



GOODFELLOW



QUARTERLY REPORT

FOR THE SIX MONTHS ENDED MAY 31, 2025

TABLE OF CONTENTS

President’s Report to the Shareholders2
Management’s Discussion and Analysis.....3
Consolidated Financial Statements and Notes ...12
Directors and Officers.....25
Sales Offices and Distribution Centres26

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PRESIDENT'S REPORT TO THE SHAREHOLDERS

At the midpoint of fiscal 2025, Goodfellow's performance can be characterized as evolving due to challenging market dynamics and inflationary pressures on operational costs.

During the second quarter, the Company saw a notable shift in consumer preference toward Canadian-sourced wood products, driven mainly by growing concerns around evolving U.S. trade policy. This shift contributed to modest domestic demand and price stability across several product categories.

The Company's distribution to the manufacturing sector recorded some gains during the second quarter. Speculative purchasing activity from U.S. customers in anticipation of potential tariff impositions limited the supply of several specialty items. Demand for Canadian hardwood products drastically increased as the threat of Chinese tariffs appeared on U.S. hardwood. These conditions allowed Goodfellow to reinforce its position as a reliable supplier within North America and Internationally.

The business environment was presented challenges in particular with regards to increased credit risk among customers with significant U.S. exposure. Overhead expenses such as interest and exponential lease cost increases were partially offset through targeted cost-cutting initiatives.

For the three months ended May 31, 2025, the Company realized \$153 million in sales and \$2.5M in earnings, as compared to \$140 million in sales and \$5.3 million in earnings for the same period last year.

For the six months ended May 31, 2025, Goodfellow realized \$264 million in revenues, up from \$246 million for the same period last year. Earnings of \$0.2 million compared to \$5.2 million last year reflect the challenging operational landscape.

Looking forward to the remainder of 2025, heightened geopolitical tensions continue to cast uncertainty over the business landscape. Retail traffic in the lumber and building materials sector (LBM) is expected to remain tepid as consumers are hesitant to move forward with home improvement projects. Ongoing housing shortages may create opportunities that align well with Goodfellow's diversified product portfolio and value-added service model. The Company remains focused on maintaining operational agility, managing risk prudently, and positioning itself for long-term sustainable growth.

On behalf of the management team, Goodfellow thanks its employees, suppliers, customers, and shareholders for their continued trust and support.

(Signed) "Patrick Goodfellow"

President and Chief Executive Officer

July 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") and Goodfellow Inc. (the "Company") interim consolidated financial statements were approved by the Audit Committee and the Board of Directors on July 10, 2025. Unless otherwise indicated, the MD&A is based on information available up to such date. The MD&A should be read in conjunction with the consolidated financial statements and the corresponding notes for the years ended November 30, 2024 and November 30, 2023. The MD&A provides a review of the significant developments and results of operations of the Company during the six months ended May 31, 2025 and May 31, 2024. The interim consolidated financial statements ended May 31, 2025 and May 31, 2024 are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars unless otherwise indicated. All tabular dollar amounts are in thousands of Canadian dollars, except amounts per share or unless otherwise indicated. Some amounts included in this MD&A have been rounded to make reading easier, which may affect some calculations. Additional information relating to Goodfellow Inc., including the Annual Information Form and the Annual Report, can be found on SEDAR+ at www.sedarplus.ca and at www.goodfellowinc.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements relating, inter alia, to objectives, strategies, priorities, goals, plans, financial position, operating results, trends and activities of Goodfellow Inc. and its markets and industries. Forward-looking statements can be identified by words such as: "believe," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements regarding liquidity and risk management in the current economic conditions. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, these statements are forward-looking to the extent that they are based on the Company's assessments, expectations and assumptions relative to, inter alia, to the state of the global economy and the economies of the regions in which the Company operates; the level of demand for the Company's products including from its recurring client base, including bookings from customers; prices and margins for its products; competitors; reliability of supply chains; inflation; interest rates; foreign currency fluctuations; overhead expenses; working capital requirements and access to capital or funding to finance same; the collection of accounts receivable; the availability and sufficiency insurance coverage; the sufficiency and reliability of the Company's workforce; the successful management of environmental and health and safety risk; the sufficiency, reliability and effectiveness of information systems; the sufficiency, reliability and effectiveness of internal and disclosure controls; and the absence of adverse change in the Company's regulatory environment and legal proceedings. Although the Company believes that the assessments, expectations and assumptions underlying the forward-looking statements contained in the MD&A are reasonable, there can be no assurance that such assessments, expectations and assumptions will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur or prove to be accurate. Actual results could differ significantly from management's expectations if recognized or unrecognized risks and uncertainties affect results or if assessments or assumptions are inaccurate. These risks and uncertainties include, among other things: the effects of general economic and business conditions including the cyclical nature of our business; industry competition; inflation, credit, currency and interest rate risks; environmental risk; level of demand and financial performance of the manufacturing industry; competition from vendors; changes in customer demand; extent to which the Company is successful in gaining new long-term relationships with customers or retaining existing ones and the level of service failures that could lead customers to use competitors' services; increased customer bankruptcies; dependence on key personnel; laws and regulation; information systems, cost structure and working capital requirements; changes in trade policies, including duties, barriers, restrictions, tariffs and any retaliatory measures; occurrence of hostilities, political instability or catastrophic events and other factors described in the Company's Annual Management's Discussion and Analysis for the years ended November 30, 2024 and November 30, 2023 and its other public filings available at www.sedarplus.ca. For these reasons, the Company cannot guarantee the results of these forward-looking statements. The foregoing risks and uncertainties are described in greater detail in this MD&A. The MD&A gives an insight into past performance as well as the future strategies and key performance indicators as viewed by the management team at Goodfellow Inc. The Company disclaims any obligation to update or revise these forward-looking statements, except as required by applicable law.

NON-IFRS FINANCIAL MEASURES

(unaudited)

The Company reports its financial results in accordance with IFRS. However, in this document, the following non-IFRS measures, non-IFRS ratios and supplementary financial measures are used: EBITDA, Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid, Gross profit, Gross margin, Shareholders' Equity per share and dividends paid per share. These measures do not have a standardized meaning under IFRS and could be calculated differently by other companies and accordingly, may not be comparable. Definitions for these non-IFRS measures and a reconciliation to financial information in accordance with IFRS are presented below and in Note 15 "Segmented Information and Sales" to the unaudited interim consolidated financial statements for the three months and six months ended May 31, 2025 and May 31, 2024. The Company believes that many of its readers analyze the financial performance of the Company's activities based on these non-IFRS financial measures, as such measures may allow for easier comparisons between periods. The Company also believes that these measures are useful indicators of the performance of its operations and its ability to meet its financial obligations. Furthermore, management also uses some of these non-IFRS financial measures to assess the performance of its activities and managers. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them. For measures displayed per share, the Company divided the measures by the total number of outstanding shares at May 31 of the period presented in the case of Shareholders Equity per share and by the weighted average number of outstanding shares for the relevant period ended May 31 presented for other measures per share.

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

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

Reconciliation of EBITDA (unaudited)	For the three months ended		For the six months ended		For the years ended	
	May 31 2025	May 31 2024	May 31 2025	May 31 2024	November 30 2024	November 30 2023
	\$	\$	\$	\$	\$	\$
Net earnings	2,460	5,309	200	5,201	13,369	14,688
Income taxes	956	2,066	78	2,023	4,695	5,402
Net financial costs	1,212	652	1,998	707	2,379	2,429
Depreciation of property, plant and equipment	1,287	882	2,549	1,717	4,188	3,311
Depreciation of right-of-use assets	1,515	1,089	3,010	2,123	4,787	4,697
Amortization of intangible assets	146	148	291	295	591	602
EBITDA	7,576	10,146	8,126	12,066	30,009	31,129

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

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

Reconciliation of Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid – Second Quarter (unaudited)	For the three months ended		For the six months ended	
	May 31 2025	May 31 2024	May 31 2025	May 31 2024
	\$	\$	\$	\$
Net Cash Flows from Operating Activities	(10,645)	(15,898)	(45,407)	(48,599)
Changes in non-cash working capital items	17,072	24,366	51,634	56,876
Interest paid	923	518	1,468	707
Income taxes paid	9	1,098	10	3,023
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid	7,359	10,084	7,705	12,007
Net Cash Flows from Operating Activities per share	(1.27)	(1.87)	(5.39)	(5.71)
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid per share	0.88	1.18	0.92	1.41
Weighted Average Number of Share Outstanding (thousands)	8,401	8,513	8,417	8,513

With respect to “Gross profit” and “Gross margin”, these measures are used under the sections “Cost of Goods Sold” in the discussion below for the results for the three and six months ended May 31, 2025. Please refer to such sections for a description of how these measures are calculated and a reconciliation to the most directly comparable IFRS measure.

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

Reconciliation of Shareholders’ Equity per share (unaudited)	As at		
	May 31 2025	November 30 2024	May 31 2024
	\$	\$	\$
Shareholders’ Equity	203,464	206,208	195,779
Shareholders’ Equity per share	24.25	24.38	23.01
Number of Share Outstanding (thousands)	8,390	8,458	8,509

BUSINESS OVERVIEW

Goodfellow Inc. is a diversified manufacturer of value-added lumber products and a leading wholesale distributor of building materials and floor coverings. The Company operates in Canada, the United States and the United Kingdom, serving both commercial and

residential sectors. In Canada, Goodfellow maintains a strong presence with nine (9) processing plants and thirteen (13) distribution centres strategically located from coast to coast. In the United States, the Company operates four (4) processing plants and two (2) distribution centres, while in the United Kingdom there is one (1) distribution centre. Goodfellow serves a diverse customer base that includes lumberyard retailers, manufacturers, industrial and infrastructure project partners, and floor covering specialists.

COMPARISON FOR THE THREE MONTHS ENDED MAY 31, 2025 AND MAY 31, 2024

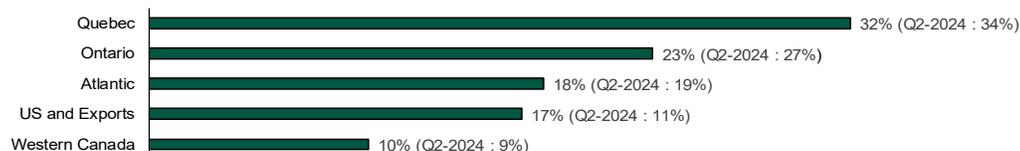
(unaudited)

HIGHLIGHTS	Q2-2025	Q2-2024	Variance
	\$	\$	%
Sales	152,940	140,334	+9
Earnings before income taxes	3,416	7,375	-54
Net earnings	2,460	5,309	-54
Net earnings per share – Basic and Diluted	0.29	0.62	-53
Net cash flow from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid ⁽¹⁾	7,359	10,084	-27
Net cash flow from Operating Activities	(10,645)	(15,898)	+33
EBITDA ⁽¹⁾	7,576	10,146	-25

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

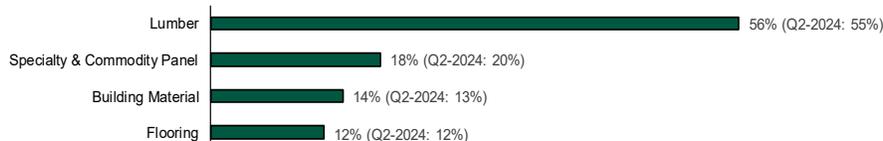
Sales in Canada during the second quarter of 2025 increased 2% compared to last year due to an overall increase in sales of flooring products and building material. Quebec sales increased 2% due to an increase in sales of flooring products and building material. Sales in Ontario decreased 6% mainly due to a decrease in sales of all product categories except for flooring products. Sales in Western Canada increased 17% due to an increase in sales of all product categories except for flooring products. Atlantic region sales increased 5% due to an increase in sales of all product categories.

Geographical Distribution of Sales for the Second Quarter ended May 31, 2025



Sales in the United States during second quarter of 2025 increased by 20% compared to the same period last year, due an increase in sales of lumber products. Additionally, the export sales saw a significant increase of 183% in the second quarter of 2025 compared to the previous year due to an increase in sales of lumber products.

Product Distribution of Sales for the Second Quarter ended May 31, 2025



In terms of the distribution of sales by product, flooring sales during the second quarter of fiscal 2025 increased 7%, specialty and commodity panel sales decreased 1%, building material sales increased 15%, and lumber sales increased 12% compared to last year.

Reconciliation of Gross profit

(unaudited)

	For the three months ended	
	May 31 2025	May 31 2024
	\$	\$
Sales	152,940	140,334
Cost of goods sold	120,191	106,199
Gross profit	32,749	34,135
Gross margins	21.4%	24.3%

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

Cost of Goods Sold

Cost of goods sold during the second quarter of 2025 was \$120.2 million compared to \$106.2 million for the corresponding period a year ago, an increase of 13% compared to last year. Gross profits were \$32.7 million compared to \$34.1 million last year. Gross profits decreased 4% compared to last year. Gross margins were 21.4% for the three months ended May 31, 2025 (24.3% last year).

Selling, Administrative and General Expenses

Selling, Administrative and General Expenses during the second quarter of 2025 were \$28.1 million compared to \$26.1 million last year representing an increase of 7% compared to last year.

Net Financial Costs

Net financial costs during the three months ended May 31, 2025 were \$1.2 million (\$0.7 million last year). The average Canadian prime rate was 4.95% (7.20% last year). The average U.S. prime rate was 7.50% (8.50% last year).

COMPARISON FOR THE SIX MONTHS ENDED MAY 31, 2025 AND MAY 31, 2024

(unaudited)

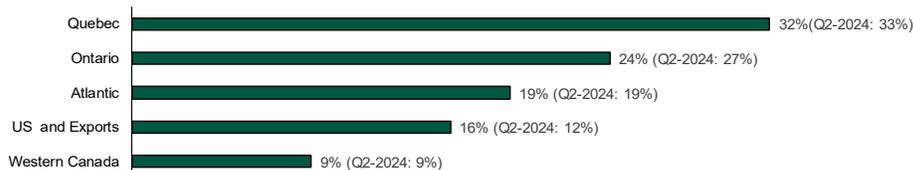
HIGHLIGHTS	2025	2024	Variance
	\$	\$	%
Sales	264,120	245,668	+8
Earnings before income taxes	278	7,224	-96
Net earnings	200	5,201	-96
Net earnings per share – Basic and Diluted	0.02	0.61	-97
Net cash flow from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid ⁽¹⁾	7,705	12,007	-36
Net cash flow from Operating Activities	(45,407)	(48,599)	-7
EBITDA ⁽¹⁾	8,126	12,066	-33

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

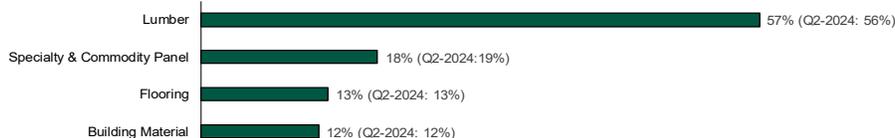
Sales in Canada during the first six months of fiscal 2025 increased 2% compared to last year due to an increase in sales of all products except specialty and commodity panels. Quebec sales increased 3% due to an increase in sales of all product categories except for specialty and commodity panels. Sales in Ontario decreased 5% due to a decrease in sales of all product categories except for flooring products. Sales in Western Canada increased 13% due to an increase in sales of all product categories except for specialty and commodity panels. Atlantic region sales increased 6% due to an increase in sales of all product categories.

Sales in the United States during the first six months of fiscal 2025 increased by 12% compared to the same period last year, due an increase in sales of building materials and lumber products. Additionally, the export sales saw a significant increase of 127% during the first six months of fiscal 2025 compared to the previous year, due an increase in sales of lumber products.

Geographical Distribution of Sales for the Six Months ended May 31, 2025



Product Distribution of Sales for the Six Months ended May 31, 2025



In terms of the distribution of sales by product, all product categories experienced an increase in sales except for specialty and commodity panels. Flooring sales for the first six months of fiscal 2025 increased 9% compared to last year. Specialty and commodity panel sales decreased 2% compared to last year. Building materials sales increased 7% compared to last year. Finally, lumber sales increased 11% compared to last year.

Reconciliation of Gross profit (unaudited)	For the six months ended	
	May 31 2025	May 31 2024
	\$	\$
Sales	264,120	245,668
Cost of goods sold	205,904	188,745
Gross profit	58,216	56,923
Gross margins	22.0%	23.2%

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

Cost of Goods Sold

Cost of goods sold during the first six months of fiscal 2025 was \$205.9 million compared to \$188.7 million last year. Cost of goods sold increased 9% compared to last year. Gross profits were \$58.2 million compared to \$56.9 million last year. Gross profits increased 2% compared to last year. Gross margins were 22.0% for the six months ended May 31, 2025 (23.2% last year).

Selling, Administrative and General Expenses

Selling, Administrative and General Expenses for the first six months of fiscal 2025 was \$55.9 million compared to \$49.0 million last year representing a 14% increase compared to last year.

Net Financial Costs

Net financial costs for the first six months of fiscal 2025 were \$2.0 million (\$0.7 million last year). The average Canadian prime rate was 5.20% (7.20% last year). The average U.S. prime rate was 7.53% (8.50% last year).

SUMMARY OF THE LAST EIGHT MOST RECENTLY COMPLETED QUARTERS

(unaudited)

	Aug-2024	Nov-2024	Feb-2025	May-2025
	\$	\$	\$	\$
Sales	139,668	124,205	111,180	152,940
Net earnings (loss)	5,750	2,418	(2,260)	2,460
Net earnings (loss) per share	0.68	0.29	(0.27)	0.29

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

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 May 31, 2025 were \$348.9 million compared to \$291.9 million as at November 30, 2024. Cash at May 31, 2025 was \$3.4 million compared to \$5.3 million as at November 30, 2024. Trade and other receivables at May 31, 2025 were \$96.2 million (\$56.6 million as at November 30, 2024). Income taxes receivable was \$6.6 million (same as at November 30, 2024). Inventories at May 31, 2025 were \$151.4 million compared to \$131.3 million as at November 30, 2024. Prepaid expenses at May 31, 2025 were \$3.1 million (\$4.0 million as at November 30, 2024). Defined benefit plan asset was \$21.6 million at May 31, 2025 compared to \$21.9 million as at November 30, 2024. Other assets were \$1.9 million at May 31, 2025 (\$1.3 million as at November 30, 2024).

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

Property, plant and equipment at May 31, 2025 was \$42.8 million compared to \$43.9 million as at November 30, 2024, and intangible assets at May 31, 2025 were \$0.6 million compared to \$0.9 million as at November 30, 2024. Capital expenditures on property, plant and equipment and intangibles during the first six months of fiscal 2025 amounted to \$1.5 million compared to \$3.9 million for the same period last year. Property, plant and equipment capitalized during the first six months of fiscal 2025 mainly included buildings and yard improvements, equipment, computers and rolling stock. Right-of-use assets at May 31 2025 was \$21.4 million (\$19.9 million as at November 30, 2024). Depreciation / amortization of property, plant, equipment, intangible, and right-of-use assets during the first six months of fiscal 2025 amounted to \$5.9 million compared to \$4.1 million last year.

Total liabilities

Total liabilities at May 31, 2025 were \$145.4 million compared to \$85.6 million as at November 30, 2024. Bank indebtedness was \$57.2 million compared to \$5.9 million as at November 30, 2024. Trade and other payables at May 31, 2025 were \$56.2 million compared to \$49.0 million as at November 30, 2024. Current provision at May 31, 2025 was \$0.8 million (\$0.9 million as at November 30, 2024). Lease liabilities at May 31, 2025 were \$22.9 million compared to \$21.5 million as at November 30, 2024. Deferred income taxes at May 31, 2025 were \$8.3 million (same as at November 30, 2024).

Shareholders' Equity

Total Shareholders' Equity at May 31, 2025 was \$203.5 million compared to \$206.2 million as at November 30, 2024. The Company generated a return on Shareholders' Equity of 0.2% during the six months ended May 31, 2025 compared to 5.3% last year (Return on shareholders' equity is the net earnings (loss) divided by shareholders' equity, expressed as a percentage). The share price closed at \$12.80 per share on May 31, 2025 (\$13.99 on November 30, 2024). The Shareholders' Equity per share at May 31, 2025 was \$24.25 per share compared to \$24.38 per share as at November 30, 2024. Share capital was \$9.2 million at May 31, 2025 (\$9.3 million as at November 30, 2024).

On November 20, 2024 (2023: November 20, 2023), following approval of the Toronto Stock Exchange (the "TSX"), the Company renewed its existing normal course issuer bid (NCIB). This program allows the Company to repurchase up to an aggregate 493,102 common shares (2023: 426,157 common shares). All Shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than November 19, 2025 (2023: November 19, 2024). During fiscal year 2024, under the NCIB, the Company purchased 63,700 shares at a weighted-average price of \$14.01 for a total aggregate purchase price of \$892 thousand (2023: purchased 36,500 shares at a weighted-average price of \$12.50 for a total aggregate purchase price of \$456 thousand).

During the six months ended May 31, 2025, the Company bought back 68,200 shares at a weighted-average price of \$12.31 for a total aggregate purchase price of \$839 thousand compared to 12,100 shares at a weighted-average price of \$14.00 for a total aggregate purchase price of \$169 thousand during the six months ended May 31, 2024.

Additional information regarding the NCIB is contained in Note 10b of the Interim Consolidated Financial Statements for the period ended May 31, 2025.

The following dividends were declared and paid by the Company for the six months period ended May 31, 2025, and for the year ended November 30, 2024:

May 31, 2025				November 30, 2024			
Declared				Declared			
Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
	\$	\$			\$	\$	
Mar 5, 2025	0.25	2,105	Mar 19, 2025	Mar 5, 2024	0.50	4,256	Mar 19, 2024
				Oct 23, 2024	0.25	2,119	Nov 6, 2024
	0.25	2,105			0.75	6,375	

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

LIQUIDITY AND CAPITAL RESOURCES

Financing

The Company has a credit agreement with two chartered Canadian banks. In May 2024, the Company renewed its credit agreement for a maximum revolving operating facility of \$90 million maturing in May 2026 by way of bank loans and/or CORRA loans. In addition, an accordion of \$10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. As at May 31, 2025 the Company was compliant with its financial covenants. As at May 31, 2025, under the credit agreement, the Company was using of \$57 million its facility (\$24 million last year). As at May 31, 2025, the Company has \$1.3 million of issued letters of credit which reduces the availability of its facility (\$1.2 million last year).

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

Cash Flow

Net cash flow from operating activities for the six months ended May 31, 2025 was \$(45.4) million compared to \$(48.6) million last year. Financing activities during the first six months of fiscal 2025 was \$51.2 million compared to \$17.1 million last year. Investing activities during the six months ended May 31, 2025 was \$(2.1) million compared to \$(4.0) million last year.

LIQUIDITY AND RISK MANAGEMENT IN THE CURRENT ECONOMIC CONDITIONS

The Company's objectives are as follows:

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

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

	As at May 31 2025	As at November 30 2024
Cash	\$ 3,379	\$ 5,314
Bank Indebtedness	(57,217)	(5,913)
Net Debt	(53,838)	(599)
Share Capital	9,234	9,309
Retained Earnings	194,230	196,899
Shareholders' Equity	203,464	206,208
Total Capital	149,626	205,609

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

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

Cost Structure, Working Capital Requirements

At May 31, 2025, the Company's debt-to-capitalization ratio stood at 21.2% (14.1% as at May 31, 2024). Debt-to-capitalization ratio represents debt over total shareholders' equity. Debt is defined as bank indebtedness less cash and cash equivalents (i.e. debt excludes lease liabilities). Capitalization is debt plus shareholders' equity.

FINANCIAL COMMITMENTS AND CONTINGENCIES

OBLIGATIONS

Payments due by period— undiscounted	Total	Less than 1 year	2-3 Years	4-5 Years	After 5 years
	\$	\$	\$	\$	\$
Lease liability obligations	26,664	6,947	11,509	6,331	1,877
Purchase obligation	1,176	1,176	-	-	-
Total obligations	27,840	8,123	11,509	6,331	1,877

Contingent liabilities

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

RISKS AND UNCERTAINTIES

The risks and uncertainties affecting the Company remain substantially unchanged from those described in the Company's Annual MD&A for the year ended November 30, 2024, which are hereby incorporated by reference. These include the risks and uncertainties described under the headings "Risks and Uncertainties" and "Financial Instruments and Other Instruments" of such Annual MD&A. Only those factors with notable variability components are described below:

Dependence on Major Customers

The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked. Only one major customer exceeds 10% of total Company sales during the six months ended May 31, 2025 (same last year).

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

	For the three months ended				For the six months ended			
	May 31, 2025		May 31, 2024		May 31, 2025		May 31, 2024	
	\$	%	\$	%	\$	%	\$	%
Sales to the major customer that exceeded 10% of total Company's sales	20,146	13.2	21,348	15.2	39,419	14.9	39,567	16.1

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company is exposed to risks arising from financial instruments, including Financing and Liquidity Risk, interest rate risk, currency risk, and credit risk. Please refer to Note 12 of the interim consolidated financial statements for the six months ended May 31, 2025, for additional details.

RELATED PARTY TRANSACTIONS

The related party transactions remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2024 Annual report.

CRITICAL ACCOUNTING ESTIMATES

The critical accounting estimates remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2024 Annual report.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies applied in the Company's interim financial statements are the same as those described in Note 3 contained in its 2024 Annual consolidated financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at May 31, 2025, there were 8,389,554 common shares issued, 8,457,754 as at November 30, 2024, and 8,509,354 common shares as at May 31, 2024. The Company has authorized an unlimited number of common shares to be issued, without par value. As at July 10, 2025, there were 8,379,054 common shares outstanding.

SUBSEQUENT EVENT

Ongoing changes, delays, and announcements regarding new tariffs by the U.S. administration—along with retaliatory measures taken by the Canadian government—continue to contribute to economic uncertainty. These developments may adversely affect the Canadian economy by increasing costs, disrupting supply chains, weakening the Canadian dollar, and causing other potential negative consequences. The Company continues to monitor and assess the evolving tariff landscape and its potential direct and indirect impacts on its operations. The effects of these tariffs, retaliatory actions, or other protectionist trade measures could be significant.

OUTLOOK

Looking forward to the remainder of 2025, heightened geopolitical tensions continue to cast uncertainty over the business landscape. Retail traffic in the lumber and building materials sector (LBM) is expected to remain tepid as consumers are hesitant to move forward with home improvement projects. Ongoing housing shortages may create opportunities that align well with Goodfellow's diversified product portfolio and value-added service model. The Company remains focused on maintaining operational agility, managing risk prudently, and positioning itself for long-term sustainable growth.

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 and six months ended May 31, 2025, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Delson, July 10, 2025

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

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

GOODFELLOW INC.

Consolidated Statements of Comprehensive Income

For the three and six months ended May 31, 2025 and 2024

(in thousands of dollars, except per share amounts)

Unaudited

	For the three months ended		For the six months ended	
	May 31 2025	May 31 2024	May 31 2025	May 31 2024
	\$	\$	\$	\$
Sales (Note 15)	152,940	140,334	264,120	245,668
Expenses				
Cost of goods sold (Note 4)	120,191	106,199	205,904	188,745
Selling, administrative and general expenses (Note 4)	28,121	26,108	55,940	48,992
Net financial costs (Note 5)	1,212	652	1,998	707
	149,524	132,959	263,842	238,444
Earnings before income taxes	3,416	7,375	278	7,224
Income taxes	956	2,066	78	2,023
Total comprehensive income	2,460	5,309	200	5,201
Net earnings per share – Basic and Diluted (Note 10c)	0.29	0.62	0.02	0.61

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

	As at	As at	As at
	May 31	November 30	May 31
	2025	2024	2024
	\$	\$	\$
Assets			
Current Assets			
Cash	3,379	5,314	4,822
Trade and other receivables (Note 6)	96,247	56,601	95,546
Income taxes receivable	6,566	6,634	7,286
Inventories	151,384	131,284	130,239
Prepaid expenses	3,059	4,047	2,536
Total Current Assets	260,635	203,880	240,429
Non-Current Assets			
Property, plant and equipment	42,844	43,883	34,631
Intangible assets	615	896	1,192
Right-of-use assets	21,368	19,936	9,993
Defined benefit plan asset	21,554	21,925	15,264
Other assets	1,894	1,336	1,227
Total Non-Current Assets	88,275	87,976	62,307
Total Assets	348,910	291,856	302,736
Liabilities			
Current Liabilities			
Bank indebtedness (Note 7)	57,217	5,913	35,883
Trade and other payables (Note 8)	56,222	49,028	52,645
Provision (Note 9)	788	930	2,774
Current portion of lease liabilities	6,597	6,271	4,170
Total Current Liabilities	120,824	62,142	95,472
Non-Current Liabilities			
Lease liabilities	16,319	15,203	7,373
Deferred income taxes	8,303	8,303	4,112
Total Non-Current Liabilities	24,622	23,506	11,485
Total Liabilities	145,446	85,648	106,957
Shareholders' Equity			
Share capital (Note 10a)	9,234	9,309	9,366
Retained earnings	194,230	196,899	186,413
	203,464	206,208	195,779
Total Liabilities and Shareholders' Equity	348,910	291,856	302,736

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three and six months ended May 31, 2025 and May 31, 2024
(in thousands of dollars)
Unaudited

	For the three months ended		For the six months ended	
	May 31 2025	May 31 2024	May 31 2025	May 31 2024
	\$	\$	\$	\$
Operating Activities				
Net earnings	2,460	5,309	200	5,201
Adjustments for:				
Depreciation and amortization of:				
Property, plant and equipment	1,287	882	2,549	1,717
Intangible assets	146	148	291	295
Right-of-use assets	1,515	1,089	3,010	2,123
Gain on disposal of property, plant and equipment	(3)	(69)	(9)	(77)
Provision (Note 9)	(30)	(4)	(142)	(15)
Income taxes	956	2,066	78	2,023
Interest expense	593	330	832	375
Interest on lease liabilities	365	137	706	274
Funding in excess of pension plan expense	193	189	371	83
Other	(123)	7	(181)	8
	7,359	10,084	7,705	12,007
Changes in non-cash working capital items (Note 13)	(17,072)	(24,366)	(51,634)	(56,876)
Interest paid	(923)	(518)	(1,468)	(707)
Income taxes paid	(9)	(1,098)	(10)	(3,023)
	(18,004)	(25,982)	(53,112)	(60,606)
Net Cash Flows from Operating Activities	(10,645)	(15,898)	(45,407)	(48,599)
Financing Activities				
Net (decrease) increase in bank loans (Note 7)	(2,000)	6,000	2,000	6,000
Net increase in CORRA loans (Note 7)	31,000	18,000	55,000	18,000
Payment of lease liabilities	(1,384)	(1,257)	(2,819)	(2,456)
Redemption of shares (Note 10b)	(403)	(50)	(839)	(169)
Dividends paid (Note 10d)	(2,105)	(4,256)	(2,105)	(4,256)
Net Cash Flows from Financing Activities	25,108	18,437	51,237	17,119
Investing Activities				
Acquisition of property, plant and equipment	(579)	(2,618)	(1,510)	(3,900)
Increase in intangible assets	(10)	-	(10)	-
Proceeds on disposal of property, plant and equipment	3	382	9	390
Other assets	(567)	(450)	(558)	(450)
Net Cash Flows from Investing Activities	(1,153)	(2,686)	(2,069)	(3,960)
Net cash inflow (outflow)	13,310	(147)	3,761	(35,440)
Cash position, beginning of period	(10,148)	(6,914)	(599)	28,379
Cash position, end of period	3,162	(7,061)	3,162	(7,061)
Cash position is comprised of:				
Cash	3,379	4,822	3,379	4,822
Bank overdraft (Note 7)	(217)	(11,883)	(217)	(11,883)
	3,162	(7,061)	3,162	(7,061)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the six months ended May 31, 2025 and May 31, 2024
(in thousands of dollars)
Unaudited

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at November 30, 2023	9,379	185,624	195,003
Net earnings (Note 10c)	-	5,201	5,201
Total comprehensive income	-	5,201	5,201
Dividend (Note 10d)	-	(4,256)	(4,256)
Redemption of Shares (Note 10b)	(13)	(156)	(169)
Balance as at May 31, 2024	9,366	186,413	195,779
Balance as at November 30, 2024	9,309	196,899	206,208
Net earnings (Note 10c)	-	200	200
Total comprehensive income	-	200	200
Dividend (Note 10d)	-	(2,105)	(2,105)
Redemption of Shares (Note 10b)	(75)	(764)	(839)
Balance as at May 31, 2025	9,234	194,230	203,464

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended May 31, 2025 and May 31, 2024

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

1. Status and nature of activities

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

The interim consolidated financial statements of the Company as at and for the six months ended May 31, 2025 and May 31, 2024 include the accounts of the Company and its wholly-owned subsidiaries.

2. Basis of preparation

a) Statement of compliance

The interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Boards (“IASB”). These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2024, as set out in the 2024 annual report. Certain comparative figures have been reclassified to conform to the current year’s presentation.

These interim consolidated financial statements were authorized for issue by the Board of Directors on July 10, 2025.

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

b) Use of estimates, judgments and assumptions

Key sources of estimation uncertainty:

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

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Company’s accounting policies and key sources of estimation of uncertainty were the same as those applied and described in the Company’s audited annual consolidated financial statements for the year ended November 30, 2024.

3. Significant Accounting Policies

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

4. Additional information on:

	For the three months ended		For the six months ended	
Cost of goods sold	May 31 2025	May 31 2024	May 31 2025	May 31 2024
	\$	\$	\$	\$
Employee benefits expense	459	380	886	680
Obsolescence adjustment	619	(16)	991	(3)
Depreciation	594	239	1,177	460
Foreign exchange (gains) losses	(293)	125	(67)	162

	For the three months ended		For the six months ended	
Selling, administrative and general expenses	May 31 2025	May 31 2024	May 31 2025	May 31 2024
	\$	\$	\$	\$
Employee benefits expense	18,099	16,170	34,746	30,170
Depreciation and amortization	2,354	1,880	4,673	3,675

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended May 31, 2025 and May 31, 2024

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

5. Net financial costs

	For the three months ended		For the six months ended	
	May 31 2025	May 31 2024	May 31 2025	May 31 2024
	\$	\$	\$	\$
Interest expense	593	330	832	375
Interest expense on lease liabilities	365	137	706	274
Other financial costs	267	247	494	442
Financial cost	1,225	714	2,032	1,091
Financial income	(13)	(62)	(34)	(384)
Net financial costs	1,212	652	1,998	707

6. Trade and other receivables

	May 31 2025	November 30 2024	May 31 2024
	\$	\$	\$
Trade receivables	96,366	57,085	96,203
Allowance for doubtful accounts	(847)	(880)	(940)
	95,519	56,205	95,263
Other receivables	728	396	283
	96,247	56,601	95,546

7. Bank indebtedness

	May 31 2025	November 30 2024	May 31 2024
	\$	\$	\$
Bank loans	2,000	-	6,000
CORRA loans	55,000	-	18,000
Bank overdraft	217	5,913	11,883
Debt	57,217	5,913	35,883

In May 2024, the Company renewed its credit agreement for a maximum revolving operating facility of \$90 million maturing in May 2026 by way of bank loans and/or CORRA loans. In addition, an accordion of \$10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. As at May 31, 2025, the Company was compliant with its financial covenants. As at May 31 2025, the Company has \$1.3 million of issued letters of credit which reduces the availability of its facility (\$1.2 million last year).

8. Trade and other payables

	May 31 2025	November 30 2024	May 31 2024
	\$	\$	\$
Trade payables and accruals	43,621	37,745	39,692
Payroll related liabilities	7,626	6,985	6,828
Other payables	4,975	4,298	6,125
	56,222	49,028	52,645

9. Provision

The Company's St-André (QC) site shows continued traces of surface contamination from previous treating activities exceeding existing regulatory requirements. In 2022, the Company submitted a revised timetable for the site remediation which was approved by the "Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs". Although, most of the rehabilitation of the site has been done, there is still a small area to decontaminate. In Fiscal 2025, the Company will submit for approval to the Ministère a revised timetable for the remaining remediation.

Based on current available information, the provision is considered by management to be adequate to cover any projected costs that could be incurred in the future.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended May 31, 2025 and May 31, 2024

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

Because of the nature of the liability, the biggest uncertainty in estimating the provision is the amount of soil to be treated and the costs that will be incurred to remove it. Changes in estimates of future expenditures are the result of periodic reviews of the underlying assumptions supporting the provision, including remediation costs and regulatory requirements.

	May 31 2025	November 30 2024	May 31 2024
Balance, beginning of the year	\$ 930	\$ 2,789	\$ 2,789
Changes due to:			
Revision of future expected expenditures	-	(1,312)	-
Expenditures incurred	(142)	(547)	(15)
Balance, end of period	788	930	2,774

10. Share Capital

a) Authorized

An unlimited number of common shares, without par value

	May 31 2025	November 30 2024	May 31 2024
	Number of shares	Number of shares	Number of shares
Shares outstanding at the beginning of the period	8,457,754	8,521,454	8,521,454
Repurchased and cancelled (b)	(68,200)	(63,700)	(12,100)
Shares outstanding at the end of the period	8,389,554	8,457,754	8,509,354

	May 31 2025	November 30 2024	May 31 2024
	Carrying value (\$)	Carrying value (\$)	Carrying value (\$)
Shares outstanding at the beginning of the period	9,309	9,379	9,379
Repurchased and cancelled (b)	(75)	(70)	(13)
Shares outstanding at the end of the period	9,234	9,309	9,366

b) Share repurchase program (NCIB)

On November 20, 2024 (2023: November 20, 2023), following approval of the Toronto Stock Exchange (the "TSX"), the Company renewed its existing normal course issuer bid (NCIB). This program allows the Company to repurchase up to an aggregate 493,102 common shares (2023: 426,157 common shares). All Shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than November 19, 2025 (2023: November 19, 2024.).

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

	May 31 2025	November 30 2024	May 31 2024
Common shares repurchased for cancellation (number of shares)	68,200	63,700	12,100
Average price per share	\$12.31	\$14.01	\$14.00
Total repurchase cost	\$839	\$892	\$169
Repurchase resulting in a reduction of:			
Share Capital	\$75	\$70	\$13
Deficit ⁽¹⁾	\$764	\$822	\$156

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended May 31, 2025 and May 31, 2024

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

c) Net earnings

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

	For the three months ended		For the six months ended	
	May 31 2025	May 31 2024	May 31 2025	May 31 2024
	\$	\$	\$	\$
Net earnings, basic and diluted	2,460	5,309	200	5,201
Weighted average number of common shares, basic and diluted	8,400,887	8,509,354	8,417,254	8,509,354

d) Dividends

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

May 31, 2025				November 30, 2024			
Declared				Declared			
Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
	\$	\$			\$	\$	
Mar 5, 2025	0.25	2,105	Mar 19, 2025	Mar 5, 2024	0.50	4,256	Mar 19, 2024
	0.25	2,105		Oct 23, 2024	0.25	2,119	Nov 6, 2024
					0.75	6,375	

11. Seasonal Pattern

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

12. Financial Instruments and other instruments

Risk Management

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

Financing and Liquidity Risk

The Company makes use of short-term financing with two chartered Canadian banks.

The following are the contractual maturities of financial liabilities as at May 31, 2025:

FINANCIAL LIABILITIES	Carrying Amount	Contractual cash flows	0 to 12 Months	12 to 36 Months
	\$	\$	\$	\$
Bank Indebtedness	57,217	57,217	57,217	-
Trade and other payables	56,222	56,222	56,222	-
Total financial liabilities	113,439	113,439	113,439	-

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended May 31, 2025 and May 31, 2024

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

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

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

Interest Rate Risk

The Company uses a credit facility to finance working capital requirements. The interest cost of this facility is dependent upon Canadian and U.S. bank prime rates as well as the Company's debt-to-capitalization ratio. The profitability of the Company could be adversely affected with increases in the bank prime rate. Management does not believe that the impact of interest rate fluctuations will be significant on its operating results. A 100-basis point fluctuation of interest rate on average bank indebtedness throughout the six months ended May 31, 2025 would have an impact on interest expense of \$0.4 million (\$0.1 million last year).

Currency Risk

Certain valuation risks exist depending on the performance of the Canadian dollar compared to the U.S. dollar, Euro and the Pound sterling. From time-to-time, the Company could enter into forward exchange contracts to hedge certain accounts payable and certain future purchase commitments denominated in U.S. dollars, Euros and Pound sterling. During the six months ended May 31, 2025, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at May 31, 2025, there were no outstanding foreign exchange contracts. A fluctuation in the Canadian dollar of 5% in relation to foreign currencies would not have a significant effect on the Company's net earnings.

As at May 31, 2025, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	293	1,540	8
Bank indebtedness	(158)	-	-
Trade and other receivables	5,264	(6)	34
Trade and other payables	(8,458)	(1)	(668)
Net exposure	(3,059)	1,533	(626)
CAD exchange rate as at May 31, 2025	1.3740	1.8486	1.5590
Impact on net earnings based on a fluctuation of 5% on CAD	(151)	102	(35)

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

Financial assets and liabilities measured at amortized costs

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended May 31, 2025 and May 31, 2024

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

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

Financial assets and liabilities measured at amortized costs

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

Credit Risk

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

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

	As at May 31 2025	As at November 30 2024	As at May 31 2024
	\$	\$	\$
Current	91,798	49,888	92,102
31 - 60 days past due	1,457	2,793	2,070
61 - 90 days past due	(27)	1,238	870
91 - 120 days past due	88	874	575
Over 120 days past due	3,050	2,292	586
	96,366	57,085	96,203
Loss allowance	(847)	(880)	(940)
Balance, end of period	95,519	56,205	95,263

As at May 31, 2025, since expected credit losses are limited to \$0.8 million and because movements during the period in the allowance for expected credit losses are minimal, the expected credit losses by trade accounts receivable aging and the movement in the allowance for expected credit losses in respect of trade receivables have not been presented separately.

Economic Dependence

The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked. Only one major customer exceeds 10% of total Company sales during the three months and six months ended May 31, 2025 (same last year).

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

	For the three months ended				For the six months ended			
	May 31, 2025		May 31, 2024		May 31, 2025		May 31, 2024	
	\$	%	\$	%	\$	%	\$	%
Sales to the major customer that exceeded 10% of total Company's sales	20,146	13.2	21,348	15.2	39,419	14.9	39,567	16.1

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended May 31, 2025 and May 31, 2024

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

Fair Value

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

13. Additional Cash Flow Information

Changes in Non-Cash Working Capital Items

	For the three months ended		For the six months ended	
	May 31 2025	May 31 2024	May 31 2025	May 31 2024
	\$	\$	\$	\$
Trade and other receivables	(26,252)	(25,874)	(39,646)	(41,872)
Inventories	7,495	(7,437)	(20,100)	(31,766)
Prepaid expenses	974	1,352	968	1,794
Trade and other payables	711	7,593	7,144	14,968
	(17,072)	(24,366)	(51,634)	(56,876)

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

	Bank loans	Banker's acceptances	CORRA loans	Lease liabilities	Total
<i>Liability related changes</i>	\$	\$	\$	\$	\$
Period ended May 31, 2025					
Interest expense	170	-	662	706	1,538
Interest paid	120	-	642	706	1,468
Year ended November 30, 2024					
Interest expense	424	128	525	768	1,845
Interest paid	427	128	595	768	1,918
Period ended May 31, 2024					
Interest expense	200	128	47	274	649
Interest paid	143	105	185	274	707

14. Capital management

The Company's objectives are as follows:

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

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

	As at	As at	As at
	May 31 2025	November 30 2024	May 31 2024
	\$	\$	\$
Cash	3,379	5,314	4,822
Bank Indebtedness	(57,217)	(5,913)	(35,883)
Net Debt	(53,838)	(599)	(31,061)
Share Capital	9,234	9,309	9,366
Retained Earnings	194,230	196,899	186,413
Shareholders' Equity	203,464	206,208	195,779
Total Capital	149,626	205,609	164,718

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended May 31, 2025 and May 31, 2024

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

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

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

15. Segmented Information and Sales

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

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

Primary geographic markets

The Company's sales to clients located in Canada represent approximately 84% (88% in 2024) of total sales, the sales to clients located in the United States represent approximately 8% (same in 2024) of total sales, and the sales to clients located in other markets represent approximately 8% (4% in 2024) of total sales.

	For the three months ended		For the six months ended	
	May 31 2025	May 31 2024	May 31 2025	May 31 2024
	\$	\$	\$	\$
Canada	127,474	125,163	221,984	217,057
U.S.	12,782	10,688	22,164	19,828
Export	12,684	4,483	19,972	8,783
	152,940	140,334	264,120	245,668

Sales categories

	For the three months ended		For the six months ended	
	May 31 2025	May 31 2024	May 31 2025	May 31 2024
	\$	\$	\$	\$
Lumber	85,470	76,575	150,812	136,374
Specialty and commodity panels	26,982	27,312	47,136	48,014
Flooring	18,676	17,520	34,792	31,991
Building material	21,812	18,927	31,380	29,289
	152,940	140,334	264,120	245,668

16. Countervailing and Anti-Dumping Duties

In 2016, a petition was filed by the US Lumber Coalition to the US Department of Commerce ("DOC") and the US International Trade Commission ("ITC") alleging certain subsidies and administered fees below the fair market value of timber that favour Canadian lumber producers.

As a result of investigations by DOC, countervailing duty ("CVD") and anti-dumping duty ("ADD") have been imposed on the Company's Canadian lumber exports to the United States beginning since 2017. As at May 31, 2025, the Company has paid cumulative cash deposits of \$4.2 million.

Goodfellow and other Canadian forest product companies, the Federal Government and Canadian Provincial Governments continue to categorically deny the US allegations and strongly disagree with the current countervailing and antidumping determinations made by the DOC. Canada has proceeded with legal challenges under the Canada-United States-Mexico ("CUSMA") Agreement and through the World Trade Organization, where Canadian litigation has proven successful in the past. In October 2023, a CUSMA dispute panel ruled that certain elements of the DOC's calculation of softwood lumber

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended May 31, 2025 and May 31, 2024

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

duties were inconsistent with US law. The panel directed the DOC to revisit key elements of its duty calculations. In January 2024, Canada filed a notice of intent to challenge the US ITC's decision to maintain duties on Canadian softwood lumber products under Chapter 10 of the CUSMA Agreement. Most recently, September 9, 2024, the Canadian Federal Government launched two legal challenges against the US DOC related to the final rates for ("POR5"), the fifth period of review which is based on sales and cost data in 2022. The results of this dispute could potentially result in adjustments to Goodfellow's prescribed duties and therefore its consolidated statement of income (loss).

In March 2025, the DOC announced the preliminary ADD results for the sixth period of review ("POR6") which indicated that the Company's preliminary ADD rate for 2023 was 20.07%. Subsequently, in April 2025, the DOC announced the preliminary CVD results for POR6, which indicated that the Company's preliminary CVD rate for 2023 was 14.38%, resulting in a preliminary combined rate of 34.45%.

In addition, once final, the Company's current combined cash deposit rate of 14.40% will be reset to the DOC rates for POR6 (currently estimated to be 34.45% based on the preliminary determination). Despite cash deposits being made in 2025 at rates determined by the DOC, the final liability associated with duties is not determined until the completion of administrative reviews performed by the DOC for these periods.

On January 1, 2025, the Company moved into the eight period of review ("POR8"), which is based on sales and cost data in 2025. Consistent with prior periods, the Company was unable to estimate applicable CVD a rate separate from the DOC's cash deposit rate. As a result, CVD was expensed at a rate of 6.74% and ADD was expensed at an estimated accrual rate of 7.66%. This results in a combined accounting rate of 14.40% (versus the DOC's combined cash deposit rate of 14.40% for the same period).

Despite cash deposits being made in 2025 at rates determined by the DOC, the final liability associated with duties is not determined until the completion of administrative reviews performed by the DOC for these periods.

For the three- and six-months period ended May 31, 2025, the Company recorded a net duty expense of \$0.4 million and \$0.6 million (three- and six-months period ended May 31, 2024 – a net duty expense of \$0.1 million and \$0.2 million respectively).

Summary

For accounting purposes, no duty deposits receivable or duty payable accrual has been recorded as at May 31, 2025 since the Company is still in an expected overall recoverable amount of approximately \$0.9 million as at May 31, 2025 (before the estimated \$0.9 million expense to be taken once POR6 rates are confirmed) representing the cash deposits made in the past in comparison to the final duty rates to be paid remain higher. The Company's accounting policy is to not record any receivable until the rates are finalized, known and confirmed and a likely reimbursement is expected to be collected. When the final duty rates are known and confirmed by DOC for each period of review, and the Company becomes in a net cumulative payable, which represents an amount to be paid higher than the cumulative cash deposits made to date, a provision will be recorded in that period.

The Company will continue to reassess the ADD and CVD accrual estimate at each quarter-end, applying the DOC's methodology to updated sales and cost data as this becomes available. Quarterly revisions to the ADD and CVD rate may result in a material adjustment to the consolidated statement of income (loss) while the Administrative Reviews are taking place. Changes to the DOC's existing CVD and ADD rates during each administrative review may also result in material adjustments to the consolidated statement of income (loss). Subsequent events

17. Subsequent Events

Ongoing changes, delays, and announcements regarding new tariffs by the U.S. administration—along with retaliatory measures taken by the Canadian government—continue to contribute to economic uncertainty. These developments may adversely affect the Canadian economy by increasing costs, disrupting supply chains, weakening the Canadian dollar, and causing other potential negative consequences. The Company continues to monitor and assess the evolving tariff landscape and its potential direct and indirect impacts on its operations. The effects of these tariffs, retaliatory actions, or other protectionist trade measures could be significant.

CORPORATE INFORMATION

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Alain Côté * / **
*Director and Chair of the Audit
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Marie-Hélène Nolet *
Director

Douglas Goodfellow **
Director

David Goodfellow
Director

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

* Member of the Audit Committee

** Member of the Compensation and Human Resources Committee

OFFICERS

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Charles Brisebois
Chief Financial Officer

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*Executive Vice-President, Ontario and
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Éric Bisson
Vice-President, Quebec

Pedro Da Silva
Vice-President, Industrial

Luc Dignard
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Olivia Goodfellow
Corporate Secretary

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Eric McNeely
*Vice-President, Business Development –
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