



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 Second Quarter Earnings and an Increase in the Quarterly Dividend

Winnipeg, Manitoba, September 8, 2021 (TSX: NWC): The North West Company Inc. (the "Company" or "North West") today reported its unaudited financial results for the second quarter ended July 31, 2021. It also announced that the Board of Directors have declared a dividend of \$0.37 per share, an increase of \$0.01 or 2.8% per share, to shareholders of record on September 30, 2021, to be paid on October 15, 2021.

"This has been another strong quarter particularly considering the extraordinary pandemic-related same store sales and earnings increases in 2020" commented President and CEO Dan McConnell. "Our top priority remains focused on the safety and well-being of our customers and employees and ensuring that we continue to provide essential products and services that people depend on. The relationships with our suppliers and the agility provided by our cargo airline, North Star Air, were key contributors in servicing the high demand of our customers over the quarter.

The new Delta variant poses ongoing challenges. Our tourism dependent markets and other communities we serve with lower vaccination rates have experienced some of their largest increases in COVID-19 cases since the onset of the pandemic. The North West Company is doing its part by adapting to the evolving business conditions to keep market share gains captured in 2020, coupled with current vaccination rates, emergence of variants, and the reduction of some stimulus programs in Canada and the U.S., it is expected that earnings in 2021 will be above pre-Pandemic (2019) levels, but below 2020."

Financial Highlights

Second quarter consolidated sales decreased 12.9% to \$565.1 million mainly due to the impact of the sale and closure of the Company's Giant Tiger stores last year net of the impact of wholesale food sales to the sold Giant Tiger stores (the "Giant Tiger Transaction") and the negative impact of foreign exchange on the translation of International Operations sales. On a same store basis, sales remained strong with a decrease of only 4.8%¹ compared to a 25.4% increase in the second quarter last year, but were up 21.4% compared to the second quarter of 2019, as the continuing impact of COVID-19-related factors including in-community spending and income support for individuals was less than last year.

Gross profit decreased 12.8% due to the impact of lower sales partially offset by a 4 basis point increase in gross profit rate compared to last year primarily due to favourable changes in product sales blend and lower markdowns and inventory shrinkage.

Selling, operating and administrative expenses ("Expenses") increased \$1.6 million or 1.2% compared to last year and were up 323 basis points as a percentage to sales largely due to the Non-Comparable Factors which included a \$24.7 million pre-tax gain on the Giant Tiger Transaction in the second quarter last year partially offset by changes in share-based compensation costs. Excluding the Non-Comparable Factors, Expenses decreased \$16.4 million and were down 40 basis points as a percentage to sales primarily due to lower store expenses related to the Giant Tiger Transaction, a decrease in COVID-19-related expenses, the impact of foreign exchange on the translation of International Operations Expenses and lower annual incentive plan costs.

¹ Excluding the impact of foreign exchange

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

Earnings from operations decreased to \$58.5 million compared to \$87.8 million last year but were up \$28.9 million compared to 2019 and earnings before interest, income taxes, depreciation and amortization ("EBITDA²") decreased to \$81.1 million compared to \$110.9 million last year but were up \$29.5 million compared to 2019. The decrease compared to the exceptional earnings last year is due to the impact of the Non-Comparable Factors and lower sales. Adjusted EBITDA², which excludes the Non-Comparable Factors, decreased \$11.9 million compared to last year but was up \$30.4 million or 56.7% compared to 2019 due to the sales, gross profit and Expense factors previously noted.

Net earnings decreased \$20.2 million to \$42.4 million primarily due to the Non-Comparable Factors but were up \$24.5 million or 136.3% compared to the second quarter of 2019. Net earnings attributable to shareholders were \$41.9 million and diluted earnings per share were \$0.86 per share compared to \$1.25 per share last year due to the factors noted above but were up compared to \$0.35 per share two years ago. Adjusted net earnings², which excludes the after-tax impact of the Non-Comparable Factors, decreased \$5.8 million compared to the exceptionally strong net earnings last year due to the factors previously noted and the negative impact of foreign exchange on the translation of International Operations net earnings but were up \$24.0 million or 116.0% compared to the second quarter of 2019.

Further information on the financial results is available in the Company's 2021 second 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.

Second Quarter Conference Call

North West will host a conference call results on September 9, 2021 at 8:30 a.m. (Central Time). To access the call, please dial 416-406-0743 or 800-898-3989 with a pass code of 8270861. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 8215499 on or before October 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 213 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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