



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	998 263 158
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	CTC TRIANGLE (NORWAY) I AS
Forretningsadresse:	Munkedamsveien 35 0250 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Carrie Ann Ask
Dato for fastsettelse av årsregnskapet:	02.05.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 12.08.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Kostnader			
Other expenses	1, 2	91 000	47 000
Sum kostnader		91 000	47 000
Driftsresultat		-91 000	-47 000
Finansinntekter og finanskostnader			
Income from subsidiaries	3	25 227 000	
Renteinntekt fra foretak i samme konsern	3	145 398 000	44 262 000
Annen renteinntekt		4 000	1 000
Sum finansinntekter		170 630 000	44 263 000
Rentekostnad til foretak i samme konsern	3	107 733 000	40 607 000
Sum finanskostnader		107 733 000	40 607 000
Netto finans		62 896 000	3 657 000
Ordinært resultat før skattekostnad		62 805 000	3 609 000
Incombe tax (income)/ expense	4	-45 721 000	
Ordinært resultat etter skattekostnad		108 526 000	3 609 000
Årsresultat	5	108 526 000	3 609 000
Årsresultat etter minoritetsinteresser		108 526 000	3 609 000
Totalresultat		108 526 000	3 609 000
Overføringer og disponeringer			
Udekket tap		108 526 000	3 609 000
Sum overføringer og disponeringer		108 526 000	3 609 000



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	4	45 721 000	
Sum immaterielle eiendeler		45 721 000	
Finansielle anleggsmidler			
Investering i datterselskap	6	1 760 215 000	1 760 215 000
Investering i annet foretak i samme konsern	6		
Lån til foretak i samme konsern	3	1 242 038 000	1 644 643 000
Sum finansielle anleggsmidler		3 002 252 000	3 404 858 000
Sum anleggsmidler		3 047 973 000	3 404 858 000
Omløpsmidler			
Varer			
Fordringer			
Accounts receivables	3		
Other short-term receivables	3	25 227 000	
Sum fordringer		25 227 000	
Investeringer			
Aksjer og andeler i foretak i samme konsern	6		
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	7	136 000	131 000
Sum bankinnskudd, kontanter og lignende		136 000	131 000
Sum omløpsmidler		25 363 000	131 000
SUM EIENDELER		3 073 336 000	3 404 989 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2023	2022
Egenkapital			
Innskutt egenkapital			
Share capital	8	284 639 000	284 639 000
Beholdning av egne aksjer	8		
Overkurs		3 374 174 000	3 374 174 000
Sum innskutt egenkapital		3 658 813 000	3 658 813 000
Opptjent egenkapital			
Other equity		-2 107 458 000	-2 215 984 000
Sum opptjent egenkapital		-2 107 458 000	-2 215 984 000
Sum egenkapital	5	1 551 355 000	1 442 829 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	4		
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	3		
Non-current intercompany liabilities	3	1 521 981 000	1 962 161 000
Sum annen langsiktig gjeld		1 521 981 000	1 962 161 000
Sum langsiktig gjeld		1 521 981 000	1 962 161 000
Kortsiktig gjeld			
Leverandørgjeld	3		
Tax payable	4		
Current intercompany liabilities	3		
Sum kortsiktig gjeld	3		
Sum gjeld		1 521 981 000	1 962 161 000
SUM EGENKAPITAL OG GJELD		3 073 336 000	3 404 989 000



Skatteetaten

Vår dato 18.10.2018	Din dato 13.09.2018	Saksbehandler Henning Stokke
800 80 000 Skatteetaten.no	Din referanse Kari Kaugerud	Telefon 800 80 000
Org.nr 996250318	Vår referanse 2018/1103229	Postadresse Postboks 9200 Grønland 0134 Oslo

Helly Hansen AS
PB 1115 Sentrum
0104 OSLO

Fritak for konsernregnskapsplikten for underkonsernet CTC Triangle (Norway) I AS, org.nr. 998 263 158

Det vises til deres brev av 13. september 2018 hvor det søkes om fritak fra plikten til å utarbeide konsernregnskap for CTC Triangle (Norway) I AS, org.nr. 998 263 158.

Fra søknaden gjengis:

CTC Triangle (Norway) IAS - Tidligere Teodin Holdco AS, org. nr. 998 263 158, eier 100 % av aksjene i:

- *CTC Triangle (Norway) 11 AS — Tidligere Teodin Acquico AS, org.nr. 998 406 323, som videre eier 100% av aksjene i*
- *Helly Hansen Group AS, org.nr 989 689 967, som videre eier 100% av aksjene i*
- *Helly Hansen Holding AS, org.nr 977 466 482, som videre eier 100% av aksjene i*
- *Helly Hansen AS, org.nr 912 359 999, som videre eier 100% av aksjene i en rekke internasjonale selskaper - se vedlagt selskapsstruktur for ytterligere informasjon.*

CTC Triangle (Norway) I AS vil for regnskapsåret 2018 i utgangspunktet ha plikt til å utarbeide konsernregnskap, jf. regnskapsloven § 3—2. Vi søker med dette om unntak for konsernregnskapsplikten, da CTC Triangle (Norway) I AS selv er datterselskap, jf. regnskapsloven § 3-7 første ledd og fjerde ledd.

CTC Triangle (Norway) I AS er 100 % eid av morselskapet Canadian Tire Corporation Ltd (CTC) som er hjemmehørende i Ontario, Canada og notert på Toronto børsen (TSX — CTC, CTC.A). Det ultimate morselskapet avlegger sitt konsernregnskap på engelsk etter IFRS, og CTC Triangle [Norway] I AS med datterselskaper konsolideres inn i konsernregnskapet til Canadian Tire Corporation Ltd.

CTC Triangle (Norway) IAS har dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk, jf. dispensasjon gitt av Skattedirektoratet 18 oktober 2012, ref. 786874.

Konsernregnskapet til Canadian Tire Corporation Ltd er tilgjengelig på selskapets nettside: www.corp.canadiantire.ca



Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for CTC Triangle (Norway) I AS. Det forutsettes at Canadian Tire Corporation Ltd utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskap. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med IFRS og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7.9.2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten på norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



CANADIAN TIRE CORPORATION

2023 REPORT TO SHAREHOLDERS





CANADIAN TIRE CORPORATION
2023 REPORT TO SHAREHOLDERS

MESSAGE FROM J. MICHAEL OWENS, CHAIRMAN OF THE BOARD



DEAR SHAREHOLDERS,

The year 2023 was certainly a challenging one. Persistent inflation and multiple interest rate hikes stressed Canadians financially, which, in turn, impacted Canadian Tire Corporation (CTC), a reality reflected in its 2023 financial results. As this company has done for over a century whenever it faces a challenge, we all learn from it, and those lessons drive us to come back stronger.

Although results may have fallen short of expectations in 2023, Greg Hicks and his leadership team managed well in an arduous macroeconomic environment. They made tough but necessary decisions to balance overcoming short-term challenges while remaining committed to CTC's long-term goals. They may have slowed the pace of some investments, but those made to date are showing returns, indicating that CTC is on the right path. Our management team faced considerable challenges, including a fire at the A.J. Billes Distribution Centre, persistent inflation, and multiple interest rate hikes, all capped off by unseasonable weather. Although one could argue these challenges were uncontrollable, they present an opportunity to learn.

The lesson we have learned from 2023 is that our operating environment will remain dynamic and uncertain, and that is a risk we must continue to address and manage moving forward. To that end, as a Board, we are



MESSAGE FROM J. MICHAEL OWENS, CHAIRMAN OF THE BOARD

having active conversations about what disruptions may await us in this new economy, from consumers' evolving shopping habits to the impact of climate change on weather patterns and how CTC can adapt accordingly. As Martha Billes elucidated at the 2023 Canadian Tire Dealer Association Convention, "If we expect to make progress, we must continue to change often."

Evolution is a challenge but one I am confident the CTC Board and leadership team are ready and well-equipped to undertake. In 2023, we further strengthened the insight and oversight of our Board with the addition of Lyne Castonguay, Cathryn Cranston, and Sue Paish, all of whom have helped enhance our perspective, strengthen our capabilities, and broaden our expertise. We have built an effective, high-performing, collaborative Board that provides strength and stability as we move through these dynamic times. We continue collaborating with the senior management team as they consider strategic choices to manage the short-term reality while optimizing long-term value for our shareholders. I am grateful to all our Directors for their steadfast commitment throughout 2023 and to Martha and Owen Billes for their continued support and stewardship of their family's enduring legacy.

Despite the current macroeconomic uncertainty, I remain confident in CTC's future. Mine is not a naive confidence but one built on 101 years of evidence. 2023 was neither the first difficult year CTC has had, nor will it be the last, and I believe we have reached a catalyst moment: one in which this great company evolves alongside its swiftly changing operating environment. Given this company's history of success and overcoming obstacles, its strong management, fiercely dedicated roster of team members and Canadian Tire Associate Dealers, and loyal customers across the country, CTC is positioned to navigate whatever new challenges come its way and emerge stronger than before.

Thank you for standing by us as we prepare for a brighter future. We look forward to your participation at our Annual Meeting of Shareholders.

Sincerely,

J. Michael Owens

CHAIRMAN, BOARD OF DIRECTORS, CANADIAN TIRE CORPORATION



DEAR SHAREHOLDERS,

When I reflect on 2023, there is no question it was a tough year – more so than we expected at the outset. The rising interest rates, stubborn inflation, and unfavourable weather significantly impacted our results, which fell well short of our expectations. But 2023 was also a year that bolstered my confidence in our capabilities, strategic investments, and team. Despite the challenges, we remain cautiously optimistic about the future and confident in our ability to make life better for Canadians as they, too, navigate these trying economic times.

We believe the headwinds we faced in 2023 are temporary and, as such, remain committed to transforming CTC into a fiercer competitor through our *Better Connected* strategy. Since introducing our strategy in March 2022, we have invested \$1.4 billion in capital – the vast majority of which was targeted to growth initiatives. Through our supply chain modernization program, for example, we have invested \$360 million in transforming our network. We have introduced automated Goods-to-Person technology in our Montreal and Calgary Distribution Centres (DC) and, in early 2023, commenced operations of our fully automated Greater Toronto Area DC, investments that are enabling us to better serve our stores and customers while driving operational efficiency across the network. We continued to upgrade our technology infrastructure, including through our seven-year partnership with Microsoft, which will accelerate our modernization journey and drive retail innovation across Canada.



MESSAGE FROM GREG HICKS, PRESIDENT AND CHIEF EXECUTIVE OFFICER

We have also made significant progress in improving our omnichannel customer experience. Since 2022, nearly 80 Canadian Tire stores have been refreshed, expanded, or replaced. By completing the rollout of our One Digital Platform, we have gained scalability, enhanced stability, improved the customer experience, and we are now laser-focused on serving customers the products they want and need – not from one of our banners but across our group of companies. Key omnichannel initiatives, including pick-up lockers, electronic shelf labels, and scan-and-buy features, were part of our continued investment in providing a superior customer experience. Following a successful pilot in early 2023, we expanded Express Delivery nationally across all our banners, offering same-day delivery services to customers.

Our Triangle Rewards Loyalty Program, a key component of our *Better Connected* strategy, maintains a healthy and engaged membership. In 2023, 11.4 million members actively shopped with us, and loyalty sales constituted nearly 60% of total sales. Moreover, sales through our one-to-one personalized offer program increased by over \$250 million in the year. We also continued to provide members with enhanced value opportunities, developing a strategic loyalty partnership with Petro-Canada and launching Triangle Select.

The challenges of 2023 went beyond Canadians' wallets, however, and we were there for our communities when natural disasters struck, including the deadly flooding on Canada's East Coast and Canada's worst wildfire season in history. We also continued to break down barriers to sport and recreation – literally from playground to podium. In 2023, Jumpstart helped more than 440,000 kids participate in sport and recreation, disbursed over 1,000 grants to support community programming, and completed construction on seven new inclusive play spaces, bringing the total incremental square footage added since 2017 to more than 550,000, or the equivalent of 32 NHL hockey rinks. We also launched our Women's Sport Initiative, our multi-million-dollar investment through which we will commit 50% of our sponsorship dollars to women's professional sports.

Looking ahead to 2024, it is clear that CTC's current reality reflects that of Canada – one characterized by limited visibility into and continued uncertainty around monetary policy. We expect we will continue operating in a challenged demand environment, constraining our topline growth. However, we are in a better position to deal with the macro environment and its impact on our financial performance heading into 2024, and we are placing heightened attention on our financial flexibility. Our team is focused on maximizing leverage, including our operating leverage, our existing assets and investments, and the strong relationships we have built through Triangle Rewards.

Despite the challenges of today, we cannot lose sight of where we need to be tomorrow. Although we have slowed the pace of some of our investments, we are moving forward with those that provide the greatest



MESSAGE FROM GREG HICKS, PRESIDENT AND CHIEF EXECUTIVE OFFICER

return not only for us but also for our customers and shareholders. I am confident that CTC's future is a bright one – one in which we will continue delivering for you, our shareholders. We remain committed to driving shareholder value and returning capital to you, as we have in previous years; in fiscal 2023, we returned close to \$740 million of capital to you through share buybacks and dividends and announced our fourteenth consecutive dividend increase.

My conviction in our ability to turn the corner is reinforced by the strength of our Dealer Model and our teams' commitment to our purpose, no matter what. We faced a lot of hurdles in 2023 – and our people stepped up, as they do every time they face a challenge. For that, I am very proud and grateful. There is perhaps no better demonstration of this than our teams' response to the fire at our A.J. Billes DC. Their Herculean efforts kept our people safe and had our DC back online in record time. There is a quintessential demonstration of the unrivalled dedication that got us through the pandemic, previous economic downturns, and every other challenge that has come our way these past 101 years. And it is what assures me that we will get through this current economic cycle.

In closing, I want to thank Mike Owens and the CTC Board of Directors for their valuable insight and oversight this past year, and Martha and Owen Billes for their continued support. And to you, our valued shareholders: thank you for your sustained trust in us. Know that the lessons of 2023 were not lost on us. If anything, they have further entrenched our focus on controlling what we can, mitigating what we cannot, and balancing navigation of short-term headwinds with driving long-term growth and consistent returns.

Best,

Greg Hicks

PRESIDENT AND CHIEF EXECUTIVE OFFICER, CANADIAN TIRE CORPORATION



MANAGEMENT'S DISCUSSION
AND ANALYSIS

AND

CONSOLIDATED FINANCIAL
STATEMENTS



Management's Discussion and Analysis

Canadian Tire Corporation, Limited
Fourth Quarter and Full-Year 2023



Management's Discussion and Analysis

Canadian Tire Corporation, Limited
Fourth Quarter and Full-Year 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

1.0 Preface

1.1 Definitions

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

The financial results for the Retail segment are delivered by the businesses operated by the Company under the Company's retail banners, which include Canadian Tire, PartSource, Petroleum, Gas+, Party City, Mark's, Helly Hansen, SportChek, Sports Experts, Atmosphere, Pro Hockey Life ("PHL"), Sports Rousseau, and Hockey Experts.

In this document:

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

"Canadian Tire Retail" and "CTR" refer to the general merchandise retail and services businesses carried on under the Canadian Tire, PartSource, PHL, and Party City names and trademarks.

"Canadian Tire stores" and "Canadian Tire Gas+ gas bars" refer to stores and gas bars (which may include convenience stores, car washes, and propane stations) that operate under the Canadian Tire Gas+ names and trademarks.

"CT REIT" refers to the business carried on by CT Real Estate Investment Trust and its subsidiaries, including CT REIT Limited Partnership ("CT REIT LP").

"Financial Services" refers to the business carried on by the Company's Financial Services subsidiaries, namely Canadian Tire Bank ("CTB" or the "Bank") and CTFS Bermuda Ltd. ("CTFS Bermuda"), a Bermuda reinsurance company.

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

"Helly Hansen" refers to the international wholesale and retail businesses that operate under the Helly Hansen and Musto names and trademarks.

"Jumpstart" refers to Canadian Tire Jumpstart Charities.

"Mark's" refers to the retail and commercial wholesale businesses carried on by Mark's Work Wearhouse Ltd., and "Mark's stores" including stores that operate under the Mark's, L'Équipeur, Mark's WorkPro, and L'Équipeur Pro names and trademarks.

"Owned Brands" refers to owned by the Company and managed within the Retail segment.

"PartSource stores" refers to stores that operate under the PartSource name and trademarks.

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

"Petroleum" refers to the retail petroleum business carried on under the Canadian Tire Gas+ name and trademark.

"SportChek" refers to the retail business carried on by FGL Sports Ltd., including stores that operate under the SportChek, Sports Experts, Atmosphere, Sports Rousseau, and Hockey Experts names and trademarks.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

1.2 Forward-Looking Information

This Management's Discussion and Analysis ("MD&A") contains information that may constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information provides insights regarding Management's current expectations and plans and allows investors and others to better understand the Company's anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Although the Company believes that the forward-looking information in this MD&A is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from Management's expectations and plans as set forth in such forward-looking information. The Company cannot provide assurance that any financial or operational performance, plans, or aspirations forecast will actually be achieved or, if achieved, will result in an increase in the Company's share price. Refer to section 14.0 in this MD&A for a more detailed discussion of the Company's use of forward-looking information.

1.3 Review and Approval by the Board of Directors

The Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A on February 14, 2024.

1.4 Quarterly and Annual Comparisons in the MD&A

Unless otherwise indicated, all comparisons of results for Q4 2023 (13 weeks ended December 30, 2023) are compared against results for Q4 2022 (13 weeks ended December 31, 2022) and all comparisons of results for the full-year 2023 (52 weeks ended December 30, 2023) are compared against results for the full-year 2022 (52 weeks ended December 31, 2022).

1.5 Accounting Framework

The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), also referred to as Generally Accepted Accounting Principles ("GAAP"), using the accounting policies described in Note 3 of the 2023 Consolidated Financial Statements.

1.6 Accounting Estimates and Assumptions

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

1.7 Key Performance Measures

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

1.8 Rounding and Percentages

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

2.0 Company and Industry Overview

Canadian Tire Corporation, Limited (TSX: CTC.A) (TSX: CTC) and its subsidiaries, are a group of companies that include a Retail segment, a Financial Services segment and CT REIT. Our retail business is led by Canadian Tire, which was founded in 1922 and provides Canadians with products for life in Canada across its Automotive, Fixing, Living, Playing and Seasonal & Gardening divisions. PartSource, Gas+, Party City and Pro Hockey Life are key parts of the Company's retail network. The Retail segment also includes Mark's, Mark's WorkPro, a leading source for casual and industrial wear; and SportChek, Hockey Experts, Sports Experts and Atmosphere, which offer the best activewear brands. CTC's 1,700 retail and gasoline outlets are supported and strengthened by our Financial Services segment and the tens of thousands of people employed across Canada and around the world by the Company and its Canadian Tire Associate Dealers ("Dealers"), franchisees, and petroleum retailers. In addition, Canadian Tire Corporation owns Helly Hansen, a leading global brand in sportswear and workwear based in Oslo, Norway, whose results are included in the Retail segment. A description of the Company's business and select core capabilities can be found in the Company's 2023 Annual Information Form ("2023 AIF"), including section 2 "Description of the Business" and on the Company's Corporate (<https://corp.canadiantire.ca>) and Investor Relations (<https://corp.canadiantire.ca/investors>) websites.



MANAGEMENT'S DISCUSSION AND ANALYSIS

3.0 Historical Performance Highlights

3.1 Select Annual Consolidated Financial Trends

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

(C\$ in millions, except per share amounts and number of retail locations)	2023	2022	2021
Consolidated Comparable sales growth ^{1,2}	(2.9) %	2.7 %	8.2 %
Retail sales, excluding Petroleum ²	\$ 16,073.3	\$ 16,580.7	\$ 16,194.0
Revenue	16,656.5	17,810.6	16,292.1
Net income	339.1	1,182.8	1,260.7
Normalized ³ net income ⁴	716.1	1,250.9	1,290.8
Basic EPS	3.79	17.70	18.56
Diluted EPS	3.78	17.60	18.38
Normalized ³ diluted EPS ⁴	10.37	18.75	18.91
Total assets	21,978.3	22,102.3	21,802.2
Total non-current financial liabilities	8,345.1	7,794.8	8,749.7
Financial Services gross average accounts receivable ² (total portfolio)	7,141.5	6,654.2	5,876.4
Number of retail locations	1,695	1,704	1,711
Cash dividends declared per share	\$ 6.9250	\$ 6.2750	\$ 4.8250
Stock price (CTC.A) ⁵	140.72	141.50	181.44

¹ Does not include Helly Hansen.

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

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

⁴ This is a non-GAAP financial measure. For further information and a detailed reconciliation see section 10.1 of this MD&A.

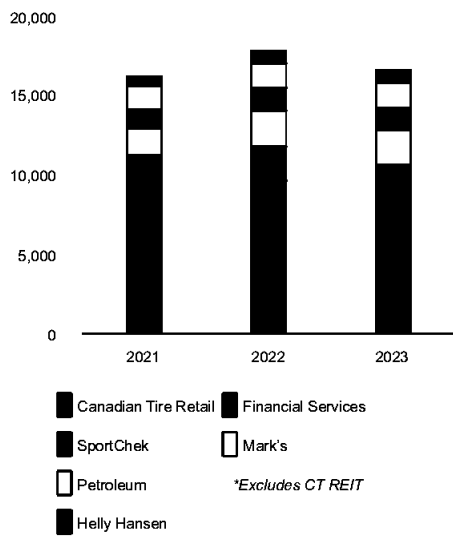
⁵ Closing share price as of the date closest to the Company's fiscal year end.



MANAGEMENT'S DISCUSSION AND ANALYSIS

REVENUE BY BANNER/UNIT*

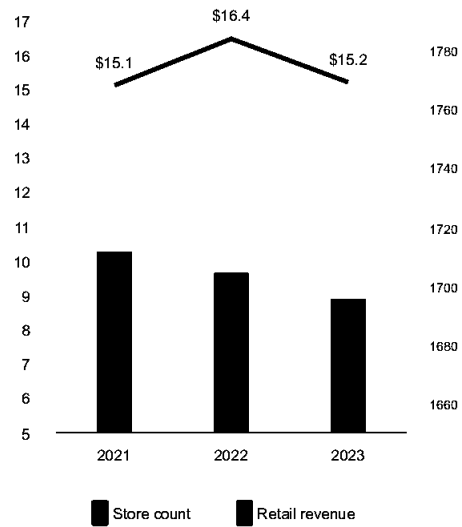
(\$ millions)



STORES AND RETAIL REVENUE

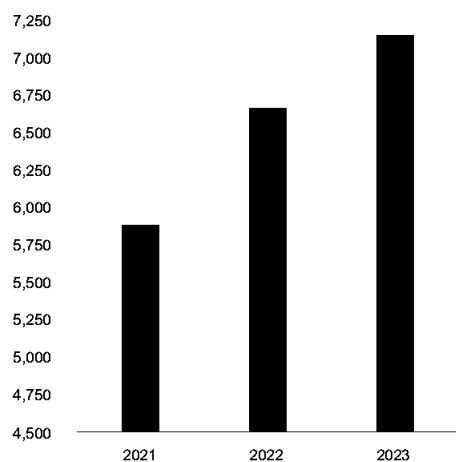
Retail revenue (\$ billions)

Number of stores



FINANCIAL SERVICES GROSS AVERAGE ACCOUNTS RECEIVABLE

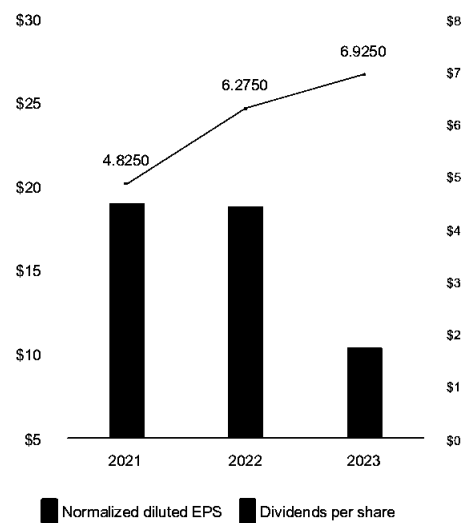
(\$ millions)



NORMALIZED DILUTED EPS AND DIVIDENDS PER SHARE

(\$ per share)

(Dividends \$ per share)





MANAGEMENT'S DISCUSSION AND ANALYSIS

4.0 Company Strategy

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

Better Connected Strategy

In the Company's press release issued in conjunction with its Investor Day held on March 10, 2022, CTC announced the *Better Connected* strategy to bolster its omnichannel capabilities and drive long-term growth. The strategy built on the Company's unparalleled brand trust and brand purpose: to Make Life in Canada Better.

In conjunction with the strategy, CTC announced investments to create better customer experiences and deeper customer connections, enhancing the omnichannel customer experience by better connecting digital and physical channels and rolling out a new "Concept Connect" to Canadian Tire stores, strengthening supply chain fulfillment infrastructure and automation, modernizing IT infrastructure, and driving efficiency in how CTC operates.

The Company's *Better Connected* strategy initiatives have already proven to drive incremental sales and enhance connections to customers through an offering that has greater relevance and value and the Company continues to manage its resources to create room for continued investment over the longer term.

In 2023, the Company has:

- Invested \$615.3 million in operating capital expenditures. More than 15 percent of CTR stores, or approximately 18 percent of the CTR footprint, have now been refreshed, expanded, or replaced since March 2022, driving incremental sales, with 45 store projects completed in 2023.
- Completed the multi-year rollout of the Company's digital platform across all banners, enhancing the online experience for customers, and equipping over 90 percent of CTR stores with new technology to drive better economic efficiency and a better customer experience.
- Announced a seven-year flagship strategic retail partnership with Microsoft, leveraging Microsoft Azure to modernize its systems and infrastructure. In addition, the partnership provides the Company with direct access to Microsoft's cloud products and solutions, expertise and upskilling capabilities to increase the speed and efficiency of its business modernization and enhance customers' omnichannel journey and brand experiences across the Company.
- Repurchased \$470.0 million of the Company's Class A Non-Voting Shares, and announced a new share repurchase program to purchase up to \$200.0 million of the Company's Class A Non-Voting Shares during 2024.
- Decreased full-time equivalent ("FTE") employees as a result of targeted headcount reductions of three percent in Q4 and the elimination of the majority of vacancies for a further reduction of three percent, resulting in a corporate FTE reduction of six percent. Annualized run-rate savings are estimated to be approximately \$50.0 million.

Given the macroeconomic environment and consumer demand which differed significantly from the Company's expectations, and further to the noticeable slowdown in Retail sales during the second quarter of 2023, the Company withdrew the financial aspirations (average annual comparable sales growth, Retail Return on Invested Capital ["ROIC"] and Diluted EPS) for fiscal years 2022 to 2025, previously announced at its Investor Day and disclosed in section 4.0 of the Company's 2022 MD&A. Other sales aspirations disclosed in connection with Investor Day were similarly impacted.

The Company remains committed to pursuing the strategic objectives which support its vision and build on its strong market position, and to prioritizing investments within the *Better Connected* strategy to solidify CTC's brand and competitive positioning in Canada over the long term. Acceleration of the Company's loyalty strategy and omnichannel investments continue to be key areas of focus.

Since the beginning of 2022, CTC has invested close to \$1.4 billion in operating capital, including approximately \$800.0 million to enable a better omnichannel experience through investments in the CTR store network and loyalty strategy. More than \$550.0 million has been invested in the Company's fulfillment infrastructure and modernization initiatives.

Given the changed economic conditions since early 2022 and continued softening of demand, the Company slowed the pace of previously-identified operating capital investments in 2023, which it will continue into 2024, prioritizing its best returning capital investments. As a result, the Company announced in the third quarter of 2023 that it no longer expects to invest the level of operating capital expenditures during the 2022-2025 period, as previously announced at its Investor Day and disclosed in section 4.0 of the Company's 2022 MD&A.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Allocation

Notwithstanding the challenging economic environment, CTC remains focused on investing in the business and pursuing a balanced approach to dividends and share buybacks over the longer term.

2023 operating capital expenditures were \$615.3 million, slightly below the disclosed range in Q3 2023 of \$650.0 to \$700.0 million and below the range disclosed in the Company's 2022 MD&A of \$750.0 to \$800.0 million. The Company expects 2024 operating capital expenditures to be in a range of \$475.0 million to \$525.0 million, below the range previously disclosed in Q3 2023 of \$550.0 million to \$600.0 million.

On November 9, 2023, CTC announced an increase in its annual dividend for the 14th consecutive year, to \$7.00 per share from \$6.90 per share, as well as its intention to repurchase up to an additional \$200.0 million of its Class A Non-Voting Shares, in excess of the amount required for anti-dilutive purposes, during 2024.



MANAGEMENT'S DISCUSSION AND ANALYSIS

5.0 Financial Performance

5.1 Consolidated Financial Performance

5.1.1 Consolidated Financial Results

(C\$ in millions, except where noted)	Q4 2023	Q4 2022	Change	2023	2022	Change
Retail sales ¹	\$ 5,323.4	\$ 5,729.4	(7.1) %	\$ 18,504.1	\$ 19,248.8	(3.9) %
Revenue	\$ 4,443.0	\$ 5,340.4	(16.8) %	\$ 16,656.5	\$ 17,810.6	(6.5) %
Gross margin dollars	\$ 1,536.8	\$ 2,018.4	(23.9) %	\$ 5,703.6	\$ 6,097.9	(6.5) %
Gross margin rate ¹	34.6 %	37.8 %	(321) bps	34.2 %	34.2 %	— bps
Other expense (income)	\$ 3.2	\$ 0.2	NM ³	\$ 34.4	\$ 61.6	NM ³
Selling, general and administrative expenses ²	983.5	1,012.0	(2.8) %	3,675.7	3,502.5	4.9 %
Depreciation and amortization ²	196.3	188.1	4.4 %	771.2	719.0	7.3 %
Net finance costs	90.8	65.9	37.8 %	321.5	231.0	39.2 %
Change in fair value of redeemable financial instrument	—	—	NM ³	328.0	—	NM ³
Income before income taxes	\$ 263.0	\$ 752.2	(65.0) %	\$ 572.8	\$ 1,583.8	(63.8) %
Income tax expense	65.8	189.6	(65.3) %	233.7	401.0	(41.7) %
Effective tax rate ¹	25.0 %	25.2 %		40.8 %	25.3 %	
Net income	\$ 197.2	\$ 562.6	(65.0) %	\$ 339.1	\$ 1,182.8	(71.3) %
Net income attributable to:						
Shareholders of Canadian Tire Corporation	\$ 172.5	\$ 531.9	(67.6) %	\$ 213.3	\$ 1,044.1	(79.6) %
Non-controlling interests	24.7	30.7	(19.6) %	125.8	138.7	(9.3) %
	\$ 197.2	\$ 562.6	(65.0) %	\$ 339.1	\$ 1,182.8	(71.3) %
Basic EPS	\$ 3.10	\$ 9.13	(66.0) %	\$ 3.79	\$ 17.70	(78.6) %
Diluted EPS	\$ 3.09	\$ 9.09	(66.0) %	\$ 3.78	\$ 17.60	(78.5) %
Weighted average number of Common and Class A Non-Voting Shares outstanding:						
Basic	55,623,542	58,237,893	NM ³	56,228,680	58,983,364	NM ³
Diluted	55,761,553	58,499,745	NM ³	56,457,450	59,336,919	NM ³

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

² Certain prior year figures have been restated to conform to the current year presentation.

³ Not meaningful.

Non-Controlling Interests

The following table outlines the net income attributable to the Company's non-controlling interests. For additional details, refer to Note 15 to the 2023 Consolidated Financial Statements.

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Financial Services				
Non-controlling interest 0.0% (2022 – 20.0%)	\$ 5.5	\$ 12.6	\$ 48.4	\$ 64.3
CT REIT				
Non-controlling interest 31.6% (2022 – 31.3%)	18.3	17.1	72.5	68.6
Retail segment subsidiary				
Non-controlling interest 50.0% (2022 – 50.0%)	0.9	1.0	4.9	5.8
Net income attributable to non-controlling interests	\$ 24.7	\$ 30.7	\$ 125.8	\$ 138.7



MANAGEMENT'S DISCUSSION AND ANALYSIS

Normalizing Items

The full year results of operations in 2023 include costs and recoveries associated with the fire at its A.J. Billes Distribution Centre (the "DC fire"), the Impact of Bill C-47 GST/HST Legislative Amendments ("GST/HST-related charge"), the Change in fair value of redeemable financial instrument, and the fourth quarter targeted headcount reduction charge, which were considered as normalizing items. In 2022, costs relating to the Company's Operational Efficiency program and the Helly Hansen Russia exit were considered as normalizing items. These costs are included in Other expense (income), Change in fair value of redeemable financial instrument, and Selling, general and administrative expenses in the Consolidated Statements of Income. Further explanation on these normalizing items can be found below.

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Targeted headcount reduction charge	\$ 21.6	\$ —	\$ 21.6	\$ —
DC fire	—	—	11.3	—
GST/HST-related charge	—	—	33.3	—
Change in fair value of redeemable financial instrument	—	—	328.0	—
Operational Efficiency program	—	19.6	—	47.2
Helly Hansen Russia exit	—	—	—	36.5
Total	\$ 21.6	\$ 19.6	\$ 394.2	\$ 83.7

Impact of the March 15th A.J. Billes Distribution Centre Fire

During the first quarter of 2023, the Company was impacted by the DC fire which services Canadian Tire Retail stores nationally and is one of the Company's largest distribution centres. Operations at the facility were suspended on March 15, 2023, and partially resumed on March 27, 2023. The Company has recognized a full year charge of \$11.3 million net of insurance recoveries, relating to cleanup and repair costs, lost inventory, asset disposals, and building damage, up to the end of the reporting period. These costs and the related recovery are included in Other expense (income) in the Consolidated Statements of Income and have been treated as a normalizing item in the Retail segment.

On a full year basis, the DC fire also resulted in approximately \$32.0 million lower Income before income taxes due to operating inefficiencies at CTR, which are included in the Company's results of operations but not reflected as normalizing adjustments. The Company continues to work with its insurers on the recovery of these indirect costs.

While remediation efforts remain underway, the Distribution Centre returned to full operational shipment capacity faster than anticipated, during the second quarter of 2023.

Impact of the GST/HST-related Charge

The 2023 Federal Budget, released on March 28, 2023, included certain tax measures affecting CTB, specifically a proposal to amend the definition of "financial services" to exclude clearing services rendered by a payment card network operator. On June 22, 2023, Bill C-47 ("Bill C-47"), which included this proposal, received Royal Assent and as a result these services are subject to GST/HST both prospectively and retroactively, with a one-year deadline from Royal Assent for the CRA to reassess prior periods that are statute-barred. As previously disclosed, a \$33.3 million provision was recorded in the second quarter in Selling, general and administrative expenses ("SG&A") and Provisions in the Consolidated Statements of Income and Consolidated Balance Sheet as a result of this development. This has been treated as a normalizing item in the Financial Services segment.

Redeemable Financial Instrument

Since 2014 the Company has recognized a redeemable financial instrument in its Financial Statements in relation to Scotiabank's option to require the Company to purchase their 20 percent share of CTFS Holdings Limited ("CTFS").

During the third quarter, the negotiations with Scotiabank to repurchase the shares for \$895.0 million resulted in a change in fair value of \$328.0 million and thus the Company recognized a non-cash charge to the Consolidated Statements of Income. The full \$328.0 million impacted net income, as the fair value change is non-deductible, and has reduced Diluted EPS by approximately \$5.81. This expense has been treated as a normalizing item.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The purchase of the shares from Scotiabank was completed in Q4 prior to the release of the Company's Q3 results. For more information refer to the 2023 Consolidated Financial Statements, Notes 15 and 34.1.

Targeted Headcount Reduction

In November of 2023, the Company announced its intention to decrease FTE employees through targeted headcount reductions in Q4, resulting in a corporate FTE reduction of three percent. The Company took a charge of \$21.6 million in Q4 2023 in relation to these actions. This has been treated as a normalizing item in the Retail and Financial Services segments. Annualized run-rate savings are expected to be approximately \$50.0 million.

Selected Normalized Metrics – Consolidated

(C\$ in millions, except where noted)	Q4 2023	Normalizing Items ¹	Normalized Q4 2023 ²	Q4 2022	Normalizing Items ¹	Normalized Q4 2022 ²	Change ³
Revenue	\$ 4,443.0	\$ —	\$ 4,443.0	\$ 5,340.4	\$ —	\$ 5,340.4	(16.8) %
Cost of producing revenue	2,906.2	—	2,906.2	3,322.0	—	3,322.0	(12.5) %
Gross margin dollars	\$ 1,536.8	\$ —	\$ 1,536.8	\$ 2,018.4	\$ —	\$ 2,018.4	(23.9) %
Gross margin rate ⁴	34.6 %	— bps	34.6 %	37.8 %	— bps	37.8 %	(321) bps
Other expense (income)	\$ 3.2	\$ —	\$ 3.2	\$ 0.2	\$ —	\$ 0.2	NM ⁵
Selling, general and administrative expenses ⁶	983.5	(21.6)	961.9	1,012.0	(19.6)	992.4	(3.1) %
Depreciation and amortization ⁶	196.3	—	196.3	188.1	—	188.1	4.4 %
Net finance costs	90.8	—	90.8	65.9	—	65.9	37.8 %
Change in fair value of redeemable financial instrument	—	—	—	—	—	—	NM ⁵
Income before income taxes	\$ 263.0	\$ 21.6	\$ 284.6	\$ 752.2	\$ 19.6	\$ 771.8	(63.1) %
Income tax expense	65.8	5.7	71.5	189.6	5.2	194.8	(63.3) %
Net income	\$ 197.2	\$ 15.9	\$ 213.1	\$ 562.6	\$ 14.4	\$ 577.0	(63.1) %
Net income attributable to shareholders of CTC	172.5	15.9	188.4	531.9	14.4	546.3	(65.5) %
Diluted EPS	\$ 3.09	\$ 0.29	\$ 3.38	\$ 9.09	\$ 0.25	\$ 9.34	(63.8) %

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

² These normalized measures (excluding Revenue, Cost of producing revenue, Gross margin dollars, Gross margin rate, Other expense (income), Depreciation and amortization, Net finance costs, and Change in fair value of redeemable financial instrument) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see section 10.1 of this MD&A.

³ Change is between normalized results.

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

⁵ Not meaningful.

⁶ Certain prior year figures have been restated to conform to the current year presentation.



MANAGEMENT'S DISCUSSION AND ANALYSIS

(C\$ in millions, except where noted)	2023	Normalizing Items ¹	Normalized 2023 ²	2022	Normalizing Items ¹	Normalized 2022 ²	Change ³
Revenue	\$ 16,656.5	\$ —	\$ 16,656.5	\$ 17,810.6	\$ —	\$ 17,810.6	(6.5) %
Cost of producing revenue	10,952.9	—	10,952.9	11,712.7	—	11,712.7	(6.5) %
Gross margin dollars	\$ 5,703.6	\$ —	\$ 5,703.6	\$ 6,097.9	\$ —	\$ 6,097.9	(6.5) %
Gross margin rate ⁴	34.2 %	— bps	34.2 %	34.2 %	— bps	34.2 %	— bps
Other expense (income)	\$ 34.4	\$ (11.3)	\$ 23.1	\$ 61.6	\$ (36.5)	\$ 25.1	NM ⁵
Selling, general and administrative expenses ⁶	3,675.7	(54.9)	3,620.8	3,502.5	(47.2)	3,455.3	4.8 %
Depreciation and amortization ⁶	771.2	—	771.2	719.0	—	719.0	7.3 %
Net finance costs	321.5	—	321.5	231.0	—	231.0	39.2 %
Change in fair value of redeemable financial instrument	328.0	(328.0)	—	—	—	—	NM ⁵
Income before income taxes	\$ 572.8	\$ 394.2	\$ 967.0	\$ 1,583.8	\$ 83.7	\$ 1,667.5	(42.0) %
Income tax expense	233.7	17.2	250.9	401.0	15.6	416.6	(39.8) %
Net income	\$ 339.1	\$ 377.0	\$ 716.1	\$ 1,182.8	\$ 68.1	\$ 1,250.9	(42.8) %
Net income attributable to shareholders of CTC	213.3	372.0	585.3	1,044.1	68.1	1,112.2	(47.4) %
Diluted EPS	\$ 3.78	\$ 6.59	\$ 10.37	\$ 17.60	\$ 1.15	\$ 18.75	(44.7) %

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

² These normalized measures (excluding Revenue, Cost of producing revenue, Gross margin dollars, Gross margin rate, Depreciation and amortization, and Net finance costs) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see section 10.1 of this MD&A.

³ Change is between normalized results.

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

⁵ Not meaningful.

⁶ Certain prior year figures have been restated to conform to the current year presentation.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Consolidated Results Commentary

Effective from the first quarter of 2023, the Company's results reflect a change in accounting estimate related to the Company's Margin-Sharing Arrangement ("MSA") with Dealers (the "change in accounting estimate"), as outlined below.

Change in Accounting Estimate

The Company's contract with its Dealers governs how margin and expenses are shared between the two groups. Beginning in the first quarter of 2023, the Company implemented a change to accounting estimates associated with one component of the contract, the MSA with the Dealers. The Company already records a portion of its margin relating to revenue and margin on shipments to its Dealers in the quarter incurred, but the majority of the MSA has historically been accrued in the fourth quarter of every year. Effective with the first quarter of 2023, the Company began to record the MSA throughout the year to better reflect the pattern over which the MSA is earned. This change simply reflected a change in the timing of this revenue. It results in less quarterly fluctuation in Retail segment Gross margin and Income before income taxes. In the fourth quarter of 2023, the unfavourable impact to Revenue in the Retail segment due to the change in accounting estimate relating to the Company's MSA with its Dealers was \$171.0 million. Excluding this impact, Consolidated fourth quarter Revenue was down \$726.4 million, Consolidated Income before income taxes was down \$318.2 million and Retail segment Gross margin rate excluding Petroleum¹ was down 88 bps.

Consolidated Results Summary

Diluted EPS for the fourth quarter of 2023 was \$3.09 per share, \$6.00 lower than the prior year. Normalized Diluted EPS was \$3.38, \$5.96 lower than the prior year.

Consolidated Income before income taxes was \$263.0 million, a decrease of \$489.2 million compared to the prior year. Normalized Income before income taxes was \$284.6 million, down \$487.2 million from the prior year, primarily due to lower Revenue in the Retail segment.

On a full year basis, Consolidated Income before income taxes decreased by \$1,011.0 million, and Normalized Income before income taxes decreased by \$700.5 million. The decline was primarily attributable to the Retail segment as a result of lower Revenue and higher operating costs, including operating inefficiencies as a result of the DC fire.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

Consolidated Results Commentary (continued)

	Q4 2023	Full Year
Consolidated Results Summary	▼ Diluted EPS: \$6.00 per share	▼ Diluted EPS: \$13.82 per share
	<ul style="list-style-type: none"> Consolidated Revenue was \$4,443.0 million, a decrease of \$897.4 million or 16.8 percent. Consolidated Revenue excluding Petroleum¹ was \$3,939.9 million, a decrease of 17.8 percent. The decline was driven by the Retail segment, partially offset by revenue growth in the Financial Services segment. Consolidated Gross margin dollars were \$1,536.8 million, a decrease of \$481.6 million or 23.9 percent from the prior year due to a decline in the Retail segment. Other expense (income) was \$3.2 million, unfavourable by \$3.0 million compared to the prior year driven by lower real estate related gains, partially offset by foreign exchange losses recognized at Helly Hansen in the prior year. Consolidated SG&A was \$983.5 million, a decrease of \$28.5 million or 2.8 percent compared to the prior year. Normalized for the current year targeted headcount reduction charge and costs associated with the Operational Efficiency program in the prior year, SG&A decreased \$30.5 million. The decrease was driven by the Retail segment, due to lower volume-related supply chain costs and lower variable compensation expenses. This was partially offset by strategic investments in the store network and the transition to cloud-based IT infrastructure as part of the <i>Better Connected</i> strategy, and higher SG&A in the Financial Services segment. Depreciation and amortization was \$196.3 million, an increase of 4.4 percent from the prior year driven by costs associated with the Company's strategic capital investments. Net finance costs were \$90.8 million, an increase of 37.8 percent from the prior year due to increased borrowings, in part to fund the repurchase of Scotiabank's interest in CTFS, and higher interest rates. 	<ul style="list-style-type: none"> Consolidated Revenue was \$16,656.5 million, a decrease of \$1,154.1 million or 6.5 percent. Consolidated Revenue excluding Petroleum was \$14,525.4 million, a decrease of 6.1 percent, driven by the Retail segment, partially offset by revenue growth in the Financial Services segment. Consolidated Gross margin dollars were \$5,703.6 million, a decrease of \$394.3 million, or 6.5 percent from the prior year, due to a decline in the Retail segment. Other expense (income) of \$34.4 million included \$11.3 million related to the DC fire and was favourable by \$27.2 million compared to the prior year which included a \$36.5 million charge relating to the exit of Helly Hansen operations in Russia. Normalized Other expense (income) was favourable by \$2.0 million driven by foreign exchange losses recognized at Helly Hansen in the prior year, partially offset by a \$13.5 million one-time cost to exit a supply chain contract and lower real estate related gains in 2023. Consolidated SG&A was \$3,675.7 million, an increase of \$173.2 million or 4.9 percent compared to the prior year. Normalized for the GST/HST-related charge and targeted headcount reduction charge in the current year, and costs associated with the Operational Efficiency program in the prior year, SG&A increased \$165.5 million. The increase was driven by the Retail segment due to strategic investments as part of the <i>Better Connected</i> strategy, including the transition to cloud-based IT infrastructure and investment in supply chain and store network. In addition, there were operating inefficiencies incurred relating to the DC fire. Depreciation and amortization was \$771.2 million, an increase of 7.3 percent from the prior year driven by costs associated with the Company's strategic capital investments. Net finance costs were \$321.5 million, an increase of 39.2 percent from the prior year due to increased borrowings, in part to fund the repurchase of Scotiabank's interest in CTFS, higher interest rates, and higher lease-related costs.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

Consolidated Results Commentary (continued)

Q4 2023	Full Year
<ul style="list-style-type: none"> Income tax expense was \$65.8 million, compared to \$189.6 million in the prior year primarily due to lower Income before income taxes. The Effective tax rate was relatively flat to the prior year. 	<ul style="list-style-type: none"> Income tax expense was \$233.7 million, compared to \$401.0 million in the prior year primarily due to lower Income before income taxes, partially offset by a higher Effective tax rate. The Effective tax rate increased for the year, primarily due to the non-deductibility of the Change in fair value of redeemable financial instrument and higher non-deductible stock option expense.
<ul style="list-style-type: none"> Diluted EPS was \$3.09, a decrease of \$6.00 compared to the prior year. Normalized Diluted EPS was \$3.38, a decrease of \$5.96 compared to the prior year, of which \$2.26 was attributable to the impact of the change in accounting estimate. 	<ul style="list-style-type: none"> Diluted EPS was \$3.78, a decrease of \$13.82 compared to the prior year. Normalized Diluted EPS was \$10.37, a decrease of \$8.36, driven by the decline in earnings attributable to the reasons above.

5.1.2 Consolidated Key Performance Measures

(C\$ in millions) increase/(decrease)	Q4 2023	Q4 2022	Change
Selling, general and administrative expenses ¹	\$ 983.5	\$ 1,012.0	\$(28.5)
Normalized ² SG&A as a percentage of revenue ^{1,3}	21.6 %	18.6 %	306 bps
Income before income taxes	\$ 263.0	\$ 752.2	\$(489.2)
Normalized ¹ EBITDA ⁴ as a percentage of revenue ^{1,2}	13.0 %	19.3 %	(630) bps

¹ Certain prior year figures have been restated to conform to the current year presentation

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

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

⁴ Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA").

(C\$ in millions) increase/(decrease)	2023	2022	Change
Selling, general and administrative expenses ¹	\$ 3,675.7	\$ 3,502.5	\$ 173.2
Normalized ² SG&A as a percentage of revenue ^{1,3}	21.7 %	19.4 %	234 bps
Income before income taxes	\$ 572.8	\$ 1,583.8	\$(1,011.0)
Normalized ² EBITDA as a percentage of revenue ^{1,3}	12.6 %	14.8 %	(228) bps

¹ Certain prior year figures have been restated to conform to the current year presentation.

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

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

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

5.1.3 Seasonal Trend Analysis

The following table shows the consolidated financial performance of the Company by quarter for the last two years. As discussed in section 5.1.1 of this MD&A, the Company implemented a change in accounting estimate beginning in the first quarter of 2023, with no change to the historical amounts reported.

(C\$ in millions, except per share amounts)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Revenue	\$4,443.0	\$4,250.5	\$4,255.8	\$3,707.2	\$5,340.4	\$4,228.8	\$4,404.0	\$3,837.4	\$5,137.6
Net income (loss)	197.2	(27.8)	126.9	42.8	562.6	225.0	177.6	217.6	535.7
Diluted EPS	3.09	(1.19)	1.76	0.13	9.09	3.14	2.43	3.03	8.34



MANAGEMENT'S DISCUSSION AND ANALYSIS

5.2 Retail Segment Performance

5.2.1 Retail Segment Financial Results

(C\$ in millions, except where noted)	Q4 2023	Q4 2022	Change	2023	2022	Change
Retail sales ¹	\$ 5,323.4	\$ 5,729.4	(7.1) %	\$ 18,504.1	\$ 19,248.8	(3.9) %
Revenue	\$ 4,070.0	\$ 4,990.9	(18.5) %	\$ 15,171.3	\$ 16,436.3	(7.7) %
Gross margin dollars	\$ 1,338.8	\$ 1,825.7	(26.7) %	\$ 4,846.7	\$ 5,238.0	(7.5) %
Gross margin rate ¹	32.9 %	36.6 %	(369) bps	31.9 %	31.9 %	8 bps
Other expense (income)	\$ (35.8)	\$ (39.3)	(8.7) %	\$ (115.3)	\$ (84.0)	37.3 %
Selling, general and administrative expenses ²	899.2	935.9	(3.9) %	3,320.9	3,191.5	4.1 %
Depreciation and amortization ²	235.6	232.9	1.1 %	958.2	897.2	6.8 %
Net finance costs	78.1	53.8	45.0 %	275.9	185.3	48.9 %
Income before income taxes	\$ 161.7	\$ 642.4	(74.8) %	\$ 407.0	\$ 1,048.0	(61.2) %

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

² Certain prior year figures have been restated to conform to the current year presentation.

Selected Normalized Metrics – Retail

(C\$ in millions, except where noted)	Q4 2023	Normalizing Items	Normalized Q4 2023 ²	Q4 2022	Normalizing Items	Normalized Q4 2022 ²	Change ³
Revenue	\$ 4,070.0	\$ —	\$ 4,070.0	\$ 4,990.9	\$ —	\$ 4,990.9	(18.5) %
Cost of producing revenue	2,731.2	—	2,731.2	3,165.2	—	3,165.2	(13.7) %
Gross margin dollars	\$ 1,338.8	\$ —	\$ 1,338.8	\$ 1,825.7	\$ —	\$ 1,825.7	(26.7) %
Gross margin rate ⁴	32.9 %	— bps	32.9 %	36.6 %	— bps	36.6 %	(369) bps
Other expense (income)	\$ (35.8)	\$ —	\$ (35.8)	\$ (39.3)	\$ —	\$ (39.3)	(8.7) %
Selling, general and administrative expenses ⁵	899.2	(19.6)	879.6	935.9	(19.6)	916.3	(4.0) %
Depreciation and amortization ⁵	235.6	—	235.6	232.9	—	232.9	1.1 %
Net finance costs	78.1	—	78.1	53.8	—	53.8	45.0 %
Income before income taxes	\$ 161.7	\$ 19.6	\$ 181.3	\$ 642.4	\$ 19.6	\$ 662.0	(72.6) %

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

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

³ Change is between normalized results.

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

⁵ Certain prior year figures have been restated to conform to the current year presentation.



MANAGEMENT'S DISCUSSION AND ANALYSIS

(C\$ in millions, except where noted)	2023	Normalizing Items ¹	Normalized 2023 ²	2022	Normalizing Items ¹	Normalized 2022 ²	Change ³
Revenue	\$ 15,171.3	\$ —	\$ 15,171.3	\$ 16,436.3	\$ —	\$ 16,436.3	(7.7) %
Cost of producing revenue	10,324.6	—	10,324.6	11,198.3	—	11,198.3	(7.8) %
Gross margin dollars	\$ 4,846.7	\$ —	\$ 4,846.7	\$ 5,238.0	\$ —	\$ 5,238.0	(7.5) %
Gross margin rate ⁴	31.9 %	— bps	31.9 %	31.9 %	— bps	31.9 %	8 bps
Other expense (income)	\$ (115.3)	\$ (11.3)	\$ (126.6)	\$ (84.0)	\$ (36.5)	\$ (120.5)	5.1 %
Selling, general and administrative expenses ⁵	3,320.9	(19.6)	3,301.3	3,191.5	(47.2)	3,144.3	5.0 %
Depreciation and amortization ⁵	958.2	—	958.2	897.2	—	897.2	6.8 %
Net finance costs	275.9	—	275.9	185.3	—	185.3	48.9 %
Income before income taxes	\$ 407.0	\$ 30.9	\$ 437.9	\$ 1,048.0	\$ 83.7	\$ 1,131.7	(61.3) %

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

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

³ Change is between normalized results.

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

⁵ Certain prior year figures have been restated to conform to the current year presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

5.2.2 Retail Segment Key Performance Measures

(Year-over-year percentage change, C\$ in millions, except as noted)		Q4 2023	Q4 2022	Change	2023	2022	Change
Revenue ¹		\$4,070.0	\$4,990.9	(18.5) %	\$15,171.3	\$16,436.3	(7.7) %
Revenue, excluding Petroleum		3,566.9	4,441.9	(19.7) %	13,040.2	14,094.8	(7.5) %
Store count		1,695	1,704				
Retail square footage (in millions)		34.9	34.7				
Retail sales growth ²		(7.1) %	1.2 %		(3.9) %	5.4 %	
Retail sales growth, excluding Petroleum ²		(6.9) %	0.2 %		(3.1) %	2.4 %	
Consolidated Comparable sales growth ^{2,3}		(6.8) %	0.3 %		(2.9) %	2.7 %	
Retail ROIC ^{4,5}		7.9 %	12.5 %	(468) bps	n/a	n/a	
Retail normalized ⁶ SG&A as a percentage of revenue excluding Petroleum ^{2,5}		24.7 %	20.6 %	403 bps	25.3 %	22.3 %	301 bps
Revenue ^{1,7}		\$2,172.6	\$2,900.3	(25.1) %	\$8,699.3	\$9,647.9	(9.8) %
Store count ⁸		663	665				
Retail square footage (in millions)		24.0	23.8				
Sales per square foot ^{2,9}		\$ 510	\$ 535	(4.7) %	n/a	n/a	
Retail sales growth ^{2,10}		(6.9) %	(0.1) %		(3.1) %	2.0 %	
Comparable sales growth ²		(6.8) %	— %		(2.9) %	2.0 %	
Revenue ¹		\$ 552.2	\$ 637.9	(13.4) %	\$1,952.3	\$2,099.2	(7.0) %
Store count		371	375				
Retail square footage (in millions)		7.2	7.2				
Sales per square foot ^{2,11}		\$ 317	\$ 331	(4.2) %	n/a	n/a	
Retail sales growth ^{2,12}		(6.8) %	(1.6) %		(3.5) %	— %	
Comparable sales growth ²		(6.4) %	(1.7) %		(3.2) %	1.8 %	
Revenue ^{1,13}		\$ 561.7	\$ 608.2	(7.6) %	\$1,532.0	\$1,561.2	(1.9) %
Store count		380	380				
Retail square footage (in millions)		3.7	3.7				
Sales per square foot ^{2,11}		\$ 408	\$ 417	(2.2) %	n/a	n/a	
Retail sales growth ^{2,14}		(7.6) %	4.4 %		(2.2) %	9.8 %	
Comparable sales growth ²		(7.2) %	4.3 %		(1.9) %	9.6 %	
Revenue ¹		\$ 274.0	\$ 301.8	(9.2) %	\$ 837.2	\$ 781.2	7.1 %
Revenue ¹		\$ 503.1	\$ 549.0	(8.4) %	\$2,131.1	\$2,341.5	(9.0) %
Gas bar locations		281	284				
Gross margin dollars		\$ 52.6	\$ 55.0	(4.5) %	\$ 214.0	\$ 220.1	(2.8) %
Retail sales growth ²		(8.2) %	10.2 %		(8.9) %	28.9 %	
Gasoline volume growth in litres		(3.0) %	(0.6) %		(0.8) %	4.7 %	
Comparable store gasoline volume growth in litres ²		(1.4) %	0.5 %		1.8 %	5.0 %	

¹ Revenue reported for Canadian Tire Retail, SportChek, Mark's and Petroleum for the 13 and 52 weeks ended December 30, 2023 include inter-segment revenue of \$1.1 million (2022 – \$1.1 million) and \$4.2 million (2022 - \$4.9 million), respectively. Helly Hansen revenue represents external revenue only. Therefore, in aggregate, revenue for Canadian Tire, SportChek, Mark's, Petroleum, and Helly Hansen will not equal total revenue for the Retail segment.

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

³ Comparable sales growth excludes Petroleum.

⁴ Retail ROIC is calculated on a rolling 12-month basis based on normalized earnings.

⁵ This is a non-GAAP financial measure. For further information and a detailed reconciliation see section 10.1 of this MD&A.

⁶ Refer to section 5.1.1 in this MD&A for a description of normalizing items.

⁷ Revenue includes revenue from Canadian Tire, PartSource, PHL, Party City and Franchise Trust.

⁸ Store count includes stores from Canadian Tire, and other banner stores of 161 (2022: 161 stores). Other banners include PartSource, PHL, and Party City.

⁹ Sales per square foot figures are calculated on a rolling 12-month basis. Retail space excludes seasonal outdoor garden centres, auto service bays, warehouse, and administrative space.

¹⁰ Retail sales growth includes sales from Canadian Tire, PartSource, PHL, Party City and the labour portion of Canadian Tire's auto service sales.

¹¹ Sales per square foot figures are calculated on a rolling 12-month basis, include both corporate and franchise stores and warehouse, and administrative space.

¹² Retail sales growth includes sales from both corporate and franchise stores.

¹³ Revenue includes the sale of goods to Mark's franchise stores, Retail sales from Mark's corporate stores, Mark's wholesale revenue from its commercial division, and includes ancillary revenue relating to embroidery and alteration services.

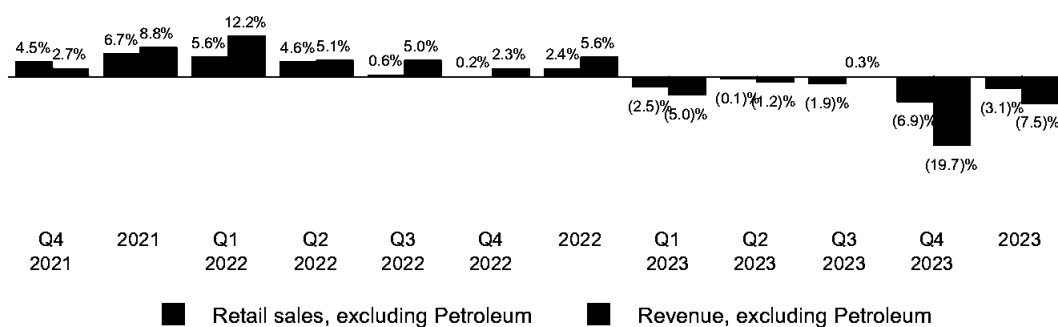
¹⁴ Retail sales growth includes Retail sales from Mark's corporate and franchise stores but excludes revenue relating to alteration and embroidery services.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart shows the Retail segment, excluding Petroleum, Retail sales and Revenue performance by quarter for the last two years. As discussed in section 5.1.1 of this MD&A, the Company implemented a change in accounting estimate beginning in the first quarter of 2023 which impacted Revenue, excluding Petroleum, with no change to the historical amounts reported; Retail sales, excluding Petroleum were not impacted by this change.

Year-over-year Retail Sales and Revenue Growth



Retail Segment Commentary

Retail sales decreased 7.1 percent and, excluding Petroleum, were down 6.9 percent in the quarter, driven by a continued softening of consumer demand, compounded by weaker sales in winter categories across all banners due to unseasonable weather across the country in December.

Retail Income before income taxes decreased by \$480.7 million in the fourth quarter and by \$480.7 million on a normalized basis, mainly due to the decline in Retail Revenue. In addition, a lower Gross margin rate and higher Net finance costs, partially offset by lower SG&A, contributed to the decline. In the quarter, Retail Revenue was down \$920.9 million, or down \$749.9 million excluding the impact of the change in accounting estimate. Lower sales across banners contributed to the revenue reduction, as did the timing and magnitude of the margin sharing arrangement ("MSA") contribution at CTR.

On a full year basis, Retail sales decreased 3.9 percent and, excluding Petroleum, were down 3.1 percent in the year, reflecting softening consumer demand through the second half of the year and the impact of unseasonable weather in Q4. eCommerce sales¹ were \$1.1 billion on a rolling 12-month basis. Consolidated Owned Brands penetration¹ was 37.6 percent, broadly unchanged on the prior year due to declines in Owned Brands penetration at SportChek and Mark's driven by lower contributions from seasonal categories.

On a full year basis, Retail Income before income taxes decreased by \$641.0 million, and Normalized Income before income taxes decreased by \$693.8 million. The decline was driven by lower Revenue, higher operating and net finance costs, as well as operating inefficiencies due to the DC fire. The Company estimates that approximately \$32.0 million of the decrease in Normalized Income before income taxes was attributable to operating inefficiencies due to the DC fire.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

Retail Segment Commentary (continued)

	Q4 2023	Full Year
Retail Sales	<p>▼ \$406.0 million or 7.1%</p> <p>▼ 6.8% in Comparable sales growth</p> <ul style="list-style-type: none"> • Retail sales were \$5,323.4 million, a decrease of 7.1 percent. Excluding Petroleum, Retail sales declined 6.9 percent, or \$354.5 million compared to the prior year, with all banners impacted by continued softening of consumer demand, leading to a mix shift to more essential and value offerings, and unseasonable weather. • ▼ CTR Retail sales were down 6.9 percent, impacted by unseasonable weather and continued softening of consumer demand, leading to a mix shift to more essential and value offerings. The majority of categories declined, led by Seasonal & Gardening, while Automotive remained relatively flat. • ▼ SPORTCHEK Retail sales were down 6.8 percent, driven by continued softening of consumer demand in more discretionary categories such as Outerwear, Skiing/ Snowboards and Winter Clothing, and the impact of unseasonable weather. • ▼ Mark's Retail sales were down 7.6 percent, impacted by unseasonable weather, driven by declines in Industrial Businesses, Casual Footwear, Ladies' Casualwear, partially offset by growth in Men's Casualwear. • ▼ GAS+ Retail sales declined 8.2 percent due to lower per litre gas prices and lower gas volumes. 	<p>▼ \$744.7 million or 3.9%</p> <p>▼ 2.9% in Comparable sales growth</p> <ul style="list-style-type: none"> • Retail sales were \$18,504.1 million, a decrease of 3.9 percent. Excluding Petroleum, Retail sales declined 3.1 percent or \$507.4 million compared to the prior year, with all banners impacted by softening of consumer demand, leading to a mix shift to more essential and value offerings, and unseasonable weather. • ▼ CTR Retail sales were down 3.1 percent driven by softening of consumer demand, leading to a mix shift to more essential and value offerings and unseasonable weather in Q4 and Q1, partially offset by growth in Automotive categories. • ▼ SPORTCHEK Retail sales declined 3.5 percent, impacted by softening consumer demand and unseasonable weather, led by declines in Outerwear, Outdoor Footwear, and Skiing/ Snowboards, partially offset by growth in Team Sports. • ▼ Mark's Retail sales decreased 2.2 percent, against strong growth of 9.8 percent in the prior year, driven by declines in Industrial Businesses and Casual Footwear due to unseasonable weather, partially offset by growth in Men's Casualwear and Ladies' Casualwear, with both experiencing the highest sales volumes to date. • ▼ GAS+ Retail sales declined 8.9 percent due to lower per litre gas prices and lower gas volumes due to fewer gas bar locations. Comparable store volume was up 1.8 percent.
Revenue	<p>▼ \$920.9 million or 18.5%</p> <p>▼ 19.7% excluding Petroleum</p> <ul style="list-style-type: none"> • Retail Revenue was \$4,070.0 million, down \$920.9 million. Excluding the \$171.0 million impact of the change in accounting estimate, Retail Revenue was down \$749.9 million due to lower sales and shipments across banners from continued softening customer demand and unseasonable weather, as well as lower revenue recognized under the MSA for the reasons identified above. 	<p>▼ \$1,265.0 million or 7.7%</p> <p>▼ 7.5% excluding Petroleum</p> <ul style="list-style-type: none"> • Retail Revenue was \$15,171.3 million, down \$1,265.0 million due to lower shipments, lower revenue recognized under the MSA, a decline in Petroleum revenue, and lower sales and franchise shipments at SportChek. This was partially offset by growth in eCommerce and wholesale channels at Helly Hansen.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Retail Segment Commentary (continued)

	Q4 2023	Full Year
Gross Margin	<ul style="list-style-type: none"> ▼ \$486.9 million or 26.7% ▼ 369 bps in gross margin rate ▼ 27.4% excluding Petroleum¹ ▼ 380 bps in gross margin rate, excluding Petroleum • Retail Gross margin dollars were \$1,338.8 million, a decrease of \$486.9 million. Excluding Petroleum, Gross margin dollars were \$1,286.2 million, a decrease of \$484.5 million. Excluding the impact of the change in accounting estimate, Retail Gross margin dollars excluding Petroleum were down \$313.5 million driven by the decline in Revenue previously described, and a lower Gross margin rate. • Gross margin rate, excluding Petroleum, was 36.1 percent, a decrease of 380 bps. Excluding the 292 bps impact of the change in accounting estimate, Gross margin rate, excluding Petroleum, was down 88 bps driven by lower margin recognized under the MSA and increased promotional intensity across banners, partially offset by lower freight costs. 	<ul style="list-style-type: none"> ▼ \$391.3 million or 7.5% ▲ 8 bps in gross margin rate ▼ 7.7% excluding Petroleum ▼ 7 bps in gross margin rate, excluding Petroleum • Retail Gross margin dollars were \$4,846.7 million, a decrease of \$391.3 million. Excluding Petroleum, Gross margin dollars were \$4,632.7 million, a decrease of \$385.2 million, driven by the decline in Revenue previously described. • Gross margin rate, excluding Petroleum, was 35.5 percent. The rate was relatively flat to the prior year, despite increased promotional intensity at SportChek and Mark's, macroeconomic impacts experienced across all banners, and a lower margin recognized under the MSA, as these factors were offset by lower freight costs and actions taken to manage product cost headwinds.
Other Expense (Income)	<ul style="list-style-type: none"> ▼ \$3.5 million or 8.7% • Other income was \$35.8 million, unfavourable by \$3.5 million driven by lower real estate related gains, partially offset by foreign exchange losses recognized at Helly Hansen in the prior year. 	<ul style="list-style-type: none"> ▲ \$31.3 million or 37.3% • Other income of \$115.3 million included \$11.3 million of expenses related to the DC fire and was favourable by \$31.3 million compared to the prior year which included a \$36.5 million charge relating to the exit of Helly Hansen operations in Russia. Normalized Other income was favourable by \$6.1 million driven by foreign exchange losses recognized at Helly Hansen in the prior year, partially offset by a \$13.5 million one-time cost to exit a supply chain contract and lower real estate related gains in 2023.
SG&A	<ul style="list-style-type: none"> ▼ \$36.7 million or 3.9% • SG&A was \$899.2 million, a decrease of \$36.7 million, or 3.9 percent, compared to an increase in the previous quarters of 2023. The decrease was due to lower volume-related supply chain costs and lower variable compensation expenses, partially offset by strategic investments in the store network and the transition to cloud-based IT infrastructure as part of the <i>Better Connected</i> strategy. 	<ul style="list-style-type: none"> ▲ \$129.4 million or 4.1% • SG&A was \$3,320.9 million, an increase of \$129.4 million, or 4.1 percent. This increase was due to strategic investments as part of the <i>Better Connected</i> strategy, including the transition to cloud-based IT infrastructure and investment in supply chain and store network. In addition, there were operating inefficiencies incurred relating to the DC fire.
Depreciation and amortization	<ul style="list-style-type: none"> ▲ \$2.7 million or 1.1% • Depreciation and amortization was relatively flat to the prior year. 	<ul style="list-style-type: none"> ▲ \$61.0 million or 6.8 % • Depreciation and amortization increased due to costs associated with the Company's strategic capital investments, including the Greater Toronto Area Distribution Centre which became fully operational in the year.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

Retail Segment Commentary (continued)

	Q4 2023	Full Year
Net Finance Costs	▲ \$24.3 million or 45.0% <ul style="list-style-type: none"> Net finance costs increased due to higher borrowings, in part to fund the repurchase of Scotiabank's interest in CTFS, and higher interest rates. 	▲ \$90.6 million or 48.9% <ul style="list-style-type: none"> Net finance costs increased due to higher borrowings, in part to fund the repurchase of Scotiabank's interest in CTFS, increased interest rates, and higher lease-related costs.
Earnings Summary	▼ \$480.7 million or 74.8% <ul style="list-style-type: none"> Income before income taxes decreased by \$480.7 million. Normalized Income before income taxes decreased by \$480.7 million attributable to the reasons above. 	▼ \$641.0 million or 61.2% <ul style="list-style-type: none"> Income before income taxes decreased by \$641.0 million. Normalized Income before income taxes decreased by \$693.8 million. attributable to the reasons above.

5.2.3 Retail Segment Seasonal Trend Analysis

Quarterly operating net income and revenue are affected by seasonality. The fourth quarter typically generates the greatest contribution to revenue and earnings, and the first quarter the least. The following table shows the Retail segment financial performance of the Company by quarter for the last two years. As discussed in section 5.1.1 of this MD&A, the Company implemented a change in accounting estimate in the first quarter of 2023 which impacted Revenue and Income (loss) before income taxes, with no change to the historical amounts reported. Retail sales were not affected by this change.

(C\$ in millions)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Retail sales	\$ 5,323.4	\$4,639.3	\$5,214.9	\$3,326.5	\$5,729.4	\$4,734.2	\$5,363.8	\$3,421.4	\$5,661.0
Revenue	4,070.0	3,867.3	3,896.1	3,337.9	4,990.9	3,873.7	4,067.2	3,504.5	4,830.0
Income (loss) before income taxes	161.7	239.0	85.6	(79.3)	642.4	133.0	123.8	148.8	638.1



MANAGEMENT'S DISCUSSION AND ANALYSIS

5.3 Financial Services Segment Performance

5.3.1 Financial Services Segment Financial Results

(C\$ in millions)	Q4 2023	Q4 2022	Change	2023	2022	Change
Revenue	\$ 379.9	\$ 357.2	6.4 %	\$ 1,507.3	\$ 1,389.7	8.5 %
Gross margin dollars	\$ 181.7	\$ 180.4	0.7 %	\$ 783.4	\$ 803.9	(2.6) %
Gross margin rate ¹	47.8 %	50.5 %	(270) bps	52.0 %	57.8 %	(587) bps
Other expense (income)	\$ 1.4	\$ 3.4	(57.5) %	\$ 5.5	\$ 4.3	28.7 %
Selling, general and administrative expenses ²	96.2	88.8	8.2 %	394.7	349.9	12.8 %
Depreciation and amortization ²	2.3	3.2	(29.2) %	9.7	13.3	(27.0) %
Net finance (income)	(3.4)	(1.8)	89.5 %	(11.5)	(5.2)	NM ³
Income before income taxes	\$ 85.2	\$ 86.8	(1.8) %	\$ 385.0	\$ 441.6	(12.8) %

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

² Certain prior year figures have been restated to conform to the current year presentation.

³ Not meaningful.

Selected Normalized Metrics – Financial Services

(C\$ in millions, except where noted)	Q4 2023	Normalizing Items ¹	Normalized Q4 2023 ²	Q4 2022	Normalizing Items ¹	Normalized Q4 2022	Change ³
Revenue	\$ 379.9	\$ —	\$ 379.9	\$ 357.2	\$ —	\$ 357.2	6.4 %
Gross margin dollars	181.7	—	181.7	180.4	—	180.4	0.7 %
Gross margin rate ⁵	47.8 %	— bps	47.8 %	50.5 %	— bps	50.5 %	(270) bps
Other expense (income)	\$ 1.4	\$ —	\$ 1.4	\$ 3.4	\$ —	\$ 3.4	(57.5) %
Selling, general and administrative expenses ⁴	96.2	(2.0)	94.2	88.8	—	88.8	6.1 %
Depreciation and amortization ⁴	2.3	—	2.3	3.2	—	3.2	(29.2) %
Net finance (income)	(3.4)	—	(3.4)	(1.8)	—	(1.8)	89.5 %
Income before income taxes	\$ 85.2	\$ 2.0	\$ 87.2	\$ 86.8	\$ —	\$ 86.8	0.5 %

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

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

³ Change is between normalized results.

⁴ Certain prior year figures have been restated to conform to the current year presentation.

⁵ For further information about this measure see section 10.2 of this MD&A.



MANAGEMENT'S DISCUSSION AND ANALYSIS

(C\$ in millions, except where noted)	2023	Normalizing Items ¹	Normalized 2023 ²	2022	Normalizing Items ¹	Normalized 2022 ²	Change ³
Revenue	\$ 1,507.3	\$ —	\$ 1,507.3	\$ 1,389.7	\$ —	\$ 1,389.7	8.5 %
Gross margin dollars	783.4	—	783.4	803.9	—	803.9	(2.6) %
Gross margin rate ⁵	52.0 %	— bps	52.0 %	57.8 %	— bps	57.8 %	(587) bps
Other expense (income)	\$ 5.5	\$ —	\$ 5.5	\$ 4.3	\$ —	\$ 4.3	28.7 %
Selling, general and administrative expenses ⁴	394.7	(35.3)	359.4	349.9	—	349.9	2.7 %
Depreciation and amortization ⁴	9.7	—	9.7	13.3	—	13.3	(27.0) %
Net finance (income)	(11.5)	—	(11.5)	(5.2)	—	(5.2)	NM ⁶
Income before income taxes	\$ 385.0	\$ 35.3	\$ 420.3	\$ 441.6	\$ —	\$ 441.6	(4.8) %

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

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

³ Change is between normalized results.

⁴ Change is between normalized results.

⁵ Certain prior year figures have been restated to conform to the current year presentation.

⁶ For further information about this measure see section 10.2 of this MD&A.

⁶ Not meaningful.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Services Segment Commentary

Financial Services segment Income before income taxes was \$85.2 million in the quarter, a \$1.6 million decrease from the prior year. Normalized Financial Services segment Income before income taxes was \$87.2 million in the quarter, an increase of \$0.4 million from the prior year. Revenue growth of \$22.7 million was mainly attributable to higher interest income due to growth in receivables and higher yield. The increase in Revenue was offset by higher net impairment losses, funding costs, and SG&A.

Gross average accounts receivable ("GAAR")¹ was 4.7 percent higher than Q4 2022 due to an increase in active accounts and average balances, up 1.1 percent and 3.5 percent, respectively. Past due credit card receivables ("PD2+ rate")² was higher than the prior year and the net write-off rate finished the quarter at 6.1 percent, returning to historic levels. Ending Receivables grew at 4.5%, as new account growth continued to slow year over year, and credit sales remained relatively flat as consumers continued to adapt to economic circumstances.

The expected credit loss ("ECL") allowance for loans receivable was \$926.3 million, an increase of \$13.9 million from Q3 2023 driven by higher receivables. The ECL allowance rate¹ finished the quarter at 12.5 percent, within the previously disclosed range of 11.5 percent to 13.5 percent.

On a full year basis, Financial Services Income before income taxes was \$385.0 million, a decrease of \$56.6 million. Excluding the impact of the targeted headcount reduction charge of \$2.0 million and the previously disclosed second quarter GST/HST-related charge of \$33.3 million, Normalized Financial Services segment Income before income taxes was \$420.3 million, a decrease of \$21.3 million from the prior year. The decline was mainly attributable to higher net impairment losses and increased funding costs, partially offset by higher Revenue.

	Q4 2023	Full Year
Revenue	▲ \$22.7 million or 6.4% <ul style="list-style-type: none"> Revenue for the quarter was \$379.9 million, an increase of \$22.7 million, or 6.4 percent compared to the prior year. The increase in Revenue was mainly due to higher interest income driven by growth in receivables. 	▲ \$117.6 million or 8.5% <ul style="list-style-type: none"> Revenue was \$1,507.3 million, an increase of \$117.6 million, or 8.5 percent compared to the prior year. The increase in Revenue was primarily attributable to higher interest and fee income.
Gross Margin Dollars	▲ \$1.3 million or 0.7% <ul style="list-style-type: none"> Gross margin dollars were \$181.7 million, an increase of \$1.3 million, or 0.7 percent compared to the prior year. The increase in Gross margin dollars was mainly due to Revenue growth, partially offset by higher net impairment losses and funding costs. 	▼ \$20.5 million or 2.6% <ul style="list-style-type: none"> Gross margin dollars were \$783.4 million, a decrease of \$20.5 million, or 2.6 percent compared to the prior year. The decrease in Gross margin dollars was mainly due to higher net impairment losses and funding costs, partially offset by Revenue growth.
SG&A	▲ \$7.4 million or 8.2% <ul style="list-style-type: none"> SG&A was \$96.2 million, an increase of \$7.4 million, or 8.2 percent. Excluding the \$2.0 million targeted headcount reduction charge, Normalized SG&A increased \$5.4 million, primarily due to higher IT costs and other expenses. 	▲ \$44.8 million or 12.8% <ul style="list-style-type: none"> SG&A was \$394.7 million, an increase of \$44.8 million or 12.8 percent. Excluding the \$33.3 million GST/HST-related charge and the \$2.0 million targeted headcount reduction charge, Normalized SG&A was higher by \$9.5 million due to higher IT costs.
Earnings Summary	▼ \$1.6 million or 1.8% <ul style="list-style-type: none"> Income before income taxes was \$85.2 million, a decrease of \$1.6 million, or 1.8 percent. Normalized Income before income taxes was \$87.2 million, an increase of \$0.4 million attributable to the reasons above. 	▼ \$56.6 million or 12.8% <ul style="list-style-type: none"> Income before income taxes was \$385.0 million, a decrease of \$56.6 million or 12.8 percent. Normalized Income before income taxes was \$420.3 million, a decrease of \$21.3 million attributable to the reasons above.

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

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

5.3.2 Financial Services Segment Key Performance Measures

(C\$ in millions, except where noted)	Q4 2023	Q4 2022	Change	2023	2022	Change
Credit card sales growth ¹	(0.6) %	4.0 %		0.1 %	16.3 %	
GAAR	\$ 7,294	\$ 6,970	4.7 %	\$ 7,141	\$ 6,654	7.3 %
Revenue (as a percentage of GAAR) ^{1,2}	21.1 %	20.9 %		n/a	n/a	
Average number of accounts with a balance (thousands)	2,340	2,313	1.1 %	2,319	2,253	2.9 %
Average account balance ¹ (whole \$)	\$ 3,118	\$ 3,012	3.5 %	\$ 3,080	\$ 2,953	4.3 %
Net credit card write-off rate ^{1,2}	6.1 %	4.9 %		n/a	n/a	
Past due credit card receivables ("PD2+") rate ³	3.6 %	2.9 %		n/a	n/a	
Allowance rate	12.5 %	12.6 %		n/a	n/a	
Return on receivables ^{1,2}	5.4 %	6.6 %		n/a	n/a	

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

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

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

Financial Services Segment Scorecard

To evaluate the overall financial performance of the Financial Services segment, the following scorecard demonstrates how Financial Services is progressing towards achieving its strategic objectives.

Q4 2023 vs. Q4 2022

Growth

- ▲ 4.7% in GAAR
- ▼ 0.6% in credit card sales growth
- ▲ 1.1% in average number of accounts with a balance
- ▲ 3.5% in average account balance

- GAAR increased by 4.7 percent relative to last year driven by continued strong cardholder engagement. The average number of active accounts for the quarter increased by 1.1 percent and average account balance was up 3.5 percent.
- Credit card sales declined by 0.6 percent over the prior year driven by softer sales at Retail segment banners and external merchants.

Performance

- ▼ 125 bps in return on receivables
- ▲ 22 bps in Revenue as a percentage of GAAR

- Return on receivables decreased by 125 bps compared to the prior year due to both GAAR growth and a decline in earnings on a 12-month basis.
- Revenue as a percentage of GAAR increased by 22 bps compared to the prior year due to strong revenue growth.

Operational metrics

- ▲ 70 bps in PD2+ rate
- ▲ 127 bps in net credit card write-off rate
- ▼ 12.5% allowance rate, down 15 bps

- The PD2+ rate increased by 70 bps compared to the prior year as a result of higher aging of the portfolio.
- The increase in the net write-off rate compared to the prior year was driven by an expected increase in net write-off dollars relative to receivables with a return to historic levels of performance.
- The allowance rate decreased by 15 bps to 12.5 percent, remaining within the previously disclosed range of 11.5 to 13.5 percent.



MANAGEMENT'S DISCUSSION AND ANALYSIS

5.3.3 Financial Services Segment Seasonal Trend Analysis

Quarterly operating net income and revenue are affected by seasonality. The following table shows the financial performance of the segment by quarter for the last two years.

(C\$ in millions)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Revenue	\$ 379.9	\$ 393.1	\$ 364.5	\$ 369.8	\$ 357.2	\$ 360.4	\$ 340.4	\$ 331.7	\$ 312.4
Income before income taxes	85.2	125.7	55.4	118.7	86.8	139.6	90.0	125.3	63.0



MANAGEMENT'S DISCUSSION AND ANALYSIS

5.4 CT REIT Segment Performance

5.4.1 CT REIT Segment Financial Results

(C\$ in millions)	Q4 2023	Q4 2022	Change	2023	2022	Change
Property revenue ¹	\$ 140.0	\$ 135.2	3.5 %	\$ 552.8	\$ 532.8	3.7 %
Property expense ¹	28.8	27.8	3.6 %	115.5	111.1	4.0 %
General and administrative expense ("G&A")	4.1	4.1	2.4 %	15.2	14.5	5.2 %
Net finance costs	29.5	27.7	6.2 %	114.0	110.4	3.2 %
Fair value loss (gain) adjustment ³	39.3	0.9	NM ²	78.6	(27.8)	NM ²
Income before income taxes	\$ 38.3	\$ 74.7	(48.8) %	\$ 229.5	\$ 324.6	(29.3) %
Adjustment from fair value to amortized cost method on Investment property						
Fair value (loss) gain adjustment	(39.3)	(0.9)	NM ²	(78.6)	27.8	NM ²
Depreciation and impairment loss	19.7	21.1	(6.6) %	77.7	76.7	1.3 %
Income before income taxes, applying CTC accounting policies	\$ 57.9	\$ 54.5	6.2 %	\$ 230.4	\$ 220.1	4.7 %

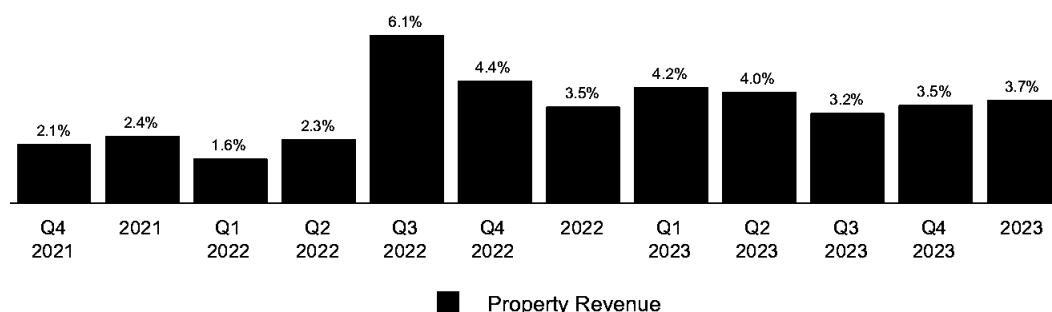
¹ For further information about this measure see section 10.2 of this MD&A.

² Not meaningful.

³ Fair value is eliminated on consolidation.

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

Year-over-year Property Revenue Growth



CT REIT Segment Commentary

CT REIT segment income increased \$3.4 million due to higher Property revenue, partially offset by higher Net finance costs and Property expense during the quarter. The increase in earnings was mainly due to the intensifications and developments completed during 2022 and 2023, in addition to contractual rent escalations.



MANAGEMENT'S DISCUSSION AND ANALYSIS

CT REIT Segment Commentary (continued)

	Q4 2023	Full Year
Property Revenue	<p>▲ \$4.8 million or 3.5%</p> <ul style="list-style-type: none"> Property revenue was \$140.0 million, an increase of \$4.8 million, or 3.5 percent. The increase was mainly due to the intensifications and developments completed during 2022 and 2023, in addition to contractual rent escalations, partially offset by vacancies. 	<p>▲ \$20.0 million or 3.7%</p> <ul style="list-style-type: none"> Property revenue was \$552.8 million, an increase of \$20.0 million, or 3.7 percent. The increase was mainly due to the intensifications and developments completed during 2022 and 2023, in addition to contractual rent escalations, partially offset by vacancies.
Property Expense	<p>▲ \$1.0 million or 3.6%</p> <ul style="list-style-type: none"> Property expense was \$28.8 million, an increase of \$1.0 million, or 3.6 percent due to the intensifications and developments completed in 2022 and 2023. 	<p>▲ \$4.4 million or 4.0%</p> <ul style="list-style-type: none"> Property expense was \$115.5 million, an increase of \$4.4 million, or 4.0 percent due to the intensifications and developments completed in 2022 and 2023.
G&A	<p>▲ \$0.0 million or 2.4%</p> <ul style="list-style-type: none"> G&A was \$4.1 million, relatively flat to the prior year. 	<p>▲ \$0.7 million or 5.2%</p> <ul style="list-style-type: none"> G&A was \$15.2 million, an increase of 0.7 million, or 5.2 percent. The increase was driven by higher variable compensation expense.
Depreciation and Impairment	<p>▼ \$1.4 million or 6.6%</p> <ul style="list-style-type: none"> Depreciation and impairment was \$19.7 million, a decrease of \$1.4 million or 6.6% due to accelerated depreciation in the prior year, partially offset by the intensifications and developments completed during 2022 and 2023. 	<p>▲ \$1.0 million or 1.3 %</p> <ul style="list-style-type: none"> Depreciation and impairment was \$77.7 million, an increase of \$1.0 million or 1.3 percent due to the intensifications and developments completed during 2022 and 2023, partially offset by accelerated depreciation in the prior year.
Net Finance Costs	<p>▲ \$1.8 million or 6.2%</p> <ul style="list-style-type: none"> Net finance costs were \$29.5 million, an increase of \$1.8 million or 6.2 percent, driven by the issuance of Series I senior unsecured debentures in the quarter, higher credit facilities utilization to fund 2023 developments and intensifications, and the issuance of Series I senior unsecured debentures in the fourth quarter. This was partially offset by lower interest costs due to mortgage maturity and capitalized interest on properties under development. 	<p>▲ \$3.6 million or 3.2%</p> <ul style="list-style-type: none"> Net finance costs were \$114.0 million, an increase of \$3.6 million or 3.2 percent, driven by an increase in credit facilities utilization to fund 2023 developments and intensifications, higher interest rate on the credit facilities, and the issuance of Series I senior unsecured debentures in the fourth quarter. This was partially offset by capitalized interest on properties under development, lower interest costs due to mortgage maturity, and a prepayment cost in the prior year relating to the early redemption of Series A unsecured debentures.
Earnings Summary	<p>▲ \$3.4 million or 6.2%</p> <ul style="list-style-type: none"> Income before income taxes was \$57.9 million, an increase of \$3.4 million or 6.2 percent attributable to the reasons above. 	<p>▲ \$10.3 million or 4.7%</p> <ul style="list-style-type: none"> Income before income taxes was \$230.4 million, an increase of \$10.3 million or 4.7 percent attributable to the reasons above.



MANAGEMENT'S DISCUSSION AND ANALYSIS

5.4.2 CT REIT Segment Key Performance Measures

(C\$ in millions)	Q4 2023	Q4 2022	Change	2023	2022	Change
Net operating income ¹	\$ 111.5	\$ 106.8	4.4 %	\$ 439.0	\$ 419.8	4.6 %
Funds from operations ¹	77.7	75.6	2.8 %	307.9	296.2	4.0 %
Adjusted funds from operations ¹	71.5	68.5	4.3 %	283.4	268.8	5.4 %

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

Net Operating Income ("NOI")

NOI for the quarter increased by 4.4 percent compared to the prior year, primarily due to the intensifications of income-producing properties completed in 2023 and 2022, and rent escalations.

Funds from Operations ("FFO")

FFO for the quarter increased by 2.8 percent compared to the prior year, primarily due to the impact of NOI variances.

Adjusted Funds from Operations ("AFFO")

AFFO for the quarter increased by 4.3 percent compared to the prior year, primarily due to the impact of NOI variances.



MANAGEMENT'S DISCUSSION AND ANALYSIS

6.0 Balance Sheet Analysis, Liquidity, and Capital Resources

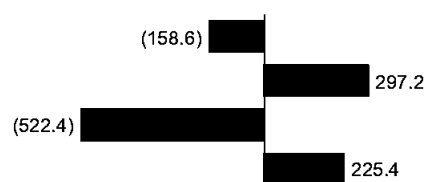
6.1 Selected Balance Sheet Highlights

Selected line items from the Company's assets and liabilities, as at December 30, 2023 and the year-over-year change versus December 31, 2022, are noted below:

Change in Total assets	▼	\$	124.0
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Selected Assets	December 30, 2023
Trade and other receivables	1,151.3
Loans receivable (current portion)	6,568.3
Merchandise inventories	2,693.7
Property and equipment	5,219.5

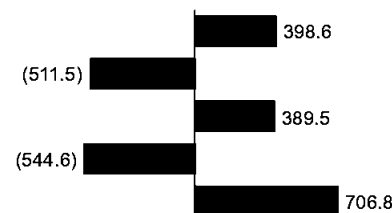
Year-over-year change in assets



Change in Total liabilities	▲	\$	470.4
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Selected Liabilities	December 30, 2023
Deposits (current and long-term)	3,364.3
Trade and other payables	2,689.4
Short-term borrowings	965.7
Other long-term liabilities	190.0
Long-term debt (current and long-term portion)	4,964.5

Year-over-year change in liabilities



Assets		
Trade and other receivables	▼ \$158.6 million	The decrease was a result of lower Dealer receivables due to timing and volume of payments, and a decrease in fair values of derivative contracts.
Loans receivable (current portion)	▲ \$297.2 million	The increase was primarily due to increased cardholder activity, in both the number of active credit cards and average balance, partially offset by a higher allowance.
Merchandise inventories	▼ \$522.4 million	Inventory declined 16.2 percent compared to prior year. Active management of inventory across the banners contributed to the decline despite unseasonable weather in Q4 2023.
Property and equipment	▲ \$225.4 million	The increase was primarily driven by the Company's store investments as part of its <i>Better Connected</i> strategy.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Liabilities		
Deposits (current and long-term)	▲ \$398.6 million	The increase was primarily due to increases in guaranteed investment certificate ("GIC") deposits to fund loans receivable growth in the Financial Services segment.
Trade and other payables	▼ \$511.5 million	The decrease was due to timing and volume of payments.
Short-term borrowings	▲ \$389.5 million	The increase was primarily due to funding and capital requirements in the Retail segment. This was partially offset by the CT REIT's repayment of short term indebtedness by using the proceeds from the issuance of \$250 million series I unsecured debentures.
Other long-term liabilities	▼ \$544.6 million	The decrease was primarily due to the extinguishment of the redeemable financial instrument as a result of the Company's repurchase of Scotiabank's 20 percent interest in CTFS.
Long-term debt (current and long-term portion)	▲ \$706.8 million	The increase was primarily due to total debt issuances of \$1.7 billion by CTC and GCCT, partially offset by repayment of \$1.0 billion in debt maturing in the year.



MANAGEMENT'S DISCUSSION AND ANALYSIS

6.2 Summary Cash Flows

Selected line items from the Company's Consolidated Statements of Cash Flows for the quarters and years ended December 30, 2023 and December 31, 2022 are noted in the following tables:

(C\$ in millions)	Q4 2023	Q4 2022	Change
Cash generated from (used for) operating activities	\$ 869.9	\$ 911.2	(41.3)
Cash generated from (used for) investing activities	(353.0)	(182.3)	(170.7)
Cash generated from (used for) financing activities	(664.6)	(705.5)	40.9
Cash (used) generated in the period	\$ (147.7)	\$ 23.4	(171.1)

(C\$ in millions)	2023	2022	Change
Cash generated from (used for) operating activities	\$ 1,353.7	\$ 466.5	887.2
Cash generated from (used for) investing activities	(747.8)	(230.4)	(517.4)
Cash generated from (used for) financing activities	(621.0)	(1,661.5)	1,040.5
Cash (used) generated in the period	\$ (15.1)	\$ (1,425.4)	1,410.3

	Q4 2023	Full Year
Operating activities	▼ \$41.3 million change	▲ \$887.2 million change
	<ul style="list-style-type: none"> The decrease in Cash generated from operating activities is primarily due to lower net income adjusted for non-cash items, partially offset by decreased working capital in comparison to the same period in the prior year. 	<ul style="list-style-type: none"> The increase in Cash generated from operating activities is primarily driven by a lower increase in loans receivable and other changes in working capital compared to the prior year. This is partially offset by increased interest paid and lower net income adjusted for non-cash items in the current year.
Investing activities	▼ \$170.7 million change	▼ \$517.4 million change
	<ul style="list-style-type: none"> The increase in Cash used for investing activities is due to increased acquisitions of short-term and long-term investments, and Additions to property and equipment and investment property. 	<ul style="list-style-type: none"> The increase in Cash used for investing activities is primarily due to reduced sales of short-term investments and increased acquisition of long-term investments, partially offset by reduced Additions to property and equipment, investment property and Additions to intangible assets.
Financing activities	▲ \$40.9 million change	▲ \$1,040.5 million change
	<ul style="list-style-type: none"> The decrease in Cash used for financing activities is primarily due to Change in deposits in the Financial Services segment, and issuance of long-term debt partially offset by the repurchase of Scotiabank's 20 percent interest in CTFS Holdings Ltd. 	<ul style="list-style-type: none"> The decrease in Cash used for financing activities is primarily due to cash generated from increased deposits compared to the prior year's cash used to repay deposits and cash proceeds from financing debt net of repayments, partially offset by cash used to repurchase Scotiabank's 20 percent interest in CTFS Holdings.



MANAGEMENT'S DISCUSSION AND ANALYSIS

6.3 Capital Management

The definition of capital varies from company to company, from industry to industry, and for different purposes. In the process of managing the Company's capital, Management includes the following items in its definition of capital, which includes Glacier Credit Card Trust ("GCCT") indebtedness but excludes Franchise Trust indebtedness:

(C\$ in millions)	2023	% of total	2022	% of total
Capital components				
Deposits	\$ 1,041.7	7.0 %	\$ 1,226.3	8.8 %
Short-term borrowings	965.7	6.4 %	576.2	4.1 %
Current portion of long-term debt	560.5	3.7 %	1,040.2	7.4 %
Long-term debt	4,404.0	29.3 %	3,217.5	23.0 %
Long-term deposits	2,322.6	15.5 %	1,739.4	12.4 %
Total debt	\$ 9,294.5	61.9 %	\$ 7,799.6	55.7 %
Redeemable financial instrument	—	— %	567.0	4.0 %
Share capital	598.7	4.0 %	587.8	4.2 %
Contributed surplus	2.9	— %	2.9	— %
Retained earnings	5,128.2	34.1 %	5,070.2	36.1 %
Total capital under management	\$ 15,024.3	100.0 %	\$ 14,027.5	100.0 %

The Company's objectives when managing capital are:

- Ensuring sufficient liquidity to meet its financial obligations when due and executing its operating and strategic plans;
- Maintaining healthy liquidity reserves and the ability to access additional capital from multiple sources, if required; and
- Minimizing its after-tax cost of capital while taking into consideration the key risks outlined in section 11.0 of this MD&A including current and future industry, market, and economic risks and conditions.

6.3.1 Canadian Tire Bank's Regulatory Environment

CTB manages its capital under guidelines established by the Office of the Superintendent of Financial Institutions ("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, which came into effect in Canada on January 1, 2013. Basel III is a global regulatory accord that was introduced to enhance the reputation, 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 objectives include maintaining capital to:

- 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 possible operating and investment losses.

As at Q4 2023, the Bank complied with all regulatory capital guidelines established by OSFI, and its internal targets as determined by its ICAAP.



MANAGEMENT'S DISCUSSION AND ANALYSIS

6.4 Investing

6.4.1 Capital Expenditures

The Company's capital expenditures for the periods ended December 30, 2023 and December 31, 2022 were as follows:

(C\$ in millions)		2023	2022
Modernization and efficiency enablers	\$	78.0	\$ 119.5
Omnichannel customer experience		391.4	410.5
Fulfilment infrastructure and automation		145.9	217.6
Operating capital expenditures¹	\$	615.3	\$ 747.6
CT REIT acquisitions and developments excluding vend-ins from CTC		68.1	101.1
Total capital expenditures²	\$	683.4	\$ 848.7

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

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

Full Year

Total capital expenditures ▼ \$165.4 million

- The Company's full year operating capital expenditures and total capital expenditures were \$615.3 million and \$683.4 million respectively, a decrease of \$132.3 million and \$165.3 million from the prior year. The decrease was driven by lower spend relating to the Greater Toronto Area Distribution Centre and the Company's digital platform, both of which became fully operational in the year and fewer ongoing store capital projects.

Capital Commitments

The Company had commitments of approximately \$173.8 million as at December 30, 2023 (December 31, 2022 – \$165.5 million) for the acquisition of tangible and intangible assets.

Operating Capital Expenditures

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

The Company's 2023 full-year operating capital expenditures were \$615.3 million, slightly below the disclosed range in Q3 2023 of \$650.0 to \$700.0 million, and below the range disclosed in the Company's 2022 MD&A of \$750.0 to \$800.0 million. The decline in the operating capital expenditures is primarily due to a timing shift in real estate and supply chain operating capital expenditures, due in part to the DC fire, and lower capitalization of IT cloud-based solutions.

We have slowed our operating capital expenditure slightly in response to the returns we can expect to generate in a more challenging economic environment, but with a continued focus on investing in the Company's long term competitive positioning. Based on this, the Company plans to fund the *Better Connected* strategy, sustain the business, and continue prudent capital management and expects 2024 full-year operating capital expenditures to be in the range of \$475.0 to \$525.0 million, below the previously disclosed range in Q3 2023 of \$550.0 to \$600.0 million.



MANAGEMENT'S DISCUSSION AND ANALYSIS

6.5 Liquidity and Financing

Management is focused on ensuring that the Company has sufficient liquidity, both through maintaining a strong balance sheet and having the ability to access additional capital from multiple sources. Several alternative liquidity sources are available to its Retail, Financial Services, and CT REIT segments to meet their financial obligations when due and to execute their operating and strategic plans.

As at December 30, 2023

(C\$ in millions)	Consolidated	Retail	Financial Services	CT REIT
Cash and cash equivalents	\$ 311.2	\$ 85.6	\$ 205.8	\$ 19.8
Short-term investments	177.2	—	177.2	—
Total net cash and cash equivalents and short-term investments¹	\$ 488.4	\$ 85.6	\$ 383.0	\$ 19.8
Committed Bank Lines of Credit	4,397.8	2,997.8	1,100.0	300.0
Less: Borrowings outstanding ²	307.0	160.0	147.0	—
Less: U.S. commercial paper outstanding	365.6	365.6	—	—
Less: Letters of credit outstanding	3.1	—	—	3.1
Available Committed Bank Lines of Credit	\$ 3,722.1	\$ 2,472.2	\$ 953.0	\$ 296.9
Liquidity¹	\$ 4,210.5	\$ 2,557.8	\$ 1,336.0	\$ 316.7

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

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

The Company ended the quarter with \$488.4 million in cash and short-term investments, net of bank indebtedness, and \$4.2 billion in liquidity with \$2.6 billion, \$1.3 billion, and \$316.7 million at its Retail, Financial Services, and CT REIT segments, respectively.

As at Q4 2023, CTC, CT REIT, CTB and Helly Hansen each complied with all financial covenants under the agreements for the committed bank lines of credit listed in the following Financing Source table:



MANAGEMENT'S DISCUSSION AND ANALYSIS

Financing Source	
Committed Bank Lines of Credit and Securitized Note Purchase Facility	<ul style="list-style-type: none">• Provided by a syndicate of seven Canadian and three international financial institutions, \$1,975 million in an unsecured bank line of credit is available to the Retail segment for general corporate purposes, expiring in June 2027. As of December 30, 2023, the Retail segment had \$160.0 million outstanding on this bank line of credit. During the fourth quarter of 2023, CTC entered into a new unsecured bank line of credit for \$1.0 billion with five Canadian financial institutions, expiring in May 2025. As of December 30, 2023, there were no borrowings outstanding on this bank line of credit.• Helly Hansen has a 175 million Norwegian Krone ("NOK") secured overdraft facility (\$22.8 million of Canadian dollar equivalent) provided by a Norwegian bank, which automatically renewed in January and will expire in January 2025. As of December 30, 2023, Helly Hansen had no borrowings outstanding on its facility.• Provided by a syndicate of seven Canadian financial institutions, \$300 million in an unsecured bank line of credit is available to CT REIT for general business purposes, expiring in September 2027. As of December 30, 2023, CT REIT had no borrowings outstanding on its bank line of credit.• Scotiabank has provided CTB with a \$400 million unsecured bank line of credit and a \$700 million securitized note purchase facility for the purchase of senior and subordinated credit card asset-backed notes issued by GCCT, both of which expire in April 2025. As of December 30, 2023, CTB had \$147.0 million of borrowings outstanding on its bank line of credit and a nominal amount owing on its note purchase facility.
Commercial Paper Programs	<ul style="list-style-type: none">• CTC has a commercial paper program that allows it to issue up to a maximum aggregate principal amount of US\$1.0 billion of unsecured short-term promissory notes in the United States. Terms to maturity for the promissory notes range from one to 270 days from the date of issue. Notes are issued at a discount and rank equally in right of payment with all other present and future unsecured and unsubordinated obligations to creditors of CTC. As of December 30, 2023, CTC had a C\$ equivalent of 365.6 million U.S. commercial paper outstanding.• Concurrent with CTC's US\$ commercial paper issuances, CTC enters foreign exchange derivatives to hedge the foreign currency risk associated with both the principal and interest components of the borrowings under the program. CTC does not designate these debt derivatives as hedges for accounting purposes.• GCCT has a commercial paper program that allows it to issue up to a maximum aggregate principal amount of \$300 million of short-term credit card asset-backed promissory notes. As of December 30, 2023, GCCT had \$293.1 million of asset-backed commercial paper notes outstanding.
Medium-Term Notes, Term Loan and Senior Unsecured Debentures	<ul style="list-style-type: none">• As of December 30, 2023, CTC had an aggregate principal amount of \$1,150.0 million of medium-term notes outstanding and a \$400M term loan from Desjardins Capital Markets.• As of December 30, 2023, CT REIT had an aggregate principal amount of \$1,425 million of senior unsecured debentures outstanding.
Asset-backed Senior and Subordinated Term Notes	<ul style="list-style-type: none">• As of December 30, 2023, GCCT had an aggregate principal amount of \$1,990.1 million of credit card asset-backed term notes outstanding, consisting of \$1,860.7 million principal amount of senior term notes and \$129.4 million principal amount of subordinated term notes.
Broker GIC Deposits	<ul style="list-style-type: none">• Funds continue to be readily available to CTB through broker networks. As at December 30, 2023, CTB held \$2,734.4 million in broker GIC deposits.
Retail Deposits	<ul style="list-style-type: none">• Retail deposits consist of High Interest Savings ("HIS") and retail GIC deposits held by CTB, available both within and outside a tax-free savings account. As of December 30, 2023, CTB held \$629.9 million in retail deposits.
Real Estate	<ul style="list-style-type: none">• CTC can undertake strategic real estate transactions involving properties not owned by CT REIT. It also owns an investment in CT REIT in the form of publicly traded CT REIT Units. As of December 30, 2023, CTC had a 68.4 percent effective ownership interest in CT REIT.• Additional sources of funding are available to CT REIT, as appropriate, including the ability to access debt and equity markets, subject to the terms and conditions of CT REIT's Declaration of Trust and all applicable regulatory requirements.• As of December 30, 2023, CT REIT had an aggregate principal amount of \$8.9 million of mortgages, secured by certain investment properties, outstanding.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Credit Ratings

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

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

6.5.1 Contractual Obligations, Guarantees, and Commitments

The Company funds capital expenditures, working capital needs, dividend payments, and other financing needs, such as debt repayments and Class A Non-Voting Share purchases under a Normal Course Issuer Bid ("NCIB"), from a combination of sources. The following table shows the Company's contractual obligations to be paid over the next five years and beyond. The Company believes it had the ability to meet these contractual obligations as at December 30, 2023.

(C\$ in millions)	2024	2025	2026	2027	2028	2029 & beyond	Total
Deposits	\$ 1,053.2	\$ 636.1	\$ 480.5	\$ 609.0	\$ 597.0	\$ —	\$ 3,375.8
Total debt ¹	560.5	1,080.4	408.0	825.1	900.0	1,200.0	4,974.0
Lease obligations ²	443.0	435.8	379.9	294.0	221.8	1,116.1	2,890.6
Purchase obligations	2,261.7	353.3	277.0	271.1	234.6	278.8	3,676.5
Other obligations	51.7	19.9	17.7	14.6	6.5	15.0	125.4
Interest payments	311.5	281.7	253.9	203.8	135.4	350.8	1,537.1
	\$ 4,681.6	\$ 2,807.2	\$ 1,817.0	\$ 2,217.6	\$ 2,095.3	\$ 2,960.7	\$ 16,579.4

¹ Includes current debt, long-term debt (senior and subordinated term notes), GCCT term notes, and mortgages. Details of both can be found in Note 23 to the 2023 Consolidated Financial Statements.

² Excludes reasonably certain options of \$232.8 million (2022 - \$82.1 million).

In the normal course of business, the Company enters into numerous agreements that may contain features that meet the definition of a guarantee. For a discussion of the Company's significant guarantees and commitments, refer to Note 35 of the 2023 Consolidated Financial Statements. The Company's maximum exposure to credit risk with respect to such guarantees and commitments is provided in Note 5 of the 2023 Consolidated Financial Statements.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

6.6 Funding Costs

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

(C\$ in millions)		2023		2022
Interest expense ¹	\$	240.2	\$	171.7
Cost of debt ¹		4.09 %		3.53 %

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

For a discussion of the liquidity and credit risks associated with the Company's ability to generate sufficient resources to meet its financial obligations, refer to section 11.1 in this MD&A.



MANAGEMENT'S DISCUSSION AND ANALYSIS

7.0 Equity

7.1 Shares Outstanding

(C\$ in millions)	2023	2022
Authorized		
3,423,366 Common Shares		
100,000,000 Class A Non-Voting Shares		
Issued		
3,423,366 Common Shares (2022 – 3,423,366)	\$ 0.2	\$ 0.2
52,197,823 Class A Non-Voting Shares (2022 – 54,276,998)	598.5	587.6
	\$ 598.7	\$ 587.8

Each year, the Company files a Notice of Intention to Make a Normal Course Issuer Bid ("Notice of Intention") with the Toronto Stock Exchange ("TSX") which allows it to repurchase its Class A Non-Voting Shares on the open market through the facilities of the TSX and/or alternative Canadian trading systems, if eligible, at the market price of the shares at the time of repurchase or as otherwise permitted under the rules of the TSX and applicable securities laws. Class A Non-Voting Shares repurchased by the Company pursuant to the Normal Course Issuer Bid ("NCIB") are restored to the status of authorized but unissued shares. Security holders may obtain a copy of the notice, without charge, by contacting the Corporate Secretary of the Company.

On February 17, 2022, the TSX accepted the Company's Notice of Intention to repurchase up to 5.3 million Class A Non-Voting Shares during the period March 2, 2022 to March 1, 2023 (the "2022-23 NCIB"). On February 16, 2023, the TSX accepted the Company's Notice of Intention to repurchase up to 5.1 million Class A Non-Voting Shares during the period March 2, 2023 to March 1, 2024 (the "2023-24 NCIB"). Also on February 16, 2023, the TSX accepted a new Automatic Securities Purchase Plan ("ASPP") which expires on March 1, 2024 (the "2023-24 ASPP") and allows a designated broker to repurchase Class A Non-Voting Shares under the 2023-24 NCIB during the Company's blackout periods, subject to pre-defined parameters.

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

On November 10, 2022, the Company announced its intention to repurchase \$500 million to \$700 million of its Class A Non-Voting Shares by the end of 2023, in excess of the amount required for anti-dilutive purposes. The following table summarizes the Company's repurchases relating to the 2022-23 Share Repurchase Intention.

(C\$ in millions)	
2022-23 Share Repurchase Intention announced on November 10, 2022	\$ 500 - 700
Shares repurchased in fiscal 2022 under the 2022-23 Share Repurchase Intention	121.8
Shares repurchased in fiscal 2023 under the 2022-23 Share Repurchase Intention	348.2
Total shares repurchased under the 2022-23 Share Repurchase Intention	\$ 470.0

On November 9, 2023, the Company announced its intention to repurchase up to \$200 million of its Class A Non-Voting Shares during 2024, in excess of the amount required for anti-dilutive purposes, and subject to acceptance by the TSX of the renewal of the Company's NCIB in 2024.

7.2 Dividends

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

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company increased its annual dividend for the 14th consecutive year, to \$7.00 per share, an increase of approximately 1.5 percent over last year. On February 14, 2024, the Company's Board of Directors declared dividends at a rate of \$1.750 per share payable on June 1, 2024 to shareholders of record as of April 30, 2024. The dividend is considered an "eligible dividend" for tax purposes.

7.3 Equity Derivative Contracts

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

During Q4 2023, 210,000 units of equity-forward contracts that hedged stock options, performance share units, restricted share units and deferred share units settled and resulted in a cash payment to the counterparties of approximately \$8.2 million. The Company entered into 150,000 units of new equity-forward contracts in Q4 2023 with a hedge rate of \$168.11.

8.0 Tax Matters

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

With respect to temporary differences relating to and arising from the Company's investment in its subsidiaries, the Company is able to control and has no plans that would result in the realization of the respective temporary differences. Accordingly, the Company has not provided for deferred taxes relating to these respective temporary differences that might otherwise occur from transactions relating to the Company's investment in its subsidiaries. Refer to the Income Taxes accounting policy described in Note 3 of the 2023 Consolidated Financial Statements.

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

Income taxes for the quarter ended December 30, 2023 were \$65.8 million compared with \$189.6 million in 2022. The Effective tax rate was relatively flat compared to the prior year.

Income taxes for the full-year ended December 30, 2023 were \$233.7 million compared with \$401.0 million in 2022. The Effective tax rate for the full year ended December 30, 2023 increased to 40.8 percent from 25.3 percent in 2022 primarily due to the non-deductible change in the fair value of the redeemable financial instrument and higher non-deductible stock option expense. When adjusted for normalizing items¹ the effective tax rate² is 25.9 percent.

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

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

9.0 Accounting Policies and Estimates

9.1 Critical Accounting Estimates

The Company estimates certain amounts, which are reflected in its consolidated financial statements using detailed financial models based on historical experience, current trends, and other assumptions. Actual results could differ from those estimates. In Management's judgment, the accounting estimates and policies detailed in Note 2 and Note 3 of the 2023 Consolidated Financial Statements, do not require Management to make assumptions about matters that are highly uncertain and, accordingly, none of those estimates are considered a "critical accounting estimate" as defined in Form 51-102F1 – *Management's Discussion and Analysis*, published



MANAGEMENT'S DISCUSSION AND ANALYSIS

by the Canadian Securities Administrators, except for the allowance for loan impairment in the Financial Services segment.

Details of the accounting policies subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in its consolidated financial statements are described in Note 2 of the 2023 Consolidated Financial Statements.

Effective first quarter of 2023, the Company changed an accounting estimate which results in a shift of earnings from the fourth quarter to the first, second, and third quarters; with no change to the annual amount. Refer to section 5.1.1 for a discussion of the impacts of the Company's MSA with Dealers.

9.2 Changes in Accounting Policies

Standards, Amendments and Interpretations Issued and Adopted

Insurance Contracts

In May 2017, the International Accounting Standards Board ("IASB") issued IFRS 17, which replaced IFRS 4 – *Insurance Contracts* and established a new model for recognizing insurance policy obligations, premium revenue, and claims-related expenses. In June 2020, the IASB issued 'Amendments to IFRS 17' to address concerns and implementation challenges identified after IFRS 17 was published in 2017. The amendments also deferred the effective date for two years to January 1, 2023. The Company adopted IFRS 17 on January 1, 2023 and determined there to be no material impact on the consolidated financial statements.

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

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

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

Clarifying Distinction Between Accounting Policies and Accounting Estimates

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

International Tax Reform

The Organisation for Economic Co-operation and Development published the Pillar Two model rules designed to address the tax challenges arising from the digitalization of the global economy. It is unclear if the Pillar Two model rules create additional deferred taxes. In response to this uncertainty, in May 2023, the IASB issued amendments to IAS 12 – *Income Taxes* introducing a mandatory temporary exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two model rules. The amendments also require that the Company separately disclose the current tax expense/income related to Pillar Two income taxes effective for the annual reporting period beginning on or after January 1, 2023. The Company does not expect a material exposure to Pillar Two income taxes. The Company has retrospectively adopted the amendments and applied the temporary mandatory exception.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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 December 30, 2023 and, accordingly, have not been applied in preparing these financial statements.

Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 – *Leases* (“IFRS 16”) relating to sale leaseback transactions for seller-lessees. The amendment adds a requirement that measuring lease payments or revised lease payments shall not result in the recognition of a gain or loss that relates to the right-of-use asset retained by the seller-lessee. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.

Non-current Liabilities with Covenants

In October 2022, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements*, which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require disclosure of information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.

Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures*. The amendments add requirements to disclose information that allows users to assess how supplier finance arrangements affect an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.

Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates* in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.



MANAGEMENT'S DISCUSSION AND ANALYSIS

10.0 Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures

10.1 Non-GAAP Financial Measures and Ratios

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

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

Normalized Other Expense (Income)

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Other expense (income)	\$ 3.2	\$ 0.2	\$ 34.4	\$ 61.6
Add normalizing items:				
DC fire	—	—	(11.3)	—
Helly Hansen Russia exit	—	—	—	(36.5)
Normalized Other expense (income)	\$ 3.2	\$ 0.2	\$ 23.1	\$ 25.1

Retail Normalized Other Expense (Income)

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Other expense (income)	\$ 3.2	\$ 0.2	\$ 34.4	\$ 61.6
Less: Other operating segments	39.0	39.5	149.7	145.6
Retail Other expense (income)	\$ (35.8)	\$ (39.3)	\$ (115.3)	\$ (84.0)
Add normalizing items:				
DC fire	—	—	(11.3)	—
Helly Hansen Russia exit	—	—	—	(36.5)
Retail Normalized Other expense (income)	\$ (35.8)	\$ (39.3)	\$ (126.6)	\$ (120.5)



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Selling, general and administrative expenses ¹	\$ 983.5	\$ 1,012.0	\$ 3,675.7	\$ 3,502.5
Less normalizing items:				
Targeted headcount reduction charge	21.6	—	21.6	—
GST/HST-related charge	—	—	33.3	—
Operational Efficiency program	—	19.6	—	47.2
Normalized Selling, general and administrative expenses	\$ 961.9	\$ 992.4	\$ 3,620.8	\$ 3,455.3

¹ Certain prior year figures have been restated to conform to the current year presentation.

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

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

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Selling, general and administrative expenses ¹	\$ 983.5	\$ 1,012.0	\$ 3,675.7	\$ 3,502.5
Less: Other operating segments	84.3	76.1	354.8	311.0
Retail Selling, general and administrative expenses	\$ 899.2	\$ 935.9	\$ 3,320.9	\$ 3,191.5
Less normalizing items:				
Targeted headcount reduction charge	19.6	—	19.6	—
Operational Efficiency program	—	19.6	—	47.2
Retail Normalized Selling, general and administrative expenses	\$ 879.6	\$ 916.3	\$ 3,301.3	\$ 3,144.3

¹ Certain prior year figures have been restated to conform to the current year presentation.



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Financial Services Normalized SG&A

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Selling, general and administrative expenses ¹	\$ 983.5	\$ 1,012.0	\$ 3,675.7	\$ 3,502.5
Less: Other operating segments	887.3	923.2	3,281.0	3,152.6
Financial Services Selling, general and administrative expenses	\$ 96.2	\$ 88.8	\$ 394.7	\$ 349.9
Less normalizing items:				
Targeted headcount reduction charge	2.0	—	2.0	—
GST/HST-related charge	—	—	33.3	—
Financial Services Normalized Selling, general and administrative expenses	\$ 94.2	\$ 88.8	\$ 359.4	\$ 349.9

¹ Certain prior year figures have been restated to conform to the current year presentation.

EBITDA and related measures

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

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Income before income taxes	\$ 263.0	\$ 752.2	\$ 572.8	\$ 1,583.8
Add:				
Depreciation and amortization ¹	203.2	194.3	802.2	743.5
Net finance costs	90.8	65.9	321.5	231.0
EBITDA	\$ 557.0	\$ 1,012.4	\$ 1,696.5	\$ 2,558.3
Add normalizing items:				
Targeted headcount reduction charge	21.6	—	21.6	—
DC fire	—	—	11.3	—
GST/HST-related charge	—	—	33.3	—
Change in fair value of redeemable financial instrument	—	—	328.0	—
Operational Efficiency program	—	19.6	—	47.2
Helly Hansen Russia exit	—	—	—	36.5
Normalized EBITDA	\$ 578.6	\$ 1,032.0	\$ 2,090.7	\$ 2,642.0

¹ Depreciation and amortization reported in Cost of producing revenue for the 13 and 52 weeks ended December 30, 2023 was \$6.9 million (2022 – \$6.2 million) and \$31.0 million (2022 – \$24.5 million), respectively.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Retail EBITDA and related measures

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Income before income taxes	\$ 263.0	\$ 752.2	\$ 572.8	\$ 1,583.8
Less: Other operating segments	101.3	109.8	165.8	535.8
Retail Income before income taxes	\$ 161.7	\$ 642.4	\$ 407.0	\$ 1,048.0
Add:				
Depreciation and amortization ¹	242.5	239.1	989.2	921.7
Net finance costs	78.1	53.8	275.9	185.3
Retail EBITDA	\$ 482.3	\$ 935.3	\$ 1,672.1	\$ 2,155.0
Add normalizing items:				
Targeted headcount reduction charge	19.6	—	19.6	—
DC fire	—	—	11.3	—
Operational Efficiency program	—	19.6	—	47.2
Helly Hansen Russia exit	—	—	—	36.5
Retail Normalized EBITDA	\$ 501.9	\$ 954.9	\$ 1,703.0	\$ 2,238.7

¹ Depreciation and amortization reported in Cost of producing revenue for the 13 and 52 weeks ended December 30, 2023 was \$6.9 million (2022 – \$6.2 million) and \$31.0 million (2022 - \$24.5 million), respectively.

Normalized Income Before Income Taxes

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Income before income taxes	\$ 263.0	\$ 752.2	\$ 572.8	\$ 1,583.8
Add normalizing items:				
Targeted headcount reduction charge	21.6	—	21.6	—
DC fire	—	—	11.3	—
GST/HST-related charge	—	—	33.3	—
Change in fair value of redeemable financial instrument	—	—	328.0	—
Operational Efficiency program	—	19.6	—	47.2
Helly Hansen Russia exit	—	—	—	36.5
Normalized Income before income taxes	\$ 284.6	\$ 771.8	\$ 967.0	\$ 1,667.5



MANAGEMENT'S DISCUSSION AND ANALYSIS

Retail Normalized Income Before Income Taxes

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Income before income taxes	\$ 263.0	\$ 752.2	\$ 572.8	\$ 1,583.8
Less: Other operating segments	101.3	109.8	165.8	535.8
Retail Income before income taxes	\$ 161.7	\$ 642.4	\$ 407.0	\$ 1,048.0
Add normalizing items:				
Targeted headcount reduction charge	19.6	—	19.6	—
DC fire	—	—	11.3	—
Operational Efficiency program	—	19.6	—	47.2
Helly Hansen Russia exit	—	—	—	36.5
Retail Normalized Income before income taxes	\$ 181.3	\$ 662.0	\$ 437.9	\$ 1,131.7

Financial Services Normalized Income Before Income Taxes

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Income before income taxes	\$ 263.0	\$ 752.2	\$ 572.8	\$ 1,583.8
Less: Other operating segments	177.8	665.4	187.8	1,142.2
Financial Services Income before income taxes	\$ 85.2	\$ 86.8	\$ 385.0	\$ 441.6
Add normalizing items:				
Targeted headcount reduction charge	2.0	—	2.0	—
GST/HST-related charge	—	—	33.3	—
Financial Services Normalized Income before income taxes	\$ 87.2	\$ 86.8	\$ 420.3	\$ 441.6



MANAGEMENT'S DISCUSSION AND ANALYSIS

Normalized Income Tax Expense and Normalized Effective Tax Rate

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

Normalized effective tax rate is calculated by dividing normalized income tax expense by normalized income before income taxes.

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Income tax expense	\$ 65.8	\$ 189.6	\$ 233.7	\$ 401.0
Add tax effect of normalizing items:				
Targeted headcount reduction charge	5.7	—	5.7	—
DC fire	—	—	3.0	—
GST/HST-related charge	—	—	8.5	—
Operational Efficiency program	—	5.2	—	12.5
Helly Hansen Russia exit	—	—	—	3.1
Normalized Income tax expense	\$ 71.5	\$ 194.8	\$ 250.9	\$ 416.6

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

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

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

(C\$ in millions, except per share amounts)	Q4 2023	Q4 2022	2023	2022	2021
Net income	\$ 197.2	\$ 562.6	\$ 339.1	\$ 1,182.8	\$ 1,260.7
Net income attributable to shareholders	172.5	531.9	213.3	1,044.1	1,127.6
Add normalizing items:					
Targeted headcount reduction charge	\$ 15.9	\$ —	\$ 15.9	\$ —	\$ —
DC fire	—	—	8.4	—	—
GST/HST-related charge ¹	—	—	24.7	—	—
Change in fair value of redeemable financial instrument	—	—	328.0	—	—
Operational Efficiency program	—	14.4	—	34.7	30.1
Helly Hansen Russia exit	—	—	—	33.4	—
Normalized net income	\$ 213.1	\$ 577.0	\$ 716.1	\$ 1,250.9	\$ 1,290.8
Normalized net income attributable to shareholders¹	\$ 188.4	\$ 546.3	\$ 585.3	\$ 1,112.2	\$ 1,157.7
Normalized diluted EPS	\$ 3.38	\$ 9.34	\$ 10.37	\$ 18.75	\$ 18.91

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Capital Expenditures

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

(C\$ in millions)	2023	2022
Total additions ^{1, 2}	\$ 668.6	\$ 735.1
Add: Accrued additions	14.8	113.6
Less: CT REIT acquisitions and developments excluding vend-ins from CTC	68.1	101.1
Operating capital expenditures	\$ 615.3	\$ 747.6

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

² Certain prior year figures have been restated to conform to the current year presentation.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Retail Return on Invested Capital

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

(C\$ in millions, except where noted)	2023	2022
Income before income taxes	\$ 572.8	\$ 1,583.8
Less: Other operating segments	165.8	535.8
Retail Income before income taxes	\$ 407.0	\$ 1,048.0
Add normalizing items:		
Operational Efficiency program	—	47.2
Helly Hansen Russia exit	—	36.5
Targeted headcount reduction-related charge	19.6	—
DC fire	11.3	—
Retail Normalized Income before income taxes	\$ 437.9	\$ 1,131.7
Less:		
Retail intercompany adjustments ¹	213.2	207.1
Add:		
Retail interest expense ²	323.5	246.7
Retail depreciation of right-of-use assets	622.7	589.4
Retail effective tax rate	28.4 %	25.9 %
Add: Retail taxes	(332.2)	(456.4)
Retail return	\$ 838.7	\$ 1,304.3
Average total assets	\$ 22,173.6	\$ 21,734.5
Less: Average assets in other operating segments	4,421.3	4,413.5
Average Retail assets	\$ 17,752.3	\$ 17,321.0
Less:		
Average Retail intercompany adjustments ¹	3,722.2	3,534.8
Average Retail trade payables and accrued liabilities ³	2,841.2	2,924.5
Average Franchise Trust assets	517.0	458.0
Average Retail excess cash	—	—
Average Retail invested capital	\$ 10,671.9	\$ 10,403.7
Retail ROIC	7.9 %	12.5 %

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

² Excludes Franchise Trust.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

Retail Free Cash Flow

Retail free cash flow is a measure used to assess the Company's ability to generate cash from its Retail operations. Retail free cash flow is defined as cash generated by Retail operating activities less capital expenditures and lease rent payments. Available Retail cash flow is free cash flow plus distributions received from Financial Services and CT REIT. Management believes that available Retail cash flow is an important measure in evaluating the Company's ability to fund its shareholder distributions, financing activities, and potential business acquisitions.

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

(C\$ in millions)	2023	2022
Cash generated from operating activities ¹	\$ 1,354.3	\$ 466.5
Less: Other operating segments	220.0	(123.6)
Retail cash generated from operating activities	\$ 1,134.3	\$ 590.1
Retail capital expenditures, net of tenant allowances ¹	(475.6)	(512.0)
Retail payment of lease liabilities (principal portion), net of payments received	(656.2)	(588.8)
Retail free cash flow	\$ 2.5	\$ (510.7)
Dividends from Financial Services to Retail	344.4	428.8
Distributions from CT REIT to Retail	206.7	201.5
Available Retail cash flow	\$ 553.6	\$ 119.6

¹ Certain prior year figures have been restated to conform to the current year presentation.

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

(C\$ in millions)	2023	2022
Income before income taxes	\$ 572.8	\$ 1,583.8
Less: Other operating segments	165.8	535.8
Retail income before income taxes	\$ 407.0	\$ 1,048.0
Adjustments for:		
Income from Financial Services and CT REIT	(328.3)	(320.1)
Retail depreciation and amortization	989.1	921.7
Retail change in working capital ¹	102.5	(714.2)
Retail income taxes, interest costs and other	(36.0)	(345.8)
Retail cash generated from operating activities	\$ 1,134.3	\$ 589.6

¹ Certain prior year figures have been restated to conform to the current year presentation.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Helly Hansen Revenue on a Constant Currency Basis

Helly Hansen revenue on a constant currency basis is used to assess revenue variations by removing the effect of changes to foreign exchange rates. This is accomplished by applying the same foreign exchange rate to current and comparative periods. This measure is most directly comparable to Revenue, a GAAP measure reported in the consolidated financial statements.

(C\$ in millions, except where noted)	Q4 2023	Q4 2022	2023	2022
Revenue	\$ 4,443.0	\$ 5,340.4	\$ 16,656.5	\$ 17,810.6
Less: Other operating segments and other banners	4,169.0	5,038.6	15,819.3	17,029.4
Helly Hansen Revenue (CAD)	\$ 274.0	\$ 301.8	\$ 837.2	\$ 781.2
NOK/CAD average FX rate	7.96	7.53	7.82	7.41
Helly Hansen Revenue (Kroner)	\$ 2,182.0	\$ 2,271.6	\$ 6,546.9	\$ 5,787.7
NOK/CAD constant FX rate	7.53	7.53	7.41	7.41
Helly Hansen Revenue (constant currency)	\$ 289.9	\$ 301.8	\$ 883.5	\$ 781.2

Adjusted Net Debt

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

As at December 30, 2023

(C\$ in millions)	Consolidated	Retail	Financial Services	REIT
Consolidated net debt				
Short-term deposits	\$ 1,041.7	\$ —	\$ 1,041.7	\$ —
Long-term deposits	2,322.6	—	2,322.6	—
Short-term borrowings	965.7	525.6	440.1	—
Long-term debt	4,964.5	1,550.3	1,984.8	1,429.4
Total debt	\$ 9,294.5	\$ 2,075.9	\$ 5,789.2	\$ 1,429.4
Cash and cash equivalents ¹	(311.2)	(85.6)	(205.8)	(19.8)
Short-term investments ¹	(177.2)	—	(177.2)	—
Long-term investments ¹	(108.2)	(8.3)	(99.9)	—
Net debt	\$ 8,697.9	\$ 1,982.0	\$ 5,306.3	\$ 1,409.6
Intercompany debt	—	(1,539.4)	87.8	1,451.6
Adjusted net debt	\$ 8,697.9	\$ 442.6	\$ 5,394.1	\$ 2,861.2

¹ Includes regulatory reserves.



MANAGEMENT'S DISCUSSION AND ANALYSIS

As at December 31, 2022

(C\$ in millions)	Consolidated	Retail	Financial Services	REIT
Consolidated net debt				
Bank indebtedness	\$ 5.0	\$ 5.0	\$ —	\$ —
Short-term deposits	1,226.3	—	1,226.3	—
Long-term deposits	1,739.4	—	1,739.4	—
Short-term borrowings	576.2	21.7	454.6	99.9
Long-term debt	4,257.7	952.4	2,069.1	1,236.2
Total debt	\$ 7,804.6	\$ 979.1	\$ 5,489.4	\$ 1,336.1
Cash and cash equivalents ¹	(331.3)	(102.0)	(226.7)	(2.6)
Short-term investments ¹	(176.3)	—	(176.3)	—
Long-term investments ¹	(62.6)	(3.2)	(59.4)	—
Net debt	\$ 7,234.4	\$ 873.9	\$ 5,027.0	\$ 1,333.5
Intercompany debt	—	(1,542.7)	91.1	1,451.6
Adjusted net debt	\$ 7,234.4	\$ (668.8)	\$ 5,118.1	\$ 2,785.1

¹ Includes regulatory reserves.

Past Due Credit Card Receivables Rate

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

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

(C\$ in millions)	2023	2022
Current portion of loans receivable	\$ 6,568.3	\$ 6,271.1
Add: ECL allowance	926.3	897.1
Less:		
Other discounts or adjustments	157.4	127.1
Line of credit and current portion of dealer loans	73.2	65.6
Total gross credit card receivables	\$ 7,264.0	\$ 6,975.5
Less: Loans no more than 30 days past due	7,004.5	6,774.9
Past due gross credit card receivables	\$ 259.5	\$ 200.6



MANAGEMENT'S DISCUSSION AND ANALYSIS

CT REIT Net Operating Income

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

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Revenue	\$ 4,443.0	\$ 5,340.4	\$ 16,656.5	\$ 17,810.6
Less: Other operating segments	4,303.0	5,205.2	16,103.7	17,277.8
CT REIT Property revenue	\$ 140.0	\$ 135.2	\$ 552.8	\$ 532.8
Less:				
CT REIT Property expense	28.8	27.8	115.5	111.1
CT REIT property straight-line rent revenue	(0.3)	0.6	(1.7)	1.9
CT REIT net operating income	\$ 111.5	\$ 106.8	\$ 439.0	\$ 419.8

CT REIT Funds from Operations and Adjusted Funds from Operations

Funds from Operations

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

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

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

Adjusted Funds from Operations

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

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FFO per unit and AFFO per unit

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

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

(C\$ in millions)	Q4 2023	Q4 2022	2023	2022
Income before income taxes	\$ 263.0	\$ 752.2	\$ 572.8	\$ 1,583.8
Less: Other operating segments	224.7	677.5	343.3	1,259.2
CT REIT income before income taxes	\$ 38.3	\$ 74.7	\$ 229.5	\$ 324.6
Add:				
CT REIT fair value loss (gain) adjustment	39.3	0.9	78.6	(27.8)
CT REIT deferred taxes	(0.6)	(0.5)	—	(0.1)
CT REIT lease principal payments on right-of-use assets	(0.2)	(0.1)	(0.9)	(0.6)
CT REIT fair value of equity awards	0.5	0.3	(0.6)	(0.9)
CT REIT internal leasing expense	0.4	0.3	1.3	1.0
CT REIT funds from operations	\$ 77.7	\$ 75.6	\$ 307.9	\$ 296.2
Less:				
CT REIT properties straight-line rent revenue	(0.3)	0.6	(1.7)	1.9
CT REIT direct leasing costs	0.3	0.2	1.2	0.5
CT REIT capital expenditure reserve	6.2	6.3	25.0	25.0
CT REIT adjusted funds from operations	\$ 71.5	\$ 68.5	\$ 283.4	\$ 268.8

10.2 Supplementary Financial Measures

Average Account Balance

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

Borrowings Outstanding

Borrowings outstanding represents drawdowns from committed bank lines of credit.

Credit Card Sales and Credit Card Sales Growth

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

Comparable Sales

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

Cost of Debt

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

eCommerce Sales

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

eCommerce Penetration Rate

eCommerce penetration rate is calculated by dividing eCommerce sales by Retail sales.

ECL Allowance Rate

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

Effective Tax Rate

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

Gross Average Accounts Receivable

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

Gross Margin Rate

Gross margin rate is gross margin divided by revenue.

Gross Margin Dollars excluding Petroleum and Gross Margin Rate excluding Petroleum

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

Interest Expense

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

Loyalty Sales and Loyalty Sales as a Percentage of Retail Sales (Loyalty Penetration)

Loyalty sales are Retail sales attributable to Triangle members. Loyalty sales as a percentage of retail sales is calculated by dividing loyalty sales by Retail sales.

Net Credit Card Write-off Rate

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

Owned Brands Penetration

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

Property Revenue

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

Property Expense

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

Retail Sales

Retail sales refers to the point-of-sale value of all goods and services sold to retail customers at stores operated by Dealers, Mark's and SportChek franchisees, and Petroleum retailers, at corporately-owned stores across all banners under the Retail segment, services provided as part of the Home Services offering, and of goods sold



MANAGEMENT'S DISCUSSION AND ANALYSIS

through the Company's online sales channels, and in aggregate do not form part of the Company's consolidated financial statements. Management applies this measure to Consolidated results (including and excluding Petroleum), the Retail segment (including and excluding Petroleum), and all banners under the Retail segment (including but not limited to Canadian Tire Retail, SportChek, Mark's, Helly Hansen, Gas+, and Owned Brands).

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

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

Return on Receivables

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

Revenue as Percentage of GAAR

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

Revenue Excluding Petroleum

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

Sales per Square Foot

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

11.0 Key Risks and Risk Management

Overview

In the normal course of its business activities, the Company is exposed to risks that could have a material adverse impact on the Company's brand, financial performance, and/or ability to achieve its strategic objectives.

The effective management of risk is a key priority in order to support CTC in achieving its strategies and business objectives. Accordingly, CTC has adopted an Enterprise Risk Management Framework ("ERM Framework") for identifying, assessing, monitoring, mitigating and reporting key risks. Refer to section 2.6 in the 2023 AIF for further details of CTC's ERM Framework.

Set out below are the key risks identified through the Company's ERM framework as well as other business risks that may impact the Company's Retail, Financial Services and CT REIT segments which may have a materially adverse effect on the Company. There may be additional risks and uncertainties not currently known to management or risks that are not considered material at this time which may evolve and materially and adversely affect the Company in the future. The actual effect of any risk may be materially different than what is currently anticipated.

The description of these risks also sets out the risk management strategies and measures undertaken by management. Although the Company believes the strategies and measures taken are reasonable in order to effectively manage the risks within the Company's risk appetite, there can be no assurance that these measures will effectively mitigate these risks.

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

11.1 Key Risks

The Company regularly assesses its businesses to identify and assess key risks (including emerging risks) that, alone or in combination with other interrelated risks, could have a significant adverse impact on the Company's brand, financial performance, and/or ability to achieve its strategic objectives. CTC's risks are generally categorized as strategic, financial, or operational; however, certain risks can have impacts across categories. The following section provides a description of those which Management believes may have a materially adverse effect on the Company.

11.1.1 Strategic Risks

CTC is exposed to strategic risks, including those described below.

Strategy

CTC operates in a number of industries which are highly competitive and constantly evolving. The Company selects strategies intended to address opportunities and risks, and positively differentiate its performance in the marketplace. Should the Company be unable to appropriately respond to fluctuations in the external business environment as a result of inaction, ineffective strategies, or poor implementation of strategies, there could be adverse impacts on CTC's financial performance, brand, and/or ability to achieve its strategic objectives. Factors affecting these risks may include, but are not limited to:

- changes in the competitive landscape in the retail, banking, and/or real estate sectors, impacting the attractiveness of shopping at CTC's businesses and the value of its real estate holdings;
- economic recession, depression, or high inflation, impacting consumer spending;
- changes in the domestic or international political environments, impacting the cost and availability of products and services and CTC's ability to do business;
- shifts in the buying behaviour of consumers, demographics, or weather patterns, impacting the relevance of the products and services offered by CTC;
- transition and integration of significant acquisitions into the CTC business model and CTC's ability to achieve expected performance and growth plans;



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- introduction and maintenance of an Owned Brand portfolio impacting the ability to offer differentiated and innovative products;
- changes in the rewards landscape impacting the ability of the Triangle Rewards program to drive customer engagement and attract competitive partnerships;
- introduction of new technologies and trends impacting the relevance of the products, channels, or services offered by CTC; and
- health events, including pandemics, impacting the Company's operations, customer behaviours and financial performance.

Risk management strategy:

The Company regularly assesses strategies to enable the achievement of its financial aspirations. These strategies take the form of a number of strategic objectives. On at least a quarterly basis, the Company identifies and assesses the external and internal risks that may impede the achievement of its strategic objectives. This includes the regular monitoring of economic, political, health, demographic, geographic and competitive developments in Canada and other countries where CTC conducts business, as well as the capabilities, strategic fit, and other benefits of key initiatives and acquisitions. The goal of this approach is to provide early warning and escalation within the Company regarding significant risks and engage in appropriate Management activities to manage these risks. In addition to supporting strategy execution, this approach enables Management to assess the effectiveness of its strategies considering external and internal conditions and propose changes to strategic objectives as appropriate.

Key Business Relationships

CTC's business model relies on certain significant business relationships. Such relationships include, but are not limited to, relationships with its Dealers, agents, franchisees, suppliers and service providers.

The scope, complexity, materiality, and/or criticality of these key business relationships can affect customer service, procurement, product and service delivery, information security and expense management. Failure to effectively manage these relationships may have a negative impact on CTC's financial performance, brand and/or ability to achieve its strategic objectives.

Risk management strategy:

The Company regularly assesses the capabilities, strategic fit, and other realized benefits of key business relationships in the context of supporting its strategies. Governance structures, including policies, processes, contracts, service agreements, and other management activities, are in place to maintain and strengthen the relationships that are critical to the success of the Company's performance and aligned with its overall strategic needs.

A key relationship for the Company is with its Dealers. Management of the Canadian Tire Dealer relationship is led by Senior Management with oversight by the Chief Executive Officer ("CEO") and Board of Directors.

Reputation

The strength of CTC's brand significantly contributes to the success of the Company and is sustained through its culture, policies, processes, and ongoing investments that build trust and affinity with stakeholders. Maintaining and enhancing brand equity enables the Company to grow and achieve its financial goals and strategic aspirations. The Company recognizes that proper stewardship of environmental, social and governance ("ESG") matters that are relevant to its business contributes positively to the Company's reputation. CTC's reputation, and consequently, its brand, may be negatively affected by various factors, some of which may be outside its control. Should these factors materialize, stakeholders' trust in the Company, the perception of what its brand stands for, its connection with customers, and subsequently its brand equity, may significantly diminish. As a result, CTC's financial position, brand and/or ability to achieve its strategic objectives may be negatively affected.

Risk management strategy:

The Company's strategies include plans and investments to protect and enhance its reputation. The Company has identified the ESG matters that are most relevant to its stakeholders and invested in managing these areas of focus to not just meet but exceed regulatory standards. All employees are expected to manage risks that could



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impact the Company's reputation and thereby its brand equity through a set of established risk frameworks. Senior Management is accountable to ensure that employees identify and escalate matters that could create reputational risk. The Company monitors a variety of sources to identify issues that could damage its reputation and has established processes to respond to significant issues. The Company's Codes of Conduct are the foundation for ethical conduct at CTC, providing all employees, contractors, suppliers, and Directors with guidance on ethical values and expected behaviours that enable it to sustain its culture of integrity.

11.1.2 Financial Risks

Macroeconomic conditions are highly cyclical, volatile and can have a material effect on the ability of the Company to achieve strategic goals and aspirations. CTC is exposed to a number of financial risks including those described below.

Financial Instrument Risk

The Company's primary financial instrument risk exposures relate to the Bank's credit card loans receivable and the value of the Company's financial instruments (including derivatives and investments) employed to manage exposure to foreign currency risk, interest rate risk, and equity risk, all of which are subject to financial market volatility. For further disclosure of the Company's financial instruments, their classification, their impact on financial statements, and determination of fair value refer to Note 34 of the 2023 Consolidated Financial Statements.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due with the ability to react under uncertainty.

For a comprehensive discussion of the Company's liquidity risk, see Note 5 of the 2023 Consolidated Financial Statements.

Foreign Currency Risk

CTC sources merchandise globally. In 2023, approximately 55 percent, 23 percent and 46 percent of the value of inventory purchases of Canadian Tire Retail, SportChek and Mark's, respectively, were sourced directly from vendors outside Canada and denominated in U.S. dollars. The majority of Helly Hansen's purchases are from vendors in Asia and are denominated in U.S. dollars and Euros. To mitigate the impact of fluctuating foreign exchange rates on the cost of these purchases, the Company has an established foreign exchange risk management program that governs the proportion of forecast U.S. dollar and Euro purchases that are hedged through foreign exchange derivative contracts. The purpose of the program is to provide certainty with respect to a portion of the foreign exchange component of future merchandise purchases.

As the Company has hedged a significant portion of the cost of its near-term U.S. dollar-denominated forecast purchases, a change in foreign currency rates will not materially impact that portion of the cost relating to those purchases. The Company operates its hedging program on a continual basis to ensure that any sustained change in rates is reflected in the cost of the Company's foreign currency purchases over the entirety of its hedging horizon. This ensures that the cost of foreign currency purchases is smoothed relative to the foreign exchange market allowing the Company to defer the impact of sudden exchange rate movements on margins and allow it time to develop strategies to mitigate the impact of a sustained change in foreign exchange rates. Some vendors have an underlying exposure to foreign currency fluctuations which may affect the price they charge the Company for merchandise, and the Company's hedging program does not mitigate that risk. While the Company may be able to pass on changes in foreign currency exchange rates through retail pricing, any decision to do so would be subject to competitive, market and economic conditions.

Interest Rate Risk

The Company may use interest rate derivatives or exercise its contractual early redemption options for Medium-Term Notes and Debentures to manage interest rate risk. The Company has a policy whereby, on a consolidated basis (excluding Franchise Trust), a minimum of 75 percent of its consolidated debt (short-term and long-term) will be at fixed versus floating interest rates.



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Failure to develop, implement, and execute effective strategies to manage these financial risks may result in insufficient capital to absorb unexpected losses and/or decreases in margin and/or changes in asset value, negatively affecting CTC's financial position, brand, and/or ability to achieve its strategic objectives.

Risk management strategy:

The Company has a Board-approved Financial Risk Management Policy in place which governs financial instruments, liquidity, foreign currency, interest rate and other financial risks. The Treasurer and Chief Financial Officer ("CFO") provide assurances with respect to policy compliance. Refer to section 6.3 in this MD&A for further details.

In particular, the Company's hedging activities are governed by this policy. Hedge transactions are executed with well-rated financial institutions and are monitored against policy limits.

11.1.3 Operational Risks

CTC manages a number of operational risks, including those described below.

Talent

To support its strategies, objectives and normal business operations, CTC needs to maintain a sufficient, appropriately skilled, focused and committed workforce. CTC's financial position, brand, and/or ability to achieve its strategic objectives may be negatively affected by its failure to manage its talent risk.

Risk management strategy:

The Company manages its talent risk through its organizational design, employee recruitment programs, succession planning, compensation structures, ongoing training, professional development programs, diversity, inclusion and belonging programs, change management, its Code of Conduct, and performance management. The Company also continues to adopt strategies to attract and retain talent, to support areas of the business where labour shortages and high competition for talent are prevalent.

Technology Functionality, Resiliency and Security

CTC's business is affected by its technologies, which may positively or adversely impact CTC's products, channels, and services. CTC's choices of investments in technology may support its ability to achieve its strategic objectives, or may negatively affect its financial position, brand, and/or ability to achieve its strategic objectives.

Risk management strategy:

The Company manages its risks through its investments in people, processes, systems, and tools to meet operational and security requirements, and leverage technological advances in the marketplace.

The Company maintains policies, processes, and controls to address capabilities, performance, security, and availability, including disaster recovery for systems, infrastructure, and data.

The Company regularly monitors and analyzes its technology needs and performance to determine the effectiveness of its investments and its investment priorities. CTC continues to enhance its digital platforms to effectively meet increased online customer demand and improve both the customer and Dealer eCommerce experiences. IT improvements pertaining to network infrastructure, devices, security, and incident management support the Company's hybrid work model.

Cyber

CTC relies on IT systems in all areas of operations. The Company's information systems are subject to the increasing frequency and sophistication of global cyber threats, including ransomware attacks. The methods used to obtain unauthorized access, disable, or degrade service or sabotage systems are constantly evolving. A breach of sensitive information or disruption to its systems may negatively impact CTC's financial position, brand, and/or ability to achieve its strategic objectives.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Risk management strategy:

The Company maintains policies, processes, and controls to address capabilities, performance, security, and availability including disaster recovery for systems, infrastructure, and data. Security protocols, along with information security policies, address compliance with information security standards, including those relating to information belonging to the Company's customers and employees. The Company actively monitors, manages, and continues to enhance its ability to mitigate cyber risk through enterprise-wide programs. As a result of heightened risks, CTC has implemented additional security measures with respect to employee training, monitoring and testing, systems protection, and business continuity and contingency planning.

Data and Information

In the normal course of business, the Company collects and stores sensitive data, including the personal information of its customers and employees, information of its business partners, and internal information. The integrity, reliability and security of information are critical to its business operations and strategy. The hybrid model has heightened the importance of data and information security and privacy.

The lack of integrity and reliability of information for decision-making, loss or inappropriate disclosure or misappropriation of sensitive information could negatively affect CTC's financial position, brand, and/or ability to achieve its strategic objectives.

Risk management strategy:

The Company has policies, processes, and controls designed to manage and safeguard the information of its customers, employees, and internal information throughout its lifecycle. The Company continues to enhance its ability to manage information risk in conjunction with its cyber risk management programs. The Company monitors and enforces its practices supporting the security, privacy and confidentiality of sensitive data and information.

Operations

CTC has complex and diverse operations across its business units and functional areas. Sources of operational risk include, but are not limited to, merchandising, supply chain, store networks, property management and development, financial services, business disruptions, regulatory requirements, and reliance on technology.

Operations risk is the risk of potential loss resulting from inadequate or failed internal processes or systems, human interactions, or external events (such as health and weather events). Should this risk materialize, CTC's financial position, brand, and/or ability to achieve its strategic objectives could be negatively affected.

Risk management strategy:

Management in charge of each banner and corporate function is accountable for providing assurances that policies, processes, and procedures are adequately designed and operating effectively to support the strategic and performance objectives, availability of business services, and regulatory compliance of the banner that they operate or support. To ensure continuity of business activities and services, the Company has identified critical processes and developed business continuity plans to manage and respond to significant disruptions.

Further information regarding the Company's exposure to this risk for each business segment is provided in section 11.2.

Financial Reporting

Public companies such as CTC are subject to risks relating to the restatement and reissuance of financial statements, which may be due to:

- failure to adhere to financial accounting and presentation standards and securities regulations relevant to financial reporting;
- fraudulent activity and/or failure to maintain an effective system of internal controls; and/or
- inadequate explanation of a Company's operating performance, financial condition, and prospects.

The realization of one or more of these risks may result in regulatory-related issues or may negatively impact CTC's financial position, brand and/or ability to achieve its strategic objectives.



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Risk management strategy:

Internal controls, which include policies, processes and procedures, provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and other disclosure documents. This includes monitoring and responding to changing regulations and standards governing accounting and financial presentation. Further details are set out in section 12.0.

Credit

CTC's credit risk, which may result if a customer or counterparty fails to meet its contractual obligations, arises principally from operations of the Bank's credit card loan portfolio, CTC's interaction with its Dealer and franchisee networks, and financial instruments, which are discussed in more detail below.

Consumer Credit Risk

Through the granting of credit cards, the Company assumes certain risks with respect to the ability and willingness of the Bank's customers to repay loans owing to it.

Dealer, Franchise and Other Wholesale Customer Credit Risk

Accounts receivable credit risk is primarily from Dealers, franchisees, and wholesale customers. In addition, the Company is required to provide credit enhancement to Franchise Trust in the form of standby letters of credit ("LCs") issued by highly-rated financial institutions and guaranteed by the Company to achieve the required "AAA" equivalent credit rating of the funding of the Dealer loan portfolio and may also provide guarantees of third-party bank debt agreements or inventory buy-back agreements, with respect to the bank financing of certain Dealers and franchisees.

Financial Instrument Counterparty Risk

The Company's Financial Risk Management Policy manages counterparty credit risk relating to cash balances, investment activity, and the use of financial derivatives. The Company manages its exposure to counterparty credit risk by transacting only with well-rated financial institutions and other counterparties and by managing within specific limits for credit exposure and term-to-maturity. The Company's financial instrument portfolio is spread across financial institutions, provincial and federal governments and, to a lesser extent, corporate issuers that are at least dual rated and have a lowest (if dual rated) or median (if three or more ratings) credit rating in the "A(low)" equivalent category or better and asset-backed issuers that are at least dual rated and have credit ratings in the "AAA" equivalent category.

Failure to effectively manage this risk may negatively impact CTC's financial position, brand, and/or ability to achieve its strategic objectives.

Risk management strategy:

Various Board-approved policies, processes and controls are employed to manage and manage the Company's credit risk exposure and are monitored for compliance with policy limits.

Further information regarding the Company's exposure to consumer lending risk and the Bank's risk management strategies is provided in section 11.2.2.

For further disclosure of the Company's maximum exposure to credit risk, over and above amounts recognized in the Consolidated Balance Sheets, refer to Note 5.3.2 of the 2023 Consolidated Financial Statements.

For further disclosure of the Company's allowance for impairment on loans receivable, refer to Note 9 of the 2023 Consolidated Financial Statements.

Legal, Regulatory and Litigation

The Company is or may become subject to claims, disputes, legal proceedings, and regulatory compliance issues, including those related to the use and protection of customers' personal and sensitive information, arising in the ordinary course of business. The outcome of litigation cannot be predicted or guaranteed. Unfavourable rulings may have a material adverse effect on CTC's financial position, brand, and/or ability to achieve its strategic objectives. Additional legislation and regulations (including related to climate change) may be adopted or instituted that impose additional constraints on CTC's operations, which may adversely impact its financial performance.



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Regulatory risk may have a negative impact on business activities, earnings, capital, regulatory relationships, and the Company's brand or reputation, as a result of failure to comply with or failure to adapt to current and changing regulations or regulatory expectations.

Risk management strategy:

Various Board-approved policies, processes and controls address requirements for compliance with applicable laws, regulations, and regulatory policies. A team of legal professionals assists employees with mitigating and managing risks relating to claims or potential claims, disputes, and legal proceedings. The Company's Legislative Compliance department provides compliance oversight and guidance to the organization, including the development and maintenance of a regulatory compliance management system. Specific activities that assist the Company in adhering to regulatory standards include communication of regulatory requirements, advice, training, testing, monitoring, reporting, and escalation of control deficiencies to Senior Management.

11.2 Business Segment Risks

11.2.1 Retail Segment Business Risks

The Retail segment is exposed to a number of risks in the normal course of its business that have the potential to affect its operating performance, including those described below.

Seasonality Risk

Canadian Tire Retail derives a significant amount of its revenue from the sale of seasonal merchandise, which can be affected by variations in weather patterns. Canadian Tire Retail manages this risk, to the extent possible, through the breadth of its product mix and proactive assortment management, effective procurement, and inventory management practices, as well as the development of products and offers to stimulate customer demand for 'non-seasonal' and year-round products not directly affected by weather patterns.

Mark's business remains seasonal, with the fourth quarter typically producing the largest share of sales and annual earnings. Detailed sales reporting and merchandise-planning modules assist Mark's in managing the risks and uncertainties associated with unseasonable weather and consumer behaviour during the important winter selling season but cannot eliminate such risks completely because inventory orders, especially for a significant portion of its merchandise which is purchased offshore, must be placed well ahead of the season.

SportChek is affected by general seasonal trends that are characteristic of the apparel, footwear, and hard goods industries. SportChek strives to minimize the impact of the seasonality of the business by altering its merchandise mix at certain times of the year to reflect consumer demand.

Evolving Consumer Behaviour and Shopping Habits

The Company continues to respond to shifts in consumer behaviour, especially the increase in online shopping. Failure to provide attractive, user-friendly, and secure digital platforms that meet the changing expectations of online shoppers could negatively impact the Company's reputation, place the Company at a competitive disadvantage and/or have a negative impact on business operations. In order to manage this risk, the Company monitors the competitive landscape, digital evolutions and eCommerce trends to ensure its strategic initiatives are designed to maintain competitive positioning and continue to be relevant.

Supply Chain Risk

A substantial portion of the Company's product assortment is sourced from foreign suppliers, lengthening the supply chain and extending the time between order and delivery. Canadian Tire Retail, Mark's, and SportChek use internal resources and third-party logistics providers to manage the movement of foreign-sourced goods from suppliers to the Company's distribution centres and retail stores. Accordingly, the Company is exposed to potential supply chain disruptions due to foreign supplier failures, pandemics, extreme weather events, geopolitical risk, raw material and component shortages, labour disruption or insufficient capacity at ports, and risks of delays or loss of inventory in transit. The Company manages these risks by using advanced tracking systems and visibility tools, effective supplier selection and procurement practices, and through strong relationships with transportation companies and port and other shipping authorities, supplemented by marine insurance coverage. Key strategic relationships with vendors as well as the capability to utilize inventory across retail banners have aided the Company's ability to address customer demand.



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Responsible Product Sourcing Risk

If the unacceptability of products is not discovered until after such products are sold, customers could lose confidence in them or the Company could face a product recall and our results of operations could suffer and our business, reputation, and brand could be harmed. Additionally, products that are sourced from factories in less developed countries for which there is a high level of public scrutiny pertaining to working conditions and labour regulations, introduces a heightened level of reputational and brand risk to CTC. To manage these risks, CTC works with its suppliers to ensure that products are sourced, manufactured, and transported according to the standards outlined in its Supplier Code of Business Conduct. The Company also works with the Business Social Compliance Initiative factory audit methodology to assess the hiring and employment practices, as well as the health and safety standards of its foreign suppliers.

Environmental Risk

Environmental risks relating to the global transition to a net-zero economy and the physical impacts of climate change affect CTC. The Company monitors those risks and continues to develop strategies and plans in relation thereto. Environmental risk within CTC also involves the storage, handling, and recycling of certain materials. The Company has established and follows environmental policies and practices to avoid a negative impact on the environment, to comply with environmental laws, and protect its reputation. It addresses applicable environmental stewardship requirements and takes the necessary steps to manage the end-of-first life of product in accordance with these requirements. CTC's regulatory compliance program includes environmental reviews and the remediation of contaminated sites as required, supplemented by environmental insurance coverage.

Commodity Price and Disruption Risk

The operating performance of Petroleum can be affected by fluctuations in the commodity cost of oil. The wholesale price of gasoline is subject to global oil supply and demand conditions, domestic and foreign political policy, commodity speculation, global economic conditions, and potential supply chain disruptions from natural and human-caused disasters or health events such as pandemics. To manage this risk, Petroleum maintains tight controls over its operational costs and enters into long-term gasoline purchase arrangements with integrated gasoline wholesalers. Petroleum also enhances profitability through a comprehensive cross-marketing strategy with other retail banners and higher-margin, ancillary businesses such as convenience store and car wash sales.

Market Obsolescence Risk

Clothing and apparel retailers are exposed to ever-changing consumers' fashion preferences. SportChek and Mark's manage this risk through brand positioning, consumer preference monitoring, demand forecasting and merchandise selection efforts; as well as the product development process at Mark's. SportChek offers a comprehensive assortment of brand-name products under its various banners and partners with strong, national-branded suppliers that continually evolve their assortments to reflect customer preferences. In addition, SportChek employs a number of inventory management practices, including certain agreements with vendors to manage unsold product or offer markdown dollars to offset margin deterioration in liquidating aged inventory. Mark's specifically targets consumers of durable everyday casual wear and is less exposed to changing fashions than apparel retailers offering high-fashion apparel and accessories. Mark's industrial wear category is exposed to fluctuations in the resource and construction industry.

11.2.2 Financial Services Segment Business Risks

Financial Services is exposed to risks in the normal course of its business that have the potential to affect its operating performance, including those described below.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Consumer Credit Risk

Credit risk is the risk of financial loss resulting from the failure of a customer, for any reason, to fully honour its financial contractual obligations to Financial Services and arises principally from the Company's loans receivable. Financial Services manages credit risks incurred through its business activities by:

- maintaining credit risk management policies, processes and controls;
- employing sophisticated credit-scoring models to constantly monitor the creditworthiness of customers;
- using the latest technology to make informed credit decisions for each customer account to limit credit risk exposure;
- adopting technology to improve the effectiveness of the collection process; and
- monitoring the macroeconomic environment, especially with respect to consumer debt levels, interest rates, employment levels, and income levels.

Liquidity and Funding Risk

Liquidity and funding risk is the risk that Financial Services will be unable to meet its funding obligations or obtain funding at a reasonable cost. Financial Services manages its liquidity and funding risk by maintaining diversified funding sources that include securitization of receivables, broker GIC deposits, retail deposits, and committed bank lines of credit. Further mitigation is provided by maintaining a pool of high-quality marketable securities that can be used as a source of liquidity under a short-term stress scenario. Scotiabank has provided CTB with a \$400.0 million unsecured revolving committed credit facility and \$700.0 million in note purchase facilities for the purchase of senior and subordinated notes issued by GCCT, each of which expire in April 2025. A number of regulatory metrics are monitored including the Liquidity Coverage Ratio and Net Cumulative Cash Flow. Further details on financing sources for Financial Services are included in section 6.5.

Interest Rate Risk

Interest rate risk reflects the financial sensitivity of Financial Services to movements in interest rates. Interest rate exposure may produce favourable or unfavourable effects depending on the nature of the exposure, and the direction and volatility of interest rate fluctuations. Interest rate exposure is affected by the interest rate sensitivity of assets and liabilities and would impact net interest income or net economic value performance. A significant portion of the funding liabilities for Financial Services are fixed rate, which reduces interest-rate risk. A one percent change in interest rates does not materially affect net interest income or net economic value. Financial Services also utilizes interest rate hedges to manage its exposure to future increases in interest rates.

Regulatory Risk

Regulatory risk is the risk of negative impact to business activities, earnings or capital, regulatory relationships, or reputation as a result of failure to comply with or failure to adapt to current and changing regulations or regulatory expectations. The Bank's Compliance department is responsible for the development and maintenance of a regulatory compliance management system. Specific activities that assist the Financial Services segment in adhering to regulatory standards include communication of regulatory requirements, advice, training, testing, monitoring, reporting and escalation of control deficiencies.

11.2.3 CT REIT Segment Business Risks

CT REIT is exposed to a number of risks in the normal course of its business that have the potential to affect its operating performance including those described below. Please refer to Section 4 in CT REIT's Annual Information Form and Section 12.0 Enterprise Risk Management in CT REIT's Management's Discussion and Analysis for the period ended December 31, 2023, which are not incorporated herein by reference, for a discussion of risks that affect CT REIT's operations.

External Economic Environment

CT REIT is subject to risks resulting from fluctuations or fundamental changes in the external business environment, which could include changes in the current and future economic environment, the economic stability of local markets, geographic and industry concentrations, retail shopping behaviours and habits of consumers, and increased competition amongst investors, developers, owners, and operators of similar properties.



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Key Business Relationship

CT REIT's relationship with its majority unitholder, CTC, is integral to its business strategy. Key factors inherent in this relationship include situations where the interests of CTC and CT REIT are in conflict, including dependence of CT REIT's revenues on the ability of CTC to meet its rent obligations and renew its tenancies, tenant concentration, reliance on the services of key personnel including certain CTC personnel, and CTC lease renewals and rental increases.

Financial

Risks associated with macroeconomic conditions which are highly cyclical and volatile could have a material effect on CT REIT. Such risks include changes in interest rates, the availability of capital, unit price risks, and CT REIT's degree of financial leverage.

Legal and Regulatory Compliance

Failure to adhere to laws and regulations and changes to laws and regulations applicable to CT REIT's operations may have adverse effects, including tax-related risks, regulatory risks, and environmental risks.

Operations

CT REIT is subject to the risk that a direct or indirect loss of operating capabilities may occur due to property, development, redevelopment and renovation risks, disasters, health events such as pandemics, cyber incidents, climate change, ineffective business continuity and contingency planning, and talent shortages.

Environmental, Social and Governance

CT REIT has a responsibility to understand, manage and mitigate the ESG risks that derive from its strategic choices. These ESG-related risks may have a material effect on the REIT's financial position and its ability to achieve its strategic goals and aspirations.



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12.0 Internal Controls and Procedures

12.1 Disclosure Controls and Procedures

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

As required by CSA National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), an evaluation of the adequacy of the design (quarterly) and effective operation (annually) of the Company's disclosure controls and procedures was conducted under the supervision of Management, including the CEO and the CFO, as at December 30, 2023. Based on that evaluation, the CEO and the CFO have concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 30, 2023.

12.2 Internal Control over Financial Reporting

Management is also responsible for establishing and maintaining appropriate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with IFRS.

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

As also required by NI 52-109, Management, including the CEO and the CFO, evaluated the adequacy of the design (quarterly) and the effective operation (annually) of the Company's internal control over financial reporting using the framework established by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework* (2013). Based on that evaluation, the CEO and the CFO have concluded that the design and operation of the internal control over financial reporting were effective as at December 30, 2023.

12.3 Changes in Internal Control over Financial Reporting

During the quarter and year ended December 30, 2023, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.



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13.0 Environmental, Social and Governance

CTC has integrated ESG directly into its enterprise strategy as it is critical to fulfilling the Company's brand purpose, achieving its financial aspirations, and improving environmental and social outcomes for Canadians. The Company has identified 12 priority ESG topics, organized into four pillars, that are most relevant to the enterprise and its stakeholders:

CTC's ESG Topics

Environment	People & Community	Responsible Sourcing	Governance
Climate Change	Talent & Culture	Sustainable Supply Chain Management	Corporate Governance
Circularity: Packaging, Product & Operational Waste	Diversity, Inclusion & Belonging	Human Rights & Social Responsibility	Business Ethics
	Community Impact	Product Safety & Quality	Privacy & Data Security

CTC's leaders develop and implement strategies for each of these ESG topics, aligned to the overall ESG strategy. The Company has been making progress in furthering its ESG program through initiatives that reduce its energy consumption, increase its waste diversion, and increase recycled and sustainable materials in its products. In line with global and Canadian efforts to combat climate change, the Company has also set a target to reduce its Scope 1 and 2 Greenhouse Gas emissions, which include its Dealer-operated Canadian Tire stores, by 40% by 2030 relative to a 2020 baseline.

For additional details on the Company's approach to ESG, please refer to section 2.8 of the 2023 AIF. A copy of the Company's ESG report, which includes a Climate Data Supplement, is available at: <https://corp.canadiantire.ca/Environmental-Social-Governance/default.aspx>. These reports are not incorporated herein by reference.

14.0 Forward-Looking Information and Other Investor Communication

Caution Regarding Forward-Looking Information

This document contains information that may constitute forward-looking information reflecting Management's current expectations relating to matters such as future financial performance and operating results of the Company. Specific forward-looking information included or incorporated by reference in this document includes, but is not limited to, information with respect to:

- The Company's operating capital expenditures for the 2024 fiscal year in sections 4.0 and 6.4.1;
- The Company's intention to purchase its Class A Non-Voting Shares during the 2024 fiscal year in sections 4.0 and 7.1; and
- The expected annualized run-rate savings related to the Company's FTE reduction in sections 4.0 and 5.1.1.

Forward-looking information provides insights regarding Management's current expectations and plans, and allows investors and others to better understand the Company's anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Certain other information, other than historical information, may also constitute forward-looking information, including, but not limited to, information concerning Management's current expectations relating to possible or assumed prospects and results, the Company's strategic goals and priorities, its actions and the results of those actions, and the economic and business outlook for the Company. Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "estimate", "plan", "can", "could", "should", "would", "outlook", "forecast", "anticipate", "aspire", "foresee", "continue", "ongoing" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analyses, beliefs, and opinions of Management, made in light of its experience and perception of trends, current conditions and expected



MANAGEMENT'S DISCUSSION AND ANALYSIS

developments, as well as other factors that Management believes to be relevant and reasonable at the date that such information is disclosed.

By its very nature, forward-looking information requires Management to make assumptions and is subject to inherent risk factors and uncertainties, which give rise to the possibility that Management's assumptions, estimates, analyses, beliefs and opinions may not be correct and that the Company's expectations and plans will not be achieved. Examples of material assumptions and Management's beliefs include, but are not limited to, future economic conditions and related impacts on inflation, consumer spending, interest rates, and foreign exchange rates, current and future competitive conditions, and the Company's position in the competitive environment, anticipated cost savings and operational efficiencies as well as anticipated benefits from strategic and other initiatives, and the availability of sufficient liquidity, and that risks do not materialize or are successfully mitigated. Additional assumptions relating to Management's expectations with respect to the Company's strategic investments and operating capital expenditures include: (a) no material changes in the Company's strategic and capital allocation priorities; (b) no material changes to the Company's earnings prospects and financial leverage; (c) no significant changes to the retail landscape or regulatory environment; (d) continued availability of skilled talent and source materials to execute on the capital investment agenda; and (e) continued successful investments in businesses to achieve organic growth and in projects and initiatives which yield improved asset productivity. Although the Company believes that the forward-looking information in this document is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from Management's expectations and plans as set forth in such forward-looking information. Some of the risk factors, many of which are beyond the Company's control and the effects of which can be difficult to predict, but may cause actual results to differ from the results expressed by the forward-looking information, include: (a) credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates; (b) the ability of the Company to attract and retain high-quality executives and employees for all of its businesses, Dealers, Petroleum retailers, and Mark's and SportChek franchisees, as well as the Company's financial arrangements with such parties; (c) the growth of certain business categories and market segments and the willingness of customers to shop at its stores or acquire the Company's Owned Brands or its financial products and services; (d) the Company's margins and sales and those of its competitors; (e) the changing consumer preferences and expectations relating to eCommerce, online retailing, customer loyalty programs and the introduction of new technologies; (f) geopolitical risks, and other developments including changes relating to or affecting economic or trade matters as well as the outbreak of contagions or pandemic diseases; (g) risks and uncertainties relating to information management, technology, cyber threats, privacy and data breaches, property management and development, environmental liabilities, social matters, supply-chain management, product safety, competition, seasonality, weather patterns, climate change, commodity prices and business continuity; (h) the Company's relationships with its Dealers, franchisees, suppliers, manufacturers, partners and other third parties; (i) changes in laws, rules, regulations and policies applicable to the Company's business; (j) the risk of damage to the Company's reputation and brand; (k) the cost of store network expansion and retrofits; (l) the Company's capital structure, funding strategy, cost management program, and share price; (m) the Company's ability to obtain all necessary regulatory approvals; (n) the Company's ability and timing to complete any proposed acquisition or divestiture; (o) the Company's ability to realize the anticipated benefits or synergies from its acquisitions and investments or divestitures; and (p) the timing and results of the review of strategic alternatives for the Company's Financial Services business. Additional risk factors relating to Management's expectations with respect to the Company's strategic investments and operating capital expenditures include: (a) the occurrence of widespread economic restrictions, construction limitations, or supply chain delays due to, among other events, a global pandemic resurgence; (b) shortages of raw materials and/or skilled labour required to execute capital investment plans; (c) higher than expected cost inflation for materials, equipment, and labour required to execute capital investment plans; and (d) organizational capacity to execute the capital agenda. The Company cautions that the foregoing list of important risk factors and assumptions is not exhaustive and other factors could also adversely affect the Company's results. Investors and other readers are urged to consider the foregoing risks, uncertainties, factors, and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information.

For more information on the material risk factors, uncertainties and assumptions that could cause the Company's actual results to differ materially from predictions, forecasts, projections, expectations or conclusions, refer to section [11.0](#) (Key Risks and Risk Management) in this MD&A and all subsections therein. For further information,



MANAGEMENT'S DISCUSSION AND ANALYSIS

refer to the Company's other public filings, available on the SEDAR+ website at <http://www.sedarplus.ca> and <https://investors.canadiantire.ca>.

The forward-looking information contained herein is based on certain factors and assumptions as of the date hereof and does not take into account the effect that transactions or non-recurring or other special items announced or occurring after the information has been disclosed have on the Company's business. The Company does not undertake to update any forward-looking information, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as is required by applicable securities laws.

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

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

Commitment to Disclosure and Investor Communication

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

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

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

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

15.0 Related Parties

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

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

February 14, 2024



CANADIAN TIRE CORPORATION, LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 30, 2023 and December 31, 2022



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Management's Responsibility for Financial Statements

The Management of Canadian Tire Corporation, Limited (the "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 International Financial Reporting Standards 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 is comprised 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

Gregory Craig
Executive Vice-President
and Chief Financial Officer

February 14, 2024



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 December 30, 2023 and December 31, 2022, 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 ended December 30, 2023 and December 31, 2022, 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 December 30, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 December 30, 2023. 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.

Key Audit Matter description - Impairment of assets

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 goodwill balance was \$844.8 million as of December 30, 2023, of which \$353.7 million related to the Helly Hansen cash generating unit ("CGU") and \$362.5 million related to the SportChek CGU. As noted in Note 11, the recoverable amount of the Helly Hansen CGU is estimated based on fair value less costs of disposal, estimated using discounted cash flows based on an after-tax discount rate and a market multiple approach. 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. These require 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, discount rate and guideline public company ("GPC") multiples. Changes in these assumptions could have a significant impact on the recoverable amount. Management determined that the recoverable amounts of the Helly Hansen and SportChek CGUs 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 fair value of the Helly Hansen CGU and the VIU of the SportChek CGU, performing audit procedures to evaluate the reasonableness of the estimates and assumptions related to the projected cash flows, terminal growth rate, discount rate and GPC multiples required a high degree of auditor judgment and an increased extent of effort, including the need to involve 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 Helly Hansen and SportChek CGUs used by management to determine the recoverable



Independent Auditor's Report

amount and GPC multiples used by management to estimate the fair value of the Helly Hansen CGU, 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 comparing forecasts to:
 - 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 Helly Hansen's peer group and SportChek's peer group.
- With the assistance of our fair value specialists;
 - Compared 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.
 - For the Helly Hansen CGU, we evaluated the reasonableness of the GPC multiples by testing the source information underlying the estimate and developing an independent estimate of the GPC multiples and compared that to those used by management.

Key Audit Matter description - Allowance on credit card loans receivable

The Company's estimate of allowance on credit card loans receivable is measured using an expected credit loss ("ECL") model. As disclosed in Note 2 and Note 9 to the consolidated financial statements, the Company recorded \$926.3 million in allowances on credit card receivables on its consolidated balance sheet using an ECL. 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, including 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.
 - 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.



Independent Auditor's Report

- 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.

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, 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.



Independent Auditor's Report

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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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 Megan Curry Vance.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

February 14, 2024
Toronto, Ontario



Consolidated Balance Sheets

As at

(C\$ in millions)

	December 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents (Note 7)	\$ 311.2	\$ 331.3
Short-term investments	177.2	176.3
Trade and other receivables (Note 8)	1,151.3	1,309.9
Loans receivable (Note 9)	6,568.3	6,271.1
Merchandise inventories	2,693.7	3,216.1
Income taxes recoverable	125.9	27.4
Prepaid expenses and deposits	246.6	195.7
Assets classified as held for sale	18.9	2.6
Total current assets	11,293.1	11,530.4
Long-term receivables and other assets (Note 10)	645.8	676.7
Long-term investments	108.2	62.6
Goodwill and intangible assets (Note 11)	2,254.7	2,341.6
Investment property (Note 12)	443.7	421.5
Property and equipment (Note 13)	5,219.5	4,994.1
Right-of-use assets (Note 14)	1,933.8	1,932.0
Deferred income taxes (Note 16)	79.5	143.4
Total assets	\$ 21,978.3	\$ 22,102.3
LIABILITIES		
Bank indebtedness (Note 7)	\$ —	\$ 5.0
Deposits (Note 17)	1,041.7	1,226.3
Trade and other payables (Note 18)	2,689.4	3,200.9
Provisions (Note 19)	219.9	197.2
Short-term borrowings (Note 21)	965.7	576.2
Loans (Note 22)	519.9	472.9
Current portion of lease liabilities	378.5	381.2
Income taxes payable	13.4	47.1
Current portion of long-term debt (Note 23)	560.5	1,040.2
Total current liabilities	6,389.0	7,147.0
Long-term provisions (Note 19)	59.8	66.1
Long-term debt (Note 23)	4,404.0	3,217.5
Long-term deposits (Note 17)	2,322.6	1,739.4
Long-term lease liabilities	1,986.0	2,026.4
Deferred income taxes (Note 16)	182.1	132.1
Other long-term liabilities (Note 24)	190.0	734.6
Total liabilities	15,533.5	15,063.1
EQUITY		
Share capital (Note 26)	598.7	587.8
Contributed surplus	2.9	2.9
Accumulated other comprehensive (loss)	(181.8)	(42.4)
Retained earnings	5,128.2	5,070.2
Equity attributable to shareholders of Canadian Tire Corporation	5,548.0	5,618.5
Non-controlling interests (Note 15)	896.8	1,420.7
Total equity	6,444.8	7,039.2
Total liabilities and equity	\$ 21,978.3	\$ 22,102.3

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)

	December 30, 2023	December 31, 2022
Revenue (Note 28)	\$ 16,656.5	\$ 17,810.6
Cost of producing revenue (Note 29)	10,952.9	11,712.7
Gross margin	5,703.6	6,097.9
Other expense (income)	34.4	61.6
Selling, general and administrative expenses ¹ (Note 30)	3,675.7	3,502.5
Depreciation and amortization ¹ (Note 31)	771.2	719.0
Net finance costs (income) (Note 32)	321.5	231.0
Change in fair value of redeemable financial instrument (Note 34)	328.0	—
Income before income taxes	572.8	1,583.8
Income tax expense (recovery) (Note 16)	233.7	401.0
Net income	\$ 339.1	\$ 1,182.8
Net income attributable to:		
Shareholders of Canadian Tire Corporation	\$ 213.3	\$ 1,044.1
Non-controlling interests (Note 15)	125.8	138.7
	\$ 339.1	\$ 1,182.8
Basic earnings per share	\$ 3.79	\$ 17.70
Diluted earnings per share	\$ 3.78	\$ 17.60
Weighted average number of Common and Class A Non-Voting Shares outstanding:		
Basic	56,228,680	58,983,364
Diluted	56,457,450	59,336,919

¹ Certain prior-year figures have been restated to conform to the current-year presentation.

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



Consolidated Statements of Comprehensive Income

For the years ended

(C\$ in millions)

	December 30, 2023	December 31, 2022
Net income	\$ 339.1	\$ 1,182.8
Other comprehensive income (loss), net of taxes		
Items that may be reclassified subsequently to Net income (loss):		
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges not subject to basis adjustment	(38.4)	77.1
Deferred cost of hedging not subject to basis adjustment – Changes in fair value of the time value of an option in relation to time-period-related hedged items	38.5	4.1
Reclassification of losses to income	0.8	5.7
Currency translation adjustment	(51.1)	(26.0)
Items that will not be reclassified subsequently to Net income (loss):		
Actuarial (losses) gains	(6.4)	41.3
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges subject to basis adjustment	(7.2)	165.8
Other comprehensive income (loss)	\$ (63.8)	\$ 268.0
Other comprehensive income (loss) attributable to:		
Shareholders of Canadian Tire Corporation	\$ (74.0)	\$ 249.2
Non-controlling interests	10.2	18.8
	\$ (63.8)	\$ 268.0
Comprehensive income	\$ 275.3	\$ 1,450.8
Comprehensive income attributable to:		
Shareholders of Canadian Tire Corporation	\$ 139.3	\$ 1,293.3
Non-controlling interests	136.0	157.5
	\$ 275.3	\$ 1,450.8

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



Consolidated Statements of Cash Flows

For the years ended

(C\$ in millions)

December 30, 2023 December 31, 2022

Cash (used for) generated from:

Operating activities

Net income	\$ 339.1	\$ 1,182.8
Adjustments for:		
Depreciation of property and equipment, investment property, and right-of-use assets	675.2	621.0
Impairment on property and equipment, investment property, and right-of-use assets	6.3	3.1
Income taxes (Note 16)	233.7	401.0
Net finance costs (Note 32)	321.5	231.0
Amortization of intangible assets (Note 31)	127.0	122.5
(Gain) loss on disposal of property and equipment, investment property, assets held for sale and right-of-use assets	(2.7)	(22.1)
Change in fair value of redeemable financial instrument (Note 34)	328.0	—
Non-cash loss on exit of Helly Hansen operations in Russia	—	20.8
Non-cash charge related to fire at A.J. Billes Distribution Centre (Note 2)	53.2	—
Total except as noted below	<u>2,081.3</u>	<u>2,560.1</u>
Interest paid	(366.1)	(254.6)
Interest received	38.8	21.3
Income taxes paid	(210.5)	(529.3)
Change in loans receivable	(289.3)	(657.1)
Change in operating working capital and other ¹	99.5	(673.9)
Cash generated from operating activities	1,353.7	466.5

Investing activities

Additions to property and equipment and investment property ¹	(580.9)	(612.5)
Additions to intangible assets	(87.7)	(122.6)
Total additions	<u>(668.6)</u>	<u>(735.1)</u>
Acquisition of short-term investments	(210.9)	(166.9)
Proceeds from maturity and disposition of short-term investments	269.9	713.1
Proceeds on disposition of property and equipment, investment property, and assets held for sale	0.1	5.2
Lease payments received for finance subleases (principal portion)	19.8	16.3
Acquisition of long-term investments and other	(110.9)	(17.4)
Change in Franchise Trust loans receivable	(47.2)	(45.6)
Cash used for investing activities	(747.8)	(230.4)

Financing activities

Dividends paid	(360.8)	(325.8)
Distributions paid to non-controlling interests	(142.1)	(143.0)
Net issuance of short-term borrowings	389.6	468.0
Issuance of loans	270.5	267.8
Repayment of loans	(223.3)	(222.2)
Issuance of long-term debt	1,750.0	700.0
Repayment of long-term debt	(1,040.1)	(720.1)
Payment of lease liabilities (principal portion)	(425.2)	(357.2)
Payment of transaction costs relating to long-term debt	(6.0)	(3.7)
Purchase of Class A Non-Voting Shares	(376.1)	(425.4)
Repurchase of Scotiabank's 20 percent interest in CTFS Holdings Limited	(904.5)	—
Net receipts (payments) on financial instruments	53.5	32.6
Change in deposits	393.5	(932.5)
Cash used for financing activities	(621.0)	(1,661.5)
Cash generated (used) in the period	(15.1)	(1,425.4)
Cash and cash equivalents, net of bank indebtedness, beginning of period	326.3	1,751.7
Cash and cash equivalents, net of bank indebtedness, end of period (Note 7)	\$ 311.2	\$ 326.3

¹ Certain prior year figures have been restated to conform to the current year presentation.

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



Consolidated Statements of Changes in Equity

(C\$ in millions)	Total accumulated other comprehensive income (loss)						Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Cash flow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)					
Balance at December 31, 2022	\$ 587.8	\$ 2.9	\$ 132.9	\$ (175.3)	\$ (42.4)	\$ 5,070.2	\$ 5,618.5	\$ 1,420.7	\$ 7,039.2	
Net income (loss)	—	—	—	—	—	213.3	213.3	125.8	339.1	
Other comprehensive income (loss)	—	—	(16.5)	(51.1)	(67.6)	(6.4)	(74.0)	10.2	(63.8)	
Total comprehensive income (loss)	—	—	(16.5)	(51.1)	(67.6)	206.9	139.3	136.0	275.3	
Transfers of cash flow hedge (gains) to non-financial assets	—	—	(89.9)	—	(89.9)	—	(89.9)	—	(89.9)	
Contributions and distributions to shareholders of Canadian Tire Corporation										
Issuance of Class A Non-Voting Shares (Note 26)	27.9	—	—	—	—	—	27.9	—	27.9	
Purchase of Class A Non-Voting Shares (Note 26)	(376.1)	—	—	—	—	—	(376.1)	—	(376.1)	
Change in automatic share purchase plan commitment (Note 26)	8.1	—	—	—	—	98.6	106.7	—	106.7	
Excess of purchase price over average cost (Note 26)	351.0	—	—	—	—	(351.0)	—	—	—	
Dividends	—	—	—	—	—	(386.2)	(386.2)	—	(386.2)	
Extinguishment of Redeemable Financial Instrument (Note 34)	—	—	—	—	—	895.0	895.0	—	895.0	
Change in interests in subsidiary, including transaction costs (Note 15)	—	—	—	—	18.1	(405.3)	(387.2)	(517.3)	(904.5)	
Contributions and distributions to non-controlling interests										
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	(0.5)	(0.5)	
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(142.1)	(142.1)	
Total contributions and distributions	10.9	—	(89.9)	—	(71.8)	(148.9)	(209.8)	(659.9)	(869.7)	
Balance at December 30, 2023	\$ 598.7	\$ 2.9	\$ 26.5	\$ (226.4)	\$ (181.8)	\$ 5,128.2	\$ 5,548.0	\$ 896.8	\$ 6,444.8	

(C\$ in millions)	Total accumulated other comprehensive income (loss)						Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Cash flow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)					
Balance at January 1, 2022	\$ 593.6	\$ 2.9	\$ (19.9)	\$ (149.3)	\$ (169.2)	\$ 4,696.5	\$ 5,123.8	\$ 1,387.0	\$ 6,510.8	
Net income (loss)	—	—	—	—	—	1,044.1	1,044.1	138.7	1,182.8	
Other comprehensive income (loss)	—	—	235.3	(26.0)	209.3	39.9	249.2	16.8	266.0	
Total comprehensive income (loss)	—	—	235.3	(26.0)	209.3	1,084.0	1,293.3	157.5	1,450.8	
Transfers of cash flow hedge (gains) to non-financial assets	—	—	(82.5)	—	(82.5)	—	(82.5)	—	(82.5)	
Contributions and distributions to shareholders of Canadian Tire Corporation										
Issuance of Class A Non-Voting Shares (Note 26)	19.8	—	—	—	—	—	19.8	—	19.8	
Purchase of Class A Non-Voting Shares (Note 26)	(425.4)	—	—	—	—	—	(425.4)	—	(425.4)	
Change in accrued liability for automatic share purchase plan commitment (Note 26)	2.1	—	—	—	—	54.3	56.4	—	56.4	
Excess of purchase price over average cost (Note 26)	397.7	—	—	—	—	(397.7)	—	—	—	
Dividends	—	—	—	—	—	(366.9)	(366.9)	—	(366.9)	
Contributions and distributions to non-controlling interests										
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	19.4	19.4	
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(143.2)	(143.2)	
Total contributions and distributions	(5.8)	—	(82.5)	—	(82.5)	(710.3)	(798.6)	(123.8)	(922.4)	
Balance at December 31, 2022	\$ 587.8	\$ 2.9	\$ 132.9	\$ (175.3)	\$ (42.4)	\$ 5,070.2	\$ 5,618.5	\$ 1,420.7	\$ 7,039.2	

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



NOTES TO THE 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 15 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 6.

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

2. Basis of Preparation

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 2023 and 2022 are the 52-week periods ended December 30, 2023 and December 31, 2022, respectively.

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) using the accounting policies described herein.

These consolidated financial statements were authorized for issuance by the Company’s Board of Directors on February 14, 2024.

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 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.



NOTES TO THE 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 CTC from macroeconomic conditions remain uncertain and Management continues to monitor and assess the impact on the business and on certain judgments and estimates, including the recoverable amount of goodwill and intangible assets.

Details of the accounting policies subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these 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 before taxes. 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 or market rental rates for comparable assets or estimates using discounted cash flows based on an after-tax discount rate, consistent with the assumptions that a market participant would make. When using discounted cash flows based on an after-tax discount rate, the values assigned to the key assumptions represent Management's assessment of future trends in the relevant industry and are based on historical data from both external and internal sources, including review of historical and forecast growth rates, long-term inflationary and nominal Gross Domestic Product growth estimates for the primary countries in which a CGU or group of CGUs operates, 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.

A.J. Billes Fire Insurance Estimates

On March 15, 2023, a fire occurred at the A.J. Billes Distribution Centre. While the Company is virtually certain its claim is eligible under its insurance policy for recognition purposes, and preliminary recoveries have been recognized, the measurement of the recovery remains uncertain. Ongoing measurement uncertainty over the recovery includes eligible cost structures, such as replacement costs, construction estimates, and business interruption. The actual results of the recovery may differ from the estimates made.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 expected credit losses. 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 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 that 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Standards, Amendments and Interpretations Issued and Adopted

Insurance Contracts

In May 2017, the International Accounting Standards Board ("IASB") issued IFRS 17, which replaced IFRS 4 – *Insurance Contracts* and established a new model for recognizing insurance policy obligations, premium revenue, and claims-related expenses. In June 2020, the IASB issued 'Amendments to IFRS 17' to address concerns and implementation challenges identified after IFRS 17 was published in 2017. The amendments also deferred the effective date for two years to January 1, 2023. The Company adopted IFRS 17 on January 1, 2023 and determined there to be no material impact on the consolidated financial statements.

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

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

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

Clarifying Distinction Between Accounting Policies and Accounting Estimates

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

International Tax Reform

The Organisation for Economic Co-operation and Development published the Pillar Two model rules designed to address the tax challenges arising from the digitalization of the global economy. It is unclear if the Pillar Two model rules create additional deferred taxes. In response to this uncertainty, in May 2023, the IASB issued amendments to IAS 12 – *Income Taxes* introducing a mandatory temporary exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two model rules. The amendments also require that the Company separately disclose the current tax expense/income related to Pillar Two income taxes effective for the annual reporting period beginning on or after January 1, 2023. The Company does not expect a material exposure to Pillar Two income taxes. The Company has retrospectively adopted the amendments and applied the temporary mandatory exception.

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 December 30, 2023 and, accordingly, have not been applied in preparing these financial statements.

Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 – *Leases* ("IFRS 16") relating to sale leaseback transactions for seller-lessees. The amendment adds a requirement that measuring lease payments or revised lease payments shall not result in the recognition of a gain or loss that relates to the right-of-use asset retained by the seller-lessee. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Non-current Liabilities with Covenants

In October 2022, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements*, which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require disclosure of information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.

Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures*. The amendments add requirements to disclose information that allows users to assess how supplier finance arrangements affect an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.

Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates* in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on 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 15.1 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 52-week periods ended December 30, 2023 and December 31, 2022. The year end of CT Real Estate Investment Trust ("CT REIT"), Helly Hansen Group AS, 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 interests are adjusted and the fair value of the consideration paid or received are 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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. An associate is an entity in which the Company has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Company accounts for its interest in associates and joint ventures using the equity method and presents its interests in Long-term receivables and other assets in the Consolidated Balance Sheets. Under the equity method, the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investors' share of the investee's net assets; through profit and loss and other comprehensive income respectively. The investment is reviewed at the end of each reporting period to determine whether there are any indicators of impairment. If such evidence exists, the Company recognizes an impairment loss to the extent the carrying value exceeds the recoverable amount of the investment. Impairment losses are recorded in Other income (expense) in the Consolidated Statements of Income.

Functional and Presentation Currency

Each of the Company's foreign subsidiaries determines its own functional currency with transactions of each foreign subsidiary 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 Net 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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) fair value through OCI, and (iii) fair value through profit or loss. 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 in order 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. Credit card loans are considered impaired and in



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

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. 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.



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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. When the expenses are incurred, the Company reclassifies the related AOCI amount to the expense.

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 the interest expense is incurred, the Company reclassifies the related AOCI amount to Net finance costs.

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 5.

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 5.



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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 an unconditional 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 criteria of an intangible asset.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized. Qualifying assets are those that require a minimum of three months to prepare for their intended use. 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.

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 Net 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.



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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 6 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.

The Company also provides post-employment benefits with respect to contributions to a Deferred Profit-Sharing Plan ("DPSP").

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.



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The fair value of the amount payable to employees with respect to share unit plans and trust unit plans, settled in cash, is recorded 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, SportChek¹ and Party City² franchisees, the sale of gasoline through agents, the sale of goods to the general public by Mark's, PartSource, SportChek, Helly Hansen as well as the sale of goods through Helly Hansen's wholesale channels. 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 issued as part of a sales transaction result in revenue being deferred until the loyalty reward is redeemed. In addition, an obligation arises from the loyalty program when the Company sells merchandise to the Dealers, for which reward credits may be issued as part of the subsequent sales transaction. The obligation is measured at fair value by reference to the fair value of the rewards that could be redeemed and based on the estimated probability of their redemption.

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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Services Rendered

Service revenue 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.

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 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 Petroleum agents and Dealers 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

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.

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.

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.

The 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



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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. Capital Management

The Company's objectives when managing capital are:

- Ensuring sufficient liquidity to meet its financial obligations when due and executing its operating and strategic plans;
- Maintaining healthy liquidity reserves with the ability to access additional capital from multiple sources, if required; and
- Minimizing the after-tax cost of capital while taking into consideration current and future industry, market, and economic risks and conditions.

The definition of capital varies from company to company, industry to industry and for different purposes. In the process of managing the Company's capital, Management includes the following items in its definition of capital, which includes Glacier Credit Card Trust ("GCCT") indebtedness but excludes Franchise Trust indebtedness because it is a legal liability of the Dealers:

(C\$ in millions)	2023	% of total	2022	% of total
Capital components				
Deposits	\$ 1,041.7	7.0 %	\$ 1,226.3	8.8 %
Short-term borrowings	965.7	6.4 %	576.2	4.1 %
Current portion of long-term debt	560.5	3.7 %	1,040.2	7.4 %
Long-term debt	4,404.0	29.3 %	3,217.5	23.0 %
Long-term deposits	2,322.6	15.5 %	1,739.4	12.4 %
Total debt	\$ 9,294.5	61.9 %	\$ 7,799.6	55.7 %
Redeemable financial instrument (Note 24)	—	— %	567.0	4.0 %
Share capital	598.7	4.0 %	587.8	4.2 %
Contributed surplus	2.9	— %	2.9	— %
Retained earnings	5,128.2	34.1 %	5,070.2	36.1 %
Total capital under management	\$ 15,024.3	100.0 %	\$ 14,027.5	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 over the long term to optimize the balance among capital efficiency, financial flexibility, and risk mitigation. Management calculates ratios that approximate the methodologies of credit



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rating agencies and other market participants on a current and prospective basis. To assess its effectiveness in managing leverage, Management monitors these ratios against targeted ranges.

The Company has a policy to manage capital. As part of the overall management of capital, Management and the Audit Committee of the Board of Directors review the Company's compliance with and performance against, the policy. In addition, periodic review of the policy is performed to ensure consistency with risk tolerances.

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 the Company's 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 Canadian Tire Corporation, Limited 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 Canadian Tire Corporation, Limited's bank credit agreements, but which excludes consideration of CTFS Holdings Limited, CT REIT, Franchise Trust, and their respective subsidiaries). Canadian Tire Corporation, Limited was in compliance with all financial covenants under its credit agreements as at December 30, 2023 and December 31, 2022.

Helly Hansen is required to comply with covenants established under its bank overdraft agreement, and was in compliance with all financial covenants thereunder as at December 31, 2023 and December 31, 2022.

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 December 31, 2023 and December 31, 2022.

Canadian Tire Bank ("CTB" or "the Bank"), a federally chartered Schedule I bank, is required to comply with regulatory requirements for capital, and other regulatory requirements that have an impact on its business operations and certain financial covenants established under its bank credit agreements.

CTB manages its capital under guidelines established by the Office of the Superintendent of Financial Institutions of Canada ("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 was introduced to enhance 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 objectives include maintaining capital to:

- 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 possible operating and investment losses.

OSFI's regulatory capital guidelines under Basel III allow for two tiers of capital. Common Equity Tier 1 ("CET1") and Tier 2. CET1 capital includes common shares, retained earnings, and accumulated other comprehensive income, less regulatory adjustments which are deducted from capital. The Bank currently does not hold any additional Tier 1 capital instruments. Tier 2 capital consists of the eligible portion of general allowances.

Capital ratios are calculated as regulatory capital divided by risk-weighted assets ("RWA"). The leverage ratio is calculated as Tier 1 capital divided by the leverage exposure.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

RWA 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 assets held for trade. For the purposes of calculating RWA, securitized assets are considered off-balance sheet and, therefore, except for the Bank's retained exposure, are not included in the RWA calculation.

The leverage ratio prescribed by OSFI's Leverage Requirements Guideline provides an overall measure of the adequacy of an institution's capital and is defined as the total Tier 1 capital divided by the leverage exposure. 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, 2023 and December 31, 2022, the Bank complied with all regulatory capital guidelines established by OSFI, and its internal targets as determined by its ICAAP.

5. Financial Risk Management

5.1 Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including foreign currency and interest rate risk).

This note presents information about the Company's exposure to each of the foregoing risks and the Company's objectives, policy and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements and notes thereto.

5.2 Risk Management Framework

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

5.3 Credit Risk

Credit risk, the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, arises principally from operations of the Bank's credit card loan portfolio, CTC's interaction with its Dealer and franchisee networks, and financial instruments, which are discussed in more detail below.

5.3.1 Financial Instrument Counterparty Credit Risk

The Company's Financial Risk Management Policy manages counterparty credit risk relating to cash balances, investment activity, and the use of financial derivatives. The Company manages its exposure to counterparty credit risk by transacting only with well-rated financial institutions and other counterparties and by managing within specific limits for credit exposure and term-to-maturity. The Company's financial instrument portfolio is spread across financial institutions, provincial and federal governments and, to a lesser extent, corporate issuers that are at least dual rated and have a lowest (if dual rated) or median (if three or more ratings) credit rating in the "A(low)" equivalent category or better and asset-backed issuers that are at least dual rated and have credit ratings in the "AAA" equivalent category.

5.3.2 Consumer and Dealer/Franchisee Credit Risk

Through the granting of credit cards, the Company assumes certain risks with respect to the ability and willingness of the Bank's customers to repay loans owing to it. In addition, the Company is required to provide credit enhancement to Franchise Trust in the form of standby letters of credit ("LCs") issued by highly-rated financial institutions and guaranteed by the Company to achieve the required "AAA" equivalent credit rating of the



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

funding of the Dealer loan portfolio and may also provide guarantees of third-party bank debt agreements or inventory buy-back agreements, with respect to the bank financing of certain Dealers and franchisees (Note 35).

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

(C\$ in millions)	2023	2022
Undrawn loan commitments	\$ 12,033.7	\$ 11,647.5
Guarantees	365.3	371.5
Total	\$ 12,399.0	\$ 12,019.0

Refer to Note 9 for information on the credit quality and performance of loans receivable.

5.4 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due with the ability to react under uncertainty. The Company's Financial Risk Management Policy serves to manage its exposure to liquidity risk. The Company uses a detailed 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, CTB has an Asset Liability Management Policy. It is CTB's objective to ensure the availability of adequate funds by maintaining a strong liquidity management framework and satisfy all applicable regulatory and statutory requirements.

Provided by a syndicate of seven Canadian and three international financial institutions, \$1.975 billion in an unsecured committed bank line of credit is available to CTC for general corporate purposes, expiring in June 2027.

Due to the Company's repurchase of Scotiabank's 20% interest in CTF Holdings Limited, during the fourth quarter of 2023, the Company decided to enter into an additional unsecured committed bank line of credit for \$1.0 billion with five Canadian financial institutions, expiring in May 2025.

The Company has a U.S. dollar-denominated commercial paper ("US CP") program that allows it to issue up to a maximum aggregate principal amount of U.S. \$1.0 billion of short-term promissory notes in the United States. Funds can be borrowed under this program with terms to maturity ranging from one to 270 days. Any issuances made under the program are issued at a discount and the notes rank equally in right of payment with all other present and future unsecured and unsubordinated obligations to creditors of the Company.

Provided by a syndicate of seven Canadian financial institutions, \$300.0 million in an unsecured committed bank line of credit is available to CT REIT for general business purposes, expiring in September 2027.

Scotiabank has provided CTB with a \$400.0 million unsecured committed bank line of credit and a \$700.0 million committed securitized note purchase facility for the purchase of senior and subordinated credit card asset-backed notes issued by GCCT, each expiring in April 2025.

Provided by a syndicate of five Canadian financial institutions, \$300.0 million in a committed liquidity facility provides backstop protection to GCCT's Series 1997-1 credit card asset-backed commercial paper ("ABCP") program, expiring in June 2025.

In addition to the unsecured committed bank lines of credit outlined above, the Company has access to additional funding sources including internal cash generation, access to public and private financial markets, and the monetization of various assets. Assets of CTB are funded through internal cash generation, the unsecured committed bank line of credit outlined above, the securitization of credit card loans receivable using GCCT, broker guaranteed investment certificate ("GIC") deposits and retail deposits (including GIC and High-Interest Savings



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["HIS"] accounts). CTB also holds high quality liquid assets, as required by regulators, which are available to address any funding disruptions.

Due to the diversification of its funding sources, the Company is not overly exposed to concentration risk. The following table summarizes the Company's contractual maturities for its financial liabilities, including both principal and interest payments:

(C\$ in millions)	2024	2025	2026	2027	2028	Thereafter	Total
Non-derivative financial liabilities							
Deposits ^{1,2}	\$ 1,053.2	\$ 636.1	\$ 480.5	\$ 609.0	\$ 597.0	\$ —	\$ 3,375.8
Trade and other payables (Note 18)	2,160.1	—	—	—	—	—	2,160.1
Short-term borrowings	965.7	—	—	—	—	—	965.7
Loans	519.9	—	—	—	—	—	519.9
Long-term debt	560.0	1,080.0	400.0	825.1	900.0	1,200.0	4,965.1
Mortgages	0.5	0.4	8.0	—	—	—	8.9
Interest payments ³	311.5	281.7	253.9	203.8	135.4	350.8	1,537.1
Total	\$ 5,570.9	\$ 1,998.2	\$ 1,142.4	\$ 1,637.9	\$ 1,632.4	\$ 1,550.8	\$ 13,532.6

¹ Deposits exclude the GIC broker fee discount of \$11.5 million.

² The average remaining term of the GIC deposits is 30 months as at December 30, 2023.

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.

5.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity 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's Financial Risk Management Policy establishes guidelines on how the Company is to manage the market risk inherent to the business and provides mechanisms to ensure business transactions are executed in accordance with established limits, processes, and procedures.

All such transactions are carried out within the established guidelines and, generally, the Company seeks to apply hedge accounting to manage volatility in its Net income.

5.5.1 Foreign Currency Risk

CTC sources merchandise globally. In 2023, approximately 51 percent, 22 percent and 35 percent of the value of inventory purchases of Canadian Tire, SportChek and Mark's, respectively, were sourced directly from vendors outside Canada and denominated in U.S. dollars. The majority of Helly Hansen's purchases are from vendors in Asia and are denominated in U.S. dollars and Euros. To mitigate the impact of fluctuating foreign exchange rates on the cost of these purchases, the Company has an established foreign exchange risk management program that governs the proportion of forecast U.S. dollar and Euro purchases that are hedged through foreign exchange derivative contracts. The purpose of the program is to provide certainty with respect to a portion of the foreign exchange component of future merchandise purchases.

As the Company has hedged a significant portion of the cost of its near-term U.S. dollar-denominated forecast purchases, a change in foreign currency rates will not materially impact that portion of the cost relating to those purchases. The Company operates its hedging program on a continual basis to ensure that any sustained change in rates is reflected in the cost of the Company's foreign currency purchases over the entirety of its hedging horizon. This ensures that the cost of foreign currency purchases is smoothed relative to the foreign exchange market allowing the Company to defer the impact of sudden exchange rate movements on margins and allow it time to develop strategies to mitigate the impact of a sustained change in foreign exchange rates. Some vendors have an underlying exposure to foreign currency fluctuations which may affect the price they charge the Company for merchandise, and the Company's hedging program does not mitigate that risk. While the Company



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may be able to pass on changes in foreign currency exchange rates through retail pricing, any decision to do so would be subject to competitive, market and economic conditions.

5.5.2 Interest Rate Risk

The Company may use interest rate derivatives or exercise its contractual early redemption options for Medium-Term Notes and Debentures to manage interest rate risk. The Company has a policy whereby, on a consolidated basis (excluding Franchise Trust), a minimum of 75 percent of its consolidated debt (short-term and long-term) will be at fixed versus floating interest rates.

A one percent change in interest rates would therefore not materially affect the Company's Net income or equity as the Company has minimal floating interest rate exposure given the indebtedness of the Company is predominantly at fixed rates.

The Company's exposure to interest rate changes is predominantly driven by short-term Retail borrowings (on the bank lines of credit or in the U.S. commercial paper market) and variable rate long term debt (the bank term loan and the Series H Medium-term note) and the Financial Services business to the extent that the interest rates on future issuances of GIC deposits, HIS account deposits, tax-free savings account ("TFSA") deposits and securitization transactions are market-dependent. Partially offsetting this could be interest rates charged on credit cards and a significant portion of the current funding liabilities of Financial Services are at a fixed rate, which reduces interest rate risk. In addition, CTB has entered into interest rate derivatives to hedge a portion of its planned issuances of GCCT term debt and GIC deposits in 2024 to 2028. Furthermore, CTB holds short-term interest-bearing investments held in reserve in support of its liquidity and regulatory requirements.

6. Operating Segments

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

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



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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:

(C\$ in millions)	2023					2022				
	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total	Retail	Financial Services	CT REIT	Eliminations and adjustments	Total
External revenue	\$ 15,167.1	\$ 1,455.5	\$ 58.5	\$ (24.6)	\$ 16,656.5	\$ 16,431.4	\$ 1,335.6	\$ 56.9	\$ (13.3)	\$ 17,810.6
Intercompany revenue	4.2	51.8	494.3	(550.3)	—	4.9	54.1	475.9	(534.9)	—
Total revenue	15,171.3	1,507.3	552.8	(574.9)	16,656.5	16,436.3	1,389.7	532.8	(548.2)	17,810.6
Cost of producing revenue	10,324.6	723.9	—	(95.6)	10,952.9	11,198.3	585.8	—	(71.4)	11,712.7
Gross margin	4,846.7	783.4	552.8	(479.3)	5,703.6	5,238.0	803.9	532.8	(476.8)	6,097.9
Other expense (income)	(115.3)	5.5	—	144.2	34.4	(84.0)	4.3	—	141.3	61.6
Selling, general and administrative expenses ¹	3,320.9	394.7	130.7	(170.6)	3,675.7	3,191.5	349.9	125.6	(164.5)	3,502.5
Depreciation and amortization ¹	958.2	9.7	—	(196.7)	771.2	897.2	13.3	—	(191.5)	719.0
Net finance costs (income)	275.9	(11.5)	114.0	(56.9)	321.5	185.3	(5.2)	110.4	(59.5)	231.0
Change in fair value of redeemable financial instrument	—	—	—	328.0	328.0	—	—	—	—	—
Fair value loss (gain) on investment properties	—	—	78.6	(78.6)	—	—	—	(27.8)	27.8	—
Income (loss) before income taxes	\$ 407.0	\$ 385.0	\$ 229.5	\$ (448.7)	\$ 572.8	\$ 1,048.0	\$ 441.6	\$ 324.6	\$ (230.4)	\$ 1,583.8
Items included in the above:										
Interest income	110.6	1,277.0	0.5	(70.5)	1,317.6	89.7	1,158.8	0.3	(69.2)	1,179.6
Interest expense	354.6	202.4	114.5	(203.9)	467.6	260.5	153.8	110.7	(191.4)	333.6

¹ Certain prior year figures have been restated to conform to the current year presentation.

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

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

While the Company primarily operates in Canada, it also operates in foreign jurisdictions primarily through Helly Hansen. Foreign revenue earned by Helly Hansen amounted to \$770.6 million for the year ended December 30, 2023 (December 31, 2022 – \$710.7 million). Property and equipment, intangible assets (brand and goodwill) and right-of-use assets located outside of Canada was \$917.4 million as at December 30, 2023 (December 31, 2022 – \$976.9 million).

Capital expenditures by reportable operating segment are as follows:

(C\$ in millions)	2023				2022			
	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Capital expenditures ¹	\$ 610.1	\$ 5.2	\$ 68.1	\$ 683.4	\$ 732.5	\$ 15.1	\$ 101.1	\$ 848.7

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.



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

(C\$ in millions)	2023				2022			
	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Right-of-use asset additions	\$ 378.6	\$ —	\$ 4.0	\$ 382.6	\$ 501.2	\$ —	\$ 27.0	\$ 528.2

Total assets by reportable operating segment are as follows:

(C\$ in millions)	2023	2022
Retail	\$ 17,883.7	\$ 17,729.6
Financial Services	7,289.6	7,060.4
CT REIT	6,966.3	6,844.8
Eliminations and adjustments	(10,161.3)	(9,532.5)
Total assets ¹	\$ 21,978.3	\$ 22,102.3

¹ 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)	2023	2022
Retail	\$ 10,828.4	\$ 10,395.5
Financial Services	6,165.3	5,883.4
CT REIT	3,118.5	3,017.6
Eliminations and adjustments	(4,578.7)	(4,233.4)
Total liabilities ¹	\$ 15,533.5	\$ 15,063.1

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

The eliminations and adjustments include the following items:

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

7. Cash and Cash Equivalents

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

(C\$ in millions)	2023	2022
Cash	\$ 258.1	\$ 229.1
Cash equivalents	29.1	84.7
Restricted cash and cash equivalents ¹	24.0	17.5
Total cash and cash equivalents ²	\$ 311.2	\$ 331.3
Bank indebtedness	—	(5.0)
Cash and cash equivalents, net of bank indebtedness	\$ 311.2	\$ 326.3

¹ Restricted cash and cash equivalents of \$19.8 million (December 31, 2022 – \$14.3 million) relates to GCCT and is restricted for the purpose of paying principal and interest to note holders and additional funding costs. \$4.2 million (December 31, 2022 – \$3.2 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).



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8. Trade and Other Receivables

Trade and other receivables include the following:

(C\$ in millions)		2023		2022
Trade receivables	\$	843.7	\$	865.1
Other receivables		212.9		237.2
Net investment in subleases		18.0		17.7
Derivatives (Note 34.2)		76.7		189.9
	\$	1,151.3	\$	1,309.9

Trade receivables are primarily from Dealers, franchisees and Helly Hansen's wholesale customers. This is a large and geographically-dispersed group whose receivables, individually, generally comprise less than one percent of the total balance outstanding. Other receivables are primarily receivables from vendors and tenants, and insurance receivables.

Receivables from Dealers are in the normal course of business and include cost and margin-sharing arrangements. The credit range period on sale of goods is between one and 180 days.

9. Loans Receivable

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

(C\$ in millions)	Total principal amount of receivables¹	
	2023	2022
Credit card loans ²	\$ 6,495.6	\$ 6,206.3
Dealer and other loans ³	521.9	474.7
Total loans receivable	7,017.5	6,681.0
Less: long-term portion ⁴	449.2	409.9
Current portion of loans receivable	\$ 6,568.3	\$ 6,271.1

¹ Amounts shown are net of allowance for loans receivable.

² Includes line of credit loans and are expected to be recovered within one year of the reporting date.

³ Loans issued to certain Dealers by Franchise Trust (refer to Note 22).

⁴ The long-term portion of loans receivable is included in long-term receivables and other assets and includes Dealer loans of \$447.4 million (December 31, 2022 – \$408.2 million).

For the year ended December 30, 2023, cash received from interest earned on credit cards and loans was \$1,165.9 million (December 31, 2022 – \$1,070.9 million).

Loans to Dealers are secured by the Canadian Tire store assets of the respective Dealers' corporations. The Company's exposure to loans receivable credit risk resides at Franchise Trust and at the Bank. No allowances have been made for Dealer loans given the historical performance and the nature of the collateral. 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 of the Bank's counterparties were to default at the same time.



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

					2023
(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 31, 2022	\$ 423.9	\$ 197.4	\$ 275.8	\$	897.1
Increase (decrease) during the period					
Write-offs	(13.6)	(33.9)	(496.7)		(544.2)
Recoveries	—	—	91.6		91.6
New loans originated	36.0	—	—		36.0
Transfers					
to Stage 1	72.1	(40.3)	(31.8)		—
to Stage 2	(35.6)	41.7	(6.1)		—
to Stage 3	(31.3)	(33.2)	64.5		—
Net remeasurements	(89.4)	103.1	432.1		445.8
Balance at December 30, 2023	\$ 362.1	\$ 234.8	\$ 329.4	\$	926.3
					2022
(C\$ in millions)	12-month ECL (Stage 1)	Lifetime ECL – not credit-impaired (Stage 2)	Lifetime ECL – credit-impaired (Stage 3)	Total	
Balance at January 1, 2022	\$ 435.9	\$ 174.3	\$ 231.3	\$	841.5
Increase (decrease) during the period					
Write-offs	(10.7)	(21.1)	(387.6)		(419.4)
Recoveries	—	—	85.4		85.4
New loans originated	27.2	—	—		27.2
Transfers					
to Stage 1	70.3	(29.6)	(40.7)		—
to Stage 2	(20.7)	25.9	(5.2)		—
to Stage 3	(26.0)	(20.1)	46.1		—
Net remeasurements	(52.1)	68.0	346.5		362.4
Balance at December 31, 2022	\$ 423.9	\$ 197.4	\$ 275.8	\$	897.1

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.



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

	2023			
(C\$ in millions)	Stage 1	Stage 2	Stage 3	Total
Low risk	\$ 3,615.3	\$ 28.5	\$ —	\$ 3,643.8
Moderate risk	1,717.5	98.5	—	1,816.0
High risk	924.3	402.4	635.4	1,962.1
Total gross carrying amount	6,257.1	529.4	635.4	7,421.9
ECL allowance	362.1	234.8	329.4	926.3
Net carrying amount	\$ 5,895.0	\$ 294.6	\$ 306.0	\$ 6,495.6

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

Transfers of Financial Assets

Glacier Credit Card Trust

GCCT is a structured entity created to securitize the Bank's credit card loans receivable. The Bank has transferred co-ownership interest in credit card loans receivable to GCCT and has determined, for the purposes of accounting, consolidation of GCCT is appropriate. The associated liabilities, as at December 30, 2023 and December 31, 2022, secured by these assets, include the commercial paper notes and term notes on the Consolidated Balance Sheets and are carried at amortized cost. 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.

	2023		2022	
(C\$ in millions)	Carrying amount	Fair value	Carrying amount	Fair value
Credit card loans receivable transferred ¹	\$ 2,283.3	\$ 2,283.3	\$ 2,125.3	\$ 2,125.3
Associated liabilities	2,277.8	2,277.2	2,120.4	2,045.7
Net position	\$ 5.5	\$ 6.1	\$ 4.9	\$ 79.6

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.

For legal purposes, the co-ownership interests in the Bank's credit card loans receivable owned by GCCT have been legally sold to GCCT and are not available to the creditors of the Bank. Furthermore, GCCT's liabilities are not legal liabilities of the Company.

The Bank has not identified any factors arising from current market circumstances that could lead to a need for the Bank to extend liquidity and/or credit support to GCCT over and above the existing arrangements or that could otherwise 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.

Franchise Trust

The consolidated financial statements include a portion (silo) of Franchise Trust, a legal 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 the 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



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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.

(C\$ in millions)	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Dealer loans ¹	\$ 520.2	\$ 520.2	\$ 472.9	\$ 472.9
Associated liabilities (Note 22)	520.2	520.2	472.9	472.9
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 assignment of this documentation provides 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. In the event the Company does not choose to purchase a defaulted Dealer loan, the Co-owner Trusts may draw against the LCs.

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.

10. Long-Term Receivables and Other Assets

Long-term receivables and other assets include the following:

(C\$ in millions)	2023	2022
Loans receivable (Note 9)	\$ 449.2	\$ 409.9
Net investment in subleases	87.6	88.7
Derivatives (Note 34.2)	44.8	107.9
Other receivables	12.1	10.7
Total long-term receivables	593.7	617.2
Other	52.1	59.5
	\$ 645.8	\$ 676.7

Included in Other in Long-term receivables and other assets is the Company's minority interest in Ashcroft Terminal Ltd., a 320-acre inland transload and storage terminal strategically located at the intersection of both Canadian Pacific Railways Limited and Canadian National Railways Company railway networks in British Columbia. The interest was acquired on July 28, 2021 and comprises the Company's initial investment of \$40 million in addition to adjustments required under the equity method of accounting.



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11. 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:

	2023					
	Indefinite-life intangible assets and goodwill			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	\$ 867.2	\$ 901.6	\$ 167.7	\$ 1,515.2	\$ 11.7	\$ 3,463.4
Additions	—	3.4	0.2	80.0	—	83.6
Disposals/retirements	—	—	—	(1.9)	—	(1.9)
Currency translation adjustment	(18.4)	(24.6)	—	—	—	(43.0)
Balance, end of year	\$ 848.8	\$ 880.4	\$ 167.9	\$ 1,593.3	\$ 11.7	\$ 3,502.1
Accumulated amortization and impairment						
Balance, beginning of year	\$ (4.0)	\$ (16.6)	—	\$ (1,089.5)	\$ (11.7)	\$ (1,121.8)
Amortization for the year	—	—	—	(127.0)	—	(127.0)
Impairment	—	(0.4)	—	—	—	(0.4)
Disposals/retirements	—	—	—	1.8	—	1.8
Balance, end of year	\$ (4.0)	\$ (17.0)	—	\$ (1,214.7)	\$ (11.7)	\$ (1,247.4)
Net carrying amount, end of year	\$ 844.8	\$ 863.4	\$ 167.9	\$ 378.6	—	\$ 2,254.7
	2022					
	Indefinite-life intangible assets and goodwill			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	\$ 880.8	\$ 917.5	\$ 167.7	\$ 1,396.6	\$ 11.7	\$ 3,374.3
Additions	—	—	—	120.1	—	120.1
Disposals/retirements	—	—	—	(2.8)	—	(2.8)
Reclassifications and transfers	—	—	—	1.3	—	1.3
Currency translation adjustment	(13.6)	(15.9)	—	—	—	(29.5)
Balance, end of year	\$ 867.2	\$ 901.6	\$ 167.7	\$ 1,515.2	\$ 11.7	\$ 3,463.4
Accumulated amortization and impairment						
Balance, beginning of year	\$ (4.0)	\$ (16.6)	—	\$ (969.8)	\$ (11.7)	\$ (1,002.1)
Amortization for the year	—	—	—	(122.5)	—	(122.5)
Disposals/retirements	—	—	—	2.8	—	2.8
Balance, end of year	\$ (4.0)	\$ (16.6)	—	\$ (1,089.5)	\$ (11.7)	\$ (1,121.8)
Net carrying amount, end of year	\$ 863.2	\$ 885.0	\$ 167.7	\$ 425.7	—	\$ 2,341.6



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(C\$ in millions)	2023		2022	
	Goodwill	Indefinite-life Intangible Assets	Goodwill	Indefinite-life Intangible Assets
Helly Hansen	\$ 353.7	\$ 443.2	\$ 372.1	\$ 467.3
SportChek	362.5	340.0	362.5	340.4
Canadian Tire	71.9	171.6	71.9	168.6
Mark's	56.7	76.5	56.7	76.4
Total	\$ 844.8	\$ 1,031.3	\$ 863.2	\$ 1,052.7

The Company's banners and trademarks, which include SportChek, Mark's, Helly Hansen and Party City and acquired private-label brands, represent legal trademarks of the Company with expiry dates ranging from 2024 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 \$3.2 million (December 31, 2022 – \$4.5 million). The capitalization rate used to determine the amount of borrowing costs capitalized during the year was 5.9 percent (December 31, 2022 – 4.9 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 and Subsequent Reversal

The Company performed its annual impairment test on goodwill and indefinite-life intangible assets for all CGUs. For all goodwill and intangible assets except those noted, the estimated recoverable amount is based on VIU, which exceeds the carrying amount. The cash flow projections included specific estimates for up to five years and terminal growth rates to extrapolate cash flow projections beyond the period covered by the most recent forecasts, except as noted below.

During 2023, the recoverable amount of goodwill and intangible assets of Helly Hansen was based on fair value less costs of disposal, estimated using discounted cash flows based on an after-tax discount rate and the market multiple approach, under the Guideline Public Company ("GPC") multiples. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique. The cash flow projections included specific estimates for six years, taking into account a terminal value calculated by discounting the final year in perpetuity.

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

	2023	2022
Discount rate	8.3 to 11.5 %	8.0 to 11.5 %
Terminal growth rate	2.0 to 3.0 %	2.0 to 3.0 %

A change in the assumptions used in testing SportChek and Helly Hansen goodwill and intangible assets could cause the carrying amount to exceed the estimated recoverable amount. As SportChek and Helly Hansen are the banners most sensitive to changes in assumptions, the following mutually exclusive changes in the assumptions



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

would result in the carrying value being equal to the recoverable amount:

	Increases in Discount Rate	Decreases in Terminal Growth Rate
SportChek	1.0 %	1.4 %
Helly Hansen	1.8 %	2.7 %

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 \$0.4 million for indefinite-life intangible assets (December 31, 2022 – nil). There were no impairment charges nor reversal of impairments for finite-life intangible assets (December 31, 2022 – nil). There were no impairment charges for goodwill (December 31, 2022 – nil).

12. 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)	2023	2022
Cost		
Balance, beginning of year	\$ 508.1	\$ 534.6
Additions	34.7	105.0
Other ¹	—	(131.5)
Balance, end of year	\$ 542.8	\$ 508.1
Accumulated depreciation and impairment		
Balance, beginning of year	\$ (86.6)	\$ (73.9)
Depreciation for the year	(10.8)	(11.8)
Other ¹	(1.7)	(0.9)
Balance, end of year	\$ (99.1)	\$ (86.6)
Net carrying amount, end of year²	\$ 443.7	\$ 421.5

¹ Other includes disposals, retirements, impairment, reclassifications and transfers. The Company had no reclassifications in 2023 (December 31, 2022 - \$131.4 million of property and \$0.9 million in accumulated depreciation reclassified to property and equipment).

² Investment property includes \$5.9 million (December 31, 2022 – \$7.0 million) right-of-use assets related to operating subleases where the Company is an intermediate lessor.

The investment properties generated rental income of \$61.5 million (December 31, 2022 – \$61.0 million). Direct operating expenses (including repairs and maintenance) arising from investment property recognized in Net income were \$24.1 million (December 31, 2022 – \$22.1 million).

The estimated fair value of investment property was \$616.9 million (December 31, 2022 – \$567.8 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 4.75 percent to 8.46 percent (December 31, 2022 – 4.25 percent to 8.71 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 and Subsequent Reversal

Any impairment or reversals of impairment are reported in Other expense (income) in the Consolidated Statements of Income. There was an impairment loss of \$1.7 million for investment property (December 31, 2022 – nil). There was no reversal of impairments for investment property (December 31, 2022 – nil).



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13. Property and Equipment

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

	2023					
(C\$ in millions)	Land	Buildings	Fixtures and equipment	Leasehold improvements	Construction in progress	Total
Cost						
Balance, beginning of year	\$ 1,100.7	\$ 3,915.6	\$ 1,904.1	\$ 1,430.3	\$ 647.0	\$ 8,997.7
Additions	41.1	209.5	394.4	121.4	(198.0)	568.4
Disposals/retirements ^{1, 3}	—	(1.2)	(69.5)	(6.9)	(15.1)	(92.7)
Currency translation adjustment	—	—	0.2	—	—	0.2
Other ²	(6.6)	(5.1)	13.5	(19.5)	(11.4)	(29.1)
Balance, end of year	\$ 1,135.2	\$ 4,118.8	\$ 2,242.7	\$ 1,525.3	\$ 422.5	\$ 9,444.5
Accumulated depreciation and impairment						
Balance, beginning of year	\$ (6.0)	\$ (1,942.7)	\$ (1,256.8)	\$ (798.1)	\$ —	\$ (4,003.6)
Depreciation for the year	—	(80.5)	(151.3)	(75.0)	—	(306.8)
Net impairment (loss) reversal	—	—	(2.1)	0.1	—	(2.0)
Disposals/retirements ^{1, 3}	0.3	0.9	63.3	5.0	—	69.5
Other ²	—	10.8	6.1	1.0	—	17.9
Balance, end of year	\$ (5.7)	\$ (2,011.5)	\$ (1,340.8)	\$ (867.0)	\$ —	\$ (4,225.0)
Net carrying amount, end of year	\$ 1,129.5	\$ 2,107.3	\$ 901.9	\$ 658.3	\$ 422.5	\$ 5,219.5

¹ Current year disposals includes \$59.0 million of assets no longer in use with a net book value of nil.

² Other includes reclassifications, transfers and tenant allowances. The Company reclassified \$33.1 million of property including \$17.5 million in accumulated amortization to assets held for sale.

³ Disposals/retirements include amounts derecognized due to the fire at the AJ Billes Distribution Centre. Reimbursements from third parties of \$19.4 million were accrued and recognized in Other expense (income) in the Consolidated Statements of Income.

	2022					
(C\$ in millions)	Land	Buildings	Fixtures and equipment	Leasehold improvements	Construction in progress	Total
Cost						
Balance, beginning of year	\$ 1,071.9	\$ 3,683.8	\$ 1,808.0	\$ 1,342.7	\$ 424.6	\$ 8,331.0
Additions	13.9	106.0	153.1	112.5	238.1	623.6
Disposals/retirements ¹	(0.5)	(6.4)	(49.9)	(10.2)	—	(67.0)
Currency translation adjustment	—	—	(0.2)	(0.5)	(0.2)	(0.9)
Other ²	15.4	132.2	(6.9)	(14.2)	(15.5)	111.0
Balance, end of year	\$ 1,100.7	\$ 3,915.6	\$ 1,904.1	\$ 1,430.3	\$ 647.0	\$ 8,997.7
Accumulated depreciation and impairment						
Balance, beginning of year	\$ (7.0)	\$ (1,863.7)	\$ (1,171.5)	\$ (739.5)	\$ —	\$ (3,781.7)
Depreciation for the year	—	(78.7)	(130.9)	(70.5)	—	(280.1)
Net impairment (loss) reversal	0.4	0.3	0.1	(1.1)	—	(0.3)
Disposals/retirements ¹	0.5	5.2	45.3	9.3	—	60.3
Other ²	0.1	(5.8)	0.2	3.7	—	(1.8)
Balance, end of year	\$ (6.0)	\$ (1,942.7)	\$ (1,256.8)	\$ (798.1)	\$ —	\$ (4,003.6)
Net carrying amount, end of year	\$ 1,094.7	\$ 1,972.9	\$ 647.3	\$ 632.2	\$ 647.0	\$ 4,994.1

¹ Disposals includes \$40.5 million of assets no longer in use with a net book value of nil.

² Other includes reclassifications, transfers and tenant allowances. The Company reclassified \$131.4 million of investment property to property and equipment.

The Company capitalized borrowing costs of \$14.6 million (December 31, 2022 – \$19.3 million) relating to property and equipment under construction. The rate used to determine the amount of borrowing costs capitalized during the year was 5.2 percent (December 31, 2022 – 4.8 percent).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment of Property and Equipment and Subsequent Reversal

There was a net impairment of \$2.0 million (December 31, 2022 – net impairment of \$0.3 million). Any impairment or reversal of impairment is reported in Other expense (income) in the Consolidated Statements of Income.

14. Leases

14.1 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.

14.1.1 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:

(C\$ in millions)	2023		
	Property	Non-property ¹	Total
Balance, beginning of year	\$ 1,868.0	\$ 64.0	\$ 1,932.0
Additions	359.0	23.6	382.6
Depreciation for the year	(329.6)	(26.5)	(356.1)
Impairment	(3.9)	—	(3.9)
Disposals/retirements and other	(21.0)	0.2	(20.8)
Balance, end of year	\$ 1,872.5	\$ 61.3	\$ 1,933.8

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

(C\$ in millions)	2022		
	Property	Non-property ¹	Total
Balance, beginning of year	\$ 1,727.0	\$ 59.1	\$ 1,786.1
Additions	499.5	28.7	528.2
Depreciation for the year	(304.8)	(23.8)	(328.6)
Impairment	(1.3)	—	(1.3)
Disposals/retirements and other	(52.4)	—	(52.4)
Balance, end of year	\$ 1,868.0	\$ 64.0	\$ 1,932.0

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

Impairment of Right-of-use Assets and Subsequent Reversal

There was an impairment charge of \$3.9 million (December 31, 2022 – impairment charge of \$1.3 million). Any impairment or reversal of impairment is reported in Other expense (income) in the Consolidated Statements of Income.

14.1.2 Undiscounted Cash Flows

The annual lease payments for property and non-property leases are as follows:

(C\$ in millions)	2023	2022
Less than one year	\$ 454.8	483.0
One to five years	1,493.9	1,481.8
More than five years	1,174.7	1,125.6
Total undiscounted lease obligation¹	\$ 3,123.4	3,090.4

¹ Excludes \$280.1 million (December 31, 2022 – \$451.8 million) commitment for lease agreements signed but not yet commenced.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14.2 As a Lessor

The Company leases out a number of its investment properties (refer to Note 12) 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.

14.2.1 Net Investment in Subleases

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

(C\$ in millions)		2023	2022
Less than one year	\$	22.5	\$ 21.9
One to two years		23.7	21.1
Two to three years		21.0	21.2
Three to four years		17.3	16.8
Four to five years		12.1	13.3
More than five years		21.6	24.8
Total undiscounted lease payments receivable		118.2	119.1
Unearned finance income		(12.6)	(12.7)
Net investment in subleases	\$	105.6	\$ 106.4

14.2.2 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)		2023	2022
Less than one year	\$	37.7	\$ 34.3
One to two years		34.6	31.3
Two to three years		31.0	28.7
Three to four years		25.0	25.2
Four to five years		19.7	19.5
More than five years		69.0	68.9
Total	\$	217.0	\$ 207.9



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Subsidiaries

15.1 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:

Name of subsidiary	Principal activity	Country of incorporation and operation	Ownership Interest	
			2023	2022
CTFS Holdings Limited ¹	Banking, processing credit card transactions at Canadian Tire Retail Banners, marketing of insurance products, and reinsurance	Canada	100.0 %	80.0 %
Canadian Tire Real Estate Limited	Real estate	Canada	100.0 %	100.0 %
CT Real Estate Investment Trust	Real estate	Canada	68.4 %	68.7 %
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	Holding company for "Helly Hansen" branded global wholesaler of sportswear and workwear	Norway	100.0 %	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 has the ability to direct the relevant activities and returns of GCCT. As the Company has control over GCCT, it is consolidated in these financial statements.

15.2 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 and CTFS Holdings Limited were initially measured at fair value on the date of acquisition.

On October 31, 2023, the Company repurchased Scotiabank's 20 percent stake in CTFS Holdings Limited for \$895.0 million. The transaction increased the Company's controlling interest from 80 percent to 100 percent with the difference between the consideration paid and the derecognition of the non-controlling interest being recognized in equity and attributed to the shareholders of the Company as described in Note 3 Material Accounting Policy Information. The transaction also extinguished the Company's redeemable financial instrument through retained earnings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2023			
(C\$ in millions)	CTFS Holdings Limited ¹	CT REIT ²	Other ³	Total
Non-controlling interests	0.0 %	31.6 %	50.0 %	
Current assets	N/A	\$ 28.6	\$ 17.5	\$ 46.1
Non-current assets	N/A	6,937.7	52.7	6,990.4
Current liabilities	N/A	332.6	3.7	336.3
Non-current liabilities	N/A	2,785.9	35.7	2,821.6
Net assets	—	3,847.8	30.8	3,878.6
Revenue	\$ 1,632.6	\$ 552.8	\$ 285.5	\$ 2,470.9
Net income attributable to non-controlling interests	\$ 48.4	\$ 72.5	\$ 4.9	\$ 125.8
Equity attributable to non-controlling interests	—	884.4	12.4	896.8
Distributions to non-controlling interests	(73.8)	(65.5)	(2.8)	(142.1)

¹ Net income attributable to non-controlling interests is based on the net income of CTFS Holdings Limited adjusted for contractual requirements as stipulated in the Universal Shareholder Agreement, until October 31, 2023, when the Company reacquired the 20% interest. As a result, the net assets of CTFS Holdings Limited are not attributable to non-controlling interests as at December 30, 2023.

² 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.

³ 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.

	2022			
(C\$ in millions)	CTFS Holdings Limited ¹	CT REIT ²	Other ³	Total
Non-controlling interests	20.0 %	31.3 %	50.0 %	
Current assets	\$ 6,790.6	\$ 10.0	\$ 23.4	\$ 6,824.0
Non-current assets	269.8	6,834.9	47.1	7,151.8
Current liabilities	2,626.2	278.7	9.9	2,914.8
Non-current liabilities	3,257.2	2,739.0	35.9	6,032.1
Net assets	1,177.0	3,827.2	24.7	5,028.9
Revenue	\$ 1,512.7	\$ 532.8	\$ 282.5	\$ 2,328.0
Net income attributable to non-controlling interests	\$ 64.3	\$ 68.6	\$ 5.8	\$ 138.7
Equity attributable to non-controlling interests	532.6	877.9	10.2	1,420.7
Distributions to non-controlling interests	(76.4)	(62.4)	(4.4)	(143.2)

¹ Net income attributable to non-controlling interests is based on the net income of CTFS Holdings Limited adjusted for contractual requirements as stipulated in the Universal Shareholder agreement.

² 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.

³ 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Income Taxes

16.1 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:

	2023				
(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	\$ 209.3	\$ (113.7)	—	\$ (0.1)	\$ 95.5
Property and equipment	(82.9)	(37.6)	—	(0.3)	(120.8)
Intangible assets	(273.0)	(17.2)	—	5.0	(285.2)
Employee benefits	38.6	1.1	2.4	—	42.1
Cash flow hedges	(50.8)	—	3.1	31.5	(16.2)
Right-of-use asset and lease liabilities	133.2	(5.4)	—	0.2	128.0
Non-capital losses carryforward	32.9	14.0	—	(1.8)	45.1
Other	4.0	4.1	—	0.8	8.9
Net deferred tax asset (liability) ¹	\$ 11.3	\$ (154.7)	\$ 5.5	\$ 35.3	\$ (102.6)

¹ Includes the net amount of deferred tax assets of \$79.5 million and deferred tax liabilities of \$182.1 million.

	2022				
(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	\$ 206.8	\$ 2.4	—	\$ 0.1	\$ 209.3
Property and equipment	(76.5)	(6.7)	—	0.3	(82.9)
Intangible assets	(282.2)	5.5	—	3.7	(273.0)
Employee benefits	52.0	1.3	(14.7)	—	38.6
Cash flow hedges	10.6	—	(90.8)	29.4	(50.8)
Right-of-use asset and lease liabilities	142.4	(9.2)	—	—	133.2
Non-capital losses carryforward	39.5	(4.8)	—	(1.8)	32.9
Other	0.2	2.4	—	1.4	4.0
Net deferred tax asset (liability) ¹	\$ 92.8	\$ (9.1)	\$ (105.5)	\$ 33.1	\$ 11.3

¹ Includes the net amount of deferred tax assets of \$143.4 million and deferred tax liabilities of \$132.1 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 \$2.5 billion at December 30, 2023 (December 31, 2022 – \$2.5 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 \$187.8 million at December 30, 2023 (December 31, 2022 – \$178.8 million).

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16.2 Income Tax Expense

The following are the major components of income tax expense:

(C\$ in millions)	2023	2022
Current tax expense		
Current period	\$ 103.0	\$ 402.3
Adjustments with respect to prior years	(24.0)	(10.4)
	\$ 79.0	\$ 391.9
Deferred tax expense (benefit)		
Deferred income tax expense relating to the origination and reversal of temporary differences	\$ 129.7	4.8
Deferred income tax expense adjustments with respect to prior years	25.0	9.6
Deferred income tax (benefit) resulting from change in tax rate	—	(5.3)
	154.7	9.1
Total income tax expense	\$ 233.7	\$ 401.0

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

(C\$ in millions)	2023	2022
Net fair value gains (losses) on hedging instruments entered into for cash flow hedges not subject to basis adjustment	\$ (14.9)	28.7
Deferred cost of hedging not subject to basis adjustment – Changes in fair value of the time value of an option in relation to time-period related hedged items	15.0	1.6
Reclassification of losses to income	0.3	2.2
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges subject to basis adjustment	(3.5)	58.3
Actuarial (losses) gains	(2.4)	14.7
Total income tax (benefit) expense	\$ (5.5)	\$ 105.5

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)	2023	2022
Income before income taxes	\$ 572.8	\$ 1,583.8
Income taxes based on the applicable statutory tax rate of 26.42% (December 31, 2022 – 26.42%)	\$ 151.3	\$ 418.4
Adjustment to income taxes resulting from:		
Non-deductibility of change in fair value of redeemable financial instrument	86.9	—
Income attributable to non-controlling interests in flow-through entities	(20.3)	(19.5)
Tax losses not benefitted	7.8	5.7
Non-deductible stock option expense	3.5	(6.4)
Non-taxable portion of capital gains	(0.1)	(1.6)
Changes in tax rates	—	(5.3)
Write off of Russia net assets not benefitted	—	4.7
Other	4.6	5.0
Income tax expense	\$ 233.7	\$ 401.0

The applicable statutory tax rate is the aggregate of the Canadian federal income tax rate of 15.0 percent (December 31, 2022 – 15.0 percent) and the Canadian provincial income tax rate of 11.42 percent (December 31, 2022 – 11.42 percent).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Balance Sheets, 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.

17. Deposits

Total deposits of \$3,364.3 million (December 31, 2022 - \$2,965.7 million) consist of broker deposits and retail deposits.

Cash from broker deposits is generated from 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 December 30, 2023, were \$2,734.4 million (December 31, 2022 - \$2,255.3 million).

Retail deposits consist of HIS deposits, retail GICs and TFSA deposits. Total retail deposits outstanding at December 30, 2023, were \$629.9 million (December 31, 2022 - \$710.4 million).

For repayment requirements of deposits refer to Note 5.4. The following are the effective rates of interest:

	2023	2022
GIC deposits	3.42 %	2.87 %
HIS account deposits	3.22 %	1.62 %

18. Trade and Other Payables

Trade and other payables include the following:

(C\$ in millions)	2023	2022
Trade payables and accrued liabilities	\$ 2,160.1	\$ 2,656.0
Derivatives (Note 34.2)	63.5	74.5
Financial liabilities	2,223.6	2,730.5
Deferred revenue	342.4	316.4
Insurance reserve	—	5.6
Other	123.4	148.4
	\$ 2,689.4	\$ 3,200.9

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. \$292.8 million included in deferred revenue at the beginning of the period was recognized as revenue in 2023 (December 31, 2022 - \$266.7 million).

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

The payment terms for trade payables range from due immediately to 180 days (December 31, 2022 - due immediately to 180 days).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Provisions

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

					2023
(C\$ in millions)	Sales and warranty returns	Site restoration and decommissioning	Other	Total	
Balance, beginning of year	\$ 200.8	\$ 36.5	\$ 26.0	\$ 263.3	
Charges, net of reversals	600.9	29.4	26.0	656.3	
Utilizations	(619.8)	(8.6)	(17.8)	(646.2)	
Discount adjustments	6.2	0.1	—	6.3	
Balance, end of year	\$ 188.1	\$ 57.4	\$ 34.2	\$ 279.7	
Current provisions	175.2	20.2	24.5	219.9	
Long-term provisions	12.9	37.2	9.7	59.8	

20. Contingencies

Legal Matters

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

Insurance Recoveries

The Company has notified its insurers of a loss caused by the fire at the A.J. Billes Distribution Centre on March 15, 2023. The Company continues to assess contingent assets in relation to claim categories beyond remediation, inventory and property and equipment. Any additional recoveries will be recognized when the losses are estimable, and receipt is virtually certain, however, the financial effect is not practicable to disclose. Refer to Note 2 for information regarding ongoing estimation uncertainty.

21. Short-Term Borrowings

Short-term borrowings include commercial paper notes issued by the Company and GCCT, note purchase facility borrowings issued by GCCT, and borrowings on its committed bank lines of credit. 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 one year or less for GCCT's ABCP and 270 days or less for the Company's U.S. CP at interest rates fixed at the time of each renewal and are recorded at amortized cost. As at December 30, 2023, GCCT had \$293.1 million of ABCP outstanding (December 31, 2022 – \$51.2 million) and the Company had \$365.6 million of C\$ equivalent U.S. CP outstanding (December 31, 2022 – \$21.7 million).

As at December 30, 2023, the Company (excluding Helly Hansen) had \$160.0 million on its unsecured committed bank lines of credit (December 31, 2022 – nil), Helly Hansen had no borrowings on its secured committed overdraft facility (December 31, 2022 – nil), CT REIT had no borrowings under its unsecured committed bank line of credit (December 31, 2022 – \$99.9 million), and CTB had \$147.0 million of borrowings under its unsecured committed bank line of credit and note purchase facilities (December 31, 2022 – \$403.4 million).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Loans

Franchise Trust, a special purpose entity, is a legal entity sponsored by a third-party bank that originates loans to certain Dealers. Loans are what Franchise Trust incurs to fund Dealer loans, which are secured by such Dealers' store assets. These loans are not direct legal liabilities of the Company but have been consolidated in the accounts of the Company as the Company effectively controls the silo of Franchise Trust containing the Canadian Tire Dealer Loan Program (refer to note 15.1). Loans, which are initially recognized at fair value and are subsequently measured at amortized cost, are due within one year.

23. Long-Term Debt

Long-term debt includes the following:

(C\$ in millions)	2023		2022	
	Face value	Carrying amount	Face value	Carrying amount
Medium-term notes (CTC)				
Series F, 3.167%, due July 6, 2023	\$ —	\$ —	\$ 400.0	\$ 399.8
Series 2, 6.375%, due April 13, 2028	150.0	151.1	150.0	150.9
Series 2, 6.445%, due February 24, 2034	200.0	201.8	200.0	201.7
Series B, 5.610%, due September 4, 2035	200.0	199.8	200.0	199.7
Series G, 5.372%, due September 16, 2030	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	199.8	200.0	199.6
Series D, 3.289%, due June 1, 2026	200.0	199.7	200.0	199.5
Series E, 3.469%, due June 16, 2027	175.0	174.6	175.0	174.5
Series F, 3.865%, due December 7, 2027	200.0	199.5	200.0	199.3
Series G, 2.371%, due January 6, 2031	150.0	149.3	150.0	149.2
Series H, 3.029%, due February 5, 2029	250.0	248.9	250.0	248.7
Series I, 5.828%, due June 14, 2028	250.0	248.6	—	—
Senior asset-backed term notes (GCCT)				
Series 2018-1, 3.138%, due September 20, 2023 ¹	—	—	546.0	545.6
Series 2019-1, 2.280%, due June 6, 2024 ¹	523.6	523.2	523.6	522.8
Series 2020-1, 1.388%, due September 22, 2025 ¹	448.8	447.9	448.8	447.6
Series 2022-1, 4.958%, due September 20, 2027 ¹	420.8	418.9	420.8	418.6
Series 2023-1, 5.681%, due September 20, 2028 ¹	467.5	465.0	—	—
Subordinated asset-backed term notes (GCCT)				
Series 2018-1, 4.138%, due September 20, 2023 ¹	—	—	38.0	38.0
Series 2019-1, 3.430%, due June 6, 2024 ¹	36.4	36.4	36.4	36.4
Series 2020-1, 2.438%, due September 22, 2025 ¹	31.2	31.2	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	—	—
Mortgages				
Term Loan, CDOR + 1.25%, due April 30, 2025	400.0	399.7	—	—
Total debt	\$ 4,974.0	\$ 4,964.5	\$ 4,264.0	\$ 4,257.7
Current	560.5	560.5	1,040.2	1,040.2
Non-current	4,413.5	4,404.0	3,223.8	3,217.5

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The carrying amount of long-term debt is net of debt issuance costs of \$14.4 million (December 31, 2022 – \$11.7 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 2019-1, 2020-1, 2022-1 and 2023-1 asset-backed term notes is scheduled for the expected repayment dates indicated in the preceding table. None of the GCCT's asset-backed term notes are otherwise 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.

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

- the Bank 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 30, 2023 and 2022.

Medium-Term Notes and Debentures

Medium-term notes and debentures are unsecured and those issued by the Company (except Series H) 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, at the greater of par or a formula price based upon interest rates at the time of redemption. The \$200.0 million Series H medium-term note is redeemable by the Company, in whole or in part, at any time on or after September 14, 2024, at par.

Term Loan

During the fourth quarter, to partially fund the repurchase of Scotiabank's 20% interest in CTFS Holdings Limited, the Company entered into a \$400 million term loan from Desjardins Capital Markets, due April 2025.

Mortgages

Mortgages payable as at December 30, 2023 had a weighted average interest rate of 3.24 percent and a maturity date of March 1, 2026.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Other Long-Term Liabilities

Other long-term liabilities include the following:

(C\$ in millions)		2023	2022
Redeemable financial instrument ¹	\$	—	\$ 567.0
Employment benefits (Note 25)		160.1	146.7
Derivatives (Note 34.2)		16.3	4.4
Other		13.6	16.5
	\$	190.0	\$ 734.6

¹ A financial liability; refer to Note 34 for further information on the redeemable financial instrument.

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

25. 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 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 2023, the Company contributed \$31.1 million (December 31, 2022 – \$28.0 million) under the terms of the DPSP.

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)		2023	2022
Change in the present value of defined benefit obligation			
Defined benefit obligation, beginning of year	\$	146.7	\$ 198.8
Current service cost		1.4	2.3
Interest cost		7.4	5.9
Actuarial loss (gain) arising from changes in financial assumptions		10.7	(54.5)
Actuarial loss (gain) arising from changes in experience assumptions		(1.9)	(1.5)
Benefits paid		(4.2)	(4.3)
Defined benefit obligation, end of year ¹	\$	160.1	\$ 146.7

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant actuarial assumptions used:

	2023	2022
Defined benefit obligation, end of year:		
Discount rate	4.60 %	5.10 %
Net benefit plan expense for the year:		
Discount rate	5.10 %	3.00 %

For measurement purposes, a 3.26 percent weighted average health care cost trend rate is assumed for 2023 (December 31, 2022 – 3.33 percent). The rate is assumed to decrease gradually to 1.91 percent for 2040 and remain at that level thereafter.

The December 30, 2023 actuarial valuation was extrapolated from the actuarial valuation performed as of January 1, 2022.

The cumulative amount of actuarial losses before tax recognized in equity at December 30, 2023, was \$30.6 million (December 31, 2022 – \$21.8 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)	2023	
	Increase	Decrease
Sensitivity analysis		
A fifty basis point change in assumed discount rates	\$ (10.7)	\$ 11.9
A one-percentage-point change in assumed health care cost trend rates	14.9	(12.8)
A one-year change in assumed life expectancy	3.8	(3.8)

The weighted-average duration of the defined benefit plan obligation at December 30, 2023 is 14.3 years (December 31, 2022 – 13.6 years).

26. Share Capital

Share capital consists of the following:

(C\$ in millions)	2023	2022
Authorized		
3,423,366 Common Shares		
100,000,000 Class A Non-Voting Shares		
Issued		
3,423,366 Common Shares (2022 – 3,423,366)	\$ 0.2	0.2
52,197,823 Class A Non-Voting Shares (2022 – 54,276,998)	598.5	587.6
	\$ 598.7	\$ 587.8

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 2023 and 2022, the Company issued and repurchased Class A Non-Voting Shares. The Company's share repurchases were made pursuant to its Normal-Course Issuer Bid ("NCIB") program, in connection with its anti-dilutive policy and announced share repurchase intention.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following transactions occurred with respect to Class A Non-Voting Shares during 2023 and 2022:

(C\$ in millions)	2023		2022	
	Number	\$	Number	\$
Shares outstanding at beginning of the year	54,276,998	\$ 587.6	56,723,758	\$ 593.4
Issued under the dividend reinvestment plan	178,555	27.9	121,009	19.8
Repurchased ¹	(2,257,730)	(376.1)	(2,567,769)	(425.4)
Change in accrued liability for ASPP commitment	—	8.1	—	2.1
Excess of repurchase price over average cost	—	351.0	—	397.7
Shares outstanding at end of the year	52,197,823	\$ 598.5	54,276,998	\$ 587.6

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.

Conditions of Class A Non-Voting Shares and Common Shares

The holders of Class A Non-Voting Shares are entitled to receive a fixed cumulative preferential dividend at the rate of \$0.01 per share per annum. After payment of fixed cumulative preferential dividends at the rate of \$0.01 per share per annum on each of the Class A Non-Voting Shares with respect to the current year and each preceding year and payment of a non-cumulative dividend on each of the Common Shares with respect to the current year at the same rate, the holders of the Class A Non-Voting Shares and the Common Shares are entitled to further dividends declared and paid in equal amounts per share without preference or distinction or priority of one share over another.

In the event of the liquidation, dissolution, or winding up of the Company, all of the property of the Company available for distribution to the holders of the Class A Non-Voting Shares and the Common Shares shall be paid or distributed equally, share for share, to the holders of the Class A Non-Voting Shares and to the holders of the Common Shares without preference or distinction or priority of one share over another.

The holders of Class A Non-Voting Shares are entitled to receive notice of and to attend all meetings of the shareholders; however, except as provided by the *Business Corporations Act* (Ontario) and as hereinafter noted, they are not entitled to vote at those meetings. Holders of Class A Non-Voting Shares, voting separately as a class, are entitled to elect the greater of (i) three Directors or (ii) one-fifth of the total number of the Company's Directors.

The holders of Common Shares are entitled to receive notice of, to attend and to have one vote for each Common Share held at all meetings of holders of Common Shares, subject only to the restriction on the right to elect those directors who are elected by the holders of Class A Non-Voting Shares as set out above.

Common Shares can be converted, at any time and at the option of each holder of Common Shares, into Class A Non-Voting Shares on a share-for-share basis. The authorized number of shares of either class cannot be increased without the approval of the holders of at least two-thirds of the shares of each class represented and voted at a meeting of the shareholders called for the purpose of considering such an increase. Neither the Class A Non-Voting Shares nor the Common Shares can be changed in any manner whatsoever, whether by way of subdivision, consolidation, reclassification, exchange, or otherwise, unless at the same time the other class of shares is also changed in the same manner and in the same proportion.

Should an offer to repurchase Common Shares be made to all, or substantially all of the holders of Common Shares, or be required by applicable securities legislation or by the Toronto Stock Exchange to be made to all holders of Common Shares in Ontario and should a majority of the Common Shares then issued and outstanding be tendered and taken up pursuant to such offer, the Class A Non-Voting Shares shall thereupon and thereafter be entitled to one vote per share at all meetings of the shareholders and thereafter the Class A Non-Voting Shares shall be designated as Class A Shares. The foregoing voting entitlement applicable to Class A Non-Voting Shares would not apply in the case where an offer is made to repurchase both Class A Non-Voting Shares and Common Shares at the same price per share and on the same terms and conditions.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The foregoing is a summary of certain conditions attached to the Class A Non-Voting Shares of the Company and reference should be made to the Company's articles of amendment dated December 15, 1983 for a full statement of such conditions, which are available on SEDAR+ at www.sedarplus.ca.

As of December 30, 2023, the Company had dividends declared and payable to holders of Class A Non-Voting Shares and Common Shares of \$97.3 million (December 31, 2022 – \$99.5 million) at a rate of \$1.7500 per share (December 31, 2022 – \$1.7250 per share).

On February 14, 2024 the Company's Board of Directors declared a dividend of \$1.7500 per share payable on June 1, 2024 to shareholders of record as of April 30, 2024.

Dividends per share declared were \$6.9250 in 2023 (December 31, 2022 – \$6.2750).

The dilutive effect of employee stock options is 228,770 (December 31, 2022 – 353,555).

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 December 30, 2023, and December 31, 2022, 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 2023 and 2022 were as follows:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of year	1,293,009	\$ 132.26	1,323,987	\$ 118.91
Granted	256,735	167.31	226,744	187.25
Exercised and surrendered ¹	(336,595)	102.62	(210,564)	108.17
Forfeited	(62,552)	174.87	(47,158)	129.53
Outstanding at end of year	1,150,597	\$ 146.44	1,293,009	\$ 132.26
Stock options exercisable at end of year	314,529		310,215	

¹ The weighted average market price of the Company's shares when the options were exercised in 2023 was \$170.50 (December 31, 2022 – \$183.44).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes information about stock options outstanding and exercisable at December 30, 2023:

Range of exercise prices	Options outstanding		Options exercisable		
	Number of outstanding options	Weighted average remaining contractual life ¹	Weighted average exercise price	Number of exercisable options	Weighted average exercise price
\$ 187.25	195,478	5.24	\$ 187.25	—	\$ —
177.09	85,838	1.16	177.09	—	—
173.14	178,577	4.21	173.14	—	—
167.80	236,976	6.24	167.80	—	—
156.29	41,805	0.16	156.29	—	—
144.35	97,394	2.16	144.35	—	—
80.49	314,529	3.23	80.49	314,529	80.49
\$ 80.49 to 187.25	1,150,597	3.99	\$ 146.44	314,529	\$ 80.49

¹ Weighted average remaining contractual life is expressed in years.

Performance Share Units and Performance Units

The Company grants Performance Share Units (“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 Performance Share Unit plan, multiplied by a factor determined by specific performance-based criteria and a relative total shareholder return modifier.

CT REIT grants Performance Units (“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 Performance Unit plan, multiplied by a factor determined by specific performance-based criteria.

Restricted Share Units and Restricted Units

The Company grants Restricted Share Units (“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 Restricted Share Unit plan.

CT REIT offers a Restricted Unit (“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 and Deferred Units

The Company offers Deferred Share Unit (“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 Deferred Unit (“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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

	2023			2022		
	Stock options	PSUs	RSUs	Stock options	PSUs	RSUs
Share price at end of year (C\$)	\$ 140.72	\$ 140.72	\$ 140.72	\$ 141.50	\$ 141.50	\$ 141.50
Weighted average exercise price ¹ (C\$)	\$ 145.09	N/A	N/A	\$ 131.93	N/A	N/A
Expected remaining life (years)	3.1	0.6	1.0	3.3	0.6	1.9
Expected dividends	5.1 %	6.8 %	5.0 %	6.0 %	7.9 %	5.7 %
Expected volatility ²	26.4 %	24.2 %	23.0 %	30.1 %	27.4 %	31.1 %
Risk-free interest rate	4.0 %	5.2 %	5.0 %	4.1 %	4.9 %	4.6 %

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 taken into account 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)	2023	2022
Expense (recovery) arising from share-based payment transactions	\$ 47.3	\$ (18.3)
Effect of hedging arrangements	(5.7)	70.9
Total expense included in Net income	\$ 41.6	\$ 52.6

The total carrying amount of liabilities for share-based payment transactions at December 30, 2023, was \$66.2 million (December 31, 2022 – \$112.1 million).

The intrinsic value of the liability for vested benefits at December 30, 2023, was \$36.2 million (December 31, 2022 – \$32.2 million).

28. Revenue

External revenue by reportable operating segment is as follows:

(C\$ in millions)	2023					2022				
	Retail	Financial Services	CT REIT	Adjustments	Total	Retail	Financial Services	CT REIT	Adjustments	Total
Sale of goods	\$14,573.1	\$ —	\$ —	\$ —	\$14,573.1	\$15,834.8	\$ —	\$ —	\$ —	\$15,834.8
Interest income on loans receivable	31.9	1,265.0	—	(19.1)	1,277.8	14.6	1,153.0	—	(8.9)	1,158.7
Royalties and licence fees	64.4	—	—	—	64.4	64.0	—	—	—	64.0
Services rendered	17.1	190.5	—	(5.5)	202.1	19.9	182.6	—	(4.4)	198.1
Rental income	480.6	—	58.5	—	539.1	498.1	—	56.9	—	555.0
	\$15,167.1	\$ 1,455.5	\$ 58.5	\$ (24.6)	\$16,656.5	\$16,431.4	\$ 1,335.6	\$ 56.9	\$ (13.3)	\$17,810.6



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Retail revenue breakdown is as follows:

(C\$ in millions)	2023	2022
Canadian Tire	\$ 8,699.3	\$ 9,647.9
SportChek	1,952.3	2,099.2
Mark's	1,532.0	1,561.2
Helly Hansen ¹	837.2	781.2
Petroleum	2,131.1	2,341.5
Other and intersegment eliminations ¹	15.2	0.4
	\$ 15,167.1	\$ 16,431.4

¹ Helly Hansen revenue represents external revenue only.

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)	2023	2022
Inventory cost of sales ¹	\$ 10,324.0	\$ 11,197.9
Net impairment loss on loans receivable	449.6	366.4
Finance costs on deposits	106.3	81.7
Other	73.0	66.7
	\$ 10,952.9	\$ 11,712.7

¹ Inventory cost of sales includes depreciation for the year ended December 30, 2023 of \$31.0 million (December 31, 2022 – \$24.5 million).

Inventory write-downs, as a result of net realizable value being lower than cost, recognized in the year ended December 30, 2023 were \$127.1 million (December 31, 2022 – \$71.8 million).

Inventory write-downs recognized in prior periods and reversed in the year ended December 30, 2023 were \$8.9 million (December 31, 2022 – \$12 million). The reversal of write-downs was the result of actual losses being lower than previously estimated.

The write-downs and reversals are included in Inventory cost of sales, with the exception of the write-downs resulting from the fire at the A.J. Billes Distribution Centre which were recognized in Other expense (income) in the Consolidated Statements of Income.

30. Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the following:

(C\$ in millions)	2023	2022
Personnel expenses	\$ 1,677.1	\$ 1,577.5
Occupancy	523.9	486.8
Marketing and advertising	398.2	429.1
Information systems	348.2	290.9
Other	728.3	718.2
	\$ 3,675.7	\$ 3,502.5



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31. Depreciation and Amortization

(C\$ in millions)		2023	2022
Depreciation of property and equipment and investment property ¹	\$	288.1	\$ 267.6
Depreciation of right-of-use assets		356.1	328.9
Amortization of intangible assets		127.0	122.5
	\$	771.2	\$ 719.0

¹ Refer to Note 29 for depreciation included in Cost of producing revenue.

32. Net Finance Costs

Net finance costs consists of the following:

(C\$ in millions)		2023	2022
Finance (income)	\$	(35.2)	\$ (16.0)
Finance (income) on lease receivables		(4.6)	(4.9)
Finance costs		259.8	164.3
Finance costs on lease liabilities		101.5	87.6
	\$	321.5	\$ 231.0

33. Notes to the Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities comprise the following:

(C\$ in millions)	2023		
	Lease liabilities	Deposits	Long-term debt
Balance, beginning of year	\$ 2,407.6	\$ 2,965.7	\$ 4,257.7
Cash changes:			
Payment of lease liabilities (principal portion)	(425.2)	—	—
Change in deposits	—	393.5	—
Long-term debt issuance	—	—	1,750.0
Long-term debt repayment	—	—	(984.0)
Mortgage repayment	—	—	(56.1)
Payment of transaction costs related to long-term debt	—	—	(6.0)
Total changes from financing cash flows	(425.2)	393.5	703.9
Non-cash and other changes:			
New leases, interest accretion, currency translation adjustment and other	382.1	—	(0.6)
Amortization of broker commission	—	5.1	—
Amortization of debt issuance costs	—	—	3.5
Balance, end of year	\$ 2,364.5	\$ 3,364.3	\$ 4,964.5



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(C\$ in millions)	2022		
	Lease liabilities	Deposits	Long-term debt
Balance, beginning of year	\$ 2,275.8	\$ 3,893.7	\$ 4,278.5
Cash changes:			
Payment of lease liabilities (principal portion)	(357.2)	—	—
Change in deposits	—	(932.5)	—
Long-term debt issuance	—	—	700.0
Long-term debt repayment	—	—	(710.0)
Mortgage repayment	—	—	(10.1)
Payment of transaction costs related to long-term debt	—	—	(3.7)
Total changes from financing cash flows	(357.2)	(932.5)	(23.8)
Non-cash and other changes:			
New leases, interest accretion, currency translation adjustment and other	489.0	—	(0.3)
Amortization of broker commission	—	4.5	—
Amortization of debt issuance costs	—	—	3.3
Balance, end of year	\$ 2,407.6	\$ 2,965.7	\$ 4,257.7

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 December 30, 2023, reserves held by Financial Services totalled \$404.5 million (December 31, 2022 – \$323.0 million) and includes restricted cash disclosed in Note 7 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:

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

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

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

Investments in Debt Securities

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

Derivatives

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Redeemable Financial Instrument

On October 1, 2014, Scotiabank acquired a 20.0 percent interest in CTFS Holdings Limited from the Company for proceeds of \$476.8 million, net of \$23.2 million in transaction costs. In conjunction with the transaction, Scotiabank was provided an option to sell and require the Company to purchase all the interest owned by Scotiabank at any time during the six-month period following the tenth anniversary of the transaction. This obligation gave rise to a liability for the Company ("redeemable financial instrument") and was recorded on the Company's Consolidated Balance Sheets in Other long-term liabilities through Q3 2023.

The redeemable financial instrument was initially recorded at \$500.0 million. During the third quarter of 2023, the Company remeasured the redeemable financial instrument, resulting in a \$328.0 million charge in the Consolidated Statements of Income. On October 31, 2023, the Company repurchased Scotiabank's 20 percent interest in CTFS Holdings Limited for \$895.0 million. The transaction extinguished the Company's redeemable financial instrument through retained earnings.

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)		2023		2022	
	Category	Level		Level	
Trade and other receivables	FVTPL ¹	2	\$ 14.0	2	\$ 35.5
Trade and other receivables	Effective hedging instruments	2	62.7	2	154.4
Long-term receivables and other assets	Effective hedging instruments	2	44.8	2	107.9
Trade and other payables	FVTPL ¹	2	34.9	2	73.4
Trade and other payables	Effective hedging instruments	2	28.6	2	1.1
Redeemable financial instrument	FVTPL	—	—	3	567.0
Other long-term liabilities	FVTPL ¹	2	0.8	2	3.9
Other long-term liabilities	Effective hedging instruments	2	15.5	2	0.5

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 2023 or 2022.

Changes in Fair Value Measurement for Instruments Categorized in Level 3

As of December 30, 2023 the redeemable financial instrument had been extinguished; the fair value at December 31, 2022 was \$567.0 million.



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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 (C\$ in millions)	December 30, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Short-term investments	\$ 177.2	\$ 177.8	\$ 176.3	\$ 176.8
Long-term investments	108.2	110.0	62.6	63.1
Long-term debt ¹	4,964.5	4,950.1	4,257.7	4,085.3
Deposits	3,364.3	3,355.5	2,965.7	2,910.7

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)	2023	2022
Net (loss) gain on:		
Financial instruments designated and/or classified as FVTPL ¹	\$ (320.0)	\$ 113.4
Interest income (expense):		
Total interest income calculated using effective interest method for financial instruments that are not at FVTPL	1,312.8	1,174.7
Total interest expense calculated using effective interest method for financial instruments that are not at FVTPL	(357.0)	(241.7)
Fee expense arising from financial instruments that are not at FVTPL:		
Other fee expense	(18.9)	(20.3)

¹ Excludes gains (losses) on cash flow hedges, which are effective hedging relationships and are reflected on the Consolidated Statements of Comprehensive Income.

34.5 Derivatives Designated as Hedging Instruments

The following table details the effectiveness of the hedging relationships and the amounts reclassified from hedging reserve to profit or loss:

(C\$ in millions)	Current period hedging gains (losses) recognized in OCI	2023 Amounts reclassified to profit or loss	
		Due to hedged item affecting profit or (loss)	Line item in profit or loss affected by the reclassification
Foreign currency risk	(11.0)	(2.0)	Other expense (income)
Interest rate risk	0.5	3.1	Net finance costs



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(C\$ in millions)	2022		
		Current period hedging gains (losses) recognized in OCI ¹	Amounts reclassified to profit or loss
			Due to hedged item affecting profit or loss
			Line item in profit or loss affected by the reclassification
Foreign currency risk	\$	227.1	\$ (1.6) Other expense (income)
Interest rate risk	\$	107.6	\$ 9.5 Net finance costs

¹ Certain prior year figures have been restated to conform to the current year presentation.

The Company has entered into the following derivatives to manage its foreign currency risk and interest rate risk.

(C\$ in millions)							2023
Foreign exchange derivatives (domestic) ¹	Fair Value	Opening OCI Gain/(Loss)	Changes in Effective Earnings Gain/(Loss)	Released Gain/(Loss)	Ending OCI Gain/(Loss)	Location	
FX forwards - USD domestic inventory hedges	\$ (10.0)	\$ 123.3	\$ (25.7)	\$ 108.1	\$ (10.5)	Cash Flow Hedge (OCI)	
FX forwards - USCP debt	(1.2)	n/a	n/a	n/a	n/a	FVTPL	
FX forwards - NOK intercompany loan	(4.2)	n/a	n/a	n/a	n/a	FVTPL	
	\$ (15.4)	\$ 123.3	\$ (25.7)	\$ 108.1	\$ (10.5)		

¹ Excluded from the foreign exchange derivatives are revenue and inventory hedges of FX risk between NOK and multiple currencies.

(C\$ in millions)							2023
Interest rate derivatives	Fair Value	Opening OCI Gain/(Loss)	Changes in Effective Earnings Gain/(Loss)	Released Gain/(Loss)	Ending OCI Gain/(Loss)	Location	
Forward starting swaps	\$ 0.7	\$ (17.9)	\$ (0.8)	\$ (7.1)	\$ (11.7)	Cash Flow Hedge (OCI)	
Interest rate swaptions (pay fixed / receive float)	73.4	71.4	1.3	3.8	68.9	Cash Flow Hedge (OCI)	
	\$ 74.1	\$ 53.5	\$ 0.5	\$ (3.3)	\$ 57.2		

(C\$ in millions)							2022
Foreign exchange derivatives (domestic) ¹	Fair Value	Opening OCI Gain/(Loss)	Changes in Effective Earnings Gain/(Loss)	Released Gain/(Loss)	Ending OCI Gain/(Loss)	Location	
FX forwards - USD domestic inventory hedges	\$ 154.6	\$ 24.4	\$ 210.9	\$ 112.0	\$ 123.3	Cash Flow Hedge (OCI)	
FX forwards - USCP debt	—	n/a	n/a	n/a	n/a	FVTPL	
FX forwards - NOK intercompany loan	(13.0)	n/a	n/a	n/a	n/a	FVTPL	
	\$ 141.6	\$ 24.4	\$ 210.9	\$ 112.0	\$ 123.3		

¹ Excluded from the foreign exchange derivatives are revenue and inventory hedges of FX risk between NOK and multiple currencies.

(C\$ in millions)							2022
Interest rate derivatives	Fair Value	Opening OCI Gain/(Loss)	Changes in Effective Earnings Gain/(Loss)	Released Gain/(Loss)	Ending OCI Gain/(Loss)	Location	
Forward starting swaps	\$ 1.6	\$ (29.1)	\$ 3.4	\$ (7.8)	\$ (17.9)	Cash Flow Hedge (OCI)	
Interest rate swaptions (pay fixed / receive float)	125.8	(35.3)	104.2	(2.6)	71.4	Cash Flow Hedge (OCI)	
	\$ 127.4	\$ (64.4)	\$ 107.6	\$ (10.4)	\$ 53.5		



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The following table shows a reconciliation of cash flow hedges, in total Accumulated other comprehensive income (loss):

(C\$ in millions)	2023	2022
Balance, beginning of year	\$ 132.9	\$ (19.9)
Changes in fair value:		
<i>Foreign currency risk</i>		
Hedging instruments entered into for cash flow hedges subject to basis adjustment	(10.7)	224.1
Hedging instruments entered into for cash flow hedges not subject to basis adjustment	(0.3)	3.0
<i>Interest rate risk</i>		
Hedging instruments entered into for cash flow hedges not subject to basis adjustment	(53.0)	102.8
Deferred cost of hedging not subject to basis adjustment – time value of an option in relation to time-period related hedged items	53.5	5.7
Amount reclassified to profit or loss:		
Foreign currency risk	(2.0)	(1.6)
Interest rate risk	3.1	9.5
Amount reclassified to non-financial assets:		
Foreign currency risk	(121.4)	(111.9)
Tax on movements on reserves during the year	34.6	(61.4)
Attributable to non-controlling interests	(10.2)	(17.4)
Balance, end of year	\$ 26.5	\$ 132.9

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 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; or (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 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 has agreed to reimburse the bank issuing such standby LC for the amount so drawn. The Company has not recorded any liability for these amounts due to there having been no historical draws made by Franchise Trust under such LCs, 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. The Company's maximum exposure as at December 30, 2023 under the LCs was \$119.4 million (December 31, 2022 – \$62.0 million).

The Company has obtained documentary and standby LCs aggregating \$24.9 million (December 31, 2022 – \$27.5 million) relating to the importation of merchandise inventories and to facilitate various real estate activities.



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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 it would be required to pay to counterparties. 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.

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 \$5.4 million (December 31, 2022 – \$3.5 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. The majority of these third-party financial guarantees have expiration dates extending up to and including January 2026 and any extension is at the Company's discretion. The Company's maximum exposure as at December 30, 2023 under these financial guarantees was \$7.2 million (December 31, 2022 – \$5.5 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 December 30, 2023 under these buy-back agreements was \$19.1 million (December 31, 2022 – \$24.6 million).

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 leasing 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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 5.

Capital and Other Commitments

As at December 30, 2023, the Company had capital commitments for the acquisition of property and equipment, investment property and intangible assets for an aggregate cost of approximately \$173.8 million (December 31, 2022 – \$165.5 million).

As at December 30, 2023 the Company had other commitments of \$3.9 million (December 31, 2022 – \$145.8 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, 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)		2023	2022
Salaries and short-term employee benefits	\$	16.4	\$ 16.0
Share-based payments and other		9.0	(2.4)
	\$	25.4	\$ 13.6



2023 Quarterly Information

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
(C\$ in millions, except where noted)	(January 1, 2023 to April 1, 2023)	(April 2, 2023 to July 1, 2023)	(July 2, 2023 to September 30, 2023)	(October 1, 2023 to December 30, 2023)	
(Store numbers are cumulative at end of period)					
Retail segment					
Revenue	\$ 3,337.9	\$ 3,896.1	\$ 3,867.3	\$ 4,070.0	\$ 15,171.3
Income before income taxes	(79.3)	85.6	239.0	161.7	407.0
Financial Services segment					
Revenue	369.8	364.5	393.1	379.9	1,507.3
Income before income taxes	118.7	55.4	125.7	85.2	385.0
CT REIT segment					
Revenue	137.5	137.8	137.5	140.0	552.8
Income before income taxes	70.5	109.4	11.3	38.3	229.5
Total					
Revenue	\$ 3,707.2	\$ 4,255.8	\$ 4,250.5	\$ 4,443.0	\$ 16,656.5
Cost of producing revenue	2,425.3	2,807.4	2,814.0	2,906.2	10,952.9
Other expense (income)	79.0	79.0	(126.8)	3.2	34.4
Selling, general and administrative expenses	871.2	929.3	891.7	983.5	3,675.7
Depreciation and amortization	192.1	188.8	194.0	196.3	771.2
Net finance costs	73.0	77.4	80.3	90.8	321.5
Change in fair value of redeemable financial instrument	—	—	328.0	—	328.0
Income taxes	23.8	47.0	97.1	65.8	233.7
Net income	42.8	126.9	(27.8)	197.2	339.1
Net income attributable to shareholders of Canadian Tire Corporation	7.8	99.4	(66.4)	172.5	213.3
Net income attributable to non-controlling interests	35.0	27.5	38.6	24.7	125.8
Basic EPS ¹	0.14	1.77	(1.19)	3.10	3.79
Diluted EPS ¹	0.13	1.76	(1.19)	3.09	3.78
Canadian Tire					
Retail sales growth ^{2, 9}	(4.9)%	(0.1)%	(0.9)%	(6.9)%	(3.1)%
Comparable sales growth ^{3, 9}	(4.8)%	0.1 %	(0.6)%	(6.8)%	(2.9)%
Number of Canadian Tire stores	504	503	502	502	
Number of Other Canadian Tire stores ⁴	161	161	161	161	
SportChek					
Retail sales growth ⁵	3.9 %	(0.2)%	(7.6)%	(6.8)%	(3.5)%
Comparable sales growth ³	3.7 %	0.1 %	(7.4)%	(6.4)%	(3.2)%
Number of SportChek stores	372	370	370	371	
Canadian Tire Petroleum					
Number of gas bars	282	282	282	281	
Mark's					
Retail sales growth ⁶	5.0 %	0.1 %	(0.1)%	(7.6)%	(2.2)%
Comparable sales growth ³	4.8 %	0.4 %	0.2 %	(7.2)%	(1.9)%
Number of Mark's stores	379	379	379	380	
Financial Services segment					
Average number of accounts with a balance (thousands) ⁷	2,278	2,319	2,338	2,340	2,319
Average account balance(\$) ^{7, 9}	3,059	3,057	3,084	3,118	3,080
Gross average accounts receivable (millions) ⁸	6,971	7,089	7,212	7,294	7,141



2023 Quarterly Information

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
(C\$ in millions, except where noted)	(January 1, 2023 to April 1, 2023)	(April 2, 2023 to July 1, 2023)	(July 2, 2023 to September 30, 2023)	(October 1, 2023 to December 30, 2023)	
Class A Non-Voting Shares					
High	\$ 176.84	\$ 185.89	\$ 189.82	\$ 148.61	\$ 189.82
Low	142.72	162.51	143.64	131.46	131.46
Close	176.37	181.12	146.05	140.72	140.72
Volume (thousands of shares)	17,615	13,722	11,232	13,499	56,068
Common Shares					
High	\$ 336.00	\$ 327.00	\$ 300.00	\$ 288.08	\$ 336.00
Low	249.99	288.00	254.80	250.00	249.99
Close	327.00	288.00	285.00	280.00	280.00
Volume (thousands of shares)	13	5	14	11	43

¹ Basic EPS is calculated by dividing the net income attributable to shareholders of Canadian Tire Corporation by the weighted average number of Common and Class A Non-Voting shares outstanding during the reporting period. Diluted EPS is calculated by dividing the net income attributable to shareholders of Canadian Tire Corporation by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential equity instruments, which comprise employee stock options.

² Retail sales growth includes sales from Canadian Tire, PartSource, PHL, Party City and the labour portion of Canadian Tire's auto service sales.

³ Comparable sales growth excludes Petroleum. The Canadian Tire banner includes PartSource, PHL and Party City. Refer to section 10.2 in this MD&A for additional information on Comparable sales growth.

⁴ Other Canadian Tire banners include PartSource, PHL and Party City.

⁵ Retail sales include sales from both corporate and franchise stores.

⁶ Retail sales growth includes Retail sales from Mark's corporate and franchise stores but excludes revenue relating to alteration and embroidery services.

⁷ Credit card portfolio only.

⁸ Total portfolio of loans receivable.

⁹ For further information about this measure see section 10.2 (Supplementary Financial Measures) of the Company's MD&A included in this document.



2022 Quarterly Information

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	
(C\$ in millions, except where noted)	(January 2, 2022 to April 2, 2022)	(April 3, 2022 to July 2, 2022)	(July 3, 2022 to October 1, 2022)	(October 2, 2022 to December 31, 2022)	Total
(Store numbers are cumulative at end of period)					
Retail segment					
Revenue	\$ 3,504.5	\$ 4,067.2	\$ 3,873.7	\$ 4,990.9	\$ 16,436.3
Income before income taxes	148.8	123.8	133.0	642.4	1,048.0
CT REIT segment					
Revenue	331.7	340.4	360.4	357.2	1,389.7
Income before income taxes	125.3	90.0	139.6	86.8	441.6
Financial Services segment					
Revenue	131.9	132.6	133.1	135.2	532.8
Income before income taxes	93.1	79.8	77.0	74.7	324.6
Total					
Revenue	\$ 3,837.4	\$ 4,404.0	\$ 4,228.8	\$ 5,340.4	\$ 17,810.6
Cost of producing revenue	2,526.0	3,021.2	2,843.5	3,322.0	11,712.7
Other (income) expense	(1.3)	48.9	13.8	0.2	61.6
Selling, general and administrative expenses ¹	794.9	862.1	833.5	1,012.0	3,502.5
Depreciation and amortization ¹	168.3	178.8	183.8	188.1	719.0
Net finance costs	54.6	54.9	55.6	65.9	231.0
Income taxes	77.3	60.5	73.6	189.6	401.0
Net income	217.6	177.6	225.0	562.6	1,182.8
Net income attributable to shareholders of Canadian Tire Corporation	182.1	145.2	184.9	531.9	1,044.1
Net income attributable to non-controlling interests	35.5	32.4	40.1	30.7	138.7
Basic EPS ²	3.05	2.45	3.15	9.13	17.70
Diluted EPS ²	3.03	2.43	3.14	9.09	17.60
Canadian Tire					
Retail sales growth ^{3, 10}	4.5 %	3.8 %	0.6 %	(0.1)%	2.0 %
Comparable sales growth ^{4, 10}	4.5 %	3.9 %	0.7 %	0.0 %	2.0 %
Number of Canadian Tire stores	504	504	504	504	
Number of Other Canadian Tire stores ⁵	161	161	161	161	
SportChek					
Retail sales growth ⁶	4.5 %	0.6 %	(1.5)%	(1.6)%	0.0 %
Comparable sales growth ⁴	10.2 %	4.1 %	(1.0)%	(1.7)%	1.8 %
Number of SportChek stores	375	376	375	375	
Canadian Tire Petroleum					
Number of gas bars	292	292	290	284	
Mark's					
Retail sales growth ⁷	17.4 %	21.1 %	3.9 %	4.4 %	9.8 %
Comparable sales growth ⁴	17.1 %	20.9 %	3.6 %	4.3 %	9.6 %
Number of Mark's stores	380	380	380	380	
Financial Services segment					
Average number of accounts with a balance (thousands) ⁸	2,182	2,236	2,279	2,313	2,253
Average account balance (\$) ^{8, 10}	2,892	2,931	2,975	3,012	2,953
Gross average accounts receivable (millions) ⁹	6,313	6,553	6,781	6,970	6,654



2022 Quarterly Information

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	
(C\$ in millions, except where noted)	(January 2, 2022 to April 2, 2022)	(April 3, 2022 to July 2, 2022)	(July 3, 2022 to October 1, 2022)	(October 2, 2022 to December 31, 2022)	Total
Class A Non-Voting Shares					
High	\$ 196.75	\$ 195.00	\$ 173.46	\$ 157.40	\$ 196.75
Low	170.88	159.36	145.22	139.24	139.24
Close	185.80	162.40	147.05	141.50	141.50
Volume (thousands of shares)	12,376	14,055	15,674	16,111	58,216
Common Shares					
High	\$ 361.50	\$ 425.00	\$ 320.00	\$ 298.89	\$ 425.00
Low	312.15	300.15	259.80	243.18	243.18
Close	361.50	320.00	266.92	249.99	249.99
Volume (thousands of shares)	15	8	12	15	50

¹ Certain prior-year figures have been restated to conform to the current-year presentation.

² Basic EPS is calculated by dividing the net income attributable to shareholders of Canadian Tire Corporation by the weighted average number of Common and Class A Non-Voting shares outstanding during the reporting period. Diluted EPS is calculated by dividing the net income attributable to shareholders of Canadian Tire Corporation by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential equity instruments, which comprise employee stock options.

³ Retail sales growth includes sales from Canadian Tire, PartSource, PHL, Party City and the labour portion of Canadian Tire's auto service sales

⁴ Comparable sales growth excludes Petroleum. The Canadian Tire banner includes PartSource, PHL and Party City. Comparable sales growth and comparable store gasoline volume growth includes the sales from stores which were temporarily closed during 2021. Refer to section 10.2 in this MD&A for additional information on Comparable sales growth.

⁵ Other Canadian Tire banners include PartSource, PHL and Party City.

⁶ Retail sales include sales from both corporate and franchise stores.

⁷ Retail sales growth includes Retail sales from Mark's corporate and franchise stores but excludes revenue relating to alteration and embroidery services.

⁸ Credit card portfolio only.

⁹ Total portfolio of loans receivable.

¹⁰ For further information about this measure see section 10.2 (Supplementary Financial Measures) of the Company's MD&A included in this document.



CONTACT

HEAD OFFICE

Canadian Tire Corporation, Limited
2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario M4P 2V8, Canada
Telephone: 416-480-3000
Fax: 416-544-7715
Website: corp.canadiantire.ca

INVESTOR RELATIONS CONTACT

Karen Keyes
Head of Investor Relations
karen.keyes@cantire.com
Investor Relations:
investorrelations@cantire.com

MEDIA CONTACT

Stephanie Nadalin
Vice-President, Communications
stephanie.nadalin@cantire.com
Media Inquiries:
mediainquiries@cantire.com

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
100 University Avenue, 8th floor, Toronto, Ontario M5J 2Y1, Canada
Toll-free (Canada and U.S.): 1-877-982-8768
Telephone (Global): 514-982-7122
Fax (Canada and U.S.): 1-866-249-7775
Fax (Global): 416-263-9524
Email: service@computershare.com





Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	12.10.2012	18.10.2012
Telefon	Deres referanse	Vår referanse
22078139	Knut Are Høgberg	2012/786874

HELLY HANSEN AS
Postboks 1653 Vika
0120 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 12. oktober 2012 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for;

Teodin Holdco AS org. nr. 998 263 158
Teodin Acquico AS org. nr. 998 406 323

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Teodin Holdco AS og Teodin Acquico AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

Helly Hansen Group AS var morselskap i konsernet og har i vedtak (12/51825) av 17. januar 2012 fått tillatelse til å utarbeide årsregnskapet og årsberetningen på engelsk språk. I august 2012 ble litt over 70 % av aksjene i Helly Hansen Group AS solgt til Ontario Teachers Pension Plan som har hovedkontor i Canada. Av de resterende aksjene eier utenlandske investorer 20 % og ledelsen de siste 10 %. Konsernet har fått to nye selskaper, Teodin Holdco AS og Teodin Acquico AS, som er morselskaper til Helly Hansen Group AS. Teodin Holdco AS er nå konsernets ultimate morselskap. Konsernet produserer og selger teknisk bekledning og fritidstøy innen vintersport, sjøsport og utendørsaktiviteter så vel som arbeidstøy. Konsernet har per i dag ca. 75 – 80 % av salgsinntektene sine utenfor Norges grenser. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Konsernets rapporterings- og arbeidsspråk er engelsk. Den norske versjonen utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal ”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland 0134 Oslo	Se www.skatteetaten.no Org. nr: 996250318	800 80 000 Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet tidligere konsernspiss er gitt tillatelse til å utarbeide konsernregnskapet på engelsk språk. Konsernets rapporterings- og arbeidsspråk er engelsk. Eierkretsen er begrenset og majoritetseier er hjemmehørende i utlandet. Videre er det vektlagt at 75 - 80 % av omsetningen foregår utenfor Norges grenser.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



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Annual Report 2023 CTC Triangle (Norway) I AS

Org.no.: 998 263 158



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CTC Triangle (Norway) I AS

Directors' Report 2023

CTC Triangle (Norway) I AS is a legal and financial entity that is the 100% owner of Helly Hansen Holding AS and its subsidiaries owning Helly Hansen and Musto Ltd (together "The Group" or "CTC Triangle"). The Group is primarily engaged in the design, sourcing, marketing and sale of apparel and footwear. Product categories include sailing, wintersports, outdoor, lifestyle, footwear, base layer and workwear. The principal markets are Scandinavia, Europe, and North America. The company is headquartered in Oslo, Norway.

The ultimate parent company is Canadian Tire Corporation Ltd, a company listed on the Toronto stock exchange. CTC Triangle (Norway) I AS is not obliged by the Norwegian Accounting Act to issue consolidated financial statements. The consolidated result of CTC Triangle (Norway) I AS and its subsidiaries is included in the consolidated financial statements of Canadian Tire Corporation Ltd and its subsidiaries. These consolidated financial statements are available at:
<https://corp.canadiantire.ca/English/investors/financials-reporting/annual-disclosures/default.aspx>

Comments on the financial statements 2023

Net profit in 2023 was, NOK 108,5 million compared to NOK 3,6 million in 2022. Increase in financing operations with higher interest income contributed to satisfactory financial results in 2023.

Total cash flow from operating activities was NOK 4 thousand in 2023 compared to NOK (2) thousand in 2022. The difference is mainly related to change in intercompany balances.

Total assets amounted to NOK 3 073 million compared to NOK 3 405 million for 2022.

Non-current debt and liabilities, including intercompany debt, amounted to NOK 1 522 million at the end of 2023, compared to NOK 1 962 million at the end of 2022. The financing is through an intercompany loan with the ultimate parent company Canadian Tire Corporations Ltd.

The Board of Directors proposes the following allocation of the result for the year:

Profit for the year	NOK 108 526 209
Transfer to other equity	NOK 108 526 209

The equity ratio was 50 % as of 31.12.2023, compared to 42 % last year.

Transparency Act

For information related to the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions, a report will be published on Helly Hansen AS' website:
<https://www.hellyhansen.com/sustainability>

Research and Development

The company is not involved in any research and development activities.

Employees, environment, safety, and organization

The Company has no employees and no operation.

The company does not engage in any activities which pollute the environment.

Insurance for board members and general manager

An insurance policy has been signed for Directors, Officers, the Corporation, and its subsidiaries. The insurance policy cover claims relating to any wrongful act committed or attempted in their respective occupations as Directors and Officers.

Financial risk and risk management

The Company has no external debt and has no transactions in foreign currency. The financial risk is limited to the value of shares in subsidiaries, in addition to changes to the Nibor interest.



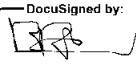
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Going concern

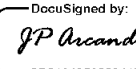
In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on the company's financial position. The company's economic and financial position is sound.

Oslo, 02.05.2024

The board of CTC Triangle (Norway) I AS

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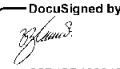
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Brian McCammond
Chairman of the board

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Jean-Philippe Arcand
Member of the board

DocuSigned by:


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Carrie Ann Ask
Member of the board/General Manager

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Harald Blaauw
Member of the board



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Revenue statement

CTC Triangle (Norway) I AS

Values in 1000 NOK	Note	2023	2022
Operating income and operating expenses			
Other expenses	1, 2	91	47
Total expenses		91	47
Operating profit/ (loss)		(91)	(47)
Financial income and expenses			
Income from subsidiaries	3	25 227	-
Interest income from group companies	3	145 398	44 262
Other interest income		4	1
Interest expense to group companies	3	107 733	40 607
Net financial items		62 896	3 657
Net profit/ (loss) before tax		62 805	3 609
Incomm tax (income)/ expense	4	(45 721)	-
Net profit/ (loss)	5	108 526	3 609
Attributable to/ (from)			
Other equity		108 526	3 609
Total		108 526	3 609

CTC Triangle (Norway) I AS

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Balance sheet

CTC Triangle (Norway) I AS

Values in 1000 NOK	Note	2023	2022
Assets			
Non-current assets			
Intangible assets			
Deferred tax assets	4	45 721	-
Total intangible assets		45 721	-
Non-current financial assets			
Investments in subsidiaries	6	1 760 215	1 760 215
Loan to group companies	3	1 242 038	1 644 643
Total non-current financial assets		3 002 252	3 404 858
Total non-current assets		3 047 973	3 404 858
Current assets			
Other short-term receivables	3	25 227	-
Total receivables		25 227	-
Cash and cash equivalents	7	136	131
Total current assets		25 363	131
Total assets		3 073 336	3 404 989



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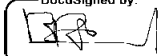
Balance sheet

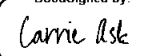
CTC Triangle (Norway) I AS


Values in 1000 NOK	Note	2023	2022
Equity and liabilities			
Paid-in capital			
Share capital	8	284 639	284 639
Share premium reserve		3 374 174	3 374 174
Total paid-in equity		3 658 813	3 658 813
Retained earnings			
Other equity		(2 107 458)	(2 215 984)
Total retained earnings		(2 107 458)	(2 215 984)
Total equity	5	1 551 355	1 442 829
Liabilities			
Other non-current liabilities			
Non-current intercompany liabilities	3	1 521 981	1 962 161
Total non-current liabilities		1 521 981	1 962 161
Total liabilities		1 521 981	1 962 161
Total equity and liabilities		3 073 336	3 404 989

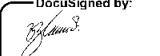
Oslo, 02.05.2024

The board of CTC Triangle (Norway) I AS

DocuSigned by:

Brian McCammond
Chairman of the board

DocuSigned by:

Carrie Ann Ask
Member of the board/General Manager

DocuSigned by:

Jean-Philippe Arcand
Member of the board

DocuSigned by:

Harald Blaauw
Member of the board



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Indirect cash flow

CTC Triangle (Norway) I AS

	Note	2023	2022
Cash flows from operating activities			
Net income		62 805	3 609
Change in intercompany balances		(62 801)	(3 612)
Net cash flows from operating activities		<u>4</u>	<u>(2)</u>
Cash flows from financing activities			
Net change in cash and cash equivalents		4	(2)
Cash and cash equivalents at the start of the period		131	134
Cash and cash equivalents at the end of the period		<u>136</u>	<u>131</u>



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CTC TRIANGLE (NORWAY) I AS

NOTES TO FINANCIAL STATEMENTS

Organisation and significant accounting principles

CTC Triangle (Norway) I AS ("the Company") is a Norwegian limited liability company incorporated on 11 April 2012 and domiciled in Norway. The Company is registered in the Register of Business Enterprises with organization number 998 263 158. The Company's registered office is Munkedamsveien 35, 0250 Oslo, Norway.

The Company is the 100% owner of Helly Hansen Holding AS and its subsidiaries owning Helly Hansen and Musto (together "The Group"). The Group is primarily engaged in the design, sourcing, marketing and sale of apparel and footwear. Product categories include sailing, wintersports, outdoor, lifestyle, base layer, footwear and workwear. The principal markets are Scandinavia, Europe, and North America.

In July 2018, 100% of the shares in the Company were acquired by CTC Triangle BV, a Dutch company domiciled in Holland. The ultimate parent company of CTC Triangle BV is Canadian Tire Corporation Ltd, a company listed on the Toronto stock exchange. CTC Triangle (Norway) I AS is not obliged by the Norwegian Accounting Act to issue consolidated financial statements. The consolidated result of CTC Triangle (Norway) I AS and its subsidiaries is included in the consolidated financial statements of Canadian Tire Corporation Ltd and its subsidiaries. These consolidated financial statements are available at: <https://corp.canadiantire.ca/English/investors/financials-reporting/annual-disclosures/default.aspx>

The company has no employees.

Basis of presentation

The accompanying financial statements have been prepared in accordance with the Norwegian Accounting Act from 1998 and Norwegian generally accepted accounting principles ("Norwegian GAAP"), and prepared under the going concern assumption.

The presentation and functional currency of the financial statements is Norwegian Kroner (NOK). Amounts included in the financial statements and notes are stated in thousands of NOK, except where otherwise noted.

Classification of balance sheet items

Cash, receivables, and liabilities are classified as current assets and current liabilities, respectively, if maturity is within one year of the balance sheet date. Assets and liabilities not maturing within one year of the balance sheet date are classified as non-current assets and long-term liabilities, respectively.

Investment in subsidiaries

In the Company's accounts subsidiaries are valued according to the cost method. The investments are valued at purchase cost of the shares unless a write-down has been considered to be necessary.

Dividends and group contribution are recognized in the same year as the provisions are made in the subsidiaries. If dividends significantly exceed the portion of retained result after the purchase, the excess represents repayment of invested capital and is deducted from the investment's value in the balance sheet.

Financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual



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provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the Other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Income taxes

Income tax expense includes current taxes and changes in deferred taxes.

Deferred taxes are computed in accordance with the liability method, which bases the estimated amount of future taxes to be refunded or paid on the temporary differences between financial and tax reporting basis of assets and liabilities using the prevailing tax rates as of the most recent balance sheet date. Deferred tax assets may only be recognized to the extent that it is more likely than not that such assets will be realised in future periods. Deferred tax liabilities and assets are presented on a gross basis in the balance sheet. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when deferred income taxes relate to the same jurisdiction.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 Remuneration to the auditor

Remuneration of TNOK 91 exclusive VAT (2022: TNOK 44) has been paid to the auditor in 2023.

Note 2 Board fee

No remuneration has been paid to members of the board during 2023.

Note 3 Inter-company items between companies in the same group

	2023	2022
Non-current intercompany receivables		
Helly Hansen Holding AS	1 242 038	1 644 643
Total	1 242 038	1 644 643
Non-current intercompany liabilities		
Canadian Tire Corporation Ltd.	1 521 981	1 962 161
Total	1 521 981	1 962 161
Current intercompany receivable		
Helly Hansen Holding AS	25 227	-
Total	25 227	-

A credit facility agreement between the company and Helly Hansen Holding AS was signed in 2018 and carried an interest of 4% + NIBOR. Interest in the amount of TNOK 8 379 was expensed in 2022. The maturity of the loan was 5 years and the loan was paid in full during 2022.



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During 2022 a new credit facility agreement was made between the company as lender and Helly Hansen Holding AS as borrower. The loan carries an interest of 4% + NIBOR and matures within 5 years. TNOK 145 398 (2022: TNOK 44 262) was recognized as interest income in 2023 and is included in the loan balance as of 31. December 2023.

A multi currency loan agreement with Canadian Tire Corporation Ltd, the ultimate parent company, was signed in March 2020. The NOK loan carries an interest of NIBOR + margin of 1,36%. An interest of TNOK 107 733 (2022: TNOK 32 228) was expensed in 2023 and is included in the loan balance as of 31. December 2023.

Note 4 Tax

This year's tax expense	2023	2022
Entered tax on ordinary profit/loss:		
Changes in deferred tax assets	(45 721)	-
Tax expense on ordinary profit/loss	(45 721)	-
Taxable income:		
Profit before tax	62 805	3 609
Allocation of loss to be brought forward	(62 805)	(3 609)
Taxable income	-	-

The tax effect of temporary differences that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

	2023	2022	Difference
Accumulated loss to be brought forward	(207 822)	(270 627)	(62 805)
Cut interest deduction	(705 148)	(705 148)	-
Not included in the deferred tax calculation	705 148	975 775	270 627
Basis for deferred tax assets	(207 822)	-	207 822
Deferred tax assets (22 %)	(45 721)	-	45 721

A deferred tax asset of TNOK 155 133 (2022: TNOK 214 671) have not been recognised as the recognition criteria has not been met. The company has a history of recent losses. As of 31 December 2023, there is not convincing evidence that sufficient taxable profit will be available against which the unused cut interest deduction could be utilised.

Note 5 Shareholders equity

	Share capital	Share premium	Other equity	Total equity
As at 01.01.2022	284 639	3 374 174	(2 219 593)	1 439 219
Result for the year			3 609	3 609
As at 31.12.2022	284 639	3 374 174	(2 215 984)	1 442 829
Result for the year			108 526	108 526
As at 31.12.2023	284 639	3 374 174	(2 107 458)	1 551 355



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Note 6 Shares in subsidiaries

	Country	Owner share	Equity	Profit	Book Value 2023	Book Value 2022
Helly Hansen Holding AS	Norge	100 %	1 860 750	42 677	1 760 215	1 760 215
Total					1 760 215	1 760 215

The shares in Helly Hansen Holding AS consist of A-shares, B-shares and C-shares. Voting rights equal the share ownership for the subsidiary.

No impairment indicators have been identified for the investment in 2023.

Note 7 Bank deposits

The company has TNOK 136 in bank deposits as of 31 December 2023.

Note 8 Shareholders

The share capital in CTC Triangle (Norway) I AS as of 31 December consist of the following share classes:

	Total	Face value	Book value
A-shares	84 412 154	0,1	8 441
B-shares	2 761 976 583	0,1	276 198
Total	2 846 388 737		284 639

Ownership structure

The largest shareholders in % at year end:

	A-shares	B-shares	Total	Owner interest
CTC Triangle BV	84 412 154	2 761 976 583	2 846 388 737	100,0

Ordinary shares and preference shares

The Company has one class of common shares and one class of preference shares. Each share with a par value of NOK 0,1 per share. All issued shares are paid in full. There were 2 846 388 737 outstanding shares on 31 December 2023, split between A-shares and preference B-shares. All shares have equal rights to vote.

Dividends and other distributions

Upon distribution of dividends and other distributions to the Company's shareholders, the following shall apply to the separate share classes:

Class B preference shares shall give the right to a preferred dividend (prior to any distribution to the holders of the ordinary A-shares) equal to 14,11% per annum of NOK 1 934 (the "Preference Amount") calculated from 3 July 2018 and until distribution is made, provided however that the yearly aggregate amount of the Preference Amount shall be capped at an amount in Norwegian Kroner equivalent to CAD 50 million (the "B-preference dividend"). Any B-preference dividend that remains unpaid at year-end shall, until distribution takes place, be included in the calculation basis for B-preference dividend for the following year(s).



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To the General Meeting of CTC Triangle (Norway) I AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of CTC Triangle (Norway) I AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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.

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Independent Auditor's Report -
CTC Triangle (Norway) I AS

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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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.
- 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 a true and fair view.

We communicate with the Board of Directors 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.

Oslo, 2 May 2024
Deloitte AS

Stian Jilg-Scherven
State Authorised Public Accountant

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Jilg-Scherven, Stian

State Authorised Public Accountant (Norway)

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