THE NORTH WEST COMPANY INC.

Report to Shareholders

Quarterly Period Ended April 30, 2024

2024 FIRST QUARTER REPORT TO SHAREHOLDERS

Report to Shareholders

The North West Company Inc. reports its results for the first quarter ended April 30, 2024. Sales increased 4.0% to $617.5 million led by same store sales gains, one extra day of operations as a result of February 29th and the impact of new stores. Excluding the foreign exchange impact, sales increased 4.0% compared to last year and were up 3.8%[1] on a same store basis.

First quarter net earnings increased 22.3% to $27.2 million compared to $22.2 million last year and net earnings attributable to shareholders were $25.5 million or $0.53 per share compared to $0.43 per share last year on a diluted earnings per share basis as sales gains and an increase in gross profit rate more than offset higher expenses.

The Board of Directors has approved a quarterly dividend of $0.39 per share to shareholders of record on June 28, 2024.

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 2024 first quarter unaudited interim period condensed consolidated financial statements for the period ended April 30, 2024 ("Condensed Consolidated Financial Statements") and the audited annual consolidated financial statements and accompanying notes included in the 2023 Annual Report. The first quarter of 2024 had 90 days of operations compared to 89 days of operation in the first quarter of 2023 as a result of February 29th. The estimated impact of the extra day has been deducted from the same store sales reported for the first quarter of 2024.

(1) Excluding the foreign exchange impact and the estimated impact of the extra day of sales due to February 29th
(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, 2024**	April 30, 2023
Sales	**$ 617,519**	$ 593,564
Same store sales %(1)		
Food	**3.8 %**	2.2 %
General Merchandise	**3.9 %**	(6.8)%
Total	**3.8 %**	0.9 %
Gross profit	**$ 199,629**	$ 184,929
Selling, operating and administrative expenses	**159,807**	151,161
EBITDA(2)	**67,908**	58,952
Earnings from operations ("EBIT")	**39,822**	33,768
Interest expense	**4,325**	4,492
Income taxes	**8,342**	7,079
Net earnings	**27,155**	22,197
Net earnings attributable to shareholders of the Company	**25,527**	20,894
Net earnings per share - basic	**0.53**	0.44
Net earnings per share - diluted	**0.53**	0.43

Sales First quarter consolidated sales increased 4.0% to $617.5 million compared to $593.6 million last year driven by same store sales gains, one extra day of sales in the quarter as a result of February 29th and the impact of new stores. Excluding the foreign exchange impact, consolidated sales increased 4.0%, with food sales increasing 3.9% and general merchandise and other sales increasing 4.3% compared to last year. On a same store basis, sales increased 3.8%[1] compared to the first quarter last year with a 4.7%[1] increase in same store sales in Canadian Operations and a 2.5%[1] increase in same store sales in International Operations.

Gross Profit Gross profit increased 7.9% to $199.6 million compared to $184.9 million last year due to sales gains and a 117 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 a greater pass through of vendor cost inflation in retail prices compared to the first quarter last year.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased $8.6 million or 5.7% compared to last year and were up 41 basis points as a percentage to sales. The increase in Expenses is mainly due to cost inflation impacts, including higher wage costs, an increase in depreciation and new store expenses. These factors were partially offset by lower share-based compensation costs primarily due to adjustments from changes in the Company's share price. Further information on share-based compensation is provided in Note 14 to the Condensed Consolidated Financial Statements.

Earnings From Operations Earnings from operations ("EBIT") increased 17.9% to $39.8 million compared to $33.8 million last year and earnings before interest, income taxes, depreciation and amortization ("EBITDA[2]") increased 15.2% to $67.9 million compared to $59.0 million last year due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA[2], which excludes share-based compensation costs, increased 11.0% to $70.8 million compared to $63.8 million last year and as a percentage to sales was 11.5% compared to 10.7% last year.

(1) Excluding the foreign exchange impact and the estimated impact of the extra day of sales due to February 29th
(2) See Non-GAAP Measures Section of Management's Discussion & Analysis

Interest Expense Interest expense decreased 3.7% to $4.3 million compared to $4.5 million last year mainly due to lower average debt. Further information on interest expense is provided in Note 12 to the Company's Condensed Consolidated Financial Statements.

Income Tax Expense Income tax expense increased to $8.3 million compared to $7.1 million last year due to higher earnings partially offset by a decrease in the effective tax rate to 23.5% compared to 24.2% last year.

Net Earnings Net earnings increased 22.3% to $27.2 million compared to $22.2 million last year. Net earnings attributable to shareholders were $25.5 million and diluted earnings per share were $0.53 per share compared to $0.43 per share last year. Adjusted net earnings[2], which excludes the after-tax impact of the share-based compensation costs, increased $3.4 million or 12.9% to $29.4 million compared to $26.1 million last year due to the gross profit, Expense, interest and income tax factors previously noted.

Comprehensive Income Comprehensive income was $36.1 million compared to $25.2 million last year due to the impact of higher net earnings as previously noted and the impact of the change in foreign exchange on the translation of International Operations. A $2.0 million increase in net actuarial gains on the remeasurement of defined benefit pension plan assets and liabilities in the quarter was also a factor. Further information on defined benefit pension plan obligations is provided in Note 19 to the Condensed Consolidated Financial Statements.

(1) Excluding the foreign exchange impact and the estimated impact of the extra day of sales due to February 29th
(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:

		Three Months Ended		
($ in thousands)		**April 30, 2024**		April 30, 2023
Sales	**$**	**355,240**	$	341,718
Same store sales %(1)				
Food		**4.4 %**		3.4 %
General Merchandise		**6.4 %**		(3.4)%
Total		**4.7 %**		2.2 %
EBITDA(2)	**$**	**45,368**	$	38,673
Earnings from operations (EBIT)		**26,703**		22,079

Sales Canadian Operations sales increased 4.0% to $355.2 million compared to $341.7 million in the first quarter last year led by a 4.7% same store sales gain, an extra day of sales as a result of February 29th and the impact of new stores. Sales were also positively impacted by government inflation relief payments to individuals to help mitigate higher cost of living and increased consumer demand arising from First Nations Drinking Water Settlement payments which have started to be issued to individuals, however the volume of these payments in the first quarter relative to the total settlement remains low. Food sales increased 3.3% as same store sales gains were partially offset by lower wholesale sales. General merchandise and other sales increased 5.2% compared to last year as general merchandise same store sales gains were partially offset by lower sales in North Star Air which was up against a very strong quarter last year. On a same store basis, food sales increased 4.4%[1] and general merchandise sales increased 6.4%[1] compared to last year.

Gross Profit Gross profit increased 9.7% 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 a greater pass through of vendor cost inflation in retail prices compared to the first quarter last year.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 7.0% and were up 78 basis points as a percentage to sales compared to last year mainly due to cost inflation impacts and higher depreciation. The impact of new stores was also a factor. These factors were partially offset by lower share-based compensation costs due to adjustments from changes in the Company's share price.

Earnings From Operations Earnings from operations (EBIT) increased $4.6 million or 20.9% to $26.7 million compared to $22.1 million last year and EBITDA[2] increased 17.3% to $45.4 million compared to $38.7 million last year due to the impact of the sales, gross profit and Expense factors previously noted. Adjusted EBITDA[2], which excludes the impact of share-based compensation costs, increased $4.8 million or 11.3% to $47.7 million compared to $42.9 million last year.

(1) Excluding the estimated impact of the extra day of sales due to February 29th
(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:

	Three Months Ended	
($ in thousands)	**April 30, 2024**	April 30, 2023
Sales	**$ 193,749**	$ 185,932
Same store sales %(1)		
Food	**3.1 %**	0.6 %
General Merchandise	**(4.3)%**	(16.5)%
Total	**2.5 %**	(0.9)%
EBITDA(2)	**$ 16,651**	$ 14,972
Earnings from operations (EBIT)	**9,691**	8,630

Sales International Operations sales increased 4.2% to $193.7 million compared to $185.9 million in the first quarter last year due to a 2.5% increase in same store sales and the impact of one extra day of sales as a result of February 29th. The impact of new stores in Alaska was also a factor. Food sales increased 4.8% and were up 3.1%[1] on a same store basis compared to last year however, general merchandise sales decreased 4.3% and were down 4.3%[1] on a same store basis compared to last year as the impact of higher inflation continued to contribute to a reduction in discretionary spending and shift in consumer spending from general merchandise to food.

Gross Profit Gross profit increased 5.2% compared to last year due to the impact of higher sales and an increase in the gross profit rate mainly related to changes in sales blend including lower wholesale food sales.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 3.8% compared to last year mainly due to cost inflation impacts, higher depreciation and the impact of new stores.

Earnings From Operations Earnings from operations ("EBIT") increased $1.1 million or 12.3% to $9.7 million compared to $8.6 million in the first quarter last year and EBITDA[2] increased 11.2% to $16.7 million compared to $15.0 million last year due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA[2], which excludes the impact of share-based compensation costs, increased 10.5% to $17.1 million compared to $15.4 million last year.

(1) Excluding the estimated impact of the extra day of sales due to February 29th
(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 0.43:1 compared to 0.52:1 last year.

Working capital decreased $0.2 million compared to last year as an increase in inventories was largely offset by lower accounts receivable and higher accounts payable and accrued liabilities. The impact of foreign exchange on the translation of the International Operations balance sheet was also a factor contributing to the increase in working capital as the exchange rate at April 30, 2024 was 1.3718 compared to 1.3544 at April 30, 2023. The $20.1 million increase in inventories is mainly due to an increase in inventory in Canadian Operations, early receipt of inventory for barge delivery in Alaska and the impact of new stores. The change in accounts receivable is mainly due to a decrease in trade accounts receivable resulting from the timing of collection on accounts. The increase in accounts payable is mainly related to the timing of payments.

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.sedar.com*.

At April 30, 2024, there were 18,222,502 (April 30, 2023 - 15,419,825) Variable Voting Shares, representing 38.2% (April 30, 2023 - 32.2%) of the total shares issued and outstanding. Further information on the Company's share capital is provided in Note 7 to the Condensed Consolidated Financial Statements.

Outstanding Shares

The weighted-average basic shares outstanding for the quarter decreased to 47,719,000 shares compared to 47,768,000 shares last year due to shares purchased under the Company's Normal Course Issuer Bid ("NCIB"). The weighted-average fully diluted shares outstanding for the quarter were 48,437,000 shares compared to 48,510,000 shares last year. The decrease in fully diluted shares outstanding compared to last year is due to shares purchased under the Company's NCIB and a decrease in director deferred share units outstanding. Further information on share capital and director deferred share units is provided in Note 7 and Note 14 respectively to the Condensed Consolidated Financial Statements.

Normal Course Issuer Bid

On November 15, 2023, 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 4,733,380 which is approximately 10% of the Company's public float at November 9, 2023. 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. During the three months ended April 30, 2024 and April 30, 2023, the Company did not purchase any common shares. Further information on share capital and the NCIB is provided in Note 7 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 April 30, 2024**	Three Months Ended April 30, 2023	Change
Cash flows from (used in):			
Operating activities	**$ 48,524**	$ 9,461	$ 39,063
Investing activities	**(17,513)**	(13,128)	(4,385)
Financing activities	**(3,843)**	23,262	(27,105)
Effect of changes in foreign exchange rates on cash	**1,053**	483	570
Net change in cash	**$ 28,221**	$ 20,078	$ 8,143

Operating Activities Cash from operating activities in the quarter increased $39.1 million compared to the first quarter last year substantially due to the change in non-cash working capital compared to last year. Higher net earnings were also a factor. The $32.1 million change in non-cash working capital in the quarter is mainly related to the change in accounts receivable and accounts payable and accrued liabilities compared to the prior year.

Investing Activities Cash used in investing activities in the quarter was $17.5 million compared to $13.1 million last year. The purchase of property and equipment in the quarter included investments in stores, fixtures and equipment. Further information on planned capital expenditures is included in the Outlook section.

Financing Activities Cash used in financing activities in the quarter was $3.8 million compared to cash from financing activities of $23.3 million last year largely due to changes in long-term debt related to amounts drawn on revolving loan facilities. Further information on long-term debt is provided in the Sources of Liquidity section and in Note 9 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 Bankers Acceptances rates plus a stamping fee or the Canadian prime interest rate. At April 30, 2024, the Company had drawn $105.5 million on these facilities (April 30, 2023 - $135.5 million). The Canadian Operations also have committed, revolving loan facilities of US$52.0 million that bear interest at SOFR plus a spread. At April 30, 2024, the Company had drawn US$NIL on these facilities (April 30, 2023 - 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, 2024, the Company had drawn US$5.6 million on these facilities (April 30, 2023 - US$8.1 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, 2024, lease liabilities reflect a weighted-average risk-free rate of 4.2% (April 30, 2023 – 3.8%) and weighted-average remaining lease term of 10.1 years (April 30, 2023 – 9.6 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, 2024, the Company is in compliance with the financial covenants under these facilities. Current and forecasted debt levels are regularly monitored for compliance with debt covenants. Further information on the Company's long-term debt and loan facilities is provided in Note 9 to the 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 2024.

SHAREHOLDER DIVIDENDS

The Board of Directors declared a quarterly dividend of $0.39 per share to shareholders of record on June 28, 2024, to be paid on July 15, 2024.

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.

OTHER HIGHLIGHTS

- The Company opened a new store in Anaktuvuk Pass, Alaska on April 15, 2024.
- A full-service motorsports dealer was acquired in Bethel, Alaska on April 8, 2024.

STRATEGY

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 offset the impact of higher cost inflation and provide value to our customers;
2. Investing to grow our business through store openings in new and existing markets, store renovations, 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 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.

Further information on the Company's strategy is provided in the 2023 Annual Report.

OUTLOOK

The near-term outlook continues to be influenced by uncertainty related to the economy and the impact of inflation, particularly in tourism-dependent countries and countries that do not have strong government income support programs for individuals within our International Operations however, the resiliency of the Company's essential everyday product and service offering is expected to help mitigate some of this uncertainty. The Canadian Operations are expected to be impacted by increased consumer demand arising from 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. This settlement impacts approximately 30 communities served by the Company's stores representing a portion of the total settlement. Payments have started to be issued to individuals who filed their claim early, however the volume of payments issued continues to be low relative to the total settlement. It is expected that these settlement payments will be issued through the remainder of 2024, with a higher weighting in the later part of the year, and in 2025 however, the amount and timing of the payments impacting the communities served by the Company's stores is uncertain as the period for filing claims ended in March 2024.

On August 4, 2023, the Government of Canada released draft legislation under the Global Minimum Tax Act for consultation. This legislation is intended to follow the Pillar Two model rules from the Organization for Economic Cooperation and Development ("OECD") which applies a minimum income tax rate of 15% in each jurisdiction the Company operates in. The Company operates retail stores in the Cayman Islands, Barbados and British Virgin Islands jurisdictions which may be impacted by the Global Minimum Tax - Pillar Two legislation. Based on our current assessment, the estimated top-up tax under the draft Pillar Two legislation is not expected to be material. Further information on this legislation is provided under Accounting Standards and Amendments and in Note 3 to the 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. While the timing of these compensation payments is uncertain, they are not expected to begin until late 2025 or 2026.

In addition to the compensation payments to individuals, as previously announced, the Government of Canada also reached an agreement-in-principle of approximately $20 billion, to be disbursed over five years, for the long-term reform of the First Nations Child and Family Services program and approach for Jordan's Principle which is expected to provide on-going services and benefits for Indigenous children, youth, young adults and families.

Capital expenditures, net of expected proceeds from the promissory note receivable, are expected to be in the $130.0 million range in 2024 compared to $107.7 million, net of $15.0 million in proceeds from the promissory note receivable in 2023. The timing and amount of store-based capital expenditures in 2024 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.

RISK FACTORS AND ENTERPRISE RISK MANAGEMENT

Information on risk factors inherent within the business and enterprise risk management are included in the Company's 2023 Annual Report and 2023 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.com*. 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

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
	90 days	89 days	92 days	92 days	92 days	92 days	92 days	92 days
($ in millions, except per share)	2024	2023	2023	2022	2023	2022	2023	2022
Sales	**$ 617.5**	$ 593.6	$ 643.1	$ 635.2	$ 616.9	$ 586.7	$ 618.1	$ 578.9
EBITDA(1)	**67.9**	59.0	79.1	73.5	83.0	69.8	80.1	70.4
Earnings from operations	**39.8**	33.8	51.7	47.8	55.7	45.0	54.7	46.1
Net earnings	**27.2**	22.2	36.0	35.1	38.0	30.2	38.0	32.4
Net earnings attributable to shareholders of the Company	**25.5**	20.9	34.5	33.9	37.2	29.5	36.8	31.4
Net earnings per share:								
Basic	**0.53**	0.44	0.72	0.71	0.78	0.61	0.77	0.66
Diluted	**0.53**	0.43	0.71	0.69	0.77	0.61	0.76	0.64
Adjusted EBITDA(1)	**70.8**	63.8	83.7	77.3	87.2	73.2	83.3	72.6
Adjusted net earnings(1)	**29.4**	26.1	39.5	38.1	41.4	32.8	40.0	34.0

(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, 2024 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 2023 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 In October 2022, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements,* which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The Company adopted these amendments this year and determined there was no impact on the consolidated financial statements.

Future Standards and Amendments In May 2023, the IASB issued amendments to IAS 12 - *Income Taxes* which introduced a mandatory temporary exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two model rules. These rules were developed by the Organization for Economic Co-operation and Development (OECD) and were designed to ensure that large, multinational enterprises would be subject to a minimum income tax rate of 15% in each jurisdiction they operate. The IAS 12 amendments require that the Company separately disclose the current tax expense related to Pillar Two income taxes. On August 4, 2023, the Government of Canada released draft legislation under the Global Minimum Tax Act for consultation, which is intended to follow the Pillar Two model rules from the OECD. Although it is intended for Canada's principal Pillar Two rules to take effect on January 1, 2024, Canada has not yet enacted or substantively enacted Pillar Two legislation nor have the Company's other jurisdictions enacted or substantively enacted it. The Company operates retail stores in the Cayman Islands, Barbados and British Virgin Islands jurisdictions which may be impacted by the Global Minimum Tax - Pillar Two legislation. The Company is continuing to assess the impact of the Pillar Two legislation however, based on our current assessment, the estimated top-up tax under the draft Pillar Two legislation is not expected to be material. The Company will disclose known or reasonably estimable information related to the Company's exposure to Pillar Two income taxes when it is applicable.

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 currently assessing the impact of the new standard.

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:

	Consolidated	
	First Quarter	
($ in thousands)	**2024**	2023
Earnings from operations (EBIT)	**$ 39,822**	$ 33,768
Add: Amortization	**28,086**	25,184
EBITDA	**$ 67,908**	$ 58,952
Adjusted for:		
Share-based compensation expense(1)	**2,886**	4,834
Adjusted EBITDA	**$ 70,794**	$ 63,786

	Canadian	
	First Quarter	
($ in thousands)	**2024**	2023
Earnings from operations (EBIT)	**$ 26,703**	$ 22,079
Add: Amortization	**18,665**	16,594
EBITDA	**$ 45,368**	$ 38,673
Adjusted for:		
Share-based compensation expense(1)	**2,343**	4,209
Adjusted EBITDA	**$ 47,711**	$ 42,882

	International (Stated in U.S. dollars)	
	First Quarter	
($ in thousands)	**2024**	2023
Earnings from operations (EBIT)	**$ 9,691**	$ 8,630
Add: Amortization	**6,960**	6,342
EBITDA	**$ 16,651**	$ 14,972
Adjusted for:		
Share-based compensation expense(1)	**402**	459
Adjusted EBITDA	**$ 17,053**	$ 15,431

(1) Further information on share-based compensation expense is provided in Note 11 and Note 14 to the Condensed Consolidated Financial Statements.

Reconciliation of consolidated net earnings to adjusted net earnings:

($ in thousands)	Consolidated First Quarter **2024**	2023
Net earnings	**$ 27,155**	$ 22,197
Adjusted for:		
Share-based compensation expense, net of tax[1]	**2,263**	3,860
Adjusted net earnings	**$ 29,418**	$ 26,057

(1) Further information on share-based compensation expense is provided in Note 11 and Note 14 to the Condensed Consolidated Financial Statements.

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 11 and Note 14 to the Condensed Consolidated Financial Statements.

****

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 4, 2024.

Forward-Looking Statements

This Quarterly Report, including Management's Discussion & Analysis ("MD&A"), contains forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional future financial performance (including sales, earnings, growth rates, capital expenditures, dividends, debt levels, financial capacity, access to capital, and liquidity), ongoing business strategies or prospects, the Company's intentions regarding a normal course issuer bid, 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 based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the retail industry in general. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company due to changes in economic conditions, political and market factors in North America and internationally. These factors include, but are not limited to, changes in inflation, interest and foreign exchange rates, the Company's ability to maintain an effective supply chain, changes in accounting policies and methods used to report financial condition, including uncertainties associated with critical accounting assumptions and estimates, the effect of applying future accounting changes, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Company's ability to complete 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 is not exhaustive. Other risks are outlined in the Risk Management section of the 2023 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. 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.com* or on the Company's website at *www.northwest.ca*.

Condensed Consolidated Balance Sheets

(unaudited, $ in thousands)	**April 30, 2024**	April 30, 2023	January 31, 2024
CURRENT ASSETS			
Cash	**$ 81,580**	$ 78,887	$ 53,359
Accounts receivable (Note 5)	**107,835**	116,673	121,606
Inventories (Note 6)	**324,280**	304,218	313,414
Prepaid expenses	**22,581**	18,413	14,526
	536,276	518,191	502,905
NON-CURRENT ASSETS			
Property and equipment	**647,328**	601,210	644,681
Right-of-use assets	**118,356**	102,628	114,501
Promissory note receivable	**4,707**	26,523	4,558
Goodwill	**51,420**	50,908	50,519
Intangible assets	**28,077**	31,290	29,768
Deferred tax assets	**18,969**	23,021	16,829
Other assets	**33,620**	22,812	32,249
	902,477	858,392	893,105
TOTAL ASSETS	**$ 1,438,753**	$ 1,376,583	$ 1,396,010
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	**$ 223,444**	$ 209,452	$ 228,297
Current portion of long-term debt (Note 9)	**274**	271	268
Current portion of lease liabilities (Note 10)	**21,212**	18,724	19,408
Income tax payable (Note 13)	**5,451**	3,681	2,685
	250,381	232,128	250,658
NON-CURRENT LIABILITIES			
Long-term debt (Note 9)	**308,986**	341,386	281,308
Lease liabilities (Note 10)	**106,778**	93,715	104,483
Defined benefit plan obligation (Note 19)	**18,026**	18,232	18,725
Deferred tax liabilities	**12,947**	13,944	13,383
Other long-term liabilities	**18,392**	21,239	21,680
	465,129	488,516	439,579
TOTAL LIABILITIES	**715,510**	720,644	690,237
SHAREHOLDERS' EQUITY			
Share capital (Note 7)	**178,425**	177,629	177,951
Contributed surplus	**8,883**	12,447	9,359
Retained earnings	**473,519**	409,924	464,556
Accumulated other comprehensive income	**39,204**	35,730	32,826
Equity attributable to The North West Company Inc.	**700,031**	635,730	684,692
Non-controlling interests	**23,212**	20,209	21,081
TOTAL EQUITY	**723,243**	655,939	705,773
TOTAL LIABILITIES & EQUITY	**$ 1,438,753**	$ 1,376,583	$ 1,396,010

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Earnings

(unaudited, $ in thousands, except per share amounts)		**Three Months Ended April 30, 2024**		Three Months Ended April 30, 2023
SALES	**$**	**617,519**	$	593,564
Cost of sales		**(417,890)**		(408,635)
Gross profit		**199,629**		184,929
Selling, operating and administrative expenses (Notes 11, 17)		**(159,807)**		(151,161)
Earnings from operations		**39,822**		33,768
Interest expense (Note 12)		**(4,325)**		(4,492)
Earnings before income taxes		**35,497**		29,276
Income taxes (Note 13)		**(8,342)**		(7,079)
NET EARNINGS FOR THE PERIOD	**$**	**27,155**	$	22,197
NET EARNINGS ATTRIBUTABLE TO				
The North West Company Inc.	**$**	**25,527**	$	20,894
Non-controlling interests		**1,628**		1,303
TOTAL NET EARNINGS	**$**	**27,155**	$	22,197
NET EARNINGS PER SHARE				
Basic	**$**	**0.53**	$	0.44
Diluted	**$**	**0.53**	$	0.43
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING (000's)				
Basic		**47,719**		47,768
Diluted		**48,437**		48,510

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income

(unaudited, $ in thousands)		Three Months Ended April 30, 2024		Three Months Ended April 30, 2023
NET EARNINGS FOR THE PERIOD	**$**	**27,155**	$	22,197
Other comprehensive income, net of tax:				
Items that may be reclassified to net earnings:				
Exchange differences on translation of foreign controlled subsidiaries		**6,881**		3,026
Items that will not be subsequently reclassified to net earnings:				
Remeasurements of defined benefit plans (Note 19)		**2,047**		—
Total other comprehensive income, net of tax		**8,928**		3,026
COMPREHENSIVE INCOME FOR THE PERIOD	**$**	**36,083**	$	25,223
OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO				
The North West Company Inc.	**$**	**8,425**	$	2,799
Non-controlling interests		**503**		227
TOTAL OTHER COMPREHENSIVE INCOME	**$**	**8,928**	$	3,026
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
The North West Company Inc.	**$**	**33,952**	$	23,693
Non-controlling interests		**2,131**		1,530
TOTAL COMPREHENSIVE INCOME	**$**	**36,083**	$	25,223

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	AOCI[1]	Total	Non-Controlling Interests	Total Equity
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 8)	—	—	(18,611)	—	(18,611)	—	(18,611)
Issuance of shares (Note 7)	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**
Balance at January 31, 2023	$ 176,091	$ 13,017	$ 407,182	$ 32,931	$ 629,221	$ 18,679	$ 647,900
Net earnings for the period	—	—	20,894	—	20,894	1,303	22,197
Other comprehensive income	—	—	—	2,799	2,799	227	3,026
Comprehensive income	—	—	20,894	2,799	23,693	1,530	25,223
Equity settled share-based payments, net of tax	218	74	—	—	292	—	292
Dividends (Note 8)	—	—	(18,152)	—	(18,152)	—	(18,152)
Issuance of shares (Note 7)	1,320	(644)	—	—	676	—	676
	1,538	(570)	(18,152)	—	(17,184)	—	(17,184)
Balance at April 30, 2023	$ 177,629	$ 12,447	$ 409,924	$ 35,730	$ 635,730	$ 20,209	$ 655,939

(1) Accumulated Other Comprehensive Income

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

(unaudited, $ in thousands)	**Three Months Ended April 30, 2024**	Three Months Ended April 30, 2023
CASH FROM (USED IN):		
Operating activities		
Net earnings for the period	**$ 27,155**	$ 22,197
Adjustments for:		
Amortization (Note 17)	**28,086**	25,184
Provision for income taxes (Note 13)	**8,342**	7,079
Interest expense (Note 12)	**4,325**	4,492
Equity settled share-based compensation, net of tax (Note 14)	**(74)**	292
Taxes paid	**(8,812)**	(9,196)
Loss on disposal of property and equipment	**11**	9
	59,033	50,057
Change in non-cash working capital	**(5,852)**	(37,980)
Change in other non-cash items	**(4,657)**	(2,616)
Cash from operating activities	**48,524**	9,461
Investing activities		
Purchase of property and equipment	**(17,261)**	(10,283)
Intangible asset additions	**(283)**	(2,938)
Proceeds from disposal of property and equipment	**31**	93
Cash used in investing activities	**(17,513)**	(13,128)
Financing activities		
Net increase in long-term debt (Note 9)	**25,362**	50,419
Payment of lease liabilities, principal	**(5,633)**	(4,820)
Payment of lease liabilities, interest	**(1,329)**	(1,088)
Dividends (Note 8)	**(18,611)**	(18,152)
Interest paid	**(3,704)**	(3,773)
Net issuance of common shares	**72**	676
Cash used in/(from) financing activities	**(3,843)**	23,262
Effect of foreign exchange rates on cash	**1,053**	483
NET CHANGE IN CASH	**28,221**	20,078
Cash, beginning of period	**53,359**	58,809
CASH, END OF PERIOD	**$ 81,580**	$ 78,887

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 4, 2024.

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 2023 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 14)
- Defined benefit pension plan (Note 19)
- 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 2023 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 2023 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 In October 2022, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements,* which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The Company adopted these amendments this year and determined there was no impact on the consolidated financial statements.

Future Standards and Amendments In May 2023, the IASB issued amendments to IAS 12 - *Income Taxes* which introduced a mandatory temporary exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two model rules. These rules were developed by the Organization for Economic Co-operation and Development (OECD) and were designed to ensure that large, multinational enterprises would be subject to a minimum income tax rate of 15% in each jurisdiction they operate. The IAS 12 amendments require that the Company separately disclose the current tax expense related to Pillar Two income taxes. On August 4, 2023, the Government of Canada released draft legislation under the Global Minimum Tax Act for consultation, which is intended to follow the Pillar Two model rules from the OECD. Although it is intended for Canada's principal Pillar Two rules to take effect on January 1, 2024, Canada has not yet enacted or substantively enacted Pillar Two legislation nor have the Company's other jurisdictions enacted or substantively enacted it. The Company operates retail stores in the Cayman Islands, Barbados and British Virgin Islands jurisdictions which may be impacted by the Global Minimum Tax - Pillar Two legislation. The Company is continuing to assess the impact of the Pillar Two legislation however, based on our current assessment, the estimated top-up tax under the draft Pillar Two legislation is not expected to be material. The Company will disclose known or reasonably estimable information related to the Company's exposure to Pillar Two income taxes when it is applicable.

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 currently assessing the impact of the new standard.

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, measurement of contingent consideration and valuation of promissory note receivable.

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.

The following key information is presented by geographic segment:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Earnings

		Three Months Ended April 30, 2024		Three Months Ended April 30, 2023
Sales				
Canada				
Food	**$**	**236,282**	$	228,681
General merchandise and other		**118,958**		113,037
Canada	**$**	**355,240**	$	341,718
International				
Food	**$**	**242,755**	$	231,708
General merchandise and other		**19,524**		20,138
International	**$**	**262,279**	$	251,846
Consolidated	**$**	**617,519**	$	593,564
Earnings before amortization, interest and income taxes				
Canada	**$**	**45,368**	$	38,673
International		**22,540**		20,279
Consolidated	**$**	**67,908**	$	58,952
Earnings from operations				
Canada	**$**	**26,703**	$	22,079
International		**13,119**		11,689
Consolidated	**$**	**39,822**	$	33,768

Supplemental information

		April 30, 2024		April 30, 2023		January 31, 2024
Assets						
Canada [1]	**$**	**874,237**	$	863,848	$	865,040
International [1]		**564,516**		512,735		530,970
Consolidated	**$**	**1,438,753**	$	1,376,583	$	1,396,010

(1) Canadian total assets includes goodwill of $11,025 (April 30, 2023 – $11,025; January 31, 2024 – $11,025); International total assets includes goodwill of $40,395 (April 30, 2023 – $39,883; January 31, 2024 – $39,494).

	Three Months Ended April 30, 2024				Three Months Ended April 30, 2023			
		Canada		**International**		Canada		International
Purchase of property and equipment	**$**	**13,020**	**$**	**4,241**	$	7,364	$	2,919
Amortization	**$**	**18,665**	**$**	**9,421**	$	16,594	$	8,590

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. ACCOUNTS RECEIVABLE

	April 30, 2024	April 30, 2023	January 31, 2024
Trade accounts receivable	**$ 81,012**	$ 88,891	$ 96,324
Corporate and other accounts receivable	**39,238**	39,329	37,991
Less: allowance for doubtful accounts	**(12,415)**	(11,547)	(12,709)
Total	**$ 107,835**	$ 116,673	$ 121,606

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

6. INVENTORIES

Included in cost of sales for the three months ended April 30, 2024, the Company recorded $904 (three months ended April 30, 2023 – $1,258) 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, 2024 or 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. SHARE CAPITAL

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

April 30, 2024	**Shares**	**Consideration**
Balance at January 31, 2024	**47,711,467**	**$ 178,409**
Issued under share-based compensation plans (Note 14)	**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 14)	**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**

April 30, 2023		
Balance at January 31, 2023	47,750,605	$ 176,323
Issued under share-based compensation plans (Note 14)	77,054	1,320
Balance at April 30, 2023	47,827,659	$ 177,643
Shares held in trust, January 31, 2023	(65,522)	$ (232)
Purchased for future settlement of PSUs	(35,000)	(124)
Released for settlement of PSUs (Note 14)	95,036	342
Shares held in trust, April 30, 2023	(5,486)	$ (14)
Issued and outstanding, net of shares held in trust, April 30, 2023[1]	47,822,173	$ 177,629

(1) At April 30, 2024 there were 18,222,502 (April 30, 2023 - 15,419,825) Variable Voting Shares representing 38.2% (April 30, 2023 - 32.2%) of the total shares issued and outstanding.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. SHARE CAPITAL (continued)

Normal Course Issuer Bid

On November 15, 2023, 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 4,733,380 of its shares, or approximately 10% of its float for cancellation over the following 12 months. During the three months ended April 30, 2024 and April 30, 2023 the Company purchased no common shares.

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.

8. DIVIDENDS

		Three Months Ended April 30, 2024		Three Months Ended April 30, 2023
Dividends recorded in equity and paid in cash	**$**	**18,611**	$	18,152
Dividends per share	**$**	**0.39**	$	0.38

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 20).

9. LONG-TERM DEBT

	April 30, 2024	April 30, 2023	January 31, 2024
Current:			
Promissory note payable (6)	**$ 274**	$ 271	$ 268
Non-current:			
Revolving loan facility (1)	**$ 7,637**	$ 10,951	$ —
Revolving loan facilities (2)	**—**	—	—
Revolving loan facilities (3)	**105,498**	135,540	87,607
Senior notes (4)	**95,851**	94,624	93,701
Senior notes (5)	**100,000**	100,000	100,000
Promissory note payable (6)	**—**	271	—
	$ 308,986	$ 341,386	$ 281,308
Total	**$ 309,260**	$ 341,657	$ 281,576

(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, 2024, the International Operations had drawn US$5,567 (April 30, 2023 – US$8,086; January 31, 2024 – US$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 $400,000 Canadian Operations loan facilities. At April 30, 2024, the Company had drawn US$NIL (April 30, 2023 – US$NIL; January 31, 2024 – US$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 Bankers Acceptances rates plus stamping fees or the Canadian prime interest rate.

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. 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, 2024, lease liabilities reflect a weighted-average risk-free rate of 4.2% (April 30, 2023 – 3.8%; January 31, 2024 - 4.1%) and weighted-average remaining lease term of 10.1 years (April 30, 2023 – 9.6 years; January 31, 2024 – 10.5 years).

11. EMPLOYEE COSTS

	Three Months Ended April 30, 2024	Three Months Ended April 30, 2023
Wages, salaries and benefits including bonus	**$ 85,952**	$ 81,348
Post-employment benefits	**2,733**	2,451
Share-based compensation (Note 14)	**2,886**	4,834
	$ 91,571	$ 88,633

12. INTEREST EXPENSE

	Three Months Ended April 30, 2024	Three Months Ended April 30, 2023
Interest on long-term debt	**$ 3,099**	$ 3,593
Interest on lease liabilities	**1,329**	1,088
Net interest on defined benefit plan obligation	**60**	133
Interest imputed on promissory note receivable	**(149)**	(224)
Interest capitalized	**(14)**	(98)
Total	**$ 4,325**	$ 4,492

13. INCOME TAXES

The estimated effective income tax rate for the three months ended April 30, 2024 is 23.5% (three months ended April 30, 2023 – 24.2%). 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. 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, 2024 was $2,886 (three months ended April 30, 2023 – $4,834). 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, 2024	April 30, 2023	January 31, 2024
Accounts payable and accrued liabilities	**$ 2,210**	$ 3,944	$ 3,340
Other long-term liabilities	**9,861**	11,380	12,562
Contributed surplus	**10,545**	9,924	10,255
Total	**$ 22,616**	$ 25,248	$ 26,157

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, 2024 are $1,406 (three months ended April 30, 2023 – $2,010).

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, 2024 there were 145,437 PSUs (three months ended April 30, 2023 – 193,525 PSUs) partially settled by releasing 75,218 shares (three months ended April 30, 2023 – 95,036 shares) from the employee trust.

For the three months ended April 30, 2024 there were 13,631 PSUs (three months ended April 30, 2023 – NIL) partially settled by releasing 6,743 shares issued from treasury (three months ended April 30, 2023 – NIL). The total number of PSUs outstanding at April 30, 2024 that may be settled in treasury shares is 318,467 (April 30, 2023 – 306,016).

14. SHARE-BASED COMPENSATION (continued)

Share Option Plan

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

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

The maximum number of shares available for issuance is a fixed number set at 4,354,020, representing 9.1% of the Company's issued and outstanding shares at April 30, 2024. Fair value of the Company's options is determined using an option pricing model. Share options granted vest on a graduated basis over four years and are exercisable over a period of seven years. The share option compensation costs recorded for the three months ended April 30, 2024 are $668 (three months ended April 30, 2023 – $1,193).

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

	April 30, 2024	April 30, 2023
Fair value of options granted	**$ 7.24**	$ 6.05
Exercise price	**$ 39.04**	$ 39.05
Dividend yield	**4.0 %**	4.2%
Annual risk-free interest rate	**3.5 %**	2.7%
Expected share price volatility	**26.1 %**	24.6%

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

	April 30, 2024	April 30, 2023
Dividend yield	**4.0 %**	4.2 %
Annual risk-free interest rate	**4.3 %**	3.6 % to 3.7 %
Expected share price volatility	**25.3 %**	18.1 % to 23.2 %

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

14. SHARE-BASED COMPENSATION (continued)

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, 2024	April 30, 2023	**April 30, 2024**	April 30, 2023
Outstanding options, beginning of period	**50,558**	301,683	**1,351,692**	1,383,056
Granted	**—**	—	**227,018**	211,484
Exercised	**(6,188)**	(111,214)	**(22,225)**	(213,061)
Forfeited or cancelled	**—**	—	**(3,550)**	—
Outstanding options, end of period	**44,370**	190,469	**1,552,935**	1,381,479
Exercisable at end of period	**44,370**	190,469	**878,329**	637,668

Weighted-average exercise price	Declining Strike Price Options		Standard Options	
	April 30, 2024	April 30, 2023	**April 30, 2024**	April 30, 2023
Outstanding options, beginning of period	**$ 27.24**	$ 31.71	**$ 32.80**	$ 31.22
Granted	**—**	—	**39.04**	39.05
Exercised	**27.24**	26.28	**30.54**	28.73
Forfeited or cancelled	**—**	—	**35.66**	—
Outstanding options, end of period	**$ 27.03**	$ 32.40	**$ 33.74**	$ 32.80
Exercisable at end of period	**$ 27.03**	$ 27.87	**$ 31.53**	$ 30.43

Options outstanding at April 30, 2024 have an exercise price range of $27.03 to $39.05 and a weighted-average remaining contractual life of 4.1 years.

Director Deferred Share Unit Plan

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

Compensation expense is initially measured at the time of the grant. Subsequent changes in the fair value of the DDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The DDSU plan compensation costs recorded for the three months ended April 30, 2024 are $288 (three months ended April 30, 2023 – $1,154). The total number of DDSUs outstanding at April 30, 2024 are 210,538 (April 30, 2023 – 239,995). There were 60,007 DDSUs exercised in cash during the three months ended April 30, 2024 (April 30, 2023 - 25,000). The DDSUs exercised during three months ended April 30, 2023 were settled in cash.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. 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, 2024 are $10 (three months ended April 30, 2023 – $60).

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, 2024 are $514 (three months ended April 30, 2023 – $417).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. 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.

16. SUBSIDIARIES AND JOINT VENTURES

The Company's principal operating subsidiaries at April 30, 2024 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.

17. EXPENSES BY NATURE

	Three Months Ended April 30, 2024	Three Months Ended April 30, 2023
Employee costs (Note 11)	**$ 91,571**	$ 88,633
Amortization	**28,086**	25,184
Operating lease rentals	**1,357**	1,364

18. FINANCIAL INSTRUMENTS

Accounting classifications and fair value estimation

The following table comprises the carrying amounts of the Company's financial instruments at April 30, 2024. 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	$ 81,580	$ 81,580
Accounts receivable	Short-term	107,835	107,835
Promissory note receivable	Long-term	4,707	4,707
Other financial assets	Long-term	1,872	1,872
Accounts payable and accrued liabilities	Short-term	(221,234)	(221,234)
Current portion of long-term debt	Short-term	(274)	(274)
Long-term debt	Long-term	(308,986)	(284,786)

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 when recognized was estimated by calculating the present value of the future expected cash flows using an effective interest rate derived from comparable debt issuances.

19. POST-EMPLOYMENT BENEFITS

A remeasurement of the defined benefit pension plan assets and liabilities was performed for the three months ended April 30, 2024 and the Company recorded a net actuarial gain of $2,047, net of tax (three months ended April 30, 2023 – $NIL). These actuarial gains were recorded in other comprehensive income and recognized immediately in retained earnings and were primarily due to a change in the discount rate used to measure the defined benefit obligation, partially offset by lower than expected investment returns. The discount rate used to determine the benefit obligation for the defined benefit pension plan was 5.2% (April 30, 2023 – 4.6%).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SUBSEQUENT EVENTS

Dividends

On June 4, 2024, the Board of Directors declared a dividend of $0.39 per share payable July 15, 2024 to shareholders of record on June 28, 2024.