CANADIAN TIRE CORPORATION, LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

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

Index to the Consolidated Financial Statements and Notes

Management's Responsibility for Financial Statements

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

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

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

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

Greg Hicks
President and
Chief Executive Officer

Darren Myers
Executive Vice-President
and Chief Financial Officer

February 18, 2026

Independent Auditor’s Report

To the Shareholders of Canadian Tire Corporation, Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matter Description

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

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

How the Key Audit Matter Was Addressed in the Audit:

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

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

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

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

Key Audit Matter Description

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

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

How the Key Audit Matter Was Addressed in the Audit:

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

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

Independent Auditor’s Report

Other Information

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

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

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

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

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditor’s Report

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

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

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

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

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

Deloitte LLP

/s/Deloitte LLP

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

Consolidated Balance Sheets

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

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

J. Michael Owens
Director

Nadir Patel
Director

Consolidated Statements of Income

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

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

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

Consolidated Statements of Comprehensive Income

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

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

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

Consolidated Statements of Cash Flows

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

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

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

Consolidated Statements of Changes in Equity

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

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

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

1. The Company and its Operations

Canadian Tire Corporation, Limited is a Canadian public company primarily domiciled in Canada. Its registered office is 2180 Yonge Street, Toronto, Ontario, M4P 2V8, Canada. It is listed on the Toronto Stock Exchange (TSX – CTC, CTC.A). Canadian Tire Corporation, Limited and entities it controls are together referred to in these consolidated financial statements as the “Company”, “CTC” or “Canadian Tire Corporation”. Refer to Note 14 for the Company’s major subsidiaries.

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

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

2. Basis of Preparation

Fiscal Year

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

Discontinued Operations

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

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

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

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

Statement of Compliance

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

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

Basis of Presentation

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

- financial instruments at Fair Value Through Profit or Loss (FVTPL);

- financial instruments at Fair Value Through Other Comprehensive Income (FVOCI);
- derivative financial instruments;
- liabilities for share-based payment plans; and
- initial recognition of assets acquired and liabilities assumed in a business combination.

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

Functional and Presentation Currency

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

Judgments and Estimates

The preparation of these consolidated financial statements in accordance with IFRS Accounting Standards requires Management to make judgments and estimates that affect:
- the application of accounting policies;
- the reported amounts of assets and liabilities;
- disclosures of contingent assets and liabilities; and
- the amounts of revenue and expenses recognized during the reporting periods.

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

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

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

The section below contains details of the accounting policies subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these consolidated financial statements.

Impairment of Assets

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

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

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

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

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

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

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

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

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

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

Other

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

Standards, Amendments, and Interpretations Issued but not yet Adopted

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

Classification and Measurement of Financial Instruments

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

Presentation and Disclosure in Financial Statements

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

3. Material Accounting Policy Information

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

Basis of Consolidation

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

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

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

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

Business Combinations

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

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

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

Joint Arrangement

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

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

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

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

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

Functional and Presentation Currency

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

Foreign Currency Transactions and Balances

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

Financial Instruments

Recognition, Derecognition and Initial Measurement

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

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

Classification at Initial Recognition and Subsequent Measurement

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

Financial Instruments at Amortized Cost, including Impairment

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

Financial assets are subsequently measured at amortized cost if both the following conditions are met, and they are not designated as FVTPL:
- the financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

A 12-month ECL represents the loss expected from default events that are possible within 12-months of the reporting date. This 12-month ECL is recognized in the same reporting period as the initial recognition. The following types of financial assets are measured at 12-month ECL:
- investments determined to have low credit risk at the reporting date with a credit risk rating equivalent to investment grade; and
- other financial assets, such as loans receivable, for which credit risk has not increased significantly since initial recognition.

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

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

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

Financial Instruments at Fair Value Through Other Comprehensive Income

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

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

Financial Instruments at Fair Value Through Profit or Loss

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

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

Derivative Financial Instruments

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

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

Cash Flow Hedges

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

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

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

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

Cash and Cash Equivalents

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

Short-Term Investments

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

Trade and Other Receivables

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

Loans Receivable

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

Long-Term Investments

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

Debt

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

Merchandise Inventories

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

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

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

Intangible Assets

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

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

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

Expenditures on research activities are expensed as incurred.

Investment Property

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

Property and Equipment

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

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

Borrowing Costs

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

Leases

Lessee

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

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

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

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

Lessor

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

Subleases

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

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

Impairment of Assets

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

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

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

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

Employee Benefits

Short-Term Benefits

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

Post-Employment Benefits

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

Share-Based Payments

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

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

Provisions

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

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

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

Share Capital

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

Revenue

Sale of Goods

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

Customer Loyalty Programs

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

Interest Income on Loans Receivable

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

Services Rendered

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

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

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

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

Reinsurance Revenue

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

Royalties and Licence Fees

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

Rental Income

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

Vendor Rebates

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

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

Net Finance Costs

Net finance cost comprises finance costs reduced by finance income.

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

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

Income Taxes

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

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

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

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

Earnings per Share

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

4. Discontinued Operations

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

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

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

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

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

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

The results of Helly Hansen were as follows:

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

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

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

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

5. Operating Segments

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

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

- Financial Services issues Canadian Tire's Triangle brand credit cards, including Triangle Mastercard, Triangle World Elite Mastercard, and Cash Advantage Mastercard. Financial Services also markets insurance products, and provides settlement services to the Company. Financial Services includes Canadian Tire Bank (CTB, the Bank), a federally regulated Schedule I bank that manages and finances the Company's consumer Mastercard portfolio, and Canadian Tire-branded line of credit loans. The Bank also accepts deposits in High-Interest Savings accounts (including Tax-Free Savings Accounts) and Guaranteed Investment Certificates deposits, both directly and through third-party brokers. Financial Services also includes Glacier Credit Card Trust (GCCT), a structured entity established to purchase co-ownership interests in the Company's credit card loans receivable, and CTFS Bermuda Ltd., a Bermuda reinsurance company. GCCT issues debt to third-party investors to fund its purchases.

- CT REIT is an unincorporated, closed-end real estate investment trust. CT REIT holds a geographically-diversified portfolio of properties in Canada, mainly comprising Canadian Tire banner stores, Canadian Tire anchored retail developments, and industrial properties.

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

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

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

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

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

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

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

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

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

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

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

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

Total assets by reportable operating segment are as follows:

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

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

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

Total liabilities by reportable operating segment are as follows:

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

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

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

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

6. Cash and Cash Equivalents

Cash and cash equivalents, comprise the following:

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

[1] *Restricted cash and cash equivalents of $29.1 million (December 28, 2024 – $23.9 million) relates to GCCT and is restricted for the purpose of paying principal and interest to note holders and additional funding costs. Restricted cash and cash equivalents of Nil (December 28, 2024 – $4.2 million) represents Helly Hansen's operational items.*

[2] *Included in cash and cash equivalents are amounts held in reserve in support of CTB's liquidity and regulatory requirements (refer to Note 33.1).*

7. Trade and Other Receivables

Trade and other receivables include the following:

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

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

8. Loans Receivable

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

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

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

[2] *Includes line of credit loans.*

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

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

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

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

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

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

				2024
(C$ in millions)	12-month ECL (Stage 1)	Lifetime ECL – not credit-impaired (Stage 2)	Lifetime ECL – credit-impaired (Stage 3)	Total
Balance at December 30, 2023	$ 362.1	$ 234.8	$ 329.4	$ 926.3
Increase (decrease) during the period				
Write-offs	(15.9)	(54.2)	(569.8)	(639.9)
Recoveries	—	—	104.6	104.6
New loans originated	32.7	—	—	32.7
Transfers				
to Stage 1	94.4	(60.9)	(33.5)	—
to Stage 2	(35.9)	43.2	(7.3)	—
to Stage 3	(31.5)	(55.5)	87.0	—
Net remeasurements	(55.4)	119.7	447.9	512.2
Balance at December 28, 2024	$ 350.5	$ 227.1	$ 358.3	$ 935.9

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

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

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

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

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

Transfers of Financial Assets

Glacier Credit Card Trust

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

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

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

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

9. Long-Term Receivables and Other Assets

Long-term receivables and other assets include the following:

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

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

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

10. Goodwill and Intangible Assets

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

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

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

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

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

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

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

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

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

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

Impairment of Intangible Assets

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

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

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

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

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

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

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

11. Investment Property

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

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

[1] *Other includes disposals, retirements, impairment, reclassifications and transfers. The Company reclassified nil (December 28, 2024 - $3.8 million) of property including nil (December 28, 2024 - $0.3 million) in accumulated amortization to Held for sale.*
[2] *Investment property includes $5.5 million (December 28, 2024 – $5.7 million) right-of-use assets related to operating subleases where the Company is an intermediate lessor.*

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

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

Impairment of Investment Property

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

12. Property and Equipment

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

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

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

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

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

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

Impairment of Property and Equipment

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

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

13. Leases

13.1 As a Lessee

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

13.1.1 Right-of-use Assets

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

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

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

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

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

Impairment of Right-of-use Assets

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

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

13.1.2 Lease Liability Undiscounted Cash Flows

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

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

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

13.2 As a Lessor

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

13.2.1 Net Investment in Subleases

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

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

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

13.2.2 Operating Leases

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

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

13.3 Variable Lease Payments

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

14. Subsidiaries

14.1 Control of Subsidiaries and Composition of the Company

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

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

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

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

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

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

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

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

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

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

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

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

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

15. Income Taxes

15.1 Deferred Income Tax Assets and Liabilities

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

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

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

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

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

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

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

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

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

15.2 Income Tax Expense

The following are the major components of income tax expense:

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

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

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

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

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

Reconciliation of Income Tax Expense

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

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

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

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

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

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

16. Deposits

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

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

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

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

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

17. Trade and Other Payables

Trade and other payables include the following:

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

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

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

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

18. Provisions

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

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

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

19. Short-Term Borrowings

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

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

Short-term borrowings consists of the following:

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

20. Loans

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

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

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

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

21. Long-Term Debt

Long-term debt includes the following:

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

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

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

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

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

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

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

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

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

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

Medium-Term Notes and Debentures

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

Mortgage

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

22. Other Long-Term Liabilities

Other long-term liabilities include the following:

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

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

23. Employment Benefits

Profit-Sharing Program

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

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

Post Employment Benefits: Defined Benefit Plan

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

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

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

Significant actuarial assumptions used:

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

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

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

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

Sensitivity Analysis:

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

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

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

24. Financial Risk Management

24.1 Overview

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

24.2 Risk Management Framework

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

24.3 Credit Risk

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

24.3.1 Consumer Credit Risk

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

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

24.3.2 Dealer/Franchisee Credit Risk

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

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

24.3.3 Financial Instrument Counterparty Credit Risk

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

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

24.3.4 Additional Credit Risk Exposure

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

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

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

24.4 Liquidity Risk

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

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

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

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

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

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

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

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

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

24.5 Market Risk

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

24.5.1 Foreign Currency Risk

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

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

24.5.2 Interest Rate Risk

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

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

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

25. Capital Management

The Company's capital management objectives are as follows:

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

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

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

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

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

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

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

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

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

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

The Bank manages its capital under guidelines established by the OSFI. OSFI's regulatory capital guidelines are based on the international Basel Committee on Banking Supervision framework entitled Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems (Basel III), which came into effect in Canada on January 1, 2013. Basel III is a global regulatory accord that enhances the regulation, supervision, and risk management practices within the banking sector. The Bank has implemented several capital policies, procedures, and controls, including an annual Internal Capital Adequacy Assessment Process (ICAAP). These measures support the Bank in achieving its goals and objectives.

The Bank's capital management objectives include:
- meet all applicable regulatory requirements;
- maintain and reinforce confidence in the safety and soundness of the Bank;
- support growth in assets and liabilities; and

- offset unexpected operating and investment losses and volatility.

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

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

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

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

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

26. Share Capital

Share capital consists of the following:

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

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

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

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

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

[1] *Repurchased shares, pursuant to the Company's NCIB program, have been restored to the status of authorized but unissued shares. The Company records shares repurchased on a transaction date basis.*

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

Material Characteristics of Common Shares

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

Material Characteristics of Class A Non-Voting Shares

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

Rights Upon Liquidation, Dissolution or Winding Up

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

Change in Class A Non-Voting Shares and Common Shares

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

Dividends

Dividend Rights

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

Dividend Information

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

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

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

27. Share-Based Payments

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

Stock Options

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

Stock option transactions during 2025 and 2024 were as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

All Plans

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

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

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

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

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

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

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

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

28. Revenue

External revenue by reportable operating segment is as follows:

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

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

Retail revenue breakdown is as follows:

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

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

Major Customers

The Company does not rely on any one customer.

29. Cost of Producing Revenue

Cost of producing revenue consists of the following:

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

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

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

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

30. Selling, General and Administrative expenses

Selling, general and administrative expenses consist of the following:

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

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

31. Depreciation and Amortization

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

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

32. Net Finance Costs

Net finance costs consists of the following:

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

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

33. Notes to the Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities comprise the following:

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

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

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

33.1 Cash and Marketable Investments Held in Reserve

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

34. Financial Instruments

34.1 Fair Value of Financial Instruments

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

Cash and cash equivalents, Trade and other receivables, Loans receivable, Bank indebtedness, Trade and other payables, Short-term borrowings, and Loans are carried at amounts that approximate their fair value either due to their short-term nature or because they are derivatives carried at fair value.

Long-term receivables and other assets are carried at amounts that approximate their fair value because their carrying amounts reflect current market interest rates or because they are derivatives carried at fair value.

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

Investments in Debt Securities

The fair values of financial assets are determined using a combination of discounted cash flow models using inputs for which market-observable prices exist, and where available, comparison to similar instruments and other valuation models.

Derivatives

The fair value of derivatives is estimated using readily observable market inputs and standard valuation models, as follows:

Foreign exchange forward contracts are estimated by discounting the difference between the contractual forward price and the current forward price and applying a risk-free rate to reflect the maturity of the contract.

Interest rate swaps and swaptions, are estimated using data inputs on the measurement date and are verified against external valuation sources.

Equity derivatives are calculated referencing share price movements adjusted for interest, using market interest rates specific to the terms of the underlying derivative contracts, and are verified against external valuation sources.

34.2 Fair Value of Financial Assets and Financial Liabilities Classified Using the Fair Value Hierarchy

The Company uses a fair value hierarchy to categorize the inputs used to measure the fair value of financial assets and financial liabilities, the levels of which are:

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

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

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

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

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

34.3 Fair Value Measurement of Investments, Debt, and Deposits

The fair value measurement of investments, debt and deposits is categorized within Level 2 of the fair value hierarchy (refer to Note 34.2). The fair values of the Company's investments, debt and deposits compared to the carrying amounts are as follows:

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

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

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

34.4 Items of Income, Expense, Gains or Losses

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

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

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

35. Guarantees and Commitments

Guarantees

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

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

Standby Letters of Credit

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

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

Business and Property Dispositions

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

Lease Agreements Guarantees

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

Third-Party Financial Guarantees

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

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

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

Indemnification of Lenders and Agents Under Credit Facilities

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

Other Indemnification Agreements

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

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

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

Capital and Other Commitments

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

36. Related Parties

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

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

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

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

37. Contingencies

Legal Matters

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