



NEWS RELEASE

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FOR IMMEDIATE RELEASE

GOODFELLOW REPORTS ITS RESULTS FOR THE THIRD QUARTER ENDED AUGUST 31, 2020

Delson, Quebec, October 15, 2020 — Goodfellow Inc. (TSX: GDL) announced today its financial results for the third quarter ended August 31, 2020. The Company reported a net income of \$6.7 million or \$0.78 per share compared to a net income of \$2.5 million or \$0.29 per share a year ago. Consolidated sales were \$138.8 million compared to \$130.6 million last year. Sales in Canada increased 9% compared to the same period a year ago, while sales in the United States decreased 6% (on a Canadian dollar basis) and export sales decreased 23% compared to the same period a year ago. On the operating side, selling, administrative and general expenses decreased overall by \$1.6 million.

For the nine months ended August 31, 2020, the Company reported a net income of \$8.0 million or \$0.94 per share compared to a net income of \$2.8 million or \$0.33 per share a year ago. Consolidated sales were \$331.5 million compared to \$342.5 million last year. Sales in Canada decreased 1% compared to the same period a year ago, while sales in the United States decreased 9% (on a Canadian dollar basis) and export sales decreased 25% compared to the same period a year ago. On the operating side, selling, administrative and general expenses decreased overall by \$6.7 million.

The Company was able to take advantage of the travel restrictions imposed by Canadian and provincial governments in the third quarter. Since many customers were unable to travel during the summer, they decided to invest in their properties and had a strong impact on the demand for the Company's products. The Company also took advantage in the third quarter of measures taken in the second quarter to reduce costs and improve operational efficiency. Furthermore, export sales are still affected by the COVID-19 pandemic and have also been affected by the strike at the Port of Montreal.

“ Third quarter of fiscal 2020 was characterized by the realities of the pandemic having set in and its drastic effects on supply and demand. The Company performed very well and was able to capitalize on surging demand in commodities and seasonal products. ”

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 nine months ended August 31, 2020 and 2019***(in thousands of dollars, except per share amounts)***Unaudited**

	For the three months ended		For the nine months ended	
	August 31 2020	August 31 2019	August 31 2020	August 31 2019
	\$	\$	\$	\$
Sales	138,843	130,594	331,462	342,460
Expenses				
Cost of goods sold	111,030	106,840	266,748	278,088
Selling, administrative and general expenses	17,835	19,426	51,413	58,053
(Gain) loss on disposal of property, plant and equipment	(1)	-	(11)	7
Net financial costs	679	895	2,152	2,449
	129,543	127,161	320,302	338,597
Earnings before income taxes	9,300	3,433	11,160	3,863
Income taxes	2,604	961	3,125	1,086
Total comprehensive income	6,696	2,472	8,035	2,777
Net earnings per share – Basic	0.78	0.29	0.94	0.33
Net earnings per share – Diluted	0.78	0.29	0.94	0.32

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

	As at August 31 2020 \$	As at November 30 2019 \$	As at August 31 2019 \$
Assets			
Current Assets			
Cash	1,884	2,364	1,546
Trade and other receivables	64,511	48,498	65,216
Inventories	82,498	87,339	99,761
Prepaid expenses	2,077	2,563	2,552
Total Current Assets	150,970	140,764	169,075
Non-Current Assets			
Property, plant and equipment	31,536	32,838	32,754
Intangible assets	3,420	3,927	3,990
Right-of-use assets	15,113	-	-
Defined benefit plan asset	2,188	2,222	2,700
Investment in a joint venture	25	25	25
Other assets	753	805	849
Total Non-Current Assets	53,035	39,817	40,318
Total Assets	204,005	180,581	209,393
Liabilities			
Current liabilities			
Bank indebtedness	23,872	31,204	56,579
Trade and other payables	35,818	29,048	32,216
Income taxes payable	3,246	734	667
Provision	1,514	1,470	316
Dividend payable	-	856	-
Current portion of lease liabilities	4,338	15	15
Total Current Liabilities	68,788	63,327	89,793
Non-Current Liabilities			
Provision	-	-	1,319
Lease liabilities	14,194	28	32
Deferred income taxes	2,269	3,209	3,652
Defined benefit plan obligation	734	609	159
Total Non-Current Liabilities	17,197	3,846	5,162
Total Liabilities	85,985	67,173	94,955
Shareholders' Equity			
Share capital	9,424	9,424	9,152
Retained earnings	108,596	103,984	105,286
	118,020	113,408	114,438
Total Liabilities and Shareholders' Equity	204,005	180,581	209,393

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

	For the three months ended		For the nine months ended	
	August 31 2020	August 31 2019	August 31 2020	August 31 2019
	\$	\$	\$	\$
Operating Activities				
Net earnings	6,696	2,472	8,035	2,777
Adjustments for:				
Depreciation and amortization of:				
Property, plant and equipment	678	696	2,002	2,076
Right-of-use assets	1,084	-	3,265	-
Intangible assets	183	173	546	516
Accretion expense on provision	18	3	54	10
Decrease in provision	-	(28)	(10)	(28)
Income taxes	2,604	961	3,125	1,086
(Gain) loss on disposal of property, plant and equipment	(1)	-	(11)	7
Interest expense	187	603	825	1,708
Interest on lease liabilities	167	-	520	-
Funding in deficit of pension plan expense	52	35	158	106
Other assets	-	-	-	67
Other	(13)	-	28	-
	11,655	4,915	18,537	8,325
Changes in non-cash working capital items	9,239	6,126	(3,915)	(19,079)
Interest paid	(114)	(580)	(733)	(1,791)
Income taxes recovered (paid)	478	(152)	(613)	(828)
	9,603	5,394	(5,261)	(21,698)
Net Cash Flows from Operating Activities	21,258	10,309	13,276	(13,373)
Financing Activities				
Net decrease in bank loans	-	(3,000)	(5,000)	(1,000)
Net (decrease) increase in banker's acceptances	(21,000)	(12,000)	(5,000)	13,000
Payment of lease liabilities	(1,312)	(4)	(3,954)	(10)
Dividend Paid	-	-	(1,712)	(851)
	(22,312)	(15,004)	(15,666)	11,139
Investing Activities				
Acquisition of property, plant and equipment	(222)	(263)	(732)	(488)
Increase in intangible assets	(3)	(17)	(39)	(62)
Proceeds on disposal of property, plant and equipment	(1)	-	13	8
	(226)	(280)	(758)	(542)
Net cash outflow	(1,280)	(4,975)	(3,148)	(2,776)
Cash position, beginning of period	(708)	2,942	1,160	743
Cash position, end of period	(1,988)	(2,033)	(1,988)	(2,033)
Cash position is comprised of:				
Cash	1,884	1,546	1,884	1,546
Bank overdraft	(3,872)	(3,579)	(3,872)	(3,579)
	(1,988)	(2,033)	(1,988)	(2,033)

GOODFELLOW INC.
Consolidated Statements of Change in Shareholders' Equity
For the nine months ended August 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	-	2,777	2,777
Total comprehensive income	-	2,777	2,777
<i>Transactions with owners of the Company</i>			
Dividend	-	(851)	(851)
Modification of share-based payment	-	(351)	(351)
Balance as at August 31, 2019	9,152	105,286	114,438
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