



Canadian Tire Corporation Reports Strong First Quarter Results, Announces 25% Quarterly Dividend Increase

Toronto, May 12, 2022 – Canadian Tire Corporation, Limited (TSX:CTC, TSX: CTC.A) today released its first quarter results for the period ended April 2, 2022.

- Consolidated Comparable sales (excluding Petroleum)¹ grew 6.4% in the first quarter
- Diluted Earnings Per Share (EPS) was up 23% to \$3.03; normalized diluted EPS¹ was \$3.06, up 19% compared to the first quarter of 2021
- Quarterly dividend to shareholders to be increased 25% to \$1.625 per share

“We delivered a strong first quarter against exceptional results in Q1 last year. Our growth in sales continues to be driven by our highly relevant, unique multi-category assortment across our banners. Comparable store sales were up significantly, with outstanding performances at SportChek, as more families returned to hockey and skiing, and at Mark’s, which achieved growth across all categories in both national and owned brands. Additionally, our Financial Services business saw growth in new accounts and receivables as Canadians spent more on travel and entertainment,” said Greg Hicks, President and CEO, Canadian Tire Corporation.

“As we execute on our *Better Connected* strategy, we are bolstering our omnichannel capabilities and enhancing the integration of our banners, brands and channels to create a better customer experience, an even stronger competitive position and continued long-term growth,” continued Hicks.

FIRST QUARTER HIGHLIGHTS

- *CTC’s expansive multi-category assortment drove strong topline growth across its banners; Consolidated retail sales¹ were up 9.7% and consolidated comparable sales (excluding Petroleum)¹ were up 6.4% compared to the first quarter of 2021*
 - Canadian Tire Retail (CTR) comparable sales¹ grew 4.5%, driven by strong performances in Automotive, hockey and winter businesses
 - Mark’s and SportChek had exceptional comparable sales growth¹, up 17.1% and 10.2%, respectively; Mark’s was up double-digits across the vast majority of categories, while demand for hockey, winter apparel, skis and snowboards drove growth at SportChek
 - eCommerce penetration rate¹ remained more than double pre-pandemic levels, at 8.2%, despite a return to in-store shopping amid fewer COVID-19-related restrictions compared to Q1 of 2021, particularly in Ontario

(1) The reader is referred to the notes in the section entitled “NON-GAAP FINANCIAL MEASURES AND RATIOS AND SUPPLEMENTARY FINANCIAL MEASURES” of this release for the definition of these items and, where applicable, for the reconciliation to the most directly comparable GAAP measure.

- *CTC is executing on its Better Connected strategy, unveiled at the Company's March 2022 Investor Day*
 - Owned Brands sales¹ represented 36.0% of sales in the quarter; athleisure brand, FWD (Forward with Design), designed and developed in-house, has now launched at SportChek
 - Focused on engaging and attracting Triangle Rewards members; Q1 2022 metrics remained strong, with almost 400,000 new members joining Triangle Rewards; growth in loyalty sales¹ among the program's 11 million active members was up 13%, outpacing non-loyalty sales
 - Enabling an omnichannel customer experience, with pickup lockers now in two-thirds of CTR stores and ship-to-home capabilities enhanced at SportChek with the national expansion of its DoorDash partnership
- *Diluted EPS growth was 23% and 19%, on a normalized basis, driven by Retail segment performance*
 - Normalized Retail income before income taxes (IBT)¹ grew by \$39.7 million, or 35.7%, primarily driven by a 15.9% increase in revenue
 - Financial Services income before taxes was \$125.3 million, down slightly compared to \$126.4 million in Q1 2021, which included a \$21.1 million reduction in the expected credit loss (ECL) allowance
 - Gross Average Accounts Receivables (GAAR)¹ was up 11.8% in the quarter; average active accounts were up almost 8% as customer activity increased and investments drove new card acquisition
 - Risk levels remain below historic levels
- *Quarterly dividend rate to increase starting in September 2022 to \$1.625 per share, up 25%, reflecting CTC's continued focus on a balanced capital allocation approach, which includes returns to shareholders through dividends and share repurchases and investing in the growth of the business*

CONSOLIDATED OVERVIEW

- Retail sales were \$3,421.4 million, up \$303.6 million or 9.7%, compared to the first quarter of 2021; consolidated comparable sales (excluding Petroleum) increased 6.4%
- Revenue increased \$514.5 million to \$3,837.4 million, up 15.5%; Revenue (excluding Petroleum)¹ increased 12.1% over the same period last year
- Consolidated IBT was \$294.9 million, up 15.9% compared to the first quarter of 2021; and up 12.8% on a normalized¹ basis
- Diluted EPS was \$3.03, compared to \$2.47 in the prior year, an increase of \$0.56 per share, or 22.7%; normalized diluted EPS in the quarter was \$3.06, an increase of \$0.49 per share, or 19.1%

- Retail Return on Invested Capital (ROIC)¹ calculated on a trailing twelve-month basis, was 13.8% at the end of the first quarter, compared to 12.2% at the end of the first quarter of 2021
- Refer to the Company's Q1 2022 Management Discussion and Analysis (MD&A) section 4.1.1 for information on normalizing items and for additional details on events that have impacted the Company in the quarter

RETAIL SEGMENT OVERVIEW

- Retail revenue increased \$481.7 million to \$3,504.5 million, or 15.9%, compared to the prior year. Excluding Petroleum, Retail revenue¹ increased 12.2%.
- Retail sales (excluding Petroleum)¹ were up 5.6%
- CTR retail sales¹ increased 4.5% in the first quarter, and comparable sales were up 4.5% over the same period last year
- SportChek retail sales¹ increased 4.5% in the first quarter, and comparable sales were up 10.2% over the same period last year
- Mark's retail sales¹ increased 17.4% in the first quarter, and comparable sales were up 17.1% over the same period last year
- Helly Hansen revenue was up 24.4% compared to the same period in 2021
- Retail Gross margin for the first quarter was up 12.1%, or 11.7% excluding Petroleum¹
- Income before income taxes was \$148.8 million, an increase of \$46.3 million compared to \$102.5 million in the prior year. Normalized income before income taxes was \$150.9 million, an increase of \$39.7 million versus the prior year.
- Refer to the Company's Q1 2022 MD&A section 4.1.1 for information on normalizing items and to sections 4.2.1 and 4.2.2 for additional details on events that have impacted the Company in the quarter

FINANCIAL SERVICES OVERVIEW

- Gross average accounts receivable were up 11.8% relative to prior year, due to increased cardholder activity with average active accounts up 7.8% compared to the first quarter of 2021
- Credit card sales growth¹ was 26.0% in the quarter
- Gross margin improved by \$9.9 million, or 4.8%, reflecting higher revenue, offset by higher net impairment losses due to a release of ECL allowance in Q1 2021
- Income before income taxes was \$125.3 million, a decrease of \$1.1 million compared to the prior year
- Refer to the Company's Q1 2022 MD&A section 4.3.1 for additional details on events that have impacted the Company

CT REIT OVERVIEW

- As disclosed in the Q1 2022 CT REIT earnings release, CT REIT's annual rate of distribution will increase by 3.4% to \$0.86784 per unit beginning with the July 2022 distribution
- CT REIT announced five new investments, which will require an estimated total investment of \$60 million to complete and which will add approximately 286,000 square feet of incremental gross leasable area to the portfolio
- CT REIT delivered 1.8% growth in Adjusted Funds From Operations (AFFO) per unit¹ on a diluted basis in the first quarter
- For further information, refer to the Q1 2022 CT REIT earnings release issued May 9, 2022

CAPITAL ALLOCATION

CAPITAL EXPENDITURES

- Operating capital expenditures¹ were \$142.0 million in the quarter, compared to \$85.8 million in the first quarter of 2021
- Total capital expenditures were \$154.3 million, compared to \$89.3 million in the first quarter of 2021

QUARTERLY DIVIDEND

- The Company declared a quarterly dividend payable to holders of Class A Non-Voting Shares and Common Shares at a rate of \$1.625 per share, representing an increase of 25% compared to the \$1.300 quarterly per share amount paid in the first quarter of 2022
- The increased dividends will be payable on September 1, 2022 to shareholders of record as of July 31, 2022. The dividend is considered an "eligible dividend" for tax purposes.

SHARE PURCHASES

- On November 11, 2021, the Company announced its intention to purchase up to \$400 million of its Class A Non-Voting Shares (Shares), in excess of the amount required for anti-dilutive purposes, by the end of fiscal 2022. As at April 2, 2022, the Company had purchased \$225.6 million of the \$400 million.

NORMAL COURSE ISSUER BID AND AUTOMATIC SECURITIES PURCHASE PLAN

- On February 17, 2022, the TSX accepted the Company's: 1) notice of intention to make a normal course issuer bid to purchase up to 5.3 million Shares between March 2, 2022 and March 1, 2023 (the 2022-23 NCIB); and 2) new automatic securities purchase plan which expires on March 1, 2023 and which allows a designated broker to purchase Shares under the 2022-23 NCIB during the Company's blackout periods

(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 Q1 2022 MD&A mean the Company's Management's Discussion and Analysis for the First Quarter 2022 for the 13 weeks ended April 2, 2022, which is available on SEDAR at www.sedar.com 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 (EPS)

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 Q1 2022 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)	Q1 2022	Q1 2021
Net income	\$ 217.6	\$ 186.4
Net income attributable to shareholders	182.1	151.8
Add normalizing items: Operational Efficiency program	1.5	6.4
Normalized net income	\$ 219.1	\$ 192.8
Normalized net income attributable to shareholders	\$ 183.6	\$ 158.2
Normalized diluted EPS	\$ 3.06	\$ 2.57

Consolidated Normalized Income Before Income Taxes and Retail Normalized Income Before Income Taxes

Consolidated Normalized Income Before Income Taxes and Retail Normalized Income before Income Taxes are non-GAAP financial measures. For information about these measures, see section 9.1 of the Company's Q1 2022 MD&A.

The following table reconciles Consolidated Normalized Income Before Income Taxes to Income Before Income Taxes, which is a GAAP measure reported in the consolidated financial statements.

(C\$ in millions)	Q1 2022	Q1 2021
Income before income taxes	\$ 294.9	\$ 254.5
Add normalizing items: Operational Efficiency program	2.1	8.7
Normalized income before income taxes	\$ 297.0	\$ 263.2

The following table reconciles Retail Normalized Income Before Income Taxes to Retail Income Before Income Taxes, which is a GAAP measure reported in the consolidated financial statements.

(C\$ in millions)	Q1 2022	Q1 2021
Income before income taxes	\$ 294.9	\$ 254.5
Less: Other operating segments	146.1	152.0
Retail income before income taxes	\$ 148.8	\$ 102.5
Add normalizing items: Operational Efficiency program	2.1	8.7
Retail normalized income before income taxes	\$ 150.9	\$ 111.2

CT REIT Adjusted Funds from Operations (AFFO) per unit

AFFO per unit is a non-GAAP ratio that is calculated by dividing AFFO by the weighted average number of units outstanding on a diluted basis. AFFO is a non-GAAP financial measure. For more information about these measures, see section 9.1 of the Company's Q1 2022 MD&A.

The following table reconciles Income before Income Taxes to AFFO:

(C\$ in millions)	Q1 2022	Q1 2021
Income before income taxes	\$ 294.9	\$ 254.5
Less: Other operating segments	201.8	179.9
CT REIT income before income taxes	\$ 93.1	\$ 74.6
Add:		
CT REIT fair value (gain) adjustment	(22.1)	(4.3)
CT REIT deferred taxes	0.5	0.7
CT REIT lease principal payments on right-of-use assets	(0.1)	(0.2)
CT REIT fair value of equity awards	0.2	0.4
CT REIT internal leasing expense	0.2	0.2
CT REIT funds from operations	\$ 71.8	\$ 71.4
Add:		
CT REIT properties straight-line rent adjustment	(0.5)	(1.7)
CT REIT capital expenditure reserve	(6.3)	(6.2)
CT REIT adjusted funds from operations	\$ 65.0	\$ 63.5

Retail Return on Invested Capital

Retail Return on Invested Capital (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 Q1 2022 MD&A.

(C\$ in millions)	Rolling 12 months ended	
	Q1 2022	Q1 2021
Income before income taxes	\$ 1,742.2	\$ 1,423.7
Less: Other operating segments	520.2	483.3
Retail income before income taxes	\$ 1,222.0	\$ 940.4
Add normalizing items: Operational Efficiency program	34.3	57.9
Retail normalized income before income taxes	\$ 1,256.3	\$ 998.3
Less:		
Retail intercompany adjustments ¹	198.2	191.6
Add:		
Retail interest expense ²	245.5	273.2
Retail depreciation of right-of-use assets	550.5	523.0
Retail effective tax rate	27.0 %	29.0 %
Add: Retail taxes	(499.9)	(465.2)
Retail return	\$ 1,354.2	\$ 1,137.7
Average total assets	\$ 21,491.6	\$ 20,337.5
Less:		
Average Financial Services assets	7,620.1	7,271.9
Average CT REIT assets	6,444.9	6,154.5
Average Eliminations and adjustments	(9,046.6)	(8,812.2)
Average Retail assets	\$ 16,473.2	\$ 15,723.3
Less:		
Average Retail intercompany adjustments ¹	3,432.5	3,397.9
Average Retail trade payables and accrued liabilities ³	2,583.5	2,405.9
Average Franchise Trust assets	482.1	553.9
Average Retail excess cash	167.4	14.0
Average Retail invested capital	\$ 9,807.7	\$ 9,351.6
Retail ROIC	13.8 %	12.2 %

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 Q1 2022 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)	Q1 2022	Q1 2021
Total additions ¹	\$ 160.0	\$ 111.8
Add: Accrued additions	(5.7)	(22.5)
Less:		
Business combinations, intellectual properties and tenant allowances	—	—
CT REIT acquisitions and developments excluding vend-ins from CTC	12.3	3.5
Operating capital expenditures	\$ 142.0	\$ 85.8

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 Q1 2022 MD&A for information on the composition of these measures.

- Consolidated retail sales
- Consolidated Comparable sales (excluding Petroleum)
- Revenue (excluding Petroleum)
- Retail revenue (excluding Petroleum)
- Retail sales
- CTR comparable and retail sales
- eCommerce penetration rate
- Owned Brands sales
- SportChek comparable and retail sales
- Mark's comparable and retail sales
- Retail Gross Margin (excluding Petroleum)
- Gross Average Accounts Receivables (GAAR)
- Credit card sales growth
- Loyalty sales

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, 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 CTC's actual results to differ from current expectations, refer to section 10.0 (Key Risks and Risk Management) of the Company's Q1 2022 MD&A 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 May 12, 2022. 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 more than 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

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