The North West Company Inc.

Consolidated Financial Statements

For the years ended January 31, 2024 and 2023

Consolidated Financial Statements

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Management's Responsibility for Financial Statements

The management of The North West Company Inc. is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements and all other information in the annual report. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain amounts that are based on reasonable estimates and judgment by management.

In order to meet its responsibility and ensure integrity of financial information, management has established a code of business ethics, and maintains appropriate internal controls and accounting systems. An internal audit function is maintained that is designed to provide reasonable assurance that assets are safeguarded, transactions are authorized and recorded and that the financial records are reliable.

Ultimate responsibility for financial reporting to shareholders rests with the Board of Directors. The Audit Committee of the Board of Directors, consisting of independent Directors, meets periodically with management and with the internal and external auditors to review the audit results, internal controls and the selection and consistent application of appropriate accounting policies. Internal and external auditors have unlimited access to the Audit Committee. The Audit Committee meets separately with management and the external auditors to review the consolidated financial statements and other contents of the annual report and recommend approval by the Board of Directors. The Audit Committee also recommends the independent auditor for appointment by the shareholders.

PricewaterhouseCoopers LLP, an independent firm of auditors appointed by the shareholders, have completed their audit in accordance with Canadian generally accepted audited standards and submitted their report as follows.

Daniel G. McConnell
PRESIDENT & CEO
THE NORTH WEST COMPANY INC.

John D. King, CPA, CA, CMA
EXECUTIVE VICE-PRESIDENT,
CHIEF FINANCIAL OFFICER &
CORPORATE SECRETARY
THE NORTH WEST COMPANY INC.

April 10, 2024

Independent auditor's report

To the Shareholders of The North West Company Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The North West Company Inc. and its subsidiaries (together, the Company) as at January 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at January 31, 2024 and 2023;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended January 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Inventories *Refer to note 3 – Material accounting policies and note 6 – Inventories to the consolidated financial statements.* As at January 31, 2024, the Company held inventories of $313 million at warehouses and stores. Inventories are valued at the lower of cost and net realizable value. The cost of warehouse inventories is determined using the weighted-average cost method. The cost of retail inventories is determined using the retail method of accounting for general merchandise inventories and the weighted-average cost method for food inventories. Net realizable value is estimated based on the amount at which inventories are expected to be sold, taking into consideration decreases in retail prices due to obsolescence, damage or seasonality. Valuing inventories requires management to use judgment and estimates related to the determination of margin factors used to convert inventory to cost, future retail sales prices and reductions, inventory losses or shrinkage during periods between the last physical inventory count and the balance sheet date. We considered this a key audit matter due to the magnitude of the inventories balance, the judgment by management in determining the value of inventories and the audit effort involved in testing the inventories balance at year-end.	Our approach to addressing the matter included the following procedures, among others: • Tested the operating effectiveness of relevant controls relating to the inventory valuation process, including management's estimate of the inventory provision. • Tested the operating effectiveness of relevant controls relating to the physical inventory count process for a sample of stores and warehouses during the year and performed independent test counts. • For a sample of inventory items at year-end, tested the underlying data to purchase invoices. • For a sample of general merchandise inventory items valued using the retail method of accounting at year-end, tested the underlying data to most recent retail selling prices. • For a sample of general merchandise inventory items valued using the retail method of accounting at year-end, tested the underlying data used by management and evaluated the reasonableness of the margin factors applied to convert inventories to cost. • Tested that inventories at year-end were recorded at the lower of cost and net realizable value by comparing a sample of inventory items to the most recent retail selling prices of the inventory items. • Tested that inventories at year-end were recorded in the correct period by comparing a sample of inventory purchases before and after

year-end to receiving documents and purchase invoices.

- Tested how management estimated the inventory provision at year-end, evaluated the appropriateness of management's inventory provisioning method, tested the underlying data and evaluated the reasonableness of the assumptions used by management by assessing the percentage of shrinkage based on actual results from the physical inventory counts performed during the year and historical percentage of shrinkage.

Other information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Patrick Green.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
April 10, 2024

Consolidated Balance Sheets

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

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors

"Annalisa King"
DIRECTOR

"Brock Bulbuck"
DIRECTOR

Consolidated Statements of Earnings

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

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

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

(1) Accumulated Other Comprehensive Income

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

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

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

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

1. ORGANIZATION

The North West Company Inc. ("NWC" or "the Company") is a corporation amalgamated under the Canada Business Corporations Act ("CBCA") and governed by the laws of Canada. The Company, through its subsidiaries, is a leading retailer to rural and remote communities in the following regions: northern Canada, rural Alaska, the South Pacific and the Caribbean. These regions comprise two reportable operating segments: Canadian Operations and International Operations.

The address of its registered office is 77 Main Street, Winnipeg, Manitoba. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on April 10, 2024.

2. BASIS OF PREPARATION

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

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

- Liabilities for share-based payment plans (Note 14)
- Defined benefit pension plan (Note 13)
- Assets and liabilities acquired in a business combination

The methods used to measure fair values are discussed further in the notes to these consolidated financial statements.

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

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied to all years presented in these consolidated financial statements, and have been applied consistently by both the Company and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances.

(A) Basis of Consolidation Subsidiaries are entities controlled, either directly or indirectly, by the Company. Control is established when the Company has rights to an entity's variable returns, and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date that control ceases. The Company assesses control on an ongoing basis.

Net earnings or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance on consolidation.

A joint arrangement can take the form of a joint operation or a joint venture. Joint ventures are those entities over which the Company has joint control of the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company's 50% interest in Transport Nanuk Inc. has been classified as a joint venture. Its results are included in the consolidated statements of earnings using the equity method of accounting. The consolidated financial statements include the Company's share of both earnings and other comprehensive income from the date that significant influence or joint control commences until the date that it ceases. Joint ventures are carried in the consolidated balance sheets at cost plus post-acquisition changes in the Company's share of net assets of the entity, less any impairment in value.

All significant inter-company amounts and transactions have been eliminated.

(B) Business Combinations Business combinations are accounted for using the acquisition method of accounting. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange. Acquisition costs incurred are expensed and included in selling, operating and administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in either net earnings or as a change to other comprehensive income ("OCI"). If the contingent consideration is classified as equity, it will not be remeasured and settlement is accounted for within equity.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the cost of the acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of earnings.

Non-controlling interests are measured either at fair value or their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

(D) Inventories Inventories are valued at the lower of cost and net realizable value. The cost of warehouse inventories is determined using the weighted-average cost method. The cost of retail inventories is determined using the retail method of accounting for general merchandise inventories and the weighted-average cost method for food inventories. Cost includes the cost to purchase goods net of vendor rebates plus other costs incurred in bringing inventories to their present location and condition. Net realizable value is estimated based on the amount at which inventories are expected to be sold, taking into consideration decreases in retail prices due to obsolescence, damage or seasonality.

Inventories are written down to net realizable value if net realizable value declines below carrying amount. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed.

(E) Vendor Rebates Consideration received from vendors related to the purchase of merchandise is recorded on an accrual basis as a reduction in the cost of the vendor's products and reflected as a reduction of cost of sales and related inventory when it is probable they will be received and the amount can be reliably estimated.

(F) Property and Equipment Property and equipment are stated at cost less accumulated amortization and any impairment losses. Cost includes any directly attributable costs, borrowing costs on qualifying construction projects, and the costs of dismantling and removing the items and restoring the site on which they are located. When major components of an item of property and equipment have different useful lives, they are accounted for as separate items. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Assets under construction and land are not amortized. Amortization is calculated from the dates assets are available for use using the straight-line method to allocate the cost of assets less their residual values over their estimated useful lives.

Estimated useful lives of Property and Equipment are as follows:

Buildings	3% – 8%
Leasehold improvements	3% – 20%
Aircraft	3% – 20%
Fixtures and equipment	8% – 20%
Computer equipment	12% – 33%

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

(G) Impairment of Non-financial Assets Tangible assets and definite life intangible assets are reviewed at each balance sheet date to determine whether events or conditions indicate that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. For tangible and intangible assets excluding goodwill, the CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. CGU's may comprise individual stores or groups of stores.

Goodwill and indefinite life intangible assets are not amortized but are subject to an impairment test annually and whenever indicators of impairment are detected. Goodwill is allocated to CGUs that are expected to benefit from the synergies of the related business combination and represents the lowest level within the Company at which goodwill is monitored for internal management purposes.

Any impairment charge is recognized in the consolidated statement of earnings in the period in which it occurs, to the extent that the carrying value exceeds its recoverable amount. Where an impairment loss other than an impairment loss on goodwill subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. Impairment charges on goodwill are not reversed.

All impairment losses are recognized in the consolidated statements of earnings. An impairment loss, except an impairment loss related to goodwill, is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(H) Leases At contract inception, the Company assesses whether a contract is, or contains a lease and recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or restore the underlying asset, less any lease incentives received.

Subsequent to initial measurement, the Company applies the cost model. Right-of-use assets are subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of their useful life or the end of the lease term. The estimated useful lives of right-of-use assets are determined based on the shorter of the lease term and the useful life of the underlying asset. Right-of-use assets may also be reduced by impairment losses and adjusted for remeasurements of the lease liability, as applicable.

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date using the interest rate implicit in the lease or the Company's incremental borrowing rate. Lease payments are comprised of fixed payments including in-substance fixed payments, variable lease payments based on an index or rate, amounts expected to be payable under residual value guarantees and the exercise price under a purchase option that the Company is reasonably certain to exercise and certain early termination costs. The period over which the lease payments are discounted is the reasonably certain lease term, which may include lease renewal options. Generally, the Company uses its incremental borrowing rate as the discount rate.

Each lease payment is apportioned between the repayment of the lease liability and a finance cost. The finance cost is recognized in interest expense in the consolidated statements of earnings using the effective interest rate method. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in lease term, a change in the assessment of an option to purchase the right-of-use asset or a change in an expected residual value guarantee.

The Company has elected not to recognize right-of-use assets and lease liabilities for certain short-term leases that have a lease term of 12 months or less and leases of low-value assets. Variable lease payments that do not depend on an index or rate are also expensed as incurred. The Company recognizes these lease payments as an expense in the consolidated statements of earnings.

(I) Borrowing Costs Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the respective asset until it is ready for its intended use. Qualifying assets are those assets that necessarily take a substantial period of time to prepare for their intended use. Borrowing costs are capitalized based on the Company's weighted-average cost of borrowing. All other borrowing costs are expensed as incurred.

(J) Goodwill Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets, including intangible assets, and liabilities of the acquiree at the date of acquisition. Goodwill is not amortized but is subject to an impairment test annually and whenever indicators of impairment are detected. Goodwill is carried at cost less accumulated impairment losses.

(K) Intangible Assets Intangible assets with finite lives are carried at cost less accumulated amortization and any impairment loss. Amortization is recorded on a straight-line basis over the term of the estimated useful life of the asset as follows:

Software	3 – 7 years
Non-compete agreements	3 – 5 years
Other	5 – 10 years

Intangible assets with indefinite lives comprise the Cost-U-Less and Riteway Food Markets banners. These assets are not amortized but instead tested for impairment annually or more frequently if indicators of impairment are identified.

(L) Share-based Payment Transactions

Equity settled plans Certain stock options and certain performance share units settled in common shares are equity settled share-based payment plans. The grant date fair values of these benefits are recognized as an employee expense over the vesting period, with corresponding increases in equity.

The fair value of these plans is determined using an option pricing model. Market conditions attached to certain equity-settled share-based payments are taken into account when estimating the fair value of the equity instruments granted. Upon exercise or settlement of equity-based instruments, consideration received, if any, together with amounts previously recorded in contributed surplus are recorded as an increase to share capital.

Cash settled plans Certain stock options, certain performance share units, the executive deferred share unit plan and the director deferred share unit plan are cash settled share-based payments. These plans are measured at fair value at each balance sheet date and a charge or recovery is recognized through the consolidated statement of earnings over the vesting period. A corresponding adjustment is reflected in accounts payable and accrued liabilities or other long-term liabilities.

Estimates related to vesting conditions are reviewed regularly and the value of the charges under both cash settled and equity settled plans are adjusted in the consolidated statement of earnings to reflect expected and actual levels of benefits vesting.

(M) Foreign Currency Translation The accounts of foreign operations have been translated into the presentation currency, Canadian dollars. Assets and liabilities are translated at the period-end exchange rate, and revenues and expenses at the average rate for the period. Foreign exchange gains or losses arising from the translation of the net investment in foreign operations and the portion of the U.S. denominated borrowings designated as a hedge against this investment are recorded in equity as other comprehensive income. Foreign exchange gains or losses recorded in accumulated other comprehensive income ("AOCI") are recognized in net earnings when there is a reduction in the net investment in foreign operations.

Items included in the consolidated financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). Transactions in foreign currencies are translated to the respective functional currencies at exchange rates approximating the rates in effect at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date.

(N) Income Taxes Income tax expense includes taxes payable on current earnings and changes in deferred tax balances. Current income tax expense is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

The Company accounts for deferred income taxes using the liability method of tax allocation. Under the liability method, deferred income tax assets and liabilities are determined based on the temporary differences between the financial statement carrying values and tax bases of assets and liabilities, and are measured using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the deferred income tax assets or liabilities are expected to be realized or settled. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects to settle the carrying amount of its assets and liabilities. A deferred tax asset is recognized to the extent that it is probable that future taxable earnings will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to offset the amounts.

Income tax expense is recognized in the consolidated statement of earnings, except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case the related income tax expense is also recognized in other comprehensive income or in equity respectively.

(O) Employee Benefits The Company maintains either a defined benefit or defined contribution pension plan for the majority of its Canadian employees, and an employee savings plan for its U.S. employees. Other benefits include employee bonuses, employee share purchase plans and termination benefits.

Defined Benefit Pension Plan The actuarial determination of the defined benefit obligations for pension benefits uses the projected unit credit method prorated on services which incorporates management's best estimate of the discount rate, salary escalation, retirement rates, termination rates and retirement ages of employees. The discount rate used to value the defined benefit obligation is derived from a portfolio of high quality Corporate AA bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit plan obligations. Bonds included in the curve are denominated in the currency in which the benefits will be paid that have terms to maturity approximating the terms of the related pension liability.

The amount recognized in the consolidated balance sheets at each reporting date represents the present value of the defined benefit obligation, and is reduced by the fair value of plan assets. Any recognized asset or surplus is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded. The Company's funding policy is in compliance with statutory regulations and amounts funded are deductible for income tax purposes.

The actuarially determined expense for current service is recognized annually in the consolidated statement of earnings. The actuarially determined net interest costs on the net defined benefit plan obligation are recognized in interest expense.

All actuarial remeasurements arising from defined benefit plans are recognized in full in the period in which they arise in the consolidated statements of comprehensive income, and are immediately recognized in retained earnings. The effect of the asset ceiling is also recognized in other comprehensive income.

Defined Contribution Pension Plans The Company sponsors defined contribution pension plans for eligible employees where fixed contributions are paid into a registered plan. There is no obligation for the Company to pay any additional amount into these plans. Contributions to the defined contribution pension plans are expensed as incurred.

Short-term Benefits An undiscounted liability is recognized for the amount expected to be paid under short-term incentive plans or employee share purchase plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination Benefits Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If the effect is material, benefits are discounted to present value.

(P) Provisions A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(Q) Financial Instruments

Recognition and derecognition The Company initially recognizes financial instruments on the trade date at which it becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value. For financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability are included in the initial fair value.

Financial assets are derecognized when the contractual rights to receive cash flows and benefits related from the financial asset expire, or the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled. Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheets when the Company has a legal right to offset the amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets On initial recognition, all financial assets are classified to be subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit and loss. The Company's financial assets comprised of cash, accounts receivable, promissory note receivable and other financial assets are classified as amortized cost. Interest revenue, consisting primarily of service charge income on customer accounts receivable and interest imputed on promissory note receivable are included in sales in the

consolidated statements of earnings. The Company has no material assets measured at fair value.

The Company recognizes loss allowances for expected credit losses ("ECL's") on accounts receivable and the promissory note receivable. The change in ECL's is recognized in net earnings and reflected as an allowance against accounts receivable. The Company uses historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends.

Financial liabilities On initial recognition, financial liabilities are classified to be subsequently measured at amortized cost or fair value. The Company's financial liabilities comprised of long-term debt, accounts payable, accrued liabilities, lease liabilities and certain other liabilities are classified as amortized cost. Interest expense is recorded using the effective interest rate method and included in the consolidated statements of earnings as interest expense. The Company has no material liabilities measured at fair value.

Hedging The Company is exposed to financial risks associated with movements in foreign exchange rates. The Company uses a net investment hedge to counterbalance gains and losses arising on the retranslation of foreign operations with gains and losses on a financial liability. The Company has designated certain U.S. denominated debt as a hedge of its net investment in International Operations.

To the extent that the hedging relationship is effective, the foreign exchange gains and losses arising from translation of this debt are included in other comprehensive income and presented within shareholders' equity as accumulated other comprehensive income. These gains and losses are fully or partially reclassified to earnings on disposal or partial disposal of foreign operations. Any ineffective portion of the changes in fair value of the hedging item is recognized immediately in earnings.

To qualify for hedge accounting, the Company documents its risk management strategy, the relationship between the hedging instrument and the hedged item and the nature of the risks being hedged. The Company also documents the assessment of the effectiveness of the hedging relationship to show that the hedge has been and will likely be highly effective on an ongoing basis.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in accumulated other comprehensive income is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in other comprehensive income is transferred to the consolidated statements of earnings for the period.

(R) Cash Cash comprises cash on hand and balances with banks.

(S) Net Earnings Per Share Basic net earnings per share are calculated by dividing the net earnings attributable to shareholders of The North West Company Inc. by the weighted-average number of common shares outstanding during the period. Diluted net earnings per share is determined by adjusting these net earnings and the weighted-average number of common shares outstanding for the effects of all potentially dilutive shares, which comprise potential shares issued under the Share Option Plan, Performance Share Unit Plan and Director Deferred Share Unit Plan.

(T) Dividends Dividends declared and payable to the Company's shareholders are recognized as a liability in the consolidated balance sheets in the period in which distributions are declared.

(U) Use of Estimates, Assumptions & Judgment The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates, assumptions and judgments that affect the application of accounting policies, the reported amounts of revenues and expenses during the reporting period and disclosure of contingent assets and liabilities in the consolidated financial statements and notes. Judgment has been used in the application of accounting policy and to determine if a transaction should be recognized or disclosed in these consolidated financial statements while estimates and assumptions have been used to measure balances recognized or disclosed.

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

The areas that management believes involve a higher degree of judgment or complexity, or areas where the estimates and assumptions may have the most material impact on the amounts recognized in the consolidated financial statements include the following:

- Allowance for doubtful accounts is estimated based on an expected credit loss impairment model based on historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends (Notes 5, 15)
- Inventories are remeasured based on the lower of cost and net realizable value (Note 6)
- Amortization methods for property and equipment, including aircraft and right-of-use assets, are based on management's estimate of the most appropriate method to reflect the pattern of an asset's future economic benefit. This includes judgment of what asset components constitute a material cost in relation to the total cost of an asset (Notes 7, 8)
- Impairment of long-lived assets is influenced by judgment in determining indicators of impairment and estimates used to measure impairment losses, if any (Note 7)

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

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

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

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

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

(Y) Future Standards and Amendments In September 2022, the IASB issued amendments to IFRS 16 - *Leases* related to sale leaseback transactions for lessees. The amendments require that subsequent remeasurement of the lease liability does not result in a gain or loss that relates to the right of use asset the lessee retains. The amendments are effective for periods beginning on or after January 1, 2024, with early adoption permitted. The Company does not expect adoption of this standard to have a material impact on the Company's consolidated financial statements.

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

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

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

4. SEGMENTED INFORMATION

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

Consolidated Statements of Earnings

Year Ended	**January 31, 2024**	January 31, 2023
Sales		
Canada		
Food	**$ 944,325**	$ 897,097
General merchandise and other	**474,636**	426,088
Canada	**$ 1,418,961**	$ 1,323,185
International		
Food	**$ 955,321**	$ 921,610
General merchandise and other	**97,396**	107,965
International	**$ 1,052,717**	$ 1,029,575
Consolidated	**$ 2,471,678**	$ 2,352,760
Earnings before amortization, interest and income taxes		
Canada	**$ 204,089**	$ 185,458
International	**97,084**	93,220
Consolidated	**$ 301,173**	$ 278,678
Earnings from operations		
Canada	**$ 133,909**	$ 119,090
International	**61,988**	61,215
Consolidated	**$ 195,897**	$ 180,305

Supplemental Information

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

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

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

5. ACCOUNTS RECEIVABLE

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

The carrying values of accounts receivable are a reasonable approximation of their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Credit risk for trade accounts receivable is discussed in Note 15. Corporate and other accounts receivable have a lower risk profile relative to trade accounts receivable because they are largely due from government or corporate entities.

Movements in the allowance for doubtful accounts for customer and commercial accounts receivables are as follows:

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

6. INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Valuing inventories requires the Company to use estimates related to: the determination of margin factors used to convert inventory to cost; future retail sales prices and reductions, inventory losses or shrinkage during periods between the last physical count and the balance sheet date; and vendor rebates based on the volume of purchases during a period of time, product remaining in closing inventory and the probability that funds will be collected from vendors. Included in cost of sales for the year ended January 31, 2024, the Company recorded $3,476 (January 31, 2023 – $4,049) for the write-down of inventories as a result of net realizable value being lower than cost. There was no reversal of inventories written down previously that are no longer estimated to sell below cost during the year ended January 31, 2024 or 2023.

7. PROPERTY & EQUIPMENT

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

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

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

Interest capitalized

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

8. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

Right-of-use assets

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

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

Lease liabilities

The total current and long-term lease liability is $19,408 (January 31, 2023 – $18,644) and $104,483 (January 31, 2023 – $93,833), respectively. The Company's lease liabilities are discounted at its incremental borrowing rate, generally calculated from applicable Canadian and U.S. corporate bond yields. At January 31, 2024, lease liabilities reflect a weighted-average risk-free rate of 4.1% (January 31, 2023 – 3.8%) and weighted-average remaining lease term of 10.5 years (January 31, 2023 – 9.8 years).

Maturity analysis - contractual undiscounted cash flows

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

Variable Lease Expense

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in net earnings in the period in which the condition that triggers those payments occurs. Some aircraft leases also contain variable payment terms based on usage and are recognized as operating expenses. The Company had variable lease expense not included in lease liabilities of $6,145 (January 31, 2023 – $5,919).

Extension Options

Some store leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The extension options included by the Company do not extend the lease beyond ten years. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Other leases

Short-term and low value lease payments are not material.

9. GOODWILL & INTANGIBLE ASSETS

Goodwill

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

Goodwill represents the excess of the consideration transferred to acquire businesses over the fair value of their identifiable assets.

Goodwill Impairment Testing

A goodwill asset balance of $39,494 (January 31, 2023 – $39,406) relates to acquisition of subsidiaries by the Company's International Operations. A goodwill asset balance of $11,025 (January 31, 2023 – $11,025) relates to acquisitions by the Company's Canadian Operations. These balances were tested by means of comparing the recoverable amount of the operating segment to its carrying value. The recoverable amount was based on its fair value less costs to sell.

The recoverable amount was estimated from the product of financial performance and trading multiples observed for both the Company and other publicly traded retail companies. Values assigned to the key assumptions represent management's best estimates and have been based on data from both external and internal sources. This fair value measurement was categorized as a Level 3 fair value measurement based on the inputs in the valuation technique used. Key assumptions used in the estimation of enterprise value are as follows:

- Financial performance was measured with actual and budgeted earnings based on sales and expense growth specific to each store and the Company's administrative offices. Financial budgets and forecasts are approved by senior management and consider historical sales volume and price growth;
- The ratio of enterprise value to financial performance was determined using a range of market trading multiples from the Company and other public retail companies; and
- Costs to sell have been estimated as a fixed percentage of enterprise value. This is consistent with the approach of an independent market participant.

No impairment has been identified on goodwill, and management considers reasonably foreseeable changes in key assumptions are unlikely to produce a goodwill impairment.

Intangible assets

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

Intangible assets

January 31, 2023	Software	Store banners	Non-Compete and Other	Total
Cost				
Balance, beginning of year	$ 68,148	$ 9,787	$ 14,661	$ 92,596
Additions	3,941	—	590	4,531
Disposals/retirements	(11,329)	—	—	(11,329)
Effect of movements in foreign exchange	968	504	266	1,738
Total January 31, 2023	$ 61,728	$ 10,291	$ 15,517	$ 87,536
Accumulated Amortization				
Balance, beginning of year	$ 48,546	$ —	$ 9,956	$ 58,502
Amortization expense	8,170	—	931	9,101
Disposals/retirements	(11,329)	—	—	(11,329)
Effect of movements in foreign exchange	431	—	137	568
Total January 31, 2023	$ 45,818	$ —	$ 11,024	$ 56,842
Net book value January 31, 2023	$ 15,910	$ 10,291	$ 4,493	$ 30,694

Work in process

As at January 31, 2024, the Company had incurred $1,788 (January 31, 2023 – $537) for intangible assets that were not yet available for use, and therefore not subject to amortization.

Intangible Asset Impairment Testing

The Company determines the fair value of the store banners using the Relief from Royalty approach. This method requires management to make long-term assumptions about future sales, terminal growth rates, royalty rates and discount rates. Sales forecasts for the following financial year together with medium and terminal growth rates ranging from 2% to 5% are used to estimate future sales, to which a royalty rate of 0.5% is applied. The present value of this royalty stream is compared to the carrying value of the asset. No impairment has been identified on intangible assets and management considers reasonably foreseeable changes in key assumptions are unlikely to produce an intangible asset impairment.

10. INCOME TAXES

The following are the major components of income tax expense:

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

Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

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

(1) The Company is subject to the Global Intangible Low-Taxed Income provision ("GILTI") enacted as part of the US Tax Cuts and Jobs Act in December 2017. This tax is imposed on the foreign earnings of a controlled foreign corporation. The Company has the option to account for the GILTI tax as a period cost, if and when incurred, or to recognize deferred taxes for outside basis temporary differences expected to reverse as GILTI. The Company has elected to account for GILTI as a period cost.

Changes in the combined statutory income tax rate primarily reflect changes in earnings of the Company's subsidiaries across various tax jurisdictions.

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

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

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

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

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

As presented on consolidated balance sheet:

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

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

In assessing the recovery of deferred income tax assets, management considers whether it is probable that the deferred income tax assets will be realized. The recognition and measurement of the current and deferred tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations and in the assessment of the recoverability of deferred tax assets. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences are deductible.

Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent the final outcome is different from the amounts initially recorded, such differences, which could be significant, will impact the tax provision in the period in which the outcome is determined.

No deferred tax has been recognized in respect of temporary differences between the carrying value and tax value of investments in subsidiaries. The Company is in a position to control the timing and reversal of these differences and believes it is probable that they will not reverse in the foreseeable future. The temporary differences associated with the Company's foreign subsidiaries are approximately $303,835 at January 31, 2024 (January 31, 2023 – $266,420).

11. OTHER ASSETS

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

12. LONG-TERM DEBT

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

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

(2) The US$52,000 loan facilities mature March 1, 2027 and bear interest at SOFR plus a spread. These committed loan facilities are secured by certain assets of the Company and rank *pari passu* with the $100,000 senior notes, the US$70,000 senior notes due in 2027 and 2032, and the $400,000 Canadian Operations loan facilities. At January 31, 2024, the Company had drawn US$NIL (January 31, 2023 – US$NIL) on these facilities.

(3) These committed, revolving loan facilities provide the Company's Canadian Operations with up to $400,000 for working capital and general business purposes. These facilities are secured by certain assets of the Company and rank *pari passu* with the $100,000 senior notes, the US$70,000 senior notes due in 2027 and 2032 and the US$52,000 loan facilities. These facilities mature March 1, 2027 and bear a floating interest rate based on Bankers Acceptances rates plus stamping fees or the Canadian prime interest rate.

(4) These US$70,000 senior notes comprise US$35,000 due June 16, 2027 with a fixed interest rate of 2.88% and US$35,000 due June 16, 2032 with a fixed interest rate of 3.09%. The senior notes are secured by certain assets of the Company and rank *pari passu* with the $400,000 Canadian Operations loan facilities, the $100,000 senior notes and the US$52,000 loan facilities.

(5) The $100,000 senior notes mature September 26, 2029, have a fixed interest rate of 3.74%, are secured by certain assets of the Company and rank *pari passu* with the $400,000 Canadian Operations loan facilities, the US$70,000 senior notes due in 2027 and 2032 and the US$52,000 loan facilities.

(6) Promissory notes payable are non-interest bearing, have annual principal payments and are secured by certain assets of the Company.

13. POST-EMPLOYMENT BENEFITS

The Company sponsors defined benefit and defined contribution pension plans covering the majority of Canadian employees. Effective January 1, 2011, the Company entered into an amended and restated staff pension plan, which incorporated legislated changes, administrative practice, and added a defined contribution provision (the "Amended Plan"). Under the Amended Plan, all members as of December 31, 2010 who did not meet a qualifying threshold based on number of years in the pension plan and age were transitioned to the defined contribution pension plan effective January 1, 2011 and no longer accumulate years of service under the defined benefit pension plan. The defined benefit pension previously earned by members transitioned to the defined contribution plan, will continue to accrue in accordance with the terms of the plan based on the member's current pensionable earnings. Members who met the qualifying threshold on January 1, 2011, elected between accruing a defined contribution benefit and continuing to accrue a defined benefit pension in accordance with the provisions of the Amended Plan. All of the Company's defined benefit pension plans are closed to new members.

The defined benefit pension plans are based on years of service and final average salary. The Company uses actuarial reports prepared by independent actuaries for accounting purposes as at January 31, 2024 and January 31, 2023. The accrued pension benefits and funding requirements were last determined by actuarial valuation as at December 31, 2022. The next actuarial valuation is required as at December 31, 2025. The Company also sponsors an employee savings plan covering certain U.S. employees with at least six months of service. Under the terms of the plan, the Company is obligated to make contributions that range between 3% and 5% of eligible compensation.

During the year ended January 31, 2024, the Company contributed $816 to its defined benefit pension plans (January 31, 2023 – $1,160). During the year ended January 31, 2024, the Company contributed $6,767 to its defined contribution pension plans and U.S. employees savings plans (January 31, 2023 – $6,199). There are no funding obligations for the defined benefit pension plans for the year commencing February 1, 2024. The actual amount paid may vary from the estimate based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors.

Movement in plan assets and defined benefit obligation

Information on the Company's defined benefit plans, in aggregate, is as follows:

	January 31, 2024	January 31, 2023
Plan assets:		
Fair value, beginning of year	**$ 94,712**	$ 101,351
Accrued interest on assets	**4,377**	3,432
Benefits paid	**(4,204)**	(4,819)
Plan administration costs	**(590)**	(529)
Employer contributions	**816**	1,160
Employee contributions	**1**	1
Return on assets (less than)/ greater than discount rate	**4,190**	(5,884)
Fair value, end of year	**$ 99,302**	$ 94,712
Plan obligations:		
Defined benefit obligation, beginning of year	**$ (106,900)**	$ (123,065)
Current service costs	**(1,654)**	(2,403)
Employee contributions	**(1)**	(1)
Interest on plan liabilities	**(4,907)**	(4,138)
Benefits paid	**4,990**	6,084
Actuarial remeasurement due to:		
Plan experience	**1,379**	(4,137)
Financial assumptions	**2,431**	20,760
Defined benefit obligation, end of year	**$ (104,662)**	$ (106,900)
Plan deficit	**$ (5,360)**	$ (12,188)

As presented on consolidated balance sheet:

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

Registered plans are funded in accordance with the applicable statutory funding rules and regulations governing the particular plans.

Defined benefit obligation

The following actuarial assumptions were employed to measure the plan:

	January 31, 2024	January 31, 2023
Discount rate on plan liabilities	**4.88 %**	4.70 %
Rate of compensation increase	**4.00 %**	4.00 %
Discount rate on plan expense	**4.70 %**	3.43 %
Inflation assumption	**2.00 %**	2.00 %

The assumptions used are the best estimates chosen from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The weighted-average duration of the defined benefit obligation at the end of the reporting period is 12.7 years (January 31, 2023 – 13.6 years).

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

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

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. For the years ended January 31, 2024 and 2023, mortality assumptions have been estimated at 106% of the base mortality rates in the CPM2014PRIV table based on pension size and industry classification.

Sensitivity of key assumption

The following table outlines the sensitivity of a 1% change in the discount rate used to measure the defined benefit plan obligation and cost for the defined benefit pension plans. The table reflects the impact on both the current service and interest cost expense components.

The sensitivity analysis provided in the key assumption table is hypothetical and should be used with caution. The sensitivities have been calculated independently of any changes in other assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

		Defined benefit plan obligation	Benefit plan cost
Discount rate:			
Impact of:	1% increase	$ (12,005)	$ (1,026)
	1% decrease	$ 14,752	$ 704

Plan assets

The major categories of plan assets as a percentage of total plan assets are listed below. The pension plans have no direct investment in the shares of the Company.

	January 31, 2024	January 31, 2023
Plan assets:		
Canadian equities (pooled)	**19.4 %**	20.1 %
Global equities (pooled)	**38.9 %**	36.9 %
Real estate equities (pooled)	**9.4 %**	10.5 %
Debt securities	**32.3 %**	32.5 %
Total	**100.0 %**	100.0 %

Governance and plan management

The Company's Pension Committees oversee the pension plans. These committees are responsible for assisting the Board of Directors to fulfill its governance responsibilities for the plans. The committees assist with plan administration, regulatory compliance, pension investment and monitoring responsibilities.

Plan assets are subject to the risk that changes in market prices, such as interest rates, foreign exchange and equity prices will affect their value. A Statement of Investment Policy and Procedures (SIPP) guides the investing activity of the defined benefit pension plans to mitigate market risk. Assets are expected to achieve, over moving three to four-year periods, a return at least equal to a composite benchmark made up of passive investments in appropriate market indices. These indices are consistent with the policy allocation in the SIPP.

Periodically, an Asset-Liability Modeling study is done to update the policy allocation between liability hedging assets and return seeking assets. This is consistent with managing both the funded status of the defined benefit pension plans and the Company's long-term costs. It assists with adequately securing benefits and mitigating year-to-year fluctuations in the Company's cash contributions and pension expense. The defined benefit plans are subject to, and actively manage, the following specific market risks:

Interest rate risk: is managed by allocating a portion of plan investments to liability hedging assets, comprised of a passive long bond fund.

Currency risk: is managed through asset allocation. A significant portion of plan assets are denominated in the same currency as plan obligations.

Equity price risk: The defined benefit pension plans are directly exposed to equity price risk on return seeking assets. Fair value or future cash flows will fluctuate due to changes in market prices because they may not be offset by changes in obligations. Investment management of plan assets is outsourced to independent managers.

Statements of earnings and comprehensive income

The following pension expenses have been charged to the consolidated statements of earnings:

	January 31, 2024	January 31, 2023
Employee costs (Note 18)		
Defined benefit pension plan, current service costs included in post-employment benefits	**$ 1,654**	$ 2,403
Plan administration costs	**590**	529
Defined contribution pension plan	**5,034**	4,624
Savings plan for U.S. employees	**1,733**	1,575
	$ 9,011	$ 9,131
Interest expense (Note 19)		
Accrued interest on assets	**$ (4,377)**	$ (3,432)
Interest on plan liabilities	**4,907**	4,138
	$ 530	$ 706

The following amounts have been included in other comprehensive income:

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

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

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

14. SHARE-BASED COMPENSATION

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

The total expense relating to share–based payment plans for the year ended January 31, 2024 was $13,167 (January 31, 2023 – $13,131). The carrying amount of the Company's share-based compensation arrangements including PSU, share option, DDSU and EDSU plans are recorded on the consolidated balance sheets as follows:

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

Performance Share Units

The Company has granted PSUs to officers and senior management. Each PSU entitles the participant to receive either a cash payment equal to the market value of the number of notional units granted or one share of the Company for each notional unit granted at the end of the vesting period based on the achievement of specific performance based criteria. The PSU account for each participant includes the value of dividends from the Company as if reinvested in additional PSUs. PSU awards vest with the employee on the third fiscal year following the date of the grant to which the award relates. Compensation expense is measured based on the grant date fair market value of the award and recognized over the vesting period based on the estimated total compensation to be paid. Compensation costs related to the PSUs for the year ended January 31, 2024 are $7,465 (January 31, 2023 – $7,882). Equity settled PSUs are redeemed with shares transferred from a trust established for this plan or by issuing shares from treasury. There were 195,752 PSUs (January 31, 2023 – 60,993) partially settled by releasing 96,070 shares (January 31, 2023 – 29,849) from the employee trust during the year ended January 31, 2024. There were no PSUs (January 31, 2023 - 55,903) partially settled by releasing shares issued from treasury (January 31, 2023 - 27,748). The total number of PSUs outstanding at January 31, 2024 that may be settled in treasury shares is 326,611 (January 31, 2023 – 337,331).

Director Deferred Share Unit Plan

This Plan is available for independent Directors. Participants are credited with deferred share units for the amount of the annual equity retainer, and for the portion of the annual cash retainer and fees each participant elects to allocate to the DDSU plan. Each deferred share unit entitles the holder to receive either a cash payment equal to the market value of the number of DDSUs granted or one share of the Company. The DDSUs are exercisable by the holder at any time after they cease to be a Director, but no later than December 31 of the first calendar year commencing after they leave the Company. A participant may elect at the time of exercise of any DDSUs, subject to the consent of the Company, to have the Company pay an amount in cash equal to the aggregate current market value of the shares, determined based on the closing price of the shares on the TSX on the trading day preceding the exercise date. This cash payment is in consideration for the surrender by the participant to the Company the right to receive shares from exercising the DDSUs. Effective December 2016, the Plan was amended for those DDSUs credited to participants for the portion of the annual cash retainer and fees each participant elects to allocate to the Plan. The holder of these DDSUs is entitled to receive at the time of exercise, an amount in cash equal to the aggregate current market value of the shares, determined based on the closing price of the shares on the TSX on the trading day preceding the exercise date.

Compensation expense is initially measured at the time of the grant. Subsequent changes in the fair value of the DDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The DDSU plan compensation costs for the year ended January 31, 2024 are $2,766 (January 31, 2023 – $2,000). The total number of deferred share units outstanding at January 31, 2024 is 264,838 (January 31, 2023 – 258,689). There were 52,214 DDSUs exercised during the year ended January 31, 2024 (January 31, 2023 – 93,743), of which 25,000 units were settled in cash. The DDSUs exercised for the year-ended January 31, 2023 were settled in cash.

Executive Deferred Share Unit Plan

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

Total compensation expense is measured at the time of the grant. Subsequent changes in the fair value of the EDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The EDSU plan compensation costs for the year ended January 31, 2024 are $65 (January 31, 2023 – $38).

Share Option Plan

The Company has a Share Option Plan (the "Plan") that provides for the granting of options to certain officers and senior management. Options are granted at fair market value based on the volume weighted-average closing price of the Company's shares for the five trading days preceding the grant date. Effective June 14, 2011, the Plan was amended and restated. The amendments afford the Board of Directors the discretion to award options giving the holder the choice, upon exercise, to either deduct a portion of all dividends declared after the grant date from the options exercise price or to exercise the option at the strike price specified at the grant date ("Declining Strike Price Options"). No Declining Strike Price Options have been issued since 2017 and all options issued subsequently are standard options ("Standard Options"). Each option is exercisable into one share of the Company at the price specified in the terms of the option. Declining Strike Price options allow the employee to acquire shares or receive a cash payment based on the excess of the fair market value of the Company's shares over the exercise price.

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

The maximum number of shares available for issuance under the Plan is a fixed number set at 4,354,020, representing 9.1% of the Company's issued and outstanding shares at January 31, 2024. Fair value of the Company's options is determined using an option pricing model. Share options granted vest on a graduated basis over four to five years and are exercisable over a period of seven years. The share option compensation costs for the year ended January 31, 2024 are $1,930 (January 31, 2023 – $2,279). The fair values for options issued during the year were calculated based on the following assumptions:

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

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

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

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

The following continuity schedules reconcile the movement in outstanding options during the year:

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

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

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

Summary of options outstanding by grant year

	Outstanding				**Exercisable**	
Grant year	Range of exercise price	Number outstanding	Weighted-average remaining contractual years	Weighted-average exercise price	Options exercisable	Weighted-average exercise price
2017	$ 27.24-35.83	74,280	0.4	$ 29.04	74,280	$ 29.04
2018	$ 27.77-27.77	135,782	1.2	$ 27.77	135,782	$ 27.77
2019	$ 28.13-30.02	213,823	2.3	$ 28.18	213,823	$ 28.18
2020	$ 29.23-29.23	271,025	3.4	$ 29.23	177,585	$ 29.23
2021	$ 34.67-35.51	275,575	4.3	$ 35.37	136,013	$ 35.37
2022	$ 32.79-35.83	226,286	5.3	$ 35.63	56,574	$ 35.63
2023	$ 39.05-39.05	205,479	6.2	$ 39.05	—	$ —

Employee Share Purchase Plan

The Employee Share Purchase Plan provides participants with the opportunity to acquire an ownership interest in the Company. The Company contributes an additional 33% of the amount invested, subject to a maximum annual contribution of 2% of the participants' base salary. The plan is administered by a trustee who uses the funds received to purchase shares on the TSX on behalf of the participating employees. These shares are registered in the name of the plan trustee on behalf of the participants.

The Company's contribution to the plan is recorded as compensation expense. The employee share purchase plan compensation costs for the year ended January 31, 2024 are $941 (January 31, 2023 – $932).

15. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks including liquidity risk, credit risk and market risk. The Company's overall risk management program focuses on minimizing potential adverse effects on financial performance.

The Company manages funding and financial risk management with oversight provided by the Board of Directors, who also approve specific financial transactions. The Company uses derivative financial instruments only to hedge exposures arising in respect of underlying business requirements and not for speculative purposes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company's operational cash flow is reasonably stable and predictable. This reflects the business risk profile of the majority of markets in which the Company operates and its product mix. Cash flow forecasts are produced regularly and reviewed against the Company's debt portfolio capacity and maturity profile to assist management in identifying future liquidity requirements. The Company's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness to match the business requirements.

The Company is financed by a combination of cash flow from operating activities, bank advances, senior notes and committed revolving loan facilities. At January 31, 2024, the Company had undrawn committed revolving loan facilities available of $433,935 (January 31, 2023 – $418,250) which mature in 2027 and 2028 (Note 12). The undrawn available capacity is net of the aggregate potential liability for letters of credit of $18,051 (January 31, 2023 – $18,738).

The following table analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or an estimation in respect of floating interest rate liabilities, and as a result may not agree to the amounts disclosed on the balance sheet.

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposures to credit risk arise primarily from holdings of cash, customer and commercial accounts receivable and promissory note receivable.

To mitigate credit risk, the Company maintains deposits with financial institutions with minimum equivalent short-term credit ratings of "A1". The maximum exposure on cash is equal to the carrying amount of these instruments.

It is the Company's policy that customers who wish to trade on credit terms are subject to credit verification procedures including policies governing: credit approvals, limits, collections and fraud prevention. The Company provides impairment allowances for potentially uncollectible accounts receivable. Receivable balances are comprised of approximately forty thousand customers spread across a wide geography, substantially reducing the Company's risk through the diversity of its customer base. Further, receivables are centrally monitored on an ongoing basis with the result that the Company's exposure to individual customers is generally not significant. The maximum exposure net of impairment allowances is $121,606 (January 31, 2023 – $113,798). The Company does not have any individual customers greater than 10% of total accounts receivable. At January 31, 2024, the Company's gross maximum credit risk exposure is $134,315 (January 31, 2023 – $125,183). Of this amount, $12,456 (January 31, 2023 – $13,399) is more than 60 days past due. The Company has recorded an allowance against its maximum exposure to credit risk of $12,709 (January 31, 2023 – $11,385) which is based on expected credit losses for similar financial assets.

The Company has an unsecured, non-interest bearing promissory note receivable of $27,058 (January 31, 2023 – $41,299) from Giant Tiger Stores Limited of which $22,500 (January 31, 2023 – $15,000) has been reclassified to accounts receivable and $4,558 (January 31, 2023 – $26,299) is classified as a non-current asset. This promissory note is considered to have a low credit risk based on the high credit quality of its counterparty. See Note 24.

As at January 31, 2024 and 2023, the Company has no significant credit risk related to derivative financial instruments.

Market risk

(a) *Currency risk* The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. Foreign exchange risk arises from U.S. dollar denominated borrowings and net investments in foreign operations.

Management is responsible for managing foreign currency risk. The Company's U.S. dollar net investment is exposed to foreign currency translation risk. The Company has hedged US$70,000 of this risk with U.S. dollar denominated borrowings. No ineffectiveness was recognized from the net investment hedge.

In respect of recognized foreign currency assets and liabilities, the Company has limited exposure. Procurement and related borrowing activity are generally conducted in currencies matching cash flows generated by underlying operations, providing an economic hedge without sophisticated treasury management. Short-term imbalances in foreign currency holdings are rectified by buying or selling at spot rates when necessary.

Management considers a 10% variation in the Canadian dollar relative to the U.S. dollar reasonably possible. Considering all major exposures to the U.S. dollar as described above, a 10% appreciation of the Canadian dollar against the U.S. dollar in the year-end rate would cause net earnings to decrease by approximately $100 (January 31, 2023 - $100). A 10% depreciation of the Canadian dollar against the U.S. dollar year-end rate would cause net earnings to increase by approximately $100 (January 31, 2023 – $100).

The Company may use derivative financial instruments to manage market risk. These transactions are approved by the Board of Directors. The derivatives are entered into with financial institution counter parties rated AA-.

(b) *Interest rate risk* Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its long-term borrowings.

The Company manages exposure to interest rate risk by monitoring its blend of fixed and floating interest rates, and may modify this blend using interest rate swaps. The goal of management is to manage the trade-off between obtaining the most beneficial effective rates of interest, while minimizing the impact of interest rate volatility on earnings.

Management considers a 100 basis point change in interest rates reasonably possible. Considering all major exposures to interest rates as described above, based on floating rate borrowings outstanding at January 31, 2024 a 100 basis point increase in the risk-free rate would cause net earnings to decrease by approximately $642 (January 31, 2023 – $702). A 100 basis point decrease would cause net earnings to increase by approximately $642 (January 31, 2023 – $702).

(c) *Accounting classifications and fair value estimation* The following table comprises the carrying amounts of the Company's financial instruments. Financial instruments are either carried at amortized cost using the effective interest rate method or fair value.

The Company uses a three-level hierarchy to categorize financial instruments carried at fair value as follows:

- Level 1 – Fair values measured using quoted prices (unadjusted) in active markets for identical instruments
- Level 2 – Fair values measured using directly or indirectly observable inputs, other than those included in Level 1
- Level 3 – Fair values measured using inputs that are not based on observable market data

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

January 31, 2024		**Assets (Liabilities) carried at amortized cost**	
	Maturity	Carrying amount	Fair value
Cash	Short-term	$ 53,359	$ 53,359
Accounts receivable [(1)]	Short-term	121,606	121,606
Promissory note receivable [(1)]	Long-term	4,558	4,558
Other financial assets	Long-term	1,830	1,830
Accounts payable and accrued liabilities	Short-term	(224,957)	(224,957)
Current portion of long-term debt	Short-term	(268)	(268)
Long-term debt	Long-term	(281,308)	(261,628)

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

January 31, 2023		Assets (Liabilities) carried at amortized cost	
	Maturity	Carrying amount	Fair value
Cash	Short-term	$ 58,809	$ 58,809
Accounts receivable	Short-term	113,798	113,798
Promissory note receivable	Long-term	26,299	26,299
Other financial assets	Long-term	1,523	1,523
Accounts payable and accrued liabilities	Short-term	(220,688)	(220,688)
Current portion of long-term debt	Short-term	(268)	(268)
Long-term debt	Long-term	(289,782)	(269,462)

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

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

Capital management

The Company's objectives in managing capital are to deploy capital to provide an appropriate total return to shareholders while taking into consideration key risks. Management maintains a capital structure that provides the flexibility to take advantage of the growth opportunities of the business, maintain existing assets, meet obligations and financial covenants and enhance shareholder value. The capital structure of the Company consists of bank advances, long-term debt, lease liabilities and shareholders' equity. The Company manages capital to optimize efficiency through an appropriate balance of debt and equity. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue additional shares, borrow additional funds, adjust discretionary capital spending and adjust the amount of dividends paid or refinance debt at different terms and conditions all subject to market conditions and the terms of any underlying agreements..

The Company's process and policies for managing capital are monitored by management and are reflected in the following measures:

(a) *Debt-to-equity ratio* At January 31, 2024, the debt-to-equity ratio was 0.40 compared to 0.45 last year. The debt-to-equity ratio is within the Company's objectives. The debt-to-equity ratio is calculated as follows:

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

(b) *Financial covenants* As a result of borrowing agreements entered into by the Company, there are certain financial covenants that must be maintained. Financial covenants include an interest coverage ratio and a leverage test. Compliance with financial covenants is reported quarterly to the Board of Directors. During the years ended January 31, 2024 and 2023, the Company is in compliance with all financial covenants. Other than the requirements imposed by these borrowing agreements and solvency tests imposed by the CBCA, the Company is not subject to any externally imposed capital requirements.

Capital management objectives are reviewed on an annual basis. The capital management objectives were substantially unchanged for the year ended January 31, 2024.

16. SHARE CAPITAL

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

	Shares	Consideration
January 31, 2023	**47,750,605**	**$ 176,323**
Purchased and cancelled [(1)]	**(153,998)**	**(557)**
Issued under share-based compensation plans (Note 14)	**114,860**	**2,643**
Balance at January 31, 2024	**47,711,467**	**$ 178,409**
Shares held in trust, January 31, 2023	**(65,522)**	**(232)**
Purchased for future settlement of PSUs	**(160,000)**	**(571)**
Released for settlement of PSUs (Note 14)	**96,070**	**345**
Shares held in trust, January 31, 2024	**(129,452)**	**$ (458)**
Issued and outstanding, net of shares held in trust, January 31, 2024	**47,582,015**	**$ 177,951**
January 31, 2022	47,878,650	$ 173,110
Purchased and cancelled [(1)]	(236,075)	(854)
Issued under share-based compensation plans (Note 14)	108,030	4,067
Balance at January 31, 2023	47,750,605	$ 176,323
Shares held in trust, January 31, 2022	(8,371)	(29)
Purchased for future settlement of PSUs	(87,000)	(311)
Released for settlement of PSUs (Note 14)	29,849	108
Shares held in trust, January 31, 2023	(65,522)	$ (232)
Issued and outstanding, net of shares held in trust, January 31, 2023	47,685,083	$ 176,091

(1) Variable voting shares and common voting shares purchased pursuant to NCIB program. The Company records shares repurchased on a transaction date basis.

Voting rights

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

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

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

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

Normal Course Issuer Bid

On November 15, 2023, the Company renewed its Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,733,380 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the year ended January 31, 2024, the Company purchased 153,998 common shares having a book value of $557 for cash consideration of $5,000. The excess of the purchase price over the book value of the shares of $4,443 was charged to retained earnings. During the year ended January 31, 2023, the Company purchased 236,075 common shares having a book value of $854 for cash consideration of $7,817. The excess of the purchase price over the book value of the shares of $6,963 was charged to retained earnings. All shares purchased were cancelled.

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

17. EXPENSES BY NATURE

Year Ended	**January 31, 2024**	January 31, 2023
Employee costs (Note 18)	**$ 355,498**	$ 329,209
Amortization	**105,276**	98,373
Operating lease rentals	**5,653**	5,314

18. EMPLOYEE COSTS

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

Key management personnel are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management personnel are comprised of the Board of Directors, Chief Executive Officer and the senior officers of the Company.

19. INTEREST EXPENSE

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

20. DIVIDENDS

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

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

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

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

21. NET EARNINGS PER SHARE

Basic net earnings per share is calculated based on the weighted-average shares outstanding during the year. The diluted net earnings per share takes into account the dilutive effect of all potential ordinary shares. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

($ and shares in thousands, except earnings per share)

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

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Contingencies

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

The Company is involved in various legal matters arising in the normal course of business. The occurrence of the confirming future events is not determinable or it is not possible to determine the amounts that may ultimately be assessed against the Company. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

Guarantees

The Company has provided the following guarantees to third parties:

The Company has entered into indemnification agreements with its current and former directors and officers to indemnify them, to the extent permitted by law, against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or any judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. The Company has purchased director and officer liability insurance. No amount has been recorded in the consolidated financial statements with respect to these indemnification agreements.

In the normal course of operations, the Company provides indemnification agreements to counterparties for various events such as intellectual property right infringement, loss or damages to property, claims that may arise while providing services, violation of laws or regulations, or as a result of litigation that might be suffered by the counterparties. The terms and nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. No amount has been recorded in the consolidated financial statements with respect to these indemnification agreements.

23. SUBSIDIARIES AND JOINT VENTURES

The Company's principal operating subsidiaries are set out below:

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

The investment in joint venture comprises a 50% interest in a Canadian Arctic shipping company, Transport Nanuk Inc. At January 31, 2024, the Company's share of the net assets of its joint venture amount to $16,903 (January 31, 2023 – $16,220) comprised assets of $18,603 (January 31, 2023 - $18,856) and liabilities of $1,700 (January 31, 2023 – $2,636). During the year ended January 31, 2024, the Company purchased freight handling and shipping services from Transport Nanuk Inc. and its subsidiaries of $10,050 (January 31, 2023 – $9,546).

24. PROMISSORY NOTE RECEIVABLE

On July 5, 2020, the Company sold 36 of its 46 Giant Tiger stores to Giant Tiger Stores Limited for cash consideration of $45,000, subject to working capital adjustments, and additional contingent consideration payable of up to $22,500. The remaining cash consideration of $15,000 is payable July 5, 2024. Subject to meeting certain profitability milestones the additional contingent consideration is payable in installments on July 5, 2024 and July 5, 2025.

The consideration has been recorded as an unsecured, non-interest bearing promissory note receivable comprised of the net present value of the estimated installments, discounted using an interest rate specific to the counterparty. For the year-ended January 31, 2024 the Company recognized interest income of $760 (January 31, 2023 – $1,016) on the promissory note receivable (Note 19) and it had a fair value of $27,088 (January 31, 2023 – $41,299), of which $22,500 (January 31, 2023 – $15,000) has been reclassified to accounts receivable.