
THE NORTH WEST COMPANY INC.

Report to Shareholders

Quarterly Period Ended April 30, 2025



2025 FIRST QUARTER REPORT TO SHAREHOLDERS

Report to Shareholders

The North West Company Inc. reports its results for the first quarter ended April 30, 2025. Sales increased 3.9% to \$641.4 million led by same store sales gains, new stores and the impact of foreign exchange on the translation of International Operations sales. Excluding the foreign exchange impact, sales increased 1.8% compared to last year and were up 3.5%¹ on a same store basis.

First quarter net earnings increased 2.2% to \$27.7 million on top of a 22.3% increase in net earnings to \$27.2 million last year. Net earnings attributable to shareholders were \$25.8 million or \$0.53 per share compared to \$0.53 per share last year on a diluted earnings per share basis as sales gains and an increase in gross profit rate were partially offset by higher expenses, share-based compensation, one-time costs related to the Company's Next 100 strategy and the impact of a higher effective income tax rate primarily related to the impact of the Global Minimum Tax - Pillar Two legislation. Adjusted net earnings², which excludes the after-tax impact of share-based compensation and Next 100-related one-time costs, increased \$4.2 million or 14.2% to \$33.6 million compared to \$29.4 million last year.

The Board of Directors has approved a quarterly dividend of \$0.40 per share to shareholders of record on June 27, 2025.

On behalf of the Board of Directors:



Brock Bulbuck
Chair of the Board



Daniel G. McConnell
President and Chief Executive Officer

Management's Discussion & Analysis

The following Management's Discussion & Analysis should be read in conjunction with the Company's 2025 first quarter unaudited interim period condensed consolidated financial statements for the period ended April 30, 2025 ("Condensed Consolidated Financial Statements") and the audited annual consolidated financial statements and accompanying notes included in the 2024 Annual Report. The financial results in 2024 had one extra day of operations compared to 2025 as a result of February 29. The estimated impact of the extra day has been deducted from the same store sales reported for 2024.

(1) Excluding the foreign exchange impact

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

First Quarter Highlights

CONSOLIDATED RESULTS FIRST QUARTER

Key Performance Indicators and Selected First Quarter Information:

(\$ in thousands, except per share)	Three Months Ended	
	April 30, 2025	April 30, 2024
Sales	\$ 641,369	\$ 617,519
Same store sales % ⁽¹⁾		
Food	4.0 %	3.8 %
General Merchandise	0.4 %	3.9 %
Total	3.5 %	3.8 %
Gross profit	\$ 213,973	\$ 199,629
Selling, operating and administrative expenses	173,657	159,807
EBITDA ⁽²⁾	70,063	67,908
Earnings from operations ("EBIT")	40,316	39,822
Interest expense	3,869	4,325
Income taxes	8,703	8,342
Net earnings	27,744	27,155
Net earnings attributable to shareholders of the Company	25,835	25,527
Net earnings per share - basic	0.54	0.53
Net earnings per share - diluted	0.53	0.53

Sales First quarter consolidated sales increased 3.9% to \$641.4 million compared to \$617.5 million last year led by same store sales gains, the impact of foreign exchange on the translation of International Operations sales and sales from new stores. These factors were partially offset by the impact of lower wholesale sales and one extra day of sales last year as a result of February 29. The exchange rate used for the translation of International Operations sales increased to 1.4210 compared to 1.3537 last year. Excluding the foreign exchange impact, consolidated sales increased 1.8%, with food sales increasing 1.7% and general merchandise and other sales increasing 1.9% compared to last year. On a same store basis, sales increased 3.5%¹ compared to the first quarter last year driven by a 4.0% increase in same store sales in Canadian Operations and a 2.8%¹ increase in same store sales in International Operations.

Gross Profit Gross profit increased 7.2% to \$214.0 million compared to \$199.6 million last year due to sales gains and a 103 basis point increase in gross profit rate compared to last year. The increase in gross profit rate was largely due to changes in sales blend, including a lower blend of wholesale food sales, and lower markdowns, including the impact of more effective data-driven promotions as part of our Next 100 work.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased \$13.9 million or 8.7% compared to last year and were up 120 basis points as a percentage to sales. The increase in Expenses is largely due to an investment in staff resources and an increase in information technology costs to support the Next 100 operational excellence work, the impact of foreign exchange on the translation of International Operations Expenses, an increase in depreciation and new stores. A \$2.9 million increase in share-based compensation costs primarily related to changes in the Company's share price and the impact of \$2.1 million in one-time costs for professional fees related to the execution of the Next 100 strategy were also factors. The impact of the Next 100 one-time costs was offset in the quarter by more effective data-driven promotional activity, including a reduction in print media, store labour productivity gains and other cost savings initiatives. Excluding the impact of share-based compensation and Next 100-related one-time costs, Expenses increased \$8.8 million or 5.6% compared to last year and were up 43 basis points as a percentage to sales. Further information on share-based compensation is provided in Note 15 to the Company's Condensed Consolidated Financial Statements.

(1) Excluding the foreign exchange impact

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

Earnings From Operations Earnings from operations ("EBIT") increased 1.2% to \$40.3 million compared to very strong earnings gains last year which were up 17.9% to \$39.8 million, and earnings before interest, income taxes, depreciation and amortization ("EBITDA²") increased 3.2% to \$70.1 million on top of a 15.2% increase in EBITDA² to \$67.9 million last year due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA², which excludes the impact of share-based compensation and Next 100-related one-time costs, increased \$7.2 million or 10.1% to \$78.0 million compared to \$70.8 million last year and as a percentage to sales was 12.2% compared to 11.5% last year.

Interest Expense Interest expense decreased 10.5% to \$3.9 million compared to \$4.3 million last year largely due to lower interest rates and long-term debt. Further information on interest expense is provided in Note 13 to the Company's Condensed Consolidated Financial Statements.

Income Tax Expense Income tax expense increased to \$8.7 million compared to \$8.3 million last year due to the impact of higher earnings and an increase in the effective tax rate to 23.9% compared to 23.5% last year. The increase in the effective tax rate is substantially due to the impact of The Global Minimum Tax ("GMTA") – Pillar Two legislation included in Bill C-69 that was enacted in Canada on June 20, 2024. This legislation implements the Pillar Two global minimum tax regime developed by the Organisation for Economic Co-operation and Development ("OECD") which applies a minimum effective tax rate of 15% on income earned in each jurisdiction in which the Company operates. The Company operates retail stores in the Cayman Islands, Barbados and British Virgin Islands which are impacted by the GMTA - Pillar Two legislation. Further information on income tax expense is provided in Note 14 to the Company's Condensed Consolidated Financial Statements.

Net Earnings Net earnings increased 2.2% to \$27.7 million which is on top of a 22.3% increase in net earnings to \$27.2 million last year. Net earnings attributable to shareholders were \$25.8 million and diluted earnings per share were \$0.53 per share compared to \$0.53 per share last year. Adjusted net earnings², which excludes the after-tax impact of share-based compensation and Next 100-related one-time costs, increased \$4.2 million or 14.2% to \$33.6 million compared to \$29.4 million last year due to the sales, gross profit, Expense, interest and GMTA - Pillar Two income tax expense factors previously noted.

Comprehensive Income Comprehensive income decreased to \$8.1 million compared to \$36.1 million last year due to the impact of a \$16.7 million foreign exchange loss on the translation of International Operations this year compared to a gain of \$6.9 million last year. A net actuarial loss of \$2.9 million this year compared to a \$2.0 million net actuarial gain last year resulting from the remeasurement of defined benefit pension plan assets and liabilities was also a factor.

(1) Excluding the foreign exchange impact

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

CANADIAN OPERATIONS FIRST QUARTER

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

Key Performance Indicators:

(\$ in thousands)	Three Months Ended	
	April 30, 2025	April 30, 2024
Sales	\$ 362,348	\$ 355,240
Same store sales %		
Food	5.1 %	4.4 %
General Merchandise	(0.9)%	6.4 %
Total	4.0 %	4.7 %
EBITDA ⁽²⁾	\$ 44,308	\$ 45,368
Earnings from operations (EBIT)	\$ 25,035	26,703

Sales Canadian Operations sales increased 2.0% to \$362.3 million compared to \$355.2 million in the first quarter last year driven by a 4.0% same store sales gain and the impact of new stores. These factors were partially offset by the impact of lower wholesale food sales this year and government inflation relief payments to individuals in the first quarter last year. The impact of one extra day of sales last year as a result of February 29 was also a factor. Food sales increased 1.9% as same store sales gains were partially offset by lower wholesale sales. General merchandise and other sales increased 2.2% compared to last year as higher pharmacy and retail fuel sales more than offset lower general merchandise same store sales. On a same store basis, food sales increased 5.1% and general merchandise sales decreased 0.9% compared to last year. Sales were positively impacted by increased consumer demand in certain communities arising from First Nations Child and Family Services programs, including Jordan's Principle and Inuit Child First programs, that help provide greater access to nutritious food. Payments to individuals from First Nations Drinking Water Claim Settlements were less of a factor in the quarter as they were comparable to the settlement payments distributed in the first quarter last year.

Gross Profit Gross profit increased 5.1% driven by higher sales and an increase in gross profit rate primarily related to changes in sales blend, including the impact of lower wholesale food sales, and lower markdowns, including the impact of more effective data-driven promotions as part of our Next 100 work. An increase in North Star Air ("NSA") gross profit mainly due to the impact of lower maintenance costs compared to last year was also a factor.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 8.2% and were up 169 basis points as a percentage to sales compared to last year mainly due to a \$2.3 million increase in share-based compensation costs primarily related to changes in the Company's share price and the impact of \$1.5 million in one-time costs for professional fees related to the execution of the Next 100 strategy. An investment in staff resources and an increase in information technology costs to support the Next 100 operational excellence work, an increase in depreciation and the impact of new stores were also factors.

Earnings From Operations Earnings from operations (EBIT) decreased \$1.7 million or 6.2% to \$25.0 million compared to a 20.9% increase in EBIT to \$26.7 million last year, and EBITDA² decreased 2.3% to \$44.3 million compared to a 17.3% increase in EBITDA² to \$45.4 million last year due to the impact of the sales, gross profit and Expense factors previously noted and higher earnings in NSA. Adjusted EBITDA², which excludes the impact of share-based compensation and Next 100-related one-time costs, increased \$2.8 million or 5.8% to \$50.5 million compared to \$47.7 million last year and as a percentage to sales was 13.9% compared to 13.4% last year.

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

INTERNATIONAL OPERATIONS FIRST QUARTER (stated in U.S. dollars)

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

Key Performance Indicators:

(\$ in thousands)	Three Months Ended	
	April 30, 2025	April 30, 2024
Sales	\$ 196,355	\$ 193,749
Same store sales %		
Food	2.6 %	3.1 %
General Merchandise	5.2 %	(4.3)%
Total	2.8 %	2.5 %
EBITDA ⁽²⁾	\$ 18,124	\$ 16,651
Earnings from operations (EBIT)	10,753	9,691

Sales International Operations sales increased 1.3% to \$196.4 million compared to \$193.7 million in the first quarter last year driven by a 2.8% increase in same store sales and the impact of new stores in Alaska. Sales were also positively impacted by improved tourism in certain Caribbean markets compared to last year. These factors were partially offset by lower wholesale sales and the impact of one extra day of sales last year as a result of February 29. Food sales increased 1.5% as a 2.6% increase in same store food sales was partially offset by lower wholesale sales compared to last year. General merchandise sales increased 3.1% and were up 5.2% on a same store basis compared to last year driven by sales gains in Alaska.

Gross Profit Gross profit increased 5.4% compared to last year due to the impact of higher sales and an increase in the gross profit rate. The increase in the gross profit rate mainly related to changes in sales blend, including the impact of lower wholesale sales, and higher market-driven gross profit rates in certain Caribbean locations aligned with improved economic conditions.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 4.2% compared to last year mainly due to a \$0.4 million increase in share-based compensation costs compared to last year and \$0.4 million in Next 100-related one-time costs this year. An investment in staff resources and an increase in information technology costs to support the Next 100 operational excellence work, an increase in depreciation and the impact of new stores were also factors.

Earnings From Operations Earnings from operations ("EBIT") increased \$1.1 million or 11.0% to \$10.8 million compared to \$9.7 million in the first quarter last year and EBITDA² increased \$1.4 million or 8.8% to \$18.1 million compared to \$16.7 million last year due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA², which excludes the impact of share-based compensation costs and Next 100-related one-time costs, increased 13.4% to \$19.3 million compared to \$17.1 million last year and as a percentage to sales was 9.8% compared to 8.8% last year.

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

FINANCIAL CONDITION

Financial Ratios

The Company's debt-to-equity ratio at the end of the first quarter decreased to 0.38:1 compared to 0.43:1 last year.

Working capital decreased \$4.7 million or 1.6% compared to last year as an increase in inventories was more than offset by the impact of lower cash and prepaid expenses and an increase in accounts payable and income tax payable. The increase in inventories is largely due to an increase in motorized inventory and higher center store grocery compared to last year. The increase in accounts payable is related to higher inventories and the timing of payments. The increase in income tax payable is due to the timing of income tax installments.

Share Capital

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 "CTA"). An issued and outstanding Variable Voting Share is converted into one Common Voting Share automatically and without any further act of the Company or the holder, if such Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian, as defined in the CTA. Further information on the Company's Variable Voting Shares and Common Voting Shares is provided in the April 10, 2024 Management Information Circular which is available on the Company's website at www.northwest.ca or on SEDAR+ at www.sedarplus.ca.

At April 30, 2025, there were 17,898,189 (April 30, 2024 - 18,222,502) Variable Voting Shares, representing 37.3% (April 30, 2024 - 38.2%) of the total shares issued and outstanding. Further information on the Company's share capital is provided in Note 8 to the Condensed Consolidated Financial Statements.

Outstanding Shares

The weighted-average basic shares outstanding for the quarter increased to 47,881,000 shares compared to 47,719,000 shares last year due to shares issued under the Company's share option plan. The weighted-average fully diluted shares outstanding for the quarter were 48,762,000 shares compared to 48,437,000 shares last year. The increase in fully diluted shares outstanding compared to last year is also due to shares issued under the Company's share option plan and an increase in director deferred share units outstanding. Further information on share capital, share options and director deferred share units is provided in Note 8 and Note 15 respectively to the Condensed Consolidated Financial Statements.

Normal Course Issuer Bid

On November 19, 2024, the TSX approved the renewal of the NCIB. The maximum number of shares that can be purchased under the NCIB over the next 12 months is 4,765,289 which is approximately 10% of the Company's public float at November 19, 2024. The NCIB will be made in accordance with applicable regulations and the requirements of the TSX. In connection with the NCIB, the Company has established an automatic securities purchase plan (the "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. The Company did not purchase any common shares during the three months ended April 30, 2025 and April 30, 2024. Further information on share capital and the NCIB is provided in Note 8 to the Condensed Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the major components of cash flow:

(\$ in thousands)	Three Months Ended		Three Months Ended	
	April 30, 2025	April 30, 2024	April 30, 2024	Change
Cash flows from (used in):				
Operating activities	\$ 57,266	\$ 48,524	\$ 48,524	\$ 8,742
Investing activities	(21,527)	(17,513)	(17,513)	(4,014)
Financing activities	(26,640)	(3,843)	(3,843)	(22,797)
Effect of changes in foreign exchange rates on cash	(2,199)	1,053	1,053	(3,252)
Net change in cash	\$ 6,900	\$ 28,221	\$ 28,221	\$ (21,321)

Operating Activities Cash from operating activities in the quarter increased \$8.7 million to \$57.3 million compared to \$48.5 million the first quarter last year mainly due to the change in other non-cash items compared to last year related to changes in accrued share-based compensation. The change in non-cash working capital in the quarter is mainly related to the changes in accounts receivable, prepaid expenses, inventories and accounts payable and accrued liabilities compared to the prior year. Further information on the change in non-cash working capital is provided in Note 7 to the Condensed Consolidated Financial Statements.

Investing Activities Cash used in investing activities in the quarter increased to \$21.5 million compared to \$17.5 million last year. The increase in investing activities in the quarter is due to the purchase of property and equipment, including investments in stores, fixtures and equipment and the construction of a hangar in Thunder Bay, Ontario which is expected to be completed in the second quarter this year. Further information on planned capital expenditures is included in the Outlook section.

Financing Activities Cash used in financing activities in the quarter increased to \$26.6 million compared to \$3.8 million last year substantially due to changes in amounts drawn on revolving loan facilities. Further information on long-term debt is provided in the Sources of Liquidity section and in Note 10 to the Condensed Consolidated Financial Statements.

Sources of Liquidity

Canadian Operations have \$400.0 million in committed, revolving loan facilities that bear a floating rate of interest based on the Canadian Overnight Repo Rate Average or the Canadian prime interest rate. At April 30, 2025, the Company had drawn \$97.3 million on these facilities (April 30, 2024 - \$105.5 million). The Canadian Operations also have committed, revolving loan facilities of US\$52.0 million that bear interest at SOFR plus a spread. At April 30, 2025, the Company had drawn US\$NIL on these facilities (April 30, 2024 - US\$NIL). These loan facilities mature March 1, 2027 and are secured by certain assets of the Company on a *pari passu* basis with the Company's senior notes.

The Company has outstanding \$100.0 million 3.74% senior notes that mature September 26, 2029, US\$35.0 million 2.88% senior notes that mature on June 16, 2027 and US\$35.0 million 3.09% senior notes that mature on June 16, 2032. These senior notes are secured by a floating charge on certain assets of the Company and rank *pari passu* with the Company's other senior debt comprised of the \$400.0 million Canadian Operations loan facilities and the US\$52.0 million loan facilities.

International Operations have a US\$50.0 million committed, revolving loan facility which matures January 25, 2028. This loan facility bears a floating rate of interest based on SOFR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At April 30, 2025, the Company had drawn US\$NIL on these facilities (April 30, 2024 - US\$5.6 million).

The Company's lease liabilities are discounted at its incremental borrowing rate, generally calculated from applicable Canadian and U.S. corporate bond yields. At April 30, 2025, lease liabilities reflect a weighted-average risk-free rate of 4.4% (April 30, 2024 – 4.2%) and weighted-average remaining lease term of 9.7 years (April 30, 2024 – 10.1 years).

The loan facilities and senior notes contain covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests. The financial covenants include a fixed charge coverage ratio and a leverage test. At April 30, 2025, the Company is in compliance with the financial covenants under these facilities. Current and forecasted debt levels are regularly monitored for compliance with debt covenants. Further information on the Company's long-term debt and loan facilities is provided in Note 10 to the Condensed Consolidated Financial Statements.

Cash flow from operating activities and unutilized capacity available on existing loan facilities are expected to be sufficient to fund operating requirements, maturing debt obligations, pension plan contributions, planned sustaining and growth-related capital expenditures as well as anticipated dividends during 2025.

SHAREHOLDER DIVIDENDS

The Board of Directors declared a quarterly dividend of \$0.40 per share to shareholders of record on June 27, 2025, to be paid on July 15, 2025.

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

STRATEGIES

The Company is focused on building an expanded range of essential products and services that help our customers to live better and that sustain and grow our business in a socially responsible manner, within all economic conditions. For investors, the Company strives to deliver sustainable, total returns through earnings growth and dividends with a commitment to disciplined capital allocation, cash flow optimization and downside risk management. These priorities are integrated within our three-year business plan which includes the following:

1. Striving for operational excellence in all facets of our business with a priority on ensuring in-stock availability on essential products that our customers rely on and reducing costs to help provide value to our customers;
2. Investing to grow our business through store openings in new and existing markets, store renovations, refined merchandise assortments and expanded product categories and services, including pursuing wholesale and B-to-B opportunities, consistent with our core capability as an essential everyday products and service provider in remote markets;
3. Building a superior logistics and supply chain capability with an ongoing focus on optimizing our transportation mix and air cargo capability to provide faster, more reliable and lower cost service to our stores and customers in remote markets;
4. Optimizing our IT infrastructure for our stores and support offices to deliver efficiencies and more streamlined processes and drive improvements in category management, pricing, data analytics, forecasting, replenishment and inventory management; and
5. Delivering on the priorities aligned within our Environmental, Social and Governance ("ESG") framework developed around People, Planet and Partnerships. This includes ensuring that we attract, develop and retain top talent that is inclusive of the diverse peoples and cultures that are represented within the communities we serve and that we are responsible towards the planet, the communities we serve and other stakeholder interests.

Collectively these priorities are referred to as "The Next 100", which is focused on driving operational excellence, expanding our capabilities and pursuing value for our customers, our employees, and our shareholders. The initiatives within the Next 100 program noted above leverage the power of data through new tools and analytics, and will be enabled by investments in technology and training which will help sustain the benefits of this work in the years to come. The Next 100 touches on every aspect of our business and aims to drive annualized incremental EBIT, which is expected to ramp-up through 2025 and 2026 as our initiatives continue to mature. As we lay the groundwork for these improvements, we are investing in additional resources to support the execution of the Next 100 program. In addition to this investment in resources, we anticipate incurring one-time costs, including professional fees and other expenses, in advance of the incremental EBIT being realized, which will be highlighted in our reporting as they occur.

Further information on the Company's strategy is provided in the 2024 Annual Report.

OUTLOOK

The near-term outlook continues to be influenced by uncertainty related to the economy, the impact of changes in U.S. government policy regarding tariffs, the impact of retaliatory tariffs that may be implemented and inflation. There is also uncertainty regarding potential changes to U.S. income support programs for individuals including the Supplemental Nutrition Assistance Program ("SNAP"), however, the resiliency of the Company's essential everyday product and service offering is expected to help mitigate some of this uncertainty. In addition, the near-term outlook is expected to be impacted by the following:

- Wildfires in northern Canada have resulted in the evacuation of four communities served by the Company. In addition, there has been partial evacuations in 10 other communities due to deteriorating air quality. The situation remains dynamic, with several fires still active. Accordingly, the duration of these evacuations and the potential impact on the Company's operations and assets is uncertain.
- The First Nations Drinking Water Settlement, which is comprised of approximately \$2 billion in payments to individuals and impacted First Nations and \$6 billion to support construction, upgrading, operation and maintenance of water infrastructure on First Nations land, impacts approximately 30 communities served by the Company's stores representing a portion of the total settlement. The Canadian Operations are expected to continue to be impacted by consumer demand arising from Drinking Water Settlement payments to individuals however, to a lesser degree than in 2024 as we compare against payments issued last year. It is expected that these settlement payments will continue to be issued through 2025 however, the amount and timing of the payments to individuals in the communities served by the Company's stores is uncertain.
- On March 21, 2025, the Government of Canada announced that it would extend the funding for the Inuit Child First Initiative ("ICFI") until March 31, 2026 to support continued service delivery during this interim period while Canada and Inuit Partners work together on the development of a long-term approach for supporting Inuit children. However, beginning in late April 2025, ICFI funding for programs supporting access to nutritious food for Inuit children has been limited to individual, child-specific claims. This change is expected to result in a reduction in the distribution of funding to Inuit children for nutritious food compared to the ICFI food voucher program in 2024 which provided broad access to nutritious food for Inuit children. There is uncertainty regarding how long this change will last or if the ICFI food voucher program that provided broad access to nutritious food for Inuit children in 2024 will resume.
- The Company expects to continue to incur one-time costs for professional fees and other expenses related to the Next 100 initiatives as outlined in the Strategies section as the initiatives continue to mature. These one-time costs are expected to be offset by the annualized incremental EBIT of the initiatives however, some of the costs may be incurred before the full annualized benefits are achieved. Further information on these one-time costs and the expected benefits will be provided in our quarterly reports.
- In 2025, the Company expects that capital expenditures, net of expected proceeds from the promissory note receivable will be in the \$145.0 million range (2024 - \$131.0 million, net of \$15.0 million in proceeds from the promissory note receivable). The timing and amount of store-based capital expenditures in 2025 are expected to continue to be impacted by the availability of building materials and labour shortages, in addition to other delays that can occur with remote location capital projects.

On July 5, 2020, the Company sold 36 of its 46 Giant Tiger stores to Giant Tiger Stores Limited for cash consideration of \$45.0 million payable in \$15.0 million installments on the second, third and fourth anniversaries of the transaction closing date, and up to \$22.5 million in contingent consideration based on achieving certain financial measures in 2024 and 2025. The total consideration recorded by the Company at the time of the transaction included \$12.5 million in estimated contingent consideration in accordance with IFRS 9 - *Financial Instruments*. The amount of consideration is dependent on achieving certain financial measures which may result in the actual amount of contingent consideration being higher or lower than the amount estimated by the Company, including the possibility of no further consideration owing if certain financial measures are not met. Based on the financial measures achieved in 2024, \$7.5 million of the \$12.5 million contingent consideration recorded in accounts receivable was due in 2024. On April 29, 2025, the Company filed a Statement of Claim against Giant Tiger Stores Limited seeking damages of \$7.5 million for breach of the asset purchase agreement for failing to pay the contingent cash consideration when due. The remaining \$5.0 million of contingent consideration in accounts receivable is dependent upon the achievement of certain financial measures in 2025. Further information is provided in Note 21 to the Company's condensed consolidated financial statements.

Beyond the near-term outlook previously noted, the medium and longer-term outlook for the Company is favourable based on the resiliency of our essential everyday product and service value offer and the upside expected from enhancing our core capabilities to deliver operational excellence and sustainable earnings growth aligned with our Next 100 work. The impact of Government of Canada transfer and settlement payments and higher infrastructure and services spending is expected to benefit Indigenous people in the communities we serve. On October 24, 2023, the Federal Court of Canada approved the final settlement agreement of \$23.3 billion in compensation to be paid to individuals impacted by First Nations Child and Family Services programs and other services. Based on the information available, each claimant is expected to receive a minimum payment of approximately \$40,000 with additional amounts determined based on individual circumstances. The application window for the first two classes of claims opened on March 10, 2025. While the timing of these compensation payments is uncertain, the Company does not expect the payments to be distributed until the first quarter of 2026.

In addition to the First Nations Child and Family Services compensation payments to individuals, on July 11, 2024, the Government of Canada announced an agreement in principle to provide \$47.8 billion to be disbursed over 10 years for the long-term reform of the First Nations Child and Family Services program and Jordan's Principle. This agreement is designed to provide predictable funding for services and benefits for Indigenous children, youth, young adults and families and builds on the previous agreement-in-principle to provide \$20 billion in funding over five years. However, on October 17, 2024, members of the Assembly of First Nations rejected the \$47.8 billion agreement and instructed the Assembly of First Nations leadership to take a new approach to negotiating a different final agreement to address concerns raised. On February 26, 2025, the Chiefs of Ontario, Nishnawbe Aski Nation and the Government of Canada signed an \$8.5 billion agreement to reform the First Nations child and Family Services Program in Ontario. The agreements on the long-term reform of the First Nations Child and Family Services Program is subject to final approvals and a motion before the Canadian Human Rights Tribunal to end its oversight over the First Nations Child and Family Services Program. The long-term reform of First Nations Child and Family Services is expected to benefit Indigenous peoples and communities the Company serves directly through programs with additional follow-on impacts from investments in infrastructure and local employment.

RISK FACTORS AND ENTERPRISE RISK MANAGEMENT

Information on risk factors inherent within the business and enterprise risk management are included in the Company's 2024 Annual Report and 2024 Annual Information Form, which are hereby incorporated by reference. These documents are available on the Company's website at www.northwest.ca or on Sedar+ at www.sedarplus.ca. Those risks and risk management strategies remain unchanged.

QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected quarterly financial information:

Operating Results - Consolidated

(\$ in millions, except per share)	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
	89 days 2025	90 days 2024	92 days 2024	92 days 2023	92 days 2024	92 days 2023	92 days 2024	92 days 2023
Sales	\$ 641.4	\$ 617.5	\$ 674.9	\$ 643.1	\$ 637.5	\$ 616.9	\$ 646.5	\$ 618.1
EBITDA⁽¹⁾	70.1	67.9	90.4	79.1	83.4	83.0	83.4	80.1
Earnings from operations	40.3	39.8	60.7	51.7	54.1	55.7	54.9	54.7
Net earnings	27.7	27.2	42.8	36.0	36.4	38.0	36.9	38.0
Net earnings attributable to shareholders of the Company	25.8	25.5	41.1	34.5	35.4	37.2	35.3	36.8
Net earnings per share:								
Basic	0.54	0.53	0.86	0.72	0.74	0.78	0.74	0.77
Diluted	0.53	0.53	0.85	0.71	0.72	0.77	0.73	0.76
Adjusted EBITDA⁽¹⁾	78.0	70.8	92.8	83.7	88.4	87.2	88.4	83.3
Adjusted net earnings⁽¹⁾	33.6	29.4	44.6	39.5	40.1	41.4	40.7	40.0

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

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

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

There have been no changes in the internal controls over financial reporting during the quarter ended April 30, 2025 that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

ACCOUNTING STANDARDS AND AMENDMENTS

The material accounting policies are set out in the Company's 2024 Annual Audited Consolidated Financial Statements. These policies have been applied to all periods presented in these Condensed Consolidated Financial Statements, and have been applied consistently by both the Company and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances.

New Standards Implemented The principal components of the Government of Canada's Global Minimum Tax Act ("GMTA") - Pillar Two legislation were enacted into law on June 20, 2024, and follow the Pillar Two model rules from the Organisation for Economic Co-operation and Development ("OECD"). These rules were developed by the OECD and designed to ensure that large, multinational enterprises would be subject to a minimum effective tax rate of 15% in each jurisdiction they operate. The Company operates retail stores in the Cayman Islands, Barbados and British Virgin Islands which are impacted by the GMTA - Pillar Two legislation. GMTA top up tax of \$870 (April 30, 2024 - \$NIL) has been included in the Company's income taxes (Note 14).

Future Standards and Amendments In April 2024, the IASB issued IFRS 18 - *Presentation and Disclosure in Financial Statements* to improve the comparability of the financial performance of similar entities. The standard replaces IAS 1 and primarily impacts the statements of earnings where companies will be required to present separate categories of income and expense for operating, investing and financing activities. IFRS 18 will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is assessing the impact of the new standard.

In May 2024, amendments to IFRS 9 - *Financial Instruments* and IFRS 7 - *Financial Instruments: Disclosures* were issued. These amendments clarify the timing of recognition and derecognition of a financial asset or financial liability. Also included in the amendments are clarifications regarding the classification of financial assets, including those with features linked to environmental, social and corporate governance. The amendments require additional disclosure for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The adoption is not expected to have a material impact on the Company's consolidated financial statements.

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

NON-GAAP MEASURES

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

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

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

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

Reconciliation of earnings from operations (EBIT) to EBITDA and adjusted EBITDA:

(\$ in thousands)	Consolidated	
	First Quarter	2024
Earnings from operations (EBIT)	\$ 40,316	\$ 39,822
Add: Amortization	29,747	28,086
EBITDA	\$ 70,063	\$ 67,908
Adjusted for:		
Share-based compensation expense ⁽¹⁾	5,789	2,886
The Next 100 one-time costs ⁽²⁾	2,115	—
Adjusted EBITDA	\$ 77,967	\$ 70,794

(\$ in thousands)	Canadian	
	First Quarter	2024
Earnings from operations (EBIT)	\$ 25,035	\$ 26,703
Add: Amortization	19,273	18,665
EBITDA	\$ 44,308	\$ 45,368
Adjusted for:		
Share-based compensation expense ⁽¹⁾	4,650	2,343
The Next 100 one-time costs ⁽²⁾	1,539	—
Adjusted EBITDA	\$ 50,497	\$ 47,711

(1) Certain share-based compensation costs are presented as liabilities on the Company's consolidated balance sheets. The Company is exposed to market price fluctuations in its share price through these share-based compensation costs. These liabilities are recorded at fair value at each reporting date based on the market price of the Company's shares at the end of each reporting period with the changes in fair value recorded in selling, operating and administrative expenses. Further information on share-based compensation is provided in Note 12 and Note 15 to the Condensed Consolidated Financial Statements.

(2) The Next 100 one-time costs include professional fees and other non-recurring expenses incurred in the implementation of the Next 100 work outlined in the Strategies section.

Reconciliation of earnings from operations (EBIT) to EBITDA and adjusted EBITDA:

(\$ in thousands)	International (Stated in U.S. dollars)	
	First Quarter	
	2025	2024
Earnings from operations (EBIT)	\$ 10,753	\$ 9,691
Add: Amortization	7,371	6,960
EBITDA	\$ 18,124	\$ 16,651
Adjusted for:		
Share-based compensation expense ⁽¹⁾	802	402
The Next 100 one-time costs ⁽²⁾	405	—
Adjusted EBITDA	\$ 19,331	\$ 17,053

Reconciliation of consolidated net earnings to adjusted net earnings:

(\$ in thousands)	Consolidated	
	First Quarter	
	2025	2024
Net earnings	\$ 27,744	\$ 27,155
Adjusted for:		
Share-based compensation expense, net of tax ⁽¹⁾	4,301	2,263
The Next 100 one-time costs, net of tax ⁽²⁾	1,544	—
Adjusted net earnings	\$ 33,589	\$ 29,418

(1) Certain share-based compensation costs are presented as liabilities on the Company's consolidated balance sheets. The Company is exposed to market price fluctuations in its share price through these share-based compensation costs. These liabilities are recorded at fair value at each reporting date based on the market price of the Company's shares at the end of each reporting period with the changes in fair value recorded in selling, operating and administrative expenses. Further information on share-based compensation is provided in Note 12 and Note 15 to the Condensed Consolidated Financial Statements.

(2) The Next 100 one-time costs include professional fees and other non-recurring expenses incurred in the implementation of the Next 100 work outlined in the Strategies section.

Unless otherwise stated, this Management's Discussion & Analysis ("MD&A") is based on the financial information included in the Company's Condensed Consolidated Financial Statements and notes to the Condensed Consolidated Financial statements which have been prepared in accordance with International Financial Reporting Standards and is in Canadian dollars. The information contained in this MD&A is current to June 10, 2025.

Forward-Looking Statements

This Quarterly Report, including Management's Discussion & Analysis ("MD&A"), contains forward-looking statements about the Company, including its business operations, strategy, expected financial performance and condition, and legal matters. Specific forward-looking statements in this MD&A include, but are not limited to, future or conditional future financial performance (including sales, earnings, growth rates, capital expenditures, dividends, debt levels, financial capacity, access to capital and liquidity), ongoing business strategies or prospects, the Company's plans regarding sales of private label products and intentions regarding a normal course issuer bid and the number of shares purchased, the potential impact of a pandemic on the Company's operations, supply chain and the Company's related business continuity plans, the realization of cost savings from cost reduction plans, the anticipated impact of The Next 100 strategic priorities and possible future action by the Company. Forward-looking statements are contained throughout this MD&A and are typically identified by words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "foresees", "could", "goals", "intends", "seeks", "strives", "will", "may", "should" and other similar expressions, or negative versions thereof, as they relate to North West and its management.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the retail industry in general.

Forward-looking statements reflect the Company's estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct. Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in this MD&A and the Company's 2024 Annual Information Form. Such risk and uncertainties include, but are not limited to: changes in inflation, tariffs, commodity prices, interest and foreign exchange rates, government fiscal health and changes in government policy that result in a reduction in financial support for programs benefiting individuals including Nutrition North Canada ("NNC"), Jordan's Principle and Inuit Child First Initiative ("ICFI") in Canadian Operations, and the U.S. Supplemental Nutrition Assistance Program ("SNAP") and Alaska by-pass mail system in International Operations, which contribute to lower living costs for eligible customers, the Company's ability to maintain an effective supply chain, changes in accounting policies and methods used to report financial condition, uncertainties associated with critical accounting assumptions and estimates, including estimates of contingent consideration, the effect of applying future accounting changes, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Company's ability to complete and realize benefits from capital projects, E-Commerce investments, strategic transactions and the integration of acquisitions, the Company's ability to realize benefits from investments in information technology ("IT") and systems, including IT system implementations, or unanticipated results from these initiatives and the Company's success in anticipating and managing the foregoing risks.

The reader is cautioned that the foregoing list of important factors that may affect the Company's forward-looking statements is not exhaustive. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including, without limitations, the Risk Management section of the 2024 Annual Report and in the Risk Factors sections of the Annual Information Form and Management Information Circular, material change reports and news releases. The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

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

Condensed Consolidated Balance Sheets

(unaudited, \$ in thousands)

	April 30, 2025	April 30, 2024	January 31, 2025
CURRENT ASSETS			
Cash	\$ 74,285	\$ 81,580	\$ 67,385
Accounts receivable (Note 5)	109,781	107,835	119,023
Inventories (Note 6)	343,558	324,280	342,397
Prepaid expenses	18,922	22,581	21,463
	546,546	536,276	550,268
NON-CURRENT ASSETS			
Property and equipment	706,410	647,328	719,771
Right-of-use assets	117,697	118,356	118,194
Promissory note receivable (Note 21)	—	4,707	—
Goodwill	51,718	51,420	53,679
Intangible assets	27,054	28,077	28,226
Deferred tax assets	24,308	18,969	19,055
Other assets	32,160	33,620	38,312
	959,347	902,477	977,237
TOTAL ASSETS	\$ 1,505,893	\$ 1,438,753	\$ 1,527,505
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 235,342	\$ 223,444	\$ 250,175
Current portion of long-term debt (Note 10)	—	274	—
Current portion of lease liabilities (Note 11)	20,440	21,212	20,848
Income tax payable (Note 14)	9,564	5,451	3,831
	265,346	250,381	274,854
NON-CURRENT LIABILITIES			
Long-term debt (Note 10)	293,896	308,986	295,776
Lease liabilities (Note 11)	105,650	106,778	105,558
Defined benefit plan obligation (Note 20)	20,470	18,026	20,855
Deferred tax liabilities	12,221	12,947	12,972
Other long-term liabilities	24,965	18,392	22,776
	457,202	465,129	457,937
TOTAL LIABILITIES	722,548	715,510	732,791
SHAREHOLDERS' EQUITY			
Share capital (Note 8)	180,361	178,425	179,819
Contributed surplus	4,886	8,883	5,744
Retained earnings	533,670	473,519	529,916
Accumulated other comprehensive income	40,810	39,204	56,527
Equity attributable to The North West Company Inc.	759,727	700,031	772,006
Non-controlling interests	23,618	23,212	22,708
TOTAL EQUITY	783,345	723,243	794,714
TOTAL LIABILITIES & EQUITY	\$ 1,505,893	\$ 1,438,753	\$ 1,527,505

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Earnings

	Three Months Ended April 30, 2025	Three Months Ended April 30, 2024
(unaudited, \$ in thousands, except per share amounts)		
SALES	\$ 641,369	\$ 617,519
Cost of sales	(427,396)	(417,890)
Gross profit	213,973	199,629
Selling, operating and administrative expenses (Notes 12, 18)	(173,657)	(159,807)
Earnings from operations	40,316	39,822
Interest expense (Note 13)	(3,869)	(4,325)
Earnings before income taxes	36,447	35,497
Income taxes (Note 14)	(8,703)	(8,342)
NET EARNINGS FOR THE PERIOD	\$ 27,744	\$ 27,155
NET EARNINGS ATTRIBUTABLE TO		
The North West Company Inc.	\$ 25,835	\$ 25,527
Non-controlling interests	1,909	1,628
TOTAL NET EARNINGS	\$ 27,744	\$ 27,155
NET EARNINGS PER SHARE		
Basic	\$ 0.54	\$ 0.53
Diluted	\$ 0.53	\$ 0.53
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING (000's)		
Basic	47,881	47,719
Diluted	48,762	48,437

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income

	Three Months Ended April 30, 2025	Three Months Ended April 30, 2024
(unaudited, \$ in thousands)		
NET EARNINGS FOR THE PERIOD	\$ 27,744	\$ 27,155
Other comprehensive income, net of tax:		
Items that may be reclassified to net earnings:		
Exchange differences on translation of foreign controlled subsidiaries	(16,716)	6,881
Items that will not be subsequently reclassified to net earnings:		
Remeasurements of defined benefit plans (Note 20)	(2,925)	2,047
Total other comprehensive income/(loss), net of tax	(19,641)	8,928
COMPREHENSIVE INCOME FOR THE PERIOD	\$ 8,103	\$ 36,083
 OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO		
The North West Company Inc.	\$ (18,642)	\$ 8,425
Non-controlling interests	(999)	503
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)	\$ (19,641)	\$ 8,928
 COMPREHENSIVE INCOME ATTRIBUTABLE TO		
The North West Company Inc.	\$ 7,193	\$ 33,952
Non-controlling interests	910	2,131
TOTAL COMPREHENSIVE INCOME	\$ 8,103	\$ 36,083

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Shareholders' Equity

(unaudited, \$ in thousands)	Share Capital	Contributed Surplus	Retained Earnings	AOCl ⁽¹⁾	Total	Non-Controlling Interests	Total Equity
Balance at January 31, 2025	\$ 179,819	\$ 5,744	\$ 529,916	\$ 56,527	\$ 772,006	\$ 22,708	\$ 794,714
Net earnings for the period	—	—	25,835	—	25,835	1,909	27,744
Other comprehensive loss	—	—	(2,925)	(15,717)	(18,642)	(999)	(19,641)
Comprehensive income/(loss)	—	—	22,910	(15,717)	7,193	910	8,103
Equity settled share-based payments, net of tax	(30)	(286)	—	—	(316)	—	(316)
Dividends (Note 9)	—	—	(19,156)	—	(19,156)	—	(19,156)
Issuance of shares (Note 8)	572	(572)	—	—	—	—	—
	542	(858)	(19,156)	—	(19,472)	—	(19,472)
Balance at April 30, 2025	\$ 180,361	\$ 4,886	\$ 533,670	\$ 40,810	\$ 759,727	\$ 23,618	\$ 783,345
Balance at January 31, 2024	\$ 177,951	\$ 9,359	\$ 464,556	\$ 32,826	\$ 684,692	\$ 21,081	\$ 705,773
Net earnings for the period	—	—	25,527	—	25,527	1,628	27,155
Other comprehensive income	—	—	2,047	6,378	8,425	503	8,928
Comprehensive income	—	—	27,574	6,378	33,952	2,131	36,083
Equity settled share-based payments, net of tax	128	(202)	—	—	(74)	—	(74)
Dividends (Note 9)	—	—	(18,611)	—	(18,611)	—	(18,611)
Issuance of shares (Note 8)	346	(274)	—	—	72	—	72
	474	(476)	(18,611)	—	(18,613)	—	(18,613)
Balance at April 30, 2024	\$ 178,425	\$ 8,883	\$ 473,519	\$ 39,204	\$ 700,031	\$ 23,212	\$ 723,243

(1) Accumulated Other Comprehensive Income

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

	Three Months Ended	Three Months Ended
	April 30, 2025	April 30, 2024
(unaudited, \$ in thousands)		
CASH FROM (USED IN):		
Operating activities		
Net earnings for the period	\$ 27,744	\$ 27,155
Adjustments for:		
Amortization (Note 18)	29,747	28,086
Provision for income taxes (Note 14)	8,703	8,342
Interest expense (Note 13)	3,869	4,325
Equity settled share-based compensation, net of tax (Note 15)	(316)	(74)
Taxes paid	(8,383)	(8,812)
(Gain)/Loss on disposal of property and equipment	(475)	11
	60,889	59,033
Change in non-cash working capital (Note 7)	(7,943)	(5,852)
Change in other non-cash items	4,320	(4,657)
Cash from operating activities	57,266	48,524
Investing activities		
Purchase of property and equipment	(20,545)	(17,261)
Intangible asset additions	(2,184)	(283)
Proceeds from disposal of property and equipment	1,202	31
Cash used in investing activities	(21,527)	(17,513)
Financing activities		
Net increase in long-term debt (Note 10)	2,719	25,362
Payment of lease liabilities, principal	(5,612)	(5,633)
Payment of lease liabilities, interest	(1,379)	(1,329)
Dividends (Note 9)	(19,156)	(18,611)
Interest paid	(3,212)	(3,704)
Net issuance of common shares	—	72
Cash used in financing activities	(26,640)	(3,843)
Effect of foreign exchange rates on cash		
NET CHANGE IN CASH		
Cash, beginning of period	67,385	53,359
CASH, END OF PERIOD	\$ 74,285	\$ 81,580

See accompanying notes to condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

The North West Company Inc. ("NWC" or the "Company") is a corporation amalgamated under the Canada Business Corporations Act ("CBCA") and governed by the laws of Canada. The Company, through its subsidiaries, is a leading retailer of food and everyday products and services. The address of its registered office is 77 Main Street, Winnipeg, Manitoba, Canada.

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

These unaudited interim period condensed consolidated financial statements ("condensed consolidated financial statements") have been approved for issue by the Board of Directors of the Company on June 10, 2025.

2. BASIS OF PREPARATION

(A) Statement of Compliance These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 - *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements and the accompanying notes included in The North West Company Inc.'s 2024 Annual Report which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

- Liabilities for share-based payment plans (Note 15)
- Defined benefit pension plan (Note 20)
- Assets and liabilities acquired in a business combination

The methods used to measure fair values are discussed further in the notes to the Company's 2024 Annual Audited Consolidated Financial Statements.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies are set out in the Company's 2024 Annual Audited Consolidated Financial Statements. These policies have been applied to all periods presented in these condensed consolidated financial statements, and have been applied consistently by both the Company and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances.

New Standards Implemented The principal components of the Government of Canada's Global Minimum Tax Act ("GMTA") - Pillar Two legislation were enacted into law on June 20, 2024, and follow the Pillar Two model rules from the Organisation for Economic Co-operation and Development ("OECD"). These rules were developed by the OECD and designed to ensure that large, multinational enterprises would be subject to a minimum effective tax rate of 15% in each jurisdiction they operate. The Company operates retail stores in the Cayman Islands, Barbados and British Virgin Islands which are impacted by the GMTA - Pillar Two legislation. GMTA top up tax of \$870 (April 30, 2024 - \$NIL) has been included in the Company's income taxes (Note 14).

Future Standards and Amendments In April 2024, the IASB issued IFRS 18 - *Presentation and Disclosure in Financial Statements* to improve the comparability of the financial performance of similar entities. The standard replaces IAS 1 and primarily impacts the statements of earnings where companies will be required to present separate categories of income and expense for operating, investing and financing activities. IFRS 18 will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is assessing the impact of the new standard.

In May 2024, amendments to IFRS 9 - *Financial Instruments* and IFRS 7 - *Financial Instruments: Disclosures* were issued. These amendments clarify the timing of recognition and derecognition of a financial asset or financial liability. Also included in the amendments are clarifications regarding the classification of financial assets, including those with features linked to environmental, social and corporate governance. The amendments require additional disclosure for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The adoption is not expected to have a material impact on the Company's consolidated financial statements.

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

Use of Estimates The preparation of the condensed consolidated financial statements in conformity with IFRS 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 condensed 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 condensed consolidated financial statements while estimates and assumptions have been used to measure balances recognized or disclosed.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (continued)

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 condensed consolidated financial statements and notes. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates have the most significant effect on the amounts recognized in the condensed consolidated financial statements include: allowance for doubtful accounts, valuation of inventories, amortization of property and equipment, impairment of long-lived assets, goodwill and indefinite life intangible asset impairment, measurement of income taxes, valuation of defined benefit plan obligations, determination of lease term, estimate of incremental borrowing rate of each leased asset and measurement of contingent consideration.

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 largely of subsidiaries operating retail stores 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENTED INFORMATION (continued)

The following key information is presented by geographic segment:

Consolidated Statements of Earnings

	Three Months Ended April 30, 2025	Three Months Ended April 30, 2024
Sales		
Canada		
Food	\$ 240,804	\$ 236,282
General merchandise and other	121,544	118,958
Canada	\$ 362,348	\$ 355,240
International		
Food	\$ 258,679	\$ 242,755
General merchandise and other	20,342	19,524
International	\$ 279,021	\$ 262,279
Consolidated	\$ 641,369	\$ 617,519
Earnings before amortization, interest and income taxes		
Canada	\$ 44,308	\$ 45,368
International	25,755	22,540
Consolidated	\$ 70,063	\$ 67,908
Earnings from operations		
Canada	\$ 25,035	\$ 26,703
International	15,281	13,119
Consolidated	\$ 40,316	\$ 39,822

Supplemental information

	April 30, 2025	April 30, 2024	January 31, 2025
Assets			
Canada ⁽¹⁾	\$ 914,838	\$ 874,237	\$ 914,178
International ⁽¹⁾	591,055	564,516	613,327
Consolidated	\$ 1,505,893	\$ 1,438,753	\$ 1,527,505

(1) Canadian total assets includes goodwill of \$11,025 (April 30, 2024 – \$11,025; January 31, 2025 – \$11,025); International total assets includes goodwill of \$40,693 (April 30, 2024 – \$40,395; January 31, 2025 – \$42,654).

	Three Months Ended April 30, 2025		Three Months Ended April 30, 2024	
	Canada	International	Canada	International
Purchase of property and equipment	\$ 12,355	\$ 8,190	\$ 13,020	\$ 4,241
Amortization	\$ 19,273	\$ 10,474	\$ 18,665	\$ 9,421

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. ACCOUNTS RECEIVABLE

	April 30, 2025	April 30, 2024	January 31, 2025
Trade accounts receivable	\$ 77,786	\$ 81,012	\$ 88,161
Corporate and other accounts receivable ⁽¹⁾	43,723	39,238	43,537
Less: allowance for doubtful accounts	(11,728)	(12,415)	(12,675)
Total	\$ 109,781	\$ 107,835	\$ 119,023

(1) At April 30, 2025, Corporate and other accounts receivable includes \$12,470 of the promissory note receivable (April 30, 2024 – \$22,500). See Note 21.

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.

6. INVENTORIES

Inventories, which include aviation-related parts of \$10,728 at April 30, 2025 (April 30, 2024 – \$11,126; January 31, 2025 – \$10,591), 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 three months ended April 30, 2025, the Company recorded \$742 (three months ended April 30, 2024 – \$904) for the write-down of period end inventories as a result of net realizable value being lower than cost. There was no reversal of inventories written down previously that are no longer estimated to sell below cost during the three months ended April 30, 2025 or the three months ended April 30, 2024.

7. CHANGE IN NON-CASH WORKING CAPITAL

The changes in non-cash working capital were as follows:

	Three Months Ended	Three Months Ended
	April 30, 2025	April 30, 2024
Change in:		
Accounts receivable	\$ 8,478	\$ 14,152
Inventories	(8,602)	(7,667)
Prepaid expenses	2,353	(7,994)
Accounts payable and accrued liabilities	(9,960)	(6,289)
Other	(212)	1,946
Change in non-cash working capital	\$ (7,943)	\$ (5,852)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. SHARE CAPITAL

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

April 30, 2025	Shares	Consideration
Balance at January 31, 2025	47,871,258	\$ 180,254
Issued under share-based compensation plans (Note 15)	63,398	572
Balance at April 30, 2025	47,934,656	\$ 180,826
Shares held in trust, January 31, 2025	(123,834)	\$ (435)
Purchased for future settlement of PSUs	(40,000)	(151)
Released for settlement of PSUs (Note 15)	32,035	121
Shares held in trust, April 30, 2025	(131,799)	\$ (465)
Issued and outstanding, net of shares held in trust, April 30, 2025⁽¹⁾	47,802,857	\$ 180,361
April 30, 2024		
Balance at January 31, 2024	47,711,467	\$ 178,409
Issued under share-based compensation plans (Note 15)	13,644	346
Balance at April 30, 2024	47,725,111	\$ 178,755
Shares held in trust, January 31, 2024	(129,452)	\$ (458)
Purchased for future settlement of PSUs	(40,000)	(142)
Released for settlement of PSUs (Note 15)	75,218	270
Shares held in trust, April 30, 2024	(94,234)	\$ (330)
Issued and outstanding, net of shares held in trust, April 30, 2024⁽¹⁾	47,630,877	\$ 178,425

(1) At April 30, 2025, there were 17,898,189 (April 30, 2024 - 18,222,502) Variable Voting Shares representing 37.3% (April 30, 2024 - 38.2%) of the total shares issued and outstanding.

Normal Course Issuer Bid

On November 19, 2024, the Company received approval from the Toronto Stock Exchange to renew the Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company may acquire up to a maximum of 4,765,289 of its shares, or approximately 10% of its float for cancellation over the following 12 months. The Company did not purchase any common shares during the three months ended April 30, 2025 or the three months ended April 30, 2024.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. DIVIDENDS

	Three Months Ended April 30, 2025	Three Months Ended April 30, 2024
Dividends recorded in equity and paid in cash	\$ 19,156	\$ 18,611
Dividends per share	\$ 0.40	\$ 0.39

The payment of dividends on the Company's shares is subject to the approval of the Board of Directors and is based upon, among other factors, the financial performance of the Company, its current and anticipated future business needs, and the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends. Dividends are recognized as a liability in the consolidated financial statements in the period in which they are approved by the Board of Directors (Note 22).

10. LONG-TERM DEBT

	April 30, 2025	April 30, 2024	January 31, 2025
Current:			
Promissory note payable ⁽⁶⁾	\$ —	\$ 274	\$ —
Non-current:			
Revolving loan facility ⁽¹⁾	\$ —	\$ 7,637	\$ —
Revolving loan facilities ⁽²⁾	—	—	—
Revolving loan facilities ⁽³⁾	97,305	105,498	94,531
Senior notes ⁽⁴⁾	96,591	95,851	101,245
Senior notes ⁽⁵⁾	100,000	100,000	100,000
	\$ 293,896	\$ 308,986	\$ 295,776
Total	\$ 293,896	\$ 309,260	\$ 295,776

(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. As at April 30, 2025, the International Operations had drawn US\$NIL (April 30, 2024 – US\$5,567; January 31, 2025 – 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 April 30, 2025, the Company had drawn US\$NIL (April 30, 2024 – US\$NIL; January 31, 2025 – 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. The 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 the Canadian Overnight Repo Rate or the Canadian prime interest rate.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. LONG-TERM DEBT (continued)

(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) The promissory note payable is non-interest bearing, has annual principal payments and is secured by certain assets of the Company.

11. LEASE LIABILITIES

The Company's lease liabilities are discounted at its incremental borrowing rate, generally calculated from applicable Canadian and U.S. corporate bond yields. At April 30, 2025, lease liabilities reflect a weighted-average risk-free rate of 4.4% (April 30, 2024 – 4.2%; January 31, 2025 – 4.4%) and weighted-average remaining lease term of 9.7 years (April 30, 2024 – 10.1 years; January 31, 2025 – 9.9 years).

12. EMPLOYEE COSTS

	Three Months Ended April 30, 2025	Three Months Ended April 30, 2024
Wages, salaries and benefits including bonus	\$ 89,876	\$ 85,952
Post-employment benefits (Note 20)	2,758	2,733
Share-based compensation (Note 15)	5,789	2,886
Total	\$ 98,423	\$ 91,571

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. INTEREST EXPENSE

	Three Months Ended April 30, 2025	Three Months Ended April 30, 2024
Interest on long-term debt	\$ 2,666	\$ 3,099
Interest on lease liabilities	1,379	1,329
Net interest on defined benefit plan obligation	16	60
Interest imputed on promissory note receivable (Note 21)	(68)	(149)
Interest capitalized	(124)	(14)
Total	\$ 3,869	\$ 4,325

14. INCOME TAXES

The estimated effective income tax rate for the three months ended April 30, 2025 is 23.9% (three months ended April 30, 2024 – 23.5%). The Company estimates its effective income tax rate on a weighted-average basis by determining the income tax rate applicable to each taxing jurisdiction and applying it to its pre-tax earnings.

The Company's income taxes include GMTA Pillar Two top up tax of \$870 for the three months ended April 30, 2025 (three months ended April 30, 2024 - \$NIL).

15. SHARE-BASED COMPENSATION

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

The total expense relating to share-based payment plans for the three months ended April 30, 2025 was \$5,789 (three months ended April 30, 2024 – \$2,886). 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:

	April 30, 2025	April 30, 2024	January 31, 2025
Accounts payable and accrued liabilities	\$ 1,824	\$ 2,210	\$ 2,750
Other long-term liabilities	16,095	9,861	14,476
Contributed surplus	10,253	10,545	9,901
Total	\$ 28,172	\$ 22,616	\$ 27,127

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SHARE-BASED COMPENSATION (continued)

Performance Share Units

The Company has granted Performance Share Units to officers and senior management. Each PSU entitles the participant to receive either a cash payment equal to the market value of the number of notional units granted or one share of the Company for each notional unit granted at the end of the vesting period based on the achievement of specific performance based criteria. The PSU account for each participant includes the value of dividends from the Company as if reinvested in additional PSUs. PSU awards vest with the employee on the third fiscal year following the date of the grant to which the award relates. Compensation expense is measured based on the grant date fair market value of the award and recognized over the vesting period based on the estimated total compensation to be paid. Compensation costs related to the PSUs for the three months ended April 30, 2025 are \$2,339 (three months ended April 30, 2024 – \$1,406).

Equity settled PSUs are redeemed with shares transferred from a trust established for this plan or by issuing shares from treasury. For the three months ended April 30, 2025 there were 65,313 PSUs (three months ended April 30, 2024 – 145,437) partially settled by releasing 32,035 shares (three months ended April 30, 2024 – 75,218) from the employee trust.

For the three months ended April 30, 2025, there were 3,349 PSUs (three months ended April 30, 2024 – 13,631) partially settled by releasing 3,349 shares issued from treasury (three months ended April 30, 2024 – 6,743). The total number of PSUs outstanding at April 30, 2025 that may be settled in treasury shares is 384,681 (April 30, 2024 – 318,467).

Share Option Plan

The Company has a Share Option Plan that provides for the granting of options to certain officers and senior management. Options are granted at fair market value based on the volume weighted-average closing price of the Company's shares for the five trading days preceding the grant date. The Share Option Plan affords the Board of Directors the discretion to either award Standard Options or 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). Each option is exercisable into one share of the Company at the price specified in the terms of the option. Declining Strike Price ("DSP") 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 grant date fair value of the Standard Options is recognized in net earnings and contributed surplus over the vesting period. The fair value of the DSP options was remeasured at the reporting date and was recognized both in net earnings and as a liability over the vesting period. At April 30, 2025, there are no outstanding DSP options (April 30, 2024 – 44,370).

The maximum number of shares available for issuance is a fixed number set at 4,354,020, representing 9.1% of the Company's issued and outstanding shares at April 30, 2025. Fair value of the Company's options is determined using an option pricing model. Share options granted vest on a graduated basis over four to five years and are exercisable over a period of seven years. The share option compensation costs recorded for the three months ended April 30, 2025 are \$387 (three months ended April 30, 2024 – \$668).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SHARE-BASED COMPENSATION (continued)

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

	April 30, 2025	April 30, 2024
Fair value of options granted	\$ 10.31	\$ 7.24
Exercise price	\$ 54.39	\$ 39.04
Dividend yield	3.4 %	4.0%
Annual risk-free interest rate	2.7 %	3.5%
Expected share price volatility	26.4 %	26.1%

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

	April 30, 2025	April 30, 2024
Dividend yield	N/A	4.0 %
Annual risk-free interest rate	N/A	4.3 %
Expected share price volatility	N/A	25.3 %

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 three months ended April 30:

Number of options outstanding	Declining Strike Price Options		Standard Options	
	April 30, 2025	April 30, 2024	April 30, 2025	April 30, 2024
Outstanding options, beginning of period	—	50,558	1,128,718	1,351,692
Granted	—	—	161,328	227,018
Exercised	—	(6,188)	(140,532)	(22,225)
Forfeited or cancelled	—	—	—	(3,550)
Outstanding options, end of period	—	44,370	1,149,514	1,552,935
Exercisable at end of period	—	44,370	636,646	878,329

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SHARE-BASED COMPENSATION (continued)

Weighted-average exercise price	Declining Strike Price Options		Standard Options	
	April 30, 2025	April 30, 2024	April 30, 2025	April 30, 2024
Outstanding options, beginning of period	\$ —	\$ 27.24	\$ 34.97	\$ 32.80
Granted	—	—	54.39	39.04
Exercised	—	27.24	30.23	30.54
Forfeited or cancelled	—	—	—	35.66
Outstanding options, end of period	\$ —	\$ 27.03	\$ 38.27	\$ 33.74
Exercisable at end of period	\$ —	\$ 27.03	\$ 34.14	\$ 31.53

Options outstanding at April 30, 2025 have an exercise price range of \$28.13 to \$54.39 and a weighted-average remaining contractual life of 4.5 years.

Director Deferred Share Unit Plan

This plan is available for independent Directors. Participants are credited with deferred share units for the amount of the annual equity retainer and fees each participant elects to allocate to the DDSU plan. Each deferred share unit entitles the holder to receive a share of the Company and includes the value of dividends from the Company as if reinvested in additional DDSUs. 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 so that DDSUs credited to participants for fees they elect to allocate to the plan after this date are redeemable only in cash.

Compensation expense is initially measured at the time of the grant. Subsequent changes in the fair value of the DDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The DDSU plan compensation costs recorded for the three months ended April 30, 2025 are \$2,388 (three months ended April 30, 2024 – \$288). The total number of DDSUs outstanding at April 30, 2025 are 247,137 (April 30, 2024 – 210,538). There were no DDSUs exercised during the period ended April 30, 2025 (April 30, 2024 - 60,007). The DDSUs exercised during the three months ended April 30, 2024 were settled in cash.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SHARE-BASED COMPENSATION (continued)

Executive Deferred Share Unit Plan

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

Total compensation expense is measured at the time of the grant. Subsequent changes in the fair value of the EDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The EDSU plan compensation costs recorded for the three months ended April 30, 2025 are \$183 (three months ended April 30, 2024 – \$10).

Employee Share Purchase Plan

The Employee Share Purchase Plan provides participants with the opportunity to acquire an ownership interest in the Company. The Company contributes an additional 33% of the amount invested, subject to a maximum annual contribution of 2% of the participants' base salary. The plan is administered by a trustee who uses the funds received to purchase shares on the TSX on behalf of the participating employees. These shares are registered in the name of the plan trustee on behalf of the participants. The Company's contribution to the plan is recorded as compensation expense. The employee share purchase plan compensation costs recorded for the three months ended April 30, 2025 are \$492 (three months ended April 30, 2024 – \$514).

16. SEASONALITY

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. SUBSIDIARIES AND JOINT VENTURES

The Company's principal operating subsidiaries at April 30, 2025 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 Company's investment in joint ventures comprises a 50% interest in a Canadian Arctic shipping company, Transport Nanuk Inc.

18. EXPENSES BY NATURE

	Three Months Ended April 30, 2025	Three Months Ended April 30, 2024
Employee costs (Note 12)	\$ 98,423	\$ 91,571
Amortization	29,747	28,086
Operating lease rentals	1,360	1,357

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS

Accounting classifications and fair value estimation

The following table comprises the carrying amounts of the Company's financial instruments at April 30, 2025. All of the Company's financial instruments are carried at amortized cost using the effective interest rate method.

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

		Assets (Liabilities) carried at amortized cost		
	Maturity	Carrying amount	Fair value	
Cash	Short-term	\$ 74,285	\$ 74,285	
Accounts receivable ⁽¹⁾	Short-term	109,781	109,781	
Other financial assets	Long-term	1,874	1,874	
Accounts payable and accrued liabilities	Short-term	(233,518)	(233,518)	
Current portion of long-term debt	Short-term	—	—	
Long-term debt	Long-term	(293,896)	(282,206)	

(1) At April 30, 2025, \$12,470 of the promissory note receivable due within the next 12 months is included in accounts receivable (April 30, 2024 – \$22,500). See Note 21.

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, excluding debt with fixed interest rates, 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 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 is estimated by calculating the present value of the future expected cash flows.

20. POST-EMPLOYMENT BENEFITS

A remeasurement of the defined benefit pension plan assets and liabilities was performed for the three months ended April 30, 2025 and the Company recorded a net actuarial loss of \$2,925, net of tax (three months ended April 30, 2024 - gain of \$2,047, net of tax). These actuarial adjustments were recorded in other comprehensive income and recognized immediately in retained earnings and were primarily due to changes in the discount rate used to measure the defined benefit obligation and actual investment returns that differed from expected returns. The discount rate used to determine the benefit obligation for the defined benefit pension plan was 4.8% (April 30, 2024 – 5.2%; January 31, 2025 – 4.6%).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. 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 estimated consideration was recorded as an unsecured, non-interest bearing promissory note. \$45,000 in cash consideration has been received with the final cash consideration installment of \$15,000 received during the period ended January 31, 2025.

The fair value of the promissory note is comprised of the net present value of the estimated additional contingent consideration accrued at the time of the transaction, discounted using an interest rate specific to the counterparty. For the period ended April 30, 2025, the Company recognized interest income of \$68 (April 30, 2024 - \$149) on the promissory note receivable. The promissory note receivable has an estimated fair value of \$12,470 (April 30, 2024 - \$27,250) of which \$12,470 (April 30, 2024 - \$22,500) has been reclassified to accounts receivable. Based on the financial measures achieved in 2024, \$7,500 of the promissory note receivable was due in 2024. On April 29, 2025, the Company filed a Statement of Claim against Giant Tiger Stores Limited seeking damages of \$7,500 for breach of the asset purchase agreement for failing to pay the contingent cash consideration when due. The remaining \$4,970 of the \$12,470 contingent consideration recorded in accounts receivable is dependent upon the achievement of certain financial measures in 2025.

22. SUBSEQUENT EVENTS

Dividends

On June 10, 2025, the Board of Directors declared a dividend of \$0.40 per share payable July 15, 2025 to shareholders of record on June 27, 2025.