

Management's Discussion and Analysis

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

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1.0 Preface

1.1 Definitions

In this document, the terms “we”, “us”, “our”, “Company”, “Canadian Tire Corporation”, “CTC”, and “Corporation” refer to Canadian Tire Corporation, Limited, on a consolidated basis. This document also refers to the Corporation’s three reportable operating segments: the “Retail segment”, the “Financial Services segment”, and the “CT REIT segment”.

In this document:

“Canadian Tire” refers to the general merchandise retail and services business carried on under the Canadian Tire name and trademarks.

“Canadian Tire Retail” and “CTR” refer to the general merchandise retail and services businesses carried on under the Canadian Tire, PartSource, Pro Hockey Life (PHL) and Party City names and trademarks.

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

“Financial Services” refers to the financial services businesses carried on by subsidiaries of CTFS Holdings Limited, namely Canadian Tire Bank (CTB or the Bank) and CTFS Bermuda Ltd. (CTFS Bermuda), a Bermuda reinsurance company.

“Franchise Trust” refers to a legal entity sponsored by a third-party bank that originates and services loans to certain Canadian Tire Associate Dealers (Dealers) for their purchases of inventory and fixed assets (Dealer loans).

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

“Jumpstart” refers to Canadian Tire Jumpstart Charities.

“Mark’s” refers to the retail and commercial wholesale businesses carried on by Mark’s Work Wearhouse Ltd. under the Mark’s, L’Équipeur, Mark’s WorkPro, L’Équipeur Pro, Mark’s Commercial and L’Équipeur Commercial names and trademarks.

“Owned Brands” refers to brands owned by the Company and sold at the Company’s retail banners.

“Party City” refers to the party supply business carried on under the Party City name and trademarks in Canada.

“Petroleum” refers to the retail petroleum business carried on under the Canadian Tire Gas+ name and trademarks, in addition to the Petro-Canada and other branded gas stations owned by CTC.

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

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

Other terms that are capitalized in this document are defined the first time they are used.

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

1.2 Forward-Looking Information

This Management's Discussion and Analysis (MD&A) contains information that may constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information provides insights regarding Management's current expectations and plans and allows investors and others to better understand the Company's anticipated financial position, results of operations and operating environment, including the current economic uncertainty related to tariffs and trade. Readers are cautioned that such information may not be appropriate for other purposes. Although the Company believes that the forward-looking information in this MD&A is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from Management's expectations and plans as set forth in such forward-looking information. The Company cannot provide assurance that any financial or operational performance, plans, or aspirations forecast will actually be achieved or, if achieved, will result in an increase in the Company's share price. Refer to Section 16.0 in this MD&A for a more detailed discussion of the Company's use of forward-looking information.

1.3 Review and Approval by the Board of Directors

The Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A on February 18, 2026.

1.4 Quarterly and Annual Comparisons in the MD&A

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

1.5 Accounting Framework

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

1.6 Accounting Estimates and Assumptions

The preparation of the Company's consolidated financial statements that conform to IFRS Accounting Standards, requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported revenue and expenses during the reporting period. Refer to Section 9.1 in this MD&A for further information.

1.7 Key Performance Measures

The Company uses certain key performance measures which provide useful information to both Management and investors in measuring the financial performance and financial condition of the Company. These measures are classified as GAAP measures, non-GAAP financial measures, non-GAAP ratios, capital management measures, and supplementary financial measures, as well as non-financial measures. Readers are cautioned that the non-GAAP financial measures have no standardized meanings under IFRS Accounting Standards and, therefore, may not be comparable to similar terms used by other companies. Refer to Section 10.0 for additional information on these metrics. Many of the non-GAAP financial measures in this document are adjusted to normalize the results for certain activities Management does not believe reflect the ongoing business. Unless otherwise noted, analysis of changes in normalized results applies equally to changes in the reported results.

1.8 Rounding and Percentages

Rounded numbers are used throughout the MD&A. All year-over-year percentage changes are calculated on whole dollar amounts except in the presentation of Basic and Diluted earnings per share (EPS), in which year-over-year percentage changes are based on fractional amounts.

2.0 Company and Industry Overview

Canadian Tire Corporation, Limited (TSX: CTC.A) (TSX: CTC) has been a proudly Canadian business since 1922. Guided by its brand purpose, "We are here to make life in Canada better," CTC has built an expansive national retail presence, exceptional customer brand trust and one of Canada's strongest workforces – employing, along with its local Dealers and franchisees, tens of thousands of Canadians. At its core are retail businesses, each designed to serve life's pursuits: Canadian Tire, offering products spanning Living, Playing, Fixing, Automotive, and Seasonal & Gardening, bolstered by notable banners Party City and PartSource; Mark's, a leading source for casual and industrial wear; SportChek, Hockey Experts, Sports Experts and Atmosphere, offering the best brands of active wear and gear; and Pro Hockey Life, a hockey specialty store catering to elite players. CTC's banners, brand partners and credit card offerings are unified through its Triangle Rewards loyalty program – a linchpin of CTC's customer-driven strategy. With more than 12 million members, Triangle integrates first-party data to deliver valuable rewards and personalized experiences across nearly 1,700 retail and gasoline outlets. CTC also operates a retail petroleum business and a Financial Services business and holds a majority interest in CT REIT, a TSX-listed Canadian real estate investment trust. A description of the Company's business and select core capabilities can be found in the Company's 2025 Annual Information Form (AIF), including Section 2 "Description of the Business" and on the Company's Corporate (<https://corp.canadiantire.ca>) and Investor Relations (<https://corp.canadiantire.ca/investors>) websites.

2.1 General Development of the Business

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

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

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

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

3.0 Historical Performance Highlights

3.1 Select Annual Consolidated Financial Trends

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

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

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

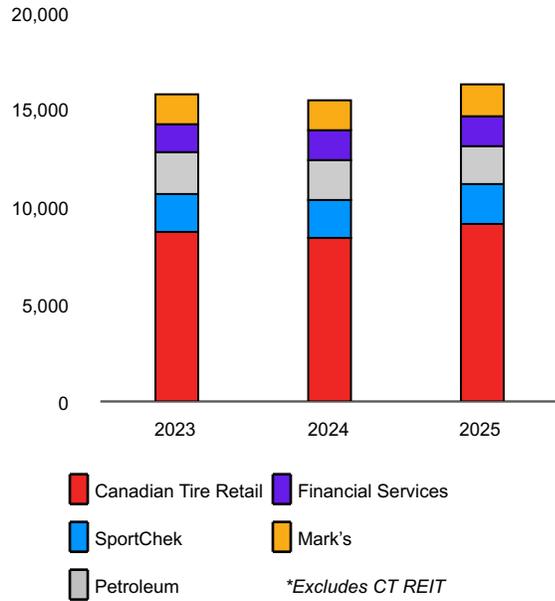
² Refer to Section 5.1.1 in this MD&A for a description of normalizing items.

³ This is a non-GAAP financial measure. For further information and a detailed reconciliation see Section 10.1.1 of this MD&A.

⁴ Closing share price as of the date closest to the Company's fiscal year end.

REVENUE BY BANNER/UNIT*

(\$ millions)

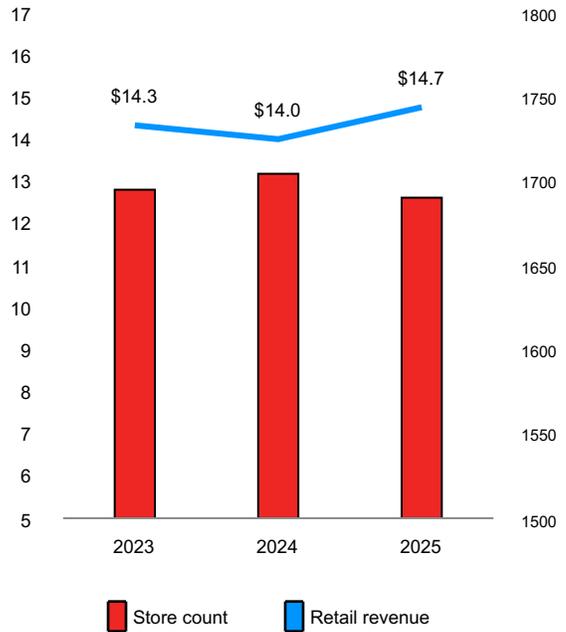


STORES AND RETAIL REVENUE

Retail revenue

(\$ billions)

Number of stores

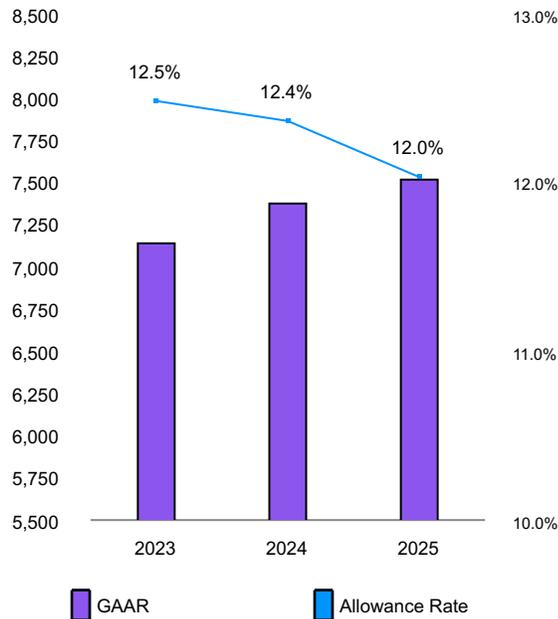


FINANCIAL SERVICES GROSS AVERAGE

ACCOUNTS RECEIVABLE AND ALLOWANCE RATE

(\$ millions)

(Allowance % rate)

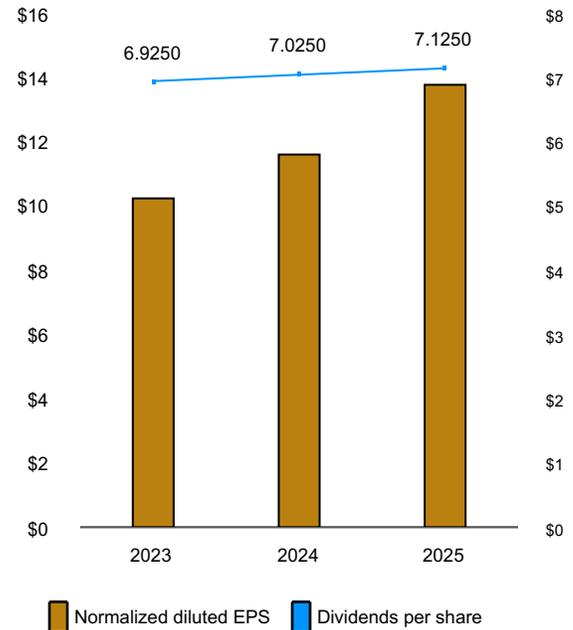


NORMALIZED DILUTED EPS AND

DIVIDENDS PER SHARE

(\$ per share)

(Dividends \$ per share)



4.0 Company Strategy

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

True North

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

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

- Triangle Rewards came to life for more Canadians. 9.8 million are now active registered members of the program, representing a six percent increase on 2024. By early 2026, CTC had activated two loyalty partnerships and almost 100,000 RBC Avion members and 600,000 Petro-Canada Petro Points members had linked to Triangle. The Company's partnership with WestJet (WestJet Rewards) is scheduled to launch during Q2 of 2026, with the Tim Hortons partnership (Tim's Rewards) to follow in the second half of 2026.
- Refreshed stores continue to drive growth. 52 store projects were completed in 2025: 31 CTR refreshed, expanded or replacement stores including new CTR stores in Kelowna, British Columbia, and Kingston, Ontario; and 21 new or refreshed stores at other banners, including compelling new format stores at Mark's and SportChek, in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.
- New capabilities around in-stock optimization, and a new AI tool (DaVID) that optimizes pricing and margin, provided customer value and contributed to growth. Increasing awareness of same-day delivery across all banners contributed to eCommerce sales growth outpacing bricks and mortar.
- HBC's Stripes became the newest Owned Brand to launch to customers, with a holiday capsule collection released in the fourth quarter of 2025 that generated strong customer response and sell-through. A more comprehensive product set will come to market in the summer of 2026.
- CTC's True North organizational model established clearly delineated responsibilities for the following: go-to-market strategy (under Chief Commercial Officer Matt Moore), retail execution (under Chief Operating Officer TJ Flood), performance management and capital discipline (under Chief Financial Officer Darren Myers) and transformation initiative management and value creation (under Chief Transformation Officer Susan O'Brien in a newly created role).
- With the True North restructuring completed in the third quarter of 2025, the Company is now benefiting from the associated run-rate savings, with approximately \$30 million of savings reflected in operating expense in the fourth quarter of 2025. 2026 savings will continue to be balanced with focused investments to support growth and advance the True North strategy, including through investments in AI deployment.
- At the end of the year, there were five percent fewer Class A Non-Voting (CTC.A) Shares outstanding compared to the prior year, as the Company continued to execute against its existing share buyback program. CTC had repurchased a total of \$442.4 million, in excess of the amount required for anti-dilutive purposes, of its CTC.A shares during the fiscal year under its 2025 and 2026 Share Repurchase Intentions.

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

5.0 Financial Performance

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

5.1 Consolidated Financial Performance

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

5.1.1 Consolidated Financial Results

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

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

² Not meaningful.

Non-Controlling Interests

The following table outlines the net income attributable to the Company's non-controlling interests. For additional details, refer to Note 14 of the Company's 2025 Consolidated Financial Statements.

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

Normalizing Items

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

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

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

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

Selected Normalized Metrics – Consolidated

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

¹ Refer to Normalizing Items table in this Section for more details.

² These normalized measures (excluding Revenue, Depreciation and amortization, Net finance costs, and Net income from discontinued operations) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

³ Change is between normalized results.

⁴ For further information about this measure see Section 10.2 of this MD&A.

⁵ Not meaningful.

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

¹ Refer to Normalizing Items table in this Section for more details.

² These normalized measures (excluding Revenue, Depreciation and amortization, Net finance costs, and Net income from discontinued operations) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

³ Change is between normalized results.

⁴ For further information about this measure see Section 10.2 of this MD&A.

⁵ Not meaningful.

Consolidated Results Commentary

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

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

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

	Q4 2025	Full Year
Consolidated Results Summary	<p>▼ Diluted EPS: \$2.58 per share</p> <p>▲ Normalized Diluted EPS: \$1.23 per share</p> <ul style="list-style-type: none"> Consolidated Revenue was \$4,551.1 million, an increase of \$350.3 million or 8.3 percent. Consolidated Revenue excluding Petroleum¹ was \$4,068.3 million, an increase of 10.1 percent. The increase was primarily driven by the Retail segment. Consolidated Gross margin dollars were \$1,576.6 million, an increase of \$215.2 million or 15.8 percent compared to the prior year due to growth in the Retail segment. Other expense (income) was \$47.6 million, mainly due to restructuring and impairment expenses. On a normalized basis, Other expense (income) was \$16.7 million, mainly due to impairment on certain Party City store level assets recognized. Consolidated Selling, general and administrative expenses (SG&A) were \$935.7 million, an increase of 7.9 percent or 10.2 percent on a normalized basis, compared to the prior year. The increase was driven by both the Retail and Financial Services segments. Depreciation and amortization was \$195.9 million, an increase of 6.1 percent or \$11.2 million, driven by the Company's strategic capital investments. Net finance costs were \$78.7 million, down \$4.1 million or 5 percent compared to the prior year, primarily due to lower borrowings and lower interest rates. Income tax expense (recovery) was \$86.3 million, an increase of \$3.1 million compared to the prior year primarily due to lower non-taxable capital gains, partially offset by lower income before income taxes this year. Diluted EPS was \$3.96, a decrease of \$2.58 compared to the prior year. Normalized Diluted EPS was \$4.47, an increase of \$1.23 compared to the prior year, primarily due to an increase in normalized Net income attributable to the reasons above. 	<p>▼ Diluted EPS: \$4.34 per share</p> <p>▲ Normalized Diluted EPS: \$2.16 per share</p> <ul style="list-style-type: none"> Consolidated Revenue was \$16,315.5 million, an increase of \$799.5 million or 5.2 percent. Consolidated Revenue excluding Petroleum was \$14,377.9 million, an increase of 7.0 percent. The increase was primarily driven by the Retail segment. Consolidated Gross margin dollars were \$5,615.3 million, an increase of \$414.5 million, or 8.0 percent compared to the prior year due to growth in the Retail segment. Other expense (income) was \$229.0 million, mainly related to the True North costs expensed in the period. On a normalized basis, Other expense (income) was (\$1.5 million), unfavourable by \$47.5 million, mainly due to lower real estate gains and impairment on certain Party City store level assets recognized this year. Consolidated SG&A was \$3,470.6 million, an increase of 7.1 percent or 7.7 percent on a normalized basis, compared to the prior year. The increase was driven by both the Retail and Financial Services segments. Depreciation and amortization was \$741.7 million, a slight increase of 1.4 percent driven by the Company's strategic capital investments. Net finance costs were \$295.5 million, down \$48.6 million or 14.1 percent compared to the prior year, primarily due to lower borrowings and lower interest rates. Income tax expense (recovery) was \$219.5 million, a decrease of \$40.1 million compared to the prior year, primarily due to lower Income before income taxes, partially offset by lower non-taxable capital gains. Diluted EPS was \$10.57, a decrease of \$4.34 compared to the prior year. Normalized Diluted EPS was \$13.77, an increase of \$2.16 compared to the prior year, primarily due to an increase in normalized Net income attributable to the reasons above.

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

5.1.2 Consolidated Key Performance Measures

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

¹ Refer to Section 5.1.1 in this MD&A for a description of normalizing items.

² This is a non-GAAP financial measure or non-GAAP ratio. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

³ Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA).

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

¹ Refer to Section 5.1.1 in this MD&A for a description of normalizing items.

² This is a non-GAAP financial measure or non-GAAP ratio. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

³ Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA).

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

5.1.3 Seasonal Trend Analysis

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

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

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

5.2 Retail Segment Performance

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

5.2.1 Retail Segment Financial Results

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

¹ For further information about this measure see Section 10.2 of this MD&A

² Not meaningful.

Selected Normalized Metrics – Retail

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

¹ Refer to Section 5.1.1 in this MD&A for a description of normalizing items.

² These normalized measures (excluding Revenue, Depreciation and amortization, Net finance costs, and Income before income taxes from discontinued operations) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

³ Change is between normalized results.

⁴ For further information about this measure see Section 10.2 of this MD&A.

⁵ Not meaningful.

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

¹ Refer to Section 5.1.1 in this MD&A for a description of normalizing items.

² These normalized measures (excluding Revenue, Depreciation and amortization, Net finance costs, and Income before income taxes from discontinued operations) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

³ Change is between normalized results.

⁴ For further information about this measure see Section 10.2 of this MD&A.

⁵ Not meaningful.

5.2.2 Retail Segment Key Performance Measures¹

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

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

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

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

⁴ Comparable sales growth excludes Petroleum.

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

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

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

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

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

¹⁰ Sales per square foot figures are calculated on a rolling 12-month basis. Retail space excludes seasonal outdoor garden centres, auto service bays, warehouse, and administrative space.

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

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

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

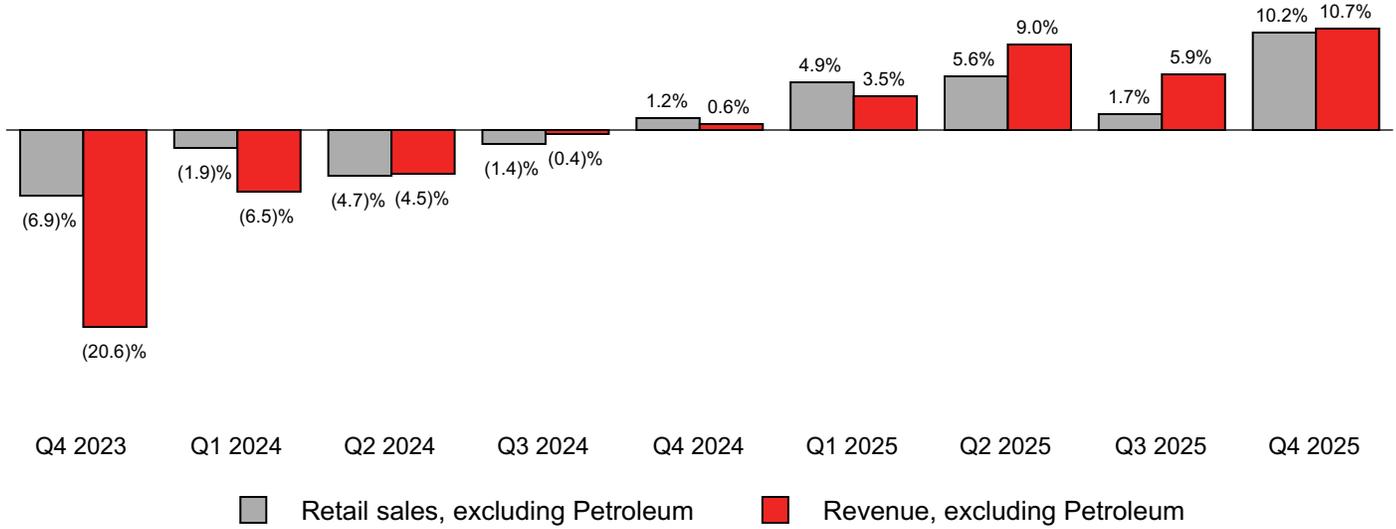
¹⁴ Retail sales growth includes sales from both corporate and franchise stores.

¹⁵ Revenue includes the sale of goods to Mark's franchise stores, Retail sales from Mark's corporate stores, Mark's wholesale revenue from its commercial division, and includes ancillary revenue relating to embroidery and alteration services.

¹⁶ Retail sales growth includes Retail sales from Mark's corporate and franchise stores but excludes revenue relating to alteration and embroidery services.

The following chart shows Retail sales¹ and Revenue for the Retail segment, excluding Petroleum^{1, 2}, by quarter for the last two years. Numbers are on a continuing operations basis.

Year-over-year Retail Sales and Revenue Growth



¹ The fourth quarter of 2025 results include one additional week of retail operations compared to the fourth quarter of 2024 and 2023.

² For further information about this measure see section 10.2 of this MD&A.

Retail Segment Commentary

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

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

Loyalty penetration¹ was up 112 bps on a rolling 12-month basis, reaching 55.5 percent of Retail sales on a direct scan basis, including Petroleum.

	Q4 2025	Full Year
Retail Sales	<ul style="list-style-type: none"> ▲ \$480.2 million or 8.9% ▲ 4.2% in Comparable sales growth <ul style="list-style-type: none"> • Retail sales were \$5,860.7 million, an increase of 8.9 percent. Excluding Petroleum, Retail sales grew by 10.2 percent, or \$488.8 million compared to the prior year, with weather an important driver of growth across all major banners, led by SportChek. •  CTR Retail sales were up 8.7 percent. Sales were up across most divisions, led by strong growth in Seasonal and Gardening and weather dependent categories. •  SPORTCHEK Retail sales were up 14.5 percent, led by strong sales in outerwear, fanwear, and hockey. •  Mark's Retail sales were up 13.0 percent, driven by strength in new format store sales, and strong growth in ladies casualwear, industrial businesses, and casual footwear. •  GAS+ Retail sales were down 1.5 percent driven by lower per litre gas prices partially offset by higher gas volumes. 	<ul style="list-style-type: none"> ▲ \$809.2 million or 4.5% ▲ 4.1% in Comparable sales growth <ul style="list-style-type: none"> • Retail sales were \$18,986.9 million, an increase of 4.5 percent. Excluding Petroleum, Retail sales increased 5.9 percent or \$935.9 million compared to the prior year, with growth across all major banners, led by SportChek and CTR. eCommerce sales¹ were \$1 billion, up 8.5 percent compared to the prior year. •  CTR Retail sales were up 5.6 percent with sales up across all divisions, led by growth in Automotive and Seasonal & Gardening. •  SPORTCHEK Retail sales were up 7.4 percent, led by fanwear, outerwear and hockey. •  Mark's Retail sales were up 6.5 percent driven by growth in men's industrial footwear, workwear, and men's jeans. •  GAS+ Retail sales declined 5.3 percent due to lower per litre gas prices, partially offset by higher gas volumes.
Revenue	<ul style="list-style-type: none"> ▲ \$334.0 million or 8.8% ▲ 10.7% excluding Petroleum <ul style="list-style-type: none"> • Retail Revenue was \$4,150.7 million, an increase of 8.8 percent or \$334.0 million, due to higher shipments at CTR and strong growth at Mark's and SportChek. 	<ul style="list-style-type: none"> ▲ \$758.0 million or 5.4% ▲ 7.5% excluding Petroleum <ul style="list-style-type: none"> • Retail Revenue was \$14,728.6 million, an increase of 5.4 percent or \$758.0 million, due to higher shipments at CTR and sales growth at Mark's and SportChek.

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

Retail Segment Commentary (continued)		
	Q4 2025	Full Year
Gross Margin	<ul style="list-style-type: none"> ▲ \$192.4 million or 16.5% ▲ 217 bps in gross margin rate ▲ 16.4% excluding Petroleum¹ ▲ 173 bps in gross margin rate, excluding Petroleum¹ <ul style="list-style-type: none"> • Retail Gross margin dollars were \$1,361.0 million, an increase of \$192.4 million. Excluding Petroleum¹, Gross margin dollars were \$1,299.7 million, an increase of \$183.5 million, or 16.4 percent driven by the increase in Revenue previously described, combined with a stronger gross margin rate. • Gross margin rate, excluding Petroleum, was 35.4 percent, an increase of 173 bps. On a normalized basis, gross margin rate excluding Petroleum increased by 118 bps, driven by higher margin rates at CTR and SportChek. 	<ul style="list-style-type: none"> ▲ \$384.9 million or 8.8% ▲ 100 bps in gross margin rate ▲ 8.8% excluding Petroleum ▲ 42 bps in gross margin rate, excluding Petroleum <ul style="list-style-type: none"> • Retail Gross margin dollars were \$4,765.5 million, an increase of \$384.9 million. Excluding Petroleum, Gross margin dollars were \$4,539.3 million, an increase of \$368.9 million, or 8.8 percent driven by the increase in Revenue previously described, combined with a stronger gross margin rate. • Gross margin rate, excluding Petroleum, was 35.5 percent, an increase of 42 bps. On a normalized basis, gross margin rate excluding Petroleum increased by 27 bps, driven by modestly higher margin rates at CTR and SportChek.
Other Expense (Income)	<ul style="list-style-type: none"> ▲ \$289.7 million or 103.1% <ul style="list-style-type: none"> • Normalizing expenses of \$30.9 million this year and normalizing income of \$241.0 million in the prior year led to an increase in Other expense (income) of \$271.9 million. Excluding these items, normalized Other expenses (income) was unfavourable by \$17.8 million mainly due to impairment on certain Party City store level assets recognized in the quarter. 	<ul style="list-style-type: none"> ▲ \$497.8 million or 117.8% <ul style="list-style-type: none"> • Normalizing expenses of \$230.5 million in the current year and normalizing income of \$241.0 million in the prior year led to an increase in Other expense (income) of \$471.5 million. Excluding these items, normalized Other expense (income) was unfavourable by \$26.3 million, mainly due to impairment on certain Party City store level assets recognized in the year.
SG&A	<ul style="list-style-type: none"> ▲ \$58.6 million or 7.5% <ul style="list-style-type: none"> • SG&A was \$831.6 million, an increase of 7.5 percent or 8.8 percent on a normalized basis, primarily due to higher real estate costs, higher variable compensation, higher IT, as well as inflationary and sales volume-related increases. 	<ul style="list-style-type: none"> ▲ \$191.7 million or 6.6% <ul style="list-style-type: none"> • SG&A was \$3,081.5 million, an increase of 6.6 percent or 7.0 percent on a normalized basis, primarily due to increased IT and IT-related investments in the True North initiatives, higher real estate costs, higher variable compensation, as well as inflationary and sales volume-related increases.
Depreciation and amortization	<ul style="list-style-type: none"> ▲ \$19.0 million or 8.2% <ul style="list-style-type: none"> • Depreciation and amortization increased driven by costs associated with the Company's strategic capital investments. 	<ul style="list-style-type: none"> ▲ \$13.7 million or 1.5 % <ul style="list-style-type: none"> • Depreciation and amortization increased driven by costs associated with the Company's strategic capital investments.
Net Finance Costs	<ul style="list-style-type: none"> ▼ \$9.5 million or 14.0% <ul style="list-style-type: none"> • Net finance costs decreased from the prior year due to lower borrowings and lower interest rates. 	<ul style="list-style-type: none"> ▼ \$70.2 million or 24.1% <ul style="list-style-type: none"> • Net finance costs decreased from the prior year due to lower borrowings and lower interest rates.
Earnings Summary	<ul style="list-style-type: none"> ▼ \$165.5 million or 44.0% <ul style="list-style-type: none"> • Income before income taxes decreased by \$165.5 million. Normalized Income before income taxes increased by \$79.6 million, attributable to the reasons above. 	<ul style="list-style-type: none"> ▼ \$248.1 million or 35.4% <ul style="list-style-type: none"> • Income before income taxes decreased by \$248.1 million. Normalized Income before income taxes increased by \$196.6 million, attributable to the reasons above.

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

5.2.3 Retail Segment Seasonal Trend Analysis

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

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

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

5.3 Financial Services Segment Performance

5.3.1 Financial Services Segment Financial Results

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

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

² Not meaningful.

Selected Normalized Metrics – Financial Services

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

¹ Refer to Section 5.1.1 for a description of normalizing items.

² These normalized measures (Selling, general and administrative expenses and Income before income taxes) are non-GAAP financial measures. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

³ Change is between normalized results.

⁴ For further information about this measure see Section 10.2 of this MD&A.

Selected Normalized Metrics – Financial Services

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

¹ Refer to Section 5.1.1 for a description of normalizing items.

² These normalized measures (Selling, general and administrative expenses and Income before income taxes) are non-GAAP financial measures. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

³ Change is between normalized results.

⁴ For further information about this measure see Section 10.2 of this MD&A.

⁵ Not meaningful.

Financial Services Segment Commentary

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

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

	Q4 2025	Full Year
Revenue	▲ \$15.9 million or 4.1% <ul style="list-style-type: none"> Revenue for the quarter was \$404.8 million, an increase of \$15.9 million, or 4.1 percent compared to the prior year due primarily to growth in interest income. 	▲ \$33.6 million or 2.2% <ul style="list-style-type: none"> Revenue was \$1,593.8 million, an increase of \$33.6 million, or 2.2 percent compared to the prior year due primarily to growth in interest income, partially offset by lower fee income.
Gross Margin Dollars	▲ \$20.0 million or 11.4% <ul style="list-style-type: none"> Gross margin dollars were \$195.4 million, an increase of \$20.0 million, or 11.4 percent from the prior year. The increase was due to Revenue growth and lower net impairment losses, partially offset by higher funding costs. 	▲ \$19.8 million or 2.7% <ul style="list-style-type: none"> Gross margin dollars were \$761.7 million, an increase of \$19.8 million, or 2.7 percent from the prior year. The increase was mainly due to Revenue growth, offset by higher net impairment losses and funding costs, as expected.
SG&A	▲ \$9.0 million or 8.4% <ul style="list-style-type: none"> SG&A was \$116.4 million, an increase of \$9.0 million, or 8.4 percent from the prior year. Normalized SG&A increased \$18.4 million primarily due to higher IT as well as consulting costs to support regulatory infrastructure investment and True North initiatives, higher personnel costs and higher volume-driven costs. 	▲ \$37.8 million or 9.7% <ul style="list-style-type: none"> SG&A was \$426.2 million, an increase of \$37.8 million or 9.7 percent from the prior year. Normalized SG&A increased \$47.2 million primarily due to higher IT as well as consulting costs to support regulatory infrastructure investment and True North initiatives, and higher volume-driven costs.
Earnings Summary	▲ \$11.7 million or 17.3% <ul style="list-style-type: none"> Income before income taxes was \$79.2 million, an increase of \$11.7 million, or 17.3 percent from the prior year attributable to the reasons noted above. On a normalized basis, Income before taxes was \$2.3 million higher than prior year. 	▼ \$27.3 million or 7.5% <ul style="list-style-type: none"> Income before income taxes was \$334.7 million, a decrease of \$27.3 million or 7.5 percent from the prior year attributable to the reasons noted above. On a normalized basis, Income before taxes was \$36.7 million lower than prior year.

5.3.2 Financial Services Segment Key Performance Measures

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

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

² Figures are calculated on a rolling 12-month basis.

³ This is a non-GAAP ratio. For further information and a detailed reconciliation see section 10.1 of this MD&A

Financial Services Segment Scorecard

Q4 2025 vs. Q4 2024	
Growth	<ul style="list-style-type: none"> ▲ 3.9% in credit card sales growth ▲ 2.5% in GAAR ▲ 0.8% in average number of accounts with a balance ▲ 1.7% in average account balance ▶ 2 bps decrease in share of tender ▲ 12.3% in eCTM issued to CTB credit card holders • Credit card sales increased by 3.9 percent over the prior year led by higher spend at both internal retail banners and external merchants. • GAAR increased by 2.5 percent, driven by continued cardholder engagement, which resulted in account balances up 1.7 percent on credit card sales growth and an increase in active accounts. • Strong card sales and cardholder engagement drove increased electronic Canadian Tire Money (eCTM) issuance over the prior year.
Performance	<ul style="list-style-type: none"> ▼ 46 bps in return on receivables ▶ 2 bps increase in Revenue as a percentage of GAAR • Return on receivables decreased by 46 bps due to the decline in earnings on a 12-month basis from regulatory infrastructure investments, True North initiatives and the increase in GAAR.
Operational metrics	<ul style="list-style-type: none"> ▼ 11 bps decrease in PD2+ rate ▲ 13 bps in net credit card write-off rate ▼ 33 bps in allowance rate • The PD2+ rate remained stable, finishing 11 bps lower than the prior year. • The net credit card write-off rate was up 13 bps, driven by an expected increase in net write-off dollars relative to receivable growth. The net write-off rate was flat to Q3 2025. • The allowance rate decreased by 33 bps to 12.0 percent, remaining within the previously disclosed range of 11.5 to 13.5 percent. The Expected Credit Loss (ECL) allowance for loans receivable was relatively unchanged from Q3 2025, finishing at \$934.9 million.

5.3.3 Financial Services Segment Seasonal Trend Analysis

Quarterly Income before income taxes and Revenue are affected by seasonality. The following table shows the financial performance of the segment by quarter for the last two years.

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

5.4 CT REIT Segment Performance

5.4.1 CT REIT Segment Financial Results

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

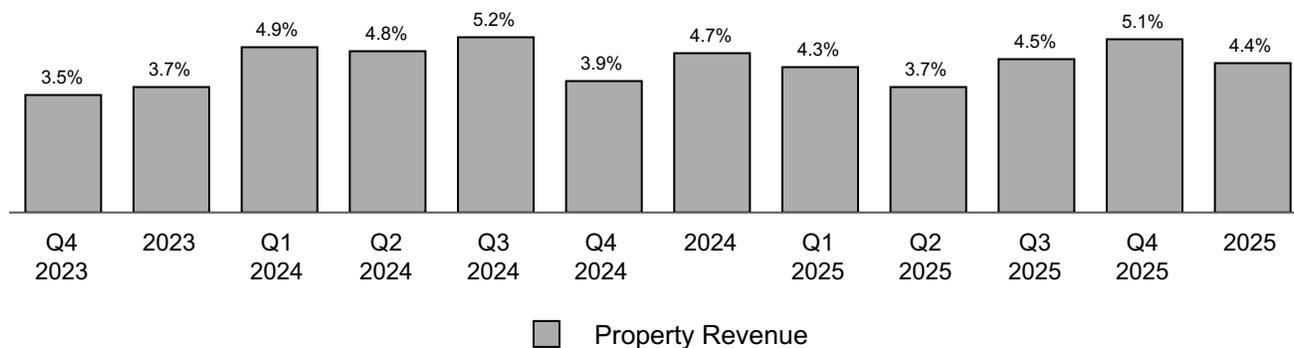
¹ For further information about this measure see Section 10.2 of this MD&A.

² Fair value is eliminated on consolidation.

³ Not meaningful.

The following shows the CT REIT year-over-year Property revenue performance by quarter for the last two years.

Year-over-year Property Revenue Growth



CT REIT Segment Commentary

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

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

	Q4 2025	Full Year
Property Revenue	<p>▲ \$7.6 million or 5.1%</p> <ul style="list-style-type: none"> Property revenue was \$153.0 million, an increase of \$7.6 million, or 5.1 percent. The increase was mainly due to property acquisitions, intensifications and developments completed during 2024 and 2025, and contractual rent escalations. 	<p>▲ \$25.6 million or 4.4%</p> <ul style="list-style-type: none"> Property revenue was \$604.3 million, an increase of \$25.6 million, or 4.4 percent. The increase was mainly due to property acquisitions, intensifications and developments completed during 2024 and 2025, and contractual rent escalations.
Property Expense	<p>▲ \$2.6 million or 8.4%</p> <ul style="list-style-type: none"> Property expense was \$33.5 million, an increase of \$2.6 million, or 8.4 percent, primarily due to higher property taxes. 	<p>▲ \$6.9 million or 5.5%</p> <ul style="list-style-type: none"> Property expense was \$132.6 million, an increase of \$6.9 million, or 5.5 percent, primarily due to higher property taxes.
G&A	<p>▲ \$1.5 million or 49.2%</p> <ul style="list-style-type: none"> G&A was \$4.3 million, an increase of \$1.5 million, primarily due to mark-to-market of variable compensation expense. 	<p>▲ \$2.3 million or 14.5%</p> <ul style="list-style-type: none"> G&A was \$18.4 million, an increase of \$2.3 million, primarily due to mark-to-market of variable compensation expense and increased personnel compensation.
Depreciation	<p>▲ \$1.1 million or 5.3%</p> <ul style="list-style-type: none"> Depreciation was \$21.8 million, an increase of \$1.1 million or 5.3 percent, due to property acquisitions, intensifications and developments completed during 2024 and 2025. 	<p>▲ \$3.5 million or 4.3%</p> <ul style="list-style-type: none"> Depreciation was \$84.4 million, an increase of \$3.5 million or 4.3 percent due to property acquisitions, intensifications and developments completed during 2024 and 2025.
Net Finance Costs	<p>▲ \$3.1 million or 10.0%</p> <ul style="list-style-type: none"> Net finance costs were \$34.3 million, an increase of \$3.1 million or 10.0 percent, driven by higher rates on Class C units and the issuance of Series J senior unsecured debentures. 	<p>▲ \$9.8 million or 8.1%</p> <ul style="list-style-type: none"> Net finance costs were \$131.6 million, an increase of \$9.8 million or 8.1 percent, driven by higher rates on Class C units, drawdown on credit facilities, higher interest on lease liabilities and lower interest income.
Earnings Summary	<p>▼ \$0.7 million or 1.2%</p> <ul style="list-style-type: none"> Income before income taxes, applying CTC accounting policies, was \$59.1 million, a decrease of \$0.7 million or 1.2 percent due to the items mentioned above. 	<p>▼ \$9.7 million or 3.9%</p> <ul style="list-style-type: none"> Income before income taxes, applying CTC accounting policies, was \$237.3 million, a decrease of \$9.7 million or 3.9 percent due to a gain on sale of a property in Q2 2024, offset by the items mentioned above.

5.4.2 CT REIT Segment Key Performance Measures

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

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

Net Operating Income (NOI)

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

Funds from Operations (FFO)

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

Diluted FFO per unit

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

Adjusted Funds from Operations (AFFO)

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

Diluted AFFO per unit

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

6.0 Balance Sheet Analysis, Liquidity, and Capital Resources

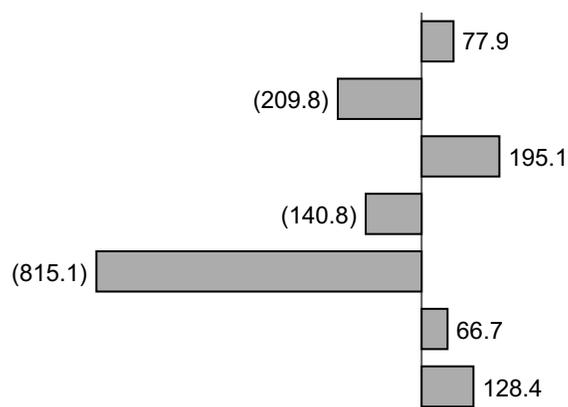
6.1 Selected Balance Sheet Highlights

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

Change in Total assets	▼	\$	700.8
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Selected Assets	January 3, 2026
Cash and cash equivalents	553.5
Trade and other receivables	1,053.2
Loans receivable (current and long-term portion)	7,395.7
Merchandise inventories	2,417.5
Goodwill and intangible assets	1,361.1
Investment property	503.4
Property and equipment	5,522.8

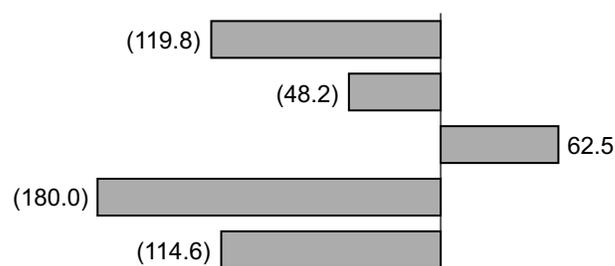
Year-over-year change in assets



Change in Total liabilities	▼	\$	426.4
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Selected Liabilities	January 3, 2026
Trade and other payables	2,811.6
Lease liabilities (current and long-term)	2,441.9
Provisions (short-term and long-term)	315.8
Long-term debt (current and long-term)	4,375.9
Deferred income taxes	130.9

Year-over-year change in liabilities



Assets		
Cash and cash equivalents	▲ \$77.9 million	Refer to Section 6.2 Summary Cash Flows for further details.
Trade and other receivables	▼ \$209.8 million	The decrease in trade and other receivables is largely attributable to the sale of Helly Hansen in Q2 2025.
Loans receivable (current and long-term)	▲ \$195.1 million	The increase is primarily due to increased cardholder activity in both the average balance and number of active credit card accounts.
Merchandise inventories	▼ \$140.8 million	The decrease in inventory is due to the sale of Helly Hansen in Q2 2025, partially offset by an increase in inventory due to earlier receipt of product relative to the prior year.
Goodwill and intangible assets	▼ \$815.1 million	The decrease is largely attributable to the sale of Helly Hansen in Q2 2025.
Investment property	▲ \$66.7 million	The increase in investment property is due to various REIT investments.
Property and equipment	▲ \$128.4 million	The increase is primarily driven by store and supply chain investments, including the Company's Richmond distribution centre, which opened in 2025.
Liabilities		
Trade and other payables	▼ \$119.8 million	The decrease is mainly attributable to the sale of Helly Hansen in Q2 2025.
Lease liabilities (current and long-term)	▼ \$48.2 million	The decrease in lease liabilities is mainly due to the timing of lease payments and the sale of Helly Hansen in Q2 2025.
Provisions (short-term and long-term)	▲ \$62.5 million	The increase is mainly due to provisions for True North and the increase in sales leading to higher warranty and returns provisions this year.
Long-term debt (current and long-term)	▼ \$180.0 million	The decrease is primarily due to repayment of \$200 million medium-term notes during Q2 2025.
Deferred income taxes	▼ \$114.6 million	The decrease is mainly attributable to the sale of Helly Hansen in Q2 2025.

6.2 Summary Cash Flows

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

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

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

	Q4 2025	Full Year
Operating activities	<p>▼ \$76.4 million change</p> <ul style="list-style-type: none"> The decrease in cash generated from operating activities was primarily driven by changes in working capital. 	<p>▼ \$1,111.7 million change</p> <ul style="list-style-type: none"> The decrease in cash generated from operating activities was primarily driven by changes in working capital and higher Income taxes paid.
Investing activities	<p>▼ \$420.3 million change</p> <ul style="list-style-type: none"> The decrease in cash generated from investing activities was primarily driven by a decrease in proceeds on disposition of properties, which included the Brampton DC, in the prior year. 	<p>▲ \$902.9 million change</p> <ul style="list-style-type: none"> The increase in cash generated from investing activities was primarily driven by proceeds from sale of Helly Hansen in the current year partially offset by a decrease in proceeds on disposition of properties, which included the Brampton DC, in the prior year.
Financing activities	<p>▲ \$586.2 million change</p> <ul style="list-style-type: none"> The decrease in cash used for financing activities was primarily due to lower net repayment of long-term debt, offset by higher repurchases of Class A Non-Voting shares. 	<p>▲ \$122.3 million change</p> <ul style="list-style-type: none"> The decrease in cash used for financing activities was due to higher repayment of short-term borrowings and long-term debt in the prior year, partially offset by higher repurchases of Class A Non-Voting shares this year.

6.3 Capital Management

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

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

The Company's capital management objectives are to:

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

6.3.1 Canadian Tire Bank's Regulatory Environment

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

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

The Bank's capital management objectives include:

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

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

6.4 Investing

6.4.1 Capital Expenditures

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

(C\$ in millions)	2025	2024
Fulfillment and systems modernization	\$ 182.8	\$ 181.7
Omnichannel customer experience	142.7	102.4
Store investments	176.7	194.3
Operating capital expenditures¹	\$ 502.2	\$ 478.4
CT REIT acquisitions and developments excluding vend-ins from CTC	128.3	96.7
Total capital expenditures²	\$ 630.5	\$ 575.1

¹ This measure is a non-GAAP financial measure. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

² Capital expenditures are presented on an accrual basis and include software additions, but exclude right-of-use asset additions, acquisitions relating to business combinations, intellectual properties, and tenant allowances received.

Full Year	
Total capital expenditures	<p>▲ \$55.4 million</p> <ul style="list-style-type: none"> • The Company's operating capital expenditures and total capital expenditures were \$502.2 million and \$630.5 million respectively, an increase of \$23.8 million and \$55.4 million from the prior year. The increase was driven mainly by the timing of spend.

Capital Commitments

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

Operating Capital Expenditures

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

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

6.5 Liquidity and Financing

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

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

As at January 3, 2026

(C\$ in millions)	Consolidated	Retail	Financial Services	CT REIT
Cash and cash equivalents	\$ 553.5	\$ 210.7	\$ 338.6	\$ 4.2
Short-term investments	148.5	—	148.5	—
Total net cash and cash equivalents and short-term investments¹	\$ 702.0	\$ 210.7	\$ 487.1	\$ 4.2
Committed Bank Lines of Credit ²	3,775.0	1,975.0	1,500.0	300.0
Less: Borrowings outstanding ³	—	—	—	—
Less: U.S. commercial paper outstanding ⁴	—	—	—	—
Less: Letters of credit outstanding	2.7	—	—	2.7
Available Committed Bank Lines of Credit	\$ 3,772.3	\$ 1,975.0	\$ 1,500.0	\$ 297.3
Liquidity¹	\$ 4,474.3	\$ 2,185.7	\$ 1,987.1	\$ 301.5

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

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

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

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

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

Financing Source	
Committed Bank Lines of Credit and Securitized Note Purchase Facility	<ul style="list-style-type: none"> • A syndicate of eight Canadian and two international financial institutions provide the Retail segment with a \$1,975 million unsecured bank line of credit for general corporate purposes, including back-stopping outstanding U.S. CP discussed below, expiring in September 2030. As of January 3, 2026, there were no borrowings outstanding on this facility. • CT REIT is supported by a \$300.0 million unsecured bank line of credit from a syndicate of seven Canadian financial institutions, also expiring in September 2030. As of January 3, 2026, CT REIT had no borrowings outstanding on this facility. • CTB has access to a \$300.0 million secured bank line of credit and a \$1.2 billion securitized note purchase facility (NPF), both expiring in April 2028. As of January 3, 2026, CTB had no borrowings outstanding on its bank line of credit and a nominal amount owing on the senior and subordinated credit card asset-backed notes issued by GCCT to the lender under the NPF.
Commercial Paper Programs	<ul style="list-style-type: none"> • CTC has a U.S. dollar-denominated commercial paper (U.S. CP) program with a maximum issuance capacity of USD \$1.0 billion in unsecured short-term promissory notes. These notes mature between one and 270 days, are issued at a discount, and rank pari passu with all other unsecured and unsubordinated obligations of CTC. As of January 3, 2026, CTC had no U.S. CP outstanding. • Concurrently, CTC uses foreign exchange derivatives to hedge the currency risk associated with its U.S. CP issuances, covering both the principal and interest components. For accounting purposes, CTC does not designate these derivatives as hedges. • GCCT maintains an ABCP program that permits the issuance of up to \$300 million of short-term credit card asset-backed promissory notes. The program is fully supported by a global-style liquidity facility provided by a syndicate of five Canadian financial institutions, expiring in September 2028. As of January 3, 2026, GCCT had \$295.1 million of ABCP notes outstanding in short-term borrowings.
Medium-Term Notes, Term Loan and Senior Unsecured Debentures	<ul style="list-style-type: none"> • As of January 3, 2026, CTC had an aggregate principal amount of \$950.0 million of medium-term notes outstanding. • As of January 3, 2026, CT REIT had an aggregate principal amount of \$1,425.0 million of senior unsecured debentures outstanding.
Asset-backed Senior and Subordinated Term Notes	<ul style="list-style-type: none"> • As of January 3, 2026, GCCT had \$2,000.0 million of credit card asset-backed term notes outstanding. This includes \$1,870.0 million of senior term notes and \$130.0 million of subordinated term notes.
Broker GIC Deposits	<ul style="list-style-type: none"> • As of January 3, 2026, CTB had \$2,957.5 million of GIC deposits which are sourced through various active broker networks.
Retail Deposits	<ul style="list-style-type: none"> • As of January 3, 2026, CTB had \$584.6 million of retail deposits consisting of High Interest Savings (HIS) and retail GIC deposits, available both within and outside tax-free savings accounts.
Real Estate	<ul style="list-style-type: none"> • As of January 3, 2026, CTC had a 68.1 percent effective ownership interest in CT REIT, which includes publicly traded CT REIT units. CTC also engages in strategic real estate transactions involving properties not owned by CT REIT. • CT REIT has access to additional funding sources, including access to debt and equity markets, subject to the terms and conditions of CT REIT's Declaration of Trust and all applicable regulatory requirements. • As of January 3, 2026, CT REIT had an \$8.1 million mortgage outstanding which is secured by an investment property.

Credit Ratings

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

Credit Rating Summary	Morningstar DBRS		S&P		Moody’s		Fitch	
	Rating	Trend	Rating	Outlook	Rating	Outlook	Rating	Outlook
Canadian Tire Corporation¹								
Issuer (long-term)	BBB	Stable	BBB	Stable	—	—	—	—
Medium-term notes (long-term)	BBB	Stable	BBB	—	—	—	—	—
Issuer (short-term)	—	—	A-2	—	P-2	—	—	—
Glacier Credit Card Trust								
Asset-backed senior-term notes	AAA (sf)	—	AAA (sf)	—	—	—	—	—
Asset-backed subordinated-term notes	A (sf)	—	A (sf)	—	—	—	—	—
Asset-backed commercial paper	R-1 (high) (sf)	—	—	—	—	—	F1+ (sf)	—
CT REIT								
Issuer (short-term & long-term)	BBB	Stable	—	—	—	—	—	—
Senior unsecured debentures	BBB	Stable	—	—	—	—	—	—

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

6.5.1 Contractual Obligations, Guarantees and Commitments

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

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

¹ Includes current debt, long-term debt, GCCT term notes (senior and subordinated term notes), and a mortgage. Details can be found in Note 21 to the 2025 Consolidated Financial Statements.

² Excludes reasonably certain options of \$314.0 million (2024 - \$249.3 million).

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

6.6 Funding Costs

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

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

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

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

7.0 Equity

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

7.1 Shares Outstanding

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

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

On March 6, 2025, the TSX approved the Company's notice of intention to renew its NCIB. Under the NCIB approved by the TSX, the Company may repurchase up to 4.9 million Class A Non-Voting Shares between March 11, 2025 to March 10, 2026 (2025-26 NCIB). The TSX also approved a new automatic securities purchase plan which expires on or before March 10, 2026, allowing a designated broker to facilitate repurchases of Class A Non-Voting Shares under its 2025-26 NCIB at times when the Company would ordinarily not be permitted to repurchase its securities due to regulatory restrictions and customary self-imposed black-out periods. Additionally, on February 15, 2024, the TSX accepted the Company's Notice of Intention to repurchase up to 4.9 million Class A Non-Voting Shares during the period March 2, 2024 to March 1, 2025.

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

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

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

7.2 Dividends

The Company has a long-term dividend payout ratio¹ target of approximately 30 to 40 percent of the prior year's normalized net income, after considering the period-end cash position, future cash flow requirements, capital market conditions, and investment opportunities. The dividend payout ratio may fluctuate in any particular year.

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

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

7.3 Equity Derivative Contracts

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

During the fourth quarter of 2025, 240,000 units of equity-forward contracts that hedged stock options, performance share units, restricted share units, and deferred share units settled and resulted in a cash receipt from counterparties of approximately \$3.5 million. The Company entered into 320,000 units of new equity-forward contracts during the quarter.

8.0 Tax Matters

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

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

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

Income taxes for the quarter ended January 3, 2026 were \$86.3 million (2024 - \$83.2 million). The Effective tax rate² for the quarter ended January 3, 2026 increased to 27.1 percent (2024 - 17.8 percent), primarily due to lower non-taxable capital gains from property dispositions. When adjusted for normalizing items³, the Effective tax rate for the quarter was 25.7 percent for 2025 and 23.7 percent for 2024.

Income taxes for the full year ended January 3, 2026 were \$219.5 million compared with \$259.6 million in 2024. The Effective tax rate for the full year ended January 3, 2026 increased to 25.0 percent from 22.1 percent in 2024, primarily due to lower non-taxable gains from property dispositions. When adjusted for normalizing items³, the Effective tax rate² for the full year was 24.9 percent for 2025 and 24.6 percent for 2024.

¹ For further information about this measure see Section 10.1 of this MD&A.

² This measure is a non-GAAP ratio. For further information and a detailed reconciliation see Section 10.1 of this MD&A.

³ Refer to Section 5.1.1 in this MD&A for a description of normalizing items.

9.0 Accounting Policies and Estimates

9.1 Critical Accounting Estimates

The Company estimates certain amounts, which are reflected in its consolidated financial statements using detailed financial models based on historical experience, current trends, and other assumptions. Actual results could differ from those estimates. In Management's judgment, the accounting estimates and policies detailed in Note 2 and Note 3 to the Company's 2025 Consolidated Financial Statements, do not require Management to make assumptions about matters that are highly uncertain and, accordingly, none of those estimates are considered a "critical accounting estimate" as defined in Form 51-102F1 – *Management's Discussion and Analysis*, published by the Canadian Securities Administrators, except for the allowance for loan impairment in the Financial Services segment.

Details of the accounting policies subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in its consolidated financial statements are described in Note 2 to the Company's 2025 Consolidated Financial Statements.

9.2 Changes in Accounting Policies

Standards, Amendments, and Interpretations Issued but not yet Adopted

The following new standards, amendments, and interpretations have been issued but are not effective for the fiscal year ended January 3, 2026 and, accordingly, have not been applied in preparing these interim financial statements.

Classification and Measurement of Financial Instruments

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

Presentation and Disclosure in Financial Statements

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

10.0 Non-GAAP Financial Measures and Ratios

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

10.1 Non-GAAP Financial Measures and Ratios

The Company prepares and presents its financial information on a GAAP basis. Management uses many measures to assess performance, including non-GAAP financial measures and non-GAAP ratios. Non-GAAP financial measures and non-GAAP ratios have no standardized meanings under GAAP and may not be comparable to similar measures of other companies.

10.1.1 Normalizing non-GAAP financial measures

Management considers both reported and normalized results and measures useful in evaluating the performance of the core business operations of the Company. Management uses normalized results to assess changes in financial performance across periods on a comparable basis by removing specified items not related to the core business operations of the Company that are infrequent and non-operational in nature. The items, which can include acquisition-related transaction costs, restructuring or other dispositions, including store closures, operational efficiency program costs, one-time costs for new program rollouts, and infrequent non-operational valuation adjustments, are removed from Cost of producing revenue, SG&A and Other expense (income) where applicable. Explanations of normalizing items can be found in Section 5.1.1.

Normalized Cost of Producing Revenue

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

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

Retail Normalized Cost of Producing Revenue

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

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

Normalized Gross Margin and Normalized Gross Margin Rate

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

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

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

Retail Normalized Gross Margin and related measures

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

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

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

Normalized Other Expense (Income)

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

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

Retail Normalized Other Expense (Income)

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

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

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

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

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

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

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

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

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

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

Financial Services Normalized SG&A

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

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

Normalized Income Before Income Taxes

Normalized Income before income taxes is used as an additional measure to assess the Company's underlying operating performance and assists in making decisions regarding the ongoing operations of its business. The following table reconciles Normalized Income before income taxes to Income before income taxes which is a GAAP measure reported in the consolidated financial statements.

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

Retail Normalized Income Before Income Taxes

Retail Normalized Income before income taxes is used as an additional measure to assess the Company's underlying operating performance and assists in making decisions regarding the ongoing operations of its business. The following table reconciles Retail Normalized Income before income taxes to Income before income taxes which is a GAAP measure reported in the consolidated financial statements.

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

Financial Services Normalized Income Before Income Taxes

Financial Services Normalized Income before income taxes is used as an additional measure to assess the Company's underlying operating performance and assists in making decisions regarding the ongoing operations of its business. The following table reconciles Financial Services Normalized Income before income taxes to Income before income taxes which is a GAAP measure reported in the consolidated financial statements.

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

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

Management uses Normalized Income tax expense (recovery) to calculate Normalized Net income. The tax effect of normalizing items is calculated by multiplying normalizing items by the statutory tax rate. The following table reconciles Normalized Income tax expense (recovery) to Income tax expense (recovery) which is a GAAP measure reported in the consolidated financial statements.

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

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

Normalized Net Income, Normalized Net Income Attributable to Shareholders, Normalized Diluted Earnings per Share, and Dividend Payout Ratio

Normalized Net income, Normalized Net income attributable to shareholders, and Normalized Diluted EPS are used as additional measures when assessing the Company's underlying operating performance. The following table reconciles Normalized Net income, Normalized Net income attributable to shareholders and Normalized Diluted EPS to Net income, a GAAP measure reported in the consolidated financial statements.

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

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

10.1.2. EBITDA

EBITDA and related measures

EBITDA, Normalized EBITDA, and Normalized EBITDA as a percentage of Revenue are used as additional measures when assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including capital expenditures. EBITDA and its successive derivations are most directly comparable to Income before income tax, a GAAP measure reported in the consolidated financial statements and is adjusted by deducting Net finance costs (income) and Depreciation and amortization. EBITDA itself is then adjusted for normalizing items.

Normalized EBITDA as a Percentage of Revenue is a non-GAAP Ratio calculated by dividing the Normalized EBITDA by Revenue.

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

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

Retail EBITDA and related measures

Retail EBITDA and Retail Normalized EBITDA are used as additional measures when assessing the performance of the Retail segment's ongoing operations and its ability to generate cash flows to meet requirements, including capital expenditures. Retail EBITDA and its successive derivations are most directly comparable to Income before income tax, a GAAP measure reported in the consolidated financial statements and is adjusted by deducting Net finance costs (income) and Depreciation and amortization. Retail EBITDA is then adjusted for normalizing items.

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

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

Financial Services EBITDA

Financial Services EBITDA is used as an additional measure when assessing the performance of the Financial Services segment's ongoing operations and its ability to generate cash flows to fund its cash requirements. Financial Services EBITDA is most directly comparable to Income before income tax, a GAAP measure reported in the consolidated financial statements and is adjusted by deducting Net finance costs (income) and Depreciation and amortization.

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

CT REIT EBITDA and related measures

CT REIT EBITDA and CT REIT EBITFV are used as additional measures when assessing the performance of the CT REIT segment's ongoing operations and its ability to generate cash flows to fund its cash requirements, including capital expenditures. CT REIT EBITDA and its successive derivations are most directly comparable to Income before income tax, a GAAP measure reported in the consolidated financial statements and is adjusted by deducting Net finance costs (income) and Depreciation and amortization. CT REIT EBITDA is then adjusted for fair value changes.

(C\$ in millions)	Q4 2025	Q4 2024	2025	2024
Income before income taxes	\$ 318.7	\$ 468.6	\$ 878.5	\$ 1,175.1
Less: Other operating segments	127.4	333.3	361.4	740.9
CT REIT Income before income taxes	\$ 191.3	\$ 135.3	\$ 517.1	\$ 434.2
Add:				
Net finance costs (income)	34.3	31.2	131.6	121.8
CT REIT EBITDA¹	\$ 225.6	\$ 166.5	\$ 648.7	\$ 556.0
Add:				
Fair value (gain) loss adjustment	(110.4)	(54.8)	(195.4)	(119.1)
Fair value (gain) loss on unit-based awards and other adjustments	(0.4)	(1.5)	1.2	0.7
CT REIT EBITFV	\$ 114.8	\$ 110.2	\$ 454.5	\$ 437.6

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

10.1.3 Other Consolidated Non-GAAP Financial Measures

Adjusted Net Debt

The following tables present the components of adjusted net debt. The Company believes that Adjusted net debt is relevant in assessing the amount of financial leverage employed.

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

¹ Includes regulatory reserves.

As at December 28, 2024

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

¹ Includes regulatory reserves.

Operating Capital Expenditures

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

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

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

10.1.4 Other Retail

Retail Return on Invested Capital

Retail ROIC is calculated as Retail return divided by the Retail invested capital. Retail return is defined as trailing 12-month Retail after-tax earnings excluding interest expense, lease related depreciation expense, inter-segment earnings, and any normalizing items. Retail invested capital is defined as Retail segment total assets, less Retail segment trade payables and accrued liabilities and inter-segment balances based on an average of the trailing four quarters. Retail return and Retail invested capital are non-GAAP financial measures, which the Company does not consider useful in isolation. The Company believes that Retail ROIC is useful in assessing the Retail segment's performance relative to shareholder investment.

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

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

² Excludes Franchise Trust.

³ Trade payables and accrued liabilities include Trade and other payables, Short-term derivative liabilities, Short-term provisions and Income tax payables.

Normalized Available Retail Free Cash Flow

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

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

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

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

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

10.1.5 Other Financial Services

Past Due Credit Card Receivables Rate

PD2+ rate is calculated by dividing gross credit card receivables that are two cycles or more overdue (30+ days past due) by total gross credit card receivables. Both components exclude allowances and discounts. Gross past due credit card receivables, total gross credit card receivables and PD2+ are non-GAAP financial measures and a non-GAAP ratio, respectively.

The ratio of past due credit card receivables provides Management and investors with an additional measure to assess the quality and health of credit card loan assets. Past due gross credit card receivables and total gross credit card receivables provide insight into the book value of cardholder balances in our portfolio at the reporting date; however, observed in isolation do not provide meaningful information.

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

10.1.6 Other CT REIT

CT REIT Net Operating Income

NOI is defined as Property revenue less Property expense adjusted further for straight-line rent. This measure is most directly comparable to Revenue, a GAAP measure reported in the consolidated financial statements. Management believes that NOI is a useful key indicator of performance as it represents a measure of property operations over which Management has control. NOI is also a key input in determining the value of the portfolio. NOI should not be considered as an alternative to Property revenue or Net income and Comprehensive income, both of which are determined in accordance with GAAP.

The following table shows the relationship of NOI to GAAP Revenue and Property expense in CT REIT's Consolidated Statements of Income and Comprehensive Income:

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

CT REIT Funds from Operations (FFO) and Adjusted Funds from Operations

Funds from Operations

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

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

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

Adjusted Funds from Operations

AFFO is a non-GAAP financial measure of recurring economic earnings used in the real estate industry to assess an entity's distribution capacity. This measure is most directly comparable to Net income and Comprehensive income, GAAP measures reported in the consolidated financial statements. AFFO should not be considered as an alternative to Net income or Cash flows provided by operating activities determined in accordance with IFRS Accounting Standards. CT REIT calculates its AFFO in accordance with REALPAC's FFO and AFFO.

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

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

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

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

Diluted FFO per unit and Diluted AFFO per unit

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

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

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

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

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

10.2 Supplementary Financial Measures

Average Account Balance

Average account balance measures average aggregate account balances in the credit card portfolio, excluding lines of credit and personal loans, divided by the average number of credit card accounts, for the applicable period.

Borrowings Outstanding

Borrowings outstanding represents drawdowns from committed bank lines of credit.

Credit Card Sales and Credit Card Sales Growth

Credit card sales is a measure of the net sales charged to credit cards. Credit card sales growth excludes balance transfers and represents year-over-year percentage change.

Comparable Sales

Comparable sales is commonly used in the retail industry to identify sales growth generated by a Company's existing store network and removes the effect of opening and closing stores in the period. The calculation includes sales from all stores that have been open for a minimum of one year and one week, as well as eCommerce sales, and uses a 52 week-week time frame. Comparable sales do not form part of the Company's consolidated financial statements. Management applies this measure to Consolidated results (including and excluding Petroleum), the Retail segment (including and excluding Petroleum), and all banners under the Retail segment (including but not limited to Canadian Tire Retail, SportChek and Mark's).

Cost of Debt

Cost of debt represents the weighted average finance costs as a percentage of total short-term and long-term debt during the period.

eCommerce Sales

eCommerce sales refers to sales generated by the Company's online presence. Only eCommerce sales from corporate stores are included in the Company's consolidated financial statements. Management applies this measure to Consolidated results, the Retail segment, and banners under the Retail segment.

ECL Allowance Rate

This measure is the total allowance for expected credit losses as a percentage of total gross loans receivable for the Financial Services segment.

eCTM Issued to CTB Credit Card Holders

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

Effective Tax Rate

Effective tax rate is the tax expense for the period divided by the income before income taxes for the same period.

Gross Average Accounts Receivable (GAAR)

GAAR is the average accounts receivable from credit cards, personal loans, and lines of credit, before allowances for expected credit losses. Measures using GAAR apply only to the Financial Services segment.

Gross Margin Rate

Gross margin rate is gross margin divided by revenue.

Gross Margin Dollars excluding Petroleum and Gross Margin Rate excluding Petroleum

Gross margin dollars excluding Petroleum captures gross margin dollars in the consolidated entity or Retail segment, as measured according to the Company's IFRS Accounting Standards accounting policy, while excluding gross margin dollars from Petroleum sales. Gross margin rate excluding Petroleum is calculated by dividing gross margin excluding Petroleum by revenue excluding Petroleum.

Interest Expense

Interest expense represents the finance cost of short-term and long-term debt, which includes lines of credit, medium-term notes, debentures, and senior and subordinated term notes. This metric excludes deposits held by CTB, Franchise Trust indebtedness, and lease liability interest.

Loyalty Sales and Loyalty Penetration

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

Net Credit Card Write-off Rate

Net credit card write-off rate measures write-offs of credit card balances only, net of recoveries for the past twelve months, as a percentage of the credit card GAAR.

Owned Brands Penetration

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

Property Revenue

Property revenue includes all amounts earned from tenants pursuant to lease agreements including property taxes, operating costs, and other recoveries.

Property Expense

Property expense consists primarily of property taxes, operating costs, and property management costs (including any outsourcing of property management services).

Retail Sales

Retail sales refers to the point-of-sale value of all goods and services sold to retail customers at stores operated by Dealers, Mark's and SportChek franchisees, and Petroleum retailers, at corporately-owned stores across all banners under the Retail segment, and of goods sold through the Company's online sales channels, that in aggregate do not form part of the Company's consolidated financial statements. Management applies this measure to Consolidated results (including and excluding Petroleum), the Retail segment (including and excluding Petroleum), and all banners under the Retail segment (including but not limited to Canadian Tire Retail, SportChek, Mark's, and Petroleum).

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

Retail SG&A rate is calculated by dividing Retail SG&A by Retail revenue. Retail SG&A as a percentage of revenue excluding Petroleum is calculated by dividing Retail SG&A by Retail revenue excluding Petroleum.

Return on Receivables (ROR)

ROR assesses the profitability of the Financial Services' total portfolio of receivables. ROR is calculated by dividing Financial Services' income before income tax and gains/losses on disposal of property and equipment by the average of Financial Services' total-managed portfolio over a rolling 12-month period.

Revenue as Percentage of GAAR

Revenue as percentage of GAAR for the Financial Services segment is the rolling 12-month revenue divided by gross average accounts receivable.

Revenue Excluding Petroleum

Revenue excluding Petroleum captures revenue in the consolidated entity and Retail segment, as measured according to the Company's IFRS Accounting Standards accounting policy, while excluding revenues from petroleum sales.

Sales per Square Foot

Comparisons of sales per square foot metrics over several periods help identify whether existing assets are being made more productive by the Company's introduction of new store layouts and merchandising strategies. Sales per square foot is calculated on a rolling 12-month basis for the Retail segment. This calculation includes the period in which stores were temporarily closed. For Canadian Tire, retail space does not include seasonal outdoor garden centres, auto service bays, warehouses, and administrative space. For SportChek and Mark's, it includes both corporate and franchise stores and warehouse and administrative space.

Share of Tender

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

11.0 Risks and Risk Management

Overview

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

The following section provides a description of key risks as well as other risks that may have a material adverse effect on the Company, grouped into business and operational risks, and financial risks. In addition to the risks described below, there may be additional risks and uncertainties not currently known to Management, or risks that are not considered material at this time which may evolve and materially and adversely affect the Company in the future. The actual effect of any risk may be materially different from what is currently anticipated. Many of the risks are interconnected, influencing the likelihood and impact of other risks.

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

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

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

11.1 Business and Operational Risks

Strategic Agility

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

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

Franchise Operations

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

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

experience material adverse effects on its strategic objectives, financial performance and operations, including reduced revenue from sales to Franchise Holders and margin sharing arrangements with Dealers, loss of reputation and diminished customer experience.

Brand and Reputation

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

Geopolitical Conditions

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

Talent

Workforce

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

Key personnel

The Company relies on Executives and other key personnel to drive its growth and success, including cultivating a meaningful and productive corporate culture. CTC requires employees with specialized skill in areas such as merchandising, marketing, product development, customer insights, supply chain, finance and retail leadership to drive and sustain its core retail business. In addition, CTC requires employees with specialized skill to support future growth in key areas such as technology, AI, digital, and data analytics. The market for talent is highly

competitive, and CTC's ability to attract and retain key personnel depends on a variety of factors, such as the availability of qualified individuals, the attractiveness of CTC as an employer and CTC's ability to provide competitive compensation and benefits. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives, financial performance and operations, including increased costs and reduced strategic agility and competitive positioning.

Macroeconomic Conditions

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

Technology Infrastructure

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

Emerging and Disruptive Technology

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

Cyber Security

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

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

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

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

Data and Privacy

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

Third Parties

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

Supply Chain

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

Responsible Sourcing

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

Loyalty Program

Triangle Rewards, the Company's loyalty program, is a key enabler of sustained cross-banner customer engagement and personalized marketing, which supports the Company's operations and growth. Failure to invest in Triangle Rewards, deliver relevant and personalized customer offers and experiences, preserve positive customer perceptions and adapt to evolutions in the loyalty landscape, may limit CTC's ability to attract, engage and retain Triangle Rewards members. Partnerships with other loyalty programs are intended to help grow Triangle Rewards; however, the Company may be unable to identify and negotiate arrangements with attractive and uncommitted loyalty partners complimentary to CTC's business. Further, the Company must execute on and

integrate its partnerships in a timely and effective manner, which may be challenging due to the complex nature of such partnerships, in order to realize the anticipated benefits. Loyalty partners may experience operational or reputational issues which may negatively impact the applicable partnership and CTC's operations and brand and reputation. In addition, Triangle Rewards relies on continued access and consent to use customer data. Legal developments, changes in customer preferences, reduced customer trust, or other developments that reduce access to data could impair the success of the program. Should any of these risks materialize, the Company may experience material adverse impacts on its strategic objectives and financial performance, including decreased sales and market share.

Competitive Environment

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

Customer Trends

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

Seasonality

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

Legal**Regulatory Compliance**

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

Litigation

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

Climate Change

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

Environmental, Social and Governance

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

Business Disruptions

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

experience material adverse impacts on its strategic objectives, financial performance and operations, including reduced sales, increased costs and loss of reputation.

11.2 Financial Risks

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

Credit

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

Consumer Credit Risk

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

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

Franchise Holder Credit Risk

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

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

Financial Instrument Counterparty Credit Risk

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

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

Liquidity

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

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

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

Market

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

Foreign Currency Risk

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

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

Interest Rate Risk

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

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

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

Commodity Price

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

Insurance

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

12.0 Internal Controls and Procedures

12.1 Disclosure Controls and Procedures

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

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

12.2 Internal Control over Financial Reporting

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

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

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

12.3 Changes in Internal Control over Financial Reporting

During the quarter and year ended January 3, 2026, there were no changes in the Company's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

13.0 Related Parties

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

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

14.0 Environmental, Social, and Governance

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

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

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

15.0 Quarterly Trends

15.1 2025 Quarterly Trends

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

Normalized Consolidated Results

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

Normalized Retail Segment Continuing Operations

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

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

15.2 2024 Quarterly Trends

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

Normalized Consolidated Results

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

Normalized Retail Segment Continuing Operations

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

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

16.0 Caution Regarding Forward-Looking Information

This document contains information that may constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information provides insights regarding Management's current expectations and plans and allows investors and others to better understand the Company's anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Statements containing forward-looking information are neither historical facts nor assurances of future performance. Forward-looking information included or incorporated by reference in this document includes, but is not limited to, information with respect to:

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

Other non-historical information may also constitute forward-looking information, including, but not limited to, information concerning Management's current expectations relating to possible or assumed prospects and results, the Company's strategic objectives and priorities, its actions and the results of those actions, and the economic and business outlook for the Company. Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "estimate", "plan", "can", "could", "should", "would", "outlook", "target", "forecast", "anticipate", "aspire", "foresee", "continue", "ongoing" or the negative of these terms or variations of them or similar terminology.

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

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

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

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

Investors and other readers are urged to consider the foregoing risks, uncertainties, factors, and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. In addition, the Company cautions that the foregoing lists of risks and assumptions are not exhaustive, and other risks, uncertainties and factors could also adversely affect the Company's results and may cause actual results to differ materially from those expressed or implied in the forward-looking information.

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

Information contained in or otherwise accessible through the websites referenced in this MD&A does not form part of this MD&A and is not incorporated by reference into this MD&A. All references to such websites are inactive textual references and are for information only.

17.0 Commitment to Disclosure and Investor Communication

The Company strives to maintain a high standard of disclosure and investor communication. Reflecting the Company's commitment to full and transparent disclosure, the Investor Relations section of the Company's website at: <https://investors.canadiantire.ca>, includes the following documents and information of interest to investors:

- Annual and Quarterly Report to Shareholders;
- Quarterly earnings news releases, fact sheets, and other materials including conference call transcripts and webcasts (archived for one year);
- Supplementary information including investor presentations and videos;
- the Annual Information Form;
- the Management Information Circular;
- Information for Debtholders; and
- The Company's Approach to Corporate Governance.

The Company's Report to Shareholders, Annual Information Form, Management Information Circular and quarterly financial statements and MD&A are also available at <http://www.sedarplus.ca>.

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

February 18, 2026