ADF GROUP INC. ANNOUNCES THE RESULTS FOR FISCAL YEAR ENDED JANUARY 31, 2020

**HIGHLIGHTS**

— Revenues of $179.7 million, up 33% from the previous year.

— The outcome of an out of court settlement in commercial litigation in the USA resulted in the recording of a net loss of $2.1 million, compared with a net loss of $0.4 million a year earlier.

— The Corporation closed the 2020 fiscal year with an order backlog of $328.7 million, nearly $110.0 million more than as at January 31, 2019.

— $65.0 million worth in new contracts added to the Corporation's backlog since the end of the 2020 fiscal year.

— At the date hereof, there is no significant impact from COVID-19 on the Corporation's operations.

Terrebonne, Quebec, April 9, 2020

**ADF GROUP INC.** ("ADF" or the "Corporation") (TSX/DRX) recorded revenues of $179.7 million during the fiscal year ended January 31, 2020, compared with $135.1 million the previous fiscal year. This increase in revenues is attributable to the start of recently awarded projects, in line with the growth of the order backlog. However, had it not been for the $7.7 million write-off recorded in the third quarter of the 2020 fiscal year resulting from a out of court settlement in a commercial dispute in Florida, the 2020 fiscal year revenues would have been $187.4 million, an increase of 38.7% from the previous year.

Gross margin, as a percentage of revenues, increased from 7.1% for the fiscal year ended January 31, 2019, to 9.2% for the fiscal year ended January 31, 2020. This increase, as the percentage of revenues, is mainly due to improved margins on projects in the backlog, and an improvement in internal efficiency, in line with the increase in fabrication hours.

For the fiscal year ended January 31, 2020, ADF posted a net loss of $2.1 million (-$0.07 basic and diluted per share) resulting from the out of court settlement previously mentioned, compared with a net loss of $0.4 million (-$0.01 basic and diluted per share) a year ago. Had it not been for the out of court settlement previously mentioned, net income for fiscal 2020 would have been $5.5 million or $0.17 basic and diluted per share.

On January 31, 2020, the Corporation had $29.3 million in working capital, The Corporation remains in a sound position to support its ongoing operations and pursue its development projects.

During the fiscal year ended January 31, 2020, the Corporation was able to secure new contracts valued at approximately $300 million, bringing its order backlog to $328.7 million on that date, compared with a backlog of $219.5 million as at January 31, 2019, and that is excluding the new contracts worth $65.0 million announced on March 23, 2020. Most contracts will be progressively completed by the end of the fiscal year ending January 31, 2022.

**Financial Highlights**

| Fiscal Years Ended January 31, | **2020** | 2019 |
|---|---|---|
| (In thousands of CA$, and dollars per share) | **$** | $ |
| Revenues | **179,710** | 135,073 |
| EBITDA | **5,225** | 1,945 |
| Loss before income tax expense | **(1,986)** | (2,393) |
| Net loss for the year | **(2,132)** | (374) |
| — Basic and diluted per share | **(0.07)** | (0.01) |
| Average number of outstanding shares (basic and diluted, in thousands) | **32,635** | 32,635 |

**COVID-19**

At the date hereof, the impact of COVID-19 on ADF's operations is limited. We have taken all necessary steps to protect our employees and business partners, and we will continue to follow the advice and recommendations of local authorities wherever we conduct business. This situation is changing rapidly and we will continue to monitor and mitigate development affecting our staff, suppliers, customers and the general public to the extent we can.

**Outlook**

"Although we were able to collect more than $13 million from the out-of-court settlement mentioned above, which allowed us to have the liquidities needed to continue the growth of our order backlog, our 2020 fiscal year results were adversely affected by a write-off of $7.7 million, as part of this settlement" added **Mr. Jean Paschini**, Co-Chair of the Board of Directors and Chief Executive Officer.

"Renewing our backlog remains one of our top priorities, and our sustained efforts continue to pay off. We have signed $300 million worth in new contracts during the 2020 fiscal year, and more recently we have secured additional contracts for an estimated total value of $65 million, including, among others, a major industrial building in Montreal. Alongside this objective, we remain determined and work tirelessly and collaboratively to achieve another common goal, which is to continue to find ways to improve and enhance operational efficiency and excellence" added Mr. Jean Paschini.

**Dividend**

On April 8, 2020, ADF Group's Board of Directors approved the payment of a semi-annual dividend of $0.01 per share, which will be paid on May 15, 2020 to shareholders of record as at April 30, 2020.

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**Conference Call with Investors**

A conference call with investors is scheduled for Thursday, April 9, 2020 at 10 a.m. (Montreal time) to discuss the results of Corporation fiscal year ended January 31, 2020.

To take part in the conference call, dial 1-888-390-0620, a few minutes prior to the conference call scheduled start time. A replay of this conference call will be available from Thursday, April 9, 2020 at 1:00 p.m. until 11:59 p.m., Thursday, April 16, 2020, by dialing 1-888-390-0541, followed by the access code 113212 #.

The conference call (audio) will also be available at www.adfgroup.com. Members of the media are invited to listen in.

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**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

In these exceptional circumstances, and amongst the several preventative health measures adopted by the Provincial and Federal Governments and by the Corporation to slow the spread of COVID-19, ADF Group Inc. will hold its Annual Meeting of Shareholders via webcasting, on Wednesday, June 10, 2020 at 11 :00 a.m.

Financial results for the first quarter ending April 30, 2020, will also be disclosed during this Shareholders' Meeting.

Shareholders' meeting details and webcasting connection instructions will be made available in the coming weeks.

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**About ADF Group Inc.** | ADF Group Inc. is a North American leader in the design and engineering of connections, fabrication, including the application of industrial coatings, and installation of complex steel structures, heavy steel built-ups, as well as in miscellaneous and architectural metals for the non-residential infrastructure sector. ADF Group Inc. is one of the few players in the industry capable of handling highly technically complex mega projects on fast-track schedules in the commercial, institutional, industrial and public sectors. The Corporation operates two fabrication plants and two paint shops, in Canada and in the United States, and a Construction Division in the United States, which specializes in the installation of steel structures and other related products.

**Forward-Looking Information** | This press release contains forward-looking statements reflecting ADF's objectives and expectations. These statements are identified by the use of verbs such as "expect" as well as by the use of future or conditional tenses. By their very nature these types of statements involve risks and uncertainty. Consequently, reality may differ from ADF's expectations.

**Non-IFRS Measures** | Earnings before interest, taxes, depreciation and amortization ("EBITDA") is not a performance measure recognized by IFRS standards, and is not likely to be comparable to similar measures presented by other issuers. Management, as well as investors, consider this to be useful information to assist them in assessing the Corporation's profitability and ability to generate funds to finance its operations. Refer to the section "Non-GAAP Measures" of the Corporation's Management's Discussion and Analysis for the definition of this metric and reconciliation to the most comparable IFRS measures.

All amounts are in Canadian dollars, unless otherwise indicated.

Source: **ADF Group Inc.**

Contact: **Jean Paschini**, Co-Chairman of the Board of Directors and Chief Executive Officer
**Jean-François Boursier**, CPA, CA, Chief Financial Officer

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| As at January 31, | **2020** | 2019 |
|---|---|---|
| (In thousands of Canadian dollars) | **$** | $ |
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | **3,983** | 4,164 |
| Accounts receivable | **39,555** | 29,919 |
| Holdbacks on contracts | **11,628** | 6,227 |
| Current income tax assets | **882** | 859 |
| Contract assets | **14,435** | 17,952 |
| Inventories | **7,898** | 8,349 |
| Prepaid expenses and other current assets | **1,581** | 1,638 |
| Total current assets | **79,962** | 69,108 |
| Non-current assets | | |
| Property, plant and equipment | **64,967** | 89,375 |
| Right-of-use assets | **23,818** | — |
| Intangible assets | **3,354** | 3,312 |
| Other non-current assets | **1,443** | 1,417 |
| Total assets | **173,544** | 163,212 |
| **LIABILITIES** | | |
| Current liabilities | | |
| Credit facilities | **13,105** | 6,605 |
| Accounts payable and other current liabilities | **30,788** | 16,857 |
| Current income tax liabilities | **216** | 422 |
| Contract liabilities | **3,444** | 10,920 |
| Derivative financial instruments | **123** | 184 |
| Current portion of lease liabilities | **1,070** | — |
| Current portion of long-term debt | **1,903** | 2,272 |
| Total current liabilities | **50,649** | 37,260 |
| Non-current liabilities | | |
| Long-term debt | **19,156** | 24,939 |
| Lease liabilities | **4,930** | — |
| Deferred income tax liabilities | **4,215** | 3,921 |
| Other non-current liabilities | **187** | 197 |
| Total liabilities | **79,137** | 66,317 |
| **SHAREHOLDERS' EQUITY** | | |
| Capital stock | **68,120** | 68,120 |
| Contributed surplus | **6,435** | 6,432 |
| Accumulated other comprehensive income (loss) | **6,942** | 6,648 |
| Retained income | **12,910** | 15,695 |
| Total shareholders' equity | **94,407** | 96,895 |
| Total liabilities and shareholders' equity | **173,544** | 163,212 |

## CONSOLIDATED STATEMENTS OF INCOME (LOSS)

| Fiscal Years Ended January 31, | **2020** | 2019 |
|---|---|---|
| (In thousands of Canadian dollars, except the number of shares and the amounts per share) | **$** | $ |
| Revenues | **179,710** | 135,073 |
| Cost of goods sold | **163,203** | 125,520 |
| Gross Margin | **16,507** | 9,553 |
| Selling and administrative expenses | **16,005** | 12,181 |
| Net financial expenses | **2,082** | 1,784 |
| Foreign exchange loss (gain) | **406** | (2,019) |
| | **18,493** | 11,946 |
| Loss before income tax expense (recovery) | **(1,986)** | (2,393) |
| Income tax expense (recovery) | **146** | (2,019) |
| Net loss for the year | **(2,132)** | (374) |
| Earnings per share | | |
| – Basic and diluted per share | **(0.07)** | (0.01) |
| Average number of outstanding basic and diluted shares (in thousands) | **32,635** | 32,635 |

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

| Fiscal Years Ended January 31, | **2020** | 2019 |
|---|---|---|
| (In thousands of Canadian dollars) | **$** | $ |
| Net loss for the year | **(2,132)** | (374) |
| Other comprehensive income (loss) [(a)] : | | |
| Exchange differences on translation of foreign operations | **294** | 2,131 |
| Comprehensive income (loss) for the year | **(1,838)** | 1,757 |

a) Will subsequently be reclassified to net income (loss).

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

| (In thousands of Canadian dollars) | Capital Stock<br>$ | Contributed Surplus<br>$ | Accumulated Other Comprehensive Income (Loss)<br>$ | Retained Income<br>$ | Total<br>$ |
|---|---|---|---|---|---|
| Balance, February 1, 2018 | 68,120 | 6,423 | 4,706 | 16,533 | 95,782 |
| Net loss for the year | — | — | — | (374) | (374) |
| Other comprehensive income (loss) | — | — | 2,131 | — | 2,131 |
| Comprehensive income (loss) for the year | — | — | 2,131 | (374) | 1,757 |
| New IFRS 9 adoption (1) | — | — | (189) | 189 | — |
| Share-based compensation | — | 9 | — | — | 9 |
| Dividends | — | — | — | (653) | (653) |
| **Balance, January 31, 2019** | 68,120 | 6,432 | 6,648 | 15,695 | 96,895 |

(1) Impact of the adoption of IFRS 9 on February 1, 2018.

| (In thousands of Canadian dollars) | **Capital Stock**<br>**$** | **Contributed Surplus**<br>**$** | **Accumulated Other Comprehensive Income (Loss)**<br>**$** | **Retained Income**<br>**$** | **Total**<br>**$** |
|---|---|---|---|---|---|
| Balance, February 1, 2019 | **68,120** | **6,432** | **6,648** | **15,695** | **96,895** |
| Net loss for the year | **—** | **—** | **—** | **(2,132)** | **(2,132)** |
| Other comprehensive income (loss) | **—** | **—** | **294** | **—** | **294** |
| Comprehensive income (loss) for the year | **—** | **—** | **294** | **(2,132)** | **(1,838)** |
| Share-based compensation | **—** | **3** | **—** | **—** | **3** |
| Dividends | **—** | **—** | **—** | **(653)** | **(653)** |
| **Balance, January 31, 2020** | **68,120** | **6,435** | **6,942** | **12,910** | **94,407** |

CONSOLIDATED STATEMENTS OF CASH FLOWS

| Fiscal Years Ended January 31, | **2020** | 2019 |
|---|---|---|
| (In thousands of Canadian dollars) | **$** | $ |
| **OPERATING ACTIVITIES** | | |
| Net loss for the year | **(2,132)** | (374) |
| Non-cash items: | | |
| Amortization of property, plant and equipment | **3,387** | 4,206 |
| Amortization of right-of-use assets | **926** | — |
| Amortization of intangible assets | **410** | 367 |
| Unrealized (gain) loss on derivative financial instruments | **(61)** | 484 |
| Unrealized foreign exchange gain | **(134)** | (2,781) |
| Share-based compensation | **491** | (533) |
| Income tax expense (recovery) | **146** | (2,019) |
| Inventories depreciation allowance | **(78)** | 352 |
| Net financial expenses | **2,082** | 1,784 |
| Others | **(276)** | 7 |
| Net income adjusted for non-cash items | **4,761** | 1,493 |
| Change in non-cash working capital items (1) | **(5,655)** | 10,182 |
| Cash flows (used in) from operating activities | **(894)** | 11,675 |
| **INVESTING ACTIVITIES** | | |
| Acquisition of property, plant and equipment | **(1,186)** | (3,273) |
| Acquisition of intangible assets | **(452)** | (482) |
| Revenues from disposals of property, plant and equipment | **168** | 35 |
| Disposal of equity investments | **—** | 217 |
| Government grants | **826** | 210 |
| Others | **(26)** | 13 |
| Cash flows used in investing activities | **(670)** | (3,280) |
| **FINANCING ACTIVITIES** | | |
| Variation in credit facilities | **6,500** | (3,545) |
| Repayment of long-term debt | **(1,884)** | (1,544) |
| Repayment of lease liabilities | **(771)** | — |
| Dividends paid | **(653)** | (653) |
| Interest paid | **(1,827)** | (1,774) |
| Cash flows from (used in) financing activities | **1,365** | (7,516) |
| Impact of fluctuations in foreign exchange rate on cash flow | **18** | 287 |
| Net change in cash and cash equivalents during the year | **(181)** | 1,166 |
| Cash, and cash equivalents, beginning of year | **4,164** | 2,998 |
| Cash and cash equivalents, end of year | **3,983** | 4,164 |

(1) The following table sets out in detail the components of the "Change in non-cash working capital items":

| Fiscal Years Ended January 31, | **2020** | 2019 |
|---|---|---|
| (In thousands of CA$) | **$** | $ |
| Accounts receivable | **(10,360)** | 5,601 |
| Holdbacks on contracts | **(5,491)** | (936) |
| Contract assets | **3,660** | 13,477 |
| Inventories | **554** | (3,413) |
| Prepaid expenses and other current assets | **74** | 851 |
| Accounts payable and other current liabilities | **13,597** | (12,553) |
| Contract liabilities | **(7,679)** | 6,955 |
| Other non-current liabilities | **(10)** | 200 |
| Change in non-cash working capital items | **(5,655)** | 10,182 |

SEGMENTED INFORMATION

The Corporation operates one operational sector, being, the non-residential construction industry, primarily in the United States and Canada. This sector includes the following areas of expertise: the design and engineering of connections, fabrication, including industrial coating, and installation of complex steel structures, heavy steel built-ups, as well as miscellaneous and architectural metalwork.

| Fiscal Years Ended January 31, | **2020** | 2019 |
|---|---|---|
| (In thousands of CA$) | **$** | $ |
| **Revenues** | | |
| Canada | **13,906** | 3,518 |
| United States | **165,804** | 131,555 |
| | **179,710** | 135,073 |

| As at January 31, | **2020** | 2019 |
|---|---|---|
| (In thousands of CA$) | **$** | $ |
| **Non-current assets** (1) | | |
| Canada | **48,281** | 48,750 |
| United States | **45,301** | 45,355 |
| | **93,582** | 94,105 |

(1) The non-current assets mainly include property, plant and equipment, intangible assets, investment tax credits and others non-current assets.

Revenues from external clients were allocated to each country on the basis of the project's location.

During the fiscal year ended January 31, 2020, 72% of the Corporation's revenues were realized with four (4) clients, each representing 10% and more of its revenues (79% with three (3) clients during the fiscal year ended January 31, 2019).

The following table presents the breakdown of revenues for each of these clients:

| Fiscal Years Ended January 31, | **2020** | 2019 |
|---|---|---|
| | **United States** | United States |
| (In thousands of CA$) | **$** | $ |
| Client A | **20,518** | 60,503 |
| Client B | **32,812** | — |
| Client C | **43,415** | 32,480 |
| Client D | **31,894** | — |
| Client E | **—** | 13,168 |
| | **128,639** | 106,151 |