

CANADIAN TIRE CORPORATION, LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

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

Index to the Consolidated Financial Statements and Notes

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS	2	Note 13. Property and Equipment	41
		Note 14. Leases	42
		Note 15. Subsidiaries	44
INDEPENDENT AUDITOR'S REPORT	3	Note 16. Income Taxes	46
		Note 17. Deposits	48
CONSOLIDATED FINANCIAL STATEMENTS:		Note 18. Trade and Other Payables	48
Consolidated Balance Sheets	7	Note 19. Provisions	49
Consolidated Statements of Income	8	Note 20. Contingencies	49
Consolidated Statements of Comprehensive Income	9	Note 21. Short-Term Borrowings	49
Consolidated Statements of Cash Flows	10	Note 22. Loans	50
Consolidated Statements of Changes in Equity	11	Note 23. Long-Term Debt	50
		Note 24. Other Long-Term Liabilities	52
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS		Note 25. Employment Benefits	52
Note 1. The Company and its Operations	12	Note 26. Share Capital	53
Note 2. Basis of Preparation	12	Note 27. Share-Based Payments	55
Note 3. Material Accounting Policy Information	16	Note 28. Revenue	57
Note 4. Capital Management	26	Note 29. Cost of Producing Revenue	58
Note 5. Financial Risk Management	28	Note 30. Selling, General and Administrative Expenses	58
Note 6. Operating Segments	31	Note 31. Depreciation and Amortization	59
Note 7. Cash and Cash Equivalents	33	Note 32. Net Finance Costs	59
Note 8. Trade and Other Receivables	34	Note 33. Notes to the Consolidated Statements of Cash Flows	59
Note 9. Loans Receivable	34	Note 34. Financial Instruments	60
Note 10. Long-Term Receivables and Other Assets	37	Note 35. Guarantees and Commitments	64
Note 11. Goodwill and Intangible Assets	38	Note 36. Related Parties	66
Note 12. Investment Property	40		

Management's Responsibility for Financial Statements

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

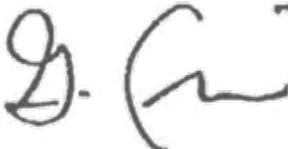
Management is responsible for establishing and maintaining adequate systems of internal control over financial reporting. These systems are designed to provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements.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

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

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



Greg Hicks
President and
Chief Executive Officer



Gregory Craig
Executive Vice-President
and Chief Financial Officer

February 14, 2024

Independent Auditor's Report

To the Shareholders of Canadian Tire Corporation, Limited

Opinion

We have audited the consolidated financial statements of Canadian Tire Corporation, Limited (the "Company"), which comprise the consolidated balance sheets at December 30, 2023 and December 31, 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of cash flows and consolidated statements of changes in equity for the years ended December 30, 2023 and December 31, 2022, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 30, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter description - Impairment of assets

The Company's evaluation of goodwill for impairment involves the comparison of the recoverable amount of each cash generating unit to its carrying value. The goodwill balance was \$844.8 million as of December 30, 2023, of which \$353.7 million related to the Helly Hansen cash generating unit ("CGU") and \$362.5 million related to the SportChek CGU. As noted in Note 11, the recoverable amount of the Helly Hansen CGU is estimated based on fair value less costs of disposal, estimated using discounted cash flows based on an after-tax discount rate and a market multiple approach. The recoverable amount of the SportChek CGU is estimated using a value in use ("VIU") model, determined using discounted cash flows based on an after tax discount rate. These require management to make significant estimates and assumptions related to the projected revenues and associated earnings before income taxes, depreciation and amortization ("EBITDA") margins, terminal growth rate, discount rate and guideline public company ("GPC") multiples. Changes in these assumptions could have a significant impact on the recoverable amount. Management determined that the recoverable amounts of the Helly Hansen and SportChek CGUs exceeded their carrying value as of the measurement date and, therefore, no impairment was recognized.

Given the significant judgments made by management to estimate the fair value of the Helly Hansen CGU and the VIU of the SportChek CGU, performing audit procedures to evaluate the reasonableness of the estimates and assumptions related to the projected cash flows, terminal growth rate, discount rate and GPC multiples required a high degree of auditor judgment and an increased extent of effort, including the need to involve fair value specialists.

How the Key Audit Matter Was Addressed in the Audit:

Our audit procedures related to the projected revenues and associated EBITDA margins, terminal growth rate and discount rate for the Helly Hansen and SportChek CGUs used by management to determine the recoverable

Independent Auditor's Report

amount and GPC multiples used by management to estimate the fair value of the Helly Hansen CGU, included the following, among others:

- Evaluated management's ability to accurately forecast future revenues and EBITDA margins by comparing actual results to management's historical forecasts.
- Evaluated the reasonableness of management's forecasts of future revenues and EBITDA margins by comparing forecasts to:
 - Historical revenues and operating margins.
 - Internal communications to management and the board of directors.
 - Underlying analyses detailing business strategies and growth plans.
 - Third-party economic research, projected and historical growth of Helly Hansen's peer group and SportChek's peer group.
- With the assistance of our fair value specialists;
 - Compared the terminal growth rate to available industry data and expected long term inflation rates.
 - Evaluated the reasonableness of the discount rate by testing the source information underlying the determination of the discount rate and developing a range of independent estimates and compared those to the discount rate used.
 - For the Helly Hansen CGU, we evaluated the reasonableness of the GPC multiples by testing the source information underlying the estimate and developing an independent estimate of the GPC multiples and compared that to those used by management.

Key Audit Matter description - Allowance on credit card loans receivable

The Company's estimate of allowance on credit card loans receivable is measured using an expected credit loss ("ECL") model. As disclosed in Note 2 and Note 9 to the consolidated financial statements, the Company recorded \$926.3 million in allowances on credit card receivables on its consolidated balance sheet using an ECL. The allowance on credit card loans receivable represents a complex accounting estimate based on an assessment of the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") of each cardholder. The Company's ECL model employs an analysis of historical data, economic indicators and experience of delinquency and default, to estimate the amount of credit card loans receivable that may default as a result of past or future events, with certain adjustments for other relevant circumstances influencing the recoverability of these credit card loans. ECL allowances are measured at amounts equal to either (i) 12-month ECL; or (ii) lifetime ECL for those credit card loans that have experienced a significant increase in credit risk ("SICR") since initial recognition or when there is objective evidence of impairment.

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

How the Key Audit Matter Was Addressed in the Audit:

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

- Evaluated the effectiveness of management's internal controls related to the credit card portfolio data, the governance and oversight over the modelled results and the use of expert credit judgment.
- Evaluated the completeness and accuracy of the data used in the estimate of ECL.
- With the assistance of financial modelling specialists:
 - Evaluated the Company's ECL methodology and key assumptions used for compliance with IFRS.
 - Evaluated the appropriateness of the methodology and inputs used in the models to estimate PD, EAD, LGD, SICR, lifetime credit losses, effective interest rate and the design of the forward-looking scenarios including the weighting of those scenarios.

Independent Auditor's Report

- Evaluated the quantitative assessments of the ECL by comparing management's estimate of PD to actual default rates and comparing management's estimates of EAD and LGD to actual loss experience.
- On a sample basis, independently recalculated the ECL.
- Evaluated the qualitative assessments included in the ECL by comparing management's expert credit judgments against macroeconomic trends and evaluating those judgments to ensure they are reflective of the credit quality of the credit card portfolio.

Other Information

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Megan Curry Vance.

/s/Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

February 14, 2024
Toronto, Ontario

Consolidated Balance Sheets

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

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



J. Michael Owens
Director



Nadir Patel
Director

Consolidated Statements of Income

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

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

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

Consolidated Statements of Comprehensive Income

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

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

Consolidated Statements of Cash Flows

For the years ended (C\$ in millions)	December 30, 2023	December 31, 2022
Cash (used for) generated from:		
Operating activities		
Net income	\$ 339.1	\$ 1,182.8
Adjustments for:		
Depreciation of property and equipment, investment property, and right-of-use assets	675.2	621.0
Impairment on property and equipment, investment property, and right-of-use assets	6.3	3.1
Income taxes (Note 16)	233.7	401.0
Net finance costs (Note 32)	321.5	231.0
Amortization of intangible assets (Note 31)	127.0	122.5
(Gain) loss on disposal of property and equipment, investment property, assets held for sale and right-of-use assets	(2.7)	(22.1)
Change in fair value of redeemable financial instrument (Note 34)	328.0	—
Non-cash loss on exit of Helly Hansen operations in Russia	—	20.8
Non-cash charge related to fire at A.J. Billes Distribution Centre (Note 2)	53.2	—
Total except as noted below	2,081.3	2,560.1
Interest paid	(366.1)	(254.6)
Interest received	38.8	21.3
Income taxes paid	(210.5)	(529.3)
Change in loans receivable	(289.3)	(657.1)
Change in operating working capital and other ¹	99.5	(673.9)
Cash generated from operating activities	1,353.7	466.5
Investing activities		
Additions to property and equipment and investment property ¹	(580.9)	(612.5)
Additions to intangible assets	(87.7)	(122.6)
Total additions	(668.6)	(735.1)
Acquisition of short-term investments	(210.9)	(166.9)
Proceeds from maturity and disposition of short-term investments	269.9	713.1
Proceeds on disposition of property and equipment, investment property, and assets held for sale	0.1	5.2
Lease payments received for finance subleases (principal portion)	19.8	16.3
Acquisition of long-term investments and other	(110.9)	(17.4)
Change in Franchise Trust loans receivable	(47.2)	(45.6)
Cash used for investing activities	(747.8)	(230.4)
Financing activities		
Dividends paid	(360.8)	(325.8)
Distributions paid to non-controlling interests	(142.1)	(143.0)
Net issuance of short-term borrowings	389.6	468.0
Issuance of loans	270.5	267.8
Repayment of loans	(223.3)	(222.2)
Issuance of long-term debt	1,750.0	700.0
Repayment of long-term debt	(1,040.1)	(720.1)
Payment of lease liabilities (principal portion)	(425.2)	(357.2)
Payment of transaction costs relating to long-term debt	(6.0)	(3.7)
Purchase of Class A Non-Voting Shares	(376.1)	(425.4)
Repurchase of Scotiabank's 20 percent interest in CTFS Holdings Limited	(904.5)	—
Net receipts (payments) on financial instruments	53.5	32.6
Change in deposits	393.5	(932.5)
Cash used for financing activities	(621.0)	(1,661.5)
Cash generated (used) in the period	(15.1)	(1,425.4)
Cash and cash equivalents, net of bank indebtedness, beginning of period	326.3	1,751.7
Cash and cash equivalents, net of bank indebtedness, end of period (Note 7)	\$ 311.2	\$ 326.3

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

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

Consolidated Statements of Changes in Equity

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

(C\$ in millions)	Total accumulated other comprehensive income (loss)								
	Share capital	Contributed surplus	Cash flow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
Balance at January 1, 2022	\$ 593.6	\$ 2.9	\$ (19.9)	\$ (149.3)	\$ (169.2)	\$ 4,696.5	\$ 5,123.8	\$ 1,387.0	\$ 6,510.8
Net income (loss)	—	—	—	—	—	1,044.1	1,044.1	138.7	1,182.8
Other comprehensive income (loss)	—	—	235.3	(26.0)	209.3	39.9	249.2	18.8	268.0
Total comprehensive income (loss)	—	—	235.3	(26.0)	209.3	1,084.0	1,293.3	157.5	1,450.8
Transfers of cash flow hedge (gains) to non-financial assets	—	—	(82.5)	—	(82.5)	—	(82.5)	—	(82.5)
Contributions and distributions to shareholders of Canadian Tire Corporation									
Issuance of Class A Non-Voting Shares (Note 26)	19.8	—	—	—	—	—	19.8	—	19.8
Purchase of Class A Non-Voting Shares (Note 26)	(425.4)	—	—	—	—	—	(425.4)	—	(425.4)
Change in accrued liability for automatic share purchase plan commitment (Note 26)	2.1	—	—	—	—	54.3	56.4	—	56.4
Excess of purchase price over average cost (Note 26)	397.7	—	—	—	—	(397.7)	—	—	—
Dividends	—	—	—	—	—	(366.9)	(366.9)	—	(366.9)
Contributions and distributions to non-controlling interests									
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	19.4	19.4
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(143.2)	(143.2)
Total contributions and distributions	(5.8)	—	(82.5)	—	(82.5)	(710.3)	(798.6)	(123.8)	(922.4)
Balance at December 31, 2022	\$ 587.8	\$ 2.9	\$ 132.9	\$ (175.3)	\$ (42.4)	\$ 5,070.2	\$ 5,618.5	\$ 1,420.7	\$ 7,039.2

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

1. The Company and its Operations

Canadian Tire Corporation, Limited is a Canadian public company primarily domiciled in Canada. Its registered office is 2180 Yonge Street, Toronto, Ontario, M4P 2V8, Canada. It is listed on the Toronto Stock Exchange (TSX – CTC, CTC.A). Canadian Tire Corporation, Limited and entities it controls are together referred to in these consolidated financial statements as the “Company”, “CTC” or “Canadian Tire Corporation”. Refer to Note 15 for the Company’s major subsidiaries.

The Company comprises three main business operations, which offer a wide range of retail goods and services, including general merchandise, apparel, sporting goods, petroleum, financial services, including a bank, and real estate operations. Details of the Company’s three reportable operating segments are provided in Note 6.

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

2. Basis of Preparation

Fiscal Year

The fiscal year of the Company consists of a 52 or 53-week period ending on the Saturday closest to December 31. The fiscal years for the consolidated financial statements and notes presented for 2023 and 2022 are the 52-week periods ended December 30, 2023 and December 31, 2022, respectively.

Statement of Compliance

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

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

Basis of Presentation

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

- financial instruments at fair value through profit or loss (“FVTPL”);
- financial instruments at fair value through other comprehensive income (“FVOCI”);
- derivative financial instruments;
- liabilities for share-based payment plans; and
- initial recognition of assets acquired and liabilities assumed in a business combination.

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

Functional and Presentation Currency

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

Judgments and Estimates

The preparation of these consolidated financial statements in accordance with IFRS requires Management to make judgments and estimates that affect:

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

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

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

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

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

Impairment of Assets

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

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

The Company's determination of a CGU's or group of CGUs' recoverable amount based on fair value less cost to sell ("FVLCS") uses factors such as royalty rates or market rental rates for comparable assets or estimates using discounted cash flows based on an after-tax discount rate, consistent with the assumptions that a market participant would make. When using discounted cash flows based on an after-tax discount rate, the values assigned to the key assumptions represent Management's assessment of future trends in the relevant industry and are based on historical data from both external and internal sources, including review of historical and forecast growth rates, long-term inflationary and nominal Gross Domestic Product growth estimates for the primary countries in which a CGU or group of CGUs operates, consistent with the assumptions that a market participant would make.

Merchandise Inventories

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

A.J. Billes Fire Insurance Estimates

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

Income and Other Taxes

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

Consolidation

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

Allowance on Loans Receivable

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

Post-Employment Benefits

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

Lease Liabilities

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

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

Other

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

Standards, Amendments and Interpretations Issued and Adopted

Insurance Contracts

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

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

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

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

Clarifying Distinction Between Accounting Policies and Accounting Estimates

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

International Tax Reform

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

Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 30, 2023 and, accordingly, have not been applied in preparing these financial statements.

Lease Liability in a Sale and Leaseback

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

Non-current Liabilities with Covenants

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

Supplier Finance Arrangements

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

Lack of Exchangeability

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

3. Material Accounting Policy Information

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

Basis of Consolidation

These consolidated financial statements include the accounts of Canadian Tire Corporation and entities it controls. An entity is controlled when the Company has the ability to direct the relevant activities of the entity, has exposure or rights to variable returns from its involvement with the entity, and is able to use its power over the entity to affect its returns from the entity. Refer to Note 15.1 for details of the Company's significant controlled entities.

The results of certain subsidiaries that have different year ends have been included in these consolidated financial statements for the 52-week periods ended December 30, 2023 and December 31, 2022. The year end of CT Real Estate Investment Trust ("CT REIT"), Helly Hansen Group AS, Franchise Trust and CTFS Holdings Limited and their subsidiaries is December 31.

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

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

Business Combinations

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

Company on behalf of the acquiree, the fair value of any contingent consideration and equity interests issued by the Company.

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

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

Joint Arrangement

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

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

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

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

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

Functional and Presentation Currency

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

Foreign Currency Transactions and Balances

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

Financial Instruments

Recognition, Derecognition and Initial Measurement

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

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

Classification at Initial Recognition and Subsequent Measurement

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

Financial Instruments at Amortized Cost, including Impairment

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

Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

A 12-month ECL represents the loss expected from default events that are possible within 12-months of the reporting date. This 12-month ECL is recognized in the same reporting period as the initial recognition. The following types of financial assets are measured at 12-month ECL:

- investments determined to have low credit risk at the reporting date with a credit risk rating equivalent to investment grade; and
- other financial assets, such as loans receivable, for which credit risk has not increased significantly since initial recognition.

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

The loss allowance is measured at lifetime ECL if there is a significant increase in credit risk, which is assessed based on changes in the probability of default since initial recognition along with borrower specific qualitative information, or when the loan is more than 30 days past due. Credit card loans are considered impaired and in

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

ECL is calculated as the product of the probability of default, exposure at default and loss given default over the remaining expected life of the loans and discounted to the reporting date. The ECL model also incorporates forward-looking information, which increases the degree of judgment required as to how changes in macroeconomic factors will affect ECLs, such as current and forecast unemployment rates. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Financial Instruments at Fair Value Through Other Comprehensive Income

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

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

Financial Instruments at Fair Value Through Profit or Loss

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

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

Derivative Financial Instruments

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

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

Cash Flow Hedges

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

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

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

The Company enters into interest rate swap and swaption contracts to hedge and manage the exposure against interest rate risk on the future interest payments of certain debt issuances.

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

Cash and Cash Equivalents

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

Short-Term Investments

Short-term investments are investments in highly liquid and rated certificates of deposit, commercial paper or other securities, primarily Canadian and United States government securities and notes of other creditworthy parties, with an original term to maturity of more than three months and remaining term to maturity of less than one year. The Company's exposure to credit, currency and interest rate risks relating to other investments is disclosed in Note 5.

Trade and Other Receivables

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

Loans Receivable

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

Long-Term Investments

Investments in highly liquid and rated securities with a remaining term to maturity of greater than one year are classified as long-term investments. The Company's exposure to credit, currency and interest rate risks relating to other investments is disclosed in Note 5.

Debt

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

Merchandise Inventories

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

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

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

Intangible Assets

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

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

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

Expenditures on research activities are expensed as incurred.

Investment Property

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

Property and Equipment

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

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized. Qualifying assets are those that require a minimum of three months to prepare for their intended use. All other borrowing costs are recognized in Cost of producing revenue or in Net finance costs in the Consolidated Statements of Income in the period in which they are incurred.

Leases

Lessee

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

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

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

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

Lessor

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

Subleases

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

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

Impairment of Assets

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

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortized but are tested for impairment at least annually or whenever there is an indicator that the asset may be impaired. These assets do not generate their own cashflows, as a result goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are allocated to the CGUs, or groups of CGUs (such as the Company's banners identified in Note 6 Operating Segments), to which they relate. A CGU is the smallest identifiable group of assets whose continuing use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Once allocated, the recoverable amount of the CGU is estimated for impairment testing.

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

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

Employee Benefits

Short-Term Benefits

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

Post-Employment Benefits

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

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

Share-Based Payments

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

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

Provisions

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

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

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

Share Capital

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

Revenue

Sale of Goods

Revenue from the sale of goods includes merchandise sold to Dealers, Mark's, SportChek¹ and Party City² franchisees, the sale of gasoline through agents, the sale of goods to the general public by Mark's, PartSource, SportChek, Helly Hansen as well as the sale of goods through Helly Hansen's wholesale channels. Revenue from the sale of goods is recognized when the goods are delivered, measured at the fair value of the consideration received less an appropriate deduction for actual and expected returns, discounts, rebates and warranty and customer loyalty program costs, net of sales taxes.

Customer Loyalty Programs

Loyalty reward credits issued as part of a sales transaction result in revenue being deferred until the loyalty reward is redeemed. In addition, an obligation arises from the loyalty program when the Company sells merchandise to the Dealers, for which reward credits may be issued as part of the subsequent sales transaction. The obligation is measured at fair value by reference to the fair value of the rewards that could be redeemed and based on the estimated probability of their redemption.

Interest Income on Loans Receivable

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

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

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

Services Rendered

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

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

Reinsurance Revenue

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

Royalties and Licence Fees

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

Rental Income

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

Vendor Rebates

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

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

Net Finance Costs

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

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

Income Taxes

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

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

Deferred income tax is recognized using the liability method for unused tax losses, unused tax benefits and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred income tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction, other than a business combination that, at the time of the

transaction, affects neither accounting nor taxable income, and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Earnings per Share

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

4. Capital Management

The Company's objectives when managing capital are:

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

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

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

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

The Company manages its capital structure over the long term to optimize the balance among capital efficiency, financial flexibility, and risk mitigation. Management calculates ratios that approximate the methodologies of credit

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

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

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

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

The key financial covenant for Canadian Tire Corporation, Limited is a requirement for the Retail segment to maintain a ratio of total indebtedness to total capitalization equal to or lower than a specified maximum percentage (as defined in Canadian Tire Corporation, Limited's bank credit agreements, but which excludes consideration of CTFS Holdings Limited, CT REIT, Franchise Trust, and their respective subsidiaries). Canadian Tire Corporation, Limited was in compliance with all financial covenants under its credit agreements as at December 30, 2023 and December 31, 2022.

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

CT REIT is required to comply with covenants established under its Declaration of Trust, Trust Indenture and bank credit agreement and was in compliance with all financial covenants thereunder as at December 31, 2023 and December 31, 2022.

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

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

The Bank's objectives include maintaining capital to:

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

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

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

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

The leverage ratio prescribed by OSFI's Leverage Requirements Guideline provides an overall measure of the adequacy of an institution's capital and is defined as the total Tier 1 capital divided by the leverage exposure. The leverage exposure is the sum of on-balance sheet exposures, derivative exposures, securities financing transaction exposures, subordinate loans, and a portion of unused credit limits, with a reduction for off-balance sheet items, which include securitized assets.

As at December 31, 2023 and December 31, 2022, the Bank complied with all regulatory capital guidelines established by OSFI, and its internal targets as determined by its ICAAP.

5. Financial Risk Management

5.1 Overview

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

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

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

5.2 Risk Management Framework

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

5.3 Credit Risk

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

5.3.1 Financial Instrument Counterparty Credit Risk

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

5.3.2 Consumer and Dealer/Franchisee Credit Risk

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

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

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

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

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

5.4 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due with the ability to react under uncertainty. The Company's Financial Risk Management Policy serves to manage its exposure to liquidity risk. The Company uses a detailed consolidated cash flow forecast model to regularly monitor its near-term and longer-term cash flow requirements, which assists in optimizing its short-term cash and indebtedness position while evaluating longer-term funding and capital allocation strategies.

In addition, CTB has an Asset Liability Management Policy. It is CTB's objective to ensure the availability of adequate funds by maintaining a strong liquidity management framework and satisfy all applicable regulatory and statutory requirements.

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

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

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

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

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

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

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

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

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

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

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

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

³ Includes interest payments on deposits, short-term borrowings, loans, and long-term debt.

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

5.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters while optimizing the return. The Company's Financial Risk Management Policy establishes guidelines on how the Company is to manage the market risk inherent to the business and provides mechanisms to ensure business transactions are executed in accordance with established limits, processes, and procedures.

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

5.5.1 Foreign Currency Risk

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

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

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

5.5.2 Interest Rate Risk

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

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

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

6. Operating Segments

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

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

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

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

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

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

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

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

Capital expenditures by reportable operating segment are as follows:

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

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

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

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

Total assets by reportable operating segment are as follows:

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

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

Total liabilities by reportable operating segment are as follows:

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

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

The eliminations and adjustments include the following items:

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

7. Cash and Cash Equivalents

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

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

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

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

8. Trade and Other Receivables

Trade and other receivables include the following:

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

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

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

9. Loans Receivable

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

(C\$ in millions)	Total principal amount of receivables ¹	
	2023	2022
Credit card loans ²	\$ 6,495.6	\$ 6,206.3
Dealer and other loans ³	521.9	474.7
Total loans receivable	7,017.5	6,681.0
Less: long-term portion ⁴	449.2	409.9
Current portion of loans receivable	\$ 6,568.3	\$ 6,271.1

¹ Amounts shown are net of allowance for loans receivable.

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

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

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

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

Loans to Dealers are secured by the Canadian Tire store assets of the respective Dealers' corporations. The Company's exposure to loans receivable credit risk resides at Franchise Trust and at the Bank. No allowances have been made for Dealer loans given the historical performance and the nature of the collateral. Credit risk at the Bank is influenced mainly by the individual characteristics of each credit card customer. The Bank uses sophisticated credit scoring models, monitoring technology and collection modelling techniques to implement and manage strategies, policies, and limits that are designed to control risk. Loans receivable are generated by a large and geographically-dispersed group of customers in Canada. Current credit exposure is limited to the loss that would be incurred if all of the Bank's counterparties were to default at the same time.

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

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

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

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

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

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

Transfers of Financial Assets

Glacier Credit Card Trust

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

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

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

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

The Bank has not identified any factors arising from current market circumstances that could lead to a need for the Bank to extend liquidity and/or credit support to GCCT over and above the existing arrangements or that could otherwise change the substance of the Bank's relationship with GCCT. There have been no relevant changes in the capital structure of GCCT since the Bank's assessment for consolidation.

Franchise Trust

The consolidated financial statements include a portion (silo) of Franchise Trust, a legal entity sponsored by a third-party bank that originates and services loans to certain Dealers for their purchases of inventory and fixed assets ("Dealer loans"). The Company has arranged for several major Canadian banks to provide standby LCs to Franchise Trust as credit support for the Dealer loans. Franchise Trust has sold all its rights in the LCs and outstanding Dealer loans to other independent trusts set up by major Canadian banks ("Co-owner Trusts") that raise funds in the capital markets to finance their purchase of these undivided co-ownership interests. Due to the retention of substantially all the risks and rewards relating to these Dealer loans, the transfers are accounted for

as secured financing transactions. Accordingly, the Company continues to recognize the current portion of these assets in Loans receivable and the long-term portion in Long-term receivables and other assets and records the associated liability secured by these assets as Loans, being the loans that Franchise Trust has incurred to fund the Dealer loans. The Dealer loans and Loans are initially recorded at fair value and subsequently carried at amortized cost.

(C\$ in millions)	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Dealer loans ¹	\$ 520.2	\$ 520.2	\$ 472.9	\$ 472.9
Associated liabilities (Note 22)	520.2	520.2	472.9	472.9
Net position	\$ —	\$ —	\$ —	\$ —

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

The Dealer loans have been legally sold and are not available to the creditors of the Company. Loans are not legal liabilities of the Company.

If a Dealer defaults on a loan, the Company has the right to purchase such loan from the Co-owner Trusts, at which time the Co-owner Trusts will assign such Dealer's debt instrument and related security documentation to the Company. The assignment of this documentation provides the Company with first-priority security rights over all such Dealer's assets, subject to certain prior ranking statutory claims.

In most cases, the Company expects to recover any payments made to purchase a defaulted loan, including any associated expenses. In the event the Company does not choose to purchase a defaulted Dealer loan, the Co-owner Trusts may draw against the LCs.

The Co-owner Trusts may also draw against the LCs to cover any shortfalls in certain related fees owing to them. In any case, where a draw is made against the LCs, the Company has agreed to reimburse the bank issuing the LCs for the amount so drawn. Refer to Note 35 for further information.

10. Long-Term Receivables and Other Assets

Long-term receivables and other assets include the following:

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

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

11. Goodwill and Intangible Assets

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

						2023
	Indefinite-life intangible assets and goodwill			Finite-life intangible assets		
(C\$ in millions)	Goodwill	Banners and trademarks	Franchise agreements and other intangibles	Software	Other intangibles	Total
Cost						
Balance, beginning of year	\$ 867.2	\$ 901.6	\$ 167.7	\$ 1,515.2	\$ 11.7	\$ 3,463.4
Additions	—	3.4	0.2	80.0	—	83.6
Disposals/retirements	—	—	—	(1.9)	—	(1.9)
Currency translation adjustment	(18.4)	(24.6)	—	—	—	(43.0)
Balance, end of year	\$ 848.8	\$ 880.4	\$ 167.9	\$ 1,593.3	\$ 11.7	\$ 3,502.1
Accumulated amortization and impairment						
Balance, beginning of year	\$ (4.0)	\$ (16.6)	\$ —	\$ (1,089.5)	\$ (11.7)	\$ (1,121.8)
Amortization for the year	—	—	—	(127.0)	—	(127.0)
Impairment	—	(0.4)	—	—	—	(0.4)
Disposals/retirements	—	—	—	1.8	—	1.8
Balance, end of year	\$ (4.0)	\$ (17.0)	\$ —	\$ (1,214.7)	\$ (11.7)	\$ (1,247.4)
Net carrying amount, end of year	\$ 844.8	\$ 863.4	\$ 167.9	\$ 378.6	\$ —	\$ 2,254.7

						2022
	Indefinite-life intangible assets and goodwill			Finite-life intangible assets		
(C\$ in millions)	Goodwill	Banners and trademarks	Franchise agreements and other intangibles	Software	Other intangibles	Total
Cost						
Balance, beginning of year	\$ 880.8	\$ 917.5	\$ 167.7	\$ 1,396.6	\$ 11.7	\$ 3,374.3
Additions	—	—	—	120.1	—	120.1
Disposals/retirements	—	—	—	(2.8)	—	(2.8)
Reclassifications and transfers	—	—	—	1.3	—	1.3
Currency translation adjustment	(13.6)	(15.9)	—	—	—	(29.5)
Balance, end of year	\$ 867.2	\$ 901.6	\$ 167.7	\$ 1,515.2	\$ 11.7	\$ 3,463.4
Accumulated amortization and impairment						
Balance, beginning of year	\$ (4.0)	\$ (16.6)	\$ —	\$ (969.8)	\$ (11.7)	\$ (1,002.1)
Amortization for the year	—	—	—	(122.5)	—	(122.5)
Disposals/retirements	—	—	—	2.8	—	2.8
Balance, end of year	\$ (4.0)	\$ (16.6)	\$ —	\$ (1,089.5)	\$ (11.7)	\$ (1,121.8)
Net carrying amount, end of year	\$ 863.2	\$ 885.0	\$ 167.7	\$ 425.7	\$ —	\$ 2,341.6

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

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

The Company's banners and trademarks, which include SportChek, Mark's, Helly Hansen and Party City and acquired private-label brands, represent legal trademarks of the Company with expiry dates ranging from 2024 to 2038 with further renewals at the Company's election and discretion dependent on use. As the Company currently has no approved plans to change its store banners and intends to continue to use and renew its trademarks and private-label brands at each expiry date for the foreseeable future, there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows. Therefore, these intangible assets are considered to have indefinite useful lives.

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

Borrowing costs capitalized were \$3.2 million (December 31, 2022 – \$4.5 million). The capitalization rate used to determine the amount of borrowing costs capitalized during the year was 5.9 percent (December 31, 2022 – 4.9 percent).

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

Impairment of Intangible Assets and Subsequent Reversal

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

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

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

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

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

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

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

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

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

12. Investment Property

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

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

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

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

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

The estimated fair value of investment property was \$616.9 million (December 31, 2022 – \$567.8 million). This recurring fair value measurement is categorized within Level 3 of the fair value hierarchy (refer to Note 34.2 for definition of levels). The Company determines the fair value of investment property by applying a pre-tax discount rate to the annual rental income for the current leases. The discount rate ranged from 4.75 percent to 8.46 percent (December 31, 2022 – 4.25 percent to 8.71 percent). The cash flows are for a term of five years, including a terminal value. The Company has real estate management expertise that is used to perform the valuation of investment property and has also completed independent appraisals on certain investment property owned by CT REIT.

Impairment of Investment Property and Subsequent Reversal

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

13. Property and Equipment

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

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

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

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

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

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

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

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

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

Impairment of Property and Equipment and Subsequent Reversal

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

14. Leases

14.1 As a Lessee

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

14.1.1 Right-of-use Assets

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

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

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

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

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

Impairment of Right-of-use Assets and Subsequent Reversal

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

14.1.2 Undiscounted Cash Flows

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

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

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

14.2 As a Lessor

The Company leases out a number of its investment properties (refer to Note 12) and has certain sublease arrangements with the majority having an option to renew after the expiry date. The lessee does not have an option to purchase the property at the expiry of the lease period.

14.2.1 Net Investment in Subleases

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

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

14.2.2 Operating Leases

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

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

15. Subsidiaries

15.1 Control of Subsidiaries and Composition of the Company

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

Name of subsidiary	Principal activity	Country of incorporation and operation	Ownership Interest	
			2023	2022
CTFS Holdings Limited ¹	Banking, processing credit card transactions at Canadian Tire Retail Banners, marketing of insurance products, and reinsurance	Canada	100.0 %	80.0 %
Canadian Tire Real Estate Limited	Real estate	Canada	100.0 %	100.0 %
CT Real Estate Investment Trust	Real estate	Canada	68.4 %	68.7 %
FGL Sports Ltd. ("SportChek")	Retailer of sporting equipment, apparel and footwear	Canada	100.0 %	100.0 %
Franchise Trust ²	Canadian Tire Dealer Loan Program	Canada	0.0 %	0.0 %
Glacier Credit Card Trust ³	Financing program to purchase co-ownership interests in the Bank's credit card loans	Canada	0.0 %	0.0 %
Mark's Work Wearhouse Ltd.	Retailer of clothing and footwear	Canada	100.0 %	100.0 %
Helly Hansen Group AS	Holding company for "Helly Hansen" branded global wholesaler of sportswear and workwear	Norway	100.0 %	100.0 %

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

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

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

15.2 Details of Non-wholly Owned Subsidiaries that have Non-controlling Interests

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

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

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

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

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

² Net income attributable to non-controlling interests is based on net income of CT REIT adjusted to convert to the Company's cost method, including recording of depreciation.

³ Net income attributable to non-controlling interests is based on net income of the subsidiary adjusted for contractual requirements as stipulated in the ownership agreement.

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

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

² Net income attributable to non-controlling interests is based on net income of CT REIT adjusted to convert to the Company's cost method, including recording of depreciation.

³ Net income attributable to non-controlling interests is based on net income of the subsidiary adjusted for contractual requirements as stipulated in the ownership agreement.

16. Income Taxes

16.1 Deferred Income Tax Assets and Liabilities

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

(C\$ in millions)	2023				
	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Balance, end of year
Provisions, deferred revenue and reserves	\$ 209.3	\$ (113.7)	\$ —	\$ (0.1)	\$ 95.5
Property and equipment	(82.9)	(37.6)	—	(0.3)	(120.8)
Intangible assets	(273.0)	(17.2)	—	5.0	(285.2)
Employee benefits	38.6	1.1	2.4	—	42.1
Cash flow hedges	(50.8)	—	3.1	31.5	(16.2)
Right-of-use asset and lease liabilities	133.2	(5.4)	—	0.2	128.0
Non-capital losses carryforward	32.9	14.0	—	(1.8)	45.1
Other	4.0	4.1	—	0.8	8.9
Net deferred tax asset (liability) ¹	\$ 11.3	\$ (154.7)	\$ 5.5	\$ 35.3	\$ (102.6)

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

(C\$ in millions)	2022				
	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Balance, end of year
Provisions, deferred revenue and reserves	\$ 206.8	\$ 2.4	\$ —	\$ 0.1	\$ 209.3
Property and equipment	(76.5)	(6.7)	—	0.3	(82.9)
Intangible assets	(282.2)	5.5	—	3.7	(273.0)
Employee benefits	52.0	1.3	(14.7)	—	38.6
Cash flow hedges	10.6	—	(90.8)	29.4	(50.8)
Right-of-use asset and lease liabilities	142.4	(9.2)	—	—	133.2
Non-capital losses carryforward	39.5	(4.8)	—	(1.8)	32.9
Other	0.2	2.4	—	1.4	4.0
Net deferred tax asset (liability) ¹	\$ 92.8	\$ (9.1)	\$ (105.5)	\$ 33.1	\$ 11.3

¹ Includes the net amount of deferred tax assets of \$143.4 million and deferred tax liabilities of \$132.1 million.

No deferred tax is recognized on the amount of temporary differences arising from the difference between the carrying amount of the investment in subsidiaries, branches and associates and interests in joint arrangements accounted for in these consolidated financial statements and the cost amount for tax purposes of the investment. The Company is able to control the timing of the reversal of these temporary differences and believes it is probable that they will not reverse in the foreseeable future. The amount of these taxable temporary differences was approximately \$2.5 billion at December 30, 2023 (December 31, 2022 – \$2.5 billion).

No deferred tax asset is recognized for the carryforward of unused tax losses and unused tax credits to the extent that it is not probable that future taxable profit will be available against which to use the unused tax losses and tax credits. The amount of these deductible temporary differences was approximately \$187.8 million at December 30, 2023 (December 31, 2022 – \$178.8 million).

The Company has applied the temporary mandatory exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two model rules.

16.2 Income Tax Expense

The following are the major components of income tax expense:

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

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

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

Reconciliation of Income Tax Expense

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

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

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

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

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

17. Deposits

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

Cash from broker deposits is generated from GIC offerings through broker channels rather than direct receipts from retail customers. Broker deposits are offered for varying terms ranging from 30 days to five years and issued broker GICs are non-redeemable prior to maturity (except in rare circumstances). Total short-term and long-term broker deposits outstanding at December 30, 2023, were \$2,734.4 million (December 31, 2022 – \$2,255.3 million).

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

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

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

18. Trade and Other Payables

Trade and other payables include the following:

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

Deferred revenue consists mainly of unearned revenue relating to gift cards and customer loyalty program rewards. Deferred revenue will be recognized as revenue as the customer utilizes gift cards and loyalty rewards are redeemed. The majority of deferred revenue is expected to be redeemed within one year from issuance. \$292.8 million included in deferred revenue at the beginning of the period was recognized as revenue in 2023 (December 31, 2022 – \$266.7 million).

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

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

19. Provisions

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

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

20. Contingencies

Legal Matters

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

Insurance Recoveries

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

21. Short-Term Borrowings

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

The commercial paper notes are short-term notes issued with varying original maturities of one year or less for GCCT's ABCP and 270 days or less for the Company's U.S. CP at interest rates fixed at the time of each renewal and are recorded at amortized cost. As at December 30, 2023, GCCT had \$293.1 million of ABCP outstanding (December 31, 2022 – \$51.2 million) and the Company had \$365.6 million of C\$ equivalent U.S. CP outstanding (December 31, 2022 – \$21.7 million).

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

22. Loans

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

23. Long-Term Debt

Long-term debt includes the following:

(C\$ in millions)	2023		2022	
	Face value	Carrying amount	Face value	Carrying amount
Medium-term notes (CTC)				
Series F, 3.167%, due July 6, 2023	\$ —	\$ —	\$ 400.0	\$ 399.8
Series 2, 6.375%, due April 13, 2028	150.0	151.1	150.0	150.9
Series 2, 6.445%, due February 24, 2034	200.0	201.8	200.0	201.7
Series B, 5.610%, due September 4, 2035	200.0	199.8	200.0	199.7
Series G, 5.372%, due September 16, 2030	400.0	398.6	—	—
Series H, CORRA + 1.00%, due September 14, 2026	200.0	199.6	—	—
Debentures (CT REIT)				
Series B, 3.527%, due June 9, 2025	200.0	199.8	200.0	199.6
Series D, 3.289%, due June 1, 2026	200.0	199.7	200.0	199.5
Series E, 3.469%, due June 16, 2027	175.0	174.6	175.0	174.5
Series F, 3.865%, due December 7, 2027	200.0	199.5	200.0	199.3
Series G, 2.371%, due January 6, 2031	150.0	149.3	150.0	149.2
Series H, 3.029%, due February 5, 2029	250.0	248.9	250.0	248.7
Series I, 5.828%, due June 14, 2028	250.0	248.6	—	—
Senior asset-backed term notes (GCCT)				
Series 2018-1, 3.138%, due September 20, 2023 ¹	—	—	546.0	545.6
Series 2019-1, 2.280%, due June 6, 2024 ¹	523.6	523.2	523.6	522.8
Series 2020-1, 1.388%, due September 22, 2025 ¹	448.8	447.9	448.8	447.6
Series 2022-1, 4.958%, due September 20, 2027 ¹	420.8	418.9	420.8	418.6
Series 2023-1, 5.681%, due September 20, 2028 ¹	467.5	465.0	—	—
Subordinated asset-backed term notes (GCCT)				
Series 2018-1, 4.138%, due September 20, 2023 ¹	—	—	38.0	38.0
Series 2019-1, 3.430%, due June 6, 2024 ¹	36.4	36.4	36.4	36.4
Series 2020-1, 2.438%, due September 22, 2025 ¹	31.2	31.2	31.2	31.2
Series 2022-1, 6.108%, due September 20, 2027 ¹	29.3	29.3	29.3	29.3
Series 2023-1, 6.881%, due September 20, 2028 ¹	32.5	32.5	—	—
Mortgages	8.9	9.1	64.9	65.3
Term Loan, CDOR + 1.25%, due April 30, 2025	400.0	399.7	—	—
Total debt	\$ 4,974.0	\$ 4,964.5	\$ 4,264.0	\$ 4,257.7
Current	560.5	560.5	1,040.2	1,040.2
Non-current	4,413.5	4,404.0	3,223.8	3,217.5

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

The carrying amount of long-term debt is net of debt issuance costs of \$14.4 million (December 31, 2022 – \$11.7 million).

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

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

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

Repayment of the principal of the series 2019-1, 2020-1, 2022-1 and 2023-1 asset-backed term notes is scheduled for the expected repayment dates indicated in the preceding table. None of the GCCT’s asset-backed term notes are otherwise early redeemable by GCCT or the Bank. During a contractual liquidation period prior to the expected repayment date of a particular series’ notes, collections from the Securitized Pool allocable to GCCT with respect to the liquidating series as well as all outstanding series in their revolving periods will be accumulated by the custodian. If any amount remained owing after the expected repayment date, collections from the Securitized Pool allocable to GCCT with respect to the liquidating series as well as any outstanding series in their revolving periods will be applied to pay such amount until a specified termination date.

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

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

None of these events occurred in the Bank’s year ended December 30, 2023 and 2022.

Medium-Term Notes and Debentures

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

Term Loan

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

Mortgages

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

24. Other Long-Term Liabilities

Other long-term liabilities include the following:

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

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

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

25. Employment Benefits

Profit-Sharing Program

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

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

Defined Benefit Plan

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

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

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

Significant actuarial assumptions used:

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

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

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

The cumulative amount of actuarial losses before tax recognized in equity at December 30, 2023, was \$30.6 million (December 31, 2022 – \$21.8 million).

Sensitivity Analysis:

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

(C\$ in millions)	2023	
Sensitivity analysis	Accrued benefit obligation	
	Increase	Decrease
A fifty basis point change in assumed discount rates	\$ (10.7)	\$ 11.9
A one-percentage-point change in assumed health care cost trend rates	14.9	(12.8)
A one-year change in assumed life expectancy	3.8	(3.8)

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

26. Share Capital

Share capital consists of the following:

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

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

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

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

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

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

Conditions of Class A Non-Voting Shares and Common Shares

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

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

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

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

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

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

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

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

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

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

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

27. Share-Based Payments

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

Stock Options

The Company granted stock options to certain employees that enable such employees to exercise those stock options and subscribe for Class A Non-Voting Shares or surrender their options and receive a cash payment. Such cash payment is calculated as the difference between the fair market value of Class A Non-Voting Shares as at the surrender date and the exercise price of the option. Stock options vest over a three-year period. All outstanding stock options have a term of seven years. At December 30, 2023, and December 31, 2022, the aggregate number of Class A Non-Voting Shares authorized for issuance under the stock option plan was 3,387,702.

Stock option transactions during 2023 and 2022 were as follows:

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

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

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

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

¹ Weighted average remaining contractual life is expressed in years.

Performance Share Units and Performance Units

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

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

Restricted Share Units and Restricted Units

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

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

Deferred Share Units and Deferred Units

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

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

All Plans

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

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

¹ Reflects expected forfeitures.

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

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

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

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

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

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

28. Revenue

External revenue by reportable operating segment is as follows:

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

Retail revenue breakdown is as follows:

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

¹ Helly Hansen revenue represents external revenue only.

Major Customers

The Company does not rely on any one customer.

29. Cost of Producing Revenue

Cost of producing revenue consists of the following:

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

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

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

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

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

30. Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the following:

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

31. Depreciation and Amortization

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

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

32. Net Finance Costs

Net finance costs consists of the following:

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

33. Notes to the Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities comprise the following:

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

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

33.1 Cash and Marketable Investments Held in Reserve

Cash and marketable investments includes reserves held by the Financial Services segment in support of its liquidity and regulatory requirements. As at December 30, 2023, reserves held by Financial Services totalled \$404.5 million (December 31, 2022 – \$323.0 million) and includes restricted cash disclosed in Note 7 as well as short-term investments.

34. Financial Instruments

34.1 Fair Value of Financial Instruments

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

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

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

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

Investments in Debt Securities

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

Derivatives

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

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

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

Redeemable Financial Instrument

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

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

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

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

Level 1 – Inputs are unadjusted quoted prices of identical instruments in active markets;

Level 2 – Inputs are other than quoted prices included in Level 1 but are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs are not based on observable market data.

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

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

¹ Relates to derivatives not designated as hedging instruments.

There were no transfers in either direction between levels for the financial instruments remaining at the end of the reporting period in 2023 or 2022.

Changes in Fair Value Measurement for Instruments Categorized in Level 3

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

34.3 Fair Value Measurement of Investments, Debt and Deposits

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

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

¹ Includes current portion of Long-term debt.

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

34.4 Items of Income, Expense, Gains or Losses

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

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

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

34.5 Derivatives Designated as Hedging Instruments

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

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

2022

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

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

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

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

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

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

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

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

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

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

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

35. Guarantees and Commitments

Guarantees

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

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

Standby Letters of Credit

Franchise Trust, a legal entity sponsored by a third-party bank, originates loans to certain Dealers for their purchase of Canadian Tire store inventory and fixed assets. While Franchise Trust is consolidated as part of these financial statements, the Company has arranged for several major Canadian banks to provide standby LCs to Franchise Trust to achieve the required “AAA” equivalent credit rating of the funding of the Dealer loan portfolio. Franchise Trust has sold all its rights in the LCs to the Co-owner Trusts. Franchise Trust, on behalf of the Co-owner Trusts, may draw against the LCs in certain pre-defined circumstances. Should a draw be made against an LC, the Company has agreed to reimburse the bank issuing such standby LC for the amount so drawn. The Company has not recorded any liability for these amounts due to there having been no historical draws made by Franchise Trust under such LCs, the credit quality of the Dealer loans, and the nature of the underlying collateral represented by the inventory and fixed assets of the borrowing Dealers. The Company’s maximum exposure as at December 30, 2023 under the LCs was \$119.4 million (December 31, 2022 – \$62.0 million).

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

Business and Property Dispositions

In connection with agreements for the sale of all or part of a business or property and in addition to indemnifications relating to failure to perform covenants and breach of representations and warranties, the Company has agreed to indemnify the purchasers against claims from its past conduct, including environmental remediation. Typically, the term and amount of such indemnification will be determined by the parties in the agreements. The nature of these indemnification agreements prevents the Company from estimating the maximum potential liability it would be required to pay to counterparties. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the consolidated financial statements with respect to these indemnification agreements.

Lease Agreements Guarantees

The Company has guaranteed leases on certain franchise stores in the event the franchisees are unable to meet their remaining lease commitments. These lease agreements have expiration dates through October 2033. The maximum amount that the Company may be required to pay under these agreements is \$5.4 million (December 31, 2022 – \$3.5 million). In addition, the Company could be required to make payments for percentage rents, realty taxes and common area costs. No amount has been accrued in the consolidated financial statements with respect to these lease agreements.

Third-Party Financial Guarantees

The Company has guaranteed certain bank loans of certain Dealers. These third-party financial guarantees require the Company to make payments if the Dealer fails to make scheduled debt payments. The majority of these third-party financial guarantees have expiration dates extending up to and including January 2026 and any extension is at the Company's discretion. The Company's maximum exposure as at December 30, 2023 under these financial guarantees was \$7.2 million (December 31, 2022 – \$5.5 million).

The Company has entered into agreements to buy back certain franchisee-owned merchandise inventory should the banks foreclose on any of the applicable franchisees. The initial terms of the buy-back agreements are for one year and any extension is at the Company's discretion. The Company's maximum exposure as at December 30, 2023 under these buy-back agreements was \$19.1 million (December 31, 2022 – \$24.6 million).

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

Indemnification of Lenders and Agents Under Credit Facilities

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

Other Indemnification Agreements

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

The terms of these additional indemnification agreements vary based on the contract and do not provide any limit on the maximum potential liability. Historically, the Company has not made any significant payments under such

additional indemnifications and no amount has been accrued in the consolidated financial statements with respect to these additional indemnification commitments.

The Company's exposure to credit risks related to the above-noted guarantees are disclosed in Note 5.

Capital and Other Commitments

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

As at December 30, 2023 the Company had other commitments of \$3.9 million (December 31, 2022 – \$145.8 million).

36. Related Parties

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

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

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

(C\$ in millions)	2023	2022
Salaries and short-term employee benefits	\$ 16.4	\$ 16.0
Share-based payments and other	9.0	(2.4)
	\$ 25.4	\$ 13.6