

NEWS RELEASE

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FOR IMMEDIATE RELEASE

GOODFELLOW REPORTS ITS RESULTS FOR THE THIRD QUARTER ENDED AUGUST 31, 2023 AND DECLARES DIVIDEND

Delson, Quebec, October 4, 2023 — Goodfellow Inc. (TSX: GDL) (the “Company” or “Goodfellow”) announced today its financial results for the third quarter of fiscal year 2023.

For the three months ended August 31, 2023, the Company reported net earnings of \$6.2 million or \$0.72 per share compared to net earnings of \$10.6 million or \$1.24 per share a year ago, while consolidated sales were \$139.2 million compared to \$167.6 million last year.

For the nine months ended August 31, 2023, the Company reported net earnings of \$12.6 million or \$1.47 per share compared to net earnings of \$28.2 million or \$3.30 per share a year ago, while consolidated sales were \$387.4 million compared to \$481.9 million last year.

In the third quarter of 2023, Goodfellow continued to experience the effects of deteriorating economic conditions on the forest products and building materials industry. As demand slowed, a surplus of inventory developed within the market which challenged growth and put downward pressure on prices. Despite these headwinds, Goodfellow focused on reconciliation and renewal of its inventories of diversified product categories, as well as leveraging its value-added capabilities to deliver a positive result for Q3.

The Board of Directors declared an eligible dividend of \$0.50 per share payable on November 2, 2023 to shareholders of record at the close of business on October 19, 2023. This dividend is designated as an eligible dividend under the Income Tax Act (Canada). The declaration, timing, amount and payment of future dividends remain at the discretion of the Board of Directors.

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, 2023 and 2022
(in thousands of dollars, except per share amounts)
Unaudited

	For the three months ended		For the nine months ended	
	August 31 2023	August 31 2022	August 31 2023	August 31 2022
	\$	\$	\$	\$
Sales	139,155	167,574	387,406	481,886
Expenses				
Cost of goods sold	107,535	129,715	301,829	374,716
Selling, administrative and general expenses	22,220	22,126	66,143	65,464
Net financial costs	802	1,038	1,997	2,484
	130,557	152,879	369,969	442,664
Earnings before income taxes	8,598	14,695	17,437	39,222
Income taxes	2,407	4,115	4,882	10,983
Total comprehensive income	6,191	10,580	12,555	28,239
Net earnings per share – Basic and Diluted	0.72	1.24	1.47	3.30

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

	As at August 31 2023	As at November 30 2022	As at August 31 2022
	\$	\$	\$
Assets			
Current Assets			
Cash	7,973	3,420	2,279
Trade and other receivables	66,235	64,423	76,201
Income taxes receivable	3,946	2,439	33
Inventories	113,346	112,294	142,082
Prepaid expenses	2,177	2,555	3,237
Total Current Assets	193,677	185,131	223,832
Non-Current Assets			
Property, plant and equipment	32,906	32,269	31,148
Intangible assets	1,644	2,096	2,235
Right-of-use assets	11,697	14,999	14,614
Defined benefit plan asset	11,829	11,620	10,441
Other assets	777	802	802
Total Non-Current Assets	58,853	61,786	59,240
Total Assets	252,530	246,917	283,072
Liabilities			
Current Liabilities			
Bank indebtedness	-	-	31,590
Trade and other payables	37,551	36,286	42,744
Provision	2,253	2,281	370
Current portion of lease liabilities	4,863	4,969	4,836
Total Current Liabilities	44,667	43,536	79,540
Non-Current Liabilities			
Provision	837	634	2,281
Lease liabilities	8,867	12,537	12,338
Deferred income taxes	3,431	3,431	3,151
Total Non-Current Liabilities	13,135	16,602	17,770
Total Liabilities	57,802	60,138	97,310
Shareholders' Equity			
Share capital	9,388	9,419	9,424
Retained earnings	185,340	177,360	176,338
	194,728	186,779	185,762
Total Liabilities and Shareholders' Equity	252,530	246,917	283,072

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

	For the three months ended		For the nine months ended	
	August 31 2023	August 31 2022	August 31 2023	August 31 2022
	\$	\$	\$	\$
Operating Activities				
Net earnings	6,191	10,580	12,555	28,239
Adjustments for:				
Depreciation and amortization of:				
Property, plant and equipment	856	636	2,396	1,788
Intangible assets	151	153	452	455
Right-of-use assets	1,164	1,175	3,609	3,365
Gain on disposal of property, plant and equipment	-	(10)	(181)	(45)
Accretion expense on provision	68	25	204	76
Provision	-	(34)	(29)	428
Income taxes	2,407	4,115	4,882	10,983
Interest expense	341	508	910	1,007
Interest on lease liabilities	146	152	286	430
Funding in excess of pension plan expense	(69)	(15)	(209)	(44)
Other	152	(13)	13	(38)
	11,407	17,272	24,888	46,644
Changes in non-cash working capital items	30,890	29,012	(1,234)	(39,462)
Interest paid	(436)	(539)	(1,176)	(1,426)
Income taxes paid	(352)	(3,070)	(6,389)	(20,038)
	30,102	25,403	(8,799)	(60,926)
Net Cash Flows from Operating Activities	41,509	42,675	16,089	(14,282)
Financing Activities				
Net (decrease) increase in bank loans	-	(5,000)	-	6,000
Net (decrease) increase in banker's acceptances	(28,000)	(35,000)	-	18,000
Payment of lease liabilities	(1,304)	(1,282)	(4,096)	(3,702)
Redemption of shares	(62)	-	(332)	-
Dividends paid	-	-	(4,274)	(3,425)
	(29,366)	(41,282)	(8,702)	16,873
Investing Activities				
Acquisition of property, plant and equipment	(1,357)	(1,002)	(3,040)	(2,914)
Increase in intangible assets	-	-	-	(40)
Proceeds on disposal of property, plant and equipment	-	10	188	45
Dividend from joint venture	25	-	25	-
Dissolution of the joint venture	(7)	-	(7)	-
	(1,339)	(992)	(2,834)	(2,909)
Net cash inflow (outflow)	10,804	401	4,553	(318)
Cash position, beginning of period	(2,831)	(3,712)	3,420	(2,993)
Cash position, end of period	7,973	(3,311)	7,973	(3,311)
Cash position is comprised of:				
Cash	7,973	2,279	7,973	2,279
Bank overdraft	-	(5,590)	-	(5,590)
	7,973	(3,311)	7,973	(3,311)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended August 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	-	28,239	28,239
Total comprehensive income	-	28,239	28,239
Dividend	-	(3,425)	(3,425)
Balance as at August 31, 2022	9,424	176,338	185,762
Balance as at November 30, 2022	9,419	177,360	186,779
Net earnings	-	12,555	12,555
Total comprehensive income	-	12,555	12,555
Dividend	-	(4,274)	(4,274)
Redemption of Shares	(31)	(301)	(332)
Balance as at August 31, 2023	9,388	185,340	194,728