

NEWS RELEASE

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FOR IMMEDIATE RELEASE

GOODFELLOW REPORTS ITS RESULTS FOR THE THIRD QUARTER ENDED AUGUST 31, 2021

Delson, Quebec, October 7, 2021 — Goodfellow Inc. (TSX: GDL) announced today its financial results for the third quarter ended August 31, 2021. The Company reported a net income of \$10.0 million or \$1.17 per share compared to a net income of \$6.7 million or \$0.78 per share a year ago. Sales for the three months ended August 31, 2021 were \$168.0 million compared to \$138.8 million last year. Sales in Canada increased 22% compared to the same period a year ago, while sales in the United States increased 31% and export sales decreased 12%. Selling, administrative and general expenses increased overall by \$2.4 million.

For the nine months ended August 31, 2021, the Company reported a net income of \$27.8 million or \$3.24 per share compared to a net income of \$8.0 million or \$0.94 per share a year ago. Sales were \$472.9 million compared to \$331.5 million last year. Sales in Canada increased 47% compared to the same period a year ago, while sales in the United States increased 17% and export sales increased 8% compared to the same period a year ago. On the operating side, selling, administrative and general expenses increased overall by \$11.5 million.

Third-quarter results of fiscal 2021 were characteristic for the period, which is considered the driver of the seasonal product business. At the onset of July, market conditions were increasingly difficult with the commodity pricing crisis that played havoc with demand in all sectors. Also, new home construction, renovation, manufacturing and industrial sectors showed some signs of slowing. Goodfellow was able to rely on its diversified offering and value-added capabilities to retain market share and continue on a positive trend.

About Goodfellow

Goodfellow is a diversified manufacturer of value-added lumber products, as well as a wholesale distributor of building materials and floor coverings. Goodfellow has a distribution footprint from coast-to-coast in Canada servicing commercial and residential sectors through lumber yard retailer networks, manufacturers, industrial and infrastructure project partners, and floor covering specialists. Goodfellow also leverages its value-added product capabilities to serve lumber markets internationally. Goodfellow Inc. is a publicly traded company, and its shares are listed on the Toronto Stock Exchange under the symbol "GDL".

GOODFELLOW INC.

Consolidated Statements of Comprehensive Income

For the three and nine months ended August 31, 2021 and 2020

(in thousands of dollars, except per share amounts)

Unaudited

	For the three months ended		For the nine months ended	
	August 31 2021	August 31 2020	August 31 2021	August 31 2020
	\$	\$	\$	\$
Sales	167,953	138,843	472,911	331,462
Expenses				
Cost of goods sold	133,048	111,030	369,227	266,748
Selling, administrative and general expenses	20,210	17,834	62,922	51,402
Net financial costs	751	679	2,141	2,152
	154,009	129,543	434,290	320,302
Earnings before income taxes	13,944	9,300	38,621	11,160
Income taxes	3,905	2,604	10,837	3,125
Total comprehensive income	10,039	6,696	27,784	8,035
Net earnings per share – Basic and Diluted	1.17	0.78	3.24	0.94

GOODFELLOW INC.
Consolidated Statements of Financial Position
(in thousands of dollars)
Unaudited

	As at August 31 2021 \$	As at November 30 2020 \$	As at August 31 2020 \$
Assets			
Current Assets			
Cash	1,726	3,466	1,884
Trade and other receivables	72,118	76,093	64,511
Inventories	115,046	84,740	82,498
Prepaid expenses	4,290	2,584	2,077
Total Current Assets	193,180	166,883	150,970
Non-Current Assets			
Property, plant and equipment	30,220	31,148	31,536
Intangible assets	2,789	3,238	3,420
Right-of-use assets	12,630	14,324	15,113
Defined benefit plan asset	1,901	1,945	2,188
Other assets	785	785	778
Total Non-Current Assets	48,325	51,440	53,035
Total Assets	241,505	218,323	204,005
Liabilities			
Current liabilities			
Bank indebtedness	24,681	28,570	23,872
Trade and other payables	41,680	39,614	35,818
Income taxes payable	7,418	4,859	3,246
Provision	2,730	1,473	1,514
Dividend payable	-	2,141	-
Current portion of lease liabilities	4,270	4,315	4,338
Total Current Liabilities	80,779	80,972	68,788
Non-Current Liabilities			
Lease liabilities	11,405	13,343	14,194
Deferred income taxes	1,597	1,597	2,269
Defined benefit plan obligation	1,280	1,182	734
Total Non-Current Liabilities	14,282	16,122	17,197
Total Liabilities	95,061	97,094	85,985
Shareholders' Equity			
Share capital	9,424	9,424	9,424
Retained earnings	137,020	111,805	108,596
Total Liabilities and Shareholders' Equity	241,505	218,323	204,005

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three and nine months ended August 31, 2021 and 2020
(in thousands of dollars)
Unaudited

	For the three months ended		For the nine months ended	
	August 31 2021	August 31 2020	August 31 2021	August 31 2020
	\$	\$	\$	\$
Operating Activities				
Net earnings	10,039	6,696	27,784	8,035
Adjustments for:				
Depreciation and amortization of:				
Property, plant and equipment	636	678	1,901	2,002
Right-of-use assets	1,055	1,084	3,111	3,265
Intangible assets	153	183	467	546
Accretion expense on provision	11	18	33	54
Increase (decrease) in provision	(76)	-	1,224	(10)
Income taxes	3,905	2,604	10,837	3,125
Gain on disposal of property, plant and equipment	(1)	(1)	(8)	(11)
Interest expense	247	187	707	825
Interest on lease liabilities	143	167	446	520
Funding in deficit of pension plan expense	63	52	142	158
Other	21	(13)	(10)	28
	16,196	11,655	46,634	18,537
Changes in non-cash working capital items	24,168	9,239	(25,824)	(3,915)
Interest paid	(287)	(114)	(1,300)	(733)
Income taxes paid	(914)	478	(8,278)	(613)
	22,967	9,603	(35,402)	(5,261)
Net Cash Flows from Operating Activities	39,163	21,258	11,232	13,276
Financing Activities				
Net increase (decrease) in bank loans	14,000	-	9,000	(5,000)
Net decrease in banker's acceptances	(50,000)	(21,000)	(12,000)	(5,000)
Payment of lease liabilities	(1,156)	(1,312)	(3,390)	(3,954)
Dividend paid	-	-	(4,710)	(1,712)
	(37,156)	(22,312)	(11,100)	(15,666)
Investing Activities				
Acquisition of property, plant and equipment	(238)	(222)	(975)	(732)
Increase in intangible assets	-	(3)	(18)	(39)
Proceeds on disposal of property, plant and equipment	-	(1)	10	13
	(238)	(226)	(983)	(758)
Net cash inflow (outflow)	1,769	(1,280)	(851)	(3,148)
Cash position, beginning of period	(3,724)	(708)	(1,104)	1,160
Cash position, end of period	(1,955)	(1,988)	(1,955)	(1,988)
Cash position is comprised of:				
Cash	1,726	1,884	1,726	1,884
Bank overdraft	(3,681)	(3,872)	(3,681)	(3,872)
	(1,955)	(1,988)	(1,955)	(1,988)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended August 31, 2021 and 2020
(in thousands of dollars)
Unaudited

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at November 30, 2019	9,424	103,984	113,408
IFRS 16 adoption adjustment, net of taxes of \$940	-	(2,567)	(2,567)
Balance as at December 1, 2019	9,424	101,417	110,841
Net earnings	-	8,035	8,035
Total comprehensive income	-	8,035	8,035
<i>Transactions with owners of the Company</i>			
Dividend	-	(856)	(856)
Balance as at August 31, 2020	9,424	108,596	118,020
Balance as at November 30, 2020	9,424	111,805	121,229
Net earnings	-	27,784	27,784
Total comprehensive income	-	27,784	27,784
<i>Transactions with owners of the Company</i>			
Dividend	-	(2,569)	(2,569)
Balance as at August 31, 2021	9,424	137,020	146,444