



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

NEWS RELEASE - FOR IMMEDIATE RELEASE

The North West Company Inc. Announces First Quarter Earnings and a Quarterly Dividend

Winnipeg, Manitoba, June 10, 2020 (TSX: NWC): The North West Company Inc. (the "Company" or "North West") today reported its unaudited financial results for the first quarter ended April 30, 2020. It also announced that the Board of Directors have declared a dividend of \$0.33 per share to shareholders of record on June 30, 2020, to be paid on July 15, 2020.

"Since the COVID-19 outbreak our customers and communities have relied on North West's role as a trusted, essential service provider", commented President & CEO Edward Kennedy. "Across the company, our people have provided an exceptional response to this call. They have adapted to a range of new work conditions, especially within our front-line positions, and they have sought out innovative solutions to the many safety and product supply challenges that were completely unexpected two months ago. While business volumes have been generally very strong, we recognize the overall COVID-19 situation remains uncertain. Our planning continues to cover a range of COVID-19 severity scenarios as well as opportunities for growth in new areas over the remainder of 2020 and into next year."

Financial Highlights

First quarter consolidated sales increased 19.8% to \$592.6 million led by same store sales gains across all regions, the impact of new store sales and the positive impact of foreign exchange on the translation of International Operations sales. Excluding the foreign exchange impact, consolidated sales increased 17.6% and were up 15.5%¹ on a same store basis. Sales were driven by investments in lower prices and by COVID-19-related consumer income and spending changes. One extra day of sales as a result of February 29 was also a factor.

Gross profit increased 17.9% driven by higher sales as the gross profit rate decreased 52 basis points compared to last year. The decrease in gross profit rate was mainly due to food price reductions in northern Canada aimed at capturing more local spending dollars and to help mitigate the impact of COVID-19 on our customers. A secondary factor was a higher blend of CUL sales which carry a lower gross profit rate consistent with CUL's discount warehouse format.

Selling, operating and administrative expenses ("Expenses") increased 38.1% and were up 368 basis points to last year as a percentage to sales substantially due to the impact of the previously announced Giant Tiger asset impairment and store closure provision of \$9.4 million and \$5.0 million in support office employee severance costs in Canadian Operations, a \$4.6 million increase in share-based compensation costs related to changes in the Company's share price and a \$10.7 million insurance-related gain in International Operations in the first quarter last year (collectively "Non-comparable Expense Factors"). Excluding the impact of the Non-comparable Expense Factors, Expenses increased \$15.9 million or 12.0% but were down 175 basis points as a percentage of sales. Of this expense increase, \$4.8 million is due to the impact of COVID-19 expenses primarily related to wage increases for front-line associates, protective equipment and enhanced sanitation procedures.

Earnings from operations decreased \$17.5 million or 47.4% to \$19.5 million compared to \$37.0 million last year and earnings before interest, income taxes, depreciation and amortization (EBITDA²) decreased \$14.9 million or 25.5% to \$43.4 million due to the Non-comparable Expense Factors previously noted. Adjusted EBITDA², which excludes the Non-comparable Expense Factors, increased \$14.7 million or 32.6% compared to last year and as a percentage to sales was 10.1% compared to 9.1% last year as the impact of a sales driven gross profit increase more than offset higher Expenses.

¹ Excluding the impact of foreign exchange and one extra day of sales as a result of February 29

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

Net earnings decreased \$14.0 million or 53.3% to \$12.3 million. Net earnings attributable to shareholders were \$11.3 million and diluted earnings per share were \$0.23 per share compared to \$0.51 per share last year due to the factors noted above. Adjusted net earnings², which excludes the impact of the after-tax Non-comparable Expense Factors noted above, increased \$9.5 million compared to last year due to higher sales partially offset by lower gross profit rates and other Expense factors previously noted.

Further information on the financial results is available in the Company's 2020 first quarter Report to Shareholders, Management's Discussion and Analysis and unaudited interim period condensed consolidated financial statements which can be found in the investor section of the Company's website at www.northwest.ca.

First Quarter Conference Call

North West will host a conference call results on June 10, 2020 at 1:30 p.m. (Central Time). To access the call, please dial 416-641-6104 or 800-898-3989 with a pass code of 7550801. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 2600024 on or before July 10, 2020.

Notice to Readers

Certain forward-looking statements are made in this news release, within the meaning of applicable securities laws. These statements reflect North West's current expectations and are based on information currently available to management. The words may, will, should, believe, expect, plan, anticipate, intend, estimate, predict, potential, continue, or the negative of these terms, identify forward-looking matters. These statements speak only as of the date of this press release. The actual results could differ materially from those anticipated in these forward-looking statements.

Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance, capital expenditures or achievements of North West to differ materially from anticipated future results, performance, capital expenditures or achievement expressed or implied by such forward-looking statements, including the anticipated impact of the COVID-19 pandemic on the Company's operations and the Company's related business continuity plans and the closing of the GTSL Transaction which is subject to commercial risks and closing conditions that are outside the control of the Company, such as various third party consents which may cause the GTSL Transaction to not close on the terms and conditions negotiated or at all. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, business performance, fluctuations in interest rates and currency values, legislative and regulatory developments, legal developments, the occurrence of weather-related and other natural catastrophes, changes in tax laws, and those risks and uncertainties detailed in the section entitled Risk Factors in North West's Management's Discussion and Analysis and Annual Information Form, both for the year-ended January 31, 2020. The preceding list is not an exhaustive list of possible factors. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. North West undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

Company Profile

The North West Company Inc., through its subsidiaries, is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. North West operates 250 stores under the trading names Northern, NorthMart, Giant Tiger, Alaska Commercial Company, Cost-U-Less and RiteWay Food Markets and has annualized sales of approximately CDN\$2.0 billion.

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

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