THE NORTH WEST COMPANY INC.

Report to Shareholders

Quarterly Period Ended January 31, 2019

2018 FOURTH QUARTER REPORT TO SHAREHOLDERS

Report to Shareholders

The North West Company Inc. reports its results for the fourth quarter ended January 31, 2019. Sales increased 7.1% to $532.5 million compared to the fourth quarter last year and were up 4.5% excluding the impact of foreign exchange, driven by same store sales gains in International Operations and new stores in Canadian Operations.

Fourth quarter net earnings decreased $2.4 million or 14.8% to $13.9 million and net earnings attributable to shareholders were $13.0 million or $0.27 per share compared to $0.31 per share last year on a diluted earnings per share basis. This decrease is largely due to higher expenses mainly related to a $7.5 million increase in share-based compensation costs resulting from mark-to-market adjustments on stock options. An increase in utility costs and insurance expense, higher expenses in North Star Air Ltd and the impact of new stores were also factors. The impact of higher expenses was partially offset by a decrease in income tax expense largely related to $5.8 million in transition tax and a decrease in deferred tax assets as a result U.S. tax reform in the fourth quarter last year. Excluding the impact of the share-based compensation option expense and U.S. tax reform last year, adjusted net earnings[2] decreased 7.5%.

The Board of Directors has approved a quarterly dividend of $0.33 per share, an increase of $0.01 or 3.1% per share, to shareholders of record on March 29, 2019.

On behalf of the Board of Directors:

H. Sanford Riley
Chairman

Edward S. Kennedy
President and Chief Executive Officer

Management's Discussion & Analysis

The following Management's Discussion & Analysis should be read in conjunction with the Company's 2018 fourth quarter unaudited interim period condensed consolidated financial statements for the period ended January 31, 2019 ("Interim Condensed Consolidated Financial Statements") and the audited annual consolidated financial statements and accompanying notes included in the 2017 Annual Report.

2017 Fourth Quarter Income Tax Revision

As previously announced on April 11, 2018, in connection with the issuance of the 2017 annual audited consolidated financial statements for the year ended January 31, 2018, the Company recorded an additional $1.9 million income tax expense from the amounts recorded in the fourth quarter 2017 unaudited interim period condensed consolidated financial statements as further described below. The Company reported its 2017 fourth quarter unaudited consolidated financial statements on March 15, 2018. On April 2, 2018, prior to the issuance of the annual audited consolidated financial statements, the U.S. Department of the Treasury and the Internal Revenue Service issued notice 2018-26 providing additional guidance on the calculation of the transition tax. As a result of this additional guidance, the Company recorded an additional estimated transition tax of $1.9 million under section 965 of U.S. Tax Reform on accumulated undistributed earnings in foreign subsidiaries in its annual audited consolidated financial statements for the year ended January 31, 2018. This adjustment increased income tax expense and decreased net earnings by $1.9 million (US$1.5 million) from the amounts previously reported in the fourth quarter consolidated financial statements for both the fourth quarter and the year ended January 31, 2018. The comparative figures referenced in this Management's Discussion & Analysis and in the fourth quarter condensed consolidated financial statements for the three and twelve months ended January 31, 2018 have been revised to include the impact of the $1.9 million increase in income tax expense.

(1) Excluding the foreign exchange impact
(2) See Non-GAAP Measures Section of Management's Discussion & Analysis

CONSOLIDATED RESULTS

Quarter

Fourth quarter consolidated sales increased 7.1% to $532.5 million led by same store sales gains in International Operations, the impact of foreign exchange on the translation of International Operations sales and new stores in Canadian Operations. The early issuance of the February Supplemental Nutrition Assistance Program ("SNAP") benefit payments in January due to the U.S. Government shut-down and the re-opening of two stores in the British Virgin Islands that were previously closed as a result of the hurricanes last year were also factors contributing to the sales gains in International Operations. Excluding the foreign exchange impact, consolidated sales increased 4.5% and were up 4.0%[1] on a same store basis. Food sales[1] increased 4.6% and were up 4.6% on a same store basis and general merchandise sales[1] increased 3.5% and were up 2.0% on a same store basis. These gains were partially offset by the temporary closure of a NorthMart store in Iqaluit, Nunavut due to a fire and the disposition of a standalone Tim Hortons in Canadian Operations, and the closure of a Cost-U-Less ("CUL") store in Kauai, Hawaii in the first quarter this year.

Gross profit increased 5.4% driven by higher sales partially offset by a 51 basis point decrease in gross profit rate. The decrease in gross profit rate was primarily due to competitive pricing pressures and changes in sales blend in International Operations. Selling, operating and administrative expenses increased 15.3% and were up 191 basis points as a percentage to sales. This increase was primarily due to higher incentive plan costs, utilities and insurance expense. The impact of new stores, an increase in North Star Air Ltd. ("NSA") expenses and the impact of foreign exchange on the translation of International Operations expenses were also factors.

The increase in incentive plan costs is primarily due to a $7.5 million increase in share-based compensation related to an option expense of $3.6 million compared to an option expense recovery of $2.8 million last year. A substantial portion of the options granted are accounted for as a liability and are re-measured based on the share price at each quarterly reporting date. The increase in option expense was due to an increase in share price in the quarter this year compared to a decrease in the fourth quarter last year. Changes made to share-based compensation plans in 2018 will begin to mitigate most of the expense volatility inherent in the prior share-based compensation plans as the performance share units and options granted under these plans are exercised or expire. Further information on share-based compensation expense is provided in Note 10 and Note 13 to the Interim Condensed Consolidated Financial Statements. Excluding the share-based option expense, selling, operating and administration expenses increased 9.9% and were up 67 basis points as a percentage to sales compared to last year.

Earnings from operations decreased 33.0% to $21.6 million compared to $32.2 million last year and earnings before interest, income taxes, depreciation and amortization (EBITDA[2]) decreased $9.7 million or 20.8% to $36.9 million due to the factors previously noted. Excluding the impact of the share-based compensation option expense, adjusted EBITDA[2] was down 7.6% compared to last year and as a percentage to sales was 7.6% compared to 8.8% last year.

Income tax expense decreased $9.0 million to $3.8 million and the consolidated effective tax rate was 21.4% compared to 44.0% last year. This decrease was primarily due to the impact of U.S. tax reform in the fourth quarter last year and the blend of earnings in International Operations across the various tax rate jurisdictions. The most significant impact of U.S. tax reform was a reduction in the federal corporate income tax rate from 35.0% to 21.0% effective January 1, 2018 and the implementation of a one-time transition tax on undistributed earnings in foreign subsidiaries. These changes resulted in an additional income tax expense of $5.8 million in the fourth quarter last year.

Net earnings decreased $2.4 million or 14.8% to $13.9 million. Net earnings attributable to shareholders were $13.0 million and diluted earnings per share were $0.27 per share compared to $0.31 per share last year due to the factors noted above. Excluding the impact of the share-based compensation option expense and U.S. tax reform in the fourth quarter last year, adjusted net earnings[2] decreased 7.5% compared to last year due to the higher expenses as previously noted.

Comprehensive income increased to $20.2 million compared to $11.6 million last year as the decrease in net earnings was more than offset by the impact of foreign exchange on the translation of International Operations financial statements and the remeasurement of defined benefit pension plans. The change in foreign exchange rates resulted in a gain of $1.4 million compared to a loss of $5.7 million last year. The remeasurement of defined benefit pension plan assets and liabilities resulted in a net actuarial gain of $5.0 million compared to a gain of $1.2 million last year. Further information on the defined benefit plan obligation is provided in Note 19 to the Interim Condensed Consolidated Financial Statements.

(1) Excluding the foreign exchange impact
(2) See Non-GAAP Measures Section of Management's Discussion & Analysis

Year

Sales for the year increased 1.4% to $2.013 billion compared to $1.985 billion in 2017 as same store sales gains, new stores in Canadian Operations and the impact of the acquisition of NSA in the second quarter last year more than offset the impact of the hurricane-related store closures and the closure of a CUL store in Kauai, Hawaii in International Operations. Excluding the foreign exchange impact, sales increased 1.5% and were up 2.0%[1] on a same store basis. Food sales[1] decreased 1.2% but were up 1.7% to last year on a same store basis. The decrease in food sales is due to the impact of store closures. General merchandise sales[1] increased 4.9% and were up 3.2% on a same store basis led by sales gains in northern Canada and Alaska.

Gross profit increased 2.5% due to higher sales and a 34 basis point increase in the gross profit rate related to product sales blend changes. Selling, operating and administrative expenses were flat to last year as the impact of a full-year of NSA expenses, new stores and higher share-based compensation costs were offset by the $17.0 million pre-tax hurricane related insurance gain in the third quarter this year, the impact of store closures in International Operations and one-time acquisition related costs of $6.3 million largely related to stamp duties paid to the Government of the British Virgin Islands ("BVI") last year. Selling, operating and administrative expenses were down 37 basis points as a percentage to sales due to higher sales compared to last year.

Earnings from operations increased 14.0% to $129.9 million compared to $114.0 million last year and EBITDA[2] increased 11.6% to $189.3 million compared to $169.6 million last year due to the factors previously noted. Excluding the impact of the insurance gain, share-based option expense and acquisition costs, adjusted EBITDA[2] decreased 1.1% as earnings growth was largely offset by the impact of the hurricane-related store closures. Excluding the impact of these store closures, adjusted EBITDA[2] increased 0.6%.

Interest expense increased $3.8 million to $14.0 million due to higher interest rates and an increase in long-term debt largely related to capital expenditures including the purchase of aircraft in the third and fourth quarter last year. Further information on long-term debt and interest expense is provided in Note 9 and Note 11 respectively to the Interim Condensed Consolidated Financial Statements.

Income tax expense decreased $8.8 million to $25.3 million and the consolidated effective tax rate was 21.8% compared to 32.9% last year. This decrease is primarily due to the impact of U.S. tax reform related to the reduction in the U.S. federal corporate income tax rate from 35.0% to 21.0% effective January 1, 2018 and the impact of $5.8 million in transition tax and a decrease in deferred tax assets last year. The impact of non-tax deductible acquisition costs last year was also a factor. Further information on income tax expense is provided in Note 12 to the Interim Condensed Consolidated Financial Statements.

Net earnings increased $20.9 million or 30.0% to $90.6 million. Net earnings attributable to shareholders of the Company were $86.7 million and diluted earnings per share were $1.77 per share compared to $1.36 per share last year due to the factors noted above. Excluding the impact of the insurance-related gain, share-based compensation option expense, the acquisition costs and the $5.8 million income tax expense related to U.S. tax reform, adjusted net earnings[2] decreased 3.5% mainly due to the impact of the hurricane related store closures in International Operations.

Comprehensive income increased to $103.6 million compared to $62.8 million last year due to the increase in net earnings and the impact of foreign exchange on the translation of International Operations financial statements. The change in foreign exchange rates resulted in a gain of $8.0 million compared to a loss of $7.9 million last year. The remeasurement of defined benefit pension plan assets and liabilities which resulted in an actuarial gain of $5.0 million this year compared to a gain of $1.2 million last year was also a factor.

(2) See Non-GAAP Measures Section of Management's Discussion & Analysis

CANADIAN OPERATIONS

Canadian Operations sales increased 1.9% to $324.3 million compared to $318.3 million in the fourth quarter last year led by same store sales gains of 1.6% and new stores. Food sales increased 0.6% and were up 1.5% on a same store basis and general merchandise sales increased 3.1% from last year and were up 1.9% on a same store basis led by sales gains in northern Canada. These sales gains were partially offset by the temporary closure of our NorthMart store in Iqaluit, Nunavut due to a fire and the disposition of our stand-alone full-service Tim Hortons in Thompson, Manitoba which are excluded from same store sales.

Gross profit dollars increased 1.9% driven by sales gains as the gross profit rate was flat to last year. Selling, operating and administrative expenses increased 12.6% and were up 273 basis points as a percentage to sales compared to last year mainly due to higher share-based compensation expense. Substantially all of the $7.5 million increase in consolidated share-based compensation costs is recorded in Canadian Operations based on the location of the employees that participate in these programs. The impact of new stores, higher utility expenses in northern stores and an increase in NSA expenses were also factors. NSA was impacted by an increase in third party maintenance costs and unexpected reliance on higher cost third party aircraft resulting from extended downtime of one of our ATR aircraft due to maintenance delays. An investment in higher employee costs to establish an in-house aircraft maintenance capability was also a factor. This investment is expected to help reduce third party delays and maintenance costs in the future.

Canadian earnings from operations decreased 39.4% to $13.0 million compared to $21.4 million last year and EBITDA[2] decreased 23.6% to $24.6 million compared to $32.2 million last year due to the factors previously noted. EBITDA[2] as a percentage to sales was 7.6% compared to 10.1% last year. Excluding the impact of the share-based compensation option expense, adjusted EBITDA[2] was down 6.5% compared to last year and as a percentage to sales was 8.5% compared to 9.2% last year. The decrease in adjusted EBITDA[2] was largely due to higher operating expenses in northern stores and NSA as previously noted.

INTERNATIONAL OPERATIONS (stated in U.S. dollars)

International Operations sales increased 10.3% to $156.2 million compared to $141.5 million in the fourth quarter last year led by same store sales growth of 9.0%. The early issuance of the February SNAP benefit payments in January due to the U.S. Government shut-down and the re-opening of two stores in the British Virgin Islands that were previously closed as a result of the hurricanes last year were also factors. These gains were partially offset by the closure of a CUL store in Kauai, Hawaii and the closure of a large liquor store operation in Alaska this year. Food sales increased 11.2% and were up 9.9% on a same store basis with all banners contributing to the sales gains. General merchandise sales increased 5.2% and were up 2.2% on a same store basis driven by sales gains in Alaska stores.

Gross profit dollars increased 6.5% compared to last year as higher sales more than offset a decrease in the gross profit rate mainly related to changes in sales mix and promotional pricing. Strong "Black Friday" and holiday sales promotions helped drive sales but at a lower gross profit rate. Selling, operating and administrative expenses increased 14.6% largely due to a $1.4 million increase in insurance premiums and utility expenses compared to last year. Higher incentive plan costs were also a factor. These factors were partially offset by lower expenses due to the noted store closures.

Earnings from operations decreased $2.1 million to $6.3 million compared to $8.5 million in the fourth quarter last year and EBITDA[2] decreased to $9.1 million compared to $11.3 million last year due to the factors noted above. EBITDA[2] as a percentage to sales was 5.8% compared to 8.0% in the fourth quarter last year.

(2) See Non-GAAP Measures Section of Management's Discussion & Analysis

FINANCIAL CONDITION

Financial Ratios

The Company's debt-to-equity ratio at the end of the fourth quarter was 0.87:1 compared to 0.82:1 last year.

Working capital increased $36.2 million or 22.1% compared to the fourth quarter last year mainly due to an increase in cash related to the timing of deposits, inventories in new stores and stores serviced by sealift in Canadian Operations and an increase in insurance claim-related accounts receivable. The impact of changes in the foreign exchange rate used to translate International Operations balance sheets was also a factor. The exchange rate used to convert U.S. denominated International Operations balance sheets into Canadian dollars at January 31, 2019 was 1.3137 compared to 1.2301 last year. These factors were partially offset by an increase in accounts payable related to the timing of payments.

Outstanding Shares

The weighted-average basic shares outstanding for the quarter were 48,709,000 shares compared to 48,690,000 shares last year. The increase in basic shares outstanding is due to share options exercised. The weighted-average fully diluted shares outstanding for the quarter were 49,169,000 shares compared to 49,301,000 shares last year. The decrease in fully diluted shares outstanding compared to last year is due to options granted under the Share Option Plan and shares granted under the Director Deferred Share Unit Plan partially offset by a redemption of director deferred share units. Further information on share capital, the Share Option Plan and the Director Deferred Share Unit Plan is provided in Note 7 and Note 13 to the Company's Interim Condensed Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the major components of cash flow:

$ in thousands	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Change	Twelve Months Ended January 31, 2019	Twelve Months Ended January 31, 2018	Change
Cash flows provided by (used in)						
Cash from operating activities	**$ 47,671**	$ 55,513	$ (7,842)	**$ 127,120**	$ 141,419	$ (14,299)
Cash used in investing activities	**(13,337)**	(40,047)	26,710	**(80,793)**	(165,861)	85,068
Cash (used in)/from financing activities	**(51,576)**	(42,919)	(8,657)	**(33,752)**	19,928	(53,680)
Effect of changes in foreign exchange rates on cash	**(256)**	(207)	(49)	**713**	(569)	1,282
Net change in cash	**$ (17,498)**	$ (27,660)	$ 10,162	**$ 13,288**	$ (5,083)	$ 18,371

Cash flow from operating activities in the quarter decreased $7.8 million to $47.7 million compared to cash flow from operating activities of $55.5 million last year as the change in non-cash working capital was more than offset by an increase in taxes paid due to the timing of installments and a decrease in net earnings. The change in non-cash working capital is primarily related to the change in inventories and accounts receivable compared to the prior year. The decrease in other non-cash items is mainly due to a reduction in long-term liabilities related to share-based compensation.

For the year, cash flow from operating activities decreased $14.3 million to $127.1 million as the increase in net earnings was more than offset by the change in non-cash working capital related to inventory and accounts receivable. The decrease in income taxes paid is primarily due to the impact of lower income tax rates resulting from U.S. tax reform and the timing of installments.

Cash used for investing activities in the quarter decreased to $13.3 million compared to $40.0 million last year. The purchase of property and equipment in the quarter was largely related to investments in Top Markets. Investing activities in the quarter last year was higher due to the purchase of aircraft and equipment to expand the number of stores serviced by NSA. For the year, cash used in investing activities decreased $85.1 million due to the acquisitions of RTW and NSA last year and the purchase of aircraft as previously noted. Further information on the RTW and NSA acquisitions is provided in Note 18 to the Company's Interim Condensed Consolidated Financial Statements. Further information on planned capital expenditures is included in the Outlook section.

Cash flow used in financing activities in the quarter was $51.6 million compared to $42.9 million last year. The net change in long-term debt in the quarter is due to changes in amounts drawn on the Company's revolving loan facilities. For the year, cash used in financing activities decreased $53.7 million compared to last year mainly due to the issuance of $100.0 million in senior notes last year. The increase in interest paid is mainly due to the timing of interest payments on the $100.0 million senior notes. Further information on long-term debt is provided in the Sources of Liquidity section and in Note 9 to the Company's Interim Condensed Consolidated Financial Statements.

Sources of Liquidity

In September 2017, the Company issued $100.0 million senior notes, the proceeds of which were used to reduce amounts outstanding on the $300.0 million revolving loan facilities. These senior notes mature September 26, 2029 and have a fixed interest rate of 3.74%. The notes are secured by certain assets of the Company and rank *pari passu* with the Company's other senior debt comprised of the $300.0 million Canadian Operations loan facilities, the US$70.0 million senior notes and the US$52.0 million loan facilities.

The Canadian Operations have US$70.0 million senior notes that mature on June 16, 2021. These senior notes have a fixed interest rate of 3.27% on US$55.0 million and a floating interest rate on US$15.0 million based on U.S. LIBOR plus a spread, payable semi-annually. These senior notes are secured by certain assets of the Company and rank *pari passu* with the Company's other senior debt.

The Canadian Operations also have committed, revolving loan facilities of $300.0 million that bear a floating rate of interest based on Bankers Acceptances rates plus a stamping fee. These facilities mature September 26, 2022 and are secured by certain assets of the Company on a *pari passu* basis with the Company's other senior debt. At January 31, 2019, the Company had drawn $134.8 million on these facilities (January 31, 2018 - $91.1 million).

The Company has committed, revolving loan facilities of US$52.0 million that bear interest at U.S. LIBOR plus a spread. These facilities mature September 26, 2022 and are secured by certain assets of the Company on a *pari passu* basis with the Company's other senior debt. At January 31, 2019, the Company had drawn US$27.9 million on these facilities (January 31, 2018 - US$27.9 million).

The International Operations have a US$40.0 million committed, revolving loan facility for working capital and general business purposes. This loan facility, which matures October 31, 2020, bears a floating rate of interest based on U.S. LIBOR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2019, there was US$NIL drawn on these facilities (January 31, 2018 - US$1.4 million).

The loan facilities and senior notes contain covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests. The financial covenants include a fixed charge coverage ratio, minimum current ratio, a leverage test and a minimum net worth test. At January 31, 2019, the Company is in compliance with the financial covenants under these facilities. Current and forecasted debt levels are regularly monitored for compliance with debt covenants. Further information on the Company's long-term debt and loan facilities is provided in Note 9 to the Interim Condensed Consolidated Financial Statements.

Cash flow from operating activities and unutilized capacity available on existing loan facilities are expected to be sufficient to fund operating requirements, pension plan contributions, planned sustaining and growth-related capital expenditures as well as anticipated dividends during 2019.

SHAREHOLDER DIVIDENDS

The Board of Directors declared a quarterly dividend of $0.33 per share, an increase of $0.01 or 3.1% per share, to shareholders of record on March 29, 2019, to be paid on April 15, 2019.

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

OTHER HIGHLIGHTS

- A convenience store was opened in Cape Dorset, Nunavut on December 23, 2018. This is the Company's fifth pre-built modular convenience store that was delivered on the fall sealfit.
- The Company's Island Fresh store in Chalan Pago, Guam was converted into a Cost-U-Less store on January 5, 2019.

STRATEGY

The Company is focused on building a stronger store network with more products and services that help our customers to live better and our business to grow within all economic environments. From an investor standpoint, the Company is committed to delivering sustainable, superior total returns with a commitment to downside risk management, disciplined allocation of capital, cash flow optimization and dividend growth.

The Company's focus areas for the next three years are set out below:

1. Ensure that the way we work is "Pure Retail", with top store teams, lean processes, and customer driven store-centric support from the rest of our organization.
2. Prioritize investment in the Company's "Top Markets", our largest and highest sales and profit potential locations, so that sustaining capital is better balanced with new products and services while allocating more selling space to "Top Categories" which offer the highest everyday convenience and service value to our customers.
3. Structure our business unit executives and store support to be closer to our different regions and banners.
4. Complete the roll-out of next generation merchandise and store systems that help optimize the unique elements of our remote retailing business.
5. Optimize our air cargo capability, with a focus on providing faster, more reliable and lower cost service to our stores and customers in remote markets.
6. Identify complimentary growth opportunities.

Further information on the Company's strategy is provided in the 2017 Annual Report.

OUTLOOK

As noted under the Strategy section, the Company's principal focus continues to be on its store network, products, people and facilities. Successful execution enables the Company to capture sales at a higher rate with lower-risk products and services. Other priority work in 2019 includes fire and hurricane risk mitigation and discount banner competitive strategies (Cost-U-Less and Giant Tiger).

The near-term consumer outlook remains stable to positive in most of the Company's markets and aligns with our lower risk product and service focus, augmented by opportunistic investments. Northern Canada's economic outlook remains positive for 2019 with a ramp-up of government investment within Indigenous communities resource development, and other public sector capital projects. The western Canadian retail environment is important for our Giant Tiger ("GT") business and is expected to stabilize compared to cost and margin pressures in 2018. We expect price inflation to be a larger factor in 2019 and contribute to a modest net improvement to margins.

Economic conditions in Alaska are expected to continue to recover from depressed conditions over the past two years led by stronger commercial fishing, more oil and gas activity, public infrastructure projects and higher Permanent Fund Dividend payments. Southern market prospects vary significantly from island to island. In the Caribbean, post-hurricane construction activity is expected to continue to help offset tourism downturns in the BVI and USVI but is lagging in St. Maarten, while fiscally stable islands, like Cayman, take advantage of a strong U.S. travel economy. Guam's prospects are stable to slightly positive depending on geo-political factors related to North Korea's negative impact on tourism and the pace of significant military base construction and personnel deployment over the next five years.

The settlement of hurricane and fire related insurance claims and the receipt of payments are expected to result in insurance-related gains in the consolidated statement of earnings in 2019. These gains will be partially offset by higher insurance costs in northern Canada and the Caribbean and costs incurred to relocate our International store operations support office from Bellevue, Washington to Anchorage, Alaska and South Florida. This relocation is expected to be completed by the end of the second quarter and will result in our International Operations executives and store support teams being closer to the markets they serve.

Capital expenditures for 2019, net of expected recoveries on the settlement of hurricane and fire insurance claims, are expected to be in the $90.0 million range (2018 - $80.8 million) reflecting major store replacements, store renovations, staff housing and store-based warehouse expansions under the Company's Top Markets and Top Categories initiatives. These investments also include the planned opening of six GT stores and the completion of "New Store Experience" upgrades in GT stores. The Company will also complete upgrades on its facilities in the Caribbean to increase resiliency to a category 5 hurricane and will continue to invest in implementing new information systems as described under the strategy section, with full implementation expected to be completed in Canada in the fourth quarter of 2019. All store-based capital expenditures can be impacted by the completion of landlord negotiations, shipment of construction materials to remote markets, and weather-related delays and therefore their actual amount and timing can fluctuate.

QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected quarterly financial information:

Operating Results - Consolidated[1,2]

	Fourth Quarter		Third Quarter		Second Quarter		First Quarter	
	92 days	**92 days**	**92 days**	**92 days**	**92 days**	**92 days**	**89 days**	**89 days**
($ in millions)	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Sales	**$ 532.5**	$ 497.2	$ 511.5	$ 487.0	$ 503.8	$ 515.2	$ 465.7	$ 485.5
EBITDA[3]	**36.9**	46.6	70.5	45.6	42.4	47.3	39.5	30.1
Earnings from operations	**21.6**	32.2	54.9	31.8	27.8	33.2	25.6	16.7
Net earnings	**13.9**	16.3	39.5	21.0	18.6	23.3	18.6	9.1
Net earnings attributable to shareholders of the Company	**13.0**	15.4	38.3	20.6	17.6	22.7	17.8	8.4
Net earnings per share:								
Basic	**0.27**	0.32	0.78	0.42	0.37	0.47	0.36	0.17
Diluted	**0.27**	0.31	0.78	0.42	0.36	0.46	0.36	0.17

(1) Certain prior period amounts have been reclassified as described in Note 3 to the Interim Condensed Consolidated Financial Statements.
(2) Certain prior period amounts have been revised as described in Note 12 to the Interim Condensed Consolidated Financial Statements.
(3) See Non-GAAP Measures Section of Management's Discussion & Analysis.

Historically, the Company's first quarter sales are the lowest and the fourth quarter sales are the highest, reflecting the holiday selling period. Due to the remote location of many of the Company's stores, weather conditions are often more extreme compared to other retailers and can affect sales in any quarter. Net earnings generally follow higher sales but can be dependent on changes in merchandise sales blend, promotional activity in key sales periods, markdowns to reduce excess inventories and other factors which can affect net earnings.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company in order to provide reasonable assurance that all material information relating to the Company is made known to management in a timely manner so that appropriate decisions can be made regarding public disclosure. Management is also responsible for establishing and maintaining internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS. All internal control systems, no matter how well designed, have inherent limitations. Therefore even those systems determined to be designed effectively can only provide reasonable assurance of achieving the control objectives. Additionally, management is necessarily required to use judgment in evaluating controls and procedures. Management used the Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission as the control framework in designing its internal controls over financial reporting.

There have been no changes in the internal controls over financial reporting during the quarter ended January 31, 2019 that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

ACCOUNTING STANDARDS IMPLEMENTED IN 2018

The Company adopted the amended IFRS 9 *Financial Instruments,* IFRS 15 *Revenue from Contracts with Customers* and the amended IFRS 2 *Share-based payments* effective February 1, 2018, as required by the IASB.

Financial Instruments The amended IFRS 9 *Financial Instruments* is a multi-phase project with the goal of improving and simplifying financial instrument reporting. The standard establishes new principles for:

Classification and measurement. IFRS 9 uses a single approach to determine measurement of financial assets by both cash flow characteristics and how an entity manages financial impairment, replacing the multiple classification options in IAS 39 with three categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

The Company implemented the new requirements for classification and measurement, including impairment, retrospectively with any cumulative effects of initial application recorded in opening retained earnings. The adoption of IFRS 9 did not result in any measurement adjustments to financial assets and liabilities. The adoption of IFRS 9 did result in certain classification changes, as summarized in the table below.

Asset/Liability	Classification under IAS 39	New Classification under IFRS 9
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Other financial assets	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Amortized cost
Long-term debt	Financial liabilities at amortized cost	Amortized cost

Financial assets are not reclassified subsequent to their initial recognition, unless the Company identifies changes in its business model requiring reassessment. Financial assets are subsequently measured at amortized cost if both of the following conditions are met and they are not designated as FVTPL:

- financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment. Measurement gains or losses are recognized in net earnings in the period when the asset is derecognized or impaired.

"Expected credit loss" impairment model. The Company applied a new forward-looking lifetime expected credit loss ("ECL") impairment model to its accounts receivable. The change in ECL's is recognized in earnings and reflected as an allowance against accounts receivable. The Company adopted the practical expedient to determine ECL's using a provision matrix based on historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends. Certain receivables are also individually assessed for lifetime expected credit losses. Adoption of the revised ECL based provision matrix did not result in any measurement adjustment to the Company's accounts receivable.

New general hedge accounting standard. Amendments to IFRS 9 align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize effectiveness, however it will provide more strategies that may be used for risk management to qualify for hedge accounting and introduces more judgment to assess the effectiveness of a hedging relationship. The Company's net investment hedging relationship meets the new hedging requirements and did not result in any measurement adjustments. The Company's financial risk management strategies are disclosed in Note 14 Financial Instruments in the Company's 2017 Annual Audited Consolidated Financial Statements.

Revenue from Contract with Customers The IFRS 15 *Revenue from Contracts with Customers* standard contains a comprehensive model which specifies the criteria and timing for recognizing revenue, and also requires additional disclosures in the notes to the financial statements. The core principle of the standard is that revenue is recognized to depict the transfer of promised goods or services to the customer at an amount that reflects the consideration to which the Company is entitled. A contract based five step analysis of transactions is used to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have also been introduced.

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

The Company adopted the standard retrospectively with the restatement of comparative periods. As a result of these changes certain commissions and service fees previously included in selling, operating and administrative expenses are now presented in sales and cost of sales. These changes had no impact on earnings from operations, EBITDA[2], net earnings or retained earnings previously reported. The impact of this change on the comparative period is as follows:

	Three Months Ended January 31, 2018 (Previously Reported)	IFRS 15 Amendment	**Three Months Ended January 31, 2018 (Revised)**	Twelve Months Ended January 31, 2018 (Previously Reported)	IFRS 15 Amendment	**Twelve Months Ended January 31, 2018 (Revised)**
SALES	$ 489,756	$ 7,436	**$ 497,192**	$ 1,953,743	$ 31,379	**$ 1,985,122**
Cost of sales	(341,705)	1,434	**(340,271)**	(1,367,657)	7,276	**(1,360,381)**
Gross profit	148,051	8,870	**156,921**	586,086	38,655	**624,741**
Selling, operating and administrative expenses	(115,836)	(8,870)	**(124,706)**	(472,115)	(38,655)	**(510,770)**
Earnings from operations	$ 32,215	$ —	**$ 32,215**	$ 113,971	$ —	**$ 113,971**

The adoption of IFRS 15 did not have any impact on the consolidated balance sheets, statements of comprehensive income, statements of changes in shareholders' equity or statements of cash flows.

Share-based payments The amendments to IFRS 2 *Share-based payments* are in relation to the classification and measurement of share-based payment transactions; specifically, accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based transactions. The adoption of these amendments did not result in any measurement adjustments to the liability for share-based payments.

FUTURE ACCOUNTING STANDARDS TO BE IMPLEMENTED

The following new standards, and amendments to standards and interpretations, are not yet effective for the year ended January 31, 2019, and have not been applied in preparing the Company's Interim Condensed Consolidated Financial Statements.

Leases IFRS 16 *Leases* replaces the current guidance in IAS 17 for operating and finance lease accounting. This standard requires lessees to recognize a lease liability representing the obligation for future lease payments and a right-of-use asset in the consolidated balance sheets for substantially all lease contracts, initially measured at the present value of unavoidable lease payments. Purchase, renewal and termination options which are reasonably certain of being exercised are also included in the measurement of the lease liability. Lease payment liabilities will not include variable lease payments.

Under the new standard the Company will recognize new right-of-use assets and lease liabilities for its operating leases of land, buildings and equipment. In addition, the nature and timing of leasing expenses will change as operating lease expenses are replaced by a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Company plans to apply IFRS 16 on February 1, 2019 using the full retrospective approach with restatement of the comparative period financial statements. The cumulative effect of the initial application will be recorded by restating opening retained earnings at February 1, 2018.

The Company continues to execute its detailed implementation plan. The portfolio of leases has been identified and the leasing information required to support the change in accounting standards has been summarized for each lease. The Company has configured its accounting system to account for leases under IFRS 16 and populated the detailed lease data. Processes and controls are being modified and training is being conducted to support the implementation. The Company is continuing to evaluate the impact of these changes on its consolidated financial statements, technology processes and internal controls.

The implementation of this accounting standard will have a material impact on the consolidated financial statements with increases in total assets and long-term liabilities. Any difference between the recognition of right-of-use assets and lease liabilities will be recognized in retained earnings. The Company expects to disclose the financial impacts of IFRS 16 in its 2018 Annual Audited Consolidated Financial Statements.

Annual Improvements In December 2017, the IASB issued amendments effective for the Company February 1, 2019. A summary of these amendments is as follows:

- IFRS 3 *Business Combinations* clarifies how a company accounts for increasing its interest in a joint operation that meets the definition of a business;
- IAS 12 *Income Taxes* specifies that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits (i.e. in net earnings, other comprehensive income or equity); and
- IAS 23 *Borrowing Costs* clarifies that specific borrowings to finance the construction of a qualifying asset should be transferred to the general borrowings pool once the construction of the qualifying asset has been completed.

The adoption of these amendments are not expected to have a material impact on the Company.

Post-Employment Benefits In February 2018, the IASB issued amendments to IAS 19 *Employee Benefits*. The amendments require a company to update its assumptions for the remainder of the reporting period after a plan change. Amendments have also been included clarifying the effect of a plan amendment on the asset ceiling. The amendments are effective for the Company February 1, 2019 and are not expected to have a material impact on the Company.

Definition of Material In May 2017, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. These amendments clarified the definition of material. Under the amended definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make. The amendments are effective for the Company February 1, 2020 and are required to be applied prospectively. The implementation of these amendments is not expected to have a significant impact on the Company.

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

NON-GAAP MEASURES

The Company uses the following non-GAAP financial measures: earnings before interest, income taxes, depreciation and amortization (EBITDA), adjusted EBITDA and adjusted net earnings. The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below.

Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides investors with an indication of the Company's operational performance before allocating the cost of interest, income taxes and capital investments. Investors should be cautioned however, that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company's performance. The Company's method of calculating EBITDA may differ from other companies and may not be comparable to measures used by other companies.

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

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

Reconciliation of consolidated net earnings to EBITDA and adjusted EBITDA[1]:

	Fourth Quarter		Year-to-Date	
($ in thousands)	**2018**	2017	**2018**	2017
Net earnings	**$ 13,903**	$ 16,325	**$ 90,632**	$ 69,691
Add: Amortization	**15,323**	14,378	**59,435**	55,653
Interest expense	**3,890**	3,076	**13,965**	10,145
Income taxes	**3,796**	12,814	**25,311**	34,135
EBITDA	**$ 36,912**	$ 46,593	**$ 189,343**	$ 169,624
Less: Gain on partial insurance settlement	**—**	—	**(16,955)**	—
Add: Acquisition costs	**—**	—	**—**	6,344
Share-based compensation option expense / (recovery)	**3,550**	(2,826)	**4,510**	2,886
Adjusted EBITDA	**$ 40,462**	$ 43,767	**$ 176,898**	$ 178,854

(1) Certain prior period amounts have been revised as described in Note 12 to the Interim Condensed Consolidated Financial Statements.

For EBITDA information by business segment, see Note 4 to the Company's Interim Condensed Consolidated Financial Statements.

Reconciliation of consolidated net earnings to adjusted net earnings[1]:

($ in thousands)	Fourth Quarter 2018	Fourth Quarter 2017	Year-to-Date 2018	Year-to-Date 2017
Net earnings	**$ 13,903**	$ 16,325	**$ 90,632**	$ 69,691
Less: Gain on partial insurance settlement, net of tax	**—**	—	**(13,176)**	—
Add: Acquisition costs, net of tax	**—**	—	**—**	6,188
Share-based compensation option expense / (recovery), net of tax	**3,977**	(2,826)	**4,224**	2,886
U.S. Tax reform transition and deferred tax expense	**—**	5,835	**—**	5,835
Adjusted net earnings	**$ 17,880**	$ 19,334	**$ 81,680**	$ 84,600

(1) Certain prior period amounts have been revised as described in Note 12 to the Interim Condensed Consolidated Financial Statements.

The Company recorded a gain on the partial settlement of hurricane Irma related insurance claims. This gain was due to the difference between the replacement cost of the assets destroyed and their book value. Acquisition costs were incurred in the prior year to complete the North Star Air Ltd. and Roadtown Wholesale Trading Ltd. transactions. They comprise stamp duty, external legal fees and other costs all of which are included in selling, operating and administrative expenses.

The Company is exposed to market price fluctuations in its share price through share-based compensation costs. Accrued share-based compensation is presented as a liability on the Company's consolidated balance sheets. This liability is recorded at fair value at each reporting date based on the market price of the Company's shares at the end of each reporting period with the changes in fair value recorded in selling, operating and administrative expenses.

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Unless otherwise stated, this Management's Discussion & Analysis (MD&A) is based on the financial information included in the Company's Interim Condensed Consolidated Financial Statements and notes to the Interim Condensed Consolidated Financial statements which have been prepared in accordance with International Financial Reporting Standards and is in Canadian dollars. The information contained in this MD&A is current to March 14, 2019.

Forward-Looking Statements

This Quarterly Report, including Management's Discussion & Analysis (MD&A), contains forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional future financial performance (including sales, earnings, growth rates, capital expenditures, dividends, debt levels, financial capacity, access to capital, and liquidity), on-going business strategies or prospects, and possible future action by the Company. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the retail industry in general. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company due to, but not limited to, important factors such as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, changes in accounting policies and methods used to report financial condition, including uncertainties associated with critical accounting assumptions and estimates, the effect of applying future accounting changes, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Company's ability to complete capital projects, strategic transactions and integrate acquisitions, the Company's ability to realize benefits from investments in information technology ("IT") and systems, including IT system implementations or unanticipated results from these initiatives and the Company's success in anticipating and managing the foregoing risks. The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other risks are outlined in the Risk Management section of the 2017 Annual Report and in the Risk Factors sections of the Annual Information Form and Management Information Circular. The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

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

Consolidated Balance Sheets

(unaudited, $ in thousands)	**January 31, 2019**	January 31, 2018[1]
CURRENT ASSETS		
Cash	**$ 38,448**	$ 25,160
Accounts receivable (Note 5)	**90,323**	80,765
Inventories (Note 6)	**236,317**	222,072
Prepaid expenses	**11,741**	7,006
	376,829	335,003
NON-CURRENT ASSETS		
Property and equipment	**514,946**	469,993
Goodwill	**45,203**	41,231
Intangible assets	**39,199**	37,628
Deferred tax assets	**32,909**	34,450
Other assets	**13,835**	12,643
	646,092	595,945
TOTAL ASSETS	**$ 1,022,921**	$ 930,948
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 175,726**	$ 170,166
Current portion of long-term debt (Note 9)	**900**	—
Income tax payable (Note 12)	**255**	1,046
	176,881	171,212
NON-CURRENT LIABILITIES		
Long-term debt (Note 9)	**365,857**	313,549
Defined benefit plan obligation (Note 19)	**28,969**	34,095
Deferred tax liabilities	**9,007**	6,468
Other long-term liabilities	**21,103**	23,468
	424,936	377,580
TOTAL LIABILITIES	**601,817**	548,792
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	**173,681**	172,619
Contributed surplus	**3,530**	2,570
Retained earnings	**211,191**	181,844
Accumulated other comprehensive income	**20,132**	12,918
Equity attributable to The North West Company Inc.	**408,534**	369,951
Non-controlling interests	**12,570**	12,205
TOTAL EQUITY	**421,104**	382,156
TOTAL LIABILITIES & EQUITY	**$ 1,022,921**	$ 930,948

(1) As a result of the tax adjustment described in Note 12, certain prior period balances have been revised.

See accompanying notes to condensed consolidated financial statements.

Consolidated Statements of Earnings

(unaudited, $ in thousands, except per share amounts)	**Three Months Ended January 31, 2019**	Three Months Ended January 31, 2018[(1)(2)]	**Twelve Months Ended January 31, 2019**	Twelve Months Ended January 31, 2018[(1)(2)]
SALES	**$ 532,483**	$ 497,192	**$ 2,013,486**	$ 1,985,122
Cost of sales	**(367,162)**	(340,271)	**(1,372,943)**	(1,360,381)
Gross profit	**165,321**	156,921	**640,543**	624,741
Selling, operating and administrative expenses (Notes 10, 16)	**(143,732)**	(124,706)	**(510,635)**	(510,770)
Earnings from operations	**21,589**	32,215	**129,908**	113,971
Interest expense (Note 11)	**(3,890)**	(3,076)	**(13,965)**	(10,145)
Earnings before income taxes	**17,699**	29,139	**115,943**	103,826
Income taxes (Note 12)	**(3,796)**	(12,814)	**(25,311)**	(34,135)
NET EARNINGS FOR THE PERIOD	**$ 13,903**	$ 16,325	**$ 90,632**	$ 69,691
NET EARNINGS ATTRIBUTABLE TO				
The North West Company Inc.	**$ 13,006**	$ 15,400	**$ 86,748**	$ 67,154
Non-controlling interests	**897**	925	**3,884**	2,537
TOTAL NET EARNINGS	**$ 13,903**	$ 16,325	**$ 90,632**	$ 69,691
NET EARNINGS PER SHARE				
Basic	**$ 0.27**	$ 0.32	**$ 1.78**	$ 1.38
Diluted	**$ 0.27**	$ 0.31	**$ 1.77**	$ 1.36
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING (000's)				
Basic	**48,709**	48,690	**48,697**	48,680
Diluted	**49,169**	49,301	**49,144**	49,275

(1) Certain prior period figures have been reclassified as described in Note 3.
(2) As a result of the tax adjustment described in Note 12, certain prior period amounts have been revised.

See accompanying notes to condensed consolidated financial statements.

Consolidated Statements of Comprehensive Income

(unaudited, $ in thousands)	**Three Months Ended January 31, 2019**	Three Months Ended January 31, 2018[1]	**Twelve Months Ended January 31, 2019**	Twelve Months Ended January 31, 2018[1]
NET EARNINGS FOR THE PERIOD	**$ 13,903**	$ 16,325	**$ 90,632**	$ 69,691
Other comprehensive income/(loss), net of tax:				
Items that may be reclassified to net earnings:				
Exchange differences on translation of foreign controlled subsidiaries	**1,402**	(5,739)	**8,049**	(7,934)
Items that will not be subsequently reclassified to net earnings:				
Remeasurements of defined benefit plans (Note 19)	**4,952**	1,175	**4,952**	1,175
Remeasurements of defined benefit plans of equity investee	**(24)**	(173)	**(24)**	(173)
Total other comprehensive income/(loss), net of tax	**6,330**	(4,737)	**12,977**	(6,932)
COMPREHENSIVE INCOME FOR THE PERIOD	**$ 20,233**	$ 11,588	**$ 103,609**	$ 62,759
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO				
The North West Company Inc.	**$ 5,495**	$ (4,737)	**$ 12,142**	$ (6,932)
Non-controlling interests	**835**	—	**835**	—
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)	**$ 6,330**	$ (4,737)	**$ 12,977**	$ (6,932)
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
The North West Company Inc.	**$ 18,501**	$ 10,663	**$ 98,890**	$ 60,222
Non-controlling interests	**1,732**	925	**4,719**	2,537
TOTAL COMPREHENSIVE INCOME	**$ 20,233**	$ 11,588	**$ 103,609**	$ 62,759

(1) As a result of the tax adjustment described in Note 12, certain prior period amounts have been revised.

See accompanying notes to condensed consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(unaudited, $ in thousands)	Share Capital	Contributed Surplus	Retained Earnings	AOCI (1)	Total	Non-Controlling Interests	Total Equity
January 31, 2018[2]	$ 172,619	$ 2,570	$ 181,844	$ 12,918	$ 369,951	$ 12,205	$ 382,156
Net earnings for the period	—	—	86,748	—	86,748	3,884	90,632
Other comprehensive income	—	—	4,952	7,214	12,166	835	13,001
Other comprehensive income/(loss) of equity investee	—	—	(24)	—	(24)	—	(24)
Comprehensive income	—	—	91,676	7,214	98,890	4,719	103,609
Acquisition of non-controlling interests	—	—	—	—	—	(400)	(400)
Equity settled share-based payments (Note 13)	—	2,022	—	—	2,022	—	2,022
Dividends (Note 8)	—	—	(62,329)	—	(62,329)	(3,954)	(66,283)
Issuance of shares (Note 7)	1,062	(1,062)	—	—	—	—	—
	1,062	960	(62,329)	—	(60,307)	(4,354)	(64,661)
Balance at January 31, 2019	**$ 173,681**	**$ 3,530**	**$ 211,191**	**$ 20,132**	**$ 408,534**	**$ 12,570**	**$ 421,104**
Balance at January 31, 2017	$ 168,283	$ 2,647	$ 176,003	$ 20,852	$ 367,785	$ —	$ 367,785
Net earnings for the period[2]	—	—	67,154	—	67,154	2,537	69,691
Other comprehensive income/(loss)	—	—	1,175	(7,934)	(6,759)	—	(6,759)
Other comprehensive income/(loss) of equity investee	—	—	(173)	—	(173)	—	(173)
Comprehensive income/(loss)[2]	—	—	68,156	(7,934)	60,222	2,537	62,759
Acquisition of subsidiary with non-controlling interest (Note 18)	—	—	—	—	—	12,150	12,150
Equity settled share-based payments (Note 13)	—	259	—	—	259	—	259
Dividends (Note 8)	—	—	(62,315)	—	(62,315)	(2,482)	(64,797)
Issuance of shares (Note 7)	4,336	(336)	—	—	4,000	—	4,000
	4,336	(77)	(62,315)	—	(58,056)	9,668	(48,388)
Balance at January 31, 2018[2]	$ 172,619	$ 2,570	$ 181,844	$ 12,918	$ 369,951	$ 12,205	$ 382,156

(1) Accumulated Other Comprehensive Income

(2) As a result of the tax adjustment described in Note 12, certain prior period amounts have been revised.

See accompanying notes to condensed consolidated financial statements.

Consolidated Statements of Cash Flows

(unaudited, $ in thousands)	**Three Months Ended January 31, 2019**	Three Months Ended January 31, 2018[1]	**Twelve Months Ended January 31, 2019**	Twelve Months Ended January 31, 2018[1]
CASH PROVIDED BY (USED IN)				
Operating activities				
Net earnings for the period	**$ 13,903**	$ 16,325	**$ 90,632**	$ 69,691
Adjustments for:				
Amortization	**15,323**	14,378	**59,435**	55,653
Provision for income taxes (Note 12)	**3,796**	12,814	**25,311**	34,135
Interest expense (Note 11)	**3,890**	3,076	**13,965**	10,145
Equity settled share option expense (Note 13)	**1,029**	199	**2,022**	259
Gain on partial insurance settlement (Note 16)	**—**	—	**(16,955)**	—
Taxes paid	**(8,996)**	(5,638)	**(26,446)**	(36,213)
(Gain)/Loss on disposal of property and equipment	**(443)**	(2)	**1,232**	552
	28,502	41,152	**149,196**	134,222
Change in non-cash working capital	**19,427**	9,477	**(20,792)**	2,271
Change in other non-cash items	**(258)**	4,884	**(1,284)**	4,926
Cash from operating activities	**47,671**	55,513	**127,120**	141,419
Investing activities				
Purchase of property and equipment	**(28,903)**	(37,246)	**(93,555)**	(114,948)
Business acquisitions (Note 18)	**—**	585	**(400)**	(51,204)
Intangible asset additions	**(1,279)**	(3,449)	**(9,664)**	(7,087)
Proceeds from disposal of property and equipment	**1,286**	63	**4,033**	370
Proceeds from interim insurance settlement on property and equipment (Note 16)	**15,559**	—	**18,793**	7,008
Cash used in investing activities	**(13,337)**	(40,047)	**(80,793)**	(165,861)
Financing activities				
Debt issuance (Note 9)	**—**	—	**—**	100,000
Net increase/(decrease) in long-term debt (Note 9)	**(28,262)**	(23,113)	**44,785**	(9,092)
Dividends (Note 8)	**(15,587)**	(15,581)	**(62,329)**	(62,315)
Dividends to non-controlling interests (Note 8)	**(3,761)**	(2,482)	**(3,954)**	(2,482)
Interest paid	**(3,966)**	(1,743)	**(12,254)**	(6,183)
Cash from/(used in) financing activities	**(51,576)**	(42,919)	**(33,752)**	19,928
Effect of foreign exchange rates on cash	**(256)**	(207)	**713**	(569)
NET CHANGE IN CASH	**(17,498)**	(27,660)	**13,288**	(5,083)
Cash, beginning of period	**55,946**	52,820	**25,160**	30,243
CASH, END OF PERIOD	**$ 38,448**	$ 25,160	**$ 38,448**	$ 25,160

(1) As a result of the tax adjustment described in Note 12, certain prior period amounts have been revised.
See accompanying notes to condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

The North West Company Inc. (NWC or the Company) is a corporation amalgamated under the Canada Business Corporations Act (CBCA) and governed by the laws of Canada. The Company, through its subsidiaries, is a leading retailer of food and everyday products and services. In 2017, the Company acquired the majority of the outstanding shares of Roadtown Wholesale Trading Ltd., operating primarily as Riteway Food Markets in the British Virgin Islands. The Company also acquired 100% of the outstanding common shares of North Star Air Ltd., a Thunder Bay based airline providing cargo and passenger services within northwestern Ontario, Canada. See Note 18 for further information on these business acquisitions. The address of its registered office is 77 Main Street, Winnipeg, Manitoba.

The Company has two reportable geographical segments, Canada and International. The International segment consists largely of wholly owned subsidiaries operating in the continental United States, Caribbean and South Pacific. The Company's business follows a seasonal pattern where historically the first quarter sales are the lowest and the fourth quarter sales are the highest, reflecting consumer holiday buying patterns.

These unaudited interim period condensed consolidated financial statements (condensed consolidated financial statements) have been approved for issue by the Board of Directors of the Company on March 14, 2019.

2. BASIS OF PREPARATION

(A) Statement of Compliance These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting,* as issued by the International Accounting Standards Board (IASB). These condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements and the accompanying notes included in The North West Company Inc.'s 2017 Annual Report which have been prepared in accordance with International Financial Reporting Standards (IFRS).

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

- Liabilities for share-based payment plans (Note 13)
- Defined benefit pension plan (Note 19)
- Assets and liabilities acquired in a business combination (Note 18)

The methods used to measure fair values are discussed further in the notes to the Company's 2017 Annual Audited Consolidated Financial Statements.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are set out in the Company's 2017 Annual Audited Consolidated Financial Statements. These policies have been applied to all periods presented in these condensed consolidated financial statements, and have been applied consistently by both the Company and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances, except for the adoption of IFRS 9, IFRS 15 and IFRS 2 described below.

New Standards Implemented The Company adopted the amended IFRS 9 *Financial Instruments,* IFRS 15 *Revenue from Contracts with Customers* and the amended IFRS 2 *Share-based payments* effective February 1, 2018, as required by the IASB.

Financial Instruments The amended IFRS 9 *Financial Instruments* is a multi-phase project with the goal of improving and simplifying financial instrument reporting. The standard establishes new principles for:

Classification and measurement. IFRS 9 uses a single approach to determine measurement of financial assets by both cash flow characteristics and how an entity manages financial impairment, replacing the multiple classification options in IAS 39 with three categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

The Company implemented the new requirements for classification and measurement, including impairment, retrospectively with any cumulative effects of initial application recorded in opening retained earnings. The adoption of IFRS 9 did not result in any measurement adjustments to financial assets and liabilities. The adoption of IFRS 9 did result in certain classification changes, as summarized in the table below.

Asset/Liability	Classification under IAS 39	New Classification under IFRS 9
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Other financial assets	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Amortized cost
Long-term debt	Financial liabilities at amortized cost	Amortized cost

Financial assets are not reclassified subsequent to their initial recognition, unless the Company identifies changes in its business model requiring reassessment. Financial assets are subsequently measured at amortized cost if both of the following conditions are met and they are not designated as FVTPL:

- financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment. Measurement gains or losses are recognized in net earnings in the period when the the asset is decrecognized or impaired.

"Expected credit loss" impairment model. The Company applied a new forward-looking lifetime expected credit loss ("ECL") impairment model to its accounts receivable. The change in ECL's is recognized in earnings and reflected as an allowance against accounts receivable. The Company adopted the practical expedient to determine ECL's using a provision matrix based on historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends. Certain receivables are also individually assessed for lifetime expected credit losses. Adoption of the revised ECL based provision matrix resulted in an insignificant measurement adjustment to the Company's accounts receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New general hedge accounting standard. Amendments to IFRS 9 align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize effectiveness, however, it will provide more strategies that may be used for risk management to qualify for hedge accounting and introduces more judgment to assess the effectiveness of a hedging relationship. The Company's net investment hedging relationship meets the new hedging requirements and did not result in any measurement adjustments. The Company's financial risk management strategies are disclosed in Note 14 Financial Instruments in the Company's 2017 Annual Audited Consolidated Financial Statements.

Revenue from Contracts with Customers The IFRS 15 *Revenue from Contracts with Customers* standard contains a comprehensive model which specifies the criteria and timing for recognizing revenue, and also requires additional disclosures in the notes to the financial statements. The core principle of the standard is that revenue is recognized to depict the transfer of promised goods or services to the customer at an amount that reflects the consideration to which the Company is entitled. A contract based five step analysis of transactions is used to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have also been introduced.

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

The Company adopted the standard retrospectively with the restatement of comparative periods. As a result of these changes certain commissions and service fees previously included in selling, operating and administrative expenses are now presented in sales and cost of sales. These changes had no impact on earnings from operations, net earnings or retained earnings previously reported. The impact of this change on the comparative period is as follows:

	Three Months Ended January 31, 2018 (Previously Reported)	IFRS 15 Amendment	**Three Months Ended January 31, 2018 (Revised)**	Year Ended January 31, 2018 (Previously Reported)	IFRS 15 Amendment	**Year Ended January 31, 2018 (Revised)**
SALES	$ 489,756	$ 7,436	**$ 497,192**	$ 1,953,743	$ 31,379	**$ 1,985,122**
Cost of sales	(341,705)	1,434	**(340,271)**	(1,367,657)	7,276	**(1,360,381)**
Gross profit	148,051	8,870	**156,921**	586,086	38,655	**624,741**
Selling, operating and administrative expenses	(115,836)	(8,870)	**(124,706)**	(472,115)	(38,655)	**(510,770)**
Earnings from operations	$ 32,215	$ —	**$ 32,215**	$ 113,971	$ —	**$ 113,971**

The adoption of IFRS 15 did not have any impact on the consolidated balance sheets, statements of comprehensive income, statements of changes in shareholders' equity or statements of cash flows.

Share-based payments The amendments to IFRS 2 *Share-based payments* are in relation to the classification and measurement of share-based payment transactions, specifically, accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based transactions. The adoption of these amendments did not result in any measurement adjustments to the liability for share-based payments.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Standards and Amendments The following new standards, and amendments to standards and interpretations, are not yet effective for the year ending January 31, 2019, and have not been applied in preparing these condensed consolidated financial statements.

Leases IFRS 16 *Leases* replaces the current guidance in IAS 17 for operating and finance lease accounting. This standard requires lessees to recognize a lease liability representing the obligation for future lease payments and a right-of-use asset in the consolidated balance sheets for substantially all lease contracts, initially measured at the present value of unavoidable lease payments. Purchase, renewal and termination options which are reasonably certain of being exercised are also included in the measurement of the lease liability. Lease payment liabilities will not include variable lease payments.

Under the new standard the Company will recognize new right-of-use assets and lease liabilities for its operating leases of land, buildings and equipment. In addition, the nature and timing of leasing expenses will change as operating lease expenses are replaced by a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Company plans to apply IFRS 16 on February 1, 2019 using the full retrospective approach with restatement of the comparative period financial statements. The cumulative effect of the initial application will be recorded by restating opening retained earnings at February 1, 2018.

The Company continues to execute its detailed implementation plan. The portfolio of leases has been identified and the leasing information required to support the change in accounting standards has been summarized for each lease. The Company has configured its accounting system to account for leases under IFRS 16 and populated the detailed lease data. Processes and controls are being modified and training is being conducted to support the implementation. The Company is continuing to evaluate the impact of these changes on its consolidated financial statements, technology processes and internal controls.

The implementation of this accounting standard will have a material impact on the consolidated financial statements with increases in total assets and long-term liabilities. Any difference between the recognition of right-of-use assets and lease liabilities will be recognized in retained earnings. The Company expects to disclose the financial impacts of IFRS 16 in its 2018 Annual Audited Consolidated Financial Statements.

Uncertainty over Income Tax Treatments In June 2017, the IASB issued IFRIC *Interpretation 23*. The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Company will adopt IFRIC 23 for the annual period beginning February 1, 2019 and it is not expected to have a material impact on the Company.

Annual Improvements In December 2017, the IASB issued amendments effective for the Company February 1, 2019. A summary of these amendments is as follows:

- IFRS 3 *Business Combinations* clarifies how a company accounts for increasing its interest in a joint operation that meets the definition of a business;
- IAS 12 *Income Taxes* specifies that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits (i.e. in net earnings, other comprehensive income or equity); and
- IAS 23 *Borrowing Costs* clarifies that specific borrowings to finance the construction of a qualifying asset should be transferred to the general borrowings pool once the construction of the qualifying asset has been completed.

The adoption of these amendments are not expected to have a material impact on the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Post-Employment Benefits In February 2018, the IASB issued amendments to IAS 19 *Employee Benefits*. The amendments require a company to update its assumptions for the remainder of the reporting period after a plan change. Amendments have also been included clarifying the effect of a plan amendment on the asset ceiling. The amendments are effective for the Company February 1, 2019 and are not expected to have a material impact on the Company.

Definition of Material In May 2017, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. These amendments clarified the definition of material. Under the amended definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make. The amendments are effective for the Company February 1, 2020 and are required to be applied prospectively. The implementation of these amendments is not expected to have a significant impact on the Company.

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

Use of Estimates The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts and disclosures in the condensed consolidated financial statements and notes.

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

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates have the most significant effect on the amounts recognized in the condensed consolidated financial statements include: allowance for doubtful accounts, inventories, amortization of property and equipment, impairment of long-lived assets, goodwill and indefinite life intangible asset impairment, income taxes, defined benefit plan obligations, and business combinations.

4. SEGMENTED INFORMATION

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

The following key information is presented by geographic segment:

Consolidated Statements of Earnings

	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	**Twelve Months Ended January 31, 2019**	Twelve Months Ended January 31, 2018
Sales[1]				
Canada				
Food	**$ 205,123**	$ 203,860	**$ 825,668**	$ 822,158
General merchandise and other	**119,225**	114,409	**420,465**	377,315
Canada	**$ 324,348**	$ 318,269	**$ 1,246,133**	$ 1,199,473
International				
Food	**$ 182,399**	$ 155,423	**$ 679,215**	$ 699,632
General merchandise and other	**25,736**	23,500	**88,138**	86,017
International	**$ 208,135**	$ 178,923	**$ 767,353**	$ 785,649
Consolidated	**$ 532,483**	$ 497,192	**$ 2,013,486**	$ 1,985,122
Earnings before amortization, interest and income taxes				
Canada	**$ 24,631**	$ 32,225	**$ 114,215**	$ 112,393
International	**12,281**	14,368	**75,128**	57,231
Consolidated	**$ 36,912**	$ 46,593	**$ 189,343**	$ 169,624
Earnings from operations				
Canada	**$ 12,979**	$ 21,435	**$ 70,099**	$ 72,597
International	**8,610**	10,780	**59,809**	41,374
Consolidated	**$ 21,589**	$ 32,215	**$ 129,908**	$ 113,971

(1) Prior period sales figures have been reclassified as described in Note 3

4. SEGMENTED INFORMATION (continued)

Supplemental information

	January 31, 2019	January 31, 2018
Assets		
Canada [(1)]	**$ 684,550**	$ 634,399
International [(1)]	**338,371**	296,549
Consolidated	**$ 1,022,921**	$ 930,948

(1) Canadian total assets includes goodwill of $8,357 (January 31, 2018 –$6,730);. International total assets includes goodwill of $36,846 (January 31, 2018 – $34,501).

	Three Months Ended January 31, 2019		Three Months Ended January 31, 2018		**Twelve Months Ended January 31, 2019**		Twelve Months Ended January 31, 2018	
	Canada	**International**	Canada	International	**Canada**	**International**	Canada	International
Purchase of property and equipment	**$ 19,857**	**$ 9,046**	$ 28,715	$ 8,531	**$ 68,639**	**$ 24,916**	$ 92,313	$ 22,635
Amortization	**$ 11,652**	**$ 3,671**	$ 10,790	$ 3,588	**$ 44,116**	**$ 15,319**	$ 39,796	$ 15,857

5. ACCOUNTS RECEIVABLE

	January 31, 2019	January 31, 2018
Trade accounts receivable	**$ 85,872**	$ 80,374
Corporate and other accounts receivable	**22,412**	16,322
Less: allowance for doubtful accounts	**(17,961)**	(15,931)
Total	**$ 90,323**	$ 80,765

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

6. INVENTORIES

Included in cost of sales for the three months ended January 31, 2019, the Company recorded $298 (three months ended January 31, 2018 – $434) for the write-down of period end inventories as a result of net realizable value being lower than cost. For the twelve months ended January 31, 2019 the Company recorded $1,522 (twelve months ended January 31, 2018 - $1,335) for the write-down of period end inventories as a result of net realizable value being lower than cost. There was no reversal of inventories written down previously that are no longer estimated to sell below cost during the twelve months ended January 31, 2019 or 2018.

7. SHARE CAPITAL

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

January 31, 2019	**Shares**	**Consideration**
Balance at January 31, 2018	**48,690,212**	**$ 172,619**
Issued under option plans (Note 13)	**60,717**	**1,062**
Balance at January 31, 2019	**48,750,929**	**$ 173,681**

January 31, 2018		
Balance at January 31, 2017	48,542,514	$ 168,283
Issued for acquisition of Roadtown Wholesale Trading Ltd. (Note 18)	133,944	4,000
Issued under option plans (Note 13)	13,754	336
Balance at January 31, 2018	48,690,212	$ 172,619

On June 14, 2017, the Company's Common Shares were replaced by Variable Voting Shares and Common Voting Shares. The two classes of shares have equivalent rights as shareholders except for voting rights. Holders of Variable Voting Shares are entitled to one vote per share except where (i) the number of outstanding Variable Voting Shares exceeds 25% 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 25% 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 25% 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 25% 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. DIVIDENDS

	Twelve Months Ended January 31, 2019	Twelve Months Ended January 31, 2018
Dividends recorded in equity and paid in cash	**$ 66,283**	$ 64,797
Less: Dividends paid to non-controlling interests	**(3,954)**	(2,482)
Shareholder dividends	**$ 62,329**	$ 62,315
Dividends per share	**$ 1.28**	$ 1.28

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

9. LONG-TERM DEBT

	January 31, 2019	January 31, 2018
Current:		
Promissory Note Payable(8)	**$ 900**	$ —
	$ 900	$ —
Non-current:		
Revolving loan facilities (1)	**$ —**	$ 1,776
Revolving loan facilities (2)	**36,700**	34,365
Revolving loan facilities (3)	**134,791**	91,108
Revolving loan facilities (4)	**—**	—
Revolving loan facilities (5)	**—**	540
Senior notes (6)	**91,666**	85,760
Senior notes (7)	**100,000**	100,000
Promissory Note Payable(8)	**2,700**	—
	$ 365,857	$ 313,549
Total	**$ 366,757**	$ 313,549

(1) The committed, revolving U.S. loan facility provides the International Operations with up to US$40,000 for working capital requirements and general business purposes. This facility matures October 31, 2020, bears a floating rate of interest based on U.S. LIBOR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2019, the International Operations had drawn US$NIL (January 31, 2018 – US$1,444) on this facility.

9. LONG-TERM DEBT (continued)

(2) The US$52,000 loan facilities mature September 26, 2022 and bear interest at U.S. LIBOR plus a spread. These loan facilities are secured by certain assets of the Company and rank *pari passu* with the US$70,000 senior notes, the $100,000 senior notes and the $300,000 Canadian Operations loan facilities. At January 31, 2019, the Company had drawn US$27,936 (January 31, 2018 – US$27,936) on these facilities.

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

(4) The revolving U.S. loan facility provides the International Operations with up to US$1,500 for Roadtown Wholesale Trading Ltd.'s (RTW) working capital requirements and general business purposes. This facility bears a floating rate of interest based on a U.S. dollar base rate plus a spread and is secured by certain assets of RTW.

(5) Canadian Operations have a $2,375 revolving loan facility to meet North Star Air Ltd.'s (NSA) working capital requirements and for general business purposes. This facility bears a floating rate of interest and is secured by the assets of NSA.

(6) The US$70,000 senior notes mature June 16, 2021, have a fixed interest rate of 3.27% on US$55,000 and a floating interest rate on US$15,000 based on U.S. LIBOR plus a spread. The senior notes are secured by certain assets of the Company and rank *pari passu* with the $300,000 Canadian Operations loan facilities, the $100,000 senior notes and the US$52,000 loan facilities.

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

(8) The Promissory Note Payable in the amount of $3,600 is non-interest bearing, has annual principal payments of $900 and is secured by certain assets of the Company.

10. EMPLOYEE COSTS

	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	**Twelve Months Ended January 31, 2019**	Twelve Months Ended January 31, 2018
Wages, salaries and benefits including bonus	**$ 71,900**	$ 73,286	**$ 285,404**	$ 279,525
Post employment benefits	**1,844**	2,041	**8,299**	8,072
Share-based compensation (Note 13)	**5,413**	(2,093)	**11,204**	8,820

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. INTEREST EXPENSE

	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	**Twelve Months Ended January 31, 2019**	Twelve Months Ended January 31, 2018
Interest on long-term debt	**$ 3,648**	$ 2,874	**$ 13,177**	$ 9,325
Net interest on defined benefit plan obligation	**289**	331	**1,162**	1,322
Less: interest capitalized	**(47)**	(129)	**(374)**	(502)
Interest expense	**$ 3,890**	$ 3,076	**$ 13,965**	$ 10,145

12. INCOME TAXES AND JANUARY 31, 2018 INCOME TAX REVISION

The estimated effective income tax rate for the three months ended January 31, 2019 is 21.4% (three months ended January 31, 2018 – 44.0%) and for the twelve months ended January 31, 2019 is 21.8% (twelve months ended January 31, 2018 – 32.9%). The Company estimates its effective income tax rate on a weighted-average basis by determining the income tax rate applicable to each taxing jurisdiction and applying it to its pre-tax earnings.

In December 2017, H.R. 1, the Tax Cuts and Jobs Act ("U.S. Tax Reform") was enacted in the United States which reduced the federal corporate tax rate from 35.0% to 21.0% effective January 1, 2018. There was also a one-time transition tax introduced on undistributed accumulated earnings in foreign owned subsidiaries. These changes resulted in an estimated income tax expense of $5,835, comprised of $1,827 for the re-measurement of deferred tax assets and liabilities and $4,008 for transition tax related to certain of the Company's subsidiaries during the three and twelve months ended January 31, 2018.

Fourth Quarter Revision

The Company reported its 2017 fourth quarter unaudited condensed consolidated financial statements on March 15, 2018. On April 2, 2018, prior to the issuance of the annual audited consolidated financial statements, the U.S. Department of the Treasury and the Internal Revenue Service issued notice 2018-26 providing additional guidance on the calculation of the transition tax. As a result of this additional guidance, the Company recorded an additional estimated transition tax of $1.9 million under section 965 of U.S. Tax Reform on accumulated undistributed earnings in foreign subsidiaries in its annual audited consolidated financial statements for the year ended January 31, 2018. This adjustment increased income tax expense and decreased net earnings by $1.9 million (US$1.5 million) from the amounts previously reported in the fourth quarter condensed consolidated financial statements for both the fourth quarter and the year ended January 31, 2018. As a result, the comparative figures in the consolidated balance sheets, statements of earnings, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the three and twelve months ended January 31, 2018 have been revised to include the impact of the $1.9 million increase in income tax expense.

13. SHARE-BASED COMPENSATION

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

The total expense relating to share-based payment plans for the three months ended January 31, 2019 is an expense of $5,413 (three months ended January 31, 2018 – recovery of $2,093) and for the twelve months ended January 31, 2019 is an expense of $11,204 (twelve months ended January 31, 2018 – expense of $8,820). The carrying amount of the Company's share-based compensation arrangements including PSU, share option, DDSU and EDSU plans are recorded on the consolidated balance sheets as follows:

	January 31, 2019	January 31, 2018
Accounts payable and accrued liabilities	**$ 13,998**	$ 14,164
Other long-term liabilities	**14,273**	14,188
Contributed surplus	**1,961**	1,001
Total	**$ 30,232**	$ 29,353

Performance Share Units

The Company has granted Performance Share Units 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. The compensation expense is recognized over the vesting period factoring in the probability of the performance criteria being met.

Compensation costs related to the PSUs for the three months ended January 31, 2019 are $832 (three months ended January 31, 2018 – $854) and for the twelve months ended January 31, 2018 are $4,097 (twelve months ended January 31, 2018 – $4,048).

Share Option Plan

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

13. SHARE-BASED COMPENSATION (continued)

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

The maximum number of shares available for issuance is a fixed number set at 4,354,020, representing 8.9% of the Company's issued and outstanding shares at January 31, 2019. Fair value of the Company's options is determined using an option pricing model. Share options granted vest on a graduated basis over four to five years and are exercisable over a period of seven years. The share option compensation costs recorded for the three months ended January 31, 2019 are an expense of $3,550 (three months ended January 31, 2018 – recovery of $2,826) and for the twelve months ended January 31, 2019 are an expense of $4,510 (twelve months ended January 31, 2018 – expense of $2,886).

The fair values for options issued were calculated based on the assumptions below.

	January 31, 2019	January 31, 2018
Fair value of options granted	**$2.86**	$ 3.12 to $ 4.30
Exercise price	**$27.77**	$32.40
Dividend yield	**4.3%**	4.2%
Annual risk-free interest rate	**2.1%**	1.2%
Expected share price volatility	**19.2%**	21.6%

The assumptions used to measure cash settled options at the balance sheet dates were as follows:

	January 31, 2019	January 31, 2018
Dividend yield	**4.1%**	4.4%
Annual risk-free interest rate	**1.8%**	1.8% to 2.1%
Expected share price volatility	**15.9% to 19.5%**	16.6% to 20.5%

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

13. SHARE-BASED COMPENSATION (continued)

The following continuity schedules reconcile the movement in outstanding options during the twelve months ended January 31:

Number of options outstanding	Declining Strike Price Options		Standard Options	
	January 31, 2019	January 31, 2018	**January 31, 2019**	January 31, 2018
Outstanding options, beginning of period	**2,464,940**	2,082,892	**454,177**	442,642
Granted	—	441,269	**372,992**	63,843
Exercised	**(474,423)**	(28,527)	**(223,670)**	(16,855)
Forfeited or cancelled	**(22,794)**	(30,694)	**(173,159)**	(35,453)
Outstanding options, end of period	**1,967,723**	2,464,940	**430,340**	454,177
Exercisable at end of period	**658,364**	773,188	**16,253**	237,026

Weighted-average exercise price	Declining Strike Price Options		Standard Options	
	January 31, 2019	January 31, 2018	**January 31, 2019**	January 31, 2018
Outstanding options, beginning of period	**$ 26.18**	$ 24.81	**$ 24.28**	$ 23.21
Granted	—	32.34	**27.77**	32.40
Exercised	**20.09**	21.68	**20.52**	22.71
Forfeited or cancelled	**23.04**	26.36	**27.84**	26.31
Outstanding options, end of period	**$ 27.36**	$ 26.18	**$ 27.83**	$ 24.28
Exercisable at end of period	**$ 20.91**	$ 19.52	**$ 24.27**	$ 20.67

Options outstanding at January 31, 2019 have an exercise price range of $17.32 to $32.40 and a weighted-average remaining contractual life of 3.3 years.

Director Deferred Share Unit Plan

This plan is available for independent Directors. Participants are credited with deferred share units for the amount of the annual equity retainer and 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.

13. SHARE-BASED COMPENSATION (continued)

Compensation expense is initially measured at the time of the grant. Subsequent changes in the fair value of the DDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The DDSU plan compensation costs recorded for the three months ended January 31, 2019 are an expense of $833 (three months ended January 31, 2018 – recovery of $234) and for the twelve months ended January 31, 2019 are an expense of $1,752 (twelve months ended January 31, 2018 – expense of $1,047). The total number of DDSUs outstanding at January 31, 2019 is 270,277 (January 31, 2018 – 249,108). There were 21,186 DDSUs exercised in cash during the twelve months ended January 31, 2019 (twelve months ended January 31, 2018 – NIL).

Executive Deferred Share Unit Plan

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

Total compensation expense is measured at the time of the grant. Subsequent changes in the fair value of the EDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The EDSU plan compensation costs recorded for the three months ended January 31, 2019 are an expense of $52 (three months ended January 31, 2018 – recovery of $40) and for the twelve months ended January 31, 2019 are an expense of $62 (twelve months ended January 31, 2018 – expense of $28).

Employee Share Purchase Plan

The Employee Share Purchase Plan provides participants with the opportunity to acquire an ownership interest in the Company. The Company contributes an additional 33% of the amount invested, subject to a maximum annual contribution of 2% of the participants' base salary. The plan is administered by a trustee who uses the funds received to purchase shares on the TSX on behalf of the participating employees. These shares are registered in the name of the plan trustee on behalf of the participants. The Company’s contribution to the plan is recorded as compensation expense. The employee share purchase plan compensation costs recorded for the three months ended January 31, 2019 are $146 (three months ended January 31, 2018 – $153) and for the twelve months ended January 31, 2019 are $783 (twelve months ended January 31, 2018 – $811).

14. SEASONALITY

The Company’s business follows a seasonal pattern where historically the first quarter sales are the lowest and the fourth quarter sales are the highest, reflecting consumer holiday buying patterns. Net earnings generally follow higher sales but can be dependent on markdown activity in key sales periods to reduce excess inventories. Net earnings are historically lower in the first quarter due to lower sales and fixed costs such as rent and overhead that apply uniformly throughout the year.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SUBSIDIARIES AND JOINT VENTURES

The Company's principal operating subsidiaries at January 31, 2019 are set out below:

			Proportion of voting rights held by:	
	Activity	**Country of Organization**	**Company**	**Subsidiary**
NWC GP Inc.	General Partner	Canada	100%	
North West Company Holdings Inc.	Holding Company	Canada	100%	
The North West Company LP	Retailing	Canada	100% (less one unit)	
NWC (U.S.) Holdings Inc.	Holding Company	United States		100%
The North West Company (International) Inc.	Retailing	United States		100%
The North West Finance Company Cooperatie U.A.	Finance Company	Netherlands	99%	1%
Roadtown Wholesale Trading Ltd.	Retailing	British Virgin Islands		77%
North Star Air Ltd.	Airline	Canada		100%

The Company's investment in joint ventures comprises a 50% interest in a Canadian Arctic shipping company, Transport Nanuk Inc.

16. EXPENSES BY NATURE

	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	**Twelve Months Ended January 31, 2019**	Twelve Months Ended January 31, 2018
Employee costs (Note 10)	**$ 79,157**	$ 73,234	**$ 304,907**	$ 296,417
Amortization	**15,323**	14,378	**59,435**	55,653
Operating lease rentals	**8,739**	9,200	**34,774**	35,394
Gain on partial insurance settlement[1]	**—**	—	**(16,955)**	—

(1) The Company recorded a gain on the partial settlement of hurricane Irma related insurance claims in the Caribbean. This gain was largely due to the difference between the replacement cost of the assets and their book value.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. FINANCIAL INSTRUMENTS

Accounting classifications and fair value estimation

The following table comprises the carrying amounts of the Company's financial instruments at January 31, 2019. All of the Company's financial instruments are carried at amortized cost using the effective interest rate method.

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

		Assets (Liabilities) carried at amortized cost	
	Maturity	Carrying amount	Fair value
Cash	Short-term	$ 38,448	$ 38,448
Accounts receivable	Short-term	90,323	90,323
Other financial assets	Long-term	1,216	1,216
Accounts payable and accrued liabilities	Short-term	(175,726)	(175,726)
Current portion of long-term debt	Short-term	(900)	(900)
Long-term debt	Long-term	(365,857)	(365,392)

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

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

18. Business Acquisitions

On February 9, 2017, the Company acquired 76% 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 BVI with seven retail outlets, two Cash and Carry stores and a wholesale operation. Based on the Company's closing share price on that date, the purchase price was $35,593 (US$27,044). This was comprised of cash consideration of $31,593 (US$24,004) financed through existing loan facilities and the issuance of 133,944 shares, in accordance with the form of consideration elected to be received by RTW shareholders. The purchase price allocation based on management's best estimate of the acquisition date fair value of assets acquired and liabilities assumed is as follows:

(unaudited, $ in thousands)		February 9, 2017
CURRENT ASSETS		
Cash	$	8,738
Accounts receivable		2,647
Inventories		12,432
Prepaid expenses		616
	$	24,433
NON-CURRENT ASSETS		
Property and equipment	$	34,574
Goodwill		2,085
Intangible assets		909
		37,568
TOTAL ASSETS	$	62,001
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$	(14,258)
NET IDENTIFIABLE ASSETS		47,743
Less: non-controlling interests		(12,150)
CONSIDERATION	$	35,593
Less: cash acquired		(8,738)
Less: share consideration		(4,000)
NET CASH FLOW FOR BUSINESS ACQUISITION	$	22,855

This acquisition was completed to gain access to a new market, consistent with the Company's overall Caribbean growth plans. The acquisition was accounted for using the acquisition method. On February 9, 2017, accounts payable and accrued liabilities includes a $7,470 (US$5,676) dividend payable to RTW shareholders declared prior to the acquisition. This dividend was paid subsequent to the closing of the acquisition and was fully funded by the cash acquired.

For the year-ended January 31, 2018 the Company incurred $5,765 in acquisition costs substantially related to stamp duty paid to the Government of the British Virgin Islands. These acquisition costs are included in selling, operating and administrative expenses in the consolidated statements of earnings.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. Business Acquisitions (continued)

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 within northwestern Ontario, Canada. The purchase price was $30,755, subject to working capital adjustments, and was financed through existing loan facilities. The purchase price allocation based on management's best estimate of the acquisition date fair values of assets acquired and liabilities assumed is as follows:

(unaudited, $ in thousands)		June 15, 2017
CURRENT ASSETS		
Cash	$	2,406
Accounts receivable		5,258
Inventories		1,053
Prepaid expenses		1,852
	$	10,569
NON-CURRENT ASSETS		
Property and equipment	$	28,547
Goodwill		3,459
		32,006
TOTAL ASSETS	$	42,575
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$	(7,547)
Deferred tax liability		(4,273)
NET IDENTIFIABLE ASSETS & CONSIDERATION		30,755
Less: cash acquired		(2,406)
NET CASH FLOW FOR BUSINESS ACQUISITION	$	28,349

This acquisition was completed to allow the Company to deliver faster, more consistent service to our customers. The acquisition was accounted for using the acquisition method.

In the fourth quarter of 2017, the Company revised its fair value estimates and updated the NSA purchase price allocation based on the final settlement of working capital adjustments. The result was to decrease the purchase price by $585 with a corresponding decrease in assets acquired of $439 and an increase in current liabilities of $146.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. POST EMPLOYMENT BENEFITS

A remeasurement of the defined benefit pension plan assets and liabilities is assessed at each reporting period. During the three and twelve months ended January 31, 2019, the Company recorded net actuarial gains on its defined benefit plan obligation of $4,952 (three and twelve months ended January 31, 2018 - $1,175) in other comprehensive income, which was recognized immediately in retained earnings.

The discount rate used to determine the benefit obligation for the defined benefit pension plan at January 31, 2019 was 3.75% (January 31, 2018 - 3.50%).

The defined benefit obligation and fair value of plan assets for the Company's pension and other post-retirement plans were as follows:

	January 31, 2019	January 31, 2018
Defined benefit obligation	**$ (114,634)**	$ (118,432)
Fair value of plan assets	**85,665**	84,337
Defined benefit plan obligation, funded status	**$ (28,969)**	$ (34,095)

20. SUBSEQUENT EVENTS

On March 14, 2019, the Board of Directors declared a dividend of $0.33 per share payable April 15, 2019 to shareholders of record on March 29, 2019.