QUARTERLY REPORT

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022

goodfellowinc.com

GOODFELLOW

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PRESIDENT'S REPORT TO THE SHAREHOLDERS

Demand from residential, manufacturing, retail and industrial sectors delivered for Goodfellow a strong start to fiscal 2022. The Company realized $129.4M in revenue with net earnings of $5.1M or $0.60 per share in Q1 2022 as compared to $119.4M and $3.8M or $0.44 per share in the same quarter of 2021.

This uncharacteristic demand for this period is carried over from a busy Q4 2021 and is set against increased uncertainty with global markets. Hyperinflation and labor disruptions due to continued pandemic conditions have challenged the flexibility and resilience of the industry. There is also general sense of unrest throughout the world with the tragic situation in Ukraine.

Despite these uncertain times, Goodfellow performed very well by focusing on the diversity of its offering, smart logistics solutions and increased customer communications. In particular, the Company was able to manage the complex and significant transportation and freight disruptions which allowed Goodfellow to offer augmented service levels needed by customers.

Sincerely,

Patrick Goodfellow
President and Chief Executive Officer
April 13, 2022

The following Management's Discussion and Analysis ("MD&A") and Goodfellow Inc. (hereafter the "Company") interim consolidated financial statements were approved by the Audit Committee and the Board of Directors on April 13, 2022.
The MD&A should be read in conjunction with the consolidated financial statements and the corresponding notes for the years ended November 30, 2021 and November 30, 2020.
The MD&A provides a review of the significant developments and results of operations of the Company during the three months ended February 28, 2022 and February 28, 2021.
The interim consolidated financial statements ended February 28, 2022 and February 28, 2021 are prepared in accordance with International Financial Reporting Standards ("IFRS").
All amounts in this MD&A are in Canadian dollars unless otherwise indicated.
In addition, in this Management's Discussion and Analysis, we also use non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information is 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 three months ended February 28, 2022 and February 28, 2021. 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.sedar.com****.*

FORWARD-LOOKING STATEMENTS

This MD&A contains implicit and/or explicit forecasts, as well as forward-looking statements on the objectives, strategies, financial position, operating results and activities of Goodfellow Inc. 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 we make 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 we believe 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. 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. Our actual results could differ significantly from management's expectations if recognized or unrecognized risks and uncertainties affect our results or if our 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 we are 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 our public filings available at www.sedar.com. For these reasons, we cannot guarantee the results of these forward-looking statements. The MD&A gives an insight into our past performance as well as the future strategies and key performance indicators as viewed by our management team at Goodfellow Inc. The Company disclaims any obligation to update or revise these forward-looking statements, except as required by applicable law.

COVID-19

The Company's expectation of operating and financial performance in 2022 is based on certain assumptions including assumptions about the COVID-19 pandemic, such as the duration and impact of the COVID-19 pandemic on the business, operations and financial condition of the Company. These include in particular the assumption that the Company's manufacturing and distribution facilities will remain open and in operation, the assumption that its workforce will remain healthy, the assumption that hardware and lumber stores and other industrial and manufacturing clients will remain open and will continue ordering and selling the Company's products, the assumption that construction activity will not be halted by mandatory closures and the assumption that the Company's supply chain will not be interrupted. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, including the COVID-19 pandemic and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

NON-IFRS FINANCIAL MEASURES
(unaudited)

We report our 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. We believe that many of our 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 of the period presented.

"EBITDA" represents earnings before income taxes, net financial costs, depreciation of property, plant and equipment and amortization. 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 contain a reconciliation of EBITDA to the most directly comparable IFRS measure, net earnings.

Reconciliation of EBITDA (In thousands of dollars - unaudited)	**For the three months ended**		**For the years ended**	
	February 28 2022	February 28 2021	**November 30 2021**	November 30 2020
	$	$	**$**	$
Net earnings	**5,117**	3,769	**37,836**	13,811
Income taxes	**1,990**	1,465	**12,687**	5,211
Net financial costs	**564**	568	**2,694**	2,719
Depreciation of property, plant and equipment	**575**	627	**2,552**	2,705
Amortization of right-of-use assets	**1,050**	1,013	**4,141**	4,324
Amortization of intangible assets	**150**	161	**621**	728
EBITDA	**9,446**	7,603	**60,531**	29,498

"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 (In thousands of dollars, except per share amounts - unaudited)	**For the three months ended**	
	February 28 2022	February 28 2021
	$	$
Net Cash Flows from Operating Activities	**(40,803)**	(2,334)
Changes in non-cash working capital items	**35,954**	2,968
Interest paid	**270**	317
Income taxes paid	**13,691**	6,403
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid	**9,112**	7,354
Net Cash Flows from Operating Activities per share	**(4.77)**	(0.27)
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid per share	**1.06**	0.86
Number of share outstanding (thousands)	**8,563**	8,563

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 first quarter ended February 28, 2022. 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 (In thousands of dollars, except per share amounts - unaudited)	**As at**	**As at**
	February 28 2022	November 30 2021
	$	$
Shareholders' Equity	**162,640**	160,948
Shareholders' Equity per share	**18.99**	18.80
Number of share outstanding (thousands)	**8,563**	8,563

BUSINESS OVERVIEW

Goodfellow Inc. is a diversified manufacturer of value-added lumber products, as well as a wholesale distributor of building material 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 in the USA and 1 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.

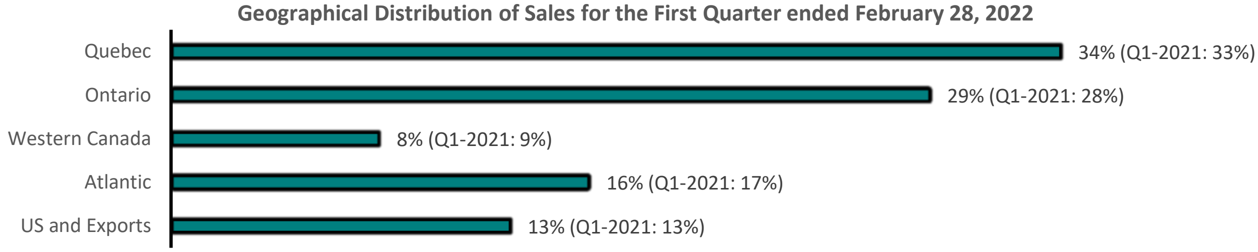
COMPARISON FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022 AND 2021
(In thousands of dollars, except per share amounts)

HIGHLIGHTS FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022 AND 2021	**Q1-2022**	Q1-2021	Variance
	$	$	**%**
Sales	**129,365**	119,433	**+8.3**
Earnings before income taxes	**7,107**	5,234	**+35.8**
Net earnings	**5,117**	3,769	**+35.8**
Net earnings per share – Basic and Diluted	**0.60**	0.44	**+36.4**
Net cash flow from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid (1)	**9,112**	7,354	**+23.9**
Net cash flow from Operating Activities	**(40,803)**	(2,334)	**-1,648.2**
EBITDA (1)	**9,446**	7,603	**+24.2**

(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.

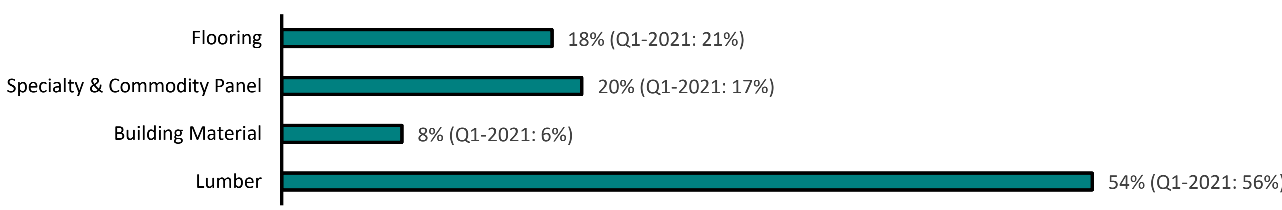
Sales in Canada during the first quarter of 2022 increased 8% compared to last year due to an increase in sales of all the product categories except for flooring products. Quebec sales increased 15% due to an increase in sales of specialty and commodity panels, building material and lumber products. Sales in Ontario increased 11% mainly due to an increase in sales of specialty and commodity panels, building material and lumber products. Sales in Western Canada decreased 10% due to a decrease in sales of flooring products. Atlantic region sales increased 2% due to an increase in sales of specialty and commodity panels but offset by a decrease in sales of lumber and building material products.

Geographical Distribution of Sales for the First Quarter ended February 28, 2022



Sales in the United States for the first quarter of 2022 increased 21% on a Canadian dollar basis compared to last year mostly due to an increase in sales of specialty and commodity panel and lumber products. On US dollar basis, US denominated sales increased 22% compared to last year. Finally, export sales decreased 8% during the first quarter of 2022 compared to last year mostly due to a decrease in sales of lumber products and specialty and commodity panels.

Product Distribution of Sales for the First Quarter ended February 28, 2022



In terms of the distribution of sales by product, all product categories increased their sales except for flooring products. Flooring sales during the first quarter of 2022 decreased 7% compared to last year. Specialty and commodity panel sales increased 25% compared to last year. Building material sales increased 37% compared to last year. Finally, lumber sales increased 6% compared to last year.

Cost of Goods Sold

Cost of goods sold during the first quarter of 2022 was $101.3 million compared to $94.0 million last year. Cost of goods sold increased 7.7% compared to last year. Total freight outbound cost increased 10.6% compared to last year. Gross profits were $28.1 million compared to $25.4 million last year. Gross profits increased 10.5% compared to last year. Gross margins were 21.7% for the three months ended February 28, 2022 (21.3% last year). 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.

Reconciliation of Gross profit (In thousands of dollars, except Gross margins as %)	**For the three months ended**	
	February 28 2022	February 28 2021
	$	$
Sales	**129,365**	119,433
Cost of goods sold	**101,256**	93,992
Gross profit	**28,109**	25,441
Gross margins	**21.7%**	21.3%

Selling, Administrative and General Expenses

Selling, Administrative and General Expenses during the first quarter of 2022 was $20.4 million compared to $19.6 million last year. Selling, Administrative and General Expenses increased 4.1% compared to last year.

Net Financial Costs

Net financial costs during the first quarter of 2022 were $0.6 million (same last year). The average Canadian prime rate remained stable at 2.45% (same last year). The average US prime rate remained stable at 3.25% (same last year).

SUMMARY OF THE LAST EIGHT MOST RECENTLY COMPLETED QUARTERS

(In thousands of dollars, except per share amounts - unaudited)

	May-2021	**Aug-2021**	**Nov-2021**	**Feb-2022**
	$	**$**	**$**	**$**
Sales	185,525	167,953	143,035	129,365
Net earnings	13,976	10,039	10,052	5,117
Net earnings per share	1.63	1.17	1.18	0.60

	May-2020	**Aug-2020**	**Nov-2020**	**Feb-2021**
	$	**$**	**$**	**$**
Sales	103,763	138,843	122,641	119,433
Net earning	3,399	6,696	5,776	3,769
Net earnings per share	0.40	0.78	0.67	0.44

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. In the second quarter of 2021, revenue was unusually high compared to the second quarter of 2020 due to increasing sales prices.

STATEMENT OF FINANCIAL POSITION

Total assets

Total assets at February 28, 2022 were $275.6 million compared to $237.6 million as at November 30, 2021. Cash at February 28, 2022 was $3.0 million compared to $4.3 million as at November 30, 2021. Trade and other receivables at February 28, 2022 was $71.1 million ($63.2 million as at November 30, 2021). Income tax receivable was $2.7 million compared to nil as at November 30, 2021. Inventories at February 28, 2022 was $129.3 million compared to $109.8 million as at November 30, 2021. Prepaid expenses at February 28, 2022 was $12.5 million ($4.2 million as at November 30, 2021). Defined benefit plan asset was $10.4 million at February 28, 2022 compared to $10.4 million as at November 30, 2021. Other assets were $0.8 million at February 28, 2022 (same as at November 30, 2021).

Property, plant, equipment, intangible and right-of-use assets

Property, plant and equipment at February 28, 2022 was $29.9 million compared to $30.0 million as at November 30, 2021. Capital expenditures during the first quarter of 2022 amounted to $0.4 million compared to $0.2 million for the same period last year. Property, plant and equipment capitalized during the first quarter of 2022 mainly included buildings, yard equipment, computers and rolling stock. Intangible assets at February 28, 2022 was $2.5 million compared to $2.7 million as at November 30, 2021. Right-of-use assets at February 28, 2022 was $13.4 million ($12.3 million as at November 30, 2021). Depreciation of property, plant, equipment, intangible, and right-of-use assets during the first quarter of 2022 amounted to $1.8 million (same for the same period last year).

Total liabilities

Total liabilities at February 28, 2022 were $112.9 million compared to $76.6 million as at November 30, 2021. Bank indebtedness was $50.4 million compared to $9.2 million as at November 30, 2021. Trade and other payables at February 28, 2022 was $37.6 million compared to $37.9 million as at November 30, 2021. Income taxes payable was nil at February 28, 2022 compared to $9.0 million as at November 30, 2021. Provision at February 28, 2022 was $2.2 million ($2.1 million as at November 30, 2021). Dividend payable at February 28, 2022 was $3.4 million (nil as at November 30, 2021). Lease liabilities at February 28, 2022 were $16.2 million compared to $15.2 million as at November 30, 2021. Deferred income taxes at February 28, 2022 was $3.2 million (same as at November 30, 2021).

Shareholders' Equity
Total Shareholders' Equity at February 28, 2022 was $162.6 million compared to $160.9 million as at November 30, 2021. The Company generated a return on Shareholders' Equity of 12.6% at February 28, 2022 compared to 23.5% as at November 30, 2021. The share price closed at $13,88 per share on February 28, 2022 ($9.56 on November 30, 2021). The Shareholders' Equity per share at February 28, 2022 was $18.99 per share [1] compared to $18.80 per share [1] as at November 30, 2021. Share capital was $9.4 million at February 28, 2022 (same as at November 30, 2021).

(1) Supplementary financial measure – refer to section "Non-IFRS Financial Measures" for more information.

The following dividends were declared and paid by the Company:

	2022				2021			
	Declared				Declared			
	Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
		$	$			$	$	
Quarter 1	Mar 4, 2022	0.40	3,425	Mar 18, 2022	Mar 5, 2021	0.30	2,569	Mar 19, 2021
		0.40	**3,425**			**0.30**	**2,569**	
Quarter 4					Nov 5, 2021	0.30	2,569	Nov 19, 2021
						0.60	**5,138**	

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

LIQUIDITY AND CAPITAL RESOURCES

Financing
In May 2021, 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 2024. In addition, an accordion of $10 million is available once per fiscal year for a maximum of 150 days only. 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, 2022, the Company was compliant with its financial covenants. As at February 28, 2022, under the credit agreement, the Company was using $34.0 million of its facility compared to $2.0 million as at November 30, 2021. As at February 28, 2022, the Company has $0.8 million of issued letters of credits which reduces the availability of its facility compared to $0.9 million as at November 30, 2021.

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 first quarter of fiscal 2022 was $(40.8) million compared to $(2.3) million last year. Financing activities during the first quarter of 2022 was $30.8 million compared to $1.7 million last year. Investing activities during the first quarter of 2022 was $(0.4) million compared to $(0.2) 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 Debt-to-capitalization ratio to preserve its capacity to pursue its organic growth strategy;
3. Maintain financial ratios within covenants requirements;
4. Provide an adequate return to its shareholders.

The Company defines its capitalization as shareholders' Equity and debt. Shareholders' Equity includes the amount of paid-up capital in respect of all issued and fully paid common shares together with the retained earnings, calculated on a consolidated basis in accordance with IFRS. Debt includes bank indebtedness reduced by the amounts of cash and cash equivalents. Capitalization represents the sum of debt and Shareholders' Equity.

The Company manages its capital and makes adjustments to it in the 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. The Company believes that all its ratios are within reasonable limits, in light of the relative size of the Company and its capital management objectives.

As at February 28, 2022, 2021 and November 30, 2021, the Company achieved the following results regarding its capital management objectives:

Capital management	**As at February 28 2022**	As at November 30 2021	As at February 28 2021
Debt-to-capitalization ratio	**22.7%**	3.5%	20.2%
Interest coverage ratio	**26.8**	26.2	16.9
Return on Shareholders' Equity	**12.6%**	23.5%	12.3%
Current ratio	**2.2**	2.9	2.0
EBITDA (in thousands of dollars) (1)	**$9,446**	$60,531	$7,603

(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.

These measures are not prescribed by IFRS and are defined by the Company as follows:

- Debt-to-capitalization ratio represents debt over total Shareholders' Equity, expressed as a percentage. Debt is defined as bank indebtedness less cash and cash equivalents. Capitalization is debt plus Shareholders' Equity. This ratio excludes lease liabilities under IFRS 16 to conform to the bank's covenant requirement.
- Interest coverage ratio represents the EBITDA during the period for which the calculation is made over interest expenses for the same period on a consolidated basis, calculated on a rolling four-quarter basis. This ratio excludes interest expense related to lease liabilities under IFRS 16 to conform to the bank's covenant requirement.
- Return on Shareholders' Equity is the net earnings (loss) divided by Shareholders' Equity, expressed as a percentage.
- Current ratio is total current assets divided by total current liabilities.
- EBITDA represents earnings before income taxes, net financial costs, depreciation of property, plant and equipment and amortization.

Cost Structure, Working Capital Requirements
At February 28, 2022, the Company's Debt-to-capitalization ratio stood at 22.7% compared to 3.5% as at November 30, 2021.

For further information, the principal risk factors to which the Company is exposed are described in the Management's Report contained in its Annual Report for the year ended November 30, 2021 as well as in the 2021 Annual Information Form available on SEDAR (www.sedar.com).

FINANCIAL COMMITMENTS AND CONTINGENCIES

Obligations	Payments due by period (in thousands of dollars) - undiscounted				
	Total	**Less than 1 year**	**2 – 3 Years**	**4 – 5 Years**	**After 5 years**
Lease liability obligations	20,640	5,344	8,320	4,141	2,835
Purchase obligations	641	641	-	-	-
Total obligations	**21,281**	**5,985**	**8,320**	**4,141**	**2,835**

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 uncertainty factors affecting the Company in the future remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2021 Annual report. Only those factors with 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 first quarter of 2022 (same last year).

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

	For the three months ended			
(in thousands of dollars)	**February 28, 2022**		February 28, 2021	
	$	**%**	$	%
Sales to the major customer that exceeded 10% of total Company's sales	**18,504**	**14.3**	19,773	16.6

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 financial instruments and other instruments remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2021 Annual report. Only those factors with variability components are described below:

The following are the contractual maturities of financial liabilities as at February 28, 2022:
(in thousands of dollars)

Financial Liabilities				
	Carrying Amount	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
Bank indebtedness	50,440	50,440	50,440	-
Trade and other payables	37,590	37,590	37,590	-
Dividend payable	3,425	3,425	3,425	-
Total financial liabilities	**91,455**	**91,455**	**91,455**	**-**

The following are the contractual maturities of financial liabilities as at November 30, 2021:
(in thousands of dollars)

Financial Liabilities				
	Carrying Amount	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
Bank indebtedness	9,246	9,246	9,246	-
Trade and other payables	37,897	37,897	37,897	-
Total financial liabilities	**47,143**	**47,143**	**47,143**	**-**

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 US 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 1% fluctuation of interest rate on the $50.4 million as at February 28, 2022 ($9.2 million as at November 30, 2021) in bank indebtedness would impact interest expense annually by $0.5 million as at February 28, 2022 ($0.1 million as at November 30, 2021).

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, 2022, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at February 28, 2022 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, 2022, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs
(in thousands of dollars)

	USD	**GBP**	**Euro**
Cash	1,401	268	8
Bank indebtedness	(2,549)	-	-
Trade and other receivables	6,817	119	(2)
Trade and other payables	(4,972)	(14)	(416)
Net exposure	**697**	**373**	**(410)**
CAD exchange rate as at February 28, 2022	1.2675	1.7012	1.4220
Impact on net earnings based on a fluctuation of 5% on CAD	**32**	**23**	**(21)**

As at November 30, 2021, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs
(in thousands of dollars)

	USD	GBP	Euro
Cash	2,317	275	88
Bank indebtedness	(1,993)	-	-
Trade and other receivables	7,196	63	93
Trade and other payables	(3,450)	(10)	(337)
Net exposure	**4,070**	**328**	**(155)**
CAD exchange rate as at November 30, 2021	1.2779	1.6993	1.4490
Impact on net earnings based on a fluctuation of 5% on CAD	**187**	**20**	**(8)**

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 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. In its assessment of the loss allowance for credit losses as at February 28, 2022, the Company considered the economic impact of the COVID-19 pandemic on its assessment. This was not considered to be significant.

The following table presents information on credit risk exposure and expected credit losses related to trade accounts receivable:
(in thousands of dollars)

	As at February 28 2022	**As at** November 30 2021	**As at** February 28 2021
	$	$	$
Current	**69,897**	57,966	64,656
31 - 60 days past due	**612**	3,131	2,571
61 - 90 days past due	**135**	1,079	1,295
91 - 120 days past due	**49**	158	852
Over 120 days past due	**559**	921	746
	71,252	63,255	70,120
Loss allowance	**(251)**	(170)	(121)
Balance, end of period	**71,001**	63,085	69,999

As at February 28, 2022, expected credit losses are limited to $251 thousand and therefore, the expected credit losses by trade accounts receivable aging have not been presented separately in the table above.

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, trade and other payables and lease liabilities approximate their fair values.

RELATED PARTY TRANSACTIONS

The related party transactions remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2021 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 2021 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 2021 Annual consolidated financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

At February 28, 2022, there were 8,562,554 common shares issued (same at November 30, 2021 and February 28, 2021). The Company has authorized an unlimited number of common shares to be issued, without par value. At April 13, 2022, there were 8,562,554 common shares outstanding.

OUTLOOK

Issues with logistics, transport and freight are expected to continue to increase costs and cause havoc in the entire supply chain of raw materials used in the manufacturing of value-added wood products. Close attention is being paid to commodity prices as they have steadily increased and a correction is to be expected, however the timing will be difficult to predict. While consumer spending is expected to uptick in Q2 and Q3 related to seasonal levels, inflation and easing of travel restrictions will put downward pressure in the long-term.

COVID-19

The duration and impact of the COVID-19 pandemic on the Company are unknown at this time. As such, it is not possible to reliably estimate the length and severity of the COVID-19's related impacts on the financial results and operations of the Company. The Company continues to closely monitor the situation as it evolves day-to-day and may take further actions in response to the directives of the government and public health authorities or that are in the best interests of its colleagues, customers, suppliers or other stakeholders, as necessary. The Company has already taken and will continue to take swift actions to mitigate the effects of COVID-19 on its day-to-day business operations, with the best interests of its employees, customers, suppliers and other stakeholders at the crux of every action taken.

These changes and any additional changes in operations in response to COVID-19 could materially impact financial results and may include temporary closures of facilities, temporary or long-term labour shortages or disruptions, temporary or long-term impacts on supply chains and distribution channels, temporary or long-term restrictions on cross-border commerce and travel, greater currency volatility, and increased risks to IT systems, networks and digital services. Uncertain economic conditions resulting from the COVID-19 outbreak may, in the short or long term, adversely impact operations and the financial performance of the Company. The spread of COVID-19 has caused an economic slowdown and increased volatility in financial markets. Governments and central banks have responded with monetary and fiscal interventions intended to stabilize economic conditions. However, it is not currently known how these interventions will impact debt and equity markets or the economy generally. Although the ultimate impact of COVID-19 on the global economy and its duration remains uncertain, disruptions caused by COVID-19 may adversely affect the performance of the Company. Uncertain economic conditions resulting from the COVID-19 outbreak may, in the short or long term, adversely impact demand for the Company's products and/or the debt and equity markets, both of which could adversely affect the Company's financial performance. Governmental interventions aimed at containing COVID-19 could also impact the Company's available workforce, its supply chain and distribution channels and/or its ability to engage in cross-border commerce, which could in turn adversely affect the operations or financial performance of the Company.

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, 2022 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Delson, April 13, 2022

Patrick Goodfellow
President and Chief Executive Officer

Charles Brisebois, CPA, CMA
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, 2022 and 2021
(in thousands of dollars, except per share amounts)
Unaudited

	For the three months ended	
	February 28 2022	February 28 2021
	$	$
Sales (Note 15)	**129,365**	119,433
Expenses		
Cost of goods sold (Note 4)	**101,256**	93,992
Selling, administrative and general expenses (Note 4)	**20,438**	19,639
Net financial costs (Note 5)	**564**	568
	122,258	114,199
Earnings before income taxes	**7,107**	5,234
Income taxes	**1,990**	1,465
Total comprehensive income	**5,117**	3,769
Net earnings per share – Basic and Diluted (Note 10b)	**0.60**	0.44

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

	As at February 28 2022	As at November 30 2021	As at February 28 2021
	$	$	$
Assets			
Current Assets			
Cash	**3,038**	4,253	4,045
Trade and other receivables (Note 6)	**71,104**	63,246	70,143
Income taxes receivable	**2,679**	-	79
Inventories	**129,308**	109,787	95,798
Prepaid expenses	**12,482**	4,189	4,339
Total Current Assets	**218,611**	181,475	174,404
Non-Current Assets			
Property, plant and equipment	**29,891**	30,022	30,709
Intangible assets	**2,500**	2,650	3,077
Right-of-use assets	**13,370**	12,262	13,629
Defined benefit plan asset	**10,411**	10,397	1,933
Other assets	**785**	785	785
Total Non-Current Assets	**56,957**	56,116	50,133
Total Assets	**275,568**	237,591	224,537
Liabilities			
Current Liabilities			
Bank indebtedness (Note 7)	**50,440**	9,246	34,928
Trade and other payables (Note 8)	**37,590**	37,897	43,494
Income taxes payable	**-**	9,022	-
Provision (Note 9)	**2,172**	2,147	1,484
Dividend payable (Note 10c)	**3,425**	-	2,569
Current portion of lease liabilities	**4,395**	4,256	4,301
Total Current Liabilities	**98,022**	62,568	86,776
Non-Current Liabilities			
Lease liabilities	**11,755**	10,924	12,546
Deferred income taxes	**3,151**	3,151	1,597
Defined benefit plan obligation	**-**	-	1,189
Total Non-Current Liabilities	**14,906**	14,075	15,332
Total Liabilities	**112,928**	76,643	102,108
Shareholders’ Equity			
Share capital (Note 10)	**9,424**	9,424	9,424
Retained earnings	**153,216**	151,524	113,005
	162,640	160,948	122,429
Total Liabilities and Shareholders’ Equity	**275,568**	237,591	224,537

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three months ended February 28, 2022 and 2021
(in thousands of dollars)
Unaudited

	For the three months ended	
	February 28 2022	February 28 2021
	$	$
Operating Activities		
Net earnings	**5,117**	3,769
Adjustments for:		
Depreciation and amortization of:		
Property, plant and equipment	**575**	627
Intangible assets	**150**	161
Right-of-use assets	**1,050**	1,013
Accretion expense on provision	**25**	11
Income taxes	**1,990**	1,465
Gain on disposal of property, plant and equipment	**(25)**	(8)
Interest expense	**114**	148
Interest on lease liabilities	**131**	154
Funding in (excess) deficit of pension plan expense	**(14)**	19
Other	**(1)**	(5)
	9,112	7,354
Changes in non-cash working capital items (Note 13)	**(35,954)**	(2,968)
Interest paid	**(270)**	(317)
Income taxes paid	**(13,691)**	(6,403)
	(49,915)	(9,688)
Net Cash Flows from Operating Activities	**(40,803)**	(2,334)
Financing Activities		
Net increase in bank loans	**11,000**	2,000
Net increase in banker's acceptances	**21,000**	3,000
Payment of lease liabilities	**(1,187)**	(1,116)
Dividend paid (Note 10c)	**-**	(2,141)
	30,813	1,743
Investing Activities		
Acquisition of property, plant and equipment	**(444)**	(188)
Proceeds on disposal of property, plant and equipment	**25**	-
	(419)	(188)
Net cash outflow	**(10,409)**	(779)
Cash position, beginning of period	**(2,993)**	(1,104)
Cash position, end of period	**(13,402)**	(1,883)
Cash position is comprised of:		
Cash	**3,038**	4,045
Bank overdraft (Note 7)	**(16,440)**	(5,928)
	(13,402)	(1,883)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the three months ended February 28, 2022 and 2021
(in thousands of dollars)
Unaudited

	Share Capital	Retained Earnings	Total
	$	$	$
Balance as at November 30, 2020	9,424	111,805	121,229
Net earnings	-	3,769	3,769
Total comprehensive income	-	3,769	3,769
Transactions with owners of the Company			
Dividend (Note 10c)	-	(2,569)	(2,569)
Balance as at February 28, 2021	9,424	113,005	122,429
Balance as at November 30, 2021	**9,424**	**151,524**	**160,948**
Net earnings	**-**	**5,117**	**5,117**
Total comprehensive income	**-**	**5,117**	**5,117**
Transactions with owners of the Company			
Dividend (Note 10c)	**-**	**(3,425)**	**(3,425)**
Balance as at February 28, 2022	**9,424**	**153,216**	**162,640**

(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, 2022 and 2021 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 International Financial Reporting 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, 2021, as set out in the 2021 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 13, 2022.

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

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, 2021.

3. Significant Accounting Policies

The Company's significant accounting policies described in Note 3 contained in its 2021 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 2022	February 28 2021
	$	$
Employee benefit expense	**299**	281
Obsolescence adjustment included in cost of goods sold	**(231)**	321
Depreciation included in cost of goods sold	**167**	187
Foreign exchange losses (gains)	**219**	(184)

Selling, administrative and general expenses

	February 28 2022	February 28 2021
	$	$
Employee benefit expense	**13,168**	12,876
Depreciation and amortization included in selling, administrative and general expenses	**1,608**	1,614

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

5. Net financial costs

	February 28 2022	February 28 2021
	$	$
Interest expense	**114**	148
Interest expense on lease liabilities	**131**	154
Accretion expense on provision	**25**	11
Other financial costs	**296**	256
Financial cost	**566**	569
Financial income	**(2)**	(1)
Net financial costs	**564**	568

6. Trade and other receivables

	February 28 2022	November 30 2021	February 28 2021
	$	$	$
Trade receivables	**71,252**	63,255	70,120
Allowance for doubtful accounts	**(251)**	(170)	(121)
	71,001	63,085	69,999
Other receivables	**103**	161	144
	71,104	63,246	70,143

7. Bank indebtedness

	February 28 2022	November 30 2021	February 28 2021
	$	$	$
Bank loans	**13,000**	2,000	14,000
Banker's acceptances	**21,000**	-	15,000
Bank overdraft	**16,440**	7,246	5,928
	50,440	9,246	34,928

In May 2021, 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 2024. In addition, an accordion of $10 million is available once per fiscal year for a maximum of 150 days only. 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 immovable and movable property of the Company. As at February 28, 2022, the Company was compliant with its financial covenants. As at February 28, 2022, under the credit agreement, the Company used $34.0 million of its facility compared to $2.0 million as at November 30, 2021, and $29.0 million as at February 28, 2022. As at February 28, 2022, the Company has $0.8 million of issued letters of credits which reduces the availability of its facility compared to $0.9 million as at November 30, 2021, and $1.6 million as at February 28, 2021.

8. Trade and other payables

	February 28 2022	November 30 2021	February 28 2021
	$	$	$
Trade payables and accruals	**30,902**	28,642	36,570
Payroll related liabilities	**5,541**	6,662	5,776
Sales taxes payable	**1,147**	2,593	1,148
	37,590	37,897	43,494

9. Provision

The Company's St-André (QC) site shows continued traces of surface contamination from previous treating activities exceeding existing regulatory requirements. The Company received approval for the environmental rehabilitation plan in fiscal 2016. The Company started to implement its plan during fiscal 2016 and treatment of soil on-site was to be performed over an estimated period of 5 years. The remaining rehabilitation was expected to occur in fiscal 2020. Unfortunately, because of the duration and impact of the COVID-19 pandemic no work was performed in fiscal 2020. The Company continued its rehabilitation plan in fiscal 2021, with further work to be performed in 2022. In fiscal 2022, the Company will submit for approval to the Minister of the environment a revised timetable for the site remediation.

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

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.

	February 28 2022	November 30 2021	February 28 2021
	$	$	$
Balance, beginning of the year	**2,147**	1,473	1,473
Changes due to:			
Revision of future expected expenditures	-	1,783	-
Accretion expense	**25**	44	11
Expenditures incurred	-	(1,153)	-
Balance, end of period	**2,172**	2,147	1,484
Current portion	**2,172**	2,147	1,484

10. Share Capital

a) Authorized

An unlimited number of common shares, without par value

	February 28 2022	November 30 2021	February 28 2021
Number of shares outstanding at the beginning and at the end of the period	**8,562,554**	8,562,554	8,562,554

b) Net earnings

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

	February 28 2022	February 28 2021
	$	$
Net earnings, basic and diluted	**5,117**	3,769
Weighted average number of common shares, basic and diluted	**8,562,554**	8,562,554

c) Dividends

The following dividends were declared and paid by the Company:

	2022				**2021**			
	Declared				Declared			
	Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
		$	$			$	$	
Quarter 1	Mar 4, 2022	0.40	3,425	Mar 18, 2022	Mar 5, 2021	0.30	2,569	Mar 19, 2021
		0.40	**3,425**			**0.30**	**2,569**	
Quarter 4					Nov 5, 2021	0.30	2,569	Nov 19, 2021
						0.60	**5,138**	

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

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. This business seasonality results in performance, for the three months ended February 28, 2022, which is not necessarily indicative of performance for the balance of the year.

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

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, 2022:

Financial Liabilities				
	Carrying Amount	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
Bank indebtedness	50,440	50,440	50,440	-
Trade and other payables	37,590	37,590	37,590	-
Dividend payable	3,425	3,425	3,425	-
Total financial liabilities	**91,455**	**91,455**	**91,455**	**-**

The following are the contractual maturities of financial liabilities as at November 30, 2021:

Financial Liabilities				
	Carrying Amount	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
Bank indebtedness	9,246	9,246	9,246	-
Trade and other payables	37,897	37,897	37,897	-
Total financial liabilities	**47,143**	**47,143**	**47,143**	**-**

The following are the contractual maturities of financial liabilities as at February 28, 2021:

Financial Liabilities				
	Carrying Amount	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
Bank indebtedness	34,928	34,928	34,928	-
Trade and other payables	43,494	43,494	43,494	-
Dividend payable	2,569	2,569	2,569	-
Total financial liabilities	**80,991**	**80,991**	**80,991**	**-**

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 US 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 1% fluctuation of interest rate on the $50.4 million as at February 28, 2022, $9.2 million as at November 30, 2021, and $34.9 million as at February 28, 2021 in bank indebtedness would impact interest expense annually by $0.5 million (November 30, 2021 - $0.1 million; February 28, 2021 - $0.3 million).

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, 2022, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at February 28, 2022 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.

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

As at February 28, 2022, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	1,401	268	8
Bank indebtedness	(2,549)	-	-
Trade and other receivables	6,817	119	(2)
Trade and other payables	(4,972)	(14)	(416)
Net exposure	**697**	**373**	**(410)**
CAD exchange rate as at February 28, 2022	1.2675	1.7012	1.4220
Impact on net earnings based on a fluctuation of 5% on CAD	**32**	**23**	**(21)**

As at November 30, 2021, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	2,317	275	88
Bank indebtedness	(1,993)	-	-
Trade and other receivables	7,196	63	93
Trade and other payables	(3,450)	(10)	(337)
Net exposure	**4,070**	**328**	**(155)**
CAD exchange rate as at November 30, 2021	1.2779	1.6993	1.4490
Impact on net earnings based on a fluctuation of 5% on CAD	**187**	**20**	**(8)**

As at February 28, 2021, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	1,860	191	11
Bank indebtedness	(1,324)	-	-
Trade and other receivables	7,793	25	-
Trade and other payables	(4,508)	(29)	(399)
Net exposure	**3,821**	**187**	**(388)**
CAD exchange rate as at February 28, 2021	1.2738	1.7738	1.5380
Impact on net earnings based on a fluctuation of 5% on CAD	**175**	**12**	**(21)**

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 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. In its assessment of the loss allowance for credit losses as at February 28, 2022, the Company considered the economic impact of the COVID-19 pandemic on its assessment. This was not considered to be significant.

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

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

	February 28 2022	November 30 2021	February 28 2021
	$	$	$
Current	**69,897**	57,966	64,656
31 - 60 days past due	**612**	3,131	2,571
61 - 90 days past due	**135**	1,079	1,295
91 - 120 days past due	**49**	158	852
Over 120 days past due	**559**	921	746
	71,252	63,255	70,120
Loss allowance	**(251)**	(170)	(121)
Balance, end of period	**71,001**	63,085	69,999

As at February 28, 2022, expected credit losses are limited to $251 thousand and therefore, the expected credit losses by trade accounts receivable aging have not been presented separately in the table above.

Economic Dependence
Only one major customer exceeds 10% of total Company sales during the first quarter of 2022 (same last year). The following represents the total sales consisting primarily of various wood products of the major customer:

	February 28, 2022		February 28, 2021	
	$	**%**	$	%
Sales to the major customer that exceeded 10% of total Company's sales	**18,504**	**14.3**	19,773	16.6

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, trade and other payables and lease liabilities approximate their fair values.

13. Additional Cash Flow Information

Changes in Non-Cash Working Capital Items

	February 28 2022	February 28 2021
	$	$
Trade and other receivables	**(7,858)**	5,950
Inventories	**(19,521)**	(11,058)
Prepaid expenses	**(8,264)**	(1,761)
Trade and other payables	**(311)**	3,901
	(35,954)	(2,968)

14. Capital management

The Company's financial objectives and strategy remain substantially unchanged from those included in the Company's annual consolidated financial statements contained in its 2021 Annual report.

As at February 28, 2022, 2021 and November 30, 2021, the Company achieved the following results regarding its capital management objectives:

Capital management	**As at February 28 2022**	**As at** November 30 2021	**As at** February 28 2021
Debt-to-capitalization ratio	**22.7%**	3.5%	20.2%
Interest coverage ratio	**26.8**	26.2	16.9
Return on Shareholders' Equity	**12.6%**	23.5%	12.3%
Current ratio	**2.2**	2.9	2.0
EBITDA (in thousands of dollars)	**$9,446**	$60,531	$7,603

These measures are not prescribed by IFRS and are defined by the Company as follows:

- Debt-to-capitalization ratio represents debt over total Shareholders' Equity, expressed as a percentage. Debt is defined as bank indebtedness less cash and cash equivalents. Capitalization is debt plus Shareholders' Equity. This ratio excludes lease liabilities under IFRS 16 to conform to the bank's covenant requirement.
- Interest coverage ratio represents the EBITDA during the period for which the calculation is made over interest expenses for the same period on a consolidated basis, calculated on a rolling four-quarter basis. This ratio excludes interest expense related to lease liabilities under IFRS 16 to conform to the bank's covenant requirement.
- Return on Shareholders' Equity is the net earnings (loss) divided by Shareholders' Equity, expressed as a percentage.
- Current ratio is total current assets divided by total current liabilities.
- EBITDA represents earnings before income taxes, net financial costs, depreciation of property, plant and equipment and amortization.

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 87% (same last year) of total sales, the sales to clients located in the United States represent approximately 8% (7% in 2021) of total sales, and the sales to clients located in other markets represent approximately 5% (6% in 2021) of total sales.

	February 28 2022	February 28 2021
	$	$
Canada	**112,412**	103,833
US	**10,834**	8,940
Export	**6,119**	6,660
	129,365	119,433

Sales categories

	February 28 2022	February 28 2021
	$	$
Lumber	**70,016**	66,024
Specialty and commodity panels	**25,228**	20,224
Flooring	**23,634**	25,549
Building material	**10,487**	7,636
	129,365	119,433

CORPORATE INFORMATION

BOARD OF DIRECTORS

G. Douglas Goodfellow **
Chairman of the Board & Chairman of the Compensation Committee

Stephen A. Jarislowsky */**
Director
Founder of Jarislowsky Fraser Ltd

Alain Côté */**
Lead Director & Chairman of the Audit Committee

David A. Goodfellow **
Director

Paule Têtu *
Director

Jim Hewitt *
Director

*   Member of the Audit Committee
** Member of the Executive Compensation Committee

OFFICERS

Patrick Goodfellow
President & Chief Executive Officer

Charles Brisebois
Chief Financial Officer & Secretary of the Board

G. Douglas Goodfellow
Chairman of the Board

Mary Lohmus
Executive Vice President, Ontario & Western Canada

David Warren
Senior Vice President, Atlantic

Luc Dignard
Vice President, Sales, Quebec

Jeff Morrison
Vice President, National accounts

Luc Pothier
Vice President, Operations

Eric Bisson
Vice President, Quebec

Harry Haslett
Vice President, Sales & Marketing, Atlantic

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Wholly-owned Subsidiaries
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GOODFELLOW

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