QUARTERLY REPORT

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2023

GOODFELLOW 125

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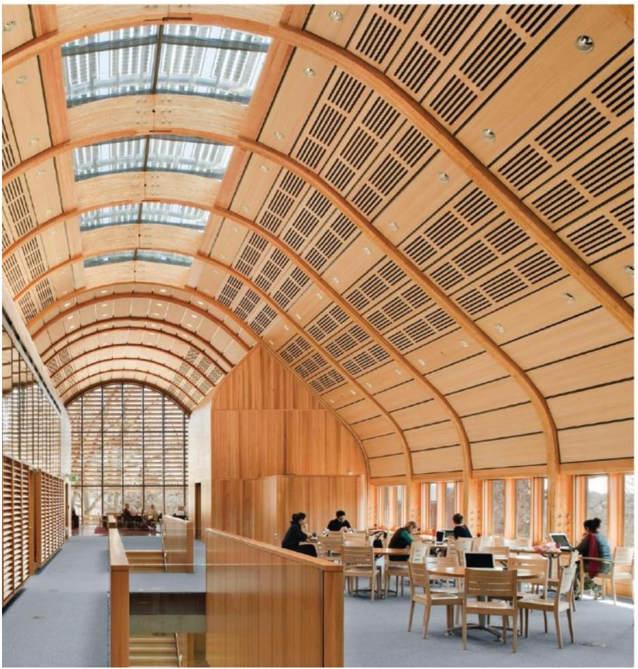
Customer focused **since 1898**



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PRESIDENT'S REPORT TO THE SHAREHOLDERS

In the first quarter of 2023, consumer demand significantly decreased compared to the unusually high levels seen in the same period last year. This slowdown is attributed to supply finally outpacing demand, as well as growing unease around rising inflation and interest rates. This context has shaken consumer confidence and reduced buying power.

Goodfellow was not immune to these severe impacts, realizing a net loss of $0.2 million or $0.02 per share in Q1 2023, as compared to a net income of $5.1 million or $0.60 per share in the same quarter of 2022. While these results are disappointing, they remain comparable to pre-pandemic levels for the same period, which has been historically difficult.

Navigating challenging market conditions is not new to Goodfellow, which has remained resilient thanks to its versatile, diversified and disciplined approach. The Company is focused on value-added capabilities and the efficient distribution of niche specialty products. Its vigilant control of operating and administrative expenses will be crucial in transitioning to a softer market.

With a very strong balance sheet, Goodfellow is well-positioned to overcome obstacles in the coming quarters of 2023 and take advantage of opportunities to enhance its overall portfolio.

Sincerely,

Patrick Goodfellow
President and Chief Executive Officer
April 13, 2023

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, 2023.
The MD&A should be read in conjunction with the consolidated financial statements and the corresponding notes for the years ended November 30, 2022 and November 30, 2021.
The MD&A provides a review of the significant developments and results of operations of the Company during the three months ended February 28, 2023 and February 28, 2022.
The interim consolidated financial statements ended February 28, 2023 and February 28, 2022 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 in accordance with IFRS is presented in the section "Non-IFRS Financial Measures" and in Note 15 "Segmented Information and Sales" to the unaudited interim consolidated financial statements for the three months ended February 28, 2023 and February 28, 2022. 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 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 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. Some of these expectations and assumptions relate to the state of the global economy and the economies of the regions in which the Company operates; the level of demand for the Company's products including from its recurring client base, including bookings from customers; prices and margins for its products; competitors; reliability of supply chains; inflation; interest rates; foreign currency fluctuations; the COVID-19 pandemic; overhead expenses; working capital requirements and access to capital or funding to finance same; the collection of accounts receivable; the availability and sufficiency insurance coverage; the sufficiency and reliability of the Company's workforce; the successful management of environmental and health and safety risk; the sufficiency, reliability and effectiveness of information systems; the sufficiency, reliability and effectiveness of internal and disclosure controls; and the absence of adverse change in the Company's regulatory environment and legal proceedings. In particular, expectations and assumptions relating to the COVID-19 pandemic are more fully described in the Company's Annual MD&A for the year ended November 30, 2022. 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. 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 foregoing risks and uncertainties are described in greater detail in this MD&A. 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.

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 in the case of Shareholders Equity per share and by the weighted average number of outstanding shares for the relevant period ended February 28 presented for other measures per share.

"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 2023	February 28 2022	**November 30 2022**	November 30 2021
	$	$	**$**	$
Net (loss) earnings	**(211)**	5,117	**32,679**	37,836
Income taxes	**(82)**	1,990	**12,037**	12,687
Net financial costs	**274**	564	**3,201**	2,694
Depreciation of property, plant and equipment	**745**	575	**2,551**	2,552
Amortization of right-of-use assets	**1,257**	1,050	**4,551**	4,141
Amortization of intangible assets	**151**	150	**608**	621
EBITDA	**2,134**	9,446	**55,627**	60,531

"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)	**For the three months ended**	
	February 28 2023	February 28 2022
	$	$
Net Cash Flows from Operating Activities	**(17,639)**	(40,803)
Changes in non-cash working capital items	**16,280**	35,954
Interest paid	**108**	270
Income taxes paid	**3,018**	13,691
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid	**1,767**	9,112
Net Cash Flows from Operating Activities per share	**(2.06)**	(4.77)
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid per share	**0.21**	1.06
Weighted Average Number of Share Outstanding (thousands)	**8,548**	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, 2023. 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**	
	February 28 2023	February 28 2022
	$	$
Shareholders' Equity	**182,174**	162,640
Shareholders' Equity per share	**21.31**	18.99
Number of share outstanding (thousands)	**8,548**	8,563

BUSINESS OVERVIEW

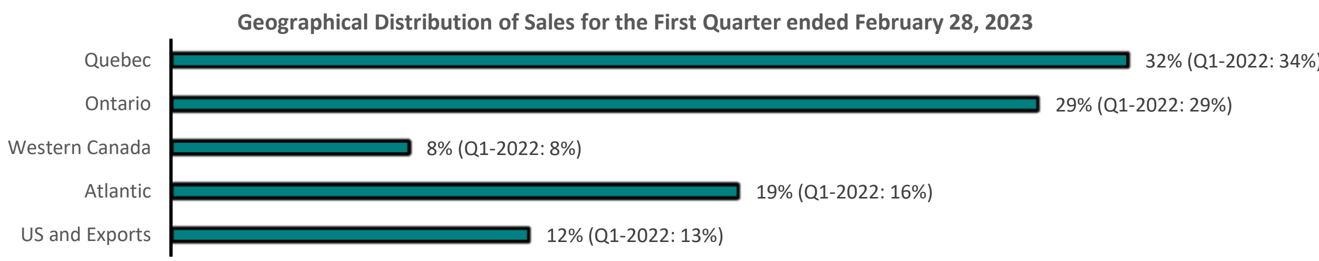
Goodfellow Inc. is a diversified manufacturer of value-added lumber products, as well as a wholesale distributor of building materials and floor coverings. Goodfellow Inc. has 9 processing plants and 13 distribution centres from coast-to-coast in Canada, as well as 1 distribution centre in the USA and 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, 2023 AND 2022
(In thousands of dollars, except per share amounts)

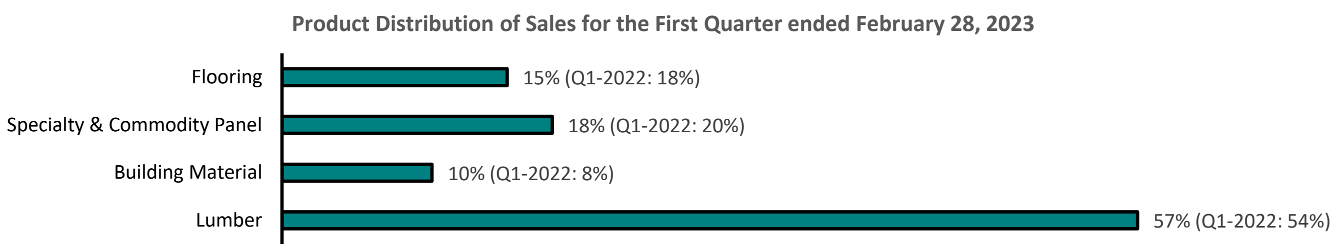
HIGHLIGHTS	Q1-2023	Q1-2022	Variance
	$	$	**%**
Sales	**105,925**	129,365	**-18**
(Loss) earnings before income taxes	**(293)**	7,107	**-104**
Net (loss) earnings	**(211)**	5,117	**-104**
Net (loss) earnings per share – Basic and Diluted	**(0.02)**	0.60	**-103**
Net cash flow from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid (1)	**1,767**	9,112	**-81**
Net cash flow from Operating Activities	**(17,639)**	(40,803)	**-57**
EBITDA (1)	**2,134**	9,446	**-77**

(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 fiscal 2023 decreased 17% compared to last year due to a decrease in sales of all product categories except building materials. Quebec sales decreased 25% due to a decrease in sales of all product categories. Sales in Ontario decreased 18% also due to a decrease in sales of all product categories. Sales in Western Canada decreased 21% due to a decrease in sales of all product categories except building materials. Atlantic region sales increased 2% due to an increase in sales of building materials and lumber products.



Sales in the United States for the first quarter of fiscal 2023 on a US dollar basis decreased 25% compared to last year, and on a Canadian dollar basis they decreased 21% compared to last year. Finally, export sales decreased 29% during the first quarter of fiscal 2023 compared to last year mostly due to a decrease in sales of lumber products.



In terms of the distribution of sales by product, all product categories decreased their sales except for building materials. Flooring sales during the first quarter of fiscal 2023 decreased 33%, specialty and commodity panel sales decreased 22%, building materials sales increased 2%, and lumber sales decreased 15% compared to last year.

Cost of Goods Sold

Cost of goods sold during the first quarter of 2023 was $84.3 million compared to $101.3 million last year. Cost of goods sold decreased 17% compared to last year. Gross profits were $21.7 million compared to $28.1 million last year a decrease of 23% as compared to last year. Gross margins were 20.5% in first quarter of 2023 (21.7% in 2022). 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	**For the three months ended**	
(In thousands of dollars, except Gross margins as %)	**February 28 2023**	February 28 2022
	$	$
Sales	**105,925**	129,365
Cost of goods sold	**84,260**	101,256
Gross profit	**21,665**	28,109
Gross margins	**20.5%**	21.7%

Selling, Administrative and General Expenses
Selling, Administrative and General Expenses during the first quarter of 2023 was $21.7 million compared to $20.4 million last year an increase of 6% compared to last year.

Net Financial Costs
Net financial costs during the first quarter of 2023 were $0.3 million ($0.6 million last year). The average Canadian prime rate increased to 6.49% (2.45% last year). The average US prime rate increased to 7.51% (3.25% last year).

SUMMARY OF THE LAST EIGHT MOST RECENTLY COMPLETED QUARTERS
(In thousands of dollars, except per share amounts - unaudited)

	May-2022	**Aug-2022**	**Nov-2022**	**Feb-2023**
	$	**$**	**$**	**$**
Sales	184,947	167,574	149,299	105,925
Net earnings (loss)	12,542	10,580	4,440	(211)
Net earnings (loss) per share	1.46	1.24	0.52	(0.02)

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

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, 2023 were $266.6 million compared to $246.9 million as at November 30, 2022. Cash at February 28, 2023 was $2.0 million compared to $3.4 million as at November 30, 2022. Trade and other receivables at February 28, 2023 was $64.3 million ($64.4 million as at November 30, 2022). Income tax receivable was $5.5 million compared ($2.4 million as at November 30, 2022). Inventories at February 28, 2023 was $130.4 million compared to $112.3 million as at November 30, 2022. Prepaid expenses at February 28, 2023 was $3.7 million ($2.6 million as at November 30, 2022). Defined benefit plan asset was $11.7 million at February 28, 2023 compared to $11.6 million as at November 30, 2022. Other assets were $0.8 million at February 28, 2023 (same as at November 30, 2022).

Property, plant, equipment, intangible and right-of-use assets
Property, plant and equipment at February 28, 2023 was $32.4 million compared to $32.3 million as at November 30, 2022, and intangible assets at February 28, 2023 was $1.9 million compared to $2.1 million as at November 30, 2022. Capital expenditures on property, plant and equipment and intangibles during the first quarter of fiscal 2023 amounted to $0.8 million compared to $0.4 million for the same period last year. Property, plant and equipment capitalized during the first quarter of fiscal 2023 mainly included buildings, yard, equipment, computers and rolling stock. Right-of-use assets at February 28, 2023 was $13.9 million ($15.0 million as at November 30, 2022). Depreciation of property, plant, equipment, intangible, and right-of-use assets during the first quarter of fiscal 2023 amounted to $2.2 million compared to $1.8 million last year.

Total liabilities
Total liabilities at February 28, 2023 were $84.4 million compared to $60.1 million as at November 30, 2022. Bank indebtedness was $18.6 million compared to nil as at November 30, 2022. Trade and other payables at February 28, 2023 was $39.1 million compared to $36.3 million as at November 30, 2022. Current Provision at February 28, 2023 was $2.3 million (same as at November 30, 2022) and non-current provision was $0.7 million compared to $0.6 million as at November 30, 2022. Dividend payable at February 28, 2023 was $4.3 million (nil as at November 30, 2022). Lease liabilities at February 28, 2023 were $16.0 million compared to $17.5 million as at November 30, 2022. Deferred income taxes at February 28, 2023 was $3.4 million (same as at November 30, 2022).

Shareholders’ Equity

Total Shareholders’ Equity at February 28, 2023 was $182.2 million compared to $186.8 million as at November 30, 2022. The Company generated a return on Shareholders’ Equity of (0.5)% during the first quarter of fiscal 2023 compared to 12.6% last year. The share price closed at $15.45 per share on February 28, 2023 ($12.17 on November 30, 2022). The Shareholders’ Equity per share at February 28, 2023 was $21.31 per share compared to $21.83 per share as at November 30, 2022. Share capital was $9.4 million at February 28, 2023 (same as at November 30, 2022).

On November 10, 2022, following approval of the Toronto Stock Exchange (the "TSX"), the Company implemented a share repurchase program in the form of a normal course issuer bid (“NCIB”). This program allows the Company to repurchase up to an aggregate 428,127 common shares, representing approximately 5% of the common shares issued and outstanding as at November 7, 2022. All Shares purchased under the NCIB will be acquired on the open market and in accordance with the rules and policies of the TSX and applicable securities laws at the prevailing market prices, plus applicable brokerage fees, and cancelled. The share repurchase period will end no later than November 9, 2023. Moreover, the Company has entered into an automatic share purchase plan (“ASPP”) with a designated broker in connection with the NCIB. The ASPP will allow for the purchase for cancellation of shares, subject to certain trading parameters, by its designated broker during times when the Company would ordinarily not be active in the market due to applicable regulatory restrictions or self-imposed blackout periods. Outside these periods, shares may be repurchased by the Company at its discretion under the NCIB. During the first quarter of fiscal 2023, the Company bought back 9,900 shares.

Additional information regarding the NCIB is contained in Note 10 of the Interim Consolidated Financial Statements for the period ended February 28, 2023.

The following dividends were declared and paid by the Company for the period ended February 28, 2023 and for the year ended November 30, 2022:

2023				**2022**			
Declared				Declared			
Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
	$	$			$	$	
Mar 2, 2023	0.50	4,274	Mar 16, 2023	Mar 4, 2022	0.40	3,425	Mar 18, 2022
	0.50	**4,274**			**0.40**	**3,425**	
				Oct 27, 2022	0.50	4,281	Nov 10, 2022
					0.90	**7,706**	

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

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 by way of bank loans and / or banker’s acceptances. In addition, an accordion of $10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. As at February 28, 2023, the Company was compliant with its financial covenants. As at February 28, 2023, under the credit agreement, the Company was using $7 million of its facility ($34 million last year). As at February 28, 2023, the Company has $1.0 million of issued letters of credit which reduces the availability of its facility compared to $0.8 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, 2023 was $(17.6) million compared to $(40.8) million last year. Financing activities during the first three months of fiscal 2023 was $5.4 million compared to $30.8 million last year. Investing activities during the three months ended February 28, 2023 was $(0.8) million compared to $(0.4) million last year (See Property, plant, equipment, intangible and right-of use assets for more details).

LIQUIDITY AND RISK MANAGEMENT IN THE CURRENT ECONOMIC CONDITIONS

The Company's objectives are as follows:

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

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

	February 28 2023	November 30 2022
	$	$
Bank indebtedness	**18,636**	**-**
Less: Cash	**(1,958)**	(3,420)
Net Debt (cash)	**16,678**	(3,420)
Share capital	**9,408**	9,419
Retained earnings	**172,766**	177,360
Shareholders' Equity	**182,174**	186,779
Total Capital	**165,496**	190,199

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.

Cost Structure, Working Capital Requirements
At February 28, 2023, the Company's Debt-to-capitalization ratio stood at 9% compared to 1% as at November 30, 2022.

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, 2022 as well as in the 2022 Annual Information Form available on SEDAR (www.sedar.com).

FINANCIAL COMMITMENTS AND CONTINGENCIES

O**bligations**	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	18,727	5,577	7,530	3,929	1,691
Total obligations	**18,727**	**5,577**	**7,530**	**3,929**	**1,691**

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, 2022, which are hereby incorporated by reference. These include the risks and uncertainties described under the headings "Risks and Uncertainties", "Financial Instruments and Other Instruments" and "COVID-19" 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, 2023 (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, 2023**		February 28, 2022	
	$	**%**	$	%
Sales to the major customer that exceeded 10% of total Company's sales	**16,531**	**15.6**	18,504	14.3

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 financial instruments and other instruments remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2022 Annual report. Only those factors with variability components are described below:

The following are the contractual maturities of financial liabilities as at February 28, 2023:
(In thousands of dollars)

Financial Liabilities	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
Bank indebtedness	18,636	18,636	18,636	-
Trade and other payables	39,070	39,070	39,070	-
Dividend payable	4,274	4,274	4,274	-
Total financial liabilities	**61,980**	**61,980**	**61,980**	**-**

The following are the contractual maturities of financial liabilities as at November 30, 2022:
(in thousands of dollars)

Financial Liabilities	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
Trade and other payables	36,286	36,286	36,286	-
Total financial liabilities	**36,286**	**36,286**	**36,286**	**-**

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 100 basis point fluctuation of interest rate on average bank indebtedness throughout the three months ended February 28, 2023 would not impact interest expense (February 28, 2022 - $0.1 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, 2023, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at February 28, 2023, 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, 2023, the Company had the following currency exposure on:

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

	USD	GBP	Euro
Cash	824	194	15
Bank indebtedness	(1,414)	-	-
Trade and other receivables	4,790	43	-
Trade and other payables	(3,849)	(4)	(583)
Net exposure	**351**	**233**	**(568)**
CAD exchange rate as at February 28, 2023	1.3647	1.6405	1.4432
Impact on net earnings based on a fluctuation of 5% on CAD	**17**	**14**	**(29)**

As at November 30, 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	156	447	9
Trade and other receivables	5,081	14	-
Trade and other payables	(1,952)	(10)	-
Net exposure	**3,285**	**451**	**9**
CAD exchange rate as at November 30, 2022	1.3412	1.6176	1.3960
Impact on net earnings based on a fluctuation of 5% on CAD	**159**	**26**	**-**

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

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

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

	As at February 28 2023	As at November 30 2022
	$	$
Current	**60,021**	59,678
31 - 60 days past due	**1,334**	2,664
61 - 90 days past due	**1,443**	1,060
91 - 120 days past due	**1,012**	370
Over 120 days past due	**1,238**	682
	65,048	64,454
Loss allowance	**(1,078)**	(342)
Balance, end of period	**63,970**	64,112

As at February 28, 2023, expected credit losses are limited to $1.1 million 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 and trade and other payables 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 2022 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 2022 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 2022 Annual consolidated financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at February 28, 2023, there were 8,548,054 common shares issued (8,557,954 as at November 30, 2022 and 8,562,554 as at February 28, 2022). The Company has authorized an unlimited number of common shares to be issued, without par value. As at April 13, 2023, there were 8,548,054 common shares outstanding.

OUTLOOK

While consumer spending is expected to remain modest in Q2 and Q3, opportunities to serve customers Just-In-Time will become crucial to Goodfellow's success. The reluctance of various customer segments to take speculative inventory positions will play a key role during this period. The tightening of consumer and business credit is expected to impact overall demand levels. With market prices of major wood product categories reaching historic lows, future price fluctuations are expected to be driven by short-term shortages possibly due to labour or logistical challenges.

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, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Delson, April 13, 2023

(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, 2023 and 2022
(in thousands of dollars, except per share amounts)
Unaudited

	For the three months ended	
	February 28 2023	February 28 2022
	$	$
Sales (Note 15)	**105,925**	129,365
Expenses		
Cost of goods sold (Note 4)	**84,260**	101,256
Selling, administrative and general expenses (Note 4)	**21,684**	20,438
Net financial costs (Note 5)	**274**	564
	106,218	122,258
(Loss) earnings before income taxes	**(293)**	7,107
Income taxes	**(82)**	1,990
Total comprehensive (loss) income	**(211)**	5,117
Net (loss) earnings per share – Basic and Diluted (Note 10b)	**(0.02)**	0.60

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

	As at February 28 2023	As at November 30 2022	As at February 28 2022
	$	$	$
Assets			
Current Assets			
Cash	**1,958**	3,420	3,038
Trade and other receivables (Note 6)	**64,295**	64,423	71,104
Income taxes receivable	**5,539**	2,439	2,679
Inventories	**130,416**	112,294	129,308
Prepaid expenses	**3,663**	2,555	12,482
Total Current Assets	**205,871**	185,131	218,611
Non-Current Assets			
Property, plant and equipment	**32,368**	32,269	29,891
Intangible assets	**1,945**	2,096	2,500
Right-of-use assets	**13,905**	14,999	13,370
Defined benefit plan asset	**11,690**	11,620	10,411
Other assets	**802**	802	785
Total Non-Current Assets	**60,710**	61,786	56,957
Total Assets	**266,581**	246,917	275,568
Liabilities			
Current Liabilities			
Bank indebtedness (Note 7)	**18,636**	-	50,440
Trade and other payables (Note 8)	**39,070**	36,286	37,590
Provision (Note 9)	**2,259**	2,281	2,172
Dividends payable (Note 10c)	**4,274**	-	3,425
Current portion of lease liabilities	**4,763**	4,969	4,395
Total Current Liabilities	**69,002**	43,536	98,022
Non-Current Liabilities			
Provision (Note 9)	**702**	634	-
Lease liabilities	**11,272**	12,537	11,755
Deferred income taxes	**3,431**	3,431	3,151
Total Non-Current Liabilities	**15,405**	16,602	14,906
Total Liabilities	**84,407**	60,138	112,928
Shareholders' Equity			
Share capital (Note 10)	**9,408**	9,419	9,424
Retained earnings	**172,766**	177,360	153,216
	182,174	186,779	162,640
Total Liabilities and Shareholders' Equity	**266,581**	246,917	275,568

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three months ended February 28, 2023 and 2022
(in thousands of dollars)
Unaudited

	For the three months ended	
	February 28 2023	February 28 2022
	$	$
Operating Activities		
Net (loss) earnings	**(211)**	5,117
Adjustments for:		
Depreciation and amortization of:		
Property, plant and equipment	**745**	575
Intangible assets	**151**	150
Right-of-use assets	**1,257**	1,050
Accretion expense on provision (Note 9)	**68**	25
Provision (Note 9)	**(22)**	-
Income taxes	**(82)**	1,990
Gain on disposal of property, plant and equipment	**(10)**	(25)
Interest expense	**88**	114
Interest on lease liabilities	**(18)**	131
Funding in excess of pension plan expense	**(70)**	(14)
Other	**(129)**	(1)
	1,767	9,112
Changes in non-cash working capital items (Note 13)	**(16,280)**	(35,954)
Interest paid	**(108)**	(270)
Income taxes paid	**(3,018)**	(13,691)
	(19,406)	(49,915)
Net Cash Flows from Operating Activities	**(17,639)**	(40,803)
Financing Activities		
Net increase in bank loans (Note 7)	**2,000**	11,000
Net increase in banker's acceptances (Note 7)	**5,000**	21,000
Payment of lease liabilities	**(1,505)**	(1,187)
Redemption of shares (Note 10b)	**(120)**	-
Net Cash Flows from Financing Activities	**5,375**	30,813
Investing Activities		
Acquisition of property, plant and equipment	**(844)**	(444)
Proceeds on disposal of property, plant and equipment	**10**	25
Net Cash Flows from Investing Activities	**(834)**	(419)
Net cash outflow	**(13,098)**	(10,409)
Cash position, beginning of period	**3,420**	(2,993)
Cash position, end of period	**(9,678)**	(13,402)
Cash position is comprised of:		
Cash	**1,958**	3,038
Bank overdraft (Note 7)	**(11,636)**	(16,440)
	(9,678)	(13,402)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the three months ended February 28, 2023 and 2022
(in thousands of dollars)
Unaudited

	Share Capital	**Retained Earnings**	**Total**
	$	$	$
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
Dividend (Note 10c)	-	(3,425)	(3,425)
Balance as at February 28, 2022	9,424	153,216	162,640
Balance as at November 30, 2022	**9,419**	**177,360**	**186,779**
Net loss	**-**	**(211)**	**(211)**
Total comprehensive loss	**-**	**(211)**	**(211)**
Dividend (Note 10c)	**-**	**(4,274)**	**(4,274)**
Redemption of Shares (Note 10b)	**(11)**	**(109)**	**(120)**
Balance as at February 28, 2023	**9,408**	**172,766**	**182,174**

(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, 2023 and 2022 include the accounts of the Company and its wholly-owned subsidiaries.

2. Basis of preparation

Statement of compliance
The 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, 2022, as set out in the 2022 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, 2023.

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.

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

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty were the same as those applied and described in the Company's audited annual consolidated financial statements for the year ended November 30, 2022.

3. Significant Accounting Policies

The Company's significant accounting policies described in Note 3 contained in its 2022 Annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim consolidated financial statements.

4. Additional information on:

	For the three months ended	
Cost of goods sold	**February 28 2023**	February 28 2022
	$	$
Employee benefits expense	**293**	299
Obsolescence adjustment	**558**	(231)
Depreciation	**290**	167
Foreign exchange (gains) losses	**(75)**	219

	For the three months ended	
Selling, administrative and general expenses	**February 28 2023**	February 28 2022
	$	$
Employee benefits expense	**13,063**	13,168
Depreciation and amortization included in selling, administrative and general expenses	**1,863**	1,608

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

5. Net financial costs

	For the three months ended	
	February 28 2023	February 28 2022
	$	$
Interest expense	**88**	114
Interest expense on lease liabilities	**(18)**	131
Accretion expense on provision (Note 9)	**68**	25
Other financial costs	**198**	296
Financial cost	**336**	566
Financial income	**(62)**	(2)
Net financial costs	**274**	564

6. Trade and other receivables

	February 28 2023	November 30 2022	February 28 2022
	$	$	$
Trade receivables	**65,048**	64,454	71,252
Allowance for doubtful accounts	**(1,078)**	(342)	(251)
	63,970	64,112	71,001
Other receivables	**325**	311	103
	64,295	64,423	71,104

7. Bank indebtedness

	February 28 2023	November 30 2022	February 28 2022
	$	$	$
Bank loans (1)	**2,000**	-	13,000
Banker's acceptances (1)	**5,000**	-	21,000
Bank overdraft	**11,636**	-	16,440
	18,636	-	50,440

(1) 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 by way of bank loans and/or banker's acceptances. In addition, an accordion of $10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. As at February 28, 2023, the Company was compliant with its financial covenants. As at February 28, 2023, the Company has $1.0 million of issued letters of credit which reduces the availability of its facility compared to $0.8 million last year.

8. Trade and other payables

	February 28 2023	November 30 2022	February 28 2022
	$	$	$
Trade payables and accruals	**31,984**	25,172	30,902
Payroll related liabilities	**5,959**	6,201	5,541
Sales taxes payable	**1,127**	4,913	1,147
	39,070	36,286	37,590

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 performed in 2022. 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". The Company started to implement its revised plan during the third quarter of fiscal 2022 and treatment of soil on-site will be performed over an estimated period of 3 years.

(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 2023	November 30 2022	February 28 2022
	$	$	$
Balance, beginning of the year	**2,915**	2,147	2,147
Changes due to:			
Revision of future expected expenditures	**-**	1,106	-
Accretion expense	**68**	102	25
Expenditures incurred	**(22)**	(440)	-
Balance, end of period	**2,961**	2,915	2,172
Current portion	**2,259**	2,281	2,172
Long-term portion	**702**	634	-

10. Share Capital

a) Authorized

An unlimited number of common shares, without par value

	February 28 2023	November 30 2022	February 28 2022
	Number of shares	Number of shares	Number of shares
Shares outstanding at the beginning of the period	**8,557,954**	8,562,554	8,562,554
Repurchased and cancelled (b)	**(9,900)**	(4,600)	-
Shares outstanding at the end of the period	**8,548,054**	8,557,954	8,562,554

	February 28 2023	November 30 2022	February 28 2022
	$	$	$
Shares outstanding at the beginning of the period	**9,419**	9,424	9,424
Repurchased and cancelled (b)	**(11)**	(5)	-
Shares outstanding at the end of the period	**9,408**	9,419	9,424

b) Share repurchase program (NCIB)

On November 10, 2022, following approval of the Toronto Stock Exchange (the "TSX"), the Company implemented a share repurchase program in the form of a normal course issuer bid (NCIB). This program allows the Company to repurchase up to an aggregate 428,127 common shares, representing approximately 5% of the common shares issued and outstanding as at November 7, 2022. All shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than November 9, 2023.

The following table summarizes the Company's share repurchase activities:

	February 28 2023	November 30 2022	February 28 2022
Common shares repurchased for cancellation (number of shares)	**9,900**	4,600	-
Average price per share	**$ 12.12**	$ 12.17	-
Total repurchase cost	**$ 120**	$ 56	-
Repurchase resulting in a reduction of:			
Share Capital	**$ 11**	$ 5	-
Deficit [(1)]	**$ 109**	$ 51	-

(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) earnings

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

	For the three months ended	
	February 28 2023	February 28 2022
	$	$
Net (loss) earnings, basic and diluted	**(211)**	5,117
Weighted average number of common shares, basic and diluted	**8,548,054**	8,562,554

d) Dividends

The following dividends were declared and paid by the Company for the period ended February 28, 2023 and for the year ended November 30, 2022:

2023				**2022**			
Declared				Declared			
Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
	$	$			$	$	
Mar 2, 2023	0.50	4,274	Mar 16, 2023	Mar 4, 2022	0.40	3,425	Mar 18, 2022
	0.50	**4,274**			**0.40**	**3,425**	
				Oct 27, 2022	0.50	4,281	Nov 10, 2022
					0.90	**7,706**	

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, 2023:

Financial Liabilities				
	Carrying Amount	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
Bank indebtedness	18,636	18,636	18,636	-
Trade and other payables	39,070	39,070	39,070	-
Dividend payable	4,274	4,274	4,274	-
Total financial liabilities	**61,980**	**61,980**	**61,980**	**-**

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

The following are the contractual maturities of financial liabilities as at November 30, 2022:

Financial Liabilities				
	Carrying Amount	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
Trade and other payables	36,286	36,286	36,286	-
Total financial liabilities	**36,286**	**36,286**	**36,286**	**-**

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**	**-**

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 100 basis point fluctuation of interest rate on average bank indebtedness throughout the three months ended February 28, 2023 would not impact interest expense (February 28, 2022 - $0.1 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, 2023, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at February 28, 2023, 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, 2023, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	**GBP**	**Euro**
Cash	824	194	15
Bank indebtedness	(1,414)	-	-
Trade and other receivables	4,790	43	-
Trade and other payables	(3,849)	(4)	(583)
Net exposure	**351**	**233**	**(568)**
CAD exchange rate as at February 28, 2023	1.3647	1.6405	1.4432
Impact on net earnings based on a fluctuation of 5% on CAD	**17**	**14**	**(29)**

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

As at November 30, 2022, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	156	447	9
Trade and other receivables	5,081	14	-
Trade and other payables	(1,952)	(10)	-
Net exposure	**3,285**	**451**	**9**
CAD exchange rate as at November 30, 2022	1.3412	1.6176	1.3960
Impact on net earnings based on a fluctuation of 5% on CAD	**159**	**26**	**-**

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)**

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

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

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

	As at February 28 2023	As at November 30 2022	As at February 28 2022
	$	$	$
Current	**60,021**	59,678	69,897
31 - 60 days past due	**1,334**	2,664	612
61 - 90 days past due	**1,443**	1,060	135
91 - 120 days past due	**1,012**	370	49
Over 120 days past due	**1,238**	682	559
	65,048	64,454	71,252
Loss allowance	**(1,078)**	(342)	(251)
Balance, end of period	**63,970**	64,112	71,001

As at February 28, 2023, expected credit losses are limited to $1.1 million and therefore, the expected credit losses by trade accounts receivable aging have not been presented separately in the table above.

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

Economic Dependence
The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked. Only one major customer exceeds 10% of total Company sales during the three months ended February 28, 2023 (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, 2023		February 28, 2022	
	$	**%**	$	%
Sales to the major customer that exceeded 10% of total Company's sales	**16,531**	**15.6**	18,504	14.3

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.

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 and trade and other payables approximate their fair values.

13. Additional Cash Flow Information

Changes in Non-Cash Working Capital Items

	For the three months ended	
	February 28 2023	February 28 2022
	$	$
Trade and other receivables	**128**	(7,858)
Inventories	**(18,122)**	(19,521)
Prepaid expenses	**(1,099)**	(8,264)
Trade and other payables	**2,813**	(311)
	(16,280)	(35,954)

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

	Bank loans	**Banker's acceptances**	**Lease liabilities**	**Total**
Liability related changes	**$**	**$**	$	$
Period ended February 28, 2023				
Interest expense	**72**	**16**	**(18)**	**70**
Interest paid	**101**	**25**	**(18)**	**108**
Year ended November 30, 2022				
Interest expense	485	745	603	1,833
Interest paid	451	677	603	1,731
Period ended February 28, 2022				
Interest expense	92	22	131	245
Interest paid	88	51	131	270

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

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:

	February 28 2023	November 30 2022	February 28 2022
	$	$	$
Bank indebtedness	**18,636**	**-**	50,440
Less: Cash	**(1,958)**	(3,420)	(3,038)
Net Debt (cash)	**16,678**	(3,420)	47,402
Share capital	**9,408**	9,419	9,424
Retained earnings	**172,766**	177,360	153,216
Shareholders' Equity	**182,174**	186,779	162,640
Total Capital	**165,496**	190,199	115,238

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.

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

15. Segmented Information and Sales

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

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

Primary geographic markets

The Company's sales to clients located in Canada represent approximately 88% (87% in 2022) of total sales, the sales to clients located in the United States represent approximately 8% (8% in 2022) of total sales, and the sales to clients located in other markets represent approximately 4% (5% in 2022) of total sales.

	For the three months ended	
	February 28 2023	February 28 2022
	$	$
Canada	**92,981**	112,412
US	**8,597**	10,834
Export	**4,347**	6,119
	105,925	129,365

Sales categories

	For the three months ended	
	February 28 2023	February 28 2022
	$	$
Lumber	**59,849**	70,016
Specialty and commodity panels	**19,622**	25,228
Flooring	**15,765**	23,634
Building materials	**10,689**	10,487
	105,925	129,365

CORPORATE INFORMATION

BOARD OF DIRECTORS

Robert Hall
Chair of the Board

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

David Goodfellow
Director

Douglas Goodfellow **
Director

James Hewitt *
Director

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

Sarah Prichard **
Director & Chair
of the Executive Compensation
Committee

* 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

Mary Lohmus
Executive Vice President,
Ontario & Western Canada

David Warren
Senior Vice President,
Atlantic

Eric Bisson
Vice President,
Quebec

Luc Dignard
Vice President,
Sales, Quebec

Harry Haslett
Vice President,
Sales & Marketing, Atlantic

Jeff Morrison
Vice President,
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Luc Pothier
Vice President,
Operations

Eric McNeely
Vice President,
Business Development - Flooring

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Transfer Agent
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Stock Exchange
Toronto
Trading Symbol: GDL

Wholly-owned Subsidiaries
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Quality Hardwoods Ltd.

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