

**MATERIAL CHANGE REPORT
FORM 51-102F3**

Item 1 **Name and Address of the Reporting Issuer**

Goodfellow Inc. (the “Corporation” or “Goodfellow”)
225 Goodfellow
Delson, Québec J5B 1V5

Item 2 **Date of Material Change**

February 13, 2020.

Item 3 **News Release**

The attached press release reporting the material change described in this report was issued by Goodfellow through GlobeNewswire on February 13, 2020 in Montreal, Quebec.

Item 4 **Summary of Material Change**

February 13, 2020, the Corporation announced that its Board of directors declared a dividend of \$0.10 per share, payable on March 13, 2020, to shareholders of record at the close of business on February 28, 2020.

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.

Item 5 **Full Description of Material Change**

See Item 4 above for the full description.

Item 6 **Reliance on subsection 7.1(2) of Regulation 51-102**

Not applicable.

Item 7 **Omitted Information**

Not applicable.

Item 8 **Executive Officer**

Inquiries in respect of the material change referred to herein may be made to:

Charles Brisebois
Chief Financial Officer
Tel.: (450) 635-6511

Item 9 **Date of Report**

February 13, 2020



NEWS RELEASE

From: Goodfellow Inc.
Patrick Goodfellow
President and CEO
Tel: 450 635-6511
Fax: 450 635-3730
Internet: info@goodfellowinc.com

FOR IMMEDIATE RELEASE

GOODFELLOW REPORTS ITS RESULTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

Delson, Quebec, February 13, 2020 — Goodfellow Inc. (TSX: GDL) announced today its financial results for the fourth quarter ended November 30, 2019. The Company reported a net income of \$0.3 million or \$0.03 per share compared to a net income of \$0.2 million or \$0.02 per share a year ago. Consolidated sales for the three months ended November 30, 2019 were \$107.1 million compared to \$112.7 million last year. Sales in Canada were stable compared to the same period a year ago, while sales in the United States decreased 5% (on a Canadian dollar basis) and export sales decreased 50% compared to the same period a year ago. On the operating side, selling, administrative and general expenses decreased overall by \$0.4 million.

For the fiscal year ended November 30, 2019, the Company reported a net income of \$3.1 million or \$0.36 per share compared to a net income of \$2.6 million or \$0.30 per share a year ago. Consolidated sales for the fiscal year ended November 30, 2019 were \$449.6 million compared to \$475.2 million last year. Sales in Canada decreased 3% compared to the same period a year ago, while sales in the United States decreased 14% (on a Canadian dollar basis) and export sales decreased 20% compared to the same period a year ago. On the operating side, selling, administrative and general expenses decreased overall by \$3.6 million.

Despite challenging conditions in North America and overseas, Goodfellow's core business activities showed great signs of resilience in 2019 to sustain the trend of improved profitability. The Company has invested in measures to improve its productivity and strengthen its position as the leader in custom orders & value-added manufacturing of wood products.

The Board of directors of Goodfellow Inc. declared an eligible dividend of \$0.10 per share payable on March 13, 2020, to shareholders of record at the close of business on February 28, 2020.

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 years ended November 30, 2019 and 2018
(in thousands of dollars, except per share amounts)
Unaudited

	Years ended	
	November 30 2019	November 30 2018
	\$	\$
Sales	449,587	475,207
Expenses		
Cost of goods sold	364,545	387,311
Selling, administrative and general expenses	77,639	81,161
Gain on disposal of property, plant and equipment	(3)	(18)
Net financial costs	3,137	3,476
	445,318	471,930
Earnings before income taxes	4,269	3,277
Income taxes	1,215	706
Net earnings	3,054	2,571
<i>Items that will not subsequently be reclassified to net earnings</i>		
Remeasurement of defined benefit plan obligation, net of taxes of \$265 (\$318 in 2018)	(723)	858
Total comprehensive income	2,331	3,429
Net earnings per share – Basic	0.36	0.30
Net earnings per share - Diluted	0.35	0.30

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

	As at November 30 2019 \$	As at November 30 2018 \$
Assets		
Current Assets		
Cash	2,364	2,578
Trade and other receivables	48,498	50,008
Inventories	87,339	92,544
Prepaid expenses	2,563	3,143
Total Current Assets	140,764	148,273
Non-Current Assets		
Property, plant and equipment	32,838	34,356
Intangible assets	3,927	4,444
Defined benefit plan asset	2,222	2,704
Investment in a joint venture	25	25
Other assets	805	916
Total Non-Current Assets	39,817	42,445
Total Assets	180,581	190,718
Liabilities		
Current liabilities		
Bank indebtedness	31,204	42,835
Trade and other payables	29,048	29,192
Income taxes payable	734	409
Provision	1,470	336
Dividend payable	856	-
Current portion of obligations under finance leases	15	14
Total Current Liabilities	63,327	72,786
Non-Current Liabilities		
Provision	-	1,317
Obligations under finance leases	28	43
Deferred income taxes	3,209	3,652
Defined benefit plan obligation	609	57
Total Non-Current Liabilities	3,846	5,069
Total Liabilities	67,173	77,855
Shareholders' Equity		
Share capital	9,424	9,152
Retained earnings	103,984	103,711
Total Liabilities and Shareholders' Equity	180,581	190,718

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the years ended November 30, 2019 and 2018
(in thousands of dollars)
Unaudited

	Years ended	
	November 30	November 30
	2019	2018
	\$	\$
Operating Activities		
Net earnings	3,054	2,571
Adjustments for:		
Depreciation	3,479	3,690
Accretion expense on provision	14	50
(Decrease) increase in provision	(197)	219
Income taxes	1,215	706
Gain on disposal of property, plant and equipment	(3)	(18)
Interest expense	2,134	2,502
Funding in deficit of pension plan expense	47	20
Other assets	111	(35)
Share-based compensation	(79)	-
	9,775	9,705
Changes in non-cash working capital items	6,856	3,391
Interest paid	(2,154)	(2,535)
Income taxes (paid) recovered	(1,069)	1,045
	3,633	1,901
Net Cash Flows from Operating Activities	13,408	11,606
Financing Activities		
Proceeds from borrowings under bank loans	115,000	88,000
Repayment of borrowings under bank loans	(113,000)	(92,000)
Proceeds from borrowings under banker's acceptances	40,000	31,000
Repayment of borrowings under banker's acceptances	(53,000)	(37,000)
Repayment of finance lease liabilities	(14)	(137)
Dividend Paid	(851)	-
	(11,865)	(10,137)
Investing Activities		
Acquisition of property, plant and equipment	(968)	(1,159)
Increase in intangible assets	(176)	(212)
Proceeds on disposal of property, plant and equipment	18	72
Dividends from the joint venture	-	260
	(1,126)	(1,039)
Net cash inflow	417	430
Cash position, beginning of year	743	313
Cash position, end of year	1,160	743
Cash position is comprised of:		
Cash	2,364	2,578
Bank overdraft	(1,204)	(1,835)
	1,160	743

GOODFELLOW INC.**Consolidated Statements of Change in Shareholders' Equity****For the years ended November 30, 2019 and 2018***(in thousands of dollars)***Unaudited**

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at November 30, 2017	9,152	100,282	109,434
Net earnings	-	2,571	2,571
Other comprehensive income	-	858	858
Total comprehensive income	-	3,429	3,429
Balance as at November 30, 2018	9,152	103,711	112,863
Net earnings	-	3,054	3,054
Other comprehensive income	-	(723)	(723)
Total comprehensive income	-	2,331	2,331
<i>Transactions with owners of the Company</i>			
Dividend	-	(1,707)	(1,707)
Share-based payment	272	(351)	(79)
Balance as at November 30, 2019	9,424	103,984	113,408