



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 9, 2021 (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, 2021. It also announced that the Board of Directors have declared a dividend of \$0.36 per share to shareholders of record on June 30, 2021, to be paid on July 15, 2021.

"Growth continued in our first quarter with some banners up strongly, even compared to their exceptional results in the first quarter of 2020. Our cost structure is leaner and our retail businesses are more profitable and less volatile as a whole, after the divestiture of most of our Giant Tiger stores last year. In addition, our air cargo business achieved another quarter of high utilization, offsetting the ongoing weakness in Pandemic-related passenger volumes," commented President & CEO, Edward Kennedy. "Our team is pulling together like we always have, but even more so since the Pandemic started as we actively work on post-Pandemic opportunities. Looking ahead to my retirement on August 1st, I am immensely grateful for the opportunity I've had to be CEO of North West for so long. I have worked closely with Dan McConnell for the past 19 years and combined with our robust transition process, I have full confidence in his ability to bring great energy and leadership to the role."

"North West is a company with never-ending potential," commented incoming CEO Dan McConnell, "I am excited about every facet of this opportunity to step-up and engage all Nor'Westers in shaping our future as a leading, trusted company in the communities we serve."

Financial Highlights

First quarter sales decreased 7.0% to \$551.0 million compared to the first quarter last year as same store sales gains were more than offset by the sale and closure of most of the Company's Giant Tiger stores last year (the "Giant Tiger Transaction") and the negative impact of foreign exchange on the translation of International Operations sales. Excluding the foreign exchange impact, sales decreased 4.1%, with food sales decreasing 5.0% and general merchandise sales decreasing 10.6% due to the Giant Tiger Transaction. On a same store basis, sales increased 3.8%¹ on top of a 15.5% increase in the first quarter last year driven by COVID-19-related factors including continuing in-community spending and government income support for individuals, combined with superior in-stock conditions. Food same store sales increased 0.5% building on a 16.3% increase last year and general merchandise same store sales were up 23.9% on top of a 12.0% increase last year.

Gross profit decreased 0.9% due to the impact of lower sales partially offset by a 206 basis point increase in gross profit rate compared to last year. The increase in gross profit rate was primarily due to favourable changes in product sales blend and higher inventory turns contributing to lower markdowns and inventory shrinkage. These factors were partially offset by the impact of lower margin wholesale food sales to the 36 Giant Tiger stores that were acquired by Giant Tiger Stores Limited as part of the Giant Tiger Transaction.

¹ Excluding the impact of foreign exchange

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

Selling, operating and administrative expenses ("Expenses") decreased \$38.4 million compared to last year and are down 487 basis points as a percentage to sales largely due to the Non-Comparable Factors which included an \$8.6 million insurance-related gain this year, changes in share-based compensation costs, a \$9.4 million Giant Tiger store closure provision related to the Giant Tiger Transaction and \$5.0 million in support office employee severance costs in Canadian Operations last year. Share-based compensation costs increased \$3.6 million primarily due to mark-to-market adjustments resulting from changes in the Company's share price. Excluding the Non-Comparable Factors, Expenses decreased \$19.1 million and were down 157 basis points as a percentage to sales primarily due to lower store expenses related to the Giant Tiger Transaction, a decrease in Canadian administration costs and lower COVID-19-related expenses.

Earnings from operations increased \$36.8 million to \$56.3 million compared to \$19.5 million last year and earnings before interest, income taxes, depreciation and amortization (EBITDA²) increased \$35.3 million to \$78.7 million partially due to the impact of the Non-Comparable Factors. Adjusted EBITDA², which excludes the Non-Comparable Factors, increased \$15.9 million compared to last year and as a percentage to sales was 13.7% compared to 10.1% due to the sales, gross profit and Expense factors previously noted.

Net earnings increased \$28.0 million to \$40.3 million. Net earnings attributable to shareholders were \$39.7 million and diluted earnings per share were \$0.80 per share compared to \$0.23 per share last year due to the factors noted above. Adjusted net earnings², which excludes the after-tax impact of the Non-Comparable Factors, increased \$13.3 million compared to last year driven by earnings gains in Canadian Operations and International Operations..

Further information on the financial results is available in the Company's 2021 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 9, 2021 at 2:00 p.m. (Central Time). To access the call, please dial 416-340-2217 or 800-806-5484 with a pass code of 5505897. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 2146067 on or before July 10, 2021.

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 Company's intentions regarding a normal course issuer bid, the anticipated impact of the COVID-19 pandemic on the Company's operations and the Company's related business continuity plans and the realization of expected savings from administrative cost reduction plans. 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, 2021. 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.

1 Excluding the impact of foreign exchange

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

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 212 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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