Canadian Tire Corporation Reports Third Quarter 2024 Results; Announces Annual Dividend Increase for 15th Consecutive Year and Share Repurchase Intention

Toronto, November 7, 2024 – Canadian Tire Corporation, Limited (TSX:CTC, TSX: CTC.A) (CTC or the Company) today released its third quarter results for the period ended September 28, 2024.

- Consolidated comparable sales[1] trend improved compared to Q2 2024; consolidated comparable sales were down 1.5% compared to Q3 2023.
- Diluted and Normalized Earnings Per Share[1] (EPS) were $3.59, compared to $(1.19) in Q3 2023, and up 21.3% from $2.96 on a normalized basis.
- Annualized dividend increased from $7.00 to $7.10 per share, alongside an intention to repurchase up to $200.0 million of Class A Non-Voting Shares in 2025.

"We delivered strong retail profitability for the third consecutive quarter and sales trends improved," said Greg Hicks, President and CEO, Canadian Tire Corporation. "With customer spending still constrained, Canadians are seeking value and finding it through Triangle Rewards, where more loyalty members earned and redeemed with us at higher levels this quarter."

"We continue to control costs and manage margins carefully, in order to balance lingering consumer and economic headwinds. At the same time, the investments we have made over the last two years position us well, with better omnichannel experiences, higher customer satisfaction scores, and a positive reaction to new products as they hit our shelves."

THIRD-QUARTER HIGHLIGHTS

- Consolidated comparable sales were down 1.5%; SportChek grew for the first quarter since Q2 2023, which partially offset declines at Canadian Tire Retail (CTR) and Mark's.
  - CTR comparable sales[1] were down 2.2%, compared to Q3 2023. Customers continued to prioritize essential categories including Automotive, which continued to perform well against a strong quarter in Q3 2023, led by growth in automotive service.
  - SportChek comparable sales[1] were up 2.9%, marking two consecutive quarters in which SportChek outperformed industry trends. Targeted promotional events and

  - improved customer experience continued to be a focus and contributed to growth in athletic footwear and hockey categories.
  - Mark's comparable sales[1] were down 2.3%, led by industrial wear declines, which were partially offset by growth in men's shorts and t-shirts. Children's wear was a top performer, as a result of the ongoing strategic rollout of the category to select Mark's stores.
- Increased loyalty engagement saw active registered loyalty members up 4%; members took advantage of 1:1 offers, engaged in mass Triangle promotions, and scanned their loyalty cards more.
- In-store Net Promoter Score (NPS) was up across the Company's banners, including CTR; store investments and a focus on strong in-stock availability of key brands continued to drive improvements in positive customer sentiment.
- Improved retail profitability led to higher Consolidated Income Before Income taxes (IBT) at $299.3 million, an increase of $230.0 million and $33.0 million on a normalized basis[1] compared to the prior year.
  - Retail IBT was $164.8 million, down $74.2 million and up $56.8 million on a normalized basis[1]. A strong retail gross margin rate[1] combined with solid cost control offset a decline in retail revenue. IBT also benefited from higher other income, which equated to around $0.41 of impact at the EPS level, as a result of a property sale gain and insurance recoveries.
  - Financial Services IBT was $110.3 million in the quarter, a $15.4 million decrease from the prior year, as higher net write-offs and operating expenses were only partially offset by higher revenues, all while cardholder engagement remained strong. Gross Average Accounts Receivable[1] (GAAR) was up 3.0%, mainly as a result of higher average account balances.
- CTC continues to make solid progress on the key areas within its *Better Connected* strategy to enhance the customer experience and drive efficiencies, with almost $1.7 billion in capital invested since 2022. Accomplishments in the third quarter included:
  - **A richer in-store and digital customer experience:** Store investments are proceeding at pace, with four new Party City stores added in Q3, and 39 CTR store refresh projects expected to be completed by the end of 2024 (taking the total to 120 since 2022). By year end, more than 90% of Canadian Tire's 502 stores are expected to have deployed technology enhancements such as electronic shelf labels and lockers, and more than 60% of CTC's 1,400 retail locations will have enhanced broadband capabilities.

- **Improved supply chain productivity:** Previously announced supply chain investments and consolidation are improving productivity and savings, including increased throughput as a result of goods-to-person automation, which is now fully operational at the Company's Calgary and Montreal Distribution Centres (DC). The last stage of planned supply chain investments will include the phased rollout of CTC's new transportation management system, and a new Vancouver DC set to open in 2025.
- **Continued margin accretion from Owned Brands successes:** Continued strength in categories like automotive and hockey is contributing to margin accretion, with Owned Brand penetration[1] relatively flat despite pressure in some discretionary categories. A pipeline of innovative and quality Owned Brand products are set to roll out during 2025.

CONSOLIDATED OVERVIEW

- Revenue was $4,192.9 million, down 1.4% compared to $4,250.5 million in the same period last year; Revenue (excluding Petroleum)[1] was $3,639.8 million, a decrease of 0.4% compared to the prior year.
- Consolidated income before income taxes was $299.3 million, up $230.0 million compared to the prior year. On a normalized basis, consolidated income before income taxes was up $33.0 million.
- Diluted EPS was $3.59, compared to $(1.19) or $2.96 on a normalized basis in the prior year.
- Refer to the Company's Q3 2024 MD&A section 4.1 for information on normalizing items and additional details on events that have impacted the Company in the quarter.

RETAIL SEGMENT OVERVIEW

- Retail sales[1] were $4,539.5 million, down 2.2%, compared to the third quarter of 2023. Retail sales (excluding Petroleum)[1] and consolidated comparable sales were down 1.4% and 1.5%, respectively.
- CTR retail sales[1] were down 2.0% and comparable sales were down 2.2% over the same period last year.
- SportChek retail sales[1] increased 2.0% over the same period last year, and comparable sales were up 2.9%.
- Mark's retail sales[1] decreased 2.0% over the same period last year, and comparable sales were down 2.3%.

- Helly Hansen revenue was down 6.0% compared to the same period in 2023, mainly due to a shift in the timing of shipments to wholesale customers.
- Retail revenue was $3,797.8 million, a decrease of $69.5 million, or 1.8%, compared to the prior year; Retail revenue (excluding Petroleum)[1] was down 0.8%.
- Retail gross margin was $1,214.8 million, up 0.6% compared to the third quarter of the prior year, and up 1.0% excluding Petroleum[1]; Retail gross margin rate (excluding Petroleum) increased 62 bps to 35.7%.
- Retail IBT was $164.8 million in Q3 2024, compared to $239.0 million or $108.0 million on a normalized basis in the prior year.
- Retail Return on Invested Capital (ROIC),[1] calculated on a trailing twelve-month basis, was 8.8% at the end of the third quarter of 2024, compared to 11.1% at the end of the third quarter of 2023, due to the decrease in earnings over the prior period.
- Refer to the Company's Q3 2024 MD&A sections 4.2.1 for information on normalizing items and additional details on events that have impacted the Retail segment in the quarter.

FINANCIAL SERVICES OVERVIEW

- Financial Services segment Income before income taxes was $110.3 million in the quarter, a $15.4 million decrease from the prior year, as higher net write-offs and operating expenses were only partially offset by higher revenues, all while cardholder engagement remained strong.
- GAAR was up 3.0% relative to the prior year, driven by growth in average account balances, which were up 3.4%.
- Refer to the Company's Q3 2024 MD&A section 4.3.1 and 4.3.2 for additional details on events that have impacted the Financial Services segment in the quarter.

CT REIT OVERVIEW

- Diluted Adjusted Funds from Operations[1] (AFFO) per unit for was up 2.3% compared to Q3 2023; diluted net income per unit was $0.339, compared to $0.048 in Q3 2023.
- Announced three new investments totalling $85 million, which are expected to add approximately 283,000 square feet of incremental gross leasable area upon completion.
- For further information, refer to the Q3 2024 CT REIT earnings release issued on November 5, 2024.

CAPITAL ALLOCATION

CAPITAL EXPENDITURES

- Total capital expenditures were $195.1 million in the quarter, compared to $176.4 million in Q3 2023 and $457.6 million on a year-to-date basis.
- Operating capital expenditures[1] were $127.1 million in the quarter, compared to $155.1 million in Q3 2023. Full year 2024 operating capital expenditures are expected to be in the Company's previously disclosed range of $475 million to $525 million.
- 2025 operating capital expenditures are expected to be in the range of $525 million to $575 million.

QUARTERLY DIVIDEND

- The Company increased its annual dividend for the 15th consecutive year, to $7.10 per Common Voting and Class A Non-Voting Share (share), an increase of approximately 1.4% over last year. On November 6, 2024, the Company's Board of Directors declared dividends of $1.775 per share payable on March 1, 2025, to shareholders of record as of January 31, 2025. The dividend is considered an "eligible dividend" for tax purposes.

SHARE REPURCHASES

- On November 6, 2024, the Company announced its intention to repurchase up to $200 million of its Class A Non-Voting Shares, in excess of the amount required for anti-dilutive purposes, in 2025.

- Repurchases of Class A Non-Voting Shares will be made under the Company's existing Normal Course Issuer Bid (NCIB), which expires on March 1, 2025, and thereafter under a renewed NCIB, subject to regulatory approvals.

1) NON-GAAP FINANCIAL MEASURES AND RATIOS AND SUPPLEMENTARY FINANCIAL MEASURES

This press release contains non-GAAP financial measures and ratios, and supplementary financial measures. References below to the Q3 2024 MD&A mean the Company's Management's Discussion and Analysis for the Third Quarter ended September 28, 2024, which is available on SEDAR+ at http://www.sedarplus.ca and is incorporated by reference herein. Non-GAAP measures and non-GAAP ratios have no standardized meanings under GAAP and may not be comparable to similar measures of other companies.

A) Non-GAAP Financial Measures and Ratios

Normalized Diluted Earnings per Share

Normalized diluted EPS, a non-GAAP ratio, is calculated by dividing Normalized Net Income Attributable to Shareholders, a non-GAAP financial measure, by total diluted shares of the Company. For information about these measures, see section 9.1 of the Company's Q3 2024 MD&A.

The following table is a reconciliation of normalized net income attributable to shareholders of the Company to the respective GAAP measures:

(C$ in millions)	**Q3 2024**	Q3 2023	**YTD Q3 2024**	YTD Q3 2023
Net income	**$ 220.7**	$ (27.8)	**$ 540.2**	$ 141.9
Net income attributable to shareholders	**200.6**	(66.4)	**476.2**	40.8
Add normalizing items:				
DC fire expense (recovery)	**$ —**	$ (96.4)	**$ —**	$ 8.4
GST/HST-related charge[1]	**—**	—	**—**	24.7
Change in fair value of redeemable financial instrument	**—**	328.0	**—**	328.0
Normalized Net income	**$ 220.7**	$ 203.8	**$ 540.2**	$ 503.0
Normalized Net income attributable to shareholders[1]	**$ 200.6**	$ 165.2	**$ 476.2**	$ 396.9
Normalized Diluted EPS	**$ 3.59**	$ 2.96	**$ 8.54**	$ 7.00

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

Consolidated Normalized Income Before Income Taxes, Retail Normalized Income Before Income Taxes, and Financial Services Normalized Income Before Income Taxes

Consolidated Normalized Income Before Income Taxes, Retail Normalized Income before Income Taxes, and Financial Services Normalized Income Before Income Taxes are non-GAAP financial measures. For information about these measures, see section 9.1 of the Company's Q3 2024 MD&A.

The following table reconciles Consolidated Normalized Income Before Income Taxes to Income Before Income Taxes:

(C$ in millions)	**Q3 2024**	Q3 2023	**YTD Q3 2024**	YTD Q3 2023
Income before income taxes	**$ 299.3**	$ 69.3	**$ 716.9**	$ 309.8
Add normalizing items:				
DC fire expense (recovery)	**—**	(131.0)	**—**	11.3
GST/HST-related charge	**—**	—	**—**	33.3
Change in fair value of redeemable financial instrument	**—**	328.0		328.0
Normalized Income before income taxes	**$ 299.3**	$ 266.3	**$ 716.9**	$ 682.4

The following table reconciles Retail Normalized Income Before Income Taxes to Income Before Income Taxes:

(C$ in millions)	**Q3 2024**	Q3 2023	**YTD Q3 2024**	YTD Q3 2023
Income before income taxes	**$ 299.3**	$ 69.3	**$ 716.9**	$ 309.8
Less: Other operating segments	**134.5**	(169.7)	**381.4**	64.5
Retail Income before income taxes	**$ 164.8**	$ 239.0	**$ 335.5**	$ 245.3
Add normalizing items:				
DC fire expense (recovery)	**—**	(131.0)	**—**	11.3
Retail Normalized Income before income taxes	**$ 164.8**	$ 108.0	**$ 335.5**	$ 256.6

The following table reconciles Financial Services Normalized Income before income taxes to Income before income taxes which is a GAAP measure reported in the consolidated financial statements.

(C$ in millions)	**Q3 2024**	Q3 2023	**YTD Q3 2024**	YTD Q3 2023
Income before income taxes	**$ 299.3**	$ 69.3	**$ 716.9**	$ 309.8
Less: Other operating segments	**189.0**	(56.4)	**422.4**	10.0
Financial Services Income before income taxes	**$ 110.3**	$ 125.7	**$ 294.5**	$ 299.8
Add normalizing items:				
GST/HST-related charge	**—**	—	**—**	33.3
Financial Services Normalized Income before income taxes	**$ 110.3**	$ 125.7	**$ 294.5**	**$ 333.1**

CT REIT Adjusted Funds from Operations and AFFO per unit

AFFO per unit, a non-GAAP ratio, is calculated by dividing AFFO by the weighted average number of units outstanding on a diluted basis. AFFO is a non-GAAP financial measure. The following table reconciles GAAP Income before income taxes to FFO and further reconciles FFO to AFFO:

(C$ in millions)	**Q3 2024**	Q3 2023	**YTD Q3 2024**	YTD Q3 2023
Income before income taxes	**$ 299.3**	$ 69.3	**$ 716.9**	$ 309.8
Less: Other operating segments	**204.8**	58.0	**418.0**	118.6
CT REIT income before income taxes	**$ 94.5**	$ 11.3	**$ 298.9**	$ 191.2
Add:				
CT REIT fair value loss (gain) adjustment	**(17.7)**	66.7	**(64.3)**	39.3
CT REIT deferred taxes	**(0.6)**	(0.2)	**0.2**	0.7
CT REIT lease principal payments on right-of-use assets	**(0.2)**	(0.2)	**(0.6)**	(0.7)
CT REIT fair value of equity awards	**1.9**	(0.9)	**0.7**	(1.1)
CT REIT internal leasing expense	**0.2**	0.4	**0.8**	0.8
CT REIT funds from operations	**$ 78.1**	$ 77.1	**$ 235.7**	$ 230.2
Less:				
CT REIT properties straight-line rent revenue	**(1.0)**	(0.5)	**(3.6)**	(1.3)
CT REIT direct leasing costs	**0.1**	0.3	**0.7**	0.9
CT REIT capital expenditure reserve	**6.4**	6.3	**19.2**	18.7
CT REIT adjusted funds from operations	**$ 72.6**	$ 71.0	**$ 219.4**	$ 211.9

Retail Return on Invested Capital (ROIC)

ROIC is calculated as Retail return divided by the Retail invested capital. Retail return is defined as trailing annual Retail after-tax earnings excluding interest expense, lease related depreciation expense, inter-segment earnings, and any normalizing items. Retail invested capital is defined as Retail segment total assets, less Retail segment trade payables and accrued liabilities and inter-segment balances based on an average of the trailing four quarters. Retail return and Retail invested capital are non-GAAP financial measures. For more information about these measures, see section 9.1 of the Company's Q3 2024 MD&A.

(C$ in millions)	Rolling 12 months ended Q3 2024	Q3 2023
Income before income taxes	**$ 979.8**	$ 1,062.0
Less: Other operating segments	**482.6**	174.3
Retail Income before income taxes	**$ 497.2**	$ 887.7
Add normalizing items:		
Operational Efficiency program	**—**	19.5
Targeted headcount reduction-related charge	**19.6**	**—**
DC fire expense (recovery)	**—**	11.3
Retail Normalized Income before income taxes	**$ 516.8**	$ 918.5
Less:		
Retail intercompany adjustments[1]	**216.7**	213.7
Add:		
Retail interest expense[2]	**351.5**	302.7
Retail depreciation of right-of-use assets	**598.5**	626.2
Retail effective tax rate	**27.4 %**	26.9 %
Add: Retail taxes	**(342.6)**	(439.4)
Retail return	**$ 907.5**	$ 1,194.3
Average total assets	**$ 22,265.9**	$ 22,204.6
Less: Average assets in other operating segments	**4,281.7**	4,490.9
Average Retail assets	**$ 17,984.2**	$ 17,713.7
Less:		
Average Retail intercompany adjustments[1]	**4,333.9**	3,509.3
Average Retail trade payables and accrued liabilities[3]	**2,740.2**	2,972.3
Average Franchise Trust assets	**573.0**	505.1
Average Retail invested capital	**$ 10,337.1**	$ 10,727.0
Retail ROIC	**8.8 %**	11.1 %

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

[2] *Excludes Franchise Trust.*

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

Operating Capital Expenditures

Operating capital expenditures is a non-GAAP financial measure. For more information about this measure, see section 9.1 of the Company's Q3 2024 MD&A.

The following table reconciles total additions from the Investing activities reported in the Consolidated Statement of Cash Flows to Operating capital expenditures:

(C$ in millions)	**Q3 2024**	Q3 2023	**YTD Q3 2024**	YTD Q3 2023
Total additions[1]	**$ 216.4**	$ 188.6	**$ 490.2**	$ 396.6
Add: Accrued additions	**(21.3)**	(12.2)	**(32.6)**	39.2
Less: CT REIT acquisitions and developments excluding vend-ins from CTC	**68.0**	21.3	**82.0**	42.7
Operating capital expenditures	**$ 127.1**	$ 155.1	**$ 375.6**	$ 393.1

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

B) Supplementary Financial Measures and Ratios

The measures below are supplementary financial measures. See Section 9.2 (Supplementary Financial Measures) of the Company's Q3 2024 MD&A for information on the composition of these measures.

- Consolidated retail sales
- Consolidated comparable sales
- Revenue (excluding Petroleum)
- Retail revenue (excluding Petroleum)
- Retail sales and retail sales (excluding Petroleum)
- Canadian Tire Retail comparable and retail sales
- SportChek comparable and retail sales
- Mark's comparable and retail sales
- Retail gross margin rate and retail gross margin rate (excluding Petroleum)
- Gross Average Accounts Receivables
- Average account balances
- Owned brand penetration

FORWARD-LOOKING STATEMENTS

This press release contains information that may constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information provides insights regarding Management's current expectations and plans and allows investors and others to better understand the Company's anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Although the Company believes that the forward-looking information in this press release is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from Management's expectations and plans as set forth in such forward-looking information. The Company cannot provide assurance that any financial or operational performance, plans, or aspirations forecast will actually be achieved or, if achieved, will result in an increase in the Company's share price. For information on the material risk factors and uncertainties and the material factors and assumptions applied in preparing the forward-looking information that could cause the Company's actual results to differ materially from predictions, forecasts, projections, expectations or conclusions, refer to section 13.0 (Forward-Looking Information and Other Investor Communication) of the Company's Q3 2024 MD&A as well as CTC's other public filings, available at https://www.sedarplus.ca and https://investors.canadiantire.ca. The Company does not undertake to update any forward-looking information, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as is required by applicable securities laws.

CONFERENCE CALL

Canadian Tire will conduct a conference call to discuss information included in this news release and related matters at 8:00 a.m. ET on Thursday, November 7, 2024. The conference call will be available simultaneously and in its entirety to all interested investors and the news media through a webcast at https://investors.canadiantire.ca and will be available through replay at this website for 12 months.

ABOUT CANADIAN TIRE CORPORATION

Canadian Tire Corporation, Limited, (TSX: CTC.A) (TSX: CTC) (or "CTC"), is a group of companies that includes a Retail segment, a Financial Services division and CT REIT. Our retail business is led by Canadian Tire, which was founded in 1922 and provides Canadians with products for life in Canada across its Living, Playing, Fixing, Automotive and Seasonal & Gardening divisions. Party City, PartSource and Gas+ are key parts of the Canadian Tire network. The Retail segment also includes Mark's, a leading source for casual and industrial wear; Pro Hockey Life, a hockey specialty store catering to elite players; and SportChek, Hockey Experts, Sports Experts and Atmosphere, which offer the best active wear brands. The Company's close to 1,700 retail and gasoline outlets are supported and strengthened by CTC's Financial Services division and the tens of thousands of people employed across Canada and around the world by CTC and its local dealers, franchisees and petroleum retailers. In addition, CTC owns and operates Helly Hansen, a leading technical outdoor brand based in Oslo, Norway. For more information, visit Corp.CanadianTire.ca.

FOR MORE INFORMATION

Media: Stephanie Nadalin, (647) 271-7343, stephanie.nadalin@cantire.com
Investors: Karen Keyes, (647) 518-4461, karen.keyes@cantire.com