

The North West Company Inc.

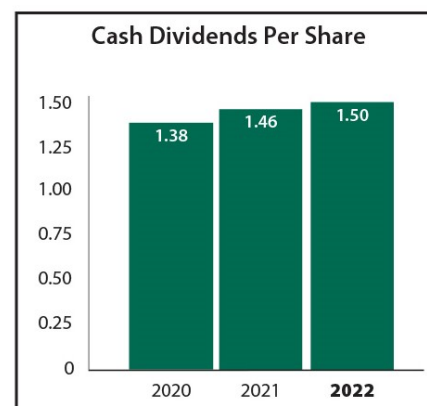
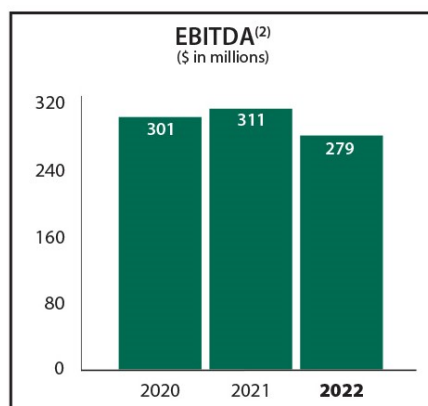
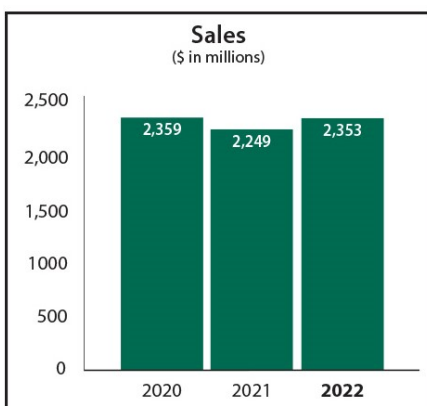
2022 Management's Discussion & Analysis



Financial Highlights

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

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



(1) All references to same store sales exclude the foreign exchange impact.

(2) See Non-GAAP Financial Measures section.

(3) See Consolidated Liquidity and Capital Resources.

Management's Discussion & Analysis

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MANAGEMENT'S DISCUSSION & ANALYSIS

Unless otherwise stated, this Management's Discussion & Analysis ("MD&A") for The North West Company Inc. ("NWC") and its subsidiaries (collectively, "North West Company", the "Company", "North West", or "NWC") is based on, and should be read in conjunction with the 2022 annual audited consolidated financial statements and accompanying notes. The Company's annual audited consolidated financial statements and accompanying notes for the year ended January 31, 2023 are in Canadian dollars, except where otherwise indicated, and are prepared in accordance with International Financial Reporting Standards ("IFRS").

The Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A on April 5, 2023 and the information contained in this MD&A is current to April 5, 2023, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

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

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

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

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

Management's Discussion & Analysis

OUR BUSINESS TODAY

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

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

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

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

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

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

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

Canadian Operations

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

International Operations

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

VISION

At North West our mission is to be a trusted provider of goods and services within harder-to-access, under-served communities. Our vision is to help our customers live better. This starts with our customers' ability and desire to shop locally with us for the widest possible range of products and services that meet their everyday needs. We respond by being innovative, reliable, convenient, welcoming and adaptable, at the lowest local price, within what are typically higher cost environments. For our associates, we strive to be a preferred, fulfilling place to work. For our investors, we strive to deliver sustainable, total returns through earnings growth, dividends and disciplined capital allocation.

PRINCIPLES

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

Customer Driven refers to looking through the eyes of our customers while recognizing our presence as a supportive community citizen.

Enterprising is our spirit of innovation, improvement and growth, reflected in our unrelenting focus on new and better products, services and processes.

Passion refers to how we value our work and the opportunity to make a positive impact in our customers' lives.

Accountability is our management approach to getting work done through effective roles, tasks and resources.

Trust at North West means doing what you say you will do, with fairness, integrity, inclusion and respect.

Personal Balance is our commitment to sustaining ourselves and our organization, so that we work effectively and sustainably in our roles and for our customers and communities.

STRATEGIES

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

The Company's overriding goal is to offer essential products and services that help our customers to live better and our business to grow through the following priorities:

- striving for operational excellence in all facets of our business with a priority on ensuring in-stock availability on essential products that our customers rely on within global supply chain disruptions and reducing costs to help offset the impact of higher cost inflation and provide value to our customers;
- investing to grow our business through store openings in new and existing markets, store renovations, expanded product categories and services, including pursuing wholesale and B-to-B opportunities, consistent with our core capability as an essential everyday products and service provider in remote markets;
- building a superior logistics and supply chain capability with an ongoing focus on optimizing our transportation mix and air cargo capability to provide faster, more reliable and lower cost service to our stores and customers in remote markets;

- optimizing our IT infrastructure including the implementation of next generation information technology for our stores and support offices that deliver efficiencies and more streamlined processes and drive improvements in category management, pricing, data analytics and inventory management; and
- delivering on the priorities aligned within our Environmental, Social and Governance ("ESG") framework including ensuring that we attract, develop and retain top talent that is inclusive of the diverse peoples and cultures that are represented within the communities we serve and that we are responsible towards communities and other stakeholder interests.

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

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

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

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

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

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

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

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

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

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

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

Further information on our ESG priorities is provided in the Corporate Social Responsibility and Sustainability Development section on page 29.

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.

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.

Consolidated Results

2022 Highlights

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

FINANCIAL PERFORMANCE

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

Key Performance Indicators and Selected Annual Information

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

(1) See Non-GAAP Financial Measures section.

(2) All references to same store sales exclude the foreign exchange impact.

(3) See Consolidated Liquidity and Capital Resources.

Key Performance Factors The following factors had a significant impact on the financial results over the past three years and are referred to throughout this analysis:

COVID-19 As an essential service provider of food and everyday products and services, sales were positively impacted by COVID-19-related consumer spending changes in favour of in-community and at-home activities resulting from travel restrictions and supported by enhanced government income support payments to individuals. These COVID-19-related factors contributed to significant sales gains in 2020 and had a positive impact on sales in 2021 but to a lesser extent due to fewer travel restrictions and the winding down of consumer income support payments. These factors were partially offset by periodic government mandated COVID-19-related community curfews and store closures in 2020 and 2021, the impact of wage premiums and bonuses paid to front-line associates to recognize their critical role in serving our customers, and expenses related to the purchase of protective equipment and enhanced sanitation procedures. In 2022, COVID-19-related income support payments have been phased out, travel restrictions have been eliminated and COVID-19-related expenses have been substantially reduced.

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

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

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

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

Same Store Sales

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

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

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

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

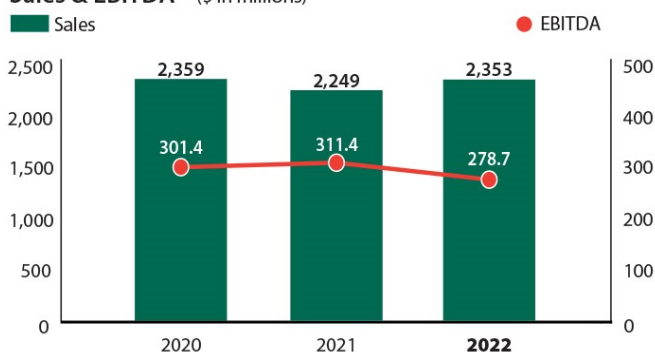
Other sales, which include airline revenue, financial services, fuel and pharmacy, increased 18.0% compared to 2021 mainly due to higher airline sales in North Star Air ("NSA"). An increase in retail fuel sales was also a factor. Other sales increased 37.4% compared to 2020 mainly due to higher revenues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

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

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

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

Sales & EBITDA⁽¹⁾ (\$ in millions)



(1) See Non-GAAP Financial Measures section.

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

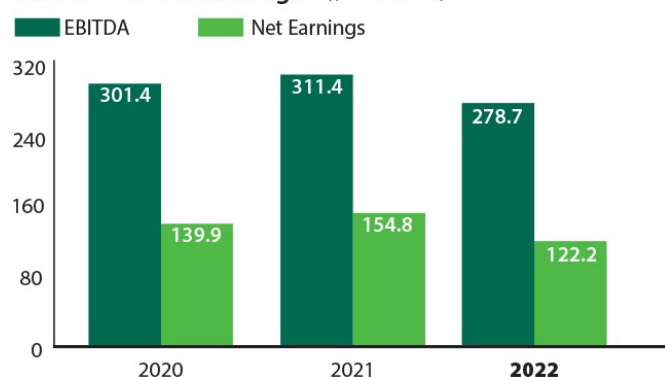
Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") of \$567.6 million increased \$50.3 million or 9.7% compared to last year and were up 113 basis points as a percentage of sales. The increase in Expenses is partially due to the impact of an \$18.1 million insurance-related gain last year and higher share-based compensation costs this year resulting from mark-to-market adjustments (collectively "Non-Comparable Factors"). Further information on share-based compensation costs is provided in Note 14 and Note 18 to the consolidated financial statements. Excluding the Non-Comparable Factors, Expenses increased \$30.9 million or 5.9% compared to last year primarily due to cost inflation, including higher fuel-based utility expenses, the impact of foreign exchange on the translation of International Operations expenses and new store expenses. These factors were partially offset by lower annual incentive plan costs and an \$8.2 million decrease in COVID-19-related expenses.

Earnings from Operations (EBIT) and EBITDA⁽¹⁾ Earnings from operations or earnings before interest and income taxes ("EBIT") decreased 18.2% to \$180.3 million compared to \$220.4 million last year and decreased 13.9% compared to 2020. Earnings before interest, income taxes, depreciation and amortization ("EBITDA⁽¹⁾") decreased 10.5% to \$278.7 million compared to \$311.4 million last year and was down \$22.7 million or 7.5% compared to 2020. The decrease in EBIT and EBITDA compared to last year and 2020 is due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA⁽¹⁾, which excludes the impact of the previously noted Non-Comparable Factors, decreased \$13.3 million or 4.4% compared to last year but was up \$86.9 million or 42.4% compared to pre-pandemic adjusted EBITDA in 2019. Additional information on the financial performance of Canadian Operations and International Operations is provided on pages 9 and 11 respectively.

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

Income Tax Expense Income taxes decreased to \$39.6 million compared to \$49.9 million last year and the effective tax rate for the year was 24.0% compared to 24.1% last year. The decrease in income tax expense is primarily due to lower earnings. Changes in the effective income tax rate may occur as a result of various factors, including changes in tax law, the impact of discrete items, including the taxation of share-based compensation and insurance gains, changes in tax estimates and the blend of earnings across the various tax rate jurisdictions. Further information on income tax expense, the effective tax rate and deferred tax assets and liabilities is provided in Note 10 to the consolidated financial statements.

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



(1) See Non-GAAP Financial Measures section.

(2) Net earnings attributable to shareholders of the Company.

Net Earnings Consolidated net earnings decreased 20.1% to \$125.8 million compared to \$157.5 million last year and were down 12.3% or \$17.7 million compared to 2020. Net earnings attributable to shareholders of the Company were \$122.2 million compared to \$154.8 million last year and diluted earnings per share were \$2.51 per share compared to \$3.16 per share last year due to the factors previously noted. Excluding the impact of the previously noted Non-Comparable Factors, adjusted net earnings⁽¹⁾ decreased \$17.4 million or 11.3% compared to last year but was up \$60.7 million or 80.5% compared to pre-pandemic adjusted net earnings in 2019. In 2022, the average exchange rate used to translate International Operations sales and expenses was 1.3088 compared to 1.2526 last year and 1.3390 in 2020.

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

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

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

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

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

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

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

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

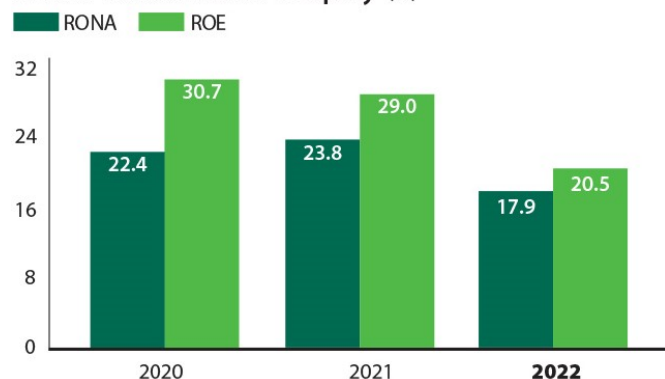
Current liabilities decreased \$45.9 million or 15.6% compared to last year and were down \$66.5 million or 21.1% compared to 2020. The decrease compared to last year and 2020 is substantially due to a decrease in the current portion of long-term debt related to the \$45.1 million loan facilities that matured on September 26, 2022 and the \$89.3 million (U.S. \$70.0 million) senior notes that matured in June 2021. Further information on long-term debt is provided in the Consolidated Liquidity and Capital Resources section and in Note 12 to the consolidated financial statements. The decrease in current portion of long-term debt was partially offset by an increase in accounts payable and accrued liabilities mainly due to the timing of payments of trade accounts payable. Further information on working capital for the Canadian Operations and International Operations is on page 10 and page 12 respectively.

Return on net assets employed ("RONA") decreased to 17.9% compared to 23.8% in 2021 due to an 18.2% decrease in EBIT offset by an 8.9% increase in average net assets employed. Additional information on net assets employed for the Canadian Operations and International Operations is on page 10 and page 12 respectively.

Return on average equity ("ROE") decreased to 20.5% compared to 29.0% in 2021 due to a 20.1% decrease in net earnings and higher average equity mainly related to an increase in retained earnings compared to last year. Further information on shareholders' equity is provided in the consolidated statements of changes in shareholders' equity in the consolidated financial statements.

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

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



(1) See Non-GAAP Financial Measures section.

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

(\$ in thousands)	2022	2021	2020
Total long-term liabilities	\$ 440,384	\$ 344,579	\$ 370,802

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

The increase in long-term liabilities compared to 2021 and 2020 is substantially due to higher long-term debt resulting from an increase in amounts drawn on revolving loan facilities and the refinancing of loan facilities that were previously recorded as current liabilities. The impact of foreign exchange rates on the translation of U.S. denominated debt was also a factor. The increase in long-term debt compared to 2020 was partially offset by a \$20.2 million decrease in defined benefit pension plan obligations mainly related to an increase in the discount rate and a \$10.4 million decrease in lease liabilities. Additional information on defined benefit pension plan obligations and lease liabilities is provided in Note 13 and Note 8 respectively to the consolidated financial statements.

Canadian Operations

FINANCIAL PERFORMANCE

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

Key Performance Indicators

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

(1) See Non-GAAP Financial Measures section.

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

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

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

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

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

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

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

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

Same Store Sales

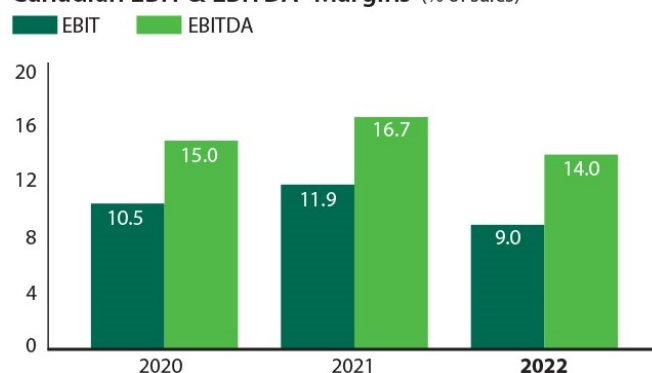
(% increase/(decrease))	2022	2021	2020
Food	0.4 %	(1.2)%	18.4 %
General merchandise (GM)	(13.3)%	(6.8)%	37.5 %
Total food & GM sales	(2.4)%	(2.4)%	22.3 %

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

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

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

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



(1) See Non-GAAP Financial Measures section.

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

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

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

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

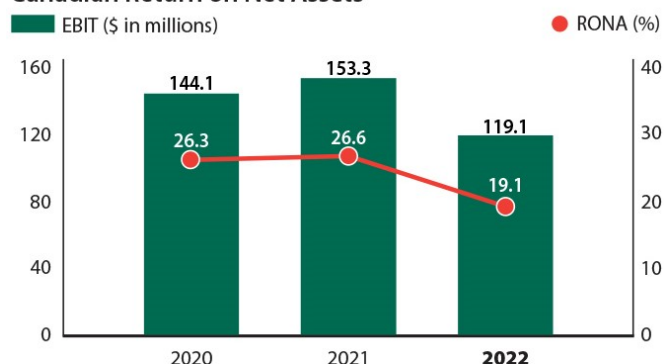
Accounts receivable increased \$11.3 million or 13.5% compared to last year and were up \$21.5 million or 29.3% compared to 2020. The increase compared to last year and 2020 is largely due to the current portion of the promissory note receivable from the Giant Tiger Transaction and higher customer trade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

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

Liabilities decreased \$3.3 million or 1.7% from 2021 and were down \$3.1 million or 1.6% compared to 2020. The decrease compared to 2020 is largely due to a reduction in the defined benefit plan obligation mainly related to an increase in the discount rate and a decrease in income tax payable due to the timing of installment payments. These factors were partially offset by an increase in accounts payable and accrued liabilities related to the timing of payments. Further information on the defined benefit plan obligation is provided in Note 13 to the consolidated financial statements.

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

Canadian Return on Net Assets⁽¹⁾



(1) See Non-GAAP Financial Measures section.

International Operations

(Stated in U.S. dollars)

FINANCIAL PERFORMANCE

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

Key Performance Indicators

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

(1) See Non-GAAP Financial Measures section.

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

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

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

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

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

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

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

Same Store Sales

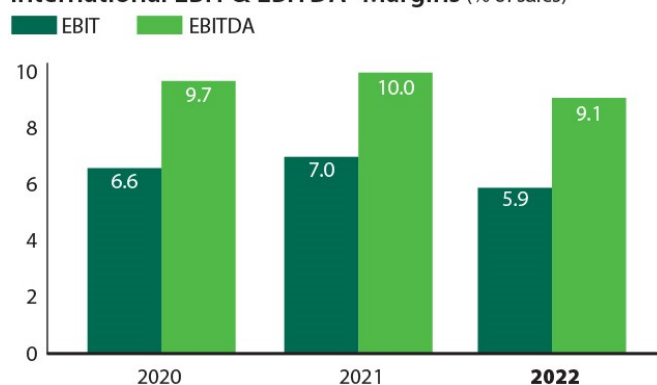
(% increase/(decrease))	2022	2021	2020
Food	3.3 %	2.5 %	11.5 %
General merchandise (GM)	(13.3)%	3.0 %	31.8 %
Total food & GM sales	1.3 %	2.6 %	13.6 %

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

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

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

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



(1) See Non-GAAP Financial Measures section.

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

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

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

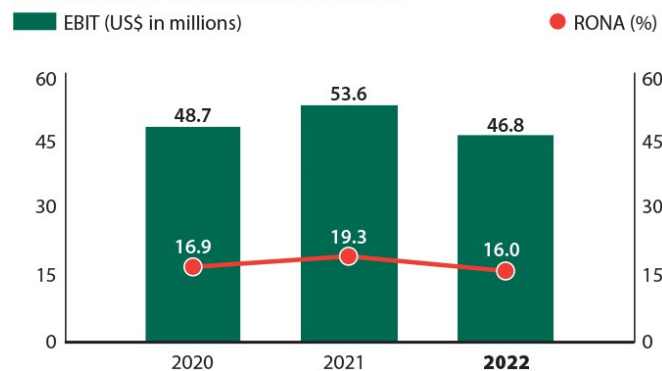
Inventories increased \$5.7 million or 6.5% compared to last year and were up \$15.1 million or 19.4% from 2020 due to cost inflation and the impact of new stores. Average inventory levels in 2022 increased 12.8% compared to 2021 and were up 23.8% compared to 2020. Inventory turnover decreased to 5.8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

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

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

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

International Return on Net Assets⁽¹⁾



(1) See Non-GAAP Financial Measures section.

Consolidated Liquidity and Capital Resources

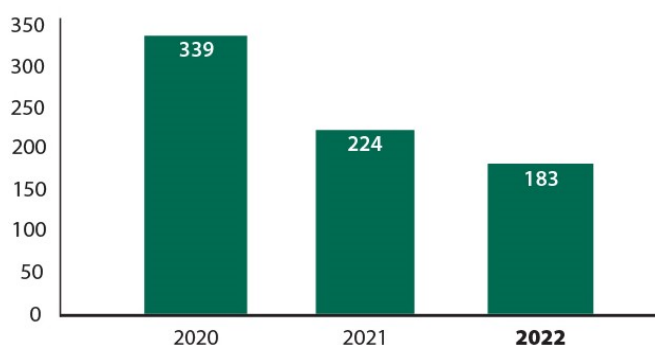
The following table summarizes the major components of cash flow:

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

Cash from Operating Activities Cash flow from operating activities decreased \$41.3 million or 18.4% to \$182.8 million compared to 2021 substantially due to the change in non-cash working capital primarily related to the change in inventories, accounts receivable and accounts payable and accrued liabilities compared to the prior year. Further information on working capital is provided in the Canadian and International net assets employed sections on pages 10 and 12 respectively. The change in non-cash working capital was partially offset by a \$16.6 million decrease in taxes paid primarily due to the timing of installments related to the limited partnership year-end.

Cash flow from operating activities and unutilized credit available on existing loan facilities are expected to be sufficient to fund operating requirements, pension plan contributions, sustaining and planned growth-related capital expenditures as well as anticipated dividends during 2023.

Cash Flow from Operating Activities (\$ in millions)



Cash Used in Investing Activities Net cash used in investing activities was \$106.8 million compared to \$75.9 million in 2021 and \$66.9 million in 2020. The increase compared to 2021 is largely due to investments in new stores, store renovations, equipment replacements and investments in staff housing. Net investing in Canadian Operations was \$73.8 million, net of \$9.8 million in proceeds from the promissory note receivable compared to \$46.6 million net of \$18.1 million in insurance proceeds in 2021 and \$55.0 million net of \$5.3 million in insurance proceeds in 2020. A summary of the Canadian Operations investing activities is included in net assets employed on page 10. Investing in International Operations was \$33.0 million compared to \$29.3 million in 2021 and \$11.9 million in 2020. A summary of the International Operations investing activities is included in net assets employed on page 12.

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

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

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

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

Cash Used in Financing Activities Cash used in financing activities was \$68.3 million compared to cash used of \$170.2 million in 2021. The change compared to last year is primarily due to a decrease in long-term debt related to the repayment of the \$85.4 million (US\$70.0 million) senior notes that matured on June 16, 2021 and a \$20.2 million decrease in shares purchased under a normal course issuer bid. Further information on dividends, the normal course issuer bid, interest and long-term debt is provided in the following sections.

Shareholder Dividends The Company paid dividends of \$71.8 million or \$1.50 per share compared to \$70.4 million or \$1.46 per share in 2021. The following table shows the quarterly cash dividends per share paid for the past three years:

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

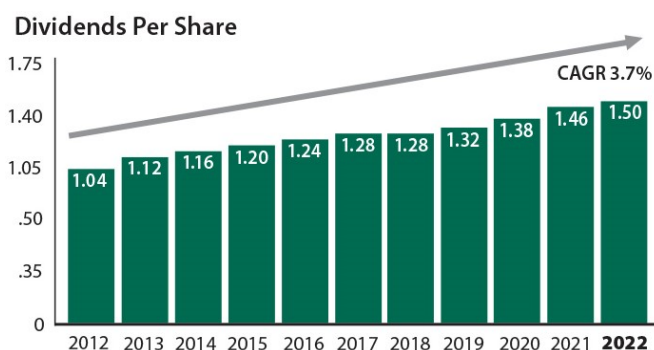
The payment of dividends on the Company's common shares is subject to the approval of the Board of Directors and is based on, among other factors, the financial performance of the Company, its current and anticipated future business needs and the satisfaction of solvency tests imposed by the Canada Business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

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

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

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

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



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

Normal Course Issuer Bid On November 10, 2022, the Company received approval from the Toronto Stock Exchange to renew the Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,740,895 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2023, the Company purchased 236,075 common shares having a book value of \$0.9 million for cash consideration of \$7.8 million. The excess of the purchase price over the book value of the shares of \$6.9 million was charged to retained earnings. During the year ended January 31, 2022, the Company purchased 807,037 common shares having a book value of \$2.9 million for cash consideration of \$28.1 million. The excess of the purchase price over the book value of the shares of \$25.2 million was charged to retained earnings. All shares purchased were cancelled.

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

Sources of Liquidity At January 31, 2023, the Company has US\$70.0 million in senior notes it issued in two tranches; US\$35.0 million due June 16, 2027 with a fixed interest rate of 2.88% and US\$35.0 million due June 16, 2032 with a fixed interest rate of 3.09%. Interest is payable semi-annually on both tranches. The Company also has outstanding \$100.0 million senior notes that mature September 26, 2029 and have a fixed interest rate of 3.74%. All of the senior notes are secured by certain assets of the Company and rank *pari passu* with the Company's other senior debt comprised of the \$400.0 million loan facilities and the US\$52.0 million loan facilities (collectively "Senior Debt"). The US\$70.0 million senior notes have been designated as a hedge against the U.S. dollar investment in the International Operations. For more information on the senior notes and financial instruments, see Note 12 and Note 15 to the consolidated financial statements.

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

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

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

The loan facilities and senior notes contain covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests. The financial covenants include a fixed charge coverage ratio, a leverage test and a minimum net worth test. At January 31, 2023, the Company is in compliance with the financial covenants under these facilities. Current and forecasted debt levels are regularly monitored for compliance with debt covenants.

Interest Costs and Coverage

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

The coverage ratio of earnings from operations ("EBIT") to interest expense has decreased to 12.2 times compared to 16.8 times in 2021 and 12.5 times in 2020. The decrease in the interest coverage ratio compared to 2021 is due to a \$1.7 million increase in interest expense and a 18.2% decrease in consolidated EBIT as previously noted. Additional information on interest expense is provided in Note 19 to the consolidated financial statements.

Contractual Obligations and Other Commitments

Contractual obligations of the Company at January 31, 2023 are listed in the chart below:

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

(1) At year-end, the Company had additional long-term liabilities of \$39.4 million which include other liabilities, defined benefit plan obligations and deferred income tax liabilities. These liabilities have not been included as the timing and amount of the future payments are uncertain.

Post-Employment Benefits The Company sponsors defined benefit and defined contribution pension plans covering the majority of Canadian employees. The Company recorded net actuarial gains on defined benefit pension plans of \$7.9 million net of deferred income taxes in other comprehensive income. This compares to net actuarial gains on defined benefit pension plans of \$14.2 million in 2021 and \$3.7 million in 2020, net of deferred income taxes in other comprehensive income. These gains and losses in other comprehensive income were immediately recognized in retained earnings. Actuarial gains and losses occur primarily due to changes in the discount rate used to calculate pension liabilities and returns on pension plan assets.

In 2023, the Company will be required to contribute approximately \$1.1 million to the defined benefit pension plans. In addition to the cash funding, a portion of the pension plan obligation may be settled by the issuance of a letter of credit in accordance with pension legislation. In 2022, the Company's cash contributions to the pension plan were \$1.2 million compared to \$2.0 million in 2021 and \$1.6 million in 2020. The actual amount of the contribution may be different from the estimate based on actuarial valuations, plan investment performance, volatility in discount rates, regulatory requirements and other factors. The Company also expects to contribute approximately \$6.8 million to the defined contribution pension plan and U.S. employees savings plan in 2023 compared to \$6.2 million in 2022 and \$6.3 million in 2021. Additional information regarding post-employment benefits is provided in Note 13 to the consolidated financial statements.

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

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

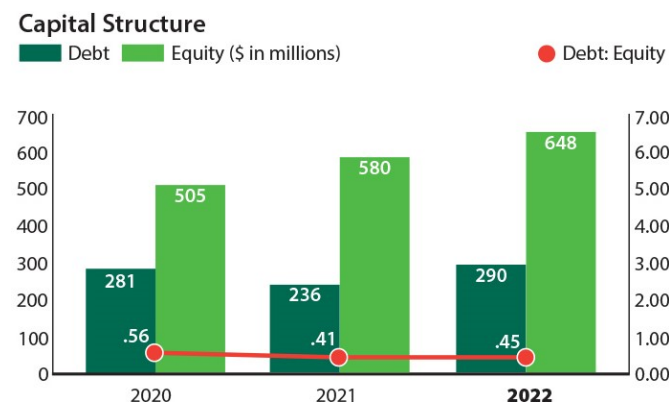
Additional information on commitments, contingencies and guarantees is provided in Note 22 to the consolidated financial statements.

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

Letters of Credit In the normal course of business, the Company issues standby letters of credit in connection with defined benefit pension plans, purchase orders and performance guarantees. The aggregate potential liability related to letters of credit is approximately \$19.0 million (January 31, 2022 - \$22.0 million).

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

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



On a consolidated basis, the Company had \$290.1 million in debt and \$647.9 million in equity at the end of the year and a debt-to-equity ratio of 0.45:1 compared to 0.41:1 last year. From 2020 to 2022, equity has increased \$142.7 million or 28.2% and debt has increased \$8.6 million or 3.1%. During this same period, the Company has made capital expenditures, including acquisitions and net of insurance and promissory note proceeds, of \$253.2 million and has paid dividends of \$209.5 million. This reflects the Company's balanced approach of investing to sustain and grow the business while providing shareholders with an annual cash return.

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

(CAD\$ in thousands at the end of the fiscal year)	2022	2021	2020
CAD\$ senior notes	\$ 100,000	\$ 100,000	\$ 100,000
US\$ senior notes	—	—	89,300
US\$ senior notes	93,483	88,869	89,300
Canadian loan facilities	96,032	45,107	—
U.S. loan facilities	—	—	—
Promissory note payable	535	1,664	2,822
Total debt	\$ 290,050	\$ 235,640	\$ 281,422

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

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

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

Lease liabilities decreased \$1.6 million or 1.4% to \$112.5 million compared to \$114.1 million in 2021 and were down \$8.1 million or 6.8% compared to \$120.6 million in 2020. The decrease compared to 2021 and 2020 is due to lease payments net of new leases. Further information on lease liabilities is provided in Note 8 to the consolidated financial statements.

Shareholders' Equity The Company has an unlimited number of authorized shares and had issued and outstanding shares at January 31, 2023 of 47,750,605 (January 31, 2022 - 47,878,650). The Company has a Share Option Plan that provides for the granting of options to certain officers and senior management. Each option is exercisable into one common share of the Company at a price specified in the option agreement. At January 31, 2023, there were 1,684,739 options outstanding representing 3.5% of the issued and outstanding shares. In addition to share options, there were 337,331 in Performance Share Units ("PSUs") that may be settled by the issuance of shares based on meeting certain performance criteria and 258,689 in Director Deferred Share Units ("DDSUs") that may be settled by the issuance of shares. Further information on share options, PSUs and DDSUs is provided in Note 14 to the consolidated financial statements.

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

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

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

Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians (within the meaning of the CTA). An issued and outstanding Variable Voting Share is converted into one Common Voting Share automatically and without any further act of the Company or the holder, if such Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian, as defined in the CTA. Further information on the Company's Variable Voting Shares and Common Voting Shares is provided in the 2023 Management Information Circular which is available on the Company's website at www.northwest.ca or on SEDAR at www.sedar.com.

At January 31, 2023, there were 16,137,982 Variable Voting Shares, representing 33.8% of the total shares issued and outstanding. Further information on the Company's share capital is provided in Note 16 to the consolidated financial statements.

Book value per share attributable to shareholders, on a diluted basis, at the end of the year increased to \$12.93 per share compared to \$11.49 per share in 2021. Total shareholders' equity increased \$67.7 million or 11.7% compared to 2021 primarily due to an increase in retained earnings. Further information is provided in the consolidated statements of changes in shareholders' equity in the consolidated financial statements.

QUARTERLY FINANCIAL INFORMATION

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

The following is a summary of selected quarterly financial information:

(\$ thousands)	Q1	Q2	Q3	Q4	Total
Sales					
2022	\$ 552,016	\$ 578,874	\$ 586,706	\$ 635,164	\$ 2,352,760
2021	\$ 550,988	\$ 565,109	\$ 553,680	\$ 579,019	\$ 2,248,796
EBITDA⁽¹⁾					
2022	\$ 64,945	\$ 70,444	\$ 69,829	\$ 73,460	\$ 278,678
2021	\$ 78,669	\$ 81,100	\$ 78,642	\$ 72,964	\$ 311,375
Earnings from operations (EBIT)					
2022	\$ 41,431	\$ 46,095	\$ 44,955	\$ 47,824	\$ 180,305
2021	\$ 56,312	\$ 58,462	\$ 56,063	\$ 49,588	\$ 220,425
Net earnings					
2022	\$ 28,161	\$ 32,371	\$ 30,175	\$ 35,129	\$ 125,836
2021	\$ 40,288	\$ 42,400	\$ 39,155	\$ 35,608	\$ 157,451
Net earnings attributable to shareholders of the Company					
2022	\$ 27,380	\$ 31,395	\$ 29,485	\$ 33,930	\$ 122,190
2021	\$ 39,656	\$ 41,850	\$ 38,715	\$ 34,581	\$ 154,802
Earnings per share-basic					
2022	\$ 0.57	\$ 0.66	\$ 0.61	\$ 0.71	\$ 2.55
2021	\$ 0.82	\$ 0.86	\$ 0.81	\$ 0.72	\$ 3.21
Earnings per share-diluted					
2022	\$ 0.57	\$ 0.64	\$ 0.61	\$ 0.69	\$ 2.51
2021	\$ 0.80	\$ 0.86	\$ 0.79	\$ 0.71	\$ 3.16

(1) See Non-GAAP Financial Measures section.

Fourth Quarter Highlights

CONSOLIDATED RESULTS FOURTH QUARTER

Key Performance Indicators and Selected Fourth Quarter Information

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

(1) See Non-GAAP Financial Measures section.

(2) All references to same store sales exclude the foreign exchange impact.

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

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

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

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

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

Income Tax Expense Income tax expense was \$8.5 million compared to \$10.8 million last year and the consolidated effective tax rate was 19.5% compared to 23.3% last year. The decrease in the income tax rate was primarily due to lower Global Intangible Low-Taxed Income tax and the blend of earnings in International Operations across various tax rate jurisdictions.

Net Earnings Consolidated net earnings decreased \$0.5 million to \$35.1 million. Net earnings attributable to shareholders were \$33.9 million and diluted earnings per share were \$0.69 per share compared to \$0.71 per share last year due to the factors noted above. Adjusted net earnings⁽¹⁾, which excludes the impact of the after-tax insurance-related gains and the after-tax share-based compensation costs, increased \$5.8 million or 17.9% compared to last year driven by earnings gains in Canadian Operations and the impact of a lower effective tax rate as previously noted.

CANADIAN OPERATIONS FOURTH QUARTER

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

Key Performance Indicators

(\$ in thousands)	2022	2021	2020
Sales	\$ 361,397	\$ 332,668	\$ 328,429
Same store sales % change			
Food	4.3 %	0.0 %	15.7 %
General Merchandise	(2.9)%	(12.0)%	41.6 %
Total	2.6 %	(3.0)%	21.2 %
EBITDA ⁽¹⁾	\$ 50,551	\$ 52,208	\$ 53,391
Earnings from operations	\$ 33,417	\$ 36,276	\$ 38,444

(1) See Non-GAAP Financial Measures section.

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

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

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 12.7% and were up 93 basis points as a percentage to sales compared to the fourth quarter last year largely due to the impact of a \$9.5 million insurance-related gain last year and higher inflationary cost impacts mainly related to fuel-based utilities and staff costs. These factors were partially offset by lower COVID-19-related expenses compared to last year and a decrease in annual incentive plan costs. Excluding the insurance-related gains and share-based compensation costs, Expenses increased 1.3% compared to last year.

Canadian Earnings from Operations (EBIT) and EBITDA⁽¹⁾

Canadian fourth quarter earnings from operations decreased to \$33.4 million compared to \$36.3 million last year and EBITDA⁽¹⁾ decreased 3.2% to \$50.6 million compared to \$52.2 million in the fourth quarter last year due to the sales, gross profit and Expense factors previously noted and higher EBIT in NSA from improved third-party cargo and passenger volumes. Adjusted EBITDA⁽¹⁾, which excludes the impact of the insurance-related gains and share-based compensation costs, increased \$7.6 million or 16.6% compared to last year.

INTERNATIONAL OPERATIONS FOURTH QUARTER

(Stated in U.S. dollars)

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

Key Performance Indicators

(\$ in thousands)	2022	2021	2020
Sales	\$ 203,064	\$ 194,395	\$ 183,929
Same store sales % change			
Food	3.7 %	6.1 %	7.5 %
General Merchandise	(14.0)%	(1.7)%	35.2 %
Total	1.4 %	5.0 %	10.7 %
EBITDA ⁽¹⁾	\$ 16,921	\$ 16,336	\$ 14,199
Earnings from operations	\$ 10,630	\$ 10,456	\$ 8,492

(1) See Non-GAAP Financial Measures section.

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

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

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

Earnings From Operations ("EBIT") and EBITDA⁽¹⁾ Earnings from operations increased 1.7% to \$10.6 million compared to \$10.5 million last year and EBITDA⁽¹⁾ increased to \$16.9 million compared to \$16.3 million in the fourth quarter last year due to the sales, gross profit and Expense factors previously noted.

CONSOLIDATED CASH FLOWS FOURTH QUARTER

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

(\$ in thousands)	2022	2021	2020
Operating activities	\$ 100,230	\$ 84,704	\$ 106,660
Investing activities	(51,907)	(15,142)	(11,904)
Financing activities	(38,500)	(77,935)	(81,765)
Effect of foreign exchange	(43)	767	(1,167)
Net change in cash	9,780	(7,606)	11,824
Cash, beginning of period	49,029	57,032	59,712
Cash, end of period	\$ 58,809	\$ 49,426	\$ 71,536

Cash From Operating Activities

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

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

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

Cash Used in Investing Activities

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

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

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

Cash Used in Financing Activities

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

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

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

DISCLOSURE CONTROLS

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is reported to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that decisions can be made regarding public disclosure. Based on an evaluation of the Company's disclosure controls and procedures, as required by National Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), the Company's CEO and CFO have concluded that these controls and procedures were designed and operated effectively as of January 31, 2023.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is also responsible for establishing and maintaining internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial reporting and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become ineffective because of changes in conditions or the degree of compliance with policies and procedures may deteriorate. Furthermore, management is required to use judgment in evaluating controls and procedures. Based on an evaluation of the Company's internal controls over financial reporting using the Internal Control - Integrated Framework published by The Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"), 2013, the Company's CEO and CFO have concluded that the internal controls over financial reporting were designed and operated effectively as at January 31, 2023. There have been no changes in the internal controls over financial reporting for the year ended January 31, 2023 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

OUTLOOK

The Company's near-term outlook continues to be influenced by inflationary cost pressures, global supply chain disruptions and the cycling through the COVID-19-related income support payments that positively impacted the first quarter results last year. The Company expects to begin comparing to more normalized post-COVID impacted earnings in the second quarter. There is uncertainty to this outlook related to the impact of inflation, labour shortages, supply chain disruptions and the availability of merchandise. The impact of inflation may contribute to higher sales but may also result in changes in sales blend and a lower gross profit rate if the full impact of inflationary cost increases is not passed through in retail prices. Uncertainty regarding the economy, particularly within tourism-dependent countries and countries that do not have strong government income support programs for individuals is difficult to forecast however, the resiliency of the Company's essential everyday product and service offering is expected to help mitigate some of this uncertainty.

Beyond the duration of the current environment as previously noted, the medium and longer-term outlook for the Company is favourable based on the expected impact of government transfer payments and higher infrastructure spending in Indigenous communities. The Company continues to focus on executing on its core product and service value offer and driving additional growth within the markets we serve, optimizing our IT infrastructure and assessing new store opportunities, acquisitions and other business venture opportunities within its different businesses and retail divisions.

In 2023, the Company expects that capital expenditures, net of expected proceeds from the promissory note receivable will be in the \$125.0 million range, (2022 - \$106.8 million, net of \$9.8 million in proceeds from the promissory note receivable). The timing and amount of store-based capital expenditures in 2023 are expected to continue to be impacted by the availability of building materials and labour shortages, in addition to other delays that can occur with remote location capital projects.

RISK MANAGEMENT

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

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

Careful consideration should be given to the risk factors below including pandemic risk, which could negatively affect the operations and financial performance of the Company. A pandemic is unique in that it could impact multiple risk factors that the Company is exposed to. A pandemic outbreak of a contagious disease could result in a widespread health crisis that could have an adverse effect on the Company's operations and financial condition. A pandemic could impact the health and wellness of the Company's employees, result in labour shortages or result in the temporary closure of stores, distribution facilities, airline or support offices and could result in interruptions to the Company's supply chain, including reduced availability of product or the temporary closure of suppliers and transportation companies that are critical to the operation of the business. Furthermore, a pandemic could result in an economic downturn, restrictions on travel and trade, disruptions to financial markets and negatively impact the availability and cost of capital, which in turn could have an adverse impact on the Company's financial results and condition.

The food and everyday products the Company provides are essential, non-discretionary services in the communities we serve. The Company has business continuity plans and safety protocols however, there can be no assurance that these plans and protocols will be sufficient to minimize the impact. Although the Company foresees continued demand for the products and services it provides based on its role as an essential service, there can be no assurance that a pandemic will not have an adverse impact on the Company's operations and financial condition.

These factors may include, but are not limited to:

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

These risks also impact the Company's airline operations. Transport Canada issued Canadian Airline Regulations ("CAR") with respect to pilot fatigue and flight duty times which have been phased in from December 2020 to December 2022 based on the type of aircraft. These regulations have resulted in an increase in the number of pilots required by NSA which, combined with a Canada-wide shortage of pilots, may result in higher recruitment and compensation costs and have a negative impact on the Company's financial performance. Changes to flight schedules, operating schedules, fatigue management systems and employee recruiting, compensation and training programs are expected to help mitigate the impacts of the new regulations and employee development and retention risk.

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

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

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

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

Community Relations A portion of the Company's sales are derived from communities and regions that restrict commercial land ownership and usage by non-Indigenous or non-local owned businesses or which have enacted policies and regulations to support locally-owned businesses. We successfully operate within these environments through initiatives that promote positive community and customer relations. These include store lease arrangements with community-based development organizations and initiatives to recruit local residents into management positions and to incorporate community stakeholder advice into our business at all levels. Further information on community relations is provided under Corporate Social Responsibility and Sustainable Development on page 29. To the extent the Company is not successful in maintaining these relations or is unable to renew lease agreements with community-based organizations, or is subject to punitive fees or operating restrictions, it could have an adverse effect on the Company's reputation and financial performance.

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

The impact of warmer ocean water temperatures has increased the risk of frequency, severity and duration of hurricanes and typhoons especially in the northeastern Caribbean. Collectively the stores in this region have sales of \$373 million and assets of \$180 million for the year-ended January 31, 2023. In 2017, islands in this region were devastated by two category five hurricanes which resulted in the destruction of the Company's CUL store in St. Thomas and three RTW stores and significantly damaged a CUL store in St. Maarten. Rebuilding has significantly increased resiliency to future hurricanes however, these markets remain exposed to this risk.

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

Longer-term global warming conditions would also have a more pronounced effect, both positive and negative, on the Company's most northern latitude stores. On the downside, global warming will result in rising sea levels, which will cause flooding, and melting permafrost which could damage or destroy the Company's stores, warehouses and housing. The Company operates in 71 communities in northern Canada and 18 communities in Alaska that are potentially exposed to changes in permafrost. Collectively, stores in these communities have sales of \$824 million and assets of \$388 million for the year ended January 31, 2023. Rising sea levels and melting permafrost would also have the same negative impact on our customers which, combined with the potential damage to our facilities, could have a material adverse effect on the Company's operations, financial condition and performance. The Company has in-depth knowledge of and expertise in construction in northern markets and continues to incorporate new engineering and construction techniques in designing buildings and facilities to help mitigate the impact of changing permafrost conditions and minimize damage to the permafrost.

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

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

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

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

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

Economic Environment External factors which affect customer demand and personal disposable income, and over which the Company exercises no influence, include government fiscal health, general economic growth, changes in commodity prices, inflation, unemployment rates, personal debt levels, levels of personal disposable income, interest rates and foreign exchange rates. Changes in inflation rates and foreign exchange rates are unpredictable and may impact the cost of merchandise and the prices charged to consumers which in turn could negatively impact sales and net earnings. A pandemic could result in an economic downturn, restrictions on travel and trade, disruptions to financial markets and negatively impact the availability and cost of capital, which in turn could have an adverse impact on the Company's financial results and condition.

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

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

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

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

Business Model The Company sells a broad range of products and services across geographically and culturally diverse markets. Operational scale can be difficult to achieve and the complexity of the Company's business model is higher compared to more narrowly-focused or larger retailers. Management continuously assesses the strength of its customer value offer to ensure that specific markets, products and services are financially attractive. The Company continues to focus on simplifying work across the business, with an emphasis on store processes. Certain Company initiatives may reduce the cost of operations and help ensure the Company has an efficient operating structure. These initiatives may include improving processes and generating efficiencies across the Company's administrative, store and distribution network. The success of strategic initiatives is dependent on effective leadership and change management to realize their intended benefits. Ineffective change management could result in a lack of integrated processes and procedures, decreased employee engagement, ineffective communication and training, result in a lack of requisite knowledge or may not achieve the benefits intended. Any of the foregoing could disrupt operations or increase the risk of customer dissatisfaction. To the extent the Company is not successful in developing and executing its strategies, it could have an adverse effect on the financial condition, reputation and financial performance of the Company.

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

The failure to successfully upgrade legacy systems, or to migrate from legacy systems to new IT systems, could have an adverse effect on the Company's operations, reputation and financial performance. There is also a risk that the anticipated benefits, cost savings or operating efficiencies related to upgrading or implementing new IT systems may not be realized which could adversely affect the Company's operations, financial performance or reputation. To help mitigate these risks, the Company uses a combination of specialized internal and external IT resources as well as a strong governance structure and disciplined project management.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company regularly monitors and assesses the performance of the pension plan assets and the impact of changes in capital markets, changes in plan member demographics, and other economic factors that may impact funding requirements, benefit plan expenses and actuarial assumptions. The Company makes cash contributions to the pension plan as required and also uses letters of credit to satisfy a portion of its funding obligations. Effective January 1, 2011, the Company entered into an amended and restated staff pension plan and added a defined contribution plan. Under the amended pension plan, all members who did not meet a qualifying threshold based on number of years in the pension plan and age were transitioned to the defined contribution pension plan effective January 1, 2011 and no longer accumulate years of service under the defined benefit pension plan. Effective January 1, 2022, the defined benefit pension plan for Canadian-based executives was closed to new members however, members prior to the closure will continue to accumulate service in the plan until the end of their employment. All of the Company's defined benefit pension plans are closed to new members and all new eligible employees will participate in the staff defined contribution plan. Further information on post-employment benefits is provided on page 30 and in Note 13 to the consolidated financial statements.

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

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

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

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

Liquidity Risk Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company manages liquidity risk by maintaining adequate credit facilities to fund operating requirements, pension plan contributions and planned sustaining and growth-related capital expenditures, and regularly monitoring actual and forecasted cash flow and debt levels. At January 31, 2023, the Company had undrawn committed revolving loan facilities available of \$418.3 million (January 31, 2022 - \$320.3 million). In March 2022, the Company increased the capacity on its revolving loan facilities in Canadian Operations from \$300.0 million to \$400.0 million and extended the maturity date to March 1, 2027. In January 2023, the Company extended the maturity date on its committed, revolving loan facility in International Operations to January 25, 2028 and increased the amount available on this facility from US\$40.0 million to US\$50.0 million. The increases in the Canadian and International loan facilities and the extension of the maturity dates further reduces liquidity risk. Further information on liquidity is provided in the Consolidated Liquidity and Capital Resources section.

Currency Risk Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk, primarily the U.S. dollar, through its net investment in International Operations and its U.S. dollar denominated borrowings. The Company manages its exposure to currency risk by hedging the net investment in foreign operations with a portion of U.S. dollar denominated borrowings as described in the Sources of Liquidity section. At January 31, 2023, the Company had US\$70.4 million in U.S. denominated debt compared to US\$70.6 million at January 31, 2022 and US\$140.8 million at January 31, 2021. Further information on the impact of foreign exchange rates on the translation of U.S. denominated debt is provided in the Capital Structure section.

The Company is also exposed to currency risk relating to the translation of International Operations earnings to Canadian dollars. In 2022, the average exchange rate used to translate U.S. denominated earnings from the International Operations was 1.3088 compared to 1.2526 last year. The Canadian dollar's depreciation in 2022 compared to the U.S. dollar in 2021 positively impacted consolidated net earnings by \$2.1 million. In 2021, the average exchange rate was 1.2526 compared to 1.3390 in 2020 which resulted in a decrease in 2021 consolidated net earnings of \$3.6 million compared to 2020.

Interest Rate Risk Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its long-term borrowings. The Company manages exposure to interest rate risk through a combination of fixed and floating interest rate debt and may use interest rate swaps. Further information on long-term debt is provided in Note 12 to the consolidated financial statements. As at January 31, 2023, the Company had no outstanding interest rate swaps.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

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

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

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

A brief description of each pillar is as follows:

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

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

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

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

The Board of Directors are accountable for overseeing the Company's Corporate Social Responsibility and Sustainable Development initiatives which are integrated within the Company's

risk management and strategic planning process. In addition to the information provided on climate change and environmental risk factors previously noted under Risk Management, further information on the Sustainability Report is available on the Company's website at www.northwest.ca.

CRITICAL ACCOUNTING ESTIMATES

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

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

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

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

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

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

The discount rate used to calculate benefit plan obligations and the rate of compensation increase are the most significant assumptions. The discount rate used to calculate benefit plan obligations and plan asset returns is based on market interest rates, as at the Company's measurement date of January 31, 2023 on a portfolio of Corporate AA bonds with terms to maturity that, on average, matches the terms of the defined benefit plan obligations. The discount rate used to measure the benefit plan obligations for fiscal 2022 was 4.70% compared to 3.43% in 2021 and 2.72% in 2020. Management assumed a rate of compensation increase of 4.0% for fiscal 2020, 2021 and 2022.

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

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

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

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

determination of projected revenues, royalty rate, discount rates and anticipated average income tax rates.

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

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

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

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

the Company's consolidated balance sheets and consolidated statements of earnings.

The Company performed the annual goodwill impairment test in 2022 and determined that the recoverable amount exceeded its carrying value. No goodwill impairment was identified and management considers any reasonably foreseeable changes in key assumptions unlikely to produce a goodwill impairment.

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

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

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

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

FUTURE ACCOUNTING STANDARDS

In May 2021, the International Accounting Standards Board (IASB) issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12, *Income Taxes* (IAS 12). The amendments are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments narrowed the scope of the recognition exemption so that it no longer applies on initial recognition to transactions that give rise to equal taxable and deductible temporary differences, such as leases.

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

The Company does not expect adoption of these standards to have a material impact on the Company's consolidated financial statements.

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

NON-GAAP FINANCIAL MEASURES

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

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

Reconciliation of earnings from operations to EBITDA and adjusted EBITDA

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

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

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

⁽¹⁾ Pre-pandemic reconciliation of earnings from operations to EBITDA and Adjusted EBITDA.

Reconciliation of consolidated net earnings to adjusted net earnings:

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

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

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

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

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

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

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

GLOSSARY OF TERMS & ABBREVIATIONS

AC Alaska Commercial Company store banner.

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

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

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

B-to-B Business to business sales.

B-to-C Business to consumer sales.

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

CUL Cost-U-Less store banner.

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

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

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

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

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

EBIT margin EBIT divided by sales.

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

EBITDA margin EBITDA divided by sales.

ESG Environmental, social and governance.

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

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

Gross profit rate Gross profit divided by sales.

GT Giant Tiger store banner.

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

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

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

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

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

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

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

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

SOFR Secured Overnight Financing Rate.

Working capital Total current assets less total current liabilities.

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

Fiscal Year	Year-ended	Fiscal Year	Year-ended
2022	January 31, 2023	2016	January 31, 2017
2021	January 31, 2022	2015	January 31, 2016
2020	January 31, 2021	2014	January 31, 2015
2019	January 31, 2020	2013	January 31, 2014
2018	January 31, 2019	2012	January 31, 2013
2017	January 31, 2018	2011	January 31, 2012

Eleven-Year Financial Summary

Fiscal Year (\$ in thousands)	2022	2021	2020	2019	2018 ⁽¹⁾
Consolidated Statements of Earnings					
Sales - Canadian Operations	\$ 1,323,185	\$ 1,291,139	\$ 1,376,188	\$ 1,271,552	\$ 1,246,133
Sales - International Operations	1,029,575	957,657	983,051	822,841	767,353
Sales - Total	2,352,760	2,248,796	2,359,239	2,094,393	2,013,486
EBITDA ⁽²⁾ - Canadian Operations	185,458	215,209	206,498	140,359	130,399
EBITDA ⁽²⁾ - International Operations	93,220	96,166	94,929	79,216	87,623
EBITDA ⁽²⁾ - Total Operations	278,678	311,375	301,427	219,575	218,022
Amortization - Canadian Operations	66,368	61,881	62,357	62,983	57,577
Amortization - International Operations	32,005	29,069	29,721	26,239	24,444
Amortization - Total	98,373	90,950	92,078	89,222	82,021
Interest	14,836	13,058	16,808	20,948	19,640
Income taxes	39,633	49,916	48,981	23,132	25,738
Net earnings attributable to shareholders of the Company	122,190	154,802	139,874	82,724	86,739
Cash flow from operating activities	182,838	224,135	338,718	161,117	155,725
Dividends paid during the year	71,805	70,420	67,276	64,351	62,329
Capital and intangible asset expenditures	117,112	94,070	75,244	121,605	103,219
Net change in cash	9,383	(22,110)	43,349	(10,261)	13,288
Consolidated Balance Sheets					
Current assets	\$ 474,844	\$ 403,358	\$ 396,860	\$ 399,593	\$ 376,297
Property and equipment	606,310	554,457	531,794	555,075	514,946
Right-of-use assets	102,632	100,844	107,766	127,870	127,794
Promissory note receivable	26,299	40,283	49,020	—	—
Other assets, intangible assets and goodwill	105,098	98,585	98,440	104,765	96,119
Deferred tax assets	21,707	21,746	7,288	28,233	34,705
Current liabilities	248,606	294,490	315,135	194,084	196,938
Long-term debt and other liabilities	440,384	344,579	370,802	594,482	541,907
Total Equity	647,900	580,204	505,231	426,970	411,016
Consolidated Dollar Per Share (\$)					
Net earnings - basic	\$ 2.55	\$ 3.21	\$ 2.87	\$ 1.70	\$ 1.78
Net earnings - diluted	2.51	3.16	2.82	1.68	1.77
EBITDA ^{(2),(3)}	5.82	6.45	6.18	4.50	4.47
Cash flow from operating activities ⁽³⁾	3.82	4.64	6.95	3.30	3.19
Dividends paid during the year ⁽³⁾	1.50	1.46	1.38	1.32	1.28
Equity (basic shares outstanding end of year)	13.57	12.12	10.39	8.76	8.43
Market price at January 31	36.24	35.05	32.37	27.56	31.17
Statistics at Year End					
Number of stores - Canadian	164	161	159	198	193
Number of stores - International	58	55	53	51	52
Selling square feet (000's) end of year - Canadian Stores	1,004	998	986	1,617	1,571
Selling square feet (000's) end of year - International Stores	686	677	667	662	669
Sales per average selling square foot - Canadian	\$ 1,322	\$ 1,302	\$ 1,057	\$ 798	\$ 798
Sales per average selling square foot - International	\$ 1,511	\$ 1,425	\$ 1,479	\$ 1,236	\$ 1,148
Number of employees - Canadian Operations	5,024	4,926	4,735	5,587	5,672
Number of employees - International Operations	2,287	2,598	2,204	2,046	2,253
Average shares outstanding (000's)	47,865	48,268	48,758	48,751	48,697
Shares outstanding at end of fiscal year (000's)	47,751	47,879	48,613	48,751	48,751
Shares traded during the year (000's)	52,348	50,474	60,827	45,013	46,269
Financial Ratios					
EBITDA ⁽²⁾ (%)	11.8	13.8	12.8	10.5	10.8
Earnings from operations (EBIT) (%)	7.7	9.8	8.9	6.2	6.8
Total return on net assets ⁽²⁾ (%)	17.9	23.8	22.4	13.5	15.3
Return on average equity ⁽²⁾ (%)	20.5	29.0	30.7	20.5	23.2
Debt-to-equity	.45:1	.41:1	.56:1	.96:1	.89:1
Dividends as % of cash flow from operating activities	39.3	31.4	19.9	39.9	40.0
Inventory turnover (times per year)	5.6	6.3	7.1	5.8	6.0

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

(2) See Non-GAAP Financial Measures on page 32.

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

(3) Based on average basic shares outstanding.



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

The North West Company Inc.

Gibraltar House, 77 Main Street
Winnipeg, Manitoba, Canada R3C 1A3
T 204 934 1756 F 204 934 1317
Toll-Free 1 800 563 0002
board@northwest.ca
www.northwest.ca