



Canadian Tire Corporation, Limited

Third Quarter 2022 Report to Shareholders

13 and 39 weeks ended October 1, 2022

Management's Discussion and Analysis

Canadian Tire Corporation, Limited
Third Quarter 2022

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1.0 Preface

1.1 Definitions

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

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 businesses carried on under the Canadian Tire, PartSource, PHL, and Party City names and trademarks.

“Canadian Tire stores” and “Canadian Tire gas bars” refer to stores and gas bars (which may include convenience stores, car washes, and propane stations) that operate under the Canadian Tire and 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 brands.

“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 and L’Équipeur names and trademarks.

“Owned Brands” refers to brands owned by the Company and are managed by the consumer brands division of the Retail segment.

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

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

“Petroleum” refers to the retail petroleum business carried on under the Canadian Tire and Gas+ names and trademarks.

“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.

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 statements that are forward looking and may constitute "forward-looking information" within the meaning of applicable securities legislation. Actual results or events may differ materially from those forecast and from statements of the Company's plans or aspirations that are made in this MD&A because of the risks and uncertainties associated with the Corporation's businesses and the general economic environment. The Company cannot provide assurance that any forecast financial or operational performance, plans, or aspirations will actually be achieved or, if achieved, will result in an increase in the Company's share price. Refer to section 13.0 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 November 9, 2022.

1.4 Quarterly and Annual Comparisons in the MD&A

Unless otherwise indicated, all comparisons of results for Q3 2022 (39 weeks ended October 1, 2022) are compared against results for Q3 2021 (39 weeks ended October 2, 2021).

1.5 Accounting Framework

The condensed interim 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 2 to the Company's interim consolidated financial statements for the third quarter of 2022.

1.6 Accounting Estimates and Assumptions

The preparation of the Company's condensed interim 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 condensed interim consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Refer to section 8.1 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 9.0 for additional information on these metrics. Many of the non-GAAP financial measures in this document are adjusted to normalize the results for certain activities Management does not believe reflect the ongoing business. Unless otherwise noted, analysis of changes in normalized results applies equally to changes in the reported results.

1.8 Rounding and Percentages

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

2.0 Company and Industry Overview

Canadian Tire Corporation, Limited (TSX: CTC.A) (TSX: CTC) 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 Canadian Tire network. The Retail segment also includes Mark's, a leading source for casual and industrial wear; and SportChek, Hockey Experts, Sports Experts and Atmosphere, which offer the best activewear brands. Over 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 2021 Annual Information Form ("2021 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.

3.0 Strategy and Four-Year (2022 to 2025) Financial Aspirations

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

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 Company's strategic growth plan builds upon the Company's unparalleled brand trust and brand purpose: to Make Life in Canada Better. The focus on investing in the business is coupled with a balanced approach to dividends and share buybacks which positions CTC to continue to generate attractive returns to shareholders.

A key part of the Company's strategy and an underpinning for growth will be growing its differentiated and innovative Owned Brands portfolio and increasing customer engagement with the Triangle Rewards program.

The \$3.4 billion of strategic investments, announced in conjunction with the strategy, are being incurred over the four years to 2025 and will create better customer experiences and deeper customer connections.

These investments are being allocated to:

- Enhancing the omnichannel customer experience by better connecting digital and physical channels and rolling out a new "Concept Connect" to approximately 225 Canadian Tire stores by 2025;
- Strengthening supply chain fulfillment infrastructure and automation; and
- Modernizing IT infrastructure and driving efficiency in how CTC operates.

In conjunction with the announcement of its strategic plan, CTC also established the following financial aspirations for fiscal years 2022 to 2025.

	Historical 2017-2019	Full-Year 2021	Aspiration 2022-2025
 Comparable sales growth¹ achieved on average annual basis	<3%	8.2%	4%+
 Diluted earnings per share	<\$13.00 2019: \$13.04 normalized ²	\$18.38 \$18.91 normalized ²	\$26.00+ by 2025
 Retail ROIC²	<10%	13.6%	~15%+ by 2025

¹ For further information about this measure see section 9.2 of this MD&A.

² Normalized diluted EPS and Retail Return on Invested Capital ("ROIC") are non-GAAP ratios. For further information and detailed reconciliations see section 9.1 of this MD&A.

Since the beginning of 2022, the Company has:

- Invested \$514 million in operating capital expenditures. Investments continue to be aimed at delivering a better omnichannel customer experience, with a total of 36 stores expected to be updated during 2022, including the first two Remarkable Retail stores opened in Ottawa and in the Niagara region (Welland) since the end of the third quarter, and pick-up lockers now rolled out to close to 80 percent of Canadian Tire Retail stores. Full year operating capital expenditures are now expected to be approximately \$750 million compared to the Company's previously disclosed operating capital expenditures range of \$825 to \$875 million, with the timing of some projects shifted to 2023;

- Increased its annual dividend for the 13th consecutive year, to \$6.90 per share, a cumulative quarterly dividend increase of 33 percent since last year as a result of dividend increases approved on May 12, 2022 and November 9, 2022; and
- As at October 1, 2022, completed the previously announced \$400 million share repurchase commitment, and subsequent to the quarter, announced a new share repurchase program to purchase between \$500 to \$700 million Class A Non-Voting Shares by the end of 2023.

3.1 Material Assumptions and Risks

A discussion of the underlying material assumptions and risks that might impact the achievement of the financial aspirations are outlined below. In addition, achievement of the aspirations may be impacted by the risks identified in section 10.0 and risks and assumptions identified in section 13.0 of this MD&A.

3.1.1 Average Annual Consolidated Comparable Sales Growth (excluding Petroleum)

Material assumptions:

- Each individual business unit contributes positively to Consolidated Comparable Sales Growth
- Incremental sales growth generated from real estate investments
- Positive sales contribution from the continued focus and strategic investment in retail categories, assortment architecture and the omnichannel experience
- Continued engagement by customers in the Triangle Rewards program and personalized 1:1 offerings

Material risks:

- Decline in economic growth, consumer confidence, household spending and other market disruptions
- The occurrence of widespread economic restrictions, construction limitations or supply chain delays due to, among other events, a global pandemic resurgence
- Pricing pressure driven by growing competition from new and existing market players
- Accelerated disruption from eCommerce competitors
- Significant change in the retail landscape

3.1.2 Diluted EPS

Material assumptions:

- Realization of the Consolidated Comparable Sales Growth aspiration
- No major changes to retail gross margin rates
- Maintain selling, general and administrative expenses ("SG&A") discipline by institutionalizing the Operational Efficiency program
- Positive contribution to earnings by the Financial Services segment from growth of first use accounts, and gross average accounts receivable ("GAAR")
- No major changes to the Company's financial leverage and capital allocation approach

Material risks:

- Risks associated with the Consolidated Comparable Sales Growth aspiration described above
- Lower or lesser contribution from Operational Efficiency initiatives
- Increased costs relating to global sourcing impacting the Company's ability to manage operating and/or supply chain costs
- Adverse economic or regulatory conditions which negatively impact GAAR growth and increases volatility of the impairment allowance for credit card receivables
- Short-term effects on EPS from unexpected changes to the Company's capital-allocation initiatives
- Negative impacts due to unfavourable commodity prices, interest rates, and foreign exchange fluctuations

3.1.3 Retail ROIC

Material assumptions:

- Realization of Consolidated Comparable Sales Growth and Diluted EPS aspirations
- Prudent management of working capital and the Company's capital allocation priorities
- Continued successful investments in businesses to achieve organic growth and in projects and initiatives which yield improved asset productivity

Material risks:

- Lower than anticipated earnings growth (refer to risks associated with the Diluted EPS Growth aspiration described above)
- Unfavourable interest rates impacting the Company's asset value for new and renewed leases

4.0 Financial Performance

4.1 Consolidated Financial Performance

4.1.1 Consolidated Financial Results

(C\$ in millions, except where noted)	Q3 2022	Q3 2021	Change	YTD Q3 2022	YTD Q3 2021	Change
Retail sales ¹	\$ 4,734.2	\$ 4,603.2	2.8 %	\$ 13,519.4	\$ 12,603.6	7.3 %
Revenue	\$ 4,228.8	\$ 3,913.1	8.1 %	\$ 12,470.2	\$ 11,154.5	11.8 %
Gross margin dollars	\$ 1,385.3	\$ 1,357.1	2.1 %	\$ 4,079.5	\$ 3,888.5	4.9 %
Gross margin rate ¹	32.8 %	34.7 %	(192) bps	32.7 %	34.9 %	(215) bps
Other expense (income)	\$ 13.8	\$ (2.7)	NM ²	\$ 61.4	\$ (28.7)	NM ²
Selling, general and administrative expenses	1,017.3	935.0	8.8 %	3,021.4	2,766.9	9.2 %
Net finance costs	55.6	54.9	1.4 %	165.1	168.4	(2.0) %
Income before income taxes	\$ 298.6	\$ 369.9	(19.3) %	\$ 831.6	\$ 981.9	(15.3) %
Income tax expense	73.6	90.4	(18.6) %	211.4	256.9	(17.7) %
Effective tax rate ¹	24.6 %	24.5 %		25.4 %	26.2 %	
Net income	\$ 225.0	\$ 279.5	(19.5) %	\$ 620.2	\$ 725.0	(14.4) %
Net income attributable to:						
Shareholders of Canadian Tire Corporation	\$ 184.9	\$ 243.7	(24.1) %	\$ 512.2	\$ 619.1	(17.3) %
Non-controlling interests	40.1	35.8	12.1 %	108.0	105.9	2.0 %
	\$ 225.0	\$ 279.5	(19.5) %	\$ 620.2	\$ 725.0	(14.4) %
Basic EPS	\$ 3.15	\$ 4.01	(21.4) %	\$ 8.65	\$ 10.18	(15.0) %
Diluted EPS	\$ 3.14	\$ 3.97	(20.9) %	\$ 8.59	\$ 10.08	(14.8) %
Weighted average number of Common and Class A Non-Voting Shares outstanding:						
Basic	58,671,402	60,807,123	NM ²	59,231,854	60,807,859	NM ²
Diluted	58,983,396	61,337,523	NM ²	59,611,273	61,430,301	NM ²

¹ For further information about this measure see section 9.2 of this MD&A.

² Not meaningful.

Non-Controlling Interests

The following table outlines the net income attributable to the Company's non-controlling interests. For additional details, refer to Note 15 to the Company's 2021 Consolidated Financial Statements.

(C\$ in millions)	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021
Financial Services				
Non-controlling interest 20.0% (2021 – 20.0%)	\$ 20.4	\$ 17.0	\$ 51.7	\$ 53.7
CT REIT				
Non-controlling interest 31.2% (2021 – 30.9%)	18.0	17.0	51.5	49.9
Retail segment subsidiary				
Non-controlling interest 50.0% (2021 – 50.0%)	1.7	1.8	4.8	2.3
Net income attributable to non-controlling interests	\$ 40.1	\$ 35.8	\$ 108.0	\$ 105.9

Operational Efficiency Program

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

During the third quarter of 2022, the Company continued to execute its Operational Efficiency program and related initiatives and remains committed and on track to deliver \$100 million in additional program run rate savings for a total of \$300+ million by the end of 2022.

Normalizing Items

The results of operations in the third quarter of 2022 and 2021 include costs relating to the Company's Operational Efficiency program which were considered as normalizing items. During the quarter, non-recurring costs relating to consulting and ongoing projects amounted to \$15.8 million. These costs are included in selling, general and administrative expenses in the consolidated statements of income.

In addition, the Company recognized a \$36.5 million non-recurring charge in other expense (income) during the second quarter of 2022 related to the exit of Helly Hansen operations in Russia which has been classified as a normalizing item.

(C\$ in millions)	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021
Operational Efficiency program	\$ 15.8	\$ 18.9	\$ 27.6	\$ 34.4
Helly Hansen Russia exit	—	—	36.5	—
Total	\$ 15.8	\$ 18.9	\$ 64.1	\$ 34.4

Selected Normalized Metrics – Consolidated

(C\$ in millions, except where noted)	Q3 2022	Normalizing Items ¹	Normalized Q3 2022 ²	Q3 2021	Normalizing Items ¹	Normalized Q3 2021 ²	Change ³
Revenue	\$ 4,228.8	\$ —	\$ 4,228.8	\$ 3,913.1	\$ —	\$ 3,913.1	8.1 %
Cost of producing revenue	2,843.5	—	2,843.5	2,556.0	—	2,556.0	11.2 %
Gross margin	\$ 1,385.3	\$ —	\$ 1,385.3	\$ 1,357.1	\$ —	\$ 1,357.1	2.1 %
Gross margin rate ⁴	32.8 %	— bps	32.8 %	34.7 %	— bps	34.7 %	(192) bps
Other expense (income)	\$ 13.8	\$ —	\$ 13.8	\$ (2.7)	\$ (0.9)	\$ (3.6)	NM ⁵
Selling, general and administrative expenses	1,017.3	(15.8)	1,001.5	935.0	(18.0)	917.0	9.2 %
Net finance costs	55.6	—	55.6	54.9	—	54.9	1.4 %
Income before income taxes	\$ 298.6	\$ 15.8	\$ 314.4	\$ 369.9	\$ 18.9	\$ 388.8	(19.1) %
Income tax expense	73.6	4.2	77.8	90.4	5.0	95.4	(18.4) %
Net income	\$ 225.0	\$ 11.6	\$ 236.6	\$ 279.5	\$ 13.9	\$ 293.4	(19.4) %
Net income attributable to shareholders of CTC	184.9	11.6	196.5	243.7	13.9	257.6	(23.7) %
Diluted EPS	\$ 3.14	\$ 0.20	\$ 3.34	\$ 3.97	\$ 0.23	\$ 4.20	(20.5) %

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

² These normalized measures (excluding revenue, cost of producing revenue, gross margin, gross margin rate, and net finance costs) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see section 9.1 of this MD&A.

³ Change is between normalized results, if any.

⁴ For further information about this measure see section 9.2 of this MD&A.

⁵ Not meaningful.

(C\$ in millions, except where noted)	YTD Q3 2022	Normalizing Items ¹	Normalized YTD Q3 2022 ²	YTD Q3 2021	Normalizing Items ¹	Normalized YTD Q3 2021 ²	Change ³
Revenue	\$ 12,470.2	\$ —	\$ 12,470.2	\$ 11,154.5	\$ —	\$ 11,154.5	11.8 %
Cost of producing revenue	8,390.7	—	8,390.7	7,266.0	(1.7)	7,264.3	15.5 %
Gross margin	\$ 4,079.5	\$ —	\$ 4,079.5	\$ 3,888.5	\$ 1.7	\$ 3,890.2	4.9 %
Gross margin rate ⁴	32.7 %	— bps	32.7 %	34.9 %	2 bps	34.9 %	(216) bps
Other expense (income)	\$ 61.4	\$ (36.5)	\$ 24.9	\$ (28.7)	\$ (0.9)	\$ (29.6)	NM ⁵
Selling, general and administrative expenses	3,021.4	(27.6)	2,993.8	2,766.9	(31.8)	2,735.1	9.5 %
Net finance costs	165.1	—	165.1	168.4	—	168.4	(2.0) %
Income before income taxes	\$ 831.6	\$ 64.1	\$ 895.7	\$ 981.9	\$ 34.4	\$ 1,016.3	(11.9) %
Income tax expense	211.4	10.4	221.8	256.9	9.1	266.0	(16.6) %
Net income	\$ 620.2	\$ 53.7	\$ 673.9	\$ 725.0	\$ 25.3	\$ 750.3	(10.2) %
Net income attributable to shareholders of CTC	512.2	53.7	565.9	619.1	25.3	644.4	(12.2) %
Diluted EPS	\$ 8.59	\$ 0.90	\$ 9.49	\$ 10.08	\$ 0.41	\$ 10.49	(9.5) %

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

² These normalized measures (excluding revenue and net finance costs) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see section 9.1 of this MD&A.

³ Change is between normalized results, if any.

⁴ For further information about this measure see section 9.2 of this MD&A.

⁵ Not meaningful.

Consolidated Results Commentary

Diluted EPS for the third quarter of 2022 was \$3.14 per share, \$0.83 lower than the prior year. Normalized diluted EPS was \$3.34, which compared to \$4.20 in the prior year. Revenue grew in both the Retail and Financial Services segments in the third quarter, up 7.4 percent and 17.2 percent, respectively, driving higher gross margin dollars. Income before income taxes declined as lower earnings in the Retail segment offset a \$21.9 million increase in the Financial Services segment. Retail earnings were \$133.0 million, compared to \$226.5 million in the prior year, driven by a lower gross margin rate, an increase in selling, general, and administrative expenses, and higher foreign exchange losses.

On a year-to-date basis, Diluted EPS was \$8.59 and Normalized Diluted EPS was \$9.49, a decrease of 14.8 percent and 9.5 percent, respectively, from the prior year. On a year-to-date basis, revenue growth was strong in both the Retail and Financial Services segments. The decline in earnings was mainly driven by the year-over-year variance in the incremental expected credit loss ("ECL") allowance for loans receivable, a lower Retail segment gross margin rate, and higher SG&A and foreign exchange losses.

	Q3 2022	Year-to-Date
Consolidated Results Summary	<p>▼ Diluted EPS: \$0.83 per share</p> <ul style="list-style-type: none"> Consolidated revenue was \$4,228.8 million, an increase of \$315.7 million or 8.1 percent. Consolidated revenue excluding Petroleum¹ was \$3,614.2 million, an increase of 6.0 percent driven by revenue growth in the Retail segment due to higher shipments at Canadian Tire and higher sales across the other banners, and revenue growth in the Financial Services segment due to higher interest income from receivable growth and higher fee income from strong credit card sales. Consolidated gross margin dollars were \$1,385.3 million, an increase of \$28.2 million or 2.1 percent. The increase in gross margin dollars was due to revenue growth in both the Retail and Financial Services segments, partially offset by a lower Retail segment gross margin rate. Other expense was \$13.8 million, an increase of \$16.5 million, compared to income of \$2.7 million in the prior year. The increase was mainly driven by the Retail segment, due to \$11.3 million of foreign exchange losses recognized at Helly Hansen in the current year compared to \$3.0 million of gains in the prior year. 	<p>▼ Diluted EPS: \$1.49 per share</p> <ul style="list-style-type: none"> Consolidated revenue was \$12,470.2 million, an increase of \$1,315.7 million or 11.8 percent. Consolidated revenue excluding Petroleum was \$10,677.7 million, an increase of 7.8 percent driven by revenue growth in the Retail segment due to higher shipments at Canadian Tire and strong sales performance across all banners, and revenue growth in the Financial Services segment due to higher interest income from receivable growth and higher fee income from strong credit card sales. Consolidated gross margin dollars were \$4,079.5 million an increase of \$191.0 million, or 4.9 percent driven by the Retail segment due to strong revenue growth across all banners, partially offset by a lower gross margin rate. The Financial Services segment was relatively flat as revenue growth was offset by the \$78.7 million year-over-year variance in the incremental ECL allowance for loans receivable, which increased \$26.4 million in the year, compared to a \$52.3 million reduction in the prior year. Other expense was \$61.4 million, an increase of \$90.1 million, compared to income of \$28.7 million in the prior year. Excluding the \$36.5 million charge relating to the exit of Helly Hansen operations in Russia, normalized other expense was \$24.9 million, an increase of \$54.5 million from the prior year. The increase was driven by the Retail segment, due to \$28.9 million of foreign exchange losses recognized at Helly Hansen in the current year compared to \$16.3 million of gains in the prior year, and higher real estate related gains in the prior year.

¹ For further information about this measure see section 9.2 of this MD&A.

Consolidated Results Commentary (continued)

Q3 2022	Year-to-Date
<ul style="list-style-type: none"> Consolidated SG&A was \$1,017.3 million, an increase of \$82.3 million or 8.8 percent. The increase was driven by the Retail segment due to higher volume-related supply chain costs, strategic investments relating to the <i>Better Connected</i> strategy including the transition to cloud-based IT infrastructure, and higher marketing and store operations expense. This was partially offset by savings from the Operational Efficiency program. Net finance costs during the quarter were \$55.6 million, higher by 1.4 percent, primarily due to higher short-term borrowings compared to the prior year, partially offset by higher capitalized interest. Income taxes for the quarter were \$73.6 million, compared to \$90.4 million in the prior year primarily due to lower income. Diluted EPS was \$3.14, a decrease of \$0.83 or 20.9 percent. Normalized diluted EPS was \$3.34, a decrease of \$0.86 or 20.5 percent. The decline in earnings was due to a lower Retail segment gross margin rate, and higher SG&A and other expense attributable to the reasons described above. This was partially offset by revenue growth in both the Retail and Financial Services segments. 	<ul style="list-style-type: none"> Consolidated SG&A was \$3,021.4 million, an increase of \$254.5 million or 9.2 percent. The increase was mainly in the Retail segment due to strategic investments relating to the <i>Better Connected</i> strategy including the transition to cloud-based IT infrastructure, higher volume-related supply chain costs, and higher marketing and store operations expense given the stores were open for the full year. This was partially offset by savings from the Operational Efficiency program. SG&A also increased within the Financial Services segment due to higher credit card operational costs. Net finance costs were \$165.1 million, lower by 2.0 percent, primarily due to higher capitalized interest and lower lease related costs, partially offset by higher short-term borrowings compared to the prior year. Income taxes for the period were \$211.4 million, a decrease of \$45.5 million compared to the prior year primarily due to lower income. In addition, the effective tax rate decreased for the year, primarily due to lower non-deductible stock option expense, partially offset by the charge relating to the exit of Helly Hansen operations in Russia. Diluted EPS was \$8.59, a decrease of \$1.49 or 14.8 percent. Normalized diluted EPS was \$9.49, a decrease of \$1.00 or 9.5 percent. The decline in earnings was due to an increase in the ECL allowance in the Financial Services segment compared to a decrease in the prior year, a decline in the Retail segment gross margin rate, and higher other expense and SG&A attributable to the reasons described above. This was partially offset by strong revenue growth in both the Retail and Financial Services segments.

4.1.2 Consolidated Key Performance Measures

(C\$ in millions) increase/(decrease)	Q3 2022	Q3 2021	Change
Selling, general and administrative expenses	\$ 1,017.3	\$ 935.0	\$ 82.3
Normalized ¹ SG&A adjusted for rent expense ² (excluding depreciation and amortization ³) as a percentage of revenue excluding Petroleum ^{4, 5}	25.5 %	24.6 %	94 bps
Income before income taxes	\$ 298.6	\$ 369.9	\$ (71.3)
Normalized ¹ EBITDA ⁶ adjusted for rent expense ² as a percentage of revenue excluding Petroleum ^{4, 5}	11.0 %	13.9 %	(289) bps

¹ Refer to section 4.1.1 in this MD&A for a description of normalizing items.

² Adjustments to SG&A include an addition of depreciation on right-of-use assets and net finance costs relating to lease liability as an estimate for rent expense.

³ Depreciation and amortization excluded amounted to \$98.5 million (2021 - \$98.4 million).

⁴ Revenue excludes Petroleum revenue, EBITDA excludes Petroleum gross margin.

⁵ This is a non-GAAP ratio. For further information and a detailed reconciliation see section 9.1 of this MD&A.

⁶ Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA").

(C\$ in millions) increase/(decrease)	YTD Q3 2022	YTD Q3 2021	Change
Selling, general and administrative expenses	\$ 3,021.4	\$ 2,766.9	\$ 254.5
Normalized ¹ SG&A adjusted for rent expense ² (excluding depreciation and amortization ³) as a percentage of revenue excluding Petroleum ^{4, 5}	25.9 %	25.3 %	63 bps
Income before income taxes	\$ 831.6	\$ 981.9	\$ (150.3)
Normalized ¹ EBITDA ⁶ adjusted for rent expense ² as a percentage of revenue excluding Petroleum ^{4, 5}	10.7 %	13.0 %	(232) bps

¹ Refer to section 4.1.1 in this MD&A for a description of normalizing items.

² Adjustments to SG&A include an addition of depreciation on right-of-use assets and net finance costs relating to lease liability as an estimate for rent expense.

³ Depreciation and amortization excluded amounted to \$286.6 million (2021 - \$293.0 million).

⁴ Revenue excludes Petroleum revenue, EBITDA excludes Petroleum gross margin.

⁵ This is a non-GAAP ratio. For further information and a detailed reconciliation see section 9.1 of this MD&A.

⁶ Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA").

Key Performance Measures Commentary

	Q3 2022	Year-to-Date
Normalized SG&A adjusted for rent expense (excluding depreciation and amortization) as a percentage of revenue excluding Petroleum	<p>▲ 94 bps</p> <p>▲ \$82.3 or 8.8% reported SG&A</p> <ul style="list-style-type: none"> Normalized SG&A adjusted for rent (excluding depreciation and amortization) as a percentage of revenue excluding Petroleum, was 25.5 percent, an increase of 94 bps. The increase in rate was mainly due to higher SG&A outpacing revenue growth. <p>The increase in the related SG&A is discussed under the Consolidated Results commentary in the charts above.</p>	<p>▲ 63 bps</p> <p>▲ \$254.5 or 9.2% reported SG&A</p> <ul style="list-style-type: none"> Normalized SG&A adjusted for rent (excluding depreciation and amortization) as a percentage of revenue excluding Petroleum, increased 63 bps compared to the prior year. The increase in rate was mainly due to higher SG&A outpacing revenue growth. <p>The increase in the related SG&A is discussed under the Consolidated Results commentary in the charts above.</p>
Income before income taxes	<p>▼ \$71.3 million</p> <ul style="list-style-type: none"> The decline in earnings was attributable to the reasons described under the Consolidated Results commentary in the charts above. 	<p>▼ \$150.3 million</p> <ul style="list-style-type: none"> The decline in earnings was attributable to the reasons described under the Consolidated Results commentary in the charts above.
Normalized EBITDA adjusted for rent expense, as a percentage of revenue excluding Petroleum	<p>▼ 289 bps</p> <ul style="list-style-type: none"> Normalized EBITDA adjusted for rent expense as a percentage of revenue, excluding Petroleum, was 11.0 percent, a decrease of 289 bps compared to the prior year, attributable to the decline in earnings from a decline in the Retail segment gross margin rate, higher SG&A (excluding depreciation and amortization), and higher other expense, partially offset by revenue growth. 	<p>▼ 232 bps</p> <ul style="list-style-type: none"> Normalized EBITDA adjusted for rent expense as a percentage of revenue, excluding Petroleum, decreased 232 bps compared to the prior year. The decrease in rate was due to the decline in earnings from the year-over-year variance in the incremental ECL allowance in the Financial Services segment earnings, a decline in the Retail segment gross margin rate, and higher other expense and SG&A (excluding depreciation and amortization), partially offset by revenue growth.

4.1.3 Seasonal Trend Analysis

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

(C\$ in millions, except per share amounts)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	\$4,228.8	\$4,404.0	\$3,837.4	\$5,137.6	\$3,913.1	\$3,918.5	\$3,322.9	\$4,874.5	\$3,986.4
Net income	225.0	177.6	217.6	535.7	279.5	259.1	186.4	521.8	326.3
Diluted EPS	3.14	2.43	3.03	8.34	3.97	3.64	2.47	7.97	4.84

4.2 Retail Segment Performance

4.2.1 Retail Segment Financial Results

(C\$ in millions)				YTD		YTD	
	Q3 2022	Q3 2021	Change	Q3 2022	Q3 2021	Change	
Retail sales ¹	\$ 4,734.2	\$ 4,603.2	2.8 %	\$ 13,519.4	\$ 12,603.6	7.3 %	
Revenue	\$ 3,873.7	\$ 3,607.1	7.4 %	\$ 11,445.4	\$ 10,253.1	11.6 %	
Gross margin dollars	\$ 1,153.3	\$ 1,143.1	0.9 %	\$ 3,412.3	\$ 3,220.1	6.0 %	
Gross margin rate ¹	29.8 %	31.7 %	(192) bps	29.8 %	31.4 %	(159) bps	
Other (income)	\$ (21.9)	\$ (36.3)	(39.6) %	\$ (44.7)	\$ (132.5)	(66.2) %	
Selling, general and administrative expenses	997.4	905.6	10.2 %	2,919.9	2,671.2	9.3 %	
Net finance costs	44.8	47.3	(5.5) %	131.5	143.8	(8.6) %	
Income before income taxes	\$ 133.0	\$ 226.5	(41.3) %	\$ 405.6	\$ 537.6	(24.6) %	

¹ For further information about this measure see section 9.2 of this MD&A.

Selected Normalized Metrics – Retail

(C\$ in millions, except where noted)	Q3 2022		Normalized Q3 2022 ²	Q3 2021	Q3 2021		Change ³
	Q3 2022	Normalizing Items			Normalized Q3 2021 ²	Normalizing Items	
Revenue	\$ 3,873.7	\$ —	\$ 3,873.7	\$ 3,607.1	\$ —	\$ 3,607.1	7.4 %
Cost of producing revenue	2,720.4	—	2,720.4	2,464.0	—	2,464.0	10.4 %
Gross margin	\$ 1,153.3	\$ —	\$ 1,153.3	\$ 1,143.1	\$ —	\$ 1,143.1	0.9 %
Gross margin rate ⁴	29.8 %	— bps	29.8 %	31.7 %	— bps	31.7 %	(192) bps
Other (income)	\$ (21.9)	\$ —	\$ (21.9)	\$ (36.3)	\$ (0.9)	\$ (37.2)	(41.1) %
Selling, general and administrative expenses	997.4	(15.8)	981.6	905.6	(18.0)	887.6	10.6 %
Net finance costs	44.8	—	44.8	47.3	—	47.3	(5.5) %
Income before income taxes	\$ 133.0	\$ 15.8	\$ 148.8	\$ 226.5	\$ 18.9	\$ 245.4	(39.4) %

¹ Refer to section 4.1.1 in this MD&A for a description of normalizing items.

² These normalized measures (other 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 9.1 of this MD&A.

³ Change is between normalized results, if any.

⁴ For further information about this measure see section 9.2 of this MD&A.

(C\$ in millions, except where noted)	YTD Q3 2022		Normalized YTD Q3 2022 ²	YTD Q3 2021	YTD Q3 2021		Change ³
	YTD Q3 2022	Normalizing Items			Normalized YTD Q3 2021 ²	Normalizing Items	
Revenue	\$ 11,445.4	\$ —	\$ 11,445.4	\$ 10,253.1	\$ —	\$ 10,253.1	11.6 %
Cost of producing revenue	8,033.1	—	8,033.1	7,033.0	(1.7)	7,031.3	14.2 %
Gross margin	\$ 3,412.3	\$ —	\$ 3,412.3	\$ 3,220.1	\$ 1.7	\$ 3,221.8	5.9 %
Gross margin rate ⁴	29.8 %	— bps	29.8 %	31.4 %	2 bps	31.4 %	(161) bps
Other (income)	\$ (44.7)	\$ (36.5)	\$ (81.2)	\$ (132.5)	\$ (0.9)	\$ (133.4)	(39.1) %
Selling, general and administrative expenses	2,919.9	(27.6)	2,892.3	2,671.2	(31.8)	2,639.4	9.6 %
Net finance costs	131.5	—	131.5	143.8	—	143.8	(8.6) %
Income before income taxes	\$ 405.6	\$ 64.1	\$ 469.7	\$ 537.6	\$ 34.4	\$ 572.0	(17.9) %

¹ Refer to section 4.1.1 in this MD&A for a description of normalizing items.

² These normalized measures (excluding revenue and net finance costs) are non-GAAP financial measures. For further information and a detailed reconciliation see section 9.1 of this MD&A.

³ Change is between normalized results, if any.

⁴ For further information about this measure see section 9.2 of this MD&A.

4.2.2 Retail Segment Key Performance Measures

(Year-over-year percentage change, C\$ in millions, except as noted)	Q3 2022	Q3 2021	Change	YTD		Change	
				Q3 2022	Q3 2021		
	Revenue ¹	\$ 3,873.7	\$3,607.1	7.4 %	\$11,445.4	\$10,253.1	11.6 %
	Revenue, excluding Petroleum	3,259.1	3,103.6	5.0 %	9,652.9	9,005.6	7.2 %
	Store count	1,710	1,719				
	Retail square footage (in millions)	34.4	34.2				
	Retail sales growth ²	2.8 %	4.3 %		7.3 %	9.1 %	
	Retail sales growth, excluding Petroleum ²	0.6 %	1.6 %		3.4 %	7.8 %	
	Consolidated Comparable sales growth ^{2,3}	0.7 %	3.3 %		3.8 %	6.8 %	
Retail ROIC ^{4,5}	12.5 %	13.2 %		n/a	n/a		
	Revenue ^{1,6}	\$ 2,179.7	\$2,067.4	5.4 %	\$ 6,747.6	\$ 6,329.7	6.6 %
	Store count ⁷	665	667				
	Retail square footage (in millions)	23.5	23.5				
	Sales per square foot ^{2,8}	\$ 538	\$ 509	5.7 %	n/a	n/a	
	Retail sales growth ^{2,9}	0.6 %	(0.6) %		2.9 %	4.7 %	
Comparable sales growth ²	0.7 %	1.4 %		2.9 %	3.6 %		
	Revenue ¹	\$ 576.4	\$ 560.6	2.8 %	\$ 1,461.3	\$ 1,410.7	3.6 %
	Store count	375	377				
	Retail square footage (in millions)	7.2	7.1				
	Sales per square foot ^{2,10}	\$ 335	\$ 310	8.1 %	n/a	n/a	
	Retail sales growth ^{2,11}	(1.5) %	9.0 %		0.8 %	18.2 %	
Comparable sales growth ²	(1.0) %	11.2 %		3.6 %	18.7 %		
	Revenue ^{1,12}	\$ 324.9	\$ 307.3	5.7 %	\$ 953.0	\$ 842.3	13.1 %
	Store count	380	382				
	Retail square footage (in millions)	3.7	3.6				
	Sales per square foot ^{2,10}	\$ 419	\$ 370	13.2 %	n/a	n/a	
	Retail sales growth ^{2,13}	3.9 %	10.5 %		13.7 %	24.7 %	
Comparable sales growth ²	3.6 %	7.9 %		13.4 %	22.4 %		
	Revenue ¹	\$ 170.9	\$ 157.6	8.4 %	\$ 480.1	\$ 394.5	21.7 %
	Revenue ¹	\$ 614.6	\$ 503.5	22.1 %	\$ 1,792.5	\$ 1,247.5	43.7 %
	Gas bar locations	290	293				
	Gross margin dollars	\$ 55.6	\$ 51.5	7.8 %	\$ 165.1	\$ 139.0	18.7 %
	Retail sales growth ²	18.4 %	27.3 %		35.9 %	20.3 %	
	Gasoline volume growth in litres	(1.6) %	2.4 %		6.5 %	(1.7) %	
	Comparable store gasoline volume growth in litres ²	(1.7) %	4.0 %		6.4 %	(1.6) %	

¹ Revenue reported for Canadian Tire, SportChek, Mark's and Petroleum include inter-segment revenue. 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 9.2 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 9.1 of this MD&A.

⁶ Revenue includes revenue from Canadian Tire, PartSource, PHL, Party City and Franchise Trust.

⁷ Store count includes stores from Canadian Tire, and other banner stores of 161 (2021: 163 stores). Other banners include PartSource, PHL and Party City.

⁸ 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.

⁹ Retail sales growth includes sales from Canadian Tire, PartSource, PHL, Party City and the labour portion of Canadian Tire's auto service sales.

¹⁰ Sales per square foot figures are calculated on a rolling 12-month basis, include both corporate and franchise stores and warehouse and administrative space.

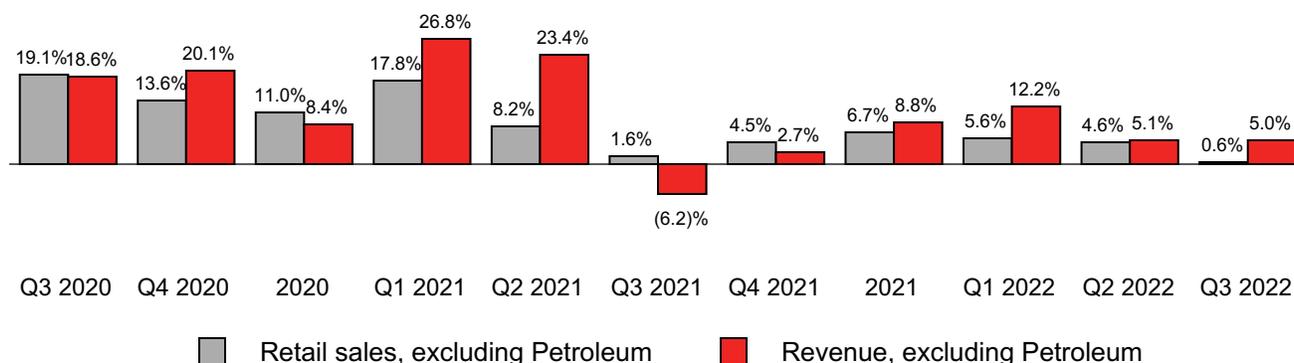
¹¹ Retail sales growth includes sales from both corporate and franchise stores.

¹² 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.

¹³ Retail sales growth includes Retail sales from Mark's corporate and franchise stores, but excludes revenue relating to alteration and embroidery services.

The following chart shows the Retail segment, excluding Petroleum, Retail sales and revenue performance by quarter for the last two years.

Year-over-year Retail Sales and Revenue Growth



Retail Segment Commentary

Retail sales and revenue increased 2.8 percent and 7.4 percent respectively in the quarter. Excluding Petroleum, Retail sales and revenue were up 0.6 percent and 5.0 percent respectively. The eCommerce penetration rate¹ was 5.7 percent, and eCommerce sales¹ were \$230 million in the quarter. Both eCommerce sales and penetration rates continue to run well above pre-pandemic levels.

Retail income before income taxes was \$133.0 million for the quarter, compared to \$226.5 million in the prior year. Revenue growth was strong but offset by a lower gross margin rate, higher SG&A, and lower other income, leading to a decline in Retail normalized income before income taxes, which was \$148.8 million for the quarter, compared to \$245.4 million in the prior year. Headwinds in freight costs, product cost inflation, and unfavourable channel mix were only partially offset by improved product margins, resulting in a lower gross margin rate. Increases in SG&A mainly reflected higher volume-related supply chain costs, strategic investments relating to the *Better Connected* strategy including the transition to cloud-based IT infrastructure, as well as higher marketing and store operations expense. In addition, other income declined due to significant depreciation of the Norwegian kroner against the U.S. dollar impacting Helly Hansen.

On a year-to-date basis, Retail income before income taxes was \$405.6 million, a decrease of 24.6 percent from the prior year. Normalized Retail income before income taxes was \$469.7 million, a decrease of 17.9 percent from the prior year. The decline in earnings was driven by a decrease in other income that included the normalized charge relating to the exit of Helly Hansen operations in Russia and foreign exchange impacts, in addition to higher SG&A and a lower gross margin rate. This was partially offset by strong revenue growth across all banners.

¹ For further information about this measure see section 9.2 of this MD&A.

Retail Segment Commentary *(continued)*

	Q3 2022	Year-to-Date
Retail Sales	<ul style="list-style-type: none"> ▲ \$131.0 million or 2.8% ▲ 0.7% in Comparable sales growth • Retail sales were \$4,734.2 million, an increase of 2.8 percent and, excluding Petroleum, Retail sales grew 0.6 percent, or \$22.6 million compared to prior year. •  Canadian Tire Retail sales were up 0.6 percent, reflecting strength in Seasonal and Gardening and Automotive categories. •  Retail sales declined 1.5 percent against the prior year when SportChek sales increased 9.0 percent, benefitting from the resumption of organized team sports and a strong back-to-school season. The decline was primarily driven by Athletic Clothing and Footwear categories. •  Retail sales grew 3.9 percent driven by growth in Casualwear and Industrial businesses. •  GAS+ Retail sales increased 18.4 percent due to higher per litre gas prices, partially offset by lower gas volumes. 	<ul style="list-style-type: none"> ▲ \$915.8 million or 7.3% ▲ 3.8% in Comparable sales growth • Retail sales of \$13,519.4 million grew by 7.3 percent and, excluding Petroleum, Retail sales grew 3.4 percent or \$376.3 million. Retail sales growth was driven by strong performance and customer demand across the banners, in addition to fewer pandemic related restrictions in the current year. •  Canadian Tire Retail sales were up 2.9 percent. Retail sales growth was driven by strength in product assortment with strong performance in Automotive, reflecting an increase in Canadians' driving activity, increased consumer demand in Fixing and Living, and winter businesses outperforming in the first quarter due to cold weather experienced across several provinces. •  Retail sales increased 0.8 percent driven by stronger customer demand. Comparable sales growth, which excludes impact of the National Sports banner closure, was 3.6 percent. •  Retail sales increased 13.7 percent driven by strong inventory management and customer demand. •  GAS+ Retail sales increased by 35.9 percent due to higher per litre gas prices and higher gas volumes.
Revenue	<ul style="list-style-type: none"> ▲ \$266.6 million or 7.4% ▲ 5.0% excluding Petroleum • Retail revenue was \$3,873.7 million, an increase of 7.4 percent. Retail revenue growth was driven by shipment growth at Canadian Tire and higher sales across the other banners, including Petroleum and strong growth in Helly Hansen North America. 	<ul style="list-style-type: none"> ▲ \$1,192.3 million or 11.6% ▲ 7.2% excluding Petroleum • Retail revenue was \$11,445.4 million, an increase of 11.6 percent. The strong growth in revenue across all Retail banners was led by Petroleum and shipment growth at Canadian Tire. Petroleum, Mark's, and SportChek revenues were up due to the increase in retail sales as described above, while Helly Hansen experienced growth across channels and most geographical regions, with the strongest growth coming from North America.

Retail Segment Commentary (continued)

	Q3 2022	Year-to-Date
Gross Margin	<ul style="list-style-type: none"> ▲ \$10.2 million or 0.9% ▼ 192 bps in gross margin rate ▲ 0.6% excluding Petroleum¹ ▼ 149 bps in gross margin rate, excluding Petroleum¹ <ul style="list-style-type: none"> • Retail gross margin dollars were \$1,153.3 million, an increase of \$10.2 million. Excluding Petroleum, gross margin dollars were \$1,097.7 million, an increase of \$6.2 million, due to the increase in revenue previously described. • Gross margin rate, excluding Petroleum, decreased by 149 bps due to headwinds in freight costs and product cost inflation which impacted all banners. The banners partially offset these costs through improved product margins. 	<ul style="list-style-type: none"> ▲ \$192.2 million or 6.0% ▼ 159 bps in gross margin rate ▲ 5.4% excluding Petroleum¹ ▼ 57 bps in gross margin rate, excluding Petroleum¹ <ul style="list-style-type: none"> • Retail gross margin dollars were \$3,412.3 million, an increase of \$192.2 million. Excluding Petroleum, gross margin dollars were \$3,247.2 million, an increase of \$166.1 million, due to the strong increase in revenue previously described. • Gross margin rate, excluding Petroleum, decreased by 57 bps due to headwinds in freight costs and product cost inflation which impacted all banners. Canadian Tire and Helly Hansen only partially offset these costs. Mark's and SportChek were able to more than offset these costs due to improved product margins through targeted promotions and a higher mix of in-store sales.
Other Income	<ul style="list-style-type: none"> ▼ \$14.4 million or 39.6% <ul style="list-style-type: none"> • Other income was \$21.9 million, lower by \$14.4 million. The decline was due to \$11.3 million of foreign exchange losses recognized at Helly Hansen in the current year compared to \$3.0 million of gains in the prior year. 	<ul style="list-style-type: none"> ▼ \$87.8 million or 66.2% <ul style="list-style-type: none"> • Other income was \$44.7 million, lower by \$87.8 million. Excluding the \$36.5 million charge relating to the exit of Helly Hansen operations in Russia, normalized other income was lower by \$52.2 million. The decrease was mainly due to \$28.9 million of foreign exchange losses recognized at Helly Hansen in the current year compared to \$16.3 million of gains in the prior year, and higher real estate related gains in the prior year.
SG&A	<ul style="list-style-type: none"> ▲ \$91.8 million or 10.2% <ul style="list-style-type: none"> • SG&A was \$997.4 million, an increase of \$91.8 million, or 10.2 percent. The increase was mainly due to higher volume-related supply chain costs, strategic investments relating to the <i>Better Connected</i> strategy including the transition to cloud-based IT infrastructure, and higher marketing and store operations expense. This was partially offset by savings from the Operational Efficiency program. 	<ul style="list-style-type: none"> ▲ \$248.7 million or 9.3% <ul style="list-style-type: none"> • SG&A was \$2,919.9 million, an increase of \$248.7 million, or 9.3 percent. This increase was mainly due to strategic investments relating to the <i>Better Connected</i> strategy including the transition to cloud-based IT infrastructure, higher volume-related supply chain costs, and higher marketing and store operations expense given the stores were open for the full year. This was partially offset by savings from the Operational Efficiency program.

¹ For further information about this measure see section 9.2 of this MD&A.

Retail Segment Commentary *(continued)*

	Q3 2022	Year-to-Date
Earnings Summary	▼ \$93.5 million or 41.3%	▼ \$132.0 million or 24.6%
	<ul style="list-style-type: none"> Income before income taxes was \$133.0 million, a decrease of \$93.5 million. The decrease in income was primarily driven by a decline in gross margin rate, higher SG&A, and lower other income attributable to the reasons described above, partially offset by revenue growth. 	<ul style="list-style-type: none"> Income before income taxes was \$405.6 million, a decrease of \$132.0 million. Normalized income before income taxes was \$469.7 million, a decrease of \$102.3 million. The decrease in income was primarily driven by lower other income, higher SG&A, and a decline in gross margin rate attributable to the reasons described above, partially offset by strong revenue growth across all banners.

4.2.3 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.

(C\$ in millions, except per share amounts)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Retail sales	\$ 4,734.2	\$5,363.8	\$3,421.4	\$5,661.0	\$4,603.2	\$4,882.6	\$3,117.8	\$5,317.2	\$4,414.4
Revenue	3,873.7	4,067.2	3,504.5	4,830.0	3,607.1	3,623.2	3,022.8	4,582.2	3,684.8
Income before income taxes	133.0	123.8	148.8	638.1	226.5	208.6	102.5	577.9	326.2

4.3 Financial Services Segment Performance

4.3.1 Financial Services Segment Financial Results

(C\$ in millions)				YTD		YTD	
	Q3 2022	Q3 2021	Change	Q3 2022	Q3 2021	Change	
Revenue	\$ 360.4	\$ 307.6	17.2 %	\$ 1,032.5	\$ 900.9	14.6 %	
Gross margin dollars	\$ 218.1	\$ 199.5	9.3 %	\$ 623.5	\$ 620.2	0.5 %	
Gross margin rate ¹	60.5 %	64.9 %	(436) bps	60.4 %	68.8 %	(846) bps	
Other expense (income)	\$ 0.7	\$ (0.5)	NM ²	\$ 0.9	\$ 3.5	(73.0) %	
Selling, general and administrative expenses	79.2	84.1	(5.9) %	271.2	250.1	8.4 %	
Net finance (income)	(1.4)	(1.8)	(27.1) %	(3.4)	(2.8)	19.8 %	
Income before income taxes	\$ 139.6	\$ 117.7	18.6 %	\$ 354.8	\$ 369.4	(3.9) %	

¹ For further information about this measure see section 9.2 of this MD&A.

² Not meaningful.

Financial Services Segment Commentary

Financial Services segment income before income taxes was \$139.6 million, an increase of \$21.9 million from the prior year driven by strong revenue growth of \$52.8 million led by higher interest income due to receivable growth and higher fee income earned on increased credit card sales, partially offset by higher net impairment losses.

The ECL allowance for loans receivable was \$868.7 million, flat to Q2 2022. The ECL allowance rate¹ finished the quarter at 12.6 percent, within the previously disclosed range of 11.5 to 13.5 percent. The credit card portfolio continues to perform well despite ongoing economic uncertainty. GAAR was 14.2 percent higher relative to Q3 2021 due to increases in both active accounts and average balance, up 7.1 percent and 6.6 percent respectively, with average balance being driven by increased card sales. Delinquency has increased back to historical levels, with the percentage of receivables past due two months or more ("PD2+ rate")² ending the quarter at 2.8 percent. Ending receivables also continue to grow but at a lower rate than the average receivable growth, up 13.3 percent, extending from the execution on strategic acquisition plans and slowing growth in overall cardholder spending.

On a year-to-date basis, Financial Services income before income taxes was \$354.8 million, a decrease of \$14.6 million from the prior year. The decline in earnings was mainly attributable to a \$78.7 million year-over-year increase in the ECL allowance for loans receivable, as well as higher write-offs, partially offset by a 14.6 percent increase in revenue.

¹ For further information about this measure see section 9.2 of this MD&A.

² This is a non-GAAP ratio. For further information and a detailed reconciliation see section 9.1 of this MD&A.

Financial Services Segment Commentary *(continued)*

	Q3 2022	Year-to-Date
Revenue	<p>▲ \$52.8 million or 17.2%</p> <ul style="list-style-type: none"> Revenue for the quarter was \$360.4 million, an increase of \$52.8 million, or 17.2 percent compared to the prior year. The increase in revenue was mainly due to higher interest income and fee income driven by strong receivables growth and credit card sales, respectively. 	<p>▲ \$131.6 million or 14.6%</p> <ul style="list-style-type: none"> Revenue was \$1,032.5 million, an increase of \$131.6 million, or 14.6 percent compared to the prior year. The increase in revenue was mainly due to higher interest and fee income driven by strong receivables growth and credit card sales, respectively.
Gross Margin	<p>▲ \$18.6 million or 9.3%</p> <ul style="list-style-type: none"> Gross margin was \$218.1 million, an increase of \$18.6 million, or 9.3 percent compared to the prior year. The increase in gross margin was mainly due to revenue growth, partially offset by higher net impairment losses. 	<p>▲ \$3.3 million or 0.5%</p> <ul style="list-style-type: none"> Gross margin was \$623.5 million, an increase of \$3.3 million, or 0.5 percent compared to the prior year. The increase in gross margin was mainly due to revenue growth, offset by an increase in net impairment driven by a \$78.7 million year-over-year variance in the incremental ECL allowance for loans receivable, which increased \$26.4 million this year, compared to a \$52.3 million reduction in the prior year.
SG&A	<p>▼ \$4.9 million or 5.9%</p> <ul style="list-style-type: none"> SG&A was \$79.2 million, a decrease of \$4.9 million, or 5.9 percent. The decrease in SG&A was primarily due to a decrease in marketing costs partially offset by an increase in credit card operational costs. 	<p>▲ \$21.1 million or 8.4%</p> <ul style="list-style-type: none"> SG&A was \$271.2 million, an increase of \$21.1 million or 8.4 percent. The increase in SG&A was primarily due to higher credit card operational costs.
Earnings Summary	<p>▲ \$21.9 million or 18.6%</p> <ul style="list-style-type: none"> Income before income taxes was \$139.6 million, an increase of \$21.9 million, or 18.6 percent. The increase in earnings was due to strong revenue growth and a decline in operating expenses, partially offset by higher net impairment losses. 	<p>▼ \$14.6 million or 3.9%</p> <ul style="list-style-type: none"> Income before income taxes was \$354.8 million, a decrease of \$14.6 million or 3.9 percent. The decline in earnings was due to an increase in the ECL allowance for loans receivable compared to a decrease in the prior year, partially offset by strong revenue growth.

4.3.2 Financial Services Segment Key Performance Measures

(C\$ in millions) except where noted	Q3 2022	Q3 2021	Change	YTD Q3 2022	YTD Q3 2021	Change
Credit card sales growth ¹	14.1 %	23.3 %		21.3 %	21.8 %	
GAAR	\$ 6,781	\$ 5,940	14.2 %	\$ 6,549	\$ 5,768	13.5 %
Revenue (as a % of GAAR) ^{1,2}	20.8 %	20.7 %		n/a	n/a	
Average number of accounts with a balance (thousands)	2,279	2,128	7.1 %	2,232	2,077	7.5 %
Average account balance ¹ (whole \$)	\$ 2,975	\$ 2,791	6.6 %	\$ 2,933	\$ 2,777	5.6 %
Net credit card write-off rate ^{1,2}	4.5 %	4.3 %		n/a	n/a	
Past due credit card receivables ("PD2+")	2.8 %	1.8 %		n/a	n/a	
Allowance rate	12.6 %	13.4 %		n/a	n/a	
Operating expenses (as a % of GAAR) ^{1,2}	5.9 %	5.9 %		n/a	n/a	
Return on receivables ^{1,2}	6.5 %	8.4 %		n/a	n/a	

¹ For further information about this measure see section 9.2 of this MD&A.

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

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.

Q3 2022 vs. Q3 2021	
Growth	<ul style="list-style-type: none"> ▲ 14.2% in GAAR ▲ 14.1% in credit card sales growth ▲ 7.1% in average number of accounts with a balance ▲ 6.6% in average account balance <ul style="list-style-type: none"> • GAAR increased by 14.2 percent relative to last year driven by increased customer activity. The average number of active accounts for the quarter increased by 7.1 percent along with an increase in average account balance by 6.6 percent. • Credit card sales grew by 14.1 percent over the prior year driven by strong sales at both Retail segment banners and external merchants.
Performance	<ul style="list-style-type: none"> ▼ 192 bps in return on receivables ▲ 14 bps revenue as a % of GAAR ▼ 2 bps in Operating Expenditures ("OPEX") as a % of GAAR <ul style="list-style-type: none"> • Return on receivables decreased by 192 bps compared to the prior year due to a lower 12-month earnings base driven by a decline in gross margin and higher operating expenses. • Revenue as a % of GAAR increased by 14 bps compared to the prior year due to strong revenue growth. • OPEX as a % of GAAR decreased by 2 bps compared to the prior year as the growth in GAAR offset the increase in operating expenses on a 12-month basis.
Operational metrics	<ul style="list-style-type: none"> ▲ 100 bps in PD2+ rate ▲ 21 bps in net credit card write-off rate ▼ 12.6% allowance rate, down 75 bps <ul style="list-style-type: none"> • The PD2+ rate increased by 100 bps compared to the prior year as portfolio delinquency trends return to historical norms. • The increase in the net write-off rate compared to the prior year was driven by higher write-off dollars and lower recoveries. • The allowance rate decreased by 75 bps from Q3 2021 to 12.6 percent, remaining within the previously disclosed range of 11.5 to 13.5 percent.

4.3.3 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)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	\$ 360.4	\$ 340.4	\$ 331.7	\$ 312.4	\$ 307.6	\$ 296.1	\$ 297.2	\$ 295.3	\$ 301.3
Income before income taxes	139.6	90.0	125.3	63.0	117.7	125.3	126.4	115.6	90.5

4.4 CT REIT Segment Performance

4.4.1 CT REIT Segment Financial Results

(C\$ in millions)				YTD		YTD	
	Q3 2022	Q3 2021	Change	Q3 2022	Q3 2021	Change	
Property revenue ¹	\$ 133.1	\$ 125.5	6.1 %	\$ 397.6	\$ 385.0	3.3 %	
Property expense ¹	26.6	23.3	14.0 %	83.3	80.2	3.8 %	
General and administrative expense ("G&A")	2.5	3.5	(27.6) %	10.4	10.7	(1.9) %	
Net finance costs	27.6	26.3	5.1 %	82.7	79.3	4.3 %	
Fair value (gain) adjustment ³	(0.6)	(5.9)	NM ²	(28.7)	(116.7)	NM ²	
Income before income taxes	\$ 77.0	\$ 78.3	(1.7) %	\$ 249.9	\$ 331.5	(24.6) %	
Adjustment from fair value to amortized cost method on Investment property							
Fair value gain adjustment	\$ 0.6	\$ 5.9	NM ²	\$ 28.7	\$ 116.7	NM ²	
Depreciation and impairment loss	18.7	17.9	4.5 %	55.6	53.5	3.9 %	
Income before Income taxes, applying CTC accounting policies	\$ 57.7	\$ 54.5	5.9 %	\$ 165.6	\$ 161.3	2.7 %	

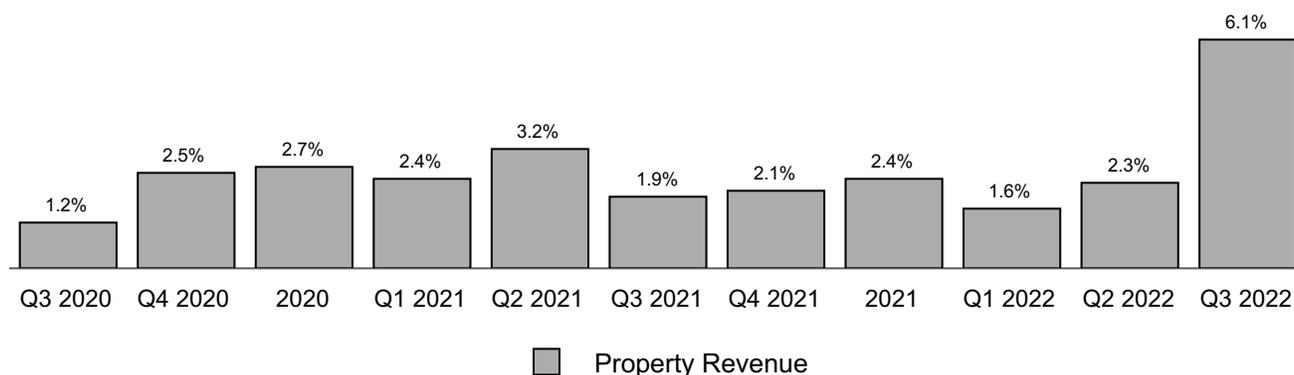
¹ For further information about this measure see section 9.2 of this MD&A.

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 \$3.2 million due to higher property revenue, partially offset by higher property expenses and net finance costs during the quarter. The increase in property revenue and expenses was mainly due to the properties acquired, and developments and intensifications completed during 2022 and 2021. Net finance costs were higher due to increased borrowing from the issuance of unsecured debentures, and the increase in prime rate on the variable rate mortgage.

CT REIT Segment Commentary *(continued)*

	Q3 2022	Year-to-Date
Property Revenue	<p>▲ \$7.6 million or 6.1%</p> <ul style="list-style-type: none"> Property revenue was \$133.1 million, an increase of \$7.6 million, or 6.1 percent. The increase was mainly due to the properties acquired, and developments and intensifications completed during 2022 and 2021. Contractual rent escalations during the year were also a contributor. 	<p>▲ \$12.6 million or 3.3%</p> <ul style="list-style-type: none"> Property revenue was \$397.6 million, an increase of \$12.6 million, or 3.3 percent. The increase was mainly due to the properties acquired, and developments and intensifications completed during 2022 and 2021. Contractual rent escalations during the year were also a contributor.
Property Expense	<p>▲ \$3.3 million or 14.0%</p> <ul style="list-style-type: none"> Property expense was \$26.6 million, an increase of \$3.3 million, or 14.0 percent. The increase was primarily due to higher operating expenses and property acquisitions completed during 2022 and 2021. 	<p>▲ \$3.1 million or 3.8%</p> <ul style="list-style-type: none"> Property expense was \$83.3 million, an increase of \$3.1 million, or 3.8 percent. The increase was primarily due to higher operating expenses and property acquisitions completed during 2022 and 2021, partially offset by the reduction of expected credit losses relating to assistance provided to tenants.
G&A	<p>▼ \$1.0 million or 27.6%</p> <ul style="list-style-type: none"> G&A was \$2.5 million, a decrease of \$1.0 million, or 27.6 percent. The decrease was driven by lower variable compensation expense, partially offset by higher consulting costs. 	<p>▼ \$0.3 million or 1.9%</p> <ul style="list-style-type: none"> G&A was \$10.4 million, a decrease of \$0.3 million, or 1.9 percent. The decrease was mainly due to lower variable compensation expense, partially offset by increased personnel costs, including CEO retirement expenses.
Net Finance Costs	<p>▲ \$1.3 million or 5.1%</p> <ul style="list-style-type: none"> Net finance costs were \$27.6 million, an increase of \$1.3 million or 5.1 percent, due to an increase in borrowing costs resulting from the issuance of Series H unsecured debentures and an increase in the prime rate on the variable rate mortgage. 	<p>▲ \$3.4 million or 4.3%</p> <ul style="list-style-type: none"> Net finance costs were \$82.7 million, an increase of \$3.4 million or 4.3 percent. The increase was due to the issuance of Series H unsecured debentures, a prepayment cost relating to the early redemption of Series A senior unsecured debentures, and an increase in the prime rate on the variable rate mortgage.
Earnings Summary	<p>▲ \$3.2 million or 5.9%</p> <ul style="list-style-type: none"> Income before income taxes was \$57.7 million, an increase of \$3.2 million or 5.9 percent. The increase was primarily due to higher property revenue, partially offset by higher property expenses and net finance costs. 	<p>▲ \$4.3 million or 2.7%</p> <ul style="list-style-type: none"> Income before income taxes was \$165.6 million, an increase of \$4.3 million or 2.7 percent. The increase in earnings was primarily due to higher property revenue, partially offset by higher net finance costs, property expenses, and depreciation due to property acquisitions.

4.4.2 CT REIT Segment Key Performance Measures

(C\$ in millions)				YTD		YTD	
	Q3 2022	Q3 2021	Change	Q3 2022	Q3 2021	Change	
Net operating income ¹	\$ 106.2	\$ 100.8	5.4 %	\$ 313.1	\$ 300.2	4.3 %	
Funds from operations ¹	75.4	72.4	3.9 %	220.6	215.6	2.3 %	
Adjusted funds from operations ¹	68.6	64.8	5.7 %	200.3	192.4	4.1 %	

¹ This measure is a non-GAAP financial measure. For further information and a detailed reconciliation see section 9.1 of this MD&A.

Net Operating Income (“NOI”)

NOI for the quarter increased by 5.4 percent compared to the prior year, primarily due to the acquisition of income-producing properties completed in 2022 and 2021, and rent escalations for CTC banner leases.

Funds from Operations (“FFO”)

FFO for the quarter increased by 3.9 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 5.7 percent compared to the prior year, primarily due to the impact of NOI variances.

5.0 Balance Sheet Analysis, Liquidity, and Capital Resources

5.1 Selected Balance Sheet Highlights

Selected line items from the Company's assets and liabilities, as at October 1, 2022 and the year-over-year change versus October 2, 2021, are noted below:

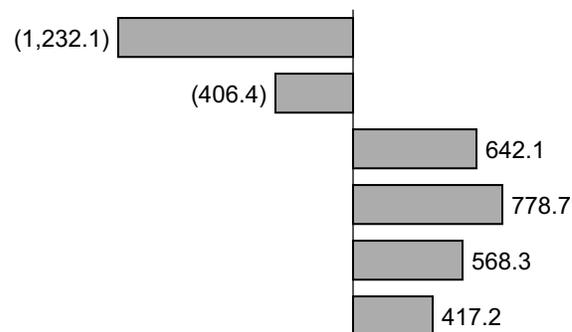
Total change	▲	\$ 649.9
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Selected Assets	October 1, 2022
Cash and cash equivalents	316.2
Short-term Investments	173.6
Trade and other receivables	1,477.0
Loans receivable (current portion)	6,107.8
Merchandise inventories	3,443.5
Property and equipment	4,856.9

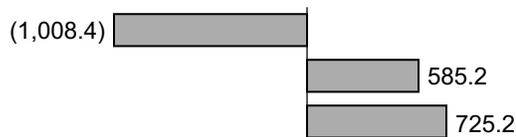
Total change	▲	\$ 182.5
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Selected Liabilities	October 1, 2022
Deposits (current and long-term)	3,083.1
Trade and other payables	3,158.0
Short-term borrowings	840.0

Year-over-year change in assets



Year-over-year change in liabilities

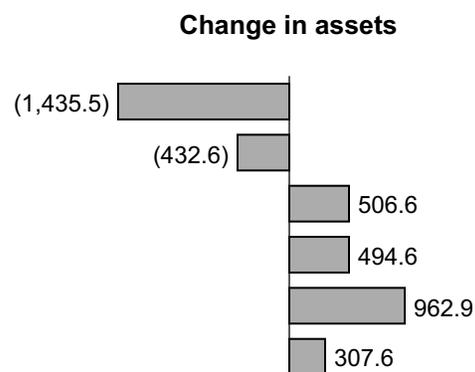


Assets		
Cash and cash equivalents	▼ \$1,232.1 million	Refer to section 5.2 and Condensed Interim Consolidated Statements of Cash Flows for further details.
Short-term Investments	▼ \$406.4 million	The decrease was primarily due to a reduction of excess accumulated liquidity in the Financial Services segment.
Trade and other receivables	▲ \$642.1 million	The increase was driven by timing of payments, higher shipment volumes to Dealers, and higher fair value position for foreign exchange derivative contracts.
Loans receivable (current portion)	▲ \$778.7 million	The increase was primarily due to increased cardholder activity, in both the number of active credit cards and average balance, offset by a higher allowance.
Merchandise inventories	▲ \$568.3 million	Inventory increased in all Retail banners due in large part to higher product costs from inflation. Canadian Tire Retail stores also have a higher Spring/Summer inventory carryover, primarily in Cycling, Patio Furniture and Marine Water Fun.
Property and equipment	▲ \$417.2 million	The increase was driven by the construction of a new Greater Toronto Area Distribution Centre, the expansion of the Montreal and Calgary Distribution Centres and Canadian Tire Retail store updates during the year.
Liabilities		
Deposits (current and long-term)	▼ \$1,008.4 million	The decrease was a result of a decline in demand deposits and guaranteed investment certificates, to reduce the excess liquidity in Financial Services.
Trade and other payables	▲ \$585.2 million	The increase was driven by increased purchases and timing of payments.
Short-term borrowings	▲ \$725.2 million	The increase is related to the seasonal decrease in cash, driven by increased merchandise inventory and other working capital requirements.

Selected line items from the Company's assets and liabilities, as at October 1, 2022 and the change versus January 1, 2022, are noted below:

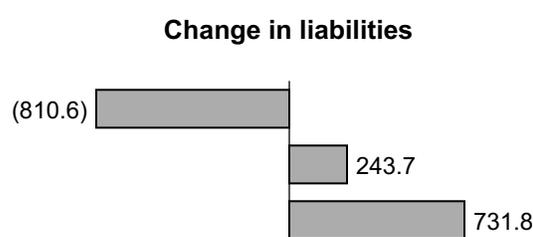
Total change	▲	\$ 409.2
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Selected Assets	October 1, 2022
Cash and cash equivalents	316.2
Short-term investments	173.6
Trade and other receivables	1,477.0
Loans receivable (current portion)	6,107.8
Merchandise inventories	3,443.5
Property and equipment	4,856.9



Total change	▲	\$ 93.4
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Selected Liabilities	October 1, 2022
Deposits (current and long-term)	3,083.1
Trade and other payables	3,158.0
Short-term borrowings	840.0



Assets		
Cash and cash equivalents	▼ \$1,435.5 million	The decrease was primarily due to cash used in operating and financing activities. Refer to section 5.2 and Condensed Interim Consolidated Statements of Cash Flows for further details.
Short-term investments	▼ \$432.6 million	The decrease was primarily due to a reduction of excess liquidity in the Financial Services segment.
Trade and other receivables	▲ \$506.6 million	The increase was primarily driven by higher shipment volumes to Dealers, timing of payments, and higher fair value position for foreign exchange derivative contracts.
Loans receivable (current portion)	▲ \$494.6 million	The increase was primarily due to increased cardholder activity, in both the number of active credit cards and average balance, offset by a higher allowance.
Merchandise inventories	▲ \$962.9 million	Inventory increased due to higher product cost and seasonality.
Property and equipment	▲ \$307.6 million	The increase was driven by the construction of a new Greater Toronto Area Distribution Centre, the expansion of the Montreal and Calgary Distribution Centres and Canadian Tire Retail stores updates during the year.
Liabilities		
Deposits (current and long-term)	▼ \$810.6 million	The decrease was a result of a decline in demand deposits and guaranteed investment certificates, to reduce the excess liquidity in the Financial Services segment.
Trade and other payables	▲ \$243.7 million	The increase was mainly due to the timing of payments made to vendors during the quarter.
Short-term borrowings	▲ \$731.8 million	The increase is related to the seasonal decrease in cash, driven by increased merchandise inventory and other working capital requirements.

5.2 Summary Cash Flows

The Company's cash and cash equivalents position, net of bank indebtedness, was \$302.9 million as at October 1, 2022. Selected line items from the Company's Condensed Interim Consolidated Statements of Cash Flows for the quarters ended October 1, 2022 and October 2, 2021 are noted in the following table:

(C\$ in millions)	Q3 2022	Q3 2021	Change
Cash (used for) generated from operating activities	\$ (329.6)	\$ 40.7	\$ (370.3)
Cash (used for) investing activities	(140.7)	(140.3)	(0.4)
Cash generated from (used for) financing activities	265.2	(304.9)	570.1
Cash (used) in the period	\$ (205.1)	\$ (404.5)	\$ 199.4

(C\$ in millions)	YTD Q3 2022	YTD Q3 2021	Change
Cash (used for) generated from operating activities	\$ (469.3)	\$ 673.3	\$ (1,142.6)
Cash (used for) investing activities	(23.5)	(378.9)	355.4
Cash (used for) financing activities	(956.0)	(86.2)	(869.8)
Cash (used) in the period	\$ (1,448.8)	\$ 208.2	\$ (1,657.0)

	Q3 2022	Year-to-Date
Operating activities	<p>▼ \$370.3 million change</p> <ul style="list-style-type: none"> Cash from operating activities declined primarily due to a higher increase in working capital of \$262.7 million and a higher increase in income taxes paid by \$82.5 million, compared to Q3 of the prior year. 	<p>▼ \$1,142.6 million change</p> <ul style="list-style-type: none"> Excluding the impact of changes in loan receivables, cash from operating activities was \$916.8 million lower than the same period in the prior year primarily due to higher changes in working capital. Cash generated from the growth in loans receivable was \$225.8 million higher than growth over the same period in the prior year.
Investing activities	<p>▼ \$0.4 million change</p> <ul style="list-style-type: none"> The change in cash used from investing activities was minimal as the higher cash flows from acquisition/proceeds of short and long-term investments was offset by higher additions to property and equipment and investment property. 	<p>▲ \$355.4 million change</p> <ul style="list-style-type: none"> The cash used for investing activities declined compared to 2021 primarily due to decreased acquisition of short-term investments net of dispositions and higher additions to property and equipment and investment property.
Financing activities	<p>▲ \$570.1 million change</p> <ul style="list-style-type: none"> Cash generated from financing activities increased primarily due to the increased net issuance of short-term borrowing partially offset by higher repurchases of share capital and net repayment of long-term debt. 	<p>▼ \$869.8 million change</p> <ul style="list-style-type: none"> The cash used for financing activities decreased primarily due to the repayment of demand deposits and higher repurchases of share capital, partially offset by cash generated from issuances of short-term borrowings compared to the same period in the prior year.

5.3 Capital Management

The Company's objectives when managing capital are:

- Ensuring sufficient liquidity to meet its financial obligations when due and to execute 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 10.0 of this MD&A including current and future industry, market, and economic risks and conditions.

5.3.1 Canadian Tire Bank's Regulatory Environment

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, which came into effect in Canada on January 1, 2013, and measures capital in relation to credit, market, and operational risks. The Bank has various capital policies, procedures, and controls in place, including an annual Internal Capital Adequacy Assessment Process ("ICAAP"), which it utilizes to achieve its goals and objectives.

The Bank's objectives include:

- maintaining strong capital ratios, as measured by regulatory guidelines and internal targets; and
- holding sufficient capital to maintain the confidence of investors and depositors.

As at Q3 2022, CTB complied with all regulatory capital guidelines established by OSFI and its internal targets as determined by its ICAAP.

5.4 Investing

5.4.1 Capital Expenditures

The Company's capital expenditures for the periods ended October 1, 2022 and October 2, 2021 were as follows:

(C\$ in millions)	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021
Modernization and efficiency enablers	\$ 33.6	\$ 38.0	\$ 83.3	\$ 83.9
Omnichannel customer experience	119.0	120.8	301.8	236.6
Fulfilment infrastructure and automation	50.6	44.3	128.9	128.4
Operating capital expenditures¹	\$ 203.2	\$ 203.1	\$ 514.0	\$ 448.9
CT REIT acquisitions and developments excluding vend-ins from CTC	28.5	18.1	60.2	46.2
Total capital expenditures²	\$ 231.7	\$ 221.2	\$ 574.2	\$ 495.1

¹ This measure is a non-GAAP financial measure. For further information and a detailed reconciliation see section 9.1 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.

	Q3 2022	Year-to-Date
Total capital expenditures	▲ \$3.6 million	▲ \$68.6 million
	<ul style="list-style-type: none"> • On a year-to-date basis, the Company's operating capital expenditures and total capital expenditures were \$514.0 million and \$574.2 million respectively, an increase of \$65.1 million and \$79.1 million from the prior year. The increase was driven primarily by the planned increase in Omnichannel customer experience for the Canadian Tire store network as outlined in the Company's strategy. 	

Capital Commitments

The Company had commitments of approximately \$265.1 million as at October 1, 2022 (October 2, 2021 – \$167.7 million) for the acquisition of tangible and intangible assets.

Operating Capital Expenditures

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

The Company expects its 2022 full-year operating capital expenditures to be approximately \$750 million compared to the Company's previously disclosed operating capital expenditures range of \$825 million to \$875 million, with the timing of some projects shifted to 2023.

In addition, as part of the \$3.4 billion announcement to fund the Company's *Better Connected* strategy and sustain the business throughout the 2022 to 2025 period, the Company expects 2023 full-year operating capital expenditures to be in the range of \$850 million to \$900 million.

5.5 Liquidity and Financing

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

As at Q3 2022 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 Financing Source table below.

As at October 1, 2022								
(C\$ in millions)	Consolidated		Retail	Financial Services	CT REIT			
Cash and cash equivalents	\$	316.2	\$	138.0	\$	172.1	\$	6.1
Short-term investments		173.6		—		173.6		—
Less: Bank indebtedness		13.3		—		13.3		—
Total net cash and cash equivalents and short-term investments¹	\$	476.5	\$	138.0	\$	332.4	\$	6.1
Committed Bank Lines of Credit		4,546.6		1,996.6		2,250.0		300.0
Less: Borrowings outstanding ²		—		—		—		—
Less: U.S. commercial paper outstanding		789.3		789.3		—		—
Less: Letters of credit outstanding		5.9		—		—		5.9
Available Committed Bank Lines of Credit	\$	3,751.4	\$	1,207.3	\$	2,250.0	\$	294.1
Liquidity¹	\$	4,227.9	\$	1,345.3	\$	2,582.4	\$	300.2

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 9.2 of this MD&A.

The Company ended the quarter with \$476.5 million cash and short-term investments, net of bank indebtedness, and \$4.2 billion in liquidity with \$1.3 billion, \$2.6 billion and \$300.2 million at its Retail, Financial Services, and CT REIT segments, respectively.

Financing Source	
Committed Bank Lines of Credit and Securitized Note Purchase Facilities	<ul style="list-style-type: none"> • Provided by a syndicate of seven Canadian and three international financial institutions, \$1,975 million in an unsecured line of credit is available to CTC for general corporate purposes. The expiry date for \$1,850 million of the commitment amount is June 2027. Subsequent to the quarter, the expiry date for the remaining \$125.0 million was extended to June 2027. As at October 1, 2022, CTC had no borrowings under this line of credit. • Provided by a syndicate of seven Canadian financial institutions, \$300 million in an unsecured line of credit is available to CT REIT for general business purposes, expiring in September 2027. As at October 1, 2022, CT REIT had no borrowings under this line of credit. • Scotiabank has provided CTB with a \$500 million unsecured line of credit and \$1.75 billion in securitized note purchase facilities for the purchase of senior and subordinated credit card asset-backed notes issued by GCCT. Subsequent to the quarter, the expiry date for these facilities was extended to October 2025. As at October 1, 2022, CTB had no borrowings under its line of credit and note purchase facilities, other than a nominal balance on a note purchase facility to maintain GCCT's ownership interest. • Helly Hansen has a 170 million Norwegian Krone ("NOK") secured line of credit (\$21.6 million Canadian dollar equivalent) provided by a Norwegian bank. As at October 1, 2022, Helly Hansen had no borrowings outstanding on its line of credit. Subsequent to the quarter, the expiry date was extended to January 2023. • During the quarter, Helly Hansen fully repaid and terminated its NOK 350 million factoring facility (\$44.4 million Canadian dollar equivalent).
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 short-term promissory notes in the United States. Terms to maturity for the promissory notes range from one to 270 days. 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 at October 1, 2022, CTC had \$789.3 million of Canadian dollar equivalent U.S. commercial paper outstanding. • Concurrent with CTC's US\$ commercial paper issuances, CTC enters into 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 at October 1, 2022, GCCT had \$50.7 million of asset-backed commercial paper notes outstanding.
Medium-Term Notes and Senior Unsecured Debentures	<ul style="list-style-type: none"> • As at October 1, 2022, CTC had an aggregate principal amount of \$950.0 million of medium-term notes outstanding. • As at October 1, 2022, CT REIT had an aggregate principal amount of \$1.2 billion of senior unsecured debentures outstanding.
Asset-backed Senior and Subordinated Term Notes	<ul style="list-style-type: none"> • As at October 1, 2022, GCCT had an aggregate principal amount of \$2.1 billion of credit card asset-backed term notes outstanding consisting of \$1.9 billion principal amount of senior term notes and \$135 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 October 1, 2022, CTB held \$2.3 billion in broker GIC deposits.
Retail Deposits	<ul style="list-style-type: none"> • Retail deposits consist of HIS and retail GIC deposits held by CTB, available both within and outside a Tax-Free Savings Account. As at October 1, 2022, CTB held \$0.8 billion 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 at October 1, 2022, CTC had a 68.8 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.

5.5.1 Contractual Obligations, Guarantees, and Commitments

For a description of contractual obligations as at January 1, 2022, refer to section 5.5.1 of the Company's 2021 Annual MD&A. There were no significant changes to the outstanding contractual obligations identified at year end, other than those discussed in this document. The Company believes it has the ability to meet its contractual obligations as at October 1, 2022.

For a discussion of the Company's significant guarantees and commitments, refer to Note 34 to the Company's 2021 Consolidated Financial Statements. The Company's maximum exposure to credit risk with respect to such guarantees and commitments is provided in Note 5 to the Company's 2021 Consolidated Financial Statements. There were no significant changes in guarantees and commitments identified at year end, other than those discussed in this document.

6.0 Equity

6.1 Shares Outstanding

(C\$ in millions)	October 1, 2022	October 2, 2021	January 1, 2022
Authorized			
3,423,366 Common Shares			
100,000,000 Class A Non-Voting Shares			
Issued			
3,423,366 Common Shares (October 2, 2021 – 3,423,366; January 1, 2022 – 3,423,366)	\$ 0.2	\$ 0.2	\$ 0.2
55,096,998 Class A Non-Voting Shares (October 2, 2021 – 57,383,757; January 1, 2022 – 56,723,758)	599.5	607.1	593.4
	\$ 599.7	\$ 607.3	\$ 593.6

Each year, the Company files a notice to make a Normal Course Issuer Bid ("NCIB") with the Toronto Stock Exchange ("TSX") which allows it to purchase 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 purchase or as otherwise permitted under the rules of the TSX and applicable securities laws. Class A Non-Voting Shares purchased by the Company pursuant to the 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 19, 2021, the TSX accepted the Company's notice of intention to make an NCIB to purchase up to 5.4 million Class A Non-Voting Shares during the period March 2, 2021 to March 1, 2022 (the "2021-22 NCIB"). On February 17, 2022, the TSX accepted the Company's notice of intention to make an NCIB to purchase up to 5.3 million Class A Non-Voting Shares during the period March 2, 2022 to March 1, 2023 (the "2022-23 NCIB"). Also on February 17, 2022, the TSX accepted a new Automatic Securities Purchase Plan ("ASPP") which expires on March 1, 2023 (the "2022-23 ASPP") and which allows a designated broker to purchase Class A Non-Voting Shares under the 2022-23 NCIB during the Company's blackout periods, subject to pre-defined parameters.

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

On November 11, 2021, the Company announced that it intends to purchase up to \$400 million of Class A Non-Voting Shares by the end of 2022, in excess of the amount required for anti-dilutive purposes (the "2021-22 Share Purchase Intention"). The following table summarizes the Company's purchases related to the 2021-22 Share Purchase Intention which was completed during the quarter:

(C\$ in millions)

2021-22 Share Purchase Intention announced on November 11, 2021	\$ 400.0
Shares purchased in fiscal 2021 under the 2021-22 Share Purchase Intention	116.2
Shares purchased in fiscal 2022 under the 2021-22 Share Purchase Intention	283.8
Total shares purchased under the 2021-22 Share Purchase Intention	\$ 400.0

Subsequent to the quarter, the Company announced that it intends to purchase \$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, and subject to regulatory approval of the renewal of the Company's NCIB in Q1 2023.

6.2 Dividends

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

The Company increased its annual dividend for the 13th consecutive year, to \$6.90 per share, a cumulative quarterly dividend increase of 33 percent since last year as a result of dividend increases approved on May 12, 2022 and November 9, 2022. The declared dividends are payable to holders of Class A Non-Voting Shares and Common Shares at a rate of \$1.725 per share payable on March 1, 2023, to shareholders of record as of January 31, 2023. The dividend is considered an "eligible dividend" for tax purposes.

6.3 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 Q3 2022, 300,000 units of equity forward contracts that hedged stock-options, performance share units, restricted share units and deferred share units settled and resulted in a cash receipt of approximately \$3.1 million; 260,000 units of new equity-forward contracts were entered into in Q3 2022 with a hedge rate of \$157.76.

¹ For further information about this measure see section 9.1 of this MD&A.

7.0 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.

There have been no material changes in the status of ongoing audits by tax authorities as disclosed in section 7.0 in the Company's 2021 Annual MD&A.

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 13 weeks ended October 1, 2022 were \$73.6 million (2021 – \$90.4 million). The effective tax rate for the 13 weeks ended October 1, 2022 increased to 24.6 percent (2021 – 24.5 percent). The tax impact on the non-taxable stock option expense was similar in each quarter for the respective year.

Income taxes for the 39 weeks ended October 1, 2022 were \$211.4 million (2021 – \$256.9 million). The effective tax rate for the 39 weeks ended October 1, 2022 decreased to 25.4 percent (2021 – 26.2 percent). The decrease in the effective tax rate for the 39 weeks ended October 1, 2022 was primarily due to lower non-deductible stock option expense, partially offset by the tax impact of the costs to exit Helly Hansen operations in Russia.

8.0 Accounting Policies and Estimates

8.1 Critical Accounting Estimates

The Company estimates certain amounts, which are reflected in its condensed interim consolidated financial statements using detailed financial models based on historical experience, current trends, and other assumptions. Actual results could differ from those estimates. In Management's judgment, the accounting estimates and policies detailed in Note 2 and Note 3 to the Company's 2021 Consolidated Financial Statements do not require Management to make assumptions about matters that are highly uncertain and, accordingly, none of those estimates are considered a "critical accounting estimate" as defined in Form 51-102F1 – *Management's Discussion and Analysis*, published by the Canadian Securities Administrators, except for the allowance for loan impairment in the Financial Services segment.

Details of the accounting policies that are subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in its condensed interim consolidated financial statements are described in Note 2 to the Company's 2021 Consolidated Financial Statements and Notes.

8.2 Changes in Accounting Policies

Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending December 31, 2022 and, accordingly, have not been applied in preparing these interim financial statements.

Insurance Contracts

In May 2017, the International Accounting Standards Board ("IASB") issued IFRS 17 – Insurance Contracts ("IFRS 17"), which replaces IFRS 4 – Insurance Contracts and establishes 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. Early adoption is permitted. The Company is assessing the potential impact of this standard.

Improving accounting policy disclosures and clarifying distinction between accounting policies and accounting estimates (Amendments to IAS 1 and IAS 8)

In February 2021, the IASB issued narrow-scope amendments to IAS 1 – Presentation of Financial Statements (“IAS 1”), IFRS Practice Statement 2 – Making Materiality Judgments (“IFRS Practice Statement 2”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”).

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 8 clarify how companies distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is assessing the potential impact of these amendments.

Software as a Service arrangements

In addition, the IFRS Interpretations Committee published a final agenda decision in April 2021, clarifying how to recognize certain configuration and customization expenditures related to implementing Software as a Service arrangements. The Company is in the process of assessing the impact of this decision on its accounting policies.

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

9.1 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 cost of producing revenue, SG&A and other income (expense), where applicable. Explanations of normalizing items can be found in subsection 4.1.1.

Normalized Cost of Producing Revenue

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

(C\$ in millions)	Q3 2022		YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Cost of producing revenue	\$ 2,843.5	\$ 2,556.0	\$ 8,390.7	\$ 7,266.0
Less normalizing items: Operational Efficiency program	—	—	—	1.7
Normalized cost of producing revenue	\$ 2,843.5	\$ 2,556.0	\$ 8,390.7	\$ 7,264.3

Retail Normalized Cost of Producing Revenue

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

(C\$ in millions)	Q3 2022		YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Cost of producing revenue	\$ 2,843.5	\$ 2,556.0	\$ 8,390.7	\$ 7,266.0
Less: Other operating segments	123.1	92.0	357.6	233.0
Retail cost of producing revenue	\$ 2,720.4	\$ 2,464.0	\$ 8,033.1	\$ 7,033.0
Less normalizing items: Operational Efficiency program	—	—	—	1.7
Retail normalized cost of producing revenue	\$ 2,720.4	\$ 2,464.0	\$ 8,033.1	\$ 7,031.3

Normalized Gross Margin and Normalized Gross Margin Rate

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

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

(C\$ in millions)	Q3 2022		YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Gross margin	\$ 1,385.3	\$ 1,357.1	\$ 4,079.5	\$ 3,888.5
Add normalizing items: Operational Efficiency program	—	—	—	1.7
Normalized gross margin	\$ 1,385.3	\$ 1,357.1	\$ 4,079.5	\$ 3,890.2

Retail Normalized Gross Margin and related measures

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

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

(C\$ in millions)	Q3 2022		YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Gross margin	\$ 1,385.3	\$ 1,357.1	\$ 4,079.5	\$ 3,888.5
Less: Other operating segments	232.0	214.0	667.2	668.4
Retail gross margin	\$ 1,153.3	\$ 1,143.1	\$ 3,412.3	\$ 3,220.1
Add normalizing items: Operational Efficiency program	—	—	—	1.7
Retail normalized gross margin	\$ 1,153.3	\$ 1,143.1	\$ 3,412.3	\$ 3,221.8
Less: Petroleum gross margin	55.6	51.5	165.1	139.0
Retail normalized gross margin excluding Petroleum	\$ 1,097.7	\$ 1,091.6	\$ 3,247.2	\$ 3,082.8

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.

(C\$ in millions)	Q3 2022		YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Other expense (income)	\$ 13.8	\$ (2.7)	\$ 61.4	\$ (28.7)
Add normalizing items:				
Operational Efficiency program	—	(0.9)	—	(0.9)
Helly Hansen Russia exit	—	—	(36.5)	—
Normalized other expense (income)	\$ 13.8	\$ (3.6)	\$ 24.9	\$ (29.6)

Retail Normalized Other (Income)

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

(C\$ in millions)	Q3 2022		YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Other expense (income)	\$ 13.8	\$ (2.7)	\$ 61.4	\$ (28.7)
Less: Other operating segments	35.7	33.6	106.1	103.8
Retail other expense (income)	\$ (21.9)	\$ (36.3)	\$ (44.7)	\$ (132.5)
Add normalizing items:				
Operational Efficiency program	—	(0.9)	—	(0.9)
Helly Hansen Russia exit	—	—	(36.5)	—
Retail normalized other (income)	\$ (21.9)	\$ (37.2)	\$ (81.2)	\$ (133.4)

Normalized SG&A and related measures

Normalized SG&A, normalized SG&A adjusted for rent expense (excluding depreciation and amortization), and normalized SG&A adjusted for rent expense (excluding depreciation and amortization) as a percentage of revenue excluding Petroleum are used as additional measures when assessing the performance of the Company's ongoing operations. Normalized SG&A, and its successive derivations are most directly comparable to SG&A, a GAAP measure reported in the consolidated financial statements. SG&A is adjusted for normalizing items, further adjusted for rent expense, depreciation and amortization. Management has adjusted SG&A to include an estimate of rent expense, a significant operating expense for its retail business. Management removes Petroleum revenue because it may complicate variances, especially when reviewing the measure as a ratio.

Normalized SG&A adjusted for rent expense excluding depreciation and amortization as a percentage of revenue excluding Petroleum is a non-GAAP ratio that is calculated by dividing normalized SG&A adjusted for rent expense, depreciation and amortization, by revenue excluding Petroleum.

(C\$ in millions)	Q3 2022		YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Selling, general and administrative expenses	\$ 1,017.3	\$ 935.0	\$ 3,021.4	\$ 2,766.9
Less normalizing items: Operational Efficiency program	15.8	18.0	27.6	31.8
Normalized selling, general and administrative expenses	\$ 1,001.5	\$ 917.0	\$ 2,993.8	\$ 2,735.1
Add: Net finance costs, related to leases	20.5	20.7	61.4	64.2
Less: Depreciation and amortization, other than right-of-use assets	98.5	98.4	286.6	293.0
Normalized selling, general and administrative expenses adjusted for rent expense excluding depreciation and amortization	\$ 923.5	\$ 839.3	\$ 2,768.6	\$ 2,506.3

Retail Normalized SG&A and related measures

Retail normalized SG&A and Retail normalized SG&A adjusted for rent expense (excluding depreciation and amortization) are used as additional measures when assessing the performance of the Company's ongoing operations. These two metrics are most directly comparable to SG&A, a GAAP measure reported in the consolidated financial statements. Management has adjusted Retail SG&A to include an estimate of rent expense, a significant operating expense for its retail business.

(C\$ in millions)	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021
Selling, general and administrative expenses	\$ 1,017.3	\$ 935.0	\$ 3,021.4	\$ 2,766.9
Less: Other operating segments	19.9	29.4	101.5	95.7
Retail selling, general and administrative expenses	\$ 997.4	\$ 905.6	\$ 2,919.9	\$ 2,671.2
Less normalizing items: Operational Efficiency program	15.8	18.0	27.6	31.8
Retail normalized selling, general and administrative expenses	\$ 981.6	\$ 887.6	\$ 2,892.3	\$ 2,639.4
Add: Retail net finance costs, related to leases	49.4	51.3	148.0	156.8
Less: Retail depreciation and amortization, other than right-of-use assets	78.3	79.4	226.6	235.3
Retail normalized selling, general and administrative expenses adjusted for rent expense (excluding depreciation and amortization)	\$ 952.7	\$ 859.5	\$ 2,813.7	\$ 2,560.9

EBITDA and related measures

EBITDA, normalized EBITDA, normalized EBITDA adjusted for rent expense, and normalized EBITDA adjusted for rent expense as a percentage of revenue excluding Petroleum 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 finance costs, depreciation and amortization. EBITDA itself is then adjusted for normalizing items and finally adjusted for rent expense. Management has adjusted EBITDA to include an estimate of rent expense, a significant operating expense for its retail business, and removes the effect of Petroleum operations because it may complicate variances, especially when reviewing the measure as a ratio.

Normalized EBITDA Adjusted for Rent Expense as a Percentage of Revenue excluding Petroleum is a non-GAAP Ratio that is calculated by dividing the Normalized EBITDA Adjusted for Rent Expense by Revenue excluding Petroleum.

(C\$ in millions)	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021
Income before income taxes	\$ 298.6	\$ 369.9	\$ 831.6	\$ 981.9
Add:				
Depreciation and amortization, other than right-of-use assets ¹	104.7	103.0	304.9	305.6
Depreciation of right-of-use assets	85.3	74.3	244.3	217.6
Net finance costs, other than those related to leases	35.1	34.2	103.7	104.2
Net finance costs, related to leases	20.5	20.7	61.4	64.2
EBITDA	\$ 544.2	\$ 602.1	\$ 1,545.9	\$ 1,673.5
Add normalizing items:				
Operational Efficiency program	15.8	18.9	27.6	34.4
Helly Hansen Russia exit	—	—	36.5	—
Normalized EBITDA	\$ 560.0	\$ 621.0	\$ 1,610.0	\$ 1,707.9
Less:				
Depreciation of right-of-use assets	85.3	74.3	244.3	217.6
Net finance costs, related to leases	20.5	20.7	61.4	64.2
Normalized EBITDA adjusted for rent expense	\$ 454.2	\$ 526.0	\$ 1,304.3	\$ 1,426.1

¹ Depreciation and amortization reported in cost of producing revenue for the 13 and 39 weeks ended October 1, 2022 was \$6.2 million (2021 – \$4.6 million) and \$18.3 million (2021 - \$12.6 million).

Retail EBITDA and related measures

Retail EBITDA, Retail normalized EBITDA, and Retail normalized EBITDA adjusted for rent expense 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 finance costs, depreciation and amortization. Retail EBITDA is then adjusted for normalizing items and rent expense. Management has adjusted Retail EBITDA to include an estimate of rent expense, a significant operating expense for the Retail segment.

(C\$ in millions)	Q3 2022		YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Income before income taxes	\$ 298.6	\$ 369.9	\$ 831.6	\$ 981.9
Less: Other operating segments	165.6	143.4	426.0	444.3
Retail income before income taxes	\$ 133.0	\$ 226.5	\$ 405.6	\$ 537.6
Add:				
Retail depreciation and amortization, other than right-of-use assets ¹	84.5	84.0	244.9	247.9
Retail depreciation of right-of-use assets	150.5	137.0	437.7	403.1
Retail net finance (income), other than related to leases	(4.6)	(4.0)	(16.5)	(13.0)
Retail net finance costs, related to leases	49.4	51.3	148.0	156.8
Retail EBITDA	\$ 412.8	\$ 494.8	\$ 1,219.7	\$ 1,332.4
Add normalizing items:				
Operational Efficiency program	15.8	18.9	27.6	34.4
Helly Hansen Russia exit	—	—	36.5	—
Retail Normalized EBITDA	\$ 428.6	\$ 513.7	\$ 1,283.8	\$ 1,366.8
Less:				
Retail depreciation of right-of-use assets	150.5	137.0	437.7	403.1
Retail net finance costs, related to leases	49.4	51.3	148.0	156.8
Retail Normalized EBITDA adjusted for rent expense	\$ 228.7	\$ 325.4	\$ 698.1	\$ 806.9

¹ Depreciation and amortization reported in cost of producing revenue for the 13 and 39 weeks ended October 1, 2022 was \$6.2 million (2021 – \$4.6 million) and \$18.3 million (2021 - \$12.6 million).

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)	Q3 2022		YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Income before income taxes	\$ 298.6	\$ 369.9	\$ 831.6	\$ 981.9
Add normalizing items:				
Operational Efficiency program	15.8	18.9	27.6	34.4
Helly Hansen Russia exit	—	—	36.5	—
Normalized income before income taxes	\$ 314.4	\$ 388.8	\$ 895.7	\$ 1,016.3

Retail Normalized Income Before Income Taxes

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

(C\$ in millions)	Q3 2022		Q3 2021	
	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021
Income before income taxes	\$ 298.6	\$ 369.9	\$ 831.6	\$ 981.9
Less: Other operating segments	165.6	143.4	426.0	444.3
Retail income before income taxes	\$ 133.0	\$ 226.5	\$ 405.6	\$ 537.6
Add normalizing items:				
Operational Efficiency program	15.8	18.9	27.6	34.4
Helly Hansen Russia exit	—	—	36.5	—
Retail normalized income before income taxes	\$ 148.8	\$ 245.4	\$ 469.7	\$ 572.0

Normalized Income Tax

Management uses normalized income tax in order 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 to income tax which is a GAAP measure reported in the consolidated financial statements.

(C\$ in millions)	Q3 2022		Q3 2021	
	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021
Income tax expense	\$ 73.6	\$ 90.4	\$ 211.4	\$ 256.9
Add tax effect of normalizing items:				
Operational Efficiency program	4.2	5.0	7.3	9.1
Helly Hansen Russia exit	—	—	3.1	—
Normalized income tax expense	\$ 77.8	\$ 95.4	\$ 221.8	\$ 266.0

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

Normalized net income, normalized net income attributable to shareholders, and normalized diluted earnings per share 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 earnings per share to net income, a GAAP measure reported in the consolidated financial statements.

Long-term dividend payout ratio target is calculated by dividing total dividends by the prior year's normalized net income.

(C\$ in millions)	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021	2021	2019
Net income	\$ 225.0	\$ 279.5	\$ 620.2	\$ 725.0	\$ 1,260.7	\$ 894.8
Net income attributable to shareholders	184.9	243.7	512.2	619.1	1,127.6	778.4
Add normalizing items:						
Operational Efficiency program	\$ 11.6	\$ 13.9	\$ 20.3	\$ 25.3	\$ 30.1	\$ 25.1
Helly Hansen Russia exit	—	—	33.4	—	—	—
Party City:						
Acquisition-related costs	—	—	—	—	—	1.6
Fair value adjustment for inventories acquired	—	—	—	—	—	1.8
Normalized net income	\$ 236.6	\$ 293.4	\$ 673.9	\$ 750.3	\$ 1,290.8	\$ 923.3
Normalized net income attributable to shareholders	\$ 196.5	\$ 257.6	\$ 565.9	\$ 644.4	\$ 1,157.7	\$ 806.9
Normalized diluted EPS	\$ 3.34	\$ 4.20	\$ 9.49	\$ 10.49	\$ 18.91	\$ 13.04

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)	YTD Q3 2022	YTD Q3 2021
Total additions ¹	\$ 539.3	\$ 435.3
Add: Accrued additions	34.9	45.5
Less:		
Business combinations, intellectual properties and tenant allowances	—	(14.3)
CT REIT acquisitions and developments excluding vend-ins from CTC	60.2	46.2
Operating capital expenditures	\$ 514.0	\$ 448.9

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

Retail Return on Invested Capital

Retail ROIC is calculated as Retail return divided by the Retail invested capital. Retail return is defined as trailing annual 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)	Rolling 12 months ended		
	Q3 2022	Q3 2021	Q4 2021
Income before income taxes	\$ 1,551.6	\$ 1,700.5	\$ 1,701.9
Less: Other operating segments	507.9	584.9	526.2
Retail income before income taxes	\$ 1,043.7	\$ 1,115.6	\$ 1,175.7
Add normalizing items:			
Operational Efficiency program	34.1	69.6	40.9
Helly Hansen Russia exit	36.5	—	—
Retail normalized income before income taxes	\$ 1,114.3	\$ 1,185.2	\$ 1,216.6
Less:			
Retail intercompany adjustments ¹	203.5	194.7	196.5
Add:			
Retail interest expense ²	238.5	259.2	251.8
Retail depreciation of right-of-use assets	574.8	535.1	541.5
Retail effective tax rate	26.7 %	28.2 %	27.1 %
Add: Retail taxes	(459.8)	(503.4)	(491.4)
Retail return	\$ 1,264.3	\$ 1,281.4	\$ 1,322.0
Average total assets	\$ 21,633.1	\$ 21,007.8	\$ 21,364.1
Less: Average assets in other operating segments	4,590.2	4,870.9	5,026.0
Average Retail assets	\$ 17,042.9	\$ 16,136.9	\$ 16,338.1
Less:			
Average Retail intercompany adjustments ¹	3,521.4	3,415.3	3,421.2
Average Retail trade payables and accrued liabilities ³	2,855.2	2,439.2	2,519.8
Average Franchise Trust assets	446.2	527.4	507.6
Average Retail excess cash	114.4	67.1	167.4
Average Retail invested capital	\$ 10,105.7	\$ 9,687.9	\$ 9,722.1
Retail ROIC	12.5 %	13.2 %	13.6 %

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.

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 will be 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)	Q3 2022		YTD	
	Q3 2022	Q3 2021	Q3 2022	YTD Q3 2021
Revenue	\$ 4,228.8	\$ 3,913.1	\$ 12,470.2	\$ 11,154.5
Less: Other operating segments and other banners	4,057.9	3,755.5	11,990.1	10,760.0
Helly Hansen Revenue (CAD)	\$ 170.9	\$ 157.6	\$ 480.1	\$ 394.5
NOK/CAD average FX rate	7.64	6.95	7.34	6.84
Helly Hansen Revenue (Kroner)	\$ 1,305.8	\$ 1,096.0	\$ 3,524.6	\$ 2,698.4
NOK/CAD constant FX rate	6.95	6.95	6.84	6.84
Helly Hansen Revenue (constant currency)	\$ 187.8	\$ 157.6	\$ 515.1	\$ 394.4

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 October 1, 2022

(C\$ in millions)	Consolidated	Retail	Financial Services	REIT
Consolidated net debt				
Bank indebtedness	\$ 13.3	\$ —	\$ 13.3	\$ —
Short-term deposits	1,337.4	—	1,337.4	—
Long-term deposits	1,745.7	—	1,745.7	—
Short-term borrowings	840.0	789.3	50.7	—
Long-term debt	4,257.1	951.8	2,068.8	1,236.5
Total debt	\$ 8,193.5	\$ 1,741.1	\$ 5,215.9	\$ 1,236.5
Cash and cash equivalents ¹	(316.2)	(150.0)	(160.1)	(6.1)
Short-term investments ¹	(173.6)	—	(173.6)	—
Long-term investments ¹	(96.6)	(3.2)	(93.4)	—
Net debt	\$ 7,607.1	\$ 1,587.9	\$ 4,788.8	\$ 1,230.4
Intercompany debt	—	(1,621.6)	110.3	1,511.3
Adjusted net debt	\$ 7,607.1	\$ (33.7)	\$ 4,899.1	\$ 2,741.7

¹ Includes regulatory reserves.

As at October 2, 2021

(C\$ in millions)	Consolidated	Retail	Financial Services	REIT
Consolidated net debt				
Bank indebtedness	\$ 12.9	\$ 12.9	\$ —	—
Short-term deposits	2,026.0	—	2,026.0	—
Long-term deposits	2,065.5	—	2,065.5	—
Short-term borrowings	114.8	64.7	50.1	—
Long-term debt	4,267.2	951.4	2,179.0	1,136.8
Total debt	\$ 8,486.4	\$ 1,029.0	\$ 6,320.6	\$ 1,136.8
Cash and cash equivalents ^{1,2}	(2,128.3)	(79.3)	(2,041.5)	(7.5)
Short-term investments ^{1,2}	—	—	—	—
Long-term investments ¹	(176.7)	—	(176.7)	—
Net debt	\$ 6,181.4	\$ 949.7	\$ 4,102.4	\$ 1,129.3
Intercompany debt	—	(1,575.0)	82.2	1,492.8
Adjusted net debt	\$ 6,181.4	\$ (625.3)	\$ 4,184.6	\$ 2,622.1

¹ Includes regulatory reserves.² The prior period figures have been restated to align with current year presentation.

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 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 of our existing portfolio at the reporting date; however, observed in isolation do not provide meaningful information.

(C\$ in millions)	Q3 2022	Q3 2021
Current portion of loans receivable	\$ 6,107.8	\$ 5,329.1
Add: ECL allowance	868.7	811.7
Less:		
Other discounts or adjustments	123.1	124.6
Line of credit and current portion of dealer loans	98.5	72.8
Total gross credit card receivables	\$ 6,754.9	\$ 5,943.4
Less: Loans no more than 30 days past due	6,564.1	5,835.1
Past due gross credit card receivables	\$ 190.8	\$ 108.3

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)			YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Revenue	\$ 4,228.8	\$ 3,913.1	\$ 12,470.2	\$ 11,154.5
Less: Other operating segments	4,095.7	3,787.6	12,072.6	10,769.5
CT REIT property revenue	\$ 133.1	\$ 125.5	\$ 397.6	\$ 385.0
Less:				
CT REIT property expense	26.6	23.3	83.3	80.2
CT REIT property straight-line rent revenue	0.3	1.4	1.2	4.6
CT REIT net operating income	\$ 106.2	\$ 100.8	\$ 313.1	\$ 300.2

CT REIT Funds from Operations and Adjusted Funds from Operations

Funds from Operations

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

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

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

Adjusted Funds from Operations

AFFO is a non-GAAP financial measure of recurring economic earnings used in the real estate industry to assess an entity's distribution capacity. This measure is most directly comparable to net income and comprehensive income, GAAP measures reported in the consolidated financial statements. AFFO should not be considered as an alternative to net income or cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its AFFO in accordance with REALPAC's FFO & 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 for a reserve for maintaining productive capacity required for sustaining property infrastructure and revenue from real estate properties and direct leasing costs. As property capital expenditures do not occur evenly during the fiscal year or from year to year the capital expenditure reserve in the AFFO calculation, which is used as an input in assessing the REIT's distribution payout ratio, is intended to reflect an average annual spending level. The reserve is primarily based on average expenditures as determined by building condition reports prepared by independent consultants.

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

FFO per unit and AFFO per unit

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

The following table reconciles GAAP net income and comprehensive income to FFO and further reconciles FFO to AFFO:

(C\$ in millions)			YTD	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Income before income taxes	\$ 298.6	\$ 369.9	\$ 831.6	\$ 981.9
Less: Other operating segments	221.6	291.6	581.7	650.4
CT REIT income before income taxes	\$ 77.0	\$ 78.3	\$ 249.9	\$ 331.5
Add:				
CT REIT fair value (gain) adjustment	(0.6)	(5.9)	(28.7)	(116.7)
CT REIT deferred taxes	(0.2)	(0.2)	0.4	0.4
CT REIT lease principal payments on right-of-use assets	(0.2)	(0.2)	(0.4)	(0.8)
CT REIT fair value of equity awards	(0.8)	0.3	(1.1)	0.7
CT REIT internal leasing expense	0.2	0.1	0.5	0.5
CT REIT funds from operations	\$ 75.4	\$ 72.4	\$ 220.6	\$ 215.6
Less:				
CT REIT properties straight-line rent adjustment	0.3	1.4	1.2	4.6
CT REIT capital expenditure reserve	6.5	6.2	19.1	18.6
CT REIT adjusted funds from operations	\$ 68.6	\$ 64.8	\$ 200.3	\$ 192.4

9.2 Supplementary Financial Measures

Average Account Balance

Average account balance measures average aggregate account balances for 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 represent 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, SportChek and Mark's).

Cost of Debt

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

eCommerce Sales

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

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 excluding Petroleum and Gross Margin Rate excluding Petroleum

Gross margin excluding Petroleum captures gross margin in the consolidated entity or Retail segment, as measured according to the Company's IFRS accounting policy, while excluding gross margin 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 % of Retail Sales

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.

Operating Expenses as % of GAAR

Operating expenses as percentage of GAAR for the Financial Services segment is calculated using rolling 12-month operating expenses divided by gross average receivables accounts receivable.

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 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, 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 % 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.

10.0 Key Risks and Risk Management

In the normal course of its business activities, CTC regularly faces risks and opportunities. The effective management of risk is a key priority for the Company to support CTC in achieving its strategies and business objectives. Accordingly, CTC has adopted an Enterprise Risk Management (“ERM”) Framework for identifying, assessing, monitoring, mitigating and reporting risks and opportunities facing CTC. Refer to Section 2.6 Risk Factors in the 2021 AIF for further details of CTC’s ERM Framework.

The Company regularly assesses its businesses to identify and monitor key 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.

The mitigation and management of risk is approached holistically with a view to ensuring all risk exposures are considered. Although the Company believes the measures taken to mitigate risks are reasonable, there can be no assurance that they will effectively mitigate risks that may have a negative impact on the Company’s financial performance, brand, and/or ability to achieve its strategic objectives.

There are numerous external risk factors, such as macroeconomic (inflationary pressures; higher interest rates; volatilities in foreign currencies), geopolitical (including the Russia-Ukraine conflict), cyber and ransomware attacks, changing consumer preferences, climate change, commodity pricing, supply chain disruption, pandemics (including COVID-19), changing laws and regulations, or new technologies, the impact of which is difficult to predict.

Refer to Section 10.0 in the Company’s 2021 Annual MD&A and Section 13.0 Forward-Looking Information and other Investor Communication in this Quarter’s MD&A for further discussion of key risks.

11.0 Internal Controls and Procedures

Details relating to disclosure controls and procedures, and internal control over financial reporting, are disclosed in section 11.0 of the Company’s 2021 Annual MD&A.

Changes in Internal Control Over Financial Reporting

During the quarter ended October 1, 2022, 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.

12.0 Environmental, Social and Governance

12.1 Overview

The Company is making significant progress in executing its Environmental, Social and Governance (“ESG”) strategy. This includes initiatives that reduce both energy consumption and waste and increase the use of more sustainable materials in its products. In line with global and Canadian efforts to combat climate change, the Company has also set targets to reduce its Greenhouse Gas (“GHG”) emissions.

CTC also invests in communities across Canada where it operates through supporting a variety of social causes, with the largest single beneficiary being Canadian Tire Jumpstart Charities. Additional information regarding Jumpstart is available on their website at: <https://jumpstart.canadiantire.ca>

For additional details on the Company's ESG strategy please refer to section 2.8 of the 2021 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.

The Company's approach to ESG matters is led by the Chief Executive Officer, with support from the ESG Executive Council, and overseen by the Board of Directors, principally through its Brand and Corporate Responsibility Committee which coordinates with the other committees of the Board as needed.

13.0 Forward-Looking Information and Other Investor Communication

Caution Regarding Forward-Looking Information

This document contains forward-looking information that reflects 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 financial aspirations for the 2022 to 2025 fiscal years in section 3.0;
- The Company's strategic investments for the 2022 to 2025 fiscal years, including the rollout of “Concept Connect” to certain Canadian Tire stores, in section 3.0;
- The Company's operating capital expenditures for the 2022 fiscal year in sections 3.0 and 5.4.1;
- The Company's intention to purchase its Class A Non-Voting Shares in sections 3.0 and 6.1; and
- The Company's Operational Efficiency program, including the target annualized savings, in section 4.1.1.

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 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, the duration and impact of COVID-19 on the Company's operations, liquidity, financial condition, or results, 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. Additional assumptions relating to Management's expectations with respect to the Operational Efficiency program include: (a) the realization of the forecasted benefits from both executed and new Operational Efficiency initiatives; and (b) continued discipline by Management in maintaining savings from already executed initiatives. 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 earning 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 and the introduction of new technologies; (f) geopolitical risks (including the Russia-Ukraine conflict), 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, property management and development, environmental liabilities, 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 to complete any proposed acquisition; and (o) the Company's ability to realize the anticipated benefits or synergies from its acquisitions and investments. Additional risk factors related to Management's expectations with respect to the Operational Efficiency program include: (a) reduced/lower than forecasted contribution from both executed and new Operational Efficiency program initiatives; and (b) organizational capacity to execute Operational Efficiency initiatives. Additional risk factors related 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 3.0 (Strategy and Four-Year [2022 to 2025] Financial Aspirations) and section 10.0 (Key Risks and Risk Management) in this MD&A and all subsections thereunder. For more information, also refer to the Company's other public filings, available on the SEDAR (System for Electronic Document Analysis and Retrieval) website at <http://www.sedar.com> and at <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.

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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.sedar.com>.

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

CANADIAN TIRE CORPORATION, LIMITED
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Q3 2022

Index to the Financial Statements and Notes

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Condensed Interim Consolidated Balance Sheets

As at (C\$ in millions)(unaudited)	October 1, 2022	October 2, 2021	January 1, 2022
ASSETS			
Cash and cash equivalents (Note 15)	\$ 316.2	\$ 1,548.3	\$ 1,751.7
Short-term investments	173.6	580.0	606.2
Trade and other receivables	1,477.0	834.9	970.4
Loans receivable (Note 6)	6,107.8	5,329.1	5,613.2
Merchandise inventories	3,443.5	2,875.2	2,480.6
Income taxes recoverable	80.8	24.9	1.7
Prepaid expenses and deposits	193.9	220.9	216.1
Assets classified as held for sale	2.8	4.3	6.7
Total current assets	11,795.6	11,417.6	11,646.6
Long-term receivables and other assets	681.1	660.7	593.5
Long-term investments	96.6	176.7	175.1
Goodwill and intangible assets	2,270.1	2,374.1	2,372.2
Investment property	404.9	389.2	460.7
Property and equipment	4,856.9	4,439.7	4,549.3
Right-of-use assets	1,960.5	1,872.6	1,786.1
Deferred income taxes	145.7	230.9	218.7
Total assets	\$ 22,211.4	\$ 21,561.5	\$ 21,802.2
LIABILITIES			
Bank indebtedness (Note 15)	\$ 13.3	\$ 12.9	\$ —
Deposits	1,337.4	2,026.0	1,908.4
Trade and other payables	3,158.0	2,572.8	2,914.3
Provisions	178.3	176.6	195.2
Short-term borrowings	840.0	114.8	108.2
Loans	452.1	492.6	427.5
Current portion of lease liabilities	388.4	361.0	359.0
Income taxes payable	16.4	66.8	157.6
Current portion of long-term debt	640.1	719.7	719.8
Total current liabilities	7,024.0	6,543.2	6,790.0
Long-term provisions	52.5	63.5	64.1
Long-term debt (Note 7)	3,617.0	3,547.5	3,558.7
Long-term deposits	1,745.7	2,065.5	1,985.3
Long-term lease liabilities	2,033.6	2,015.4	1,916.8
Deferred income taxes	121.6	123.1	125.9
Other long-term liabilities	790.4	844.1	850.6
Total liabilities	15,384.8	15,202.3	15,291.4
EQUITY			
Share capital (Note 8)	599.7	607.3	593.6
Contributed surplus	2.9	2.9	2.9
Accumulated other comprehensive (loss)	(20.4)	(154.6)	(169.2)
Retained earnings	4,815.7	4,532.6	4,696.5
Equity attributable to shareholders of Canadian Tire Corporation	5,397.9	4,988.2	5,123.8
Non-controlling interests	1,428.7	1,371.0	1,387.0
Total equity	6,826.6	6,359.2	6,510.8
Total liabilities and equity	\$ 22,211.4	\$ 21,561.5	\$ 21,802.2

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

Condensed Interim Consolidated Statements of Income

For the (C\$ in millions, except share and per share amounts)(unaudited)	13 weeks ended		39 weeks ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Revenue (Note 10)	\$ 4,228.8	\$ 3,913.1	\$ 12,470.2	\$ 11,154.5
Cost of producing revenue (Note 11)	2,843.5	2,556.0	8,390.7	7,266.0
Gross margin	1,385.3	1,357.1	4,079.5	3,888.5
Other expense (income)	13.8	(2.7)	61.4	(28.7)
Selling, general and administrative expenses (Note 12)	1,017.3	935.0	3,021.4	2,766.9
Net finance costs (Note 13)	55.6	54.9	165.1	168.4
Income before income taxes	298.6	369.9	831.6	981.9
Income taxes	73.6	90.4	211.4	256.9
Net income	\$ 225.0	\$ 279.5	\$ 620.2	\$ 725.0
Net income attributable to:				
Shareholders of Canadian Tire Corporation	\$ 184.9	\$ 243.7	\$ 512.2	\$ 619.1
Non-controlling interests	40.1	35.8	108.0	105.9
	\$ 225.0	\$ 279.5	\$ 620.2	\$ 725.0
Basic earnings per share	\$ 3.15	\$ 4.01	\$ 8.65	\$ 10.18
Diluted earnings per share	\$ 3.14	\$ 3.97	\$ 8.59	\$ 10.08
Weighted average number of Common and Class A Non-Voting Shares outstanding:				
Basic	58,671,402	60,807,123	59,231,854	60,807,859
Diluted	58,983,396	61,337,523	59,611,273	61,430,301

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

Condensed Interim Consolidated Statements of Comprehensive Income

For the (C\$ in millions)(unaudited)	13 weeks ended		39 weeks ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net income	\$ 225.0	\$ 279.5	\$ 620.2	\$ 725.0
Other comprehensive income, net of taxes				
Items that may be reclassified subsequently to net income:				
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges not subject to basis adjustment	(25.5)	4.3	85.3	9.5
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	33.8	(3.0)	12.7	—
Reclassification of losses to income	1.8	2.6	5.7	11.7
Currency translation adjustment	(7.9)	23.3	(97.4)	(12.7)
Items that will not be reclassified subsequently to net income:				
Net fair value gains on hedging instruments entered into for cash flow hedges subject to basis adjustment	155.5	50.1	205.4	1.3
Other comprehensive income	\$ 157.7	\$ 77.3	\$ 211.7	\$ 9.8
Other comprehensive income attributable to:				
Shareholders of Canadian Tire Corporation	\$ 155.6	\$ 76.5	\$ 190.9	\$ 5.5
Non-controlling interests	2.1	0.8	20.8	4.3
	\$ 157.7	\$ 77.3	\$ 211.7	\$ 9.8
Comprehensive income	\$ 382.7	\$ 356.8	\$ 831.9	\$ 734.8
Comprehensive income attributable to:				
Shareholders of Canadian Tire Corporation	\$ 340.5	\$ 320.2	\$ 703.1	\$ 624.6
Non-controlling interests	42.2	36.6	128.8	110.2
	\$ 382.7	\$ 356.8	\$ 831.9	\$ 734.8

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

Condensed Interim Consolidated Statements of Cash Flows

For the (C\$ in millions)(unaudited)	13 weeks ended		39 weeks ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Cash (used for) generated from:				
Operating activities				
Net income	\$ 225.0	\$ 279.5	\$ 620.2	\$ 725.0
Adjustments for:				
Depreciation of property and equipment, investment property and right-of-use assets	158.7	146.3	458.8	433.6
(Reversal of) impairment on property and equipment, investment property and right-of-use assets	—	(0.9)	—	(0.9)
Income taxes	73.6	90.4	211.4	256.9
Net finance costs (Note 13)	55.6	54.9	165.1	168.4
Amortization of intangible assets	31.3	31.0	90.4	89.6
Loss (gain) on disposal of property and equipment, investment property, assets held for sale and right-of-use assets	3.4	(5.0)	(8.4)	(18.7)
Non-cash loss on exit of Helly Hansen operations in Russia	—	—	20.8	—
Total except as noted below	547.6	596.2	1,558.3	1,653.9
Interest paid	(76.6)	(67.8)	(187.4)	(189.4)
Interest received	6.8	3.3	15.2	9.6
Income taxes paid	(112.5)	(30.0)	(449.1)	(280.9)
Change in loans receivable	(117.9)	(146.7)	(485.7)	(259.9)
Change in operating working capital and other	(577.0)	(314.3)	(920.6)	(260.0)
Cash (used for) generated from operating activities	(329.6)	40.7	(469.3)	673.3
Investing activities				
Additions to property and equipment and investment property	(239.6)	(119.8)	(450.8)	(331.9)
Additions to intangible assets	(19.1)	(39.8)	(88.5)	(103.4)
Total additions	(258.7)	(159.6)	(539.3)	(435.3)
Acquisition of short-term investments	(29.8)	(267.6)	(134.7)	(757.7)
Proceeds from maturity and disposition of short-term investments	149.9	332.1	649.6	855.9
Proceeds on disposition of property and equipment, investment property and assets held for sale	—	5.2	5.7	62.1
Lease payments received for finance subleases (principal portion)	4.2	2.7	12.6	10.6
Acquisition of long-term investments and other	(6.3)	(53.1)	(17.4)	(114.5)
Cash used for investing activities	(140.7)	(140.3)	(23.5)	(378.9)
Financing activities				
Dividends paid	(89.9)	(68.0)	(236.4)	(203.4)
Distributions paid to non-controlling interests	(22.7)	(16.1)	(101.2)	(87.1)
Total dividends and distributions paid	(112.6)	(84.1)	(337.6)	(290.5)
Net issuance (repayment) of short-term borrowings	744.2	27.7	731.9	(50.6)
Issuance of loans	62.5	42.5	212.4	267.8
Repayment of loans	(72.5)	(116.2)	(187.8)	(281.8)
Issuance of long-term debt	450.0	—	700.0	150.0
Repayment of long-term debt	(569.6)	(0.1)	(720.0)	(150.3)
Payment of lease liabilities (principal portion)	(94.1)	(93.4)	(270.3)	(267.9)
Payment of transaction costs related to long-term debt	(1.6)	—	(3.1)	(1.0)
Purchase of Class A Non-Voting Shares	(78.6)	(3.5)	(297.8)	(11.0)
Net receipts (payments) on financial instruments	30.0	(7.0)	30.2	(29.2)
Change in deposits	(92.5)	(70.8)	(813.9)	578.3
Cash generated from (used for) financing activities	265.2	(304.9)	(956.0)	(86.2)
Cash (used) generated in the period	(205.1)	(404.5)	(1,448.8)	208.2
Cash and cash equivalents, net of bank indebtedness, beginning of period	508.0	1,939.9	1,751.7	1,327.2
Cash and cash equivalents, net of bank indebtedness, end of period	\$ 302.9	\$ 1,535.4	\$ 302.9	\$ 1,535.4

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

Condensed Interim Consolidated Statements of Changes in Equity

(C\$ in millions)(unaudited)	Total accumulated other comprehensive income (loss)					Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Cash flow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)				
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	—	—	—	—	—	512.2	512.2	108.0	620.2
Other comprehensive income (loss)	—	—	288.3	(97.4)	190.9	—	190.9	20.8	211.7
Total comprehensive income (loss)	—	—	288.3	(97.4)	190.9	512.2	703.1	128.8	831.9
Transfers of cash flow hedge (gains) to non-financial assets	—	—	(42.1)	—	(42.1)	—	(42.1)	—	(42.1)
Contributions and distributions to shareholders of Canadian Tire Corporation									
Issuance of Class A Non-Voting Shares (Note 8)	14.2	—	—	—	—	—	14.2	—	14.2
Purchase of Class A Non-Voting Shares (Note 8)	(297.8)	—	—	—	—	—	(297.8)	—	(297.8)
Accrued liability for automatic share purchase plan commitment (Note 8)	10.2	—	—	—	—	153.0	163.2	—	163.2
Excess of purchase price over average cost (Note 8)	279.5	—	—	—	—	(279.5)	—	—	—
Dividends	—	—	—	—	—	(266.5)	(266.5)	—	(266.5)
Contributions and distributions to non-controlling interests									
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	14.3	14.3
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(101.4)	(101.4)
Total contributions and distributions	6.1	—	(42.1)	—	(42.1)	(393.0)	(429.0)	(87.1)	(516.1)
Balance at October 1, 2022	\$ 599.7	\$ 2.9	\$ 226.3	\$ (246.7)	\$ (20.4)	\$ 4,815.7	\$ 5,397.9	\$ 1,428.7	\$ 6,826.6

(C\$ in millions)(unaudited)	Total accumulated other comprehensive income (loss)					Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Cash flow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)				
Balance at January 2, 2021	\$ 597.0	\$ 2.9	\$ (123.1)	\$ (114.6)	\$ (237.7)	\$ 4,136.9	\$ 4,499.1	\$ 1,335.6	\$ 5,834.7
Net income	—	—	—	—	—	619.1	619.1	105.9	725.0
Other comprehensive income	—	—	18.2	(12.7)	5.5	—	5.5	4.3	9.8
Total comprehensive income	—	—	18.2	(12.7)	5.5	619.1	624.6	110.2	734.8
Transfers of cash flow hedge losses to non-financial assets	—	—	77.6	—	77.6	—	77.6	—	77.6
Contributions and distributions to shareholders of Canadian Tire Corporation									
Issuance of Class A Non-Voting Shares (Note 8)	10.9	—	—	—	—	—	10.9	—	10.9
Purchase of Class A Non-Voting Shares (Note 8)	(11.0)	—	—	—	—	—	(11.0)	—	(11.0)
Reversal of accrued liability for automatic share purchase plan commitment (Note 8)	—	—	—	—	—	—	—	—	—
Excess of purchase price over average cost (Note 8)	10.4	—	—	—	—	(10.4)	—	—	—
Dividends	—	—	—	—	—	(213.0)	(213.0)	—	(213.0)
Contributions and distributions to non-controlling interests									
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	12.3	12.3
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(87.1)	(87.1)
Total contributions and distributions	10.3	—	77.6	—	77.6	(223.4)	(135.5)	(74.8)	(210.3)
Balance at October 2, 2021	\$ 607.3	\$ 2.9	\$ (27.3)	\$ (127.3)	\$ (154.6)	\$ 4,532.6	\$ 4,988.2	\$ 1,371.0	\$ 6,359.2

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

1. The Company and its Operations

Canadian Tire Corporation, Limited is a Canadian public company primarily domiciled in Canada. Its registered office is located at 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 the entities it controls are together referred to in these condensed interim consolidated financial statements as the “Company”, “CTC” or “Canadian Tire Corporation”.

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

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

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2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements (“interim financial statements”) for the 13 and 39 weeks ended October 1, 2022 (and comparative results for the 13 and 39 weeks ended October 2, 2021) have been prepared in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting* and therefore do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements. These interim financial statements should be read in conjunction with the Company’s 2021 Consolidated Financial Statements and Notes and have been prepared using the same accounting policies described in Note 3 to the 2021 Consolidated Financial Statements and Notes.

These interim financial statements were authorized for issuance by the Company’s Board of Directors on November 9, 2022.

Basis of Presentation

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

- financial instruments at Fair Value Through Profit or Loss (“FVTPL”);
- derivative financial instruments;
- liabilities for share-based payment plans; and
- initial recognition of assets acquired and liabilities assumed in a business combination.

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

Functional and Presentation Currency

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

Judgments and Estimates

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

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

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

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

There has been minimal impact to the Company in the quarter as a result of the ongoing COVID-19 pandemic with no in-store capacity restrictions and no significant impact on the financial results. The duration and long-term effects of COVID-19, in addition to impacts from macroeconomic conditions on CTC, remain uncertain and Management continues to monitor and assess the impact on the business and on certain judgments and estimates, including the recoverable amount of goodwill and intangible assets.

Details of the accounting policies subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these interim financial statements are described in Note 2 to the Company's 2021 Consolidated Financial Statements and Notes.

Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending December 31, 2022 and, accordingly, have not been applied in preparing these interim financial statements.

Insurance Contracts

In May 2017, the International Accounting Standards Board ("IASB") issued IFRS 17 – Insurance Contracts ("IFRS 17"), which replaces IFRS 4 – Insurance Contracts and establishes 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. Early adoption is permitted. The Company is assessing the potential impact of this standard.

Improving accounting policy disclosures and clarifying distinction between accounting policies and accounting estimates (Amendments to IAS 1 and IAS 8)

In February 2021, the IASB issued narrow-scope amendments to IAS 1 – Presentation of Financial Statements ("IAS 1"), IFRS Practice Statement 2 – Making Materiality Judgments ("IFRS Practice Statement 2") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8").

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 8 clarify how companies distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is assessing the potential impact of these amendments.

Software as a Service arrangements

In addition, the IFRS Interpretations Committee published a final agenda decision in April 2021, clarifying how to recognize certain configuration and customization expenditures related to implementing Software as a Service arrangements. The Company is in the process of assessing the impact of this decision on its accounting policies.

3. Capital Management

The Company's objectives when managing capital are:

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

The Company manages its capital structure over the long term to optimize the balance among capital efficiency, financial flexibility, and risk mitigation. Management calculates ratios to approximate the methodologies of credit rating agencies and other market participants on a current and prospective basis. To assess its effectiveness in managing capital, Management monitors these ratios against target ranges for its credit ratings.

Canadian Tire Corporation, Limited was in compliance with all financial covenants under its bank credit agreements as at October 1, 2022. Under these covenants, the Company has sufficient flexibility to support business growth.

Helly Hansen is required to comply with covenants established under its bank credit agreements and was in compliance with all financial covenants thereunder as at October 1, 2022.

CT Real Estate Investment Trust ("CT REIT") is required to comply with covenants established under its Declaration of Trust, Trust Indenture and bank credit agreement and was in compliance with all financial covenants thereunder as at October 1, 2022.

In addition, the Company is required to comply with regulatory requirements for capital associated with the operations of Canadian Tire Bank ("CTB" or the "Bank"), a federally chartered bank, and other regulatory requirements that have an impact on its business operations and certain covenants established under its bank credit agreements. As at October 1, 2022, CTB complied with all regulatory capital guidelines established by the Office of the Superintendent of Financial Institutions of Canada ("OSFI") and all financial covenants under its bank credit agreements.

4. Liquidity and Financing

As at October 1, 2022, the Company had no borrowings on its committed bank lines of credit, \$789.3 million Canadian dollar equivalent of U.S. commercial paper outstanding, a nominal amount outstanding on Financial Services' committed notes purchase facilities and \$50.7 million of Glacier Credit Card Trust ("GCCT") asset-backed commercial paper notes outstanding.

5. Operating Segments

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

- The retail business is conducted under a number of banners including Canadian Tire, Canadian Tire Gas ("Petroleum"), Mark's, PartSource, Helly Hansen, Party City in Canada and various SportChek banners. Retail also includes the Dealer Loan Program (the portion [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 branded credit cards, including Triangle Mastercard, Triangle World Mastercard and Triangle World Elite Mastercard. Financial Services also offers Cash Advantage Mastercard and Gas Advantage Mastercard products, markets insurance products, and provides settlement services to the Company's affiliates. Financial Services includes CTB, a federally regulated Schedule I bank that manages and finances the Company's consumer Mastercard portfolio, as well as an existing block of Canadian Tire branded line of credit loans. CTB also offers High-Interest Savings ("HIS") account deposits, Tax-Free Savings Accounts ("TFSA") and GIC deposits, both directly and through third-party brokers. Financial Services includes GCCT, a structured entity established to purchase co-ownership interests in the Company's credit card loans receivable. GCCT issues debt to third-party investors to fund its purchases.
- CT REIT is an unincorporated, closed-end real estate investment trust. CT REIT holds a geographically-diversified portfolio of properties mainly comprising Canadian Tire banner stores, Canadian Tire anchored retail developments, mixed-use commercial property, and industrial properties.

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

outside of Canada was \$875.5 million as at October 1, 2022 (October 2, 2021 – \$947.8 million). The Company recognized a \$36.5 million loss in other expense (income) during the second quarter of 2022 related to the exit of Helly Hansen operations in Russia.

Capital expenditures by reportable operating segment are as follows:

For the	13 weeks ended							
	October 1, 2022				October 2, 2021			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Capital expenditures ¹	\$ 199.7	\$ 3.5	\$ 28.5	\$ 231.7	\$ 186.1	\$ 2.7	\$ 18.1	\$ 206.9

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.

For the	39 weeks ended							
	October 1, 2022				October 2, 2021			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Capital expenditures ¹	\$ 504.6	\$ 9.4	\$ 60.2	\$ 574.2	\$ 427.9	\$ 6.7	\$ 46.2	\$ 480.8

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

For the	13 weeks ended							
	October 1, 2022				October 2, 2021			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Right-of-use asset additions	\$ 256.4	\$ —	\$ 19.9	\$ 276.3	\$ 171.5	\$ —	\$ —	\$ 171.5

For the	39 weeks ended							
	October 1, 2022				October 2, 2021			
(C\$ in millions)	Retail	Financial Services	CT REIT	Total	Retail	Financial Services	CT REIT	Total
Right-of-use asset additions	\$ 454.7	\$ —	\$ 26.9	\$ 481.6	\$ 403.5	\$ —	\$ 3.4	\$ 406.9

Total assets by reportable operating segment are as follows:

(C\$ in millions)	October 1, 2022		October 2, 2021	January 1, 2022
As at				
Retail	\$	17,997.1	\$ 16,419.2	\$ 16,741.9
Financial Services		6,870.3	7,832.4	7,731.4
CT REIT		6,763.6	6,365.8	6,503.1
Eliminations and adjustments		(9,419.6)	(9,055.9)	(9,174.2)
Total assets ¹	\$	22,211.4	\$ 21,561.5	\$ 21,802.2

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)

As at	October 1, 2022	October 2, 2021	January 1, 2022
Retail	\$ 10,924.0	\$ 9,628.1	\$ 9,876.4
Financial Services	5,629.4	6,722.3	6,555.2
CT REIT	2,965.1	2,771.0	2,825.0
Eliminations and adjustments	(4,133.7)	(3,919.1)	(3,965.2)
Total liabilities¹	\$ 15,384.8	\$ 15,202.3	\$ 15,291.4

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.

6. Loans Receivable

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

(C\$ in millions)

As at	Total principal amount of receivables ¹		
	October 1, 2022	October 2, 2021	January 1, 2022
Credit card loans ²	\$ 6,010.3	\$ 5,257.8	\$ 5,549.2
Dealer and other loans ³	453.7	493.6	429.1
Total loans receivable	6,464.0	5,751.4	5,978.3
Less: long-term portion ⁴	356.2	422.3	365.1
Current portion of loans receivable	\$ 6,107.8	\$ 5,329.1	\$ 5,613.2

¹ Amounts shown are net of allowances for loans receivable.

² Includes line of credit loans.

³ Dealer loans of \$452.1 million (October 2, 2021 – \$492.6 million and January 1, 2022 – \$427.5 million) relate to loans issued by Franchise Trust.

⁴ The long-term portion of loans receivable is included in long-term receivables and other assets and includes Dealer loans of \$354.6 million (October 2, 2021 – \$421.3 million and January 1, 2022 – \$363.4 million).

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

(C\$ in millions)	2022			
	12-month ECL (Stage 1)	Lifetime ECL – not credit-impaired (Stage 2)	Lifetime ECL – credit-impaired (Stage 3)	Total
Balance at January 1, 2022	\$ 435.9	\$ 174.3	\$ 231.3	\$ 841.5
Increase (decrease) during the period				
Write-offs	(6.6)	(16.8)	(277.8)	(301.2)
Recoveries	—	—	63.4	63.4
New loans originated	18.1	—	—	18.1
Transfers				
to Stage 1	62.8	(29.6)	(33.2)	—
to Stage 2	(19.6)	24.0	(4.4)	—
to Stage 3	(20.1)	(21.9)	42.0	—
Net remeasurements	(60.0)	69.1	237.8	246.9
Balance at October 1, 2022	\$ 410.5	\$ 199.1	\$ 259.1	\$ 868.7

2021

(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 2, 2021	\$ 409.1	\$ 161.3	\$ 293.6	\$ 864.0
Increase (decrease) during the period				
Write-offs	(5.1)	(13.3)	(235.2)	(253.6)
Recoveries	—	—	68.7	68.7
New loans originated	13.8	—	—	13.8
Transfers				
to Stage 1	104.2	(37.4)	(66.8)	—
to Stage 2	(13.1)	20.6	(7.5)	—
to Stage 3	(16.1)	(20.9)	37.0	—
Net remeasurements	(76.4)	55.6	139.6	118.8
Balance at October 2, 2021	\$ 416.4	\$ 165.9	\$ 229.4	\$ 811.7

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

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

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

(C\$ in millions)	October 2, 2021			
	Stage 1	Stage 2	Stage 3	Total
Low risk	\$ 2,676.7	\$ 57.5	\$ —	\$ 2,734.2
Moderate risk	1,842.5	102.9	—	1,945.4
High risk	737.2	155.0	497.7	1,389.9
Total gross carrying amount	5,256.4	315.4	497.7	6,069.5
ECL allowance	416.4	165.9	229.4	811.7
Net carrying amount	\$ 4,840.0	\$ 149.5	\$ 268.3	\$ 5,257.8

(C\$ in millions)	January 1, 2022			
	Stage 1	Stage 2	Stage 3	Total
Low risk	\$ 2,830.3	\$ 57.5	\$ —	\$ 2,887.8
Moderate risk	1,961.8	100.5	—	2,062.3
High risk	779.1	170.0	491.5	1,440.6
Total gross carrying amount	5,571.2	328.0	491.5	6,390.7
ECL allowance	435.9	174.3	231.3	841.5
Net carrying amount	\$ 5,135.3	\$ 153.7	\$ 260.2	\$ 5,549.2

During the 13 and 39 weeks ended October 1, 2022, the amount of cash received from interest earned on credit cards and loans was \$273.2 million (October 2, 2021 – \$235.7 million) and \$788.2 million (October 2, 2021 – \$701.5 million), respectively.

7. Long-Term Debt

On February 3, 2022 CT REIT issued \$250.0 million of Series H senior unsecured debentures. The debentures have a coupon rate of 3.029 percent and a maturity date of February 5, 2029.

On February 11, 2022, CT REIT early redeemed the entire outstanding principal amount of \$150.0 million Series A senior unsecured debentures.

On September 20, 2022, GCCT repaid \$560 million of Series 2017-1 asset-backed term notes consisting of \$523.6 million of senior term notes, which bore an interest rate of 2.048 percent per annum, as well as \$36.4 million of subordinated term notes, which bore an interest rate of 3.298 percent per annum.

On September 27, 2022, GCCT issued \$450 million of Series 2022-1 asset-backed term notes that have an expected repayment date of September 20, 2027, consisting of \$420.75 million of senior term notes bearing an interest rate of 4.958 percent per annum and \$29.25 million of subordinated term notes bearing an interest rate of 6.108 percent per annum.

8. Share Capital

Share capital consists of the following:

(C\$ in millions)

As at	October 1, 2022	October 2, 2021	January 1, 2022
Authorized			
3,423,366 Common Shares			
100,000,000 Class A Non-Voting Shares			
Issued			
3,423,366 Common Shares (October 2, 2021 – 3,423,366; January 1, 2022 – 3,423,366)	\$ 0.2	\$ 0.2	\$ 0.2
55,096,998 Class A Non-Voting Shares (October 2, 2021 – 57,383,757; January 1, 2022 – 56,723,758)	599.5	607.1	593.4
	\$ 599.7	\$ 607.3	\$ 593.6

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

During the first three quarters of 2022 and fiscal 2021, the Company issued and purchased Class A Non-Voting Shares. The Company's Class A Non-Voting Shares were purchased under its normal course issuer bid ("NCIB"), in connection with its anti-dilutive policy and announced share purchase intention.

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

For the (C\$ in millions)	13 Weeks Ended				39 Weeks Ended			
	October 1, 2022		October 2, 2021		October 1, 2022		October 2, 2021	
	Number	\$	Number	\$	Number	\$	Number	\$
Shares outstanding at beginning of the period	55,537,813	\$ 595.6	57,383,758	\$ 603.9	56,723,758	\$ 593.4	57,383,758	\$ 596.8
Issued under the dividend reinvestment plan and stock option plan	35,103	5.6	17,813	3.4	83,474	14.2	59,658	10.9
Purchased ¹	(475,918)	(78.6)	(17,814)	(3.4)	(1,710,234)	(297.8)	(59,659)	(11.0)
Reversal of accrued liability for ASPP commitment	—	3.4	—	—	—	10.2	—	—
Excess of purchase price over average cost	—	73.5	—	3.2	—	279.5	—	10.4
Shares outstanding at end of the period	55,096,998	\$ 599.5	57,383,757	\$ 607.1	55,096,998	\$ 599.5	57,383,757	\$ 607.1

¹ Purchased shares, pursuant to the Company's NCIB, have been restored to the status of authorized but unissued shares. The Company records shares purchased on a transaction date basis.

As of October 1, 2022, the Company had dividends declared and payable to holders of Class A Non-Voting Shares and Common Shares of \$95.1 million (October 2, 2021 – \$71.4 million) at a rate of \$1.6250 per share (October 2, 2021 – \$1.1750 per share).

On November 9, 2022, the Company's Board of Directors declared dividends at a rate of \$1.725 per share payable on March 1, 2023 to shareholders of record as of January 31, 2023.

9. Share-Based Payments

During the 39 weeks ended October 1, 2022, the Company granted the following share-based payment awards:

Stock options

The Company granted 226,744 (October 2, 2021 – 225,011) stock options to certain employees. These stock options vest on a graduated basis over a three-year period, are exercisable over a term of seven years and have an exercise price of \$187.25 (October 2, 2021 – \$173.14 and \$207.09).

10. Revenue

Revenue by reportable operating segment is as follows:

(C\$ in millions)	13 weeks ended									
	October 1, 2022					October 2, 2021				
	Retail	Financial Services	CT REIT	Adjustments	Total	Retail	Financial Services	CT REIT	Adjustments	Total
Sale of goods	\$ 3,729.4	\$ —	\$ —	\$ —	\$ 3,729.4	\$ 3,460.5	\$ —	\$ —	\$ —	\$ 3,460.5
Interest income on loans receivable	4.3	299.2	—	(4.1)	299.4	1.8	256.0	—	(0.9)	256.9
Royalties and licence fees	17.8	—	—	—	17.8	16.1	—	—	—	16.1
Services rendered	4.6	47.9	—	(1.1)	51.4	4.7	39.6	—	(0.8)	43.5
Rental income	116.3	—	14.5	—	130.8	123.3	—	12.8	—	136.1
	\$ 3,872.4	\$ 347.1	\$ 14.5	\$ (5.2)	\$ 4,228.8	\$ 3,606.4	\$ 295.6	\$ 12.8	\$ (1.7)	\$ 3,913.1

(C\$ in millions)	39 weeks ended									
	October 1, 2022					October 2, 2021				
	Retail	Financial Services	CT REIT	Adjustments	Total	Retail	Financial Services	CT REIT	Adjustments	Total
Sale of goods	\$10,996.3	\$ —	\$ —	\$ —	\$10,996.3	\$ 9,824.0	\$ —	\$ —	\$ —	\$ 9,824.0
Interest income on loans receivable	8.5	850.7	—	(6.2)	853.0	5.5	744.6	—	(2.5)	747.6
Royalties and licence fees	46.2	—	—	—	46.2	41.5	—	—	—	41.5
Services rendered	13.6	144.7	—	(3.3)	155.0	13.6	124.9	—	(2.8)	135.7
Rental income	377.0	—	42.7	—	419.7	366.2	—	39.5	—	405.7
	\$11,441.6	\$ 995.4	\$ 42.7	\$ (9.5)	\$12,470.2	\$10,250.8	\$ 869.5	\$ 39.5	\$ (5.3)	\$11,154.5

Retail revenue breakdown is as follows:

(C\$ in millions)	13 weeks ended		39 weeks ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
	Canadian Tire	\$ 2,179.7	\$ 2,067.4	\$ 6,747.6
SportChek	576.4	560.6	1,461.3	1,410.7
Mark's	324.9	307.3	953.0	842.3
Helly Hansen ¹	170.9	157.6	480.1	394.5
Petroleum	614.6	503.5	1,792.5	1,247.5
Other and intersegment eliminations ¹	5.9	10.0	7.1	26.1
	\$ 3,872.4	\$ 3,606.4	\$ 11,441.6	\$ 10,250.8

¹ Helly Hansen revenue represents external revenue only.

Major customers

The Company does not rely on any one customer.

11. Cost of Producing Revenue

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Inventory cost of sales ¹	\$ 2,715.1	\$ 2,460.4	\$ 8,030.1	\$ 7,032.7
Net impairment loss on loans receivable	85.7	54.9	248.5	122.5
Finance costs	20.7	22.7	60.0	67.8
Other	22.0	18.0	52.1	43.0
	\$ 2,843.5	\$ 2,556.0	\$ 8,390.7	\$ 7,266.0

¹ Inventory cost of sales includes depreciation for the 13 and 39 weeks ended October 1, 2022 of \$6.2 million (October 2, 2021 – \$4.6 million) and \$18.3 million (October 2, 2021 – \$12.6 million), respectively.

Inventory write-downs as a result of net realizable value being lower than cost, recognized in the 13 and 39 weeks ended October 1, 2022 were \$19.0 million (October 2, 2021– \$25.7 million) and \$50.6 million (October 2, 2021– \$87.1 million), respectively.

Inventory write-downs recognized in prior periods and reversed in the 13 and 39 weeks ended October 1, 2022 were \$2.5 million (October 2, 2021 – \$2.9 million) and \$8.2 million (October 2, 2021 – \$8.0 million), respectively. The reversal of write-downs was the result of actual losses being lower than previously estimated.

The write-downs and reversals are included in inventory cost of sales.

12. Selling, General and Administrative Expenses

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Personnel expenses	\$ 374.6	\$ 377.7	\$ 1,145.3	\$ 1,113.8
Occupancy	117.1	109.6	360.4	340.9
Marketing and advertising	83.8	77.8	267.3	217.0
Depreciation of property and equipment and investment property ¹	67.2	67.4	196.2	203.4
Depreciation of right-of-use assets	85.3	74.3	244.3	217.6
Amortization of intangible assets	31.3	31.0	90.4	89.6
Information systems	74.0	66.6	214.8	182.9
Other	184.0	130.6	502.7	401.7
	\$ 1,017.3	\$ 935.0	\$ 3,021.4	\$ 2,766.9

¹ Refer to Note 11 for depreciation included in cost of producing revenue.

13. Net Finance Costs

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Finance income	\$ (5.9)	\$ (3.2)	\$ (11.0)	\$ (7.1)
Finance income on lease receivables ¹	(1.2)	(1.2)	(3.7)	(3.8)
Finance costs	41.0	37.4	114.7	111.3
Finance costs on lease liabilities	21.7	21.9	65.1	68.0
	\$ 55.6	\$ 54.9	\$ 165.1	\$ 168.4

¹ Relates to properties where the Company is an intermediate lessor in a sublease arrangement classified as a finance sublease under IFRS 16.

14. Income Taxes

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

For the (C\$ in millions)	13 weeks ended		39 weeks ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges not subject to basis adjustment	\$ (9.2)	\$ 1.5	\$ 30.8	\$ 3.4
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	12.2	(1.1)	4.6	—
Reclassification of losses to income	0.7	0.9	2.1	4.2
Net fair value gains on hedging instruments entered into for cash flow hedges subject to basis adjustment	54.4	17.8	71.6	3.1
	\$ 58.1	\$ 19.1	\$ 109.1	\$ 10.7

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.

There have been no material changes in ongoing audits by tax authorities as disclosed in Note 16 to the 2021 Consolidated Financial Statements and Notes.

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.

15. Notes to the Condensed Interim Consolidated Statements of Cash Flows

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

(C\$ in millions)	October 1, 2022	October 2, 2021	January 1, 2022
As at			
Cash	\$ 258.4	\$ 719.8	\$ 1,043.4
Cash equivalents	49.5	814.2	691.6
Restricted cash and cash equivalents ¹	8.3	14.3	16.7
Total cash and cash equivalents ²	316.2	1,548.3	1,751.7
Bank indebtedness	(13.3)	(12.9)	—
Cash and cash equivalents, net of bank indebtedness	\$ 302.9	\$ 1,535.4	\$ 1,751.7

¹ Restricted cash and cash equivalents of \$5.8 million (October 2, 2021 – \$5.4 million and January 1, 2022 – \$11.5 million) relates to GCCT and is restricted for the purpose of paying principal and interest to note holders and additional funding costs. \$2.5 million (October 2, 2021 – \$8.9 million and January 1, 2022 – \$5.2 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.

The total cash outflow for leases during the 13 and 39 weeks ended October 1, 2022 was \$117.0 million (October 2, 2021 – \$120.1 million) and \$333.1 million (October 2, 2021 – \$344.1 million), respectively.

Capital Commitments

As at October 1, 2022, the Company had capital commitments for the acquisition of property and equipment, investment property and intangible assets for an aggregate cost of approximately \$265.1 million (October 2, 2021 – \$167.7 million).

16. Financial Instruments

16.1 Fair Value of Financial Instruments

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

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

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

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

Investments in Debt Securities

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

Derivatives

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

The fair value of interest rate swaps and swaptions reflects 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

The fair value of the redeemable financial instrument is calculated based on a discounted cash flow model using earnings attributable to the Financial Services business, adjusted for any undistributed earnings and Scotiabank's proportionate interest in the Financial Services business. This recurring fair value measurement is categorized within Level 3 of the fair value hierarchy. Refer to Note 3 and Note 33 to the Company's 2021 Consolidated Financial Statements and Notes for further information regarding this financial instrument.

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

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

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

(C\$ in millions)

As at		October 1, 2022		October 2, 2021		January 1, 2022	
	Category	Level		Level		Level	
Trade and other receivables	FVTPL ¹	2	\$ 79.8	2	\$ 61.7	2	\$ 50.2
Trade and other receivables	Effective hedging instruments	2	228.9	2	31.4	2	36.6
Long-term receivables and other assets	FVTPL ¹	2	1.5	2	2.1	2	3.5
Long-term receivables and other assets	Effective hedging instruments	2	144.8	2	53.3	2	49.1
Trade and other payables	FVTPL ¹	2	61.1	2	18.8	2	8.9
Trade and other payables	Effective hedging instruments	2	0.5	2	19.0	2	6.6
Redeemable financial instrument	FVTPL	3	567.0	3	567.0	3	567.0
Other long-term liabilities	FVTPL ¹	2	7.2	2	8.0	2	7.4
Other long-term liabilities	Effective hedging instruments	2	—	2	1.3	2	3.1

¹ Relates to derivatives not designated as hedging instruments.

There were no transfers in either direction among categories during the 13 and 39 weeks ended October 1, 2022 or the 13 and 39 weeks ended October 2, 2021.

16.3 Fair Value Measurement of Investments, Debt and Deposits

The fair value measurement of investments, debt, and deposits is categorized within Level 2 of the fair value hierarchy described in Note 33.2 to the Company's 2021 Consolidated Financial Statements and Notes. The fair values of the Company's investments, debt and deposits compared to the carrying amounts are as follows:

As at (C\$ in millions)	October 1, 2022		October 2, 2021		January 1, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term investments	\$ 173.6	\$ 173.7	\$ 580.0	\$ 579.7	\$ 606.2	\$ 605.6
Long-term investments	96.6	93.8	176.7	176.2	175.1	174.5
Debt	4,257.1	4,079.4	4,267.2	4,500.5	4,278.5	4,475.4
Deposits	3,083.1	2,989.9	4,091.5	4,122.3	3,893.7	3,915.0

The difference between the fair values and the carrying amounts (excluding transaction costs that 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.

17. 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.

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Shareholder services provided by the transfer agent:

- Change of address
- Eliminate multiple mailings
- Transfer Canadian Tire shares
- Inquire about Dividend Reinvestment Program
- Obtain a copy of the most recent annual report
- Other shareholder account inquiries

Please contact the principal offices of Computershare Investor Services in Halifax, Montreal, Toronto, Calgary or Vancouver.