GOODFELLOW

QUARTERLY REPORT

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2025

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PRESIDENT’S REPORT TO THE SHAREHOLDERS

In the first quarter of 2025, Goodfellow delivered $111.2 M in sales, up 5.5% from $105.3 M in the same quarter of 2024, thanks to its diversified product offering and strong distribution network across Canada. Increased overhead including wages, leases and depreciation tied to existing sites, and the integration of several asset acquisitions in the United States, led to impacts that will take time to fully mitigate, resulting in a net loss of $2.3 M, compared to a net loss of $0.1 M in Q1 2024.

A key factor in Goodfellow’s performance was its strategic approach to inventory management, ensuring adequate stock levels to support both distribution operations and specific customer programs. Market share gains through opportunity buys played a crucial role in driving modest sales growth, reinforcing the Company’s competitive position.

Goodfellow remains focused on long-term opportunities and will continue to monitor and manage the supply chain to address risks related to U.S. tariffs. The ongoing Canadian housing shortage continues to create demand for specialty wood products. Shifting consumer behaviors in Canada could drive increased renovation expenditures heading into the seasonal period.

With its strong market presence, dedicated team and adaptive strategies, the Company is well positioned to navigate these volatile economic conditions. Goodfellow’s value-added capabilities and specialty services offering will remain key drivers of growth in 2025 and beyond.

Sincerely,

(Signed) “Patrick Goodfellow”
President and Chief Executive Officer
April 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") and Goodfellow Inc. (the "Company") interim consolidated financial statements were approved by the Audit Committee and the Board of Directors on April 10, 2025. Unless otherwise indicated, the MD&A is based on information available up to such date. The MD&A should be read in conjunction with the consolidated financial statements and the corresponding notes for the years ended November 30, 2024 and November 30, 2023. The MD&A provides a review of the significant developments and results of operations of the Company during the three months ended February 28, 2025 and February 29, 2024. The interim consolidated financial statements ended February 28, 2025 and February 29, 2024 are prepared in accordance with International Financial Reporting 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. 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 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 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 the Company's assessments, expectations and assumptions relative to, inter alia, 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; 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. Although the Company believes that the assessments, expectations and assumptions underlying the forward-looking statements contained in the MD&A are reasonable, there can be no assurance that such assessments, expectations and assumptions will prove to be correct. 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 our 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; laws and regulation; information systems, cost structure and working capital requirements; changes in trade policies, including duties, barriers, restrictions, tariffs and any retaliatory measures; occurrence of hostilities, political instability or catastrophic events and other factors described in the Company's Annual Management's Discussion and Analysis for the years ended November 30, 2024 and November 30, 2023 and its other 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. Definitions for these non-IFRS measures and a reconciliation to financial information in accordance with IFRS are presented below and in Note 15 "Segmented Information and Sales" to the unaudited interim consolidated financial statements for the three months ended February 28, 2025 and February 29, 2024. 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 February 28 and 29 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 February 28 and 29 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	**For the three months ended**		**For the years ended**	
	February 28 2025 (unaudited)	February 29 2024 (unaudited)	**November 30 2024**	November 30 2023
	$	$	**$**	$
Net (loss) earnings	**(2,260)**	(108)	**13,369**	14,688
Income taxes	**(878)**	(43)	**4,695**	5,402
Net financial costs	**786**	55	**2,379**	2,429
Depreciation of property, plant and equipment	**1,262**	835	**4,188**	3,311
Depreciation of right-of-use assets	**1,495**	1,034	**4,787**	4,697
Amortization of intangible assets	**145**	147	**591**	602
EBITDA	**550**	1,920	**30,009**	31,129

"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 – First quarter (unaudited)	**For the three months ended**	
	February 28 2025	February 29 2024
	$	$
Net Cash Flows from Operating Activities	**(34,762)**	(32,701)
Changes in non-cash working capital items	**34,562**	32,510
Interest paid	**545**	189
Income taxes paid	**1**	1,925
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid	**346**	1,923
Net Cash Flows from Operating Activities per share	**(4,12)**	(3.84)
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid per share	**0.04**	0.23
Weighted Average Number of Share Outstanding (thousands)	**8,434**	8,515

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 months ended February 28, 2025 and February 29, 2024. Please refer to such sections for a description of how theses 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**		
	February 28 2025	November 30 2024	February 29 2024
	$	$	$
Shareholders' Equity	**201,407**	206,208	190,520
Shareholders' Equity per share	**23.91**	24.38	22.37
Number of Share Outstanding (thousands)	**8,424**	8,458	8,513

BUSINESS OVERVIEW

Goodfellow Inc. is a diversified manufacturer of value-added lumber products and a leading wholesale distributor of building materials and floor coverings. The Company operates in Canada, the United States and the United Kingdom, serving both commercial and residential sectors. In Canada, Goodfellow maintains a strong presence with nine (9) processing plants and thirteen (13) distribution centres strategically located from coast to coast. In the United States, the Company operates four (4) processing plants and two (2) distribution centres, while in the United Kingdom there is one (1) distribution centre. Goodfellow serves a diverse customer base that includes lumberyard retailers, manufacturers, industrial and infrastructure project partners, and floor covering specialists.

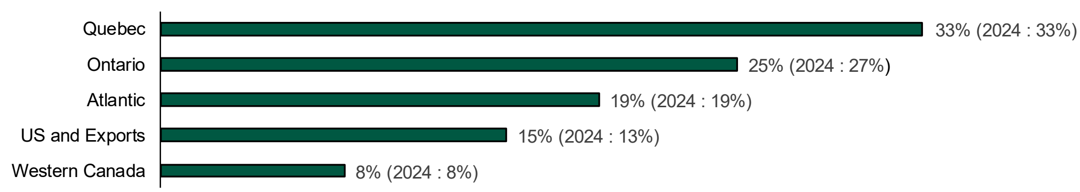
COMPARISON FOR THE THREE MONTHS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024
(unaudited)

HIGHLIGHTS	Q1-2025	Q1-2024	Variance
	$	$	**%**
Sales	**111,180**	105,334	**+6**
Loss before income taxes	**(3,138)**	(151)	**-1,978**
Net loss	**(2,260)**	(108)	**-1,993**
Net loss per share – Basic and Diluted	**(0.27)**	(0.01)	**-2,600**
Net cash flow from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid (1)	**346**	1,923	**-82**
Net cash flow from Operating Activities	**(34,762)**	(32,701)	**-6**
EBITDA (1)	**550**	1,920	**-71**

(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.

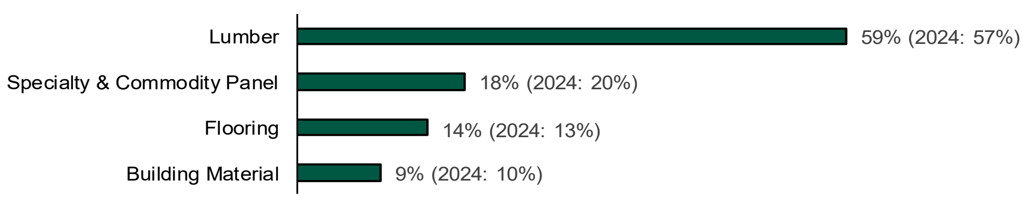
Sales in Canada during the first quarter of 2025 increased 3% compared to last year due to an increase in sales of flooring products and lumber. Quebec sales increased 5% due to an increase in sales of flooring products and lumber. Sales in Ontario decreased 3% mainly due to a decrease in sales of all product categories except for flooring products. Sales in Western Canada increased 6% due to an increase in sales of flooring products and lumber. Atlantic region sales increased 7% due to an increase in sales of all product categories except for flooring products.

Geographical Distribution of Sales for the First Quarter ended February 28, 2025



Sales in the United States during first quarter of 2025 increased by 3% compared to the same period last year, due an increase in sales of building materials and lumber products. Additionally, the export sales saw a significant increase of 70% in the first quarter of 2025 compared to the previous year, with all product categories experiencing growth, except for flooring products.

Product Distribution of Sales for the First Quarter ended February 28, 2025



In terms of the distribution of sales by product, lumber and flooring products saw an increase in sales. Flooring sales during first quarter of fiscal 2025 increased 11%, specialty and commodity panel sales decreased 3%, building material sales decreased 8%, and lumber sales increased 9% compared to last year.

Reconciliation of Gross profit
(unaudited)

	For the three months ended	
	February 28 2025	February 29 2024
	$	$
Sales	**111,180**	105,334
Cost of goods sold	**85,713**	82,546
Gross profit	**25,467**	22,788
Gross margins	**22.9%**	21.6%

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 below contains a reconciliation of Gross profit to sales.

Cost of Goods Sold
Cost of goods sold during the first quarter of 2025 was $85.7 million compared to $82.5 million for the corresponding period a year ago, an increase of 4% compared to last year. Gross profits were $25.5 million compared to $22.8 million last year. Gross profits increased 12% compared to last year. Gross margins were 22.9% for the three months ended February 28, 2025 (21.6% last year).

Selling, Administrative and General Expenses
Selling, Administrative and General Expenses during the first quarter of 2025 were $27.8 million compared to $22.9 million last year representing an increase of 22% compared to last year.

Net Financial Costs
Net financial costs during the three months ended February 28, 2025 were $0.8 million ($0.1 million last year). The average Canadian prime rate was 5.45% (7.20% last year). The average U.S. prime rate was 7.55% (8.50% last year).

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

	May-2024	**Aug-2024**	**Nov-2024**	**Feb-2025**
	$	**$**	**$**	**$**
Sales	140,334	139,668	124,205	111,180
Net earnings (loss)	5,309	5,750	2,418	(2,260)
Net earnings (loss) per share	0.62	0.68	0.29	(0.27)

	May-2023	**Aug-2023**	**Nov-2023**	**Feb-2024**
	$	**$**	**$**	**$**
Sales	142,326	139,155	125,415	105,334
Net earnings (loss)	6,575	6,191	2,133	(108)
Net earnings (loss) per share	0.77	0.72	0.25	(0.01)

As indicated above, our 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 February 28, 2025 were $332.9 million compared to $291.9 million as at November 30, 2024. Cash at February 28, 2025 was $4.2 million compared to $5.3 million as at November 30, 2024. Trade and other receivables at February 28, 2025 were $70.0 million ($56.6 million as at November 30, 2024). Income taxes receivable was $7.5 million compared to $6.6 million as at November 30, 2024. Inventories at February 28, 2025 were $158.9 million compared to $131.3 million as at November 30, 2024. Prepaid expenses at February 28, 2025 were $4.1 million ($4.0 million as at November 30, 2024). Defined benefit plan asset was $21.7 million at February 28, 2025 compared to $21.9 million as at November 30, 2024. Other assets were $1.3 million at February 28, 2025 (same as at November 30, 2024).

Property, plant, equipment, intangible and right-of-use assets
Property, plant and equipment at February 28, 2025 was $43.6 million compared to $43.9 million as at November 30, 2024, and intangible assets at February 28, 2025 were $0.8 million compared to $0.9 million as at November 30, 2024. Capital expenditures on property, plant and equipment and intangibles during the first three months of fiscal 2025 amounted to $0.9 million compared to $1.3 million for the same period last year. Property, plant and equipment capitalized during the first three months of fiscal 2025 mainly included buildings and yard improvements, equipment, computers and rolling stock. Right-of-use assets at February 28 2025 was $20.9 million ($19.9 million as at November 30, 2024). Depreciation / amortization of property, plant, equipment, intangible, and right-of-use assets during the first three months of fiscal 2025 amounted to $2.9 million compared to $2.0 million last year.

Total liabilities
Total liabilities at February 28, 2025 were $131.5 million compared to $85.6 million as at November 30, 2024. Bank indebtedness was $42.4 million compared to $5.9 million as at November 30, 2024 Trade and other payables at February 28, 2025 were $55.5 million compared to $49.0 million as at November 30, 2024. Current provision at February 28, 2025 was $0.8 million ($0.9 million as at November 30, 2024). Dividend payable at February 28, 2025 were $2.1 million compared to nil as at November 30, 2024. Lease liabilities at February 28, 2025 were $22.4 million compared to $21.5 million as at November 30, 2024. Deferred income taxes at February 28, 2025 were $8.3 million (same as at November 30, 2024).

Shareholders' Equity
Total Shareholders' Equity at February 28, 2025 was $201.4 million compared to $206.2 million as at November 30, 2024. The Company generated a return on Shareholders' Equity of (4.5)% during the three months ended February 28, 2025 compared to (0.2)% last year (Return on shareholders' equity is the net earnings (loss) divided by shareholders' equity, expressed as a

percentage). The share price closed at $12.11 per share on February 28, 2025 ($13.99 on November 30, 2024). The Shareholders' Equity per share at February 28, 2025 was $23.91 per share compared to $24.38 per share as at November 30, 2024. Share capital was $9.3 million at February 28, 2025 (same as at November 30, 2024).

On November 20, 2024 (2023: 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 493,102 common shares (2023: 426,157 common shares). All Shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than November 19, 2025 (2023: November 19, 2024). During fiscal year 2024, under the NCIB, the Company purchased 63,700 shares at a weighted-average price of $14.01 for a total aggregate purchase price of $892 thousand (2023: purchased 36,500 shares at a weighted-average price of $12.50 for a total aggregate purchase price of $456 thousand).

During the three months ended February 28, 2025, the Company bought back 34,100 shares at a weighted-average price of $12.78 for a total aggregate purchase price of $436 thousand compared to 8,500 shares at a weighted-average price of $13.96 for a total aggregate purchase price of $119 thousand during the three months ended February 29, 2024.

Additional information regarding the NCIB is contained in Note 10b of the Interim Consolidated Financial Statements for the period ended February 28, 2025.

The following dividends were declared and paid by the Company for the three-month period ended February 28, 2025, and for the year ended November 30, 2024:

February 28, 2025				**November 30, 2024**			
Declared				Declared			
Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
	$	$			$	$	
Mar 5, 2025	0.25	2,105	Mar 19, 2025	Mar 5, 2024	0.50	4,256	Mar 19, 2024
				Oct 23, 2024	0.25	2,119	Nov 6, 2024
	0.25	**2,105**			**0.75**	**6,375**	

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. In May 2024, the Company renewed its credit agreement for 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 February 28, 2025 the Company was compliant with its financial covenants. As at February 28, 2025, under the credit agreement, the Company was using of $28.0 million its facility (nil last year). As at February 28, 2025, the Company has $1.4 million of issued letters of credit which reduces the availability of its facility ($1.2 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 three months ended February 28, 2025 was $(34.8) million compared to $(32.7) million last year. Financing activities during the first three months of fiscal 2025 was $26.1 million compared to $(1.3) million last year. Investing activities during the three months ended February 28, 2025 was $(0.9) million compared to $(1.3) million last year.

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 February 28 2025	As at November 30 2024
	$	$
Cash	**4,237**	5,314
Bank Indebtedness	**(42,385)**	(5,913)
Net Debt	**(38,148)**	(599)
Share Capital	**9,271**	9,309
Retained Earnings	**192,136**	196,899
Shareholders' Equity	**201,407**	206,208
Total Capital	**163,259**	205,609

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 February 28, 2025, the Company's debt-to-capitalization ratio stood at 16.3% (0.6% as at November 30, 2024). 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	27,684	6,913	11,711	7,120	1,940
Purchase obligation	694	694	-	-	-
Total obligations	**28,378**	**7,607**	**11,711**	**7,120**	**1,940**

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, 2024, 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 three months ended February 28, 2025 (same last year).

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

	For the three months ended			
	February 28, 2025		February 29, 2024	
	$	**%**	$	%
Sales to the major customer that exceeded 10% of total Company's sales	**19,273**	**17.3**	18,219	17.3

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 three months ended February 28, 2025, 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 2024 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 2024 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 2024 Annual consolidated financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at February 28, 2025, there were 8,423,654 common shares issued, 8,457,754 as at November 30, 2024, and 8,512,954 common shares as at February 29, 2024. The Company has authorized an unlimited number of common shares to be issued, without par value. As at April 10, 2025, there were 8,405,954common shares outstanding.

SUBSEQUENT EVENT

The continued changes to, deferral of, and announcement of the imposition of new tariffs by the U.S. administration, and retaliatory actions by the Canadian government, continue to create economic uncertainty, and could negatively impact the Canadian economy, potentially increasing costs, disrupting supply chains, weaken the Canadian dollar, and other potential negative impacts. The Company continues to assess, including the constant changes to the trade tariffs, the direct and indirect impacts to its business of such tariffs, retaliatory tariffs or other trade protectionist measures implemented as this situation continues to develop, and such impacts could be material.

OUTLOOK

With complex and evolving economic conditions shaping the lumber and building materials industry, companies will have to navigate a difficult landscape of trade policies, shifting demand, and financial volatility. As global and regional markets adjust to factors such as interest rate fluctuations, housing market trends, and geopolitical developments, new opportunities will emerge for those who can anticipate and adapt to change. At the same time, businesses must remain vigilant about customer credit risks, as economic pressures may strain cash flows and payment reliability across the supply chain. Price fluctuations, driven by material costs, tariffs, and supply-demand imbalances, will require proactive strategies to manage margins and maintain competitiveness. In this dynamic environment, flexibility, strategic foresight, and financial discipline will be essential to seizing opportunities while mitigating risks.

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 months ended February 28, 2025, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Delson, April 10, 2025

(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 months ended February 28, 2025 and February 29, 2024
(in thousands of dollars, except per share amounts)
Unaudited

	February 28 2025	February 29 2024
	$	$
Sales (Note 15)	**111,180**	105,334
Expenses		
Cost of goods sold (Note 4)	**85,713**	82,546
Selling, administrative and general expenses (Note 4)	**27,819**	22,884
Net financial costs (Note 5)	**786**	55
	114,318	105,485
Loss before income taxes	**(3,138)**	(151)
Income taxes	**(878)**	(43)
Total comprehensive loss	**(2,260)**	(108)
Net loss per share – Basic and Diluted (Note 10c)	**(0.27)**	(0.01)

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

	As at February 28 2025	As at November 30 2024	As at February 29 2024
	$	$	$
Assets			
Current Assets			
Cash	**4,237**	5,314	4,397
Trade and other receivables (Note 6)	**69,995**	56,601	69,672
Income taxes receivable	**7,513**	6,634	8,254
Inventories	**158,879**	131,284	122,802
Prepaid expenses	**4,051**	4,047	3,771
Total Current Assets	**244,675**	203,880	208,896
Non-Current Assets			
Property, plant and equipment	**43,552**	43,883	33,208
Intangible assets	**751**	896	1,340
Right-of-use assets	**20,863**	19,936	10,586
Defined benefit plan asset	**21,747**	21,925	15,453
Other assets	**1,327**	1,336	777
Total Non-Current Assets	**88,240**	87,976	61,364
Total Assets	**332,915**	291,856	270,260
Liabilities			
Current Liabilities			
Bank indebtedness (Note 7)	**42,385**	5,913	11,311
Trade and other payables (Note 8)	**55,494**	49,028	44,986
Provision (Note 9)	**818**	930	2,778
Dividends payable (Note 10d)	**2,105**	-	4,256
Current portion of lease liabilities	**6,418**	6,271	4,419
Total Current Liabilities	**107,220**	62,142	67,750
Non-Current Liabilities			
Lease liabilities	**15,985**	15,203	7,878
Deferred income taxes	**8,303**	8,303	4,112
Total Non-Current Liabilities	**24,288**	23,506	11,990
Total Liabilities	**131,508**	85,648	79,740
Shareholders' Equity			
Share capital (Note 10a)	**9,271**	9,309	9,370
Retained earnings	**192,136**	196,899	181,150
	201,407	206,208	190,520
Total Liabilities and Shareholders' Equity	**332,915**	291,856	270,260

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three months ended February 28, 2025 and February 29, 2024
(in thousands of dollars)
Unaudited

	February 28 2025	February 29 2024
	$	$
Operating Activities		
Net loss	**(2,260)**	(108)
Adjustments for:		
Depreciation and amortization of:		
Property, plant and equipment	**1,262**	835
Intangible assets	**145**	147
Right-of-use assets	**1,495**	1,034
Gain on disposal of property, plant and equipment	**(6)**	(8)
Provision (Note 9)	**(112)**	(11)
Income taxes	**(878)**	(43)
Interest expense	**239**	45
Interest on lease liabilities	**341**	137
Funding in (deficit) excess of pension plan expense	**178**	(106)
Other	**(58)**	1
	346	1,923
Changes in non-cash working capital items (Note 13)	**(34,562)**	(32,510)
Interest paid	**(545)**	(189)
Income taxes paid	**(1)**	(1,925)
	(35,108)	(34,624)
Net Cash Flows from Operating Activities	**(34,762)**	(32,701)
Financing Activities		
Net increase in bank indebtedness (Note 7)	**4,000**	-
Net increase in CORRA loans (Note 7)	**24,000**	-
Payment of lease liabilities	**(1,435)**	(1,199)
Redemption of shares (Note 10b)	**(436)**	(119)
Net Cash Flows from Financing Activities	**26,129**	(1,318)
Investing Activities		
Acquisition of property, plant and equipment	**(931)**	(1,282)
Proceeds on disposal of property, plant and equipment	**6**	8
Other assets	**9**	-
Net Cash Flows from Investing Activities	**(916)**	(1,274)
Net cash outflow	**(9,549)**	(35,293)
Cash, beginning of period	**(599)**	28,379
Cash, end of period	**(10,148)**	(6,914)

Cash position is comprised of:

Cash	**4,237**	4,397
Bank overdraft (Note 7)	**(14,385)**	(11,311)
	(10,148)	(6,914)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the three months ended February 28, 2025 and February 29, 2024
(in thousands of dollars)
Unaudited

	Share Capital	**Retained Earnings**	**Total**
	$	$	$
Balance as at November 30, 2023	9,379	185,624	195,003
Net loss (Note 10c)	-	(108)	(108)
Total comprehensive loss	-	(108)	(108)
Dividend (Note 10d)	-	(4,256)	(4,256)
Redemption of Shares (Note 10b)	(9)	(110)	(119)
Balance as at February 29, 2024	9,370	181,150	190,520
Balance as at November 30, 2024	**9,309**	**196,899**	**206,208**
Net loss (Note 10c)	**-**	**(2,260)**	**(2,260)**
Total comprehensive income	**-**	**(2,260)**	**(2,260)**
Dividend (Note 10d)	**-**	**(2,105)**	**(2,105)**
Redemption of Shares (Note 10b)	**(38)**	**(398)**	**(436)**
Balance as at February 28, 2025	**9,271**	**192,136**	**201,407**

(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 three months ended February 28, 2025 and February 29, 2024 include the accounts of the Company and its wholly-owned subsidiaries.

2. Basis of preparation

a) 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, 2024, as set out in the 2024 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 April 10, 2025.

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.

b) Use of estimates, judgments and assumptions

Key sources of estimation uncertainty:

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, 2024.

3. Significant Accounting Policies

The Company’s significant accounting policies described in Note 3 contained in its 2024 Annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim consolidated financial statements.

4. Additional information on:

Cost of goods sold	**February 28 2025**	February 29 2024
	$	$
Employee benefits expense	**426**	300
Obsolescence adjustment	**372**	13
Depreciation	**583**	221
Foreign exchange losses	**227**	37

Selling, administrative and general expenses	**February 28 2025**	February 29 2024
	$	$
Employee benefits expense	**16,647**	14,000
Depreciation and amortization	**2,319**	1,795

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

5. Net financial costs

	February 28 2025	February 29 2024
	$	$
Interest expense	**239**	45
Interest expense on lease liabilities	**341**	137
Other financial costs	**227**	195
Financial cost	**807**	377
Financial income	**(21)**	(322)
Net financial costs	**786**	55

6. Trade and other receivables

	February 28 2025	November 30 2024	February 29 2024
	$	$	$
Trade receivables	**70,768**	57,085	70,192
Allowance for doubtful accounts	**(1,183)**	(880)	(661)
	69,585	56,205	69,531
Other receivables	**410**	396	141
	69,995	56,601	69,672

7. Bank indebtedness

	February 28 2025	November 30 2024	February 29 2024
	$	$	$
Bank loans	**4,000**	-	-
CORRA loans	**24,000**	-	-
Bank overdraft	**14,385**	5,913	11,311
Debt	**42,385**	5,913	11,311

In May 2024, the Company renewed its credit agreement for 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 February 28, 2025, the Company was compliant with its financial covenants. As at February 28, 2025, the Company has $1.4 million of issued letters of credit which reduces the availability of its facility ($1.2 million last year).

8. Trade and other payables

	February 28 2025	November 30 2024	February 29 2024
	$	$	$
Trade payables and accruals	**46,102**	37,745	35,422
Payroll related liabilities	**6,961**	6,985	5,968
Other payables	**2,431**	4,298	3,596
	55,494	49,028	44,986

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*". Although, most of the rehabilitation of the site has been done, there is still a small area to decontaminate. In Fiscal 2025, the Company will submit for approval to the Ministère a revised timetable for the remaining remediation.

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.

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

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.

	February 28 2025	November 30 2024	February 29 2024
	$	$	$
Balance, beginning of the year	**930**	2,789	2,789
Changes due to:			
Revision of future expected expenditures	**-**	(1,312)	-
Expenditures incurred	**(112)**	(547)	(11)
Balance, end of period	**818**	930	2,778

10. Share Capital

a) Authorized

An unlimited number of common shares, without par value

	February 28 2025	November 30 2024	February 29 2024
	Number of shares	Number of shares	Number of shares
Shares outstanding at the beginning of the period	**8,457,754**	8,521,454	8,521,454
Repurchased and cancelled (b)	**(34,100)**	(63,700)	(8,500)
Shares outstanding at the end of the period	**8,423,654**	8,457,754	8,512,954

	February 28 2025	November 30 2024	February 29 2024
	Carrying value ($)	Carrying value ($)	Carrying value ($)
Shares outstanding at the beginning of the period	**9,309**	9,379	9,379
Repurchased and cancelled (b)	**(38)**	(70)	(9)
Shares outstanding at the end of the period	**9,271**	9,309	9,370

b) Share repurchase program (NCIB)

On November 20, 2024 (2023: 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 493,102 common shares (2023: 426,157 common shares). All Shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than November 19, 2025 (2023: November 19, 2024.).

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

	February 28 2025	November 30 2024	February 29 2024
Common shares repurchased for cancellation (number of shares)	**34,100**	63,700	8,500
Average price per share	**$12,78**	$14.01	$13.96
Total repurchase cost	**$436**	$892	$119
Repurchase resulting in a reduction of:			
Share Capital	**$38**	$70	$9
Deficit (1)	**$398**	$822	$110

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

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

c) **Net loss**

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

	February 28 2025	February 29 2024
	$	$
Net loss, basic and diluted	**(2,260)**	(108)
Weighted average number of common shares, basic and diluted	**8,423,654**	8,514,914

d) **Dividends**

The following dividends were declared and paid by the Company for the years ended:

February 28, 2025				**November 30, 2024**			
Declared				Declared			
Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
	$	$			$	$	
Mar 5, 2025	0.25	2,105	Mar 19,2025	Mar 5, 2024	0.50	4,256	Mar 19, 2024
	0.25	**2,105**		Oct 23, 2024	0.25	2,119	Nov 6, 2024
					0.75	**6,375**	

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 quarter.

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.

The following are the contractual maturities of financial liabilities as at February 28, 2025:

FINANCIAL LIABILITIES	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
	$	$	$	$
Bank Indebtedness	42,385	42,385	42,385	-
Trade and other payables	55,494	55,494	55,494	-
Dividend payable	2,105	2,105	2,105	-
Total financial liabilities	**99,984**	**99,984**	**99,984**	**-**

The following are the contractual maturities of financial liabilities as at November 30, 2024:

FINANCIAL LIABILITIES	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
	$	$	$	$
Bank indebtedness	5,913	5,913	5,913	-
Trade and other payables	49,028	49,028	49,028	-
Total financial liabilities	**54,941**	**54,941**	**54,941**	**-**

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

The following are the contractual maturities of financial liabilities as at February 29, 2024:

FINANCIAL LIABILITIES	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
	$	$	$	$
Bank Indebtedness	11,311	11,311	11,311	-
Trade and other payables	44,986	44,986	44,986	-
Dividend payable	4,256	4,256	4,256	-
Total financial liabilities	**60,553**	**60,553**	**60,553**	**-**

Interest Rate Risk
The Company uses a credit facility to finance working capital requirements. The interest cost of this facility bears interest at floating rates. The profitability of the Company could be adversely affected with increases in rates. 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 three months ended February 28, 2025 would have an impact of $0.1 million on interest expense (no impact at February 29, 2024).

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 three months ended February 28, 2025, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at February 28, 2025, 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 February 28, 2025, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	**GBP**	**Euro**
Cash	558	1,424	10
Bank indebtedness	(3,872)	-	-
Trade and other receivables	5,559	(18)	44
Trade and other payables	(6,377)	(4)	(414)
Net exposure	**(4,132)**	**1,402**	**(360)**
CAD exchange rate as at February 28, 2025	1.4466	1.8197	1.5011
Impact on net earnings based on a fluctuation of 5% on CAD	**(215)**	**92**	**(19)**

As at November 30, 2024, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	**GBP**	**Euro**
Cash	1,383	1,330	9
Bank indebtedness	(1,463)	-	-
Trade and other receivables	3,915	(16)	44
Trade and other payables	(4,729)	(8)	(839)
Net exposure	**(894)**	**1,306**	**(786)**
CAD exchange rate as at November 30, 2024	1.4027	1.7942	1.4850
Impact on net earnings based on a fluctuation of 5% on CAD	**(45)**	**84**	**(42)**

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

As at February 29, 2024, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	1,193	843	11
Bank indebtedness	(4,044)	-	-
Trade and other receivables	4,266	12	-
Trade and other payables	(3,382)	(2)	(110)
Net exposure	**(1,967)**	**853**	**(99)**
CAD exchange rate as at February 29, 2024	1.3579	1.7142	1.4671
Impact on net earnings based on a fluctuation of 5% on CAD	**(96)**	**53**	**(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 following table presents information on credit risk exposure and expected credit losses related to trade accounts receivable:

	As at February 28 2025	As at November 30 2024	As at February 29 2024
	$	$	$
Current	**65,922**	49,888	65,864
31 - 60 days past due	**1,285**	2,793	931
61 - 90 days past due	**457**	1,238	618
91 - 120 days past due	**420**	874	438
Over 120 days past due	**2,684**	2,292	2,341
	70,768	57,085	70,192
Loss allowance	**(1,183)**	(880)	(661)
Balance, end of period	**69,585**	56,205	69,531

As at February 28, 2025, since expected credit losses are limited to $1.2 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.

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 three months ended February 28, 2025 (same last year).

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

	February 28, 2025		February 29, 2024	
	$	**%**	$	%
Sales to the major customer that exceeded 10% of total Company's sales	**19,273**	**17.3**	18,219	17.3

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.

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

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

	February 28 2025	February 29 2024
	$	$
Trade and other receivables	**(13,394)**	(15,998)
Inventories	**(27,595)**	(24,329)
Prepaid expenses	**(6)**	442
Trade and other payables	**6,433**	7,375
	(34,562)	(32,510)

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 February 28, 2025					
Interest expense	**100**	**-**	**139**	**341**	**580**
Interest paid	**67**	**-**	**137**	**341**	**545**
Year ended November 30, 2024					
Interest expense	424	128	525	768	1,845
Interest paid	427	128	595	768	1,918
Period ended February 29, 2024					
Interest expense	45	-	-	137	182
Interest paid	54	(2)	-	137	189

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.

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

	As at February 28 2025	As at November 30 2024	As at February 29 2024
	$	$	$
Cash	**4,237**	5,314	4,397
Bank Indebtedness	**(42,385)**	(5,913)	(11,311)
Net Debt	**(38,148)**	(599)	(6,914)
Share Capital	**9,271**	9,309	9,370
Retained Earnings	**192,136**	196,899	181,150
Shareholders' Equity	**201,407**	206,208	190,520
Total Capital	**163,259**	205,609	183,606

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

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 85% (87% in 2024) of total sales, the sales to clients located in the United States represent approximately 8% (9% in 2024) of total sales, and the sales to clients located in other markets represent approximately 7% (4% in 2024) of total sales.

	February 28 2025	February 29 2024
	$	$
Canada	**94,510**	91,894
U.S.	**9,382**	9,142
Export	**7,288**	4,298
	111,180	105,334

Sales categories

	February 28 2025	February 29 2024
	$	$
Lumber	**65,342**	59,798
Specialty and commodity panels	**20,154**	20,702
Flooring	**16,116**	14,472
Building material	**9,568**	10,362
	111,180	105,334

16. Subsequent events

The continued changes to, deferral of, and announcement of the imposition of new tariffs by the U.S. administration, and retaliatory actions by the Canadian government, continue to create economic uncertainty, and could negatively impact the Canadian economy, potentially increasing costs, disrupting supply chains, weaken the Canadian dollar, and other potential negative impacts. The Company continues to assess, including the constant changes to the trade tariffs, the direct and indirect impacts to its business of such tariffs, retaliatory tariffs or other trade protectionist measures implemented as this situation continues to develop, and such impacts could be material.

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

Marie-Hélène Nolet *
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 Committee

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

Jeff Morrison
Vice-President, National Accounts

Luc Pothier
Vice-President, Operations

Robert Guy
Vice-President, Business Development – Softwood and Siding

OTHER INFORMATION

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Montreal, Quebec

Bernier Beaudry
Quebec, Quebec

Auditors
KPMG LLP
Montreal, Quebec

Transfer Agent
Computershare Investor Services Inc.
Montreal, Quebec

Stock Exchange
Toronto
Trading Symbol: GDL

Wholly-owned Subsidiary
Goodfellow Distribution Inc.

goodfellowinc.com

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qualityhardwoodsltd.com

AMH ALLEGHENY MOUNTAIN HARDWOODS
A Division of Goodfellow Distribution Inc.
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