



*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 First Quarter Earnings and a Quarterly Dividend***

**Winnipeg, Manitoba, June 10, 2025 (TSX: NWC):** The North West Company Inc. (the "Company" or "North West") today reported its unaudited financial results for the first quarter ended April 30, 2025. It also announced that the Board of Directors has declared a quarterly dividend of \$0.40 to shareholders of record on June 27, 2025, to be paid on July 15, 2025.

"Our strong first quarter performance reflects the continued momentum across our business," said Dan McConnell, President & CEO. "Same-store sales growth and improved execution focused on meeting customer needs drove increased earnings and built on the solid foundation we established in the first quarter of last year. We're especially encouraged by the progress we've made in improving on-shelf availability and refining our merchandise assortment. While it's still early, we're confident that our focus on operational excellence through the Next 100 initiative is the right strategy — one that will deliver meaningful value to both our customers and our shareholders. Finally, I want to acknowledge the communities affected by the wildfires in northern Canada. Our thoughts are with those impacted, and we extend our heartfelt thanks to the firefighters, community leaders, and everyone working tirelessly to protect residents and ensure their safety."

#### **Financial Highlights**

**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. 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%<sup>1</sup> compared to the first quarter last year driven by a 4.0% increase in same store sales in Canadian Operations and a 2.8%<sup>1</sup> 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.

<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 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 ("EBITDA<sup>2</sup>") increased 3.2% to \$70.1 million on top of a 15.2% increase in EBITDA<sup>2</sup> to \$67.9 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, 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.

**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 Act ("GMTA") – Pillar Two legislation included in Bill C-69 that was enacted in Canada on June 20, 2024.

**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 earnings<sup>2</sup>, 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.

### **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)	First Quarter	
	2025	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 <sup>(1)</sup>	5,789	2,886
The Next 100 one-time costs <sup>(2)</sup>	2,115	—
Adjusted EBITDA	\$ 77,967	\$ 70,794

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

(\$ in thousands)	First Quarter	
	2025	2024
Net earnings	\$ 27,744	\$ 27,155
Adjusted for:		
Share-based compensation expense <sup>(1)</sup>	4,301	2,263
The Next 100 one-time costs <sup>(2)</sup>	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.

Further information on the financial results is available in the Company's 2025 first 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).

**First Quarter Conference Call**

North West will host a conference call for its first quarter results on June 11, 2025 at 8:30 a.m. (Central Time). To access the call, please dial 416-340-2217 or 1-800-898-3989 with a pass code of 4060620#. 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 8232633# on or before July 11, 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.**

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

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