 4,696.5	\$ 5,123.8	\$ 1,387.0	\$ 6,510.8	
<b>Net income (loss)</b>	—	—	—	—	—	512.2	512.2	108.0	620.2	
<b>Other comprehensive income (loss)</b>	—	—	288.3	(97.4)	190.9	—	190.9	20.8	211.7	
<b>Total comprehensive income (loss)</b>	—	—	288.3	(97.4)	190.9	512.2	703.1	128.8	831.9	
<b>Transfers of cash flow hedge (gains) to non-financial assets</b>	—	—	(42.1)	—	(42.1)	—	(42.1)	—	(42.1)	
<b>Contributions and distributions to shareholders of Canadian Tire Corporation</b>										
Issuance of Class A Non-Voting Shares (Note 8)	14.2	—	—	—	—	—	14.2	—	14.2	
Purchase of Class A Non-Voting Shares (Note 8)	(297.8)	—	—	—	—	—	(297.8)	—	(297.8)	
Change in automatic share purchase plan commitment (Note 8)	10.2	—	—	—	—	153.0	163.2	—	163.2	
Excess of purchase price over average cost (Note 8)	279.5	—	—	—	—	(279.5)	—	—	—	
Dividends	—	—	—	—	—	(266.5)	(266.5)	—	(266.5)	
<b>Contributions and distributions to non-controlling interests</b>										
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	14.3	14.3	
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(101.4)	(101.4)	
<b>Total contributions and distributions</b>	6.1	—	(42.1)	—	(42.1)	(393.0)	(429.0)	(87.1)	(516.1)	
<b>Balance at October 1, 2022</b>	\$ 599.7	\$ 2.9	\$ 226.3	\$ (246.7)	\$ (20.4)	\$ 4,815.7	\$ 5,397.9	\$ 1,428.7	\$ 6,826.6	

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

## 1. The Company and its Operations

---

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

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

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

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

## 2. Basis of Preparation

---

### Statement of Compliance

These condensed interim consolidated financial statements (“interim financial statements”) for the 13 and 39 weeks ended September 30, 2023 (and comparative results for the 13 and 39 weeks ended October 1, 2022) have been prepared in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting* and therefore do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements. These interim financial statements should be read in conjunction with the Company’s 2022 Consolidated Financial Statements and Notes and have been prepared using the same accounting policies described in Note 3 to the 2022 Consolidated Financial Statements and Notes, with the exception of the accounting policy adopted as a result of implementation of IFRS 17 - *Insurance Contracts* (“IFRS 17”).

These interim financial statements were authorized for issuance by the Company’s Board of Directors on November 8, 2023.

### Basis of Presentation

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

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

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

### Functional and Presentation Currency

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

## Judgments and Estimates

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

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

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

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

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

Details of the accounting policies subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these interim financial statements are described in Note 2 to the Company's 2022 Consolidated Financial Statements and Notes and supplemented by the changes below.

The Company has historically accrued the majority of the annual benefit from its margin-sharing arrangement ("MSA") with the Canadian Tire Associate Dealers ("Dealers") in the fourth quarter of every year. Based on the experience gained since the inception of the MSA, the Company has developed a methodology to better estimate the impact on a quarterly basis. Effective as of the first quarter of this year, the Company recorded the MSA throughout the year to better reflect the pattern over which the MSA is earned. This change has been accounted for as a change in accounting estimate, and results in a shift of earnings from the fourth quarter to the first, second and third quarters; with no change to the annual amount. The change in accounting estimate had a year-to-date impact of \$171.0 million, of which \$32.7 million was recognized in the third quarter.

On March 15, 2023, a fire occurred at the A.J. Billes Distribution Centre. At the end of Q2, the Company had recorded cumulative costs of \$142.3 million in expenses relating to remediation, and write-offs of inventory and property and equipment. During the third quarter, the Company estimated and recognized a net recovery of \$131.0 million in Other expense (income) in the Consolidated Statements of Income and while the Company is virtually certain its claim is eligible under its insurance policy for recognition purposes, the measurement of the recovery remains uncertain. The Company's estimate represents the costs incurred for remediation, replacement costs for inventory written off, and the cost of repairing, replacing or reconstructing property and equipment, net of any insurance deductible. Ongoing measurement uncertainty over the recovery includes eligible cost structures, such as replacement costs, construction estimates, and business interruption. The actual results of the recovery may differ from the estimates made. For further information refer to Note 18.

## Standards, Amendments and Interpretations Issued and Adopted

### ***Insurance Contracts***

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

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

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

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

### **Clarifying Distinction Between Accounting Policies and Accounting Estimates**

In February 2021, the IASB issued narrow-scope amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* (“IAS 8”). The amendments to IAS 8 clarify how companies distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retroactively to past transactions and other past events. The Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

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

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending December 30, 2023 and, accordingly, have not been applied in preparing these interim financial statements.

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

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

#### **Non-current Liabilities with Covenants**

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

#### **Supplier Finance Arrangements**

In May 2023, the IASB issued amendments to IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures*. The amendments add requirements to disclose information that allows users to assess how supplier finance arrangements affect an entity’s liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company is assessing the potential impact of these amendments.

#### **International Tax Reform**

In May 2023, the IASB issued amendments to IAS 12 – *Incomes Taxes*. The amendments require entities to disclose information relating to income taxes arising from implementation of Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development which are expected to be enacted in local tax jurisdictions. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is assessing the potential impact of these amendments.

**Lack of Exchangeability**

In August 2023, the IASB issued amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates* in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company is assessing the potential impact of these amendments.

**3. Capital Management**

---

The Company's objectives when managing capital are:

- Ensuring sufficient liquidity to meet its financial obligations when due and execute its operating and strategic plans;
- Maintaining healthy liquidity reserves and have the ability to access additional capital from multiple sources, if required; 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 ratios to approximate the methodologies of credit-rating agencies and other market participants on a current and prospective basis. To assess its effectiveness in managing capital, Management monitors these ratios against target ranges.

Canadian Tire Corporation, Limited was compliant with all financial covenants under its bank credit agreements as of September 30, 2023. Under these covenants, the Company has sufficient flexibility to support business growth.

Helly Hansen is required to comply with covenants established under its bank credit agreements and was compliant with all financial covenants thereunder as of September 30, 2023.

CT Real Estate Investment Trust ("CT REIT") is required to comply with covenants established under its Declaration of Trust, Trust Indenture and bank credit agreement and was compliant with all financial covenants thereunder as of September 30, 2023.

In addition, the Company is required to comply with regulatory requirements for capital associated with the operations of Canadian Tire Bank ("CTB"), a federally chartered bank, and other regulatory requirements that have an impact on its business operations and certain covenants established under its bank credit agreements. As of September 30, 2023, CTB complied with all regulatory capital guidelines established by the Office of the Superintendent of Financial Institutions and all financial covenants under its bank credit agreements.

**4. Liquidity and Financing**

---

As of September 30, 2023, the Company had \$353.0 million of borrowings under its committed bank lines of credit, a nominal amount owing under its note purchase facilities, \$606.6 million Canadian dollar equivalent of U.S. commercial paper outstanding, and \$292.2 million of asset-backed commercial paper notes outstanding.

**5. Operating Segments**

---

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

- The retail business is conducted under a number of banners including Canadian Tire, Canadian Tire Gas (“Petroleum”), Mark’s, PartSource, Helly Hansen, Party City in Canada, and various SportChek banners. Retail also includes the Dealer Loan Program (the portion [sil] of Franchise Trust that issues loans to certain Dealers). Non-CT REIT real estate is included in Retail.
- Financial Services issues Canadian Tire’s Triangle brand credit cards, including Triangle Mastercard, Triangle World Mastercard, and Triangle World Elite Mastercard. Financial Services also offers Cash Advantage Mastercard and Gas Advantage Mastercard products, markets insurance products, and provides settlement services to the Company’s affiliates. Financial Services includes CTB, a federally regulated Schedule I bank that manages and finances the Company’s consumer Mastercard portfolio, as well as an existing block of Canadian Tire branded line of credit loans. CTB also offers High-Interest Savings account deposits, Tax-Free Savings Accounts and GIC deposits, both directly and through third-party brokers. Financial Services 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 mainly comprising Canadian Tire banner stores, Canadian Tire anchored retail developments, mixed-use commercial property, and industrial properties.

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

For the	13 weeks ended									
	September 30, 2023					October 1, 2022				
(C\$ in millions)	Financial Retail	Financial Services	CT REIT	Eliminations and adjustments	Total	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total
External revenue	\$ 3,866.3	\$ 380.1	\$ 14.6	\$ (10.5)	\$ 4,250.5	\$ 3,872.4	\$ 347.1	\$ 14.5	\$ (5.2)	\$ 4,228.8
Intercompany revenue	1.0	13.0	122.9	(136.9)	—	1.3	13.3	118.6	(133.2)	—
Total revenue	3,867.3	393.1	137.5	(147.4)	4,250.5	3,873.7	360.4	133.1	(138.4)	4,228.8
Cost of producing revenue	2,660.3	182.2	—	(28.5)	2,814.0	2,720.4	142.3	—	(19.2)	2,843.5
Gross margin	1,207.0	210.9	137.5	(118.9)	1,436.5	1,153.3	218.1	133.1	(119.2)	1,385.3
Other expense (income)	(164.9)	1.8	—	36.3	(126.8)	(21.9)	0.7	—	35.0	13.8
Selling, general and administrative expenses <sup>1</sup>	818.2	84.5	31.2	(42.2)	891.7	768.6	75.8	29.1	(40.0)	833.5
Depreciation and amortization <sup>1</sup>	244.7	2.2	—	(52.9)	194.0	228.8	3.4	—	(48.4)	183.8
Net finance costs (income)	70.0	(3.3)	28.3	(14.7)	80.3	44.8	(1.4)	27.6	(15.4)	55.6
Change in fair value of redeemable financial instrument	—	—	—	328.0	328.0	—	—	—	—	—
Fair value (gain) loss on investment properties	—	—	66.7	(66.7)	—	—	—	(0.6)	0.6	—
Income (loss) before income taxes	\$ 239.0	\$ 125.7	\$ 11.3	\$ (306.7)	\$ 69.3	\$ 133.0	\$ 139.6	\$ 77.0	\$ (51.0)	\$ 298.6
Items included in the above:										
Interest income	26.8	334.3	0.1	(16.4)	344.8	24.4	300.6	0.1	(18.7)	306.4
Interest expense	88.4	56.8	28.4	(50.8)	122.8	64.8	40.2	27.7	(49.3)	83.4

<sup>1</sup> Certain prior year figures have been restated to conform to the current year presentation.

For the (C\$ in millions)	39 weeks ended									
	September 30, 2023					October 1, 2022				
	Financial Retail	Financial Services	CT REIT	Eliminations and adjustments	Total	Financial Retail	Financial Services	CT REIT	Eliminations and adjustments	Total
External revenue	\$11,098.2	\$1,091.6	\$ 43.5	\$ (19.8)	\$12,213.5	\$11,441.6	\$ 995.4	\$ 42.7	\$ (9.5)	\$12,470.2
Intercompany revenue	3.1	35.8	369.3	(408.2)	—	3.8	37.1	354.9	(395.8)	—
Total revenue	11,101.3	1,127.4	412.8	(428.0)	12,213.5	11,445.4	1,032.5	397.6	(405.3)	12,470.2
Cost of producing revenue	7,593.4	525.7	—	(72.4)	8,046.7	8,033.1	409.0	—	(51.4)	8,390.7
Gross margin	3,507.9	601.7	412.8	(355.6)	4,166.8	3,412.3	623.5	397.6	(353.9)	4,079.5
Other expense (income)	(79.5)	4.1	—	106.6	31.2	(44.7)	0.9	—	105.2	61.4
Selling, general and administrative expenses <sup>1</sup>	2,421.7	298.5	97.8	(125.8)	2,692.2	2,255.6	261.1	93.7	(119.9)	2,490.5
Depreciation and amortization <sup>1</sup>	722.6	7.4	—	(155.1)	574.9	664.3	10.1	—	(143.5)	530.9
Net finance costs (income)	197.8	(8.1)	84.5	(43.5)	230.7	131.5	(3.4)	82.7	(45.7)	165.1
Change in fair value of redeemable financial instrument	—	—	—	328.0	328.0	—	—	—	—	—
Fair value (gain) loss on investment properties	—	—	39.3	(39.3)	—	—	—	(28.7)	28.7	—
Income before income taxes	\$ 245.3	\$ 299.8	\$ 191.2	\$ (426.5)	\$ 309.8	\$ 405.6	\$ 354.8	\$ 249.9	\$ (178.7)	\$ 831.6
Items included in the above:										
Interest income	82.8	946.5	0.2	(53.8)	975.7	63.7	854.5	0.2	(50.7)	867.7
Interest expense	257.4	148.3	84.7	(154.1)	336.3	186.7	112.0	82.9	(141.8)	239.8

<sup>1</sup> Certain prior year figures have been restated to conform to the current year presentation.

Transactions among reportable operating segments are carried out at arm's length prices. The eliminations and adjustments include the following items:

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

While the Company primarily operates in Canada, it also operates in foreign jurisdictions primarily through Helly Hansen. Foreign revenue earned by Helly Hansen for the 13 and 39 weeks ended September 30, 2023 amounted to \$199.1 million (October 1, 2022 – \$150.9 million) and \$520.2 million (October 1, 2022 – \$435.8 million), respectively. Property and equipment, intangible assets (brand and goodwill) and right-of-use assets located outside Canada was \$922.1 million as at September 30, 2023 (October 1, 2022 – \$875.5 million).

The Company recognized an expense of \$33.3 million in Selling, general and administrative expenses during the second quarter of 2023 relating to the Bill C-47.

Capital expenditures by reportable operating segment are as follows:

For the (C\$ in millions)	13 weeks ended							
	September 30, 2023				October 1, 2022			
	Financial Retail	Financial Services	CT REIT	Total	Financial Retail	Financial Services	CT REIT	Total
Capital expenditures <sup>1</sup>	\$ 154.6	\$ 0.5	\$ 21.3	\$ 176.4	\$ 199.7	\$ 3.5	\$ 28.5	\$ 231.7

<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							
	September 30, 2023				October 1, 2022			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Capital expenditures <sup>1</sup>	\$ 389.7	\$ 3.4	\$ 42.7	\$ 435.8	\$ 504.6	\$ 9.4	\$ 60.2	\$ 574.2

<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.

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

For the	13 weeks ended							
	September 30, 2023				October 1, 2022			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Right-of-use asset additions	\$ 164.5	\$ —	\$ —	\$ 164.5	\$ 256.4	\$ —	\$ 19.9	\$ 276.3

For the	39 weeks ended							
	September 30, 2023				October 1, 2022			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Right-of-use asset additions	\$ 286.2	\$ —	\$ 0.3	\$ 286.5	\$ 454.7	\$ —	\$ 26.9	\$ 481.6

Total assets by reportable operating segment are as follows:

(C\$ in millions)	September 30, 2023			October 1, 2022	December 31, 2022
As at					
Retail	\$	18,057.4	\$	17,997.1	\$ 17,729.6
Financial Services		7,202.6		6,870.3	7,060.4
CT REIT		6,957.0		6,763.6	6,844.8
Eliminations and adjustments		(9,504.2)		(9,419.6)	(9,532.5)
Total assets <sup>1</sup>	\$	22,712.8	\$	22,211.4	\$ 22,102.3

<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)	September 30, 2023			October 1, 2022	December 31, 2022
As at					
Retail	\$	10,987.0	\$	10,924.0	\$ 10,395.5
Financial Services		6,035.3		5,629.4	5,883.4
CT REIT		3,086.9		2,965.1	3,017.6
Eliminations and adjustments		(3,897.3)		(4,133.7)	(4,233.4)
Total liabilities <sup>1</sup>	\$	16,211.9	\$	15,384.8	\$ 15,063.1

<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.

The eliminations and adjustments include the following items:

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

## 6. Loans Receivable

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

(C\$ in millions)	Total principal amount of receivables <sup>1</sup>		
	September 30, 2023	October 1, 2022	December 31, 2022
As at			
Credit card loans <sup>2</sup>	\$ 6,306.2	\$ 6,010.3	\$ 6,206.3
Dealer and other loans <sup>3</sup>	533.1	453.7	474.7
Total loans receivable	6,839.3	6,464.0	6,681.0
Less: long-term portion <sup>4</sup>	416.8	356.2	409.9
Current portion of loans receivable	\$ 6,422.5	\$ 6,107.8	\$ 6,271.1

<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 \$531.5 million (October 1, 2022 – \$452.1 million and December 31, 2022 – \$472.9 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 \$415.2 million (October 1, 2022 – \$354.6 million and December 31, 2022 – \$408.2 million).

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

(C\$ in millions)	2023			
	12-month ECL (Stage 1)	Lifetime ECL – not credit-impaired (Stage 2)	Lifetime ECL – credit-impaired (Stage 3)	Total
Balance at December 31, 2022	\$ 423.9	\$ 197.4	\$ 275.8	\$ 897.1
Increase (decrease) during the period				
Write-offs	(8.6)	(27.3)	(364.4)	(400.3)
Recoveries	—	—	69.7	69.7
New loans originated	15.9	—	—	15.9
Transfers				
to Stage 1	65.0	(38.6)	(26.4)	—
to Stage 2	(23.7)	27.7	(4.0)	—
to Stage 3	(23.8)	(35.0)	58.8	—
Net remeasurements	(43.5)	79.5	294.0	330.0
Balance at September 30, 2023	\$ 405.2	\$ 203.7	\$ 303.5	\$ 912.4
				2022
(C\$ in millions)	12-month ECL (Stage 1)	Lifetime ECL – not credit-impaired (Stage 2)	Lifetime ECL – credit-impaired (Stage 3)	Total
Balance at January 1, 2022	\$ 435.9	\$ 174.3	\$ 231.3	\$ 841.5
Increase (decrease) during the period				
Write-offs	(6.6)	(16.8)	(277.8)	(301.2)
Recoveries	—	—	63.4	63.4
New loans originated	18.1	—	—	18.1
Transfers				
to Stage 1	62.8	(29.6)	(33.2)	—
to Stage 2	(19.6)	24.0	(4.4)	—
to Stage 3	(20.1)	(21.9)	42.0	—
Net remeasurements	(60.0)	69.1	237.8	246.9
Balance at October 1, 2022	\$ 410.5	\$ 199.1	\$ 259.1	\$ 868.7

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

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

(C\$ in millions)	September 30, 2023			
	Stage 1	Stage 2	Stage 3	Total
Low risk	\$ 3,017.1	\$ 59.1	\$ —	\$ 3,076.2
Moderate risk	2,183.7	109.7	—	2,293.4
High risk	951.0	305.6	592.4	1,849.0
Total gross carrying amount	6,151.8	474.4	592.4	7,218.6
ECL allowance	405.2	203.7	303.5	912.4
Net carrying amount	\$ 5,746.6	\$ 270.7	\$ 288.9	\$ 6,306.2

(C\$ in millions)	October 1, 2022			
	Stage 1	Stage 2	Stage 3	Total
Low risk	\$ 2,975.1	\$ 57.0	\$ —	\$ 3,032.1
Moderate risk	2,081.7	107.2	—	2,188.9
High risk	892.1	250.8	515.1	1,658.0
Total gross carrying amount	5,948.9	415.0	515.1	6,879.0
ECL allowance	410.5	199.1	259.1	868.7
Net carrying amount	\$ 5,538.4	\$ 215.9	\$ 256.0	\$ 6,010.3

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

During the 13 and 39 weeks ended September 30, 2023, the amount of cash received from interest earned on credit cards and loans was \$295.1 million (October 1, 2022 – \$273.2 million) and \$863.7 million (October 1, 2022 – \$788.2 million), respectively.

## 7. Long-Term Debt

On July 6, 2023, CTC repaid a \$400.0 million medium-term note, at maturity, bearing an interest rate of 3.167 percent per annum.

On August 23, 2023, GCCT issued \$500.0 million of Series 2023-1 asset-backed term notes that have an expected repayment date of September 20, 2028, consisting of \$467.5 million of senior term notes bearing an interest rate of 5.681 percent per annum and \$32.5 million of subordinated term notes bearing an interest rate of 6.881 percent per annum.

On September 14, 2023, CTC issued \$600.0 million of medium-term notes, consisting of \$400.0 million of 5.372 percent Series G unsecured medium-term notes due September 16, 2030 and \$200.0 million of CORRA<sup>1</sup> + 1.00 percent Series H unsecured floating rate medium-term notes due September 14, 2026.

On September 20, 2023, GCCT repaid \$584.0 million of Series 2018-1 asset-backed term notes consisting of \$546.0 million of senior term notes, which bore an interest rate of 3.138 percent per annum, as well as \$38.0 million of subordinated term notes, which bore an interest rate of 4.138 percent per annum.

<sup>1</sup> Canadian Overnight Repo Rate Average ("CORRA").

## 8. Share Capital

Share capital consists of the following:

(C\$ in millions)

As at	September 30, 2023	October 1, 2022	December 31, 2022
Authorized			
3,423,366 Common Shares			
100,000,000 Class A Non-Voting Shares			
Issued			
3,423,366 Common Shares (October 1, 2022 – 3,423,366; December 31, 2022 – 3,423,366)	\$ 0.2	\$ 0.2	\$ 0.2
52,197,823 Class A Non-Voting Shares (October 1, 2022 – 55,096,998; December 31, 2022 – 54,276,998)	591.7	599.5	587.6
	<b>\$ 591.9</b>	<b>\$ 599.7</b>	<b>\$ 587.8</b>

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

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

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

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

For the  (C\$ in millions)	13 Weeks Ended				39 Weeks Ended			
	September 30, 2023		October 1, 2022		September 30, 2023		October 1, 2022	
	Number	\$	Number	\$	Number	\$	Number	\$
Shares outstanding at beginning of the period	52,493,324	\$ 586.3	55,537,813	\$ 595.6	54,276,998	\$ 587.6	56,723,758	\$ 593.4
Issued under the dividend reinvestment plan and stock option plan	48,000	7.5	35,103	5.6	125,017	20.4	83,474	14.2
Purchased <sup>1</sup>	(343,501)	(56.5)	(475,918)	(78.6)	(2,204,192)	(368.5)	(1,710,234)	(297.8)
Change in ASPP maximum obligation	—	1.8	—	3.4	—	8.1	—	10.2
Excess of purchase price over average cost	—	52.6	—	73.5	—	344.1	—	279.5
Shares outstanding at end of the period	52,197,823	\$ 591.7	55,096,998	\$ 599.5	52,197,823	\$ 591.7	55,096,998	\$ 599.5

<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.

As of September 30, 2023, the Company had dividends declared and payable to holders of Class A Non-Voting Shares and Common Shares of \$95.9 million (October 1, 2022 – \$95.1 million) at a rate of \$1.7250 per share (October 1, 2022 – \$1.6250 per share).

On November 9, 2023, the Company's Board of Directors declared dividends at a rate of \$1.7500 per share payable on March 1, 2024 to shareholders of record as of January 31, 2024.

## 9. Share-Based Payments

During the 39 weeks ended September 30, 2023, the Company granted the following share-based payment awards:

### Stock Options

The Company granted 253,660 (October 1, 2022 – 226,744) stock options to certain employees. These stock options vest on a graduated basis over a three-year period, are exercisable over a term of seven years, and have an exercise price of \$167.80, \$166.07 and \$155.44 (October 1, 2022 – \$187.25).

## 10. Revenue

External revenue by reportable operating segment is as follows:

For the	13 weeks ended									
	September 30, 2023					October 1, 2022				
(C\$ in millions)	Retail	Financial Services	CT REIT	Adjustments	Total	Retail	Financial Services	CT REIT	Adjustments	Total
Sale of goods	\$ 3,720.0	\$ —	\$ —	\$ —	\$ 3,720.0	\$ 3,729.4	\$ —	\$ —	\$ —	\$ 3,729.4
Interest income on loans receivable	8.4	330.9	—	(8.8)	330.5	4.3	299.2	—	(4.1)	299.4
Royalties and licence fees	17.8	—	—	—	17.8	17.8	—	—	—	17.8
Services rendered	4.5	49.2	—	(1.7)	52.0	4.6	47.9	—	(1.1)	51.4
Rental income	115.6	—	14.6	—	130.2	116.3	—	14.5	—	130.8
	<b>\$ 3,866.3</b>	<b>\$ 380.1</b>	<b>\$ 14.6</b>	<b>\$ (10.5)</b>	<b>\$ 4,250.5</b>	<b>\$ 3,872.4</b>	<b>\$ 347.1</b>	<b>\$ 14.5</b>	<b>\$ (5.2)</b>	<b>\$ 4,228.8</b>

For the	39 weeks ended									
	September 30, 2023					October 1, 2022				
(C\$ in millions)	Retail	Financial Services	CT REIT	Adjustments	Total	Retail	Financial Services	CT REIT	Adjustments	Total
Sale of goods	\$10,647.0	\$ —	\$ —	\$ —	\$10,647.0	\$10,996.3	\$ —	\$ —	\$ —	\$10,996.3
Interest income on loans receivable	23.2	938.1	—	(15.6)	945.7	8.5	850.7	—	(6.2)	853.0
Royalties and licence fees	46.7	—	—	—	46.7	46.2	—	—	—	46.2
Services rendered	12.0	153.5	—	(4.2)	161.3	13.6	144.7	—	(3.3)	155.0
Rental income	369.3	—	43.5	—	412.8	377.0	—	42.7	—	419.7
	<b>\$11,098.2</b>	<b>\$ 1,091.6</b>	<b>\$ 43.5</b>	<b>\$ (19.8)</b>	<b>\$12,213.5</b>	<b>\$11,441.6</b>	<b>\$ 995.4</b>	<b>\$ 42.7</b>	<b>\$ (9.5)</b>	<b>\$12,470.2</b>

Retail revenue breakdown is as follows:

For the	13 weeks ended		39 weeks ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
(C\$ in millions)				
Canadian Tire	\$ 2,201.0	\$ 2,179.7	\$ 6,526.7	\$ 6,747.6
SportChek	518.3	576.4	1,400.1	1,461.3
Mark's	322.4	324.9	970.3	953.0
Helly Hansen <sup>1</sup>	219.2	170.9	563.2	480.1
Petroleum	597.6	614.6	1,628.0	1,792.5
Other and intersegment eliminations <sup>1</sup>	7.8	5.9	9.9	7.1
	<b>\$ 3,866.3</b>	<b>\$ 3,872.4</b>	<b>\$ 11,098.2</b>	<b>\$ 11,441.6</b>

<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	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Inventory cost of sales <sup>1</sup>	\$ 2,651.7	\$ 2,715.1	\$ 7,587.2	\$ 8,030.1
Net impairment loss on loans receivable	107.3	85.7	323.9	248.5
Finance costs	28.3	20.7	75.6	60.0
Other	26.7	22.0	60.0	52.1
	<b>\$ 2,814.0</b>	<b>\$ 2,843.5</b>	<b>\$ 8,046.7</b>	<b>\$ 8,390.7</b>

<sup>1</sup> Inventory cost of sales includes depreciation for the 13 and 39 weeks ended September 30, 2023 of \$6.6 million (October 1, 2022 – \$6.2 million) and \$24.1 million (October 1, 2022 – \$18.3 million), respectively.

Inventory write-downs as a result of net realizable value being lower than cost, recognized in the 13 and 39 weeks ended September 30, 2023 were \$27.1 million (October 1, 2022– \$19 million) and \$99.7 million (October 1, 2022 – \$50.6 million), respectively.

Inventory write-downs recognized in prior periods and reversed in the 13 and 39 weeks ended September 30, 2023 were \$5.3 million (October 1, 2022 – \$2.5 million) and \$6.7 million (October 1, 2022 – \$8.2 million), respectively. The reversal of write-downs was the result of actual losses being lower than previously estimated.

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

## 12. Selling, General and Administrative Expenses

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	September 30, 2023	October 1, 2022 <sup>1</sup>	September 30, 2023	October 1, 2022 <sup>1</sup>
Personnel expenses	\$ 443.4	\$ 374.6	\$ 1,255.8	\$ 1,145.3
Occupancy	127.9	117.1	390.9	360.4
Marketing and advertising	77.7	83.8	254.4	267.3
Information systems	82.9	74.0	258.4	214.8
Other	159.8	184.0	532.7	502.7
	<b>\$ 891.7</b>	<b>\$ 833.5</b>	<b>\$ 2,692.2</b>	<b>\$ 2,490.5</b>

<sup>1</sup> Certain prior-year figures have been restated to conform to the current-year presentation.

## 13. Depreciation and Amortization

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Depreciation of property and equipment and investment property <sup>1</sup>	\$ 73.7	\$ 67.2	\$ 213.6	\$ 196.2
Depreciation of right-of-use assets	88.9	85.3	266.9	244.3
Amortization of intangible assets	31.4	31.3	94.4	90.4
	<b>\$ 194.0</b>	<b>\$ 183.8</b>	<b>\$ 574.9</b>	<b>\$ 530.9</b>

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

## 14. Net Finance Costs

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Finance income	\$ (13.1)	\$ (5.9)	\$ (26.6)	\$ (11.0)
Finance income on lease receivables <sup>1</sup>	(1.1)	(1.2)	(3.4)	(3.7)
Finance costs	69.2	41.0	183.9	114.7
Finance costs on lease liabilities	25.3	21.7	76.8	65.1
	\$ 80.3	\$ 55.6	\$ 230.7	\$ 165.1

<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.

## 15. Income Taxes

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

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges not subject to basis adjustment	\$ 5.3	\$ (9.2)	\$ 7.5	\$ 30.8
Deferred cost of hedging not subject to basis adjustment – Changes in fair value of the time value of an option in relation to time-period-related hedged items	10.3	12.2	10.9	4.6
Reclassification of losses (gains) to income	0.1	0.7	0.5	2.1
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges subject to basis adjustment	25.5	54.4	12.3	71.6
	\$ 41.2	\$ 58.1	\$ 31.2	\$ 109.1

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

There have been no material changes in ongoing income tax audits by tax authorities as disclosed in Note 16 to the 2022 Consolidated Financial Statements and Notes.

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

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

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

(C\$ in millions)	September 30, 2023	October 1, 2022	December 31, 2022
As at			
Cash	\$ 320.6	\$ 258.4	\$ 229.1
Cash equivalents	126.4	49.5	84.7
Restricted cash and cash equivalents <sup>1</sup>	11.9	8.3	17.5
Total cash and cash equivalents <sup>2</sup>	458.9	316.2	331.3
Bank indebtedness	—	(13.3)	(5.0)
Cash and cash equivalents, net of bank indebtedness	\$ 458.9	\$ 302.9	\$ 326.3

<sup>1</sup> Restricted cash and cash equivalents of \$8.7 million (October 1, 2022 – \$5.8 million and December 31, 2022 – \$14.3 million) relates to GCCT and is restricted for the purpose of paying principal and interest to note holders and additional funding costs. \$3.2 million (October 1, 2022 – \$2.5 million and December 31, 2022 – \$3.2 million) represents Helly Hansen's operational items.

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

The total cash outflow for leases during the 13 and 39 weeks ended September 30, 2023 was \$124.5 million (October 1, 2022 – \$117.0 million) and \$407.7 million (October 1, 2022 – \$333.1 million), respectively.

### Capital and Other Commitments

As at September 30, 2023, the Company had capital commitments for the acquisition of property and equipment, investment property, and intangible assets for an aggregate cost of approximately \$154.7 million (October 1, 2022 – \$265.1 million).

During the second quarter of 2023, the Company entered into agreements to spend \$445 million over a period of seven years.

## 17. Financial Instruments

### 17.1 Fair Value of Financial Instruments

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

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

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

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

### Investments in Debt Securities

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

### Derivatives

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

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

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

### **Redeemable Financial Instrument**

In the third quarter, the fair value of the redeemable financial instrument is based on a negotiated purchase price, refer to Note 19. The change in fair value of \$328 million is recognized in the Consolidated Statements of Income. This fair value measurement is categorized within Level 2 of the fair value hierarchy and represents a transfer from Level 3, which previously applied entity specific unobservable inputs, to Level 2, based on the negotiated purchase price. For details of the Level 3 valuation technique applied refer to Note 3 and Note 33 to the Company's 2022 Consolidated Financial Statements and Notes.

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

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

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

(C\$ in millions)

As at		September 30, 2023		October 1, 2022		December 31, 2022	
		Level		Level		Level	
Trade and other receivables	FVTPL <sup>1</sup>	2	\$ 31.4	2	\$ 79.8	2	\$ 35.5
Trade and other receivables	Effective hedging instruments	2	141.7	2	228.9	2	154.4
Long-term receivables and other assets	FVTPL <sup>1</sup>	2	—	2	1.5	2	—
Long-term receivables and other assets	Effective hedging instruments	2	95.3	2	144.8	2	107.9
Trade and other payables	FVTPL <sup>1</sup>	2	31.1	2	61.1	2	73.4
Trade and other payables	Effective hedging instruments	2	9.2	2	0.5	2	1.1
Redeemable financial instrument	FVTPL	2	895.0	3	567.0	3	567.0
Other long-term liabilities	FVTPL <sup>1</sup>	2	2.3	2	7.2	2	3.9
Other long-term liabilities	Effective hedging instruments	2	3.2	2	—	2	0.5

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

With the exception of the redeemable financial instrument, discussed in Note 17.1, there were no transfers in either direction among levels during the 13 and 39 weeks ended September 30, 2023 or the 13 and 39 weeks ended October 1, 2022.

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

The fair value measurement of investments, debt, and deposits is categorized within Level 2 of the fair value hierarchy described in Note 33.2 to the Company's 2022 Consolidated Financial Statements and Notes. The fair values of the Company's investments, debt, and deposits compared to the carrying amounts are as follows:

As at (C\$ in millions)	September 30, 2023		October 1, 2022		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term investments	\$ 125.2	\$ 124.7	\$ 173.6	\$ 173.7	\$ 176.3	\$ 176.8
Long-term investments	63.4	64.1	96.6	93.8	62.6	63.1
Debt	4,315.3	4,116.0	4,257.1	4,079.4	4,257.7	4,085.3
Deposits	3,249.5	3,166.3	3,083.1	2,989.9	2,965.7	2,910.7

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

## 18. Contingencies

### Legal Matters

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

### Insurance Recoveries

The Company has notified its insurers of a loss caused by the fire at the A.J. Billes Distribution Centre on March 15, 2023. The Company is virtually certain that it is eligible for a claim under its insurance policy for recognition purposes. The Company has recognized net recoveries of \$131.0 million in Other expense (income) at the end of the reporting period representing Management's best estimate of the recovery of expenses. The Company continues to assess contingencies in relation to claim categories beyond remediation, inventory and property and equipment. Any additional recoveries will be recognized when the losses are estimable, and receipt is virtually certain.

## 19. Subsequent Events

On October 31, 2023, the Company announced that it repurchased Scotiabank's 20 percent stake in Canadian Tire Financial Services, with the \$895.0 million consideration funded by CTC's existing short-term funding channels, supplemented by a \$400.0 million, 18-month term loan. The transaction extinguishes the Company's redeemable financial instrument disclosed in Note 17.

Subsequent to the end of the quarter, the Company undertook targeted headcount reductions and expects to record a charge between \$20.0 million to \$25.0 million in Q4 2023 in relation to these actions.