



*The North West Company is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean.*

## **NEWS RELEASE - FOR IMMEDIATE RELEASE**

### ***The North West Company Inc. Announces Second Quarter Earnings and an Increase in the Quarterly Dividend***

**Winnipeg, Manitoba, September 8, 2025 (TSX: NWC):** The North West Company Inc. (the "Company" or "North West") today reported its unaudited financial results for the second quarter ended July 31, 2025. It also announced that the Board of Directors has declared a quarterly dividend of \$0.41, an increase of \$0.01 or 2.5% per share, to shareholders of record on September 29, 2025, to be paid on October 15, 2025.

"Our results this quarter reflect the significant headwinds from community evacuations due to widespread wildfires across northern Canada, a decrease in Jordan's Principle funding and ongoing pressures from a softer economy, particularly in our Alaska markets," said Dan McConnell, President & CEO. "Our Next 100 work, including the continued refinement of our merchandise assortment and focus on labour efficiency and expense management helped mitigate these headwinds. We remain confident in the strength of our business and the resiliency of our product and service offering within this uncertain economic environment and we are committed to executing our Next 100 strategy to drive sustainable value for our customers and shareholders."

#### **Financial Highlights**

**Sales** Second quarter consolidated sales increased 0.1% to \$647.0 million compared to \$646.5 million last year due to an increase in Canadian sales, new stores and the impact of foreign exchange on the translation of International Operations sales. Consolidated sales excluding the foreign exchange impact were flat to last year with food sales decreasing 0.8% and general merchandise and other sales increasing 2.8% compared to last year driven by higher third-party airline revenue and pharmacy sales in Canada. These factors were largely offset by lower same store sales which decreased 1.1%<sup>1</sup> compared to a 4.3% sales gain in the second quarter last year due to a 1.8% decrease in same store sales in Canadian Operations and a 0.1%<sup>1</sup> increase in same store sales in International Operations. Same store sales in Canadian Operations were negatively impacted by wildfire-related community evacuations in northern Canada and the impact of a decrease in funding to individuals from Jordan's Principle and Inuit Child First programs. Excluding the stores impacted by wildfire-related community evacuations, adjusted same store sales<sup>1</sup> increased 0.6% compared to last year.

**Gross Profit** Gross profit increased 0.1% to \$219.9 million compared to \$219.8 million last year due to sales gains as the gross profit rate was flat to last year at 34.0%. The positive impact on gross profit rate from our Next 100 work, including more effective data-driven promotions, was offset by changes in sales blend and higher markdowns and inventory shrink.

**Selling, Operating and Administrative Expenses** Selling, operating and administrative expenses ("Expenses") decreased \$0.1 million or 0.1% compared to last year and were down 3 basis points as a percentage to sales. The decrease in Expenses is largely due to a \$3.9 million decrease in share-based compensation costs primarily related to changes in the Company's share price in the quarter compared to last year and a decrease in vessel repairs incurred through our investment in Transport Nanuk Inc. ("TNI") compared to last year. These factors were partially offset by an investment in staff resources and an increase in technology costs to support the Next 100 operational excellence work, an increase in depreciation and new stores. The impact of \$1.7 million in one-time costs for professional fees related to the execution of the Next 100 strategy were offset by store labour productivity gains, other cost savings initiatives and more effective data-driven promotional activity, including a reduction in print media. Excluding the impact of share-based compensation and Next 100-related one-time costs, Expenses increased \$2.2 million or 1.4% compared to last year and were up 32 basis points as a percentage to sales.

<sup>1</sup> Excluding the impact of foreign exchange

<sup>2</sup> See Non-GAAP Measures Section of the news release

**Earnings From Operations** Earnings from operations ("EBIT") increased 0.5% to \$55.2 million compared to \$54.9 million last year, and earnings before interest, income taxes, depreciation and amortization ("EBITDA<sup>2</sup>") increased 2.1% to \$85.2 million compared to \$83.4 million last year due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA<sup>2</sup>, which excludes the impact of share-based compensation and Next 100-related one-time costs, decreased \$0.5 million or 0.6% to \$87.9 million compared to \$88.4 million last year and as a percentage to sales was 13.6% compared to 13.7% last year.

**Interest Expense** Interest expense decreased 0.5% to \$4.3 million due to lower interest rates and lower average debt.

**Income Tax Expense** Income tax expense decreased to \$13.2 million compared to \$13.6 million last year and the effective tax rate decreased to 26.0% compared to 27.0% last year. The decrease in the effective tax rate is largely due to the impact of The Global Minimum Tax ("GMTA") – Pillar Two legislation that was enacted in Canada on June 20, 2024 but was effective as of the beginning of the Company's 2024 fiscal year which resulted in a year-to-date adjustment recorded in the second quarter last year.

**Net Earnings** Net earnings increased 1.9% to \$37.6 million compared to net earnings of \$36.9 million last year. Net earnings attributable to shareholders were \$36.1 million and diluted earnings per share were \$0.74 per share compared to \$0.73 per share last year. Adjusted net earnings<sup>2</sup>, which excludes the after-tax impact of share-based compensation and Next 100-related one-time costs, decreased \$1.0 million or 2.5% to \$39.6 million due to the sales, gross profit, Expense, interest and income tax expense factors previously noted, including the impact of wildfire-related community evacuations in northern Canada.

### **Non-GAAP Financial 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.

1 Excluding the impact of foreign exchange

2 See Non-GAAP Measures Section of the news release

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

(\$ in thousands)	Second Quarter	
	2025	2024
Earnings from operations (EBIT)	\$ 55,170	\$ 54,881
Add: Amortization	29,982	28,532
EBITDA	\$ 85,152	\$ 83,413
Adjusted for:		
Share-based compensation expense <sup>(1)</sup>	1,071	5,014
The Next 100 one-time costs <sup>(2)</sup>	1,654	—
Adjusted EBITDA	\$ 87,877	\$ 88,427

**Reconciliation of consolidated net earnings to adjusted net earnings:**

(\$ in thousands)	Second Quarter	
	2025	2024
Net earnings	\$ 37,600	\$ 36,897
Adjusted for:		
Share-based compensation expense <sup>(1)</sup>	844	3,776
The Next 100 one-time costs <sup>(2)</sup>	1,204	—
Adjusted net earnings	\$ 39,648	\$ 40,673

(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 of the 2025 second quarter Report to Shareholders.

Further information on the financial results is available in the Company's 2025 second quarter Report to Shareholders, Management's Discussion and Analysis and unaudited interim period condensed consolidated financial statements which can be found in the investor section of the Company's website at [www.northwest.ca](http://www.northwest.ca).

**Second Quarter Conference Call**

North West will host a conference call for its second quarter results on September 9, 2025 at 9:00 a.m. (Central Time). To access the call, please dial 416-340-2217 or 1-800-898-3989 with a pass code of 4960688#. The conference call will be archived and can be accessed by dialing 905-694-9451 or 1-800-408-3053 with a pass code of 1624688# on or before October 9, 2025.

1 Excluding the impact of foreign exchange

2 See Non-GAAP Measures Section of the news release

## **Notice to Readers**

Certain forward-looking statements are made in this news release, within the meaning of applicable securities laws. The forward-looking statements about North West including its business operations, strategy, expected financial performance and condition, and legal matters. Specific forward-looking statements in this press release 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 press release 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 press release and the Company's 2024 Annual Report and 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 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 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 limitation, the Risk Factors sections of the 2024 Annual Report and Annual Information Form, and in our most recent consolidated financial statements, management information circular, material change reports and news releases. The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which reflect the Company's expectations only as of the date of this press release. 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](http://www.sedarplus.ca) or on the Company's website at [www.northwest.ca](http://www.northwest.ca).

1 Excluding the impact of foreign exchange

2 See Non-GAAP Measures Section of the news release

## **Company Profile**

The North West Company Inc., through its subsidiaries, is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. North West operates 229 stores under the trading names Northern, NorthMart, Giant Tiger, Alaska Commercial Company, Cost-U-Less and RiteWay Food Markets and has annualized sales of approximately CDN\$2.6 billion.

**The common shares of North West trade on the Toronto Stock Exchange under the symbol NWC.**

-30-

### **For more information contact:**

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