



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 Third Quarter Earnings and a Quarterly Dividend

Winnipeg, Manitoba, December 8, 2021 (TSX: NWC): The North West Company Inc. (the "Company" or "North West") today reported its unaudited financial results for the third quarter ended October 31, 2021. It also announced that the Board of Directors have declared a dividend of \$0.37 per share to shareholders of record on December 31, 2021, to be paid on January 14, 2022.

"The results this quarter reflect our strong in-stock position and the impact of pandemic-related government income support payments despite the comparison to exceptional results last year" said Dan McConnell, President & CEO. "Our priority remains to provide a safe shopping environment and adapting to inflationary pressures and the impact of pandemic-related global supply chain disruptions. As we transition through COVID-19 conditions and the winding down of government income support payments, we are continuing to pursue growth opportunities through investments in new markets like the two stores opened in Alaska this quarter."

Financial Highlights

Sales Third quarter consolidated sales increased 0.1% to \$553.7 million as sales gains in International Operations were partially offset by the negative impact of foreign exchange on the translation of International Operations sales and marginally lower same store sales compared to the exceptional COVID-19-related sales gains last year. On a same store basis, sales remained strong with a decrease of only 0.1%¹ compared to a 17.8% increase in the third quarter last year, but were up 17.4% compared to the third 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 Gross profit decreased 2.3% due to an 82 basis point decrease in gross profit rate compared to last year. The decrease in gross profit rate was primarily due to changes in product sales blend in Canadian Operations and the impact of inflation cost factors that were not fully passed on.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") decreased \$7.4 million or 5.6% compared to last year and were down 137 basis points as a percentage to sales substantially due to an \$8.3 million decrease in share-based compensation costs primarily related to mark-to-market adjustments resulting from changes in the Company's share price. A decrease in Expenses related to the impact of foreign exchange on the translation of International Operations Expenses and lower COVID-19-related expenses were also factors.

Earnings From Operations Earnings from operations increased 5.9% to \$56.1 million compared to \$52.9 million last year and earnings before interest, income taxes, depreciation and amortization ("EBITDA²") increased 3.9% to \$78.6 million compared to \$75.7 million last year. The increase compared to last year is due to the impact of the Expense factors previously noted. Adjusted EBITDA², which excludes share-based compensation costs, decreased \$5.4 million compared to last year and as a percentage to sales was 14.1% compared to 15.1% last year due to the sales, gross profit and Expense factors previously noted, but was up \$19.4 million or 33.0% compared to 2019.

¹ Excluding the impact of foreign exchange

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

Net Earnings Net earnings increased \$3.2 million to \$39.2 million and were up \$14.3 million or 57.6% compared to the third quarter of 2019. Net earnings attributable to shareholders were \$38.7 million and diluted earnings per share were \$0.79 per share compared to \$0.71 per share last year due to the factors previously noted and were up compared to \$0.49 per share two years ago. Adjusted net earnings², which excludes the after-tax impact of the share-based compensation, decreased \$4.4 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 \$14.1 million or 57.9% compared to the third quarter of 2019.

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

Third Quarter Conference Call

North West will host a conference call for its third quarter results on December 8, 2021 at 1:30 p.m. (Central Time). To access the call, please dial 416-406-0743 or 800-898-3989 with a pass code of 2189870. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 6570284 on or before January 8, 2022.

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.

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 215 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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1 Excluding the impact of foreign exchange

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