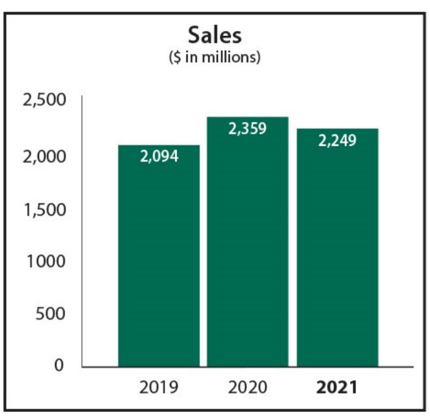
The North West Company Inc.

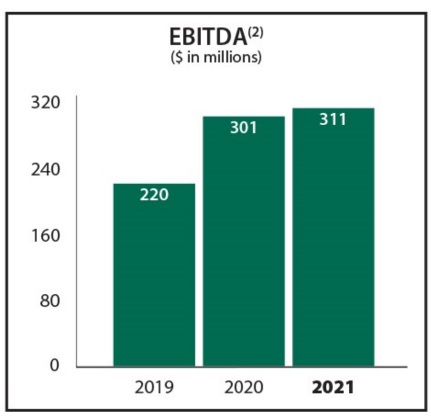
2021 ANNUAL REPORT

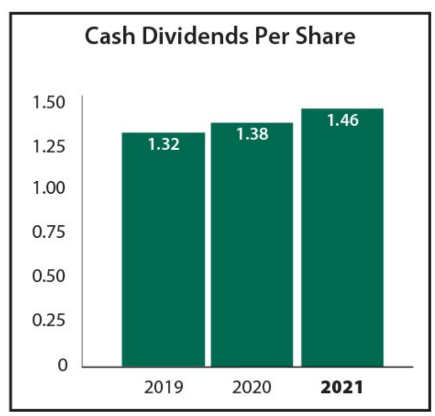
Financial Highlights

All currency figures in this report are in Canadian dollars, unless otherwise noted

($ in thousands, except per share information)	**Year Ended January 31, 2022**	Year Ended January 31, 2021	Year Ended January 31, 2020
RESULTS FOR THE YEAR			
Sales	**$ 2,248,796**	$ 2,359,239	$ 2,094,393
Same store sales % increase [1]	**(0.4)%**	19.0 %	1.3 %
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) [2]	**$ 311,375**	$ 301,427	$ 219,575
Earnings from operations (EBIT)	**220,425**	209,349	130,353
Net earnings	**157,451**	143,560	86,273
Net earnings attributable to The North West Company Inc.	**154,802**	139,874	82,724
Cash flow from operating activities [3]	**224,135**	338,718	161,117
FINANCIAL POSITION			
Total assets	**$ 1,219,273**	$ 1,191,168	$ 1,215,536
Debt	**235,640**	281,422	410,965
Total equity	**580,204**	505,231	426,970
FINANCIAL RATIOS			
Debt-to-equity	**.41:1**	.56:1	.96:1
Return on net assets (RONA) [2]	**23.8 %**	22.4 %	13.5 %
Return on average equity (ROE) [2]	**29.0 %**	30.7 %	20.5 %
Sales blend: Food	**76.7 %**	76.4 %	75.2 %
General Merchandise and other	**23.3 %**	23.6 %	24.8 %
PER SHARE ($) - DILUTED			
EBITDA [2]	**$ 6.35**	$ 6.09	$ 4.45
Net earnings attributable to shareholders	**3.16**	2.82	1.68
Cash flow from operating activities	**4.57**	6.84	3.26
Market price: January 31	**35.05**	32.37	27.56
high	**38.20**	36.92	33.16
low	**30.24**	16.06	27.18







(1) All references to same store sales exclude the foreign exchange impact.
(2) See Non-GAAP Financial Measures section.
(3) See Consolidated Liquidity and Capital Resources.

THE NORTH WEST COMPANY INC. 2021

Annual Report

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION & ANALYSIS

Unless otherwise stated, this Management's Discussion & Analysis ("MD&A") for The North West Company Inc. ("NWC") and its subsidiaries (collectively, "North West Company", the "Company", "North West", or "NWC") is based on, and should be read in conjunction with the 2021 annual audited consolidated financial statements and accompanying notes. The Company's annual audited consolidated financial statements and accompanying notes for the year ended January 31, 2022 are in Canadian dollars, except where otherwise indicated, and are prepared in accordance with International Financial Reporting Standards ("IFRS").

The Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A on April 13, 2022 and the information contained in this MD&A is current to April 13, 2022, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements about North West including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional future financial performance (including sales, earnings, growth rates, capital expenditures, dividends, debt levels, financial capacity, access to capital and liquidity), ongoing business strategies or prospects, the Company's intentions regarding a normal course issuer bid, the anticipated impact of the COVID-19 pandemic on the Company's operations, supply chain and the Company's related business continuity plans, the realization of cost savings from cost reduction plans, and possible future action by the Company.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the retail industry in general. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company due to changes in economic conditions, political and market factors in North America and internationally. These factors include, but are not limited to, the duration and the impact of the COVID-19 pandemic, changes in inflation, interest and foreign exchange rates, the Company's ability to maintain an effective supply chain, changes in accounting policies and methods used to report financial condition, including uncertainties associated with critical accounting assumptions and estimates, the effect of applying future accounting changes, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Company's ability to complete and realize benefits from capital projects, E-Commerce investments, strategic transactions and the integration of acquisitions, the Company's ability to realize benefits from investments in information technology ("IT") and systems, including IT system implementations, or unanticipated results from these initiatives and the Company's success in anticipating and managing the foregoing risks.

The reader is cautioned that the foregoing list of important factors is not exhaustive. Other risks are outlined in the Risk Management section of this MD&A, in the Risk Factors sections of the Annual Information Form and in our most recent consolidated financial statements, management information circular, material change reports and news releases. The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

Additional information on the Company, including our Annual Information Form, can be found on SEDAR at *www.sedar.com* or on the Company's website at *www.northwest.ca*.

President & CEO Message

I am deeply honored to write my first letter as CEO of the North West Company, and extremely proud of what we have been able to accomplish in 2021. As I reflect on this fiscal year, I must start by expressing my gratitude to our People. Thousands of team members across the organization made it possible for us to welcome our customers to our stores every day, while navigating the challenges of the Covid-19 pandemic for the second year. They are true leaders, whose passion and dedication enable us to continue helping to make people's lives better in the communities we serve.

We began 2021 guided by three principles that directed our pandemic response: Health and Safety of our customers and employees, Product Availability and finally Community Focus. The pandemic lingered for most of 2021, and these guiding principles proved to be the cornerstone of our actions that propelled much of our success. By adhering to them, we were able to showcase the deeply rooted attributes of resiliency, adaptability and enterprising spirit that are trademarks of our culture, and the reason why we've been a leading provider of everyday products and services to smaller, geographically distant communities for so long.

Health and Safety – The variants of COVID-19 that started emerging in 2021, first with Delta and then Omicron, tested our agility and focus with each new infection but we conquered each wave. Government income support payments for individuals were extended at the beginning of the year and started winding down towards the end, while travel restrictions impacted our communities to various degrees. Our pandemic response continued to focus on the health and safety of our staff and customers through enhanced cleaning and sanitization procedures, face mask protocols and physical distancing. We offered curbside pickup and home delivery services in high-risk communities while implementing strict protocols that ensured the safety of our staff, customers and community members.

Product Availability – Our teams understood that the supply chain environment we operated in 2021 had the potential of putting at risk our ability to have the essential items for our customers, on top of dealing with inflationary pressures. We partnered with our vendors, transportation companies and community organizations to ensure we maintained a strong in-stock position on the everyday essential items our customers depend on. We also focused on advancing our purchase of inventory across our network to avoid potential supply chain congestion and the impact of extended lead times.

The North West Company has a competitive advantage in northern Canada by owning North Star Air ("NSA"). Our cargo airline provided agility in navigating supply chain constraints and increased customer demand. In the fourth quarter, we also put in service our new ATR-LCD (Large Cargo Door). This aircraft is equipped with an over-sized panel door that facilitates loading and unloading of palletized cargo. We are using this aircraft as a proof-of-concept, to test the reduction of aircraft turn times and labour requirements for both third party and our own cargo, as we incorporate learnings and apply innovative solutions to improve our fleet and supply chain capabilities.

We also secured an additional warehouse in Winnipeg to help optimize our ability to move heavy and high cube merchandise to our stores using the lower freight cost winter road network.

Community Focus – Being a dependable, community-based retailer has always been our commitment, but in the face of the pandemic challenges, we felt the need to do more. Our commitment is stronger than ever. In 2021, we donated $2.1 million throughout our different geographies to non-profit organizations, food banks and strategic partners. We also partnered with Harvest Manitoba and the Assembly of Manitoba Chiefs to enable a donation of 1,000 boxes of baby food to several communities in Manitoba.

Many community leaders have reached out to me to recognize the extra efforts of our store teams in keeping the stores open and safe and, in many cases, offering extra support to vulnerable customers. An example that showcases this commitment occurred in October 2021, when a state of emergency was declared and Iqaluit's residents were warned that local water supplies were unsafe to consume. Our support office, warehouse and airline teams partnered to swiftly respond and began the process of moving over 112,000 pounds of water to the market.

In Alaska, we delivered 3 million pounds of fresh food to 115 communities through the USDA Farmers to Families Food Box program. The food boxes were evenly allocated between rural villages and urban centers across Alaska and delivered free of charge to tribal governments, food banks, churches and other non-profits who managed the distribution to families. These actions have not only strengthened our relationships with the communities we serve, but also reinvigorated our purpose as an organization.

Our enterprising spirit and growth focus drive our results – Today, our enterprising spirit is stronger than ever as we continue to expand our retail footprint with new stores and new concepts. In Canada, we opened a new "healthier-for-you" store, Inuulisautinut Niuvirvik, in Iqaluit, Nunavut. The name means "a place to get things for a healthy mind and body". It includes healthier grocery options, a Booster Juice, full pharmacy and optical. This is a new concept store, a first-of-a-kind wellness hub, that the community has received with excitement for the new services it offers and for the employment opportunities we are able to provide for the community.

In our International Operations, we opened Alaska Commercial Company ("AC") stores in three new communities: Skagway, Galena and Gambell. These communities have welcomed us and are enthusiastic to have an AC store for the first time. In the British Virgin Islands, we transformed the Cash & Carry store into the newly designed 'Riteway Home' store, creating the island's premier place to shop for General Merchandise and Home Goods.

Over the past two years, we have also leveraged our supply chain and logistics capabilities to expand our B-to-B sales. During the early days of the pandemic, it started with supplying essential products and Personal Protective Equipment ("PPE") to local governments and hospitals, as well as food hampers in a time of need. We saw the opportunity to leverage our capabilities by expanding our network of services across our Canada and International networks providing not only medical supplies and masks but also other essentials for communities including food boxes, refrigerators and hospital beds, to name a few.

These new enterprising ventures, and our focused commitment to execute within the three guiding principles outlined above, have translated into meaningful results. Consolidated net earnings increased $13.9 million or 9.7% compared to 2020 and $71.2 million or 82.5% compared to 2019, while diluted earnings per share increased 12.1% to $3.16 compared to $2.82 last year.

This journey has highlighted the benefits of our strategic initiative of decentralizing our banner operations. There is a President at the helm of each of our business units: Northern Canadian Retail in Winnipeg, Alaska Commercial Company in Anchorage, and the Caribbean and Pacific Banners in Boca Raton. Our commitment to assign the highest possible level of authority and accountability to those who are as close as possible to our customers has allowed us to be closer to our markets and to uncover and capitalize on the greatest opportunities.

Looking Ahead – A post-pandemic environment will have lingering challenges as we enter 2022 with similar supply chain constraints world-wide, coupled with increasing inflationary pressures and lower income support in our markets.

We will focus our efforts to continue to capture market share through better in-store assortment and execution. We will invest in our stores with store renovations that were postponed during the pandemic. We are also working on optimizing our cost and pricing as we deal with inflationary pressures and continue to deliver value to our customers.

To grow, we will continue to explore opportunities in new markets, new channels, as well as in new products and services. This includes pursuing B-to-B opportunities. We will also continue with our Alaska Commercial expansion this year, adding new stores in new communities, as well as the launch of our new E-Commerce platform.

These initiatives will be accompanied by strategies to attract and retain top talent, including Diversity, Equity and Inclusion efforts. In 2021, we launched a corporate-wide survey as a way to listen and learn from our associates. We will use the feedback to develop a Diversity, Equity and Inclusion framework that prioritizes creating a more inclusive culture, developing diverse talents and advancing diverse partnerships. This includes a commitment to closer collaborative relationships with the Indigenous Peoples that we are privileged to serve and work with around the world.

Our company has a rich history and a compelling story we want to share with our People, Communities, Shareholders, Suppliers and other Stakeholders in a more meaningful way, and we are aligning our efforts to accomplish this in the near future. This includes our initiatives around ESG, to which our sustainability report will provide further details later this year in June.

I would like to close with a message of gratitude. I would like to once again thank our passionate and committed people and teams. We are moving with purpose towards the future, and their everyday actions are the foundation upon which the trust of our customers, communities and shareholders is built. I am confident that by aligning our business model to our value proposition of bringing to communities products and services that help people live better, we will be able to keep up the great momentum we have and position the North West Company for success in the years to come.

Daniel G. McConnell
President & CEO
April 13, 2022

Chairman's Message

Last year, as I wrote this report to shareholders, we were experiencing a lull in the global COVID pandemic. As I review what I wrote then, I realize that there was a tone of optimism which turned out to be premature. After a brief summer respite, the Delta and Omicron variants struck and we were back into a world of masks, quarantines, and restrictions on travel and public gatherings. It has been a long two years, with extraordinary challenges for both the psyches of our people, customers, and communities, and for the ability of North West to meet the requirements of our customers during the pandemic. But we have prevailed – meeting the most important needs of the people who depend upon us while producing record results for our shareholders.

And so I want to start this message where I concluded last year, by acknowledging the remarkable work that Nor'Westers did this past year. Our people maintained their passion for serving the communities in which they live and work and, in an extraordinary way, helped everyone get through the most worrying and stressful time that most of us have ever experienced.

The most significant development for North West this year, and the focus of your Board's attention, was the retirement of our long-standing Chief Executive Officer Edward Kennedy and the appointment of his replacement, Dan McConnell.

The Board recognized the daunting challenge of replacing a CEO with 30 years' experience but we did have the luxury of time to help prepare Dan for his new role and to manage the transition from Edward over a period of several years.

Having selected Dan, the Board's focus this year shifted to providing support for Dan's efforts to start putting his stamp on North West.

As a result, Dan hit the ground running. Most obviously, our financial results across all banners continued to be very strong, with sales of $2.2 billion and net earnings of $157.5 million, both at levels which far exceed pre-pandemic levels.

But change also brings the opportunity for new perspectives on how we do business, for new ways of thinking about things, and for new leaders to emerge. Dan has reshaped North West's senior leadership team by giving additional responsibilities to a number of our most talented executives and by adding new people to the Company who bring deep knowledge and experience in retailing. It is exciting to watch as this group of men and women start to make their mark on North West. In particular I want to acknowledge the leaders of the different banners who are all new to their positions, Jim Caldwell, President of Canadian Retail, Kyle Hill, President Alaska Commercial Company, and Kevin Proctor, President of Cost-U-Less and Riteway Foods.

Our Executive Vice President and Chief Financial Officer, John King, has continued to provide us with the continuity of experience and knowledge which is essential to a successful leadership transition.

And, finally, Dan has added Alison Coville to our team as Chief People Officer. Her job is particularly significant because of the special challenges and potential that exist in our more remote communities to build stronger partnerships and create career opportunities for the people who live there.

Dan and his team have put a lot of effort into leading the journey of Truth and Reconciliation our Board is on as we seek to build deeper, more constructive relationships with the communities we serve, which is the most important aspect of North West's approach to ESG.

ESG is a popular acronym for the increasing focus that Shareholders are expecting companies to have in dealing with the existential issue of climate change, ensuring good corporate governance practices, and contributing positively to the social and economic fabric of the communities they serve.

Our Board has focused our ESG efforts on doing those things that matter most to the communities we serve and, therefore, our shareholders. By way of example, it's difficult for us to take aggressive positions on carbon reduction, given that many of the communities we serve have no access to electricity grids and are required to heat and power their communities with diesel fuel. It's not that climate change is unimportant, it's just that these communities, and therefore North West, currently don't have the same ability to minimize their carbon footprints because of where they are located.

On the other hand, our efforts to help build capacity in the communities we serve is absolutely crucial to our future success-as is the importance for us to ensure diversity in our workforce and on our Board, given the diverse nature of the markets we operate in.

ESG is going to continue to be a significant focus for all companies, but especially at North West, in the years ahead. It's my hope that our efforts will not be driven by a cookie cutter approach in which our performance is measured off check lists prepared by ESG "experts" but rather that we will be assessed by our shareholders on the basis of what aspects of ESG matter most to our specific circumstances. Our belief is that shareholders will appreciate the thoughtfulness that we have employed in this process and it's direct connection to the creation of shareholder value in our business.

A common theme of my notes to shareholders in recent years has been the fact that we have been undergoing an orderly transition in our Board composition and leadership. Over the past several years, several long-standing directors have retired and we've welcomed a number of new faces to the Board who have brought their own skills and experiences to bear on the affairs of the Company. This year, we were delighted to welcome Steve Kroft, the Executive Chairman of CEL Group of Companies, to our Board. Steve brings a wealth of business and community experience to our Board and is already having a significant impact on our deliberations.

The final piece of our transition process is to determine Board leadership which will work closely with Dan and his team in the years ahead.

I have had the privilege of serving as Chairman of the North West Company for over a decade. It has been one of the most rewarding experiences of my business career but it's now time for a new set of hands to lead our revitalized Board on the next leg of the journey – I am retiring at this AGM, but I'm delighted that Brock Bulbuck has agreed to assume the Role of Board Chairman. I know he, and for that matter, all Board members will do a great job on behalf of our shareholders.

I have a great deal of confidence in the future of our Company and I thank all Nor'Westers and my colleagues on the Board for their contributions to the success of the Company, and for their friendship.

On behalf of the Board, thank you!

H. Sanford Riley
Chairman, Board of Directors
April 13, 2022

Management's Discussion & Analysis

OUR BUSINESS TODAY

The North West Company is a leading retailer to rural and developing small population communities in the following regions: northern Canada, rural Alaska, the South Pacific and the Caribbean. Our stores offer a broad range of products and services with an emphasis on food and a compelling value offer of being the best local shopping choice for everyday household and lifestyle needs.

North West's core strengths include: our ability to adapt to varied community preferences and priorities; our on-the-ground presence with hard-to-replicate operating skills, customer insights and facilities; our logistics capability in moving product to our markets; and, our ability to apply these strengths within complementary businesses.

North West has a rich enterprising legacy as one of the longest continuing retail enterprises in the world. The Company traces its roots back to 1668 and many of our stores in northern Canada have been in operation for over 200 years.

Our stores in Alaska and northern Canada serve communities with populations ranging from 300 to 9,000. A typical store is 6,500 square feet in size and offers food, family apparel, housewares, appliances, outdoor products and services such as fuel, post offices, pharmacies, income tax return preparation, quick-service prepared food, prepaid card products, ATMs, cheque cashing and proprietary credit programs.

Growth at North West is driven by market share capture within existing locations and from applying our expertise and infrastructure to new product categories, markets and complementary businesses. The latter includes vertical investments in shipping and air cargo, wholesaling to independent stores, and retailing through mid-sized warehouse and supermarket format stores serving the South Pacific islands and the Caribbean.

A key strength and ongoing strategy of North West is our ability to seize unique community-by-community selling opportunities better than our competition. Flexible store models, store management selection and education, store-level merchandise ordering, community relations and enterprising incentive plans are all ingredients of our approach to sustain a leading market position. Our enterprising culture, our execution skills in general, and our logistics and selling skills specifically, are also essential components to meeting customer needs within each market we serve.

North West delivers its products and services through the following retail, wholesale and complimentary businesses:

Canadian Operations

- **118 Northern** stores, offering a combination of food, financial services and general merchandise to remote northern Canadian communities;
- **5 NorthMart** stores, targeted at larger northern markets with an emphasis on an expanded selection of fresh foods, apparel and health products and services;
- **26 Quickstop** convenience stores, offering extended hours, ready-to-eat foods, fuel and related services in northern Canadian markets;
- **5 Giant Tiger ("GT")** junior discount stores, offering family fashion, household products and food in northern market locations;
- **2 Valu Lots** discount centers and direct-to-customer food distribution outlets for remote communities in Canada;
- **1 Solo Market** store, targeted at less remote, rural markets;
- **3 Pharmacy and Convenience** stores, stand-alone northern pharmacies and convenience stores;
- **1 NWC Motorsports** dealership offering sales, service, parts and accessories for Ski-doo, Honda, Can-am and other premier brands;
- **Crescent Multi Foods ("CMF")**, a distributor of produce and fresh meats to independent grocery stores in Saskatchewan, Manitoba and northwestern Ontario;
- **North West Telepharmacy Solutions**, the leading provider of contract tele-pharmacist services to rural hospitals and health centres across Canada; and
- **Transport Nanuk Inc. and North Star Air Ltd. ("NSA")**, water and air-based transportation businesses, respectively, serving northern Canada.

International Operations

- **30 Alaska Commercial Company ("AC")** stores, similar to Northern and NorthMart, offering a combination of food and general merchandise to communities across remote and rural regions of Alaska;
- **4 Quickstop** convenience stores within rural Alaska;
- **Pacific Alaska Wholesale ("PAW")**, a leading distributor to independent grocery stores, commercial accounts and individual households in rural Alaska;
- **12 Cost-U-Less ("CUL")** mid-size warehouse stores, offering discount food and general merchandise products to island communities in the South Pacific and the Caribbean; and
- **9 Riteway Food Markets and a significant wholesale operation (collectively "RTW")** in the British Virgin Islands.

VISION

At North West our mission is to be a trusted provider of goods and services within harder-to-access, under-served communities. Our vision is to help our customers live better by doing our job well, with their interests as our first priority. This starts with our customers' ability and desire to shop locally with us for the widest possible range of products and services that meet their everyday needs. We respond by being innovative, reliable, convenient, welcoming and adaptable, at the lowest local price, within what are typically higher cost environments. For our associates, we strive to be a preferred, fulfilling place to work. For our investors, we strive to deliver risk-adjusted, top-quartile total returns over the long term.

PRINCIPLES

The way we work at North West is shaped by six core principles: *Customer Driven, Enterprising, Passion, Accountability, Trust, and Personal Balance*.

Customer Driven refers to looking through the eyes of our customers while recognizing our presence as a supportive community citizen.
Enterprising is our spirit of innovation, improvement and growth, reflected in our unrelenting focus on new and better products, services and processes.
Passion refers to how we value our work and the opportunity to make a positive impact in our customers' lives.
Accountability is our management approach to getting work done through effective roles, tasks and resources.
Trust at North West means doing what you say you will do, with fairness, integrity, inclusion and respect.
Personal Balance is our commitment to sustaining ourselves and our organization, so that we work effectively and sustainably in our roles and for our customers and communities.

STRATEGIES

The strategies at North West are aligned with a total return approach to investment performance. We aim to deliver top-quartile returns through an equal emphasis on growth and dividend yield with opportunities considered in terms of their growth potential and ability to sustain an attractive cash return within a lower business risk profile.

The Company develops strategies in multi-year cycles or shorter ones where conditions change, as during COVID-19. Strategies are regularly reviewed and adjusted at the senior management and board levels. The Company's overriding goal is to offer essential products and services that help our customers to live better and our business to grow within a wide range of economic conditions through the following priorities:

- managing business continuity, safety requirements and sales growth opportunities arising from COVID-19;
- investing in new markets, product categories and services and identifying complimentary growth opportunities that leverage our core remote market capabilities and expertise;
- building a superior logistics capability with a focus on optimizing our air cargo capability to provide faster more reliable and lower cost service to our stores and customers in remote markets in Canada;
- completing the roll-out of next generation information technology for our stores and support offices that help optimize the unique elements of our business; and
- ensuring that we are responsible towards stakeholder interests and that our workforce is inclusive of the diverse peoples and cultures that make up the communities we are part of.

Our key initiatives together with the results for 2021 are as follows:

Initiative #1
COVID-19 Risks and Opportunities
This high priority work was focused on providing a safe, reliable service to our customers and employees, mitigating supply chain disruptions and being in-stock on essential everyday products, and capturing sales opportunities.

Result
- Store safety and business continuity was maintained with minimal employee COVID-19 cases and non-mandated service disruptions through the exceptional efforts of our front-line associates; and
- Superior in-stock performance and enterprising responses to new opportunities such as delivering 3.3 million pounds of produce, dairy and meat to 115 communities throughout Alaska in connection with the USDA Farmers to Families Food Box Program and expanded B-to-B contract sales and special order services, contributed to retaining and growing market share.

Initiative #2
Investing in New Markets, Products and Services
This initiative focuses on growing our business through store openings and expanding products and services within our core capability as an essential everyday products and service provider.

Result
- Stores were opened in new markets in Skagway, Galena and Gambell, Alaska;
- A wellness-focused concept store which includes a full pharmacy, our first offering of optical services, groceries with an emphasis on organic and healthy-eating options, Booster Juice, and other health products opened in Iqaluit, Nunavut;
- Quickstop convenience stores were opened in Rankin Inlet and Clyde River, Nunavut;
- Increased tele-pharmacy services to 64 contracts compared to 51 last year; and
- Development work began on a new E-Commerce platform that will leverage our logistics and supply chain capability in Alaska to expand B-to-B and B-to-C sales beginning in the third quarter 2022.

Initiative #3
Building a Superior Logistics Capability
We recognize the unique importance of logistics to our business and we continue to build a superior capability in this area. This initiative is focused on optimizing our air cargo to provide faster, more reliable and lower cost transportation service to our stores and customers in remote markets.

Result

- NSA's cargo aircraft utilization rates continued to exceed annual targets and delivered consistent service to northern Canada stores and to external customers, within a challenging COVID-19 environment;
- An ATR 72-500 series aircraft configured for cargo and modified to include a large cargo door was put into operation in the fourth quarter of 2021. The large cargo door modification enables loading and unloading efficiencies and provides NSA with greater flexibility to offer cargo service for larger items; and
- "Next Gen" efficiency work including the implementation of the lighter pallet program, double-decker truck to plane loads and investments in expanded hangar facilities achieved the planned operational efficiencies in cargo handling and freight savings.

Initiative #4
Next Generation Merchandise and Store Systems ("Project Enterprise")
Project Enterprise is focused on implementing higher capability point-of-sale ("POS"), merchandise management ("MMS"), which includes pricing, promotions, category management and vendor revenue management, and workforce management ("WFM") systems. This initiative is expected to deliver improvements in pricing and margins, inventory and store staff productivity.

Result
Prior to 2021, WFM was implemented in all stores, the new POS was installed in all AC and CUL stores and MMS was implemented in Canada. In 2021, the new POS system was installed in 56 Northern stores however, the roll-out could not be completed due to COVID-19-related travel restrictions. The remaining Canadian stores are expected to be completed in early 2023. The implementation of MMS in International Operations began in 2021 and is expected to be completed later in 2022 for Alaska stores and in 2023 for CUL stores.

Initiative #5
People and Culture - Diversity, Equity and Inclusion
This work is focused on ensuring that our workforce is inclusive of the diverse peoples and cultures that make up the communities we serve.

Result

- Completed a corporate-wide Diversity, Equity and Inclusion survey as a way to listen and learn from our associates. The insights will be used to develop a Diversity, Equity and Inclusion framework that prioritizes creating a more inclusive culture and developing diverse talents;
- Employees completed over 2,500 e-learning modules, including modules on cultural awareness and six new on-line courses were launched; and
- Achieved 100 percent participation of new Northern/NorthMart store management trainees in an Indigenous Cultural Awareness program through our Training Centre.

KEY PERFORMANCE DRIVERS AND CAPABILITIES REQUIRED TO DELIVER RESULTS

The financial capability to sustain the competitiveness of our core strengths and to pursue growth: Our investment priorities center on our store management and front line people, lower costs to help mitigate inflationary price increases, next level technology and superior logistics.

The ability to be a leading community store in every market we serve: We want to connect with the customers and communities we serve in a highly valued way. It starts with being able to tailor our store formats, product/service mix, community support and store compensation, while still realizing the efficiencies of our size or the size of our alliance partners. Investing in relationships, embracing a broad range of products, services and store sizes, flexible technology platforms and "best practice" work processes, are required to achieve this goal.

Our ability to build and maintain supportive community relations: To preserve our community access we must be trusted, open, respectful, adaptable and socially helpful. Store leases and business licenses are often subject to community approval and depend on our track record in these areas and the perceived community and customer value of our retail store compared to other options.

Our ability to develop highly capable store level employees and work practices: Store work and related processes must drive sales and efficiently enable our store-level personnel to manage the other key facets of their store. This enables our full potential to realize local selling opportunities, meet our customer service commitments and build and maintain positive community relationships. It recognizes that our store roles must be great jobs to offset other conditions that create challenges in attracting and retaining the best people. Related to this is our on-going ability to hire within-community and assist local associates to reach their full potential.

Our ability to deliver merchandise and information through our unique store network: The integration and build-out of our air cargo capability in northern Canada enables us to deliver and receive products faster, cheaper and more reliably compared to third-party providers. Similar advantages are possible through our investment in information technology.

Consolidated Results

2021 Highlights

- Net earnings increased $13.9 million or 9.7% and were up 82.5% compared to 2019.
- Earnings from Operations ("EBIT") increased 5.3% and were up 69.1% compared to 2019.
- EBITDA[1] increased 3.3% on top of a 37.3% increase in 2020.
- Same store sales[2] were marginally lower by 0.4% compared to a 19.0% increase in same store sales last year.
- Six new stores were opened, three in Canada and three in International Operations.
- Alaska Commercial Company delivered 3.3 million pounds of produce, dairy and meat to 115 communities in Alaska in connection with the Farmers to Families Food Box Program.
- Return on equity[1] was 29.0% and has averaged 22.7% over the past 10 years.
- Return on net assets[1] improved to 23.8% compared to 22.4% in 2020.
- Debt-to-Equity decreased to 0.41 compared to 0.56 at January 31, 2021.
- Quarterly dividends increased $0.01 per share or 2.8% to $0.37 per share in July 2021.
- The Company purchased 807,037 shares under a normal course issuer bid.

FINANCIAL PERFORMANCE

Some of the key performance indicators used by management to assess results are summarized in the following table:

Key Performance Indicators and Selected Annual Information

($ in thousands, except per share)	**2021**	2020	2019
Sales	**$2,248,796**	$ 2,359,239	$ 2,094,393
Same store sales % increase/ (decrease)[2]	**(0.4)%**	19.0 %	1.3 %
EBITDA[1]	**$ 311,375**	$ 301,427	$ 219,575
EBIT	**$ 220,425**	$ 209,349	$ 130,353
Net earnings	**$ 157,451**	$ 143,560	$ 86,273
Net earnings attributable to shareholders of the Company	**$ 154,802**	$ 139,874	$ 82,724
Net earnings per share - diluted	**$ 3.16**	$ 2.82	$ 1.68
Cash flow from operating activities[3]	**$ 224,135**	$ 338,718	$ 161,117
Cash dividends per share	**$ 1.46**	$ 1.38	$ 1.32
Total assets	**$1,219,273**	$ 1,191,168	$ 1,215,536
Total long-term liabilities	**$ 344,579**	$ 370,802	$ 594,482
Return on net assets[1]	**23.8 %**	22.4 %	13.5 %
Return on average equity[1]	**29.0 %**	30.7 %	20.5 %

(1) See Non-GAAP Financial Measures section.
(2) All references to same store sales exclude the foreign exchange impact.
(3) See Consolidated Liquidity and Capital Resources.

Key Performance Factors The following factors had a significant impact on the financial results in 2021 and are referred to throughout this analysis:

COVID-19 As an essential service provider of food and everyday products and services, sales were positively impacted by COVID-19-related consumer spending changes in favour of in-community and at-home activities resulting from travel restrictions and supported by enhanced government income support payments to individuals. COVID-19 resulted in global supply chain disruptions however, the Company was able to maintain a good in-stock position by working with our vendor partners and leveraging our logistical expertise which helped ensure an adequate supply of essential products in the communities we serve. These COVID-19-related factors contributed to exceptional sales gains in 2020 and had a positive impact on sales in 2021 but to a lesser extent due to fewer travel restrictions and the winding down of consumer income support payments. These factors were partially offset by periodic government mandated COVID-19-related community curfews and store closures over the past two years, the impact of wage premiums and bonuses paid to front-line associates to recognize their critical role in serving our customers, and expenses related to the purchase of protective equipment and enhanced sanitation procedures.

Giant Tiger Transaction On July 5, 2020, the Company completed the sale of 36 of the Company's 46 Giant Tiger stores (the "Acquired Stores") to Giant Tiger Stores Limited ("GTSL"). Of the remaining 10 GT locations, the Company (i) retained and operates five key stores in northern market locations, (ii) converted one store to a Valu Lots clearance center, and (iii) closed four stores in the third quarter of 2020. The Company recorded a pre-tax gain of $24.7 million or $20.0 million net of tax on the sale of the 36 stores and recorded a $9.4 million asset impairment and store closure provision substantially related to a reduction in the carrying amount of fixtures and equipment and right-of-use assets in 2020. Further information on the Giant Tiger Transaction is provided in Note 24 to the consolidated financial statements.

A comparison of sales and earnings financial measures to 2019 have been provided to assist in interpreting the impact of COVID-19 and the Giant Tiger Transaction on the financial results. The calculation of same store sales compared to 2019 exclude the Acquired Stores and stores that were closed in connection with the Giant Tiger Transaction.

Consolidated Sales Sales for the year ended January 31, 2022 ("2021") decreased 4.7% to $2.249 billion compared to $2.359 billion for the year ended January 31, 2021 ("2020"), but were up 7.4% compared to $2.094 billion for the year ended January 31, 2020 ("2019"). The decrease in sales compared to 2020 was largely due to lower sales in Giant Tiger stores resulting from the sale and closure of most of the Company's Giant Tiger stores last year net of the impact of wholesale food sales to the sold Giant Tiger stores in connection with the Giant Tiger Transaction and the impact of foreign exchange on the translation of International Operations sales. Excluding the foreign exchange impact, sales decreased 2.6% from 2020 but were up 8.6% from 2019. These factors were partially offset by the impact of new stores. The increase in sales compared to 2019 is due to the COVID-19-related sales factors previously noted, the impact of new stores and the re-opening of the Company's CUL store in St. Thomas, USVI in the fourth quarter of 2019, which was destroyed by hurricane Irma in the third quarter of 2017, partially offset by lower sales in Giant Tiger stores resulting from the Giant Tiger Transaction.

On a same store basis, sales remained strong and were only down 0.4% compared to an exceptional COVID-19-related same store sales increase of 19.0% in 2020 and 1.3% in 2019 as shown in the following table.

Same Store Sales

(% increase/(decrease))	**2021**	2020	2019
Food	**0.4 %**	15.6 %	1.9 %
General merchandise (GM)	**(4.2)%**	36.1 %	(1.1)%
Total food & GM sales	**(0.4)%**	19.0 %	1.3 %

Consolidated food sales decreased 4.3% from 2020 and were down 1.8% excluding the foreign exchange impact. Same store food sales increased 0.4% on top of a 15.6% increase last year and were up 16.3% compared to 2019. On a quarterly basis, same store sales increased 0.5% compared to the first quarter last year, decreased 2.1% in the second quarter and increased 0.9% and 2.6% in the third and fourth quarters respectively. Canadian food sales decreased 5.9% and International food sales increased 4.2% excluding the foreign exchange impact.

Consolidated general merchandise sales decreased 17.0% compared to 2020 and were down 16.5% excluding the foreign exchange impact. Same store general merchandise sales decreased 4.2% for the year compared to a 36.1% increase last year, but were up 38.1% compared to 2019. On a quarterly basis, same store sales increased 23.9% in the first quarter followed by decreases of 16.7%, 5.7% and 9.2% in the last three quarters. Canadian general merchandise sales decreased 22.6% due to the exceptional COVID-19-related sales gains and the impact of the Giant Tiger Transaction last year. International general merchandise sales increased 3.1% excluding the foreign exchange impact led by same store sales gains and new stores.

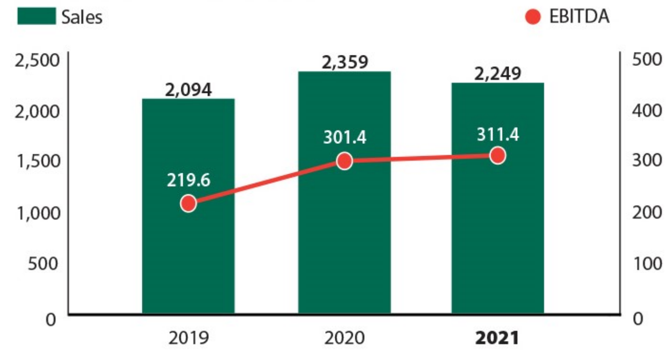
Other sales, which include airline revenue, financial services, fuel and pharmacy, increased 16.4% compared to 2020 mainly due to higher passenger revenues in NSA which improved compared to lower passenger revenues last year due to COVID-19-related travel restrictions. An increase in pharmacy and fuel sales were also factors. Other sales increased 16.2% compared to 2019 mainly due to higher cargo revenues in NSA and sales gains in pharmacy.

Sales Blend The table below shows the consolidated sales blend over the past three years:

	2021	2020	2019
Food	**76.7 %**	76.4 %	75.2 %
General merchandise and other	**23.3 %**	23.6 %	24.8 %

Canadian Operations accounted for 57.4% of total sales (58.3% in 2020 and 60.7% in 2019) while International Operations contributed 42.6% (41.7% in 2020 and 39.3% in 2019).

Sales & EBITDA[1] ($ in millions)



(1) See Non-GAAP Financial Measures section.

Gross Profit Gross profit decreased 4.8% to $737.8 million compared to $774.6 million last year due to lower sales. The gross profit rate decreased 2 basis points compared to last year as higher gross profit rates in Canadian Operations were offset by lower gross profit rates in International Operations.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") of $517.3 million decreased $47.9 million or 8.5% compared to last year and were down 96 basis points as a percentage of sales. The decrease in Expenses is largely due to lower store expenses related to the Giant Tiger Transaction, a decrease in COVID-19-related expenses and the impact of foreign exchange on the translation of International Operations Expenses. COVID-19 expenses related to wage increases for front-line associates, the purchase of protective equipment and enhanced sanitation procedures were $9.3 million this year compared to $19.6 million last year. Lower annual incentive plan costs also contributed to the decrease in Expenses. The impact of Non-Comparable Factors, which includes a $10.6 million decrease in share-based compensation costs due to mark-to-market adjustments, a $12.8 million increase in insurance-related gains this year, and a $9.4 million Giant Tiger store closure provision and a $24.7 million gain related to the Giant Tiger Transaction last year, were also factors. Further information on share-based compensation costs is provided in Note 14 and Note 18 to the consolidated financial statements. Excluding the Non-Comparable Factors, Expenses decreased $39.7 million or 7.1% due to the factors previously noted.

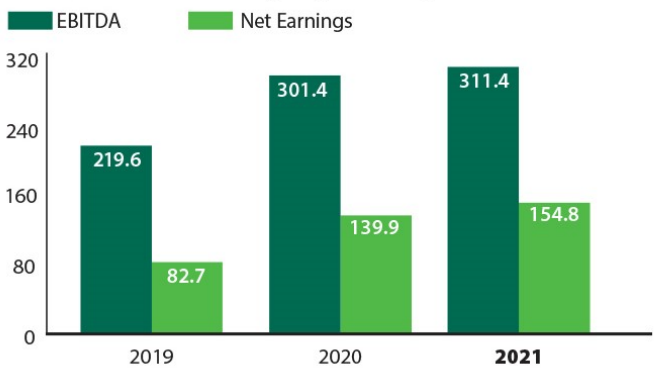
Earnings from Operations (EBIT) and EBITDA[1] Earnings from operations or earnings before interest and income taxes ("EBIT") increased 5.3% to $220.4 million compared to $209.3 million last year and were up $90.1 million or 69.1% compared to 2019 due to the sales, gross profit and Expense factors previously noted. Earnings before interest, income taxes, depreciation and amortization ("EBITDA[1]") increased 3.3% to $311.4 million compared to $301.4 million last year and was up $91.8 million or 41.8% compared to 2019. Adjusted EBITDA[1], which excludes the impact of the previously noted Non-Comparable Factors, increased $1.8 million or 0.6% on top of the exceptional COVID-19-related earnings gains last year and was up $100.2 million or 48.9% compared to 2019 driven by earnings gains in both Canadian and International Operations. Additional information on the financial performance of Canadian Operations and International Operations is provided on pages 13 and 15 respectively.

Interest Expense Interest expense decreased 22.3% to $13.1 million compared to $16.8 million last year. This decrease is due to lower average debt levels partially offset by higher interest rates.

Average debt levels decreased 26.7% compared to last year mainly due to a decrease in amounts drawn on revolving loan facilities. The average cost of debt was 3.4% compared to 3.2% last year. Further information on interest expense is provided in Note 19 to the consolidated financial statements.

Income Tax Expense Income taxes increased to $49.9 million compared to $49.0 million last year and the effective tax rate for the year was 24.1% compared to 25.4% last year. The increase in income tax expense is due to higher earnings partially offset by a lower effective tax rate. The decrease in the effective income tax rate is primarily due to the change in the amount of non-deductible share-based compensation costs in Canadian Operations compared to last year, a decrease in the Global Intangible Low-Taxed Income ("GILTI") tax and the blend of earnings in International Operations across various tax rate jurisdictions. The effective income tax rate may also fluctuate as a result of various factors, including changes in tax law, the impact of discrete items and changes in tax estimates. Further information on income tax expense, the effective tax rate and deferred tax assets and liabilities is provided in Note 10 to the consolidated financial statements.

EBITDA(1) & Net Earnings(2) ($ in millions)



(1) See Non-GAAP Financial Measures section.
(2) Net earnings attributable to shareholders of the Company.

Net Earnings Consolidated net earnings increased 9.7% to $157.5 million compared to $143.6 million last year and were up 82.5% or $71.2 million compared to 2019. Net earnings attributable to shareholders of the Company were $154.8 million compared to $139.9 million last year and diluted earnings per share were $3.16 per share compared to $2.82 per share last year due to the factors previously noted. Excluding the impact of the previously noted Non-Comparable Factors, adjusted net earnings[1] increased $8.6 million or 5.9% compared to last year and were up $78.0 million or 103.5% compared to 2019 due to the sales, gross profit and Expense factors that contributed to earnings gains in Canadian and International Operations. In 2021, the average exchange rate used to translate International Operations sales and expenses was 1.2526 compared to 1.3390 last year and 1.3246 in 2019.

The Canadian dollar's appreciation versus the U.S. dollar compared to 2020 had the following net impact on the 2021 results:

Sales........................decrease of $66.1 million or 6.5%
Earnings from operations........................decrease of $4.6 million
Net earnings........................decrease of $3.6 million
Diluted earnings per share........................decrease of $0.07 per share

Total Assets Consolidated total assets for the past three years is summarized in the following table:

($ in thousands)	**2021**	2020	2019
Total assets	**$ 1,219,273**	$ 1,191,168	$ 1,215,536

Consolidated assets increased $28.1 million or 2.4% compared to 2020 and were up $3.7 million or 0.3% compared to 2019. The increase in consolidated assets compared to last year is largely due to an increase in inventories, property and equipment and deferred tax assets partially offset by a decrease in cash and right-of-use assets. Further information on the change in current assets is provided in the working capital section below. The increase in property and equipment is due to new stores, store renovations and investments in aircraft. The increase in deferred tax assets is due to a decrease in deferred income tax liabilities for income earned in the limited partnership in Canadian Operations. Further information on deferred tax assets is provided in the net assets employed section under Canadian Operations and in Note 10 to the consolidated financial statements. The decrease in right-of-use assets is due to amortization which more than offset the impact of new leases and lease renewals.

The increase in consolidated assets compared to 2019 is primarily due to higher cash partially offset by a decrease in income tax receivable and deferred tax assets. The Giant Tiger Transaction was the primary factor contributing to the decrease in right-of-use assets which was more than offset by the promissory note. The impact of foreign exchange was also a factor, particularly compared to 2019, as the year-end exchange rate used to translate International Operations assets decreased to 1.2727 compared to 1.2776 last year and 1.3224 in 2019.

Consolidated working capital for the past three years is summarized in the following table:

($ in thousands)	**2021**	2020	2019
Current assets	**$ 403,358**	$ 396,860	$ 399,593
Current liabilities	**$ (294,490)**	$ (315,135)	$ (194,084)
Working capital	**$ 108,868**	$ 81,725	$ 205,509

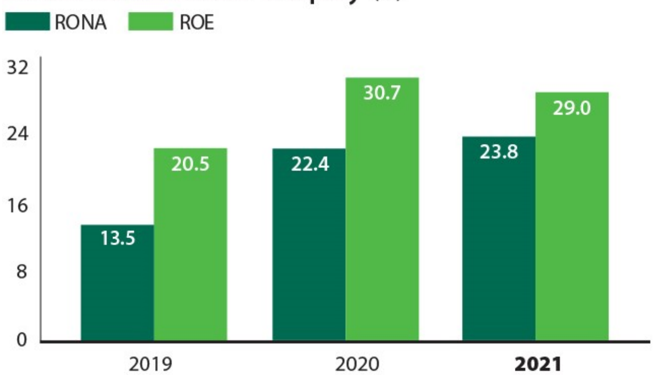
Working capital increased $27.1 million or 33.2% to $108.9 million compared to 2020 but decreased $96.6 million or 47.0% compared to 2019. Current assets increased $6.5 million or 1.6% compared to last year and were up $3.8 million or 0.9% compared to 2019. The increase in current assets compared to 2020 is primarily due to an increase in accounts receivable and inventories partially offset by a decrease in cash. Further information on accounts receivable and inventories is provided in the net assets employed section under Canadian Operations and International Operations. Further information on the decrease in cash is provided in the consolidated statements of cash flows and the Liquidity and Capital Resources section.

Current liabilities decreased $20.6 million or 6.6% compared to last year but were up $100.4 million or 51.7% compared to 2019. The decrease compared to 2020 is substantially due to a $44.2 million decrease in the current portion of long-term debt related to the $45.1 million loan facilities that mature on September 26, 2022 compared to the $89.3 million (U.S. $70.0 million) senior notes that matured in June 2021. Further information on long-term debt is provided in the Consolidated Liquidity and Capital section and in Note 12 and Note 25 to the consolidated financial statements. The decrease in current portion of long-term debt was partially offset by an increase in accounts payable and accrued liabilities mainly due to the timing of payments of trade accounts payable. The increase in current liabilities compared to 2019 is due to an increase in the current portion of long-term debt and accounts payable as previously noted. Further information on working capital for the Canadian Operations and International Operations is on page 13 and page 15 respectively.

Return on net assets employed increased to 23.8% compared to 22.4% in 2020 due to a 5.3% increase in EBIT and a 0.8% decrease in net assets employed. Additional information on net assets employed for the Canadian Operations and International Operations is on page 14 and page 16 respectively.

Return on average equity decreased to 29.0% compared to 30.7% in 2020 as a 9.7% increase in net earnings was more than offset by higher average equity due to an increase in retained earnings compared to last year. Further information on shareholders' equity is provided in the consolidated statements of changes in shareholders' equity in the consolidated financial statements.

Return on Net Assets[1] & Equity[1] (%)



(1) See Non-GAAP Financial Measures section.

Total Long-Term Liabilities Consolidated total long-term liabilities for the past three years is summarized in the following table:

($ in thousands)	**2021**	2020	2019
Total long-term liabilities	**$ 344,579**	$ 370,802	$ 594,482

Consolidated long-term liabilities decreased $26.2 million or 7.1% to $344.6 million compared to 2020 and were down $249.9 million or 42.0% from 2019.

The decrease in long-term liabilities compared to 2020 is primarily due to a $16.7 million decrease in defined benefit pension plan obligations mainly related to an increase in the discount rate and higher investment returns on pension plan assets. An $8.2 million decrease in lease liabilities was also a factor. Additional information on defined benefit pension plan obligations and lease liabilities is provided in Note 13 and Note 8 respectively to the consolidated financial statements.

The decrease in long-term liabilities compared to 2019 is substantially due to lower long-term debt resulting from a reduction in amounts outstanding in revolving loan facilities and a $44.4 million increase in the current portion of long-term debt. A decrease in lease liabilities related to the Giant Tiger Transaction, lower defined benefit pension plan obligations and the impact of foreign exchange rates on the translation of U.S. denominated debt were also factors.

Canadian Operations

FINANCIAL PERFORMANCE

Canadian Operations results for the year are summarized by the key performance indicators used by management as follows:

Key Performance Indicators

($ in thousands)	**2021**	2020	2019
Sales	**$1,291,139**	$1,376,188	$1,271,552
Same store sales % increase/(decrease)	**(2.4)%**	22.3 %	0.3 %
EBITDA [1]	**$ 215,209**	$ 206,498	$ 140,359
EBIT	**$ 153,328**	$ 144,141	$ 77,346
Return on net assets [1]	**26.6 %**	26.3 %	12.3 %

(1) See Non-GAAP Financial Measures section.

Sales Canadian Operations sales decreased $85.0 million or 6.2% to $1.291 billion compared to $1.376 billion in 2020 but were up $19.6 million or 1.5% compared to 2019. The decrease in sales compared to 2020 is due to lower sales in Giant Tiger stores as a result of the Giant Tiger Transaction, net of the impact of wholesale food sales to the sold Giant Tiger stores, and lower same store sales compared to the exceptional sales gains last year. These factors were partially offset by an increase in passenger-related revenue in NSA as a result of changes in COVID-related travel restrictions and higher third-party cargo revenues.

Food sales accounted for 68.2% of total Canadian Operations sales compared to 68.0% last year. The balance was made up of general merchandise and other sales at 31.8% (32.0% in 2020). Other sales consist primarily of airline revenue, financial services revenue, fuel and pharmacy.

Same store sales remained strong only decreasing 2.4% compared to the exceptional same store sales gains last year of 22.3% but were up 22.2% compared to 2019 as the COVID-19-related impact of in-community consumer spending and various income transfer and support payments for individuals was less than last year.

Food sales decreased by 5.9% from 2020 due to the impact of the Giant Tiger Transaction and lower same store sales as previously noted but were up 4.4% compared to 2019. Same store food sales decreased 1.2% compared to an 18.4% increase in 2020 and were up 18.5% compared to 2019. On a quarterly basis, same store food sales increased 3.3% in the first quarter followed by decreases of 5.9% and 1.5% in the second and third quarters respectively and remained flat to last year in the fourth quarter.

General merchandise sales decreased 22.6% from 2020 and were down 19.2% compared to 2019 due to the impact of the Giant Tiger Transaction and lower same store sales as previously noted. Same store sales decreased 6.8% compared to a 37.5% increase in 2020 but were up 39.2% compared to 2019. On a quarterly basis, same store general merchandise sales increased 21.7% in the first quarter but decreased 18.6%, 10.4% and 12.0% in the last three quarters.

Other sales increased 17.2% from 2020 largely due to an increase in passenger-related revenue as a result of changes in COVID-19-related travel restrictions and higher third-party cargo revenues in NSA and sales gains in pharmacy and fuel. Other sales increased 17.7% compared to 2019 primarily due to higher revenues in NSA and sales gains in pharmacy.

Sales Blend The table below shows the sales blend for the Canadian Operations over the past three years:

	2021	2020	2019
Food	**68.2 %**	68.0 %	66.3 %
General merchandise and other	**31.8 %**	32.0 %	33.7 %

Same Store Sales Canadian Operations same store sales for the past three years are shown in the following table. The decrease in same stores sales in 2021 is due to the exceptional COVID-19-related sales gains in 2020 as previously noted. In 2019, same store sales gains in northern Canada stores were substantially offset by lower sales in GT stores due to greater discount food competition and lower seasonal general merchandise sales.

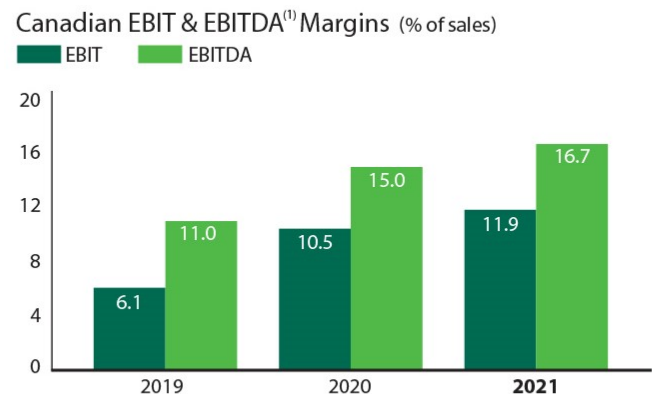
Same Store Sales

(% increase/(decrease))	**2021**	2020	2019
Food	**(1.2)%**	18.4 %	0.7 %
General merchandise (GM)	**(6.8)%**	37.5 %	(1.3)%
Total food & GM sales	**(2.4)%**	22.3 %	0.3 %

Gross Profit Gross profit dollars decreased by 5.5% due to lower sales partially offset by a higher gross profit rate. The increase in gross profit rate was mainly due to changes in product sales blend including the impact of lower sales in Giant Tiger stores which have a lower gross profit structure consistent with a discount format, net of an increase in lower margin wholesale food sales as part of the Giant Tiger Transaction.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") decreased 10.3% from 2020 and were down 112 basis points as a percentage of sales. The decrease in Expenses is primarily due to lower store expenses related to the Giant Tiger Transaction, a decrease in COVID-19 expenses related to wage premiums and bonuses for front-line associates, the purchase of protective equipment and enhanced sanitation procedures and lower annual incentive plan costs. The impact of Non-Comparable Factors, which includes a $9.9 million decrease in share-based compensation costs due to mark-to-market adjustments and a $12.8 million increase in insurance-related gains this year, and a $9.4 million Giant Tiger store closure provision and a $24.7 million gain related to the Giant Tiger Transaction last year, were also factors. Further information on share-based compensation costs is provided in Note 14 and Note 18 to the consolidated financial statements. Excluding the Non-Comparable Factors, Expenses decreased $28.8 million or 8.2% due to the factors previously noted.

Earnings from Operations (EBIT) and EBITDA[1] Earnings from operations increased $9.2 million or 6.4% to $153.3 million compared to $144.1 million in 2020 and were up $76.0 million or 98.2% compared to 2019 due to the sales, gross profit and Expense factors previously noted. Earnings from operations as a percentage of sales was 11.9% compared to 10.5% last year. EBITDA[1] increased $8.7 million or 4.2% to $215.2 million and was 16.7% as a percentage of sales compared to 15.0% in 2020. Adjusted EBITDA[1], which excludes the Non-Comparable Factors, increased $1.3 million or 0.6% compared to last year due to the sales, gross profit and Expense factors previously noted. An increase in passenger-related earnings as a result of changes in COVID-19-related travel restrictions net of $2.1 million in Canada Emergency Wage Subsidy ("CEWS") and Ontario Remote Air Carrier Support Program ("RACSP") payments received this year to ensure continued operation of passenger service into remote communities compared to $5.9 million in CEWS and RACSP payments received last year, and higher third-party cargo volumes were also factors.



(1) See Non-GAAP Financial Measures section.

Net Assets Employed Net assets employed increased 3.8% to $580.8 million compared to $559.8 million last year but were down 5.6% compared to $615.3 million in 2019 as summarized in the following table:

($ in millions at the end of the fiscal year)	**2021**	2020	2019
Property and equipment	**$ 372.4**	$ 357.5	$ 367.2
Right-of-use assets	**51.1**	50.9	73.4
Inventories	**136.7**	127.4	148.0
Accounts receivable	**83.6**	73.4	83.6
Other assets	**135.3**	148.7	112.4
Liabilities	**(198.3)**	(198.1)	(169.3)
Net assets employed	**$ 580.8**	$ 559.8	$ 615.3

The increase in property and equipment compared to last year was due to investments in northern Canada stores and the purchase of an ATR 72-500 aircraft. Store-based capital expenditures for the year, which were negatively impacted by COVID-19-related travel restrictions, included three new stores and investments in stores, fixtures and equipment replacements and staff housing. These factors also contributed to the increase in property and equipment compared to 2019 partially offset by the sale and closure of most of the Company's Giant Tiger stores in connection with the Giant Tiger Transaction which resulted in a decrease in right-of-use assets.

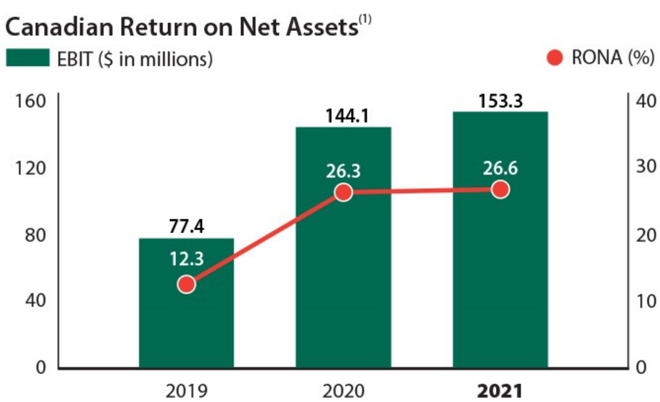
Inventory increased $9.3 million compared to 2020 but was down $11.3 million compared to 2019 primarily due to the sale of the Giant Tiger stores. Average inventory levels in 2021 increased $10.7 million or 8.4% compared to 2020 but were down $13.7 million or 9.1% compared to 2019. Inventory turnover decreased to 6.2 times compared to 7.4 times last year but was up compared to 5.6 times in 2019. The increase in inventories compared to 2020 is due to higher sealift and winter road inventories in northern Canada stores and cost inflation. The impact of faster sell-through of sealift and winter road inventories last year was also a factor.

Accounts receivable increased $10.2 million or 13.9% compared to last year but were consistent with 2019. The increase compared to last year is mainly due to the current portion of the promissory note receivable from the Giant Tiger Transaction and higher customer trade accounts receivable. Average accounts receivable increased $4.5 million or 6.5% compared to 2020 and were up $1.2 million or 1.7% compared to 2019.

Other assets decreased $13.4 million or 9.0% compared to last year but were up $22.9 million or 20.4% compared to 2019. The decrease compared to last year is primarily due to the current portion of the promissory note receivable from the Giant Tiger Transaction recorded in accounts receivable and lower cash. These factors were partially offset by an increase in deferred tax assets. Further information on deferred tax assets and liabilities is provided in Note 10 to the consolidated financial statements.

Liabilities increased $0.2 million or 0.1% from 2020 and were up $29.0 million or 17.1% compared to 2019. The increase compared to 2020 is substantially due to a $16.7 million reduction in the defined benefit plan obligation related to an increase in the discount rate and higher investment returns on pension plan assets. The impact of the defined benefit plan obligation was partially offset by an increase in accounts payable and accrued liabilities related to the timing of payments. Further information on the defined benefit plan obligation is provided in Note 13 to the consolidated financial statements. The increase in liabilities compared to 2019 is primarily due to an increase in accounts payable and accrued liabilities as previously noted.

Return on Net Assets (RONA[(1)]) The return on net assets employed for Canadian Operations increased to 26.6% from 26.3% in 2020 as a 6.4% increase in EBIT was partially offset by a $27.6 million or 5.0% increase in average net assets compared to last year due to the factors previously noted.



(1) See Non-GAAP Financial Measures section.

International Operations

(Stated in U.S. dollars)

FINANCIAL PERFORMANCE

International Operations results for the year are summarized by the key performance indicators used by management as follows:

Key Performance Indicators

($ in thousands)	2021	2020	2019
Sales	**$ 764,535**	$ 734,168	$ 621,200
Same store sales % increase	**2.6 %**	13.6 %	3.5 %
EBITDA[(1)]	**$ 76,786**	$ 70,893	$ 59,808
EBIT	**$ 53,566**	$ 48,699	$ 39,995
Return on net assets [(1)]	**19.3 %**	16.9 %	15.5 %

(1) See Non-GAAP Financial Measures section.

Sales International sales increased 4.1% to $764.5 million compared to $734.2 million in 2020, and were up $143.3 million or 23.1% compared to 2019 led by same store sales gains and new store sales. Sales were positively impacted by consumer spending changes and COVID-19-related government income support payments through the American Rescue Plan and an increase in Supplemental Nutrition Assistance Program ("SNAP") benefits within Alaska and the U.S. Territories served by CUL stores. An increase in wholesale food sales in Alaska related to the USDA Farmers to Families Food Box Program and an increase in the Alaska Permanent Fund Dividend ("PFD") to $1,114 compared to $992 in 2020 and $1,606 in 2019 were also factors. These gains were partially offset by periodic government-mandated COVID-19-related store closures across different Caribbean countries, community curfews and weak economies in the British Virgin Islands, St. Maarten and Curacao. Same store sales remained strong, increasing 2.6% on top of a 13.6% increase in 2020 and 3.5% in 2019. Food sales accounted for 88.2% (88.1% in 2020) of total sales with the balance comprised of general merchandise and other sales at 11.8% (11.9% in 2020). Other sales consist primarily of fuel and financial services revenue.

Food sales increased 4.2% from 2020 and were up 22.0% compared to 2019. Same store food sales were up 2.5% which is on top of an 11.5% increase in 2020. On a quarterly basis, same store food sales decreased 3.1% in the first quarter followed by increases of 3.0%, 4.2% and 6.1% in the second, third and fourth quarters respectively.

General merchandise sales increased 3.1% from 2020 and were up 35.6% from 2019. On a same store basis, general merchandise sales were up 3.0% which is on top of a 31.8% increase in 2020. On a quarterly basis, same store general merchandise sales increased 30.8% in the first quarter, decreased 11.7% in the second quarter, were up 6.1% in the third quarter and down 1.7% in the fourth quarter.

Other sales, which consist primarily of fuel sales and financial services revenue, were up 6.5% from 2020 due to higher fuel sales but down 9.0% from 2019 largely due to lower financial services revenues.

Sales Blend The table below shows the sales blend for the International Operations over the past three years:

	2021	2020	2019
Food	**88.2 %**	88.1 %	88.9 %
General merchandise and other	**11.8 %**	11.9 %	11.1 %

Same Store Sales International Operations same store sales for the past three years are shown in the following table. General merchandise same store sales are impacted by consumer spending on big-ticket durable goods that are largely influenced by special payments, such as government income support payments, the PFD and regional Native corporation dividends, which can result in greater sales volatility.

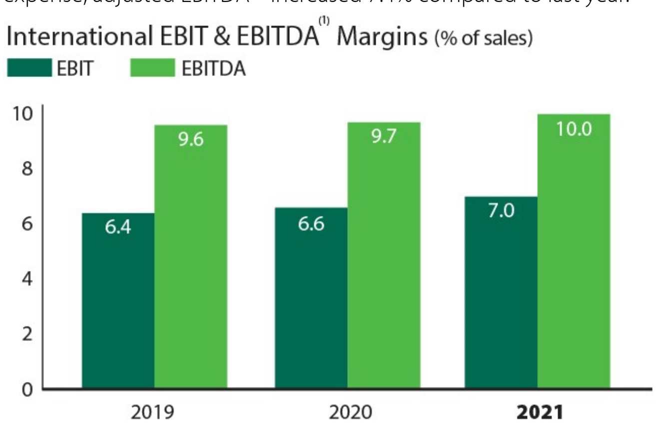
Same Store Sales

(% increase/(decrease))	2021	2020	2019
Food	**2.5 %**	11.5 %	4.0 %
General merchandise (GM)	**3.0 %**	31.8 %	(0.7)%
Total food & GM sales	**2.6 %**	13.6 %	3.5 %

Gross Profit Gross profit dollars increased 3.2% as higher sales more than offset a decrease in the gross profit rate. The decrease in the gross profit rate is mainly related to more challenging economic conditions in the British Virgin Islands and the impact of lower gross profit rate USDA Food Box Program sales.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 1.1% compared to last year but were down 64 basis points as a percentage of sales. The increase in Expenses is mainly due to new stores and higher utility costs which more than offset the impact of lower COVID-19 expenses related to wage premiums and bonuses for front-line associates and the purchase of protective equipment and a decrease in annual incentive plan costs.

Earnings from Operations (EBIT) and EBITDA[(1)] Earnings from operations increased $4.9 million or 10.0% to $53.6 million compared to 2020 and were up $13.6 million or 33.9% compared to 2019 due to the sales, gross profit and Expense factors previously noted. Earnings from operations as a percentage of sales was 7.0% compared to 6.6% last year. EBITDA[(1)] increased $5.9 million or 8.3% to $76.8 million and was 10.0% as a percentage of sales compared to 9.7% in 2020. Excluding the impact of share-based compensation expense, adjusted EBITDA[(1)] increased 7.4% compared to last year.



(1) See Non-GAAP Financial Measures section.

Net Assets Employed International Operations net assets employed of $274.3 million decreased $2.2 million or 0.8% compared to last year but were up $0.8 million or 0.3% to 2019 as summarized in the following table:

($ in millions at the end of the fiscal year)	2021	2020	2019
Property and equipment	**$ 143.1**	$ 136.4	$ 142.0
Right-of-use assets	**40.2**	45.8	41.2
Inventories	**87.4**	78.0	75.6
Accounts receivable	**12.3**	14.1	16.1
Other assets	**65.5**	67.8	48.7
Liabilities	**(74.2)**	(70.0)	(50.1)
Net assets employed	**$ 274.3**	$ 272.1	$ 273.5

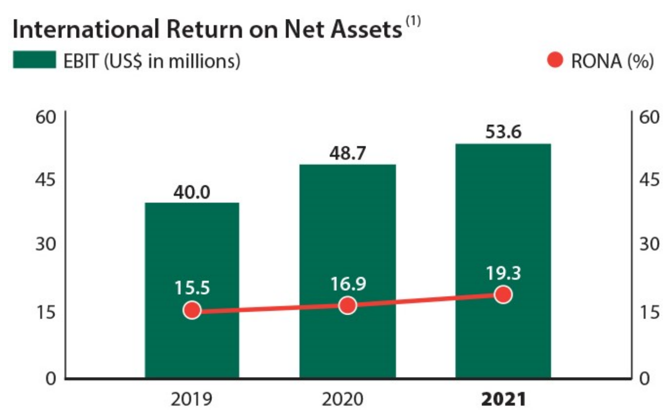
Property and equipment increased $6.7 million or 4.9% to last year mainly due to three new stores in Alaska. The change in right-of-use assets compared to last year and 2019 is due to timing of lease renewals.

Inventories increased $9.4 million or 12.1% compared to last year and were up $11.8 million or 15.6% from 2019 due to new stores, cost inflation and higher inventories in certain markets to compensate for supply chain disruptions and longer lead times for receiving merchandise. Average inventory levels in 2021 were up 9.7% compared to 2020 and were up 17.7% compared to 2019. Inventory turnover decreased to 6.4 times compared to 6.6 times in 2020 but improved compared to 6.0 times in 2019.

Other assets decreased $2.3 million or 3.4% compared to last year but were up $16.8 million or 34.5% compared to 2019 substantially due to changes in cash balances.

Liabilities increased $4.2 million or 6.0% compared to 2020 and were up $24.1 million or 48.1% compared to 2019 substantially due to higher trade accounts payable related to the timing of payments.

Return on Net Assets (RONA[(1)]) The return on net assets employed for International Operations increased to 19.3% compared to 16.9% in 2020 due to a 10.0% increase in EBIT and a $9.6 million or 3.3% decrease in average net assets.



(1) See Non-GAAP Financial Measures section.

Consolidated Liquidity and Capital Resources

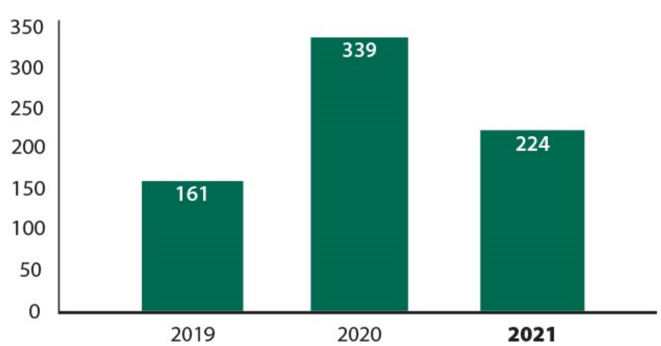
The following table summarizes the major components of cash flow:

($ in thousands)	2021	2020	2019
Cash provided by (used in):			
Operating activities before change in non-cash working capital and other	**$229,782**	$ 271,652	$ 197,021
Change in non-cash working capital	**(2,563)**	58,975	(28,670)
Change in other non-cash items	**(3,084)**	8,091	(7,234)
Operating activities	**224,135**	338,718	161,117
Investing activities	**(75,861)**	(66,900)	(104,272)
Financing activities	**(170,196)**	(227,060)	(67,236)
Effect of foreign exchange	**(188)**	(1,409)	130
Net change in cash	**$ (22,110)**	$ 43,349	$ (10,261)

Cash from Operating Activities Cash flow from operating activities decreased $114.6 million or 33.8% to $224.1 million compared to 2020 due to a $48.7 million increase in taxes paid and a $61.5 million decrease in cash from the change in non-cash working capital. The increase in taxes paid is primarily due to the timing of installments related to the limited partnership year-end. The change in non-cash working capital is primarily due to the change in inventories, accounts receivable and accounts payable and accrued liabilities compared to the prior years. Further information on working capital is provided in the Canadian and International net assets employed sections on pages 14 and 16 respectively. The change in other non-cash items is mainly due to changes in other long-term liabilities, primarily related to share-based compensation.

Cash flow from operating activities and unutilized credit available on existing loan facilities are expected to be sufficient to fund operating requirements, pension plan contributions, sustaining and planned growth-related capital expenditures as well as anticipated dividends during 2022.

Cash Flow from Operating Activities ($ in millions)



Cash Used in Investing Activities Net cash used in investing activities was $75.9 million compared to $66.9 million in 2020 and $104.3 million in 2019. The increase compared to 2020 is largely due to investments in new stores, store renovations, equipment replacements and the purchase of an ATR 72-500 aircraft by NSA. Net investing in Canadian Operations was $46.6 million net of $18.1 million in insurance proceeds compared to $55.0 million net of $5.3 million in insurance proceeds in 2020 and $63.2 million net of $11.8 million in insurance proceeds in 2019. A summary of the Canadian Operations investing activities is included in net assets employed on page 14. Investing in International Operations was $29.3 million compared to $11.9 million in 2020 and $41.1 million net of $5.5 million in insurance proceeds in 2019. A summary of the International Operations investing activities is included in net assets employed on page 16.

The following table summarizes the number of stores and selling square footage under North West's various retail banners at the end of the fiscal year:

	Number of Stores		Selling square footage	
	2021	2020	**2021**	2020
Northern	**118**	118	**693,389**	693,389
NorthMart	**5**	5	**128,185**	128,185
Quickstop	**30**	30	**41,092**	41,024
Giant Tiger	**5**	5	**90,470**	90,470
Alaska Commercial	**30**	27	**260,544**	249,212
Cost-U-Less	**12**	12	**344,695**	344,695
Riteway Food Market	**9**	9	**61,899**	61,899
Other Formats	**7**	6	**54,847**	44,097
Total at year-end	**216**	212	**1,675,121**	1,652,971

In Canadian Operations, under Other Formats, a wellness-focused store which includes a full pharmacy, optical services, Booster Juice, groceries and other health products opened in Iqaluit, Nunavut. Quickstop convenience stores opened in Rankin Inlet and Clyde River, Nunavut and a small convenience store in Iqaluit was closed. Total selling square footage in Canada increased 1.2% to 997,834 compared to 986,087 in 2020 due to the new stores.

In International Operations, AC stores were opened in Skagway, Galena and Gambell, Alaska. A small Quickstop on Prince of Wales Island, Alaska was closed. Total selling square footage increased to 677,287 compared to 666,884 last year due to the new stores.

Cash Used in Financing Activities Cash used in financing activities was $170.2 million compared to cash used of $227.1 million in 2020. The change compared to last year is largely due to a decrease in long-term debt related to the repayment of the US$70.0 million senior notes that matured on June 16, 2021 net of an increase in amounts outstanding on revolving loan facilities, an increase in shareholder dividends and $28.1 million for shares purchased under a normal course issuer bid. Further information on dividends, the normal course issuer bid, interest and long-term debt is provided in the following sections.

Shareholder Dividends The Company paid dividends of $70.4 million or $1.46 per share compared to $67.3 million or $1.38 per share in 2020. The following table shows the quarterly cash dividends per share paid for the past three years:

	2021	2020	2019
First Quarter	**$ 0.36**	$ 0.33	$ 0.33
Second Quarter	**0.36**	0.33	0.33
Third Quarter	**0.37**	0.36	0.33
Fourth Quarter	**0.37**	0.36	0.33
Total	**$ 1.46**	$ 1.38	$ 1.32

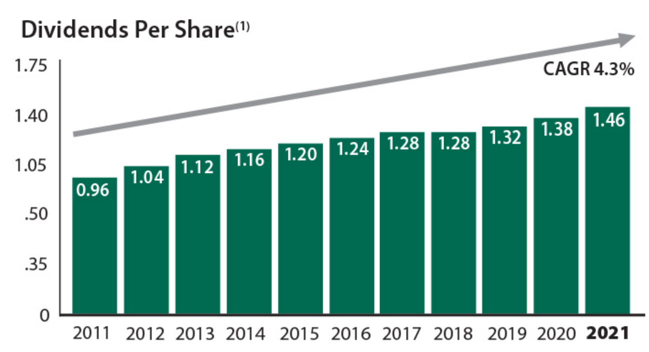
The payment of dividends on the Company's common shares is subject to the approval of the Board of Directors and is based on, among other factors, the financial performance of the Company, its current and anticipated future business needs and the satisfaction of solvency tests imposed by the Canada Business Corporations Act ("CBCA") for the declaration of dividends. The dividends were designated as eligible dividends in accordance with the provisions of the Canadian Income Tax Act.

The following table shows dividends paid in comparison to cash flow from operating activities for the past three years:

	2021	2020	2019
Dividends	**$ 70,420**	$ 67,276	$ 64,351
Cash flow from operating activities	**$ 224,135**	$ 338,718	$ 161,117
Dividends as a % of cash flow from operating activities	**31.4 %**	19.9 %	39.9 %

Dividends as a percentage of cash flow from operating activities increased compared to 2020 but was down compared to 2019 primarily due to the changes in cash flow from operating activities as previously noted.

The Company has a well established track record of increasing distributions and dividends whether structured as an income trust or as a share corporation. Since converting back to a share corporation on January 1, 2011, the dividend has increased at a compound annual growth rate ("CAGR") of 4.3% over the past ten years as shown in the following graph:



(1) North West Company Fund converted to a share corporation effective January 1, 2011. In addition to the $0.96 per share dividend paid in 2011, the Company also paid a $0.09 per unit final distribution from the Fund as part of the conversion to a share corporation.

On April 13, 2022, the Board of Directors approved a quarterly dividend of $0.37 per share to shareholders of record on April 21, 2022 and to be paid on April 28, 2022.

Normal Course Issuer Bid On November 10, 2021, the Company received approval from the Toronto Stock Exchange to renew the Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,773,508 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2022, the Company purchased 807,037 common shares having a book value of $2.9 million for cash consideration of $28.1 million. The excess of the purchase price over the book value of the shares of $25.2 million was charged to retained earnings. During the year ended January 31, 2021, the Company purchased 180,774 common shares having a book value of $0.6 million for cash consideration of $6.0 million. The excess of the purchase price over the book value of the shares of $5.4 million was charged to retained earnings. All shares purchased were cancelled.

In connection with the NCIB, the Company has established an automatic securities purchase plan with its designated broker to facilitate the purchase of shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its Shares due to regulatory restrictions or self-imposed blackout periods. Under the Plan, before entering a self-imposed blackout period, the Company may, but is not required to, ask the designated broker to make purchases under the NCIB within specific parameters.

Sources of Liquidity At January 31, 2022, the Company has US$70.0 million in senior notes it issued in two tranches; US$35.0 million due June 16, 2027 with a fixed interest rate of 2.88% and US$35.0 million due June 16, 2032 with a fixed interest rate of 3.09%. Interest is payable semi-annually on both tranches. The Company also has outstanding $100.0 million senior notes that mature September 26, 2029 and have a fixed interest rate of 3.74%. All of the senior notes are secured by certain assets of the Company and rank *pari p*assu with the Company's other senior debt comprised of the $300.0 million loan facilities and the US$52.0 million loan facilities (collectively "Senior Debt"). On June 16, 2021, the Company drew on its revolving loan facilities to repay US$70.0 million senior notes that matured. The US$70.0 million senior notes that remain outstanding have been designated as a hedge against the U.S. dollar investment in the International Operations. For more information on the senior notes and financial instruments, see Note 12 and Note 15 to the consolidated financial statements.

The Canadian Operations also have committed, revolving loan facilities of $300.0 million that bear a floating rate of interest based on Bankers Acceptances rates plus a stamping fee and mature on September 26, 2022. These facilities are secured by certain assets of the Company and rank *pari passu* with the Company's other Senior Debt. At January 31, 2022, the Company had $45.1 million outstanding on these facilities (January 31, 2021 - $NIL). In March 2022, the Company increased this facility to $400.0 million and extended its maturity date to March 1, 2027.

The Company has committed, revolving loan facilities of US$52.0 million that bear interest at U.S. LIBOR plus a spread and mature on September 26, 2022. These facilities are secured by certain assets of the Company and rank *pari passu* with the Company's other Senior Debt. At January 31, 2022, the Company had US$NIL outstanding on these facilities (January 31, 2021 - US$NIL). In March 2022, the Company extended the maturity date on this facility to March 1, 2027.

The International Operations have a committed, revolving loan facility of US$40.0 million for working capital and general business purposes that matures February 12, 2025. This facility bears a floating rate of interest based on U.S. LIBOR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2022, the International Operations had US$NIL million outstanding on this facility (January 31, 2021 - US$NIL).

The loan facilities and senior notes contain covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests. The financial covenants include a fixed charge coverage ratio, minimum current ratio, a leverage test and a minimum net worth test. At January 31, 2022, the Company is in compliance with the financial covenants under these facilities. Current and forecasted debt levels are regularly monitored for compliance with debt covenants.

Interest Costs and Coverage

	2021	2020	2019
Coverage ratio	**16.8**	12.5	6.2
EBIT ($ in millions)	**$ 220.4**	$ 209.3	$ 130.4
Interest ($ in millions)	**$ 13.1**	$ 16.8	$ 20.9

The coverage ratio of earnings from operations ("EBIT") to interest expense has increased to 16.8 times compared to 12.5 times in 2020 and 6.2 times in 2019. The increase in the interest coverage ratio compared to 2020 is due to a $3.7 million decrease in interest expense and a 5.3% increase in consolidated EBIT as previously noted. Additional information on interest expense is provided in Note 19 to the consolidated financial statements.

Contractual Obligations and Other Commitments

Contractual obligations of the Company at January 31, 2022 are listed in the chart below:

($ in thousands)	Total	0-1 Year	2-3 Years	4-5 Years	6 Years+
Long-term debt(1)	$235,640	$ 46,262	$ 509	$ —	$188,869
Lease payments	142,588	22,269	37,415	25,151	57,753
Other liabilities(2)	19,907	7,586	12,321	—	—
Total	$398,135	$ 76,117	$ 50,245	$ 25,151	$246,622

(1) In March 2022, the Company refinanced the operating loan facilities in Canadian Operations and extended its maturity from September 26, 2022 to March 1, 2027. This impacts $45.1 million of the $46.3 million included in long-term debt due within one year.

(2) At year-end, the Company had additional long-term liabilities of $42.7 million which include other liabilities, defined benefit plan obligations and deferred income tax liabilities. These liabilities have not been included as the timing and amount of the future payments are uncertain.

Post-Employment Benefits The Company sponsors defined benefit and defined contribution pension plans covering the majority of Canadian employees. The Company recorded net actuarial gains on defined benefit pension plans of $14.2 million net of deferred income taxes in other comprehensive income. This compares to net actuarial gains on defined benefit pension plans of $3.7 million in 2020 and losses of $8.5 million in 2019. These gains and losses in other comprehensive income were immediately recognized in retained earnings. Actuarial gains and losses occur primarily due to changes in the discount rate used to calculate pension liabilities and returns on pension plan assets.

In 2022, the Company will be required to contribute approximately $1.5 million to the defined benefit pension plans. In addition to the cash funding, a portion of the pension plan obligation may be settled by the issuance of a letter of credit in accordance with pension legislation. In 2021, the Company's cash contributions to the pension plan were $2.0 million compared to $1.6 million in 2020 and $3.5 million in 2019. The actual amount of the contribution may be different from the estimate based on actuarial valuations, plan investment performance, volatility in discount rates, regulatory requirements and other factors. The Company also expects to contribute approximately $6.5 million to the defined contribution pension plan and U.S. employees savings plan in 2022 compared to $6.3 million in 2021 and $5.4 million in 2020. Additional information regarding post-employment benefits is provided in Note 13 to the consolidated financial statements.

Director and Officer Indemnification Agreements The Company has agreements with its current and former directors, trustees, and officers to indemnify them against charges, costs, expenses, amounts paid in settlement and damages incurred from any lawsuit or any judicial, administrative or investigative proceeding in which they are sued as a result of their service. Due to the nature of these agreements, the Company cannot make a reasonable estimate of the maximum amount it could be required to pay to counterparties. The Company has also purchased directors', trustees' and officers' liability insurance. No amount has been recorded in the consolidated financial statements regarding these indemnification agreements.

Other Indemnification Agreements The Company provides indemnification agreements to counterparties for events such as intellectual property right infringement, loss or damage to property, claims that may arise while providing services, violation of laws or regulations, or as a result of litigation that might be suffered by the counterparties. The terms and nature of these agreements are based on the specific contract. The Company cannot make a reasonable estimate of the maximum amount it could be required to pay to counterparties. No amount has been recorded in the consolidated financial statements regarding these agreements.

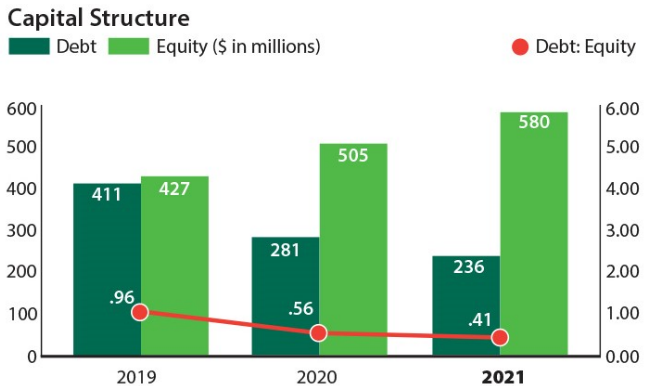
Additional information on commitments, contingencies and guarantees is provided in Note 22 to the consolidated financial statements.

Related Parties The Company has a 50% ownership interest in a Canadian Arctic shipping company, Transport Nanuk Inc. and purchases freight handling and shipping services from Transport Nanuk Inc. and its subsidiaries. The purchases are based on market rates for these types of services in an arm's length transaction. Additional information on the Company's transactions with Transport Nanuk Inc. is included in Note 23 to the consolidated financial statements.

Letters of Credit In the normal course of business, the Company issues standby letters of credit in connection with defined benefit pension plans, purchase orders and performance guarantees. The aggregate potential liability related to letters of credit is approximately $22.0 million (January 31, 2021 - $22.0 million).

Capital Structure The Company's capital management objectives are to deploy capital to provide an appropriate total return to shareholders while maintaining a capital structure that provides the flexibility to take advantage of growth opportunities, sustain existing assets, meet obligations and financial covenants and enhance shareholder value. The capital structure of the Company consists of bank advances, long-term debt and shareholders' equity. The Company manages capital to optimize efficiency through an appropriate balance of debt and equity. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue additional shares, borrow additional funds, adjust the amount of dividends paid or refinance debt at different terms and conditions.

The Company's capital structure over the past three years is summarized in the following graph.



On a consolidated basis, the Company had $235.6 million in debt and $580.2 million in equity at the end of the year and a debt-to-equity ratio of 0.41:1 compared to 0.56:1 last year. From 2019 to 2021, equity has increased $153.2 million or 35.9% and debt has decreased $175.3 million or 42.7%. During this same period, the Company has made capital expenditures, including acquisitions and net of insurance proceeds, of $250.2 million and has paid dividends of $202.0 million. This reflects the Company's balanced approach of investing to sustain and grow the business while providing shareholders with an annual cash return.

The debt outstanding at the end of the fiscal year is summarized as follows:

(CAD$ in thousands at the end of the fiscal year)	2021	2020	2019
CAD$ senior notes	**$ 100,000**	$ 100,000	$ 100,000
US$ senior notes	**—**	89,300	92,334
US$ senior notes	**88,869**	89,300	—
Canadian loan facilities	**45,107**	—	176,716
U.S. loan facilities	**—**	—	37,893
Promissory note payable	**1,664**	2,822	4,022
Total debt	**$ 235,640**	$ 281,422	$ 410,965

Consolidated debt at the end of the year decreased $45.8 million or 16.3% to $235.6 million compared to $281.4 million in 2020, and was down $175.3 million or 42.7% from $411.0 million in 2019. The decrease in debt is primarily due to the repayment of the $89.3 million (US$70.0 million) senior notes that matured June 16, 2021, net of an increase in amounts drawn on the revolving loan facilities. The impact of foreign exchange on the translation of U.S. denominated debt was not significant compared to 2020 but was a larger factor contributing to the decrease in debt compared to 2019. The Company has US$70.6 million in debt at January 31, 2022 (January 31, 2021 - US$140.8 million, January 31, 2020 - US$99.7 million) that is exposed to changes in foreign exchange rates when translated into Canadian dollars. The exchange rate used to translate U.S. denominated debt into Canadian dollars at January 31, 2022 ("2021") was 1.2727 compared to 1.2776 at January 31, 2021 ("2020") and 1.3224 at January 31, 2020 ("2019"). The change in the foreign exchange rate resulted in a $0.3 million decrease in debt compared to 2020 and a $3.5 million decrease compared to 2019. Average debt outstanding during the year excluding the foreign exchange impact decreased $74.6 million or 23.7% from 2020 and was down $138.1 million or 36.5% compared to 2019.

Lease liabilities at the end of the fiscal year are summarized as follows:

(CAD$ in thousands at the end of the fiscal year)	2021	2020	2019
Current portion of lease liability	**$ 18,055**	$ 16,393	$ 19,176
Non-current lease liabilities	**96,015**	104,226	119,928
Total lease liabilities	**$ 114,070**	$ 120,619	$ 139,104

Lease liabilities decreased $6.5 million or 5.4% to $114.1 million compared to $120.6 million in 2020 and were down $25.0 million or 18.0% compared to $139.1 million in 2019. The decrease compared to 2020 is due to lease payments net of new leases. The decrease compared to 2019 is substantially due to stores sold as part of the Giant Tiger Transaction partially offset by new store leases. Further information on lease liabilities is provided in Note 8 to the consolidated financial statements.

Shareholders' Equity The Company has an unlimited number of authorized shares and had issued and outstanding shares at January 31, 2022 of 47,878,650 (January 31, 2021 - 48,613,319). The Company has a Share Option Plan that provides for the granting of options to certain officers and senior management. Each option is exercisable into one common share of the Company at a price specified in the option agreement. At January 31, 2022, there were 1,864,425 options outstanding representing 3.9% of the issued and outstanding shares. In addition to share options, there were 263,373 in Performance Share Units ("PSU") that may be settled by the issuance of shares based on meeting certain performance criteria and 308,258 in Director Deferred Share Units ("DDSU") that may be settled by the issuance of shares. Further information on share options, PSUs and DDSUs is provided in Note 14 to the consolidated financial statements.

Effective June 12, 2019, the Company amended the rights of its shares to align them with the Canada Transportation Act ("CTA"), as amended by the provisions of the Transportation Modernization Act (Canada). The purpose of these amendments is to increase the permitted level of foreign ownership allowed in respect of Canadian air service from 25% to 49%, subject to certain restrictions.

The Company's share capital is comprised of Variable Voting Shares and Common Voting Shares. The two classes of shares have equivalent rights as shareholders except for voting rights. Holders of Variable Voting Shares are entitled to one vote per share except where (i) the number of outstanding Variable Voting Shares exceeds 49% of the total number of all issued and outstanding Variable Voting Shares and Common Voting Shares, or (ii) the total number of votes cast by or on behalf of the holders of Variable Voting Shares at any meeting on any matter on which a vote is to be taken exceeds 49% of the total number of votes cast at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share will decrease automatically without further act or formality. Under the circumstances described in paragraph (i) above, the Variable Voting Shares as a class cannot carry more than 49% of the total voting rights attached to the aggregate number of issued and outstanding Variable Voting Shares and Common Voting Shares of the Company. Under the circumstances described in paragraph (ii) above, the Variable Voting Shares as a class cannot, for the given Shareholders' meeting, carry more than 49% of the total number of votes cast at the meeting.

Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians (within the meaning of the CTA). An issued and outstanding Variable Voting Share is converted into one Common Voting Share automatically and without any further act of the Company or the holder, if such Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian, as defined in the CTA. Further information on the Company's Variable Voting Shares and Common Voting Shares is provided in the April 13, 2022 Management Information Circular which is available on the Company's website at *www.northwest.ca* or on SEDAR at *www.sedar.com*.

At January 31, 2022, there were 14,973,056 Variable Voting Shares, representing 31.3% of the total shares issued and outstanding. Further information on the Company's share capital is provided in Note 16 to the consolidated financial statements.

Book value per share attributable to shareholders, on a diluted basis, at the end of the year increased to $11.49 per share compared to $9.92 per share in 2020. Total shareholders' equity increased $75.0 million or 14.8% compared to 2020 primarily due to an increase in retained earnings. Further information is provided in the consolidated statements of changes in shareholders' equity in the consolidated financial statements.

QUARTERLY FINANCIAL INFORMATION

Historically, the Company's first quarter sales are the lowest and fourth quarter sales are the highest, reflecting consumer buying patterns. Due to the remote location of many of the Company's stores, weather conditions are often more extreme compared to other retailers and can affect sales in any quarter. In 2020, the decrease in sales in the third and fourth quarter compared to the first two quarters of the year is primarily due to the Giant Tiger Transaction. Net earnings generally follow higher sales, but can be dependent on changes in merchandise sales blend, promotional activity in key sales periods, variability in share-based compensation costs related to changes in the Company's share price and other factors which can affect net earnings.

The following is a summary of selected quarterly financial information:

($ thousands)	Q1	Q2	Q3	Q4	Total
Sales					
2021	$ 550,988	$ 565,109	$ 553,680	$ 579,019	$ 2,248,796
2020	$ 592,569	$ 648,504	$ 552,975	$ 565,191	$ 2,359,239
EBITDA[(1)]					
2021	$ 78,669	$ 81,100	$ 78,642	$ 72,964	$ 311,375
2020	$ 43,373	$ 110,929	$ 75,715	$ 71,410	$ 301,427
Earnings from operations (EBIT)					
2021	$ 56,312	$ 58,462	$ 56,063	$ 49,588	$ 220,425
2020	$ 19,471	$ 87,830	$ 52,934	$ 49,114	$ 209,349
Net earnings					
2021	$ 40,288	$ 42,400	$ 39,155	$ 35,608	$ 157,451
2020	$ 12,254	$ 62,560	$ 35,914	$ 32,832	$ 143,560
Net earnings attributable to shareholders of the Company					
2021	$ 39,656	$ 41,850	$ 38,715	$ 34,581	$ 154,802
2020	$ 11,274	$ 61,929	$ 34,611	$ 32,060	$ 139,874
Earnings per share-basic					
2021	$ 0.82	$ 0.86	$ 0.81	$ 0.72	$ 3.21
2020	$ 0.23	$ 1.27	$ 0.71	$ 0.66	$ 2.87
Earnings per share-diluted					
2021	$ 0.80	$ 0.86	$ 0.79	$ 0.71	$ 3.16
2020	$ 0.23	$ 1.25	$ 0.71	$ 0.63	$ 2.82

(1) See Non-GAAP Financial Measures section.

Fourth Quarter Highlights

CONSOLIDATED RESULTS FOURTH QUARTER

Key Performance Indicators and Selected Fourth Quarter Information

($ in thousands, except per share)	**2021**	2020	2019
Sales	**$ 579,019**	$ 565,191	$ 553,061
Same store sales % change[2]			
Food	**2.6 %**	12.0 %	1.5 %
General Merchandise	**(9.2)%**	39.8 %	(1.7)%
Total	**0.1 %**	16.8 %	0.8 %
Gross profit	**$ 184,714**	$ 187,873	$ 169,154
Selling, operating and administrative expenses	**(135,126)**	(138,759)	(142,420)
EBITDA[1]	**72,964**	71,410	50,433
EBIT	**49,588**	49,114	26,734
Interest expense	**(3,170)**	(3,448)	(5,632)
Income taxes	**(10,810)**	(12,834)	(3,839)
Net earnings	**35,608**	32,832	17,263
Net earnings attributable to shareholders of the Company	**34,581**	32,060	16,344
Net earnings per share - basic	**0.72**	0.66	0.34
Net earnings per share - diluted	**$ 0.71**	$ 0.63	$ 0.33

(1) See Non-GAAP Financial Measures section.
(2) All references to same store sales exclude the foreign exchange impact.

Consolidated Fourth Quarter Sales Sales for the quarter increased 2.4% to $579.0 million led by same store sales gains in International Operations and the impact of new store sales. These gains were partially offset by the negative impact of foreign exchange on the translation of International Operations sales. Excluding the foreign exchange impact, consolidated sales increased 2.9%. Same store sales were up 0.1%[2] on top of a 16.8% increase in the fourth quarter last year and were up 17.1% compared to 2019. Food sales[2] increased 3.0% and were up 2.6% on a same store basis compared to last year and increased 15.0% compared to 2019. General merchandise sales[2] decreased 6.3% and were down 9.2% on a same store basis coming off of a 39.8% COVID-19-related same store sales gain last year, but were up 27.3% compared to 2019. Sales continued to be impacted by COVID-19-related factors including consumer spending changes in favor of in-community and at-home activities, higher cost inflation and increases in government income support payments to individuals in the U.S. compared to last year. These factors were partially offset by restricted hours and store closures in certain markets with higher outbreaks of COVID-19 and lower government income support payments to individuals in Canada compared to last year.

Gross Profit Gross profit decreased 1.7% as the impact of sales gains was more than offset by a 134 basis point decrease in gross profit rate compared to last year. The decrease in gross profit rate was primarily due to changes in product sales blend, higher inventory shrinkage and markdowns compared to strong sell-through-driven lower shrink and markdowns last year as well as the impact of cost inflation that was not fully passed through in retail prices.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") decreased $3.6 million compared to last year and were down 121 basis points as a percentage to sales. The decrease in Expenses is largely due to a $9.5 million insurance-related gain this year compared to a $5.3 million gain last year, lower annual incentive plan costs and the impact of foreign exchange on the translation of International Operations Expenses. These factors were partially offset by expenses related to new stores and higher share-based compensation costs compared to last year. COVID-19-related expenses were $5.6 million compared to $5.8 million last year and included $4.1 million in special payments to non-bonus eligible front-line associates in recognition of their contributions to serving our customers and $1.5 million in other COVID-19-related expenses primarily related to temporary workers to provide additional support during outbreaks, the purchase of protective equipment and enhanced sanitation. Excluding the insurance gains and share-based compensation costs, Expenses decreased 0.1% compared to last year.

Earnings from operations and EBITDA[1] Earnings from operations or earnings before interest and taxes ("EBIT") increased $0.5 million to $49.6 million compared to $49.1 million last year and EBITDA[1] increased $1.6 million to $73.0 million due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA[1], which excludes share-based compensation costs and insurance-related gains, decreased $1.9 million compared to last year and as a percentage to sales was 11.6% compared to 12.2%.

Interest Expense Interest expense decreased 8.1% to $3.2 million compared to $3.4 million last year. The decrease in interest expense is mainly due to lower average debt levels related to the repayment of the US$70.0 million senior notes that matured June 16, 2021 partially offset by an increase in amounts drawn on revolving loan facilities. Further information on debt is provided in Note 12 to the consolidated financial statements. Lower costs of borrowing were also a factor.

Income Tax Expense Income tax expense was $10.8 million compared to $12.8 million last year and the consolidated effective tax rate was 23.3% compared to 28.1% last year. The decrease in the income tax rate was primarily due to lower Global Intangible Low-Taxed Income tax and the blend of earnings in International Operations across various tax rate jurisdictions.

Net Earnings Consolidated net earnings increased $2.8 million to $35.6 million. Net earnings attributable to shareholders were $34.6 million and diluted earnings per share were $0.71 per share compared to $0.63 per share last year due to the factors noted above. Adjusted net earnings[1], which excludes the impact of the after-tax insurance-related gains and the after-tax share-based compensation costs, increased $1.9 million or 6.1% compared to last year driven by earnings gains in International Operations, lower interest costs and the impact of a lower effective tax rate as previously noted.

CANADIAN OPERATIONS FOURTH QUARTER

Canadian Operations results for the fourth quarter are summarized by the following key performance indicators:

Key Performance Indicators

($ in thousands)	2021	2020	2019
Sales	**$ 332,668**	$ 328,429	$ 333,213
Same store sales % change			
Food	**0.0 %**	15.7 %	1.6 %
General Merchandise	**(12.0)%**	41.6 %	(2.0)%
Total	**(3.0)%**	21.2 %	0.7 %
EBITDA (1)	**$ 52,208**	$ 53,391	$ 34,401
EBIT	**$ 36,276**	$ 38,444	$ 17,642

(1) See Non-GAAP Financial Measures section.

Sales Canadian Operations sales increased 1.3% to $332.7 million building on the exceptional COVID-19-related sales gains in the fourth quarter last year. Higher cost inflation also contributed to the sales gains. These factors were partially offset by an increase in COVID-19-related community curfews and store closures and lower government consumer income support payments compared to last year. Same store sales were only down 3.0% compared to a 21.2% increase last year but were up 17.7% compared to the fourth quarter in 2019. Food sales increased 0.4% and were consistent with last year on a same store basis compared to a 15.7% increase in 2020. General merchandise sales decreased 8.4% from the fourth quarter last year and were down 12.0% on a same store basis compared to a 41.6% COVID-19-related increase last year. Food and general merchandise same store sales have remained strong over a two year period with increases of 15.7% and 25.1% respectively compared to 2019.

Gross Profit Gross profit decreased 3.6%, as a lower gross profit rate more than offset the impact of sales gains, but was up 8.1% compared to 2019 due to sales and gross profit rate gains. The decrease in gross profit rate this year is compared to a very strong gross profit rate in the fourth quarter last year driven by favourable product sales blend changes and lower shrink and markdowns. Higher inflationary costs that were not fully passed on were also a factor.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") decreased 2.7% and were down 100 basis points as a percentage to sales compared to the fourth quarter last year largely due to the impact of a $9.5 million insurance-related gain this year compared to a $5.3 million gain last year and lower annual incentive plan costs. These factors were partially offset by higher share-based compensation costs related to changes in share price and new store expenses. Excluding the insurance-related gains and share-based compensation costs, Expenses increased 1.1% compared to last year.

Canadian Earnings from Operations (EBIT) and EBITDA(1) Canadian fourth quarter earnings from operations decreased to $36.3 million compared to $38.4 million last year and EBITDA(1) decreased 2.2% to $52.2 million compared to $53.4 million in the same quarter last year due to the sales, gross profit and Expense factors previously noted but, were up $18.6 million and $17.8 million respectively compared to 2019. Adjusted EBITDA(1), which excludes the impact of the insurance-related gains and share-based compensation costs, decreased $4.4 million or 8.7% compared to last year but was up $14.7 million or 46.8% compared to 2019. NSA EBIT increased slightly compared to last year as higher cargo volumes and better aircraft utilization was largely offset by $2.3 million in Canada Emergency Wage Subsidy ("CEWS") and Ontario Remote Air Carrier Support Program ("RACSP") payments received in the fourth quarter last year.

INTERNATIONAL OPERATIONS FOURTH QUARTER

(Stated in U.S. dollars)

International Operations results for the fourth quarter are summarized by the following key performance indicators:

Key Performance Indicators

($ in thousands)	2021	2020	2019
Sales	**$ 194,395**	$ 183,929	$ 167,002
Same store sales % change			
Food	**6.1 %**	7.5 %	1.3 %
General Merchandise	**(1.7)%**	35.2 %	(0.4)%
Total	**5.0 %**	10.7 %	1.1 %
EBITDA(1)	**$ 16,336**	$ 14,199	$ 12,212
EBIT	**$ 10,456**	$ 8,492	$ 6,939

(1) See Non-GAAP Financial Measures section.

Sales International Operations fourth quarter sales increased 5.7% to $194.4 million compared to $183.9 million in the fourth quarter last year driven by an increase in same store sales and the impact of new stores. Same store sales remained strong increasing 5.0% on top of a 10.7% sales gain last year and were up 16.2% compared to the fourth quarter of 2019. Food sales increased 6.7% and were up 6.1% on a same store basis compared to a 7.5% sales gain last year. General merchandise sales decreased 0.5% and were down 1.7% on a same store basis compared to a robust same stores sales increase of 35.2% last year. Sales were positively impacted by an increase in Supplemental Nutrition Assistance Program ("SNAP") benefits within Alaska and the U.S. Territories served by CUL, an increase in tourism in certain Caribbean markets and cost inflation compared to last year.

Gross Profit Gross profit increased 3.3% compared to last year, as sales gains more than offset a decrease in gross profit rate, and was up 15.4% compared to 2019 due to sales and gross profit rate gains. The lower gross profit rate is primarily due to changes in product sales blend and higher markdowns on seasonal merchandise compared to last year. Higher inflationary costs that were not fully passed on were also a factor.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") decreased 0.6% compared to last year primarily due to lower annual incentive plan costs which were partially offset by the impact of new store expenses.

Earnings From Operations ("EBIT") and EBITDA[(1)] Earnings from operations were $10.5 million compared to $8.5 million last year and EBITDA[(1)] increased to $16.3 million compared to $14.2 million in the fourth quarter last year due to the sales, gross profit and Expense factors previously noted.

CONSOLIDATED CASH FLOWS FOURTH QUARTER

The following table summarizes the major components of the fourth quarter cash flow:

($ in thousands)	2021	2020	2019
Operating activities	**$ 84,704**	$ 106,660	$ 48,320
Investing activities	**(15,142)**	(11,904)	(19,218)
Financing activities	**(77,935)**	(81,765)	(53,035)
Effect of foreign exchange	**767**	(1,167)	125
Net change in cash	**(7,606)**	11,824	(23,808)
Cash, beginning of period	**57,032**	59,712	51,995
Cash, end of period	**$ 49,426**	$ 71,536	$ 28,187

Cash From Operating Activities

The following table summarizes the major components of the cash flow from operating activities in the fourth quarter:

($ in thousands)	2021	2020	2019
Net earnings for the period	**$ 35,608**	$ 32,832	$ 17,263
Adjustments for:			
Amortization	**23,376**	22,296	23,699
Provision for income taxes	**10,810**	12,834	3,839
Interest expense	**3,170**	3,448	5,632
Equity settled share-based compensation	**1,684**	1,545	1,251
Insurance proceeds, property and equipment	**(9,492)**	(5,306)	(2,276)
Taxes paid	**(18,357)**	(4,223)	(5,327)
Loss/(gain) on disposal of property and equipment	**32**	596	(357)
Operating activities before change in non-cash working capital and other	**46,831**	64,022	43,724
Change in non-cash working capital	**37,471**	37,118	5,379
Change in other non-cash items	**402**	5,520	(783)
Cash from operating activities	**$ 84,704**	$ 106,660	$ 48,320

Cash from Operating Activities Cash flow from operating activities decreased $22.0 million or 20.6% to $84.7 million compared to the fourth quarter of 2020 but was up $36.4 million or 75.3% compared to 2019. The decrease compared to last year is substantially due to a $14.1 million increase in taxes paid and a $5.1 million decrease in other non-cash items. The increase in taxes paid is primarily due to the timing of installments related to the limited partnership year-end. The change in other non-cash items is largely due to changes in accrued share-based compensation and defined benefit pension obligation.

Cash Used in Investing Activities

The following table summarizes the major components of the cash flow used in investing activities in the fourth quarter:

($ in thousands)	2021	2020	2019
Purchase of property and equipment	**$ (22,730)**	$ (18,180)	$ (26,563)
Intangible asset (additions)/ disposals	**(1,904)**	226	(4,430)
Proceeds from disposal of property and equipment	**—**	744	661
Insurance proceeds, property and equipment	**9,492**	5,306	11,114
Cash used in investing activities	**$ (15,142)**	$ (11,904)	$ (19,218)

Cash Used in Investing Activities Net cash used in the fourth quarter for investing activities was $15.1 million compared to $11.9 million in 2020 and $19.2 million in 2019. Net investing activities include insurance proceeds of $9.5 million in 2021 compared to $5.3 million in 2020 and $11.1 million in 2019. Investing activities in the quarter include the completion of a new store in Gambell, Alaska and investments in property and equipment for stores and staff housing. The decrease in investing activities compared to 2019 is mainly due to the impact of COVID-19-related travel restrictions.

Cash Used in Financing Activities

The following table summarizes the major components of the cash flow used in financing activities in the fourth quarter:

($ in thousands)	**2021**	2020	2019
Net decrease in long-term debt	**$ (46,612)**	$ (49,781)	$ (22,135)
Payment of lease liabilities, principal	**(4,703)**	(4,496)	(6,178)
Payment of lease liabilities, interest	**(1,039)**	(1,088)	(1,396)
Dividends	**(17,747)**	(17,528)	(16,089)
Dividends to non-controlling interests	**—**	(2,214)	(3,427)
Interest paid	**(1,834)**	(644)	(3,810)
Common shares purchased and cancelled	**(6,000)**	(6,014)	—
Cash used in financing activities	**$ (77,935)**	$ (81,765)	$ (53,035)

Cash Used in Financing Activities Cash used in financing activities in the fourth quarter decreased to $77.9 million compared to cash used of $81.8 million in 2020 and $53.0 million in 2019. The change compared to the fourth quarter last year is mainly due to a decrease in long-term debt of $46.6 million compared to a decrease of $49.8 million last year. A decrease in dividends to non-controlling interests was also a factor.

DISCLOSURE CONTROLS

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is reported to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that decisions can be made regarding public disclosure. Based on an evaluation of the Company's disclosure controls and procedures, as required by National Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), the Company's CEO and CFO have concluded that these controls and procedures were designed and operated effectively as of January 31, 2022.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is also responsible for establishing and maintaining internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial reporting and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become ineffective because of changes in conditions or the degree of compliance with policies and procedures may deteriorate. Furthermore, management is required to use judgment in evaluating controls and procedures. Based on an evaluation of the Company's internal controls over financial reporting using the Internal Control - Integrated Framework published by The Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"), 2013, the Company's CEO and CFO have concluded that the internal controls over financial reporting were designed and operated effectively as at January 31, 2022. There have been no changes in the internal controls over financial reporting for the year ended January 31, 2022 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

OUTLOOK

The Company's near-term outlook continues to be highly influenced by the ongoing COVID-19 pandemic, current industry-wide supply chain disruptions and inflationary pressures which make sales forecasting difficult. The transition to reduced COVID-19 risk conditions and the elimination of COVID-19-related consumer income support payments and programs such as the USDA Farmers to Families Food Box Program are expected to result in lower sales in 2022 compared to last year however there is uncertainty to this outlook related to outbreaks of COVID-19 variants and their impact on supply chain, the availability of merchandise and higher inflation. The timing of economic recoveries particularly within tourism-dependent countries which do not have strong government income support programs such as the British Virgin Islands and St. Maarten is also difficult to forecast. In spite of global supply chain disruptions, the Company's overall current in-stock position on essential food and general merchandise items remains healthy however in the current environment these conditions can change rapidly. The impact of these COVID-19-related factors and $13.3 million in after-tax insurance-related gains on the settlement of fire insurance claims in 2021, is expected to result in lower earnings in 2022 compared to 2021 but meaningfully above pre-pandemic (2019) levels.

Beyond the duration of COVID-19's material impact, positive and negative, on the Company's business, the medium and longer-term outlook for the Company is favourable based on the expected impact of government transfer payments and higher infrastructure spending in Indigenous communities, the resiliency of our essential everyday product and service focus, and changes in customer relationships and in-community shopping patterns established during COVID-19. The Company also continues to assess acquisition and other business venture opportunities within its different businesses and retail divisions.

In 2022, the Company expects that capital expenditures will be in the $120 million range (2021 - $75.9 million, net of insurance proceeds) with potential for additional store acquisitions and growth investments. The timing and amount of store-based capital expenditures are expected to continue to be impacted by the availability of building materials and COVID-19-related travel restrictions, in addition to other delays that can occur with remote location capital projects.

RISK MANAGEMENT

The mandate of the Board of Directors includes ensuring that processes are in place to identify and manage the principle risks of the business, including environmental and climate-related risks, for which the Board has delegated primary responsibility to the Audit Committee. The North West Company maintains an Enterprise Risk Management ("ERM") program which assists in identifying, evaluating and managing risks that may reasonably have an impact on the Company. Management is accountable for completing an annual ERM assessment to evaluate risks and the potential impact that the risks may have on the Company's financial performance and ability to execute its strategies and achieve its objectives. The results of this annual assessment and quarterly updates are presented to the Audit Committee and reported to the Board of Directors. The principle risks, including environmental and climate-related risks, and the related mitigation strategies are incorporated into the Company's strategic planning process.

The North West Company is exposed to a number of risks in its business. The descriptions of the risks below are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company deems immaterial, may also impair the operations of the Company. If any of such risks actually occur, the business, financial condition, liquidity and results of operations of the Company could be materially adversely affected. Readers of this MD&A are also encouraged to refer to the Key Performance Drivers and Capabilities Required to Deliver Results and Outlook sections of this MD&A, as well as North West's Annual Information Form, which provides further information on the risk factors facing the Company. While the Company employs strategies to minimize these risks, these strategies do not guarantee that events or circumstances will not occur that could negatively impact the Company's financial condition and performance.

Careful consideration should be given to the risk factors which include, but are not limited to, the following:

Pandemic A pandemic outbreak of a contagious disease could result in a widespread health crisis that could have an adverse effect on the Company's operations and financial condition. A pandemic could impact the health and wellness of the Company's employees and customers which could negatively impact the Company's ability to operate its business. A pandemic may also result in the temporary closure of the Company's stores, distribution facilities, airline or support offices and could result in interruptions to the Company's supply chain, including reduced availability of product or the temporary closure of suppliers and transportation companies that are critical to the operation of the business. Furthermore, a pandemic could result in an economic downturn, restrictions on travel and trade, disruptions to financial markets and negatively impact the availability and cost of capital, which in turn could have an adverse impact on the Company's financial results and condition.

On March 11, 2020, the World Health Organization declared the rapidly spreading novel coronavirus ("COVID-19") a pandemic. This contagious disease outbreak has resulted in material disruption to businesses globally and significant economic uncertainty. In response, governments worldwide have enacted emergency measures to both combat the spread of the virus and stabilize economic conditions. Most of the Company's products and services are considered to be essential by the applicable government authorities. As such, the Company's focus is on business continuity and safety plans to help mitigate the health impact of COVID-19 on employees and customers. This includes the implementation of physical spacing, including the installation of plexiglass barriers at checkouts, and enhanced sanitation protocols in stores, distribution centers and support offices. The Company also continues to work closely with governments, suppliers and communities to help ensure the uninterrupted flow of merchandise and continuous operation of our stores. COVID-19 is a rapidly changing situation and the Company continues to adjust and adapt its operations as required and has increased communications with our customers and community leaders to help understand their expectations and protocols.

The food and everyday products the Company provides are essential, non-discretionary services in the communities we serve. The Company has business continuity plans and safety protocols, including a cross-functional steering committee who are accountable for monitoring the impact of COVID-19 and mitigating the risk posed to employees, customers and the business however, there can be no assurance that these plans and protocols will be sufficient to minimize the impact.

The future impact of COVID-19 is uncertain and the Company is not able to reliably forecast the severity and duration of the impact on the economy, the financial markets, the availability of capital and on the Company's employees, customers, and suppliers, including the possible temporary closure of stores or interruptions to the Company's supply chain. Although the Company foresees continued demand for the products and services it provides based on its role as an essential service, the full impact of COVID-19 is not determinable at this time and there can be no assurance that COVID-19 will not have an adverse impact on the Company's operations and financial condition. Further information on the potential impact of COVID-19 is provided in the Outlook section.

Employee Development and Retention Attracting, retaining and developing high caliber employees is essential to effectively managing our business, executing our strategies and meeting our objectives. Due to the vast geography, small size and remoteness of the Company's individual markets, there is an ongoing need for capable staffing, particularly at the store management level. The degree to which the Company is not successful in retaining and developing employees and establishing appropriate succession plans could lead to a lack of knowledge, skills and experience required to effectively run our operations and execute our strategies and could negatively affect financial performance. The Company's overall priority on building and sustaining store people capability reflects the importance of mitigating this risk. In addition to compensation programs and investments in staff housing that are designed to attract and retain qualified personnel, the Company also continues to implement and refine initiatives such as comprehensive store-based manager-in-training programs.

In addition to employee development and retention risks related to the Company's retail operations, these risks also impact the Company's airline operations. Transport Canada issued new Canadian Airline Regulations ("CAR") with respect to pilot fatigue and flight duty times on December 12, 2018. The implementation of these new regulations are being phased in from December 2020 to December 2022 based on the type of aircraft.

These regulations have resulted in an increase in the number of pilots required by NSA which, combined with a Canada-wide shortage of pilots, may result in higher recruitment and compensation costs and have a negative impact on the Company's financial performance. Changes to flight schedules, operating schedules, fatigue management systems and employee recruiting, compensation and training programs are expected to help mitigate the impacts of the new regulations and employee development and retention risk.

Competition The Company has a leading market position in a large percentage of the markets it serves. Sustaining and growing this position depends on our ability to continually improve customer satisfaction while identifying and pursuing new sales opportunities. We actively monitor competitive activity and we are proactive in enhancing our value offer elements, ranging from in-stock position to service and pricing. To the extent that the Company is not effective in responding to consumer trends or enhancing its value offer, it could have a negative impact on financial performance. Furthermore, the entry of new competitors, an increase in competition, both local and outside the community, a significant expansion of E-Commerce, or the introduction of new products and services in the Company's markets could also negatively affect the Company's financial performance.

Cyber-security The Company relies on the integrity and continuous availability of its IT systems. In the ordinary course of business, the Company collects, processes, transmits and retains confidential and personal information (collectively "Confidential Information") regarding the Company and its customers, employees and suppliers. The Company's IT systems are exposed to the risks of "cyber-attack", including viruses that can disrupt, paralyze or prevent access to IT systems or result in unauthorized access to Confidential Information.

The Company has implemented security software and measures, including monitoring, testing and employee training, to prevent unauthorized access to its IT systems and Confidential Information, and to reduce the likelihood of disruptions, and continues to make investments in this area to mitigate cyber threats. Cyber-attacks are constantly evolving and are becoming more frequent and sophisticated in nature and there is a risk that the Company's security measures or its third party service providers' security measures, may be breached or unauthorized access may not be detected on a timely basis. Furthermore, employee error, faulty password management or malfeasance may result in unauthorized access to IT systems and Confidential Information. Any prolonged failure relating to IT system availability, breaches of IT system security, a significant loss of data, an impairment of data integrity or unauthorized access to Confidential Information, could adversely affect the financial performance, operations and reputation of the Company and may result in regulatory enforcement actions or litigation.

Community Relations A portion of the Company's sales are derived from communities and regions that restrict commercial land ownership and usage by non-indigenous or non-local owned businesses or which have enacted policies and regulations to support locally-owned businesses. We successfully operate within these environments through initiatives that promote positive community and customer relations. These include store lease arrangements with community-based development organizations and initiatives to recruit local residents into management positions and to incorporate community stakeholder advice into our business at all levels. Further information on community relations is provided under Corporate Social Responsibility and Sustainable Development on page 32. To the extent the Company is not successful in maintaining these relations or is unable to renew lease agreements with community-based organizations, or is subject to punitive fees or operating restrictions, it could have an adverse effect on the Company's reputation and financial performance.

Climate Change, Natural Disasters and Fire The Company's operations are exposed to extreme weather conditions ranging from blizzards to hurricanes, typhoons and cyclones which can cause loss of life, damage to or destruction of key stores and facilities, or temporary business disruptions. The stores located in the South Pacific, Caribbean and coastal areas of Alaska are also at risk of earthquakes and tsunamis which can result in loss of life and destruction of assets. The destruction of assets and the impact on the local economy resulting from these types of extreme weather conditions, particularly where more than one location is impacted, could have a material adverse effect on the operations and financial condition and performance of the Company. Severe weather conditions can also have a negative impact on NSA's operations by disrupting the transportation of merchandise and passengers.

The impact of warmer ocean water temperatures has increased the risk of frequency, severity and duration of hurricanes and typhoons especially in the northeastern Caribbean. Collectively the stores in this region have sales of $339 million and assets of $165 million for the year-ended January 31, 2022. In 2017, islands in this region were devastated by two category five hurricanes which resulted in the destruction of the Company's CUL store in St. Thomas and three RTW stores and significantly damaged a CUL store in St. Maarten. Rebuilding has significantly increased resiliency to future hurricanes however, these markets remain exposed to this risk.

The Company completed a specific climate-related risk management assessment of its stores in the northeastern Caribbean and upgraded its most hurricane-vulnerable stores to improve the building construction to a category five hurricane resiliency level. These improvements help mitigate the impact of hurricanes on the Company's stores however, there can be no certainty that the damage from hurricanes will not include significant damage to or loss of stores and warehouses. In addition, hurricanes can result in significant damage to or destruction of important infrastructure, including residences, which in turn may result in people relocating from an island. Any prolonged reduction in population in the communities the Company operates in could have a material impact on the financial performance of the Company.

Longer-term global warming conditions would also have a more pronounced effect, both positive and negative, on the Company's most northern latitude stores. On the downside, global warming will result in rising sea levels, which will cause flooding, and melting permafrost which could damage or destroy the Company's stores, warehouses and housing. The Company operates in 71 communities in northern Canada and 17 communities in Alaska that are potentially exposed to changes in permafrost. Collectively these stores have sales of $806 million and assets of $344 million for the year ended January 31, 2022. Rising sea levels and melting permafrost would also have the same negative impact on our customers which, combined with the potential damage to our facilities, could have a material adverse effect on the Company's operations, financial condition and performance. The Company has in-depth knowledge of and expertise in construction in northern markets and continues to incorporate new engineering and construction techniques in designing buildings and facilities to help mitigate the impact of changing permafrost conditions and minimize damage to the permafrost.

The Company relies upon the availability of winter roads to 40 communities in northern Canada. Global warming conditions may shorten or eliminate the availability of winter roads which would result in higher transportation costs to these remote locations. To the extent that higher transportation costs cannot be offset by other cost reductions or passed on through higher prices, this may result in lower operating margins which may have an adverse effect on the Company's financial performance. This risk related to the availability of winter roads is partially mitigated by the utilization of the Company's wholly-owned airline to transport merchandise to its stores.

On the upside, global warming could result in higher economic growth in the Company's northern markets and would reduce some operating expenses such as utility costs and enabling the Company to use lower-cost sealift year-round to transport merchandise to the Company's stores compared to higher cost air transportation.

The Company's stores in northern Canada and Alaska are exposed to the risk of wild fires and other fire related losses. In many of the Company's remote northern markets, there is limited fire fighting equipment and capability. In the event of a fire, there is a high risk of a complete loss of the building, equipment and inventory. In 2018, the Company had three fires in northern Canada which destroyed one store and significantly damaged two other stores. Two of the fires were caused by electrical malfunction and one was arson-related. The Company was able to re-open the stores with reduced selling square footage and a limited merchandise assortment while reconstruction and repairs were being completed. The Company completed an independent review of its fire mitigation policies and procedures to identify opportunities to improve fire prevention in its northern Canada stores and has upgraded facilities to reduce the risk of fire-related losses.

In addition to the risk mitigation activities previously noted, the Company also maintains insurance to help mitigate the impact of losses however, there can be no assurance that one or more large claims or that any given loss will be mitigated in all circumstances. Further information on insurance risk is provided below.

Logistics and Supply Chain The Company relies on a complex and elongated outbound supply chain due to the remoteness of the Company's stores. The delivery of merchandise to a substantial portion of the Company's stores involves multiple carriers and multiple modes of transportation including trucks, trains, aircraft, ships and barges through various ports and transportation hubs. The Company's reputation and financial performance can be negatively impacted by supply chain events or disruptions outside of the Company's control, including changes in foreign and domestic regulations which increase the cost of transportation; the quality of transportation infrastructure such as roads, ports and airports; labour disruptions at transportation companies; the impact of a pandemic, including COVID-19, that reduces or restricts transportation to the communities the Company serves; or the consolidation, financial difficulties or bankruptcy of transportation companies. To help mitigate these risks, the Company owns an airline, North Star Air Ltd., and has an investment in Transport Nanuk Inc., an arctic shipping company, which provides the Company with greater control over key components of our logistics network and service to our stores in northern Canada.

Economic Environment External factors which affect customer demand and personal disposable income, and over which the Company exercises no influence, include government fiscal health, general economic growth, changes in commodity prices, inflation, unemployment rates, personal debt levels, levels of personal disposable income, interest rates and foreign exchange rates. Changes in inflation rates and foreign exchange rates are unpredictable and may impact the cost of merchandise and the prices charged to consumers which in turn could negatively impact sales and net earnings.

Our largest customer segments derive most of their income directly or indirectly from government infrastructure spending or direct payment to individuals in the form of social assistance, child care benefits and old age security. While these tend to be stable sources of income, independent of economic cycles, a decrease in government income transfer payments to individuals, a recession, or a significant and prolonged decline in consumer spending could have an adverse effect on the Company's operations and financial performance.

Furthermore, customers in many of the Company's markets benefit from product cost subsidies through programs, such as Nutrition North Canada ("NNC"), the U.S. Supplemental Nutrition Assistance Program ("SNAP") and the by-pass mail system in Alaska, which contribute to lower living costs for eligible customers. A change in government policy could result in a reduction in financial support for these programs which would have a significant impact on the price of merchandise and consumer demand and could have an adverse effect on the Company's operations and financial condition.

A major source of employment income in the remote markets where the Company operates is generated from local government and spending on public infrastructure. This includes housing, schools, health care facilities, military facilities, roads and sewers. Local employment levels will fluctuate from year-to-year depending on the degree of infrastructure activity and a community's overall fiscal health. A similar fluctuating source of income is employment related to tourism and natural resource development. A significant or prolonged reduction in government transfers, spending on infrastructure projects, natural resource development and tourism spending would have a negative impact on consumer income which in turn could result in a decrease in sales and gross profit, particularly for more discretionary general merchandise items.

Management regularly monitors economic conditions and considers factors which can affect customer demand in making operating decisions and the development of strategic initiatives and long-range plans.

Business Model The Company sells a broad range of products and services across geographically and culturally diverse markets. Operational scale can be difficult to achieve and the complexity of the Company's business model is higher compared to more narrowly-focused or larger retailers. Management continuously assesses the strength of its customer value offer to ensure that specific markets, products and services are financially attractive. The Company continues to focus on simplifying work across the business, with an emphasis on store processes. To the extent the Company is not successful in developing and executing its strategies, it could have an adverse effect on the financial condition and performance of the Company.

Environmental The Company owns a large number of facilities and real estate, particularly in remote locations, and is subject to environmental risks associated with the contamination of such facilities and properties. The Company operates retail fuel outlets in a number of locations and uses fuel to heat stores and housing. The Company also has aviation fuel storage containers and operates aviation fuel dispensing equipment. Contamination resulting from gasoline, heating and aviation fuel is possible. The Company employs operating, training, monitoring and testing procedures to minimize the risk of contamination. The Company also operates refrigeration equipment in its stores and distribution centres which, if the equipment fails, could release gases that may be harmful to the environment. The Company has monitoring and preventative maintenance procedures to reduce the risk of this contamination occurring. Even with these risk mitigation policies and procedures, the Company could incur increased or unexpected costs related to environmental incidents and remediation activities, including litigation and regulatory compliance costs, all of which could have an adverse effect on the reputation and financial performance of the Company.

Laws, Regulations and Standards The Company is subject to various laws, regulations and standards administered by federal, provincial and foreign regulatory authorities, including but not limited to income, commodity and other taxes, securities laws, duties, currency repatriation, health and safety, employment standards and minimum wage laws, Payment Card Industry ("PCI") standards, anti-money laundering ("AML") regulations, licensing requirements, product packaging and labeling regulations and zoning laws. New accounting standards and pronouncements or changes in accounting standards may also impact the Company's financial results.

These laws, regulations and standards and their interpretation by various courts and agencies are subject to change. In the course of complying with such changes, the Company may incur significant costs. Failure by the Company to fully comply with applicable laws, regulations and standards could result in financial penalties, assessments, sanctions, loss of operating licenses or legal action that could have an adverse effect on the reputation and the financial performance of the Company.

The Company is also subject to various privacy laws and regulations regarding the protection of personal information of its customers and employees. Any failure in the protection of this information or non-compliance with laws or regulations could negatively affect the Company's reputation and financial performance.

A portion of the Company's sales and net earnings are derived from financial services and pharmacy operations, which are subject to laws, regulations and standards. Changes in legislation regarding financial services fees, including but not limited to ATM, pre-paid Visa card and cheque-cashing fees and fees earned on customer accounts receivable, could have an adverse impact on the Company's financial performance if other fees or offsetting cost reductions cannot be implemented. In Canada, on-going prescription drug reform, changes in dispensing fees, and the potential implementation of a national pharmacare system could have an adverse effect on the Company's financial performance if other fees or offsetting cost reductions cannot be implemented.

The airline industry is also subject to extensive legal, regulatory and administrative controls and oversight, including airline safety standards. Failure by the Company to comply with these laws, regulations and standards could result in the loss of operating licenses and could have an adverse effect on the Company's financial performance and reputation.

Furthermore, changes in legislation, including costs associated with recycling and disposal of consumer goods packaging and food waste, carbon taxes and the implementation of other greenhouse gas reduction initiatives and regulations related to transitioning to a low-carbon and more climate resilient future, could result in additional costs which could have a negative impact on the Company's financial performance if the Company is not able to fully pass on these additional costs to its customers or identify other offsetting cost reductions and efficiencies.

Food, Drug, Product and Service Safety The Company is exposed to risks associated with food and drug safety, product packaging, labelling, handling, storage and distribution, and general merchandise product defects. The Company also operates pharmacies and provides tele-pharmacy services and is subject to risks associated with the distribution of prescription drugs, errors made through medication dispensing or patient services and consultation. Food sales represent approximately 77% of total Company sales. A significant outbreak of a food-borne illness or food safety issues including food tampering or contamination, or increased public concerns with certain food products could have an adverse effect on the reputation and financial performance of the Company and could lead to unforeseen liabilities from legal claims. The Company has food preparation, handling, dispensing and storage procedures which help mitigate these risks.

The Company also has product recall procedures in place in the event of a food-borne illness outbreak or product defect. The existence of these procedures does not eliminate the underlying risks and the ability of these procedures to mitigate risk in the event of a food-borne illness or product recall is dependent on their successful execution.

Fuel and Utility Costs Compared to other retailers, the Company is more exposed to fluctuations in the price of energy, particularly oil. Due to the vast geography and remoteness of the store network, expenses related to aviation fuel, diesel-generated electricity and heating fuel costs are a more significant component of the Company's and its customers' expenses. To the extent that escalating fuel and utility costs cannot be offset by alternative energy sources, energy conservation practices or offsetting productivity gains, this may result in higher retail prices or lower operating margins which may affect the Company's financial performance. In this scenario, consumer retail spending could also be negatively affected by higher household energy-related expenses which could have an adverse effect on the Company's financial performance.

Social Social and political issues raise public awareness, perspectives and actions through protests and/or media campaigns. Issues that may relate to the Company's business include, but are not limited to food security, minimum wages, Indigenous rights, diversity and inclusion, local and ethical sourcing, nutritional labelling and the environment. Ineffective action or inaction on these matters could adversely affect the Company's reputation or financial performance.

Information Technology The Company relies on information technology ("IT") to support the current and future requirements of the business. A significant or prolonged disruption in the Company's current IT systems could negatively impact day-to-day operations of the business which could adversely affect the Company's financial performance and reputation.

The Company is in the process of completing the implementation of new point-of-sale and merchandise management systems which are described further in the strategy section under Initiative #4, Project Enterprise. In 2022, the Company will be implementing the merchandise management system in International Operations as part of Project Enterprise. The failure to successfully upgrade legacy systems, or to migrate from legacy systems to new IT systems, could have an adverse effect on the Company's operations, reputation and financial performance. There is also a risk that the anticipated benefits, cost savings or operating efficiencies related to upgrading or implementing new IT systems may not be realized which could adversely affect the Company's operations, financial performance or reputation. To help mitigate these risks, the Company uses a combination of specialized internal and external IT resources as well as a strong governance structure and disciplined project management.

The Company also depends on accurate and reliable information from its IT systems for decision-making and operating the business. As the volume of data and the complexity and integration of IT systems increases, there is a greater risk of errors in data or misinterpretation of the data which could negatively impact decision making and in turn, have an adverse effect on the Company's financial performance.

Insurance The Company manages its exposure to certain risks through an integrated insurance program which combines an appropriate level of self-insurance and the purchase of various insurance policies. The Company's insurance program is based on various lines and limits of coverage and is arranged with financially stable insurance companies as rated by professional rating agencies. Global insurance market conditions continue to be challenging as insurance companies limit their capacity for underwriting risks in certain geographic areas such as the Caribbean and northern Canada or in sectors such as aviation. Insurance companies that do provide coverage in these areas are requiring significantly higher insurance premiums and higher self-insured retention levels from companies. These factors are expected to continue to result in higher insurance costs and, changes in self-insured retention levels may result in greater earnings volatility in the event of future losses. There can be no assurance that the Company's insurance program will be sufficient to cover one or more large claims, or that any given risk will be mitigated in all circumstances. There can also be no assurance that the Company will be able to continue to purchase insurance coverage at reasonable rates or maintain its self-insured retention levels. To the extent that the Company's insurance policies do not provide sufficient coverage for a loss, it could have an adverse impact on the Company's operating results and financial condition.

Vendor and Third Party Service Partner Management The Company relies on a broad base of manufacturers, suppliers and operators of distribution facilities to provide goods and services. Events, such as a pandemic, or disruptions affecting these suppliers outside of the Company's control could in turn result in delays in the delivery of merchandise to the stores and therefore negatively impact the Company's reputation and financial performance. A portion of the merchandise the Company sells is purchased offshore which increases certain risks to the Company including risks associated with product safety and general merchandise product defects, products that do not meet the required standards or non-compliance with ethical and safe business practices. The Company uses offshore consolidators and sourcing agents to monitor product quality and ethical sourcing standards however, the Company does not have any direct influence over how these vendors and service partners are managed and there is no certainty that these risks can be completely mitigated in all circumstances.

NSA also relies upon suppliers and third party service partners for specialized aviation parts and aircraft maintenance services. A prolonged disruption affecting the supply of parts or provision of maintenance services could negatively impact the availability of aircraft to service the Company's customers, or result in higher than anticipated costs, which could have an adverse effect on the Company's financial performance and reputation.

Income Taxes In the ordinary course of business, the Company is subject to audits by tax authorities. The Company regularly reviews its compliance with tax legislation, filing positions, the adequacy of its tax provisions and the potential for adverse outcomes. While the Company believes that its tax filing positions are appropriate and supportable, the possibility exists that certain matters may be reviewed and challenged by the tax authorities. If the final outcome differs materially from the tax provisions, the Company's income tax expense and its earnings could be affected positively or negatively in the period in which the outcome is determined.

Litigation and Casualty Losses In the normal course of business, the Company is subject to a number of claims and legal actions that may be made by its customers, suppliers and others. The Company records a provision for litigation claims if management believes the Company has liability for such claim or legal action. If management's assessment of liability or the amount of any such claim is incorrect, or the Company is unsuccessful in defending its position, any difference between the final judgment amount and the provision would become an expense or a recovery in the period such claim was resolved.

Consistent with risks inherent in the aviation industry, NSA could be subject to large liability claims arising out of major accidents or disasters involving aircraft which can result in serious injury, death or destruction of property. Accidents and disasters may occur from factors outside of the Company's control such as severe weather, lightning strikes, wind shear and bird strikes. Any such accident or disaster could have a material adverse effect on the Company's reputation, results from operations and financial condition.

Management of Inventory Success in the retail industry depends on being able to select the right merchandise, in the correct quantities in proportion to the demand for such merchandise. A miscalculation of consumer demand for merchandise could result in having excess inventory for some products and missed sales opportunities for others which could have an adverse effect on operations and financial performance. Excess inventory may also result in higher markdowns or inventory shrinkage all of which could have an adverse effect on the financial performance of the Company.

Post-Employment Benefits The Company engages professional investment advisors to manage the assets in the defined benefit pension plans. The performance of the Company's pension plans and the plan funding requirements are impacted by the returns on plan assets, changes in the discount rate and regulatory funding requirements. If capital market returns are below the level estimated by management or if the discount rate used to value the liabilities of the plans decreases, the Company may be required to make contributions to its defined benefit pension plans in excess of those currently contemplated, which may have an adverse effect on the Company's financial performance.

The Company regularly monitors and assesses the performance of the pension plan assets and the impact of changes in capital markets, changes in plan member demographics, and other economic factors that may impact funding requirements, benefit plan expenses and actuarial assumptions. The Company makes cash contributions to the pension plan as required and also uses letters of credit to satisfy a portion of its funding obligations. Effective January 1, 2011, the Company entered into an amended and restated staff pension plan and added a defined contribution plan. Under the amended pension plan, all members who did not meet a qualifying threshold based on number of years in the pension plan and age were transitioned to the defined contribution pension plan effective January 1, 2011 and no longer accumulate years of service under the defined benefit pension plan. Effective January 1, 2022, the defined benefit pension plan for Canadian-based executives was closed to new members however, members prior to the closure will continue to accumulate service in the plan until the end of their employment. All of the Company's defined benefit pension plans are closed to new members and all new eligible employees will participate in the staff defined contribution plan. Further information on post-employment benefits is provided on page 33 and in Note 13 to the consolidated financial statements.

Dependence on Key Facilities There are five major distribution centres which are located in Winnipeg, Manitoba; Anchorage, Alaska; San Leandro, California; Port of Tacoma, Washington; and a third party managed facility in Fort Lauderdale, Florida. In addition, the Company's Canadian Operations support office is located in Winnipeg, Manitoba, NSA's support office is located in Thunder Bay, Ontario and the International Operations has support offices in Anchorage, Alaska and Boca Raton, Florida. A significant or prolonged disruption at any of these facilities due to fire, inclement weather or otherwise could have a material adverse effect on the financial performance of the Company.

Geopolitical Changes in the domestic or international political environment may impact the Company's ability to source and provide products and services. Acts of terrorism, riots, and political instability, especially in less developed markets, could have an adverse effect on the financial performance of the Company.

Ethical Business Conduct The Company has a Code of Business Conduct and Ethics policy which governs both employees and Directors. The Company also has a Whistleblower Policy that provides direct access to members of the Board of Directors. Unethical business conduct could negatively impact the Company's reputation and relationship with its customers, investors and employees, which in turn could have an adverse effect on the financial performance of the Company.

Financial Risks In the normal course of business, the Company is exposed to financial risks that have the potential to negatively impact its financial performance. The Company manages financial risk with oversight provided by the Board of Directors, who also approve specific financial transactions. The Company uses derivative financial instruments only to hedge exposures arising in respect of underlying business requirements and not for speculative purposes. These risks and the actions taken to minimize the risks are described below. Further information on the Company's financial instruments and associated risks are provided in Note 15 to the consolidated financial statements.

Credit Risk Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily in relation to individual and commercial accounts receivable. The Company manages credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. The Company does not have any individual customer accounts greater than 10% of total accounts receivable.

Liquidity Risk Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company manages liquidity risk by maintaining adequate credit facilities to fund operating requirements, pension plan contributions and planned sustaining and growth-related capital expenditures, and regularly monitoring actual and forecasted cash flow and debt levels. At January 31, 2022, the Company had undrawn committed revolving loan facilities available of $354.6 million (January 31, 2021 - $400.3 million). In March 2022, the Company increased the capacity on its revolving loan facilities in Canadian Operations from $300.0 million to $400.0 million and extended the maturity date to March 1, 2027 which further reduces liquidity risk. Further information on liquidity is provided in the Consolidated Liquidity and Capital Resources section.

Currency Risk Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk, primarily the U.S. dollar, through its net investment in International Operations and its U.S. dollar denominated borrowings. The Company manages its exposure to currency risk by hedging the net investment in foreign operations with a portion of U.S. dollar denominated borrowings as described in the Sources of Liquidity section. At January 31, 2022, the Company had US$70.6 million in U.S. denominated debt compared to US$140.8 million at January 31, 2021 and US$99.7 million at January 31, 2020. Further information on the impact of foreign exchange rates on the translation of U.S. denominated debt is provided in the Capital Structure section.

The Company is also exposed to currency risk relating to the translation of International Operations earnings to Canadian dollars. In 2021, the average exchange rate used to translate U.S. denominated earnings from the International Operations was 1.2526 compared to 1.3390 last year. The Canadian dollar's appreciation in 2021 compared to the U.S. dollar in 2020 negatively impacted consolidated net earnings by $3.6 million. In 2020, the average exchange rate was 1.3390 compared to 1.3246 in 2019 which resulted in an increase in 2020 consolidated net earnings of $0.5 million compared to 2019.

Interest Rate Risk Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its long-term borrowings. The Company manages exposure to interest rate risk though a combination of fixed and floating interest rate debt and may use interest rate swaps. Further information on long-term debt is provided in Note 12 to the consolidated financial statements. As at January 31, 2022, the Company had no outstanding interest rate swaps.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

The North West Company opened its first store in 1668 as a trading post in the Cree Nation of Waskaganish in northern Canada and many of our stores in northern Canada and Alaska have been in operation for over 200 years. Our continuing presence in the communities we serve is based on sustainable practices that reflect our adaptability and respect for the social license and underlying trust we must earn.

The Company's social responsibility and sustainability objectives are framed under the following four pillars:

- Stronger Communities;
- Better Quality of Life for our Customers;
- Empowered Employees; and
- Respect for the Environment.

A brief description of each pillar is as follows:

Stronger Communities We are committed to provide significant, meaningful social benefit to the diverse communities we serve. We believe that building strong, healthy and inclusive relationships through listening and collaboration is an approach that adds value for both the community and the Company in areas such as employment, capital investment and sponsorship.

Better Quality of Life for our Customers We are committed to provide reliable access to everyday products and services that meet the lifestyle needs of our customers and that are as affordable as possible. In addition, we advocate for inclusive policies and programs that improve the quality of life for the people and communities we serve. This goes to the heart of community and cultural sustainability and to our role in providing socio-economic benefits in the communities we serve.

Empowered Employees We are committed to enhance employee satisfaction and effectiveness through our Company values of customer service, trust, enterprising ideas, passion for what we do, accountability and personal balance. We strive to provide our diverse and talented employees with the best job experiences and opportunities, beginning with key roles in our stores.

Respect for the Environment We are committed to minimize our environmental footprint in a way that accommodates the conflicting realities of remote, costly-to-serve geographies populated by lower-income communities. We look for innovation across our business from efficient building design to eco-friendly energy alternatives and limiting product packaging and waste.

The Board of Directors are accountable for overseeing the Company's Corporate Social Responsibility and Sustainable Development initiatives which are integrated within the Company's risk management and strategic planning process. In addition to the information provided on climate change and environmental risk factors previously noted under Risk Management, further information on the Sustainability Report is available on the Company's website at *www.northwest.ca*.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. Judgment has been used in the application of accounting policy and to determine if a transaction should be recognized or disclosed in the consolidated financial statements while estimates and assumptions have been used to measure balances recognized or disclosed. These estimates, assumptions and judgments are based on management's historical experience, knowledge of current events, expectations of future outcomes and other factors that management considers reasonable under the circumstances. Certain of these estimates and assumptions require subjective or complex judgments by management about matters that are uncertain and changes in these estimates could materially impact the consolidated financial statements and disclosures. Management regularly evaluates the estimates and assumptions it uses and revisions are recognized in the period in which the estimates are reviewed and in any future periods affected. The areas that management believes involve a higher degree of judgment or complexity, or areas where the estimates and assumptions may have the most significant impact on the amounts recognized in the consolidated financial statements include the following:

Valuation of Accounts Receivable The Company records an allowance for doubtful accounts related to trade accounts receivable that may potentially be impaired. The Company recognizes loss allowances for expected credit losses ("ECL's") on accounts receivable. The change in ECL's is recognized in net earnings and reflected as an allowance against accounts receivable. The Company uses historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends. A significant change in one or more of these factors could impact the estimated allowances for doubtful accounts recorded in the consolidated balance sheets and the provisions for debt loss recorded in the consolidated statements of earnings. Additional information on the valuation of accounts receivable is provided in Note 5 and the Credit Risk section in Note 15 to the consolidated financial statements.

Valuation of Inventories Inventories are stated at the lower of cost and net realizable value. Significant estimation is required in: (1) the determination of margin factors used to convert inventory to cost; (2) recognizing merchandise for which the customer's perception of value has declined and appropriately marking the retail value of the merchandise down to the perceived value; and (3) estimating inventory losses, or shrinkage, occurring between the last physical count and the balance sheet date.

Inventory shrinkage is estimated as a percentage of sales for the period from the date of the last physical inventory count to the balance sheet date. The estimate is based on historical experience and the most recent physical inventory results. To the extent that actual losses experienced vary from those estimated, both inventories and cost of sales may be impacted.

Changes or differences in these estimates may result in changes to inventories on the consolidated balance sheets and a charge or credit to cost of sales in the consolidated statements of earnings. Additional information regarding inventories is provided in Note 6 to the consolidated financial statements.

Post-Employment Benefits The defined benefit plan obligations are accrued based on actuarial valuations which are dependent on assumptions determined by management. These assumptions include the discount rate used to calculate benefit plan obligations, the rate of compensation increase, retirement ages and mortality rates. These assumptions are reviewed by management and the Company's actuaries.

The discount rate used to calculate benefit plan obligations and the rate of compensation increase are the most significant assumptions. The discount rate used to calculate benefit plan obligations and plan asset returns is based on market interest rates, as at the Company's measurement date of January 31, 2022 on a portfolio of Corporate AA bonds with terms to maturity that, on average, matches the terms of the defined benefit plan obligations. The discount rate used to measure the benefit plan obligations for fiscal 2021 was 3.43% compared to 2.72% in 2020 and 2.75% in 2019. Management assumed a rate of compensation increase of 4.0% for fiscal 2019, 2020 and 2021.

These assumptions may change in the future and may result in material changes in the defined benefit plan obligation on the Company's consolidated balance sheets, the defined benefit plan expense on the consolidated statements of earnings and the net actuarial gains or losses recognized in comprehensive income and retained earnings. Changes in financial market returns and interest rates could also result in changes to the funding requirements of the Company's defined benefit pension plans. Additional information regarding the Company's post-employment benefits, including the sensitivity of a 100 basis point change in the discount rate, is provided in Note 13 to the consolidated financial statements.

Amortization of Long-lived Assets and Right-of-Use Assets The Company makes estimates about the expected useful lives of long-lived assets, including right-of-use assets and aircraft, the expected residual values of the assets and the most appropriate method to reflect the realization of the assets future economic benefit. This includes using judgment to determine which asset components constitute a significant cost in relation to the total cost of an asset. Changes to these estimates, which can be significant, could be caused by a variety of factors, including changes in expected useful lives or residual values, changes to maintenance programs and changes in utilization of the aircraft. Estimates and assumptions are evaluated at least annually and any adjustments are accounted for as a change in estimate, on a prospective basis, through amortization expense in the Company's consolidated statements of earnings.

Business Combinations The Company accounts for business combinations using the acquisition method of accounting which requires the acquired assets and assumed liabilities to be recorded at their estimated fair values. Judgment is required to determine the fair value of the assets and liabilities with the most significant judgment and assumptions required to determine the estimated fair values of intangible assets, particularly trade names.

The Company uses the royalty relief method to determine the fair value of the trade name intangible assets. This technique values the intangible assets based on the present value of the expected after-tax royalty cash flow stream using a hypothetical licensing arrangement. Significant assumptions include, among others, the determination of projected revenues, royalty rate, discount rates and anticipated average income tax rates.

Impairment of Long-lived Assets The Company assesses the recoverability of values assigned to long-lived assets after considering potential impairment indicated by such factors as business and market trends, future prospects, current market value and other economic factors. Judgment is used to determine if a triggering event has occurred requiring an impairment test to be completed. If there is an indication of impairment, the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. For tangible and intangible assets excluding goodwill, judgment is required to determine the CGU based on the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. To the extent that the carrying value exceeds the estimated recoverable amount, an impairment charge is recognized in the consolidated statements of earnings in the period in which it occurs.

Various assumptions and estimates are used to determine the recoverable amount of a CGU. The Company determines fair value less costs of disposal using estimates such as market rental rates for comparable properties, property appraisals and capitalization rates. The Company determines value in use based on estimates and assumptions regarding future financial performance. The underlying estimates for cash flows include estimates for future sales, gross margin rates and store expenses, and are based upon the stores' past and expected future performance. Changes which may impact future cash flows include, but are not limited to, competition, general economic conditions and increases in operating costs that cannot be offset by other productivity improvements. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a significant impact on the Company's consolidated balance sheets and consolidated statements of earnings.

Goodwill Goodwill is not amortized but is subject to an impairment test annually or whenever indicators of impairment are detected. Judgment is required to determine the appropriate grouping of CGUs for the purpose of testing for impairment. Judgment is also required in evaluating indicators of impairment which would require an impairment test to be completed. Goodwill is allocated to CGUs that are expected to benefit from the synergies of the related business combination and represents the lowest level within the Company at which goodwill is monitored for internal management purposes, which is both the Company's Canadian Operations and International Operations segments before aggregation.

The value of the goodwill was tested by means of comparing the recoverable amount of the operating segment to its carrying value. The recoverable amount is the greater of its value in use or its fair value less costs of disposal. The operating segment's recoverable amount was based on fair value less costs of disposal. A range of fair values was estimated by inferring enterprise values from the product of financial performance and comparable trading multiples. Values assigned to the key assumptions represent management's best estimates and have been based on data from both external and internal sources. Key assumptions used in the estimation of enterprise value include: budgeted financial performance, selection of market trading multiples and costs to sell. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a significant impact on the Company's consolidated balance sheets and consolidated statements of earnings.

The Company performed the annual goodwill impairment test in 2021 and determined that the recoverable amount exceeded its carrying value. No goodwill impairment was identified and management considers any reasonably foreseeable changes in key assumptions unlikely to produce a goodwill impairment.

Income and Other Taxes Deferred tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying values of assets and liabilities and their respective income tax bases. Deferred income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The calculation of current and deferred income taxes requires management to use judgment regarding the interpretation and application of tax legislation in the various jurisdictions in which the Company operates. The calculation of deferred income tax assets and liabilities is also impacted by estimates of future financial results, expectations regarding the timing of reversal of temporary differences, and assessing the possible outcome of audits of tax filings by the regulatory agencies.

Changes or differences in these estimates or assumptions may result in changes to the current or deferred income tax balances on the consolidated balance sheets, a charge or credit to income tax expense in the consolidated statements of earnings and may result in cash payments or receipts. Additional information on income taxes is provided in Note 10 to the consolidated financial statements.

Leases The values of right-of-use assets and lease liabilities are measured based on whether renewal options are reasonably certain of being exercised and an estimate of the incremental borrowing rate specific to each leased asset if the interest rate in the lease is not readily determined. The incremental borrowing rate for the Canadian and International Operations is determined based on the applicable corporate bond yield curve with an adjustment that reflects the security.

Promissory Note Receivable This financial asset includes management's estimate of the fair value of contingent consideration receivable for the sale of its Giant Tiger stores. Additional information on the promissory note receivable is included in Note 15 and Note 24 to the consolidated financial statements.

FUTURE ACCOUNTING STANDARDS

In May 2021, the International Accounting Standards Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12, *Income Taxes* (IAS 12). The amendments are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments narrowed the scope of the recognition exemption so that it no longer applies on initial recognition to transactions that give rise to equal taxable and deductible temporary differences, such as leases. The Company does not expect adoption of the standard to have a material impact on the Company's consolidated financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

NON-GAAP FINANCIAL MEASURES

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to the other financial measures determined in accordance with IFRS.

(1) Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA), Adjusted EBITDA and Adjusted Net Earnings are not recognized measures under IFRS. Management uses these non-GAAP financial measures to exclude the impact of certain income and expenses that must be recognized under IFRS. The excluded amounts are either subject to volatility in the Company's share price or may not necessarily be reflective of the Company's underlying operating performance. These factors can make comparisons of the Company's financial performance between periods more difficult. The Company may exclude additional items if it believes that doing so will result in a more effective analysis and explanation of the underlying financial performance. The exclusion of these items does not imply that they are non-recurring.

Reconciliation of consolidated net earnings to EBITDA and adjusted EBITDA

	Canada					
	Fourth Quarter			Year-to-date		
($ in thousands)	**2021**	2020	2019	**2021**	2020	2019
EBIT	**$ 36,276**	$ 38,444	$ 17,642	**$ 153,328**	$ 144,141	$ 77,376
Add:						
Amortization	**15,932**	14,947	16,759	**61,881**	62,357	62,983
EBITDA	**$ 52,208**	$ 53,391	$ 34,401	**$ 215,209**	$ 206,498	$ 140,359
Gain on insurance settlement	**(9,492)**	(5,306)	(3,205)	**(18,124)**	(5,306)	(7,514)
Share-based compensation expense	**3,268**	2,262	136	**10,136**	20,007	3,025
Gain on disposition of Giant Tiger stores	**—**	—	—	**—**	(24,712)	—
Giant Tiger asset impairment and store closure provision	**—**	—	—	**—**	9,411	—
Adjusted EBITDA	**$ 45,984**	$ 50,347	$ 31,332	**$ 207,221**	$ 205,898	$ 135,870

	International (Stated in U.S. dollars)					
	Fourth Quarter			Year-to-date		
($ in thousands)	**2021**	2020	2019	**2021**	2020	2019
EBIT	**$ 10,456**	$ 8,492	$ 6,939	**$ 53,566**	$ 48,699	$ 39,995
Add:						
Amortization	**5,880**	5,707	5,273	**23,220**	22,194	19,813
EBITDA	**$ 16,336**	$ 14,199	$ 12,212	**$ 76,786**	$ 70,893	$ 59,808
Gain on insurance settlement	**—**	—	—	**—**	—	(8,000)
Share-based compensation expense	**274**	473	41	**1,371**	1,856	395
Adjusted EBITDA	**$ 16,610**	$ 14,672	$ 12,253	**$ 78,157**	$ 72,749	$ 52,203

	Consolidated					
	Fourth Quarter			Year-to-date		
($ in thousands)	**2021**	2020	2019	**2021**	2020	2019
EBIT	**$ 49,588**	$ 49,114	$ 26,734	**$ 220,425**	$ 209,349	$ 130,353
Add:						
Amortization	**23,376**	22,296	23,699	**90,950**	92,078	89,222
EBITDA	**$ 72,964**	$ 71,410	$ 50,433	**$ 311,375**	$ 301,427	$ 219,575
Gain on insurance settlement	**(9,492)**	(5,306)	(3,205)	**(18,124)**	(5,306)	(18,170)
Share-based compensation expense	**3,615**	2,871	190	**11,854**	22,495	3,550
Gain on disposition of Giant Tiger stores	**—**	—	—	**—**	(24,712)	—
Giant Tiger asset impairment and store closure provision	**—**	—	—	**—**	9,411	—
Adjusted EBITDA	**$ 67,087**	$ 68,975	$ 47,418	**$ 305,105**	$ 303,315	$ 204,955

Reconciliation of consolidated net earnings to adjusted net earnings:

	Fourth Quarter			Year-to-Date		
($ in thousands)	**2021**	2020	2019	**2021**	2020	2019
Net earnings	**$ 35,608**	$ 32,832	$ 17,263	**$ 157,451**	$ 143,560	$ 86,273
Gain on insurance settlement, net of tax	**(6,152)**	(4,460)	(2,340)	**(13,275)**	(4,460)	(13,887)
Share-based compensation expense, net of tax	**2,875**	2,106	305	**9,234**	18,855	2,991
Gain on disposition of Giant Tiger stores, net of tax	**—**	—	—	**—**	(19,991)	—
Giant Tiger asset impairment and store closure provision, net of tax	**—**	—	—	**—**	6,874	—
Adjusted Net Earnings	**$ 32,331**	$ 30,478	$ 15,228	**$ 153,410**	$ 144,838	$ 75,377

The Company recorded gains on insurance claims. These gains were due to the difference between the replacement cost of the assets destroyed and their book value and also for the recovery of business interruption losses on certain insurance claims.

Certain share-based compensation costs are presented as liabilities on the Company's consolidated balance sheets. The Company is exposed to market price fluctuations in its share price through these share-based compensation costs. These liabilities are recorded at fair value at each reporting date based on the market price of the Company's shares at the end of each reporting period with the changes in fair value recorded in selling, operating and administrative expenses. Further information on share-based compensation is provided in Note 14 and Note 18 to the consolidated financial statements.

Further information on the gain on the disposition of Giant Tiger stores and the Giant Tiger asset impairment and store closure expense is provided in the Consolidated Results section and in Note 24 to the consolidated financial statements.

(2) Return on Net Assets (RONA) is not a recognized measure under IFRS. Management believes that RONA is a useful measure to evaluate the financial return on the net assets used in the business. RONA is calculated as earnings from operations (EBIT) for the year divided by average monthly net assets. The following table reconciles net assets used in the RONA calculation to IFRS measures reported in the consolidated financial statements as at January 31 for the following fiscal years:

($ in millions)	**2021**	2020	2019
Total assets	**$ 1,219.3**	$ 1,191.2	$ 1,215.5
Less: Total liabilities	**(639.1)**	(685.9)	(788.6)
Add: Total debt and lease liabilities	**349.7**	402.0	550.1
Net Assets Employed	**$ 929.9**	$ 907.3	$ 977.0

(3) Return on Average Equity (ROE) is not a recognized measure under IFRS. Management believes that ROE is a useful measure to evaluate the financial return on the amount invested by shareholders. ROE is calculated by dividing net earnings for the year by average monthly total shareholders' equity. There is no directly comparable IFRS measure for return on equity.

GLOSSARY OF TERMS & ABBREVIATIONS

AC Alaska Commercial Company store banner.

Basic earnings per share Net earnings attributable to shareholders of The North West Company Inc. divided by the weighted-average number of shares outstanding during the period.

Basis point A unit of measure that is equal to 1/100th of one percent.

Book value per share Equity attributable to shareholders of The North West Company Inc. divided by the number of shares, basic or diluted, outstanding at the end of the year.

B-to-B Business to business sales.

B-to-C Business to consumer sales.

Compound Annual Growth Rate ("CAGR") The compound annual growth rate is the year-over-year percentage growth rate over a given period of time.

Conversion to a Share Corporation On January 1, 2011, the North West Company Fund (the "Fund") completed a conversion to a corporation named The North West Company Inc. (the "Company") by way of a plan of arrangement under section 192 of the Canada Business Corporations Act. The details of the conversion and the Arrangement are contained in the management information circular dated April 29, 2010 which is available on the Company's website at *www.northwest.ca* or on SEDAR at *www.sedar.com*.

The MD&A contains references to "shareholders", "shares" and "dividends" which were previously referred to as "unitholders", "units" and "distributions" under the Fund.

CUL Cost-U-Less store banner.

Debt covenants Restrictions written into banking facilities, senior notes and loan agreements that prohibit the Company from taking actions that may negatively impact the interests of the lenders.

Debt loss An expense resulting from the estimated loss on potentially uncollectible accounts receivable.

Debt-to-equity ratio Provides information on the proportion of debt and equity the Company is using to finance its operations and is calculated as total debt divided by shareholders' equity.

Diluted earnings per share The amount of net earnings for the period attributable to shareholders of The North West Company Inc. divided by the weighted-average number of shares outstanding during the period including the impact of all potential dilutive outstanding shares at the end of the period.

EBIT (Earnings From Operations) Net earnings before interest and income taxes provides an indication of the Company's performance prior to interest expense and income taxes.

EBIT margin EBIT divided by sales.

EBITDA Net earnings before interest, income taxes, depreciation and amortization provides an indication of the Company's operational performance before allocating the cost of interest, income taxes and capital investments. See Non-GAAP Financial Measures section.

EBITDA margin EBITDA divided by sales.

Fair value The amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Gross profit Sales less cost of goods sold and inventory shrinkage.

Gross profit rate Gross profit divided by sales.

GT Giant Tiger store banner.

Hedge A risk management technique used to manage interest rate, foreign currency exchange or other exposures arising from business transactions.

Interest coverage Net earnings before interest and income taxes divided by interest expense.

IFRS (International Financial Reporting Standards) Effective for the 2011 fiscal year, the consolidated financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Comparative financial information for the year ended January 31, 2011 ("2010") previously reported in the consolidated financial statements prepared in accordance with CGAAP has been restated in accordance with the accounting policies and financial statement presentation adopted under IFRS. Further information on the transition to IFRS and the impact on the Company's consolidated financial statements is provided in the 2011 Annual Financial Report available on SEDAR at *www.sedar.com* or on the Company's website at *www.northwest.ca*.

NSA North Star Air Ltd., a regional airline providing cargo and passenger services.

Return on Average Equity ("ROE") Net earnings divided by average shareholders' equity. See Non-GAAP Financial Measures section.

Return on Net Assets ("RONA") Net earnings before interest and income taxes divided by average net assets employed (total assets less accounts payable and accrued liabilities, income taxes payable, defined benefit plan obligations, deferred tax liabilities, and other long-term liabilities). See Non-GAAP Financial Measures section.

RTW Roadtown Wholesale Trading Ltd. collectively consisting of the Riteway Food Markets banner, a Cash and Carry store and a significant wholesale operation.

Same store sales Retail food and general merchandise sales from stores that have been open more than 52 weeks in the periods being compared, excluding the impact of foreign exchange. Total same store sales consists of retail food and general merchandise sales and excludes other sales.

Working capital Total current assets less total current liabilities.

Year The fiscal year ends on January 31. Each fiscal year has 365 days of operations with the exception of a "leap year" which has 366 days of operations as a result of February 29. The following table summarizes the fiscal year:

Fiscal Year	Year-ended	Fiscal Year	Year-ended
2021	January 31, 2022	2015	January 31, 2016
2020	January 31, 2021	2014	January 31, 2015
2019	January 31, 2020	2013	January 31, 2014
2018	January 31, 2019	2012	January 31, 2013
2017	January 31, 2018	2011	January 31, 2012
2016	January 31, 2017	2010	January 31, 2011

Eleven-Year Financial Summary

Fiscal Year ($ in thousands)	**2021**	2020	2019	2018[1]	2017 [1]
Consolidated Statements of Earnings					
Sales - Canadian Operations	**$1,291,139**	$ 1,376,188	$ 1,271,552	$1,246,133	$1,199,473
Sales - International Operations	**957,657**	983,051	822,841	767,353	785,649
Sales - Total	**2,248,796**	2,359,239	2,094,393	2,013,486	1,985,122
EBITDA[2] - Canadian Operations	**215,209**	206,498	140,359	130,399	112,393
EBITDA[2] - International Operations	**96,166**	94,929	79,216	87,623	57,231
EBITDA[2] - Total Operations	**311,375**	301,427	219,575	218,022	169,624
Amortization - Canadian Operations	**61,881**	62,357	62,983	57,577	39,796
Amortization - International Operations	**29,069**	29,721	26,239	24,444	15,857
Amortization - Total	**90,950**	92,078	89,222	82,021	55,653
Interest	**13,058**	16,808	20,948	19,640	10,145
Income taxes	**49,916**	48,981	23,132	25,738	34,135
Net earnings attributable to shareholders of the Company	**154,802**	139,874	82,724	86,739	67,154
Cash flow from operating activities	**224,135**	338,718	161,117	155,725	141,419
Dividends/distributions paid during the year	**70,420**	67,276	64,351	62,329	62,315
Capital and intangible asset expenditures	**94,070**	75,244	121,605	103,219	122,035
Net change in cash	**(22,110)**	43,349	(10,261)	13,288	(5,083)
Consolidated Balance Sheets					
Current assets	**$ 403,358**	$ 396,860	$ 399,593	$ 376,297	$ 335,003
Property and equipment	**554,457**	531,794	555,075	514,946	469,993
Right-of-use assets	**100,844**	107,766	127,870	127,794	—
Promissory note receivable	**40,283**	49,020	—	—	—
Other assets, intangible assets and goodwill	**98,585**	98,440	104,765	96,119	91,502
Deferred tax assets	**21,746**	7,288	28,233	34,705	34,450
Current liabilities	**294,490**	315,135	194,084	196,938	171,212
Long-term debt and other liabilities	**344,579**	370,802	594,482	541,907	377,580
Total Equity	**580,204**	505,231	426,970	411,016	382,156
Consolidated Dollar Per Share/Unit ($)					
Net earnings - basic	**$ 3.21**	$ 2.87	$ 1.70	$ 1.78	$ 1.38
Net earnings - diluted	**3.16**	2.82	1.68	1.77	1.36
EBITDA[2],[3]	**6.45**	6.18	4.50	4.47	3.48
Cash flow from operating activities[3]	**4.64**	6.95	3.30	3.19	2.91
Dividends/distributions paid during the year[3]	**1.46**	1.38	1.32	1.28	1.28
Equity (basic shares/units outstanding end of year)	**12.12**	10.39	8.76	8.43	7.60
Market price at January 31	**35.05**	32.37	27.56	31.17	29.14
Statistics at Year End					
Number of stores - Canadian	**161**	159	198	193	188
Number of stores - International	**55**	53	51	52	51
Selling square feet (000's) end of year - Canadian Stores	**998**	986	1,617	1,571	1,552
Selling square feet (000's) end of year - International Stores	**677**	667	662	669	668
Sales per average selling square foot - Canadian	**$ 1,302**	$ 1,057	$ 798	$ 798	$ 781
Sales per average selling square foot - International	**$ 1,425**	$ 1,479	$ 1,236	$ 1,148	$ 1,169
Number of employees - Canadian Operations	**4,926**	4,735	5,587	5,672	5,915
Number of employees - International Operations	**2,598**	2,204	2,046	2,253	2,119
Average shares/units outstanding (000's)	**48,268**	48,758	48,751	48,697	48,680
Shares/Units outstanding at end of fiscal year (000's)	**47,879**	48,613	48,751	48,751	48,690
Shares/Units traded during the year (000's)	**50,474**	60,827	45,013	46,269	38,836
Financial Ratios					
EBITDA[2] (%)	**13.8**	12.8	10.5	10.8	8.5
Earnings from operations (EBIT) (%)	**9.8**	8.9	6.2	6.8	5.7
Total return on net assets[2] (%)	**23.8**	22.4	13.5	15.3	16.7
Return on average equity[2] (%)	**29.0**	30.7	20.5	23.2	18.3
Debt-to-equity	**.41:1**	.56:1	.96:1	.89:1	.82:1
Dividends/distributions as % of cash flow from operating activities	**31.4**	19.9	39.9	40.0	44.1
Inventory turnover (times per year)	**6.3**	7.1	5.8	6.0	6.0

(1) IFRS 16 - *Leases* was applied retrospectively with restatement of certain prior year figures as described in Accounting Standard Changes Implemented in 2019 as disclosed in the 2019 Annual Report. Amounts prior to 2018 have not been restated for IFRS 16. Certain 2017 amounts have been restated upon the adoption of IFRS 15. Amounts prior to 2017 have not been restated for IFRS 15.

(2) See Non-GAAP Financial Measures on page 35.

2016	2015	2014	2013	2012	2011	Fiscal Year ($ in thousands)
						Consolidated Statements of Earnings
$1,125,330	$1,089,898	$1,042,168	$1,022,985	$1,043,050	$1,028,396	Sales - Canadian Operations
718,763	706,137	582,232	520,140	470,596	466,740	Sales - International Operations
1,844,093	1,796,035	1,624,400	1,543,125	1,513,646	1,495,136	Sales - Total
109,736	98,276	100,896	111,225	106,510	97,998	EBITDA(2) - Canadian Operations
56,762	53,071	36,942	27,111	27,207	27,883	EBITDA(2) - International Operations
166,498	151,347	137,838	138,336	133,717	125,881	EBITDA(2) - Total Operations
35,291	31,781	30,302	29,258	29,155	28,745	Amortization - Canadian Operations
13,076	12,245	10,070	9,018	7,994	7,827	Amortization - International Operations
48,367	44,026	40,372	38,276	37,149	36,572	Amortization - Total
7,220	6,210	6,673	7,784	6,979	6,026	Interest
33,835	31,332	27,910	28,013	25,701	25,322	Income taxes
77,076	69,779	62,883	64,263	63,888	57,961	Net earnings attributable to shareholders of the Company
126,024	132,987	115,086	79,473	128,992	115,469	Cash flow from operating activities
60,169	58,210	56,180	54,229	50,320	50,797	Dividends/distributions paid during the year
77,745	75,983	52,329	43,207	51,133	46,376	Capital and intangible asset expenditures
(7,000)	8,114	6,776	(16,322)	11,691	(4,247)	Net change in cash
						Consolidated Balance Sheets
$ 327,938	$ 335,581	$ 315,840	$ 299,071	$ 303,896	$ 295,836	Current assets
358,121	345,881	311,692	286,875	274,027	270,370	Property and equipment
—	—	—	—	—	—	Right-of-use assets
—	—	—	—	—	—	Promissory note receivable
86,909	83,293	68,693	64,969	60,567	53,289	Other assets, intangible assets and goodwill
32,853	29,040	28,074	19,597	12,904	7,422	Deferred tax assets
152,244	155,501	146,275	209,738	190,184	128,002	Current liabilities
285,792	280,682	248,741	138,334	164,960	215,206	Long-term debt and other liabilities
367,785	357,612	329,283	322,440	296,250	283,709	Total equity
						Consolidated Dollar Per Share/Unit ($)
$ 1.59	$ 1.44	$ 1.30	$ 1.33	$ 1.32	$ 1.20	Net earnings - basic
1.57	1.43	1.29	1.32	1.32	1.19	Net earnings - diluted
3.43	3.12	2.85	2.86	2.76	2.60	EBITDA(2),(3)
2.60	2.74	2.38	1.64	2.67	2.39	Cash flow from operating activities(3)
1.24	1.20	1.16	1.12	1.04	1.05	Dividends/distributions paid during the year(3)
7.57	7.37	6.80	6.66	6.12	5.86	Equity (basic shares/units outstanding at end of year)
29.28	30.53	26.56	25.42	23.14	19.40	Market price at January 31
						Statistics at Year End
185	181	178	178	177	183	Number of stores - Canadian
47	47	47	48	46	46	Number of stores - International
1,518	1,463	1,422	1,386	1,375	1,466	Selling square feet (000's) end of year - Canadian Stores
676	676	676	696	660	655	Selling square feet (000's) end of year - International Stores
$ 755	$ 756	$ 742	$ 741	$ 734	$ 702	Sales per average selling square foot - Canadian
$ 1,063	$ 1,045	$ 849	$ 767	$ 716	$ 713	Sales per average selling square foot - International
5,715	5,482	4,921	4,839	4,768	5,233	Number of employees - Canadian Operations
1,882	1,896	1,726	1,853	1,568	1,668	Number of employees - International Operations
48,524	48,509	48,432	48,413	48,384	48,378	Average shares/units outstanding (000's)
48,542	48,523	48,497	48,426	48,389	48,378	Shares/Units outstanding at end of fiscal year (000's)
49,189	35,631	24,080	17,623	17,831	22,418	Shares/Units traded during the year (000's)
						Financial Ratios
9.0	8.4	8.5	9.0	8.8	8.4	EBITDA(2) (%)
6.4	6.0	6.0	6.5	6.4	6.0	Earnings from operations (EBIT) (%)
20.1	19.5	18.4	20.0	20.6	18.5	Total return on net assets(2) (%)
21.8	20.6	19.3	21.0	22.1	20.1	Return on average equity(2) (%)
.62:1	.63:1	.61:1	.57:1	.55:1	.62:1	Debt-to-equity
47.7	43.8	48.8	68.2	39.0	44.0	Dividends/distributions as % of cash flow from operating activities
6.1	6.2	5.7	5.6	5.8	5.7	Inventory turnover (times per year)

(3) Based on average basic shares/units outstanding.

Management's Responsibility for Financial Statements

The management of The North West Company Inc. is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements and all other information in the annual report. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain amounts that are based on reasonable estimates and judgment by management.

In order to meet its responsibility and ensure integrity of financial information, management has established a code of business ethics, and maintains appropriate internal controls and accounting systems. An internal audit function is maintained that is designed to provide reasonable assurance that assets are safeguarded, transactions are authorized and recorded and that the financial records are reliable.

Ultimate responsibility for financial reporting to shareholders rests with the Board of Directors. The Audit Committee of the Board of Directors, consisting of independent Directors, meets periodically with management and with the internal and external auditors to review the audit results, internal controls and the selection and consistent application of appropriate accounting policies. Internal and external auditors have unlimited access to the Audit Committee. The Audit Committee meets separately with management and the external auditors to review the consolidated financial statements and other contents of the annual report and recommend approval by the Board of Directors. The Audit Committee also recommends the independent auditor for appointment by the shareholders.

PricewaterhouseCoopers LLP, an independent firm of auditors appointed by the shareholders, have completed their audit in accordance with Canadian generally accepted audited standards and submitted their report as follows.

Daniel G. McConnell
PRESIDENT & CEO
THE NORTH WEST COMPANY INC.

John D. King, CPA, CA, CMA
EXECUTIVE VICE-PRESIDENT &
CHIEF FINANCIAL OFFICER
THE NORTH WEST COMPANY INC.

April 13, 2022

Independent auditor's report

To the Shareholders of The North West Company Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The North West Company Inc. and its subsidiaries (together, the Company) as at January 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at January 31, 2022 and 2021;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
Richardson Building, One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020

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 January 31, 2022. 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	How our audit addressed the key audit matter
Inventories *Refer to note 3 – Significant accounting policies and note 6 – Inventories to the consolidated financial statements.* As at January 31, 2022, the Company held inventories of $248 million at warehouses and stores. Inventories are valued at the lower of cost and net realizable value. The cost of warehouse inventories is determined using the weighted-average cost method. The cost of retail inventories is determined using the retail method of accounting for general merchandise inventories and the weighted-average cost method for food inventories. Net realizable value is estimated based on the amount at which inventories are expected to be sold, taking into consideration decreases in retail prices due to obsolescence, damage or seasonality. Valuing inventories requires management to use judgment and estimates related to the determination of margin factors used to convert inventory to cost, future retail sales prices and reductions, inventory losses or shrinkage during periods between the last physical inventory count and the balance sheet date. We considered this a key audit matter due to the magnitude of the inventories balance, the judgment by management in determining the value of inventories, and the audit effort involved in testing the inventories balance at year-end.	Our approach to addressing the matter included the following procedures, among others: • Tested the operating effectiveness of relevant controls relating to the inventory valuation process, including management's estimate of the inventory provision. • Tested the operating effectiveness of relevant controls relating to the physical inventory count process and observed the physical inventory count process for a sample of stores and warehouses during the year and performed independent test counts. • For a sample of inventory items at year-end, tested the underlying data to purchase invoices. • For a sample of general merchandise inventory items valued using the retail method of accounting at year-end, tested the underlying data to most recent retail selling prices. • For a sample of general merchandise inventory items valued using the retail method of accounting at year-end, tested the underlying data used by management and evaluated the reasonableness of the margin factors applied to convert inventories to cost. • Tested that inventories at year-end were recorded at the lower of cost and net realizable value by comparing a sample of inventory items to the most recent retail selling prices of the inventory items.

Key audit matter	How our audit addressed the key audit matter
	• Tested that inventories at year-end were recorded in the correct period by comparing a sample of inventory purchases before and after year-end to receiving documents and purchase invoices. • Tested how management estimated the inventory provision at year-end; evaluated the appropriateness of management's inventory provisioning method; tested the underlying data; and evaluated the reasonableness of the assumptions used by management by assessing the percentage of shrinkage based on actual results from the physical inventory counts performed during the year and historical percentage of shrinkage.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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 Patrick Green.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
April 13, 2022

Consolidated Balance Sheets

($ in thousands)	January 31, 2022	January 31, 2021
CURRENT ASSETS		
Cash	**$ 49,426**	$ 71,536
Accounts receivable (Note 5)	**99,241**	91,443
Inventories (Note 6)	**247,988**	226,962
Prepaid expenses	**6,703**	6,919
	403,358	396,860
NON-CURRENT ASSETS		
Property & Equipment (Note 7)	**554,457**	531,794
Right-of-use assets (Note 8)	**100,844**	107,766
Promissory note receivable (Note 24)	**40,283**	49,020
Goodwill (Note 9)	**48,502**	48,263
Intangible assets (Note 9)	**34,094**	36,151
Deferred tax asset (Note 10)	**21,746**	7,288
Other assets (Note 11)	**15,989**	14,026
	815,915	794,308
TOTAL ASSETS	**$ 1,219,273**	$ 1,191,168
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 221,319**	$ 205,202
Current portion of long-term debt (Note 12)	**46,262**	90,456
Current portion of lease liabilities (Note 8)	**18,055**	16,393
Income tax payable (Note 10)	**8,854**	3,084
	294,490	315,135
NON-CURRENT LIABILITIES		
Long-term debt (Note 12)	**189,378**	190,966
Lease liabilities (Note 8)	**96,015**	104,226
Defined benefit plan obligation (Note 13)	**21,714**	38,446
Deferred tax liability (Note 10)	**14,483**	12,488
Other long-term liabilities	**22,989**	24,676
	344,579	370,802
TOTAL LIABILITIES	**639,069**	685,937
SHAREHOLDERS' EQUITY		
Share capital (Note 16)	**173,081**	174,213
Contributed surplus	**12,530**	13,394
Retained earnings	**355,674**	282,088
Accumulated other comprehensive income	**22,350**	21,605
Equity attributable to The North West Company Inc.	**563,635**	491,300
Non-controlling interests	**16,569**	13,931
TOTAL EQUITY	**580,204**	505,231
TOTAL LIABILITIES & EQUITY	**$ 1,219,273**	$ 1,191,168

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors

"Annalisa King" — DIRECTOR

"H. Sanford Riley" — DIRECTOR

Consolidated Statements of Earnings

($ in thousands, except per share amounts)	**Year Ended January 31, 2022**	Year Ended January 31, 2021
SALES	**$ 2,248,796**	$ 2,359,239
Cost of sales	**(1,511,045)**	(1,584,686)
Gross profit	**737,751**	774,553
Selling, operating and administrative expenses (Notes 17, 18)	**(517,326)**	(565,204)
Earnings from operations	**220,425**	209,349
Interest expense (Note 19)	**(13,058)**	(16,808)
Earnings before income taxes	**207,367**	192,541
Income taxes (Note 10)	**(49,916)**	(48,981)
NET EARNINGS FOR THE YEAR	**$ 157,451**	$ 143,560
NET EARNINGS ATTRIBUTABLE TO		
The North West Company Inc.	**$ 154,802**	$ 139,874
Non-controlling interests	**2,649**	3,686
TOTAL NET EARNINGS	**$ 157,451**	$ 143,560
NET EARNINGS PER SHARE (Note 21)		
Basic	**$ 3.21**	$ 2.87
Diluted	**$ 3.16**	$ 2.82
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING (000's)		
Basic	**48,268**	48,758
Diluted	**49,034**	49,526

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

($ in thousands)	**Year Ended January 31, 2022**	Year Ended January 31, 2021
NET EARNINGS FOR THE YEAR	**$ 157,451**	$ 143,560
Other comprehensive income/(loss), net of tax:		
Items that may be reclassified to net earnings:		
Exchange differences on translation of foreign controlled subsidiaries	**734**	677
Items that will not be subsequently reclassified to net earnings:		
Remeasurements of defined benefit plans (Note 13)	**14,174**	3,747
Remeasurements of defined benefit plans of equity investee	**202**	(143)
Total other comprehensive income, net of tax	**15,110**	4,281
COMPREHENSIVE INCOME FOR THE YEAR	**$ 172,561**	$ 147,841
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO		
The North West Company Inc.	**$ 15,121**	$ 4,894
Non-controlling interests	**(11)**	(613)
TOTAL OTHER COMPREHENSIVE INCOME	**$ 15,110**	$ 4,281
COMPREHENSIVE INCOME ATTRIBUTABLE TO		
The North West Company Inc.	**$ 169,923**	$ 144,768
Non-controlling interests	**2,638**	3,073
TOTAL COMPREHENSIVE INCOME	**$ 172,561**	$ 147,841

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

($ in thousands)	Share Capital	Contributed Surplus	Retained Earnings	AOCI [1]	Total	Non-Controlling Interests	Total Equity
Balance at January 31, 2021	$ 174,213	$ 13,394	$ 282,088	$ 21,605	$ 491,300	$ 13,931	$ 505,231
Net earnings for the year	—	—	154,802	—	154,802	2,649	157,451
Other comprehensive income/(loss)	—	—	14,174	745	14,919	(11)	14,908
Other comprehensive income of equity investee	—	—	202	—	202	—	202
Comprehensive income	—	—	169,178	745	169,923	2,638	172,561
Purchased and cancelled (Note 16)	(2,892)	—	(25,172)	—	(28,064)	—	(28,064)
Equity settled share-based payments (Note 14)	(29)	80	—	—	51	—	51
Dividends (Note 20)	—	—	(70,420)	—	(70,420)		(70,420)
Issuance of common shares (Note 16)	1,789	(944)	—	—	845	—	845
	(1,132)	(864)	(95,592)	—	(97,588)	—	(97,588)
Balance at January 31, 2022	**$173,081**	**$ 12,530**	**$ 355,674**	**$22,350**	**$563,635**	**$ 16,569**	**$580,204**
Balance at January 31, 2020	$ 173,681	$ 8,650	$ 211,252	$ 20,315	$ 413,898	$ 13,072	$ 426,970
Net earnings for the year	—	—	139,874	—	139,874	3,686	143,560
Other comprehensive income/(loss)	—	—	3,747	1,290	5,037	(613)	4,424
Other comprehensive loss of equity investee	—	—	(143)	—	(143)	—	(143)
Comprehensive income	—	—	143,478	1,290	144,768	3,073	147,841
Purchased and cancelled (Note 16)	(648)	—	(5,366)	—	(6,014)	—	(6,014)
Equity settled share-based payments (Note 14)	—	5,015	—	—	5,015	—	5,015
Dividends (Note 20)	—	—	(67,276)	—	(67,276)	(2,214)	(69,490)
Issuance of common shares (Note 16)	1,180	(271)	—	—	909	—	909
	532	4,744	(72,642)	—	(67,366)	(2,214)	(69,580)
Balance at January 31, 2021	$ 174,213	$ 13,394	$ 282,088	$ 21,605	$ 491,300	$ 13,931	$ 505,231

(1) Accumulated Other Comprehensive Income

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

($ in thousands)	**Year Ended January 31, 2022**	Year Ended January 31, 2021
CASH PROVIDED BY (USED IN)		
Operating activities		
Net earnings for the year	**$ 157,451**	$ 143,560
Adjustments for:		
Amortization (Notes 7, 8, 9)	**90,950**	92,078
Provision for income taxes (Note 10)	**49,916**	48,981
Interest expense (Note 19)	**13,058**	16,808
Equity settled share-based compensation (Note 14)	**51**	5,015
Insurance proceeds, property and equipment (Note 17)	**(18,124)**	(5,306)
Taxes paid	**(63,570)**	(14,892)
Loss on disposal of property and equipment	**50**	709
Gain on disposition of Giant Tiger stores (Note 24)	**—**	(24,712)
Giant Tiger asset impairment and store closure provision (Note 24)	**—**	9,411
	229,782	271,652
Change in non-cash working capital	**(2,563)**	58,975
Change in other non-cash items	**(3,084)**	8,091
Cash from operating activities	**224,135**	338,718
Investing activities		
Purchase of property and equipment (Note 7)	**(87,341)**	(70,886)
Goodwill and intangible asset additions (Note 9)	**(6,729)**	(4,358)
Proceeds from disposal of property and equipment	**85**	3,038
Insurance proceeds, property and equipment	**18,124**	5,306
Cash used in investing activities	**(75,861)**	(66,900)
Financing activities		
Net increase/(decrease) in long-term debt (Note 12)	**44,071**	(214,853)
Debt issuance/(repayment) (Note 12)	**(85,393)**	94,808
Payment of lease liabilities, principal	**(18,003)**	(19,073)
Payment of lease liabilities, interest	**(4,288)**	(5,065)
Dividends (Note 20)	**(70,420)**	(67,276)
Dividends to non-controlling interests (Note 20)	**—**	(2,214)
Interest paid	**(8,944)**	(8,282)
Issuance of common shares (Note 16)	**845**	909
Common shares purchased and cancelled (Note 16)	**(28,064)**	(6,014)
Cash used in financing activities	**(170,196)**	(227,060)
Effect of changes in foreign exchange rates on cash	**(188)**	(1,409)
NET CHANGE IN CASH	**(22,110)**	43,349
Cash, beginning of year	**71,536**	28,187
CASH, END OF YEAR	**$ 49,426**	$ 71,536

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

($ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
JANUARY 31, 2022 AND 2021

1. ORGANIZATION

The North West Company Inc. (NWC or the Company) is a corporation amalgamated under the Canada Business Corporations Act (CBCA) and governed by the laws of Canada. The Company, through its subsidiaries, is a leading retailer to rural and remote communities in the following regions: northern Canada, rural Alaska, the South Pacific and the Caribbean. These regions comprise two reportable operating segments: Canadian Operations and International Operations.

On July 5, 2020, the Company sold 36 of its 46 Giant Tiger ("GT") stores to Giant Tiger Stores Limited ("GTSL") and recorded a non-interest bearing promissory note receivable. See Note 24.

The address of its registered office is 77 Main Street, Winnipeg, Manitoba. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on April 13, 2022.

2. BASIS OF PREPARATION

(A) Statement of Compliance These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

(B) Basis of Measurement The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for the following which are measured at fair value, as applicable:

- Liabilities for share-based payment plans (Note 14)
- Defined benefit pension plan (Note 13)
- Assets and liabilities acquired in a business combination

The methods used to measure fair values are discussed further in the notes to these consolidated financial statements.

(C) Functional and Presentation Currency The presentation currency of the consolidated financial statements is Canadian dollars, which is the Company's functional currency. All financial information is presented in Canadian dollars, unless otherwise stated, and has been rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied to all years presented in these consolidated financial statements, and have been applied consistently by both the Company and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances.

(A) Basis of Consolidation Subsidiaries are entities controlled, either directly or indirectly, by the Company. Control is established when the Company has rights to an entity's variable returns, and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date that control ceases. The Company assesses control on an ongoing basis.

Net Earnings or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income is 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.

A joint arrangement can take the form of a joint operation or a joint venture. Joint ventures are those entities over which the Company has joint control of the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company's 50% interest in Transport Nanuk Inc. has been classified as a joint venture. Its results are included in the consolidated statements of earnings using the equity method of accounting. The consolidated financial statements include the Company's share of both earnings and other comprehensive income from the date that significant influence or joint control commences until the date that it ceases. Joint ventures are carried in the consolidated balance sheets at cost plus post-acquisition changes in the Company's share of net assets of the entity, less any impairment in value.

All significant inter-company amounts and transactions have been eliminated.

(B) Business Combinations Business combinations are accounted for using the acquisition method of accounting. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange. Acquisition costs incurred are expensed and included in selling, operating and administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in either net earnings or as a change to other comprehensive income ("OCI"). If the contingent consideration is classified as equity, it will not be remeasured and settlement is accounted for within equity.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the cost of the acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of earnings.

Non-controlling interests are measured either at fair value or their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

(C) Revenue Recognition Revenue on the sale of goods and services is recorded at the time the sale is made or service is rendered to the customer. Sales are presented net of tax, returns and discounts and are measured at the fair value of the consideration received or receivable from the customer for the products sold or services supplied. Service charges on customer account receivables are accrued each month on balances outstanding at each account's billing date.

(D) Inventories Inventories are valued at the lower of cost and net realizable value. The cost of warehouse inventories is determined using the weighted-average cost method. The cost of retail inventories is determined using the retail method of accounting for general merchandise inventories and the weighted-average cost method for food inventories. Cost includes the cost to purchase goods net of vendor rebates plus other costs incurred in bringing inventories to their present location and condition. Net realizable value is estimated based on the amount at which inventories are expected to be sold, taking into consideration decreases in retail prices due to obsolescence, damage or seasonality.

Inventories are written down to net realizable value if net realizable value declines below carrying amount. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed.

(E) Vendor Rebates Consideration received from vendors related to the purchase of merchandise is recorded on an accrual basis as a reduction in the cost of the vendor's products and reflected as a reduction of cost of sales and related inventory when it is probable they will be received and the amount can be reliably estimated.

(F) Property and Equipment Property and equipment are stated at cost less accumulated amortization and any impairment losses. Cost includes any directly attributable costs, borrowing costs on qualifying construction projects, and the costs of dismantling and removing the items and restoring the site on which they are located. When major components of an item of property and equipment have different useful lives, they are accounted for as separate items. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Assets under construction and land are not amortized. Amortization is calculated from the dates assets are available for use using the straight-line method to allocate the cost of assets less their residual values over their estimated useful lives.

Estimated useful lives of Property and Equipment are as follows:

Buildings	3% – 8%
Leasehold improvements	3% – 20%
Aircraft	3.3% – 20%
Fixtures and equipment	8% – 20%
Computer equipment	12% – 33%

Major aircraft maintenance overhaul expenditures, including labour, are capitalized and depreciated over the expected life of the maintenance cycle. Any remaining carrying value, if any, is derecognized when the major maintenance overhaul occurs. All other costs associated with maintenance of aircraft fleet assets are charged to the statement of earnings as incurred.

(G) Impairment of Non-financial Assets Tangible assets and definite life intangible assets are reviewed at each balance sheet date to determine whether events or conditions indicate that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For tangible and intangible assets excluding goodwill, the CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. CGU's may comprise individual stores or groups of stores.

Goodwill and indefinite life intangible assets are not amortized but are subject to an impairment test annually and whenever indicators of impairment are detected. Goodwill is allocated to CGUs that are expected to benefit from the synergies of the related business combination and represents the lowest level within the Company at which goodwill is monitored for internal management purposes.

Any impairment charge is recognized in the consolidated statement of earnings in the period in which it occurs, to the extent that the carrying value exceeds its recoverable amount. Where an impairment loss other than an impairment loss on goodwill subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. Impairment charges on goodwill are not reversed.

All impairment losses are recognized in the consolidated statement of earnings. An impairment loss, except an impairment loss related to goodwill, is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(H) Leases At contract inception, the Company assesses whether a contract is, or contains a lease and recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or restore the underlying asset, less any lease incentives received.

Subsequent to initial measurement, the Company applies the cost model. Right-of-use assets are subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of their useful life or the end of the lease term. The estimated useful lives of right-of-use assets are determined based on the shorter of the lease term and the useful life of the underlying asset. Right-of-use assets may also be reduced by impairment losses and adjusted for remeasurements of the lease liability, as applicable.

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date using the interest rate implicit in the lease or the Company's incremental borrowing rate. Lease payments are comprised of fixed payments including in-substance fixed payments, variable lease payments based on an index or rate, amounts expected to be payable under residual value guarantees and the exercise price under a purchase option that the Company is reasonably certain to exercise and certain early termination costs. The period over which the lease payments are discounted is the reasonably certain lease term, which may include lease renewal options. Generally, the Company uses its incremental borrowing rate as the discount rate.

Each lease payment is apportioned between the repayment of the lease liability and a finance cost. The finance cost is recognized in interest expense in the consolidated statements of earnings using the effective interest rate method. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in lease term, a change in the assessment of an option to purchase the right-of-use asset or a change in an expected residual value guarantee.

The Company has elected not to recognize right-of-use assets and lease liabilities for certain short-term leases that have a lease term of 12 months or less and leases of low-value assets. Variable lease payments that do not depend on an index or rate are also expensed as incurred. The Company recognizes these lease payments as an expense in the consolidated statements of earnings.

(I) Borrowing Costs Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the respective asset until it is ready for its intended use. Qualifying assets are those assets that necessarily take a substantial period of time to prepare for their intended use. Borrowing costs are capitalized based on the Company's weighted-average cost of borrowing. All other borrowing costs are expensed as incurred.

(J) Goodwill Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets, including intangible assets, and liabilities of the acquiree at the date of acquisition. Goodwill is not amortized but is subject to an impairment test annually and whenever indicators of impairment are detected. Goodwill is carried at cost less accumulated impairment losses.

(K) Intangible Assets Intangible assets with finite lives are carried at cost less accumulated amortization and any impairment loss. Amortization is recorded on a straight-line basis over the term of the estimated useful life of the asset as follows:

Software	3 – 7 years
Non-compete agreements	3 – 5 years
Other	5 – 10 years

Intangible assets with indefinite lives comprise the Cost-U-Less and Riteway Food Markets banners. These assets are not amortized but instead tested for impairment annually or more frequently if indicators of impairment are identified.

(L) Share-based Payment Transactions

Equity settled plans Certain stock options and certain performance share units settled in common shares are equity settled share-based payment plans. The grant date fair values of these benefits are recognized as an employee expense over the vesting period, with corresponding increases in equity.

The fair value of these plans is determined using an option pricing model. Market conditions attached to certain equity-settled share-based payments are taken into account when estimating the fair value of the equity instruments granted. Upon exercise or settlement of equity-based instruments, consideration received, if any, together with amounts previously recorded in contributed surplus are recorded as an increase to share capital.

Cash settled plans Certain stock options, certain performance share units, the executive deferred share unit plan and the director deferred share unit plan are cash settled share-based payments. These plans are measured at fair value at each balance sheet date and a charge or recovery is recognized through the consolidated statement of earnings over the vesting period. A corresponding adjustment is reflected in accounts payable and accrued liabilities or other long-term liabilities.

Estimates related to vesting conditions are reviewed regularly and the value of the charges under both cash settled and equity settled plans are adjusted in the consolidated statement of earnings to reflect expected and actual levels of benefits vesting.

(M) Foreign Currency Translation The accounts of foreign operations have been translated into the presentation currency, Canadian dollars. Assets and liabilities are translated at the period-end exchange rate, and revenues and expenses at the average rate for the period. Foreign exchange gains or losses arising from the translation of the net investment in foreign operations and the portion of the U.S. denominated borrowings designated as a hedge against this investment are recorded in equity as other comprehensive income. Foreign exchange gains or losses recorded in accumulated other comprehensive income (AOCI) are recognized in net earnings when there is a reduction in the net investment in foreign operations.

Items included in the consolidated financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (functional currency). Transactions in foreign currencies are translated to the respective functional currencies at exchange rates approximating the rates in effect at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date.

(N) Income Taxes Income tax expense includes taxes payable on current earnings and changes in deferred tax balances. Current income tax expense is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

The Company accounts for deferred income taxes using the liability method of tax allocation. Under the liability method, deferred income tax assets and liabilities are determined based on the temporary differences between the financial statement carrying values and tax bases of assets and liabilities, and are measured using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the deferred income tax assets or liabilities are expected to be realized or settled. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects to settle the carrying amount of its assets and liabilities. A deferred tax asset is recognized to the extent that it is probable that future taxable earnings will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to offset the amounts.

Income tax expense is recognized in the consolidated statement of earnings, except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case the related income tax expense is also recognized in other comprehensive income or in equity respectively.

(O) Employee Benefits The Company maintains either a defined benefit or defined contribution pension plan for the majority of its Canadian employees, and an employee savings plan for its U.S. employees. Other benefits include employee bonuses, employee share purchase plans and termination benefits.

Defined Benefit Pension Plan The actuarial determination of the defined benefit obligations for pension benefits uses the projected unit credit method prorated on services which incorporates management's best estimate of the discount rate, salary escalation, retirement rates, termination rates and retirement ages of employees. The discount rate used to value the defined benefit obligation is derived from a portfolio of high quality Corporate AA bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit plan obligations. Bonds included in the curve are denominated in the currency in which the benefits will be paid that have terms to maturity approximating the terms of the related pension liability.

The amount recognized in the consolidated balance sheets at each reporting date represents the present value of the defined benefit obligation, and is reduced by the fair value of plan assets. Any recognized asset or surplus is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded. The Company's funding policy is in compliance with statutory regulations and amounts funded are deductible for income tax purposes.

The actuarially determined expense for current service is recognized annually in the consolidated statement of earnings. The actuarially determined net interest costs on the net defined benefit plan obligation are recognized in interest expense.

All actuarial remeasurements arising from defined benefit plans are recognized in full in the period in which they arise in the consolidated statements of comprehensive income, and are immediately recognized in retained earnings. The effect of the asset ceiling is also recognized in other comprehensive income.

Defined Contribution Pension Plans The Company sponsors defined contribution pension plans for eligible employees where fixed contributions are paid into a registered plan. There is no obligation for the Company to pay any additional amount into these plans. Contributions to the defined contribution pension plans are expensed as incurred.

Short-term Benefits An undiscounted liability is recognized for the amount expected to be paid under short-term incentive plans or employee share purchase plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination Benefits Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If the effect is significant, benefits are discounted to present value.

(P) 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.

(Q) Financial Instruments

Recognition and derecognition The Company initially recognizes financial instruments on the trade date at which it becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value. For financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability are included in the initial fair value.

Financial assets are derecognized when the contractual rights to receive cash flows and benefits related from the financial asset expire, or the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled. Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheets when the Company has a legal right to offset the amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets On initial recognition, all financial assets are classified to be subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit and loss. The Company's financial assets comprised of cash, accounts receivable, promissory note receivable and other financial assets are classified as amortized cost. Interest revenue, consisting primarily of service charge income on customer accounts receivable and interest imputed on promissory note receivable are included in sales in the consolidated statements of earnings. The Company has no significant assets measured at fair value.

The Company recognizes loss allowances for expected credit losses ("ECL's") on accounts receivable and the promissory note receivable. The change in ECL's is recognized in net earnings and reflected as an allowance against accounts receivable. The Company uses historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends.

Financial liabilities On initial recognition, financial liabilities are classified to be subsequently measured at amortized cost or fair value. The Company's financial liabilities comprised of long-term debt, accounts payable, accrued liabilities, lease liabilities and certain other liabilities are classified as amortized cost. Interest expense is recorded using the effective interest rate method and included in the consolidated statements of earnings as interest expense. The Company has no significant liabilities measured at fair value.

Hedging The Company is exposed to financial risks associated with movements in foreign exchange rates. The Company uses a net investment hedge to counterbalance gains and losses arising on the retranslation of foreign operations with gains and losses on a financial liability. The Company has designated certain U.S. denominated debt as a hedge of its net investment in International Operations.

To the extent that the hedging relationship is effective, the foreign exchange gains and losses arising from translation of this debt are included in other comprehensive income and presented within shareholders' equity as accumulated other comprehensive income. These gains and losses are fully or partially reclassified to earnings on disposal or partial disposal of foreign operations. Any ineffective portion of the changes in fair value of the hedging item is recognized immediately in earnings.

To qualify for hedge accounting, the Company documents its risk management strategy, the relationship between the hedging instrument and the hedged item and the nature of the risks being hedged. The Company also documents the assessment of the effectiveness of the hedging relationship to show that the hedge has been and will likely be highly effective on an ongoing basis.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in accumulated other comprehensive income is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in other comprehensive income is transferred to the consolidated statements of earnings for the period.

(R) Cash Cash comprises cash on hand and balances with banks.

(S) Net Earnings Per Share Basic net earnings per share are calculated by dividing the net earnings attributable to shareholders of The North West Company Inc. by the weighted-average number of common shares outstanding during the period. Diluted net earnings per share is determined by adjusting these net earnings and the weighted-average number of common shares outstanding for the effects of all potentially dilutive shares, which comprise potential shares issued under the Share Option Plan, Performance Share Unit Plan and Director Deferred Share Unit Plan.

(T) Dividends Dividends declared and payable to the Company's shareholders are recognized as a liability in the consolidated balance sheets in the period in which distributions are declared.

(U) Use of Estimates, Assumptions & Judgment The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies, the reported amounts of revenues and expenses during the reporting period and disclosure of contingent assets and liabilities in the consolidated financial statements and notes. Judgment has been used in the application of accounting policy and to determine if a transaction should be recognized or disclosed in these consolidated financial statements while estimates and assumptions have been used to measure balances recognized or disclosed.

Estimates, assumptions and judgments are based on management's historical experience, best knowledge of current events, conditions and actions that the Company may undertake in the future and other factors that management believes are reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Certain of these estimates require subjective or complex judgments by management about matters that are uncertain and changes in these estimates could materially impact the consolidated financial statements and notes. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

The areas that management believes involve a higher degree of judgment or complexity, or areas where the estimates and assumptions may have the most significant impact on the amounts recognized in the consolidated financial statements include the following:

- Allowance for doubtful accounts is estimated based on an expected credit loss impairment model based on historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends (Notes 5, 15)
- Inventories are remeasured based on the lower of cost and net realizable value (Note 6)
- Amortization methods for property and equipment, including aircraft and right-of-use assets, are based on management's estimate of the most appropriate method to reflect the pattern of an asset's future economic benefit. This includes judgment of what asset components constitute a significant cost in relation to the total cost of an asset (Notes 7, 8)
- Impairment of long-lived assets is influenced by judgment in determining indicators of impairment and estimates used to measure impairment losses, if any (Note 7)

- Recognition of identifiable assets and liabilities acquired in a business combination requires judgment as to their fair value
- Goodwill and indefinite life intangible asset impairment is dependent on judgment used to identify indicators of impairment and estimates used to measure impairment losses, if any (Note 9)
- Income taxes have judgment applied to determine when tax losses, credits and provisions are recognized based on tax rules in various jurisdictions (Note 10)
- Defined benefit pension plan obligation and expense depends on assumptions used in the actuarial valuation (Note 13)
- Leases require assumptions and estimates in order to determine the value of the right-of-use assets and lease liabilities, the implicit and incremental borrowing rates, as applicable, and whether renewal options are reasonably certain of being exercised (Note 8)
- Promissory note receivable includes management's estimate of the fair value of contingent consideration receivable for the sale of its Giant Tiger stores (Note 24)

(V) Share capital Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. Share repurchases are deducted from share capital at their historical average cost and the excess between the repurchase price and historical average cost charged to retained earnings.

(W) Government Grants The Company recognizes government grants for expenses incurred in the consolidated statements of earnings on a systematic basis in the periods in which the associated expenses are recognized, provided the Company will comply with the grant conditions and there is reasonable assurance they will be received.

(X) New Standards Implemented The Company adopted the Interest Rate Benchmark Reform issued by the IASB in August 2020. This includes amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, and IFRS 16 *Leases*. The amendments address issues that arise from benchmark reform, where benchmarks such as interbank offered rates (IBORs) are replaced with alternative benchmark rates. For financial instruments at amortized cost, the amendments introduce a practical expedient such that if a change in the contractual cash flows occurs as a result of IBOR reform on an economically equivalent basis, the change will be accounted for by updating the effective interest rate prospectively with no immediate recognition of gain or loss. The Company assessed the impact of IBOR reform and determined it is not immediately impacted. The Company continues to monitor benchmark replacement but does not expect the impact of future developments to be significant.

(Y) Future Standards and Amendments In May 2021, the International Accounting Standards Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12, *Income Taxes* (IAS 12). The amendments are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments narrowed the scope of the recognition exemption so that it no longer applies on initial recognition to transactions that give rise to equal taxable and deductible temporary differences, such as leases. The Company does not expect adoption of the standard to have a material impact on the Company's consolidated financial statements.

There are no further IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

4. SEGMENTED INFORMATION

The Company is a retailer of food and everyday products and services in two geographical segments, Canada and International. The Canadian segment consists of subsidiaries operating retail stores and complimentary businesses to serve northern Canada. The International segment consists of subsidiaries operating in the continental United States, Caribbean and South Pacific. Financial information for these business segments is regularly reviewed by the Company's President and Chief Executive Officer to assess performance and make decisions about the allocation of resources. The following key information is presented by geographic segment:

Consolidated Statements of Earnings

Year Ended	**January 31, 2022**	January 31, 2021
Sales		
Canada		
Food	**$ 880,154**	$ 935,725
General merchandise and other	**410,985**	440,463
Canada	**$ 1,291,139**	$ 1,376,188
International		
Food	**$ 844,555**	$ 866,045
General merchandise and other	**113,102**	117,006
International	**$ 957,657**	$ 983,051
Consolidated	**$ 2,248,796**	$ 2,359,239
Earnings before amortization, interest and income taxes		
Canada	**$ 215,209**	$ 206,498
International	**96,166**	94,929
Consolidated	**$ 311,375**	$ 301,427
Earnings from operations		
Canada	**$ 153,328**	$ 144,141
International	**67,097**	65,208
Consolidated	**$ 220,425**	$ 209,349

Supplemental Information

	January 31, 2022	January 31, 2021
Assets		
Canada(1)	**$ 775,806**	$ 754,162
International(1)	**443,467**	437,006
Consolidated	**$ 1,219,273**	$ 1,191,168

Year Ended	**January 31, 2022**		January 31, 2021	
	Canada	**Int'l**	Canada	Int'l
Purchase of property and equipment	**$ 59,753**	**$27,588**	$ 61,331	$ 9,555
Amortization	**$ 61,881**	**$29,069**	$ 62,357	$ 29,721

(1) Canadian total assets includes goodwill of $11,025 (January 31, 2021 – $11,025). International total assets includes goodwill of $37,477 (January 31, 2021 – $37,238).

5. ACCOUNTS RECEIVABLE

	January 31, 2022	January 31, 2021
Trade accounts receivable	**$ 86,841**	$ 82,213
Corporate and other accounts receivable	**24,565**	20,360
Less: allowance for doubtful accounts	**(12,165)**	(11,130)
	$ 99,241	$ 91,443

The carrying values of accounts receivable are a reasonable approximation of their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Credit risk for trade accounts receivable is discussed in Note 15. Corporate and other accounts receivable have a lower risk profile relative to trade accounts receivable because they are largely due from government or corporate entities.

Movements in the allowance for doubtful accounts for customer and commercial accounts receivables are as follows:

	January 31, 2022	January 31, 2021
Balance, beginning of year	**$ (11,130)**	$ (11,838)
Net charge	**(9,397)**	(8,398)
Written off	**8,362**	9,106
Balance, end of year	**$ (12,165)**	$ (11,130)

6. INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Valuing inventories requires the Company to use estimates related to: the determination of margin factors used to convert inventory to cost; future retail sales prices and reductions, inventory losses or shrinkage during periods between the last physical count and the balance sheet date; and vendor rebates based on the volume of purchases during a period of time, product remaining in closing inventory and the probability that funds will be collected from vendors. Included in cost of sales for the year ended January 31, 2022, the Company recorded $2,929 (January 31, 2021 – $1,645) for the write-down of inventories as a result of net realizable value being lower than cost. There was no reversal of inventories written down previously that are no longer estimated to sell below cost during the year ended January 31, 2022 or 2021.

7. PROPERTY & EQUIPMENT

January 31, 2022	Land	Buildings	Leasehold improvements	Fixtures & equipment	Aircraft	Computer equipment	Construction in process	Total
Cost								
Balance, beginning of year	$ 18,847	$ 599,930	$ 59,443	$ 348,173	$ 102,805	$ 77,408	$ 20,946	$1,227,552
Additions	1,058	23,341	7,907	17,952	21,493	8,984	6,606	87,341
Disposals/retirements	—	(282)	(111)	(4,479)	(3,828)	(18,908)	—	(27,608)
Effect of movements in foreign exchange	—	(456)	(35)	(321)	—	(164)	—	(976)
Total January 31, 2022	$ 19,905	$ 622,533	$ 67,204	$ 361,325	$ 120,470	$ 67,320	$ 27,552	$1,286,309
Accumulated amortization								
Balance, beginning of year	$ —	$ 325,616	$ 34,256	$ 253,800	$ 26,217	$ 55,782	$ 87	$ 695,758
Amortization expense	—	24,294	3,780	18,603	12,461	5,052	—	64,190
Disposals/retirements	—	(282)	(85)	(4,303)	(3,828)	(18,908)	—	(27,406)
Effect of movements in foreign exchange	—	(256)	(19)	(273)	—	(142)	—	(690)
Total January 31, 2022	$ —	$ 349,372	$ 37,932	$ 267,827	$ 34,850	$ 41,784	$ 87	$ 731,852
Net book value January 31, 2022	$ 19,905	$ 273,161	$ 29,272	$ 93,498	$ 85,620	$ 25,536	$ 27,465	$ 554,457

January 31, 2021	Land	Buildings	Leasehold improvements	Fixtures & equipment	Aircraft	Computer equipment	Construction in process	Total
Cost								
Balance, beginning of year	$ 18,869	$ 570,726	$ 83,817	$ 366,311	$ 81,119	$ 76,299	$ 35,125	$1,232,266
Additions	337	35,705	3,467	17,131	23,754	4,609	(14,117)	70,886
Disposals/retirements	—	(87)	(3,897)	(5,091)	(2,068)	(2,313)	—	(13,456)
GT store disposition (Note 24)	—	—	(23,181)	(26,168)	—	—	—	(49,349)
Effect of movements in foreign exchange	(359)	(6,414)	(763)	(4,010)	—	(1,187)	(62)	(12,795)
Total January 31, 2021	$ 18,847	$ 599,930	$ 59,443	$ 348,173	$ 102,805	$ 77,408	$ 20,946	$1,227,552
Accumulated amortization								
Balance, beginning of year	$ —	$ 304,270	$ 47,279	$ 254,930	$ 16,038	$ 54,674	$ —	$ 677,191
Amortization expense	—	24,230	4,053	19,358	10,654	4,063	—	62,358
Disposals/retirements	—	(31)	(1,756)	(2,208)	(475)	(2,285)	—	(6,755)
GT store disposition (Note 24)	—	—	(15,338)	(16,088)	—	—	—	(31,426)
Effect of movements in foreign exchange	—	(2,853)	(302)	(3,161)	—	(670)	—	(6,986)
Impairment losses	—	—	320	969	—	—	87	1,376
Total January 31, 2021	$ —	$ 325,616	$ 34,256	$ 253,800	$ 26,217	$ 55,782	$ 87	$ 695,758
Net book value January 31, 2021	$ 18,847	$ 274,314	$ 25,187	$ 94,373	$ 76,588	$ 21,626	$ 20,859	$ 531,794

The Company reviews its property and equipment for indicators of impairment. No assets were identified as impaired for the years ended January 31, 2022 and January 31, 2021.

Interest capitalized

Interest attributable to the construction of qualifying assets was capitalized using an average rate of 3.7% and 3.4% for the years ended January 31, 2022 and 2021 respectively. Interest capitalized in additions amounted to $95 (January 31, 2021 – $180). Accumulated interest capitalized in the cost total above amounted to $3,122 (January 31, 2021 – $3,027).

8. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

Right-of-use assets

January 31, 2022	Land & buildings	Fixtures & equipment	Aircraft	Total
Cost				
Balance, beginning of year	$ 172,099	$ 6,668	$ 3,059	$ 181,826
Additions	7,249	3,171	—	10,420
Disposals	(1,776)	(1,290)	(1,626)	(4,692)
Lease extensions and other items	2,515	(330)	61	2,246
Effect of movements in foreign exchange	(405)	(2)	—	(407)
Total January 31, 2022	$ 179,682	$ 8,217	$ 1,494	$ 189,393
Accumulated amortization				
Balance, beginning of year	$ 69,408	$ 3,305	$ 1,347	$ 74,060
Amortization expense	16,145	1,667	726	18,538
Disposals and other items	(1,327)	(1,577)	(861)	(3,765)
Impairment losses	(263)	—	—	(263)
Effect of movements in foreign exchange	(20)	(1)	—	(21)
Total January 31, 2022	$ 83,943	$ 3,394	$ 1,212	$ 88,549
Net book value January 31, 2022	$ 95,739	$ 4,823	$ 282	$ 100,844

January 31, 2021	Land & buildings	Fixtures & equipment	Aircraft	Total
Cost				
Balance, beginning of year	$ 208,216	$ 5,820	$ 5,104	$ 219,140
Additions	28,390	1,788	1,626	31,804
Disposals	(61,887)	(1,089)	(3,671)	(66,647)
Lease extensions and other items	487	150	—	637
Effect of movements in foreign exchange	(3,107)	(1)	—	(3,108)
Total January 31, 2021	$ 172,099	$ 6,668	$ 3,059	$ 181,826
Accumulated amortization				
Balance, beginning of year	$ 84,802	$ 2,810	$ 3,658	$ 91,270
Amortization expense	17,745	1,438	1,174	20,357
Disposals and other items	(33,815)	(943)	(3,485)	(38,243)
Impairment losses	1,655	—	—	1,655
Effect of movements in foreign exchange	(979)	—	—	(979)
Total January 31, 2021	$ 69,408	$ 3,305	$ 1,347	$ 74,060
Net book value January 31, 2021	$ 102,691	$ 3,363	$ 1,712	$ 107,766

Lease liabilities

The total current and long-term lease liability is $18,055 (January 31, 2021 - $16,393) and $96,015 (January 31, 2021 - $104,226), respectively. The Company's lease liabilities are discounted at its incremental borrowing rate, generally calculated from applicable Canadian and U.S. corporate bond yields. At January 31, 2022, lease liabilities reflect a weighted-average risk-free rate of 3.6% (January 31, 2021 – 3.7%) and weighted-average remaining lease term of 9.6 years (January 31, 2021 – 10.2 years).

Maturity analysis - contractual undiscounted cash flows

	January 31, 2022
0-1 year	$ 22,269
2-3 years	37,415
4-5 years	25,151
6 years+	57,753
Total undiscounted cash flows	**$ 142,588**

Variable Lease Payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in net earnings in the period in which the condition that triggers those payments occurs. The Company made variable lease payments not included in lease liabilities of $6,890 (January 31, 2021 – $7,137).

Extension Options

Some store leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The extension options included by the Company do not extend the lease beyond ten years. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Other leases

Short-term and low value lease payments are not material.

9. GOODWILL & INTANGIBLE ASSETS

Goodwill

	January 31, 2022	January 31, 2021
Balance, beginning of year	$ 48,263	$ 49,569
Additions	382	—
Effect of movements in foreign exchange	(143)	(1,306)
Balance, end of year	$ 48,502	$ 48,263

Goodwill represents the excess of the consideration transferred to acquire businesses over the fair value of their identifiable assets.

Goodwill Impairment Testing

A goodwill asset balance of $37,477 (January 31, 2021 – $37,238) relates to acquisition of subsidiaries by the Company's International Operations. A goodwill asset balance of $11,025 (January 31, 2021 – $11,025) relates to acquisitions by the Company's Canadian Operations. These balances were tested by means of comparing the recoverable amount of the operating segment to its carrying value. The recoverable amount was based on its fair value less costs to sell.

The recoverable amount was estimated from the product of financial performance and trading multiples observed for both the Company and other publicly traded retail companies. Values assigned to the key assumptions represent management's best estimates and have been based on data from both external and internal sources. This fair value measurement was categorized as a Level 3 fair value measurement based on the inputs in the valuation technique used. Key assumptions used in the estimation of enterprise value are as follows:

- Financial performance was measured with actual and budgeted earnings based on sales and expense growth specific to each store and the Company's administrative offices. Financial budgets and forecasts are approved by senior management and consider historical sales volume and price growth;
- The ratio of enterprise value to financial performance was determined using a range of market trading multiples from the Company and other public retail companies; and
- Costs to sell have been estimated as a fixed percentage of enterprise value. This is consistent with the approach of an independent market participant.

No impairment has been identified on goodwill, and management considers reasonably foreseeable changes in key assumptions are unlikely to produce a goodwill impairment.

Intangible assets

January 31, 2022	Software	Store banners	Other	Total
Cost				
Balance, beginning of year	$ 66,888	$ 9,825	$ 13,163	$ 89,876
Additions	4,832	—	1,515	6,347
Disposals/retirements	(3,572)	—	—	(3,572)
Effect of movements in foreign exchange	—	(38)	(17)	(55)
Total January 31, 2022	$ 68,148	$ 9,787	$ 14,661	$ 92,596
Accumulated Amortization				
Balance, beginning of year	$ 44,624	$ —	$ 9,101	$ 53,725
Amortization expense	7,357	—	865	8,222
Disposals/retirements	(3,435)	—	—	(3,435)
Effect of movements in foreign exchange	—	—	(10)	(10)
Total January 31, 2022	$ 48,546	$ —	$ 9,956	$ 58,502
Net book value January 31, 2022	**$ 19,602**	**$ 9,787**	**$ 4,705**	**$ 34,094**

Intangible assets

January 31, 2021	Software	Store banners	Other	Total
Cost				
Balance, beginning of year	$ 62,911	$ 10,170	$ 12,895	$ 85,976
Additions	3,977	—	381	4,358
Effect of movements in foreign exchange	—	(345)	(113)	(458)
Total January 31, 2021	$ 66,888	$ 9,825	$ 13,163	$ 89,876
Accumulated Amortization				
Balance, beginning of year	$ 36,033	$ —	$ 8,335	$ 44,368
Amortization expense	8,591	—	772	9,363
Effect of movements in foreign exchange	—	—	(6)	(6)
Total January 31, 2021	$ 44,624	$ —	$ 9,101	$ 53,725
Net book value January 31, 2021	**$ 22,264**	**$ 9,825**	**$ 4,062**	**$ 36,151**

Work in process

As at January 31, 2022, the Company had incurred $283 (January 31, 2021 – $23) for intangible assets that were not yet available for use, and therefore not subject to amortization.

Intangible Asset Impairment Testing

The Company determines the fair value of the store banners using the Relief from Royalty approach. This method requires management to make long-term assumptions about future sales, terminal growth rates, royalty rates and discount rates. Sales forecasts for the following financial year together with medium and terminal growth rates ranging from 2% to 5% are used to estimate future sales, to which a royalty rate of 0.5% is applied. The present value of this royalty stream is compared to the carrying value of the asset. No impairment has been identified on intangible assets and management considers reasonably foreseeable changes in key assumptions are unlikely to produce an intangible asset impairment.

10. INCOME TAXES

The following are the major components of income tax expense:

Year Ended	**January 31, 2022**	January 31, 2021
Current tax expense:		
Current tax on earnings for the year	**$ 70,842**	$ 26,332
Withholding taxes	**652**	130
Over provision in prior years	**(1,843)**	(2,191)
	$ 69,651	$ 24,271
Deferred tax expense:		
Origination and reversal of temporary differences	**$ (19,669)**	$ 22,598
Impact of change in tax rates	**8**	6
Under/(over) provision in prior years	**(74)**	2,106
	$ (19,735)	$ 24,710
Income taxes	**$ 49,916**	$ 48,981

Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

Year Ended	**January 31, 2022**	January 31, 2021
Earnings before income taxes	**$207,367**	$192,541
Combined statutory income tax rate	**24.7 %**	24.0 %
Expected income tax expense	**$ 51,321**	$46,197
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses/ non-taxable income	**$ (1,342)**	$ (25)
Unrecognized income tax losses	**275**	982
Withholding taxes	**652**	130
Impact of change in tax rates	**8**	6
GILTI tax (1)	**883**	1,836
Over provision in prior years	**(1,917)**	(85)
Other	**36**	(60)
Provision for income taxes	**$ 49,916**	$48,981
Income tax rate	**24.1 %**	25.4 %

(1) The Company is subject to the Global Intangible Low-Taxed Income provision ("GILTI") enacted as part of the US Tax Cuts and Jobs Act in December 2017. This tax is imposed on the foreign earnings of a controlled foreign corporation. The Company has the option to account for the GILTI tax as a period cost, if and when incurred, or to recognize deferred taxes for outside basis temporary differences expected to reverse as GILTI. The Company has elected to account for GILTI as a period cost.

Changes in the combined statutory income tax rate primarily reflect changes in earnings of the Company's subsidiaries across various tax jurisdictions.

Deferred tax assets of $5,618 (January 31, 2021 - $5,646) arising from certain foreign income tax losses were not recognized on the consolidated balance sheets. The income tax losses expire from 2023 – 2032.

Deferred income tax charged (credited) to other comprehensive income during the year is as follows:

Year Ended	**January 31, 2022**	January 31, 2021
Net investment hedge:		
Origination and reversal of temporary difference	**$ 1,915**	$ (1,153)
Impact of change in tax rates	**4**	—
	$ 1,919	$ (1,153)
Defined benefit plan actuarial gain:		
Origination and reversal of temporary difference	**$ 5,206**	$ 1,384
Impact of change in tax rates	**25**	2
	$ 5,231	$ 1,386

Income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows:

	February 1, 2021	Taxes (charged) credited to net earnings	Taxes (charged)/ credited to OCI	Other adjustments	**January 31, 2022**
Deferred tax assets:					
Property & equipment	$ 11,976	$ (1,466)	$ —	$ (459)	**$ 10,051**
Lease obligation	27,954	(677)	—	(61)	**27,216**
Inventory	2,598	651	—	(4)	**3,245**
Share-based compensation and long-term incentive plans	6,700	(374)	—	448	**6,774**
Defined benefit plan obligation	10,914	784	(5,231)	—	**6,467**
Accrued liabilities	2,337	(31)	—	(10)	**2,296**
Unrealized foreign exchange loss	1,153	—	(1,919)	767	**1**
Other	3,008	(1,973)	—	(63)	**972**
	$ 66,640	$ (3,086)	$ (7,150)	$ 618	**$ 57,022**
Deferred tax liabilities:					
Goodwill & intangible assets	$ (1,162)	$ (141)	$ —	$ 2	**$ (1,301)**
Property & equipment	(14,617)	(1,795)	—	22	**(16,390)**
Right-of-use assets	(25,355)	805	—	58	**(24,492)**
Unrealized foreign exchange gain	—	—	—	(767)	**(767)**
Investment in joint venture	(1,685)	(239)	—	(27)	**(1,951)**
Deferred limited partnership earnings	(24,676)	23,866	—	—	**(810)**
Other	(4,345)	325	—	(28)	**(4,048)**
	$ (71,840)	$ 22,821	$ —	$ (740)	**$ (49,759)**
	$ (5,200)	$ 19,735	$ (7,150)	$ (122)	**$ 7,263**

Recorded on the consolidated balance sheet as follows:

Year Ended	**January 31, 2022**	January 31, 2021
Deferred tax assets	**$ 21,746**	$ 7,288
Deferred tax liabilities	**(14,483)**	(12,488)
	$ 7,263	$ (5,200)

	February 1, 2020	Taxes (charged) credited to net earnings	Taxes (charged)/ credited to OCI	Other adjustments	**January 31, 2021**
Deferred tax assets:					
Property & equipment	$ 7,791	$ 4,174	$ —	$ 11	**$ 11,976**
Lease obligation	32,100	(3,665)	—	(481)	**27,954**
Inventory	2,233	429	—	(64)	**2,598**
Share-based compensation and long-term incentive plans	5,039	1,689	—	(28)	**6,700**
Defined benefit plan obligation	11,316	984	(1,386)	—	**10,914**
Accrued liabilities	3,675	(1,256)	—	(82)	**2,337**
Deferred limited partnership earnings	2,038	(2,038)	—	—	**—**
Unrealized foreign exchange loss	—	—	1,153	—	**1,153**
Other	2,634	350	—	24	**3,008**
	$ 66,826	$ 667	$ (233)	$ (620)	**$ 66,640**
Deferred tax liabilities:					
Goodwill & intangible assets	$ (1,047)	$ (158)	$ —	$ 43	**$ (1,162)**
Property & equipment	(13,115)	(1,719)	—	217	**(14,617)**
Right-of-use assets	(29,530)	3,746	—	429	**(25,355)**
Investment in joint venture	(1,654)	(50)	—	19	**(1,685)**
Accrued liabilities	—	(24,667)	—	(9)	**(24,676)**
Other	(1,997)	(2,529)	—	181	**(4,345)**
	$ (47,343)	$ (25,377)	$ —	$ 880	**$ (71,840)**
	$ 19,483	$ (24,710)	$ (233)	$ 260	**$ (5,200)**

In assessing the recovery of deferred income tax assets, management considers whether it is probable that the deferred income tax assets will be realized. The recognition and measurement of the current and deferred tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations and in the assessment of the recoverability of deferred tax assets. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences are deductible.

Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent the final outcome is different from the amounts initially recorded, such differences, which could be significant, will impact the tax provision in the period in which the outcome is determined.

No deferred tax has been recognized in respect of temporary differences between the carrying value and tax value of investments in subsidiaries. The Company is in a position to control the timing and reversal of these differences and believes it is probable that they will not reverse in the foreseeable future. The temporary differences associated with the Company's foreign subsidiaries are approximately $230,282 at January 31, 2022 (January 31, 2021 – $190,737).

11. OTHER ASSETS

	January 31, 2022	January 31, 2021
Investment in joint venture (Note 23)	**$ 14,456**	$ 12,481
Other	**1,533**	1,545
	$ 15,989	$ 14,026

12. LONG-TERM DEBT

	January 31, 2022	January 31, 2021
Current:		
Revolving loan facility [2]	**$ —**	$ —
Revolving loan facility [3]	**45,107**	—
Senior notes [4]	**—**	89,300
Promissory note payable [8]	**1,155**	1,156
	$ 46,262	$ 90,456
Non-current:		
Revolving loan facility [1]	**$ —**	$ —
Senior notes [5]	**88,869**	89,300
Senior notes [6]	**100,000**	100,000
Revolving loan facility [7]	**—**	—
Promissory notes payable [8]	**509**	1,666
	$ 189,378	$ 190,966
Total	**$ 235,640**	$ 281,422

(1) The committed, revolving U.S. loan facility provides the International Operations with up to US$40,000 for working capital requirements and general business purposes. This facility matures February 12, 2025, bears a floating rate of interest based on U.S. LIBOR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2022, the International Operations had drawn US$NIL (January 31, 2021 – US$NIL) on this facility.

(2) The US$52,000 loan facilities mature September 26, 2022 and bear interest at U.S. LIBOR plus a spread. These committed loan facilities are secured by certain assets of the Company and rank *pari passu* with the $100,000 senior notes, the US$70,000 senior notes due in 2027 and 2032, and the $300,000 Canadian Operations loan facilities. At January 31, 2022, the Company had drawn US$NIL (January 31, 2021 – US$NIL) on these facilities. See Note 25, Subsequent Event.

(3) These committed, revolving loan facilities provide the Company's Canadian Operations with up to $300,000 for working capital and general business purposes. These facilities mature September 26, 2022, are secured by certain assets of the Company and rank *pari passu* with the $100,000 senior notes, the US$70,000 senior notes due in 2027 and 2032 and the US$52,000 loan facilities. These facilities bear a floating interest rate based on Bankers Acceptances rates plus stamping fees or the Canadian prime interest rate. See Note 25, Subsequent Event.

(4) The US$70,000 senior notes matured June 16, 2021 and were repaid. These notes had a fixed interest rate of 3.27% on US$55,000 and a floating interest rate on US$15,000 based on U.S. LIBOR plus a spread. The senior notes were secured by certain assets of the Company and ranked pari passu with the $300,000 Canadian Operations loan facilities, the $100,000 senior notes, the US$70,000 senior notes due in 2027 and 2032 and the US$52,000 loan facilities.

(5) These US$70,000 senior notes comprise US$35,000 due June 16, 2027 with a fixed interest rate of 2.88% and US$35,000 due June 16, 2032 with a fixed interest rate of 3.09%. The senior notes are secured by certain assets of the Company and rank *pari passu* with the $300,000 Canadian Operations loan facilities, the $100,000 senior notes and the US$52,000 loan facilities.

(6) The $100,000 senior notes mature September 26, 2029, have a fixed interest rate of 3.74%, are secured by certain assets of the Company and rank *pari passu* with the $300,000 Canadian Operations loan facilities, the US$70,000 senior notes due in 2027 and 2032 and the US$52,000 loan facilities.

(7) The Canadian and International Operations have revolving loan facilities to meet working capital requirements and for general business purposes. These facilities bear a floating rate of interest and are secured by certain assets of the Company.

(8) Promissory notes payable are non-interest bearing, have annual principal payments and are secured by certain assets of the Company.

13. POST-EMPLOYMENT BENEFITS

The Company sponsors defined benefit and defined contribution pension plans covering the majority of Canadian employees. Effective January 1, 2011, the Company entered into an amended and restated staff pension plan, which incorporated legislated changes, administrative practice, and added a defined contribution provision (the "Amended Plan"). Under the Amended Plan, all members as of December 31, 2010 who did not meet a qualifying threshold based on number of years in the pension plan and age were transitioned to the defined contribution pension plan effective January 1, 2011 and no longer accumulate years of service under the defined benefit pension plan. The defined benefit pension previously earned by members transitioned to the defined contribution plan, will continue to accrue in accordance with the terms of the plan based on the member's current pensionable earnings. Members who met the qualifying threshold on January 1, 2011, elected between accruing a defined contribution benefit and continuing to accrue a defined benefit pension in accordance with the provisions of the Amended Plan. As of January 1, 2022 all of the Company's defined benefit pension plans are closed to new members.

The defined benefit pension plans are based on years of service and final average salary. The Company uses actuarial reports prepared by independent actuaries for accounting purposes as at January 31, 2022 and January 31, 2021. The accrued pension benefits and funding requirements were last determined by actuarial valuation as at December 31, 2020. The next actuarial valuation is required as at December 31, 2021. The Company also sponsors an employee savings plan covering certain U.S. employees with at least six months of service. Under the terms of the plan, the Company is obligated to make contributions that range between 3% and 5% of eligible compensation.

During the year ended January 31, 2022, the Company contributed $1,955 to its defined benefit pension plans (January 31, 2021 – $1,624). During the year ended January 31, 2022, the Company contributed $6,303 to its defined contribution pension plans and U.S. employees savings plans (January 31, 2021 – $5,418). The current best estimate of the Company's funding obligation for the defined benefit pension plans for the year commencing February 1, 2022 is $1,471. In addition to the cash funding, a portion of the pension plan obligation may be settled by the issuance of a letter of credit in accordance with pension legislation. The actual amount paid may vary from the estimate based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors.

Movement in plan assets and defined benefit obligation

Information on the Company's defined benefit plans, in aggregate, is as follows:

	January 31, 2022	January 31, 2021
Plan assets:		
Fair value, beginning of year	**$ 97,527**	$ 95,122
Accrued interest on assets	**2,621**	2,584
Benefits paid	**(6,273)**	(5,826)
Plan administration costs	**(518)**	(538)
Employer contributions	**1,955**	1,624
Employee contributions	**2**	3
Return on assets greater than discount rate	**6,037**	4,558
Fair value, end of year	**$ 101,351**	$ 97,527
Plan obligations:		
Defined benefit obligation, beginning of year	**$ (135,973)**	$ (135,260)
Current service costs	**(3,829)**	(3,842)
Employee contributions	**(2)**	(3)
Interest on plan liabilities	**(3,637)**	(3,658)
Benefits paid	**7,008**	6,215
Actuarial remeasurement due to:		
Plan experience	**(929)**	1,250
Financial assumptions	**14,297**	(675)
Defined benefit obligation, end of year	**$ (123,065)**	$ (135,973)
Plan deficit	**$ (21,714)**	$ (38,446)

The defined benefit obligation exceeds the fair value of plan assets as noted in the table. While the plans are not considered fully funded for financial reporting purposes, registered plans are funded in accordance with the applicable statutory funding rules and regulations governing the particular plans.

Defined benefit obligation

The following actuarial assumptions were employed to measure the plan:

	January 31, 2022	January 31, 2021
Discount rate on plan liabilities	**3.43 %**	2.72 %
Rate of compensation increase	**4.00 %**	4.00 %
Discount rate on plan expense	**2.72 %**	2.75 %
Inflation assumption	**2.00 %**	2.00 %

The assumptions used are the best estimates chosen from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The weighted-average duration of the defined benefit obligation at the end of the reporting period is 15.7 (January 31, 2021 – 16.8 years).

The average life expectancy in years of a member who reaches normal retirement age of 65 is as follows:

	January 31, 2022	January 31, 2021
Average life expectancies at age 65 for current pensioners:		
Male	**21.5**	21.5
Female	**24.0**	24.0
Average life expectancies at age 65 for current members aged 45:		
Male	**22.7**	22.6
Female	**25.1**	25.3

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. For the years ended January 31, 2022 and 2021, mortality assumptions have been estimated at 106% of the base mortality rates in the CPM2014PRIV table based on pension size and industry classification.

Sensitivity of key assumption

The following table outlines the sensitivity of a 1% change in the discount rate used to measure the defined benefit plan obligation and cost for the defined benefit pension plans. The table reflects the impact on both the current service and interest cost expense components.

The sensitivity analysis provided in the key assumption table is hypothetical and should be used with caution. The sensitivities have been calculated independently of any changes in other assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

		Defined benefit plan obligation	Benefit plan cost
Discount rate:			
Impact of:	1% increase	$ (17,429)	$ (1,001)
	1% decrease	$ 21,112	$ 857

Plan assets

The major categories of plan assets as a percentage of total plan assets are listed below. The pension plans have no direct investment in the shares of the Company.

	January 31, 2022	January 31, 2021
Plan assets:		
Canadian equities (pooled)	**19 %**	17 %
Global equities (pooled)	**37 %**	41 %
Real estate equities (pooled)	**10 %**	9 %
Debt securities	**34 %**	33 %
Total	**100 %**	100 %

Governance and plan management

The Company's Pension Committees oversee the pension plans. These committees are responsible for assisting the Board of Directors to fulfill its governance responsibilities for the plans. The committees assist with plan administration, regulatory compliance, pension investment and monitoring responsibilities.

Plan assets are subject to the risk that changes in market prices, such as interest rates, foreign exchange and equity prices will affect their value. A Statement of Investment Policy and Procedures (SIPP) guides the investing activity of the defined benefit pension plans to mitigate market risk. Assets are expected to achieve, over moving three to four-year periods, a return at least equal to a composite benchmark made up of passive investments in appropriate market indices. These indices are consistent with the policy allocation in the SIPP.

Periodically, an Asset-Liability Modeling study is done to update the policy allocation between liability hedging assets and return seeking assets. This is consistent with managing both the funded status of the defined benefit pension plans and the Company's long-term costs. It assists with adequately securing benefits and mitigating year-to-year fluctuations in the Company's cash contributions and pension expense. The defined benefit plans are subject to, and actively manage, the following specific market risks:

Interest rate risk: is managed by allocating a portion of plan investments to liability hedging assets, comprised of a passive universe bond fund.

Currency risk: is managed through asset allocation. A significant portion of plan assets are denominated in the same currency as plan obligations.

Equity price risk: The defined benefit pension plans are directly exposed to equity price risk on return seeking assets. Fair value or future cash flows will fluctuate due to changes in market prices because they may not be offset by changes in obligations. Investment management of plan assets is outsourced to independent managers.

Statements of earnings and comprehensive income

The following pension expenses have been charged to the consolidated statements of earnings:

	January 31, 2022	January 31, 2021
Employee costs (Note 18)		
Defined benefit pension plan, current service costs included in post-employment benefits	**$ 3,829**	$ 3,842
Plan administration costs	**518**	538
Defined contribution pension plan	**4,783**	4,095
Savings plan for U.S. employees	**1,520**	1,323
	$ 10,650	$ 9,798
Interest expense (Note 19)		
Accrued interest on assets	**$ (2,621)**	$ (2,584)
Interest on plan liabilities	**3,637**	3,658
	$ 1,016	$ 1,074

The following amounts have been included in other comprehensive income:

	January 31, 2022	January 31, 2021
Current Year:		
Return on assets greater than discount rate	**$ 6,037**	$ 4,558
Actuarial remeasurement due to:		
Plan experience	**(929)**	1,250
Financial assumptions	**14,297**	(675)
Taxes on actuarial remeasurement in OCI	**(5,231)**	(1,386)
Net actuarial remeasurement recognized in OCI	**$ 14,174**	$ 3,747
Cumulative gains/(losses) recognized in OCI:		
Cumulative gross actuarial remeasurement in OCI	**$ 3,916**	$ (15,489)
Taxes on cumulative actuarial remeasurement in OCI	**(3,139)**	2,092
Total actuarial remeasurement recognized in OCI, net	**$ 777**	$ (13,397)

The actual return on the plans assets is summarized as follows:

	January 31, 2022	January 31, 2021
Accrued interest on assets	**$ 2,621**	$ 2,584
Return on assets greater than discount rate	**6,037**	4,558
Actual return on plan assets	**$ 8,658**	$ 7,142

14. SHARE-BASED COMPENSATION

The Company offers the following share-based payment plans: Performance Share Units (PSUs); Share Options; Director Deferred Share Units (DDSUs); Executive Deferred Share Units (EDSUs) and an Employee Share Purchase Plan. The purpose of these plans is to directly align the interests of the participants and the shareholders of the Company by providing compensation that is dependent on the performance of the Company's common shares.

The total expense relating to share–based payment plans for the year ended January 31, 2022 was $11,854 (January 31, 2021 – $22,495). The carrying amount of the Company's share-based compensation arrangements including PSU, share option, DDSU and EDSU plans are recorded on the consolidated balance sheets as follows:

	January 31, 2022	January 31, 2021
Accounts payable and accrued liabilities	**$ 7,586**	$ 7,434
Other long-term liabilities	**12,321**	13,474
Contributed surplus	**10,933**	11,825
Total	**$ 30,840**	$ 32,733

Performance Share Units

The Company has granted PSUs to officers and senior management. Each PSU entitles the participant to receive either a cash payment equal to the market value of the number of notional units granted or one share of the Company for each notional unit granted at the end of the vesting period based on the achievement of specific performance based criteria. The PSU account for each participant includes the value of dividends from the Company as if reinvested in additional PSUs. PSU awards vest with the employee on the third fiscal year following the date of the grant to which the award relates. Compensation expense is measured based on the grant date fair market value of the award and recognized over the vesting period based on the estimated total compensation to be paid. Compensation costs related to the PSUs for the year ended January 31, 2022 are $6,626 (January 31, 2021 – $8,755). Equity settled PSUs are redeemed with shares transferred from a trust established for this plan or by issuing shares from treasury. There were 155,490 PSUs partially settled by releasing 76,629 shares (Note 16) from the employee trust during the year ended January 31, 2022 (January 31, 2021 - NIL) and a further 13,815 shares issued from treasury (January 31, 2021 - 12,021). The total number of PSUs outstanding at January 31, 2022 that may be settled in treasury shares is 263,373 (January 31, 2021 - 322,910).

Director Deferred Share Unit Plan

This Plan is available for independent Directors. Participants are credited with deferred share units for the amount of the annual equity retainer, and for the portion of the annual cash retainer and fees each participant elects to allocate to the DDSU plan. Each deferred share unit entitles the holder to receive a share of the Company. The DDSUs are exercisable by the holder at any time but no later than December 31 of the first calendar year commencing after the holder ceases to be a Director. A participant may elect at the time of exercise of any DDSUs, subject to the consent of the Company, to have the Company pay an amount in cash equal to the aggregate current market value of the shares, determined based on the closing price of the shares on the TSX on the trading day preceding the exercise date. This cash payment is in consideration for the surrender by the participant to the Company the right to receive shares from exercising the DDSUs. Effective December 2016, the Plan was amended for those DDSUs credited to participants for the portion of the annual cash retainer and fees each participant elects to allocate to the Plan. The holder of these DDSUs is entitled to receive at the time of exercise, an amount in cash equal to the aggregate current market value of the shares, determined based on the closing price of the shares on the TSX on the trading day preceding the exercise date.

Compensation expense is initially measured at the time of the grant. Subsequent changes in the fair value of the DDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The DDSU plan compensation costs for the year ended January 31, 2022 are an expense of $2,022 (January 31, 2021 – expense of $3,618). The total number of deferred share units outstanding at January 31, 2022 is 308,258 (January 31, 2021 – 314,829). There were 48,388 DDSUs exercised in cash during the year ended January 31, 2022 (January 31, 2021 – 51,750).

Executive Deferred Share Unit Plan

The EDSU plan was implemented to assist executive management to meet the Company's minimum share ownership guidelines. This plan provides for the granting of deferred share units to those executives who elect to receive a portion of their annual short-term incentive payment in EDSUs, subject to plan limits. Effective April 2016, participants will be credited with EDSUs based on the amount of their annual short-term incentive payment allocated to the plan and the fair market value of the Company's shares. The EDSU account for each participant includes the value of dividends from the Company as if reinvested in additional EDSU's. The EDSUs are exercisable at any time after the executive ceases to be an employee of the Company, but no later than December 31 of the first calendar year commencing after the holder ceased to be an employee. Each EDSU entitles the holder to a cash payment equal to the market value of the equivalent number of the Company's shares, determined based on their closing price on the TSX on the trading day preceding the exercise date.

Total compensation expense is measured at the time of the grant. Subsequent changes in the fair value of the EDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The EDSU plan compensation costs for the year ended January 31, 2022 are an expense of $67 (January 31, 2021 – expense of $217).

Share Option Plan

The Company has a Share Option Plan that provides for the granting of options to certain officers and senior management. Options are granted at fair market value based on the volume weighted-average closing price of the Company's shares for the five trading days preceding the grant date. Effective June 14, 2011, the Share Option Plan was amended and restated. The amendments afford the Board of Directors the discretion to award options giving the holder the choice, upon exercise, to either deduct a portion of all dividends declared after the grant date from the options exercise price or to exercise the option at the strike price specified at the grant date ("Declining Strike Price Options"). Options issued prior to June 14, 2011 and certain options issued subsequently are standard options ("Standard Options"). Each option is exercisable into one share of the Company at the price specified in the terms of the option. Declining Strike Price options allow the employee to acquire shares or receive a cash payment based on the excess of the fair market value of the Company's shares over the exercise price.

The fair value of the Declining Strike Price Options is remeasured at the reporting date and recognized both in net earnings and as a liability over the vesting period. The grant date fair value of the Standard Options is recognized in net earnings and contributed surplus over the vesting period.

The maximum number of shares available for issuance is a fixed number set at 4,354,020, representing 9.1% of the Company's issued and outstanding shares at January 31, 2022. Fair value of the Company's options is determined using an option pricing model. Share options granted vest on a graduated basis over four to five years and are exercisable over a period of seven years. The share option compensation costs for the year ended January 31, 2022 are an expense of $2,165 (January 31, 2021 – expense of $9,027). The fair values for options issued during the year were calculated based on the following assumptions:

	January 31, 2022	January 31, 2021
Fair value of options granted	**$ 4.67**	$ 2.70
Exercise price	**$ 35.51**	$ 29.23
Dividend yield	**4.1 %**	4.5 %
Annual risk-free interest rate	**1.1 %**	0.4 %
Expected share price volatility	**25.2 %**	24.1 %

The assumptions used to measure options at the balance sheet dates are as follows:

	January 31, 2022	January 31, 2021
Dividend yield	**4.2 %**	4.4 %
Annual risk-free interest rate	**1.3%**	0.1% to 0.2%
Expected share price volatility	**15.9% to 22.2%**	20.8% to 39.1%

The expected dividend yield is estimated based on the quarterly dividend rate and the closing share price on the date the options are granted. The expected share price volatility is estimated based on the Company's historical volatility over a period consistent with the expected life of the options. The risk-free interest rate is estimated based on the Government of Canada bond yield for a term to maturity equal to the expected life of the options.

The following continuity schedules reconcile the movement in outstanding options during the year:

Number of options outstanding	**Declining Strike Price Options**		**Standard Options**	
	January 31, 2022	January 31, 2021	**January 31, 2022**	January 31, 2021
Outstanding options, beginning of year	**815,272**	1,919,959	**1,237,366**	899,854
Granted	**—**	—	**329,846**	461,969
Exercised	**(225,684)**	(1,090,772)	**(165,170)**	(44,811)
Forfeited or cancelled	**—**	(13,915)	**(127,205)**	(79,646)
Outstanding options, end of year	**589,588**	815,272	**1,274,837**	1,237,366
Exercisable at end of year	**452,203**	398,150	**419,792**	279,821

The weighted-average share price on the dates options were exercised during the year was $36.22 (January 31, 2021 – $33.81).

Weighted-average exercise price	**Declining Strike Price Options**		**Standard Options**	
	January 31, 2022	January 31, 2021	**January 31, 2022**	January 31, 2021
Outstanding options, beginning of year	**$ 30.15**	$ 27.34	**$ 28.51**	$ 28.01
Granted	**—**	—	**35.39**	29.23
Exercised	**27.32**	23.97	**27.95**	26.60
Forfeited or cancelled	**—**	31.28	**30.88**	28.17
Outstanding options, end of year	**$ 31.06**	$ 30.15	**$ 30.13**	$ 28.51
Exercisable at end of year	**$ 26.78**	$ 25.63	**$ 28.39**	$ 27.97

Summary of options outstanding by grant year

		Outstanding			**Exercisable**	
Grant year	Range of exercise price	Number outstanding	Weighted-average remaining contractual years	Weighted-average exercise price	Options exercisable	Weighted-average exercise price
2015	$ 20.71-25.63	44,792	0.2	$ 21.97	44,792	$ 21.97
2016	$ 24.59-28.81	165,838	1.2	$ 24.86	165,838	$ 24.86
2017	$ 28.15-32.40	421,297	2.4	$ 29.01	277,188	$ 29.02
2018	$ 27.77-27.77	194,080	3.2	$ 27.77	112,719	$ 27.77
2019	$ 28.13-30.02	364,236	4.3	$ 28.19	177,903	$ 28.19
2020	$ 29.23-29.23	383,224	5.4	$ 29.23	93,555	$ 29.23
2021	$ 34.67-35.51	290,959	6.3	$ 35.37	—	$ —

Employee Share Purchase Plan

The Employee Share Purchase Plan provides participants with the opportunity to acquire an ownership interest in the Company. The Company contributes an additional 33% of the amount invested, subject to a maximum annual contribution of 2% of the participants' base salary. The plan is administered by a trustee who uses the funds received to purchase shares on the TSX on behalf of the participating employees. These shares are registered in the name of the plan trustee on behalf of the participants.

The Company's contribution to the plan is recorded as compensation expense. The employee share purchase plan compensation costs for the year ended January 31, 2022 are $974 (January 31, 2021 – $878).

15. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks including liquidity risk, credit risk and market risk. The Company's overall risk management program focuses on minimizing potential adverse effects on financial performance.

The Company manages funding and financial risk management with oversight provided by the Board of Directors, who also approve specific financial transactions. The Company uses derivative financial instruments only to hedge exposures arising in respect of underlying business requirements and not for speculative purposes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company's operational cash flow is reasonably stable and predictable. This reflects the business risk profile of the majority of markets in which the Company operates and its product mix. Cash flow forecasts are produced regularly and reviewed against the Company's debt portfolio capacity and maturity profile to assist management in identifying future liquidity requirements. The Company's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness to match the business requirements.

The Company is financed by a combination of cash flow from operating activities, bank advances, senior notes and committed revolving loan facilities. At January 31, 2022, the Company had undrawn committed revolving loan facilities available of $320,309 (January 31, 2021 – $400,250) which mature in 2022 and 2025 (Note 12 and Note 25). The undrawn available capacity is net of the aggregate potential liability for letters of credit of $21,557 (January 31, 2021 - $21,581).

The following table analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or an estimation in respect of floating interest rate liabilities, and as a result may not agree to the amounts disclosed on the balance sheet.

	2022	2023	2024	2025	2026	2027+	Total
Accounts payable and accrued liabilities	$ 221,319	$ —	$ —	$ —	$ —	$ —	$ 221,319
Current portion of long-term debt (Note 12)	46,747	—	—	—	—	—	46,747
Long-term debt (Note 12)	6,749	7,004	7,004	6,749	6,749	205,720	239,975
Total	$ 274,815	$ 7,004	$ 7,004	$ 6,749	$ 6,749	$ 205,720	$ 508,041

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposures to credit risk arise primarily from holdings of cash, customer and commercial accounts receivable and promissory note receivable.

To mitigate credit risk, the Company maintains deposits with financial institutions with minimum equivalent short-term credit ratings of "A1". The maximum exposure on cash is equal to the carrying amount of these instruments.

It is the Company's policy that customers who wish to trade on credit terms are subject to credit verification procedures including policies governing: credit approvals, limits, collections and fraud prevention. The Company provides impairment allowances for potentially uncollectible accounts receivable. Receivable balances are comprised of approximately forty thousand customers spread across a wide geography, substantially reducing the Company's risk through the diversity of its customer base. Further, receivables are centrally monitored on an ongoing basis with the result that the Company's exposure to individual customers is generally not significant. The maximum exposure net of impairment allowances is $99,241 (January 31, 2021 – $91,443). The Company does not have any individual customers greater than 10% of total accounts receivable. At January 31, 2022, the Company's gross maximum credit risk exposure is $111,406 (January 31, 2021 – $102,573). Of this amount, $9,839 (January 31, 2021 – $9,863) is more than 60 days past due. The Company has recorded an allowance against its maximum exposure to credit risk of $12,165 (January 31, 2021 – $11,130) which is based on expected credit losses for similar financial assets.

The Company has an unsecured, non-interest bearing promissory note receivable of $50,092 (January 31, 2021 – $49,020) from Giant Tiger Stores Limited of which $9,809 (January 31, 2021 – $NIL) has been reclassified to accounts receivable and $40,283 (January 31, 2021 – $49,020) is classified as a non-current asset. This promissory note is considered to have a low credit risk based on the high credit quality of its counterparty. See Note 24.

As at January 31, 2022 and 2021, the Company has no significant credit risk related to derivative financial instruments.

Market risk

(a) *Currency risk* The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. Foreign exchange risk arises from U.S. dollar denominated borrowings and net investments in foreign operations.

Management is responsible for managing foreign currency risk. The Company's U.S. dollar net investment is exposed to foreign currency translation risk. The Company has hedged US$70,000 of this risk with U.S. dollar denominated borrowings. No ineffectiveness was recognized from the net investment hedge.

In respect of recognized foreign currency assets and liabilities, the Company has limited exposure. Procurement and related borrowing activity are generally conducted in currencies matching cash flows generated by underlying operations, providing an economic hedge without sophisticated treasury management. Short-term imbalances in foreign currency holdings are rectified by buying or selling at spot rates when necessary.

Management considers a 10% variation in the Canadian dollar relative to the U.S. dollar reasonably possible. Considering all major exposures to the U.S. dollar as described above, a 10% appreciation of the Canadian dollar against the U.S. dollar in the year-end rate would cause net earnings to decrease by approximately $100 (January 31, 2021 - $100). A 10% depreciation of the Canadian dollar against the U.S. dollar year-end rate would cause net earnings to increase by approximately $100 (January 31, 2021 – $100).

The Company may use derivative financial instruments to manage market risk. These transactions are approved by the Board of Directors. The derivatives are entered into with financial institution counter parties rated AA-.

(b) *Interest rate risk* Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its long-term borrowings.

The Company manages exposure to interest rate risk by monitoring its blend of fixed and floating interest rates, and may modify this blend using interest rate swaps. The goal of management is to manage the trade-off between obtaining the most beneficial effective rates of interest, while minimizing the impact of interest rate volatility on earnings.

Management considers a 100 basis point change in interest rates reasonably possible. Considering all major exposures to interest rates as described above, based on floating rate borrowings outstanding at January 31, 2022 a 100 basis point increase in the risk-free rate would cause net earnings to decrease by approximately $330 (January 31, 2021 – $150). A 100 basis point decrease would cause net earnings to increase by approximately $330 (January 31, 2021 – $150).

(c) *Accounting classifications and fair value estimation* The following table comprises the carrying amounts of the Company's financial instruments. Financial instruments are either carried at amortized cost using the effective interest rate method or fair value.

The Company uses a three-level hierarchy to categorize financial instruments carried at fair value as follows:

- Level 1 – Fair values measured using quoted prices (unadjusted) in active markets for identical instruments
- Level 2 – Fair values measured using directly or indirectly observable inputs, other than those included in Level 1
- Level 3 – Fair values measured using inputs that are not based on observable market data

These amounts represent point-in-time estimates and may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of significant judgment.

January 31, 2022		**Assets (Liabilities) carried at amortized cost**	
	Maturity	Carrying amount	Fair value
Cash	Short-term	$ 49,426	$ 49,426
Accounts receivable (1)	Short-term	99,241	99,241
Promissory note receivable (1)	Long-term	40,283	40,283
Other financial assets	Long-term	1,422	1,422
Accounts payable and accrued liabilities	Short-term	(213,733)	(213,733)
Current portion of long-term debt	Short-term	(46,262)	(46,262)
Long-term debt	Long-term	(189,378)	(184,448)

(1) At January 31, 2022, $9,809 of the promissory note receivable due within the next 12 months is included in accounts receivable (January 31, 2021 – $NIL).

January 31, 2021		Assets (Liabilities) carried at amortized cost	
	Maturity	Carrying amount	Fair value
Cash	Short-term	$ 71,536	$ 71,536
Accounts receivable	Short-term	91,443	91,443
Promissory note receivable	Long-term	49,020	49,020
Other financial assets	Long-term	1,393	1,393
Accounts payable and accrued liabilities	Short-term	(197,768)	(197,768)
Current portion of long-term debt	Short-term	(90,456)	(91,076)
Long-term debt	Long-term	(190,966)	(198,456)

The methods and assumptions used in estimating the fair value of the Company's financial instruments are as follows:

- The fair value of short-term financial instruments approximates their carrying values due to their immediate or short-term period to maturity. Any differences between fair value and book values of short-term financial instruments are considered to be insignificant.
- The fair value of long-term debt with fixed interest rates is estimated by discounting the expected future cash flows using the current risk-free interest rate on an instrument with similar terms adjusted for an appropriate risk premium. This is considered a level 2 fair value estimate.
- The carrying value of the promissory note receivable is a reasonable approximation of fair value. The fair value when recognized was estimated by calculating the present value of the future expected cash flows using an effective interest rate derived from comparable debt issuances.

Capital management

The Company's objectives in managing capital are to deploy capital to provide an appropriate total return to shareholders while taking into consideration key risks, including the duration and severity of COVID-19. Management maintains a capital structure that provides the flexibility to take advantage of the growth opportunities of the business, maintain existing assets, meet obligations and financial covenants and enhance shareholder value. The capital structure of the Company consists of bank advances, long-term debt and shareholders' equity. The Company manages capital to optimize efficiency through an appropriate balance of debt and equity. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue additional shares, borrow additional funds, adjust discretionary capital spending and adjust the amount of dividends paid or refinance debt at different terms and conditions.

The Company's process and policies for managing capital are monitored by management and are reflected in the following measures:

(a) *Debt-to-equity ratio* At January 31, 2022, the debt-to-equity ratio was 0.41 compared to 0.56 last year. The debt-to-equity ratio is within the Company's objectives. The debt-to-equity ratio is calculated as follows:

	January 31, 2022	January 31, 2021
Current portion of long-term debt (Note 12, 25)	**$ 46,262**	$ 90,456
Long-term debt	**189,378**	190,966
Total debt	**$ 235,640**	$ 281,422
Total equity	**$ 580,204**	$ 505,231
Debt-to-equity ratio	**0.41**	0.56

(b) *Financial covenants* As a result of borrowing agreements entered into by the Company, there are certain financial covenants that must be maintained. Financial covenants include a fixed charge coverage ratio, minimum current ratio, a leverage test and a minimum net worth test. Compliance with financial covenants is reported quarterly to the Board of Directors. During the years ended January 31, 2022 and 2021, the Company is in compliance with all financial covenants. Other than the requirements imposed by these borrowing agreements and solvency tests imposed by the CBCA, the Company is not subject to any externally imposed capital requirements.

Capital management objectives are reviewed on an annual basis. The capital management objectives were substantially unchanged for the year ended January 31, 2022.

16. SHARE CAPITAL

Authorized – The Company has an unlimited number of Common Voting Shares and Variable Voting Shares.

	Shares	Consideration
January 31, 2021	**48,613,319**	**$ 174,213**
Purchased and cancelled (1)	**(807,037)**	**(2,892)**
Issued under share-based compensation plans (Note 14)	**72,368**	**1,789**
Balance at January 31, 2022	**47,878,650**	**$ 173,110**
Shares held in trust, January 31, 2021	**—**	**—**
Purchased for future settlement of PSUs	**(85,000)**	**(304)**
Released for settlement of PSUs (Note 14)	**76,629**	**275**
Shares held in trust, January 31, 2022	**(8,371)**	**$ (29)**
Issued and outstanding, net of shares held in trust, January 31, 2022	**47,870,279**	**$ 173,081**
January 31, 2020	48,750,929	$ 173,681
Purchased and cancelled (1)	(180,774)	(648)
Issued under share-based compensation plans (Note 14)	43,164	1,180
Balance at January 31, 2021	48,613,319	$ 174,213

(1) Variable voting shares and common voting shares purchased pursuant to NCIB program. The Company records shares repurchased on a transaction date basis.

Voting rights

The Company's share capital is comprised of Variable Voting Shares and Common Voting Shares. The two classes of shares have equivalent rights as shareholders except for voting rights. Holders of Variable Voting Shares are entitled to one vote per share except where (i) the number of outstanding Variable Voting Shares exceeds 49% of the total number of all issued and outstanding Variable Voting Shares and Common Voting Shares, or (ii) the total number of votes cast by or on behalf of the holders of Variable Voting Shares at any meeting on any matter on which a vote is to be taken exceeds 49% of the total number of votes cast at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share will decrease automatically without further act or formality. Under the circumstances described in paragraph (i) above, the Variable Voting Shares as a class cannot carry more than 49% of the total voting rights attached to the aggregate number of issued and outstanding Variable Voting Shares and Common Voting Shares of the Company. Under the circumstances described in paragraph (ii) above, the Variable Voting Shares as a class cannot, for the given Shareholders' meeting, carry more than 49% of the total number of votes cast at the meeting.

Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians (within the meaning of the Canada Transportation Act). An issued and outstanding Variable Voting Share is converted into one Common Voting Share automatically and without any further act of the Company or the holder, if such Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian, as defined in the Canada Transportation Act ("CTA").

At January 31, 2022 shares outstanding of 47,878,650 included 14,973,056 (January 31, 2021 – 16,379,039) Variable Voting Shares, representing 31.3% (January 31, 2021 – 33.7%) of the total shares issued and outstanding.

Normal Course Issuer Bid

On November 10, 2021, the Company received approval from the Toronto Stock Exchange to renew the Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,773,508 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2022, the Company purchased 807,037 common shares having a book value of $2,892 for cash consideration of $28,064. The excess of the purchase price over the book value of the shares of $25,172 was charged to retained earnings. During the year ended January 31, 2021, the Company purchased 180,774 common shares having a book value of $648 for cash consideration of $6,014. The excess of the purchase price over the book value of the shares of $5,366 was charged to retained earnings. All shares purchased were cancelled.

In connection with the NCIB, the Company has established an automatic securities purchase plan with its designated broker to facilitate the purchase of shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its shares due to regulatory restrictions or self-imposed blackout periods. Under the plan, before entering a self-imposed blackout period, the Company may, but is not required to, ask the designated broker to make purchases under the NCIB within specific parameters.

17. EXPENSES BY NATURE

Year Ended	**January 31, 2022**	January 31, 2021
Employee costs (Note 18)	**$ 325,862**	$ 361,470
Amortization	**90,950**	92,078
Operating lease rentals	**5,479**	6,308
Gain on insurance settlement (1)	**(18,124)**	(5,306)
Gain on disposition of Giant Tiger stores (2)	**—**	(24,712)

(1) The Company recorded gains on insurance claims. These gains were due to the difference between the replacement cost of the assets destroyed and their net book values and also for recovery of business interruption losses on certain insurance claims.

(2) The Company recorded a gain on the disposition of 36 of its Giant Tiger stores. See Note 24.

18. EMPLOYEE COSTS

Year Ended	**January 31, 2022**	January 31, 2021
Wages, salaries and benefits including bonus	**$ 303,358**	$ 329,177
Post-employment benefits (Note 13)	**10,650**	9,798
Share-based compensation (Note 14)	**11,854**	22,495
Included in the above are the following amounts in respect of key management compensation:		
Wages, salaries and benefits including bonus	**$ 7,970**	$ 8,984
Post-employment benefit expense	**1,732**	2,133
Share-based compensation	**6,912**	15,635

Key management personnel are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management personnel are comprised of the Board of Directors, Chief Executive Officer and the senior officers of the Company.

19. INTEREST EXPENSE

Year Ended	**January 31, 2022**	January 31, 2021
Interest on long-term debt	**$ 8,950**	$ 11,547
Interest on lease liabilities	**4,288**	5,065
Net interest on defined benefit plan obligation	**1,016**	1,074
Interest imputed on promissory note receivable	**(1,101)**	(698)
Interest capitalized	**(95)**	(180)
Interest expense	**$ 13,058**	$ 16,808

20. DIVIDENDS

The following is a summary of the dividends recorded in shareholders' equity and paid in cash:

Year Ended	**January 31, 2022**	January 31, 2021
Dividends recorded in equity and paid in cash	**$ 70,420**	$ 69,490
Less: Dividends paid to non-controlling interests	**—**	(2,214)
Shareholder dividends	**$ 70,420**	$ 67,276
Dividends per share	**$ 1.46**	$ 1.38

The payment of dividends on the Company's common shares is subject to the approval of the Board of Directors and is based upon, among other factors, the financial performance of the Company, its current and anticipated future business needs, and the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends. Dividends are recognized as a liability in the consolidated financial statements in the year in which the dividends are approved by the Board of Directors.

On April 13, 2022, the Board of Directors declared a dividend of $0.37 per common share to paid on April 28, 2022 to shareholders of record as of the close of business on April 21, 2022.

21. NET EARNINGS PER SHARE

Basic net earnings per share is calculated based on the weighted-average shares outstanding during the year. The diluted net earnings per share takes into account the dilutive effect of all potential ordinary shares. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

($ and shares in thousands, except earnings per share)

Year Ended	**January 31, 2022**	January 31, 2021
Diluted earnings per share calculation:		
Net earnings attributable to shareholders for the year (numerator for diluted earnings per share)	**$ 154,802**	$ 139,874
Weighted-average shares outstanding (denominator for basic earnings per share)	**48,268**	48,758
Dilutive effect of share-based compensation	**766**	768
Denominator for diluted earnings per share	**49,034**	49,526
Basic earnings per share	**$ 3.21**	$ 2.87
Diluted earnings per share	**$ 3.16**	$ 2.82

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Contingencies

In the ordinary course of business, the Company is subject to audits by taxation authorities. While the Company believes that its filing positions are appropriate and supportable, the possibility exists that certain matters may be reviewed and challenged by the taxation authorities. The Company regularly reviews the potential for adverse outcomes and the adequacy of its tax provisions. The Company believes that it has adequately provided for these matters. If the final outcome differs materially from the provisions, the Company's income tax expense and its earnings could be affected positively or negatively in the period in which the matters are resolved.

The Company is involved in various legal matters arising in the normal course of business. The occurrence of the confirming future events is not determinable or it is not possible to determine the amounts that may ultimately be assessed against the Company. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

Guarantees

The Company has provided the following guarantees to third parties:

The Company has entered into indemnification agreements with its current and former directors and officers to indemnify them, to the extent permitted by law, against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or any judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. The Company has purchased director and officer liability insurance. No amount has been recorded in the consolidated financial statements with respect to these indemnification agreements.

In the normal course of operations, the Company provides indemnification agreements to counterparties for various events such as intellectual property right infringement, loss or damages to property, claims that may arise while providing services, violation of laws or regulations, or as a result of litigation that might be suffered by the counterparties. The terms and nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. No amount has been recorded in the consolidated financial statements with respect to these indemnification agreements.

23. SUBSIDIARIES AND JOINT VENTURES

The Company's principal operating subsidiaries are set out below:

			Proportion of voting rights held by:	
	Activity	Country of Organization	Company	Subsidiary
NWC GP Inc.	General Partner	Canada	100 %	
North West Company Holdings Inc.	Holding Company	Canada	100 %	
The North West Company LP	Retailing	Canada	100 % (less one unit)	
NWC (U.S.) Holdings Inc.	Holding Company	United States		100 %
The North West Company (International) Inc.	Retailing	United States		100 %
Roadtown Wholesale Trading Ltd.	Retailing	British Virgin Islands		77 %
North Star Air Ltd.	Airline	Canada		100 %

The investment in joint venture comprises a 50% interest in a Canadian Arctic shipping company, Transport Nanuk Inc. At January 31, 2022, the Company's share of the net assets of its joint venture amount to $14,456 (January 31, 2021 – $12,481) comprised assets of $17,074 (January 31, 2021 - $14,790) and liabilities of $2,618 (January 31, 2021 – $2,309). During the year ended January 31, 2022, the Company purchased freight handling and shipping services from Transport Nanuk Inc. and its subsidiaries of $9,362 (January 31, 2021 – $7,731).

24. DISPOSITION & STORE CLOSURE PROVISION

On July 5, 2020, the Company sold 36 of its 46 Giant Tiger stores (the Acquired Stores) to Giant Tiger Stores Limited for cash consideration of $45,000, subject to working capital adjustments, and additional contingent consideration payable of up to $22,500. The cash consideration is payable in installments on the second, third and fourth anniversaries of the transaction closing date and, subject to meeting certain profitability milestones, the additional contingent cash consideration is payable on the fourth and fifth anniversaries of the closing date.

The consideration has been recorded as an unsecured, non-interest bearing promissory note receivable comprised of the net present value of the estimated installments, discounted using an interest rate specific to the counterparty. For the year-ended January 31, 2022 the Company recognized interest income of $1,101 (January 31, 2021 - $698) on the promissory note receivable (Note 19) and it had a fair value of $50,092, of which $9,809 has been reclassified to accounts receivable.

For the year ended January 31, 2021 the Company recognized a pre-tax gain on the sale of $24,712 ($19,991, net of tax) in selling, operating and administrative expenses.

Giant Tiger Asset Impairment Charge & Store Closure Provision
For the year ended January 31, 2021, the Company recorded an asset impairment and store closure provision of $9,411, of which $5,199 remains accrued at January 31, 2022. The store closure provision in the prior year was included in selling, operating and administrative expenses in the consolidated statements of earnings, and was applied to reduce the carrying amount of fixtures and equipment and right-of-use assets and to increase accrued liabilities on the consolidated balance sheets.

25. SUBSEQUENT EVENTS

On March 2, 2022, the Company refinanced the CAD$300,000 and US$52,000 loan facilities that originally matured September 26, 2022. The newly increased committed revolving loan facilities, with the existing lenders, provide the Company with up to CAD$400,000 and US$52,000 for working capital and general corporate purposes. The Canadian dollar facilities have a floating interest rate based on Bankers Acceptances rates plus stamping fees, or the Canadian prime interest rate. The U.S. dollar facilities have a floating interest rate based on U.S. LIBOR or an alternative reference rate plus a spread.

The new loan facilities mature March 1, 2027 and rank *pari pass*u with the $100,000 and US$70,000 senior notes.

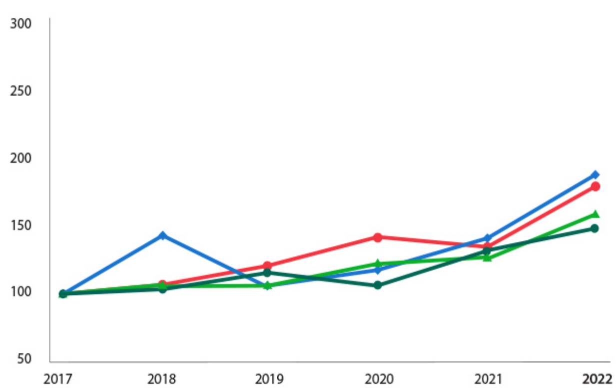
Shareholder Information

Fiscal Year Quarter Ended	Share Price High	Share Price Low	Share Price Close	Volume	EPS[1]
2021	**$38.20**	**$30.24**	**$35.05**	**50,473,763**	**$3.16**
April 30, 2021	37.82	30.24	35.40	14,615,387	0.80
July 31, 2021	36.93	34.16	36.36	13,211,437	0.86
October 31, 2021	37.00	32.93	33.63	10,437,988	0.79
January 31, 2022	38.20	32.90	35.05	12,208,951	0.71
2020	**$36.92**	**$16.06**	**$32.37**	**60,827,077**	**$2.82**
April 30, 2020	28.23	16.06	26.30	18,232,655	0.23
July 31, 2020	32.01	24.60	29.80	15,500,127	1.25
October 31, 2020	36.92	27.78	32.85	14,079,055	0.71
January 31, 2021	35.97	31.40	32.37	13,015,240	0.63
2019	**$33.16**	**$27.18**	**$27.56**	**45,013,403**	**$1.68**
April 30, 2019	33.16	27.72	28.30	13,679,472	0.51
July 31, 2019	31.62	28.28	30.21	9,373,099	0.35
October 31, 2019	31.77	27.24	28.18	11,706,028	0.49
January 31, 2020	28.86	27.18	27.56	10,254,804	0.33

1 Net earnings per share are on a diluted basis.

Total Return Performance (% at January 31)

This chart illustrates the relative performance of shares of The North West Company Inc. over the past five years. The index incorporates the reinvestment of dividends.



	2017	2018	2019	2020	2021	2022
NWC	100	104	116	107	132	149
TSX Composite	100	107	107	123	127	159
Retailing Group	100	143	105	118	141	188
Food/Staples Retailing Group	100	107	121	142	134	180

The North West Company Inc.
Anticipated Dividend Dates*

Record Date: April 21, 2022
Payment Date: April 28, 2022

Record Date: June 30, 2022
Payment Date: July 15, 2022

Record Date: September 30, 2022
Payment Date: October 14, 2022

Record Date: December 30, 2022
Payment Date: January 16, 2023

*Dividends are subject to approval by the Board of Directors

The 2021 Annual General Meeting of Shareholders of The North West Company Inc. will be held on Wednesday, June 8, 2022 at 11:30 am (Central Time) by virtual only meeting via live audio webcast online at:
https: web.lumiagm.com/471321061

Transfer Agent and Registrar
TSX Trust Company
600 The Dome Tower
333-7th Ave SW
Calgary, AB
Toll-free: 1 800 387 0825
www.tsxtrust.com

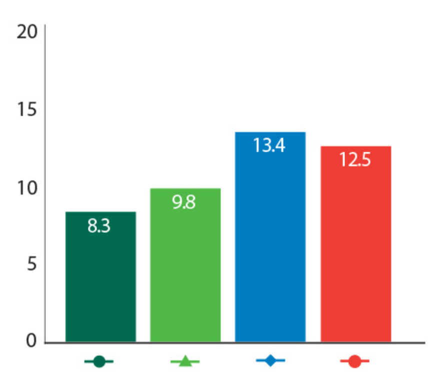
Stock Exchange Listing
The Toronto Stock Exchange

Stock Symbol NWC
ISIN #: CA6632782083
CUSIP #: 663278208

Number of shares issued and outstanding at January 31, 2022: 47,878,650

Auditors
PricewaterhouseCoopers LLP

Five Year Compound Annual Growth (%)



Corporate Governance

Complete disclosure of The North West Company Inc's. corporate governance is provided in the Company's Management Information Circular, which is available on the Canadian Securities Administrators' website at *www.sedar.com* or in the investor section of the Company's website at www.northwest.ca.

EXECUTIVES

Daniel G. McConnell
President & Chief Executive Officer

Jim Caldwell
President, Canadian Retail

Kyle A. Hill
President, Alaska Commercial Company

J. Kevin Proctor
President, Cost-U-Less & Riteway

John D. King
Executive Vice President &
Chief Financial Officer

Alison F. Coville
Chief People Officer

Cole J.A. Akerstream
Vice-President, Corporate Development

Michael T. Beaulieu
Vice-President, Canadian Store Operations

Steven J. Boily
Vice-President, Information Services

David M. Chatyrbok
Vice-President, Canadian Procurement &
Marketing

Leanne G. Flewitt
Vice-President, Logistics, Supply Chain
& Distribution (Canadian Operations)

Matt D. Johnson
Vice-President, Cost-U-Less Procurement &
Marketing

EXECUTIVES

Laurie J. Kaminsky
Vice-President, NWC Health Products &
Services

Frank W. Kelner
Chairman & Chief Executive Officer,
North Star Air Ltd.

Thomas J. Meilleur
Vice-President, North Star Air Ltd.

Walter E. Pickett
Vice-President & General Manager,
Alaska Commercial Company

Randy Roller
Vice-President & General Manager, Facilities
and Store Planning

Douglas S. Ruckle
Vice-President, Procurement and Marketing -
Alaska Commercial Company

Nicolas Sabogal
Vice-President of Strategy,
Planning and Analytics

Kevin T. Sie
Vice-President, Finance

Jeffrey B. Stout
President & Chief Operating Officer,
North Star Air Ltd.

Amanda E. Sutton
Vice-President, Legal & Corporate Secretary

Bret J. Thomson
Vice-President, Construction and Engineering

James W. Walker
Vice-President & General Manager,
Wholesale Operations (International
Operations)

BOARD OF DIRECTORS

H. Sanford Riley, Chairman

Brock Bulbuck[2, 3]

Deepak Chopra[1, 3]

Frank J. Coleman [2, 3]

Stewart F. Glendinning [1, 2]

Annalisa King [1, 2]

Violet A. M. Konkle [1, 3]

Steven Kroft [2, 3]

Daniel G. McConnell

Jennefer Nepinak [1, 3]

Victor Tootoo[1, 2]

BOARD COMMITTEES

1 Governance and Nominating
2 Audit
3 Human Resources, Compensation and Pension

For additional copies of this report or for general information about the Company, contact the Corporate Secretary:

The North West Company Inc.
Gibraltar House, 77 Main Street
Winnipeg, Manitoba Canada R3C 2R1
T 204 934 1756 F 204 934 1317
board@northwest.ca
Company Website: *www.northwest.ca*

Nor'Westers are associated with the vision, perseverance, and enterprising spirit of the original North West Company and Canada's early fur trade. We trace our roots to 1668, and the establishment of one of North America's early trading posts at Waskaganish on James Bay. Today, we continue to embrace this pioneering culture as true "frontier merchants."

The North West Company Inc.
Gibraltar House, 77 Main Street
Winnipeg, Manitoba Canada R3C 2R1
T 204 934 1756 F 204 934 1317
Toll -free 1 800 563 0002
investorrelations@northwest.ca
www.northwest.ca