

NEWS RELEASE

From: Goodfellow Inc.
Patrick Goodfellow
President and CEO
T: 450 635-6511
F: 450 635-3730
info@goodfellowinc.com

FOR IMMEDIATE RELEASE

GOODFELLOW REPORTS ITS RESULTS FOR THE SECOND QUARTER ENDED MAY 31, 2023

Delson, Quebec, July 6, 2023 — Goodfellow Inc. (TSX: GDL) (the “Company” or “Goodfellow”) announced today its financial results for the second quarter of fiscal year 2023.

For the three months ended May 31, 2023, the Company reported net earnings of \$6.6 million or \$0.77 per share compared to net earnings of \$12.5 million or \$1.46 per share a year ago, while consolidated sales were \$142.3 million compared to \$184.9 million last year.

For the six months ended May 31, 2023, the Company reported net earnings of \$6.4 million or \$0.75 per share compared to net earnings of \$17.7 million or \$2.06 per share a year ago, while consolidated sales were \$248.3 million compared to \$314.3 million last year.

Given the slowing economy and widespread market uncertainty, the decline in seasonal demand was in line with expectations. Goodfellow's experienced team has continued to provide excellent service to clients from coast to coast, while diligently managing increased overhead costs to achieve strong results. While these results are lower than last year, they represent a solid performance for the second quarter.

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 six months ended May 31, 2023 and 2022
(in thousands of dollars, except per share amounts)
Unaudited

	For the three months ended		For the six months ended	
	May 31 2023	May 31 2022	May 31 2023	May 31 2022
	\$	\$	\$	\$
Sales	142,326	184,947	248,251	314,312
Expenses				
Cost of goods sold	110,034	143,745	194,294	245,001
Selling, administrative and general expenses	22,239	22,900	43,923	43,338
Net financial costs	921	882	1,195	1,446
	133,194	167,527	239,412	289,785
Earnings before income taxes	9,132	17,420	8,839	24,527
Income taxes	2,557	4,878	2,475	6,868
Total comprehensive income	6,575	12,542	6,364	17,659
Net earnings per share – Basic and Diluted	0.77	1.46	0.75	2.06

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

	As at May 31 2023	As at November 30 2022	As at May 31 2022
	\$	\$	\$
Assets			
Current Assets			
Cash	3,171	3,420	2,608
Trade and other receivables	87,163	64,423	101,654
Income taxes receivable	6,001	2,439	1,078
Inventories	122,268	112,294	141,126
Prepaid expenses	2,263	2,555	9,451
Total Current Assets	220,866	185,131	255,917
Non-Current Assets			
Property, plant and equipment	32,405	32,269	30,782
Intangible assets	1,795	2,096	2,388
Right-of-use assets	12,916	14,999	13,663
Defined benefit plan asset	11,760	11,620	10,426
Other assets	802	802	802
Total Non-Current Assets	59,678	61,786	58,061
Total Assets	280,544	246,917	313,978
Liabilities			
Current Liabilities			
Bank indebtedness	34,002	-	72,320
Trade and other payables	36,553	36,286	44,322
Provision	2,252	2,281	405
Current portion of lease liabilities	4,748	4,969	4,605
Total Current Liabilities	77,555	43,536	121,652
Non-Current Liabilities			
Provision	770	634	2,255
Lease liabilities	10,189	12,537	11,738
Deferred income taxes	3,431	3,431	3,151
Total Non-Current Liabilities	14,390	16,602	17,144
Total Liabilities	91,945	60,138	138,796
Shareholders' Equity			
Share capital	9,394	9,419	9,424
Retained earnings	179,205	177,360	165,758
	188,599	186,779	175,182
Total Liabilities and Shareholders' Equity	280,544	246,917	313,978

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three and six months ended May 31, 2023 and 2022
(in thousands of dollars)
Unaudited

	For the three months ended		For the six months ended	
	May 31 2023	May 31 2022	May 31 2023	May 31 2022
	\$	\$	\$	\$
Operating Activities				
Net earnings	6,575	12,542	6,364	17,659
Adjustments for:				
Depreciation and amortization of:				
Property, plant and equipment	795	577	1,540	1,152
Intangible assets	150	152	301	302
Right-of-use assets	1,188	1,140	2,445	2,190
Accretion expense on provision	68	26	136	51
Provision	(7)	462	(29)	462
Income taxes	2,557	4,878	2,475	6,868
Gain on disposal of property, plant and equipment	(171)	(10)	(181)	(35)
Interest expense	481	385	569	499
Interest on lease liabilities	158	147	140	278
Funding in excess of pension plan expense	(70)	(15)	(140)	(29)
Other	(10)	(24)	(139)	(25)
	11,714	20,260	13,481	29,372
Changes in non-cash working capital items	(15,844)	(32,520)	(32,124)	(68,474)
Interest paid	(632)	(617)	(740)	(887)
Income taxes paid	(3,019)	(3,277)	(6,037)	(16,968)
	(19,495)	(36,414)	(38,901)	(86,329)
Net Cash Flows from Operating Activities	(7,781)	(16,154)	(25,420)	(56,957)
Financing Activities				
Net (decrease) increase in bank loans	(2,000)	-	-	11,000
Net increase in banker's acceptances	23,000	32,000	28,000	53,000
Payment of lease liabilities	(1,287)	(1,233)	(2,792)	(2,420)
Redemption of shares	(150)	-	(270)	-
Dividends paid	(4,274)	(3,425)	(4,274)	(3,425)
Net Cash Flows from Financing Activities	15,289	27,342	20,664	58,155
Investing Activities				
Acquisition of property, plant and equipment	(839)	(1,468)	(1,683)	(1,912)
Increase in intangible assets	-	(40)	-	(40)
Proceeds on disposal of property, plant and equipment	178	10	188	35
Net Cash Flows from Investing Activities	(661)	(1,498)	(1,495)	(1,917)
Net cash inflow (outflow)	6,847	9,690	(6,251)	(719)
Cash position, beginning of period	(9,678)	(13,402)	3,420	(2,993)
Cash position, end of period	(2,831)	(3,712)	(2,831)	(3,712)
Cash position is comprised of:				
Cash	3,171	2,608	3,171	2,608
Bank overdraft	(6,002)	(6,320)	(6,002)	(6,320)
	(2,831)	(3,712)	(2,831)	(3,712)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the six months ended May 31, 2023 and 2022
(in thousands of dollars)
Unaudited

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at November 30, 2021	9,424	151,524	160,948
Net earnings	-	17,659	17,659
Total comprehensive income	-	17,659	17,659
Dividend	-	(3,425)	(3,425)
Balance as at May 31, 2022	9,424	165,758	175,182
Balance as at November 30, 2022	9,419	177,360	186,779
Net earnings	-	6,364	6,364
Total comprehensive income	-	6,364	6,364
Dividend	-	(4,274)	(4,274)
Redemption of Shares	(25)	(245)	(270)
Balance as at May 31, 2023	9,394	179,205	188,599