QUARTERLY REPORT

FOR THE SIX MONTHS ENDED MAY 31, 2024

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PRESIDENT'S REPORT TO THE SHAREHOLDERS

At this midpoint of the fiscal year, Goodfellow continues to navigate a broader economic landscape characterized by low consumer confidence and sluggish new housing starts. These conditions have impacted industry growth and shifted demand towards different types of products within the Company's portfolio. Goodfellow's diversified offering is well positioned to cater to this evolving demand, ensuring revenue and margin stability even as certain segments experience fluctuations.

For the six months ended May 31, 2024, revenues totaled $246M, slightly down from $248M for the same period last year, but in line with expectations. Earnings for the same period were $5.2M, compared to $6.4M last year. This decrease was anticipated, influenced by several external factors, including market fluctuations and supply chain issues currently affecting many industries.

In May, Goodfellow acquired assets from Meridien Hardwoods located in Pittsfield, PA, USA. This small yet strategic operation will enhance the entire Company's capacity to procure and deliver hardwood products to customers both regionally and internationally.

Looking ahead, the Company remains cautiously optimistic. While the macroeconomic environment remains uncertain, proactive measures have positioned Goodfellow to effectively navigate these challenges. The focus for the remainder of the year will be on promoting a diversified product offering, expanding its presence in high-growth markets and enhancing operational efficiency and cost management.

Sincerely,

(Signed) "Patrick Goodfellow"
President and Chief Executive Officer
July 10, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") and interim consolidated financial statements of Goodfellow Inc. (hereafter the "Company") were approved by the Audit Committee and the Board of Directors on July 10, 2024. The MD&A should be read in conjunction with the consolidated financial statements and the corresponding notes for the years ended November 30, 2023 and November 30, 2022. The MD&A provides a review of the significant developments and results of operations of the Company during the six months ended May 31, 2024 and May 31, 2023. The interim consolidated financial statements ended May 31, 2024 and May 31, 2023 are prepared in accordance with IFRS Accounting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars unless otherwise indicated. All tabular dollar amounts are in thousands of Canadian dollars, except amounts per share or unless otherwise indicated. Some amounts included in this MD&A have been rounded to make reading easier, which may affect some calculations. In addition, in this MD&A, non-IFRS financial measures are also used for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in the section "Non-IFRS Financial Measures" and in Note 15 "Segmented Information and Sales" to the unaudited interim consolidated financial statements for the six months ended May 31, 2024 and May 31, 2023. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them. Additional information relating to Goodfellow Inc., including the Annual Information Form and the Annual Report can be found on SEDAR+ at www.sedarplus.ca and at www.goodfellowinc.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains implicit and/or explicit forward-looking statements relating, inter alia, to objectives, strategies, priorities, goals, plans, financial position, operating results, trends and activities of Goodfellow Inc. and its markets and industries. Forward-looking statements can be identified by words such as: "believe," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements made by the Company regarding liquidity and risk management in the current economic conditions. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, these statements are forward-looking to the extent that they are based on expectations relative to markets in which the Company exercises its activities and on various assessments and assumptions. Although the Company believes that the expectations reflected in the forward-looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. Some of these expectations and assumptions relate to the state of the global economy and the economies of the regions in which the Company operates; the level of demand for the Company's products including from its recurring client base, including bookings from customers; prices and margins for its products; competitors; reliability of supply chains; inflation; interest rates; foreign currency fluctuations; the COVID-19 pandemic; overhead expenses; working capital requirements and access to capital or funding to finance same; the collection of accounts receivable; the availability and sufficiency insurance coverage; the sufficiency and reliability of the Company's workforce; the successful management of environmental and health and safety risk; the sufficiency, reliability and effectiveness of information systems; the sufficiency, reliability and effectiveness of internal and disclosure controls; and the absence of adverse change in the Company's regulatory environment and legal proceedings. In particular, expectations and assumptions relating to the COVID-19 pandemic are more fully described in the Company's Annual MD&A for the year ended November 30, 2023. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur or prove to be accurate. Actual results could differ significantly from management's expectations if recognized or unrecognized risks and uncertainties affect results or if assessments or assumptions are inaccurate. These risks and uncertainties include, among other things; the effects of general economic and business conditions including the cyclical nature of its business; industry competition; inflation, credit, currency and interest rate risks; environmental risk; level of demand and financial performance of the manufacturing industry; competition from vendors; changes in customer demand; extent to which the Company is successful in gaining new long-term relationships with customers or retaining existing ones and the level of service failures that could lead customers to use competitors' services; increased customer bankruptcies; dependence on key personnel; impact of the COVID-19 pandemic and the related climate of uncertainty; laws and regulation; information systems, cost structure and working capital requirements; occurrence of hostilities, political instability or catastrophic events and other factors described in its public filings available at www.sedarplus.ca. For these reasons, the Company cannot guarantee the results of these forward-looking statements. The foregoing risks and uncertainties are described in greater detail in this MD&A. The MD&A gives an insight into past performance as well as the future strategies and key performance indicators as viewed by the management team at Goodfellow Inc. The Company disclaims any obligation to update or revise these forward-looking statements, except as required by applicable law.

NON-IFRS FINANCIAL MEASURES

(unaudited)

The Company reports its financial results in accordance with IFRS. However, in this document, the following non-IFRS measures, non-IFRS ratios and supplementary financial measures are used: EBITDA, Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid, Gross profit, Gross margin, Shareholders' Equity per share and dividends paid per share. These measures do not have a standardized meaning under IFRS and could be calculated differently by other companies and accordingly, may not be comparable. The Company believes that many of its readers analyze the financial performance of the Company's activities based on these non-IFRS financial measures, as such measures may allow for easier comparisons between periods. The Company also believes that these measures are useful indicators of the performance of its operations and its ability to meet its financial obligations. Furthermore, management also uses some of these non-IFRS financial measures to assess the performance of its activities and managers. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them. For measures displayed per share, the Company divided the measures by the total number of outstanding shares at May 31 of the period presented in the case of Shareholders Equity per share and by the weighted average number of outstanding shares for the relevant period ended May 31 presented for other measures per share.

"EBITDA" represents earnings before income taxes, net financial costs, depreciation of property, plant and equipment and of right-of-use-assets and amortization of intangible assets. Management believes this metric is useful as it allows comparability of operating results from one period to another by excluding the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the results of day-to-day operations.

The table below contains a reconciliation of EBITDA to the most directly comparable IFRS measure, net earnings.

Reconciliation of EBITDA (unaudited)	**For the three months ended**		**For the six months ended**		**For the years ended**	
	May 31 2024	May 31 2023	**May 31 2024**	May 31 2023	**November 30 2023**	November 30 2022
	$	$	**$**	$	**$**	$
Net earnings	**5,309**	6,575	**5,201**	6,364	**14,688**	32,679
Income taxes	**2,066**	2,557	**2,023**	2,475	**5,402**	12,037
Net financial costs	**652**	921	**707**	1,195	**2,429**	3,201
Depreciation of property, plant and equipment	**882**	795	**1,717**	1,540	**3,311**	2,551
Depreciation of right-of-use assets	**1,089**	1,188	**2,123**	2,445	**4,697**	4,551
Amortization of intangible assets	**148**	150	**295**	301	**602**	608
EBITDA	**10,146**	12,186	**12,066**	14,320	**31,129**	55,627

"Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid" represents net cash flows from operating activities before changes in non-cash working capital, income tax paid and interest paid. Management believes this measure is useful as it provides an indication of the Company's financial flexibility, i.e. cash available to the Company to service debt, meet other payment obligations, make investments and execute the Company's strategy.

The tables below contain a reconciliation of Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid to the most directly comparable IFRS measure, Net Cash Flows from Operating Activities.

Reconciliation of Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid – Second Quarter (unaudited)	**For the three months ended**		**For the six months ended**	
	May 31 2024	May 31 2023	**May 31 2024**	May 31 2023
	$	$	**$**	$
Net Cash Flows from Operating Activities	**(15,898)**	(7,781)	**(48,599)**	(25,420)
Changes in non-cash working capital items	**24,366**	15,844	**56,876**	32,124
Interest paid	**518**	632	**707**	740
Income taxes paid	**1,098**	3,019	**3,023**	6,037
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid	**10,084**	11,714	**12,007**	13,481
Net Cash Flows from Operating Activities per share	**(1.87)**	(0.91)	**(5.71)**	(2.98)
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid per share	**1.18**	1.37	**1.41**	1.58
Weighted Average Number of Share Outstanding (thousands)	**8,513**	8,536	**8,513**	8,536

With respect to "Gross profit" and "Gross margin", these measures are used under the sections "Cost of Goods Sold" in the discussion below for the results for the three and six months ended May 31, 2024. Please refer to such sections for a description of how these measures are calculated and a reconciliation to the most directly comparable IFRS measure.

In addition, the following tables set out the information supporting the per share calculation Shareholders' Equity:

Reconciliation of Shareholders' Equity per share (unaudited)	**As at**		
	May 31 2024	November 30 2023	May 31 2023
	$	$	$
Shareholders' Equity	**195,779**	195,003	188,599
Shareholders' Equity per share	**23.01**	22.88	22.10
Number of Shares Outstanding (thousands)	**8,509**	8,521	8,536

BUSINESS OVERVIEW

Goodfellow Inc. is a diversified manufacturer of value-added lumber products, as well as a wholesale distributor of building materials and floor coverings. Goodfellow Inc. has 9 processing plants and 13 distribution centres from coast-to-coast in Canada, as well as 1 distribution centre and 2 processing plants in the USA and 1 distribution centre in the United Kingdom. The Company services customers in the commercial and residential sectors through lumber yard retailer networks, manufacturers, industrial and infrastructure project partners, and floor covering specialists.

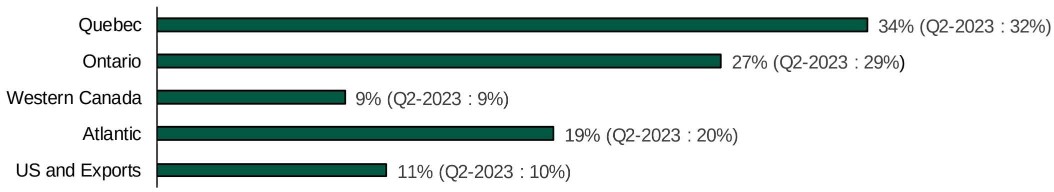
COMPARISON FOR THE THREE MONTHS ENDED MAY 31, 2024 AND MAY 31, 2023
(unaudited)

HIGHLIGHTS	Q2-2024	Q2-2023	Variance
	$	$	**%**
Sales	**140,334**	142,326	**-1**
Earnings before income taxes	**7,375**	9,132	**-19**
Net earnings	**5,309**	6,575	**-19**
Net earnings per share – Basic and Diluted	**0.62**	0.77	**-19**
Net cash flow from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid (1)	**10,084**	11,714	**-14**
Net cash flow from Operating Activities	**(15,898)**	(7,781)	**-104**
EBITDA (1)	**10,146**	12,186	**-17**

(1) Non-IFRS financial measure – refer to section "Non-IFRS Financial Measures" for more information and a reconciliation to the most directly comparable IFRS measure.

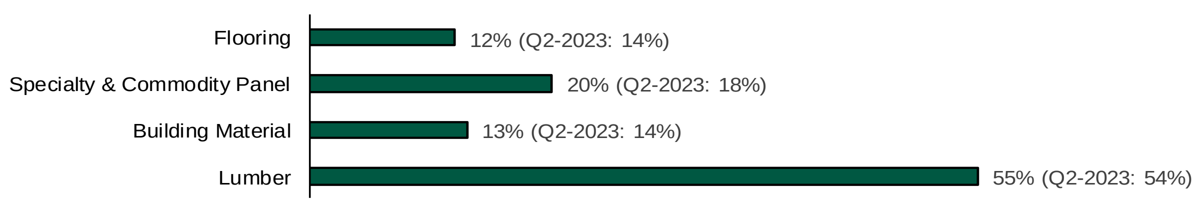
Sales in Canada during the second quarter of 2024 decreased 3% compared to last year due to a decrease in sales of all product categories except for specialty and commodity panels. Quebec sales increased 4% due to an increase in sales of lumber products and specialty and commodity panels. Sales in Ontario decreased 6% mainly due to a decrease in sales of all product categories except for specialty and commodity panels. Sales in Western Canada decreased 1% due to a decrease in sales of flooring products. Atlantic region sales decreased 8% due to a decrease in sales of specialty and commodity panels and lumber products.

Geographical Distribution of Sales for the Second Quarter ended May 31, 2024



Sales in the United States for the second quarter of 2024 on U.S. dollar basis increased 13% compared to last year and increased 14% on a Canadian dollar basis mostly due to an increase in sales of building materials and lumber products. Finally, export sales decreased 2% during the second quarter of 2024 compared to last year mostly due to a decrease in sales of building materials and lumber products.

Product Distribution of Sales for the Second Quarter ended May 31, 2024



In terms of the distribution of sales by product, all product categories except specialty and commodity panels experienced a decrease in sales. Flooring sales during the second quarter of fiscal 2024 decreased 13%, specialty and commodity panel sales increased 9%, building material sales decreased 4%, and lumber sales decreased 1% compared to last year.

Reconciliation of Gross profit (unaudited)	For the three months ended	
	May 31 2024	May 31 2023
	$	$
Sales	**140,334**	142,326
Cost of goods sold	**106,199**	110,034
Gross profit	**34,135**	32,292
Gross margins	**24.3%**	22.7%

Gross profit and Gross margins are non-IFRS financial measures. See section “Non-IFRS Financial Measures” for more information. Gross profit is calculated as sales less cost of goods sold. Gross margin is calculated Gross profit over sales. The table above contains a reconciliation of Gross profit to sales.

Cost of Goods Sold
Cost of goods sold during the second quarter of 2024 was $106.2 million compared to $110.0 million for the corresponding period a year ago, a decrease of 3% compared to last year. Gross profits were $34.1 million compared to $32.3 million last year. Gross profits increased 6% compared to last year. Gross margins were 24.3% for the three months ended May 31, 2024 (22.7% last year).

Selling, Administrative and General Expenses
Selling, Administrative and General Expenses during the second quarter of 2024 were $26.1 million compared to $22.2 million last year representing an increase of 17% compared to last year.

Net Financial Costs
Net financial costs during the three months ended May 31, 2024 were $0.7 million ($0.9 million last year). The average Canadian prime rate was 7.20% (6.70% last year). The average U.S. prime rate was 8.50% (8.02% last year).

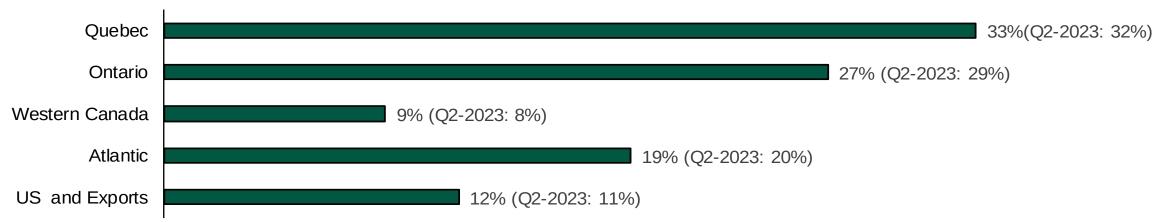
COMPARISON FOR THE SIX MONTHS ENDED MAY 31, 2024 AND MAY 31, 2023
(unaudited)

HIGHLIGHTS	**2024**	2023	Variance
	$	$	**%**
Sales	**245,668**	248,251	**-1**
Earnings before income taxes	**7,224**	8,839	**-18**
Net earnings	**5,201**	6,364	**-18**
Net earnings per share – Basic and Diluted	**0.61**	0.75	**-19**
Net cash flow from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid [(1)]	**12,007**	13,481	**-11**
Net cash flow from Operating Activities	**(48,599)**	(25,420)	**-91**
EBITDA [(1)]	**12,066**	14,320	**-16**

[(1)] Non-IFRS financial measure – refer to section “Non-IFRS Financial Measures” for more information and a reconciliation to the most directly comparable IFRS measure.

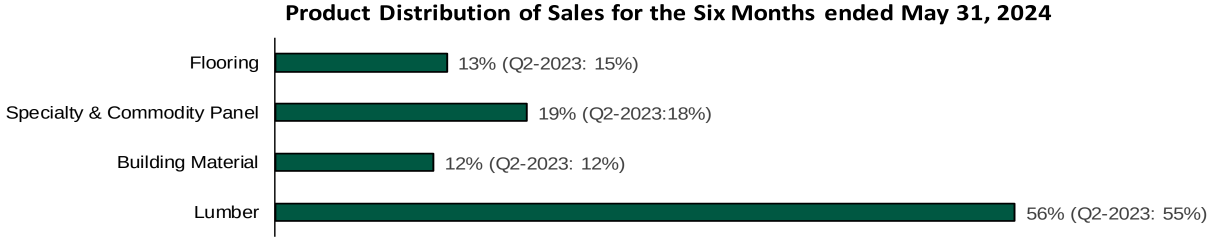
Sales in Canada during the first six months of fiscal 2024 decreased 2% compared to last year due to a decrease in sales of all product categories except for commodity and specialty panels. Quebec sales increased 3% due to an increase in sales of all product categories except for building material. Sales in Ontario decreased 6% due to a decrease in sales of all product categories except for commodity and specialty panels. Sales in Western Canada increased 2% due to an increase in sales of commodity and specialty panels and building material. Atlantic region sales decreased 6% due to a decrease in sales of all product categories except for building material.

Geographical Distribution of Sales for the Six Months ended May 31, 2024



Sales in the United States during the first six months of fiscal 2024 increased 10% on a Canadian dollar basis compared to last year mostly due to an increase in sales of building materials and lumber products. On U.S. dollar basis, U.S. denominated sales increased 10% compared to last year. Finally, export sales decreased 2% during the first six months of fiscal 2024 compared to last year mostly due to a decrease in sales of all product categories except for flooring products.

Product Distribution of Sales for the Six Months ended May 31, 2024



In terms of the distribution of sales by product, all product categories experienced a decrease in sales with the exception of commodity and specialty panels. Flooring sales for the first six months of fiscal 2024 decreased 11% compared to last year. Specialty and commodity panel sales increased 8% compared to last year. Building materials sales decreased 4% compared to last year. Finally, lumber sales decreased 1% compared to last year.

Reconciliation of Gross profit (unaudited)	**For the six months ended**	
	May 31 2024	May 31 2023
	$	$
Sales	**245,668**	248,251
Cost of goods sold	**188,745**	194,294
Gross profit	**56,923**	53,957
Gross margins	**23.2%**	21.7%

Gross profit and Gross margins are non-IFRS financial measures. See section "Non-IFRS Financial Measures" for more information. Gross profit is calculated as sales less cost of goods sold. Gross margin is calculated Gross profit over sales. The table above contains a reconciliation of Gross profit to sales.

Cost of Goods Sold

Cost of goods sold during the first six months of fiscal 2024 was $188.7 million compared to $194.3 million last year. Cost of goods sold decreased 3% compared to last year. Gross profits were $56.9 million compared to $54.0 million last year. Gross profits increased 5.5% compared to last year. Gross margins were 23.2% for the six months ended May 31, 2024 (21.7% last year).

Selling, Administrative and General Expenses

Selling, Administrative and General Expenses for the first six months of fiscal 2024 was $49.0 million compared to $43.9 million last year representing a 12% increase compared to last year.

Net Financial Costs

Net financial costs for the first six months of fiscal 2024 were $0.7 million ($1.2 million last year). The average Canadian prime rate increased to 7.20% (6.60% last year). The average U.S. prime rate increased to 8.50% (7.76% last year).

SUMMARY OF THE LAST EIGHT MOST RECENTLY COMPLETED QUARTERS
(unaudited)

	Aug-2023	**Nov-2023**	**Feb-2024**	**May-2024**
	$	**$**	**$**	**$**
Sales	139,155	125,415	105,334	140,334
Net earnings (loss)	6,191	2,133	(108)	5,309
Net earnings (loss) per share	0.72	0.25	(0.01)	0.62

	Aug-2022	**Nov-2022**	**Feb-2023**	**May-2023**
	$	**$**	**$**	**$**
Sales	167,574	149,299	105,925	142,326
Net earnings (loss)	10,580	4,440	(211)	6,575
Net earnings (loss) per share	1.24	0.52	(0.02)	0.77

As indicated above, results over the past eight quarters follow a seasonal pattern with sales activities traditionally higher in the second and third quarters.

STATEMENT OF FINANCIAL POSITION

Total Assets

Total assets at May 31, 2024 were $302.7 million compared to $252.8 million as at November 30, 2023. Cash at May 31, 2024 was $4.8 million compared to $28.4 million as at November 30, 2023. Trade and other receivables at May 31, 2024 were $95.5 million ($53.7 million as at November 30, 2023). Income taxes receivable was $7.3 million compared to $6.3 million as at November 30, 2023. Inventories at May 31 , 2024 were $130.2 million compared to $98.5 million as at November 30, 2023. Prepaid expenses at May 31, 2024 were $2.5 million ($4.2 million as at November 30, 2023). Defined benefit plan assets were $15.3 million at May 31, 2024 (same as at November 30, 2023). Other assets were $1.2 million at May 31, 2024 ($0.8 million as at November 30, 2023).

Property, Plant, Equipment, Intangible and Right-of-use Assets

Property, plant and equipment at May 31, 2024 was $34.6 million compared to $32.8 million as at November 30, 2023, and intangible assets at May 31, 2024 were $1.2 million compared to $1.5 million as at November 30, 2023. Capital expenditures on property, plant and equipment and intangibles during the first six months of fiscal 2024 amounted to $3.9 million compared to $1.7 million for the same period last year. Property, plant and equipment capitalized during the first six months of fiscal 2024 mainly included buildings and yard improvements, equipment, computers, rolling stock and processing plant in Pittsfield, PA, USA for $1.8 million. Right-of-use assets at

May 31, 2024 was $10.0 million ($11.4 million as at November 30, 2023). Depreciation / amortization of property, plant, equipment, intangible, and right-of-use assets during the first six months of fiscal 2024 amounted to $4.1 million compared to $4.3 million last year.

Total Liabilities

Total liabilities at May 31, 2024 were $107.0 million compared to $57.8 million as at November 30, 2023. Bank indebtedness was $35.9 million compared to nil as at November 30, 2023. Trade and other payables at May 31, 2024 were $52.6 million compared to $37.6 million as at November 30, 2023. Current provision at May 31, 2024 was $2.8 million (same as at November 30, 2023). Lease liabilities at May 31, 2024 were $11.5 million compared to $13.2 million as at November 30, 2023. Deferred income taxes at May 31, 2024 were $4.1 million (same as at November 30, 2023).

Shareholders' Equity

Total Shareholders' Equity at May 31, 2024 was $195.8 million compared to $195.0 million as at November 30, 2023. The Company generated a return on Shareholders' Equity of 5.3% during the six months ended May 31, 2024 compared to 6.7% last year. Return on shareholders' equity is the net earnings (loss) divided by shareholders' equity, expressed as a percentage. The share price closed at $14.70 per share on May 31, 2024 ($14.07 on November 30, 2023). The Shareholders' Equity per share at May 31, 2024 was $23.01 per share compared to $22.88 per share as at November 30, 2023. Share capital was $9.4 million at May 31, 2024 (same as at November 30, 2023).

On November 20, 2023, following approval of the Toronto Stock Exchange (the "TSX"), the Company renewed its existing normal course issuer bid ("NCIB"). This program allows the Company to repurchase up to an aggregate 426,157 common shares, representing approximately 5% of the common shares issued and outstanding as at November 9, 2023. All shares purchased under the NCIB will be acquired on the open market and in accordance with the rules and policies of the TSX and applicable securities laws at the prevailing market prices, plus applicable brokerage fees, and cancelled. The share repurchase period will end no later than November 19, 2024. Moreover, the Company has entered into an automatic share purchase plan ("ASPP") with a designated broker in connection with the NCIB. The ASPP will allow for the purchase for cancellation of shares, subject to certain trading parameters, by its designated broker during times when the Company would ordinarily not be active in the market due to applicable regulatory restrictions or self-imposed blackout periods. Outside these periods, shares may be repurchased by the Company at its discretion under the NCIB. During the six months ended May 31, 2024, the Company bought back 12,100 shares at a weighted-average price of $14.00 for a total aggregate purchase price of $169 thousand compared to 22,400 shares at a weighted-average price of $12.04 for a total aggregate purchase price of $270 thousand during the six months ended May 31, 2023. During fiscal year 2023, the Company bought back 36,500 shares at a weighted-average price of $12.50 for a total aggregate purchase price of $456 thousand.

Additional information regarding the NCIB is contained in Note 10b of the Interim Consolidated Financial Statements for the period ended May 31, 2024.

The following dividends were declared and paid by the Company for the six-month period ended May 31, 2024, and for the year ended November 30, 2023:

May 31, 2024			
Declared			
Record date	Per share	Amount	Payment date
	$	$	
Mar 5, 2024	0.50	4,256	Mar 19, 2024
	0.50	**4,256**	

November 30, 2023			
Declared			
Record date	Per share	Amount	Payment date
	$	$	
Mar 2, 2023	0.50	4,274	Mar 16, 2023
Oct 19, 2023	0.50	4,265	Nov 2, 2023
	1.00	**8,539**	

The Company is continually assessing its declaration of dividends in the context of overall profitability, cash flows, capital requirements, general economic conditions, and other business needs.

LIQUIDITY AND CAPITAL RESOURCES

Financing

The Company has a credit agreement with two chartered Canadian banks. The credit agreement has a maximum revolving operating facility of $90 million maturing in May 2026 by way of bank loans and/or CORRA loans. In addition, an accordion of $10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and/or CORRA rate are secured by first ranking security on the universality of the movable and immovable property of the Company. As at May 31, 2024, the Company was compliant with its financial covenants. As at May 31, 2024, under the credit agreement, the Company was using $24 million of its facility ($28 million last year). As at May 31, 2024, the Company has $1.2 million of issued letters of credit which reduces the availability of its facility ($1.0 million last year).

The Company's business follows a seasonal pattern with sales activities traditionally higher in the second and third quarter. As a result, cash flow requirements are generally higher during these periods. The current facility is considered by management to be adequate to support its current forecasted cash flow requirements. Source of funding and access to capital is disclosed in detail under LIQUIDITY AND RISK MANAGEMENT IN THE CURRENT ECONOMIC CONDITIONS.

Cash Flow
Net cash flow from operating activities for the six months ended May 31, 2024 was $(48.6) million compared to $(25.4) million last year. Financing activities during the first six months of fiscal 2024 was $17.1 million compared to $20.7 million last year. Investing activities during the six months ended May 31, 2024 was $(4.0) million compared to $(1.5) million last year (See Property, plant, equipment, intangible and right-of use assets for more details).

LIQUIDITY AND RISK MANAGEMENT IN THE CURRENT ECONOMIC CONDITIONS

The Company's objectives are as follows:

1. Maintain financial flexibility in order to preserve its ability to meet financial obligations;
2. Maintain a low net debt-to-capital ratio to preserve its capacity to pursue its organic growth strategy;
3. Maintain financial ratios within covenants requirements; and
4. Provide an adequate return to its shareholders.

The Company defines its capital as net debt less shareholders' equity as follows:

	As at May 31 2024	As at November 30 2023
	$	$
Cash	**4,822**	28,379
Bank Indebtedness	**(35,883)**	-
Net (Debt) Cash	**(31,061)**	28,379
Share Capital	**9,366**	9,379
Retained Earnings	**186,413**	185,624
Shareholders' Equity	**195,779**	195,003
Total Capital	**164,718**	223,382

The Company manages its capital and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital, the Company may adjust the amount of dividends paid to shareholders, issue new shares or repurchase shares under a normal course issuer bid, acquire or sell assets to improve its financial performance and flexibility or return capital to shareholders. The Company's primary uses of capital are to finance increases in non-cash working capital and capital expenditures for capacity expansion. The Company currently funds these requirements out of its internally generated cash flows and credit facilities. The Company's financial objectives and strategy remain substantially unchanged.

The Company is subject to certain covenants on its credit facilities. The covenants include a debt-to-capitalization ratio and an interest coverage ratio. The Company monitors the ratios on a monthly basis. The Company currently complies with all externally imposed capital requirements. Other than the covenants required for the credit facilities, the Company is not subject to any externally imposed capital requirements.

Cost Structure, Working Capital Requirements
At May 31, 2024, the Company's debt-to-capitalization ratio stood at 14.1% (0.6% as at November 30, 2023). Debt-to-capitalization ratio represents debt over total shareholders' equity. Debt is defined as bank indebtedness less cash and cash equivalents (i.e. debt excludes lease liabilities). Capitalization is debt plus shareholders' equity.

FINANCIAL COMMITMENTS AND CONTINGENCIES

OBLIGATIONS Payments due by period– undiscounted	**Total**	**Less than 1 year**	**2-3 Years**	**4-5 Years**	**After 5 years**
	$	$	$	$	$
Lease liability obligations	21,164	5,738	8,857	5,494	1,075
Purchase obligations	26	26	-	-	-
Total obligations	**21,190**	**5,764**	**8,857**	**5,494**	**1,075**

Contingent liabilities
During the normal course of business, certain product liability and other claims have been brought against the Company and, where applicable, its suppliers. While there is inherent difficulty in predicting the outcome of such matters, management has vigorously contested the validity of these claims, where applicable, and based on current knowledge, believes that they are without merit and does not expect that the outcome of any of these matters, in consideration of insurance coverage maintained, or the nature of the claims, individually or in the aggregate, would have a material adverse effect on the consolidated financial position, results of operations or future earnings of the Company.

RISKS AND UNCERTAINTIES

The risks and uncertainties affecting the Company remain substantially unchanged from those described in the Company's Annual MD&A for the year ended November 30, 2023, which are hereby incorporated by reference. These include the risks and uncertainties described under the headings "Risks and Uncertainties" and "Financial Instruments and Other Instruments" of such Annual MD&A. Only those factors with notable variability components are described below:

Dependence on Major Customers
The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked. Only one major customer exceeds 10% of total Company sales during the six months ended May 31, 2024 (same last year).

The following represents the total sales consisting primarily of various wood products of the major customer:

	For the three months ended				For the six months ended			
	May 31, 2024		May 31, 2023		**May 31, 2024**		May 31, 2023	
	$	**%**	$	%	**$**	**%**	$	%
Sales to the major customer that exceeded 10% of total Company's sales	**21,348**	**15.2**	20,969	14.7	**39,567**	**16.1**	37,500	15.1

The loss of any major customer could have a material effect on the Company's results, operations and financial position. The carrying amounts of financial assets represent the maximum credit exposure.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company is exposed to risks arising from financial instruments, including Financing and Liquidity Risk, interest rate risk, currency risk, and credit risk. Please refer to Note 12 of the interim consolidated financial statements for the six months ended May 31, 2024, for additional details.

RELATED PARTY TRANSACTIONS

The related party transactions remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2023 Annual Report.

CRITICAL ACCOUNTING ESTIMATES

The critical accounting estimates remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2023 Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies applied in the Company's interim financial statements are the same as those described in Note 3 contained in its 2023 annual consolidated financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at May 31, 2024, there were 8,509,354 common shares issued, 8,521,454 as at November 30, 2023, and 8,535,554 common shares as at May 31, 2023. The Company has authorized an unlimited number of common shares to be issued, without par value. As at July 10, 2024, there were 8,501,554 common shares outstanding.

OUTLOOK

Looking ahead, the Company remains cautiously optimistic. While the macroeconomic environment remains uncertain, proactive measures have positioned Goodfellow to effectively navigate these challenges. The focus for the remainder of the year will be on promoting a diversified product offering, expanding its presence in high-growth markets and enhancing operational efficiency and cost management.

CERTIFICATION

Disclosure Controls

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Procedures and Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

There has been no change in the Company's internal control over financial reporting that occurred during the three and six months ended May 31, 2024, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Delson, July 10, 2024

(Signed) "Patrick Goodfellow"
President and Chief Executive Officer

(Signed) "Charles Brisebois", CPA
Chief Financial Officer

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 “Continuous Disclosure Obligations”, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company’s independent auditors, KPMG LLP, has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity’s auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

GOODFELLOW INC.
Consolidated Statements of Comprehensive Income
For the three and six months ended May 31, 2024 and 2023
(in thousands of dollars, except per share amounts)
Unaudited

	For the three months ended		**For the six months ended**	
	May 31 2024	May 31 2023	**May 31 2024**	May 31 2023
	$	$	**$**	$
Sales (Note 15)	**140,334**	142,326	**245,668**	248,251
Expenses				
Cost of goods sold (Note 4)	**106,199**	110,034	**188,745**	194,294
Selling, administrative and general expenses (Note 4)	**26,108**	22,239	**48,992**	43,923
Net financial costs (Note 5)	**652**	921	**707**	1,195
	132,959	133,194	**238,444**	239,412
Earnings before income taxes	**7,375**	9,132	**7,224**	8,839
Income taxes	**2,066**	2,557	**2,023**	2,475
Total comprehensive income	**5,309**	6,575	**5,201**	6,364
Net earnings per share – Basic and Diluted (Note 10c)	**0.62**	0.77	**0.61**	0.75

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

	As at May 31 2024	As at November 30 2023	As at May 31 2023
	$	$	$
Assets			
Current Assets			
Cash	**4,822**	28,379	3,171
Trade and other receivables (Note 6)	**95,546**	53,674	87,163
Income taxes receivable	**7,286**	6,286	6,001
Inventories	**130,239**	98,473	122,268
Prepaid expenses	**2,536**	4,215	2,263
Total Current Assets	**240,429**	191,027	220,866
Non-Current Assets			
Property, plant and equipment	**34,631**	32,761	32,405
Intangible assets	**1,192**	1,487	1,795
Right-of-use assets	**9,993**	11,354	12,916
Defined benefit plan asset	**15,264**	15,347	11,760
Other assets	**1,227**	777	802
Total Non-Current Assets	**62,307**	61,726	59,678
Total Assets	**302,736**	252,753	280,544
Liabilities			
Current Liabilities			
Bank indebtedness (Note 7)	**35,883**	-	34,002
Trade and other payables (Note 8)	**52,645**	37,620	36,553
Provision (Note 9)	**2,774**	2,789	2,252
Current portion of lease liabilities	**4,170**	4,732	4,748
Total Current Liabilities	**95,472**	45,141	77,555
Non-Current Liabilities			
Provision (Note 9)	**-**	-	770
Lease liabilities	**7,373**	8,497	10,189
Deferred income taxes	**4,112**	4,112	3,431
Total Non-Current Liabilities	**11,485**	12,609	14,390
Total Liabilities	**106,957**	57,750	91,945
Shareholders' Equity			
Share capital (Note 10a)	**9,366**	9,379	9,394
Retained earnings	**186,413**	185,624	179,205
	195,779	195,003	188,599
Total Liabilities and Shareholders' Equity	**302,736**	252,753	280,544

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three and six months ended May 31, 2024 and May 31, 2023
(in thousands of dollars)
Unaudited

	For the three months ended		For the six months ended	
	May 31 2024	May 31 2023	**May 31 2024**	May 31 2023
	$	$	**$**	$
Operating Activities				
Net earnings	**5,309**	6,575	**5,201**	6,364
Adjustments for:				
Depreciation and amortization of:				
Property, plant and equipment	**882**	795	**1,717**	1,540
Intangible assets	**148**	150	**295**	301
Right-of-use assets	**1,089**	1,188	**2,123**	2,445
Gain on disposal of property, plant and equipment	**(69)**	(171)	**(77)**	(181)
Accretion expense on provision (Note 9)	**-**	68	**-**	136
Provision (Note 9)	**(4)**	(7)	**(15)**	(29)
Income taxes	**2,066**	2,557	**2,023**	2,475
Interest expense	**330**	481	**375**	569
Interest on lease liabilities	**137**	158	**274**	140
Funding in excess (deficit) of pension plan expense	**189**	(70)	**83**	(140)
Other	**7**	(10)	**8**	(139)
	10,084	11,714	**12,007**	13,481
Changes in non-cash working capital items (Note 13)	**(24,366)**	(15,844)	**(56,876)**	(32,124)
Interest paid	**(518)**	(632)	**(707)**	(740)
Income taxes paid	**(1,098)**	(3,019)	**(3,023)**	(6,037)
	(25,982)	(19,495)	**(60,606)**	(38,901)
Net Cash Flows from Operating Activities	**(15,898)**	(7,781)	**(48,599)**	(25,420)
Financing Activities				
Net increase (decrease) in bank loans (Note 7)	**6,000**	(2,000)	**6,000**	-
Net increase in banker's acceptances (Note 7)	**-**	23,000	**-**	28,000
Net increase in CORRA loans (Note 7)	**18,000**	-	**18,000**	-
Payment of lease liabilities	**(1,257)**	(1,287)	**(2,456)**	(2,792)
Redemption of shares (Note 10b)	**(50)**	(150)	**(169)**	(270)
Dividends paid (Note 10d)	**(4,256)**	(4,274)	**(4,256)**	(4,274)
Net Cash Flows from Financing Activities	**18,437**	15,289	**17,119**	20,664
Investing Activities				
Acquisition of property, plant and equipment	**(2,618)**	(839)	**(3,900)**	(1,683)
Proceeds on disposal of property, plant and equipment	**382**	178	**390**	188
Other assets	**(450)**	-	**(450)**	-
Net Cash Flows from Investing Activities	**(2,686)**	(661)	**(3,960)**	(1,495)
Net cash (outflow) inflow	**(147)**	6,847	**(35,440)**	(6,251)
Cash position, beginning of period	**(6,914)**	(9,678)	**28,379**	3,420
Cash position, end of period	**(7,061)**	(2,831)	**(7,061)**	(2,831)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the six months ended May 31, 2024 and May 31, 2023
(in thousands of dollars)
Unaudited

	Share Capital	**Retained Earnings**	**Total**
	$	$	$
Balance as at November 30, 2022	9,419	177,360	186,779
Net earnings (Note 10c)	-	6,364	6,364
Total comprehensive income	-	6,364	6,364
Dividend (Note 10d)	-	(4,274)	(4,274)
Redemption of Shares (Note 10b)	(25)	(245)	(270)
Balance as at May 31, 2023	9,394	179,205	188,599
Balance as at November 30, 2023	**9,379**	**185,624**	**195,003**
Net earnings (Note 10c)	**-**	**5,201**	**5,201**
Total comprehensive income	**-**	**5,201**	**5,201**
Dividend (Note 10d)	**-**	**(4,256)**	**(4,256)**
Redemption of Shares (Note 10b)	**(13)**	**(156)**	**(169)**
Balance as at May 31, 2024	**9,366**	**186,413**	**195,779**

(tabular amounts are in thousands of dollars, except per share amounts)

1. Status and nature of activities

Goodfellow Inc. (hereafter the "Company"), incorporated under the *Canada Business Corporations Act*, carries on various business activities related to remanufacturing and distribution of lumber and wood products. The Company's head office and primary place of business is located at 225 Goodfellow Street in Delson (Quebec), Canada, J5B 1V5.

The interim consolidated financial statements of the Company as at and for the six months ended May 31, 2024 and May 31, 2023 include the accounts of the Company and its wholly-owned subsidiaries.

2. Basis of preparation

Statement of compliance
The interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Boards ("IASB"). These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2023, as set out in the 2023 Annual Report. Certain comparative figures have been reclassified to conform to the current year's presentation.

These interim consolidated financial statements were authorized for issue by the Board of Directors on July 10, 2024.

These interim consolidated financial statements are available on the SEDAR+ website at www.sedarplus.ca and on the Company's website at www.goodfellowinc.com.

Use of estimates, judgments and assumptions
The preparation of the interim consolidated financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates are volatile by their nature and are continuously monitored by management. Actual results may differ from these estimates.

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty were the same as those applied and described in the Company's audited annual consolidated financial statements for the year ended November 30, 2023.

3. Significant Accounting Policies

The Company's significant accounting policies described in Note 3 contained in its 2023 annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim consolidated financial statements.

4. Additional information on:

	For the three months ended		**For the six months ended**	
Cost of goods sold	**May 31 2024**	May 31 2023	**May 31 2024**	May 31 2023
	$	$	**$**	$
Employee benefits expense	**380**	343	**680**	636
Obsolescence adjustment	**(16)**	(41)	**(3)**	517
Depreciation	**239**	288	**460**	577
Foreign exchange gains	**125**	88	**162**	13

	For the three months ended		**For the six months ended**	
Selling, administrative and general expenses	**May 31 2024**	May 31 2023	**May 31 2024**	May 31 2023
	$	$	**$**	$
Employee benefits expense	**16,170**	13,991	**30,170**	27,054
Depreciation and amortization	**1,880**	1,845	**3,675**	3,709

(tabular amounts are in thousands of dollars, except per share amounts)

5. Net financial costs

	For the three months ended		For the six months ended	
	May 31 2024	May 31 2023	**May 31 2024**	May 31 2023
	$	$	**$**	$
Interest expense	**330**	481	**375**	569
Interest expense on lease liabilities	**137**	158	**274**	140
Accretion expense on provision (Note 9)	**-**	68	**-**	136
Other financial costs	**247**	230	**442**	428
Financial cost	**714**	937	**1,091**	1,273
Financial income	**(62)**	(16)	**(384)**	(78)
Net financial costs	**652**	921	**707**	1,195

6. Trade and other receivables

	May 31 2024	November 30 2023	May 31 2023
	$	$	$
Trade receivables	**96,203**	54,131	87,995
Allowance for doubtful accounts	**(940)**	(594)	(896)
	95,263	53,537	87,099
Other receivables	**283**	137	64
	95,546	53,674	87,163

7. Bank indebtedness

	May 31 2024	November 30 2023	May 31 2023
	$	$	$
Bank loans [1][2]	**6,000**	-	-
Banker's acceptances [1]	**-**	-	28,000
CORRA loans [2]	**18,000**	-	-
Bank overdraft	**11,883**	-	6,002
	35,883	-	34,002

[1] The Company had a credit agreement with two chartered Canadian banks. The credit agreement provided for a maximum revolving operating facility of $90 million maturing in May 2024 by way of bank loans and/or banker's acceptances. In addition, an accordion of $10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. In May 2024, this credit agreement expired.

[2] In May 2024, the Company renewed its credit agreement with its present lenders, two chartered Canadian banks. The credit agreement has a maximum revolving operating facility of $90 million maturing in May 2026 by way of bank loans and/or CORRA loans. In addition, an accordion of $10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. As at May 31, 2024, the Company was compliant with its financial covenants. As at May 31, 2024, the Company has $1.2 million of issued letters of credit which reduces the availability of its facility ($1.0 million last year).

8. Trade and other payables

	May 31 2024	November 30 2023	May 31 2023
	$	$	$
Trade payables and accruals	**39,692**	26,975	27,391
Payroll related liabilities	**6,828**	6,492	6,786
Other payables	**6,125**	4,153	2,376
	52,645	37,620	36,553

(tabular amounts are in thousands of dollars, except per share amounts)

9. Provision

The Company's St-André (QC) site shows continued traces of surface contamination from previous treating activities exceeding existing regulatory requirements. In 2022, the Company submitted a revised timetable for the site remediation which was approved by the "*Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs*" and is to be completed before December 31, 2024.

Based on current available information, the provision is considered by management to be adequate to cover any projected costs that could be incurred in the future.
Because of the nature of the liability, the biggest uncertainty in estimating the provision is the amount of soil to be treated and the costs that will be incurred to remove it. Changes in estimates of future expenditures are the result of periodic reviews of the underlying assumptions supporting the provision, including remediation costs and regulatory requirements.

	May 31 2024	November 30 2023	May 31 2023
	$	$	$
Balance, beginning of the year	**2,789**	2,915	2,915
Changes due to:			
Revision of future expected expenditures	**-**	(37)	-
Accretion expense	**-**	271	136
Expenditures incurred	**(15)**	(360)	(29)
Balance, end of period	**2,774**	2,789	3,022
Current portion	**2,774**	2,789	2,252
Long-term portion	**-**	-	770

10. Share Capital

a) Authorized

An unlimited number of common shares, without par value

	May 31 2024	November 30 2023	May 31 2023
	Number of shares	Number of shares	Number of shares
Shares outstanding at the beginning of the period	**8,521,454**	8,557,954	8,557,954
Repurchased and cancelled (b)	**(12,100)**	(36,500)	(22,400)
Shares outstanding at the end of the period	**8,509,354**	8,521,454	8,535,554

	May 31 2024	November 30 2023	May 31 2023
	Carrying value ($)	Carrying value ($)	Carrying value ($)
Shares outstanding at the beginning of the period	**9,379**	9,419	9,419
Repurchased and cancelled (b)	**(13)**	(40)	(25)
Shares outstanding at the end of the period	**9,366**	9,379	9,394

(tabular amounts are in thousands of dollars, except per share amounts)

b) Share repurchase program (NCIB)

On November 20, 2023, following approval of the Toronto Stock Exchange (the "TSX"), the Company renewed its existing normal course issuer bid (NCIB). This program allows the Company to repurchase up to an aggregate 426,157 common shares, representing approximately 5% of the common shares issued and outstanding as at November 9, 2023. All shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than November 19, 2024.

The following table summarizes the Company's share repurchase activities under both the renewed and the previous NCIB:

	May 31 2024	November 30 2023	May 31 2023
Common shares repurchased for cancellation (number of shares)	**12,100**	36,500	22,400
Average price per share	**$14.00**	$12.50	$12.04
Total repurchase cost	**$169**	$456	$ 270
Repurchase resulting in a reduction of:			
Share Capital	**$13**	$40	$ 25
Deficit (1)	**$156**	$416	$ 245

(1) The excess of repurchase cost over the average carrying value of the common shares.

c) Net earnings

The calculation of basic and diluted net earnings per share was based on the following:

	For the three months ended		**For the six months ended**	
	May 31 2024	May 31 2023	**May 31 2024**	May 31 2023
	$	$	**$**	$
Net earnings, basic and diluted	**5,309**	6,575	**5,201**	6,364
Weighted average number of common shares, basic and diluted	**8,509,354**	8,535,554	**8,509,354**	8,535,554

d) Dividends

The following dividends were declared and paid by the Company for the six-month period ended May 31, 2024, and for the year ended November 30, 2023:

May 31, 2024			
	Declared		
Record date	Per share	Amount	Payment date
	$	$	
Mar 5, 2024	0.50	4,256	Mar 19, 2024
	0.50	**4,256**	

November 30, 2023			
	Declared		
Record date	Per share	Amount	Payment date
	$	$	
Mar 2, 2023	0.50	4,274	Mar 16, 2023
Oct 19, 2023	0.50	4,265	Nov 2, 2023
	1.00	**8,539**	

11. Seasonal Pattern

The Company's business follows a seasonal pattern with sales activities traditionally higher in the second and third quarters. As a result, a higher share of total earnings is typically earned in the second and third quarters.

12. Financial Instruments and other instruments

Risk Management
The Company is exposed to financial risks that arise from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates.

Financing and Liquidity Risk
The Company makes use of short-term financing with two chartered Canadian banks.

(tabular amounts are in thousands of dollars, except per share amounts)

The following are the contractual maturities of financial liabilities as at May 31, 2024:

FINANCIAL LIABILITIES	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
	$	$	$	$
Bank Indebtedness	35,883	35,883	35,883	-
Trade and other payables	52,645	52,645	52,645	-
Total financial liabilities	**88,528**	**88,528**	**88,528**	**-**

The following are the contractual maturities of financial liabilities as at November 30, 2023:

FINANCIAL LIABILITIES	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
	$	$	$	$
Trade and other payables	37,620	37,620	37,620	-
Total financial liabilities	**37,620**	**37,620**	**37,620**	**-**

The following are the contractual maturities of financial liabilities as at May 31, 2023:

FINANCIAL LIABILITIES	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
	$	$	$	$
Bank indebtedness	34,002	34,002	34,002	-
Trade and other payables	36,553	36,553	36,553	-
Total financial liabilities	**70,555**	**70,555**	**70,555**	**-**

Interest Rate Risk
The Company uses a credit facility to finance working capital requirements. The interest cost of this facility is dependent upon Canadian and U.S. bank prime rates as well as the Company's debt-to-capitalization ratio. The profitability of the Company could be adversely affected with increases in the bank prime rate. Management does not believe that the impact of interest rate fluctuations will be significant on its operating results. A 100-basis point fluctuation of interest rate on average bank indebtedness throughout the six months ended May 31, 2024 would have an impact on interest expense of $0.1 million (same last year).

Currency Risk
Certain valuation risks exist depending on the performance of the Canadian dollar compared to the U.S. dollar, Euro and the Pound sterling. From time-to-time, the Company could enter into forward exchange contracts to hedge certain accounts payable and certain future purchase commitments denominated in U.S. dollars, Euros and Pound sterling. During the six months ended May 31, 2024, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at May 31, 2024, there were no outstanding foreign exchange contracts. A fluctuation in the Canadian dollar of 5% in relation to foreign currencies would not have a significant effect on the Company's net earnings.

As at May 31, 2024, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	**GBP**	**Euro**
Cash	1,438	1,016	9
Bank indebtedness	(3,254)	-	-
Trade and other receivables	3,833	12	44
Trade and other payables	(7,544)	(1)	(350)
Net exposure	**(5,527)**	**1,026**	**(298)**
CAD exchange rate as at May 31, 2024	1.3631	1.7365	1.4782
Impact on net earnings based on a fluctuation of 5% on CAD	**(271)**	**64**	**(16)**

(tabular amounts are in thousands of dollars, except per share amounts)

As at November 30, 2023, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	5,701	651	14
Trade and other receivables	3,751	16	-
Trade and other payables	(1,644)	(2)	(141)
Net exposure	**7,808**	**665**	**(127)**
CAD exchange rate as at November 30, 2023	1.3560	1.7117	1.4765
Impact on net earnings based on a fluctuation of 5% on CAD	**381**	**41**	**(7)**

As at May 31, 2023, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	1,437	269	13
Bank indebtedness	(1,095)	-	-
Trade and other receivables	3,923	2	-
Trade and other payables	(2,858)	(11)	(106)
Net exposure	**1,407**	**260**	**(93)**
CAD exchange rate as at May 31, 2023	1.3577	1.6889	1.4510
Impact on net earnings based on a fluctuation of 5% on CAD	**69**	**16**	**(5)**

Credit Risk
The Company is exposed to credit risks from customers. As a result of having a diversified customer mix, this risk is alleviated by minimizing the amount of exposure the Company has to any one customer. Additionally, the Company has a system of credit management to mitigate the risk of losses due to insolvency or bankruptcy of its customers. It also utilizes credit insurance to reduce the potential for credit losses. Finally, the Company has adopted a credit policy that defines the credit conditions to be met by its customers, and specific credit limit for each customer is established and regularly revised. Based on historical payment behaviour and current credit information and experience available, the Company believes that, apart from the provision for doubtful accounts recorded, no impairment allowance is necessary in respect of trade receivables that are current or past due.

The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked.

The following table presents information on credit risk exposure and expected credit losses related to trade accounts receivable:

	As at May 31 2024	As at November 30 2023	As at May 31 2023
	$	$	$
Current	**92,102**	48,841	86,102
31 - 60 days past due	**2,070**	1,980	426
61 - 90 days past due	**870**	1,035	420
91 - 120 days past due	**575**	386	(100)
Over 120 days past due	**586**	1,889	1,147
	96,203	54,131	87,995
Loss allowance	**(940)**	(594)	(896)
Balance, end of period	**95,263**	53,537	87,099

As at May 31, 2024, since expected credit losses are limited to $0.9 million and because movements during the period in the allowance for expected credit losses are minimal, the expected credit losses by trade accounts receivable aging and the movement in the allowance for expected credit losses in respect of trade receivables have not been presented separately.

(tabular amounts are in thousands of dollars, except per share amounts)

Economic Dependence
The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked. Only one major customer exceeds 10% of total Company sales during the six months ended May 31, 2024 (same last year).

The following represents the total sales consisting primarily of various wood products of the major customer:

	For the three months ended				For the six months ended			
	May 31, 2024		May 31, 2023		**May 31, 2024**		May 31, 2023	
	$	**%**	$	%	**$**	**%**	$	%
Sales to the major customer that exceeded 10% of total Company's sales	**21,348**	**15.2**	20,969	14.7	**39,567**	**16.1**	37,500	15.1

The loss of any major customer could have a material effect on the Company's results, operations and financial position. The carrying amounts of financial assets represent the maximum credit exposure.
Fair Value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on available public market information or, when such information is not available, is estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate level of risk for the instrument. The estimated fair values may differ in amount from that which could be realized in an immediate settlement of the instruments. The carrying amounts of cash, trade and other receivables, bank indebtedness (if any) and trade and other payables approximate their fair values.

13. Additional Cash Flow Information

Changes in Non-Cash Working Capital Items

	For the three months ended		For the six months ended	
	May 31 2024	May 31 2023	**May 31 2024**	May 31 2023
	$	$	**$**	$
Trade and other receivables	**(25,874)**	(22,868)	**(41,872)**	(22,740)
Inventories	**(7,437)**	8,148	**(31,766)**	(9,974)
Prepaid expenses	**1,352**	1,397	**1,794**	298
Trade and other payables	**7,593**	(2,521)	**14,968**	292
	(24,366)	(15,844)	**(56,876)**	(32,124)

The reconciliation of movements of liabilities to cash flows arising from financing activities is as follows:

	Bank loans	Banker's acceptances	CORRA loans	Lease liabilities	Total
Liability related changes	**$**	**$**	**$**	**$**	**$**
Period ended May 31, 2024					
Interest expense	**200**	**128**	**47**	**274**	**649**
Interest paid	**143**	**105**	**185**	**274**	**707**
Year ended November 30, 2023					
Interest expense	367	629	-	431	1,427
Interest paid	378	558	-	431	1,367
Period ended May 31, 2023					
Interest expense	188	381	-	140	709
Interest paid	213	387	-	140	740

14. Capital management

The Company's objectives are as follows:

1. Maintain financial flexibility in order to preserve its ability to meet financial obligations;
2. Maintain a low net debt-to-capital ratio to preserve its capacity to pursue its organic growth strategy;
3. Maintain financial ratios within covenants requirements; and
4. Provide an adequate return to its shareholders.

(tabular amounts are in thousands of dollars, except per share amounts)

The Company defines its capital as net debt less shareholders' equity as follows:

	As at May 31 2024	As at November 30 2023	As at May 31 2023
	$	$	$
Cash	**4,822**	28,379	3,171
Bank Indebtedness	**(35,883)**	-	(34,002)
Net (Debt) Cash	**(31,061)**	28,379	(30,831)
Share Capital	**9,366**	9,379	9,394
Retained Earnings	**186,413**	185,624	179,205
Shareholders' Equity	**195,779**	195,003	188,599
Total Capital	**164,718**	223,382	157,768

The Company manages its capital and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital, the Company may adjust the amount of dividends paid to shareholders, issue new shares or repurchase shares under a normal course issuer bid, acquire or sell assets to improve its financial performance and flexibility or return capital to shareholders. The Company's primary uses of capital are to finance increases in non-cash working capital and capital expenditures for capacity expansion. The Company currently funds these requirements out of its internally generated cash flows and credit facilities. The Company's financial objectives and strategy remain substantially unchanged.

The Company is subject to certain covenants on its credit facilities. The covenants include a debt-to-capitalization ratio and an interest coverage ratio. The Company monitors the ratios on a monthly basis. The Company currently complies with all externally imposed capital requirements. Other than the covenants required for the credit facilities, the Company is not subject to any externally imposed capital requirements.

15. Segmented Information and Sales

The Company manages its operations under one operating segment. Revenues are generated from the sale of various wood products and operating expenses are managed at the aggregate Company level. All significant property, plant and equipment, and right-of-use assets are located in Canada.

The following table presents sales disaggregated by geographic markets and by categories, as this best depicts how the nature, amount, timing and uncertainty of sales and cash flows are affected by economic factors.

Primary geographic markets
The Company's sales to clients located in Canada represent approximately 88% (89% in 2023) of total sales, the sales to clients located in the United States represent approximately 8% (7% in 2023) of total sales, and the sales to clients located in other markets represent approximately 4% (same in 2023) of total sales.

	For the three months ended		**For the six months ended**	
	May 31 2024	May 31 2023	**May 31 2024**	May 31 2023
	$	$	**$**	$
Canada	**125,163**	128,381	**217,057**	221,362
U.S.	**10,688**	9,373	**19,828**	17,970
Export	**4,483**	4,572	**8,783**	8,919
	140,334	142,326	**245,668**	248,251

Sales categories

	For the three months ended		**For the six months ended**	
	May 31 2024	May 31 2023	**May 31 2024**	May 31 2023
	$	$	**$**	$
Lumber	**76,575**	77,384	**136,374**	137,233
Specialty and commodity panels	**27,312**	24,989	**48,014**	44,611
Flooring	**17,520**	20,249	**31,991**	36,014
Building material	**18,927**	19,704	**29,289**	30,393
	140,334	142,326	**245,668**	248,251

CORPORATE INFORMATION

BOARD OF DIRECTORS

Robert Hall
Chair of the Board

Alain Côté * / **
Director and Chair of the Audit Committee

David Goodfellow
Director

Douglas Goodfellow **
Director

James Hewitt *
Director

Sarah Prichard * / **
Director and Chair of the Compensation and Human Resources Committee

* Member of the Audit Committee
** Member of the Compensation and Human Resources

OFFICERS

Patrick Goodfellow
President and Chief Executive Officer

Charles Brisebois
Chief Financial Officer

Mary Lohmus
Executive Vice President, Ontario and Western Canada

Éric Bisson
Vice President, Quebec

Pedro Da Silva
Vice President, Industrial

Luc Dignard
Vice President, Sales, Quebec

Olivia Goodfellow
Corporate Secretary

Harry Haslett
Vice President, Sales and Marketing, Atlantic

Eric McNeely
Vice President, Business Development - Flooring

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Vice President, National Accounts

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