



Canadian Tire Corporation Reports Third Quarter 2023 Results, Announces 14th Consecutive Year of Annual Dividend Increase and Renewal of Share Repurchase Program

Toronto, November 9, 2023 – Canadian Tire Corporation, Limited (TSX:CTC, TSX: CTC.A) (“CTC” or the “Company”) today released its third quarter results for the period ended September 30, 2023.

- Consolidated comparable sales¹ down 1.6% as consumers continue to shift to essentials
- Increase in Retail Gross margin rate as higher CTR product margin offset promotional intensity at other banners
- Normalized diluted Earnings Per Share¹ (“EPS”) was \$2.96; Diluted EPS was \$(1.19)
- Annualized dividend increased from \$6.90 to \$7.00 per share; intention to repurchase up to an additional \$200.0 million Class A Non-Voting Shares during 2024

“Against softening consumer demand, our Q3 results show the continued resilience, relevance, and underlying strength of our business as we leveraged loyalty and prioritized essential categories within our multi-category assortment,” said Greg Hicks, President and CEO, Canadian Tire Corporation. “We remain focused on driving value for our customers as we head into the important fourth quarter.”

“In a more challenging economic environment, we are accelerating efficiency initiatives, prioritizing investments within our *Better Connected* strategy, and actively managing our resource allocation,” added Hicks.

THIRD QUARTER HIGHLIGHTS

- Consolidated comparable sales were down 1.6%, as the consumer spend softening experienced in Q2 persisted into Q3, particularly in Ontario and British Columbia (“BC”).
 - Canadian Tire Retail comparable sales¹ were down 0.6%; essential categories were up 4%, led by Automotive.
 - SportChek comparable sales¹ were down 7.4%; strong growth in team sports was offset by weakness in more discretionary categories, such as athletic footwear and clothing.
 - Mark’s comparable sales¹ were up 0.2%, against strong growth in Q3 2022; ladies casualwear and casual footwear offset declines in industrial and men’s casualwear.

- Owned Brands penetration¹ was up 42 bps to 36.2%, driven by CTR. The Owned Brands portfolio delivered an 888 bps margin premium to National Brands.
- Diluted EPS was \$(1.19); Normalized diluted EPS was \$2.96, down 11.4%, as a result of lower Retail and Financial Services income before income taxes (“IBT”)
 - Diluted EPS reflected the change in fair value charge related to the Scotiabank transaction announced on October 31, 2023, which represented a charge of \$328.0 million (an impact of \$5.88). This was partially offset by a \$1.73 contribution from the \$131.0 million insurance recovery related to the March 15, 2023 fire at the A.J. Billes distribution centre (“DC”), which was recorded in the Retail segment.
 - Retail IBT was \$239.0 million. Normalized Retail IBT¹ was \$108.0 million, down \$40.8 million; stable revenue and an increase in gross margin was offset by higher SG&A and net finance costs.
 - Financial Services IBT was \$125.7 million, down \$13.9 million; higher net impairment losses and funding costs offset revenue growth of 9.0%.

CONSOLIDATED OVERVIEW

- Unless otherwise specified, Consolidated results include the previously disclosed Margin Sharing Arrangement (“MSA”) change² which was effective from the first quarter of 2023.
- Revenue was \$4,250.5 million, up 0.5% compared to \$4,228.8 million in the same period last year; Revenue (excluding Petroleum)¹ was \$3,652.9 million, an increase of 1.1% compared to the prior year.
- Consolidated IBT was \$69.3 million, a decrease of \$229.3 million compared to the prior year. Normalized IBT¹ was \$266.3 million, compared to \$314.4 million in the prior year.
- Diluted EPS was \$(1.19) compared to \$3.14 in the prior year; Normalized diluted EPS was \$2.96, compared to \$3.34 in the prior year.
- Refer to the Company’s Q3 2023 MD&A sections 4.1.1 and 4.2.1 for information on normalizing items and the MSA change and for additional details on events that have impacted the Company in the quarter.

RETAIL SEGMENT OVERVIEW

- Unless otherwise specified, Retail results include the previously disclosed MSA change² which was effective from the first quarter of 2023.
- Retail sales¹ were \$4,639.3 million, down 2.0%, compared to the third quarter of 2022, as a result of softening consumer demand, particularly in Ontario and BC, and a mix shift to more essential and value offerings; Retail sales (excluding Petroleum)¹ and consolidated comparable sales were down 1.9% and 1.6%, respectively.

- CTR retail sales¹ were down 0.9% over the same period last year, and comparable sales were down 0.6%.
- SportChek retail sales¹ decreased 7.6% over the same period last year, and comparable sales were down 7.4%.
- Mark's retail sales¹ decreased 0.1% over the same period last year, and comparable sales were up 0.2%.
- Helly Hansen revenue was up 28.2% compared to the same period in 2022.
- Retail revenue was \$3,867.3 million, a decrease of \$6.4 million, or 0.2%, compared to the prior year; Retail revenue (excluding Petroleum)¹ was up 0.3%. Excluding the favourable impact of the MSA change², Retail revenue (excluding Petroleum) was down \$22.1 million.
- Retail gross margin was \$1,207.0 million, up 4.7% compared to the third quarter of the prior year, or up 4.6% excluding Petroleum¹; Retail gross margin rate (excluding Petroleum)¹ increased 143 bps to 35.1%. Excluding the MSA change, Retail gross margin rate (excluding Petroleum) was up 77 bps.
- Retail IBT was \$239.0 million, compared to \$133.0 million in the same period of the prior year, mainly due to the DC fire insurance recovery. Normalized Retail IBT was \$108.0 million in Q3 2023, compared to \$148.8 million in the prior year.
- Retail Return on Invested Capital¹ ("ROIC") calculated on a trailing twelve-month basis was 11.1% at the end of the third quarter of 2023, compared to 12.5% at the end of the third quarter of 2022, due to the decrease in earnings and the increase in Average retail invested capital over the prior period.
- Refer to the Company's Q3 2023 MD&A sections 4.1.1 and 4.2.1 for information on normalizing items and the MSA change and for additional details on events that have impacted the Retail segment in the quarter.

FINANCIAL SERVICES OVERVIEW

- Gross Average Accounts Receivable¹ ("GAAR") was up 6.4% relative to the prior year due to growth in average active accounts and average account balances. Growth in average active accounts and average account balances¹ were up 2.6% and 3.7%, respectively, in the quarter.
- Financial Services gross margin was \$210.9 million, down 3.3% compared to the prior year; higher net impairment losses and funding costs were partially offset by strong revenue growth.
- Financial Services IBT was \$125.7 million, down from \$139.6 million compared to the prior year.
- Refer to the Company's Q3 2023 MD&A sections 4.1.1 and 4.2.1 for information on normalizing items and sections 4.3.1 and 4.3.2 for additional details on events that have impacted the Financial Services segment in the quarter.

CT REIT OVERVIEW

- Adjusted Funds From Operations¹ (“AFFO”) per unit was \$0.301, up 3.1% compared to Q3 2022; diluted net income per unit was \$0.048, compared to \$0.285 in Q3 2022.
- CT REIT announced one new investment totalling \$28.0 million, which is expected to add approximately 113,000 square feet of incremental gross leasable area (“GLA”) upon completion.
- For further information, refer to the Q3 2023 CT REIT earnings release issued on November 6, 2023.

CAPITAL ALLOCATION

CAPITAL EXPENDITURES

- Operating capital expenditures¹ were \$155.1 million in the quarter, compared to \$203.2 million in Q3 2022.
- Total capital expenditures were \$176.4 million, compared to \$231.7 million in Q3 2022.
- 2023 operating capital expenditures are expected to be in the range of \$650 million to \$700 million, compared to CTC’s previously disclosed range of \$750 million to \$800 million. 2024 operating capital expenditures are expected to be in the range of \$550 million to \$600 million.

QUARTERLY DIVIDEND

- The Company increased its annual dividend for the 14th consecutive year, to \$7.00 per share from \$6.90 per share, an increase of approximately 1.5% since last year as a result of the dividend increase approved on November 8, 2023.
- The Company declared dividends payable to holders of Class A Non-Voting Shares (the “Shares”) and Common Shares at a rate of \$1.750 per share, payable on March 1, 2024, to shareholders of record as of January 31, 2024. The dividend is considered an “eligible dividend” for tax purposes.

SHARE REPURCHASES

- On November 10, 2022, the Company announced its intention to repurchase an additional \$500.0 million to \$700.0 million of its Class A Non-Voting Shares in excess of the amount required for anti-dilutive purposes by the end of 2023 as part of its capital management plan (the “2022-23 Share Repurchase Intention”). As at September 30, 2023, the Company had repurchased \$470.0 million of its Shares in partial fulfilment of its 2022-23 Share Repurchase Intention.

- On November 9, 2023, the Company announced its intention to repurchase up to an additional \$200.0 million of its Shares in excess of the amount required for anti-dilutive purposes during 2024.
- The Share Repurchases will be made under the Company's existing normal course issuer bid ("NCIB"), which expires on March 1, 2024, and thereafter under a renewed NCIB, subject to regulatory approvals.

RESOURCE ALLOCATION

- The Company expects a decrease of 3% in full-time equivalent (FTE) employees as a result of targeted headcount reductions in Q4. In addition, the elimination of the majority of current vacancies will result in a further FTE reduction of 3%. Annualized run-rate savings are expected to be approximately \$50.0 million. The Company expects to take a charge of between \$20.0 million and \$25.0 million in Q4 2023 in relation to these actions.

1) NON-GAAP FINANCIAL MEASURES AND RATIOS AND SUPPLEMENTARY FINANCIAL MEASURES

This press release contains non-GAAP financial measures and ratios and supplementary financial measures. References below to the Q3 2023 MD&A mean the Company's Management's Discussion and Analysis for the Third Quarter ended September 30, 2023, which is available on SEDAR+ at <http://www.sedarplus.ca> and is incorporated by reference herein. Non-GAAP measures and non-GAAP ratios have no standardized meanings under GAAP and may not be comparable to similar measures of other companies.

A) Non-GAAP Financial Measures and Ratios

Normalized Diluted Earnings per Share (EPS)

Normalized diluted EPS, a non-GAAP ratio, is calculated by dividing Normalized Net Income Attributable to Shareholders, a non-GAAP financial measure, by total diluted shares of the Company. For information about these measures, see section 9.1 of the Company's Q3 2023 MD&A.

The following table is a reconciliation of normalized net income attributable to shareholders of the Company to the respective GAAP measures:

(C\$ in millions)	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022
Net (loss) income	\$ (27.8)	\$ 225.0	\$ 141.9	\$ 620.2
Net income attributable to shareholders	(66.4)	184.9	40.8	512.2
Add normalizing items:				
DC fire	\$ (96.4)	—	\$ 8.4	—
GST/HST-related charge ¹	—	—	24.7	—
Change in fair value of redeemable financial instrument	328.0	—	328.0	—
Operational Efficiency program	—	11.6	—	20.3
Helly Hansen Russia exit	—	—	—	33.4
Normalized net income	\$ 203.8	\$ 236.6	\$ 503.0	\$ 673.9
Normalized net income attributable to shareholders¹	\$ 165.2	\$ 196.5	\$ 396.9	\$ 565.9
Normalized diluted EPS	\$ 2.96	\$ 3.34	\$ 7.00	\$ 9.49

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

Consolidated Normalized Income Before Income Taxes and Retail Normalized Income Before Income Taxes

Consolidated Normalized Income Before Income Taxes and Retail Normalized Income before Income Taxes are non-GAAP financial measures. For information about these measures, see section 9.1 of the Company's Q3 2023 MD&A.

The following table reconciles Consolidated Normalized Income Before Income Taxes to Income Before Income Taxes:

(C\$ in millions)	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022
Income before income taxes	\$ 69.3	\$ 298.6	\$ 309.8	\$ 831.6
Add normalizing items:				
DC fire	(131.0)	—	11.3	—
GST/HST-related charge	—	—	33.3	—
Change in fair value of redeemable financial instrument	328.0	—	328.0	—
Operational Efficiency program	—	15.8	—	27.6
Helly Hansen Russia exit	—	—	—	36.5
Normalized Income before income taxes	\$ 266.3	\$ 314.4	\$ 682.4	\$ 895.7

The following table reconciles Retail Normalized Income Before Income Taxes to Income Before Income Taxes:

(C\$ in millions)	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022
Income before income taxes	\$ 69.3	\$ 298.6	\$ 309.8	\$ 831.6
Less: Other operating segments	(169.7)	165.6	64.5	426.0
Retail Income before income taxes	\$ 239.0	\$ 133.0	\$ 245.3	\$ 405.6
Add normalizing items:				
DC fire	(131.0)	—	11.3	—
Operational Efficiency program	—	15.8	—	27.6
Helly Hansen Russia exit	—	—	—	36.5
Retail Normalized Income before income taxes	\$ 108.0	\$ 148.8	\$ 256.6	\$ 469.7

CT REIT Funds from Operations and Adjusted Funds from Operations

Funds from Operations

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

Management believes that FFO is a useful measure of operating performance that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and property taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income determined in accordance with IFRS.

FFO adds back items to Net income that do not arise from operating activities, such as fair-value adjustments. FFO, however, still includes non-cash revenues relating to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

Adjusted Funds from Operations

AFFO is a non-GAAP financial measure of recurring economic earnings used in the real estate industry to assess an entity's distribution capacity. This measure is most directly comparable to Net income and Comprehensive income, GAAP measures reported in the consolidated financial

statements. AFFO should not be considered as an alternative to Net income or Cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its AFFO in accordance with REALPAC's FFO and AFFO.

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

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

FFO per unit and AFFO per unit

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

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

(C\$ in millions)	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022
Income before income taxes	\$ 69.3	\$ 298.6	\$ 309.8	\$ 831.6
Less: Other operating segments	58.0	221.6	118.6	581.7
CT REIT income before income taxes	\$ 11.3	\$ 77.0	\$ 191.2	\$ 249.9
Add:				
CT REIT fair value loss (gain) adjustment	66.7	(0.6)	39.3	(28.7)
CT REIT deferred taxes	(0.2)	(0.2)	0.7	0.4
CT REIT lease principal payments on right-of-use assets	(0.2)	(0.2)	(0.7)	(0.4)
CT REIT fair value of equity awards	(0.9)	(0.8)	(1.1)	(1.1)
CT REIT internal leasing expense	0.4	0.2	0.8	0.5
CT REIT funds from operations	\$ 77.1	\$ 75.4	\$ 230.2	\$ 220.6
Less:				
CT REIT properties straight-line rent revenue	(0.5)	0.3	(1.3)	1.2
CT REIT direct leasing costs	0.3	0.1	0.9	0.3
CT REIT capital expenditure reserve	6.3	6.4	18.7	18.8
CT REIT adjusted funds from operations	\$ 71.0	\$ 68.6	\$ 211.9	\$ 200.3

Retail Return on Invested Capital

Retail Return on Invested Capital (ROIC) is calculated as Retail return divided by the Retail invested capital. Retail return is defined as trailing 12-month Retail after-tax earnings excluding interest expense, lease related depreciation expense, inter-segment earnings, and any normalizing items. Retail invested capital is defined as Retail segment total assets, less Retail segment trade payables and accrued liabilities and inter-segment balances based on an average of the trailing four quarters. Retail return and Retail invested capital are non-GAAP financial measures. For more information about these measures, see section 9.1 of the Company's Q3 2023 MD&A.

(C\$ in millions)	Rolling 12 months ended	
	Q3 2023	Q3 2022
Income before income taxes	\$ 1,062.0	\$ 1,551.6
Less: Other operating segments	174.3	507.9
Retail Income before income taxes	\$ 887.7	\$ 1,043.7
Add normalizing items:		
Operational Efficiency program	19.5	34.1
Helly Hansen Russia exit	—	36.5
DC fire	11.3	—
Retail Normalized Income before income taxes	\$ 918.5	\$ 1,114.3
Less:		
Retail intercompany adjustments ¹	213.7	203.5
Add:		
Retail interest expense ²	302.7	238.5
Retail depreciation of right-of-use assets	626.2	574.8
Retail effective tax rate	26.9 %	26.7 %
Add: Retail taxes	(439.4)	(459.8)
Retail return	\$ 1,194.3	\$ 1,264.3
Average total assets	\$ 22,204.6	\$ 21,633.1
Less: Average assets in other operating segments	4,490.9	4,590.2
Average Retail assets	\$ 17,713.7	\$ 17,042.9
Less:		
Average Retail intercompany adjustments ¹	3,509.3	3,521.4
Average Retail trade payables and accrued liabilities ³	2,972.3	2,855.2
Average Franchise Trust assets	505.1	446.2
Average Retail excess cash	—	114.4
Average Retail invested capital	\$ 10,727.0	\$ 10,105.7
Retail ROIC	11.1 %	12.5 %

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

² Excludes Franchise Trust.

³ Trade payables and accrued liabilities include trade and other payables, short-term derivative liabilities, short-term provisions and income tax payables.

Operating Capital Expenditures

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

(C\$ in millions)	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022
Total additions ¹	\$ 188.6	\$ 258.7	\$ 396.6	\$ 539.3
Add: Accrued additions	(12.2)	(27.0)	39.2	34.9
Less:				
CT REIT acquisitions and developments excluding vend-ins from CTC	21.3	28.5	42.7	60.2
Operating capital expenditures	\$ 155.1	\$ 203.2	\$ 393.1	\$ 514.0

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

B) Supplementary Financial Measures and Ratios

The measures below are supplementary financial measures. See Section 9.2 (Supplementary Financial Measures) of the Company's Q3 2023 MD&A for information on the composition of these measures.

- Consolidated retail sales
- Consolidated comparable sales
- Revenue (excluding Petroleum)
- Retail revenue (excluding Petroleum)
- Retail sales and retail sales (excluding Petroleum)
- Canadian Tire Retail comparable and retail sales
- SportChek comparable and retail sales
- Mark's comparable and retail sales
- Retail gross margin (excluding Petroleum)
- Retail gross margin rate (excluding Petroleum)
- Gross Average Accounts Receivables (GAAR)
- Average account balances
- Owned Brands penetration

2) Change in Accounting Estimate (the "MSA change")

The Company's contract with its Dealers governs how margin and expenses are shared between the two groups.

Beginning in the first quarter of 2023, the Company implemented a change to accounting estimates associated with one component of the contract, the Margin Sharing Arrangement (MSA) with the Dealers. The Company already records a portion of its margin relating to revenue and margin on shipments to its Dealers in the quarter incurred, but the majority of the MSA has historically been accrued in the fourth quarter of every year.

Effective with the first quarter of 2023, the Company began to record the MSA throughout the year to better reflect the pattern over which the MSA is earned. This change simply reflects a change in the timing of this revenue and will result in less quarterly fluctuation in Retail segment gross margin and income before income taxes throughout the year. There is no change to annual reported figures other than for year over year variances driven by business performance.

The change in accounting estimate had a \$32.7 million impact on revenue and income before income taxes, and 66 bps impact on Retail segment gross margin rate excluding Petroleum during the third quarter of 2023. Excluding the MSA change, consolidated revenue was down \$11.0 million, Retail segment gross margin rate excluding Petroleum was up 77 bps, and consolidated income before income taxes was down \$262.0 million.

FORWARD-LOOKING STATEMENTS

This press release contains information that may constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information provides insights regarding management's current expectations and plans and allows investors and others to better understand the Company's anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Although the Company believes that the forward-looking information in this press release is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking information. The Company cannot provide assurance that any financial or operational performance, plans, or aspirations forecast will actually be achieved or, if achieved, will result in an increase in the Company's share price. For information on the material risk factors and uncertainties and the material factors and assumptions applied in preparing the forward-looking information that could cause the Company's actual results to differ materially from predictions, forecasts, projections, expectations or conclusions, refer to section 10.0 (Key Risks and Risk Management) of the Company's Q3 2023 MD&A as well as CTC's other public filings, available at <https://www.sedarplus.ca> and at <https://investors.canadiantire.ca>. The Company does not undertake to update any forward-looking information, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as is required by applicable securities laws.

CONFERENCE CALL

Canadian Tire will conduct a conference call to discuss information included in this news release and related matters at 8:00 a.m. ET on Thursday, November 9, 2023. The conference call will be available simultaneously and in its entirety to all interested investors and the news media through a webcast at <https://investors.canadiantire.ca> and will be available through replay at this website for 12 months.

ABOUT CANADIAN TIRE CORPORATION

Canadian Tire Corporation, Limited, (TSX: CTC.A) (TSX: CTC) or "CTC", is a group of companies that includes a Retail segment, a Financial Services division and CT REIT. Our retail business is led by Canadian Tire, which was founded in 1922 and provides Canadians with products for life in Canada across its Living, Playing, Fixing, Automotive and Seasonal & Gardening divisions. Party City, PartSource and Gas+ are key parts of the Canadian Tire network. The Retail segment also includes Mark's, a leading source for casual and industrial wear; Pro Hockey Life, a hockey

specialty store catering to elite players; and SportChek, Hockey Experts, Sports Experts and Atmosphere, which offer the best active wear brands. The Company's close to 1,700 retail and gasoline outlets are supported and strengthened by CTC's Financial Services division and the tens of thousands of people employed across Canada and around the world by CTC and its local dealers, franchisees and petroleum retailers. In addition, CTC owns and operates Helly Hansen, a leading technical outdoor brand based in Oslo, Norway. For more information, visit Corp.CanadianTire.ca.

FOR MORE INFORMATION

Media: Stephanie Nadalin, (647) 271-7343, stephanie.nadalin@cantire.com

Investors: Karen Keyes, (647) 518-4461, karen.keyes@cantire.com