THE NORTH WEST COMPANY INC.

Report to Shareholders

Quarterly Period Ended July 31, 2024

2024 SECOND QUARTER REPORT TO SHAREHOLDERS

Report to Shareholders

The North West Company Inc. reports its results for the second quarter ended July 31, 2024. Sales increased 4.6% to $646.5 million led by same store sales gains and the impact of new stores. Excluding the foreign exchange impact, sales increased 3.8% compared to last year and were up 4.3%[1] on a same store basis.

Second quarter net earnings decreased 3.0% to $36.9 million compared to very strong net earnings of $38.0 million last year. Net earnings attributable to shareholders were $35.3 million or $0.73 per share compared to $0.76 per share last year on a diluted earnings per share basis as sales gains and an increase in gross profit rate were more than offset by higher expenses and the impact of a higher effective income tax rate mainly related to the impact of the Global Minimum Tax - Pillar Two.

The Board of Directors has approved a quarterly dividend of $0.40 per share, an increase of $0.01 or 2.6% per share, to shareholders of record on September 30, 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 second quarter unaudited interim period condensed consolidated financial statements for the period ended July 31, 2024 ("Condensed Consolidated Financial Statements") and the audited annual consolidated financial statements and accompanying notes included in the 2023 Annual Report. The year-to-date of 2024 has one extra day of operations compared to 2023 as a result of February 29. The estimated impact of the extra day has been deducted from the same store sales reported for the year-to-date 2024.

(1) Excluding the foreign exchange impact
(2) See Non-GAAP Measures Section of Management's Discussion & Analysis

Second Quarter Highlights

CONSOLIDATED RESULTS SECOND QUARTER

Key Performance Indicators and Selected Second Quarter Information:

	Three Months Ended	
($ in thousands, except per share)	**July 31, 2024**	July 31, 2023
Sales	**$ 646,487**	$ 618,095
Same store sales %[1]		
Food	**4.6 %**	4.7 %
General Merchandise	**1.9 %**	4.7 %
Total	**4.3 %**	4.7 %
Gross profit	**$ 219,756**	$ 204,444
Selling, operating and administrative expenses	**164,875**	149,758
EBITDA[2]	**83,413**	80,108
Earnings from operations ("EBIT")	**54,881**	54,686
Interest expense	**4,348**	4,612
Income taxes	**13,636**	12,029
Net earnings	**36,897**	38,045
Net earnings attributable to shareholders of the Company	**35,300**	36,777
Net earnings per share - basic	**0.74**	0.77
Net earnings per share - diluted	**0.73**	0.76

Sales Second quarter consolidated sales increased 4.6% to $646.5 million compared to $618.1 million last year driven by same store sales gains, the impact of foreign exchange on the translation of International Operations sales and new stores. Excluding the foreign exchange impact, consolidated sales increased 3.8%, with food sales increasing 3.9% and general merchandise and other sales increasing 3.4% compared to last year. On a same store basis, sales increased 4.3%[1] compared to the second quarter last year led by a 6.8%[1] increase in same store sales in Canadian Operations. A 0.9%[1] increase in same store sales in International Operations was also a factor.

Gross Profit Gross profit increased 7.5% to $219.8 million compared to $204.4 million last year due to sales gains and a 91 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 decrease in markdowns. An increase in gross profit in Canadian Operations resulting from higher third party cargo and passenger business in North Star Air was also a factor.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased $15.1 million or 10.1% compared to last year and were up 127 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, the impact of foreign exchange on the translation of International Operations Expenses and higher vessel repairs incurred through our investment in Transport Nanuk Inc. ("TNI") in Canadian Operations. The impact of a $5.5 million increase in share-based compensation costs primarily due to adjustments from changes in the Company's share price partially offset by a $3.7 million loss on our Fox Lake, Alberta store that was destroyed by wild fire in the second quarter last year (collectively "Non-Comparable Expenses[2]") were also factors. Further information on share-based compensation is provided in Note 14 to the Company's Condensed Consolidated Financial Statements.

(1) Excluding the foreign exchange impact
(2) See Non-GAAP Measures Section of Management's Discussion & Analysis

Earnings From Operations Earnings from operations ("EBIT") increased 0.4% to $54.9 million compared to $54.7 million last year and earnings before interest, income taxes, depreciation and amortization ("EBITDA[2]") increased 4.1% to $83.4 million compared to $80.1 million last year due to the sales, gross profit and Expense factors previously noted. A $1.8 million decrease in earnings from our investment in TNI compared to last year resulting from an increase in vessel repairs, that also temporarily delayed the start of the sealift shipping season, combined with lower International shipping rates, was also a factor. Adjusted EBITDA[2], which excludes the Non-Comparable Expenses, increased 6.1% to $88.4 million compared to $83.3 million last year and as a percentage to sales was 13.7% compared to 13.5% last year.

Interest Expense Interest expense decreased 5.7% to $4.3 million compared to $4.6 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 $13.6 million compared to $12.0 million last year due to higher earnings and an increase in the effective tax rate to 27.0% compared to 24.0% last year. The increase in the effective tax rate is largely 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, but is effective as of the beginning of the Company's fiscal year. This legislation implements the Pillar Two global minimum tax regime developed by the Organisation for Economic Co-operation and Development ("OECD") which applies a minimum effective tax rate of 15% on income earned in each jurisdiction in which the Company operates. The Company operates retail stores in the Cayman Islands, Barbados and British Virgin Islands jurisdictions which are impacted by the GMTA - Pillar Two legislation resulting in a $1.0 million increase in income tax expense and a 198 basis point increase in the effective tax rate in the quarter.

Net Earnings Net earnings decreased 3.0% to $36.9 million compared to very strong net earnings of $38.0 million last year. Net earnings attributable to shareholders were $35.3 million and diluted earnings per share were $0.73 per share compared to $0.76 per share last year. Adjusted net earnings[2], which excludes the after-tax impact of the Non-Comparable Expenses, increased $0.6 million or 1.6% to $40.7 million compared to $40.0 million last year due to the gross profit, Expense and GMTA - Pillar Two income tax expense factors previously noted.

Comprehensive Income Comprehensive income increased to $39.6 million compared to $31.0 million last year as the impact of the change in foreign exchange on the translation of International Operations more than offset lower net earnings.

(1) Excluding the foreign exchange impact
(2) See Non-GAAP Measures Section of Management's Discussion & Analysis

Year-To-Date Highlights

CONSOLIDATED RESULTS

Key Performance Indicators and Selected Year-To-Date July 31, 2024 Information:

($ in thousands, except per share)	Year-to-date July 31, 2024	July 31, 2023
Sales	**$ 1,264,006**	$ 1,211,659
Same store sales %[1]		
Food	**4.2 %**	3.4 %
General Merchandise	**2.9 %**	(1.2)%
Total	**4.1 %**	2.8 %
Gross profit	**$ 419,385**	$ 389,373
Selling, operating and administrative expenses	**324,682**	300,919
EBITDA[2]	**151,321**	139,060
Earnings from operations (EBIT)	**94,703**	88,454
Interest expense	**8,673**	9,104
Income taxes	**21,978**	19,108
Net earnings	**64,052**	60,242
Net earnings attributable to shareholders of the Company	**60,827**	57,671
Net earnings per share - basic	**1.27**	1.21
Net earnings per share - diluted	**1.26**	1.19

Sales Year-to-date sales increased 4.3% to $1.264 billion mainly driven by same store sales gains, the impact of foreign exchange on the translation of International Operations sales and new stores. The impact of one extra day of sales in the first quarter as a result of February 29th was also a factor. The exchange rate used for the translation of International Operations sales increased to 1.3613 compared to 1.3439 last year. Excluding the foreign exchange impact, consolidated sales increased 3.9% compared to last year with food sales increasing 3.9% and general merchandise and other sales increasing 3.8%. The increase in general merchandise and other sales was mainly due to higher general merchandise sales in Canadian Operations partially offset by lower general merchandise sales in International Operations. Same store sales were up 4.1%[1] compared to last year with a 4.2% increase in food sales and a 2.9% increase in general merchandise sales.

Gross Profit Gross profit increased 7.7% due to the impact of higher sales and a 104 basis point increase in the gross profit rate. The increase in gross profit rate was primarily 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 last year. An increase in gross profit in Canadian Operations resulting from higher third party cargo and passenger business in North Star Air and a decrease in markdowns were also factors.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased $23.8 million or 7.9% and were up 85 basis points as a percentage to sales. The increase in Expenses is largely due to cost inflation impacts including higher staff costs, an increase in depreciation and the impact of foreign exchange on the translation of International Operations Expenses.

(1) Excluding the foreign exchange impact
(2) See Non-GAAP Measures Section of Management's Discussion & Analysis

Earnings From Operations Earnings from operations ("EBIT") increased 7.1% to $94.7 million compared to $88.5 million last year and earnings before interest, income taxes, depreciation and amortization ("EBITDA[2]") increased 8.8% to $151.3 million compared to $139.1 million last year due to the sales, gross profit and Expense factors previously noted. Adjusted EBITDA[2], which excludes the impact of the Non-Comparable Expenses[2], increased $12.1 million or 8.2% to $159.2 million compared to $147.1 million last year and as a percentage to sales was 12.6% compared to 12.1% last year.

Interest Expense Interest expense decreased 4.7% to $8.7 million compared to $9.1 million last year mainly due to lower average debt.

Income Tax Expense Income tax expense increased $2.9 million to $22.0 million due to the impact of higher earnings and an increase in the consolidated effective tax rate to 25.5% compared to 24.1% last year. The increase in the effective tax rate is mainly due to the impact of GMTA – Pillar Two legislation as previously noted. The impact of changes in the blend of earnings across the various tax rate jurisdictions, the taxation of items such as share-based compensation and changes in tax estimates and tax legislation are also factors.

Net Earnings Net earnings increased 6.3% to $64.1 million compared to $60.2 million last year. Net earnings attributable to shareholders were $60.8 million and diluted earnings per share were $1.26 per share compared to $1.19 per share last year due to the factors previously noted. Adjusted net earnings[2], which excludes the impact of the Non-Comparable Expenses, increased $4.0 million or 6.0% to $70.1 million compared to $66.1 million last year.

Comprehensive Income Comprehensive income increased $19.5 million to $75.7 million compared to $56.2 million last year primarily due to higher net earnings and the impact of foreign exchange on the translation of the International Operations which resulted in a gain of $9.6 million this year compared to a loss of $4.0 million last year. The remeasurement of defined benefit pension plan assets and liabilities, which resulted in a net actuarial gain of $2.0 million this year, was also a factor.

(1) Excluding the foreign exchange impact
(2) See Non-GAAP Measures Section of Management's Discussion & Analysis

CANADIAN OPERATIONS SECOND QUARTER

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

Key Performance Indicators:

	Three Months Ended	
($ in thousands)	**July 31, 2024**	July 31, 2023
Sales	**$ 366,645**	$ 347,353
Same store sales %		
Food	**7.6 %**	6.5 %
General Merchandise	**2.7 %**	10.6 %
Total	**6.8 %**	7.2 %
EBITDA(2)	**$ 55,575**	$ 52,084
Earnings from operations (EBIT)	**36,688**	35,260

Sales Canadian Operations sales increased 5.6% to $366.6 million compared to $347.4 million in the second quarter last year due to a 6.8% same store sales gain and the impact of new stores. Food sales increased 6.1% as same store sales gains were partially offset by lower wholesale sales. General merchandise and other sales increased 4.3% compared to last year primarily due to general merchandise same store sales gains. Higher pharmacy and retail fuel sales and an increase in airline revenues were also factors. On a same store basis, food sales increased 7.6% and general merchandise sales increased 2.7% compared to last year. Sales were positively impacted by increased consumer demand arising from First Nations Drinking Water Settlement payments to individuals however, the volume of these payments in the second quarter relative to the total settlement remains low. Increased consumer demand in certain communities from First Nations Child and Family Services and Jordan's Principle programs that help provide greater access to nutritious food was also a factor. These factors were partially offset by higher sales in the second quarter last year resulting from the impact of government inflation relief payments, including the Grocery Rebate, paid to individuals to help mitigate higher cost of living.

Gross Profit Gross profit increased 9.6% driven by higher sales and an increase in gross profit rate primarily related to changes in sales blend, including the impact of lower wholesale food sales and lower markdowns compared to the second quarter last year. An increase in airline gross profit resulting from higher third party cargo and passenger business in North Star Air was also a factor.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 11.7% and were up 154 basis points as a percentage to sales compared to last year mainly due to cost inflation impacts and higher depreciation. The impact of the previously noted higher vessel repair costs in TNI and the Non-Comparable Expenses were also factors. Excluding the impact of TNI and the Non-Comparable Expense factors, Expenses increased 85 basis points as a percentage of sales compared to last year.

Earnings From Operations Earnings from operations (EBIT) increased $1.4 million or 4.0% to $36.7 million compared to $35.3 million last year and EBITDA[2] increased 6.7% to $55.6 million compared to $52.1 million last year due to the impact of the sales, gross profit and Expense factors, including the $1.8 million lower earnings in TNI, previously noted. Adjusted EBITDA[2], which excludes the impact of the Non-Comparable Expenses, increased $4.4 million or 7.9% to $59.7 million compared to $55.3 million last year.

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

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

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

Key Performance Indicators:

	Three Months Ended	
($ in thousands)	**July 31, 2024**	July 31, 2023
Sales	**$ 204,488**	$ 202,927
Same store sales %		
Food	**1.0 %**	2.4 %
General Merchandise	**(0.2)%**	(9.0)%
Total	**0.9 %**	1.3 %
EBITDA(2)	**$ 20,356**	$ 20,971
Earnings from operations (EBIT)	**13,310**	14,523

Sales International Operations sales increased 0.8% to $204.5 million compared to $202.9 million in the second quarter last year as a 0.9% increase in same store sales and the impact of new stores in Alaska was partially offset by lower wholesale sales. Food sales increased 1.1% and were up 1.0% on a same store basis compared to last year however, general merchandise sales decreased 2.5% and were down 0.2% on a same store basis compared to last year. Sales were negatively impacted by weaker economic conditions in tourism-dependent markets in Alaska and the South Pacific. A weaker start to the commercial fishing season also negatively impacted some stores in Alaska. These factors also contributed to consumers shifting more of their spending on food and reducing spending on discretionary general merchandise.

Gross Profit Gross profit increased 1.5% compared to last year due to the impact of higher sales and a modest increase in the gross profit rate mainly related to changes in sales blend including the impact of lower wholesale sales.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 4.8% compared to last year largely due to higher staff costs, an increase in depreciation and a $0.7 million increase in share-based compensation costs compared to last year.

Earnings From Operations Earnings from operations ("EBIT") decreased $1.2 million or 8.4% to $13.3 million compared to $14.5 million in the second quarter last year and EBITDA[2] decreased 2.9% to $20.4 million compared to $21.0 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, was $21.0 million, the same as last year.

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

FINANCIAL CONDITION

Financial Ratios

The Company's debt-to-equity ratio at the end of the second quarter decreased to 0.43:1 compared to 0.50:1 last year.

Working capital increased $8.4 million compared to last year mainly due to an increase in cash, prepaid expenses and lower accounts payable. These factors were partially offset by lower accounts receivable largely related to collections on trade accounts receivable. The impact of foreign exchange on the translation of the International Operations balance sheet was also a factor as the exchange rate at July 31, 2024 was 1.3825 compared to 1.3210 at July 31, 2023. The increase in prepaid expenses is mainly due 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 July 31, 2024, there were 18,888,843 (July 31, 2023 - 16,652,080) Variable Voting Shares, representing 39.5% (July 31, 2023 - 34.9%) 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 47,759,000 shares compared to 47,830,000 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 48,453,000 shares compared to 48,504,000 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 six months ended July 31, 2024 the Company repurchased no common shares. During the six months ended July 31, 2023, the Company purchased 153,998 common shares for cash consideration of $5.0 million with the excess of the purchase price over the book value of the shares charged to retained earnings. All shares purchased were cancelled. 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 July 31, 2024**	Three Months Ended July 31, 2023	Change	**Six Months Ended July 31, 2024**	Six Months Ended July 31, 2023	Change
Cash flows from (used in):						
Operating activities	**$ 48,174**	$ 59,334	$ (11,160)	**$ 96,698**	$ 68,795	$ 27,903
Investing activities	**(21,584)**	(14,657)	(6,927)	**(39,097)**	(27,785)	(11,312)
Financing activities	**(21,549)**	(47,481)	25,932	**(25,392)**	(24,219)	(1,173)
Effect of changes in foreign exchange rates on cash	**373**	(1,082)	1,455	**1,426**	(599)	2,025
Net change in cash	**$ 5,414**	$ (3,886)	$ 9,300	**$ 33,635**	$ 16,192	$ 17,443

Operating Activities Cash from operating activities in the quarter decreased $11.2 million compared to the second quarter last year substantially due to the change in non-cash working capital compared to last year. The change in non-cash working capital in the quarter and for the year-to-date is mainly related to the changes in accounts receivable, inventories and accounts payable and accrued liabilities compared to the prior year. The change in prepaid expenses compared to last year was also a factor.

Investing Activities Cash used in investing activities in the quarter increased to $21.6 million compared to $14.7 million last year and for the year-to-date was $39.1 million compared to $27.8 million last year. The increase in investing activities in the quarter and for the year-to-date is due to the purchase of property and equipment, including 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 $21.5 million compared to $47.5 million last year and for the year-to-date was $25.4 million compared to $24.2 million last year primarily 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. A $5.0 million decrease in shares purchased under the NCIB compared to the second quarter last year was also a factor.

Sources of Liquidity

Canadian Operations have $400.0 million in committed, revolving loan facilities that bear a floating rate of interest based on the Canadian Overnight Repo Rate Average or the Canadian prime interest rate. At July 31, 2024, the Company had drawn $111.0 million on these facilities (July 31, 2023 - $119.6 million). The Canadian Operations also have committed, revolving loan facilities of US$52.0 million that bear interest at SOFR plus a spread. At July 31, 2024, the Company had drawn US$NIL on these facilities (July 31, 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 July 31, 2024, the Company had drawn US$8.6 million on these facilities (July 31, 2023 - US$10.9 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 July 31, 2024, lease liabilities reflect a weighted-average risk-free rate of 4.4% (July 31, 2023 – 4.0%) and weighted-average remaining lease term of 10.2 years (July 31, 2023 – 10.5 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 July 31, 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 $0.40 per share, an increase of $0.01 or 2.6% per share, to shareholders of record on September 30, 2024, to be paid on October 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

- A QuickStop convenience store was opened in Grassy Narrows, Ontario on June 1, 2024.
- On August 14, 2024, Canadian Grocer announced that The North West Company has been chosen as a recipient of an Impact Award in the Diversity, Equity and Inclusion category for its Indigenous Procurement Strategy.

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

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

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. In addition, the near-term outlook is expected to be impacted by the following:

- The Canadian Operations are expected to continue 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 are being distributed 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.

- On July 20, 2024, the Government of Canada enacted The Global Minimum Tax Act ("GMTA") – Pillar Two legislation included in Bill C-69. This legislation, which is effective for the Company's fiscal year beginning February 1, 2024, applies a minimum income tax rate of 15% in each tax jurisdiction in which the Company operates. Based on our current assessment, the estimated tax under the GMTA - Pillar Two legislation is expected to increase the Company's effective tax rate by approximately 125 basis points on an annualized basis. Further information on this legislation is provided under Accounting Standards and Amendments and in Note 3 to the Condensed Consolidated Financial Statements.

- In the second half of 2024, the Company expects to incur one-time costs for professional fees and other expenses related to the Next 100 initiatives as outlined in the Strategy section. These one-time costs, which are expected to continue into 2025 as the initiatives under the Next 100 are operationalized, are anticipated to be more than offset by the annualized incremental EBIT of the initiatives however, the costs will be incurred before the full annualized benefits are achieved. Further information on these one-time costs and the expected benefits will be provided in our quarterly reports.

On July 5, 2020, the Company sold 36 of its 46 Giant Tiger stores to Giant Tiger Stores Limited for cash consideration of $45.0 million payable in $15.0 million installments on the second, third and fourth anniversaries of the transaction closing date, and up to $22.5 million in contingent consideration based on achieving certain financial measures in 2024 and 2025. The total consideration recorded by the Company at the time of the transaction included $12.5 million in estimated contingent consideration in accordance with IFRS 9 - *Financial Instruments*. The amount of consideration is dependent on achieving certain financial measures which may result in the actual amount of contingent consideration being higher or lower than the amount estimated by the Company, including the possibility of no further consideration owing if certain financial measures are not met. The determination of the amount of the contingent consideration is expected to be finalized by the fourth quarter of 2025. Further information is provided in Note 20 to the Company's Condensed Consolidated Financial Statements.

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

In addition to the First Nations Child and Family Services compensation payments to individuals, on July 11, 2024, the Government of Canada announced that it has reached an agreement to provide $47.8 billion to be disbursed over 10 years for the long-term reform of the First Nations Child and Family Services program and approach for Jordan's Principle which is expected to provide on-going services and benefits for Indigenous children, youth, young adults and families. This agreement builds on the previous agreement-in-principle to provide $20 billion in funding over five years. The agreement is subject to final approvals and a motion with the Canadian Human Rights Tribunal to seek the end of its oversight over the First Nations Child and Family Services Program.

Capital expenditures, net of $15.0 million in 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

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	92 days	92 days	90 days	89 days	92 days	92 days	92 days	92 days
($ in millions, except per share)	2024	2023	2024	2023	2023	2022	2023	2022
Sales	**$ 646.5**	$ 618.1	$ 617.5	$ 593.6	$ 643.1	$ 635.2	$ 616.9	$ 586.7
EBITDA[1]	**83.4**	80.1	67.9	59.0	79.1	73.5	83.0	69.8
Earnings from operations	**54.9**	54.7	39.8	33.8	51.7	47.8	55.7	45.0
Net earnings	**36.9**	38.0	27.2	22.2	36.0	35.1	38.0	30.2
Net earnings attributable to shareholders of the Company	**35.3**	36.8	25.5	20.9	34.5	33.9	37.2	29.5
Net earnings per share:								
Basic	**0.74**	0.77	0.53	0.44	0.72	0.71	0.78	0.61
Diluted	**0.73**	0.76	0.53	0.43	0.71	0.69	0.77	0.61
Adjusted EBITDA[1]	**88.4**	83.3	70.8	63.8	83.7	77.3	87.2	73.2
Adjusted net earnings[1]	**40.7**	40.0	29.4	26.1	39.5	38.1	41.4	32.8

(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 July 31, 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.

The principal components of the Government of Canada's Global Minimum Tax ("GMT") - Pillar Two legislation were enacted into law on June 20, 2024, and follow the Pillar Two model rules from the Organisation for Economic Co-operation and Development ("OECD"). These rules were developed by the OECD and were designed to ensure that large, multinational enterprises would be subject to a minimum effective tax rate of 15% in each jurisdiction they operate. The Company operates retail stores in the Cayman Islands, Barbados and British Virgin Islands jurisdictions which are impacted by the Global Minimum Tax - Pillar Two legislation. GMT top up tax of $1,000 has been included in the Company's income taxes (Note 13).

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. The Company adopted this amendment during the second quarter of 2024 and has applied the exception to recognizing and disclosing information regarding Pillar Two deferred income tax assets and liabilities.

Future Standards and Amendments In April 2024, the IASB issued IFRS 18 - *Presentation and Disclosure in Financial Statements* to improve the comparability of the financial performance of similar entities. The standard replaces IAS 1 and primarily impacts the statements of earnings where companies will be required to present separate categories of income and expense for operating, investing and financing activities. IFRS 18 will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is 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			
	Second Quarter		Year-to-Date	
($ in thousands)	**2024**	2023	**2024**	2023
Earnings from operations (EBIT)	**$ 54,881**	$ 54,686	**$ 94,703**	$ 88,454
Add: Amortization	**28,532**	25,422	**56,618**	50,606
EBITDA	**$ 83,413**	$ 80,108	**$ 151,321**	$ 139,060
Adjusted for:				
Fox Lake wildfire asset write-off(1)	**—**	3,694	**—**	3,694
Share-based compensation expense(2)	**5,014**	(471)	**7,900**	4,363
Adjusted EBITDA	**$ 88,427**	$ 83,331	**$ 159,221**	$ 147,117

	Canadian	
	Second Quarter	
($ in thousands)	**2024**	2023
Earnings from operations (EBIT)	**$ 36,688**	$ 35,260
Add: Amortization	**18,887**	16,824
EBITDA	**$ 55,575**	$ 52,084
Adjusted for:		
Fox Lake wildfire asset write-off(1)	**—**	3,694
Share-based compensation expense(2)	**4,104**	(483)
Adjusted EBITDA	**$ 59,679**	$ 55,295

	International (Stated in U.S. dollars)	
	Second Quarter	
($ in thousands)	**2024**	2023
Earnings from operations (EBIT)	**$ 13,310**	$ 14,523
Add: Amortization	**7,046**	6,448
EBITDA	**$ 20,356**	$ 20,971
Adjusted for:		
Share-based compensation expense(2)	**666**	15
Adjusted EBITDA	**$ 21,022**	$ 20,986

(1) On May 5, 2023, the Company's store in Fox Lake, Alberta was destroyed by wild fire which resulted in a write-off of assets.

(2) 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			
	Second Quarter		Year-to-Date	
	2024	2023	**2024**	2023
Net earnings	**$ 36,897**	$ 38,045	**$ 64,052**	$ 60,242
Adjusted for:				
Fox Lake wildfire asset write-off, net of tax(1)	**—**	2,551	**—**	2,551
Share-based compensation expense, net of tax(2)	**3,776**	(559)	**6,039**	3,301
Adjusted net earnings	**$ 40,673**	$ 40,037	**$ 70,091**	$ 66,094

(1) On May 5, 2023, the Company's store in Fox Lake, Alberta was destroyed by wild fire which resulted in a write-off of assets.

(2) 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.

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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 September 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)	**July 31, 2024**	July 31, 2023	January 31, 2024
CURRENT ASSETS			
Cash	**$ 86,994**	$ 75,001	$ 53,359
Accounts receivable (Note 5)	**104,273**	123,252	121,606
Inventories (Note 6)	**328,273**	326,816	313,414
Prepaid expenses	**26,934**	16,343	14,526
	546,474	541,412	502,905
NON-CURRENT ASSETS			
Property and equipment	**663,517**	606,939	644,681
Right-of-use assets	**116,856**	109,542	114,501
Promissory note receivable (Note 20)	**4,860**	4,257	4,558
Goodwill	**51,735**	49,924	50,519
Intangible assets	**27,284**	29,726	29,768
Deferred tax assets	**19,538**	21,303	16,829
Other assets	**31,804**	22,325	32,249
	915,594	844,016	893,105
TOTAL ASSETS	**$ 1,462,068**	$ 1,385,428	$ 1,396,010
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	**$ 219,017**	$ 225,944	$ 228,297
Current portion of long-term debt (Note 9)	**277**	264	268
Current portion of lease liabilities (Note 10)	**20,576**	18,655	19,408
Income tax payable (Note 13)	**6,059**	4,425	2,685
	245,929	249,288	250,658
NON-CURRENT LIABILITIES			
Long-term debt (Note 9)	**319,479**	326,571	281,308
Lease liabilities (Note 10)	**104,244**	101,049	104,483
Defined benefit plan obligation (Note 19)	**17,400**	18,244	18,725
Deferred tax liabilities	**12,080**	13,419	13,383
Other long-term liabilities	**21,951**	19,858	21,680
	475,154	479,141	439,579
TOTAL LIABILITIES	**721,083**	728,429	690,237
SHAREHOLDERS' EQUITY			
Share capital (Note 7)	**179,218**	177,238	177,951
Contributed surplus	**4,827**	7,967	9,359
Retained earnings	**490,179**	424,083	464,556
Accumulated other comprehensive income	**41,756**	29,215	32,826
Equity attributable to The North West Company Inc.	**715,980**	638,503	684,692
Non-controlling interests	**25,005**	18,496	21,081
TOTAL EQUITY	**740,985**	656,999	705,773
TOTAL LIABILITIES & EQUITY	**$ 1,462,068**	$ 1,385,428	$ 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 July 31, 2024**	Three Months Ended July 31, 2023	**Six Months Ended July 31, 2024**	Six Months Ended July 31, 2023
SALES	**$ 646,487**	$ 618,095	**$ 1,264,006**	$ 1,211,659
Cost of sales	**(426,731)**	(413,651)	**(844,621)**	(822,286)
Gross profit	**219,756**	204,444	**419,385**	389,373
Selling, operating and administrative expenses (Notes 11, 17)	**(164,875)**	(149,758)	**(324,682)**	(300,919)
Earnings from operations	**54,881**	54,686	**94,703**	88,454
Interest expense (Note 12)	**(4,348)**	(4,612)	**(8,673)**	(9,104)
Earnings before income taxes	**50,533**	50,074	**86,030**	79,350
Income taxes (Note 13)	**(13,636)**	(12,029)	**(21,978)**	(19,108)
NET EARNINGS FOR THE PERIOD	**$ 36,897**	$ 38,045	**$ 64,052**	$ 60,242
NET EARNINGS ATTRIBUTABLE TO				
The North West Company Inc.	**$ 35,300**	$ 36,777	**$ 60,827**	$ 57,671
Non-controlling interests	**1,597**	1,268	**3,225**	2,571
TOTAL NET EARNINGS	**$ 36,897**	$ 38,045	**$ 64,052**	$ 60,242
NET EARNINGS PER SHARE				
Basic	**$ 0.74**	$ 0.77	**$ 1.27**	$ 1.21
Diluted	**$ 0.73**	$ 0.76	**$ 1.26**	$ 1.19
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING (000's)				
Basic	**47,759**	47,830	**47,739**	47,799
Diluted	**48,453**	48,504	**48,434**	48,483

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income

(unaudited, $ in thousands)	**Three Months Ended July 31, 2024**	Three Months Ended July 31, 2023	**Six Months Ended July 31, 2024**	Six Months Ended July 31, 2023
NET EARNINGS FOR THE PERIOD	**$ 36,897**	$ 38,045	**$ 64,052**	$ 60,242
Other comprehensive income/(loss), net of tax:				
Items that may be reclassified to net earnings:				
Exchange differences on translation of foreign controlled subsidiaries	**2,748**	(7,023)	**9,629**	(3,997)
Items that will not be subsequently reclassified to net earnings:				
Remeasurements of defined benefit plans (Note 19)	**—**	—	**2,047**	—
Total other comprehensive income/(loss), net of tax	**2,748**	(7,023)	**11,676**	(3,997)
COMPREHENSIVE INCOME FOR THE PERIOD	**$ 39,645**	$ 31,022	**$ 75,728**	$ 56,245
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO				
The North West Company Inc.	**$ 2,552**	$ (6,515)	**$ 10,977**	$ (3,716)
Non-controlling interests	**196**	(508)	**699**	(281)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)	**$ 2,748**	$ (7,023)	**$ 11,676**	$ (3,997)
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
The North West Company Inc.	**$ 37,852**	$ 30,262	**$ 71,804**	$ 53,955
Non-controlling interests	**1,793**	760	**3,924**	2,290
TOTAL COMPREHENSIVE INCOME	**$ 39,645**	$ 31,022	**$ 75,728**	$ 56,245

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	—	—	60,827	—	60,827	3,225	64,052
Other comprehensive income	—	—	2,047	8,930	10,977	699	11,676
Comprehensive income	—	—	62,874	8,930	71,804	3,924	75,728
Equity settled share-based payments, net of tax	162	(3,499)	—	—	(3,337)	—	(3,337)
Dividends (Note 8)	—	—	(37,251)	—	(37,251)	—	(37,251)
Issuance of shares (Note 7)	1,105	(1,033)	—	—	72	—	72
	1,267	(4,532)	(37,251)	—	(40,516)	—	(40,516)
Balance at July 31, 2024	**$ 179,218**	**$ 4,827**	**$ 490,179**	**$ 41,756**	**$ 715,980**	**$ 25,005**	**$ 740,985**
Balance at January 31, 2023	$ 176,091	$ 13,017	$ 407,182	$ 32,931	$ 629,221	$ 18,679	$ 647,900
Net earnings for the period	—	—	57,671	—	57,671	2,571	60,242
Other comprehensive loss	—	—	—	(3,716)	(3,716)	(281)	(3,997)
Comprehensive income/(loss)	—	—	57,671	(3,716)	53,955	2,290	56,245
Shares purchased and cancelled (Note 7)	(557)	—	(4,443)	—	(5,000)	—	(5,000)
Equity settled share-based payments, net of tax	(51)	(4,393)	—	—	(4,444)	—	(4,444)
Dividends (Note 8)	—	—	(36,327)	—	(36,327)	(2,473)	(38,800)
Issuance of shares (Note 7)	1,755	(657)	—	—	1,098	—	1,098
	1,147	(5,050)	(40,770)	—	(44,673)	(2,473)	(47,146)
Balance at July 31, 2023	$ 177,238	$ 7,967	$ 424,083	$ 29,215	$ 638,503	$ 18,496	$ 656,999

(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 July 31, 2024**	Three Months Ended July 31, 2023	**Six Months Ended July 31, 2024**	Six Months Ended July 31, 2023
CASH FROM (USED IN):				
Operating activities				
Net earnings for the period	**$ 36,897**	$ 38,045	**$ 64,052**	$ 60,242
Adjustments for:				
Amortization (Note 17)	**28,532**	25,422	**56,618**	50,606
Provision for income taxes (Note 13)	**13,636**	12,029	**21,978**	19,108
Interest expense (Note 12)	**4,348**	4,612	**8,673**	9,104
Equity settled share-based compensation, net of tax (Note 14)	**(3,263)**	(4,736)	**(3,337)**	(4,444)
Taxes paid	**(14,367)**	(10,276)	**(23,179)**	(19,472)
Loss on disposal of property and equipment	**12**	522	**23**	531
	65,795	65,618	**124,828**	115,675
Change in non-cash working capital	**(23,527)**	(4,958)	**(29,379)**	(42,938)
Change in other non-cash items	**5,906**	(1,326)	**1,249**	(3,942)
Cash from operating activities	**48,174**	59,334	**96,698**	68,795
Investing activities				
Purchase of property and equipment	**(34,997)**	(28,338)	**(52,258)**	(38,621)
Intangible asset additions	**(1,894)**	(1,498)	**(2,177)**	(4,436)
Proceeds from disposal of property and equipment	**307**	179	**338**	272
Proceeds from promissory note receivable (Note 20)	**15,000**	15,000	**15,000**	15,000
Cash used in investing activities	**(21,584)**	(14,657)	**(39,097)**	(27,785)
Financing activities				
Net increase/(decrease) in long-term debt (Note 9)	**9,111**	(12,277)	**34,473**	38,142
Payment of lease liabilities, principal	**(7,564)**	(5,328)	**(13,197)**	(10,148)
Payment of lease liabilities, interest	**(1,346)**	(1,188)	**(2,675)**	(2,276)
Dividends (Note 8)	**(18,640)**	(18,175)	**(37,251)**	(36,327)
Dividends to non-controlling interests (Note 8)	**—**	(2,473)	**—**	(2,473)
Interest paid	**(3,110)**	(3,462)	**(6,814)**	(7,235)
Net issuance of common shares	**—**	422	**72**	1,098
Common shares purchased and cancelled (Note 7)	**—**	(5,000)	**—**	(5,000)
Cash used in financing activities	**(21,549)**	(47,481)	**(25,392)**	(24,219)
Effect of foreign exchange rates on cash	**373**	(1,082)	**1,426**	(599)
NET CHANGE IN CASH	**5,414**	(3,886)	**33,635**	16,192
Cash, beginning of period	**81,580**	78,887	**53,359**	58,809
CASH, END OF PERIOD	**$ 86,994**	$ 75,001	**$ 86,994**	$ 75,001

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 September 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.

The principal components of the Government of Canada's Global Minimum Tax ("GMT") - Pillar Two legislation were enacted into law on June 20, 2024, and follow the Pillar Two model rules from the Organisation for Economic Co-operation and Development ("OECD"). These rules were developed by the OECD and were designed to ensure that large, multinational enterprises would be subject to a minimum effective tax rate of 15% in each jurisdiction they operate. The Company operates retail stores in the Cayman Islands, Barbados and British Virgin Islands jurisdictions which are impacted by the Global Minimum Tax - Pillar Two legislation. GMT top up tax of $1,000 have been included in the Company's income taxes (Note 13).

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. The Company adopted this amendment during the second quarter of 2024 and has applied the exception to recognizing and disclosing information regarding Pillar Two deferred income tax assets and liabilities.

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

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (continued)

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

4. SEGMENTED INFORMATION

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

The following key information is presented by geographic segment:

Consolidated Statements of Earnings

	Three Months Ended July 31, 2024	Three Months Ended July 31, 2023	**Six Months Ended July 31, 2024**	Six Months Ended July 31, 2023
Sales				
Canada				
Food	**$ 250,390**	$ 235,935	**$ 486,672**	$ 464,616
General merchandise and other	**116,255**	111,418	**235,213**	224,455
Canada	**$ 366,645**	$ 347,353	**$ 721,885**	$ 689,071
International				
Food	**$ 254,749**	$ 245,703	**$ 497,504**	$ 477,411
General merchandise and other	**25,093**	25,039	**44,617**	45,177
International	**$ 279,842**	$ 270,742	**$ 542,121**	$ 522,588
Consolidated	**$ 646,487**	$ 618,095	**$ 1,264,006**	$ 1,211,659
Earnings before amortization, interest and income taxes				
Canada	**$ 55,575**	$ 52,084	**$ 100,943**	$ 90,757
International	**27,838**	28,024	**50,378**	48,303
Consolidated	**$ 83,413**	$ 80,108	**$ 151,321**	$ 139,060
Earnings from operations				
Canada	**$ 36,688**	$ 35,260	**$ 63,391**	$ 57,339
International	**18,193**	19,426	**31,312**	31,115
Consolidated	**$ 54,881**	$ 54,686	**$ 94,703**	$ 88,454

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENTED INFORMATION (continued)

Supplemental information

		July 31, 2024		July 31, 2023		January 31, 2024
Assets						
Canada (1)	$	884,465	$	873,718	$	865,040
International (1)		577,603		511,710		530,970
Consolidated	$	1,462,068	$	1,385,428	$	1,396,010

(1) Canadian total assets includes goodwill of $11,025 (July 31, 2023 – $11,025; January 31, 2024 – $11,025); International total assets includes goodwill of $40,710 (July 31, 2023 – $38,899; January 31, 2024 – $39,494).

	Three Months Ended July 31, 2024		Three Months Ended July 31, 2023		Six Months Ended July 31, 2024		Six Months Ended July 31, 2023	
	Canada	**International**	Canada	International	**Canada**	**International**	Canada	International
Purchase of property and equipment	**$ 25,333**	**$ 9,664**	$ 15,950	$ 12,388	**$ 38,353**	**$ 13,905**	$ 23,314	$ 15,307
Amortization	**$ 18,887**	**$ 9,645**	$ 16,824	$ 8,598	**$ 37,552**	**$ 19,066**	$ 33,418	$ 17,188

5. ACCOUNTS RECEIVABLE

		July 31, 2024		July 31, 2023		January 31, 2024
Trade accounts receivable	$	89,565	$	90,050	$	96,324
Corporate and other accounts receivable		27,688		45,107		37,991
Less: allowance for doubtful accounts		(12,980)		(11,905)		(12,709)
Total	$	104,273	$	123,252	$	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 July 31, 2024, the Company recorded $412 (three months ended July 31, 2023 – $838) for the write-down of period end inventories as a result of net realizable value being lower than cost. For the six months ended July 31, 2024, the Company recorded $1,316 (six months ended July 31, 2023 - $2,096) 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 six months ended July 31, 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.

July 31, 2024	**Shares**	**Consideration**
Balance at January 31, 2024	**47,711,467**	**$ 178,409**
Issued under share-based compensation plans (Note 14)	**90,870**	**1,105**
Balance at July 31, 2024	**47,802,337**	**$ 179,514**
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)	**84,543**	**304**
Shares held in trust, July 31, 2024	**(84,909)**	**$ (296)**
Issued and outstanding, net of shares held in trust, July 31, 2024(1)	**47,717,428**	**$ 179,218**
July 31, 2023		
Balance at January 31, 2023	47,750,605	$ 176,323
Purchased and cancelled (2)	(153,998)	(557)
Issued under share-based compensation plans (Note 14)	91,788	1,755
Balance at July 31, 2023	47,688,395	$ 177,521
Shares held in trust, January 31, 2023	(65,522)	$ (232)
Purchased for future settlement of PSUs	(110,000)	(392)
Released for settlement of PSUs (Note 14)	95,036	341
Shares held in trust, July 31, 2023	(80,486)	$ (283)
Issued and outstanding, net of shares held in trust, July 31, 2023(1)	47,607,909	$ 177,238

(1) At July 31, 2024 there were 18,888,843 (July 31, 2023 - 16,652,080) Variable Voting Shares representing 39.5% (July 31, 2023 - 34.9%) of the total shares issued and outstanding.
(2) Variable voting shares and common voting shares purchased pursuant to NCIB program. The Company records shares repurchased on a transaction date basis.

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 six months ended July 31, 2024 the Company repurchased no common shares. During the six months ended July 31, 2023, the Company purchased 153,998 common shares having a book value of $557 for cash consideration of $5,000. The excess of the purchase price over the book value of the shares of $4,443 was charged to retained earnings. All shares purchased were cancelled.

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

8. DIVIDENDS

		Six Months Ended July 31, 2024		Six Months Ended July 31, 2023
Dividends recorded in equity and paid in cash	**$**	**37,251**	$	38,800
Less: Dividends paid to non-controlling interests		**—**		(2,473)
Shareholder dividends	**$**	**37,251**	$	36,327
Dividends per share	**$**	**0.78**	$	0.76

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 21).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. LONG-TERM DEBT

	July 31, 2024	July 31, 2023	January 31, 2024
Current:			
Promissory note payable (6)	**$ 277**	$ 264	$ 268
Non-current:			
Revolving loan facility (1)	**$ 11,871**	$ 14,386	$ —
Revolving loan facilities (2)	**—**	—	—
Revolving loan facilities (3)	**111,000**	119,628	87,607
Senior notes (4)	**96,608**	92,293	93,701
Senior notes (5)	**100,000**	100,000	100,000
Promissory note payable (6)	**—**	264	—
	$ 319,479	$ 326,571	$ 281,308
Total	**$ 319,756**	$ 326,835	$ 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 July 31, 2024, the International Operations had drawn US$8,587 (July 31, 2023 – US$10,890; January 31, 2024 – US$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 $400,000 Canadian Operations loan facilities. At July 31, 2024, the Company had drawn US$NIL (July 31, 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 the Canadian Overnight Repo Rate 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 July 31, 2024, lease liabilities reflect a weighted-average risk-free rate of 4.4% (July 31, 2023 – 4.0%; January 31, 2024 – 4.1%) and weighted-average remaining lease term of 10.2 years (July 31, 2023 – 10.5 years; January 31, 2024 – 10.5 years).

11. EMPLOYEE COSTS

	Three Months Ended July 31, 2024	Three Months Ended July 31, 2023	**Six Months Ended July 31, 2024**	Six Months Ended July 31, 2023
Wages, salaries and benefits including bonus	**$ 87,898**	$ 81,952	**$ 173,850**	$ 163,300
Post-employment benefits	**2,074**	2,189	**4,807**	4,640
Share-based compensation (Note 14)	**$ 5,014**	$ (471)	**7,900**	4,363
Total	**$ 94,986**	$ 83,670	**$ 186,557**	$ 172,303

12. INTEREST EXPENSE

	Three Months Ended July 31, 2024	Three Months Ended July 31, 2023	**Six Months Ended July 31, 2024**	Six Months Ended July 31, 2023
Interest on long-term debt	**$ 3,108**	$ 3,631	**$ 6,207**	$ 7,224
Interest on lease liabilities	**1,346**	1,188	**2,675**	2,276
Net interest on defined benefit plan obligation	**61**	132	**121**	265
Interest imputed on promissory note receivable	**(153)**	(253)	**(302)**	(477)
Interest capitalized	**(14)**	(86)	**(28)**	(184)
Total	**$ 4,348**	$ 4,612	**$ 8,673**	$ 9,104

13. INCOME TAXES

The estimated effective income tax rate for the three months ended July 31, 2024 is 27.0% (three months ended July 31, 2023 – 24.0%) and for the six months ended July 31, 2024 is 25.5% (six months ended July 31, 2023 – 24.1%). The Company estimates its effective income tax rate on a weighted-average basis by determining the income tax rate applicable to each taxing jurisdiction and applying it to its pre-tax earnings.

The Company's income taxes include Pillar Two global minimum taxes of $1,000 for the three and six months ended July 31, 2024.

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 July 31, 2024 was an expense of $5,014 (three months ended July 31, 2023 – recovery of $471) and for the six months ended July 31, 2024 was an expense of $7,900 (six months ended July 31, 2023 - expense of $4,363). 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:

	July 31, 2024	July 31, 2023	January 31, 2024
Accounts payable and accrued liabilities	**$ 1,691**	$ 2,223	$ 3,340
Other long-term liabilities	**12,690**	9,817	12,562
Contributed surplus	**9,461**	9,045	10,255
Total	**$ 23,842**	$ 21,085	$ 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 July 31, 2024 are $1,935 (three months ended July 31, 2023 – $1,136) and for the six months ended July 31, 2024 are $3,341 (six months ended July 31, 2023 - $3,146).

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 July 31, 2024 there were 18,812 PSUs (three months ended July 31, 2023 – NIL) partially settled by releasing 9,325 shares (three months ended July 31, 2023 – NIL) from the employee trust. For the six months ended July 31, 2024 there were 164,249 PSUs (six months ended July 31, 2023 – 193,525 PSUs) partially settled by releasing 84,543 shares (six months ended July 31, 2023 – 95,036 shares) from the employee trust.

For the six months ended July 31, 2024 there were 13,631 PSUs (six months ended July 31, 2023 – NIL) partially settled by releasing 6,743 shares issued from treasury (six months ended July 31, 2023 – NIL). The total number of PSUs outstanding at July 31, 2024 that may be settled in treasury shares is 305,025 (July 31, 2023 – 309,662).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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. The Share Option Plan affords 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). Each option is exercisable into one share of the Company at the price specified in the terms of the option. Declining Strike Price ("DSP") options allow the employee to acquire shares or receive a cash payment based on the excess of the fair market value of the Company's shares over the exercise price.

The grant date fair value of the Standard Options is recognized in net earnings and contributed surplus over the vesting period. The fair value of the DSP options was remeasured at the reporting date and was recognized both in net earnings and as a liability over the vesting period. At July 31, 2024 there are no outstanding DSP options (July 31, 2023 – 190,469).

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 July 31, 2024. Fair value of the Company's options is determined using an option pricing model. Share options granted vest on a graduated basis over four to five years and are exercisable over a period of seven years. The share option compensation costs recorded for the three months ended July 31, 2024 are an expense of $551 (three months ended July 31, 2023 – recovery of $1,050) and for the six months ended July 31, 2024 are an expense of $1,219 (six months ended July 31, 2023 - expense of $143).

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

		July 31, 2024		July 31, 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:

	July 31, 2024	July 31, 2023
Dividend yield	**N/A**	4.7 %
Annual risk-free interest rate	**N/A**	4.7 %
Expected share price volatility	**N/A**	18.4% to 19.5%

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 six months ended July 31:

Number of options outstanding	**Declining Strike Price Options**		**Standard Options**	
	July 31, 2024	July 31, 2023	**July 31, 2024**	July 31, 2023
Outstanding options, beginning of period	**50,558**	301,683	**1,351,692**	1,383,056
Granted	**—**	—	**230,334**	211,484
Exercised	**(50,558)**	(111,214)	**(266,623)**	(218,804)
Forfeited or cancelled	**—**	—	**(3,550)**	—
Outstanding options, end of period	**—**	190,469	**1,311,853**	1,375,736
Exercisable at end of period	**—**	190,469	**729,867**	733,476

Weighted-average exercise price	**Declining Strike Price Options**		**Standard Options**	
	July 31, 2024	July 31, 2023	**July 31, 2024**	July 31, 2023
Outstanding options, beginning of period	**$ 27.24**	$ 31.71	**$ 32.80**	$ 31.22
Granted	**—**	—	**39.03**	39.05
Exercised	**27.05**	26.28	**29.35**	28.72
Forfeited or cancelled	**—**	—	**35.66**	—
Outstanding options, end of period	**$ —**	$ 32.40	**$ 34.59**	$ 32.82
Exercisable at end of period	**$ —**	$ 27.67	**$ 32.01**	$ 30.31

Options outstanding at July 31, 2024 have an exercise price range of $27.77 to $39.05 and a weighted-average remaining contractual life of 4.3 years.

Director Deferred Share Unit Plan

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

Compensation expense is initially measured at the time of the grant. Subsequent changes in the fair value of the DDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The DDSU plan compensation costs recorded for the three months ended July 31, 2024 are an expense of $2,223 (three months ended July 31, 2023 – recovery of $633) and for the six months ended July 31, 2024 are an expense of $2,511 (six months ended July 31, 2023 - expense of $521). The total number of DDSUs outstanding at July 31, 2024 are 233,473 (July 31, 2023 – 250,933). There were 60,007 DDSUs exercised during the period ended July 31, 2024 (July 31, 2023 - 52,214), all of which were settled in cash (July 31, 2023 – 25,000).

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 July 31, 2024 are an expense of $125 (three months ended July 31, 2023 – recovery of $110) and for six months ended July 31, 2024 are an expense of $135 (six months ended July 31, 2023 – recovery of $50).

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 July 31, 2024 are $180 (three months ended July 31, 2023 – $186) and for the six months ended July 31, 2024 are $694 (six months ended July 31, 2023 - $603).

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 July 31, 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 July 31, 2024	Three Months Ended July 31, 2023	**Six Months Ended July 31, 2024**	Six Months Ended July 31, 2023
Employee costs (Note 11)	**$ 94,986**	$ 83,670	**$ 186,557**	$ 172,303
Amortization	**28,532**	25,422	**56,618**	50,606
Operating lease rentals	**1,336**	1,526	**2,693**	2,890

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. FINANCIAL INSTRUMENTS

Accounting classifications and fair value estimation

The following table comprises the carrying amounts of the Company’s financial instruments at July 31, 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	$ 86,994	$ 86,994
Accounts receivable	Short-term	104,273	104,273
Promissory note receivable	Long-term	4,860	4,860
Other financial assets	Long-term	1,886	1,886
Accounts payable and accrued liabilities	Short-term	(217,326)	(217,326)
Current portion of long-term debt	Short-term	(277)	(277)
Long-term debt	Long-term	(319,479)	(302,219)

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% (July 31, 2023 – 4.6%).

Based on the defined benefit obligation evaluation for the three months ended July 31, 2024 and July 31, 2023, no remeasurement was required.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. PROMISSORY NOTE RECEIVABLE

On July 5, 2020, the Company sold 36 of its 46 Giant Tiger stores to Giant Tiger Stores Limited for cash consideration of $45,000, subject to working capital adjustments, and additional contingent consideration payable of up to $22,500. The estimated consideration was recorded as an unsecured, non-interest bearing promissory note. The final cash consideration installment of $15,000 was received during the quarter ended July 31, 2024.

The fair value of the promissory note at July 31, 2024 is comprised of the net present value of the estimated additional contingent consideration accrued at the time of the transaction, discounted using an interest rate specific to the counterparty. As at July 31, 2024, the additional contingent consideration has an estimated fair value of $12,360 and is recorded as a promissory note receivable, of which $7,500 has been reclassified to accounts receivable. The actual amount of contingent consideration that will be received is dependent on the achievement of profitability milestones in 2024 and 2025.

21. SUBSEQUENT EVENTS

Dividends

On September 4, 2024, the Board of Directors declared a dividend of $0.40 per share payable October 15, 2024 to shareholders of record on September 30, 2024.