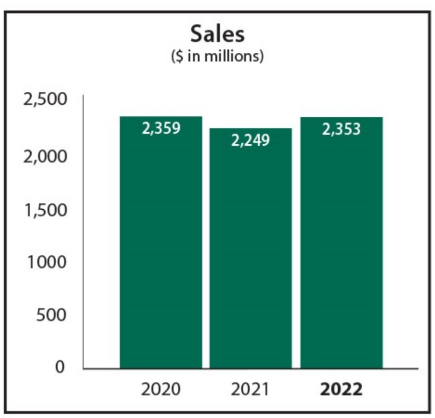
The North West Company Inc.

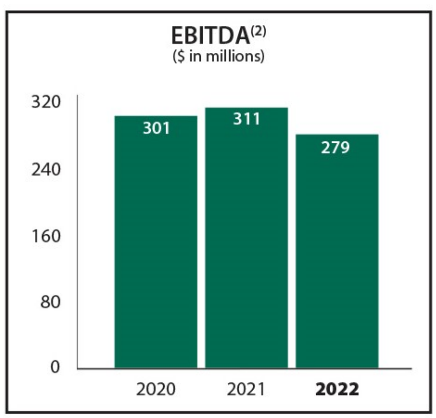
2022 ANNUAL REPORT

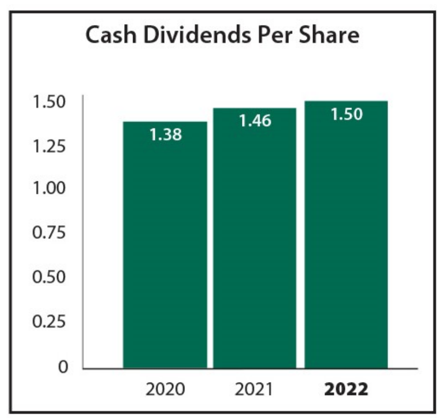
Financial Highlights

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

($ in thousands, except per share information)	**Year Ended January 31, 2023**	Year Ended January 31, 2022	Year Ended January 31, 2021
RESULTS FOR THE YEAR			
Sales	**$ 2,352,760**	$ 2,248,796	$ 2,359,239
Same store sales % increase/(decrease) (1)	**(0.8)%**	(0.4)%	19.0 %
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (2)	**$ 278,678**	$ 311,375	$ 301,427
Earnings from operations (EBIT)	**180,305**	220,425	209,349
Net earnings	**125,836**	157,451	143,560
Net earnings attributable to The North West Company Inc.	**122,190**	154,802	139,874
Cash flow from operating activities (3)	**182,838**	224,135	338,718
FINANCIAL POSITION			
Total assets	**$ 1,336,890**	$ 1,219,273	$ 1,191,168
Debt	**290,050**	235,640	281,422
Total equity	**647,900**	580,204	505,231
FINANCIAL RATIOS			
Debt-to-equity	**.45:1**	.41:1	.56:1
Return on net assets (RONA) (2)	**17.9 %**	23.8 %	22.4 %
Return on average equity (ROE) (2)	**20.5 %**	29.0 %	30.7 %
Sales blend: Food	**77.3 %**	76.7 %	76.4 %
General Merchandise and other	**22.7 %**	23.3 %	23.6 %
PER SHARE ($) - DILUTED			
EBITDA (2)	**$ 5.73**	$ 6.35	$ 6.09
Net earnings attributable to shareholders	**2.51**	3.16	2.82
Cash flow from operating activities	**3.76**	4.57	6.84
Market price: January 31	**36.24**	35.05	32.37
high	**40.09**	38.20	36.92
low	**30.55**	30.24	16.06







(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. 2022

Annual Report

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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 2022 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, 2023 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 5, 2023 and the information contained in this MD&A is current to April 5, 2023, 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 potential impact of a 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, 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

This past year reinforced what it means for us here at the North West Company to be driven by one purpose: Making people's lives better in the communities we serve. As we emerged from the pandemic we were met with lower government income support payments, higher out-of-market travel, inflationary cost increases, lingering supply chain disruptions and labor shortages.

Within this challenging environment and guided by our purpose, we focused our attention on three key areas: Operational Excellence, Growth, and Community. By concentrating on these areas, we have been able to sustain and enhance the trust of the communities we serve, while positioning the organization for the future by uncovering additional potential in our core business and building the capabilities to unlock it.

Operational Excellence – We firmly believe that our best approach to address the challenges outlined above and to deliver sustainable earnings growth and create long-term value, is to build on our operational capabilities and core competencies.

Given the remote nature of the markets we serve, our customers were not only impacted by significant supplier merchandise cost increases, but also by higher fuel-related freight costs. In order to stay true to our purpose of making people's lives better in the communities we serve, our teams prioritized cost control and worked closely with our vendor and carrier partners to provide value for our customers within this higher cost inflation environment.

More than ever, leveraging our supply chain capabilities was crucial. To minimize costs, we accelerated projects to build local warehouses in regional centers like Bethel, Alaska. This investment enables us to optimize our transportation mix, by maximizing the utilization of summer barges to ship durable goods, while reducing utilization of higher cost air-freight. In Canada, we continued to focus on optimizing load factors and aircraft utilization rates at North Star Air, that was further enhanced by leveraging the investment in a large cargo door ATR 72-500 series aircraft that enables loading and unloading efficiencies and provides NSA with greater flexibility to offer cargo service for larger items.

We also enhanced our product offering with expanded assortments that include private label and club pack items and increased promotions on essential products through our Price Drop and Price-Lock campaigns.

While in the short-term, the impact of not fully passing on inflationary cost increases has had a negative impact on our margins, we believe it is the right approach for the long-term and demonstrates our commitment to the customers and the communities we serve.

Growth – At the core, an indomitable enterprising spirit has driven the North West Company's successes over the years and continued to be a key factor in 2022 as we expanded to new markets.

In Alaska, we opened stores in Toksook Bay and Metlakatla. The latter is the only First Nation reserve community in the State of Alaska and therefore carries a tremendous sense of pride for the responsibility entrusted to North West by this community. In addition to new stores, Alaska Commercial Company launched a store-pick E-Commerce platform that leverages our logistics and supply chain capability to expand B-to-B and B-to-C sales. The new E-Commerce platform was implemented in the fourth quarter of 2022. We anticipate it is going to take some time for this new channel to mature, however the application and functionality has improved efficiencies, particularly in the shopping experience of remote 'bush' ordering, and it has been well received by our customers.

In Canada, we opened a store in a new market, Sheshatshiu, Newfoundland and Labrador. We're proud to have been selected by the Innu First Nation to serve the community. We added new stores in existing markets with the addition of Quickstop convenience stores in Coral Harbour, Nunavut and Little Grand Rapids, Manitoba. We also expanded our market share at North Star Air through new third-party contracts for cargo transportation services and charter passenger services.

Community – As part of our on-going efforts, we proudly support a wide range of community events and causes – from traditional and cultural celebrations to sports teams and healthy living activities. In 2022, we provided $2.2 million in donations and sponsorships in addition to volunteer time from North West Company employees.

As a company that serves over 175,000 northern Indigenous Peoples in Canada, one of our most meaningful accomplishments this past year was the launch of "Our Promise to Indigenous Peoples": a reaffirmed commitment to building more collaborative relationships that will enhance the inclusion and social well-being of Indigenous People of Canada, in the spirit of Truth and Reconciliation. It is not only the right thing to do, it is at the core of who we are. We are guiding this commitment through three pillars:

- **Well-being & Security** - a commitment to working collaboratively with Indigenous Peoples to advance health and well-being in the communities we serve;
- **Stronger Community Bonds** - developing stronger community bonds by recognizing the past and committing to a better future; and
- **Inclusion & Economic Success** - improving Indigenous inclusion in store and head office management while encouraging Indigenous economic development.

Our Promise and pillars were developed in consultation with Indigenous leaders, including employees within our own organization. With over 1,900 self-reported Indigenous employees, we are the largest private employer of Indigenous Peoples in Canada, and are committed to making sure that Our Promise is embedded in everything that we do.

The Promise is woven into our sustainability strategy and Environmental, Social and Governance (ESG) framework and is part of our Diversity, Equity and Inclusion policy. It will guide meaningful opportunities for impact, establish priorities for years to come and will serve as a model for our global operations.

Our journey ahead – I am excited about the opportunities ahead and our value creation potential. We have ambitious goals to deliver value for our customers and shareholders and to have a material positive societal impact as we help improve lives of people in the communities we serve.

Our history has proven time and time again that we are resilient. Inflation and the potential of a global macroeconomic slowdown are near-term headwinds but the resiliency of the food and essential products and services that we provide to the communities we serve will help mitigate these challenges. Looking forward, we are well-positioned in 2023 given the expected tailwinds from government transfer payments and higher infrastructure spending in communities we serve.

Maintaining a long-term view is what has made our Company successful over the years and we will continue to solidify our core retail business and identify further value creation opportunities. We will deliver operational excellence with a focus on our product offering by optimizing assortments and aligning value with customer needs. We will continue enhancing our supply chain and logistics capabilities to ensure availability of essential products on the most efficient and cost effective basis. We will continue to modernize our technology to enable greater efficiencies and provide scale and capability for the future. All of these priorities strengthen our core business and the capabilities that have enabled us to be the leading provider of essential products and services to remote communities and provide a solid foundation upon which to grow and provide sustainable value creation.

Once again I want to express my gratitude to our passionate and committed leaders and teams. They are the ones that make people's lives better in the communities we serve. I'm optimistic about the future. There is tremendous untapped potential that we can unleash to drive efficiencies and grow, and the efforts we have spearheaded over this past year confirm it.

Daniel G. McConnell
President & CEO
April 5, 2023

Chair of the Board Message

I am honoured to write my first message as Chair of the Board of Directors of The North West Company. As previously announced, Sanford (Sandy) Riley retired as Chair of the Board of Directors following the Company's Annual General Meeting on June 8, 2022. Sandy was first elected as a Director in 2003 and served in the role of Chair from 2008 until his retirement this year. On behalf of the Board, I want to once again thank Sandy for his leadership and for the many contributions he made during his 19 years on the Board and in his role as Chair. I personally also want to thank Sandy for his support and mentorship in my transition into the role of Chair.

As was reflected in the outlook in last year's annual report, the post-pandemic environment of 2022 brought the challenges of lower government income support, higher out-of-market travel, inflationary cost increases, continuing supply chain disruption and labor shortages. Despite these challenges, the dedicated and passionate team of Nor' Westers worked hard to continue to deliver on the Company's main purpose: Making people's lives better in the communities we serve, and in doing so was also able to continue to deliver impressive sales and earnings growth over pre-pandemic levels. So, before I go on, I want to acknowledge the great work that Nor' Westers did once again in 2022, and thank them for their continued efforts and dedication to North West's vision and purpose.

In remote-market retailing, serving the customer also means serving the community. North West continues to support events and programs, organizations, schools and sports teams in the communities we serve. Although there are a number of initiatives that made a positive impact on the communities we serve in 2022, one of the highlights of the year was the launch of "Our Promise to Indigenous Peoples" which is a reaffirmed commitment to building more collaborative relationships that will enhance the inclusion and social well-being of Indigenous People of Canada. Our Promise to Indigenous Peoples was developed in consultation with Indigenous leaders, including employees, and reflects the spirit of reconciliation contained in the Truth and Reconciliation Commission's Calls to Action. Our Promise to Indigenous Peoples was led by management with full support and engagement from the Board and is integrated within our ESG framework and the work we are doing to enhance diversity, equity and inclusion within our Company.

2022 was our first full year with Dan McConnell as our CEO leading the Company. CEO transition support and oversight therefore continued to be a major focus of the Board for 2022. As we mentioned last year, Dan hit the ground running after his appointment in mid-2021, and that pace continued throughout 2022. I am pleased to report that the transition to Dan in the role of CEO has gone extremely well, with Dan and the Board very quickly developing and maintaining a great working relationship, grounded on a foundation of common goals and open and transparent communication. The Board is excited to continue to work with Dan and his high-energy leadership team to drive the Company forward to continue to deliver value to the communities we serve and to our shareholders and stakeholders.

Board succession and renewal has also continued at North West in 2022. During the year, we were excited to welcome Rachel Huckle to the Board. Ms. Huckle is the President and Chief Operating Officer for Staples Canada ULC and brings with her over 25 years of diverse retail experience. In her short time on the Board, Rachel has already made great contributions, bringing additional retailing and business insight to our discussions. I look forward to Rachel's continuing contributions and insights.

In closing, on behalf of the entire Board, I want to once again thank all Nor' Westers for their ongoing commitment to making people's lives better in the communities we serve, the communities for allowing us the opportunity to serve them, and our shareholders for their continued support.

Brock Bulbuck
Chair of the Board
April 5, 2023

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 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

- **119 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;
- **28 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 Tele-pharmacy 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

- **32 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;
- **5 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. 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 sustainable, total returns through earnings growth, dividends and disciplined capital allocation.

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 guided by our vision and aligned with a total return approach to investment performance. We aim to deliver top-quartile returns through earnings 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's overriding goal is to offer essential products and services that help our customers to live better and our business to grow through the following priorities:

- striving for operational excellence in all facets of our business with a priority on ensuring in-stock availability on essential products that our customers rely on within global supply chain disruptions and reducing costs to help offset the impact of higher cost inflation and provide value to our customers;
- investing to grow our business through store openings in new and existing markets, store renovations, expanded product categories and services, including pursuing wholesale and B-to-B opportunities, consistent with our core capability as an essential everyday products and service provider in remote markets;
- building a superior logistics and supply chain capability with an ongoing focus on optimizing our transportation mix and air cargo capability to provide faster, more reliable and lower cost service to our stores and customers in remote markets;
- optimizing our IT infrastructure including the implementation of next generation information technology for our stores and support offices that deliver efficiencies and more streamlined processes and drive improvements in category management, pricing, data analytics and inventory management; and
- delivering on the priorities aligned within our Environmental, Social and Governance ("ESG") framework including ensuring that we attract, develop and retain top talent that is inclusive of the diverse peoples and cultures that are represented within the communities we serve and that we are responsible towards communities and other stakeholder interests.

Following is an update on the work in 2022 related to these strategic priorities:

Operational Excellence Overall in-stock performance on essential food items and categories such as transportation, home furnishings and appliances remained strong despite supply chain disruptions that impacted availability of merchandise. We continue to focus on cost control and scrutinizing cost increases from suppliers in order to provide value for our customers however, our gross profit rate decreased compared to last year as the impact of higher cost inflation was not fully passed on in retail prices.

Investing in Stores, Products and Services Stores were opened in new markets in Metlakatla and Toksook Bay, Alaska and Sheshatshiu, Newfoundland and Labrador. In addition, Quickstop convenience stores were opened in Coral Harbour, Nunavut and Little Grand Rapids, Manitoba. Investment in property and equipment increased to $112.6 million compared to $87.3 million last year and included the previously noted store openings, store renovations and equipment replacements.

We also launched a new store-pick E-Commerce platform in Alaska that leverages our logistics and supply chain capability to expand B-to-B and B-to-C sales. The application and functionality has been well received by customers and we continue to build customer traffic.

Building a Superior Logistics and Supply Chain Capability NSA's cargo aircraft utilization rates exceeded annual targets and delivered consistent service to northern Canada stores and external customers. An ATR 72-500 series aircraft that was put into operation in the fourth quarter of 2021 has exceeded target utilization rates and contributed to earnings gains in 2022. This aircraft was configured for cargo and modified to include a large cargo door that enables loading and unloading efficiencies and provides NSA with greater flexibility to offer cargo service for larger items.

Optimizing our IT Infrastructure The implementation of a new merchandise management system in AC which will enhance our ability to optimize our assortment, pricing and promotions, and will provide new data analytics capabilities was completed. The new point-of-sale ("POS") was installed in 46 Northern stores with the remaining stores under Project Enterprise expected to be completed in 2023.

Environmental, Social and Governance ESG is integrated within our strategies and work priorities and guide our decisions across the Company. We recognize that one of the strengths of our Company is the diversity of our workforce and that continuing to enhance a culture of diversity, equity and inclusion is critical to our business and our ability to attract, develop and retain top talent. In 2022, we completed a corporate-wide employee engagement survey that builds on the diversity, equity and inclusion survey completed last year.

In 2022, we also formalized our Promise to Indigenous Peoples which is a reaffirmed commitment to continue to build more collaborative relationships that will enhance the inclusion and social well-being of Indigenous People. Our Promise to Indigenous Peoples was developed in consultation with Indigenous leaders and reflects our commitment to the spirit of reconciliation contained in the Truth and Reconciliation Commission's Calls to Action and final report. Our Promise is focused on three pillars:

Well-being & Security - working collaboratively with Indigenous Peoples to advance health and well-being in the communities we serve;

Stronger Community Bonds - developing stronger community bonds by recognizing the past and committing to a better future; and

Inclusion & Economic Success - improving Indigenous inclusion in store and head office management while encouraging Indigenous economic development.

Further information on our ESG priorities is provided in the Corporate Social Responsibility and Sustainability Development section on page 32.

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 strive 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

2022 Highlights

- Six new stores were opened, three in Canada and three in International Operations.
- Return on equity[1] was 20.5% and has averaged 22.5% over the past 10 years.
- Return on net assets[1] was 17.9% and has averaged 18.6% over the past five years.
- Debt-to-Equity was 0.45 at January 31, 2023 and has remained below 1.0 since 2000.
- Quarterly dividends increased $0.01 per share or 2.7% to $0.38 per share in September 2022 and annual dividends per share have increased 3.7% on a compound annual growth basis over the past 10 years.

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)	**2022**	2021	2020
Sales	**$2,352,760**	$ 2,248,796	$ 2,359,239
Same store sales % increase/ (decrease)[2]	**(0.8)%**	(0.4)%	19.0 %
EBITDA[1]	**$ 278,678**	$ 311,375	$ 301,427
Earnings from operations	**$ 180,305**	$ 220,425	$ 209,349
Net earnings	**$ 125,836**	$ 157,451	$ 143,560
Net earnings attributable to shareholders of the Company	**$ 122,190**	$ 154,802	$ 139,874
Net earnings per share - diluted	**$ 2.51**	$ 3.16	$ 2.82
Cash flow from operating activities[3]	**$ 182,838**	$ 224,135	$ 338,718
Cash dividends per share	**$ 1.50**	$ 1.46	$ 1.38
Total assets	**$1,336,890**	$ 1,219,273	$ 1,191,168
Total long-term liabilities	**$ 440,384**	$ 344,579	$ 370,802
Return on net assets[1]	**17.9 %**	23.8 %	22.4 %
Return on average equity[1]	**20.5 %**	29.0 %	30.7 %

(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 over the past three years 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. These COVID-19-related factors contributed to significant 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 in 2020 and 2021, 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. In 2022, COVID-19-related income support payments have been phased out, travel restrictions have been eliminated and COVID-19-related expenses have been substantially reduced.

Giant Tiger Transaction On July 5, 2020, the Company completed the sale of 36 of the Company's 46 Giant Tiger stores (the "Divested 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.

A comparison of sales and earnings financial measures to 2019 has 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 Divested Stores and stores that were closed in connection with the Giant Tiger Transaction.

Consolidated Sales Sales for the year ended January 31, 2023 ("2022") increased 4.6% to $2.353 billion compared to $2.249 billion for the year ended January 31, 2022 ("2021"), but were down 0.3% compared to $2.359 billion for the year ended January 31, 2021 ("2020"). The increase in sales compared to 2021 was largely due to the impact of foreign exchange on the translation of International Operations sales, an increase in other sales in Canadian Operations which includes airline revenue, financial services, retail fuel and pharmacy, and the impact of new stores. Higher inflation was also a factor. Excluding the foreign exchange impact, sales increased 2.6% from 2021 but were flat compared to 2020. The decrease in sales compared to 2020 is primarily due to the COVID-19-related sales factors previously noted and the impact of lower sales in Giant Tiger stores resulting from the Giant Tiger Transaction.

On a same store basis, sales were down 0.8% compared to a same store sales decrease of 0.4% in 2021 and a 19.0% increase in 2020 as shown in the following table.

Same Store Sales

(% increase/(decrease))	**2022**	2021	2020
Food	**1.7 %**	0.4 %	15.6 %
General merchandise (GM)	**(13.3)%**	(4.2)%	36.1 %
Total food & GM sales	**(0.8)%**	(0.4)%	19.0 %

The decrease in same store sales in 2022 and 2021 is primarily due to the impact of the COVID-19-related factors previously noted. Although total same store sales over the past two years have decreased compared to strong COVID-19-related sales gains in 2020, they were up 18.6% this year compared to pre-COVID levels in 2019 with food same store sales up 18.4% and general merchandise same store sales up 19.4%. The impact of higher merchandise and freight cost inflation in 2022 resulted in changes in product sales blend as consumers allocated more of their spending to food and reduced purchases of general merchandise.

Consolidated food sales increased 5.5% from 2021 and were up 3.0% excluding the foreign exchange impact. Same store food sales increased 1.7% on top of a 0.4% increase last year. On a quarterly basis, same store sales increased 2.5% compared to the first quarter last year, decreased 1.3% in the second quarter and increased 1.5% and 4.0% in the third and fourth quarters respectively. Canadian food sales increased 1.9% and International food sales increased 4.4% excluding the foreign exchange impact.

Consolidated general merchandise sales decreased 9.2% compared to 2021 and were down 10.6% excluding the foreign exchange impact. Same store general merchandise sales decreased 13.3% for the year compared to a 4.2% decrease last year. On a quarterly basis, same store sales decreased 16.1% in the first quarter followed by decreases of 18.8%, 13.2% and 6.1% in the last three quarters. Canadian general merchandise sales decreased 10.7% and International general merchandise sales decreased 10.3% excluding the foreign exchange impact.

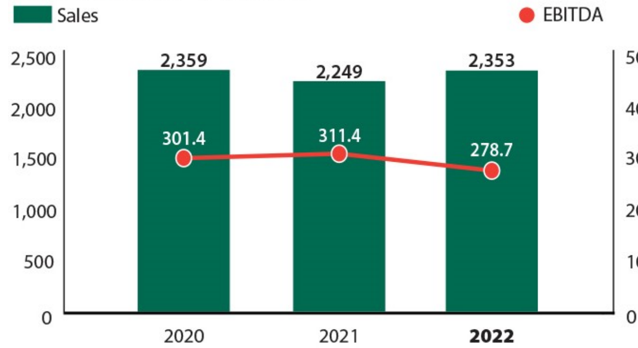
Other sales, which include airline revenue, financial services, fuel and pharmacy, increased 18.0% compared to 2021 mainly due to higher airline sales in North Star Air ("NSA"). An increase in retail fuel sales was also a factor. Other sales increased 37.4% compared to 2020 mainly due to higher revenues in NSA and sales gains in fuel and pharmacy.

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

	2022	2021	2020
Food	**77.3 %**	76.7 %	76.4 %
General merchandise and other	**22.7 %**	23.3 %	23.6 %

Canadian Operations accounted for 56.2% of total sales (57.4% in 2021 and 58.3% in 2020) while International Operations contributed 43.8% (42.6% in 2021 and 41.7% in 2020).

Sales & EBITDA[1] ($ in millions)



(1) See Non-GAAP Financial Measures section.

Gross Profit Gross profit increased 1.4% to $747.9 million compared to $737.8 million last year as higher sales more than offset a 102 basis point decrease in gross profit rate. The lower gross profit rate compared to last year was mainly due to changes in sales blend, the impact of higher freight and merchandise cost inflation that was not fully passed through in retail prices and higher markdowns.

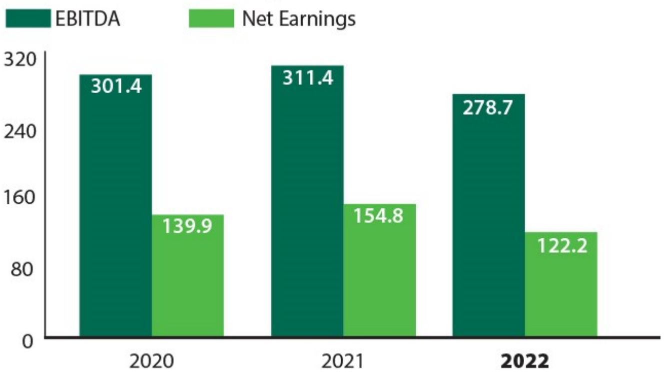
Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") of $567.6 million increased $50.3 million or 9.7% compared to last year and were up 113 basis points as a percentage of sales. The increase in Expenses is partially due to the impact of an $18.1 million insurance-related gain last year and higher share-based compensation costs this year resulting from mark-to-market adjustments (collectively "Non-Comparable 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 increased $30.9 million or 5.9% compared to last year primarily due to cost inflation, including higher fuel-based utility expenses, the impact of foreign exchange on the translation of International Operations expenses and new store expenses. These factors were partially offset by lower annual incentive plan costs and an $8.2 million decrease in COVID-19-related expenses.

Earnings from Operations (EBIT) and EBITDA[1] Earnings from operations or earnings before interest and income taxes ("EBIT") decreased 18.2% to $180.3 million compared to $220.4 million last year and decreased 13.9% compared to 2020. Earnings before interest, income taxes, depreciation and amortization ("EBITDA[1]") decreased 10.5% to $278.7 million compared to $311.4 million last year and was down $22.7 million or 7.5% compared to 2020. The decrease in EBIT and EBITDA compared to last year and 2020 is due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA[1], which excludes the impact of the previously noted Non-Comparable Factors, decreased $13.3 million or 4.4% compared to last year but was up $86.9 million or 42.4% compared to pre-pandemic adjusted EBITDA in 2019. Additional information on the financial performance of Canadian Operations and International Operations is provided on pages 12 and 14 respectively.

Interest Expense Interest expense increased 13.6% to $14.8 million compared to $13.1 million last year. This increase is due to higher average debt levels and interest rates. Average debt levels increased 4.5% compared to last year mainly due to an increase in amounts drawn on revolving loan facilities. The average cost of debt was 4.1% compared to 3.4% last year. Further information on interest expense is provided in Note 19 to the consolidated financial statements.

Income Tax Expense Income taxes decreased to $39.6 million compared to $49.9 million last year and the effective tax rate for the year was 24.0% compared to 24.1% last year. The decrease in income tax expense is primarily due to lower earnings. Changes in the effective income tax rate may occur as a result of various factors, including changes in tax law, the impact of discrete items, including the taxation of share-based compensation and insurance gains, changes in tax estimates and the blend of earnings across the various tax rate jurisdictions. 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 decreased 20.1% to $125.8 million compared to $157.5 million last year and were down 12.3% or $17.7 million compared to 2020. Net earnings attributable to shareholders of the Company were $122.2 million compared to $154.8 million last year and diluted earnings per share were $2.51 per share compared to $3.16 per share last year due to the factors previously noted. Excluding the impact of the previously noted Non-Comparable Factors, adjusted net earnings[1] decreased $17.4 million or 11.3% compared to last year but was up $60.7 million or 80.5% compared to pre-pandemic adjusted net earnings in 2019. In 2022, the average exchange rate used to translate International Operations sales and expenses was 1.3088 compared to 1.2526 last year and 1.3390 in 2020.

The Canadian dollar's depreciation versus the U.S. dollar compared to 2021 had the following net impact on the 2022 results:

Sales..increase of $44.2 million or 4.5%
Earnings from operations...increase of $2.6 million
Net earnings..increase of $2.1 million
Diluted earnings per share..................................increase of $0.04 per share

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

($ in thousands)	**2022**	2021	2020
Total assets	**$ 1,336,890**	$ 1,219,273	$ 1,191,168

Consolidated assets increased $117.6 million or 9.6% compared to 2021 and were up $145.7 million or 12.2% compared to 2020. The increase in consolidated assets compared to last year and 2020 is largely due to an increase in current assets, mainly driven by higher inventories and accounts receivable, and an increase in property and equipment. Further information on the change in current assets is provided in the working capital section below. The increase in property and equipment is primarily due to new stores, store renovations and investments in fixtures and equipment. Further information on property and equipment is provided in Note 7 to the consolidated financial statements. The impact of foreign exchange was also a factor as the year-end exchange rate used to translate International Operations assets increased to 1.3382 compared to 1.2727 last year and 1.2776 in 2020.

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

($ in thousands)	**2022**	2021	2020
Current assets	**$ 474,844**	$ 403,358	$ 396,860
Current liabilities	**$ (248,606)**	$ (294,490)	$ (315,135)
Working capital	**$ 226,238**	$ 108,868	$ 81,725

Working capital increased $117.4 million or 107.8% to $226.2 million compared to 2021 and increased $144.5 million or 176.8% compared to 2020. Current assets increased $71.5 million or 17.7% compared to last year and were up $78.0 million or 19.7% compared to 2020. The increase in current assets compared to 2021 is predominantly due to an increase in inventories, accounts receivable and cash. Further information on inventories and accounts receivable is provided in the net assets employed section under Canadian Operations and International Operations. Further information on the increase in cash is provided in the consolidated statements of cash flows and the Liquidity and Capital Resources section.

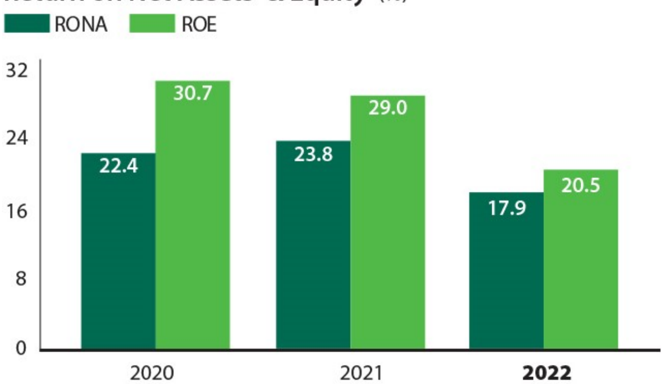
Current liabilities decreased $45.9 million or 15.6% compared to last year and were down $66.5 million or 21.1% compared to 2020. The decrease compared to last year and 2020 is substantially due to a decrease in the current portion of long-term debt related to the $45.1 million loan facilities that matured on September 26, 2022 and 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 Resources section and in Note 12 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. 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 ("RONA") decreased to 17.9% compared to 23.8% in 2021 due to an 18.2% decrease in EBIT offset by an 8.9% increase in average net assets employed. Additional information on net assets employed for the Canadian Operations and International Operations is on page 13 and page 15 respectively.

Return on average equity ("ROE") decreased to 20.5% compared to 29.0% in 2021 due to a 20.1% decrease in net earnings and higher average equity mainly related 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.

The decrease in RONA and ROE in 2022 compared to 2020 and 2021 as shown in the graph below is primarily due to the COVID-19-related factors that contributed to higher earnings in 2020 and 2021. The RONA of 17.9% and ROE of 20.5% in 2022 compare to RONA of 13.5% and ROE of 20.5% in pre-COVID 2019.

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)	**2022**	2021	2020
Total long-term liabilities	**$ 440,384**	$ 344,579	$ 370,802

Consolidated long-term liabilities increased $95.8 million or 27.8% to $440.4 million compared to 2021 and were up $69.6 million or 18.8% from 2020.

The increase in long-term liabilities compared to 2021 and 2020 is substantially due to higher long-term debt resulting from an increase in amounts drawn on revolving loan facilities and the refinancing of loan facilities that were previously recorded as current liabilities. The impact of foreign exchange rates on the translation of U.S. denominated debt was also a factor. The increase in long-term debt compared to 2020 was partially offset by a $20.2 million decrease in defined benefit pension plan obligations mainly related to an increase in the discount rate and a $10.4 million decrease in lease liabilities. 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.

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)	**2022**	2021	2020
Sales	**$1,323,185**	$1,291,139	$1,376,188
Same store sales % increase/(decrease)	**(2.4)%**	(2.4)%	22.3 %
EBITDA (1)	**$ 185,458**	$ 215,209	$ 206,498
Earnings from operations	**$ 119,090**	$ 153,328	$ 144,141
Return on net assets (1)	**19.1 %**	26.6 %	26.3 %

(1) See Non-GAAP Financial Measures section.

Sales Canadian Operations sales increased $32.0 million or 2.5% to $1.323 billion compared to $1.291 billion in 2021 but were down $53.0 million or 3.9% compared to 2020. The increase in sales compared to 2021 was due to an increase in other sales substantially due to higher airline revenue resulting from higher cargo and passenger volumes combined with the impact of passing through fuel cost increases. An increase in retail fuel sales and new stores were also factors. The decrease in sales compared to 2020 is due to lower sales in Giant Tiger stores as a result of the Giant Tiger Transaction and lower same store sales compared to the COVID-19-related sales gains in 2020.

Food sales accounted for 67.8% of total Canadian Operations sales compared to 68.2% last year. The balance was made up of general merchandise and other sales at 32.2% (31.8% in 2021). Other sales consist primarily of airline revenue, financial services revenue, fuel and pharmacy.

Food sales increased by 1.9% from 2021 but were down 4.1% compared to 2020. Same store food sales increased 0.4% compared to a 1.2% decrease in 2021 but were up 18.8% compared to 2019. On a quarterly basis, same store food sales decreased 1.0% in the first quarter and 2.6% in the second quarter, followed by increases of 1.0% and 4.3% in the third and fourth quarters respectively.

General merchandise sales decreased 10.7% from 2021 and were down 30.9% compared to 2020 largely due to COVID-19-related factors and the impact of the Giant Tiger Transaction as previously noted. Same store sales decreased 13.3% compared to a 6.8% decrease in 2021 but were up 20.4% compared to 2019. On a quarterly basis, same store general merchandise sales decreased 16.5% in the first quarter followed by decreases of 20.3%, 15.2% and 2.9% in the last three quarters.

Other sales increased 17.9% from 2021 largely due to an increase in third-party cargo and passenger-related revenues in NSA and retail fuel sales gains. Other sales increased 38.1% compared to 2020 primarily due to higher revenues in NSA and sales gains in fuel and pharmacy.

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

	2022	2021	2020
Food	**67.8 %**	68.2 %	68.0 %
General merchandise and other	**32.2 %**	31.8 %	32.0 %

Same Store Sales Canadian Operations same store sales for the past three years are shown in the following table. The 2.4% decrease in same store sales in 2022 and 2021 is due to the impact of the COVID-19-related factors previously noted that contributed to significant sales gains in 2020 and to a lesser but still meaningful extent in 2021 however, total same store sales increased 19.1% compared to pre-pandemic same store sales in 2019. In addition to the impact of the COVID-19-related factors, in 2022 higher freight and merchandise cost inflation contributed to a shift in consumer spending from general merchandise to food.

Same Store Sales

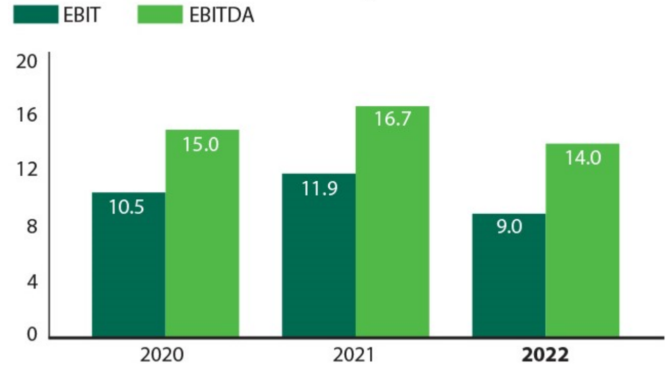
(% increase/(decrease))	**2022**	2021	2020
Food	**0.4 %**	(1.2)%	18.4 %
General merchandise (GM)	**(13.3)%**	(6.8)%	37.5 %
Total food & GM sales	**(2.4)%**	(2.4)%	22.3 %

Gross Profit Gross profit dollars decreased by 1.6% as sales gains were more than offset by a decrease in gross profit rate. The lower gross profit rate was primarily due to changes in sales blend and the impact of higher freight and merchandise cost inflation that was not fully passed through in retail prices. Higher markdowns compared to last year and 2020 was also a factor.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 8.4% from 2021 and were up 142 basis points as a percentage of sales. The increase in Expenses is mainly due to the impact of an $18.1 million insurance-related gain last year and the impact of cost inflation including higher fuel-based utility costs and higher staff costs this year. The impact of new store expenses was also a factor. These factors were partially offset by a decrease in COVID-19 expenses largely related to wage premiums and bonuses for front-line associates and lower annual incentive plan costs. Excluding the Non-Comparable Factors, which includes the insurance-related gains and share-based compensation costs, Expenses increased $7.7 million or 2.4% due to the factors previously noted.

Earnings from Operations (EBIT) and EBITDA[(1)] Earnings from operations decreased $34.2 million or 22.3% to $119.1 million compared to $153.3 million in 2021 and were down $25.1 million or 17.4% compared to 2020 due to the sales, gross profit and Expense factors previously noted and in particular, the impact of the $18.1 million insurance-related gain last year. Earnings from operations as a percentage of sales was 9.0% compared to 11.9% last year. EBITDA[(1)] decreased $29.8 million or 13.8% to $185.5 million and was 14.0% as a percentage of sales compared to 16.7% in 2021. Adjusted EBITDA[(1)], which excludes the Non-Comparable Factors, decreased $10.8 million or 5.2% compared to last year due to the sales, gross profit and Expense factors previously noted. An increase in airline-related earnings as a result of higher third-party cargo and passenger volumes were also factors.

Canadian EBIT & EBITDA[(1)] Margins (% of sales)



(1) See Non-GAAP Financial Measures section.

Net Assets Employed Net assets employed increased 11.8% to $649.2 million compared to $580.8 million last year and were up 16.0% compared to $559.8 million in 2020 as summarized in the following table:

($ in millions at the end of the fiscal year)	**2022**	2021	2020
Property and equipment	**$ 403.3**	$ 372.4	$ 357.5
Right-of-use assets	**50.8**	51.1	50.9
Inventories	**169.3**	136.7	127.4
Accounts receivable	**94.9**	83.6	73.4
Other assets	**125.9**	135.3	148.7
Liabilities	**(195.0)**	(198.3)	(198.1)
Net assets employed	**$ 649.2**	$ 580.8	$ 559.8

The increase in property and equipment compared to last year and 2020 was mainly due to investments in northern Canada stores including store renovations, fixtures and equipment replacements, investments in staff housing and three new stores.

Inventory increased $32.6 million compared to 2021 and was up $41.9 million compared to 2020 partially due to the impact of higher cost inflation, particularly on the re-supply of sealift inventory. A substantial portion of the increase in inventories is in center store grocery and categories such as transportation, specifically snow machines, boats and motors, home furnishings and appliances that were impacted by supply chain disruptions. Higher inventories in other categories such as apparel and seasonal categories were also factors but to a lesser extent. Average inventory levels in 2022 increased $22.1 million or 16.0% compared to 2021 and were up $32.8 million or 25.8% compared to 2020. Inventory turnover decreased to 5.3 times compared to 6.2 times last year and was down compared to 7.4 times in 2020.

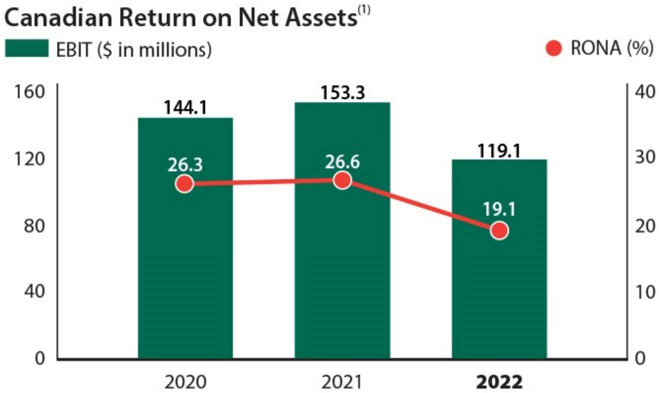
Accounts receivable increased $11.3 million or 13.5% compared to last year and were up $21.5 million or 29.3% compared to 2020. The increase compared to last year and 2020 is largely due to the current portion of the promissory note receivable from the Giant Tiger Transaction and higher customer trade accounts receivable. Average accounts receivable increased $11.1 million or 14.8% compared to 2021 and were up $15.6 million or 22.2% compared to 2020.

Other assets decreased $9.4 million or 6.9% compared to last year and were down $22.8 million or 15.3% compared to 2020. The decrease compared to last year and 2020 is substantially due to the current portion of the promissory note receivable from the Giant Tiger Transaction recorded in accounts receivable and intangible assets. These factors were partially offset by an increase in defined benefit plan assets. Further information on defined benefit plan assets and obligations is provided in Note 11 and Note 13 to the consolidated financial statements. An increase in deferred tax assets compared to 2020 was also a partially offsetting factor. Further information on deferred tax assets and liabilities is provided in Note 10 to the consolidated financial statements.

Liabilities decreased $3.3 million or 1.7% from 2021 and were down $3.1 million or 1.6% compared to 2020. The decrease compared to 2020 is largely due to a reduction in the defined benefit plan obligation mainly related to an increase in the discount rate and a decrease in income tax payable due to the timing of installment payments. These factors were 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.

Return on Net Assets (RONA[(1)]) The return on net assets employed for Canadian Operations decreased to 19.1% from 26.6% in 2021 due to a 22.3% decrease in EBIT and a $48.9 million or 8.5% increase in average net assets compared to last year due to the factors previously noted.

Canadian Return on Net Assets[(1)]



(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)	2022	2021	2020
Sales	**$ 786,656**	$ 764,535	$ 734,168
Same store sales % increase	**1.3 %**	2.6 %	13.6 %
EBITDA[(1)]	**$ 71,225**	$ 76,786	$ 70,893
Earnings from operations	**$ 46,772**	$ 53,566	$ 48,699
Return on net assets[(1)]	**16.0 %**	19.3 %	16.9 %

(1) See Non-GAAP Financial Measures section.

Sales International sales increased 2.9% to $786.7 million compared to $764.5 million in 2021, and were up $52.5 million or 7.1% compared to 2020 led by same store sales gains, new store sales in Alaska and an improved tourism-driven economy mainly in the British Virgin Islands and Alaska. Higher cost inflation and an increase in the Alaska Permanent Fund Dividend ("PFD") to $3,284 compared to $1,114 in 2021 and $992 in 2020 were also factors. Same store sales increased 1.3% on top of a 2.6% increase in 2021 and a 13.6% increase in 2020, and were up 17.8% compared to pre-pandemic levels in 2019. Food sales accounted for 89.5% (88.2% in 2021) of total sales with the balance comprised of general merchandise and other sales at 10.5% (11.8% in 2021). Other sales consist primarily of retail fuel and financial services revenue.

Food sales increased 4.4% from 2021 and were up 8.9% compared to 2020. Same store food sales were up 3.3% which is on top of a 2.5% increase in 2021. On a quarterly basis, same store food sales increased 7.2% in the first quarter followed by increases of 0.4%, 2.1% and 3.7% in the second, third and fourth quarters respectively.

General merchandise sales decreased 10.3% from 2021 and were down 7.5% from 2020 as the impact of higher inflation resulted in a shift in consumer spending from general merchandise to food. On a same store basis, general merchandise sales were down 13.3% compared to a 3.0% increase in 2021. On a quarterly basis, same store general merchandise sales decreased 15.2% in the first quarter and 15.3%, 8.9% and 14.0% in the second, third and fourth quarters respectively.

Other sales, which consist primarily of retail fuel sales and financial services revenue, were up 15.0% from 2021 and up 22.5% from 2020 due to higher fuel sales.

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

	2022	2021	2020
Food	**89.5 %**	88.2 %	88.1 %
General merchandise and other	**10.5 %**	11.8 %	11.9 %

Same Store Sales International Operations same store sales for the past three years are shown in the following table. Same store sales in 2020 were impacted by the COVID-19-related factors previously noted that contributed to significant sales gains. In 2022, higher merchandise and freight cost inflation resulted in changes in product sales blend as consumers allocated more of their spending to food and reduced purchases of general merchandise.

Same Store Sales

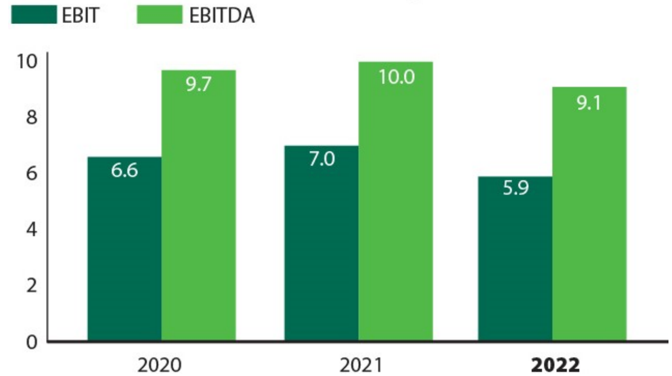
(% increase/(decrease))	**2022**	2021	2020
Food	**3.3 %**	2.5 %	11.5 %
General merchandise (GM)	**(13.3)%**	3.0 %	31.8 %
Total food & GM sales	**1.3 %**	2.6 %	13.6 %

Gross Profit Gross profit dollars increased 2.0% as higher sales more than offset a decrease in the gross profit rate. The decrease in the gross profit rate is mainly related to changes in food and general merchandise sales blend, an increase in markdowns on general merchandise and the impact of higher merchandise and freight cost inflation that was not fully passed through in retail prices.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 6.9% compared to last year and were up 83 basis points as a percentage of sales. The increase in Expenses is mainly due to inflationary cost pressures, including higher fuel-based utility expenses, staff costs, and the impact of new stores. These factors were partially offset by lower COVID-19 expenses related to wage premiums and bonuses for front-line associates and a decrease in annual incentive plan costs.

Earnings from Operations (EBIT) and EBITDA(1) Earnings from operations decreased $6.8 million or 12.7% to $46.8 million compared to 2021 and were down $1.9 million or 4.0% compared to 2020 due to the sales, gross profit and Expense factors previously noted. Earnings from operations as a percentage of sales was 5.9% compared to 7.0% last year. EBITDA(1) decreased $5.6 million or 7.2% to $71.2 million and was 9.1% as a percentage of sales compared to 10.0% in 2021. Excluding the impact of share-based compensation expense, adjusted EBITDA(1) decreased 6.8% compared to last year.

International EBIT & EBITDA(1) Margins (% of sales)



(1) See Non-GAAP Financial Measures section.

Net Assets Employed International Operations net assets employed of $299.9 million increased $25.6 million or 9.3% compared to last year and were up $27.8 million or 10.2% compared to 2020 as summarized in the following table:

($ in millions at the end of the fiscal year)	**2022**	2021	2020
Property and equipment	**$ 151.7**	$ 143.1	$ 136.4
Right-of-use assets	**39.6**	40.2	45.8
Inventories	**93.1**	87.4	78.0
Accounts receivable	**12.8**	12.3	14.1
Other assets	**73.0**	65.5	67.8
Liabilities	**(70.3)**	(74.2)	(70.0)
Net assets employed	**$ 299.9**	$ 274.3	$ 272.1

Property and equipment increased $8.6 million or 6.0% compared to last year mainly due to three new stores in Alaska, investments in store renovations and fixtures and equipment replacements.

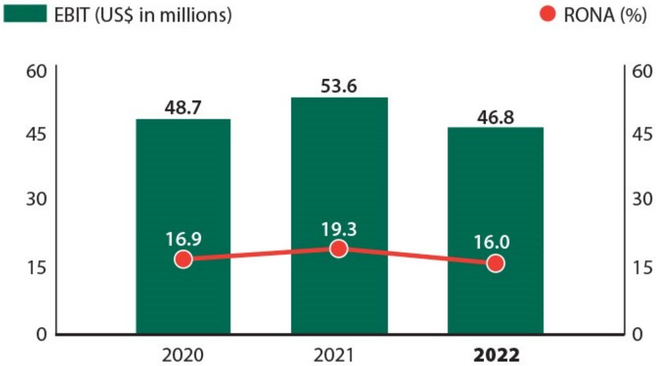
Inventories increased $5.7 million or 6.5% compared to last year and were up $15.1 million or 19.4% from 2020 due to cost inflation and the impact of new stores. Average inventory levels in 2022 increased 12.8% compared to 2021 and were up 23.8% compared to 2020. Inventory turnover decreased to 5.8 times compared to 6.4 times in 2021 and 6.6 times in 2020.

Other assets increased $7.5 million or 11.5% compared to last year and were up $5.2 million or 7.7% compared to 2020 primarily due to higher cash.

Liabilities decreased $3.9 million or 5.3% compared to 2021 substantially due to lower trade accounts payable and income tax payable related to the timing of payments but were up $0.3 million or 0.4% compared to 2020.

Return on Net Assets (RONA[(1)]) The return on net assets employed for International Operations decreased to 16.0% compared to 19.3% in 2021 due to a 12.7% decrease in EBIT and a $13.8 million or 5.0% increase in average net assets.

International Return on Net Assets [(1)]



(1) See Non-GAAP Financial Measures section.

Consolidated Liquidity and Capital Resources

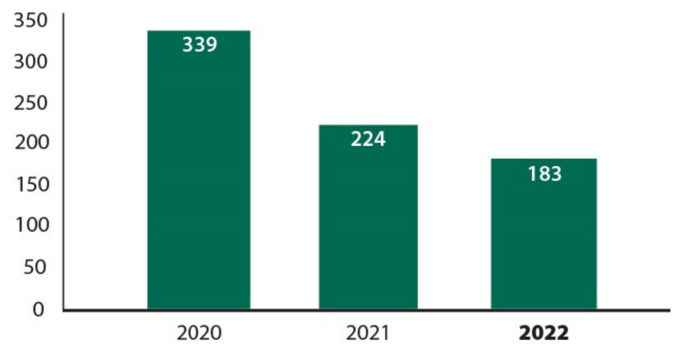
The following table summarizes the major components of cash flow:

($ in thousands)	2022	2021	2020
Cash provided by (used in):			
Operating activities before change in non-cash working capital and other	$234,116	$ 229,782	$ 271,652
Change in non-cash working capital	(50,905)	(2,563)	58,975
Change in other non-cash items	(373)	(3,084)	8,091
Operating activities	182,838	224,135	338,718
Investing activities	(106,802)	(75,861)	(66,900)
Financing activities	(68,298)	(170,196)	(227,060)
Effect of foreign exchange	1,645	(188)	(1,409)
Net change in cash	$ 9,383	$ (22,110)	$ 43,349

Cash from Operating Activities Cash flow from operating activities decreased $41.3 million or 18.4% to $182.8 million compared to 2021 substantially due to the change in non-cash working capital primarily related to the change in inventories, accounts receivable and accounts payable and accrued liabilities compared to the prior year. Further information on working capital is provided in the Canadian and International net assets employed sections on pages 13 and 15 respectively. The change in non-cash working capital was partially offset by a $16.6 million decrease in taxes paid primarily due to the timing of installments related to the limited partnership year-end.

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 2023.

Cash Flow from Operating Activities ($ in millions)



Cash Used in Investing Activities Net cash used in investing activities was $106.8 million compared to $75.9 million in 2021 and $66.9 million in 2020. The increase compared to 2021 is largely due to investments in new stores, store renovations, equipment replacements and investments in staff housing. Net investing in Canadian Operations was $73.8 million, net of $9.8 million in proceeds from the promissory note receivable compared to $46.6 million net of $18.1 million in insurance proceeds in 2021 and $55.0 million net of $5.3 million in insurance proceeds in 2020. A summary of the Canadian Operations investing activities is included in net assets employed on page 13. Investing in International Operations was $33.0 million compared to $29.3 million in 2021 and $11.9 million in 2020. A summary of the International Operations investing activities is included in net assets employed on page 15.

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	
	2022	2021	2022	2021
Northern	119	118	696,485	693,389
NorthMart	5	5	128,185	128,185
Quickstop	33	30	46,698	41,092
Giant Tiger	5	5	90,470	90,470
Alaska Commercial	32	30	267,418	260,544
Cost-U-Less	12	12	344,695	344,695
Riteway Food Market	9	9	61,899	61,899
Other Formats	7	7	54,847	54,847
Total at year-end	222	216	1,690,697	1,675,121

In Canadian Operations, two Quickstop convenience stores were opened and a Northern store was opened in Sheshatshiu, Newfoundland and Labrador. Total selling square footage in Canada increased to 1,004,397 compared to 997,834 in 2021 due to the new stores.

In International Operations, an AC store and Quickstop were opened in Metlakatla, Alaska and an AC store was opened in Toksook Bay, Alaska. Total selling square footage increased to 686,300 compared to 677,287 last year due to the new stores.

Cash Used in Financing Activities Cash used in financing activities was $68.3 million compared to cash used of $170.2 million in 2021. The change compared to last year is primarily due to a decrease in long-term debt related to the repayment of the $85.4 million (US$70.0 million) senior notes that matured on June 16, 2021 and a $20.2 million decrease in 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 $71.8 million or $1.50 per share compared to $70.4 million or $1.46 per share in 2021. The following table shows the quarterly cash dividends per share paid for the past three years:

	2022	2021	2020
First Quarter	**$ 0.37**	$ 0.36	$ 0.33
Second Quarter	**0.37**	0.36	0.33
Third Quarter	**0.38**	0.37	0.36
Fourth Quarter	**0.38**	0.37	0.36
Total	**$ 1.50**	$ 1.46	$ 1.38

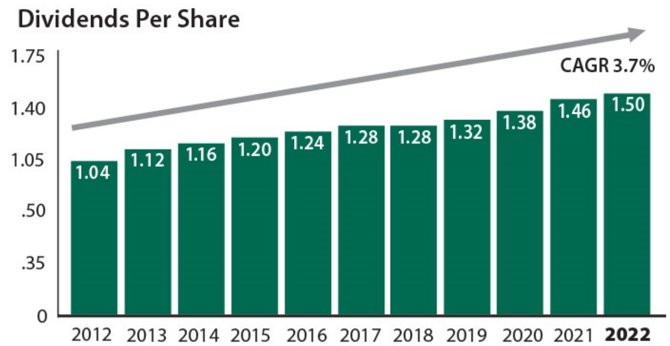
The payment of dividends on the Company's common shares is subject to the approval of the Board of Directors and is based on, among other factors, the financial performance of the Company, its current and anticipated future business needs and the satisfaction of solvency tests imposed by the Canada Business 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:

	2022	2021	2020
Dividends	**$ 71,805**	$ 70,420	$ 67,276
Cash flow from operating activities	**$ 182,838**	$ 224,135	$ 338,718
Dividends as a % of cash flow from operating activities	**39.3 %**	31.4 %	19.9 %

Dividends as a percentage of cash flow from operating activities increased compared to 2021 and 2020 primarily due to the changes in cash flow from operating activities which include the impact of COVID-19-related factors as previously noted. Dividends as a percentage of cash flow from operating activities of 39.3% in 2022 is consistent with the 39.9% in pre-COVID 2019.

The Company has a well established track record of increasing dividends. Over the past ten years, the dividend has increased at a compound annual growth rate ("CAGR") of 3.7% as shown in the following graph:



On April 5, 2023, the Board of Directors approved a quarterly dividend of $0.38 per share to shareholders of record on April 17, 2023 and to be paid on April 27, 2023.

Normal Course Issuer Bid On November 10, 2022, 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 4,740,895 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2023, the Company purchased 236,075 common shares having a book value of $0.9 million for cash consideration of $7.8 million. The excess of the purchase price over the book value of the shares of $6.9 million was charged to retained earnings. 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. 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, 2023, 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 passu* with the Company's other senior debt comprised of the $400.0 million loan facilities and the US$52.0 million loan facilities (collectively "Senior Debt"). The US$70.0 million senior notes 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.

In March 2022, the Company extended the maturity date on its committed, revolving loan facilities in Canadian Operations to March 1, 2027 and increased the amount available on these facilities from $300.0 million to $400.0 million. These loan facilities bear a floating rate of interest based on Bankers Acceptances rates plus a stamping fee or the Canadian prime interest rate. These facilities are secured by certain assets of the Company and rank *pari passu* with the Company's other Senior Debt. At January 31, 2023, the Company had $96.0 million outstanding on these facilities (January 31, 2022 - $45.1 million).

In March 2022, the Company also extended the maturity date on its US$52.0 million committed, revolving loan facilities to March 1, 2027. These facilities, which bear interest at U.S. LIBOR or an alternative reference rate plus a spread, are secured by certain assets of the Company and rank *pari passu* with the Company's other Senior Debt. At January 31, 2023, the Company had US$NIL outstanding on these facilities (January 31, 2022 - US$NIL).

In January 2023, the Company extended the maturity date on its committed, revolving loan facility in International Operations to January 25, 2028 and increased the amount available on this facility from US$40.0 million to US$50.0 million. This facility bears a floating rate of interest based on SOFR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2023, the International Operations had US$NIL million outstanding on this facility (January 31, 2022 - 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, a leverage test and a minimum net worth test. At January 31, 2023, 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

	2022	2021	2020
Coverage ratio	**12.2**	16.8	12.5
Earnings from operations ($ in millions)	**$ 180.3**	$ 220.4	$ 209.3
Interest ($ in millions)	**$ 14.8**	$ 13.1	$ 16.8

The coverage ratio of earnings from operations ("EBIT") to interest expense has decreased to 12.2 times compared to 16.8 times in 2021 and 12.5 times in 2020. The decrease in the interest coverage ratio compared to 2021 is due to a $1.7 million increase in interest expense and a 18.2% decrease 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, 2023 are listed in the chart below:

($ in thousands)	Total	0-1 Year	2-3 Years	4-5 Years	6 Years+
Long-term debt	$290,050	$ 268	$ 267	$ 142,774	$146,741
Lease payments	142,537	22,585	37,612	24,011	58,329
Other liabilities(1)	17,345	4,793	12,552	—	—
Total	$449,932	$ 27,646	$ 50,431	$ 166,785	$205,070

(1) At year-end, the Company had additional long-term liabilities of $39.4 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 $7.9 million net of deferred income taxes in other comprehensive income. This compares to net actuarial gains on defined benefit pension plans of $14.2 million in 2021 and $3.7 million in 2020, net of deferred income taxes in other comprehensive income. 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 2023, the Company will be required to contribute approximately $1.1 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 2022, the Company's cash contributions to the pension plan were $1.2 million compared to $2.0 million in 2021 and $1.6 million in 2020. 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 $6.8 million to the defined contribution pension plan and U.S. employees savings plan in 2023 compared to $6.2 million in 2022 and $6.3 million in 2021. 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.

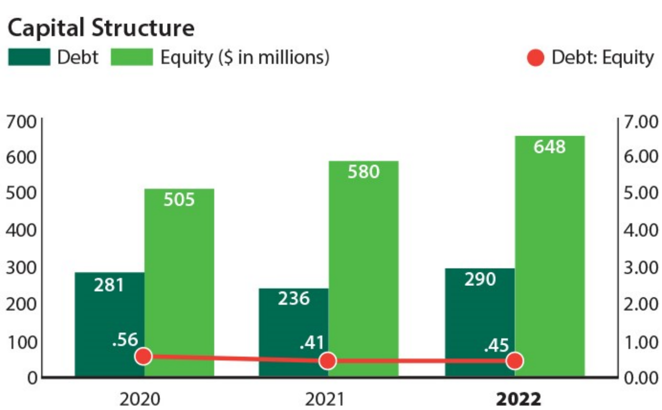
Additional information on commitments, contingencies and guarantees is provided in Note 22 to the consolidated financial statements.

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 $19.0 million (January 31, 2022 - $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 $290.1 million in debt and $647.9 million in equity at the end of the year and a debt-to-equity ratio of 0.45:1 compared to 0.41:1 last year. From 2020 to 2022, equity has increased $142.7 million or 28.2% and debt has increased $8.6 million or 3.1%. During this same period, the Company has made capital expenditures, including acquisitions and net of insurance and promissory note proceeds, of $253.2 million and has paid dividends of $209.5 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)	**2022**	2021	2020
CAD$ senior notes	**$ 100,000**	$ 100,000	$ 100,000
US$ senior notes	**—**	—	89,300
US$ senior notes	**93,483**	88,869	89,300
Canadian loan facilities	**96,032**	45,107	—
U.S. loan facilities	**—**	—	—
Promissory note payable	**535**	1,664	2,822
Total debt	**$ 290,050**	$ 235,640	$ 281,422

Consolidated debt at the end of the year increased $54.4 million or 23.1% to $290.1 million compared to $235.6 million in 2021, and was up $8.6 million or 3.1% from $281.4 million in 2020. The increase in debt is primarily due to an increase in amounts drawn on the revolving loan facilities and the impact of foreign exchange on the translation of U.S. denominated debt compared to 2021 and 2020. The Company has US$70.4 million in debt at January 31, 2023 (January 31, 2022 - US$70.6 million, January 31, 2021 - US$140.8 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, 2023 ("2022") was 1.3382 compared to 1.2727 at January 31, 2022 ("2021") and 1.2776 at January 31, 2021 ("2020"). The change in the foreign exchange rate resulted in a $4.6 million increase in debt compared to 2021 and a $4.3 million increase compared to 2020. Average debt outstanding during the year excluding the foreign exchange impact increased $13.6 million or 5.6% from 2021 but was down $61.0 million or 19.4% compared to 2020.

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

(CAD$ in thousands at the end of the fiscal year)	**2022**	2021	2020
Current portion of lease liability	**$ 18,644**	$ 18,055	$ 16,393
Non-current lease liabilities	**93,833**	96,015	104,226
Total lease liabilities	**$ 112,477**	$ 114,070	$ 120,619

Lease liabilities decreased $1.6 million or 1.4% to $112.5 million compared to $114.1 million in 2021 and were down $8.1 million or 6.8% compared to $120.6 million in 2020. The decrease compared to 2021 and 2020 is due to lease payments net of new 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, 2023 of 47,750,605 (January 31, 2022 - 47,878,650). 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, 2023, there were 1,684,739 options outstanding representing 3.5% of the issued and outstanding shares. In addition to share options, there were 337,331 in Performance Share Units ("PSUs") that may be settled by the issuance of shares based on meeting certain performance criteria and 258,689 in Director Deferred Share Units ("DDSUs") 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 2023 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, 2023, there were 16,137,982 Variable Voting Shares, representing 33.8% 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 $12.93 per share compared to $11.49 per share in 2021. Total shareholders' equity increased $67.7 million or 11.7% compared to 2021 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. 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					
2022	$ 552,016	$ 578,874	$ 586,706	$ 635,164	$ 2,352,760
2021	$ 550,988	$ 565,109	$ 553,680	$ 579,019	$ 2,248,796
EBITDA(1)					
2022	$ 64,945	$ 70,444	$ 69,829	$ 73,460	$ 278,678
2021	$ 78,669	$ 81,100	$ 78,642	$ 72,964	$ 311,375
Earnings from operations (EBIT)					
2022	$ 41,431	$ 46,095	$ 44,955	$ 47,824	$ 180,305
2021	$ 56,312	$ 58,462	$ 56,063	$ 49,588	$ 220,425
Net earnings					
2022	$ 28,161	$ 32,371	$ 30,175	$ 35,129	$ 125,836
2021	$ 40,288	$ 42,400	$ 39,155	$ 35,608	$ 157,451
Net earnings attributable to shareholders of the Company					
2022	$ 27,380	$ 31,395	$ 29,485	$ 33,930	$ 122,190
2021	$ 39,656	$ 41,850	$ 38,715	$ 34,581	$ 154,802
Earnings per share-basic					
2022	$ 0.57	$ 0.66	$ 0.61	$ 0.71	$ 2.55
2021	$ 0.82	$ 0.86	$ 0.81	$ 0.72	$ 3.21
Earnings per share-diluted					
2022	$ 0.57	$ 0.64	$ 0.61	$ 0.69	$ 2.51
2021	$ 0.80	$ 0.86	$ 0.79	$ 0.71	$ 3.16

(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)	2022	2021	2020
Sales	**$ 635,164**	$ 579,019	$ 565,191
Same store sales % change(2)			
Food	**4.0 %**	2.6 %	12.0 %
General Merchandise	**(6.1)%**	(9.2)%	39.8 %
Total	**2.1 %**	0.1 %	16.8 %
Gross profit	**$ 201,177**	$ 184,714	$ 187,873
Selling, operating and administrative expenses	**(153,353)**	(135,126)	(138,759)
EBITDA(1)	**73,460**	72,964	71,410
Earnings from operations	**47,824**	49,588	49,114
Interest expense	**(4,192)**	(3,170)	(3,448)
Income taxes	**(8,503)**	(10,810)	(12,834)
Net earnings	**35,129**	35,608	32,832
Net earnings attributable to shareholders of the Company	**33,930**	34,581	32,060
Net earnings per share - basic	**0.71**	0.72	0.66
Net earnings per share - diluted	**$ 0.69**	$ 0.71	$ 0.63

(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 9.7% to $635.2 million as higher inflation in Canadian and International Operations contributed to same store sales gains. The impact of foreign exchange on the translation of International Operations sales, an increase in airline revenue and retail fuel sales in Canadian Operations and the impact of new stores were also factors. Excluding the foreign exchange impact, consolidated sales increased 7.1%. Same store sales were up 2.1%(2) compared to the fourth quarter last year and were up 20.0% compared to the pre-pandemic 2019 fourth quarter. Food sales(2) increased 6.3% and were up 4.0% on a same store basis compared to last year and increased 20.2% compared to 2019. General merchandise sales(2) decreased 2.1% and were down 6.1% on a same store basis but were up 19.3% compared to 2019. Overall, sales were strong in the quarter compared to the COVID-19-related factors that contributed to significant sales gains in 2020 and to a lesser but still meaningful extent in 2021. The impact of higher merchandise and freight cost inflation continued to result in changes in product sales blend as consumers allocated more of their spending to food and reduced purchases of general merchandise.

Gross Profit Gross profit increased 8.9% as the impact of sales gains was partially offset by a 23 basis point decrease in gross profit rate compared to last year. The decrease in gross profit rate was primarily due to changes in sales blend, the impact of higher freight and merchandise cost inflation that was not fully passed through in retail prices and an increase in markdowns on seasonal general merchandise.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased $18.2 million compared to last year and were up 80 basis points as a percentage to sales. The increase in Expenses is mainly due to a $9.5 million insurance-related gain last year. Excluding the Non-Comparable Factors which include the insurance-related gain and share-based compensation, Expenses increased $8.5 million or 6.0% compared to last year largely due to cost inflation, including higher fuel-based utility expenses and staff costs, the impact of foreign exchange on the translation of International Operations expenses and new store expenses. These factors were partially offset by a decrease in COVID-19-related expenses.

Earnings from operations and EBITDA(1) Earnings from operations or earnings before interest and taxes ("EBIT") decreased $1.8 million to $47.8 million compared to $49.6 million last year but EBITDA(1) increased $0.5 million to $73.5 million due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA(1), which excludes insurance-related gains and share-based compensation costs increased $10.3 million or 15.3% compared to last year and as a percentage to sales was 12.2% compared to 11.6%.

Interest Expense Interest expense increased 32.2% to $4.2 million compared to $3.2 million last year. The increase in interest expense is mainly due to higher average debt levels related to amounts drawn on revolving loan facilities and an increase in borrowing costs. Further information on debt is provided in Note 12 to the consolidated financial statements.

Income Tax Expense Income tax expense was $8.5 million compared to $10.8 million last year and the consolidated effective tax rate was 19.5% compared to 23.3% 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 decreased $0.5 million to $35.1 million. Net earnings attributable to shareholders were $33.9 million and diluted earnings per share were $0.69 per share compared to $0.71 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 $5.8 million or 17.9% compared to last year driven by earnings gains in Canadian Operations 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)	**2022**	2021	2020
Sales	**$ 361,397**	$ 332,668	$ 328,429
Same store sales % change			
Food	**4.3 %**	0.0 %	15.7 %
General Merchandise	**(2.9)%**	(12.0)%	41.6 %
Total	**2.6 %**	(3.0)%	21.2 %
EBITDA [(1)]	**$ 50,551**	$ 52,208	$ 53,391
Earnings from operations	**$ 33,417**	$ 36,276	$ 38,444

(1) See Non-GAAP Financial Measures section.

Sales Canadian Operations sales increased 8.6% to $361.4 million driven by a 2.6% increase in same store sales and higher airline revenue and fuel sales compared to the fourth quarter last year. The increase in same store sales was largely due to higher inflation and government inflation relief payments combined with a good in-stock position. Food sales increased 6.2% and were up 4.3% on a same store basis and general merchandise sales increased 0.7% but were down 2.9% on a same store basis compared to last year. As previously noted, the impact of higher merchandise and freight cost inflation has continued to result in a shift in consumer spending from general merchandise to food. The increase in airline revenue was due to higher third-party cargo and passenger volumes and the impact of passing through increases in aviation fuel costs.

Gross Profit Gross profit increased 6.4% as sales gains more than offset the impact of a lower gross profit rate primarily related to changes in sales blend as previously noted and the impact of higher merchandise and freight cost inflation that was not fully passed through in retail prices. Higher markdowns in general merchandise were also a factor.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 12.7% and were up 93 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 last year and higher inflationary cost impacts mainly related to fuel-based utilities and staff costs. These factors were partially offset by lower COVID-19-related expenses compared to last year and a decrease in annual incentive plan costs. Excluding the insurance-related gains and share-based compensation costs, Expenses increased 1.3% compared to last year.

Canadian Earnings from Operations (EBIT) and EBITDA[(1)] Canadian fourth quarter earnings from operations decreased to $33.4 million compared to $36.3 million last year and EBITDA[(1)] decreased 3.2% to $50.6 million compared to $52.2 million in the fourth quarter last year due to the sales, gross profit and Expense factors previously noted and higher EBIT in NSA from improved third-party cargo and passenger volumes. Adjusted EBITDA[(1)], which excludes the impact of the insurance-related gains and share-based compensation costs, increased $7.6 million or 16.6% compared to 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)	**2022**	2021	2020
Sales	**$ 203,064**	$ 194,395	$ 183,929
Same store sales % change			
Food	**3.7 %**	6.1 %	7.5 %
General Merchandise	**(14.0)%**	(1.7)%	35.2 %
Total	**1.4 %**	5.0 %	10.7 %
EBITDA[(1)]	**$ 16,921**	$ 16,336	$ 14,199
Earnings from operations	**$ 10,630**	$ 10,456	$ 8,492

(1) See Non-GAAP Financial Measures section.

Sales International Operations fourth quarter sales increased 4.5% to $203.1 million compared to $194.4 million in the fourth quarter last year led by an increase in same store sales, higher inflation compared to last year and the impact of new stores in Alaska. Same store sales increased 1.4% on top of a 5.0% gain last year. Food sales increased 6.3% and were up 3.7% on a same store basis compared to a 6.1% same store sales gain last year. General merchandise sales decreased 8.9% and were down 14.0% on a same store basis as the impact of higher inflation resulted in a shift in consumer spending from general merchandise to food.

Gross Profit Gross profit increased 6.6% compared to last year driven by sales gains and an increase in gross profit rate. The increase in gross profit rate is mainly due to changes in product sales blend and higher pass through of inflationary cost increases compared to last year partially offset by higher markdowns.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 7.8% compared to last year primarily due to inflationary cost pressures including higher fuel-based utility expenses and staff costs and the impact of new store expenses. These factors were partially offset by a decrease in COVID-19-related costs.

Earnings From Operations ("EBIT") and EBITDA[(1)] Earnings from operations increased 1.7% to $10.6 million compared to $10.5 million last year and EBITDA[(1)] increased to $16.9 million compared to $16.3 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)	2022	2021	2020
Operating activities	$100,230	$ 84,704	$ 106,660
Investing activities	(51,907)	(15,142)	(11,904)
Financing activities	(38,500)	(77,935)	(81,765)
Effect of foreign exchange	(43)	767	(1,167)
Net change in cash	9,780	(7,606)	11,824
Cash, beginning of period	49,029	57,032	59,712
Cash, end of period	$ 58,809	$ 49,426	$ 71,536

Cash From Operating Activities

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

($ in thousands)	2022	2021	2020
Net earnings for the period	$ 35,129	$ 35,608	$ 32,832
Adjustments for:			
Amortization	25,636	23,376	22,296
Provision for income taxes	8,503	10,810	12,834
Interest expense	4,192	3,170	3,448
Equity settled share-based compensation	1,879	1,684	1,545
Insurance proceeds, property and equipment	—	(9,492)	(5,306)
Taxes paid	(11,635)	(18,357)	(4,223)
Loss on disposal of property and equipment	144	32	596
Operating activities before change in non-cash working capital and other	63,848	46,831	64,022
Change in non-cash working capital	37,272	37,471	37,118
Change in other non-cash items	(890)	402	5,520
Cash from operating activities	$100,230	$ 84,704	$ 106,660

Cash from Operating Activities Cash flow from operating activities increased $15.5 million or 18.3% to $100.2 million compared to the fourth quarter of 2021 but was down $6.4 million or 6.0% compared to 2020. The increase compared to last year is largely due to a $6.7 million decrease in taxes paid and the impact of $9.5 million in proceeds from an insurance settlement received in the prior year. The decrease in taxes paid is primarily due to the timing of installments related to the limited partnership year-end.

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)	2022	2021	2020
Purchase of property and equipment	$ (51,572)	$ (22,730)	$ (18,180)
Intangible asset (additions)/ disposals	(562)	(1,904)	226
Proceeds from disposal of property and equipment	227	—	744
Insurance proceeds, property and equipment	—	9,492	5,306
Cash used in investing activities	$ (51,907)	$ (15,142)	$ (11,904)

Cash Used in Investing Activities Net cash used in the fourth quarter for investing activities was $51.9 million compared to $15.1 million in 2021 and $11.9 million in 2020. There were no insurance claim settlement proceeds in net investing activities in 2022 compared to $9.5 million in 2021 and $5.3 million in 2020. Investing activities in the quarter include store renovations, equipment replacements and investments in staff housing.

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)	2022	2021	2020
Net decrease in long-term debt	$ (11,258)	$ (46,612)	$ (49,781)
Payment of lease liabilities, principal	(5,073)	(4,703)	(4,496)
Payment of lease liabilities, interest	(1,067)	(1,039)	(1,088)
Dividends	(18,144)	(17,747)	(17,528)
Dividends to non-controlling interests	—	—	(2,214)
Interest paid	(3,028)	(1,834)	(644)
Issuance of common shares	70	—	—
Common shares purchased and cancelled	—	(6,000)	(6,014)
Cash used in financing activities	$ (38,500)	$ (77,935)	$ (81,765)

Cash Used in Financing Activities Cash used in financing activities in the fourth quarter decreased to $38.5 million compared to cash used of $77.9 million in 2021 and $81.8 million in 2020. The change compared to the fourth quarter last year is primarily due to changes in long-term debt resulting from amounts drawn on revolving loan facilities and a decrease in shares purchased under a normal course issuer bid compared to last year.

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, 2023.

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, 2023. There have been no changes in the internal controls over financial reporting for the year ended January 31, 2023 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 influenced by inflationary cost pressures, global supply chain disruptions and the cycling through the COVID-19-related income support payments that positively impacted the first quarter results last year. The Company expects to begin comparing to more normalized post-COVID impacted earnings in the second quarter. There is uncertainty to this outlook related to the impact of inflation, labour shortages, supply chain disruptions and the availability of merchandise. The impact of inflation may contribute to higher sales but may also result in changes in sales blend and a lower gross profit rate if the full impact of inflationary cost increases is not passed through in retail prices. Uncertainty regarding the economy, particularly within tourism-dependent countries and countries that do not have strong government income support programs for individuals is difficult to forecast however, the resiliency of the Company's essential everyday product and service offering is expected to help mitigate some of this uncertainty.

Beyond the duration of the current environment as previously noted, 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 Company continues to focus on executing on its core product and service value offer and driving additional growth within the markets we serve, optimizing our IT infrastructure and assessing new store opportunities, acquisitions and other business venture opportunities within its different businesses and retail divisions.

In 2023, the Company expects that capital expenditures, net of expected proceeds from the promissory note receivable will be in the $125.0 million range, (2022 - $106.8 million, net of $9.8 million in proceeds from the promissory note receivable). The timing and amount of store-based capital expenditures in 2023 are expected to continue to be impacted by the availability of building materials and labour shortages, 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 below including pandemic risk, which could negatively affect the operations and financial performance of the Company. A pandemic is unique in that it could impact multiple risk factors that the Company is exposed to. 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, result in labour shortages or result in the temporary closure of 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.

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 however, there can be no assurance that these plans and protocols will be sufficient to minimize the impact. Although the Company foresees continued demand for the products and services it provides based on its role as an essential service, there can be no assurance that a pandemic will not have an adverse impact on the Company's operations and financial condition.

These factors may include, but are not limited to:

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.

These risks also impact the Company's airline operations. Transport Canada issued Canadian Airline Regulations ("CAR") with respect to pilot fatigue and flight duty times which have been 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.

In addition to the foregoing, a pandemic could impact the health and wellness of the Company's employees, result in labour shortages or result in the temporary closure of stores, distribution facilities, airline or support offices.

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 $373 million and assets of $180 million for the year-ended January 31, 2023. 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 18 communities in Alaska that are potentially exposed to changes in permafrost. Collectively, stores in these communities have sales of $824 million and assets of $388 million for the year ended January 31, 2023. 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 the availability of product or restricts transportation to distribution facilities or 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. 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.

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. Certain Company initiatives may reduce the cost of operations and help ensure the Company has an efficient operating structure. These initiatives may include improving processes and generating efficiencies across the Company's administrative, store and distribution network. The success of strategic initiatives is dependent on effective leadership and change management to realize their intended benefits. Ineffective change management could result in a lack of integrated processes and procedures, decreased employee engagement, ineffective communication and training, result in a lack of requisite knowledge or may not achieve the benefits intended. Any of the foregoing could disrupt operations or increase the risk of customer dissatisfaction. To the extent the Company is not successful in developing and executing its strategies, it could have an adverse effect on the financial condition, reputation and financial performance of the Company.

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 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.

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.

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.

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.

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.

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, 2023, the Company had undrawn committed revolving loan facilities available of $418.3 million (January 31, 2022 - $320.3 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. In January 2023, the Company extended the maturity date on its committed, revolving loan facility in International Operations to January 25, 2028 and increased the amount available on this facility from US$40.0 million to US$50.0 million. The increases in the Canadian and International loan facilities and the extension of the maturity dates 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, 2023, the Company had US$70.4 million in U.S. denominated debt compared to US$70.6 million at January 31, 2022 and US$140.8 million at January 31, 2021. 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 2022, the average exchange rate used to translate U.S. denominated earnings from the International Operations was 1.3088 compared to 1.2526 last year. The Canadian dollar's depreciation in 2022 compared to the U.S. dollar in 2021 positively impacted consolidated net earnings by $2.1 million. In 2021, the average exchange rate was 1.2526 compared to 1.3390 in 2020 which resulted in a decrease in 2021 consolidated net earnings of $3.6 million compared to 2020.

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, 2023, 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, 2023 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 2022 was 4.70% compared to 3.43% in 2021 and 2.72% in 2020. Management assumed a rate of compensation increase of 4.0% for fiscal 2020, 2021 and 2022.

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 2022 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 (IASB) 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.

In September 2022, the IASB issued amendments to IFRS 16, *Leases* (IFRS 16) related to sale leaseback transactions for lessees. The amendments require that subsequent remeasurement of the lease liability does not result in a gain or loss that relates to the right of use asset the lessee retains. The amendments are effective for periods beginning on or after January 1, 2024, with early adoption permitted.

The Company does not expect adoption of these standards 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.

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 earnings from operations to EBITDA and adjusted EBITDA

	Canada					
	Fourth Quarter			Year-to-date		
($ in thousands)	**2022**	2021	2019[1]	**2022**	2021	2019[1]
Earnings from operations	**$ 33,417**	$ 36,276	$ 17,642	**$ 119,090**	$ 153,328	$ 77,376
Add:						
Amortization	**17,134**	15,932	16,759	**66,368**	61,881	62,983
EBITDA	**$ 50,551**	$ 52,208	$ 34,401	**$ 185,458**	$ 215,209	$ 140,359
Gain on insurance settlement	**—**	(9,492)	(3,205)	**—**	(18,124)	(7,514)
Share-based compensation expense	**3,049**	3,268	136	**10,983**	10,136	3,025
Adjusted EBITDA	**$ 53,600**	$ 45,984	$ 31,332	**$ 196,441**	$ 207,221	$ 135,870

	International (Stated in U.S. dollars)					
	Fourth Quarter			Year-to-date		
($ in thousands)	**2022**	2021	2019[1]	**2022**	2021	2019[1]
Earnings from operations	**$ 10,630**	$ 10,456	$ 6,939	**$ 46,772**	$ 53,566	$ 39,995
Add:						
Amortization	**6,291**	5,880	5,273	**24,453**	23,220	19,813
EBITDA	**$ 16,921**	$ 16,336	$ 12,212	**$ 71,225**	$ 76,786	$ 59,808
Gain on insurance settlement	**—**	—	—	**—**	—	(8,000)
Share-based compensation expense	**623**	274	41	**1,641**	1,371	395
Adjusted EBITDA	**$ 17,544**	$ 16,610	$ 12,253	**$ 72,866**	$ 78,157	$ 52,203

	Consolidated					
	Fourth Quarter			Year-to-date		
($ in thousands)	**2022**	2021	2019[1]	**2022**	2021	2019[1]
Earnings from operations	**$ 47,824**	$ 49,588	$ 26,734	**$ 180,305**	$ 220,425	$ 130,353
Add:						
Amortization	**25,636**	23,376	23,699	**98,373**	90,950	89,222
EBITDA	**$ 73,460**	$ 72,964	$ 50,433	**$ 278,678**	$ 311,375	$ 219,575
Gain on insurance settlement	**—**	(9,492)	(3,205)	**—**	(18,124)	(18,170)
Share-based compensation expense	**3,878**	3,615	190	**13,131**	11,854	3,550
Adjusted EBITDA	**$ 77,338**	$ 67,087	$ 47,418	**$ 291,809**	$ 305,105	$ 204,955

[1] Pre-pandemic reconciliation of earnings from operations to EBITDA and Adjusted EBITDA.

Reconciliation of consolidated net earnings to adjusted net earnings:

	Fourth Quarter			Year-to-Date		
($ in thousands)	**2022**	2021	2019[(1)]	**2022**	2021	2019[(1)]
Net earnings	**$ 35,129**	$ 35,608	$ 17,263	**$ 125,836**	$ 157,451	$ 86,273
Gain on insurance settlement, net of tax	**—**	(6,152)	(2,340)	**—**	(13,275)	(13,887)
Share-based compensation expense, net of tax	**2,976**	2,875	305	**10,213**	9,234	2,991
Adjusted Net Earnings	**$ 38,105**	$ 32,331	$ 15,228	**$ 136,049**	$ 153,410	$ 75,377

(1) Pre-pandemic reconciliation of net earnings to adjusted net earnings.

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.

(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)	**2022**	2021	2020
Total assets	**$ 1,336.9**	$ 1,219.3	$ 1,191.2
Less: Total liabilities	**(689.0)**	(639.1)	(685.9)
Add: Total debt and lease liabilities	**402.5**	349.7	402.0
Net Assets Employed	**$ 1,050.4**	$ 929.9	$ 907.3

(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.

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.

ESG Environmental, social and governance.

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 in northern Canada.

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 Is a supplementary financial measure of retail food and general merchandise sales performance 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.

SOFR Secured Overnight Financing Rate.

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
2022	January 31, 2023	2016	January 31, 2017
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

Eleven-Year Financial Summary

Fiscal Year ($ in thousands)	**2022**	2021	2020	2019	2018[1]
Consolidated Statements of Earnings					
Sales - Canadian Operations	**$1,323,185**	$ 1,291,139	$ 1,376,188	$1,271,552	$1,246,133
Sales - International Operations	**1,029,575**	957,657	983,051	822,841	767,353
Sales - Total	**2,352,760**	2,248,796	2,359,239	2,094,393	2,013,486
EBITDA[2] - Canadian Operations	**185,458**	215,209	206,498	140,359	130,399
EBITDA[2] - International Operations	**93,220**	96,166	94,929	79,216	87,623
EBITDA[2] - Total Operations	**278,678**	311,375	301,427	219,575	218,022
Amortization - Canadian Operations	**66,368**	61,881	62,357	62,983	57,577
Amortization - International Operations	**32,005**	29,069	29,721	26,239	24,444
Amortization - Total	**98,373**	90,950	92,078	89,222	82,021
Interest	**14,836**	13,058	16,808	20,948	19,640
Income taxes	**39,633**	49,916	48,981	23,132	25,738
Net earnings attributable to shareholders of the Company	**122,190**	154,802	139,874	82,724	86,739
Cash flow from operating activities	**182,838**	224,135	338,718	161,117	155,725
Dividends paid during the year	**71,805**	70,420	67,276	64,351	62,329
Capital and intangible asset expenditures	**117,112**	94,070	75,244	121,605	103,219
Net change in cash	**9,383**	(22,110)	43,349	(10,261)	13,288
Consolidated Balance Sheets					
Current assets	**$ 474,844**	$ 403,358	$ 396,860	$ 399,593	$ 376,297
Property and equipment	**606,310**	554,457	531,794	555,075	514,946
Right-of-use assets	**102,632**	100,844	107,766	127,870	127,794
Promissory note receivable	**26,299**	40,283	49,020	—	—
Other assets, intangible assets and goodwill	**105,098**	98,585	98,440	104,765	96,119
Deferred tax assets	**21,707**	21,746	7,288	28,233	34,705
Current liabilities	**248,606**	294,490	315,135	194,084	196,938
Long-term debt and other liabilities	**440,384**	344,579	370,802	594,482	541,907
Total Equity	**647,900**	580,204	505,231	426,970	411,016
Consolidated Dollar Per Share ($)					
Net earnings - basic	**$ 2.55**	$ 3.21	$ 2.87	$ 1.70	$ 1.78
Net earnings - diluted	**2.51**	3.16	2.82	1.68	1.77
EBITDA[2],[3]	**5.82**	6.45	6.18	4.50	4.47
Cash flow from operating activities[3]	**3.82**	4.64	6.95	3.30	3.19
Dividends paid during the year[3]	**1.50**	1.46	1.38	1.32	1.28
Equity (basic shares outstanding end of year)	**13.57**	12.12	10.39	8.76	8.43
Market price at January 31	**36.24**	35.05	32.37	27.56	31.17
Statistics at Year End					
Number of stores - Canadian	**164**	161	159	198	193
Number of stores - International	**58**	55	53	51	52
Selling square feet (000's) end of year - Canadian Stores	**1,004**	998	986	1,617	1,571
Selling square feet (000's) end of year - International Stores	**686**	677	667	662	669
Sales per average selling square foot - Canadian	**$ 1,322**	$ 1,302	$ 1,057	$ 798	$ 798
Sales per average selling square foot - International	**$ 1,511**	$ 1,425	$ 1,479	$ 1,236	$ 1,148
Number of employees - Canadian Operations	**5,024**	4,926	4,735	5,587	5,672
Number of employees - International Operations	**2,287**	2,598	2,204	2,046	2,253
Average shares outstanding (000's)	**47,865**	48,268	48,758	48,751	48,697
Shares outstanding at end of fiscal year (000's)	**47,751**	47,879	48,613	48,751	48,751
Shares traded during the year (000's)	**52,348**	50,474	60,827	45,013	46,269
Financial Ratios					
EBITDA[2] (%)	**11.8**	13.8	12.8	10.5	10.8
Earnings from operations (EBIT) (%)	**7.7**	9.8	8.9	6.2	6.8
Total return on net assets[2] (%)	**17.9**	23.8	22.4	13.5	15.3
Return on average equity[2] (%)	**20.5**	29.0	30.7	20.5	23.2
Debt-to-equity	**.45:1**	.41:1	.56:1	.96:1	.89:1
Dividends as % of cash flow from operating activities	**39.3**	31.4	19.9	39.9	40.0
Inventory turnover (times per year)	**5.6**	6.3	7.1	5.8	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.

2017[1]	2016	2015	2014	2013	2012	Fiscal Year ($ in thousands)
						Consolidated Statements of Earnings
$1,199,473	$1,125,330	$1,089,898	$1,042,168	$1,022,985	$1,043,050	Sales - Canadian Operations
785,649	718,763	706,137	582,232	520,140	470,596	Sales - International Operations
1,985,122	1,844,093	1,796,035	1,624,400	1,543,125	1,513,646	Sales - Total
112,393	109,736	98,276	100,896	111,225	106,510	EBITDA[2] - Canadian Operations
57,231	56,762	53,071	36,942	27,111	27,207	EBITDA[2] - International Operations
169,624	166,498	151,347	137,838	138,336	133,717	EBITDA[2] - Total Operations
39,796	35,291	31,781	30,302	29,258	29,155	Amortization - Canadian Operations
15,857	13,076	12,245	10,070	9,018	7,994	Amortization - International Operations
55,653	48,367	44,026	40,372	38,276	37,149	Amortization - Total
10,145	7,220	6,210	6,673	7,784	6,979	Interest
34,135	33,835	31,332	27,910	28,013	25,701	Income taxes
67,154	77,076	69,779	62,883	64,263	63,888	Net earnings attributable to shareholders of the Company
141,419	126,024	132,987	115,086	79,473	128,992	Cash flow from operating activities
62,315	60,169	58,210	56,180	54,229	50,320	Dividends paid during the year
122,035	77,745	75,983	52,329	43,207	51,133	Capital and intangible asset expenditures
(5,083)	(7,000)	8,114	6,776	(16,322)	11,691	Net change in cash
						Consolidated Balance Sheets
$ 335,003	$ 327,938	$ 335,581	$ 315,840	$ 299,071	$ 303,896	Current assets
469,993	358,121	345,881	311,692	286,875	274,027	Property and equipment
—	—	—	—	—	—	Right-of-use assets
—	—	—	—	—	—	Promissory note receivable
91,502	86,909	83,293	68,693	64,969	60,567	Other assets, intangible assets and goodwill
34,450	32,853	29,040	28,074	19,597	12,904	Deferred tax assets
171,212	152,244	155,501	146,275	209,738	190,184	Current liabilities
377,580	285,792	280,682	248,741	138,334	164,960	Long-term debt and other liabilities
382,156	367,785	357,612	329,283	322,440	296,250	Total equity
						Consolidated Dollar Per Share ($)
$ 1.38	$ 1.59	$ 1.44	$ 1.30	$ 1.33	$ 1.32	Net earnings - basic
1.36	1.57	1.43	1.29	1.32	1.32	Net earnings - diluted
3.48	3.43	3.12	2.85	2.86	2.76	EBITDA[2],[3]
2.91	2.60	2.74	2.38	1.64	2.67	Cash flow from operating activities[3]
1.28	1.24	1.20	1.16	1.12	1.04	Dividends paid during the year[3]
7.60	7.57	7.37	6.80	6.66	6.12	Equity (basic shares outstanding at end of year)
29.14	29.28	30.53	26.56	25.42	23.14	Market price at January 31
						Statistics at Year End
188	185	181	178	178	177	Number of stores - Canadian
51	47	47	47	48	46	Number of stores - International
1,552	1,518	1,463	1,422	1,386	1,375	Selling square feet (000's) end of year - Canadian Stores
668	676	676	676	696	660	Selling square feet (000's) end of year - International Stores
$ 781	$ 755	$ 756	$ 742	$ 741	$ 734	Sales per average selling square foot - Canadian
$ 1,169	$ 1,063	$ 1,045	$ 849	$ 767	$ 716	Sales per average selling square foot - International
5,915	5,715	5,482	4,921	4,839	4,768	Number of employees - Canadian Operations
2,119	1,882	1,896	1,726	1,853	1,568	Number of employees - International Operations
48,680	48,524	48,509	48,432	48,413	48,384	Average shares outstanding (000's)
48,690	48,542	48,523	48,497	48,426	48,389	Shares outstanding at end of fiscal year (000's)
38,836	49,189	35,631	24,080	17,623	17,831	Shares traded during the year (000's)
						Financial Ratios
8.5	9.0	8.4	8.5	9.0	8.8	EBITDA[2] (%)
5.7	6.4	6.0	6.0	6.5	6.4	Earnings from operations (EBIT) (%)
16.7	20.1	19.5	18.4	20.0	20.6	Total return on net assets[2] (%)
18.3	21.8	20.6	19.3	21.0	22.1	Return on average equity[2] (%)
.82:1	.62:1	.63:1	.61:1	.57:1	.55:1	Debt-to-equity
44.1	47.7	43.8	48.8	68.2	39.0	Dividends as % of cash flow from operating activities
6.0	6.1	6.2	5.7	5.6	5.8	Inventory turnover (times per year)

(3) Based on average basic shares 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 5, 2023

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, 2023 and 2022, 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, 2023 and 2022;
- 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	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, 2023, the Company held inventories of $294 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 5, 2023

Consolidated Balance Sheets

($ in thousands)	January 31, 2023	January 31, 2022
CURRENT ASSETS		
Cash	**$ 58,809**	$ 49,426
Accounts receivable (Note 5)	**113,798**	99,241
Inventories (Note 6)	**293,835**	247,988
Prepaid expenses	**8,402**	6,703
	474,844	403,358
NON-CURRENT ASSETS		
Property & Equipment (Note 7)	**606,310**	554,457
Right-of-use assets (Note 8)	**102,632**	100,844
Promissory note receivable (Note 24)	**26,299**	40,283
Goodwill (Note 9)	**50,431**	48,502
Intangible assets (Note 9)	**30,694**	34,094
Deferred tax asset (Note 10)	**21,707**	21,746
Other assets (Note 11)	**23,973**	15,989
	862,046	815,915
TOTAL ASSETS	**$ 1,336,890**	$ 1,219,273
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 225,481**	$ 221,319
Current portion of long-term debt (Note 12)	**268**	46,262
Current portion of lease liabilities (Note 8)	**18,644**	18,055
Income tax payable (Note 10)	**4,213**	8,854
	248,606	294,490
NON-CURRENT LIABILITIES		
Long-term debt (Note 12)	**289,782**	189,378
Lease liabilities (Note 8)	**93,833**	96,015
Defined benefit plan obligation (Note 13)	**18,232**	21,714
Deferred tax liability (Note 10)	**14,311**	14,483
Other long-term liabilities	**24,226**	22,989
	440,384	344,579
TOTAL LIABILITIES	**688,990**	639,069
SHAREHOLDERS' EQUITY		
Share capital (Note 16)	**176,091**	173,081
Contributed surplus	**13,017**	12,530
Retained earnings	**407,182**	355,674
Accumulated other comprehensive income	**32,931**	22,350
Equity attributable to The North West Company Inc.	**629,221**	563,635
Non-controlling interests	**18,679**	16,569
TOTAL EQUITY	**647,900**	580,204
TOTAL LIABILITIES & EQUITY	**$ 1,336,890**	$ 1,219,273

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors

"Annalisa King"

DIRECTOR

"Brock Bulbuck"

DIRECTOR

Consolidated Statements of Earnings

($ in thousands, except per share amounts)	**Year Ended January 31, 2023**	Year Ended January 31, 2022
SALES	**$ 2,352,760**	$ 2,248,796
Cost of sales	**(1,604,845)**	(1,511,045)
Gross profit	**747,915**	737,751
Selling, operating and administrative expenses (Notes 17, 18)	**(567,610)**	(517,326)
Earnings from operations	**180,305**	220,425
Interest expense (Note 19)	**(14,836)**	(13,058)
Earnings before income taxes	**165,469**	207,367
Income taxes (Note 10)	**(39,633)**	(49,916)
NET EARNINGS FOR THE YEAR	**$ 125,836**	$ 157,451
NET EARNINGS ATTRIBUTABLE TO		
The North West Company Inc.	**$ 122,190**	$ 154,802
Non-controlling interests	**3,646**	2,649
TOTAL NET EARNINGS	**$ 125,836**	$ 157,451
NET EARNINGS PER SHARE (Note 21)		
Basic	**$ 2.55**	$ 3.21
Diluted	**$ 2.51**	$ 3.16
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING (000's)		
Basic	**47,865**	48,268
Diluted	**48,649**	49,034

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

($ in thousands)	**Year Ended January 31, 2023**	Year Ended January 31, 2022
NET EARNINGS FOR THE YEAR	**$ 125,836**	$ 157,451
Other comprehensive income, net of tax:		
Items that may be reclassified to net earnings:		
Exchange differences on translation of foreign controlled subsidiaries	**11,566**	734
Items that will not be subsequently reclassified to net earnings:		
Remeasurements of defined benefit plans (Note 13)	**7,856**	14,174
Remeasurements of defined benefit plans of equity investee	**230**	202
Total other comprehensive income, net of tax	**19,652**	15,110
COMPREHENSIVE INCOME FOR THE YEAR	**$ 145,488**	$ 172,561
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO		
The North West Company Inc.	**$ 18,667**	$ 15,121
Non-controlling interests	**985**	(11)
TOTAL OTHER COMPREHENSIVE INCOME	**$ 19,652**	$ 15,110
COMPREHENSIVE INCOME ATTRIBUTABLE TO		
The North West Company Inc.	**$ 140,857**	$ 169,923
Non-controlling interests	**4,631**	2,638
TOTAL COMPREHENSIVE INCOME	**$ 145,488**	$ 172,561

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, 2022	$ 173,081	$ 12,530	$ 355,674	$ 22,350	$ 563,635	$ 16,569	$ 580,204
Net earnings for the year	—	—	122,190	—	122,190	3,646	125,836
Other comprehensive income	—	—	7,856	10,581	18,437	985	19,422
Other comprehensive income of equity investee	—	—	230	—	230	—	230
Comprehensive income	—	—	130,276	10,581	140,857	4,631	145,488
Common shares purchased and cancelled (Note 16)	(854)	—	(6,963)	—	(7,817)	—	(7,817)
Equity settled share-based payments (Note 14)	(203)	2,656	—	—	2,453	—	2,453
Dividends (Note 20)	—	—	(71,805)	—	(71,805)	(2,521)	(74,326)
Issuance of common shares (Note 16)	4,067	(2,169)	—	—	1,898	—	1,898
	3,010	487	(78,768)	—	(75,271)	(2,521)	(77,792)
Balance at January 31, 2023	**$176,091**	**$ 13,017**	**$407,182**	**$32,931**	**$629,221**	**$ 18,679**	**$647,900**

($ 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
Common shares 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

(1) Accumulated Other Comprehensive Income

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

($ in thousands)	**Year Ended January 31, 2023**	Year Ended January 31, 2022
CASH PROVIDED BY (USED IN)		
Operating activities		
Net earnings for the year	**$ 125,836**	$ 157,451
Adjustments for:		
Amortization (Notes 7, 8, 9)	**98,373**	90,950
Provision for income taxes (Note 10)	**39,633**	49,916
Interest expense (Note 19)	**14,836**	13,058
Equity settled share-based compensation (Note 14)	**2,453**	51
Insurance proceeds, property and equipment (Note 17)	**—**	(18,124)
Taxes paid	**(46,961)**	(63,570)
(Gain)/Loss on disposal of property and equipment	**(54)**	50
	234,116	229,782
Change in non-cash working capital	**(50,905)**	(2,563)
Change in other non-cash items	**(373)**	(3,084)
Cash from operating activities	**182,838**	224,135
Investing activities		
Purchase of property and equipment (Note 7)	**(112,581)**	(87,341)
Goodwill and intangible asset additions (Note 9)	**(4,531)**	(6,729)
Proceeds from disposal of property and equipment	**510**	85
Proceeds from promissory note receivable	**9,800**	—
Insurance proceeds, property and equipment	**—**	18,124
Cash used in investing activities	**(106,802)**	(75,861)
Financing activities		
Net increase in long-term debt (Note 12)	**49,436**	44,071
Debt repayment (Note 12)	**—**	(85,393)
Payment of lease liabilities, principal	**(22,349)**	(18,003)
Payment of lease liabilities, interest	**(4,249)**	(4,288)
Dividends (Note 20)	**(71,805)**	(70,420)
Dividends to non-controlling interests (Note 20)	**(2,521)**	—
Interest paid	**(10,891)**	(8,944)
Issuance of common shares (Note 16)	**1,898**	845
Common shares purchased and cancelled (Note 16)	**(7,817)**	(28,064)
Cash used in financing activities	**(68,298)**	(170,196)
Effect of changes in foreign exchange rates on cash	**1,645**	(188)
NET CHANGE IN CASH	**9,383**	(22,110)
Cash, beginning of year	**49,426**	71,536
CASH, END OF YEAR	**$ 58,809**	$ 49,426

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

($ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
JANUARY 31, 2023 AND 2022

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.

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 5, 2023.

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 statements 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	3.0% – 8.0%
Leasehold improvements	3.0% – 20.0%
Aircraft	3.3% – 20.0%
Fixtures and equipment	8.0% – 20.0%
Computer equipment	12.0% – 33.0%

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 consolidated statements 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 statements 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) Future Standards and Amendments In May 2021, the International Accounting Standards Board (IASB) 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.

In September 2022, the IASB issued amendments to IFRS 16, *Leases* (IFRS 16) related to sale leaseback transactions for lessees. The amendments require that subsequent remeasurement of the lease liability does not result in a gain or loss that relates to the right of use asset the lessee retains. The amendments are effective for periods beginning on or after January 1, 2024, with early adoption permitted.

The Company does not expect adoption of these standards 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, 2023**	January 31, 2022
Sales		
Canada		
Food	**$ 897,097**	$ 880,154
General merchandise and other	**426,088**	410,985
Canada	**$ 1,323,185**	$ 1,291,139
International		
Food	**$ 921,610**	$ 844,555
General merchandise and other	**107,965**	113,102
International	**$ 1,029,575**	$ 957,657
Consolidated	**$ 2,352,760**	$ 2,248,796
Earnings before amortization, interest and income taxes		
Canada	**$ 185,458**	$ 215,209
International	**93,220**	96,166
Consolidated	**$ 278,678**	$ 311,375
Earnings from operations		
Canada	**$ 119,090**	$ 153,328
International	**61,215**	67,097
Consolidated	**$ 180,305**	$ 220,425

Supplemental Information

	January 31, 2023	January 31, 2022
Assets		
Canada(1)	**$ 841,543**	$ 775,806
International(1)	**495,347**	443,467
Consolidated	**$ 1,336,890**	$ 1,219,273

Year Ended	**January 31, 2023**		January 31, 2022	
	Canada	**Int'l**	Canada	Int'l
Purchase of property and equipment	**$ 81,170**	**$ 31,411**	$ 59,753	$ 27,588
Total amortization	**$ 66,368**	**$ 32,005**	$ 61,881	$ 29,069

(1) Canadian total assets includes goodwill of $11,025 (January 31, 2022 – $11,025). International total assets includes goodwill of $39,406 (January 31, 2022 – $37,477).

5. ACCOUNTS RECEIVABLE

	January 31, 2023	January 31, 2022
Trade accounts receivable	**$ 92,573**	$ 86,841
Corporate and other accounts receivable	**32,610**	24,565
Less: allowance for doubtful accounts	**(11,385)**	(12,165)
	$ 113,798	$ 99,241

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, 2023	January 31, 2022
Balance, beginning of year	**$ (12,165)**	$ (11,130)
Net charge	**(11,622)**	(9,397)
Written off	**12,402**	8,362
Balance, end of year	**$ (11,385)**	$ (12,165)

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, 2023, the Company recorded $4,049 (January 31, 2022 – $2,929) 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, 2023 or 2022.

7. PROPERTY & EQUIPMENT

January 31, 2023	Land	Buildings	Leasehold improvements	Fixtures & equipment	Aircraft	Computer equipment	Construction in process	Total
Cost								
Balance, beginning of year	$ 19,905	$ 622,533	$ 67,204	$ 361,325	$ 120,470	$ 67,320	$ 27,552	$1,286,309
Additions	113	36,782	2,543	28,297	7,857	4,663	32,326	112,581
Disposals/retirements	(33)	(2,539)	(845)	(6,125)	(9,229)	(8,350)	—	(27,121)
Effect of movements in foreign exchange	553	9,682	1,189	5,813	—	1,576	554	19,367
Total January 31, 2023	$ 20,538	$ 666,458	$ 70,091	$ 389,310	$ 119,098	$ 65,209	$ 60,432	$1,391,136
Accumulated amortization								
Balance, beginning of year	$ —	$ 349,372	$ 37,932	$ 267,827	$ 34,850	$ 41,784	$ 87	$ 731,852
Amortization expense	—	25,404	5,225	19,807	14,043	5,034	—	69,513
Disposals/retirements	—	(2,285)	(843)	(6,037)	(9,081)	(8,332)	(87)	(26,665)
Effect of movements in foreign exchange	—	4,505	688	4,075	—	858	—	10,126
Total January 31, 2023	$ —	$ 376,996	$ 43,002	$ 285,672	$ 39,812	$ 39,344	$ —	$ 784,826
Net book value January 31, 2023	**$ 20,538**	**$289,462**	**$ 27,089**	**$103,638**	**$ 79,286**	**$ 25,865**	**$ 60,432**	**$ 606,310**

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

The Company reviews its property and equipment for indicators of impairment. No assets were identified as impaired for the years ended January 31, 2023 and January 31, 2022.

Interest capitalized
Interest attributable to the construction of qualifying assets was capitalized using an average rate of 4.1% and 3.7% for the years ended January 31, 2023 and 2022 respectively. Interest capitalized in additions amounted to $226 (January 31, 2022 – $95). Accumulated interest capitalized in the cost total above amounted to $3,348 (January 31, 2022 – $3,122).

8. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

Right-of-use assets

January 31, 2023	Land & buildings	Fixtures & equipment	Aircraft	Total
Cost				
Balance, beginning of year	$ 179,682	$ 8,217	$ 1,494	$ 189,393
Additions	11,366	2,591	—	13,957
Disposals/retirements	(3,798)	(1,567)	(1,494)	(6,859)
Lease extensions and other items	5,478	10	—	5,488
Effect of movements in foreign exchange	4,630	—	—	4,630
Total January 31, 2023	$ 197,358	$ 9,251	$ —	$ 206,609
Accumulated amortization				
Balance, beginning of year	$ 83,943	$ 3,394	$ 1,212	$ 88,549
Amortization expense	17,651	1,826	282	19,759
Disposals/retirements	(3,174)	(1,567)	(1,494)	(6,235)
Impairment losses	(230)	—	—	(230)
Effect of movements in foreign exchange	2,134	—	—	2,134
Total January 31, 2023	$ 100,324	$ 3,653	$ —	$ 103,977
Net book value January 31, 2023	**$ 97,034**	**$ 5,598**	**$ —**	**$ 102,632**

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/retirements	(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/retirements	(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

Lease liabilities

The total current and long-term lease liability is $18,644 (January 31, 2022 – $18,055) and $93,833 (January 31, 2022 – $96,015), 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, 2023, lease liabilities reflect a weighted-average risk-free rate of 3.8% (January 31, 2022 – 3.6%) and weighted-average remaining lease term of 9.8 years (January 31, 2022 – 9.6 years).

Maturity analysis - contractual undiscounted cash flows

	January 31, 2023
0-1 year	$ 22,585
2-3 years	37,612
4-5 years	24,011
6 years+	58,329
Total undiscounted cash flows	**$ 142,537**

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. Some aircraft leases also contain variable payment terms based on usage and are recognized as operating expenses. The Company made variable lease payments not included in lease liabilities of $5,919 (January 31, 2022 – $6,890).

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, 2023	January 31, 2022
Balance, beginning of year	$ 48,502	$ 48,263
Additions	—	382
Effect of movements in foreign exchange	1,929	(143)
Balance, end of year	$ 50,431	$ 48,502

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 $39,406 (January 31, 2022 – $37,477) relates to acquisition of subsidiaries by the Company's International Operations. A goodwill asset balance of $11,025 (January 31, 2022 – $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, 2023	Software	Store banners	Other	Total
Cost				
Balance, beginning of year	$ 68,148	$ 9,787	$ 14,661	$ 92,596
Additions	3,941	—	590	4,531
Disposals/retirements	(11,329)	—	—	(11,329)
Effect of movements in foreign exchange	968	504	266	1,738
Total January 31, 2023	$ 61,728	$ 10,291	$ 15,517	$ 87,536
Accumulated Amortization				
Balance, beginning of year	$ 48,546	$ —	$ 9,956	$ 58,502
Amortization expense	8,170	—	931	9,101
Disposals/retirements	(11,329)	—	—	(11,329)
Effect of movements in foreign exchange	431	—	137	568
Total January 31, 2023	$ 45,818	$ —	$ 11,024	$ 56,842
Net book value January 31, 2023	**$ 15,910**	**$ 10,291**	**$ 4,493**	**$ 30,694**

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

Work in process

As at January 31, 2023, the Company had incurred $537 (January 31, 2022 – $283) 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, 2023	January 31, 2022
Current tax expense:		
Current tax on earnings for the year	**$ 44,392**	$ 70,842
Withholding taxes	**216**	652
Over provision in prior years	**(2,358)**	(1,843)
	$ 42,250	$ 69,651
Deferred tax expense:		
Origination and reversal of temporary differences	**$ (3,231)**	$ (19,669)
Impact of change in tax rates	**(46)**	8
Under/(over) provision in prior years	**660**	(74)
	$ (2,617)	$ (19,735)
Income taxes	**$ 39,633**	$ 49,916

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, 2023	January 31, 2022
Earnings before income taxes	**$165,469**	$207,367
Combined statutory income tax rate	**24.5 %**	24.7 %
Expected income tax expense	**$ 40,588**	$51,321
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses/ (non-taxable income)	**$ 879**	$ (1,342)
Unrecognized income tax (gains)/losses	**(308)**	275
Withholding taxes	**216**	652
Impact of change in tax rates	**(46)**	8
GILTI tax (1)	**3**	883
Over provision in prior years	**(1,698)**	(1,917)
Other	**(1)**	36
Provision for income taxes	**$ 39,633**	$49,916
Income tax rate	**24.0 %**	24.1 %

(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 $5,179 (January 31, 2022 – $5,618) arising from certain foreign income tax losses were not recognized on the consolidated balance sheets. The income tax losses expire from 2024 – 2033.

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

Year Ended	January 31, 2023	January 31, 2022
Net investment hedge:		
Origination and reversal of temporary difference	**$ (616)**	$ 1,915
Impact of change in tax rates	**2**	4
	$ (614)	$ 1,919
Defined benefit plan actuarial gain:		
Origination and reversal of temporary difference	**$ 2,883**	$ 5,206
Impact of change in tax rates	**—**	25
	$ 2,883	$ 5,231

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

	February 1, 2022	Taxes (charged) credited to net earnings	Taxes (charged)/ credited to OCI	Other adjustments	**January 31, 2023**
Deferred tax assets:					
Property & equipment	$ 10,051	$ 847	$ —	$ 15	**$ 10,913**
Lease obligation	27,216	(423)	—	632	**27,425**
Inventory	3,245	1,210	—	102	**4,557**
Share-based compensation and long-term incentive plans	6,774	(404)	—	49	**6,419**
Defined benefit plan obligation	6,467	460	(2,883)	—	**4,044**
Accrued liabilities	2,296	252	—	128	**2,676**
Deferred limited partnership earnings	—	1,674	—	—	**1,674**
Unrealized foreign exchange loss	1	—	—	(1)	**—**
Other	972	(281)	—	106	**797**
	$ 57,022	$ 3,335	$ (2,883)	$ 1,031	**$ 58,505**
Deferred tax liabilities:					
Goodwill & intangible assets	$ (1,301)	$ (88)	$ —	$ (69)	**$ (1,458)**
Property & equipment	(16,390)	377	—	(307)	**(16,320)**
Right-of-use assets	(24,492)	(369)	—	(565)	**(25,426)**
Unrealized foreign exchange gain	(767)	—	614	—	**(153)**
Investment in joint venture	(1,951)	(207)	—	(31)	**(2,189)**
Deferred limited partnership earnings	(810)	—	—	810	**—**
Other	(4,048)	(431)	—	(1,084)	**(5,563)**
	$ (49,759)	$ (718)	$ 614	$ (1,246)	**$ (51,109)**
	$ 7,263	$ 2,617	$ (2,269)	$ (215)	**$ 7,396**

As presented on consolidated balance sheet:

Year Ended	**January 31, 2023**	January 31, 2022
Deferred tax assets	**$ 21,707**	$ 21,746
Deferred tax liabilities	**(14,311)**	(14,483)
	$ 7,396	$ 7,263

	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 loss	—	—	—	(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

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 $266,420 at January 31, 2023 (January 31, 2022 – $230,282).

11. OTHER ASSETS

	January 31, 2023	January 31, 2022
Investment in joint venture (Note 23)	**$ 16,220**	$ 14,456
Defined benefit plan asset (Note 13)	**6,044**	—
Other	**1,709**	1,533
	$ 23,973	$ 15,989

12. LONG-TERM DEBT

	January 31, 2023	January 31, 2022
Current:		
Revolving loan facility (3)	**$ —**	$ 45,107
Promissory note payable (6)	**268**	1,155
	$ 268	$ 46,262
Non-current:		
Revolving loan facility (1)	**$ —**	$ —
Revolving loan facilities (2)	**—**	—
Revolving loan facilities (3)	**96,032**	—
Senior notes (4)	**93,483**	88,869
Senior notes (5)	**100,000**	100,000
Promissory notes payable (6)	**267**	509
	$ 289,782	$ 189,378
Total	**$ 290,050**	$ 235,640

(1) The committed, revolving U.S. loan facility provides the International Operations with up to US$50,000 (January 31, 2022 – US$40,000) for working capital requirements and general business purposes. This facility matures January 25, 2028, bears a floating rate of interest based on SOFR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2023, the International Operations had drawn US$NIL (January 31, 2022 – US$NIL) on this facility.

(2) In March 2022, the Company extended the maturity date of the US$52,000 loan facilities. These facilities mature March 1, 2027 and bear interest at U.S LIBOR or an alternative reference rate 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 $400,000 Canadian Operations loan facilities. At January 31, 2023, the Company had drawn US$NIL (January 31, 2022 – US$NIL) on these facilities.

(3) These committed, revolving loan facilities provide the Company's Canadian Operations with up to $400,000 (January 31, 2022 – $300,000) for working capital and general business purposes. In March 2022, the Company extended the maturity date of these facilities to March 1, 2027. These 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 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.

(4) 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 $400,000 Canadian Operations loan facilities, the $100,000 senior notes and the US$52,000 loan facilities.

(5) 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 $400,000 Canadian Operations loan facilities, the US$70,000 senior notes due in 2027 and 2032 and the US$52,000 loan facilities.

(6) 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, 2023 and January 31, 2022. The accrued pension benefits and funding requirements were last determined by actuarial valuation as at December 31, 2021. The next actuarial valuation is required as at December 31, 2024. 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, 2023, the Company contributed $1,160 to its defined benefit pension plans (January 31, 2022 – $1,955). During the year ended January 31, 2023, the Company contributed $6,199 to its defined contribution pension plans and U.S. employees savings plans (January 31, 2022 – $6,303). The current best estimate of the Company's funding obligation for the defined benefit pension plans for the year commencing February 1, 2023 is $1,054. 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, 2023	January 31, 2022
Plan assets:		
Fair value, beginning of year	**$ 101,351**	$ 97,527
Accrued interest on assets	**3,432**	2,621
Benefits paid	**(4,819)**	(6,273)
Plan administration costs	**(529)**	(518)
Employer contributions	**1,160**	1,955
Employee contributions	**1**	2
Return on assets (less than)/ greater than discount rate	**(5,884)**	6,037
Fair value, end of year	**$ 94,712**	$ 101,351
Plan obligations:		
Defined benefit obligation, beginning of year	**$ (123,065)**	$ (135,973)
Current service costs	**(2,403)**	(3,829)
Employee contributions	**(1)**	(2)
Interest on plan liabilities	**(4,138)**	(3,637)
Benefits paid	**6,084**	7,008
Actuarial remeasurement due to:		
Plan experience	**(4,137)**	(929)
Financial assumptions	**20,760**	14,297
Defined benefit obligation, end of year	**$ (106,900)**	$ (123,065)
Plan deficit	**$ (12,188)**	$ (21,714)

As presented on consolidated balance sheet:

	January 31, 2023	January 31, 2022
Other asset (Note 11)	**$ 6,044**	$ —
Defined benefit plan obligation	**(18,232)**	(21,714)
Plan deficit	**$ (12,188)**	$ (21,714)

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, 2023	January 31, 2022
Discount rate on plan liabilities	**4.70 %**	3.43 %
Rate of compensation increase	**4.00 %**	4.00 %
Discount rate on plan expense	**3.43 %**	2.72 %
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 13.6 years (January 31, 2022 – 15.7 years).

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

	January 31, 2023	January 31, 2022
Average life expectancies at age 65 for current pensioners:		
Male	**21.6**	21.5
Female	**24.1**	24.0
Average life expectancies at age 65 for current members aged 45:		
Male	**22.8**	22.7
Female	**25.2**	25.1

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. For the years ended January 31, 2023 and 2022, 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	$ (12,980)	$ (882)
	1% decrease	$ 16,101	$ 805

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, 2023	January 31, 2022
Plan assets:		
Canadian equities (pooled)	**20.1 %**	19.4 %
Global equities (pooled)	**36.9 %**	36.8 %
Real estate equities (pooled)	**10.5 %**	9.9 %
Debt securities	**32.5 %**	33.9 %
Total	**100.0 %**	100.0 %

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, 2023	January 31, 2022
Employee costs (Note 18)		
Defined benefit pension plan, current service costs included in post-employment benefits	**$ 2,403**	$ 3,829
Plan administration costs	**529**	518
Defined contribution pension plan	**4,624**	4,783
Savings plan for U.S. employees	**1,575**	1,520
	$ 9,131	$ 10,650
Interest expense (Note 19)		
Accrued interest on assets	**$ (3,432)**	$ (2,621)
Interest on plan liabilities	**4,138**	3,637
	$ 706	$ 1,016

The following amounts have been included in other comprehensive income:

	January 31, 2023	January 31, 2022
Current Year:		
Return on assets (less than)/ greater than discount rate	**$ (5,884)**	$ 6,037
Actuarial remeasurement due to:		
Plan experience	**(4,137)**	(929)
Financial assumptions	**20,760**	14,297
Taxes on actuarial remeasurement in OCI	**(2,883)**	(5,231)
Net actuarial remeasurement recognized in OCI	**$ 7,856**	$ 14,174
Cumulative gains/(losses) recognized in AOCI:		
Cumulative gross actuarial remeasurement in AOCI	**$ 14,655**	$ 3,916
Taxes on cumulative actuarial remeasurement in AOCI	**(6,022)**	(3,139)
Total actuarial remeasurement recognized in AOCI, net	**$ 8,633**	$ 777

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

	January 31, 2023	January 31, 2022
Accrued interest on assets	**$ 3,432**	$ 2,621
Return on assets greater than discount rate	**(5,884)**	6,037
Actual return on plan assets	**$ (2,452)**	$ 8,658

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, 2023 was $13,131 (January 31, 2022 – $11,854). 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, 2023	January 31, 2022
Accounts payable and accrued liabilities	**$ 4,793**	$ 7,586
Other long-term liabilities	**12,552**	12,321
Contributed surplus	**11,217**	10,933
Total	**$ 28,562**	$ 30,840

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, 2023 are $7,882 (January 31, 2022 – $6,626). Equity settled PSUs are redeemed with shares transferred from a trust established for this plan or by issuing shares from treasury. There were 60,993 PSUs (January 31, 2022 – 155,490) partially settled by releasing 29,849 shares (January 31, 2022 – 76,629) from the employee trust during the year ended January 31, 2023. There were 55,903 PSUs (January 31, 2022 - 21,032) partially settled by releasing 27,748 shares issued from treasury (January 31, 2022 - 13,815). The total number of PSUs outstanding at January 31, 2023 that may be settled in treasury shares is 337,331 (January 31, 2022 – 263,373).

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, 2023 are $2,000 (January 31, 2022 – $2,022). The total number of deferred share units outstanding at January 31, 2023 is 258,689 (January 31, 2022 – 308,258). There were 93,743 DDSUs exercised in cash during the year ended January 31, 2023 (January 31, 2022 – 48,388).

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 are 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, 2023 are $38 (January 31, 2022 – $67).

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, 2023. 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, 2023 are $2,279 (January 31, 2022 – $2,165). The fair values for options issued during the year were calculated based on the following assumptions:

	January 31, 2023	January 31, 2022
Fair value of options granted	**$ 5.19**	$ 4.67
Exercise price	**$ 35.83**	$ 35.51
Dividend yield	**4.2 %**	4.1 %
Annual risk-free interest rate	**2.2 %**	1.1 %
Expected share price volatility	**24.1 %**	25.2 %

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

	January 31, 2023	January 31, 2022
Dividend yield	**4.2 %**	4.2 %
Annual risk-free interest rate	**3.7%**	1.3%
Expected share price volatility	**13.4% to 23.2%**	15.9% to 22.2%

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, 2023	January 31, 2022	**January 31, 2023**	January 31, 2022
Outstanding options, beginning of year	**589,588**	815,272	**1,274,837**	1,237,366
Granted	**—**	—	**238,024**	329,846
Exercised	**(287,905)**	(225,684)	**(120,446)**	(165,170)
Forfeited or cancelled	**—**	—	**(9,359)**	(127,205)
Outstanding options, end of year	**301,683**	589,588	**1,383,056**	1,274,837
Exercisable at end of year	**301,683**	452,203	**648,793**	419,792

The weighted-average share price on the dates options were exercised during the year was $36.99 (January 31, 2022 – $36.22).

Weighted-average exercise price	**Declining Strike Price Options**		**Standard Options**	
	January 31, 2023	January 31, 2022	**January 31, 2023**	January 31, 2022
Outstanding options, beginning of year	**$ 31.06**	$ 30.15	**$ 30.13**	$ 28.51
Granted	**—**	—	**35.64**	35.39
Exercised	**28.13**	27.32	**28.05**	27.95
Forfeited or cancelled	**—**	—	**35.48**	30.88
Outstanding options, end of year	**$ 31.71**	$ 31.06	**$ 31.22**	$ 30.13
Exercisable at end of year	**$ 27.27**	$ 26.78	**$ 29.28**	$ 28.39

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
2016	$ 23.80-23.80	55,679	0.2	$ 23.80	55,679	$ 23.80
2017	$ 27.36-32.40	266,176	1.4	$ 28.38	266,176	$ 28.38
2018	$ 27.77-27.77	182,201	2.2	$ 27.77	182,201	$ 27.77
2019	$ 28.13-30.02	282,615	3.3	$ 28.20	189,449	$ 28.21
2020	$ 29.23-29.23	380,225	4.4	$ 29.23	187,113	$ 29.23
2021	$ 34.67-35.51	284,757	5.3	$ 35.38	69,858	$ 35.37
2022	$ 32.79-35.83	233,086	6.3	$ 35.64	—	$ —

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, 2023 are $932 (January 31, 2022 – $974).

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, 2023, the Company had undrawn committed revolving loan facilities available of $418,250 (January 31, 2022 – $320,309) which mature in 2027 and 2028 (Note 12). The undrawn available capacity is net of the aggregate potential liability for letters of credit of $18,738 (January 31, 2022 – $21,557).

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.

	2023	2024	2025	2026	2027	2028+	Total
Accounts payable and accrued liabilities	$ 225,481	$ —	$ —	$ —	$ —	$ —	$ 225,481
Current portion of long-term debt (Note 12)	268	—	—	—	—	—	268
Long-term debt (Note 12)	12,269	12,536	12,269	12,269	149,006	157,975	356,324
Total	$ 238,018	$ 12,536	$ 12,269	$ 12,269	$ 149,006	$ 157,975	$ 582,073

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 $113,798 (January 31, 2022 – $99,241). The Company does not have any individual customers greater than 10% of total accounts receivable. At January 31, 2023, the Company's gross maximum credit risk exposure is $125,183 (January 31, 2022 – $111,406). Of this amount, $13,399 (January 31, 2022 – $9,839) is more than 60 days past due. The Company has recorded an allowance against its maximum exposure to credit risk of $11,385 (January 31, 2022 – $12,165) which is based on expected credit losses for similar financial assets.

The Company has an unsecured, non-interest bearing promissory note receivable of $41,299 (January 31, 2022 – $50,092) from Giant Tiger Stores Limited of which $15,000 (January 31, 2022 – $9,809) has been reclassified to accounts receivable and $26,299 (January 31, 2022 – $40,283) 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, 2023 and 2022, 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, 2022 - $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, 2022 – $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, 2023 a 100 basis point increase in the risk-free rate would cause net earnings to decrease by approximately $702 (January 31, 2022 – $330). A 100 basis point decrease would cause net earnings to increase by approximately $702 (January 31, 2022 – $330).

(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, 2023		**Assets (Liabilities) carried at amortized cost**	
	Maturity	Carrying amount	Fair value
Cash	Short-term	$ 58,809	$ 58,809
Accounts receivable (1)	Short-term	113,798	113,798
Promissory note receivable (1)	Long-term	26,299	26,299
Other financial assets	Long-term	1,523	1,523
Accounts payable and accrued liabilities	Short-term	(220,688)	(220,688)
Current portion of long-term debt	Short-term	(268)	(268)
Long-term debt	Long-term	(289,782)	(269,462)

(1) At January 31, 2023, $15,000 of the promissory note receivable due within the next 12 months is included in accounts receivable (January 31, 2022 – $9,809).

January 31, 2022		Assets (Liabilities) carried at amortized cost	
	Maturity	Carrying amount	Fair value
Cash	Short-term	$ 49,426	$ 49,426
Accounts receivable	Short-term	99,241	99,241
Promissory note receivable	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)

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, 2023, the debt-to-equity ratio was 0.45 compared to 0.41 last year. The debt-to-equity ratio is within the Company's objectives. The debt-to-equity ratio is calculated as follows:

	January 31, 2023	January 31, 2022
Current portion of long-term debt (Note 12)	**$ 268**	$ 46,262
Long-term debt (Note 12)	**289,782**	189,378
Total debt	**$ 290,050**	$ 235,640
Total equity	**$ 647,900**	$ 580,204
Debt-to-equity ratio	**0.45**	0.41

(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, 2023 and 2022, 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, 2023.

16. SHARE CAPITAL

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

	Shares	Consideration
January 31, 2022	**47,878,650**	**$ 173,110**
Purchased and cancelled (1)	**(236,075)**	**(854)**
Issued under share-based compensation plans (Note 14)	**108,030**	**4,067**
Balance at January 31, 2023	**47,750,605**	**$ 176,323**
Shares held in trust, January 31, 2022	**(8,371)**	**(29)**
Purchased for future settlement of PSUs	**(87,000)**	**(311)**
Released for settlement of PSUs (Note 14)	**29,849**	**108**
Shares held in trust, January 31, 2023	**(65,522)**	**$ (232)**
Issued and outstanding, net of shares held in trust, January 31, 2023	**47,685,083**	**$ 176,091**
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

(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, 2023 shares outstanding of 47,750,605 included 16,137,982 (January 31, 2022 – 14,973,056) Variable Voting Shares, representing 33.8% (January 31, 2022 – 31.3%) of the total shares issued and outstanding.

Normal Course Issuer Bid

On November 10, 2022, the Company renewed its Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,740,895 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2023, the Company purchased 236,075 common shares having a book value of $854 for cash consideration of $7,817. The excess of the purchase price over the book value of the shares of $6,963 was charged to retained earnings. 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. 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, 2023	January 31, 2022
Employee costs (Note 18)	**$ 329,209**	$ 325,862
Amortization	**98,373**	90,950
Operating lease rentals	**5,314**	5,479
Gain on insurance settlement (1)	**—**	(18,124)

(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.

18. EMPLOYEE COSTS

Year Ended	January 31, 2023	January 31, 2022
Wages, salaries and benefits including bonus	**$ 306,947**	$ 303,358
Post-employment benefits (Note 13)	**9,131**	10,650
Share-based compensation (Note 14)	**13,131**	11,854
Included in the above are the following amounts in respect of key management compensation:		
Wages, salaries and benefits including bonus	**$ 6,377**	$ 7,970
Post-employment benefit expense	**731**	1,732
Share-based compensation	**5,908**	6,912

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, 2023	January 31, 2022
Interest on long-term debt	**$ 11,123**	$ 8,950
Interest on lease liabilities	**4,249**	4,288
Net interest on defined benefit plan obligation	**706**	1,016
Interest imputed on promissory note receivable	**(1,016)**	(1,101)
Interest capitalized	**(226)**	(95)
Interest expense	**$ 14,836**	$ 13,058

20. DIVIDENDS

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

Year Ended	January 31, 2023	January 31, 2022
Dividends recorded in equity and paid in cash	**$ 74,326**	$ 70,420
Less: Dividends paid to non-controlling interests	**(2,521)**	—
Shareholder dividends	**$ 71,805**	$ 70,420
Dividends per share	**$ 1.50**	$ 1.46

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 5, 2023, the Board of Directors declared a dividend of $0.38 per common share to paid on April 27, 2023 to shareholders of record as of the close of business on April 17, 2023.

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, 2023	January 31, 2022
Diluted earnings per share calculation:		
Net earnings attributable to shareholders for the year (numerator for diluted earnings per share)	**$ 122,190**	$ 154,802
Weighted-average shares outstanding (denominator for basic earnings per share)	**47,865**	48,268
Dilutive effect of share-based compensation	**784**	766
Denominator for diluted earnings per share	**48,649**	49,034
Basic earnings per share	**$ 2.55**	$ 3.21
Diluted earnings per share	**$ 2.51**	$ 3.16

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, 2023, the Company's share of the net assets of its joint venture amount to $16,220 (January 31, 2022 – $14,456) comprised assets of $18,856 (January 31, 2022 - $17,074) and liabilities of $2,636 (January 31, 2022 – $2,618). During the year ended January 31, 2023, the Company purchased freight handling and shipping services from Transport Nanuk Inc. and its subsidiaries of $9,546 (January 31, 2022 – $9,362).

24. PROMISSORY NOTE RECEIVABLE

On July 5, 2020, the Company sold 36 of its 46 Giant Tiger 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 remaining cash consideration is payable in two $15,000 installments on July 5, 2023 and July 5, 2024. Subject to meeting certain profitability milestones the additional contingent consideration is payable in installments on July 5, 2024 and July 5, 2025.

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, 2023 the Company recognized interest income of $1,016 (January 31, 2022 - $1,101) on the promissory note receivable (Note 19) and it had a fair value of $41,299, of which $15,000 has been reclassified to accounts receivable.

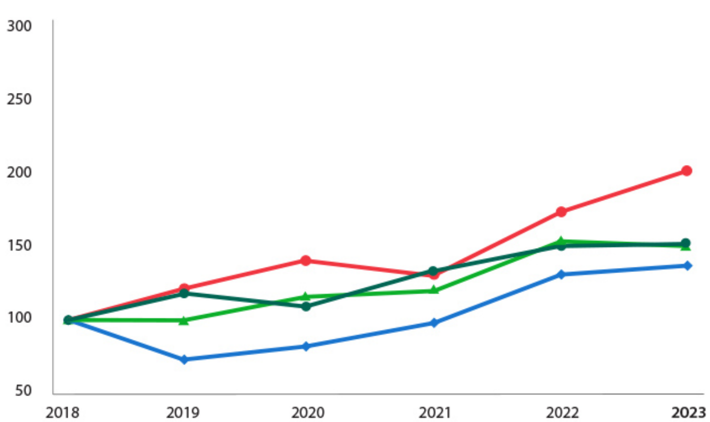
Shareholder Information

Fiscal Year Quarter Ended	Share Price High	Share Price Low	Share Price Close	Volume	EPS[1]
2022	**$40.09**	**$30.55**	**$36.24**	**52,348,183**	**$2.51**
April 30, 2022	40.09	34.80	35.83	18,392,266	0.57
July 31, 2022	36.70	32.91	34.48	12,240,571	0.64
October 31, 2022	36.72	30.55	35.45	13,111,355	0.61
January 31, 2023	38.34	34.61	36.24	8,603,991	0.69
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

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.



	2018	2019	2020	2021	2022	2023
NWC	100	112	103	128	144	155
TSX Composite	100	100	116	120	149	152
Retailing Group	100	73	82	98	131	137
Food/Staples Retailing Group	100	113	133	125	169	197

The North West Company Inc.
Anticipated Dividend Dates*

Record Date: April 17, 2023
Payment Date: April 27, 2023

Record Date: June 30, 2023
Payment Date: July 14, 2023

Record Date: September 29, 2023
Payment Date: October 13, 2023

Record Date: December 29, 2023
Payment Date: January 15, 2024

*Dividends are subject to approval by the Board of Directors

The 2022 Annual General Meeting of Shareholders of The North West Company Inc. will be held on Wednesday, June 7, 2023 at 11:30 am (Central Time) by virtual only meeting via live audio webcast online at: https:web.lumiagm.com/434747831

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

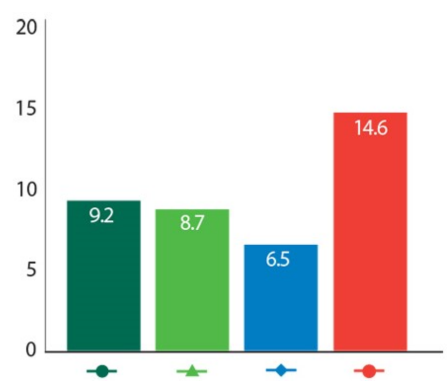
Stock Exchange Listing
The Toronto Stock Exchange

Stock Symbol NWC
ISIN #: CA6632782083
CUSIP #: 663278208

Number of shares issued and outstanding at January 31, 2023: 47,750,605

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

Vineet Gupta
Chief Information Officer

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

Michael T. Beaulieu
Vice-President, Canadian Store Operations

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
Chair & 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 L. 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

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

BOARD OF DIRECTORS

Brock Bulbuck, Chair

Deepak Chopra[1, 3]

Frank J. Coleman [2, 3]

Stewart F. Glendinning [1, 2]

Rachel L. Huckle [2, 3]

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:

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T 204 934 1756 F 204 934 1317
board@northwest.ca
Company Website: *www.northwest.ca*

THE NORTH WEST COMPANY

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."

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