

The North West Company Inc.

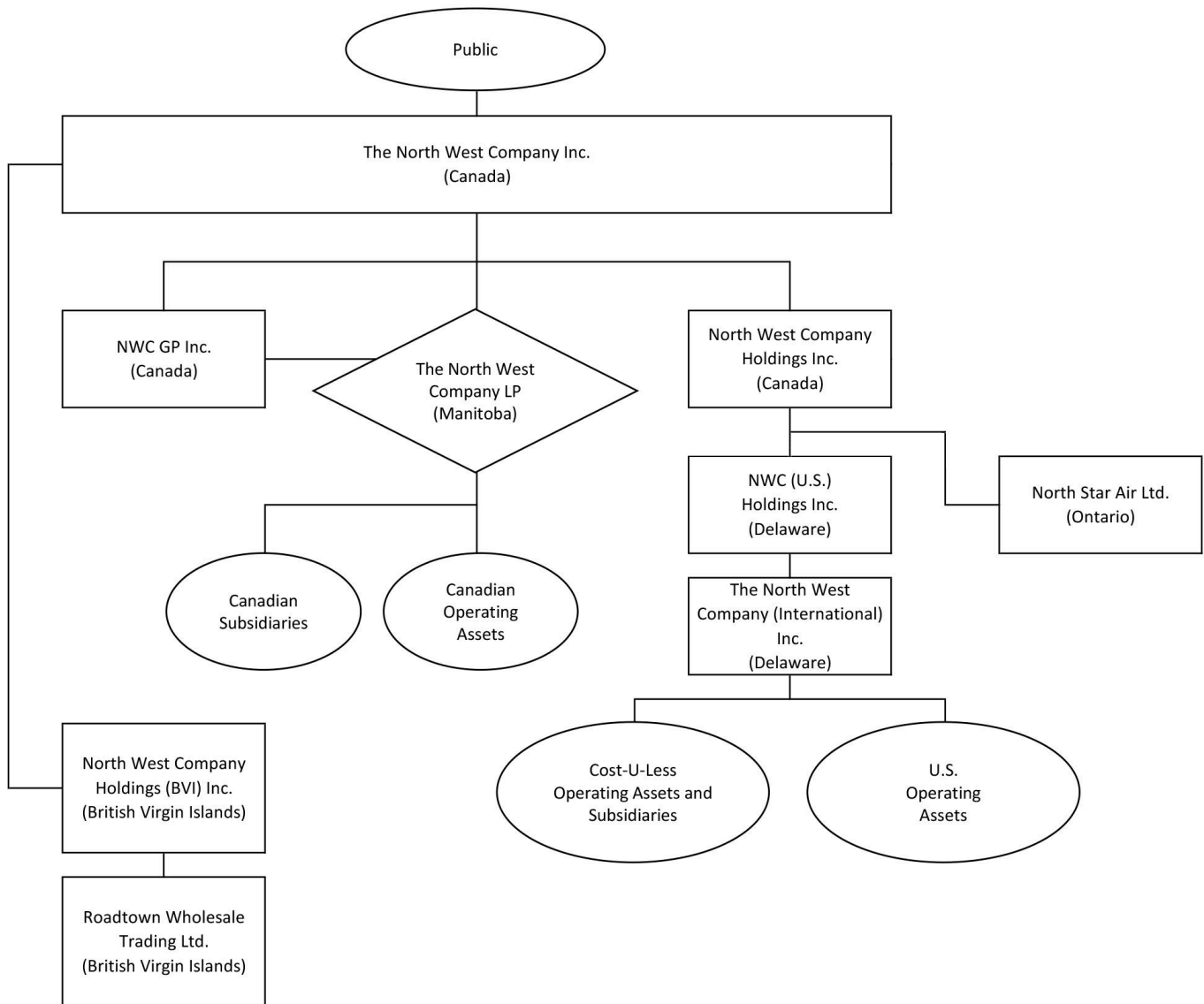
2022 Annual Information Form

APRIL 5, 2023



Intercorporate Relationships

The chart below illustrates on a simplified basis, the corporate structure of the Company as at January 31, 2023. In each case the Company controls each subsidiary listed below, either directly or indirectly.



General Development of the Business - Overview

The North West Company is a leading retailer to rural and under-served small population communities in northern Canada, rural Alaska, the South Pacific and the Caribbean. Its 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. The Company's mission is to be a trusted provider of goods and services within harder-to-access, under-served communities. Its vision is to help our customers live better by doing its job well, with their interests as its first priority. This starts with its customers' ability and desire to shop locally for the widest possible range of products and services to meet their everyday needs.

The strategies at North West are aligned with a total return approach to investment performance. The delivery of top-quartile total returns through earnings growth and dividend yield is a key long-term objective of the Company, just as it has been a key feature of the Company's performance over the past 36 years. The ability to sustain an attractive cash return within a lower business risk profile is fundamental when considering potential growth opportunities.

The Company has a rich enterprising legacy as one of the longest continuing retail enterprises in the world. The history of the Company dates back to 1668 with the establishment of one of North America's early trading posts at Waskaganish on James Bay. This store was the first of many fur-trading outlets established by the Hudson's Bay Company throughout what is now northern Canada. In 1821, the Hudson's Bay Company merged with its rival, The North West Company. Over time, the original fur-trading outlets diversified their product lines eventually operating as the Northern Stores Division of the Hudson's Bay Company. In 1987, a group of private investors partnered with management and employees to purchase the Northern Stores Division of the Hudson's Bay Company and operate it as Northern Stores Inc. The Company's name was subsequently changed to The North West Company Inc., its shares listed on the Winnipeg and Toronto Stock Exchanges and a public offering made in 1992.

In 1992, the Company acquired Alaska Commercial Company which served remote markets in rural Alaska. Alaska Commercial Company traces its roots back to the Russian-American Company, a semi-official colonial trading company chartered by Tsar Paul in 1799. In January 2017, Alaska Commercial Company celebrated its 150th anniversary of service to rural Alaska, dating back to the purchase of Alaska from Russia in 1867.

In 1997, the Company was reorganized into an income trust pursuant to a Plan of Arrangement whereby the outstanding shares of The North West Company Inc. were exchanged on a one-for-one basis for trust units of the North West Company Fund.

In 2002, the Company signed a 30-year Master Franchise Agreement ("MFA") with Giant Tiger Stores Limited, granting it the exclusive right to open Giant Tiger stores in western Canada. Under the agreement, Giant Tiger Stores Limited provides product sourcing, merchandising, systems and administration support in return for a royalty based on sales. The Company is responsible for opening, owning, operating and providing food buying and distribution services to these stores. See below.

In 2007, the Company acquired Cost-U-Less, Inc., a U.S. public company traded on the Nasdaq Capital Market. Through this acquisition, the Company operates a chain of mid-size warehouse format stores serving islands in the South Pacific and Caribbean.

On January 1, 2011, the North West Company Fund converted from an income trust to a corporation called The North West Company Inc. pursuant to a Plan of Arrangement.

In 2017, the Company acquired 77% of the outstanding common shares of Roadtown Wholesale Trading Ltd. ("RTW"), operating primarily as Riteway Food Markets in the British Virgin Islands ("BVI"). RTW is the leading retailer in the BVI with nine retail outlets and a significant wholesale operation.

Also in 2017, the Company acquired 100% of the outstanding common shares of North Star Air Ltd. ("NSA"). NSA is a Thunder Bay based airline, providing cargo and passenger services within the following regions of Canada: northwestern Ontario, northern Manitoba and Nunavut through its hubs in Pickle Lake, Red Lake, Sioux Lookout and Kapuskasing, Ontario and Thompson, Manitoba. The acquisition was completed to gain efficiencies in its logistics network and enable faster, more consistent delivery of merchandise to its stores in northern Canada. The Company's shareholders approved a variable voting share structure to comply with Canadian ownership rules for airlines under the Canada Transportation Act.

On July 5, 2020, the Company completed the sale of 36 of the Company's 46 Giant Tiger stores to Giant Tiger Stores Limited and terminated the MFA. For additional information on the Giant Tiger Transaction see the Company's 2022 Annual Report.

General Development of the Business - Three Year History

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:

- **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 in Stores, Products and Services** 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 product 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
- **Environmental, Social and Governance** priorities focused on 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.

The following is an update on the strategic initiatives and key business developments over the past three fiscal years ending January 31:

DEVELOPMENTS FOR 2022

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.

Environment, 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 within the 2022 Annual Report or within the 2022 Sustainability Report on the Company's website at www.northwest.ca.

DEVELOPMENTS FOR 2022 - BUSINESS HIGHLIGHTS

- 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.
- Six new stores were opened, three in Canada and three in International Operations.
- 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.

DEVELOPMENTS FOR 2021

(1) COVID-19 Risks and Opportunities

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

(2) Investing in New Markets, Products and Services

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

(3) Building a Superior Logistics Capability

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

(4) Next Generation Merchandise and Store Systems ("Project Enterprise")

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

(5) People and Culture - Diversity, Equity and Inclusion

- Completed a corporate-wide Diversity, Equity and Inclusion survey as a way to listen and learn from our associates. The insights will be used to develop a Diversity, Equity and Inclusion framework that prioritizes creating a more inclusive culture and developing diverse talents;
- Employees completed over 2500 e-learning modules, including modules on cultural awareness and six new on-line courses were launched; and
- Achieved 100 percent participation of new Northern/NorthMart store management trainees in an Indigenous Cultural Awareness program through our Training Centre.

DEVELOPMENTS FOR 2021 - BUSINESS HIGHLIGHTS

On November 10, 2021, the Company received approval from the Toronto Stock Exchange to renew the Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,773,508 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2023, the Company purchased 236,075 common shares having a book value of \$0.9 million for cash consideration of \$28.1 million.

In Canadian Operations, the Company opened two new convenience stores, a wellness-focused concept store and a pharmacy in northern Canada. It also purchased an ATR-72 500 series aircraft which increases the number of owned ATR aircraft to four.

In International Operations, the Company opened retail stores in Skagway, Galena and Gambell, Alaska. The Company also delivered 3.3 million pounds of produce, dairy and meat to 115 communities throughout Alaska in connection with the USDA Farmers to Families Food Box Program.

DEVELOPMENTS FOR 2020

(1) COVID-19 Risks and Opportunities

- Store safety and business continuity was exceptional with minimal employee COVID-19 cases and service disruptions;
- Across North West, our employees' actions embodied our Principles, especially within frontline and production roles; and
- Superior in-stock performance and enterprising responses to new opportunities delivered leading same store sales growth rates.

(2) Pure Retail/Top Store Teams

- Training center activity was curtailed and replaced by e-learning due to COVID-19 protocols;
- Over 180 "COVID-19 relief" employees were brought into stores to provide key role support;
- Store management turnover improvements exceeded targets, partially achieved because of COVID-19-related conditions; and
- A new weekly playbook that provides information on merchandising programs and operational tasks was successfully launched in Canadian stores.

(3) Investing in Food Pricing

Price investments were made in approximately 20% of the Company's Northern stores in the first quarter, but the full testing and roll-out was delayed until 2021-2022 due to the impact of COVID-19-related factors and other priorities.

(4) Building a Superior Logistics Capability

- NSA's cargo aircraft utilization rates exceeded annual targets and delivered safe, consistent service to northern Canada stores and to external customers, all within a more demanding COVID-19 environment;
- "Next Gen" efficiency work progressed with the launch of the lighter pallet program, double-decker truck to plane loads and investments in store cargo receiving and handling; and
- NSA's cargo performance was partially offset by a decline in passenger revenues due to COVID-19-related travel restrictions.

(5) Next Generation Merchandise and Store Systems ("Project Enterprise")

The new POS system was installed in the remaining AC stores and has been installed in 18 Northern stores however, the Canadian roll-out could not be completed in 2020 due to COVID-19-related travel restrictions. This work will resume in the third quarter of 2021 and be completed in 2022. The supplier management component of MMS was implemented in Canada in the fourth quarter. The implementation of MMS in International Operations was planned for 2020 but is now deferred until 2021 due to COVID-19-related business priorities.

(6) Support Office Administrative Cost Reduction

In the first quarter of 2020, the Company announced its plans to reduce administration costs in Canada. By the end of the year, the Company achieved its \$17 million annualized savings target.

(7) Giant Tiger Transaction

On July 5, 2020, the Company completed the sale of 36 of its Giant Tiger stores to Giant Tiger Stores Limited which resulted in a pre-tax gain of \$24.7 million or \$20.0 million net of tax. Further information on the Giant Tiger Transaction is provided in the Company's 2020 Annual Report. The reciprocal supply agreements were implemented in 2020, which are expected to provide further upside in 2021.

DEVELOPMENTS FOR 2020 - BUSINESS HIGHLIGHTS

On November 10, 2020, the Company received approval from the Toronto Stock Exchange to proceed with a Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,807,437 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2021, the Company purchased 180,744 common shares having a book value of \$0.6 million for cash consideration of \$6.0 million.

In Canadian Operations, the Company completed the sale of 36 of the Company's 46 Giant Tiger stores (the "Divested Stores") to Giant Tiger Stores Limited ("GTSL") for cash consideration of \$45.0 million, subject to working capital adjustments, payable in installments on the second, third and fourth, anniversaries of the transaction closing date and, subject to meeting certain profitability milestones, additional contingent consideration payable on the fourth and fifth anniversaries of the closing date of up to \$22.5 million. In addition to the Giant Tiger Transaction, the Company opened one Northern store and pharmacy, re-opened a 46,000 square foot warehouse that replaced a warehouse destroyed by fire in 2018, converted a store closed as part of the Giant Tiger Transaction to a Valu Lots discount store, and opened a modular convenience store in Inukjuak, Quebec.

In International Operations a convenience store was opened in Bethel, Alaska and an RTW store destroyed by hurricane Irma in 2017 was re-opened.

Description of the Business - General

The North West Company is a leading retailer of food and everyday consumer goods and services to rural and under-served small population communities in northern Canada, rural Alaska, the South Pacific and the Caribbean and the business is summarized under either Canadian Operations or International Operations.

The Company believes in a strong local identity. Local assortment is tailored to the size and need of the individual market. Food offerings consist of perishable and non-perishable products including groceries, dairy, produce, meat, convenience foods, food service, home meal replacement, health and beauty aids, paper products and cleaning supplies. Our general merchandise assortment is broad, and includes family apparel, housewares, sporting goods, toys, furniture, appliances, home entertainment, snowmobiles, all-terrain vehicles ("ATVs"), boats and outboard motors. The Company also offers other everyday products and services such as gasoline, pharmacy and financial services such as cheque cashing, ATMs and prepaid card products. Our business is focused on developing efficient sustainable processes to provide the widest possible range of products and services our customers require to help them live better and to provide these products and services on a consistent and reliable basis.

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.

Additional financial information on the Company's Canadian and International Operations is provided in the Company's 2022 annual MD&A, which is incorporated by reference.

CANADIAN OPERATIONS

The Canadian Operations operate retail stores primarily through The North West Company LP. With 56% of consolidated sales, Canada is the largest market for the Company. Its network of stores and related businesses generated \$1.3 billion in revenues and \$185.5 million in EBITDA for the year ended January 31, 2023. The banners and formats that comprise our Canadian Operations at January 31, 2023 are described below.

NORTHERN CANADA STORES

Banner	# of Locations	Format
Northern	119	Combination of food, financial services and general merchandise stores in remote communities
Quickstop	28	Convenience stores offering extended hours, ready-to-eat foods, fuel and related services
NorthMart	5	Expanded fresh foods, apparel and health products and services in larger northern markets

These stores are located across northern Canada. Communities vary in size from small remote settlements to larger regional centres. Populations range from approximately 300 to 8,000 people. The average store has approximately 6,000 square feet of selling space and features a broad assortment of food, general merchandise and services, including financial services, proprietary credit programs and income tax preparation.

Selected Northern and NorthMart stores feature an expanded assortment of products and services that include convenience foods such as a Tim Hortons, Pizza Hut, KFC and Booster Juice. Expanded services may include pharmacies, fuel sales and post offices.

RURAL CANADA STORES

Banner	# of Locations	Format
Giant Tiger	5	Junior discount stores offering food, family fashion and household products

On July 5, 2020, the Company completed the sale of 36 of its 46 Giant Tiger stores (the "Divested Stores") to Giant Tiger Stores Limited ("GTSL") for cash consideration of \$45.0 million, subject to working capital adjustments, and additional contingent consideration payable of up to \$22.5 million. The cash consideration is payable in installments on the second, third and fourth anniversaries of the transaction closing date and, subject to meeting certain profitability milestones, the additional contingent consideration is payable on the fourth and fifth anniversaries of the closing date.

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 remaining five stores are located in larger, rural centres and have on average, 18,000 square feet of selling space. Giant Tiger stores offer a selection of food, family apparel, trend-right fashion apparel and general merchandise in a convenient, easy-to-shop environment. Further information on the Giant Tiger transaction and store closure provision is provided in Note 24 to the 2022 Annual Consolidated Financial Statements.

NORTH STAR AIR LTD.

On June 15, 2017, the Company acquired 100% of the outstanding common shares of North Star Air Ltd. ("NSA"). NSA is a Thunder Bay based airline, providing cargo and passenger services in the following regions of Canada: northwestern Ontario, northern Manitoba and Nunavut through its hubs in Pickle Lake, Red Lake, Sioux Lookout and Kapuskasing, Ontario and Thompson, Manitoba. The acquisition was completed to gain efficiencies in the Company's logistics network and enables it to provide faster, more consistent delivery of merchandise to its stores in northern Canada that are generally inaccessible by all-weather roads. NSA's current fleet comprises 18 aircraft, including three Basler BT-67, seven Pilatus PC-12, five ATR 72 and three Dash 8's. These aircraft have been selected for their ability to deliver cargo, fuel and passengers to northern Canada on a cost efficient basis.

OTHER - CANADA

Banner	# of Locations	Format
NWC Motorsports	1	Dealership offering sales, service, parts and accessories for Ski-doo, Honda, Can-am and other premier brands
Valu Lots	2	Discount centers and direct-to-customer food distribution outlets for remote communities
Solo Market	1	Full service grocery and pharmacy serving a road accessible northern community
Drug Stores	2	Stand-alone pharmacy and convenience stores in northern markets
Inuulisautinut Niuivirvik	1	Wellness-focused concept store featuring grocery, Booster Juice, pharmacy and optical services

The Company also operates complementary businesses that apply its knowledge of the north. These include:

- Crescent Multi foods, a distributor of produce and fresh meats, serving the Company's stores and third-party customers in Saskatchewan, Manitoba and northwestern Ontario;
- Amdocs, a physician services provider to remote northern communities;
- North West Tele-pharmacy Solutions, a leading provider of contract tele-pharmacist services across Canada; and
- A 50% ownership interest in Transport Nanuk Inc., a Canadian shipping company serving communities in the eastern Arctic.

INTERNATIONAL OPERATIONS

The Company's International Operations operate primarily through its U.S. subsidiary, The North West Company (International) Inc., its Cost-U-Less ("CUL") operating subsidiaries and Roadtown Wholesale Trading Ltd. The International Operations comprise 44% of consolidated sales. Its network of 58 stores together with its wholesale operations generated \$1.0 billion in revenues and \$93.2 million in EBITDA for the year-ended January 31, 2023. The banners and formats that comprise our International Operations at January 31, 2023 are described below.

ALASKA

Banner	# of Locations	Format
Alaska Commercial Company	32	Combination of food and general merchandise offered to remote and rural regions
Quickstop	5	Convenience stores offering extended hours, ready-to-eat foods and related services

These retail stores are located in the remote and rural regions of Alaska whose populations range from approximately 375 to 9,000 people. The average selling square footage of the Alaska Commercial Company stores is approximately 8,000 square feet. These stores offer a broad assortment of food and general merchandise similar to the Northern and NorthMart stores in Canada.

The Company's International Operations operate Pacific Alaska Wholesale, a complimentary business that provides wholesale food and general merchandise to independent grocery stores, commercial accounts and individual households in rural Alaska. It also operates Span Elite, an E-commerce platform that specializes in providing groceries to rural Alaskan residents.

SOUTH PACIFIC ISLANDS AND CARIBBEAN

Banner	# of Locations	Format
Cost-U-Less	12	Mid-size warehouse format stores offering discount food and general merchandise
Riteway Food Markets	9	Leading retail and wholesale operation in the BVI

The CUL stores are mid-size warehouse style retail stores located in the South Pacific and Caribbean serving communities ranging from 37,000 to 285,000 people. RTW is the leading retailer in the BVI with nine retail outlets and a significant wholesale operation. The CUL and RTW stores offer a variety of U.S. and other branded food and general merchandise, in addition to merchandise purchased locally. The average selling square footage of the CUL and RTW stores is approximately 29,000 square feet and 7,000 square feet respectively.

DISTRIBUTION AND INFRASTRUCTURE

The Company's Canadian Operations include both a wholly owned and third party distribution centre in Winnipeg, Manitoba. AC operates a third party distribution centre in the Port of Tacoma, Washington and a distribution centre in Anchorage, Alaska. CUL operates a distribution centre in San Leandro, California and uses third party facilities in both Florida and California. RTW operates a wholesale facility in Tortolla, BVI and uses third party facilities in Florida.

Due to the vast geography of the store network, transportation is an important element of operations. In Canada, 111 stores are inaccessible by all-weather roads. All of the Alaska Commercial Company stores are serviced by air or water transportation. The CUL stores, RTW retail and RTW wholesale operations rely on air and long-haul water transportation. All available modes of transportation including sealift, long-haul water transportation, barge, trucks including via winter roads, rail and air are used. In addition to owning NSA, the Company also has a 50% ownership interest in Transport Nanuk Inc. ("TNI"), a Canadian shipping company servicing the eastern Arctic and purchases freight handling and shipping services from TNI and its subsidiaries.

The Company operates 222 stores of which 150 are owned and the remaining stores are located in leased facilities. The Company also has a significant investment in staff housing in northern Canada which is required due to the limited availability of third party rental units and low vacancy rates across the north.

The Company's Canadian Operations source both food and general merchandise through its head office in Winnipeg, Manitoba from distributors and manufacturers located primarily in Canada and the United States. In the International Operations, the Company's buying offices in Anchorage, Alaska, Boca Raton, Florida and Tortolla, BVI source food and general merchandise predominantly from U.S. distributors and manufacturers. In addition to suppliers in Canada and the United States, the Company also sources a portion of its general merchandise from overseas and some merchandise is purchased from regional or local suppliers serving the CUL and RTW markets.

REAL ESTATE AND STORE DEVELOPMENT

Real estate and store development services required to support North West's network of retail, distribution and administrative facilities is managed by Company employees. The Company uses both internal and external resources in the construction, development and maintenance of its properties.

FINANCIAL SERVICES

Customers are offered convenient, local access to a variety of financial services. Northern, NorthMart and Alaska Commercial Company stores each offer a proprietary, revolving credit card for day-to-day purchases within its stores, similar to those offered by major department store chains. An extended payment program is also available to finance larger purchases at the stores. In addition to revolving credit, these stores also offer financial services such as prepaid card products, ATMs, cheque cashing, debit card cash withdrawal, cash transfer, bill payment, personal income tax preparation, money order and gift card services.

Day-to-day credit decisions are centralized at the Company's head office, freeing up store manager time for the marketing of products and services. The store manager's knowledge of the local economic conditions and their personal acquaintances with their customers continue to provide valuable input into the credit decision process. A central credit management system helps ensure consistency in the application of credit verification procedures, including policies governing: credit approvals, limits, collections and fraud prevention. It also allows for the continuous monitoring of account activity and balances at the head office so that credit specialists can provide advice to store managers. The Company does not have any individual customer accounts greater than 10% of total accounts receivable and provides an impairment allowance for potentially uncollectible accounts receivable.

CUSTOMERS

The Company operates the majority of its stores in developing small population Canadian and Alaskan communities. The Company's largest customer segment in these remote markets is largely dependent on government transfer payments in the form of social assistance, child care benefits, old age security, and supplemental nutrition assistance programs. A major source of employment income in these markets is generated from local government and spending on public infrastructure. This includes housing, schools, health care facilities, military facilities, roads and sewers. Income levels are also influenced by activities such as fishing, resource exploration, pipeline construction, tourism and hydroelectricity development and related construction activity. Income levels of CUL and RTW customers range from lower-income to affluent. In several CUL markets, the economy is dependent on tourism, resource development and government subsidies. In the British Virgin Islands, served by our RTW banner, the economy is highly dependent on tourism.

STORES AND OTHER FACILITIES

The table below sets out the number of stores, location of stores by region and whether the stores are owned or leased as at January 31, 2023.

	Owned	Leased	Total
CANADA			
Alberta	3	—	3
Newfoundland/Labrador	6	1	7
Manitoba	22	11	33
Northwest Territories	17	4	21
Nunavut	35	7	42
Ontario	8	15	23
Quebec	17	2	19
Saskatchewan	11	5	16
Total Canada	119	45	164
INTERNATIONAL			
Alaska	23	14	37
Caribbean	7	8	15
South Pacific	1	5	6
Total International	31	27	58
Total	150	72	222

The table below sets out the number of stores and selling square footage under our various retail formats as at January 31, 2023.

Banner	Number of Stores		Selling SQF	
	2022	2021	2022	2021
Northern	119	118	696,485	693,389
Quickstop	28	26	34,410	30,943
NorthMart	5	5	128,185	128,185
Giant Tiger	5	5	90,470	90,470
Other formats	7	7	54,847	54,847
Total Canada	164	161	1,004,397	997,834
Alaska Commercial	32	30	267,418	260,544
Quickstop	5	4	12,288	10,149
Cost-U-Less	12	12	344,695	344,695
Riteway Food Markets	9	9	61,899	61,899
Total International	58	55	686,300	677,287
Total	222	216	1,690,697	1,675,121

Selling areas of stores in small population developing communities in Canada and Alaska range in size from 900 square feet to 14,600 square feet. In regional and rural communities in Canada and Alaska, selling areas range from 3,000 square feet to 47,000 square feet. In the CUL stores, selling areas range from 13,500 square feet to 35,500 square feet. The Company owns employee residences and staff houses, which are typically located adjacent to the more remote store locations.

COMPETITION

In the vast majority of the northern and small market developing communities that it serves, the Company's stores are the leading providers of food, everyday and seasonal general merchandise and financial services. Local competition consists of stores operated by independent store owners and local co-operatives, some of which are associated with regional or national buying groups. The strength of independent store competition varies considerably depending on the management skills, financial strength and scale of local operators. Additionally, the commitment of local staff to the store and to customer relationships, and the ability to maintain consistent standards are other key factors influencing their success. In Canada, all of the communities in which the Company operates have access to on-line mail order services such as those provided by Amazon, Wal-Mart, Costco and smaller regional and specialized competitors. In the International Operations, this type of competition is generally more intense and includes on-line mail-order sales from retailers such as Amazon, Safeway, Wal-Mart and Costco. The CUL stores face equally highly competitive local, national and international discount and grocery retailers. RTW is the leading retailer in the BVI and faces competition from local independent store owners. Giant Tiger stores are located in larger northern market locations and are subject to a higher level of competitive intensity compared to more remote markets.

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. Investing in International Operations was \$33.0 million compared to \$29.3 million in 2021 and \$11.9 million in 2020.

Additional information on the Company's capital expenditures is included in the Company's MD&A and Consolidated Annual Audited Financial Statements for the fiscal year ended January 31, 2023, which are filed on SEDAR at www.sedar.com and on the Company's website at www.northwest.ca.

MANAGEMENT SALES AND OPERATIONS

Each store employs a full-time manager who has the primary accountability to monitor daily operations, maximize selling opportunities and safeguard the Company's assets. All stores have direct access to sales and operations support, procurement and marketing, logistics, accounting, finance, legal, human resources, information technology, store development and real estate services provided by its support offices located in Winnipeg, Manitoba; Anchorage, Alaska; Boca Raton, Florida; Tortolla, BVI and Thunder Bay, Ontario.

The Company's Canadian and International retail operations report to their respective President. A team of Vice-Presidents and Directors are accountable for the execution of corporate strategies, policies and programs at store level along with supporting specialist teams.

EMPLOYEES

At January 31, 2023, the Company employed 7,311 people, including 2,287 in its International Operations. Of these, approximately one-quarter are Indigenous and of the Indigenous employees, approximately 100 hold managerial positions. The Company is active in the recruitment of Indigenous people for positions in stores, corporate offices and distribution centres.

Training and development of employees is a major focus of the Company with a particular emphasis on building highly capable, thoroughly trained store teams. The sales and operations teams for Canadian and International Operations, together with support from Human Resources and Training and Development, are accountable for providing training on best practices to the store managers and their teams and for ensuring compliance with operational standards. The Company continues to invest in the development of training programs and is building greater store level capability and execution through the Manager-In-Training and the Department Manager-in-Training programs. These programs provide training to potential store managers and department managers on store operating processes, standards and policies, community relations, and the Company's management systems prior to them managing a store or a department within a store. A store Training Centre in Winnipeg, Manitoba is able to graduate up to 100 individuals each year into store key roles. Training Centre activity was complimented with accelerated e-learning development due to COVID-19 protocols. In 2022, employees completed over 5,000 e-learning modules from 179 available on-line courses.

Description of the Business - Risk Factors

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 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 AIF are also encouraged to refer to the Company's Annual Management's Discussion and Analysis which provides further information on the risk factors facing the Company and our most recent consolidated financial statements, management information circular, quarterly reports, material change reports and news releases. 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 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 capacity reflects the importance of mitigating against 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. 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 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. 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 should 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 relocated 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, increase the risk of customer dissatisfaction, adversely affect the Company's reputation or financial performance. 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 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, prepaid 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 and changes in dispensing fees 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 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 in Note 13 to the annual audited 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 annual audited 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 its 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.

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. 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.

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 annual audited consolidated financial statements. As at January 31, 2023, the Company had no outstanding interest rate swaps.

PANDEMIC

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

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.

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 Description of the Business - Risk Factors, further information on ESG is provided in the Company's Sustainability Report which is available on the Company's website at www.northwest.ca.

Dividends

GENERAL

Past dividend practices at the Company are aligned with a total return approach to investment performance. The Company aims to deliver top quartile returns through earnings growth and income yield. The Company has paid dividends or distributions for 35 consecutive years. In 2022, the Company paid quarterly dividends of \$0.37 per share in the first and second quarters, and \$0.38 per share in the third and fourth quarters or \$1.50 per share for the year. The payment of dividends on the Company's common shares is subject to the discretion of the Board of Directors, and will vary 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 CBCA for the declaration of dividends and other conditions existing at such future time.

The Company currently pays quarterly dividends to shareholders on approximately the 27th day of April and the 15th day of July, September and January, or the first business day following the 15th. The record date for any dividend is on or about the last business day of the month preceding the dividend date, or such other day as may be determined by the Board of Directors. In accordance with stock exchange rules, an ex-dividend date occurs two trading days prior to the record date to permit time for settlement of trades of securities and dividends must be declared a minimum of seven trading days before the record date.

DIVIDEND HISTORY

The following table shows the quarterly cash dividend per common share declared and paid by the Company for the past three fiscal years.

QUARTER	2022 (\$/share)	2021 (\$/share)	2020 (\$/share)
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 dividends paid were designated as eligible dividends in accordance with the provisions of the Canadian Income Tax Act.

Capital Structure

DESCRIPTION

The Company's objectives in managing capital 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 the growth opportunities of the business, maintain existing assets, meet obligations and financial covenants and enhance shareholder value. The capital structure of the Company consists of bank advances, long-term debt and shareholders' equity. The Company manages capital to optimize efficiency through an appropriate balance of debt and equity. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue additional shares, borrow additional funds, adjust discretionary capital spending and adjust the amount of dividends paid or refinance debt at different terms and conditions.

DEBT

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 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 Canadian Operations loan facilities, the \$100.0 million senior notes 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.

The Canadian Operations have committed, revolving loan facilities of \$400.0 million (January 31, 2022 - \$300.0 million) that bear a floating rate of interest based on Bankers Acceptances rates plus a stamping fee and mature on March 1, 2027. 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 drawn on these facilities (January 31, 2022 - \$45.1 million).

The Company has committed, revolving loan facilities of US\$52.0 million that bear interest at U.S. LIBOR or an alternative reference rate plus a spread and mature on March 1, 2027. These loan 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 drawn US\$NIL on these facilities (January 31, 2022 - US\$NIL).

The International Operations have an available, committed, revolving loan facility of US\$50.0 million (January 31, 2022 - \$40.0 million) for working capital and general business purposes that matures January 25, 2028. This facility bears a floating rate of interest based on U.S. LIBOR or an alternative reference rate plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2023, the Company had drawn US\$NIL on this facility (January 31, 2022 - US\$NIL).

SHAREHOLDERS' EQUITY

The Company has two classes of shares, Variable Voting Shares and Common Voting Shares, which 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 a given Shareholders' meeting, carry more than 49% of the total number of votes cast at the meeting.

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

The Company is authorized to issue an unlimited number of shares. As at January 31, 2023, there were 31,612,623 (January 31, 2022 - 32,905,594) common voting shares and 16,137,982 (January 31, 2022 - 14,973,056) variable voting shares issued and outstanding. The total shares outstanding as of January 31, 2023 were 47,750,605 (January 31, 2022 - 47,878,650).

The rights, privileges, restrictions and conditions attached to the common shares of the Company are:

- (i) Voting Rights - The holders of the Company's shares are entitled to one vote per share at all meetings of the shareholders of the Company.
- (ii) Dividends - The holders of the Company's shares are entitled to receive any dividend declared by the Board on shares. See "Dividends and Distributions" section.
- (iii) Rights Upon Dissolution - In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the Company's shares are entitled to receive, after payment of all liabilities of the Company, the remaining assets and property of the Company.

On November 10, 2022, the Company received approval from the Toronto Stock Exchange to renew its Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,740,895 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2023, the Company purchased 236,075 common shares having a book value of \$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, North West may, but is not required to, ask the designated broker to make purchases under the NCIB within specific parameters.

The Company has granted PSUs to officers and senior management. Each PSU entitles the participant to receive either a cash payment equal to the market value of the number of notional units granted or one share of the Company for each notional unit granted at the end of the vesting period based on the achievement of specific performance based criteria. The PSU account for each participant includes the value of dividends from the Company as if reinvested in additional PSUs. PSU awards vest with the employee on the third fiscal year following the date of the grant to which the award relates. Compensation expense is measured based on the grant date fair market value of the award and recognized over the vesting period based on the estimated total compensation to be paid. Compensation costs related to the PSUs for the year ended January 31, 2023 are \$7.9 million (January 31, 2022 – \$6.6 million). Equity settled PSUs are redeemed with shares transferred from a trust established for this plan or by issuing shares from treasury. There were 60,993 PSUs (January 31, 2022 – 155,490) partially settled by releasing 29,849 shares (January 31, 2022 – 76,629) from the employee trust during the year. There were 55,903 (January 31, 2022 – 21,032) partially settled by releasing 27,748 shares issued from treasury (January 31, 2022 – 13,815). The total number of PSUs outstanding at January 31, 2023 that may be settled in treasury shares is 337,331 (January 31, 2022 – 263,373).

The Company has a Director Deferred Share Unit Plan ("DDSU") available for independent Directors. Participants are credited with deferred share units for the amount of the annual equity retainer and fees each participant elects to allocate to the DDSU plan. Each deferred share unit entitles the holder to receive a share of the Company. The DDSUs are exercisable by the holder at any time but no later than December 31 of the first calendar year commencing after the holder ceases to be a Director. A participant may elect at the time of exercise of any DDSUs, subject to the consent of the Company, to have the Company pay an amount in cash equal to the aggregate current market value of the shares, determined based on the closing price of the shares on the TSX on the trading day preceding the exercise date. This cash payment is in consideration for the surrender by the participant to the Company the right to receive shares from exercising the DDSUs. Effective December 2016, the Plan was amended for those DDSUs credited to participants for the portion of the annual cash retainer and fees each participant elects to allocate to the Plan. The holder of these DDSUs is entitled to receive at the time of exercise, an amount in cash equal to the aggregate current market value of the shares, determined based on the closing price of the shares on the TSX on the trading day preceding the exercise date. The total number of DDSUs outstanding at January 31, 2023 is 258,689 (January 31, 2022 – 308,258). There were 93,743 DDSUs exercised in cash during the year ended January 31, 2023 (January 31, 2022 – 48,388).

The Company has a Share Option Plan that provides for the granting of options to certain officers and senior management. Options confer upon the holder a right to purchase one common share at a specific price described when the option is issued. The maximum number of shares available for issuance is a fixed number set at 4,354,020, representing 9.1% of the Company's issued and outstanding shares at January 31, 2023. During fiscal 2022, 94,934 options were exercised for cash consideration (January 31, 2022 - 156,085) and 108,030 (January 31, 2022 - 72,368) common shares were issued under share-based payment plans. As at January 31, 2023, there were 1,684,739 options outstanding, a decrease of 179,686 options from January 31, 2022.

Market for Securities

DESCRIPTION

The Company's common shares are listed and posted for trading on the TSX under the symbol "NWC". The following table provides trading information for the common shares for the period from February 1, 2022 to January 31, 2023 as reported by the TSX.

Month	High (\$)	Low (\$)	Close (\$)	Volume
February	36.22	34.80	36.02	3,011,991
March	38.60	35.91	38.30	8,941,210
April	40.09	35.35	35.83	6,439,065
May	36.40	33.84	36.30	6,044,279
June	36.70	32.91	33.29	3,696,708
July	34.79	33.13	34.48	2,499,584
August	36.72	33.15	34.05	2,365,052
September	35.26	30.55	31.99	5,526,123
October	36.41	31.94	35.45	5,220,180
November	37.92	34.61	37.82	2,565,737
December	38.34	34.76	35.57	3,314,430
January	37.08	35.17	36.24	2,723,824

ESCROWED SECURITIES

To the Company's knowledge, no securities of the Company were held in escrow as at January 31, 2023.

Directors and Executives of the Company

The name, jurisdiction of residence, position held at April 5, 2023 and principal occupation for each of our directors and executives are set out below. The term of office of each director expires at the next annual meeting of the Company.

DIRECTORS

Name and Jurisdiction of Residence	Position with North West	Principal Occupation
Brock Bulbuck ⁽¹⁾ Winnipeg, Manitoba, Canada	Chair of the Board & Director (Director since 2018)	Corporate Director
Deepak Chopra ⁽³⁾⁽⁴⁾ Toronto, Ontario, Canada	Director (Director since 2018)	Corporate Director
Frank J. Coleman ⁽²⁾⁽⁴⁾ Corner Brook, Newfoundland and Labrador, Canada	Director (Director since 1999)	President and Chief Executive Officer, Coleman Group of Companies
Stewart F. Glendinning ⁽²⁾⁽³⁾ Ocean Ridge, Florida, USA	Chair, Governance and Nominating Committee and Director (Director since 2014)	Group President, Prepared Foods Tyson Foods, Inc.
Rachel L. Huckle ⁽²⁾⁽⁴⁾ Toronto, Ontario, Canada	Director (Director since 2022)	President and Chief Operating Officer Staples Canada ULC
Annalisa King ⁽²⁾⁽³⁾ Vancouver, British Columbia, Canada	Chair, Audit Committee and Director (Director since 2014)	Corporate Director
Violet A. M. Konkle ⁽³⁾⁽⁴⁾ Fenwick, Ontario, Canada	Chair, Human Resources, Compensation and Pension Committee and Director (Director since 2014)	Corporate Director
Steven Kroft ⁽²⁾⁽⁴⁾ Winnipeg, Manitoba, Canada	Director (Director since 2021)	President, Falcon Capital Corporation
Daniel G. McConnell ⁽¹⁾ Winnipeg, Manitoba, Canada	President & CEO (Director since 2021)	President & Chief Executive Officer, The North West Company Inc.
Jennefer Nepinak ⁽³⁾⁽⁴⁾ Winnipeg, Manitoba, Canada	Director (Director since 2019)	Senior Advisor, Canadian Museum for Human Rights
Victor Tootoo ⁽²⁾⁽³⁾ Iqaluit, Nunavut, Canada	Director (Director since 2015)	Vice President, NVision Insight Group

(1) The Chair of the Board is not a member of any Board Committee, but attends all meetings in an ex-officio capacity. The President and Chief Executive Officer is not a member of any Board Committee, but attends these meetings as an invited guest.

(2) Member of the Audit Committee.

(3) Member of the Governance and Nominating Committee.

(4) Member of the Human Resources, Compensation and Pension Committee.

Each of the directors listed have held their respective positions and offices with the same, predecessor or associated firms or organizations as their principal occupation for the past five years, except as follows:

Brock Bulbuck most recently served as Executive Chair of Boyd Group Services Inc. from 2020 to 2021. Prior to this role, Mr. Bulbuck served as Chief Executive Officer from 2010 to 2019. After joining Boyd in 1993, Mr. Bulbuck served in many senior leadership roles and played a leading role in the overall development and growth of the business. Mr. Bulbuck also serves as a Director on the Board of Directors of Boyd Group Services Inc. He is also a past Chairperson of the Winnipeg Football Club Board of Directors, a past member of the Canadian Football League Board of Governors and a current director of the Pan Am Clinic Foundation. Mr. Bulbuck has a Bachelor of Commerce (Honors) degree from the University of Manitoba and is a Chartered Professional Accountant.

Deepak Chopra is a corporate director and most recently served as President and Chief Executive Officer of Canada Post Corporation from February 2011 to March 2018. Mr. Chopra has more than 30 years of global experience in the financial services, technology, retail and logistics & supply-chain industries. Prior to that he worked for Pitney Bowes Inc., a NYSE-traded technology company known for postage meters, mail automation and location intelligence services, for more than 20 years. He served as President of Pitney Bowes Canada and Latin America from 2006 to 2010. Prior to that, Mr. Chopra held a number of increasingly senior executive roles in Europe, Asia Pacific and Middle East regions. Mr. Chopra is a director of Celestica, Inc., Descartes Systems Group and Sun Life Financial. He has previously served on the boards of Canada Post Corporation, Purolator Holdings Ltd., SCL Group, the Canada Post Community Foundation, Conference Board of Canada and the Toronto Region Board of Trade. Mr. Chopra is a Fellow of the Institute of Chartered Professional Accountants of Canada.

Rachel L. Huckle is the President and Chief Operating Officer for Staples Canada ULC. Prior to that she was the Chief Retail Officer since 2019. Before joining Staples Ms. Huckle worked with Loblaw Companies Ltd. and Shoppers Drug Mart beginning in 1996 where she held a variety of positions including: (i) Vice President Operations, (ii) Vice President, Loyalty and Customer insights, (iii) Senior Vice President, Health and Wellness, and (iv) and Senior Vice President Merchandising - Centre of Store. Ms. Huckle has a Masters in Business Administration from Rotman School of Management, and a Masters of Finance from Smith School of Business.

Steven Kroft was Chief Executive Officer and Executive Chair of the CEL Group of Companies from 1998 until its sale in 2022. Under his leadership, Conviron and Argus Controls became widely recognized as the world leaders in the supply and manufacture of controlled environment equipment used primarily in agricultural research and high value plant production applications. A lawyer, Mr. Kroft previously practiced law with a major Manitoba law firm from 1992 to 1997. Mr. Kroft is the President and founder of Falcon Capital Corporation, a firm with investments in a range of companies and real estate. In addition to serving on the board of the recently established Manitoba First Fund, Mr. Kroft is a Director Emeritus of the Business Council of Manitoba, a director of the True North Youth Foundation, a member of the University of Manitoba's President's Advisory Council, and Past-Chair of CancerCare Manitoba Foundation. Mr. Kroft obtained his ICD.D designation from the Institute of Corporate Directors in 2017.

Jennefer Nepinak is an experienced advisor and lawyer and is the Vice-President, Strategic Partnerships and Reconciliation at TIPI Group of Companies. She is a citizen of Minegozhiiibe Anishinabe (Pine Creek First Nation) and is fluent in Ojibwe. She has held leadership roles at the University of Winnipeg, the Canadian Museum for Human Rights, the Treaty Relations Commission of Manitoba, and with various First Nation governments, as well as with the governments of Canada and Manitoba. A passionate leader firmly rooted in the Indigenous community her efforts are founded in a balanced approach focused on ensuring that Indigenous ways of knowing and being are recognized and incorporated. Ms. Nepinak has over 25 years of political, government and business experience and is skilled at initiating collaborative processes that involve numerous cross-sector partners and stakeholders. With extensive governance experience, Ms. Nepinak has served on various boards including the Assembly of Manitoba Chiefs, the Treaty Legacy Foundation, Rossbrook House, the Helen Betty Osborne Memorial Foundation, The University of Winnipeg Board of Regents, the Canadian Education Coalition, and Manitoba Hydro. Ms. Nepinak received a Bachelor of Arts in Sociology (1997), completed her Law degree at the University of Manitoba and Osgoode Hall Law School at York University (2000), and received her designation with the Institute of Corporate Directors at Rotman School of Management (2018). She is currently pursuing a Master of Arts in Indigenous Governance and is also a practising member of The Law Society of Manitoba.

EXECUTIVES

Name and Jurisdiction of Residence	Principal Occupation with North West
Daniel G. McConnell Winnipeg, Manitoba, Canada	President and Chief Executive Officer (Executive since 2008)
Jim R. Caldwell Winnipeg, Manitoba, Canada	President, Canadian Retail (Executive since 2021)
Kyle A. Hill Anchorage, Alaska, USA	President, Alaska Commercial Company (Executive since 2018)
J. Kevin Proctor Boca Raton, Florida, USA	President, Cost-U-Less & Riteway (Executive since 2021)
John D. King Winnipeg, Manitoba, Canada	Executive Vice-President & Chief Financial Officer (Executive since 2006)
Alison F. Coville Toronto, Ontario, Canada	Chief People Officer (Executive since 2021)
Vineet Gupta Toronto, Ontario, Canada	Chief Information Officer (Executive since 2022)
Cole J. A. Akerstream Winnipeg, Manitoba, Canada	Vice-President, Corporate Development (Executive since 2019)
Michael T. Beaulieu Winnipeg, Manitoba, Canada	Vice-President, Canadian Store Operations (Executive since 2013)
David M. Chatyrbok Winnipeg, Manitoba, Canada	Vice-President, Canadian Procurement & Marketing (Executive since 2009)
Leanne G. Flewitt Winnipeg, Manitoba, Canada	Vice-President, Logistics, Supply Chain & Distribution (Canadian Operations) (Executive since 2013)
Matt D. Johnson Boca Raton, Florida, USA	Vice-President, Cost-U-Less Procurement & Marketing (Executive since 2014)
Laurie J. Kaminsky Winnipeg, Manitoba, Canada	Vice-President, NWC Health Products & Services (Executive since 2014)
Frank W. Kelner Thunder Bay, Ontario, Canada	Chair & Chief Executive Officer, North Star Air Ltd. (Executive since 2017)
Thomas J. Meilleur Thunder Bay, Ontario, Canada	Vice-President, North Star Air Ltd. (Executive since 2017)
Walter E. Pickett Eagle River, Alaska, USA	Vice-President & General Manager, Alaska Commercial Company (Executive since 2005)
Randy L. Roller Winnipeg, Manitoba, Canada	Vice-President & General Manager, Facilities and Store Planning (Executive since 2022)
Douglas S. Ruckle Anchorage, Alaska, USA	Vice-President, Procurement & Marketing - Alaska Commercial Company (Executive since 2021)

Name and Jurisdiction of Residence	Principal Occupation with North West
Nicolas Sabogal Boca Raton, Florida, USA	Vice-President of Strategy, Planning and Analytics (Executive since 2021)
Kevin T. Sie Winnipeg, Manitoba, Canada	Vice-President, Finance (Executive since 2019)
Jeffrey B. Stout Thunder Bay, Ontario, Canada	President & Chief Operating Officer, North Star Air Ltd. (Executive since 2017)
Amanda E. Sutton Winnipeg, Manitoba, Canada	Vice-President, Legal & Corporate Secretary (Executive since 2017)
James W. Walker Anchorage, Alaska, USA	Vice-President & General Manager, Wholesale Operations (International Operations) (Executive since 2008)

All of the executives have held their present positions with the Company during the past five years, except as follows:

Daniel G. McConnell has been with the Company for over 20 years, joining in 2002 in the role of Manager, Real Estate and Store Development and quickly advancing to hold multiple management positions including Executive Vice-President and Chief Development Officer. He became President of the International Retail division in 2018 and relocated to Boca Raton with his family. He returned to Winnipeg in August 2021 to take on the role of President and Chief Executive Officer. Dan was born in Winnipeg, Manitoba. He received his Bachelor of Arts from the University of Winnipeg and has a Master's Degree in Business Administration from the University of Wales and many years' experience in retail development.

Jim R. Caldwell joined the Company in 2021 as President, Canadian Retail. Mr. Caldwell is a seasoned leader with 40 years of retail experience covering functional areas in operations, merchandising, distribution, sales and marketing. He has served in senior roles with Walmart, Lowes, The Brick and most recently as President & CEO of OK Tire. Mr. Caldwell also formerly served on the Board of Directors for the Retail Council of Canada and the Canadian Association of Chain Drug Stores Council of Representatives.

Kyle A. Hill joined the Company in 2018, as Vice-President of Strategy and Special Projects and was promoted to Executive Vice-President in 2019. In 2020, he took on the role of Vice-President of Procurement and Marketing with the Alaska Commercial Company business unit and was appointed its President in 2021. Mr. Hill's previous experience includes positions at Google and NASA followed by three years at the Boston Consulting Group. Most recently Mr. Hill co-founded and was Executive Director of Teach for Canada, a non-profit organization that partners with northern First Nations to recruit, train, and support teachers. He has a Bachelor, Masters and Doctorate degrees in physics and mathematics and was a Rhodes Scholar at the University of Oxford. He serves on the Boards of the Donner Canadian Foundation and Teach For Canada.

J. Kevin Proctor joined the Company in 2021 as a President in The North West Company (International) Inc., accountable for the Cost-U-Less and Riteway Foods banners. Mr. Proctor is a senior executive with over 20 years of global retail leadership in Grocery, Real Estate and Supply Chain. Prior to joining the Company, Mr. Proctor served as Chief Investment Officer and Chief Operating Officer at Save-A-Lot where he led its divestiture and subsequent business transformation activities. Mr. Proctor started his career and spent over 16 years with Lidl, one of Europe's leading discount food store chains, where he held progressively senior roles including Regional Vice President Operations and Chief Development & Supply Chain Officer. Mr. Proctor was also selected to spearhead its expansion in the highly competitive US market.

Alison F. Coville joined the Company in 2021 as Chief People Officer. A seasoned and passionate leader, she comes to the Company from a long career in retail with the Hudson's Bay Company, where she served in several senior roles from SVP Managing Director to President, Hudson Bay and Home Outfitters.

Vineet Gupta joined the Company in 2022 as Chief Information Officer. Mr. Gupta is an accomplished executive who has led large scale technology and digital transformations in both the hospitality and financial services industries. He has held Global CIO and CTO roles and has over 20 years of experience executing technology strategies aligned with corporate objectives. He has managed large global teams delivering technology and digital solutions worldwide. Mr. Gupta began his career as an engineer in the Transportation and Aerospace industries before moving to hospitality where he spent the majority of his career.

Cole J. A. Akerstream joined the Company in 2009 as Manager, Store Development. He was promoted in 2012 to Senior Manager, Real Estate & Store Development, and appointed Director, Real Estate, Store Development & Staff Housing in 2016. In July 2019, Mr. Akerstream assumed his current role, Vice-President, Corporate Development.

Michael T. Beaulieu joined the Company in 1993 in our Northern Stores where he advanced to Store Manager and then to District and Regional Store Management positions before joining Procurement and Marketing as a Director. In 2013, Mr. Beaulieu was promoted to Vice-President, NWC Services and in 2016 was appointed to Vice-President, Canadian Sales & Operations, Northern Canada Retail, Central Division before assuming his current role in 2020. Mr. Beaulieu has an Executive Management MBA from Royal Roads University.

David M. Chatyrbok joined the Company in 2000 and held various management positions, including Senior Category Manager and Director within the procurement and marketing division. In 2007, Mr. Chatyrbok was promoted to Vice-President of Marketing for the Alaska Commercial Company and in 2009 returned to Canada as Vice-President, Grocery, Procurement & Marketing for the Company. In 2016, Mr. Chatyrbok moved to operations as Vice-President, Canadian Sales & Operations, Northern Canada Retail, NorthMart/Major Markets Division before assuming his current role in 2020.

Matt D. Johnson returned to the Company in 2014 as Vice-President, Fresh/Food Service Procurement & Marketing and assumed his current role in 2019. Mr. Johnson had previously been with the Company as a Meat Assistant Category Manager and over six years progressed to Category Manager Meat/Seafood/Deli/Food Service. In 2010, Mr. Johnson joined Price Chopper in upstate New York and was promoted to the position of Vice-President, Meat Merchandising. Prior to joining the Company Mr. Johnson had most recently been with Ahold USA.

Randy L. Roller joined the Company in 2022 as Vice-President & General Manager, Facilities and Store Planning. Prior to joining North West, Mr. Roller was Chief Operating Officer at a large, fully integrated design, engineering, construction, and maintenance services firm specializing in primary and secondary food processing facilities. He has extensive construction experience at the executive level, having spent many years leading and implementing critical system improvements including safety and lean construction initiatives, as well as leading design, costing, procurement and quality assurance improvements. Mr. Roller is a current member of the Institute of Corporate Directors having achieved the ICD.D designation in 2018 and is currently serving on various not-for-profit boards.

Douglas S. Ruckle joined the Company in September of 2001 as the General Merchandise Manager at the Dillingham store, bringing with him over 15 years of retail management experience to Alaska Commercial Company. Mr. Ruckle was promoted to District Manager and then Category Manager before being named Vice-President, Procurement & Marketing in August 2021. Mr. Ruckle has a Bachelor's degree in Business Administration from Texas A&M with majors in Marketing and Management.

Nicolas Sabogal joined the Company in October of 2019 as Director of Business Development in International Retail operations. In 2021, he was appointed Vice-President of Strategy, Planning and Analytics. Prior to joining the Company, Mr. Sabogal worked in the Financial Markets practice at PricewaterhouseCoopers in both Columbia and the US, providing audit and consulting services for a wide array of public, private and government clients across various industries. Before joining PwC, he was Head of the Financial Risk Management Department of the Colombian Mercantile Exchange Clearinghouse.

Kevin T. Sie joined the Company in 2008 as Corporate Controller and in 2019, was promoted to Vice-President, Finance. Mr. Sie is a senior finance professional with over 25 years of experience in acquisitions, financial management and reporting, risk management, insurance and treasury services. Prior to joining North West he was a Senior Manager at KPMG LLP where he provided audit and advisory services for over 10 years in Canadian, US and European markets. Mr. Sie is a member of the Chartered Professional Accountants of Manitoba.

As at January 31, 2023, the foregoing directors and officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 840,448 common shares or approximately 1.8% of the issued and outstanding common shares of the Company. The information as to shares beneficially owned, not being with our knowledge, has been furnished by the respective individuals.

As at January 31, 2023, based on public filings, there were no shareholders who beneficially owned, or controlled or directed, directly or indirectly, more than 10.0% of the Company's issued and outstanding common shares.

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Other than as noted in the declarations set forth below, no Director or executive of the Company is, or has been within the past 10 years, a Director or executive officer or promoter of any other company that, while such person was acting in that capacity:

- (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days;
- (ii) was subject to an event that resulted, after the person ceased to be a Director or executive officer, in the issuer being the subject of a cease trade order or similar order or an order denying statutory exemption; or
- (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No Director or executive of the Company has, within the 10 years preceding the date hereof, been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

No Director or executive is, or has become, within the 10 years preceding the date hereof, bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Audit Committee

DESCRIPTION

The Audit Committee is appointed annually by the Company's Board of Directors. The responsibilities and duties of the Audit Committee are set out in the Audit Committee Mandate attached hereto as Appendix A. The following table sets out the name of each of the current members of our Audit Committee, whether such member is independent and financially literate, as those terms are defined in National Instrument 52-110 *Audit Committees*. It also summarizes the relevant education and experience of each member.

Name	Independent	Financially Literate	Relevant Education and Experience
Annalisa King	✓	✓	Chair of the Board for the Vancouver Airport Authority. Prior to that, Ms. King was Senior Vice President and Chief Financial Officer of Best Buy Canada Ltd., where she was responsible for Finance, Information Technology and real estate. She served in this position from 2008 through 2016. Before her role at Best Buy Canada Ltd., she was Senior Vice-President of Business Transformation for Maple Leaf Foods Inc. She has also held senior positions, primarily in finance, throughout her career at consumer packaged goods companies, Kraft and Pillsbury Canada. Ms. King is a director of Saputo Inc., First Capital Real Estate Investment Trust and Templeton DOC General Partnership Ltd. Ms. King obtained her ICD.D designation from the Institute of Corporate Directors in 2013 and obtained fellowship from the National Association of Corporate Directors in 2018.
Frank J. Coleman	✓	✓	President and Chief Executive Officer of the Coleman Group of Companies since 1991. This includes retail food, retail furniture and clothing operations throughout the Province of Newfoundland and Labrador. He is a past director of the Distribution Council of Canada, The Canadian Federation of Independent Grocers, Emera Newfoundland and Labrador Holdings Incorporated, Fishery Products Ltd., and Newfoundland Power (a subsidiary of Fortis). He is currently a director of Rocky Mountain Liquor Inc. and has served as the Honorary Lieutenant Col. of the Royal Newfoundland Regiment Battalion 2.
Stewart F. Glendinning	✓	✓	Has been with Tyson Foods since 2017 and has held the position of Group President, Prepared Foods since 2022. Prior to his current role, he was Tyson's Executive Vice-President and Chief Financial Officer. Before that he worked with Molson Coors Brewing Company beginning in 2005 where he held the positions of (i) Chief Financial Officer, Molson Coors UK, (ii) Global Chief Financial Officer Molson Coors Brewing Company, (iii) President and Chief Executive Officer, Molson Coors UK, (iv) President and Chief Executive Officer, Molson Coors Canada, and (v) President and Chief Executive Officer of Molson Coors International. Before joining Molson Coors, Mr. Glendinning worked with KPMG and The Hackett Group, both professional services companies where he held various senior audit and consulting roles, working with a broad array of multinational clients.
Rachel L. Huckle	✓	✓	President and Chief Operating Officer for Staples Canada ULC. Prior to that she was the Chief Retail Officer since 2019. Before joining Staples Ms. Huckle worked with Loblaw Companies Ltd. and Shoppers Drug Mart beginning in 1996 where she held a variety of positions including: (i) Vice President Operations, (ii) Vice President, Loyalty and Customer insights, (iii) Senior Vice President, Health and Wellness, and (iv) and Senior Vice President Merchandising - Centre of Store. Ms. Huckle has a Masters in Business Administration from Rotman School of Management, and a Masters of Finance from Smith School of Business.
Steven Kroft	✓	✓	Was Chief Executive Officer and Executive Chair of the CEL Group of Companies from 1998 until its sale in 2022. Under his leadership, Conviron and Argus Controls became widely recognized as the world leaders in the supply and manufacture of controlled environment equipment used primarily in agricultural research and high value plant production applications. A lawyer, Mr. Kroft previously practiced law with a major Manitoba law firm from 1992 to 1997. Mr. Kroft is the President and founder of Falcon Capital Corporation, a firm with investments in a range of companies and real estate. In addition to serving on the board of the recently established Manitoba First Fund, Mr. Kroft is a Director Emeritus of the Business Council of Manitoba, a director of the True North Youth Foundation, a member of the University of Manitoba's President's Advisory Council, and Past-Chair of CancerCare Manitoba Foundation. Mr. Kroft obtained his ICD.D designation from the Institute of Corporate Directors in 2017.

Name	Independent	Financially Literate	Relevant Education and Experience
Victor Tootoo	✓	✓	President of NVision Insight Group, which specializes in empowering Indigenous communities and works with all levels of government and Inuit organizations in northern Canada. He is also President and CEO of Northern Allied Nunavut Travel Inc., a travel management company which caters to corporations in Northern Canada; President of AV Nunavut Fuels Inc., which purchases and distributes fuel to northern Canada; President of Kivallingmiut and Auyuitiq Aviation, which provides helicopter and charter services in northern Canada; and President of Nahanni Nunavut Construction, which provides civil project management and general contractor services. Prior to launching his commercial career, Mr. Tootoo held numerous positions with various governments in the north. Mr. Tootoo holds a Chartered Professional Accountants designation, and also attended Assiniboine Community College where he obtained a Diploma in Business Administration.

EXTERNAL AUDIT SERVICES

Fees paid to the external auditors, PricewaterhouseCoopers LLP, by the Company and its subsidiaries for professional services rendered during fiscal 2022 and 2021 are summarized in the table below.

Fee type (\$ in thousands)	2022		2021	
Audit Fees	\$	505	\$	420
Audit-Related Fees		12		15
Tax Fees		28		32
Total	\$	545	\$	467

AUDIT FEES

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements or services provided in connection with statutory and regulatory filings or engagements, and the review of the Company's interim financial statements.

AUDIT-RELATED FEES

Audit related fees include charges related to professional services for store audit procedures, review of procedures for the Company, confirmation on compliance with debt covenants, due diligence, completion of procedures required by contract and advice on new accounting standards.

TAX FEES

Tax related fees include professional services for tax compliance services and advice, commodity tax consultation, reorganizations, acquisitions and other tax-related matters.

PRE-APPROVAL POLICIES AND PROCEDURES

As part of the Company's governance structure, the Audit Committee annually approves the terms of the external auditor's engagement. To further ensure the independence of the auditors is not compromised, the Audit Committee also pre-approves all engagements of the auditors for non-audit related services in accordance with its pre-approval policy.

Interest of Experts

The only persons who are named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, under National Instrument 51-102, *Continuous Disclosure* by the Company during, or relating to, the Company's most recently completed financial year, and whose profession or business gives authority to the statement, report or valuation made by the person or the Company, is PricewaterhouseCoopers LLP, Chartered Professional Accountants.

PricewaterhouseCoopers LLP have prepared an independent auditor's report dated April 5, 2023 in respect of the Company's consolidated financial statements as at January 31, 2023 and January 31, 2022 and for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of Manitoba Code of Professional Conduct.

Conflicts of Interest

No Director or officer of the Company, or any associate or affiliate of the foregoing persons, has any substantial interest, direct or indirect, in any material transaction with the Company for the period February 1, 2022 to January 31, 2023.

Legal Proceedings

Management is not aware of any litigation outstanding, threatened or pending as of the date hereof by or against the Company or its respective subsidiaries which would be material to a purchaser of common shares, see "Risk Factors - Litigation and Casualty Losses".

Interest of Management and Others in Material Transactions

Management is not aware of any Director or executive of the Company, or other insider of the Company, or any associate or affiliate of the foregoing persons who has any substantial interest, direct or indirect, in any material transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction.

Transfer Agent & Registrar

The transfer agent and registrar of the Company is TSX Trust Company. Its principal office is located at 600 The Dome Tower, 333-7th Ave SW, Calgary, AB, T2P 2Z1 and its mailing address is P.O. Box 700, Station B, Montreal, QC, H3B 3K3.

Material Contracts

There were no material contracts entered into by the Company during the most recently completed financial year, other than those entered into in the ordinary course of business.

A copy of the foregoing documents may be examined during normal business hours at the office of the Company located at Gibraltar House, 77 Main Street, Winnipeg, Manitoba, R3C 2R1 and are available on SEDAR at www.sedar.com.

Additional Information

Additional information, including Director and executive remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is contained in the Company's Management Information Circular to be issued in connection with the 2022 Annual General and Special Meeting of Shareholders to be held on June 7, 2023 at 11:30 a.m. (Central Time) by virtual only meeting via live audio webcast online at <https://web.lumiagm.com/434747831>.

Additional information relating to the Company and additional financial information is provided in the Company's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended January 31, 2023 and the Company's 2022 Annual Report, all of which are available on SEDAR at www.sedar.com and at www.northwest.ca.

Copies of the information referred to in this section, as well as the AIF, can be obtained by writing to the Corporate Secretary, The North West Company Inc., Gibraltar House, 77 Main Street, Winnipeg, Manitoba, R3C 2R1.

Appendix A - Audit Committee Mandate

The Audit Committee (the “Committee”) of The North West Company Inc. (“North West”) is established in order to assist the Board of Directors of North West (the “Board”) in its oversight activities, including overseeing the work of North West’s external auditor as set out below.

1. Purpose

The primary purpose of the Committee is to assist the Board in fulfilling its responsibilities of oversight and supervision of:

- (a) the integrity of North West’s accounting and financial reporting practices and procedures;
- (b) the adequacy of North West’s internal accounting and disclosure controls and procedures;
- (c) the quality and integrity of North West’s consolidated annual and quarterly financial statements;
- (d) the independence and performance of North West’s external auditor;
- (e) compliance by North West with legal and regulatory requirements in regard to financial reporting and disclosure that North West is subject to;
- (f) the performance of the internal audit function, and ensuring processes are in place to ensure the independence of the internal audit function; and
- (g) the implementation of appropriate systems and processes to identify and manage North West’s principle risks.

2. Composition

- (a) The Committee will be comprised of a minimum of three directors who are “independent” directors within the meaning of Multilateral Instrument 52-110 Audit Committee (the “Policy”). Any Committee member, who, for any reason, is no longer independent, immediately ceases to be a Committee member;
- (b) All Committee members will be “financially literate” or will become financially literate within the time limits as set out in the Policy. “Financially literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by North West’s consolidated financial statements; and
- (c) Committee members will be appointed and removed by the Board. The Committee Chairperson will be appointed by the Board.

3. Reports

The Committee shall report to the Board on a regular basis, including prior to the public disclosure by North West of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of North West’s consolidated financial statements, its compliance with legal and regulatory requirements, and the performance and independence of North West’s external auditor.

4. Responsibilities

Subject to the powers and duties of the Board, and with the requirement that the Committee provides timely summary reports to the Board on its activities, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

A. Financial Statements and Other Financial Information

The Committee shall:

- (a) review North West’s consolidated interim unaudited financial statements and annual audited financial statements and related documents, prior to any public disclosure of such information;

- (b) following a review with management and the external auditor of such annual and interim consolidated financial statements and related documents including the auditor's report thereon, recommend to the Board the approval of such financial statements and related documents;
- (c) review with management and/or the external auditor all critical accounting policies and practices used as well as significant management estimates and judgments and any changes in accounting policies or financial reporting requirements that may affect North West's consolidated financial statements;
- (d) review with management and/or the external auditor the treatment in the financial statements of any significant transactions, and other potentially difficult matters;
- (e) review with management and the external auditor all matters required to be communicated to the Committee under generally accepted auditing standards;
- (f) review and recommend to the Board for approval, other annual and quarterly financial reporting documents, including management's discussion and analysis, earnings press releases, Annual Information Form, and Annual Report of North West prior to any disclosure to the public;
- (g) review with management and the external auditor any material off-balance sheet financing mechanisms, transactions or obligations of North West;
- (h) review a summary provided by North West's management, of the status of any material existing, pending or threatened litigation, claims and assessments respecting North West and its subsidiaries;
- (i) review with management and the external auditor any correspondence with securities regulators or commissions which raise material issues regarding North West's financial statements or accounting policies; and
- (j) review in advance and approve, any communications regarding material financial matters between North West and any applicable securities regulators or commissions.

B. Financial Reporting Control Systems

The Committee shall:

- (a) in consultation with management, the external auditor and the officer or employee responsible for the internal audit function, review, evaluate and assess the adequacy, integrity and effectiveness of North West's consolidated financial reporting processes, management information systems, and internal controls and discuss significant financial risk, exposures and the steps management has taken to monitor, control and report such exposures;
- (b) review guidelines and policies with respect to identifying and managing the principle financial risks inherent in North West's business and operations, and review the processes that are implemented by management to manage and monitor those risks;
- (c) submit to the Board, any recommendations that the Committee may have from time to time (through its own inquiries or through those of advisors retained by the Committee) with respect to financial reporting, accounting procedures and policies and internal controls;
- (d) ensure that due diligence processes and controls in connection with certification of North West's annual and interim filings are in place, monitoring their continued effectiveness, and ensure that such filings are in a form that permits their certification;
- (e) review any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls made to the Committee by the CEO and CFO during their certification process for forms filed with applicable securities regulators;
- (f) review with management and/or the external auditor any related party transactions (as defined under "International Financial Reporting Standards");
- (g) review the management representation letter to the external auditor;
- (h) review reports obtained from the external auditor regarding the overall control environment and the adequacy of accounting system controls;

- (i) review any new appointments to Vice President positions of North West and its subsidiaries with financial reporting responsibilities;
- (j) satisfy itself that adequate procedures are in place for the review of North West's disclosure of North West's financial information extracted or derived from North West's consolidated financial statements, and periodically assess the adequacy of those procedures;
- (k) establish procedures for: (i) the receipt, retention, and treatment of complaints received by the issuer regarding internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of North West or its subsidiaries of concerns regarding questionable accounting, internal accounting controls, or auditing matters;
- (l) review and approve North West's (and its respective subsidiaries) hiring policies regarding employees and former employees of the present and former external auditor of North West; and
- (m) review annually North West's property and liability insurance policies (other than Director and Officer Liability Insurance), and satisfy itself that adequate insurance programs are in place.

C. Disclosure Controls

The Committee shall:

- (a) satisfy itself that management has developed and implemented a system of disclosure controls to ensure that North West meets its continuous disclosure obligations;
- (b) receive regular reports from management on the functioning of the disclosure compliance system, including any significant instances of non-compliance with such system, in order to satisfy itself that such system may be reasonably relied upon; and
- (c) review any disclosures concerning any weaknesses or any deficiencies in the design or operation of disclosure controls made to the Committee by the CEO and CFO during their certification process for forms filed with applicable securities regulators.

D. Internal Audit

The Committee shall:

- (a) review and concur with any appointment or dismissal of the senior internal audit officer or employee;
- (b) communicate directly with the senior internal audit officer or employee;
- (c) review the performance and ensure processes are in place for the independence of the internal audit function;
- (d) meet separately with the senior internal audit officer or employee to discuss any matters that the Committee or auditor believe should be discussed in private;
- (e) review and approve the proposed annual corporate internal audit plan, including assessment of major risks, areas of focus, responsibilities and objectives, and staffing; and
- (f) receive quarterly reports from internal audit on (a) the progress on the internal audit plan, including any significant changes to it; (b) significant internal audit findings, including issues as to the adequacy of internal control over financial reporting and any procedures implemented in light of significant control deficiencies; and (c) any significant internal fraud issues.

E. External Auditor

The Committee shall:

- (a) obtain confirmation from the external auditor that it will be accountable to, and report directly to, the Committee;
- (b) review and approve the external auditor's annual audit plan;
- (c) meet with North West's external auditor on a regular basis in the absence of management, and discuss in private with the external auditor matters affecting the conduct of their audit and other corporate matters;

- (d) review regularly the performance, qualifications, independence and remuneration of North West's external auditor, as well as the competence and responsiveness of the individual partners assigned to North West's account;
- (e) recommend to the Board each year the remuneration of, and the retention or replacement of the external auditor to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for North West, and annually approve the terms of such engagement;
- (f) if there is a plan to change the external auditor, review all issues related to the change and the steps planned for an orderly transition;
- (g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an audit report or performing other services;
- (h) discuss with North West's external auditor the quality of North West's accounting principles and policies;
- (i) resolve any disagreements between management and the external auditor regarding financial reporting;
- (j) relay its expectations to North West's external auditor from time to time including its expectation that (i) any disagreements of a material nature with management be brought to the attention of the Committee, (ii) any irregularities in the financial information be reported to the Committee; and (iii) the external auditor discloses any conflict of interest that may arise in their engagement; and
- (k) pre-approve all non-audit services to be provided to North West or its subsidiary entities by its external auditor to obtain assurance that the performance of such services will not compromise the independence of the external auditor. The Committee may delegate to the Chairperson of the Committee authority to pre-approve non-audit services in satisfaction of this requirement. The pre-approval of non-audit services by the Chairperson of the Committee must be presented to the full Committee at its first scheduled meeting following such pre-approval.

F. Enterprise Risk Management

The Committee shall:

- (a) review North West's processes for identifying, assessing and managing risk and North West's external and internal risk exposures;
- (b) at least annually, obtain from management a report identifying and addressing North West's exposure to principle risks (including with respect to ESG (environmental, social, governance)), and the steps management has taken to monitor and control such exposures;
- (c) oversee risks that may have a material impact on North West's financial statements; and
- (d) provide regular reports and recommendations to the Board with respect to any outcomes, findings and issues arising in connection therewith.

G. Other

The Committee shall assess the performance of the CFO and report their views to the CEO, in conjunction with the CEO's annual performance review of the CFO.

5. Structure

- (a) The Board shall appoint one of the Committee members to act as Chairperson of the Committee.
- (b) The Committee will appoint the Corporate Secretary of North West as secretary of the Committee, who will keep minutes of all meetings. In absence of the Corporate Secretary, the Committee will appoint an acting secretary who will keep minutes of the meeting.
- (c) The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than quarterly each year. Meetings will be at the call of the Chairperson. Notwithstanding the foregoing, the external auditor of North West or any member of the Committee may call a meeting of the Committee. The Committee may hold a meeting by telephone conference call.

- (d) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum.
- (e) Any member of the Committee may be removed or replaced at any time by the Board or shall cease to be a member of the Committee as soon as such member ceases to be a Director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders.
- (f) The external auditor of North West shall be entitled to receive notice of every meeting of the Committee to attend and be heard thereat.
- (g) The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise provided for in North West's bylaws, or otherwise determined by resolution of the Board.
- (h) Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

6. Chairperson of the Committee

The Chairperson of the Committee (the "Chairperson") is responsible for the effective functioning of the Committee.

7. Independent Advice

In discharging its mandate, the Committee shall have the authority to retain and receive advice from independent legal, accounting or other advisors at the expense of North West, as required to fulfill its duties, and to set and pay the compensation for such advisors.

8. Evaluation

The Committee shall:

- (a) regularly review and assess the adequacy of its Mandate, and recommend any proposed changes to the Governance and Nominating Committee, for recommendation to the Board for approval; and
- (b) participate in a regular performance evaluation of the Committee, the results of which will be reviewed by the Governance and Nominating Committee, and the Board.

9. No Rights Created

This mandate is a broad policy statement and is intended to be part of the Committee's flexible governance framework. While this mandate should comply with all applicable laws, regulations and listing requirements and North West's articles and by-laws, this mandate does not create any legally binding obligations on the Committee, the Board or North West.

Approved by the Board of Directors: Effective September 7, 2022