The North West Company Inc.

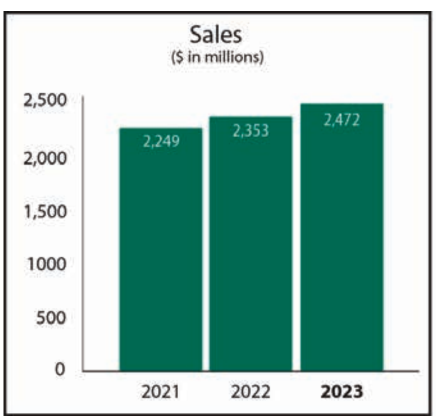
2023 Annual Report

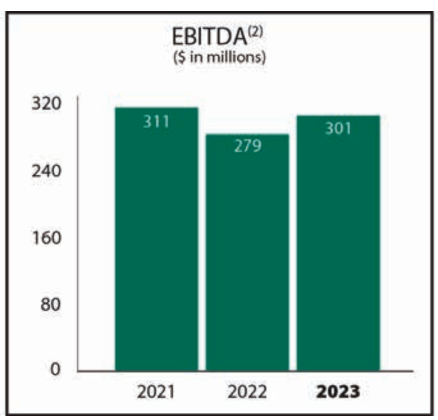
THE NORTH WEST COMPANY

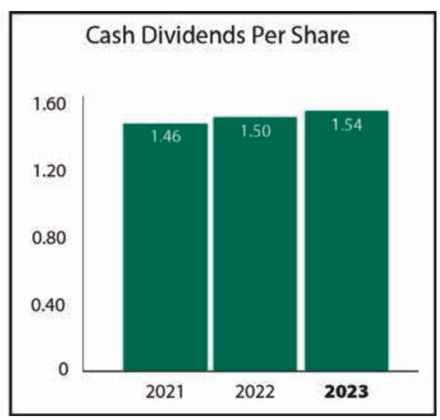
Financial Highlights

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

($ in thousands, except per share information)		**Year Ended January 31, 2024**		Year Ended January 31, 2023		Year Ended January 31, 2022
RESULTS FOR THE YEAR						
Sales	**$**	**2,471,678**	$	2,352,760	$	2,248,796
Same store sales % increase/(decrease) [(1)]		**2.9 %**		(0.8)%		(0.4)%
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) [(2)]	**$**	**301,173**	$	278,678	$	311,375
Earnings from operations (EBIT)		**195,897**		180,305		220,425
Net earnings		**134,291**		125,836		157,451
Net earnings attributable to The North West Company Inc.		**129,391**		122,190		154,802
Cash flow from operating activities [(3)]		**230,427**		182,838		224,135
FINANCIAL POSITION						
Total assets	**$**	**1,396,010**	$	1,336,890	$	1,219,273
Debt		**281,576**		290,050		235,640
Total equity		**705,773**		647,900		580,204
FINANCIAL RATIOS						
Debt-to-equity		**.40:1**		.45:1		.41:1
Return on net assets (RONA) [(2)]		**17.7 %**		17.9 %		23.8 %
Return on average equity (ROE) [(2)]		**19.9 %**		20.5 %		29.0 %
Sales blend: Food		**76.9 %**		77.3 %		76.7 %
General Merchandise and other		**23.1 %**		22.7 %		23.3 %
PER SHARE ($) - DILUTED						
EBITDA [(2)]	**$**	**6.22**	$	5.73	$	6.35
Net earnings attributable to shareholders		**2.67**		2.51		3.16
Cash flow from operating activities		**4.76**		3.76		4.57
Market price: January 31		**38.89**		36.24		35.05
high		**40.49**		40.09		38.20
low		**29.58**		30.55		30.24







(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. 2023

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 2023 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, 2024 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 10, 2024 and the information contained in this MD&A is current to April 10, 2024, 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.sedarplus.com* or on the Company's website at *www.northwest.ca*.

President & CEO Message

As I reflect over the results of this past year, I am extremely proud of what we have been able to achieve: We continue to deliver meaningful results for our shareholders, while building organizational capabilities for the future, all driven by an unwavering commitment to making a positive impact in the communities we serve.

The landscape in 2023 met us with diverse challenges including decreased government income support for customers, inflationary cost increases, and several weather events — from wildfires in Canada, to typhoons in Guam. Throughout the rich history of the Company, our Nor'Wester spirit has remained strong in testing times. Our organization has proven to possess the resilience needed to adapt, evolve and continue to provide essential goods and services.

We are building on top of this strong foundation by focusing on our core competencies, and specifically in the relationship between our enterprise, our stores, our customers, and the communities we serve. Each of these are central to our success and build on one another to give us our unique value proposition.

- At the Enterprise level — Sound capital allocation principles to keep investing in business capabilities to better serve our customers and provide top quartile risk-adjusted return for our shareholders.
- At the Store level — Deep understanding of our customers, enables us to tailor offerings at a community level and utilize our store footprint in remote geographies and our logistics capability to create convenient access for our customers.
- And at the Customer and Community level — we continue to strengthen the relationship with our customers and the communities we serve by being a trusted provider of essential products and services and providing employment opportunities, all aligned with our mission of making a positive difference.

This focus has helped deliver $2.5 billion in sales and $301.2 million in EBITDA in 2023 and an increase in earnings per share of 8.6% on a compound annual basis over the past five years, all accomplished with consistent growth in dividend payments to our shareholders.

To enable and sustain these results year-over-year, we continue to focus on elevating Operational Excellence in every area of our business. Our goal is to drive productivity and efficiency gains for cost savings, optimize margins, and deliver meaningful Environmental, Social and Governance ("ESG") outcomes for the communities that we serve.

There has been good progress on our Operational Excellence initiatives on all of these fronts, however, there is still a lot of work to do. We are committed to enhancing these capabilities and driving meaningful change which will have a two-fold benefit: First, improving our customer offering and providing more value by ensuring we carry the assortment they desire, and merchandizing it more effectively. Secondly, positioning the organization to capture value more efficiently by adequately managing our cost structure, which will allow us to grow our bottom-line and at the same time provide value to our customers.

Throughout 2023, we have also invested in our infrastructure, which includes our network of stores, supply chain and IT Platforms. In Canada, we opened new stores in Kugaaruk and Arviat, Nunavut and a new Motorsport store in Thompson, Manitoba. Additionally, we also opened a temporary store in Fox Lake, Alberta to keep serving the community after our main store was destroyed by wildfires earlier in the year.

We completed major store renovations to enhance our customer value proposition in Wasagamack, South Indian Lake, and Cross Lake, Manitoba, Moose Factory, Ontario and Chisasibi, Quebec. I have received very positive feedback from leaders in these communities, and that is evident in our results.

In our International Operations, we opened a new store in Point Hope, Alaska, added a small satellite Cost-U-Less store in Fiji, and completed store renovations in the Barbados, St Croix and stores on the British Virgin Islands, including a new wholesale customer service center.

Leveraging our supply chain capabilities and infrastructure is critical to enable our convenient customer experience, in a way that also enhances productivity for the organization. Efforts to optimize our transportation mix by maximizing the utilization of summer barges to ship durable goods have been underway in Canada and Alaska. In Canada, we continued to focus on optimizing load factors and aircraft utilization rates at North Star Air ("NSA"). This year NSA implemented innovations to enhance flexibility of our assets, including the introduction of a seat-configurable Dash-8 aircraft, that enables scaling cargo or passenger capacity based on specific needs. They also expanded to provide additional cargo services to net new lanes within our Canadian store network in Ontario and Nunavut, which further allows us to create synergies and efficiencies on freight costs.

As an organization, our goal is to make a positive impact in the communities we serve. As part of our community and ESG efforts, we are proud to support a wide range of community events and causes ranging from traditional and cultural celebrations to education programs, healthy living initiatives and sports.

As one of the largest private employers of Indigenous Peoples in Canada, with 2,300 self-identified Indigenous employees, serving over 175,000 northern Indigenous Peoples in Canada, "Our Promise to Indigenous Peoples" is at the forefront of everything we do. It is 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. The Promise is woven into our sustainability strategy and ESG framework and is part of our Diversity, Equity and Inclusion focus.

Finally, I want to acknowledge and thank our passionate and committed associates for their leadership. They truly embody the Nor'Wester spirit day in and day out, and go above and beyond to make a positive impact in the communities we serve. I also want to express my gratitude to our customers, suppliers, shareholders and the communities we serve for their partnership, support and trust. I am excited about the opportunities and journey ahead, and our value creation potential. We will evolve our business to drive sustainable financial growth while continuing to deliver for our customers across the communities we so proudly serve.

We are building for the future.

Daniel G. McConnell
President & CEO
April 10, 2024

Chair of the Board Message

I take great pride in sharing the Company's accomplishments over this past year, but first I would like to express our sincere appreciation to Frank Coleman who retired from the Board of Directors in February 2024. As the President and CEO of the Coleman group of companies, which is the largest independent grocery businesses in Atlantic Canada, Frank brought a deep knowledge of retail and a tremendous amount of experience to the Board. We are extremely grateful for Frank's contributions over his 25 years of service to North West and wish him our best in his future endeavors.

Fiscal 2023 was another year of strong results for North West. Sales increased 5.1% to $2.5 billion generated from solid same store sales growth and sales from new stores in both Canada and Alaska. Adjusted EBITDA(1), which excludes the impact of share-based compensation and the loss of a store in Fox Lake, Alberta due to wildfire, increased 9.0% to $318.0 million. For the second year in a row, the strength of our Canadian Operations, both in core retailing and at North Star Air, more than offset inflationary cost pressures and softer sales performance in our International Operations. The diversity of our business and strength of our essential product and service offering once again demonstrated the sustainability of our financial performance.

This continued momentum in our financial performance, along with our exceptional team give me great confidence that North West's organizational focus is on the right strategic path. Current organizational initiatives will increase the Company's capability to continue to deliver sustainable financial growth through its strategic priorities of operational excellence, investing in stores, building superior logistics, optimizing information technology and progressing on Environmental, Social and Governance (ESG) initiatives. Continued investments in these areas will accelerate building capability for the future.

This year, the Board was also focused on enhancing our ESG Strategy. Our stores and associates are at the center of the communities we serve, and addressing ESG in our operations, policies and strategy is critical to ensure business success, long-term value creation and community success. In 2023, the Company worked with community members, associates and non-government organizations to prioritize which ESG topics are the most important to the communities we serve and other stakeholders and also have the greatest impact on our business. Together, we've developed a shared-value framework that focuses on People and our Planet which we believe creates strong Partnerships for the future. This year our ESG Strategy has been embedded across our operations, with the communities we serve and our associates at the heart of it. This work builds on North West's "Promise to Indigenous Peoples" which reaffirms our commitment to building more collaborative relationships that enhance the inclusion and social well-being of Indigenous People of Canada.

Our company has consistently delivered strong results for our shareholders, stakeholders, employees and the communities we serve and we continue to be optimistic for the future. We believe our consistent results and healthy prospects make North West an attractive option for investors looking for a stable dividend and future growth.

On behalf of the entire Board I would like to thank all Nor'Westers for their exceptional contributions this year, and for their ongoing commitment to making people's lives better in the communities we serve, the communities we serve for continuing to give us the opportunity to serve them, and our shareholders for entrusting us with their capital.

Brock Bulbuck
Chair of the Board
April 10, 2024

(1) See Non-GAAP Financial Measures section.

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 complementary businesses:

Canadian Operations

- **121 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;
- **29 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;
- **2 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

- **33 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 to deliver sustainable growth through operational excellence and by continuing to build capability for the future 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 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 the IT infrastructure for our stores and support offices to 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 developed around People, Planet and Partnerships. This includes ensuring that we attract, develop and retain top talent that is inclusive of the diverse peoples and cultures that are represented in the communities we serve and that we are responsible towards the planet, the communities we serve and other stakeholder interests.

Following is an update on the work in 2023 related to these strategic priorities:

Operational Excellence We continue to focus on being in-stock on food and other essential items such as transportation, home furnishings and appliances, while striving to provide value for our customers within a high cost and high inflation environment by minimizing as much as possible the impact of cost increases from suppliers.

In-stock performance on essential food items and categories such as transportation, home furnishings and appliances remained strong. We increased the amount of food and other essential products shipped on sealift and winter road by 6.8% compared to last year to leverage lower freight costs and help mitigate higher freight and merchandise cost inflation.

In addition, we continue to seek opportunities to deliver cost savings in other aspects of our business through improved store labour planning, lower inventory shrink and other expense management initiatives.

Investing in Stores, Products and Services Six new stores were opened, including four stores in Canada and two stores in International Operations as follows:

- a Northern store in Kugaaruk, Nunavut and an AC store in Point Hope, Alaska, both new markets;
- a motorsports dealership in Thompson, Manitoba;
- a Northern store in Arviat, Nunavut offering an expanded selection of motorsports, furniture, appliances and other general merchandise;
- a QuickStop convenience store in Taloyoak, Nunavut;
- a small CUL store focused on B-to-B opportunities and serving customers in Nadi, Fiji.

In addition, a new store was opened in Wasagamack, Manitoba replacing a smaller store that was located on an island adjacent to the community and major renovations were completed in South Indian Lake and Cross Lake, Manitoba and Chisasibi and Puvirnituq, Quebec. Overall, investment in property and equipment increased to $114.2 million compared to $112.6 million last year.

Building a Superior Logistics and Supply Chain Capability NSA's cargo aircraft utilization rates and service levels continue to exceed targets and deliver consistent service to northern Canada stores. Five Northern stores were added to the NSA logistics network in 2023. NSA's service levels were a key factor in maintaining good in-stock rates in our stores. Third party cargo, charter and scheduled passenger revenues exceeded annual targets and contributed to earnings gains in 2023.

Optimizing our IT Infrastructure The roll-out of the point-of-sale ("POS") was completed in Northern stores. Investments are being made in upgrading hardware and replacing legacy software including the planned implementation of pricing and data analytics software in 2024.

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 2023, we completed a materiality assessment to determine which areas of ESG have the greatest impact on our business and business partners, including the communities we serve, employees and other stakeholders. The results of the materiality assessment have been incorporated into our ESG strategy and our work priorities.

As we continue to develop and implement our action plans, we recognize that this is an ongoing learning process that requires adaptability to make progress towards our ESG objectives. Our ESG strategy also aims to complement "Our Promise to Indigenous Peoples" and our commitment to building more collaborative relationships that will enhance the inclusion and social well-being of Indigenous People In Canada. North West is fully committed to the spirit of reconciliation reflected in the Truth and Reconciliation Commission of Canada's Call to Action and final report.

Further information on our ESG Strategy is provided in the Corporate Social Responsibility and Sustainability section.

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

2023 Highlights

- Six new stores were opened, four in Canada and two in International Operations.
- Sales increased 5.1%.
- Net earnings increased $8.5 million or 6.7%.
- Return on average equity(1) was 19.9%.
- Return on net assets(1) was 17.7%.
- Debt-to-Equity was 0.40 at January 31, 2024 and has remained below 1.0 since 2000.
- Quarterly dividends increased $0.01 per share or 2.6% to $0.39 per share in September 2023 and annual dividends per share have increased 3.2% 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)	2023	2022	2021
Sales	$2,471,678	$ 2,352,760	$ 2,248,796
Same store sales % increase/ (decrease)(2)	2.9 %	(0.8)%	(0.4)%
EBITDA(1)	$ 301,173	$ 278,678	$ 311,375
Earnings from operations	$ 195,897	$ 180,305	$ 220,425
Net earnings	$ 134,291	$ 125,836	$ 157,451
Net earnings attributable to shareholders of the Company	$ 129,391	$ 122,190	$ 154,802
Net earnings per share - diluted	$ 2.67	$ 2.51	$ 3.16
Cash flow from operating activities(3)	$ 230,427	$ 182,838	$ 224,135
Cash dividends per share	$ 1.54	$ 1.50	$ 1.46
Total assets	$1,396,010	$ 1,336,890	$ 1,219,273
Total long-term liabilities	$ 439,579	$ 440,384	$ 344,579
Return on net assets(1)	17.7 %	17.9 %	23.8 %
Return on average equity(1)	19.9 %	20.5 %	29.0 %

(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.

Following is an analysis of the significant factors that impacted the financial results and key performance indicators:

Consolidated Sales Sales for the year ended January 31, 2024 ("2023") increased 5.1% to $2.472 billion compared to $2.353 billion for the year ended January 31, 2023 ("2022"), and were up 9.9% compared to $2.249 billion for the year ended January 31, 2022 ("2021"). The increase in sales compared to 2022 was largely due to same store sales gains in Canadian Operations, the impact of foreign exchange on the translation of International Operations sales and new store sales. Higher inflation was also a factor. These factors were partially offset by the loss of our store in Fox Lake, Alberta in the second quarter due to wild fire and the closure of our store in Curacao, Netherlands early in the first quarter this year. Excluding the foreign exchange impact, sales increased 4.2% from 2022 and were up 6.9% compared to 2021. The increase in sales compared to 2021 is largely due to same store sales gains, new store sales and the impact of higher inflation.

On a same store basis, sales were up 2.9% compared to a same store sales decrease of 0.8% in 2022 and a 0.4% decrease in 2021 as shown in the following table.

Same Store Sales

(% increase/(decrease))	2023	2022	2021
Food	3.4 %	1.7 %	0.4 %
General merchandise (GM)	(0.1)%	(13.3)%	(4.2)%
Total food & GM sales	2.9 %	(0.8)%	(0.4)%

The impact of higher merchandise and freight cost inflation over the past two years has resulted in changes in product sales blend as consumers allocated more of their spending to food and reduced purchases of general merchandise. The decrease in general merchandise same store sales in 2022 and 2021 was also due to cycling through the impact of COVID-19-related income support payments that contributed to a 36.1% general merchandise same store sales gain in 2020.

Consolidated food sales increased 4.5% from 2022 and were up 3.2% excluding the foreign exchange impact. Same store food sales increased 3.4% on top of a 1.7% increase last year. On a quarterly basis, same store sales increased 2.2% in the first quarter followed by increases of 4.7%, 4.5% and 2.0% in the second, third and fourth quarter respectively. Canadian food sales increased 5.3% and International food sales increased 0.5% excluding the foreign exchange impact.

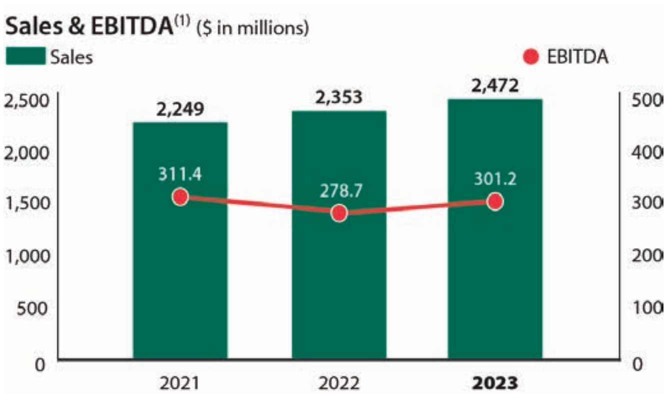
Consolidated general merchandise sales increased 2.5% compared to 2022 and were up 2.9% excluding the foreign exchange impact. Same store general merchandise sales decreased 0.1% for the year compared to a 13.3% decrease last year. On a quarterly basis, same store general merchandise sales decreased 6.8% in the first quarter but were up 4.7% and 4.8% in the second and third quarter respectively, followed by a 1.9% decrease in the fourth quarter. Canadian general merchandise sales increased 9.5% and International general merchandise sales decreased 13.1% excluding the foreign exchange impact.

Other sales, which include airline revenue, financial services, fuel and pharmacy, increased 12.2% compared to 2022 mainly due to higher airline revenue in North Star Air ("NSA"). An increase in pharmacy sales was also a factor. Other sales increased 32.4% compared to 2021 mainly due to higher revenues in NSA and sales gains in pharmacy and fuel.

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

	2023	2022	2021
Food	76.9 %	77.3 %	76.7 %
General merchandise and other	23.1 %	22.7 %	23.3 %

Canadian Operations accounted for 57.4% of total sales (56.2% in 2022 and 57.4% in 2021) with International Operations accounting for the remaining 42.6% (43.8% in 2022 and 42.6% in 2021).



(1) See Non-GAAP Financial Measures section.

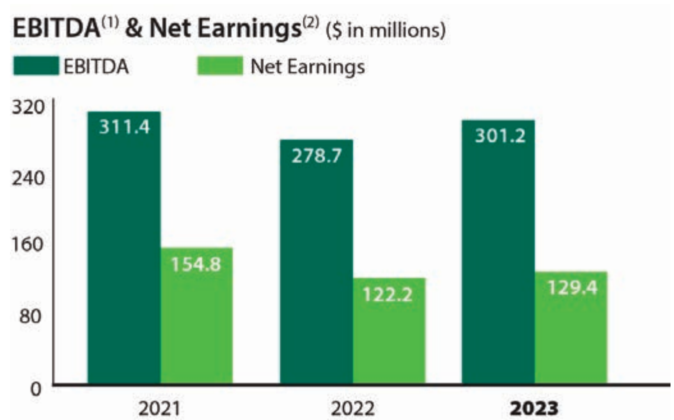
Gross Profit Gross profit increased 8.2% to $809.4 million compared to $747.9 million last year due to higher sales and a 96 basis point increase in the gross profit rate. The higher gross profit rate compared to last year was largely due to changes in sales blend and an increase in the airline gross profit rate in Canadian Operations resulting from higher third party cargo and passenger business. A greater pass through of cost inflation in retail prices compared to last year and a lower blend of Cost-U-Less sales which have a lower gross profit rate consistent with a warehouse format were also factors. These factors were partially offset by higher markdowns and inventory shrink compared to last year.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") of $613.5 million increased $45.9 million or 8.1% compared to last year and were up 69 basis points as a percentage of sales. The increase in Expenses is mainly due to cost inflation impacts including higher staff costs and fuel-based utility expenses, the impact of foreign exchange on the translation of International Operations Expenses and new stores. An increase in depreciation, the $3.7 million asset write-off from the loss of our Fox Lake, Alberta store that was destroyed by wild fire and higher annual incentive plan costs were also factors.

Earnings from Operations (EBIT) and EBITDA(1) Earnings from operations or earnings before interest and income taxes ("EBIT") increased 8.6% to $195.9 million compared to $180.3 million last year but decreased 11.1% compared to 2021. Earnings before interest, income taxes, depreciation and amortization ("EBITDA(1)") increased 8.1% to $301.2 million compared to $278.7 million last year but was down $10.2 million or 3.3% compared to 2021. The increase in EBIT and EBITDA compared to last year is due to the sales, gross profit and Expense factors previously noted. The decrease in EBIT and EBITDA compared to 2021 is due to the impact of an $18.1 million insurance-related gain and COVID-19-related income support payments to individuals that contributed to increased consumer demand and higher earnings. Adjusted EBITDA(1), which excludes the impact of share-based compensation and the Fox Lake fire loss, increased $26.2 million or 9.0% to $318.0 million compared to $291.8 million last year and was up $12.9 million or 4.2% compared to 2021 excluding the insurance-related gain. 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 28.4% to $19.1 million compared to $14.8 million last year. This increase is due to higher average debt levels and interest rates. Average debt levels increased 12.9% compared to last year mainly due to an increase in amounts drawn on revolving loan facilities. The average cost of debt was 4.7% compared to 4.1% last year. Further information on interest expense is provided in Note 19 to the consolidated financial statements.

Income Tax Expense Income taxes increased to $42.6 million compared to $39.6 million last year and the effective tax rate for the year was 24.1% compared to 24.0% last year. The increase in income tax expense is due to higher 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.



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

Net Earnings Consolidated net earnings increased 6.7% to $134.3 million compared to $125.8 million last year but were down 14.7% or $23.2 million compared to 2021. Net earnings attributable to shareholders of the Company were $129.4 million compared to $122.2 million last year and diluted earnings per share were $2.67 per share compared to $2.51 per share last year due to the factors previously noted. Excluding the impact of the share-based compensation and Fox Lake fire loss, adjusted net earnings(1) increased $11.0 million or 8.1% to $147.0 million compared to $136.0 million last year, but were down $6.4 million or 4.2% compared to 2021 adjusted net earnings(1) of $153.4 million. In 2023, the average exchange rate used to translate International Operations sales and expenses was 1.3504 compared to 1.3088 last year and 1.2526 in 2021.

The Canadian dollar's depreciation versus the U.S. dollar compared to 2022 had the following net impact on the 2023 results:

Sales.......increase of $32.4 million or 3.2%
Earnings from operations.......increase of $1.9 million
Net earnings.......increase of $1.5 million
Diluted earnings per share.......increase of $0.03 per share

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

($ in thousands)	2023	2022	2021
Total assets	**$ 1,396,010**	$ 1,336,890	$ 1,219,273

Consolidated assets increased $59.1 million or 4.4% compared to 2022 and were up $176.7 million or 14.5% compared to 2021. The increase in consolidated assets compared to last year and 2021 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 largely 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 1.3412 compared to 1.3382 last year and 1.2727 in 2021.

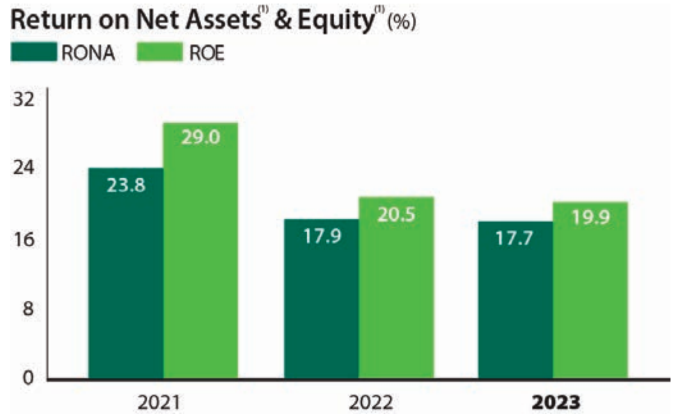
Consolidated working capital for the past three years is summarized in the following table:

($ in thousands)	**2023**	2022	2021
Current assets	**$ 502,905**	$ 474,844	$ 403,358
Current liabilities	**$ (250,658)**	$ (248,606)	$ (294,490)
Working capital	**$ 252,247**	$ 226,238	$ 108,868

Working capital increased $26.0 million or 11.5% to $252.2 million compared to 2022 and increased $143.4 million or 131.7% compared to 2021. Current assets increased $28.1 million or 5.9% compared to last year and were up $99.5 million or 24.7% compared to 2021. The increase in current assets compared to 2022 is mainly due to an increase in inventories, accounts receivable and prepaid expenses, partially offset by a decrease in cash. Further information on inventories, accounts receivable and prepaid expenses is provided in the net assets employed section under Canadian Operations and International Operations. Further information on the decrease in cash is provided in the consolidated statements of cash flows and the Liquidity and Capital Resources section.

Current liabilities increased $2.1 million or 0.8% compared to last year but were down $43.8 million or 14.9% compared to 2021. The decrease compared to 2021 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. 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 from 2021 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.

The following graph shows the RONA and ROE for the past three years.



(1) See Non-GAAP Financial Measures section.

Return on net assets employed ("RONA") decreased to 17.7% compared to 17.9% in 2022 due to an 8.6% increase in EBIT which was more than offset by a 9.6% 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 19.9% compared to 20.5% in 2022 due to the impact of higher average equity mainly related to an increase in retained earnings compared to last year partially offset by a 6.7% increase in net earnings. 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 2023 compared to 2021 is largely due to the impact of an $18.1 million insurance-related gain and the COVID-19-related factors, including income support payments to individuals, that contributed to higher earnings in 2021.

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

($ in thousands)	**2023**	2022	2021
Total long-term liabilities	**$ 439,579**	$ 440,384	$ 344,579

Consolidated long-term liabilities decreased $0.8 million or 0.2% to $439.6 million compared to 2022 but were up $95.0 million or 27.6% from 2021.

The increase in long-term liabilities compared to 2021 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 and an increase in lease liabilities were also factors. Additional information on long-term debt and lease liabilities is provided in Note 12 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)	2023	2022	2021
Sales	$1,418,961	$1,323,185	$1,291,139
Same store sales % increase/(decrease)	5.7 %	(2.4)%	(2.4)%
EBITDA [(1)]	$ 204,089	$ 185,458	$ 215,209
Earnings from operations	$ 133,909	$ 119,090	$ 153,328
Return on net assets [(1)]	19.8 %	19.1 %	26.6 %

(1) See Non-GAAP Financial Measures section.

Sales Canadian Operations sales increased $95.8 million or 7.2% to $1.419 billion compared to $1.323 billion in 2022 and were up $127.8 million or 9.9% compared to 2021. The increase in sales compared to 2022 and 2021 was due to same store sales gains, an increase in airline revenue and the impact of new stores. Higher inflation and an increase in pharmacy sales were also factors. These factors were partially offset by the loss of our store in Fox Lake, Alberta that was destroyed by wild fire early in the second quarter.

Food sales accounted for 66.6% of total Canadian Operations sales compared to 67.8% last year. The balance was made up of general merchandise and other sales at 33.4% (32.2% in 2022). Other sales consist primarily of airline revenue, financial services revenue, fuel and pharmacy.

Food sales increased by 5.3% from 2022 and were up 7.3% compared to 2021. Same store food sales increased 5.9% compared to a 0.4% increase in 2022 and a 1.2% decrease in 2021. On a quarterly basis, same store food sales increased 3.4% in the first quarter followed by increases of 6.5% and 9.0% in the second quarter and third quarter respectively, and a 4.4% increase in the fourth quarter.

General merchandise sales increased 9.5% from 2022 but were down 2.2% compared to 2021. Same store sales rebounded in 2023, increasing 5.3% compared to a 13.3% decrease in 2022 and a 6.8% decrease in 2021. On a quarterly basis, same store general merchandise sales decreased 3.4% in the first quarter but improved in the remainder of the year with increases of 10.6%, 16.0% and 1.4% in the last three quarters.

Other sales increased 12.8% from 2022 and were up 33.0% compared to 2021 primarily due to an increase in airline revenue largely related to higher third-party cargo volumes and higher passenger-related revenues compared to last year. An increase in pharmacy sales and higher retail fuel sales were also factors.

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

	2023	2022	2021
Food	66.6 %	67.8 %	68.2 %
General merchandise and other	33.4 %	32.2 %	31.8 %

Same Store Sales Canadian Operations same store sales for the past three years are shown in the following table. Sales in 2023 were positively impacted by government inflation relief payments to individuals to help mitigate higher cost of living and a strong in-stock position. The decrease in general merchandise same store sales in 2022 and 2021 was due to higher merchandise and freight cost inflation that contributed to changes in sales blend as consumers allocated more of their spending to food and reduced purchases of general merchandise and cycling through the impact of COVID-19-related income support payments that contributed to a 37.5% general merchandise same store sales gain in 2020.

Same Store Sales

(% increase/(decrease))	2023	2022	2021
Food	5.9 %	0.4 %	(1.2)%
General merchandise (GM)	5.3 %	(13.3)%	(6.8)%
Total food & GM sales	5.7 %	(2.4)%	(2.4)%

Gross Profit Gross profit dollars increased 10.2% compared to last year driven by sales gains and an increase in the gross profit rate. The higher gross profit rate was largely due to changes in sales blend and an increase in the airline gross profit rate. These factors were partially offset by higher markdowns compared to last year.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 9.4% from 2022 and were up 52 basis points as a percentage of sales. The increase in Expenses is mainly due to the impact of cost inflation, including higher staff costs and higher fuel-based utility costs, an increase in depreciation and the impact of new stores. The impact of the $3.7 million asset write-off resulting from the Fox Lake fire loss was also a factor.

Earnings from Operations (EBIT) and EBITDA[(1)] Earnings from operations increased $14.8 million or 12.4% to $133.9 million compared to $119.1 million in 2022 but were down $19.4 million or 12.7% compared to 2021. Earnings from operations as a percentage of sales was 9.4% compared to 9.0% last year. EBITDA[(1)] increased $18.6 million or 10.0% to $204.1 million compared to $185.5 million last year and was 14.4% as a percentage of sales compared to 14.0% in 2022. The increase in EBIT and EBITDA compared to 2022 was due to the sales, gross profit and Expense factors previously noted and an increase in airline-related earnings as a result of higher third-party cargo and passenger volumes. The decrease in EBIT and EBITDA compared to 2021 is largely due to the impact of an $18.1 million insurance-related gain in 2021. Adjusted EBITDA[(1)], which excludes the Fox Lake fire loss, share-based compensation and the insurance gain in 2021, increased $22.3 million or 11.4% compared to last year and was up $11.5 million or 5.6% compared to 2021.

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

(1) See Non-GAAP Financial Measures section.

Net Assets Employed Net assets employed increased 3.6% to $672.8 million compared to $649.2 million last year and were up 15.8% compared to $580.8 million in 2021 as summarized in the following table:

($ in millions at the end of the fiscal year)	**2023**	2022	2021
Property and equipment	**$ 417.5**	$ 403.3	$ 372.4
Right-of-use assets	**62.0**	50.8	51.1
Inventories	**178.3**	169.3	136.7
Accounts receivable	**103.9**	94.9	83.6
Other assets	**105.0**	125.9	135.3
Liabilities	**(193.9)**	(195.0)	(198.3)
Net assets employed	**$ 672.8**	$ 649.2	$ 580.8

The increase in property and equipment compared to last year and 2021 was mainly due to investments in stores including store renovations, fixtures and equipment replacements, investments in staff housing and four new stores.

Inventory increased $9.0 million or 5.3% compared to 2022 and was up $41.6 million or 30.4% compared to 2021 mainly due to the impact of higher cost inflation, new stores, an increase in sealift inventory to leverage lower freight costs and an increase in categories such as transportation, specifically snow machines, ATVs, boats and motors, home furnishings and appliances that were impacted by supply chain disruptions in 2021. Higher inventories in other categories such as apparel and seasonal categories were also factors compared to 2021 but to a lesser extent compared to 2022. Average inventory levels in 2023 increased $25.6 million or 16.0% compared to 2022 and were up $47.7 million or 34.6% compared to 2021. Inventory turnover decreased to 4.9 times compared to 5.3 times last year and was down compared to 6.2 times in 2021.

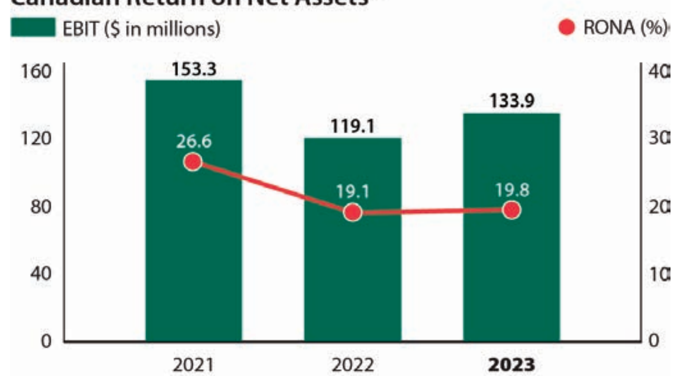
Accounts receivable increased $9.0 million or 9.5% compared to last year and were up $20.3 million or 24.3% compared to 2021. The increase compared to last year and 2021 is largely due to the current portion of the promissory note receivable and higher customer trade accounts receivable. Further information on the promissory note receivable is provided in Note 24 to the consolidated financial statements. Average accounts receivable increased $13.0 million or 15.1% compared to 2022 and were up $24.1 million or 32.1% compared to 2021.

Other assets decreased $20.9 million or 16.6% compared to last year and were down $30.3 million or 22.4% compared to 2021. The decrease compared to last year and 2021 is substantially due to the current portion of the promissory note receivable recorded in accounts receivable. The promissory note receivable decreased $21.7 million compared to 2022 and was down $35.7 million compared to 2021. A decrease in deferred tax assets and lower intangible assets were also factors. Further information on deferred tax assets and liabilities is provided in Note 10 to the consolidated financial statements. These factors were partially offset by an increase in prepaid expenses and 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.

Liabilities decreased $1.1 million or 0.6% from 2022 and were down $4.4 million or 2.2% compared to 2021. The decrease compared to 2022 and 2021 is mainly due to a decrease in income tax payable partially offset by an increase in accounts payable and accrued liabilities related to the timing of payments.

Return on Net Assets (RONA[1]) The return on net assets employed for Canadian Operations increased to 19.8% from 19.1% in 2022 due to a 12.4% increase in EBIT and a $51.6 million or 8.3% 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)	2023	2022	2021
Sales	**$ 779,559**	$ 786,656	$ 764,535
Same store sales % (decrease)/increase	**(1.1)%**	1.3 %	2.6 %
EBITDA[(1)]	**$ 71,893**	$ 71,225	$ 76,786
Earnings from operations	**$ 45,903**	$ 46,772	$ 53,566
Return on net assets [(1)]	**14.5 %**	16.0 %	19.3 %

(1) See Non-GAAP Financial Measures section.

Sales International sales decreased 0.9% to $779.6 million compared to $786.7 million in 2022, but were up $15.0 million or 2.0% compared to 2021. The decrease compared to 2022 is due to the closure of a Cost-U-Less ("CUL") store in Curacao, Netherlands in the first quarter this year and lower same store sales. These factors were partially offset by new store sales in Alaska. Sales were negatively impacted by lower Supplemental Nutrition Assistance Program ("SNAP") benefits within Alaska and the U.S. territories served by CUL compared to last year. Sales in Alaska stores were also negatively impacted by a 60.0% decrease in the Alaska Permanent Fund Dividend ("PFD") paid to individuals to $1,312 compared to $3,284 in 2022. The increase in sales compared to 2021 is mainly due to new stores in Alaska partially offset by the closure of the CUL store earlier this year as previously noted. A 17.8% increase in the PFD from $1,114 in 2021 was also a factor. Same store sales decreased 1.1% compared to a 1.3% increase in 2022 and a 2.6% increase in 2021. Food sales accounted for 90.7% (89.5% in 2022) of total sales with the balance comprised of general merchandise and other sales at 9.3% (10.5% in 2022). Other sales consist primarily of retail fuel and financial services revenue.

Food sales increased 0.5% from 2022 and were up 4.9% compared to 2021 due to new stores and the impact of higher inflation. Same store food sales were up 0.3% compared to a 3.3% increase in 2022 and 2.5% increase in 2021. On a quarterly basis, same store food sales increased 0.6% and 2.4% in the first and second quarter followed by decreases of 1.1% and 0.9% in the third and fourth quarter respectively.

General merchandise sales decreased 13.1% from 2022 and were down 22.0% from 2021 as the impact of lower SNAP benefits and PFD payments combined with higher cost inflation contributed to 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 13.3% decrease in 2022 and a 3.0% increase in 2021. On a quarterly basis, same store general merchandise sales decreased 16.5% in the first quarter and were down 9.0%, 17.1% and 11.2% in the second, third and fourth quarter respectively.

Other sales, which consist primarily of retail fuel sales and financial services revenue, were down 7.1% from 2022 but up 6.9% from 2021 primarily due to higher retail fuel sales.

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

	2023	2022	2021
Food	**90.7 %**	89.5 %	88.2 %
General merchandise and other	**9.3 %**	10.5 %	11.8 %

Same Store Sales International Operations same store sales for the past three years are shown in the following table. Same store sales were impacted by the factors previously noted including lower SNAP benefits and PFD payments combined with higher merchandise and freight cost inflation which resulted in changes in product sales blend as consumers allocated more of their spending to food and reduced purchases of general merchandise.

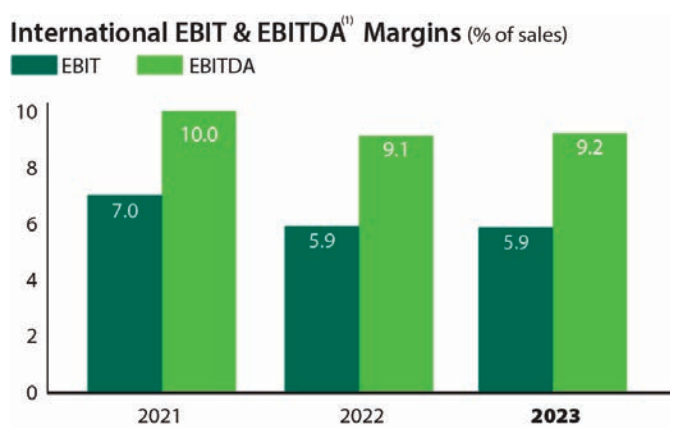
Same Store Sales

(% increase/(decrease))	2023	2022	2021
Food	**0.3 %**	3.3 %	2.5 %
General merchandise (GM)	**(13.3)%**	(13.3)%	3.0 %
Total food & GM sales	**(1.1)%**	1.3 %	2.6 %

Gross Profit Gross profit dollars increased 1.8% as the impact of lower sales was more than offset by an increase in the gross profit rate mainly due to a greater pass through of freight and merchandise cost inflation in retail prices compared to last year and a lower blend of CUL sales which have a lower gross profit rate consistent with a warehouse format.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 2.8% compared to last year and were up 83 basis points as a percentage of sales. The increase in Expenses is largely due to inflationary cost pressures, including higher staff costs and insurance expense, and the impact of new stores. These factors were partially offset by the CUL store closure and a decrease in annual incentive plan costs.

Earnings from Operations (EBIT) and EBITDA[(1)] Earnings from operations decreased $0.9 million or 1.9% to $45.9 million compared to 2022 and were down $7.7 million or 14.3% compared to 2021 due to the sales, gross profit and Expense factors previously noted. Earnings from operations as a percentage of sales remained flat at 5.9% compared to last year. EBITDA[(1)] increased $0.7 million or 0.9% to $71.9 million and was 9.2% as a percentage of sales compared to 9.1% in 2022.



(1) See Non-GAAP Financial Measures section.

Net Assets Employed International Operations net assets employed of $326.9 million increased $27.0 million or 9.0% compared to last year and were up $52.6 million or 19.2% compared to 2021 as summarized in the following table:

($ in millions at the end of the fiscal year)	2023	2022	2021
Property and equipment	**$ 169.4**	$ 151.7	$ 143.1
Right-of-use assets	**39.4**	39.6	40.2
Inventories	**100.7**	93.1	87.4
Accounts receivable	**13.2**	12.8	12.3
Other assets	**73.2**	73.0	65.5
Liabilities	**(69.0)**	(70.3)	(74.2)
Net assets employed	**$ 326.9**	$ 299.9	$ 274.3

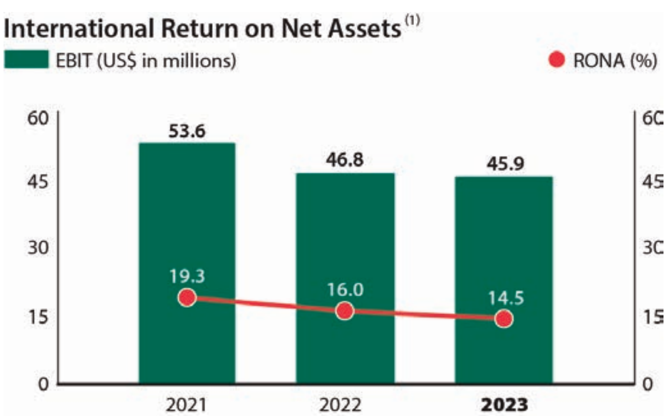
Property and equipment increased $17.7 million or 11.7% compared to last year mainly due to investments in new stores, store renovations and fixtures and equipment replacements.

Inventories increased $7.6 million or 8.2% compared to last year and were up $13.3 million or 15.2% from 2021 primarily due to cost inflation and the impact of new stores, partially offset by the CUL store closure. Average inventory levels in 2023 decreased 0.2% compared to 2022 but were up 12.5% compared to 2021. Inventory turnover decreased to 5.7 times compared to 5.8 times in 2022, and was down compared to 6.4 times in 2021.

Other assets increased $0.2 million or 0.3% compared to last year and were up $7.7 million or 11.8% compared to 2021 mainly due to an increase in cash and prepaid expenses.

Liabilities decreased $1.3 million or 1.8% compared to 2022 and were down $5.2 million or 7.0% compared to 2021 primarily due to lower trade accounts payable related to the timing of payments.

Return on Net Assets (RONA[(1)]) The return on net assets employed for International Operations decreased to 14.5% compared to 16.0% in 2022 due to a 1.9% decrease in EBIT and a $25.1 million or 8.6% increase in average net assets.



(1) See Non-GAAP Financial Measures section.

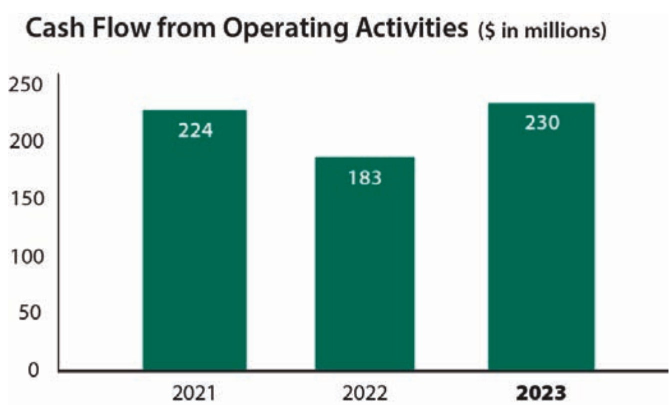
Consolidated Liquidity and Capital Resources

The following table summarizes the major components of cash flow:

($ in thousands)	2023	2022	2021
Cash provided by (used in):			
Operating activities before change in non-cash working capital and other	**$256,402**	$ 234,116	$ 229,782
Change in non-cash working capital	**(23,233)**	(50,905)	(2,563)
Change in other non-cash items	**(2,742)**	(373)	(3,084)
Operating activities	**230,427**	182,838	224,135
Investing activities	**(107,701)**	(106,802)	(75,861)
Financing activities	**(128,270)**	(68,298)	(170,196)
Effect of foreign exchange	**94**	1,645	(188)
Net change in cash	**$ (5,450)**	$ 9,383	$ (22,110)

Cash from Operating Activities Cash flow from operating activities increased $47.6 million or 26.0% to $230.4 million compared to 2022 primarily due to higher earnings and the change in non-cash working capital largely related to the change in inventories and accounts receivable compared to the prior year. These factors were partially offset by an increase in prepaid expenses compared to last year. Further information on working capital is provided in the Canadian and International net assets employed sections on pages 13 and 15 respectively.

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 2024.



Cash Used in Investing Activities Net cash used in investing activities was $107.7 million compared to $106.8 million in 2022 and $75.9 million in 2021. The increase compared to 2022 and 2021 is largely due to investments in new stores, store renovations, equipment replacements and investments in staff housing and information technology. Net investing in Canadian Operations was $59.4 million, net of $15.0 million in proceeds from the promissory note receivable compared to $73.8 million net of $9.8 million in proceeds from the promissory note receivable in 2022 and $46.6 million net of $18.1 million in insurance proceeds in 2021. A summary of the Canadian Operations investing activities is included in net assets employed on page 13. Investing in International Operations was $48.3 million compared to $33.0 million in 2022 and $29.3 million in 2021. The increase compared to 2022 and 2021 is primarily due to new stores and store renovations. 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	
	2023	2022	**2023**	2022
Northern	**121**	119	**701,484**	696,485
NorthMart	**5**	5	**128,185**	128,185
Quickstop	**34**	33	**47,604**	46,698
Giant Tiger	**5**	5	**90,470**	90,470
Alaska Commercial	**33**	32	**274,783**	267,418
Cost-U-Less	**12**	12	**318,846**	344,695
Riteway Food Market	**9**	9	**61,899**	61,899
Other Formats	**8**	7	**62,902**	54,847
Total at year-end	**227**	222	**1,686,173**	1,690,697

In Canadian Operations, Northern stores were opened in Kugaaruk and Arviat, Nunavut, a motorsports dealer opened in Thompson, Manitoba and a Quickstop convenience store opened in Taloyoak, Nunavut. Total selling square footage in Canada increased to 1,018,357 compared to 1,004,397 in 2022 due to the new stores.

In International Operations, an AC store opened in Point Hope, Alaska, a small CUL store was opened in Nadi, Fiji and a CUL store was closed in Curacao, Netherlands. Total selling square footage decreased to 667,816 compared to 686,300 last year due to the CUL store closure.

Cash Used in Financing Activities Cash used in financing activities increased to $128.3 million compared to $68.3 million in 2022 substantially due to changes in long-term debt related to amounts drawn on revolving loan facilities and a $3.6 million increase in interest paid. 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 $73.5 million or $1.54 per share compared to $71.8 million or $1.50 per share in 2022. The following table shows the quarterly cash dividends per share paid for the past three years:

	2023	2022	2021
First Quarter	**$ 0.38**	$ 0.37	$ 0.36
Second Quarter	**0.38**	0.37	0.36
Third Quarter	**0.39**	0.38	0.37
Fourth Quarter	**0.39**	0.38	0.37
Total	**$ 1.54**	$ 1.50	$ 1.46

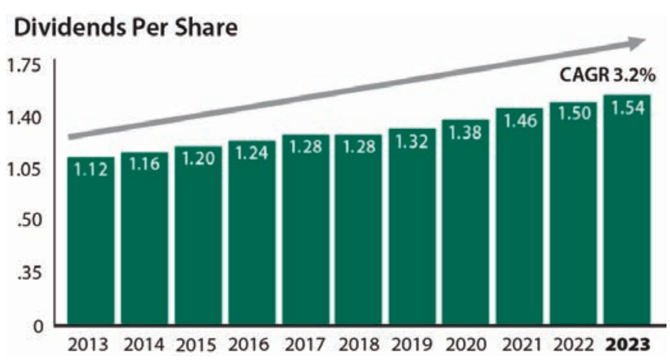
The payment of dividends on the Company's common shares is subject to the approval of the Board of Directors and is based on, among other factors, the financial performance of the Company, its current and anticipated future business needs and the satisfaction of solvency tests imposed by the Canada Business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

	2023	2022	2021
Dividends	**$ 73,533**	$ 71,805	$ 70,420
Cash flow from operating activities	**$ 230,427**	$ 182,838	$ 224,135
Dividends as a % of cash flow from operating activities	**31.9 %**	39.3 %	31.4 %

Dividends as a percentage of cash flow from operating activities of 31.9% decreased compared to 39.3% in 2022 but was up compared to 31.4% in 2021 substantially due to the changes in cash flow from operating activities as previously noted. Dividends as a percentage of cash flow from operating activities has averaged 38.7% over the past ten years.

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 3.2% as shown in the following graph:



On April 10, 2024, the Board of Directors approved a quarterly dividend of $0.39 per share to shareholders of record on April 18, 2024 and to be paid on April 29, 2024.

Normal Course Issuer Bid On November 15, 2023, the Company renewed its Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,733,380 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2024, the Company purchased 153,998 common shares having a book value of $0.6 million for cash consideration of $5.0 million. The excess of the purchase price over the book value of the shares of $4.4 million was charged to retained earnings. 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. 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, 2024, 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.

Canadian Operations have $400.0 million in committed, revolving loan facilities that mature on March 1, 2027. 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, 2024, the Company had $87.6 million outstanding on these facilities (January 31, 2023 - $96.0 million).

Canadian Operations also have US$52.0 million committed, revolving loan facilities that mature on March 1, 2027. These loan facilities, which bear interest at SOFR plus a spread, are secured by certain assets of the Company and rank *pari passu* with the Company's other Senior Debt. At January 31, 2024, the Company had US$NIL outstanding on these facilities (January 31, 2023 - US$NIL).

International Operations have a US$50.0 million loan facility that matures January 25, 2028. This facility bears a floating rate of interest based on SOFR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2024, the International Operations had US$NIL outstanding on this facility (January 31, 2023 - 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 an interest coverage ratio and a leverage test. At January 31, 2024, 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

	2023	2022	2021
Coverage ratio	**10.3**	12.2	16.8
Earnings from operations ($ in millions)	**$ 195.9**	$ 180.3	$ 220.4
Interest ($ in millions)	**$ 19.1**	$ 14.8	$ 13.1

The coverage ratio of earnings from operations ("EBIT") to interest expense decreased to 10.3 times compared to 12.2 times in 2022 and 16.8 times in 2021. The decrease in the interest coverage ratio compared to 2022 is due to a $4.3 million or 29.1% increase in interest expense and an 8.6% increase in consolidated EBIT as previously noted. Additional information on interest expense is provided in Note 19 to the consolidated financial statements.

Contractual Obligations and Other Commitments

Contractual obligations of the Company at January 31, 2024 are listed in the chart below:

($ in thousands)	Total	0-1 Year	2-3 Years	4-5 Years	6 Years+
Long-term debt	$281,972	$ 268	$ —	$ 134,762	$146,942
Lease payments	159,750	24,201	37,007	27,664	70,878
Other liabilities(1)	15,902	3,340	12,562	—	—
Total	$457,624	$ 27,809	$ 49,569	$ 162,426	$217,820

(1) At year-end, the Company had additional long-term liabilities of $39.1 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 $5.8 million net of deferred income taxes in other comprehensive income. This compares to net actuarial gains on defined benefit pension plans of $7.9 million in 2022 and $14.2 million in 2021, 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 2024, the Company will be not be required to contribute to the defined benefit pension plans. In addition to 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 2023, the Company's cash contributions to the pension plan were $0.8 million compared to $1.2 million in 2022 and $2.0 million in 2021. 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 $7.1 million to the defined contribution pension plan and U.S. employees savings plan in 2024 compared to $6.8 million in 2023 and $6.2 million in 2022. 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 rights 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.

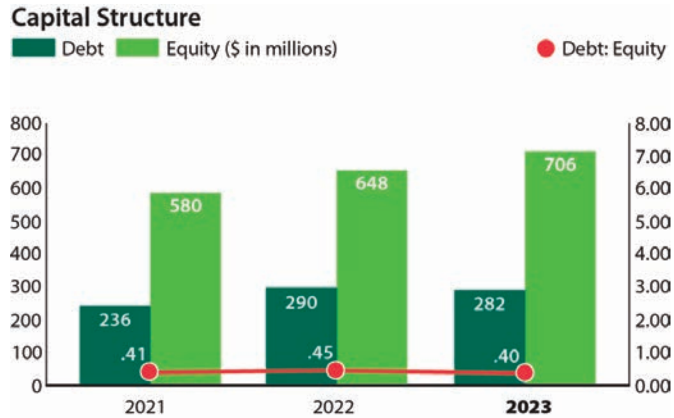
Additional information on commitments, contingencies and guarantees is provided in Note 22 to the consolidated financial statements.

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, 2023 - $19.0 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 $281.6 million in debt and $705.8 million in equity at the end of the year and a debt-to-equity ratio of 0.40:1 compared to 0.45:1 last year. From 2021 to 2023, equity has increased $125.6 million or 21.6% and debt has increased $45.9 million or 19.5%. During this same period, the Company has made capital expenditures, including acquisitions and net of insurance and promissory note proceeds, of $291.7 million and has paid dividends of $215.8 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)	**2023**	2022	2021
CAD$ senior notes	**$ 100,000**	$ 100,000	$ 100,000
US$ senior notes	**93,701**	93,483	88,869
Canadian loan facilities	**87,607**	96,032	45,107
Promissory note payable	**268**	535	1,664
Total debt	**$ 281,576**	$ 290,050	$ 235,640

Consolidated debt at the end of the year decreased $8.5 million or 2.9% to $281.6 million compared to $290.1 million in 2022, but was up $45.9 million or 19.5% from $235.6 million in 2021. The change in debt is largely due to changes in amounts drawn on the revolving loan facilities and the impact of foreign exchange on the translation of U.S. denominated debt compared to 2022 and 2021. The Company has US$70.2 million in debt at January 31, 2024 (January 31, 2023 - US$70.4 million, January 31, 2022 - US$70.6 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, 2024 ("2023") was 1.3412 compared to 1.3382 at January 31, 2023 ("2022") and 1.2727 at January 31, 2022 ("2021"). The change in the foreign exchange rate resulted in a $0.2 million increase in debt compared to 2022 and a $4.8 million increase compared to 2021. Average debt outstanding during the year excluding the foreign exchange impact increased $32.7 million or 12.9% from 2022 and was up $46.3 million or 19.3% compared to 2021.

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

(CAD$ in thousands at the end of the fiscal year)	2023	2022	2021
Current portion of lease liability	**$ 19,408**	$ 18,644	$ 18,055
Non-current lease liabilities	**104,483**	93,833	96,015
Total lease liabilities	**$ 123,891**	$ 112,477	$ 114,070

Lease liabilities increased $11.4 million or 10.1% to $123.9 million compared to $112.5 million in 2022 and were up $9.8 million or 8.6% compared to $114.1 million in 2021. The increase compared to 2022 and 2021 is due to new leases net of lease payments. 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, 2024 of 47,711,467 (January 31, 2023 - 47,750,605). 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, 2024, there were 1,402,250 options outstanding representing 2.9% of the issued and outstanding shares. In addition to share options, there were 326,611 in Performance Share Units ("PSUs") that may be settled by the issuance of shares based on meeting certain performance criteria and 264,838 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 2024 Management Information Circular which is available on the Company's website at *www.northwest.ca* or on SEDAR+ at *www.sedarplus.com*.

At January 31, 2024, there were 17,649,571 Variable Voting Shares, representing 37.0% 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 $14.14 per share compared to $12.93 per share in 2022. Total shareholders' equity increased $57.9 million or 8.9% compared to 2022 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					
2023	$ 593,564	$ 618,095	$ 616,910	$ 643,109	$ 2,471,678
2022	$ 552,016	$ 578,874	$ 586,706	$ 635,164	$ 2,352,760
EBITDA(1)					
2023	$ 58,952	$ 80,108	$ 82,977	$ 79,136	$ 301,173
2022	$ 64,945	$ 70,444	$ 69,829	$ 73,460	$ 278,678
Earnings from operations (EBIT)					
2023	$ 33,768	$ 54,686	$ 55,746	$ 51,697	$ 195,897
2022	$ 41,431	$ 46,095	$ 44,955	$ 47,824	$ 180,305
Net earnings					
2023	$ 22,197	$ 38,045	$ 38,038	$ 36,011	$ 134,291
2022	$ 28,161	$ 32,371	$ 30,175	$ 35,129	$ 125,836
Net earnings attributable to shareholders of the Company					
2023	$ 20,894	$ 36,777	$ 37,228	$ 34,492	$ 129,391
2022	$ 27,380	$ 31,395	$ 29,485	$ 33,930	$ 122,190
Earnings per share-basic					
2023	$ 0.44	$ 0.77	$ 0.78	$ 0.72	$ 2.71
2022	$ 0.57	$ 0.66	$ 0.61	$ 0.71	$ 2.55
Earnings per share-diluted					
2023	$ 0.43	$ 0.76	$ 0.77	$ 0.71	$ 2.67
2022	$ 0.57	$ 0.64	$ 0.61	$ 0.69	$ 2.51

(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)	2023	2022	2021
Sales	**$ 643,109**	$ 635,164	$ 579,019
Same store sales % change[2]			
Food	**2.0 %**	4.0 %	2.6 %
General Merchandise	**(1.9)%**	(6.1)%	(9.2)%
Total	**1.4 %**	2.1 %	0.1 %
Gross profit	**$ 214,692**	$ 201,177	$ 184,714
Selling, operating and administrative expenses	**(162,995)**	(153,353)	(135,126)
EBITDA[1]	**79,136**	73,460	72,964
Earnings from operations	**51,697**	47,824	49,588
Interest expense	**(4,894)**	(4,192)	(3,170)
Income taxes	**(10,792)**	(8,503)	(10,810)
Net earnings	**36,011**	35,129	35,608
Net earnings attributable to shareholders of the Company	**34,492**	33,930	34,581
Net earnings per share - basic	**0.72**	0.71	0.72
Net earnings per share - diluted	**$ 0.71**	$ 0.69	$ 0.71

(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 1.3% to $643.1 million led by same store sales gains in Canadian Operations and the impact of new stores in Canadian and International Operations. These factors were partially offset by the loss of our store in Fox Lake, Alberta in the second quarter due to wildfire and the closure of our CUL store in Curacao, Netherlands in the first quarter. Excluding the foreign exchange impact, consolidated sales increased 1.6% with food sales increasing 1.2% and general merchandise and other sales increasing 2.8%. Same store sales were up 1.4%[2] compared to the fourth quarter last year, as a 3.7% increase in same store sales in Canadian Operations more than offset a 2.0% decrease in same store sales in International Operations. On a same store basis, food sales[2] increased 2.0% and general merchandise sales[2] decreased 1.9%.

Gross Profit Gross profit increased 6.7% due to sales gains and a 171 basis point increase in gross profit rate compared to last year. The increase in gross profit rate was largely due to changes in sales blend, an increase in the airline gross profit rate in Canadian Operations and lower markdowns on seasonal merchandise compared to last year. A greater pass through of cost inflation in retail prices compared to last year and a lower blend of CUL sales which have a lower gross profit rate consistent with a warehouse format were also factors.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased $9.6 million compared to last year and were up 120 basis points as a percentage to sales. The increase in Expenses is largely due to cost inflation impacts, including higher staff costs, new store expenses, an increase in depreciation and higher incentive plan costs. These factors were partially offset by the Fox Lake fire loss and CUL store closure previously noted.

Earnings from operations and EBITDA[1] Earnings from operations or earnings before interest and taxes ("EBIT") increased $3.9 million or 8.1% to $51.7 million compared to $47.8 million last year and EBITDA[1] increased $5.7 million or 7.7% to $79.1 million compared to $73.5 million last year due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA[1], which excludes share-based compensation costs increased $6.4 million or 8.2% compared to last year and as a percentage to sales was 13.0% compared to 12.2% last year.

Interest Expense Interest expense increased 16.7% to $4.9 million compared to $4.2 million last year. The increase in interest expense is 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 $10.8 million compared to $8.5 million last year and the consolidated effective tax rate was 23.1% compared to 19.5% last year. The increase in the income tax rate was primarily due to the blend of earnings in International Operations across various tax rate jurisdictions and the impact of Global Intangible Low-Taxed Income ("GILTI") tax last year.

Net Earnings Consolidated net earnings increased $0.9 million or 2.5% to $36.0 million compared to $35.1 million last year. Net earnings attributable to shareholders were $34.5 million and diluted earnings per share were $0.71 per share compared to $0.69 per share last year due to the factors noted above. Adjusted net earnings[1], which excludes the impact of the after-tax share-based compensation costs, increased $1.4 million or 3.8% compared to last year due to earnings gains in Canadian Operations which was partially offset by the impact of a higher 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)	2023	2022	2021
Sales	**$ 375,950**	$ 361,397	$ 332,668
Same store sales % change			
Food	**4.4 %**	4.3 %	0.0 %
General Merchandise	**1.4 %**	(2.9)%	(12.0)%
Total	**3.7 %**	2.6 %	(3.0)%
EBITDA (1)	**$ 55,253**	$ 50,551	$ 52,208
Earnings from operations	**$ 37,166**	$ 33,417	$ 36,276

(1) See Non-GAAP Financial Measures section.

Sales Canadian Operations sales increased 4.0% to $376.0 million led by a 3.7% increase in same store sales, the impact of new stores and higher airline revenue and pharmacy sales compared to the fourth quarter last year. Food sales increased 3.0% as same store sales gains of 4.4% were partially offset by the loss of our Fox Lake store due to wildfire and lower wholesale sales. General merchandise and other sales increased 5.8% compared to last year led by an increase in airline revenue from higher third-party cargo and passenger revenues, and a general merchandise same store sales increase of 1.4%.

Gross Profit Gross profit increased 10.2% due to sales gains and an increase in gross profit rate largely related to changes in sales blend, lower markdowns and inventory shrink compared to last year, and an increase in airline gross profit.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 9.9% and were up 143 basis points as a percentage to sales compared to the fourth quarter last year mainly due to cost inflation impacts, higher depreciation, the impact of new stores and an increase in annual incentive plan costs. These factors were partially offset by a decrease in Expenses due to the Fox Lake fire loss.

Canadian Earnings from Operations (EBIT) and EBITDA(1) Canadian fourth quarter earnings from operations increased $3.8 million or 11.2% to $37.2 million compared to $33.4 million last year and EBITDA(1) increased $4.7 million or 9.3% to $55.3 million compared to $50.6 million in the fourth quarter last year due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA(1), which excludes the impact of share-based compensation costs and insurance-related gains in 2021, increased $5.3 million or 9.8% compared to last year and was up $12.9 million or 28.0% compared to 2021.

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)	2023	2022	2021
Sales	**$ 197,750**	$ 203,064	$ 194,395
Same store sales % change			
Food	**(0.9)%**	3.7 %	6.1 %
General Merchandise	**(11.2)%**	(14.0)%	(1.7)%
Total	**(2.0)%**	1.4 %	5.0 %
EBITDA(1)	**$ 17,449**	$ 16,921	$ 16,336
Earnings from operations	**$ 10,755**	$ 10,630	$ 10,456

(1) See Non-GAAP Financial Measures section.

Sales International Operations fourth quarter sales decreased 2.6% to $197.8 million compared to $203.1 million in the fourth quarter last year primarily due to a 2.0% decrease in same store sales and the previously noted closure of a CUL store in Curacao, Netherlands. These factors were partially offset by the impact of new stores in Alaska. Food sales decreased 1.1% and were down 0.9% on a same store basis compared to a 3.7% same store sales gain last year. General merchandise sales decreased 14.9% and were down 11.2% on a same store basis compared to last year. Similar to previous quarters, the impact of lower SNAP benefits combined with higher inflation continued to result in a shift in consumer spending from general merchandise to food.

Gross Profit Gross profit increased 0.7% compared to last year as the impact of lower sales was more than offset by an increase in gross profit rate. The increase in gross profit rate is mainly due to changes in sales blend, including a lower blend of CUL sales which have a lower gross profit rate consistent with a warehouse format, and a greater pass through of inflationary cost increases compared to last year. Lower markdowns on general merchandise was also a factor.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 0.6% compared to last year mainly due to inflationary cost pressures and the impact of new store expenses. These factors were partially offset by the CUL store closure previously noted.

Earnings From Operations ("EBIT") and EBITDA(1) Earnings from operations increased 1.2% to $10.8 million compared to $10.6 million last year and EBITDA(1) increased 3.1% to $17.4 million compared to $16.9 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)	2023	2022	2021
Operating activities	**$ 90,481**	$ 100,230	$ 84,704
Investing activities	**(41,606)**	(51,907)	(15,142)
Financing activities	**(66,916)**	(38,500)	(77,935)
Effect of foreign exchange	**(1,450)**	(43)	767
Net change in cash	**(19,491)**	9,780	(7,606)
Cash, beginning of period	**72,850**	49,029	57,032
Cash, end of period	**$ 53,359**	$ 58,809	$ 49,426

Cash From Operating Activities

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

($ in thousands)	2023	2022	2021
Net earnings for the period	**$ 36,011**	$ 35,129	$ 35,608
Adjustments for:			
Amortization	**27,439**	25,636	23,376
Provision for income taxes	**10,792**	8,503	10,810
Interest expense	**4,894**	4,192	3,170
Equity settled share-based compensation	**245**	1,879	1,684
Insurance proceeds, property and equipment	**—**	—	(9,492)
Taxes paid	**(11,089)**	(11,635)	(18,357)
Loss on disposal of property and equipment	**1,185**	144	32
Operating activities before change in non-cash working capital and other	**69,477**	63,848	46,831
Change in non-cash working capital	**19,847**	37,272	37,471
Change in other non-cash items	**1,157**	(890)	402
Cash from operating activities	**$ 90,481**	$ 100,230	$ 84,704

Cash from Operating Activities Cash flow from operating activities decreased $9.7 million or 9.7% to $90.5 million compared to the fourth quarter of 2022 but was up $5.8 million or 6.8% compared to 2021. The decrease compared to last year is substantially due to the change in non-cash working capital largely related to changes in inventories, accounts receivable and accounts payable and accrued liabilities compared to the prior year.

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)	2023	2022	2021
Purchase of property and equipment	**$ (36,937)**	$ (51,572)	$ (22,730)
Intangible asset additions	**(4,731)**	(562)	(1,904)
Proceeds from disposal of property and equipment	**62**	227	—
Insurance proceeds, property and equipment	**—**	—	9,492
Cash used in investing activities	**$ (41,606)**	$ (51,907)	$ (15,142)

Cash Used in Investing Activities Net cash used in the fourth quarter for investing activities was $41.6 million compared to $51.9 million in 2022 and $15.1 million in 2021. Investing activities in the quarter include store renovations, equipment replacements, investments in staff housing and intangible assets primarily related to software.

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)	2023	2022	2021
Net decrease in long-term debt	**$ (39,278)**	$ (11,258)	$ (46,612)
Payment of lease liabilities, principal	**(5,607)**	(5,073)	(4,703)
Payment of lease liabilities, interest	**(1,165)**	(1,067)	(1,039)
Dividends	**(18,607)**	(18,144)	(17,747)
Interest paid	**(3,126)**	(3,028)	(1,834)
Issuance of common shares	**867**	70	—
Common shares purchased and cancelled	**—**	—	(6,000)
Cash used in financing activities	**$ (66,916)**	$ (38,500)	$ (77,935)

Cash Used in Financing Activities Cash used in financing activities in the fourth quarter increased to $66.9 million compared to $38.5 million in 2022 but was down compared to $77.9 million in 2021. The change compared to the fourth quarter last year is substantially due to changes in long-term debt resulting from amounts drawn on revolving loan facilities 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, 2024.

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, 2024. There have been no changes in the internal controls over financial reporting for the year ended January 31, 2024 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

OUTLOOK

The near-term outlook continues to be influenced by uncertainty related to the economy and the impact of inflation, particularly in tourism-dependent countries and countries that do not have strong government income support programs for individuals within our International Operations however, the resiliency of the Company's essential everyday product and service offering is expected to help mitigate some of this uncertainty. The Canadian Operations are expected to be impacted by increased consumer demand arising from the First Nations Drinking Water Settlement which impacts approximately 30 communities served by the Company's stores. Payments have started to be issued to some individuals who filed their claim early, however the volume of payments issued is low. It is expected that the remaining settlement payments will be issued in 2024 and 2025. The timing of these payments, which represents a substantial portion of the claims, is uncertain as the period for filing claims ended in March 2024.

On August 4, 2023, the Government of Canada released draft legislation under the Global Minimum Tax Act for consultation. This legislation is intended to follow the Pillar Two model rules from the Organization for Economic Cooperation and Development ("OECD") which applies a minimum income tax rate of 15% in each jurisdiction the company operates in. Although it is intended for Canada's principal Pillar Two rules to take effect on January 1, 2024, Canada has not yet enacted or substantively enacted Pillar Two legislation nor have the Company's other jurisdictions enacted or substantively enacted it. The Company operates retail stores in the Cayman Islands, Barbados and British Virgin Islands jurisdictions which may be impacted by the Global Minimum Tax - Pillar Two legislation. If enacted, the implementation of the Global Minimum Tax - Pillar Two legislation is expected to result in a decrease in consolidated net earnings of the Company. However, it is uncertain whether or not these jurisdictions will enact the Global Minimum Tax - Pillar Two legislation or what the final form of the legislation and the timing of enacting the legislation by the Government of Canada will be. Further information on this legislation is provided under Future Accounting Standards.

Beyond the near-term outlook previously noted, the medium and longer-term outlook for the Company is favourable based on the expected impact of government transfer and settlement payments and higher infrastructure spending in Indigenous communities, the resiliency of our essential everyday product and service value offer and the upside expected from enhancing our core capabilities to deliver operational excellence and sustainable earnings growth aligned with our strategic priorities.

In 2024, the Company expects that capital expenditures, net of expected proceeds from the promissory note receivable will be in the $130.0 million range (2023 - $107.7 million, net of $15.0 million in proceeds from the promissory note receivable). The timing and amount of store-based capital expenditures in 2024 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 and which is hereby incorporated by reference. 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. These regulations have resulted in an increase in the number of pilots required by NSA which, combined with a Canada-wide shortage of pilots and aircraft mechanics, 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 Sustainability on page 31. 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 $390 million and assets of $197 million for the year-ended January 31, 2024. 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 72 communities in northern Canada and 19 communities in Alaska that are potentially exposed to changes in permafrost. Collectively, stores in these communities have sales of $876 million and assets of $442 million for the year ended January 31, 2024. 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 2023, the Company's store in Fox Lake, Alberta was destroyed by wildfire. In 2018, the Company also 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, price increases from suppliers, unemployment rates, personal debt levels, levels of personal disposable income, interest rates and foreign exchange rates. Changes in inflation rates, price increases from suppliers 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 the Company's reputation and financial results. 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. If these subsidies and programs are not adjusted for cost inflation, or if there are changes in government policy that result in a reduction in financial support for these programs, there could be an increase in the price of merchandise which would have a negative impact on consumer demand and could have an adverse effect on the Company's operations, financial condition and reputation.

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 and Change Management 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, labour and employment standards, 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 may be sourced from less developed countries which increases certain risks to the Company including risks associated with product safety, general merchandise product defects and products that do not meet the required standards. Additionally, products sourced from less developed countries may have an increased risk of non-compliance with human rights, forced labour, child labour and ethical and safe business practices which could negatively impact the Company's reputation. 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 32 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, 2024, the Company had undrawn committed revolving loan facilities available of $433.9 million (January 31, 2023 - $418.3 million). The undrawn capacity on existing loan facilities and the maturity dates of these facilities helps reduce 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, 2024, the Company had US$70.2 million in U.S. denominated debt compared to US$70.4 million at January 31, 2023 and US$70.6 million at January 31, 2022. 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 2023, the average exchange rate used to translate U.S. denominated earnings from the International Operations was 1.3504 compared to 1.3088 last year. The Canadian dollar's depreciation in 2023 compared to the U.S. dollar in 2022 positively impacted consolidated net earnings by $1.5 million. In 2022, the average exchange rate was 1.3088 compared to 1.2526 2021 which resulted in an increase in 2022 consolidated net earnings of $2.1 million compared to 2021.

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, 2024, the Company had no outstanding interest rate swaps.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

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.

Our ESG strategy aims to achieve positive change through a shared-value framework that benefits people, our planet and creating strong partnerships for the future. Community and employee experience are at the heart of our ESG strategy, representing an opportunity to secure and enhance the trust and loyalty of our partners, while also delivering business value. Through our ESG strategy, we seek to drive positive change in the communities we serve by supporting their journey for improved health, nutrition and overall quality of life. We also seek to improve the experience of our employees by creating a more diverse, equitable and inclusive work environment, where employees can further develop their skills and grow their careers within our organization. Our ESG strategy is embedded across our business operations and influences our unique business model to support underserved communities in remote geographical locations. Recognizing that we have a responsibility to promote health and nutrition in the communities we serve, supporting social equality and inclusion, and protecting the natural environment, we have identified and selected material ESG topics for our ESG Strategy Framework.

Our ESG Strategy is defined by a clear pathway to drive our efforts towards a more sustainable and equitable future, accelerating progress to benefit **people, the planet** and our business **partnerships.**

People Help employees and community members advance towards a healthier, inclusive and equitable future, creating meaningful relationships and positive impacts in the communities we serve. We seek to promote food security, contribute to health and nutrition and accelerate diversity, equality and inclusion.

Planet Protect the environment and address climate change by striving to reduce Green House Gas ("GHG") emissions and waste across our business operations.

Partnerships Maintain trust with our business partners by ensuring ethical and safe business practices in our supply chains and operations, including protecting personal and company information.

The Board of Directors are accountable for overseeing the Company's Corporate Social Responsibility and Sustainability 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, 2024 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 2023 was 4.88% compared to 4.70% in 2022 and 3.43% in 2021. Management assumed a rate of compensation increase of 4.0% for fiscal 2021, 2022 and 2023.

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 2023 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.

NEW ACCOUNTING STANDARDS IMPLEMENTED

The Company adopted the narrow-scope amendments to IAS 8 - *Accounting Policies, Change in Accounting Estimates and Errors* effective February 1, 2023. These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates. These amendments had no material impact on the consolidated financial statements.

The Company also adopted amendments to IAS 1 - *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgments* effective February 1, 2023. These amendments require companies to disclose their material accounting policy information rather than their significant accounting policies. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

FUTURE ACCOUNTING STANDARDS

In September 2022, the IASB issued amendments to IFRS 16 - *Leases* 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 this standard to have a material impact on the Company's consolidated financial statements.

In May 2023, the IASB issued amendments to IAS 12 - *Income Taxes* which introduced a mandatory temporary exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two model rules. These rules were developed by the Organization for Economic Co-operation and Development (OECD) and were designed to ensure that large, multinational enterprises would be subject to a minimum income tax rate of 15% in each jurisdiction they operate. The IAS 12 amendments require that the Company separately disclose the current tax expense/income related to Pillar Two income taxes. On August 4, 2023, the Government of Canada released draft legislation under the Global Minimum Tax Act for consultation, which is intended to follow the Pillar Two model rules from the OECD. Although it was intended for Canada's principal Pillar Two rules to take effect on January 1, 2024, Canada has not yet enacted or substantively enacted Pillar Two legislation nor have the Company's other jurisdictions enacted or substantively enacted it. The Company has yet to apply the temporary exemption required by IAS 12 and accordingly has not accounted for any related deferred income tax assets or liabilities. The Company will disclose known or reasonably estimable information related to the Company's exposure to Pillar Two income taxes when it is applicable and will disclose separately current tax related to Pillar Two income taxes when it is in effect.

In October 2022, the IASB issued amendments to IAS 1 - P*resentation of Financial Statements,* which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification. The Company does not expect adoption of this standard to have a material impact on the Company's consolidated financial statements.

There are no further IFRS Accounting Standards 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

	Consolidated					
	Fourth Quarter			Year-to-date		
($ in thousands)	**2023**	2022	2021	**2023**	2022	2021
Earnings from operations	**$ 51,697**	$ 47,824	$ 49,588	**$ 195,897**	$ 180,305	$ 220,425
Add:						
Amortization	**27,439**	25,636	23,376	**105,276**	98,373	90,950
EBITDA	**$ 79,136**	$ 73,460	$ 72,964	**$ 301,173**	$ 278,678	$ 311,375
Fox Lake wildfire asset write-off	**—**	—	—	**3,694**	—	—
Gain on insurance settlement	**—**	—	(9,492)	**—**	—	(18,124)
Share-based compensation expense	**4,558**	3,878	3,615	**13,167**	13,131	11,854
Adjusted EBITDA	**$ 83,694**	$ 77,338	$ 67,087	**$ 318,034**	$ 291,809	$ 305,105

	Canada					
	Fourth Quarter			Year-to-date		
($ in thousands)	**2023**	2022	2021	**2023**	2022	2021
Earnings from operations	**$ 37,166**	$ 33,417	$ 36,276	**$ 133,909**	$ 119,090	$ 153,328
Add:						
Amortization	**18,087**	17,134	15,932	**70,180**	66,368	61,881
EBITDA	**$ 55,253**	$ 50,551	$ 52,208	**$ 204,089**	$ 185,458	$ 215,209
Fox Lake wildfire asset write-off	**—**	—	—	**3,694**	—	—
Gain on insurance settlement	**—**	—	(9,492)	**—**	—	(18,124)
Share-based compensation expense	**3,605**	3,049	3,268	**10,971**	10,983	10,136
Adjusted EBITDA	**$ 58,858**	$ 53,600	$ 45,984	**$ 218,754**	$ 196,441	$ 207,221

	International (Stated in U.S. dollars)					
	Fourth Quarter			Year-to-date		
($ in thousands)	**2023**	2022	2021	**2023**	2022	2021
Earnings from operations	**$ 10,755**	$ 10,630	$ 10,456	**$ 45,903**	$ 46,772	$ 53,566
Add:						
Amortization	**6,694**	6,291	5,880	**25,990**	24,453	23,220
EBITDA	**$ 17,449**	$ 16,921	$ 16,336	**$ 71,893**	$ 71,225	$ 76,786
Share-based compensation expense	**707**	623	274	**1,626**	1,641	1,371
Adjusted EBITDA	**$ 18,156**	$ 17,544	$ 16,610	**$ 73,519**	$ 72,866	$ 78,157

Reconciliation of consolidated net earnings to adjusted net earnings:

	Fourth Quarter			Year-to-Date		
($ in thousands)	**2023**	2022	2021	**2023**	2022	2021
Net earnings	**$ 36,011**	$ 35,129	$ 35,608	**$ 134,291**	$ 125,836	$ 157,451
Fox Lake wildfire asset write-off, net of tax	**—**	—	—	**2,551**	—	—
Gain on insurance settlement, net of tax	**—**	—	(6,152)	**—**	—	(13,275)
Share-based compensation expense, net of tax	**3,523**	2,976	2,875	**10,177**	10,213	9,234
Adjusted Net Earnings	**$ 39,534**	$ 38,105	$ 32,331	**$ 147,019**	$ 136,049	$ 153,410

On May 5, 2023, the Company's store in Fox Lake, Alberta was destroyed by wildfire which resulted in a write-off of assets.

In 2021, 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)	**2023**	2022	2021
Total assets	**$ 1,396.0**	$ 1,336.9	$ 1,219.3
Less: Total liabilities	**(690.2)**	(689.0)	(639.1)
Add: Total debt and lease liabilities	**405.5**	402.5	349.7
Net Assets Employed	**$ 1,111.3**	$ 1,050.4	$ 929.9

(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.sedarplus.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
2023	January 31, 2024	2017	January 31, 2018
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

Eleven-Year Financial Summary

Fiscal Year ($ in thousands)	**2023**	2022	2021	2020	2019
Consolidated Statements of Earnings					
Sales - Canadian Operations	**$1,418,961**	$ 1,323,185	$ 1,291,139	$1,376,188	$1,271,552
Sales - International Operations	**1,052,717**	1,029,575	957,657	983,051	822,841
Sales - Total	**2,471,678**	2,352,760	2,248,796	2,359,239	2,094,393
EBITDA(2) - Canadian Operations	**204,089**	185,458	215,209	206,498	140,359
EBITDA(2) - International Operations	**97,084**	93,220	96,166	94,929	79,216
EBITDA(2) - Total Operations	**301,173**	278,678	311,375	301,427	219,575
Amortization - Canadian Operations	**70,180**	66,368	61,881	62,357	62,983
Amortization - International Operations	**35,096**	32,005	29,069	29,721	26,239
Amortization - Total	**105,276**	98,373	90,950	92,078	89,222
Interest	**19,051**	14,836	13,058	16,808	20,948
Income taxes	**42,555**	39,633	49,916	48,981	23,132
Net earnings attributable to shareholders of the Company	**129,391**	122,190	154,802	139,874	82,724
Cash flow from operating activities	**230,427**	182,838	224,135	338,718	161,117
Dividends paid during the year	**73,533**	71,805	70,420	67,276	64,351
Capital and intangible asset expenditures	**123,411**	117,112	94,070	75,244	121,605
Net change in cash	**(5,450)**	9,383	(22,110)	43,349	(10,261)
Consolidated Balance Sheets					
Current assets	**$ 502,905**	$ 474,844	$ 403,358	$ 396,860	$ 399,593
Property and equipment	**644,681**	606,310	554,457	531,794	555,075
Right-of-use assets	**114,501**	102,632	100,844	107,766	127,870
Promissory note receivable	**4,558**	26,299	40,283	49,020	—
Other assets, intangible assets and goodwill	**112,536**	105,098	98,585	98,440	104,765
Deferred tax assets	**16,829**	21,707	21,746	7,288	28,233
Current liabilities	**250,658**	248,606	294,490	315,135	194,084
Long-term debt and other liabilities	**439,579**	440,384	344,579	370,802	594,482
Total Equity	**705,773**	647,900	580,204	505,231	426,970
Consolidated Dollar Per Share ($)					
Net earnings - basic	**$ 2.71**	$ 2.55	$ 3.21	$ 2.87	$ 1.70
Net earnings - diluted	**2.67**	2.51	3.16	2.82	1.68
EBITDA(2),(3)	**6.31**	5.82	6.45	6.18	4.50
Cash flow from operating activities(3)	**4.83**	3.82	4.64	6.95	3.30
Dividends paid during the year(3)	**1.54**	1.50	1.46	1.38	1.32
Equity (basic shares outstanding end of year)	**14.79**	13.57	12.12	10.39	8.76
Market price at January 31	**38.89**	36.24	35.05	32.37	27.56
Statistics at Year End					
Number of stores - Canadian	**168**	164	161	159	198
Number of stores - International	**59**	58	55	53	51
Selling square feet (000's) end of year - Canadian Stores	**1,018**	1,004	998	986	1,617
Selling square feet (000's) end of year - International Stores	**668**	686	677	667	662
Sales per average selling square foot - Canadian	**$ 1,404**	$ 1,322	$ 1,302	$ 1,057	$ 798
Sales per average selling square foot - International	**$ 1,555**	$ 1,511	$ 1,425	$ 1,479	$ 1,236
Number of employees - Canadian Operations	**5,070**	5,024	4,926	4,735	5,587
Number of employees - International Operations	**2,312**	2,287	2,598	2,204	2,046
Average shares outstanding (000's)	**47,747**	47,865	48,268	48,758	48,751
Shares outstanding at end of fiscal year (000's)	**47,711**	47,751	47,879	48,613	48,751
Shares traded during the year (000's)	**46,137**	52,348	50,474	60,827	45,013
Financial Ratios					
EBITDA(2) (%)	**12.2**	11.8	13.8	12.8	10.5
Earnings from operations (EBIT) (%)	**7.9**	7.7	9.8	8.9	6.2
Total return on net assets(2) (%)	**17.7**	17.9	23.8	22.4	13.5
Return on average equity(2) (%)	**19.9**	20.5	29.0	30.7	20.5
Debt-to-equity	**.40:1**	.45:1	.41:1	.56:1	.96:1
Dividends as % of cash flow from operating activities	**31.9**	39.3	31.4	19.9	39.9
Inventory turnover (times per year)	**5.2**	5.6	6.3	7.1	5.8

(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 34.

2018[1]	2017[1]	2016	2015	2014	2013	Fiscal Year ($ in thousands)
						Consolidated Statements of Earnings
1,246,133	1,199,473	1,125,330	1,089,898	1,042,168	1,022,985	Sales - Canadian Operations
767,353	785,649	718,763	706,137	582,232	520,140	Sales - International Operations
2,013,486	1,985,122	1,844,093	1,796,035	1,624,400	1,543,125	Sales - Total
130,399	112,393	109,736	98,276	100,896	111,225	EBITDA[2] - Canadian Operations
87,623	57,231	56,762	53,071	36,942	27,111	EBITDA[2] - International Operations
218,022	169,624	166,498	151,347	137,838	138,336	EBITDA[2] - Total Operations
57,577	39,796	35,291	31,781	30,302	29,258	Amortization - Canadian Operations
24,444	15,857	13,076	12,245	10,070	9,018	Amortization - International Operations
82,021	55,653	48,367	44,026	40,372	38,276	Amortization - Total
19,640	10,145	7,220	6,210	6,673	7,784	Interest
25,738	34,135	33,835	31,332	27,910	28,013	Income taxes
86,739	67,154	77,076	69,779	62,883	64,263	Net earnings attributable to shareholders of the Company
155,725	141,419	126,024	132,987	115,086	79,473	Cash flow from operating activities
62,329	62,315	60,169	58,210	56,180	54,229	Dividends paid during the year
103,219	122,035	77,745	75,983	52,329	43,207	Capital and intangible asset expenditures
13,288	(5,083)	(7,000)	8,114	6,776	(16,322)	Net change in cash
						Consolidated Balance Sheets
$ 376,297	$ 335,003	$ 327,938	$ 335,581	$ 315,840	$ 299,071	Current assets
514,946	469,993	358,121	345,881	311,692	286,875	Property and equipment
127,794	—	—	—	—	—	Right-of-use assets
—	—	—	—	—	—	Promissory note receivable
96,119	91,502	86,909	83,293	68,693	64,969	Other assets, intangible assets and goodwill
34,705	34,450	32,853	29,040	28,074	19,597	Deferred tax assets
196,938	171,212	152,244	155,501	146,275	209,738	Current liabilities
541,907	377,580	285,792	280,682	248,741	138,334	Long-term debt and other liabilities
411,016	382,156	367,785	357,612	329,283	322,440	Total equity
						Consolidated Dollar Per Share ($)
$ 1.78	$ 1.38	$ 1.59	$ 1.44	$ 1.30	$ 1.33	Net earnings - basic
1.77	1.36	1.57	1.43	1.29	1.32	Net earnings - diluted
4.47	3.48	3.43	3.12	2.85	2.86	EBITDA[2],[3]
3.19	2.91	2.60	2.74	2.38	1.64	Cash flow from operating activities[3]
1.28	1.28	1.24	1.20	1.16	1.12	Dividends paid during the year[3]
8.43	7.60	7.57	7.37	6.80	6.66	Equity (basic shares outstanding at end of year)
31.17	29.14	29.28	30.53	26.56	25.42	Market price at January 31
						Statistics at Year End
193	188	185	181	178	178	Number of stores - Canadian
52	51	47	47	47	48	Number of stores - International
1,571	1,552	1,518	1,463	1,422	1,386	Selling square feet (000's) end of year - Canadian Stores
669	668	676	676	676	696	Selling square feet (000's) end of year - International Stores
$ 798	$ 781	$ 755	$ 756	$ 742	$ 741	Sales per average selling square foot - Canadian
$ 1,148	$ 1,169	$ 1,063	$ 1,045	$ 849	$ 767	Sales per average selling square foot - International
5,672	5,915	5,715	5,482	4,921	4,839	Number of employees - Canadian Operations
2,253	2,119	1,882	1,896	1,726	1,853	Number of employees - International Operations
48,697	48,680	48,524	48,509	48,432	48,413	Average shares outstanding (000's)
48,751	48,690	48,542	48,523	48,497	48,426	Shares outstanding at end of fiscal year (000's)
46,269	38,836	49,189	35,631	24,080	17,623	Shares traded during the year (000's)
						Financial Ratios
10.8	8.5	9.0	8.4	8.5	9.0	EBITDA[2] (%)
6.8	5.7	6.4	6.0	6.0	6.5	Earnings from operations (EBIT) (%)
15.3	16.7	20.1	19.5	18.4	20.0	Total return on net assets[2] (%)
23.2	18.3	21.8	20.6	19.3	21.0	Return on average equity[2] (%)
.89:1	.82:1	.62:1	.63:1	.61:1	.57:1	Debt-to-equity
40.0	44.1	47.7	43.8	48.8	68.2	Dividends as % of cash flow from operating activities
6.0	6.0	6.1	6.2	5.7	5.6	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 &
CORPORATE SECRETARY
THE NORTH WEST COMPANY INC.

April 10, 2024

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, 2024 and 2023, 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 Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at January 31, 2024 and 2023;
- 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, comprising material accounting policy information 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
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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, 2024. 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 – Material accounting policies and note 6 – Inventories to the consolidated financial statements.* As at January 31, 2024, the Company held inventories of $313 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 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. • 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 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 Accounting Standards, 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 10, 2024

Consolidated Balance Sheets

($ in thousands)	January 31, 2024	January 31, 2023
CURRENT ASSETS		
Cash	**$ 53,359**	$ 58,809
Accounts receivable (Note 5)	**121,606**	113,798
Inventories (Note 6)	**313,414**	293,835
Prepaid expenses	**14,526**	8,402
	502,905	474,844
NON-CURRENT ASSETS		
Property & equipment (Note 7)	**644,681**	606,310
Right-of-use assets (Note 8)	**114,501**	102,632
Promissory note receivable (Note 24)	**4,558**	26,299
Goodwill (Note 9)	**50,519**	50,431
Intangible assets (Note 9)	**29,768**	30,694
Deferred tax asset (Note 10)	**16,829**	21,707
Other assets (Note 11)	**32,249**	23,973
	893,105	862,046
TOTAL ASSETS	**$ 1,396,010**	$ 1,336,890
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 228,297**	$ 225,481
Current portion of long-term debt (Note 12)	**268**	268
Current portion of lease liabilities (Note 8)	**19,408**	18,644
Income tax payable (Note 10)	**2,685**	4,213
	250,658	248,606
NON-CURRENT LIABILITIES		
Long-term debt (Note 12)	**281,308**	289,782
Lease liabilities (Note 8)	**104,483**	93,833
Defined benefit plan obligation (Note 13)	**18,725**	18,232
Deferred tax liability (Note 10)	**13,383**	14,311
Other long-term liabilities	**21,680**	24,226
	439,579	440,384
TOTAL LIABILITIES	**690,237**	688,990
SHAREHOLDERS' EQUITY		
Share capital (Note 16)	**177,951**	176,091
Contributed surplus	**9,359**	13,017
Retained earnings	**464,556**	407,182
Accumulated other comprehensive income	**32,826**	32,931
Equity attributable to The North West Company Inc.	**684,692**	629,221
Non-controlling interests	**21,081**	18,679
TOTAL EQUITY	**705,773**	647,900
TOTAL LIABILITIES & EQUITY	**$ 1,396,010**	$ 1,336,890

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, 2024**	Year Ended January 31, 2023
SALES	**$ 2,471,678**	$ 2,352,760
Cost of sales	**(1,662,259)**	(1,604,845)
Gross profit	**809,419**	747,915
Selling, operating and administrative expenses (Notes 17, 18)	**(613,522)**	(567,610)
Earnings from operations	**195,897**	180,305
Interest expense (Note 19)	**(19,051)**	(14,836)
Earnings before income taxes	**176,846**	165,469
Income taxes (Note 10)	**(42,555)**	(39,633)
NET EARNINGS FOR THE YEAR	**$ 134,291**	$ 125,836
NET EARNINGS ATTRIBUTABLE TO		
The North West Company Inc.	**$ 129,391**	$ 122,190
Non-controlling interests	**4,900**	3,646
TOTAL NET EARNINGS	**$ 134,291**	$ 125,836
NET EARNINGS PER SHARE (Note 21)		
Basic	**$ 2.71**	$ 2.55
Diluted	**$ 2.67**	$ 2.51
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING (000's)		
Basic	**47,747**	47,865
Diluted	**48,431**	48,649

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

($ in thousands)	**Year Ended January 31, 2024**	Year Ended January 31, 2023
NET EARNINGS FOR THE YEAR	**$ 134,291**	$ 125,836
Other comprehensive income, net of tax:		
Items that may be reclassified to net earnings:		
Exchange differences on translation of foreign controlled subsidiaries	**(10)**	11,566
Items that will not be subsequently reclassified to net earnings:		
Remeasurements of defined benefit plans (Note 13)	**5,848**	7,856
Remeasurements of defined benefit plans of equity investee	**111**	230
Total other comprehensive income, net of tax	**5,949**	19,652
COMPREHENSIVE INCOME FOR THE YEAR	**$ 140,240**	$ 145,488
OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO		
The North West Company Inc.	**$ 5,854**	$ 18,667
Non-controlling interests	**95**	985
TOTAL OTHER COMPREHENSIVE INCOME	**$ 5,949**	$ 19,652
COMPREHENSIVE INCOME ATTRIBUTABLE TO		
The North West Company Inc.	**$ 135,245**	$ 140,857
Non-controlling interests	**4,995**	4,631
TOTAL COMPREHENSIVE INCOME	**$ 140,240**	$ 145,488

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, 2023	$ 176,091	$ 13,017	$ 407,182	$ 32,931	$ 629,221	$ 18,679	$ 647,900
Net earnings for the year	—	—	129,391	—	129,391	4,900	134,291
Other comprehensive income/(loss)	—	—	5,848	(105)	5,743	95	5,838
Other comprehensive income of equity investee	—	—	111	—	111	—	111
Comprehensive income	—	—	135,350	(105)	135,245	4,995	140,240
Common shares purchased and cancelled (Note 16)	(557)	—	(4,443)	—	(5,000)	—	(5,000)
Equity settled share-based payments (Note 14)	(226)	(2,980)	—	—	(3,206)	—	(3,206)
Dividends (Note 20)	—	—	(73,533)	—	(73,533)	(2,593)	(76,126)
Issuance of common shares (Note 16)	2,643	(678)	—	—	1,965	—	1,965
	1,860	(3,658)	(77,976)	—	(79,774)	(2,593)	(82,367)
Balance at January 31, 2024	**$177,951**	**$ 9,359**	**$464,556**	**$32,826**	**$684,692**	**$ 21,081**	**$705,773**

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

(1) Accumulated Other Comprehensive Income

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

($ in thousands)	**Year Ended January 31, 2024**	Year Ended January 31, 2023
CASH PROVIDED BY (USED IN)		
Operating activities		
Net earnings for the year	**$ 134,291**	$ 125,836
Adjustments for:		
Amortization (Notes 7, 8, 9)	**105,276**	98,373
Provision for income taxes (Note 10)	**42,555**	39,633
Interest expense (Note 19)	**19,051**	14,836
Equity settled share-based compensation (Note 14)	**(3,206)**	2,453
Taxes paid	**(43,065)**	(46,961)
Loss/(Gain) on disposal of property and equipment	**1,500**	(54)
	256,402	234,116
Change in non-cash working capital	**(23,233)**	(50,905)
Change in other non-cash items	**(2,742)**	(373)
Cash from operating activities	**230,427**	182,838
Investing activities		
Purchase of property and equipment (Note 7)	**(114,199)**	(112,581)
Intangible asset additions (Note 9)	**(9,212)**	(4,531)
Proceeds from disposal of property and equipment	**710**	510
Proceeds from promissory note receivable	**15,000**	9,800
Cash used in investing activities	**(107,701)**	(106,802)
Financing activities		
Net (decrease)/increase in long-term debt (Note 12)	**(8,891)**	49,436
Payment of lease liabilities, principal	**(20,936)**	(22,349)
Payment of lease liabilities, interest	**(4,821)**	(4,249)
Dividends (Note 20)	**(73,533)**	(71,805)
Dividends to non-controlling interests (Note 20)	**(2,593)**	(2,521)
Interest paid	**(14,461)**	(10,891)
Issuance of common shares (Note 16)	**1,965**	1,898
Common shares purchased and cancelled (Note 16)	**(5,000)**	(7,817)
Cash used in financing activities	**(128,270)**	(68,298)
Effect of changes in foreign exchange rates on cash	**94**	1,645
NET CHANGE IN CASH	**(5,450)**	9,383
Cash, beginning of year	**58,809**	49,426
CASH, END OF YEAR	**$ 53,359**	$ 58,809

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

($ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
JANUARY 31, 2024 AND 2023

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 10, 2024.

2. BASIS OF PREPARATION

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

(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. MATERIAL 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% – 8%
Leasehold improvements	3% – 20%
Aircraft	3% – 20%
Fixtures and equipment	8% – 20%
Computer equipment	12% – 33%

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

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

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

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

(X) New Standards Impemented The Company adopted the narrow-scope amendments to IAS 8 - *Accounting Policies, Change in Accounting Estimates and Errors* effective February 1, 2023. These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates. These amendments had no material impact on the consolidated financial statements.

The Company also adopted amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgments* effective February 1, 2023. These amendments require companies to disclose their material accounting policy information rather than their significant accounting policies. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

(Y) Future Standards and Amendments In September 2022, the IASB issued amendments to IFRS 16 - *Leases* 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 this standard to have a material impact on the Company's consolidated financial statements.

In May 2023, the IASB issued amendments to IAS 12 - *Income Taxes* which introduced a mandatory temporary exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two model rules. These rules were developed by the Organization for Economic Co-operation and Development (OECD) and were designed to ensure that large, multinational enterprises would be subject to a minimum income tax rate of 15% in each jurisdiction they operate. The IAS 12 amendments require that the Company separately disclose the current tax expense/income related to Pillar Two income taxes. On August 4, 2023, the Government of Canada released draft legislation under the Global Minimum Tax Act for consultation, which is intended to follow the Pillar Two model rules from the OECD. Although it is intended for Canada's principal Pillar Two rules to take effect on January 1, 2024, Canada has not yet enacted or substantively enacted Pillar Two legislation nor have the Company's other jurisdictions enacted or substantively enacted it. The Company has yet to apply the temporary exemption required by IAS 12 and accordingly has not accounted for any related deferred income tax assets or liabilities. The Company will disclose known or reasonably estimable information related to the Company's exposure to Pillar Two income taxes when it is applicable and will disclose separately current tax related to Pillar Two income taxes when it is in effect.

In October 2022, the IASB issued amendments to IAS 1 - P*resentation of Financial Statements,* which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification. The Company does not expect adoption of this standard to have a material impact on the Company's consolidated financial statements.

There are no further IFRS Accounting Standards 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, 2024**	January 31, 2023
Sales		
Canada		
Food	**$ 944,325**	$ 897,097
General merchandise and other	**474,636**	426,088
Canada	**$ 1,418,961**	$ 1,323,185
International		
Food	**$ 955,321**	$ 921,610
General merchandise and other	**97,396**	107,965
International	**$ 1,052,717**	$ 1,029,575
Consolidated	**$ 2,471,678**	$ 2,352,760
Earnings before amortization, interest and income taxes		
Canada	**$ 204,089**	$ 185,458
International	**97,084**	93,220
Consolidated	**$ 301,173**	$ 278,678
Earnings from operations		
Canada	**$ 133,909**	$ 119,090
International	**61,988**	61,215
Consolidated	**$ 195,897**	$ 180,305

Supplemental Information

	January 31, 2024	January 31, 2023
Assets		
Canada(1)	**$ 865,040**	$ 841,543
International(1)	**530,970**	495,347
Consolidated	**$ 1,396,010**	$ 1,336,890

Year Ended	**January 31, 2024**		January 31, 2023	
	Canada	**Int'l**	Canada	Int'l
Purchase of property and equipment	**$ 68,451**	**$ 45,748**	$ 81,170	$ 31,411
Total amortization	**$ 70,180**	**$ 35,096**	$ 66,368	$ 32,005

(1) Canadian total assets includes goodwill of $11,025 (January 31, 2023 – $11,025). International total assets includes goodwill of $39,494 (January 31, 2023 – $39,406).

5. ACCOUNTS RECEIVABLE

	January 31, 2024	January 31, 2023
Trade accounts receivable	**$ 96,324**	$ 92,573
Corporate and other accounts receivable	**37,991**	32,610
Less: allowance for doubtful accounts	**(12,709)**	(11,385)
	$ 121,606	$ 113,798

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, 2024	January 31, 2023
Balance, beginning of year	**$ (11,385)**	$ (12,165)
Net charge	**(10,940)**	(11,622)
Written off	**9,616**	12,402
Balance, end of year	**$ (12,709)**	$ (11,385)

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, 2024, the Company recorded $3,476 (January 31, 2023 – $4,049) 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, 2024 or 2023.

7. PROPERTY & EQUIPMENT

January 31, 2024	Land	Buildings	Leasehold improvements	Fixtures & equipment	Aircraft	Computer equipment	Construction in process	Total
Cost								
Balance, beginning of year	$ 20,538	$ 666,458	$ 70,091	$ 389,310	$ 119,098	$ 65,209	$ 60,432	$1,391,136
Additions/(transfers)	1,288	64,228	11,493	41,597	6,919	7,322	(18,648)	114,199
Disposals/retirements	(211)	(1,733)	(1,618)	(13,273)	(1,188)	(887)	—	(18,910)
Reclassification	—	—	—	—	(1,250)	—	—	(1,250)
Effect of movements in foreign exchange	18	111	482	450	—	41	—	1,102
Total January 31, 2024	$ 21,633	$ 729,064	$ 80,448	$ 418,084	$ 123,579	$ 71,685	$ 41,784	$1,486,277
Accumulated amortization								
Balance, beginning of year	$ —	$ 376,996	$ 43,002	$ 285,672	$ 39,812	$ 39,344	$ —	$ 784,826
Amortization expense	—	27,603	4,453	21,721	14,239	5,787	—	73,803
Disposals/retirements	—	(1,410)	(1,263)	(12,118)	(1,053)	(856)	—	(16,700)
Reclassification	—	—	—	—	(868)	—	—	(868)
Effect of movements in foreign exchange	—	107	162	240	—	26	—	535
Total January 31, 2024	$ —	$ 403,296	$ 46,354	$ 295,515	$ 52,130	$ 44,301	$ —	$ 841,596
Net book value January 31, 2024	**$ 21,633**	**$325,768**	**$ 34,094**	**$122,569**	**$ 71,449**	**$ 27,384**	**$ 41,784**	**$ 644,681**

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/(transfers)	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

The Company reviews its property and equipment for indicators of impairment. No assets were identified as impaired for the years ended January 31, 2024 and January 31, 2023.

Interest capitalized

Interest attributable to the construction of qualifying assets was capitalized using an average rate of 5.1% and 4.1% for the years ended January 31, 2024 and 2023 respectively. Interest capitalized in additions amounted to $315 (January 31, 2023 – $226). Accumulated interest capitalized in the cost total above amounted to $3,663 (January 31, 2023 – $3,348).

8. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

Right-of-use assets

January 31, 2024	Land & buildings	Fixtures & equipment	Aircraft	Total
Cost				
Balance, beginning of year	$ 197,358	$ 9,251	$ —	$ 206,609
Additions	15,742	2,579	—	18,321
Disposals/retirements	(4,595)	(1,325)	—	(5,920)
Lease extensions and other items	14,948	—	—	14,948
Effect of movements in foreign exchange	237	—	—	237
Total January 31, 2024	$ 223,690	$ 10,505	$ —	$ 234,195
Accumulated amortization				
Balance, beginning of year	$ 100,324	$ 3,653	$ —	$ 103,977
Amortization expense	19,252	2,034	—	21,286
Disposals/retirements	(3,414)	(1,325)	—	(4,739)
Impairment losses	(860)	—	—	(860)
Effect of movements in foreign exchange	30	—	—	30
Total January 31, 2024	$ 115,332	$ 4,362	$ —	$ 119,694
Net book value January 31, 2024	**$ 108,358**	**$ 6,143**	**$ —**	**$ 114,501**

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

Lease liabilities

The total current and long-term lease liability is $19,408 (January 31, 2023 – $18,644) and $104,483 (January 31, 2023 – $93,833), 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, 2024, lease liabilities reflect a weighted-average risk-free rate of 4.1% (January 31, 2023 – 3.8%) and weighted-average remaining lease term of 10.5 years (January 31, 2023 – 9.8 years).

Maturity analysis - contractual undiscounted cash flows	January 31, 2024
0-1 year	**$ 24,201**
2-3 years	**37,007**
4-5 years	**27,664**
6 years+	**70,878**
Total undiscounted cash flows	**$ 159,750**

Variable Lease Expense

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 had variable lease expense not included in lease liabilities of $6,145 (January 31, 2023 – $5,919).

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, 2024	January 31, 2023
Balance, beginning of year	**$ 50,431**	$ 48,502
Effect of movements in foreign exchange	**88**	1,929
Balance, end of year	**$ 50,519**	$ 50,431

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 $39,494 (January 31, 2023 – $39,406) relates to acquisition of subsidiaries by the Company's International Operations. A goodwill asset balance of $11,025 (January 31, 2023 – $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, 2024	Software	Store banners	Non-Compete and Other	Total
Cost				
Balance, beginning of year	$ 61,728	$ 10,291	$ 15,517	$ 87,536
Additions	8,772	—	440	9,212
Disposals/retirements	(1,578)	—	—	(1,578)
Effect of movements in foreign exchange	39	24	15	78
Total January 31, 2024	$ 68,961	$ 10,315	$ 15,972	$ 95,248
Accumulated Amortization				
Balance, beginning of year	$ 45,818	$ —	$ 11,024	$ 56,842
Amortization expense	9,087	—	1,100	10,187
Disposals/retirements	(1,578)	—	—	(1,578)
Effect of movements in foreign exchange	22	—	7	29
Total January 31, 2024	$ 53,349	$ —	$ 12,131	$ 65,480
Net book value January 31, 2024	**$ 15,612**	**$ 10,315**	**$ 3,841**	**$ 29,768**

Intangible assets

January 31, 2023	Software	Store banners	Non-Compete and 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

Work in process

As at January 31, 2024, the Company had incurred $1,788 (January 31, 2023 – $537) 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, 2024	January 31, 2023
Current tax expense:		
Current tax on earnings for the year	**$ 43,543**	$ 44,392
Withholding taxes	**124**	216
Over provision in prior years	**(2,893)**	(2,358)
	$ 40,774	$ 42,250
Deferred tax expense:		
Origination and reversal of temporary differences	**$ (775)**	$ (3,231)
Impact of change in tax rates	**(8)**	(46)
Under provision in prior years	**2,564**	660
	$ 1,781	$ (2,617)
Income taxes	**$ 42,555**	$ 39,633

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, 2024	January 31, 2023
Earnings before income taxes	**$176,846**	$165,469
Combined statutory income tax rate	**23.9 %**	24.5 %
Expected income tax expense	**$ 42,259**	$40,588
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	**$ 693**	$ 879
Unrecognized income tax gains	**(269)**	(308)
Withholding taxes	**124**	216
Impact of change in tax rates	**(8)**	(46)
GILTI tax (1)	**—**	3
Over provision in prior years	**(329)**	(1,698)
Other	**85**	(1)
Provision for income taxes	**$ 42,555**	$39,633
Income tax rate	**24.1 %**	24.0 %

(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 $4,655 (January 31, 2023 – $5,179) arising from certain foreign income tax losses were not recognized on the consolidated balance sheets. The income tax losses expire from 2025 – 2032.

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

Year Ended	January 31, 2024	January 31, 2023
Net investment hedge:		
Origination and reversal of temporary difference	**$ (28)**	$ (616)
Impact of change in tax rates	**—**	2
	$ (28)	$ (614)
Defined benefit plan actuarial gain:		
Origination and reversal of temporary difference	**$ 2,151**	$ 2,883
Impact of change in tax rates	**1**	—
	$ 2,152	$ 2,883

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

	February 1, 2023	Taxes (charged) credited to net earnings	Taxes (charged)/ credited to OCI	Other adjustments	January 31, 2024
Deferred tax assets:					
Property & equipment	$ 10,913	$ 1,082	$ —	$ (4)	**$ 11,991**
Lease obligation	27,425	2,351	—	33	**29,809**
Inventory	4,557	758	—	4	**5,319**
Share-based compensation and long-term incentive plans	6,419	(47)	—	3	**6,375**
Defined benefit plan obligation	4,044	329	(2,152)	—	**2,221**
Accrued liabilities	2,676	345	—	4	**3,025**
Deferred limited partnership earnings	1,674	(1,674)	—	—	**—**
Other	797	444	—	(8)	**1,233**
	$ 58,505	$ 3,588	$ (2,152)	$ 32	**$ 59,973**
Deferred tax liabilities:					
Goodwill & intangible assets	$ (1,458)	$ 9	$ —	$ (3)	**$ (1,452)**
Property & equipment	(16,320)	655	—	(15)	**(15,680)**
Right-of-use assets	(25,426)	(2,209)	—	(33)	**(27,668)**
Unrealized foreign exchange gain	(153)	—	28	—	**(125)**
Investment in joint venture	(2,189)	(77)	—	(15)	**(2,281)**
Deferred limited partnership earnings	—	(2,929)	—	—	**(2,929)**
Other	(5,563)	(818)	—	(11)	**(6,392)**
	$ (51,109)	$ (5,369)	$ 28	$ (77)	**$ (56,527)**
	$ 7,396	$ (1,781)	$ (2,124)	$ (45)	**$ 3,446**

As presented on consolidated balance sheet:

Year Ended	**January 31, 2024**	January 31, 2023
Deferred tax assets	**$ 16,829**	$ 21,707
Deferred tax liabilities	**(13,383)**	(14,311)
	$ 3,446	$ 7,396

	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 loss	(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

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 $303,835 at January 31, 2024 (January 31, 2023 – $266,420).

11. OTHER ASSETS

	January 31, 2024	January 31, 2023
Investment in joint venture (Note 23)	**$ 16,903**	$ 16,220
Defined benefit plan asset (Note 13)	**13,365**	6,044
Other	**1,981**	1,709
	$ 32,249	$ 23,973

12. LONG-TERM DEBT

	January 31, 2024	January 31, 2023
Current:		
Promissory note payable (6)	**$ 268**	$ 268
Non-current:		
Revolving loan facility (1)	**$ —**	$ —
Revolving loan facilities (2)	**—**	—
Revolving loan facilities (3)	**87,607**	96,032
Senior notes (4)	**93,701**	93,483
Senior notes (5)	**100,000**	100,000
Promissory notes payable (6)	**—**	267
	$ 281,308	$ 289,782
Total	**$ 281,576**	$ 290,050

(1) The committed, revolving U.S. loan facility provides the International Operations with up to US$50,000 for working capital requirements and general business purposes. This facility matures January 25, 2028, bears a floating rate of interest based on SOFR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2024, the International Operations had drawn US$NIL (January 31, 2023 – US$NIL) on this facility.

(2) The US$52,000 loan facilities mature March 1, 2027 and bear interest at SOFR 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 $400,000 Canadian Operations loan facilities. At January 31, 2024, the Company had drawn US$NIL (January 31, 2023 – US$NIL) on these facilities.

(3) These committed, revolving loan facilities provide the Company's Canadian Operations with up to $400,000 for working capital and general business purposes. 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 mature March 1, 2027 and 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. 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, 2024 and January 31, 2023. The accrued pension benefits and funding requirements were last determined by actuarial valuation as at December 31, 2022. The next actuarial valuation is required as at December 31, 2025. 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, 2024, the Company contributed $816 to its defined benefit pension plans (January 31, 2023 – $1,160). During the year ended January 31, 2024, the Company contributed $6,767 to its defined contribution pension plans and U.S. employees savings plans (January 31, 2023 – $6,199). There are no funding obligations for the defined benefit pension plans for the year commencing February 1, 2024. 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, 2024	January 31, 2023
Plan assets:		
Fair value, beginning of year	**$ 94,712**	$ 101,351
Accrued interest on assets	**4,377**	3,432
Benefits paid	**(4,204)**	(4,819)
Plan administration costs	**(590)**	(529)
Employer contributions	**816**	1,160
Employee contributions	**1**	1
Return on assets (less than)/ greater than discount rate	**4,190**	(5,884)
Fair value, end of year	**$ 99,302**	$ 94,712
Plan obligations:		
Defined benefit obligation, beginning of year	**$ (106,900)**	$ (123,065)
Current service costs	**(1,654)**	(2,403)
Employee contributions	**(1)**	(1)
Interest on plan liabilities	**(4,907)**	(4,138)
Benefits paid	**4,990**	6,084
Actuarial remeasurement due to:		
Plan experience	**1,379**	(4,137)
Financial assumptions	**2,431**	20,760
Defined benefit obligation, end of year	**$ (104,662)**	$ (106,900)
Plan deficit	**$ (5,360)**	$ (12,188)

As presented on consolidated balance sheet:

	January 31, 2024	January 31, 2023
Other asset (Note 11)	**$ 13,365**	$ 6,044
Defined benefit plan obligation	**(18,725)**	(18,232)
Plan deficit	**$ (5,360)**	$ (12,188)

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, 2024	January 31, 2023
Discount rate on plan liabilities	**4.88 %**	4.70 %
Rate of compensation increase	**4.00 %**	4.00 %
Discount rate on plan expense	**4.70 %**	3.43 %
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 12.7 years (January 31, 2023 – 13.6 years).

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

	January 31, 2024	January 31, 2023
Average life expectancies at age 65 for current pensioners:		
Male	**21.7**	21.6
Female	**24.1**	24.1
Average life expectancies at age 65 for current members aged 45:		
Male	**22.8**	22.8
Female	**25.2**	25.2

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. For the years ended January 31, 2024 and 2023, 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	$ (12,005)	$ (1,026)
	1% decrease	$ 14,752	$ 704

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, 2024	January 31, 2023
Plan assets:		
Canadian equities (pooled)	**19.4 %**	20.1 %
Global equities (pooled)	**38.9 %**	36.9 %
Real estate equities (pooled)	**9.4 %**	10.5 %
Debt securities	**32.3 %**	32.5 %
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 long 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, 2024	January 31, 2023
Employee costs (Note 18)		
Defined benefit pension plan, current service costs included in post-employment benefits	**$ 1,654**	$ 2,403
Plan administration costs	**590**	529
Defined contribution pension plan	**5,034**	4,624
Savings plan for U.S. employees	**1,733**	1,575
	$ 9,011	$ 9,131
Interest expense (Note 19)		
Accrued interest on assets	**$ (4,377)**	$ (3,432)
Interest on plan liabilities	**4,907**	4,138
	$ 530	$ 706

The following amounts have been included in other comprehensive income:

	January 31, 2024	January 31, 2023
Current Year:		
Return on assets (less than)/ greater than discount rate	**$ 4,190**	$ (5,884)
Actuarial remeasurement due to:		
Plan experience	**1,379**	(4,137)
Financial assumptions	**2,431**	20,760
Taxes on actuarial remeasurement in OCI	**(2,152)**	(2,883)
Net actuarial remeasurement recognized in OCI	**$ 5,848**	$ 7,856
Cumulative gains/(losses) recognized in AOCI:		
Cumulative gross actuarial remeasurement in AOCI	**$ 22,655**	$ 14,655
Taxes on cumulative actuarial remeasurement in AOCI	**(8,174)**	(6,022)
Total actuarial remeasurement recognized in AOCI, net	**$ 14,481**	$ 8,633

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

	January 31, 2024	January 31, 2023
Accrued interest on assets	**$ 4,377**	$ 3,432
Return on assets greater than discount rate	**4,190**	(5,884)
Actual return on plan assets	**$ 8,567**	$ (2,452)

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, 2024 was $13,167 (January 31, 2023 – $13,131). 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, 2024	January 31, 2023
Accounts payable and accrued liabilities	**$ 3,340**	$ 4,793
Other long-term liabilities	**12,562**	12,552
Contributed surplus	**10,255**	11,217
Total	**$ 26,157**	$ 28,562

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, 2024 are $7,465 (January 31, 2023 – $7,882). Equity settled PSUs are redeemed with shares transferred from a trust established for this plan or by issuing shares from treasury. There were 195,752 PSUs (January 31, 2023 – 60,993) partially settled by releasing 96,070 shares (January 31, 2023 – 29,849) from the employee trust during the year ended January 31, 2024. There were no PSUs (January 31, 2023 - 55,903) partially settled by releasing shares issued from treasury (January 31, 2023 - 27,748). The total number of PSUs outstanding at January 31, 2024 that may be settled in treasury shares is 326,611 (January 31, 2023 – 337,331).

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 either a cash payment equal to the market value of the number of DDSUs granted or one share of the Company. The DDSUs are exercisable by the holder at any time after they cease to be a Director, but no later than December 31 of the first calendar year commencing after they leave the Company. 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, 2024 are $2,766 (January 31, 2023 – $2,000). The total number of deferred share units outstanding at January 31, 2024 is 264,838 (January 31, 2023 – 258,689). There were 52,214 DDSUs exercised during the year ended January 31, 2024 (January 31, 2023 – 93,743), of which 25,000 units were settled in cash. The DDSUs exercised for the year-ended January 31, 2023 were settled in cash.

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, 2024 are $65 (January 31, 2023 – $38).

Share Option Plan

The Company has a Share Option Plan (the "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 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"). No Declining Strike Price Options have been issued since 2017 and all 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 under the Plan is a fixed number set at 4,354,020, representing 9.1% of the Company's issued and outstanding shares at January 31, 2024. 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, 2024 are $1,930 (January 31, 2023 – $2,279). The fair values for options issued during the year were calculated based on the following assumptions:

	January 31, 2024	January 31, 2023
Fair value of options granted	**$ 6.05**	$ 5.19
Exercise price	**$ 39.05**	$ 35.83
Dividend yield	**4.2 %**	4.2 %
Annual risk-free interest rate	**2.7 %**	2.2 %
Expected share price volatility	**24.6 %**	24.1 %

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

	January 31, 2024	January 31, 2023
Dividend yield	**4.0 %**	4.2 %
Annual risk-free interest rate	**4.0 %**	3.7%
Expected share price volatility	**18.2% to 25.6%**	13.4% to 23.2%

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, 2024	January 31, 2023	**January 31, 2024**	January 31, 2023
Outstanding options, beginning of year	**301,683**	589,588	**1,383,056**	1,274,837
Granted	**—**	—	**211,484**	238,024
Exercised	**(251,125)**	(287,905)	**(224,923)**	(120,446)
Forfeited or cancelled	**—**	—	**(17,925)**	(9,359)
Outstanding options, end of year	**50,558**	301,683	**1,351,692**	1,383,056
Exercisable at end of year	**50,558**	301,683	**743,499**	648,793

The weighted-average share price on the dates options were exercised during the year was $38.99 (January 31, 2023 – $36.99).

Weighted-average exercise price	**Declining Strike Price Options**		**Standard Options**	
	January 31, 2024	January 31, 2023	**January 31, 2024**	January 31, 2023
Outstanding options, beginning of year	**$ 31.71**	$ 31.06	**$ 31.22**	$ 30.13
Granted	**—**	—	**39.05**	35.64
Exercised	**27.82**	28.13	**28.73**	28.05
Forfeited or cancelled	**—**	—	**35.69**	35.48
Outstanding options, end of year	**$ 27.24**	$ 31.71	**$ 32.80**	$ 31.22
Exercisable at end of year	**$ 27.24**	$ 27.27	**$ 30.39**	$ 29.28

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
2017	$ 27.24-35.83	74,280	0.4	$ 29.04	74,280	$ 29.04
2018	$ 27.77-27.77	135,782	1.2	$ 27.77	135,782	$ 27.77
2019	$ 28.13-30.02	213,823	2.3	$ 28.18	213,823	$ 28.18
2020	$ 29.23-29.23	271,025	3.4	$ 29.23	177,585	$ 29.23
2021	$ 34.67-35.51	275,575	4.3	$ 35.37	136,013	$ 35.37
2022	$ 32.79-35.83	226,286	5.3	$ 35.63	56,574	$ 35.63
2023	$ 39.05-39.05	205,479	6.2	$ 39.05	—	$ —

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, 2024 are $941 (January 31, 2023 – $932).

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, 2024, the Company had undrawn committed revolving loan facilities available of $433,935 (January 31, 2023 – $418,250) which mature in 2027 and 2028 (Note 12). The undrawn available capacity is net of the aggregate potential liability for letters of credit of $18,051 (January 31, 2023 – $18,738).

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.

	2024	2025	2026	2027	2028	2029+	Total
Accounts payable and accrued liabilities	$ 228,297	$ —	$ —	$ —	$ —	$ —	$ 228,297
Current portion of long-term debt (Note 12)	268	—	—	—	—	—	268
Long-term debt (Note 12)	12,251	12,251	12,251	140,901	5,191	152,900	335,745
Total	**$ 240,816**	**$ 12,251**	**$ 12,251**	**$ 140,901**	**$ 5,191**	**$ 152,900**	**$ 564,310**

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 $121,606 (January 31, 2023 – $113,798). The Company does not have any individual customers greater than 10% of total accounts receivable. At January 31, 2024, the Company's gross maximum credit risk exposure is $134,315 (January 31, 2023 – $125,183). Of this amount, $12,456 (January 31, 2023 – $13,399) is more than 60 days past due. The Company has recorded an allowance against its maximum exposure to credit risk of $12,709 (January 31, 2023 – $11,385) which is based on expected credit losses for similar financial assets.

The Company has an unsecured, non-interest bearing promissory note receivable of $27,058 (January 31, 2023 – $41,299) from Giant Tiger Stores Limited of which $22,500 (January 31, 2023 – $15,000) has been reclassified to accounts receivable and $4,558 (January 31, 2023 – $26,299) 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, 2024 and 2023, 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, 2023 - $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, 2023 – $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, 2024 a 100 basis point increase in the risk-free rate would cause net earnings to decrease by approximately $642 (January 31, 2023 – $702). A 100 basis point decrease would cause net earnings to increase by approximately $642 (January 31, 2023 – $702).

(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, 2024		**Assets (Liabilities) carried at amortized cost**	
	Maturity	Carrying amount	Fair value
Cash	Short-term	$ 53,359	$ 53,359
Accounts receivable [(1)]	Short-term	121,606	121,606
Promissory note receivable [(1)]	Long-term	4,558	4,558
Other financial assets	Long-term	1,830	1,830
Accounts payable and accrued liabilities	Short-term	(224,957)	(224,957)
Current portion of long-term debt	Short-term	(268)	(268)
Long-term debt	Long-term	(281,308)	(261,628)

(1) At January 31, 2024, $22,500 of the promissory note receivable due within the next 12 months is included in accounts receivable (January 31, 2023 – $15,000). See Note 24.

January 31, 2023		Assets (Liabilities) carried at amortized cost	
	Maturity	Carrying amount	Fair value
Cash	Short-term	$ 58,809	$ 58,809
Accounts receivable	Short-term	113,798	113,798
Promissory note receivable	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)

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. 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, lease liabilities 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 all subject to market conditions and the terms of any underlying agreements..

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, 2024, the debt-to-equity ratio was 0.40 compared to 0.45 last year. The debt-to-equity ratio is within the Company's objectives. The debt-to-equity ratio is calculated as follows:

	January 31, 2024	January 31, 2023
Current portion of long-term debt (Note 12)	**$ 268**	$ 268
Long-term debt (Note 12)	**281,308**	289,782
Total debt	**$ 281,576**	$ 290,050
Total equity	**$ 705,773**	$ 647,900
Debt-to-equity ratio	**0.40**	0.45

(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 an interest coverage ratio and a leverage test. Compliance with financial covenants is reported quarterly to the Board of Directors. During the years ended January 31, 2024 and 2023, 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, 2024.

16. SHARE CAPITAL

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

	Shares	Consideration
January 31, 2023	**47,750,605**	**$ 176,323**
Purchased and cancelled (1)	**(153,998)**	**(557)**
Issued under share-based compensation plans (Note 14)	**114,860**	**2,643**
Balance at January 31, 2024	**47,711,467**	**$ 178,409**
Shares held in trust, January 31, 2023	**(65,522)**	**(232)**
Purchased for future settlement of PSUs	**(160,000)**	**(571)**
Released for settlement of PSUs (Note 14)	**96,070**	**345**
Shares held in trust, January 31, 2024	**(129,452)**	**$ (458)**
Issued and outstanding, net of shares held in trust, January 31, 2024	**47,582,015**	**$ 177,951**
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

(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, 2024 shares outstanding of 47,711,467 included 17,649,571 (January 31, 2023 – 16,137,982) Variable Voting Shares, representing 37.0% (January 31, 2023 – 33.8%) of the total shares issued and outstanding.

Normal Course Issuer Bid

On November 15, 2023, the Company renewed its Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,733,380 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2024, the Company purchased 153,998 common shares having a book value of $557 for cash consideration of $5,000. The excess of the purchase price over the book value of the shares of $4,443 was charged to retained earnings. 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. 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, 2024	January 31, 2023
Employee costs (Note 18)	**$ 355,498**	$ 329,209
Amortization	**105,276**	98,373
Operating lease rentals	**5,653**	5,314

18. EMPLOYEE COSTS

Year Ended	January 31, 2024	January 31, 2023
Wages, salaries and benefits including bonus	$ 333,320	$ 306,947
Post-employment benefits (Note 13)	9,011	9,131
Share-based compensation (Note 14)	13,167	13,131
Included in the above are the following amounts in respect of key management compensation:		
Wages, salaries and benefits including bonus	$ 7,348	$ 6,377
Post-employment benefit expense	661	731
Share-based compensation	7,050	5,908

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, 2024	January 31, 2023
Interest on long-term debt	$ 14,775	$ 11,123
Interest on lease liabilities	4,821	4,249
Net interest on defined benefit plan obligation	530	706
Interest imputed on promissory note receivable	(760)	(1,016)
Interest capitalized	(315)	(226)
Interest expense	$ 19,051	$ 14,836

20. DIVIDENDS

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

Year Ended	January 31, 2024	January 31, 2023
Dividends recorded in equity and paid in cash	$ 76,126	$ 74,326
Less: Dividends paid to non-controlling interests	(2,593)	(2,521)
Shareholder dividends	$ 73,533	$ 71,805
Dividends per share	$ 1.54	$ 1.50

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 10, 2024, the Board of Directors declared a dividend of $0.39 per common share to paid on April 29, 2024 to shareholders of record as of the close of business on April 18, 2024.

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, 2024	January 31, 2023
Diluted earnings per share calculation:		
Net earnings attributable to shareholders for the year (numerator for diluted earnings per share)	$ 129,391	$ 122,190
Weighted-average shares outstanding (denominator for basic earnings per share)	47,747	47,865
Dilutive effect of share-based compensation	684	784
Denominator for diluted earnings per share	48,431	48,649
Basic earnings per share	$ 2.71	$ 2.55
Diluted earnings per share	$ 2.67	$ 2.51

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, 2024, the Company's share of the net assets of its joint venture amount to $16,903 (January 31, 2023 – $16,220) comprised assets of $18,603 (January 31, 2023 - $18,856) and liabilities of $1,700 (January 31, 2023 – $2,636). During the year ended January 31, 2024, the Company purchased freight handling and shipping services from Transport Nanuk Inc. and its subsidiaries of $10,050 (January 31, 2023 – $9,546).

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 of $15,000 is payable 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, 2024 the Company recognized interest income of $760 (January 31, 2023 – $1,016) on the promissory note receivable (Note 19) and it had a fair value of $27,088 (January 31, 2023 – $41,299), of which $22,500 (January 31, 2023 – $15,000) has been reclassified to accounts receivable.

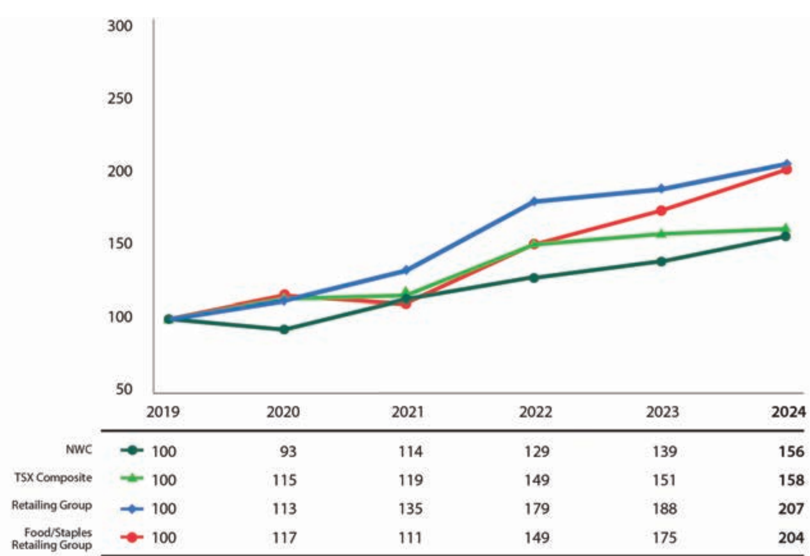
Shareholder Information

Fiscal Year Quarter Ended	Share Price High	Share Price Low	Share Price Close	Volume	EPS[1]
2023	**$40.49**	**$29.58**	**$38.89**	**46,137,203**	**$2.67**
April 30, 2023	40.49	34.50	39.74	11,059,985	0.43
July 31, 2023	39.86	30.38	32.10	15,947,371	0.76
October 31, 2023	36.43	29.58	35.36	11,605,807	0.77
January 31, 2024	39.96	34.77	38.89	7,524,040	0.71
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

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.



The North West Company Inc.
Anticipated Dividend Dates*

Record Date: April 18, 2024
Payment Date: April 29, 2024

Record Date: June 28, 2024
Payment Date: July 15, 2024

Record Date: September 30, 2024
Payment Date: October 15, 2024

Record Date: December 31, 2024
Payment Date: January 15, 2025

*Dividends are subject to approval by the Board of Directors

The 2024 Annual General Meeting of Shareholders of The North West Company Inc. will be held on Wednesday, June 5, 2024 at 11:30 am (Central Time) by virtual only meeting via live audio webcast online at: https://web.lumiagm.com/#/454508265

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

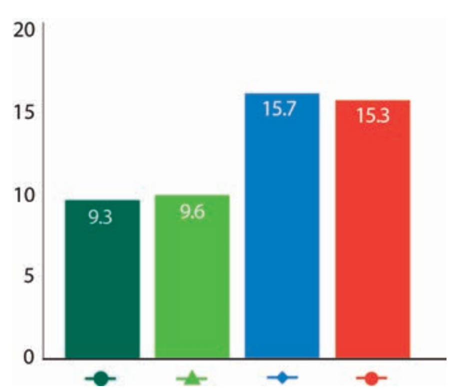
Stock Exchange Listing
The Toronto Stock Exchange

Stock Symbol NWC
ISIN #: CA6632782083
CUSIP #: 663278208

Number of shares issued and outstanding at January 31, 2024: 47,711,467

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 R. 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 & Corporate Secretary

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 Merchandising

Leanne G. Flewitt
Vice-President and
Chief Transformation Officer

EXECUTIVES

Shannon L. Earle
Vice-President, People & Culture

Matt D. Johnson
Vice-President, Cost-U-Less Merchandising

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, Alaska Commercial Company
Merchandising

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.

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

BOARD OF DIRECTORS

Brock Bulbuck, Chair

Deepak Chopra[1, 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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Winnipeg, Manitoba Canada R3C 2R1
T 204 934 1756 F 204 934 1317
board@northwest.ca
Company Website: *www.northwest.ca*

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

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