Canadian Tire Corporation

Second Quarter 2022 Financial Results

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. 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 information, other than historical information, may 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, which may prove to be incorrect, 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 related 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) operational teams continue to be disciplined in maintaining savings from already executed initiatives. Additional assumptions related to Management's expectations with respect to 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) the possible effects on the Company's business from international conflicts, political conditions, 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) lower or lesser 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 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 (Four-Year [2022 to 2025] Financial Aspirations) and section 10.0 entitled "Key Risks and Risk Management" and all subsections thereunder in the Company's MD&A for the Second Quarter 2022 ended July 2, 2022. 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 http://corp.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.

Executive Participants

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Q2 2022 Highlights

Consolidated retail sales[1] were up 9.9% and consolidated comparable sales[1] (excluding Petroleum) were up 5.0%, with growth benefiting from the breadth of our assortment and a higher mix of in-store shopping compared to the second quarter of 2021 when COVID-19 restrictions remained in place

- Canadian Tire Retail (CTR) comparable sales[1] grew 3.9%; performance in Automotive categories grew as customers returned to driving, and customers shopped across a broader set of categories, including in Living and Fixing, as they returned in-store
- Mark's had its eighth consecutive quarter of exceptional comparable sales growth[1], up 20.9% on demand for casualwear and industrial apparel
- Team sports was the leading driver of 4.1% comparable sales growth[1] at SportChek; the Q1 2022 introduction of athleisure brand FWD (Forward with Design) also contributed to strong sales growth
- eCommerce sales continue to run well above pre-pandemic levels

The Company made further progress in implementing the enablers of its Better Connected strategy and enhancing the customer experience

- Engaging Triangle members continued to be a focus across the company's banners, resulting in loyalty sales as a % of retail sales[1] at 59.0% on a rolling twelve-month basis; credit and new member acquisition was also strong, with approximately 594,000 joining the program in the quarter
- Owned brand sales[1] remained strong at 37.6% of sales in the quarter
- Investment in enhancing the customer experience at CTR saw 12 stores refreshed, expanded or replaced in Q2
- New digital and human capital platforms being rolled out, along with distribution centre investments aimed at longer term operational efficiency

[1] For further information about these measures see section 9.2 of the Company's Q2 2022 MD&A, which is available at www.sedar.com and incorporated by reference herein.

Q2 2022 Highlights

Shareholders continued to benefit from strong returns, a key element of the Company's balanced capital allocation strategy

- As at July 2, 2022, returns to shareholders under the Company's existing $400 million share repurchase commitment reached $326.9 million
- Dividends paid in the quarter were $73.1 million, up 10.6% on a per share basis compared to the prior year

Diluted Earnings Per Share (EPS) was $2.43; normalized diluted EPS[1] was $3.11

- Normalizations included one-time costs related to the exit of Helly Hansen operations in Russia, and operational efficiency program costs, which in total represented a $46.2 million impact to income before income taxes, or around $0.68 at the EPS level

Performance in the quarter also reflected:

- Strong Retail segment revenue and increased gross margin dollars, partially offset by higher expenses including foreign exchange, which resulted in Retail segment earnings below prior year but which remain significantly above pre-pandemic levels on a normalized basis
- Financial Services revenue growth, up 15.0% driven by growth in receivables and growth in credit card sales, due to increased customer activity and new account acquisition
- An increase in the incremental allowance for expected credit loss ("ECL") in the Financial Services segment, which resulted in a year-on-year variance to Q2 of 2021 of $57.6 million in income before income taxes or ($0.56) at the EPS level, due to the decrease in the allowance last year

[1] This is a non-GAAP financial measure with no standard meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. See section 9.2 of the Company's Q2 2022 MD&A.

Consolidated Financial Results

(C$ in millions, except where noted)	Q2 2022	Q2 2021	Change	YTD Q2 2022	YTD Q2 2021	Change
Retail sales[1]	**$ 5,363.8**	$ 4,882.6	9.9 %	**$ 8,785.2**	$ 8,000.4	9.8 %
Revenue	**$ 4,404.0**	$ 3,918.5	12.4 %	**$ 8,241.4**	$ 7,241.4	13.8 %
Gross margin dollars	**$ 1,382.8**	$ 1,345.0	2.8 %	**$ 2,694.2**	$ 2,531.4	6.4 %
Gross margin rate[1]	**31.4 %**	34.3 %	(293) bps	**32.7 %**	35.0 %	(227) bps
Other expense (income)	**$ 48.9**	$ (9.2)	NM[2]	**$ 47.6**	$ (26.0)	NM[2]
Selling, general and administrative expenses	**1,040.9**	940.5	10.7 %	**2,004.1**	1,831.9	9.4 %
Net finance costs	**54.9**	56.2	(2.5) %	**109.5**	113.5	(3.6) %
Income before income taxes	**$ 238.1**	$ 357.5	(33.4) %	**$ 533.0**	$ 612.0	(12.9) %
Income tax expense	**60.5**	98.4	(38.5) %	**137.8**	166.5	(17.2) %
Effective tax rate[1]	**25.4 %**	27.5 %		**25.9 %**	27.2 %	
Net income	**$ 177.6**	$ 259.1	(31.5) %	**$ 395.2**	$ 445.5	(11.3) %
Net income attributable to:						
Shareholders of Canadian Tire Corporation	**$ 145.2**	$ 223.6	(35.1) %	**$ 327.3**	$ 375.4	(12.8) %
Non-controlling interests	**32.4**	35.5	(8.7) %	**67.9**	70.1	(3.1) %
	$ 177.6	$ 259.1	(31.5) %	**$ 395.2**	$ 445.5	(11.3) %
Basic EPS	**$ 2.45**	$ 3.68	(33.4) %	**$ 5.50**	$ 6.17	(10.9) %
Diluted EPS	**$ 2.43**	$ 3.64	(33.2) %	**$ 5.46**	$ 6.11	(10.6) %
Weighted average number of Common and Class A Non-Voting Shares outstanding:						
Basic	**59,271,383**	60,807,850	NM[2]	**59,512,081**	60,807,850	NM[2]
Diluted	**59,625,953**	61,439,643	NM[2]	**59,916,600**	61,422,647	NM[2]

[1] For further information about these measures see section 9.2 of the Company's Q2 2022 MD&A.

[2] Not meaningful.

Q2 2022

- Diluted EPS was $2.43, down $1.21 per share, or 33.2%, compared to the prior year.

Normalizing Items

- The results of operations in the second quarter of 2022 included $9.7 million in consulting and ongoing project costs relating to the Company's Operational Efficiency program which were considered as normalizing items.
- These costs are included in selling, general and administrative expenses, in the consolidated statements of income.
- Further to the March 4, 2022 announcement that the Company had paused Helly Hansen operations in Russia, during the quarter the Company commenced the exit of these operations and recognized a non-recurring charge of $36.5 million in other expense (income) which has been classified as a normalizing item.

(C$ in millions)	**Q2 2022**	Q2 2021	**YTD Q2 2022**	YTD Q2 2021
Operational Efficiency program	**$ 9.7**	$ 6.8	**$ 11.8**	$ 15.5
Helly Hansen Russia exit	**36.5**	—	**36.5**	—
Total	**$ 46.2**	$ 6.8	**$ 48.3**	$ 15.5

Selected Q2 2022 Normalized Metrics: Consolidated

(C$ in millions, except where noted)	Q2 2022	Normalizing Items[1]	Normalized Q2 2022[2]	Q2 2021	Normalizing Items[1]	Normalized Q2 2021[2]	Change[3]
Revenue	$ 4,404.0	$ —	$ 4,404.0	$ 3,918.5	$ —	$ 3,918.5	12.4 %
Cost of producing revenue	3,021.2	—	3,021.2	2,573.5	(1.7)	2,571.8	17.5 %
Gross margin	$ 1,382.8	$ —	$ 1,382.8	$ 1,345.0	$ 1.7	$ 1,346.7	2.7 %
Gross margin rate[4]	31.4 %	—	31.4 %	34.3 %	4 bps	34.4 %	(297) bps
Other expense (income)	$ 48.9	$ (36.5)	$ 12.4	$ (9.2)	$ —	$ (9.2)	NM[5]
Selling, general and administrative expenses	1,040.9	(9.7)	1,031.2	940.5	(5.1)	935.4	10.2 %
Net finance costs	54.9	—	54.9	56.2	—	56.2	(2.5) %
Income before income taxes	$ 238.1	$ 46.2	$ 284.3	$ 357.5	$ 6.8	$ 364.3	(22.0) %
Income tax expense	60.5	5.6	66.1	98.4	1.8	100.2	(34.0) %
Net income	$ 177.6	$ 40.6	$ 218.2	$ 259.1	$ 5.0	$ 264.1	(17.4) %
Net income attributable to shareholders of CTC	145.2	40.6	185.8	223.6	5.0	228.6	(18.7) %
Diluted EPS	$ 2.43	$ 0.68	$ 3.11	$ 3.64	$ 0.08	$ 3.72	(16.4) %

[1] Refer to Normalizing Items table in section 4.1.1 of the Company's Q2 2022 MD&A.

[2] These normalized measures (excluding revenue and net finance costs) are non-GAAP financial measures or non-GAAP ratios with no standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. For further information and a detailed reconciliation see section 9.1 of the Company's Q2 2022 MD&A.

[3] Change is between normalized results, if any.

[4] For further information about this measure see section 9.2 of the Company's Q2 2022 MD&A.

[5] Not meaningful.

Retail Segment Financial Results

(C$ in millions)	Q2 2022	Q2 2021	Change	YTD Q2 2022	YTD Q2 2021	Change
Retail sales[1]	**$ 5,363.8**	$ 4,882.6	9.9 %	**$ 8,785.2**	$ 8,000.4	9.8 %
Revenue	**$ 4,067.2**	$ 3,623.2	12.3 %	**$ 7,571.7**	$ 6,646.0	13.9 %
Gross margin dollars	**$ 1,182.1**	$ 1,116.7	5.9 %	**$ 2,259.0**	$ 2,077.0	8.8 %
Gross margin rate[1]	**29.1 %**	30.8 %	(176) bps	**29.8 %**	31.3 %	(142) bps
Other expense (income)	**$ 14.6**	$ (47.6)	(130.8) %	**$ (22.8)**	$ (96.2)	(76.3) %
Selling, general and administrative expenses	**1,000.1**	908.3	10.1 %	**1,922.5**	1,765.6	8.9 %
Net finance costs	**43.6**	47.4	(7.9) %	**86.7**	96.5	(10.1) %
Income before income taxes	**$ 123.8**	$ 208.6	(40.7) %	**$ 272.6**	$ 311.1	(12.4) %

[1] For further information about this measure see section 9.2 of the Company's Q2 2022 MD&A.

Selected Q2 2022 Normalized Metrics: Retail

(C$ in millions, except where noted)	Q2 2022	Normalizing Items[1]	Normalized Q2 2022[2]	Q2 2021	Normalizing Items[1]	Normalized Q2 2021[2]	Change[3]
Revenue	$ 4,067.2	$ —	$ 4,067.2	$ 3,623.2	$ —	$ 3,623.2	12.3 %
Cost of producing revenue	2,885.1	—	2,885.1	2,506.5	(1.7)	2,504.8	15.2 %
Gross margin	$ 1,182.1	$ —	$ 1,182.1	$ 1,116.7	$ 1.7	$ 1,118.4	5.7 %
Gross margin rate[4]	29.1 %	— bps	29.1 %	30.8 %	10 bps	30.9 %	(176) bps
Other expense (income)	$ 14.6	$ (36.5)	$ (21.9)	$ (47.6)	$ —	$ (47.6)	(130.8) %
Selling, general and administrative expenses	1,000.1	(9.7)	990.4	908.3	(5.1)	903.2	9.7 %
Net finance costs	43.6	—	43.6	47.4	—	47.4	(7.9) %
Income before income taxes	$ 123.8	$ 46.2	$ 170.0	$ 208.6	$ 6.8	$ 215.4	(21.1) %

[1] Refer to section 4.1.1 of the Company's Q2 2022 MD&A for a description of normalizing items.
[2] For further information and a detailed reconciliation see section 9.1 of the Company's Q2 2022 MD&A.
[3] Change is between normalized results, if any.
[4] For further information about this measure see section 9.2 of the Company's Q2 2022 MD&A.

Financial Services Results

(C$ in millions)	Q2 2022	Q2 2021	Change	YTD Q2 2022	YTD Q2 2021	Change
Revenue	**$ 340.4**	$ 296.1	15.0 %	**$ 672.1**	$ 593.3	13.3 %
Gross margin dollars	**$ 187.9**	$ 213.1	(11.8) %	**$ 405.4**	$ 420.7	(3.6) %
Gross margin rate[1]	**55.2 %**	72.0 %	(1,679) bps	**60.3 %**	70.9 %	(1,059) bps
Other expense	**$ —**	$ 4.3	NM[2]	**$ 0.2**	$ 4.0	(94.1) %
Selling, general and administrative expenses	**99.0**	84.0	17.6 %	**191.9**	166.0	15.6 %
Net finance (income)	**(1.1)**	(0.5)	NM[2]	**(2.0)**	(1.0)	107.2 %
Income before income taxes	**$ 90.0**	$ 125.3	(28.2) %	**$ 215.3**	$ 251.7	(14.5) %

[1] For further information about this measure see section 9.2 of the Company's Q2 2022 MD&A.
[2] Not meaningful.

Thank You

For more information:
http://investors.canadiantire.ca