



NEWS RELEASE

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FOR IMMEDIATE RELEASE

GOODFELLOW REPORTS ITS RESULTS FOR THE SECOND QUARTER ENDED MAY 31, 2020

Delson, Quebec, July 9, 2020 — Goodfellow Inc. (TSX: GDL) announced today its financial results for the second quarter ended May 31, 2020. The Company reported a net income of \$3.4 million or \$0.40 per share compared to a net income of \$1.9 million or \$0.22 per share a year ago. Consolidated sales were \$103.8 million compared to \$123.7 million last year. Sales in Canada decreased 15% compared to the same period a year ago, while sales in the United States decreased 18% (on a Canadian dollar basis) and export sales decreased 35% compared to the same period a year ago. On the operating side, selling, administrative and general expenses decreased overall by \$6.2 million.

For the six months ended May 31, 2020, the Company reported a net income of \$1.3 million or \$0.16 per share compared to a net income of \$0.3 million or \$0.04 per share a year ago. Consolidated sales were \$192.6 million compared to \$211.9 million last year. Sales in Canada decreased 8% compared to the same period a year ago, while sales in the United States decreased 11% (on a Canadian dollar basis) and export sales decreased 26% compared to the same period a year ago. On the operating side, selling, administrative and general expenses decreased overall by \$5.0 million.

In the face of the COVID-19 pandemic, the Company implemented rigorous hygiene practices and physical distancing measures in its workplaces to mitigate health risks to its employees, business partners and communities where it operates. Although the Company was able to keep most of its facilities opened during the COVID-19 pandemic relying on exemptions from mandatory closures for essential products and services. The Company also implemented a number of cost-reduction measures such as reduced expenses related to non-essential travel and has temporarily reduced its workforce. Furthermore, the Company benefited from the Canada Emergency Wage Subsidy that contributed in particular to maintaining jobs relating to the production and distribution of essential services.

“Our result in the second quarter is as a result of unforeseen pandemic circumstances combined with a contrasting, unprecedented surge in seasonal demand.”

Despite the fact that the impacts of the COVID-19 pandemic in the coming months remain unpredictable, we expect to continue generating positive cash flows from our operating activities.

Goodfellow Inc. is a distributor of lumber products, building materials and floor coverings. Goodfellow shares trade 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, 2020 and 2019***(in thousands of dollars, except per share amounts)***Unaudited**

	For the three months ended		For the six months ended	
	May 31	May 31	May 31	May 31
	2020	2019	2020	2019
	\$	\$	\$	\$
Sales	103,763	123,713	192,619	211,866
Expenses				
Cost of goods sold	84,238	100,007	155,718	171,248
Selling, administrative and general expenses	14,060	20,260	33,578	38,627
Loss (gain) on disposal of property, plant and equipment	5	-	(10)	7
Net financial costs	739	863	1,473	1,554
	99,042	121,130	190,759	211,436
Earnings before income taxes	4,721	2,583	1,860	430
Income taxes	1,322	728	521	125
Total comprehensive income	3,399	1,855	1,339	305
Net earnings per share – Basic	0.40	0.22	0.16	0.04
Net earnings per share – Diluted	0.40	0.21	0.16	0.03

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

	As at May 31 2020 \$	As at November 30 2019 \$	As at May 31 2019 \$
Assets			
Current Assets			
Cash	1,854	2,364	2,942
Trade and other receivables	69,531	48,498	75,939
Income taxes receivable	-	-	142
Inventories	92,071	87,339	108,594
Prepaid expenses	1,469	2,563	2,626
Total Current Assets	164,925	140,764	190,243
Non-Current Assets			
Property, plant and equipment	31,992	32,838	33,186
Intangible assets	3,600	3,927	4,145
Right-of-use assets	15,723	-	-
Defined benefit plan asset	2,198	2,222	2,702
Investment in a joint venture	25	25	25
Other assets	753	805	849
Total Non-Current Assets	54,291	39,817	40,907
Total Assets	219,216	180,581	231,150
Liabilities			
Current liabilities			
Bank indebtedness	43,562	31,204	68,000
Trade and other payables	40,492	29,048	45,696
Income taxes payable	164	734	-
Provision	1,496	1,470	336
Dividend payable	-	856	-
Current portion of lease liabilities	4,242	15	15
Total Current Liabilities	89,956	63,327	114,047
Non-Current Liabilities			
Provision	-	-	1,324
Lease liabilities	14,975	28	36
Deferred income taxes	2,269	3,209	3,652
Defined benefit plan obligation	692	609	125
Total Non-Current Liabilities	17,936	3,846	5,137
Total Liabilities	107,892	67,173	119,184
Shareholders' Equity			
Share capital	9,424	9,424	9,152
Retained earnings	101,900	103,984	102,814
	111,324	113,408	111,966
Total Liabilities and Shareholders' Equity	219,216	180,581	231,150

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three and six months ended May 31, 2020 and 2019
(in thousands of dollars)
Unaudited

	For the three months ended		For the six months ended	
	May 31 2020	May 31 2019	May 31 2020	May 31 2019
	\$	\$	\$	\$
Operating Activities				
Net earnings	3,399	1,855	1,339	305
Adjustments for:				
Depreciation and amortization of:				
Property, plant and equipment	673	684	1,324	1,380
Right-of-use assets	1,088	-	2,181	-
Intangible assets	182	172	363	343
Accretion expense on provision	18	4	36	7
Decrease in provision	-	-	(10)	-
Income taxes	1,322	728	521	125
Loss (gain) on disposal of property, plant and equipment	5	-	(10)	7
Interest expense	315	623	638	1,105
Interest on lease liabilities	174	-	353	-
Funding in deficit of pension plan expense	54	36	106	71
Other assets	-	-	-	67
Other	41	-	41	-
	7,271	4,102	6,882	3,410
Changes in non-cash working capital items	(538)	(13,424)	(13,154)	(25,205)
Interest paid	(271)	(725)	(619)	(1,211)
Income taxes paid	(62)	(223)	(1,091)	(676)
	(871)	(14,372)	(14,864)	(27,092)
Net Cash Flows from Operating Activities	6,400	(10,270)	(7,982)	(23,682)
Financing Activities				
Net (decrease) increase in bank loans	(2,000)	5,000	(5,000)	2,000
Net increase in banker's acceptances	3,000	10,000	16,000	25,000
Payment of lease liabilities	(1,309)	(2)	(2,642)	(6)
Dividend Paid	(856)	(851)	(1,712)	(851)
	(1,165)	14,147	6,646	26,143
Investing Activities				
Acquisition of property, plant and equipment	(149)	87	(510)	(225)
Increase in intangible assets	(36)	(26)	(36)	(45)
Proceeds on disposal of property, plant and equipment	(2)	-	14	8
	(187)	61	(532)	(262)
Net cash inflow (outflow)	5,048	3,938	(1,868)	2,199
Cash position, beginning of period	(5,756)	(996)	1,160	743
Cash position, end of period	(708)	2,942	(708)	2,942
Cash position is comprised of:				
Cash	1,854	2,942	1,854	2,942
Bank overdraft	(2,562)	-	(2,562)	-
	(708)	2,942	(708)	2,942

GOODFELLOW INC.**Consolidated Statements of Change in Shareholders' Equity****For the six months ended May 31, 2020 and 2019***(in thousands of dollars)**Unaudited*

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at November 30, 2018	9,152	103,711	112,863
Net earnings	-	305	305
Total comprehensive income	-	305	305
<i>Transactions with owners of the Company</i>			
Dividend	-	(851)	(851)
Modification of share-based payment	-	(351)	(351)
Balance as at May 31, 2019	9,152	102,814	111,966
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	-	1,339	1,339
Total comprehensive income	-	1,339	1,339
<i>Transactions with owners of the Company</i>			
Dividend	-	(856)	(856)
Balance as at May 31, 2020	9,424	101,900	111,324