



DIRECTORS AND OFFICERS

- Douglas Goodfellow Chair of the Board
- Patrick Goodfellow President/CEO
- Charles Brisebois CFO/Secretary
- Alain Côté Lead Director
- David Goodfellow Director
- Normand Morin Director/Chair of the Audit Committee
- Stephen Jarislowsky Director (virtual presence)



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MEETING

AGENDA

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Meeting

- Approval of Minutes of Previous Meeting
- Reception of Financial Statements & Independent Auditor's Report
- Ratification of Amendments to By-laws and Articles of the Corporation
- Election of Directors
- Appointment of Auditors
- Management Presentation
- Question Period



Annual and Special Meeting of Shareholders June 22, 2021



Forward-Looking Financial Information

This presentation contains forward-looking statements on the objectives, strategies, financial position, operating results and activities of Goodfellow Inc. These statements are forward-looking to the extent that they are based on expectations relative to markets in which the Company exercises its activities and on various assessments and assumptions. Although we believe that the expectations reflected in the forward-looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. Our actual results could differ significantly from management's expectations if recognized or unrecognized risks and uncertainties affect our results or if our assessments or assumptions are inaccurate. These risks and uncertainties include, among other things; the effects of general economic and business conditions including the cyclical nature of our business; industry competition; inflation, credit, currency and interest rate risks; environmental risk; level of demand and financial performance of the manufacturing industry; competition from vendors; changes in customer demand; dependence on key personnel and major customers; impact of the COVID-19 pandemic and the related climate of uncertainty; laws and regulation; information systems, cost structure and working capital requirements; and other factors described in the management's discussion and analysis for the year ended November 30, 2020 and the management's discussion and analysis for the first quarter ended February 28, 2021 available at <u>www.sedar.com</u>.

Non-IFRS Measures

This presentation includes non-IFRS measures such as cash flow per share and earnings before interest, taxes, depreciation and amortization ("EBITDA"). These financial measures are not defined under IFRS and are not likely to be comparable to similar measures presented by other issuers. Management considers it to be useful information to assist knowledgeable investors in evaluating the cash generating capabilities of the Company. The reconciliations between IFRS financial measures and non-IFRS financial measures are contained in our annual and quarterly reports for the financial periods discussed herein available at <u>www.sedar.com</u>.



ADOPTION OF IFRS 16, LEASES ("IFRS 16")

- On December 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach
- Comparatives for the 2019 reporting periods have not been restated as permitted
- The application of this new standard resulted in:
 - The addition of right-of-use assets and lease liabilities in the consolidated statements of financial position
 - Instead of lease expenses, right-of-use asset depreciation and financing costs have been recorded in the consolidated statements of comprehensive income
- Please refer to the impact of the new standard under Note 3, IFRS 16 – Leases in the notes to the consolidated financial statements of 2020.



MANAGEMENT PRESENTATION

MANAGEMENT PRESENTATION

A review of :

- 2020 Objectives
- 2020 Market Conditions
- 2020 Financials
- Q1 2021 Financials
- 2021 Outlook



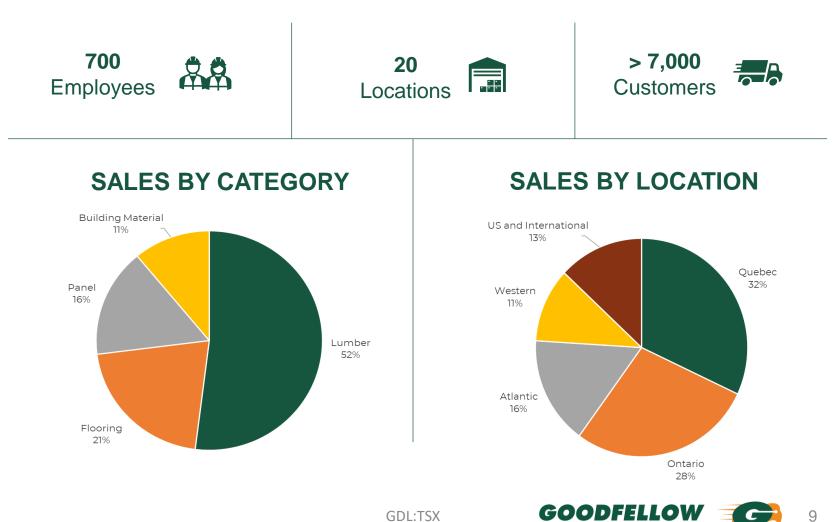
Patrick Goodfellow President and CEO



Charles Brisebois CFO and Secretary



GOODFELLOW 2020



9

LOCATIONS 2020



- **18** Locations Across Canada, **1** Location USA, **1** in UK
- Coast-to-Coast Distribution
- Dry Kiln Capacity: 6M feet
- Specialty Offering to Supply Industrial, Retail, Manufacturing, Flooring Dealers and Export Markets
- Engineering Services

DELSON:

- Over 6M Sq Ft
- Value-Added Wood Manufacturing
- Focus on Job Lot Distribution
- Pressure Treating Operations



REVIEW 2020 OBJECTIVES

- Defy Expectations >1% NET RETURN ON SALES
- Restore Critical Volume >\$500M
- Strengthen NATIONAL DISTRIBUTION Presence
- Diversify GDL SPECIALTY OFFERING
- Strengthen BALANCE SHEET for Opportunities
- Restore SHARE VALUE



2020 COMMENTARY

Q1

 Stagnant Pricing and Softening Demand

Q2

- COVID-19 Emerges
- Faced Major Supply Shortages

Q3

- Emergence of Cocooning Effect
- Surge in Demand

Q4

- Extremely Strong Seasonal Demand of Lumber Products
- Remained Strong Well into Late Fall



COVID-19 HEALTH AND SAFETY



- Remained FULLY OPERATIONAL as Essential Service
- Implemented Strict Health
 MEASURES AND PROTOCOLS
- Internal Promotion of the Public
 VACCINATION CAMPAIGN
- Continually Reinforced Through EMPLOYEE COMMUNICATIONS

0 ONSITE TRANSMISSIONS

>75% VACCINATED



PROJECTS AND REALIZATIONS

Biodôme

Montreal, Quebec





Mill Brook

Gros Morne National Park, Newfoundland





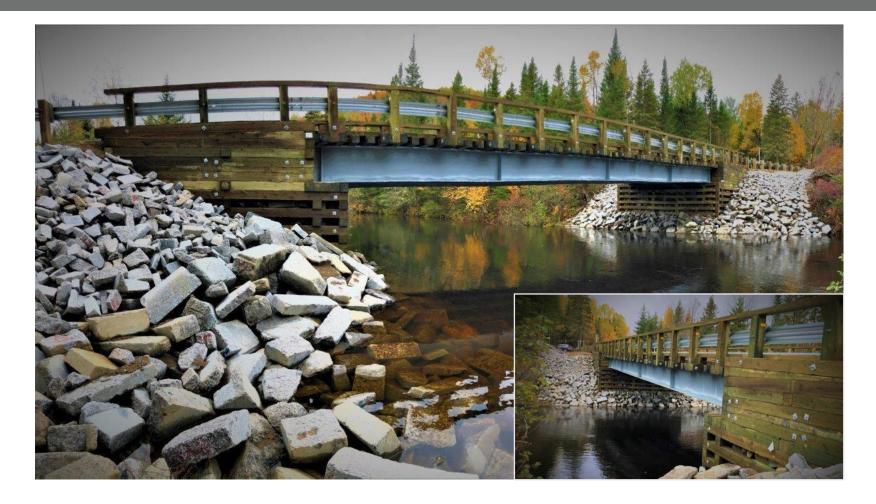
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Hundegger K2



Rivière-à-Pierre

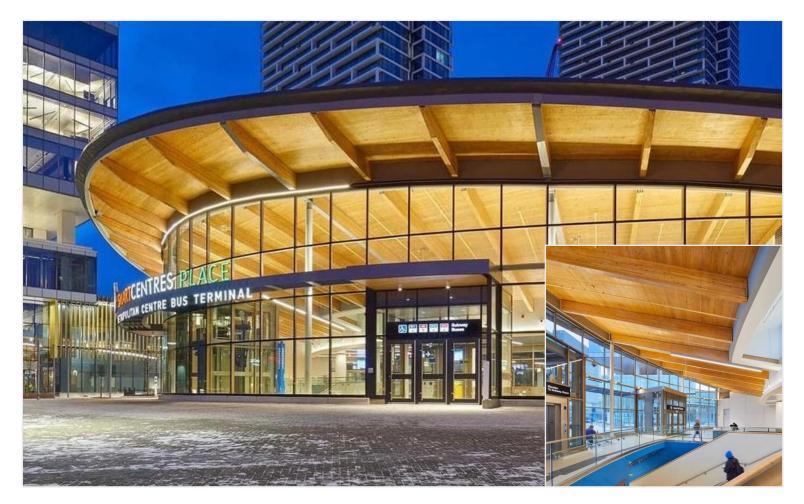
Portneuf, Quebec





Smartcentres Bus Terminal

Vaughan, Ontario





19

Duchesnay Creek Bridge

Nipissing First Nation–North Bay boundary, Ontario

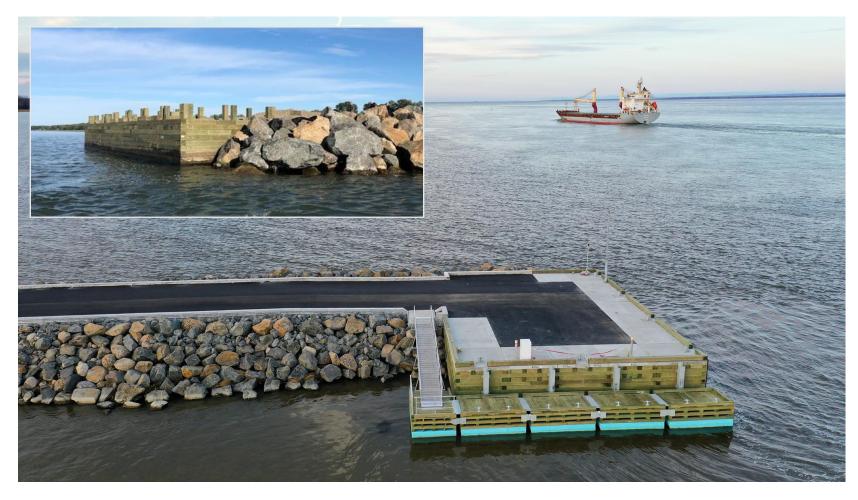




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Port Saint-François Pier

Nicolet, Quebec

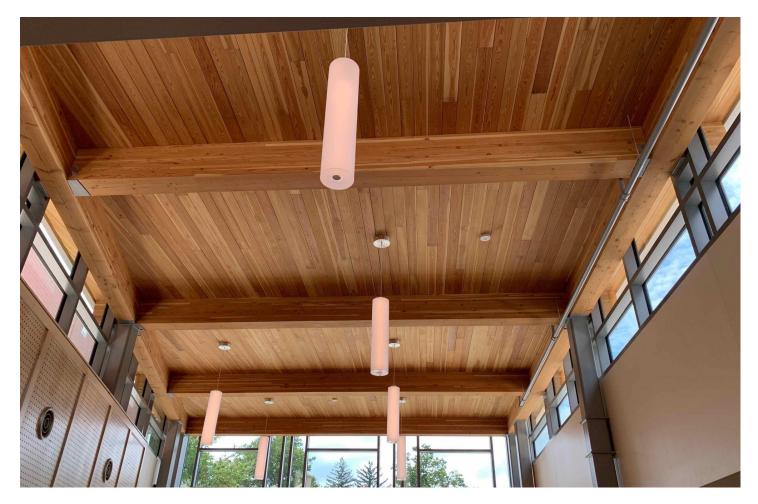




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Wesleyan University

Middletown, CT

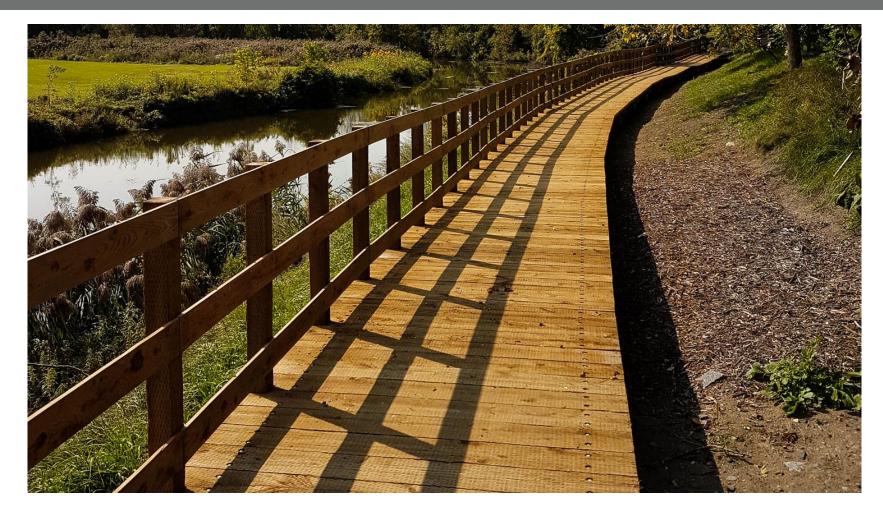




22

Rivière-de-la-Tortue

Candiac, Quebec





Timber Sizer / Incisor Completion



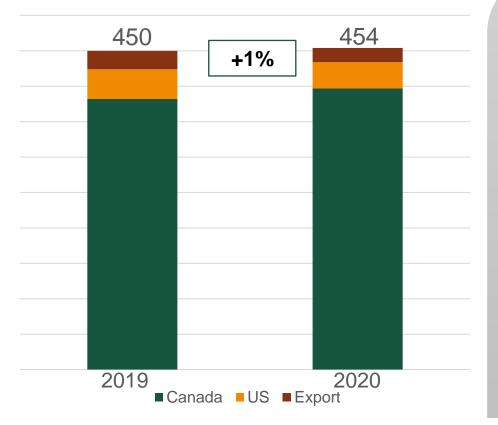


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2020 YEAR-END RESULTS

2020 - SALES

\$ Sales (in millions)



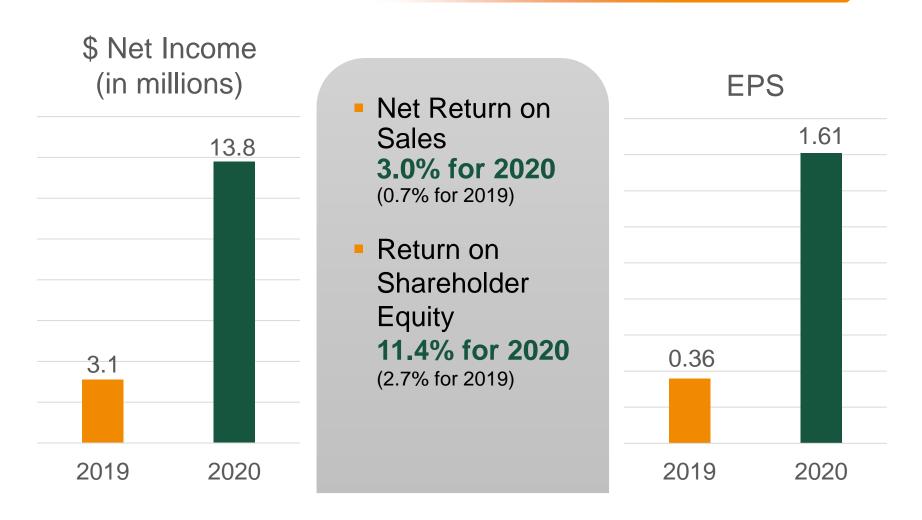
Q1 – Stagnant Demand
Q2 – Cost Control
Measures and Inventory
Reconciliation
Q3 – Surge in Demand

of Seasonal Products

Q4 – Well Positioned to Supply Higher Margin Specialty Forest Products



2020 – NET PROFIT AND EPS





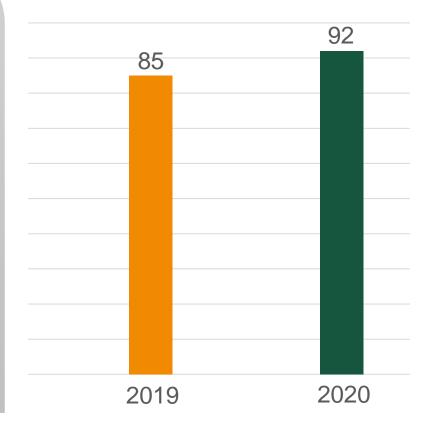
2020 – GROSS PROFIT

Gross Profit Margin 20.2% for 2020

(18.9% for 2019)

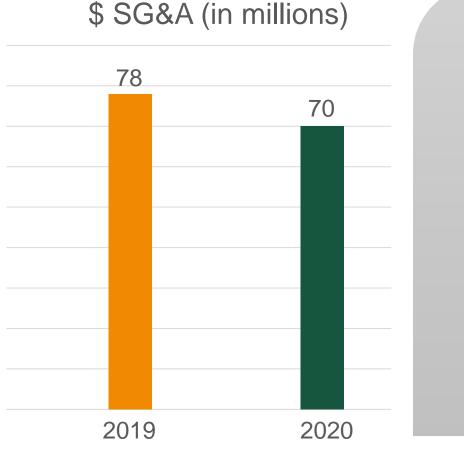
- Price Discipline Strategy
- Tightly Controlled Procurement
- Rising Tide of Commodity Pricing

\$ Gross Profit (in millions)





2020 – SG&A EXPENSES

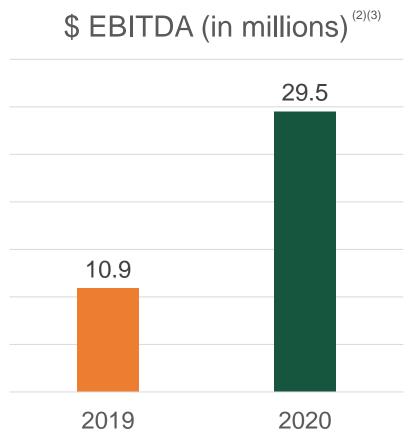


- Staff Efficiency
- Travel Expenses ↓
- Promotional Expenses ↓
- CEWS Effect \$3M



2020 – EBITDA⁽¹⁾

Gross Profit Margin +1.3%SG&A Expenses ↓ Second Half of the Year: Sales +10% Gross Profit +\$10M Gross Profit Margin +2.2%

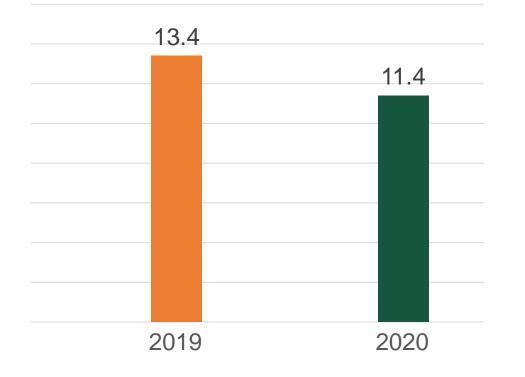


⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A.
 ⁽²⁾ Includes \$4.3 million of amortization of right-of-use-assets.
 ⁽³⁾ 2019 was not restated, as IFRS16. Leases was adopted in 2020 without restating comparative periods.



2020 – CASH FLOW

\$ Cash Flow from
Operating Activities
 (in millions)



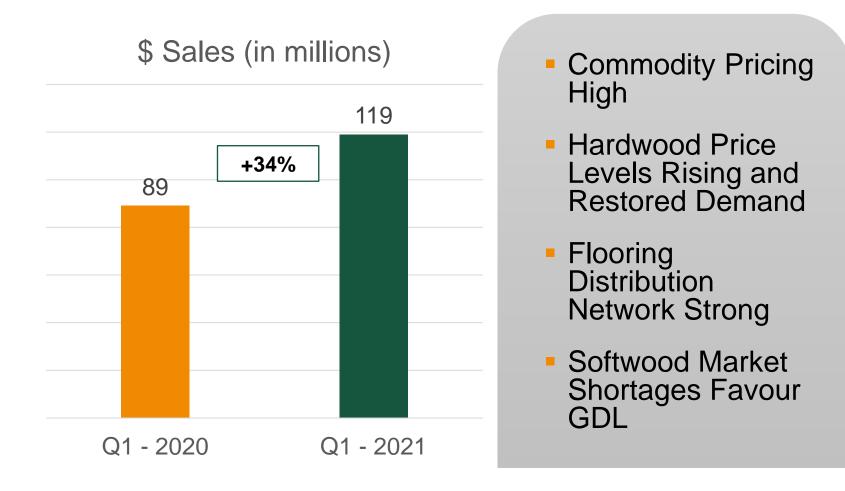
 High Inventory Turnover

- Effective Seasonal Purge in Q4
- Jump in Receivables due to Strong Q4

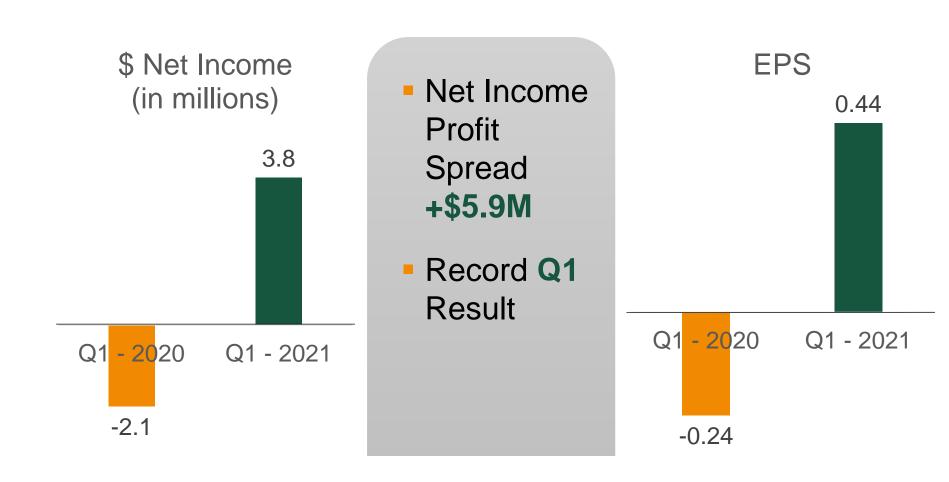


Q1 - 2021 RESULTS

Q1 2021 - SALES



Q1 2021 – NET PROFIT AND EPS





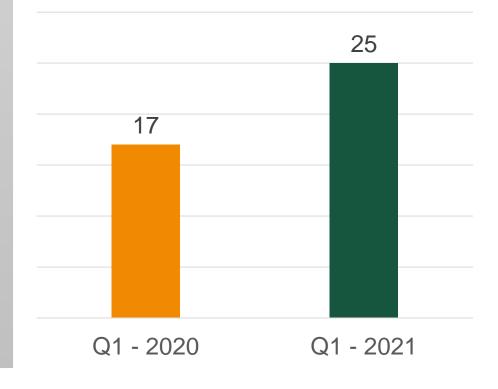
Q1 2021 – GROSS PROFIT

Profit Margin Gains to **21.3%**

(+1.7% from Q1-2020)

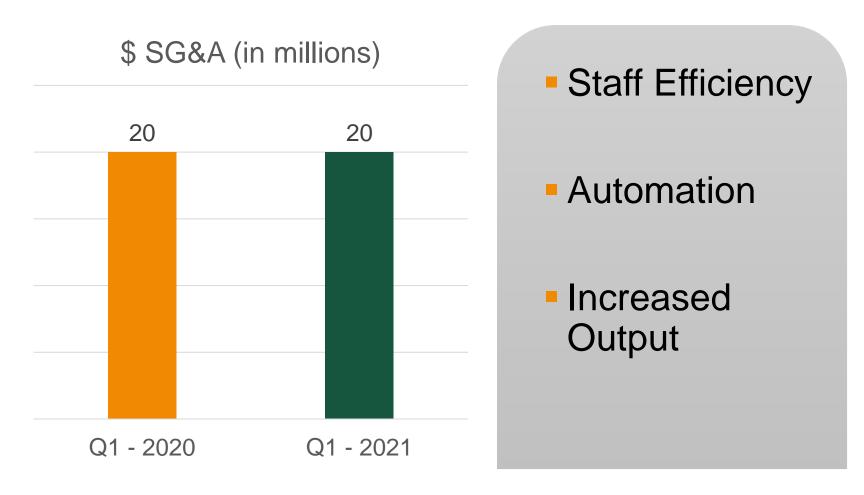
- Aggressive Price Discipline Strategy
- Rising Tide of Commodity Pricing
- Strong Value-Added Order File

\$ Gross Profit (in millions)



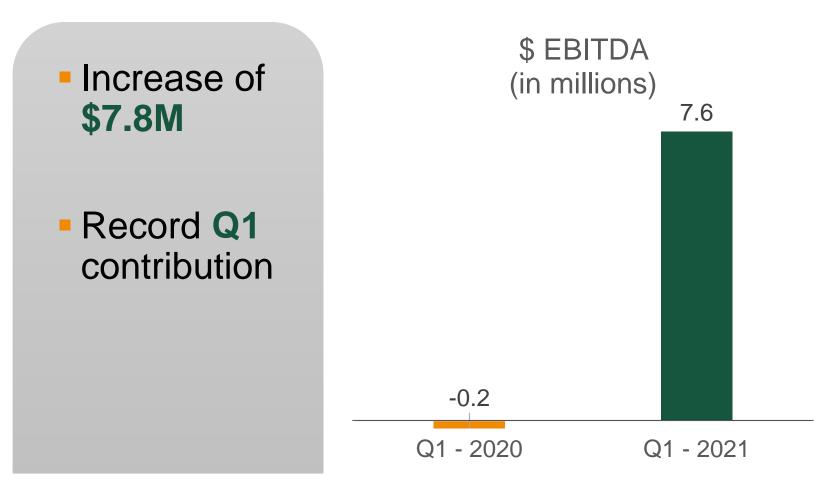


Q1 2021 – SG&A EXPENSES





Q1 2021 – EBITDA⁽¹⁾

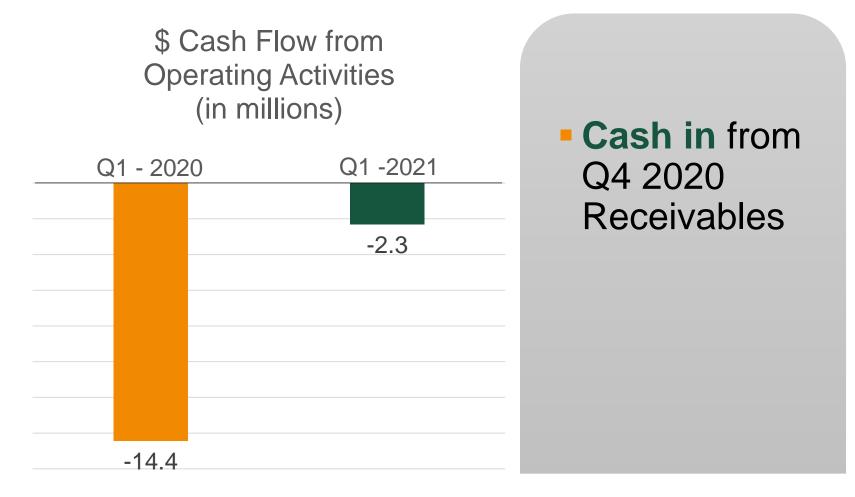


(1) This is a non-IFRS financial measure. Please refer to the Company's MD&A.

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Q1 2021 – CASH FLOW





RECAP 2020 OUTCOMES

 Drove MARGIN IMPROVEMENTS Through Price Discipline and Monitoring

 INCREASED MARKET SHARE Across all Categories

 SUPPLY DISRUPTIONS WELL MANAGED, Masters of Alternative Procurement

Labour Shortage Countered Through AUTOMATION

Very TIGHT CONTROL ON EXPENSES





PREPARING FOR WHAT'S NEXT

A Return to Historic Demand and Pricing Conditions

- **RETENTION** of Newly Gained Customers
- Incorporate NEW DISTRIBUTION LINE Opportunities
- Improve CUSTOMER SERVICE Experience (Online Tools)
- Capitalize on our Strengths:
 - DIVERSIFIED Offering
 - VALUE-ADDED Manufacturing Investments
 - **ASSET** Opportunities
- Looking for Business **ACQUISITIONS** that Strengthen Regional or Category Presence



QUESTION PERIOD