

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") and Goodfellow Inc. (hereafter the "Company") interim consolidated financial statements were approved by the Audit Committee and the Board of Directors on October 7, 2021.

The MD&A should be read in conjunction with the consolidated financial statements and the corresponding notes for the years ended November 30, 2020 and November 30, 2019.

The MD&A provides a review of the significant developments and results of operations of the Company during the nine months ended August 31, 2021 and August 31, 2020.

The interim consolidated financial statements ended August 31, 2021 and August 31, 2020 are prepared in accordance with International Financial Reporting Standards ("IFRS").

All amounts in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information relating to Goodfellow Inc., including the Annual Information Form and the Annual Report can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains implicit and/or explicit forecasts, as well as forward-looking statements on the objectives, strategies, financial position, operating results and activities of Goodfellow Inc. Forward-looking statements can be identified by words such as: "believe," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding liquidity and risk management in the current economic conditions. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, these statements are forward-looking to the extent that they are based on expectations relative to markets in which the Company exercises its activities and on various assessments and assumptions. Although we believe that the expectations reflected in the forward-looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. Our actual results could differ significantly from management's expectations if recognized or unrecognized risks and uncertainties affect our results or if our assessments or assumptions are inaccurate. These risks and uncertainties include, among other things; the effects of general economic and business conditions including the cyclical nature of our business; industry competition; inflation, credit, currency and interest rate risks; environmental risk; level of demand and financial performance of the manufacturing industry; competition from vendors; changes in customer demand; extent to which we are successful in gaining new long-term relationships with customers or retaining existing ones and the level of service failures that could lead customers to use competitors' services; increased customer bankruptcies; dependence on key personnel; impact of the COVID-19 pandemic and the related climate of uncertainty; laws and regulation; information systems, cost structure and working capital requirements; occurrence of hostilities, political instability or catastrophic events and other factors described in our public filings available at www.sedar.com. For these reasons, we cannot guarantee the results of these forward-looking statements. The MD&A gives an insight into our past performance as well as the future strategies and key performance indicators as viewed by our management team at Goodfellow Inc. The Company disclaims any obligation to update or revise these forward-looking statements, except as required by applicable law.

COVID-19

The Company's expectation of operating and financial performance in 2021 is based on certain assumptions including assumptions about the COVID-19 pandemic, such as the duration and impact of the COVID-19 pandemic on the business, operations and financial condition of the Company. These include in particular the assumption that the Company's manufacturing and distribution facilities will remain open and in operation, the assumption that its workforce will remain healthy, the assumption that hardware and lumber stores and other industrial and manufacturing clients will remain open and will continue ordering and selling the Company's products, the assumption that construction activity will not be halted by mandatory closures and the assumption that the Company's supply chain will not be interrupted. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, including the COVID-19 pandemic and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

NON-IFRS FINANCIAL MEASURES

In addition to discussing earnings in accordance with IFRS, this MD&A provides cash flow per share and earnings before interest, taxes, depreciation and amortization ["EBITDA"] as a non-IFRS financial measure. These financial measures are not prescribed by IFRS and are not likely to be comparable to similar measures presented by other issuers. Management considers it to be useful information to assist knowledgeable investors in evaluating the cash generating capabilities of the Company. Cash flow per share is defined as cash flow from operations (excluding non-cash working capital, income tax paid and interest paid) of \$16.2 million for the three months and \$46.6 million for the nine months ended August 31, 2021, divided by the total number of outstanding shares of 8,562,554.

Reconciliation of net earnings to EBITDA (thousands of dollars)	For the three months ended		For the nine months ended	
	August 31	August 31	August 31	August 31
	2021	2020	2021	2020
	\$	\$	\$	\$
Net earnings	10,039	6,696	27,784	8,035
Income taxes	3,905	2,604	10,837	3,125
Net financial costs	751	679	2,141	2,152
Operating income	14,695	9,979	40,762	13,312
Depreciation of property, plant and equipment	636	678	1,901	2,002
Amortization of right-of-use assets	1,055	1,084	3,111	3,265
Amortization of intangible assets	153	183	467	546
EBITDA	16,539	11,924	46,241	19,125

BUSINESS OVERVIEW

Goodfellow Inc. is a distributor of lumber products, building materials, and hardwood flooring products. The Company carries on the business of wholesale distribution of wood and associated products and remanufacturing, distribution and brokerage of lumber. The Company sells to over 7000 customers who represent three main sectors - retail trade, industrial, and manufacturing. The Company operates 13 distribution centres and 9 processing plants in Canada, and 1 distribution centre in the USA.

SELECTED ANNUAL INFORMATION (in thousands of dollars, except per share amounts)

	2020	2019	2018
	\$	\$	\$
Sales	454,103	449,587	475,207
Earnings before income taxes	19,022	4,269	3,277
Net earnings	13,811	3,054	2,571
Total Assets	218,323	180,581	190,718
Total Lease Liabilities	17,658	28	43
Cash Dividends paid	1,712	851	-
PER COMMON SHARE			
Net earnings per share, Basic	1.61	0.36	0.30
Net earnings per share, Diluted	1.61	0.35	0.30
Cash Flow from Operations (excluding non-cash working capital items, income tax paid and interest paid)	3.35	1.14	1.14
Shareholders' Equity	14.16	13.24	13.27
Share Price	6.71	4.82	6.00
Cash Dividends paid	0.20	0.10	-

COMPARISON FOR THE THREE MONTHS ENDED AUGUST 31, 2021 AND 2020

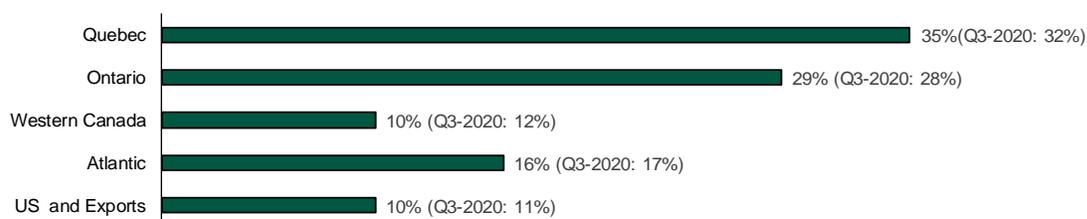
(In thousands of dollars, except per share amounts)

HIGHLIGHTS FOR THE THREE MONTHS ENDED AUGUST 31, 2021 AND 2020	Q3-2021	Q3-2020	Variance
	\$	\$	%
Sales	167,953	138,843	+21.0
Earnings before income taxes	13,944	9,300	+49.9
Net earnings	10,039	6,696	+49.9
Net earnings per share – Basic and Diluted	1.17	0.78	+50.0
Cash Flow from Operations (excluding non-cash working capital items, income tax paid and interest paid)	16,196	11,655	+39.0
EBITDA	16,539	11,924	+38.7
Average bank indebtedness	48,206	34,315	+40.5
Inventory average	119,443	87,977	+35.8

The Company implemented rigorous sanitary practices and physical distancing measures in the workplace to mitigate health risks to its employees and the threat to its ongoing operations. The Company was able to keep most of its facilities opened in the COVID-19 pandemic, relying on exemptions from mandatory closures for essential products and services. In addition, a shortage of wood on the market increased the wood price and margins for the distributor. These had a positive impact for us on the third quarter. The Company has also been able to manage the negative impact of falling price in the commodity product.

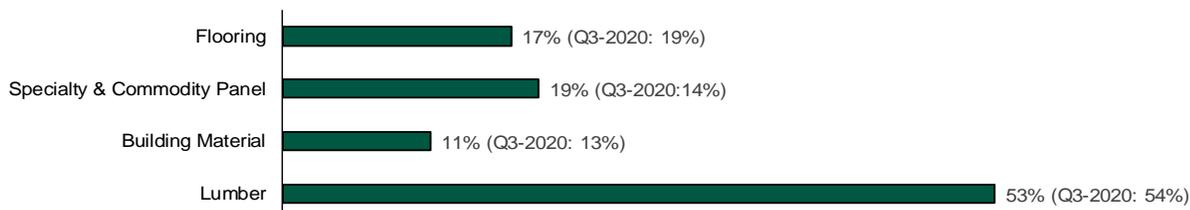
Sales in Canada during the third quarter of fiscal 2021 increased 22% compared to last year despite the pandemic. Quebec sales increased 30% due to an increase in sales of all product categories. Sales in Ontario increased 25% mainly due to an increase in sales of lumber, specialty and commodity panels and building material. Sales in Western Canada increased 4% due to an increase in sales of specialty and commodity panels and flooring. Atlantic region sales increased 13% due to an increase in sales of specialty and commodity panels, lumber, and flooring.

Geographical Distribution of Sales for the Third Quarter ended August 31, 2021



Sales in the United States for the third quarter of fiscal 2021 increased 31% on a Canadian dollar basis compared to the same period last year mostly due to an increase in sales of lumber. On a US dollar basis, US denominated sales increased 41% compared to last year. Finally, export sales decreased 12% during the three months of fiscal 2021 compared to last year mostly due to a decrease in sales of the flooring and lumber.

Product Distribution of Sales for the Third Quarter ended August 31, 2021



In terms of the distribution of sales by product, all product categories increased their sales volume mostly due to the shortage of wood that allowed us to increase our price. Flooring sales for the third quarter ended August 31, 2021, increased 8% compared to last year. Specialty and commodity panel sales increased 58% compared to last year. Building material sales increased 6% compared to last year. Finally, lumber sales increased 19% compared to the same period a year ago.

Cost of Goods Sold

Cost of goods sold for the third quarter of fiscal 2021 was \$133.0 million compared to \$111.0 million for the corresponding period a year ago. Cost of goods sold increased 19.8% compared to last year. Total freight outbound cost remained stable compared to last year. Gross profits were \$34.9 million compared to \$27.8 million last year. Gross profits increased 25.5% compared to last year. Gross margins were 20.8% for the three months ended August 31, 2021 (20.0% last year). The shortages of lumber allowed us to increase our sales price and margin.

Selling, Administrative and General Expenses

Selling, Administrative and General Expenses for the third quarter ended August 31, 2021, was \$20.2 million compared to \$17.8 million for the corresponding period last year, an increase of 13.4% compared to last year.

Net Financial Costs

Net financial costs for the three months ended August 31, 2021, were \$0.8 million compared to \$0.7 million last year. The average Canadian prime rate remained stable at 2.45% during the third quarter of fiscal 2021 (same last year). The average US prime rate remained stable at 3.25% (same last year). Average bank indebtedness was \$48.2 million compared to \$34.3 million a year ago.

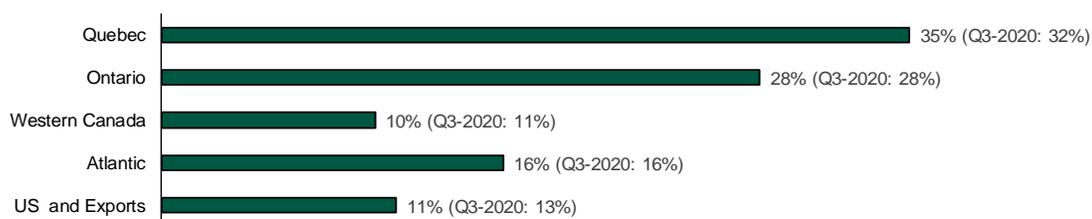
COMPARISON FOR THE NINE MONTHS ENDED AUGUST 31, 2021 AND 2020

(In thousands of dollars, except per share amounts)

HIGHLIGHTS FOR THE NINE MONTHS ENDED AUGUST 31, 2021 AND 2020	Q3-2021	Q3-2020	Variance
	\$	\$	%
Sales	472,911	331,462	+42.7
Earnings before income taxes	38,621	11,160	+246.1
Net earnings	27,784	8,035	+245.8
Net earnings per share – Basic and Diluted	3.24	0.94	+244.7
Cash Flow from Operations (excluding non-cash working capital items, income tax paid and interest paid)	46,634	18,537	+151.6
EBITDA	46,241	19,125	+141.8
Average Bank indebtedness	46,295	40,625	+14.0
Inventory average	108,258	95,591	+13.3

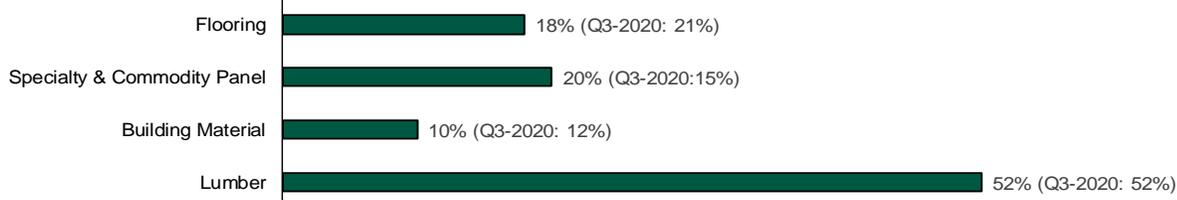
Sales in Canada during the first nine months of fiscal 2021 increased 47% compared to last year mainly due to a surging demand on all product categories. Quebec sales increased 61% due to an increase in sales of all product categories. Sales in Ontario increased 43% mainly due to an increase in sales of all product categories. Sales in Western Canada increased 32% due to an increase in sales of all product categories. Atlantic region sales increased 38% due to an increase in sales of lumber, specialty and commodity panels and flooring.

Geographical Distribution of Sales for the First Nine Months ended August 31, 2021



Sales in the United States for the first nine months of fiscal 2021 increased 17% on a Canadian dollar basis compared to last year mostly due to an increase in sales of lumber, flooring and specialty and commodity panels. On US dollar basis, US denominated sales increased 27% compared to last year. Finally, export sales increased 8% during the first nine months of fiscal 2021 compared to last year mostly due to an increase in sales of lumber, building material and specialty and commodity panels.

Product Distribution of Sales for the First Nine Months ended August 31, 2021



In terms of the distribution of sales by product, all families saw their volume increase mostly due to a surging demand on the market. Flooring sales for the first nine months ended August 31, 2021 increased 22% compared to last year. Specialty and commodity panel sales increased 83% compared to last year. Building materials sales increased 24% compared to last year. Finally, lumber sales increased 43% compared to last year.

Cost of Goods Sold

Cost of goods sold for the first nine months of fiscal 2021 was \$369.2 million compared to \$266.7 million last year. Cost of goods sold increased 38.4% compared to last year. Total freight outbound cost increased 15.9% compared to last year. Gross profits were \$103.7 million compared to \$64.7 million last year. Gross profits increased 60.2% compared to last year. Gross margins were 21.9% for the nine months ended August 31, 2021 (19.5% last year).

Selling, Administrative and General Expenses

Selling, Administrative and General Expenses for the first nine months ended August 31, 2021, was \$62.9 million compared to \$51.4 million last year. Selling, Administrative and General Expenses increased 22.4% compared to last year.

Net Financial Costs

Net financial costs for the first nine months of fiscal 2021 were \$2.1 million compared to \$2.2 million last year. The average Canadian prime rate remained stable at 2.45% for the first nine months of fiscal 2021 compared to 3.01% last year. The average US prime rate remained stable at 3.25% compared to 3.75% last year. Average bank indebtedness during the first nine months of fiscal 2021 was \$46.3 million compared to \$40.6 million last year.

SUMMARY OF THE LAST EIGHT MOST RECENTLY COMPLETED QUARTERS

(In thousands of dollars, except per share amounts)

	Nov-2020 ⁽¹⁾	Feb-2021 ⁽¹⁾	May-2021 ⁽¹⁾	Aug-2021 ⁽¹⁾
	\$	\$	\$	\$
Sales	122,641	119,433	185,525	167,953
Net earnings	5,776	3,769	13,976	10,039
Net earnings per share	0.67	0.44	1.63	1.17
	Nov-2019	Feb-2020 ⁽¹⁾	May-2020 ⁽¹⁾	Aug-2020 ⁽¹⁾
	\$	\$	\$	\$
Sales	107,127	88,856	103,763	138,843
Net earning (loss)	277	(2,060)	3,399	6,696
Net earnings (loss) per share	0.03	(0.24)	0.40	0.78

As indicated above, our results over the past eight quarters follow a seasonal pattern with sales activities traditionally higher in the second and third quarters. In the second quarter of 2021, revenue was unusually high compared to the second quarter of 2020 due to increasing price on the market.

¹ Includes the impact of the adoption of IFRS 16

STATEMENT OF FINANCIAL POSITION AT AUGUST 31, 2021 AND 2020

Total Assets

Total assets at August 31, 2021 were \$241.5 million compared to \$204.0 million last year. Cash at August 31, 2021 was \$1.7 million compared to \$1.9 million last year. Trade and other receivables at August 31, 2021 was \$72.1 million (\$64.5 million last year). Inventories at August 31, 2021 was \$115.0 million compared to \$82.5 million last year. Prepaid expenses at August 31, 2021 was \$4.3 million (\$2.1 million last year). Defined benefit plan asset was \$1.9 million at August 31, 2021 compared to \$2.2 million last year. Other assets were \$0.8 million at August 31, 2021 (same last year).

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

Property, plant and equipment at August 31, 2021 was \$30.2 million compared to \$31.5 million last year. Capital expenditures during the first nine months of fiscal 2021 amounted to \$1.0 million compared to \$0.7 million for the same period last year. Property, plant and equipment capitalized during the first nine months of fiscal 2021 mainly included buildings, yard equipment, computers and rolling stock. Intangible assets at August 31, 2021 was \$2.8 million compared to \$3.4 million last year. Right-of-use assets at August 31, 2021 was \$12.6 million (\$15.1 million last year). Depreciation of property, plant, equipment, intangible, and right-of-use assets during the nine months ended August 31, 2021 amounted to \$5.5 million compared to \$5.8 million last year.

Total Liabilities

Total liabilities at August 31, 2021 were \$95.1 million compared to \$86.0 million last year. Bank indebtedness was \$24.7 million compared to \$23.9 million last year. Trade and other payables at August 31, 2021 was \$41.7 million compared to \$35.8 million last year. Income taxes payable was \$7.4 million compared to \$3.2 million last year. Provision at August 31, 2021 was \$2.7 million (\$1.5 million last year). Lease liabilities at August 31, 2021 were \$15.7 million compared to \$18.5 million last year. Deferred income taxes at August 31, 2021 was \$1.6 million compared to \$2.3 million last year. Defined benefit plan obligation was \$1.3 million at August 31, 2021 compared to \$0.7 million last year.

Shareholders' Equity

Total Shareholders' Equity at August 31, 2021 was \$146.4 million compared to \$118.0 million last year. The Company generated a return on equity of 25.3% during the first nine months of fiscal 2021 compared to 9.1% for the same period last year. The share price closed at \$9.80 per share on August 31, 2021 (\$6.20 on August 31, 2020). The book value at August 31, 2021 was \$17.10 per share compared to \$13.78 last year. Share capital was \$9.4 million at August 31, 2021 (same last year).

The following dividends were declared and paid by the Company:

	2021			Payment date	2020			Payment date
	Declared				Declared			
	Record date	Per share	Amount		Record date	Per share	Amount	
Quarter 1	Mar 5, 2021	\$ 0.30	\$ 2,569	Mar 19, 2021	Feb 28, 2020	0.10	856	Mar 13, 2020
Quarter 2		-	-			-	-	
Quarter 3		-	-			-	-	
		0.30	2,569			0.10	856	
Quarter 4					Nov 27, 2020	0.25	2,141	Dec 4, 2020
						0.35	2,997	

The Company is continually assessing its declaration of dividend in the context of overall profitability, cash flows, capital requirements, general economic conditions, and other business needs. Accordingly, the Company did not declare a dividend in the third quarter.

LIQUIDITY AND CAPITAL RESOURCES

Financing

In May 2021, the Company renewed its credit agreement with its present lenders, two chartered Canadian banks. The credit agreement has a maximum revolving operating facility of \$90 million maturing in May 2024. In addition, an accordion of \$10 million is available once per fiscal year for a maximum of 150 days only. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. As at August 31, 2021, the Company was compliant with its financial covenants. As at August 31, 2021, under the credit agreement, the Company was using \$24.7 million of its facility compared to \$23.9 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 first nine months of fiscal 2021 was \$11.2 million compared to \$13.3 million last year. Financing activities during the first nine months of fiscal 2021 was \$(11.1) million compared to \$(15.7) million last year. Investing activities during the first nine months of fiscal 2021 was \$(1.0) million compared to \$(0.7) million last year (See Property, plant, equipment, intangible and right-of use assets for more details).

LIQUIDITY AND RISK MANAGEMENT IN THE CURRENT ECONOMIC CONDITIONS

The Company's objectives are as follows:

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

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

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

The Company is subject to certain covenants on its credit facilities. The covenants include a Debt-to-capitalization ratio and an Interest coverage ratio. The Company monitors the ratios on a monthly basis. The Company currently complies with all externally imposed capital requirements. Other than the covenants required for the credit facilities, the Company is not subject to any externally imposed capital requirements. The Company believes that all its ratios are within reasonable limits, in light of the relative size of the Company and its capital management objectives.

As at August 31, 2021 and 2020, the Company achieved the following results regarding its capital management objectives:

	As at August 31 2021	As at August 31 2020
Capital management		
Debt-to-capitalization ratio	13.8%	15.8%
Interest coverage ratio	24.5	7.4
Return on shareholders' equity	25.3%	9.1%
Current ratio	2.4	2.2
EBITDA (in thousands of dollars)	\$46,241	\$19,125

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

- Debt-to-capitalization ratio represents debt over total shareholders' equity. Debt is defined as bank indebtedness less cash and cash equivalents. Capitalization is debt plus shareholders' equity. This ratio is presented without the impact of IFRS 16 to conform to the bank's covenant requirement.
- Interest coverage ratio represents the EBITDA during the period for which the calculation is made over interest expenses for the same period on a consolidated basis, calculated on a rolling four-quarter basis. This ratio is presented without the impact of IFRS 16 to conform to the bank's covenant requirement.
- Return on shareholders' equity is the net earnings (loss) divided by shareholders' equity.
- Current ratio is total current assets divided by total current liabilities.
- EBITDA is earnings before interest, taxes, depreciation and amortization.

Cost Structure, Working Capital Requirements

At August 31, 2021, the Company's total debt-to-capitalization ratio stood at 13.8% compared to 15.8% on August 31, 2020

For further information, the principal risk factors to which the Company is exposed are described in the Management's Report contained in its Annual Report for the twelve months ended November 30, 2020 as well as in the 2020 Annual Information Form available on SEDAR (www.sedar.com).

FINANCIAL COMMITMENTS AND CONTINGENCIES

Obligations	Payments due by period (in thousands of dollars) - undiscounted				
	Total	Less than 1 year	2 – 3 Years	4 – 5 Years	After 5 years
Lease obligations	17,941	5,021	7,834	3,293	1,793
Purchase obligations	225	225	-	-	-
Total obligations	18,166	5,246	7,834	3,293	1,793

Contingent liabilities

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

RISKS AND UNCERTAINTIES

The risks and uncertainty factors affecting the Company in the future remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2020 Annual report. Only those factors with variability components are described below:

Dependence on Major Customers

The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked. Only one major customer exceeds 10% of total Company sales in the three months and nine months ended August 31, 2021 (same last year).

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

(in thousands of dollars)	For the three months ended				For the nine months ended			
	August 31, 2021		August 31, 2020		August 31, 2021		August 31, 2020	
	\$	%	\$	%	\$	%	\$	%
Sales to major customer that exceeded 10% of total Company's sales	24,820	14.8	21,188	15.1	74,623	15.8	50,510	15.1

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 financial instruments and other instruments remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2020 Annual report. Only those factors with variability components are described below:

The following are the contractual maturities of financial liabilities as at August 31, 2021:

(in thousands of dollars)

Financial Liabilities	Carrying Amount	Contractual cash flows	0 to 12 Months	12 to 36 Months
Bank indebtedness	24,681	24,681	24,681	-
Trade and other payables	41,680	41,680	41,680	-
Total financial liabilities	66,361	66,361	66,361	-

Interest Rate Risk

The Company uses a credit facility to finance working capital requirements. The interest cost of this facility is dependent upon Canadian and US bank prime rates. The profitability of the Company could be adversely affected with increases in the bank prime rate. Management does not believe that the impact of interest rate fluctuations will be significant on its operating results. A 1% fluctuation of interest rate on the \$24.7 million in bank indebtedness would impact interest expense annually by \$0.2 million.

Currency Risk

The Company could enter into forward exchange contracts to economically hedge certain trade payables and from time-to-time future purchase commitments denominated in U.S. dollars, Euros and Pounds sterling. 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 August 31, 2021, the Company had the following currency exposure:

Financial assets and liabilities measured at amortized costs

(in thousands of dollars)

	USD	GBP	Euro
Cash	836	267	17
Bank indebtedness	(613)	-	-
Trade and other receivables	7,322	67	-
Trade and other payables	(4,215)	(2)	(182)
Lease liabilities	(305)	-	-
Net exposure	3,025	332	(165)
CAD exchange rate as at August 31, 2021	1.2616	1.7353	1.4899
Impact on net earnings based on a fluctuation of 5% on CAD	137	21	(9)

Credit Risk

The Company is exposed to credit risks from customers. As a result of having a diversified customer mix, this risk is alleviated by minimizing the amount of exposure the Company has to any one customer. Additionally, the Company has a system of credit management to mitigate the risk of losses due to insolvency or bankruptcy of its customers. It also utilizes credit insurance to reduce the potential for credit losses. Finally, the Company has adopted a credit policy that defines the credit conditions to be met by its customers, and specific credit limit for each customer is established and regularly revised. Based on historical payment behaviour and current credit information and experience available, the Company believes that, apart from provision for doubtful accounts recorded, no impairment allowance is necessary in respect of trade receivables that are current or past due. The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked. In its assessment of the loss allowance for credit losses as at August 31, 2021, the Company considered the economic impact of the COVID-19 pandemic on its assessment. This was not considered to be significant.

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

	August 31 2021	August 31 2020
	\$	\$
Current	66,221	61,464
31 - 60 days past due	3,175	2,077
61 - 90 days past due	1,131	464
91 - 120 days past due	621	331
Over 120 days past due	895	371
	72,043	64,707
Loss allowance	(81)	(460)
Balance, end of period	71,962	64,247

As at August 31, 2021, expected credit losses are limited to \$81 thousand and therefore, the expected credit losses by trade accounts receivable aging have not been presented separately in the table above.

Fair Value

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

RELATED PARTY TRANSACTIONS

The related party transactions remain substantially unchanged from those included in the Company's Annual MD&A contained in its 2020 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 2020 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 2020 Annual consolidated financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

At August 31, 2021, there were 8,562,554 common shares issued (same at August 31, 2020). The Company has authorized an unlimited number of common shares to be issued, without par value. At October 7, 2021, there were 8,562,554 common shares outstanding.

OUTLOOK

While Q3 of fiscal 2021 exhibited the potential volatility of the commodity markets, Goodfellow expects a return to historic levels heading into Q4 and beyond. The worldwide stressed freight logistics context is expected to continue to cause serious supply disruptions of raw materials used in the manufacturing of value-added wood products. The Company will strive to grow its offering to its diversified customer base in the face of such difficult conditions. Goodfellow's focus on solidifying relationships will play a key role in its ongoing success. As the risk of COVID-19 remains ever-present, it's encouraging to see restrictions eased for fully vaccinated business partners. Maintaining employee health and safety will be crucial for Goodfellow in order to reach objectives.

COVID-19

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

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

CERTIFICATION

Disclosure Controls

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Procedures and Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

There has been no change in the Company's internal control over financial reporting that occurred during the three and nine months ended August 31, 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Delson, October 7, 2021



Patrick Goodfellow
President and Chief Executive Officer



Charles Brisebois, CPA, CMA
Chief Financial Officer