



QUARTERLY REPORT

Three months ended
February 28, 2026



TABLE OF CONTENTS

President’s Report to the Shareholders **2**
Management’s Discussion and Analysis..... **3**
Consolidated Financial Statements and Notes ... **11**
Directors and Officers..... **26**
Sales Offices and Distribution Centres **27**

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PRESIDENT'S REPORT TO THE SHAREHOLDERS

The first quarter of 2026 unfolded against a backdrop of varied economic conditions. Persistent uncertainty surrounding tariffs, elevated interest rates and inflationary pressures continued to weigh on business investment and consumer confidence, particularly in Central Canada. Single-family residential construction remained subdued, while input cost volatility, supply chain disruptions, and currency fluctuations added further complexity. Infrastructure spending, resource activity in Western Canada, and continued strength in renovation markets provided pockets of resilience.

In this environment, Goodfellow demonstrated agility in adapting to regional disparities. Moderate market activity in the Atlantic region and Quebec, as well as steady government infrastructure spending helped to offset weaker economic conditions in Ontario, where reduced construction activity and cautious consumer spending greatly impacted sales volumes and margins. Across the organization, disciplined inventory management, addition and renewal of product lines, strategic procurement, and solid customer and supplier relationships helped the Company navigate pricing pressures and capitalize on certain opportunities.

For the first quarter, Goodfellow reported \$108.7M in revenues and net loss of \$3.1M, compared to \$111.2M in revenues and a net loss of \$2.3M for the same period last year. Overall, these results reflect a resilient performance relative to challenging market conditions, though below corporate expectations in certain regions.

Looking ahead to the second quarter, we anticipate continued market uncertainty, with seasonal demand offering some positive sales influx. The broader recovery will depend on improved economic visibility and renewed consumer confidence. Our focus remains on margin discipline, inventory optimization, and capturing growth in value-added and infrastructure-driven segments.

We thank our employees, customers, and shareholders for their continued trust and support.

Sincerely,

(Signed) « Patrick Goodfellow »

President and Chief Executive Officer

April 8, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") and interim consolidated financial statements of Goodfellow Inc. (hereafter the "Company") were approved by the Board of Directors on April 8, 2026. 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, 2025 and November 30, 2024. The MD&A provides a review of the significant developments and results of operations of the Company during the three months ended February 28, 2026 and 2025. The interim consolidated financial statements ended February 28, 2026 and 2025 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 implicit and/or explicit forward-looking statements relating, inter alia, to objectives, strategies, priorities, goals, plans, financial position, operating results, trends and activities of Goodfellow Inc. and its markets and industries. Forward-looking statements can be identified by words such as: "believe," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements made 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, 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 expectations reflected in the forward-looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur or prove to be accurate. Actual results could differ significantly from management's expectations if recognized or unrecognized risks and uncertainties affect the Company's 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 the Company's 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 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; Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid per share; Net Cash Flows from Operating Activities per share; Gross profit; Gross margin; Shareholders' Equity per share; Return on shareholders equity; Total Capital; Net Debt, and dividends paid per share. These measures do not have a standardized meaning under IFRS and could be calculated differently by other companies and accordingly, may not be comparable. The Company believes that many readers analyze the financial performance of Goodfellow'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 of right-of-use-assets and amortization of intangible assets. Management believes this metric is useful as it allows comparability of operating results from one period to another by excluding the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the results of day-to-day operations.

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

Reconciliation of EBITDA	For the three months ended		For the years ended	
	February 28 2026 (unaudited)	February 28 2025 (unaudited)	November 30 2025	November 30 2024
	\$	\$	\$	\$
Net (loss) earnings	(3,132)	(2,260)	7,142	13,369
Income taxes	(1,218)	(878)	2,458	4,695
Net financial costs	837	786	4,029	2,379
Depreciation of property, plant and equipment	1,213	1,262	5,194	4,188
Depreciation of right-of-use assets	1,489	1,495	6,123	4,787
Amortization of intangible assets	150	145	585	591
EBITDA	(661)	550	25,531	30,009

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

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

Reconciliation of Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid – First quarter (unaudited)	For the three months ended	
	February 28 2026	February 28 2025
	\$	\$
Net Cash Flows from Operating Activities	(24,051)	(34,762)
Changes in non-cash working capital items	22,207	34,562
Interest paid	672	545
Income taxes paid	779	1
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid	(393)	346
Net Cash Flows from Operating Activities per share	(2.89)	(4.12)
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid per share	(0.05)	0.04
Weighted Average Number of Share Outstanding (thousands)	8,335	8,434

With respect to “Gross profit” and “Gross margin”, these measures are used under the sections “Cost of Goods Sold” in the discussion below for the results for the three months ended February 28, 2026 and 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.

Restatement

In the fourth quarter of 2025, the Company corrected an error in presentation for certain production related expenses that were recognized as selling, administrative and general expenses instead of cost of goods sold. As a result, the comparative financial information for the three months ended February 28, 2025 has been restated for this presentation adjustment. This presentation adjustment has no impact on earnings before income taxes or net earnings. The presentation adjustment also had no impact on the consolidated statement of financial position, statement of cash flows and statement of changes in shareholders’ equity. The presentation adjustment did have an impact on Gross profit and Gross margin. Refer to Note 17 of the consolidated interim financial statements for the three months ended February 28, 2026 and 2025 for further details on the impacts to cost of goods sold and selling, administrative and general expenses. The impacts of the restatement on Gross profit and Gross margin for the three months ended February 28, 2025 is as follows:

Non-IFRS financial measures	February 28 2025 as previously reported	Adjustments	February 28 2025 as restated
	\$	\$	\$
Gross profit	25,467	(5,987)	19,480
Gross margin	22.9%	(5.4)%	17.5%

“Shareholders equity” is defined as the residual interest in the assets of an entity after deducting all its liabilities. “Total capital” represents the sum of net debt and shareholders’ equity. “Net debt” is calculated as cash less bank indebtedness.

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

Reconciliation of Shareholders’ Equity per share	As at		
	February 28 2026	November 30 2025	February 28 2025
	\$	\$	\$
Shareholders’ Equity	203,242	207,629	201,407
Shareholders’ Equity per share	24.40	24.88	23.91
Number of Share Outstanding (thousands)	8,329	8,344	8,424

BUSINESS OVERVIEW

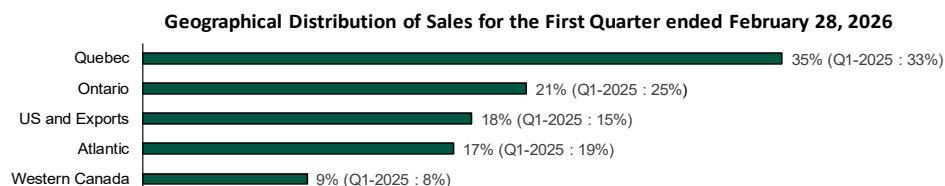
Goodfellow Inc. is a diversified manufacturer of value-added lumber products and a leading wholesale distributor of building materials and floor coverings. The Company operates in Canada, the United States and the United Kingdom, serving both commercial and residential sectors. In Canada, Goodfellow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

COMPARISON FOR THE THREE MONTHS ENDED FEBRUARY 28, 2026 AND 2025 (unaudited)

HIGHLIGHTS	Q1-2026	Q1-2025	Variance
	\$	\$	%
Sales	108,729	111,180	-2
Loss before income taxes	(4,350)	(3,138)	-39
Net loss	(3,132)	(2,260)	-39
Net loss			
per share basic	(0.38)	(0.27)	-41
per share diluted	(0.36)	(0.27)	-41
Net cash flow from Operating Activities	(24,051)	(34,762)	-31
Net cash flow from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid ⁽¹⁾	(393)	346	-214
EBITDA ⁽¹⁾	(661)	550	-220

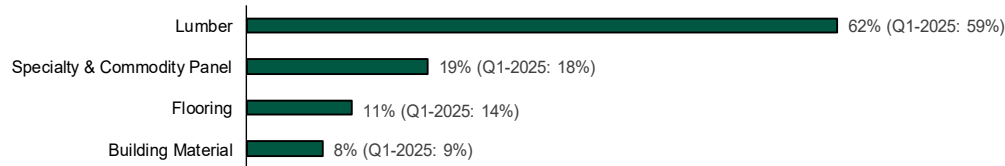
⁽¹⁾ Non-IFRS financial measure – refer to section “Non-IFRS Financial Measures” for more information and a reconciliation to the most directly comparable IFRS measure.

Sales in Canada during the first quarter of 2026 decreased 6% compared to last year due to a decrease in sales of all product categories except for specialty and commodity panels. Quebec sales increased 6% due to an increase in lumber sales. Sales in Ontario decreased 21% due to a decrease in sales of all product categories except for specialty and commodity panels. Sales in Western Canada increased 6% due to an increase in sales of specialty and commodity panels and building materials. Atlantic region sales decreased 12% due to a decrease in sales of all product categories.



Sales in the United States for the first quarter of 2026 on a U.S. dollar basis increased 32% compared to last year and increased 24% on a Canadian dollar basis mostly due to an increase in sales of specialty and commodity panels and lumber. Finally, export sales increased 13% on a Canadian dollar basis during the first quarter of 2026 compared to last year mostly due to an increase in sales of lumber.

Product Distribution of Sales for the First Quarter ended February 28, 2026



In terms of the distribution of sales by product, flooring products and building material saw a decrease in sales. Flooring sales during the first quarter of fiscal 2026 decreased 23%, specialty and commodity panel sales increased 2%, building materials sales decreased 7%, and lumber sales increased 2% compared to last year.

Reconciliation of Gross Profit
(unaudited)

	For the three months ended	
	February 28 2026	February 28 2025 (restated) ¹
	\$	\$
Sales	108,729	111,180
Cost of goods sold	90,235	91,700
Gross profit	18,494	19,480
Gross margin	17.0%	17.5%

¹ Refer to page 4 for further details.

Gross profit and Gross margin 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 as Gross profit over sales. The table below contains a reconciliation of Gross profit to sales.

Cost of Goods Sold

Cost of goods sold during the first quarter of 2026 was \$90.2 million compared to \$91.7 million for the corresponding period a year ago, a decrease of 2% compared to last year. Gross profit was \$18.5 million compared to \$19.5 million last year. Gross profit decreased 5% compared to last year. Gross margin was 17.0% for the three months ended February 28, 2026 (17.5% last year).

Selling, Administrative and General Expenses

Selling, Administrative and General Expenses during the first quarter of 2026 were \$22.0 million compared to \$21.8 million last year representing an increase of 1% compared to last year.

Net Financial Costs

Net financial costs during the three months ended February 28, 2026 were \$0.8 million (same last year). The average Canadian prime rate decreased to 4.45% (5.45% last year). The average U.S. prime rate decreased to 6.78% (7.55% last year).

SUMMARY OF THE LAST EIGHT MOST RECENTLY COMPLETED QUARTERS

(unaudited)

	May-2025	Aug-2025	Nov-2025	Feb-2026
	\$	\$	\$	\$
Sales	152,940	141,910	136,953	108,729
Net earnings (losses)	2,460	3,743	3,199	(3,132)
Net earnings (losses) per share	0.29	0.45	0.39	(0.38)
	May-2024	Aug-2024	Nov-2024	Feb-2025
	\$	\$	\$	\$
Sales	140,334	139,668	124,205	111,180
Net earnings (losses)	5,309	5,750	2,418	(2,260)
Net earnings (losses) per share	0.62	0.68	0.29	(0.27)

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, 2026 were \$326.5 million compared to \$294.9 million as at November 30, 2025. Cash at February 28, 2026 was \$4.1 million compared to \$3.8 million as at November 30, 2025. Trade and other receivables at February 28, 2026 were \$64.2 million (\$55.5 million as at November 30, 2025). Income taxes receivable was \$3.4 million (\$1.4 million as at November 30, 2025). Inventories at February 28, 2026 were \$165.2 million compared to \$144.5 million as at November 30, 2025. Prepaid expenses at February 28, 2026 were \$5.2 million (\$3.2 million as at November 30, 2025). Defined benefit plan asset was \$21.5 million at February 28, 2026 compared to \$21.7 million as at November 30, 2025. Deferred income taxes at February 28, 2026 were nil (\$0.7 million as at November 30, 2025). Other assets were \$1.9 million at February 28, 2026 (\$1.9 million as at November 30, 2025).

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

Property, plant and equipment at February 28, 2026 was \$42.2 million compared to \$42.6 million as at November 30, 2025, and intangible assets at February 28, 2026 were \$0.3 million compared to \$0.4 million as at November 30, 2025. Capital expenditures on property, plant and equipment and intangibles during the first three months of fiscal 2026 amounted to \$0.9 million (same last year). Right-of-use assets at February 28, 2026 was \$18.4 million (\$19.3 million as at November 30, 2025). Depreciation / amortization of property, plant, equipment, intangible, and right-of-use assets during the first three months of fiscal 2026 amounted to \$2.9 million (same last year).

Total liabilities

Total liabilities at February 28, 2026 were \$123.2 million compared to \$87.3 million as at November 30, 2025. Bank indebtedness at February 28, 2026 was \$44.5 million (\$17.6 million as at November 30, 2025). Trade and other payables at February 28, 2026 were \$52.0 million compared to \$42.6 million as at November 30, 2025. Current provision at February 28, 2026 was \$0.6 million (same as at November 30, 2025). Lease liabilities at February 28, 2026 were \$20.2 million compared to \$21.0 million as at November 30, 2025. Deferred income taxes at February 28, 2026 were \$4.7 million (\$5.4 million as at November 30, 2025).

Shareholders' Equity

Shareholders' Equity at February 28, 2026 was \$203.2 million compared to \$207.6 million as at November 30, 2025. The Company generated a return on Shareholders' Equity of (6.2)% during the three months ended February 28, 2026 compared to (4.5)% last year (Return on shareholders' equity is the net earnings (loss) divided by shareholders' equity at February 28, expressed as a percentage). The share price closed at \$12.43 per share on February 28, 2026 (\$11.89 on November 30, 2025). The Shareholders' Equity per share at February 28, 2026 was \$24.40 per share compared to \$24.88 per share as at November 30, 2025. Share capital was \$9.2 million at February 28, 2026 (same as at November 30, 2025).

On November 20, 2025 (2024: November 20, 2024), 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 481,002 common shares (2024: 493,102 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, 2026 (2024: November 19, 2025.).

During the three months ended February 28, 2026, under the NCIB the Company purchased 15,000 shares at a weighted-average price of \$11.96 for a total aggregate purchase price of \$179 thousand (2025: purchased 34,100 shares at a weighted-average price of \$12.78 for a total aggregate purchase price of \$436 thousand).

Additional information regarding the NCIB is contained in Note 10b of the Interim Consolidated Financial Statements for the period ended February 28, 2026.

The following dividends were declared and paid by the Company for the three-month period ended February 28, 2026, and for the year ended November 30, 2025:

February 28, 2026				November 30, 2025			
Declared				Declared			
Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
	\$	\$			\$	\$	
Mar 5, 2026	0.15	1,249	Mar 19, 2026	Mar 5, 2025	0.25	2,105	Mar 19, 2025
				Oct 28, 2025	0.35	2,923	Nov 11, 2025
	0.15	1,249			0.60	5,028	

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

LIQUIDITY AND CAPITAL RESOURCES

Financing

The Company has a credit agreement with two chartered Canadian banks. In May 2024, the Company renewed its credit agreement for a maximum revolving operating facility of \$90 million maturing in May 2026 by way of bank loans and/or CORRA loans. In addition, an accordion of \$10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. As at February 28, 2026, the Company was compliant with its financial covenants. As at February 28, 2026, the Company has \$1.9 million of issued letters of credit which reduces the availability of its facility (\$1.4 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, 2026 was \$(24.1) million compared to \$(34.8) million last year. Financing activities during the three months ended February 28, 2026 was \$23.3 million compared to \$26.1 million last year. Investing activities during the three months ended February 28, 2026 was \$(0.9) million (same 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 total capital as net debt less shareholders' equity as follows:

	As at February 28 2026	As at November 30 2025
Cash	\$ 4,117	\$ 3,767
Bank Indebtedness	(44,488)	(17,564)
Net Debt	(40,371)	(13,797)
Share Capital	9,167	9,184
Retained Earnings	194,075	198,445
Shareholders' Equity	203,242	207,629
Total Capital	162,871	193,832

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

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

Cost Structure, Working Capital Requirements

At February 28, 2026, the Company's debt-to-capitalization ratio stood at 17.1% (0.6% as at November 30, 2025). 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	23,002	6,608	10,777	4,310	1,307
Purchase obligation	1,885	1,885	-	-	-
Total obligations	24,887	8,493	10,777	4,310	1,307

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, 2025, which are hereby incorporated by reference. These include the risks and uncertainties described under the headings "Risks and Uncertainties" and "Financial Instruments and Other Instruments" of such Annual MD&A. Only those factors with notable variability components are described below:

Dependence on Major Customers

The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked. Only one major customer exceeds 10% of total Company sales during the three months ended February 28, 2026 (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, 2026		February 28, 2025	
	\$	%	\$	%
Sales to the major customer that exceeded 10% of total Company's sales	15,855	14.6	19,273	17.3

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company is exposed to risks arising from financial instruments, including Financing and Liquidity Risk, interest rate risk, currency risk, and credit risk. Please refer to Note 12 of the interim consolidated financial statements for the three months ended February 28, 2026, 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 2025 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 2025 Annual report.

MATERIAL 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 2025 Annual consolidated financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at February 28, 2026, there were 8,329,454 common shares issued (8,344,454 as at November 30, 2025). The Company has authorized an unlimited number of common shares to be issued, without par value. As at April 8, 2026, there were 8,316,954 common shares outstanding.

OUTLOOK

Continued market uncertainty is expected in the next quarter, with seasonal demand offering some positive sales influx. The broader recovery will depend on improved economic visibility and renewed consumer confidence. The Company will remain focused on margin discipline, inventory optimization, and capturing growth in value-added and infrastructure-driven segments.

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, 2026, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Delson, April 8, 2026

(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, 2026 and 2025

(in thousands of dollars, except per share amounts)

Unaudited

	February 28 2026	February 28 2025 (Restated) ¹
	\$	\$
Sales (Note 15)	108,729	111,180
Expenses		
Cost of goods sold (Note 4)	90,235	91,700
Selling, administrative and general expenses (Note 4)	22,007	21,832
Net financial costs (Note 5)	837	786
	113,079	114,318
Loss before income taxes	(4,350)	(3,138)
Income taxes	(1,218)	(878)
Total comprehensive loss	(3,132)	(2,260)
Net loss (Note 10c)		
-per share –Basic	(0.38)	(0.27)
-per share –Diluted	(0.36)	(0.27)

¹ Refer to note 17.

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

	As at February 28 2026 \$	As at November 30 2025 \$	As at February 28 2025 \$
Assets			
Current Assets			
Cash	4,117	3,767	4,237
Trade and other receivables (Note 6)	64,214	55,471	69,995
Income taxes receivable	3,357	1,360	7,513
Inventories	165,175	144,484	158,879
Prepaid expenses	5,231	3,168	4,051
Total Current Assets	242,094	208,250	244,675
Non-Current Assets			
Property, plant and equipment	42,218	42,625	43,552
Intangible assets	309	381	751
Right-of-use assets	18,394	19,304	20,863
Defined benefit plan asset	21,540	21,739	21,747
Deferred income taxes	-	744	-
Other assets	1,936	1,875	1,327
Total Non-Current Assets	84,397	86,668	88,240
Total Assets	326,491	294,918	332,915
Liabilities			
Current Liabilities			
Bank indebtedness (Note 7)	44,488	17,564	42,385
Trade and other payables (Note 8)	52,041	42,629	55,494
Provision (Note 9)	625	624	818
Dividends payable (Note 10d)	1,249	-	2,105
Current portion of lease liabilities	6,415	6,485	6,418
Total Current Liabilities	104,818	67,302	107,220
Non-Current Liabilities			
Lease liabilities	13,739	14,551	15,985
Deferred income taxes	4,692	5,436	8,303
Total Non-Current Liabilities	18,431	19,987	24,288
Total Liabilities	123,249	87,289	131,508
Shareholders' Equity			
Share capital (Note 10a)	9,167	9,184	9,271
Retained earnings	194,075	198,445	192,136
	203,242	207,629	201,407
Total Liabilities and Shareholders' Equity	326,491	294,918	332,915

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three months ended February 28, 2026 and 2025
(in thousands of dollars)
Unaudited

	February 28 2026	February 28 2025
	\$	\$
Operating Activities		
Net loss	(3,132)	(2,260)
Adjustments for:		
Depreciation and amortization of:		
Property, plant and equipment	1,213	1,262
Intangible assets	150	145
Right-of-use assets	1,489	1,495
Gain on disposal of property, plant and equipment	(10)	(6)
Provision (Note 9)	1	(112)
Income taxes	(1,218)	(878)
Interest expense (Note 5)	321	239
Interest on lease liabilities (Note 5)	330	341
Funding in excess of pension plan expense	199	178
Share-based compensation (Note 10e)	317	-
Other	(53)	(58)
	(393)	346
Changes in non-cash working capital items (Note 13)	(22,207)	(34,562)
Interest paid (Note 13)	(672)	(545)
Income taxes paid	(779)	(1)
	(23,658)	(35,108)
Net Cash Flows from Operating Activities	(24,051)	(34,762)
Financing Activities		
Net increase in bank loans (Note 7)	2,000	4,000
Net increase in CORRA loans (Note 7)	23,000	24,000
Payment of lease liabilities	(1,480)	(1,435)
Redemption of shares (Note 10b)	(179)	(436)
Net Cash Flows from Financing Activities	23,341	26,129
Investing Activities		
Acquisition of property, plant and equipment	(806)	(931)
Acquisition of intangible assets	(78)	-
Proceeds on disposal of property, plant and equipment	10	6
Other assets	10	9
Net Cash Flows from Investing Activities	(864)	(916)
Net decrease in cash	(1,574)	(9,549)
Cash (bank indebtedness), beginning of period	3,203	(599)
Cash (bank indebtedness), end of period	1,629	(10,148)
Cash position is comprised of:		
Cash	4,117	4,237
Bank overdraft (Note 7)	(2,488)	(14,385)
	1,629	(10,148)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the three months ended February 28, 2026 and 2025
(in thousands of dollars)
Unaudited

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at November 30, 2024	9,309	196,899	206,208
Net loss (Note 10c)	-	(2,260)	(2,260)
Total comprehensive loss	-	(2,260)	(2,260)
Dividend (Note 10d)	-	(2,105)	(2,105)
Redemption of Shares (Note 10b)	(38)	(398)	(436)
Balance as at February 28, 2025	9,271	192,136	201,407
Balance as at November 30, 2025	9,184	198,445	207,629
Net loss (Note 10c)	-	(3,132)	(3,132)
Total comprehensive loss	-	(3,132)	(3,132)
Dividend (Note 10d)	-	(1,249)	(1,249)
Share-Based compensation (Note 10e)	-	173	173
Redemption of Shares (Note 10b)	(17)	(162)	(179)
Balance as at February 28, 2026	9,167	194,075	203,242

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

(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, 2026 and 2025 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, 2025, as set out in the 2025 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 8, 2026.

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, 2025.

3. Material Accounting Policies

The Company’s significant accounting policies described in Note 3 contained in its 2025 Annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim consolidated financial statements.

4. Additional information on:

Cost of goods sold	February 28 2026	February 28 2025 (Restated) ¹
	\$	\$
Employee benefits expense	4,747	4,700
Write-down of inventories	626	372
Depreciation	587	583
Foreign exchange losses (gains)	(59)	227

Selling, administrative and general expenses	February 28 2026	February 28 2025 (Restated) ¹
	\$	\$
Employee benefits expense	13,475	12,373
Depreciation and amortization	2,265	2,319

¹ Refer to note 17

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

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

5. Net financial costs

	February 28 2026	February 28 2025
	\$	\$
Interest expense	321	239
Interest expense on lease liabilities	330	341
Other financial costs	206	227
Financial cost	857	807
Financial income	(20)	(21)
Net financial costs	837	786

6. Trade and other receivables

	February 28 2026	November 30 2025	February 28 2025
	\$	\$	\$
Trade receivables	64,382	55,791	70,768
Allowance for doubtful accounts	(953)	(1,060)	(1,183)
	63,429	54,731	69,585
Other receivables	785	740	410
	64,214	55,471	69,995

7. Bank indebtedness

	February 28 2026	November 30 2025	February 28 2025
	\$	\$	\$
Bank loans	3,000	1,000	4,000
CORRA loans ¹	39,000	16,000	24,000
Bank overdraft	2,488	564	14,385
Bank indebtedness	44,488	17,564	42,385

¹ Canadian Overnight Repo Rate Average - It is the benchmark overnight interest rate in Canada, administered by the Bank of Canada. CORRA reflects the average interest rate on overnight repo transactions collateralized by Government of Canada securities.

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

In May 2024, the Company renewed its credit agreement for a maximum revolving operating facility of \$90 million maturing in May 2026 by way of bank loans and/or CORRA loans. In addition, an accordion of \$10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. As at February 28, 2026, the Company was compliant with its financial covenants. As at February 28, 2026, the Company has \$1.9 million of issued letters of credit which reduces the availability of its facility (\$1.4 million last year).

8. Trade and other payables

	February 28 2026	November 30 2025	February 28 2025
	\$	\$	\$
Trade payables and accruals	40,916	31,166	46,102
Payroll related liabilities	7,955	7,759	6,961
Other payables	3,170	3,704	2,431
	52,041	42,629	55,494

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

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

9. Provision

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

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 2026	November 30 2025	February 28 2025
	\$	\$	\$
Balance, beginning of the year	624	930	930
Changes due to:			
Revision of future expected expenditures	-	(117)	-
Expenditures incurred	1	(189)	(112)
Balance, end of period	625	624	818

10. Share Capital

a) Authorized

An unlimited number of common shares, without par value

	February 28 2026	November 30 2025	February 28 2025
	Number of shares	Number of shares	Number of shares
Shares outstanding at the beginning of the year	8,344,454	8,457,754	8,457,754
Repurchased and cancelled (b)	(15,000)	(113,300)	(34,100)
Shares outstanding at the end of the year	8,329,454	8,344,454	8,423,654

	February 28 2026	November 30 2025	February 28 2025
	Carrying value (\$)	Carrying value (\$)	Carrying value (\$)
Shares outstanding at the beginning of the period	9,184	9,309	9,309
Repurchased and cancelled (b)	(17)	(125)	(38)
Shares outstanding at the end of the period	9,167	9,184	9,271

b) Share repurchase program (NCIB)

On November 20, 2025 (2024: November 20, 2024), 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 481,002 common shares (2024: 493,102 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, 2026 (2024: November 19, 2024).

During the three months ended February 28, 2026, under the NCIB the Company purchased 15,000 shares at a weighted-average price of \$11.96 for a total aggregate purchase price of \$179 thousand (2025: purchased 34,100 shares at a weighted-average price of \$12.78 for a total aggregate purchase price of \$436 thousand).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

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

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

	February 28 2026	November 30 2025	February 28 2025
Common shares repurchased for cancellation (number of shares)	15,000	113,300	34,100
Average price per share	\$11.96	\$12.13	\$12.78
Total repurchase cost	\$179	\$1,374	\$436
Repurchase resulting in a reduction of:			
Share Capital	\$17	\$125	\$38
Deficit ⁽¹⁾	\$162	\$1,249	\$398

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

c) Net loss

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

	February 28 2026	February 28 2025
	\$	\$
Net loss, basic	(3,132)	(2,260)
Net loss, diluted	(3,077)	(2,260)
Weighted average number of common shares, basic	8,334,654	8,423,654
Effect of dilutive RSUs	97,624	-
Weighted average number of common shares, diluted	8,432,278	8,423,654
Net loss, basic	(0.38)	(0.27)
Net loss, diluted	(0.36)	(0.27)

d) Dividends

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

February 28, 2026				November 30, 2025			
Declared				Declared			
Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
	\$	\$			\$	\$	
Mar 5, 2026	0.15	1,249	Mar 19, 2026	Mar 5, 2025	0.25	2,105	Mar 19, 2025
				Oct 28, 2025	0.35	2,923	Nov 11, 2025
	0.15	1,249			0.60	5,028	

e) Employee share-based compensation

On June 13, 2025, the Company has established a long-term incentive plan (the "LTIP or Plan") for its officers and members of senior management, under which the Company may grant to eligible participants share-based awards in the form of a deferred share units ("DSUs"), a restricted share units ("RSUs") and performance share units ("PSU"). The maximum number of common shares reserved and available for grant and issuance under the LTIP, but excluding the Special 2026 RSU Grant described below is ten percent (10%) of the total issued and outstanding common shares. As at February 28, 2026, no awards have been made under the LTIP and the LTIP has not obtained shareholder and regulatory approval. No common shares may be issued pursuant to the settlement of any award under the LTIP, and the provisions relating to such issuance of common shares will not be effective until the Company receives approval from its shareholders at the next annual general meeting to be held in the calendar year 2026.

Any DSU, RSU or PSU awarded shall entitle the participant to receive upon settlement, at the election of the Company, either the cash equivalent of one common share, one common share or a combination thereof. Such awards are classified as equity-settled.

DSUs awarded shall vest entirely at the date of grant, except as otherwise provided by the Board, and may not be settled prior to the termination date of a participant. The grant of DSUs may be conditioned upon the achievement of pre-established vesting and performance goals and objectives. Unless otherwise set forth by the Board, all RSUs vest on the earlier of the

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

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

third anniversary of the date of grant and the last day of the vesting period, and are settled at the participant's option at any time after vesting. PSUs are automatically settled upon vesting of the PSUs, which is based on a service period and performance conditions established by the Board.

During the third quarter of fiscal 2025, in the context of the renewal of the employment contract of the Company's President and Chief Executive Officer, the Company agreed that its President and Chief Executive Officer would be entitled to an initial LTIP award in the form of DSUs if certain performance criteria (relating to net return on sales, sales growth and gross margin) at the end of the fiscal 2024-2026 performance cycle were achieved and subject to active employment. Based on the level of achievement, the President and Chief Executive Officer will be entitled to receive a number of DSUs equal to between 0% and 150% of his salary divided by the closing price of a common share of the Company on the TSX on the last trading day preceding the grant. A second performance cycle starting 2025-2027 also would entitle the grant of DSU similar to the 2024-2026 performance cycle and similar criteria targets.

As part of the renewal of the President and Chief Executive Officer's employment contract in fiscal 2025, the Company also agreed to make a one-time grant of 180,000 restricted share units conditionally upon receipt of the approval of the shareholders at the Company's next annual general meeting to be held in 2026 and the approval of the Toronto Stock Exchange (the "Special 2026 RSU Grant"). The restricted share units to be awarded under the Special 2026 RSU Grant (the "Special 2026 RSUs") are not RSUs under the LTIP and are not governed by the LTIP. The Special 2026 RSU Grant will only be effective, and the Special 2026 RSUs will only be issued and credited to the account of the President and Chief Executive Officer at the time such approvals are received, which is expected in 2026, failing which the planned Special 2026 RSU Grant shall be rescinded. If such approvals are received and the 180,000 Special 2026 RSUs are issued and credited, an aggregate of 60,000 Special 2026 RSUs will be vested upon issuance (with 30,000 deemed to have vested on December 1, 2024 and 30,000 deemed to have vested on December 1, 2025) and the balance of 120,000 Special 2026 RSUs shall vest in 8 equal annual instalments on December 1 of each year, starting December 1, 2026. Each Special 2026 RSU shall entitle the holder to receive upon exercise one common share of the Company or the cash equivalent thereof, at the holder's option. Dividend equivalents shall accrue to vested Special 2026 RSUs in the form of additional Special 2026 RSUs as of the vesting date or deemed vesting date, as applicable. The exercise period for vested Special 2026 RSUs shall expire on December 31, 2039.

Although the DSUs which the President and Chief Executive Officer may be entitled to receive will not be granted until the end of the fiscal 2024-2026 performance cycle, if the specified performance criteria are achieved and the officer is still actively employed, accounting policies pertaining to share-based compensation require that the Company account for such awards starting from the date of the employment contract contemplating their issuance.

As it relates to the Special 2026 RSU Grant and the Special 2026 RSUs, even though they may not be made or will not be issued and credited to the officer's account until the requisite shareholder and regulatory approvals are received following the next annual general meeting of shareholders to be held in the calendar year 2026, accounting policies pertaining to share-based compensation require that the Company account for such awards starting from the date of the employment contract contemplating their issuance.

The fair value of the Special 2026 RSUs was determined based on the share price of the Company at the reporting date, representing approximately a total fair value of \$1.1 million. As at February 28, 2026, the Company's liability related to the Special 2026 RSU Grant amounts to \$1.1 million (\$0.9 million as at November 30, 2025) and a related compensation expense of \$0.2 million (2025 - \$nil) has been recognized in Selling, administrative and general expenses in the Statement of Comprehensive Income in the first quarter of 2026.

The fair value of the DSUs was based on the base salary of the Chief Executive Officer and the expectation of achieving the non-market performance conditions of the DSUs. During the three months ended February 28, 2026, the Company recognized \$0.1 million (2025 - nil) compensation expense for the DSUs in Selling, administrative and general expenses in the Statement of Comprehensive Income, with a corresponding increase in equity, based on an estimated achievement for the 2024-2026 and 2025-2027 cycle of the performance conditions at 100%.

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

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

The following are the contractual maturities of financial liabilities as at February 28, 2026:

FINANCIAL LIABILITIES	Carrying Amount	Contractual cash flows	0 to 12 Months	12 to 36 Months
	\$	\$	\$	\$
Bank indebtedness	44,488	44,488	44,488	-
Trade and other payables	52,041	52,041	52,041	-
Dividend payable	1,249	1,249	1,249	-
Total financial liabilities	97,778	97,778	97,778	-

The following are the contractual maturities of financial liabilities as at November 30, 2025:

FINANCIAL LIABILITIES	Carrying Amount	Contractual cash flows	0 to 12 Months	12 to 36 Months
	\$	\$	\$	\$
Bank indebtedness	17,564	17,564	17,564	-
Trade and other payables	42,629	42,629	42,629	-
Total financial liabilities	60,193	60,193	60,193	-

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

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

Interest Rate Risk

The Company uses a credit facility to finance working capital requirements. The interest cost of this facility bears interest at floating rates. The profitability of the Company could be adversely affected with increases in rates. Management does not believe that the impact of interest rate fluctuations will be significant on its operating results. A 100-basis point fluctuation of interest rate on average bank indebtedness throughout the three months ended February 28, 2026 would have impacted interest expense by \$0.3 million (February 28, 2025 - \$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, 2026, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at February 28, 2026, 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, 2026, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	461	1,829	7
Bank indebtedness	(553)	-	-
Trade and other receivables	4,404	(35)	-
Trade and other payables	(5,578)	(3)	(95)
Net exposure	(1,266)	1,791	(88)
CAD exchange rate as at February 28, 2026	1.3644	1.8396	1.6117
Impact on net earnings based on a fluctuation of 5% on CAD	62	119	(5)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

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

As at November 30, 2025, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	286	1,781	8
Bank indebtedness	(560)	-	-
Trade and other receivables	4,145	(18)	-
Trade and other payables	(3,282)	(1)	(278)
Net exposure	589	1,762	(270)
CAD exchange rate as at November 30, 2025	1.3979	1.8498	1.6212
Impact on net earnings based on a fluctuation of 5% on CAD	30	117	(16)

As at February 28, 2025, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

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

Credit Risk

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

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

	As at February 28 2026	As at November 30 2025	As at February 28 2025
	\$	\$	\$
Current	62,615	52,947	65,922
31 - 60 days past due	413	1,887	1,285
61 - 90 days past due	467	137	457
91 - 120 days past due	(10)	28	420
Over 120 days past due	897	792	2,684
	64,382	55,791	70,768
Loss allowance	(953)	(1,060)	(1,183)
Balance, end of period	63,429	54,731	69,585

As at February 28, 2026, since expected credit losses are limited to \$1.0 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

(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, 2026 (same last year).

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

	February 28, 2026		February 28, 2025	
	\$	%	\$	%
Sales to the major customer that exceeded 10% of total Company's sales	15,855	14.6	19,273	17.3

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

Fair Value

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

13. Additional Cash Flow Information

Changes in Non-Cash Working Capital Items

	February 28 2026	February 28 2025
	\$	\$
Trade and other receivables	(8,743)	(13,394)
Inventories	(20,691)	(27,595)
Prepaid expenses	(2,027)	(6)
Trade and other payables	9,254	6,433
	(22,207)	(34,562)

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

	Bank loans	CORRA loans	Lease liabilities	Total
<i>Liability related changes</i>	\$	\$	\$	\$
Period ended February 28, 2026				
Interest expense	104	217	330	651
Interest paid	88	254	330	672
Year ended November 30, 2025				
Interest expense	345	1,299	1,415	3,059
Interest paid	371	1,229	1,415	3,015
Period ended February 28, 2025				
Interest expense	100	139	341	580
Interest paid	67	137	341	545

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

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

	As at February 28 2026	As at November 30 2025	As at February 28 2025
	\$	\$	\$
Cash	4,117	3,767	4,237
Bank Indebtedness	(44,488)	(17,564)	(42,385)
Net (Debt)	(40,371)	(13,797)	(38,148)
Share capital	9,167	9,184	9,271
Retained earnings	194,075	198,445	192,136
Shareholders' Equity	203,242	207,629	201,407
Total Capital	162,871	193,832	163,259

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 82% (85% in 2025) of total sales, the sales to clients located in the United States represent approximately 10% (8% in 2025) of total sales, and the sales to clients located in other markets represent approximately 8% (same in 2025) of total sales.

	February 28 2026	February 28 2025
	\$	\$
Canada	88,809	94,510
US	11,678	9,382
Export	8,242	7,288
	108,729	111,180

Sales categories

	February 28 2026	February 28 2025
	\$	\$
Lumber	66,912	65,342
Specialty and commodity panels	20,514	20,154
Flooring	12,359	16,116
Building material	8,944	9,568
	108,729	111,180

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

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16. Countervailing and Anti-Dumping Duties

In 2016, a petition was filed by the U.S. Lumber Coalition to the U.S. Department of Commerce (“DOC”) and the U.S. 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 February 28, 2026, the Company has paid and expensed cumulative cash deposits of \$6.6 million.

Goodfellow and other Canadian forest product companies, the Federal Government and Canadian Provincial Governments continue to categorically deny the U.S. 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 duties were inconsistent with U.S. 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 U.S. 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 U.S. 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 comprehensive income.

In August 2025, the DOC announced the final ADD and CVD results for the sixth period of review (“POR6”) which indicated the Company’s final ADD rate of 20.53% and final CVD rate of 14.63%, resulting in a final combined rate of 35.16%.

Despite cash deposits being made in 2026 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/ADD rates separate from the DOC’s cash deposit rate. As a result, CVD was expensed at estimated rates of 6.74% and 14.63% and ADD was expensed at estimated accrual rates of 7.66% and 20.53%. This results in combined accounting rates of 14.40% and 35.16% for fiscal year 2025.

On January 1, 2026, the Company moved into the ninth period of review (“POR9”), which is based on sales and cost data in 2026. Consistent with prior periods, the Company was unable to estimate applicable CVD/ADD rates separate from the DOC’s cash deposit rates. As a result, CVD was expensed at an estimated rate of 14.63% and ADD was expensed at an estimated rate of 20.53%. This results in a combined accounting rate of 35.16%.

As a result, for the three months ended February 28, 2026, the Company recorded a net duty expense of \$0.4 million (for the three months ended February 28, 2025 - \$0.2 million).

Summary

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 comprehensive income 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 comprehensive income.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three months ended February 28, 2026 and 2025

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

17. Restatement

In the fourth quarter of 2025, the Company corrected an error in presentation for certain production related expenses that were recognized as selling, administrative and general expenses instead of cost of goods sold. The comparative financial information for the first quarter of 2025 has been restated for this presentation adjustment. This presentation adjustment has no impact on earnings before income taxes or net earnings. The presentation adjustment also had no impact on the consolidated statement of financial position, statement of cash flows and statement of changes in shareholders' equity. The impacts of the restatement on the interim consolidated financial statements as at and for the quarter ended February 28, 2025 are as follows:

	February 28 2025	Adjustments	February 28 2025
Consolidated Statement of Comprehensive Income	as previously reported		as restated
	\$	\$	\$
Cost of goods sold	85,713	5,987	91,700
Selling, administrative and general expenses	27,819	(5,987)	21,832

Additional information on:

	February 28 2025	Adjustments	February 28 2025
Note 4	as previously reported		as restated
Cost of Goods sold	\$	\$	\$
Employee benefits expense	426	4,274	4,700

	February 28 2025	Adjustments	February 28 2025
Note 4	as previously reported		as restated
Selling administrative and general expenses	\$	\$	\$
Employee benefits expense	16,647	(4,274)	12,373

CORPORATE INFORMATION

BOARD OF DIRECTORS

Robert Hall * / **
Chair of the Board

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

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

Suzanne Blanchet **
Director

David Goodfellow
Director

Douglas Goodfellow **
Director

Marie-Hélène Nolet *
Director

** Member of the Audit Committee

** Member of the Compensation and Human Resources Committee

OFFICERS

Patrick Goodfellow
President and Chief Executive Officer

Charles Brisebois
Chief Financial Officer

Jeff Morrison
Executive Vice-President

Éric Bisson
Vice-President, Quebec

Pedro Da Silva
Vice-President, Industrial

Luc Dignard
Vice-President, Sales and LBM Quebec

Olivia Goodfellow
Corporate Secretary

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

Harry Haslett
Vice-President, Sales and Marketing, Atlantic

Eric McNeely
Vice President, Business Development - Flooring

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