



Canadian Tire Corporation Announces Strong Second Quarter Results

- Diluted Earnings Per Share (EPS) was \$3.64; normalized diluted EPS grew \$3.97
- Fourth consecutive quarter of exceptional Retail segment earnings, with normalized retail income before taxes up \$275.3 million
- Consolidated revenue (excluding Petroleum) increased 20.4%, with Mark's and SportChek leading the growth and Canadian Tire (CTR) up 15.7%
- eCommerce sales grew 34% to \$856.7 million in the quarter, and surpassed \$2.1 billion on a rolling 12-month basis

Toronto, August 12, 2021 – Canadian Tire Corporation, Limited (TSX:CTC, TSX: CTC.A) today released its second quarter results for the period ended July 3, 2021.

“I am pleased with our strong results, which clearly demonstrated our omni-channel capabilities and the growing customer connection to our brand. With a third of our stores impacted by closures, and many more subjected to restrictions during the quarter, our customers embraced our digital channels, driving eCommerce sales to record levels and doubling the volume of orders compared to last quarter,” said Greg Hicks, President and CEO, Canadian Tire Corporation. “Demand for our Owned Brands reached 38% of total sales across our Canadian Tire, SportChek and Mark's banners and helped drive our strong product margins.”

“We continued to grow our Triangle Rewards program, welcoming almost 600,000 new customers in the quarter, with active members up 11%,” added Hicks.

HIGHLIGHTS

- *Record quarterly eCommerce sales at \$856.7 million and \$2.1 billion over the last 12 months*
 - eCommerce contributed to the growth in revenue, with CTR experiencing the largest quarter in its history for eCommerce sales, up 63.2% to more than \$600 million
 - 8.8 million orders were fulfilled, double last quarter and up 38% compared to the second quarter last year
- *Consolidated comparable sales (excluding Petroleum) were up 3.2% vs last year, and up 15.1% vs 2019*
 - A longer period of restrictions compared to last year at CTR had particular impact in Ontario, which comprises 40% of the CTR store network, with stores closed for 70% of the quarter
 - CTR comparable sales were down 2.0% overall, with gardening, seasonal recreation, camping and automotive categories all growing double digits in the quarter. Compared to 2019, comparable sales were up 18.3%, with growth in over 70% of categories

- Comparable store sales at SportChek were up 28.6%, and Mark's up 43.2%, respectively, led by sales of athletic and industrial footwear and apparel. Compared to 2019, comparable sales were up 5.1% at SportChek and up slightly at Mark's
- Owned Brands penetration was 38% across the banners, representing close to \$1.6 billion of sales in the quarter, with growth coming from Raleigh, Canvas, Diamondback and Denver Hayes
- *Strengthening engagement with Triangle Rewards members drove solid contributions*
 - Members accounted for 57% of retail sales, and average member spend was up 3%
 - 33% of members shopped at more than one retail banner
 - Triangle Rewards members reached 10.4 million, with almost 600,000 new members joining the program in the quarter and strengthened engagement efforts to retain existing members
- *Our fourth consecutive quarter of strong retail segment earnings drove a significant increase in EPS and exceptional retail ROIC at 14.1%*
 - Retail segment normalized income before income taxes increased \$275.3 million, reflecting:
 - Retail revenue (excluding Petroleum) growth of 23.4%, fuelled by revenue growth at all banners led by shipment growth at CTR
 - Gross margin rate (excluding Petroleum) increased 425 bps, up across all banners led by CTR
 - Operating leverage improved, with normalized SG&A expenses (excluding Petroleum) as a percentage of revenue improving by over 200 bps
 - Financial Services income before income taxes grew by \$74.3 million, or 145.7%, in the quarter, reflecting:
 - Strong portfolio risk and customer metrics
 - A year-over-year improvement in gross margin due mainly to a \$31.2 million reduction in the allowance for loans receivable compared to an incremental allowance in the prior year

CONSOLIDATED OVERVIEW

- Consolidated retail sales increased \$506.9 million in the second quarter, or 11.6% over the same period in 2020. Excluding Petroleum, consolidated retail sales were up 8.2% over the same period last year
- Consolidated revenue increased \$756.7 million, or 23.9% in the second quarter. Excluding Petroleum, consolidated revenue increased 20.4%
- Diluted EPS was \$3.64 in the quarter, up \$3.97 per share compared to the prior year. Normalized diluted EPS in the quarter was \$3.72, an increase of \$3.97 per share
- Refer to the Q2 2021 MD&A section 3.1.1 for information on normalizing items and for additional details on events that have impacted the Company in the quarter

RETAIL SEGMENT OVERVIEW

- Retail segment revenue increased \$773.4 million, or 27.1%. Excluding Petroleum, Retail segment revenue increased 23.4% over the same period last year
- CTR retail sales increased 1.9% and comparable sales were down 2.0%
- SportChek retail sales were up 39.8% and comparable sales were up 28.6%
- Mark's retail sales increased 58.0% and comparable sales were up 43.2%
- Helly Hansen external revenue was \$100.6 million, up 45.9%
- Income before income taxes increased \$274.8 million over the same period in 2020. Normalized income before income taxes increased \$275.3 million
- Refer to the Q2 2021 MD&A section 3.1.1 for information on normalizing items and for additional details on events that have impacted the Company in the quarter

FINANCIAL SERVICES OVERVIEW

- The Financial Services business has continued to perform well through the pandemic as demonstrated by a number of key metrics, including sales, customer payments and delinquency rates
- Lower outstanding receivables, consistent with industry trends, resulted in a decline in revenue of 4.5% in the quarter
- Gross margin improved \$86.8 million or 68.8% compared to the same period in 2020, primarily due to lower net impairment costs which reflected a \$31.0 million reduction to the allowance for loans receivable and lower net write offs
- Income before income taxes increased \$74.3 million, or 145.7% over the same period last year
- Refer to the Q2 2021 MD&A section 3.1.1 for additional details on events that have impacted the Company in the quarter

CT REIT OVERVIEW

- CT REIT delivered 8.2% growth in Adjusted Funds From Operations (AFFO) per unit in the second quarter
- CT REIT announced five new investments, which will require an estimated total investment of \$60.3 million to complete, adding approximately 266,000 square feet of incremental gross leasable area to the portfolio upon completion
- For further information, refer to the Q2 2021 CT REIT earnings release issued August 9, 2021

CAPITAL ALLOCATION

CAPITAL EXPENDITURES

- Operating capital expenditures were \$128.8 million in the quarter, up from \$52.0 million in the second quarter of 2020
- Total capital expenditures were \$184.6 million in the quarter, an increase of \$113.2 million

QUARTERLY DIVIDEND

- On August 11, 2021, the Company's Board of Directors declared dividends payable to holders of Class A Non-Voting Shares and Common Shares at a rate of \$1.175 per share payable on December 1 to shareholders of record as of October 31. The dividend is considered an "eligible dividend" for tax purposes

NORMAL COURSE ISSUER BID

- The Company intends to continue to purchase Shares under the 2021-22 NCIB to offset the dilutive effect of the issuance of Shares pursuant to its dividend reinvestment and stock option plans, consistent with the Company's policy. The Company retains the flexibility to purchase additional Shares beyond its anti-dilutive requirements but does not intend to do so at this time

FORWARD-LOOKING STATEMENTS

Certain statements made in this press release may constitute forward-looking information under applicable securities laws. These statements are being provided for the purposes of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of our anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Although CTC believes that the forward-looking information in this press release is based on information, assumptions and beliefs which are current, reasonable and complete, this information is necessarily subject to a number of factors, risks and uncertainties, including as a result of COVID-19, that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking information. For more information on the risks, uncertainties and assumptions that could cause the CTC's actual results to differ from current expectations, refer to section 10.0 (Key Risks and Risk Management) of our Management's Discussion and Analysis for the year ended January 2, 2021 as well as CTC's other public filings, available at www.sedar.com and at <https://investors.canadiantire.ca>. CTC 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 August 12, 2021. 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, Intersport and Atmosphere, which offer the best active wear brands. The more than 1,730 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 global brand in sportswear and workwear based in Oslo, Norway. For more information, visit Corp.CanadianTire.ca.

FOR MORE INFORMATION

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