

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 Audit Committee and the Board of Directors on October 14, 2025. The MD&A should be read in conjunction with the consolidated financial statements and the corresponding notes for the years ended November 30, 2024 and November 30, 2023. The MD&A provides a review of the significant developments and results of operations of the Company during the nine months ended August 31, 2025 and August 31, 2024. The interim consolidated financial statements ended August 31, 2025 and August 31, 2024 are prepared in accordance with IFRS Accounting 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. In addition, in this MD&A, non-IFRS financial measures are also used for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in the section "Non-IFRS Financial Measures" and in Note 15 "Segmented Information and Sales" to the unaudited interim consolidated financial statements for the nine months ended August 31, 2025 and August 31, 2024. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them. Additional information relating to Goodfellow Inc., including the Annual Information Form and the Annual Report can be found on SEDAR+ at www.sedarplus.ca and at www.goodfellowinc.com.

FORWARD-LOOKING STATEMENTS

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

NON-IFRS FINANCIAL MEASURES

(unaudited)

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

measures by the total number of outstanding shares at August 31 of the period presented in the case of Shareholders Equity per share and by the weighted average number of outstanding shares for the relevant period ended August 31 presented for other measures per share.

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

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

Reconciliation of EBITDA (unaudited)	For the three months ended		For the nine months ended		For the years ended	
	August 31 2025	August 31 2024	August 31 2025	August 31 2024	November 30 2024	November 30 2023
	\$	\$	\$	\$	\$	\$
Net earnings	3,743	5,750	3,943	10,951	13,369	14,688
Income taxes	1,456	2,236	1,534	4,259	4,695	5,402
Net financial costs	1,242	955	3,240	1,662	2,379	2,429
Depreciation of property, plant and equipment	1,308	1,099	3,857	2,816	4,188	3,311
Depreciation of right-of-use assets	1,597	1,266	4,607	3,389	4,787	4,697
Amortization of intangible assets	147	148	438	443	591	602
EBITDA	9,493	11,454	17,619	23,520	30,009	31,129

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

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

Reconciliation of Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid – Third Quarter (unaudited)	For the three months ended		For the nine months ended	
	August 31 2025	August 31 2024	August 31 2025	August 31 2024
	\$	\$	\$	\$
Net Cash Flows from Operating Activities	38,652	27,564	(6,755)	(21,035)
Changes in non-cash working capital items	(30,034)	(17,964)	21,600	38,912
Interest paid	979	706	2,447	1,413
Income taxes (recovered) paid	(107)	(201)	(97)	2,822
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid	9,490	10,105	17,195	22,112
Net Cash Flows from Operating Activities per share	4.61	3.25	(0.80)	(2.47)
Net Cash Flows from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid per share	1.13	1.19	2.05	2.60
Weighted Average Number of Share Outstanding (thousands)	8,378	8,492	8,403	8,506

With respect to “Gross profit” and “Gross margin”, these measures are used under the sections “Cost of Goods Sold” in the discussion below for the results for the three and nine months ended August 31, 2025 and August 31, 2024. Please refer to such sections for a description of how these measures are calculated and a reconciliation to the most directly comparable IFRS measure.

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

Reconciliation of Shareholders' Equity per share

(unaudited)

	As at		
	August 31 2025	November 30 2024	August 31 2024
Shareholders' Equity	\$ 207,080	\$ 206,208	\$ 201,161
Shareholders' Equity per share	24.74	24.38	23.71
Number of Shares Outstanding (thousands)	8,372	8,458	8,483

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 AUGUST 31, 2025 AND AUGUST 31, 2024

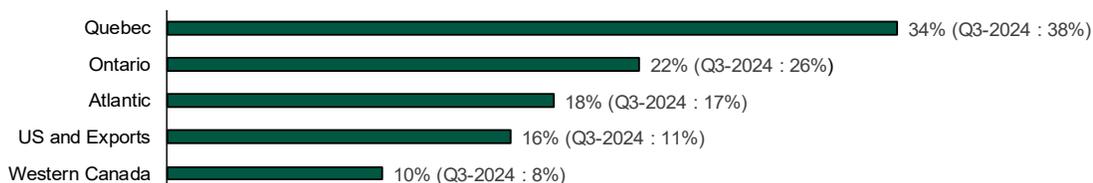
(unaudited)

HIGHLIGHTS	Q3-2025	Q3-2024	Variance
	\$	\$	%
Sales	141,910	139,668	+2
Earnings before income taxes	5,199	7,986	-35
Net earnings	3,743	5,750	-35
Net earnings per share – Basic	0.45	0.68	-34
Net earnings per share – Diluted	0.44	0.68	-35
Net cash flow from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid ⁽¹⁾	9,490	10,105	-6
Net cash flow from Operating Activities	38,652	27,564	+40
EBITDA ⁽¹⁾	9,493	11,454	-17

⁽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.

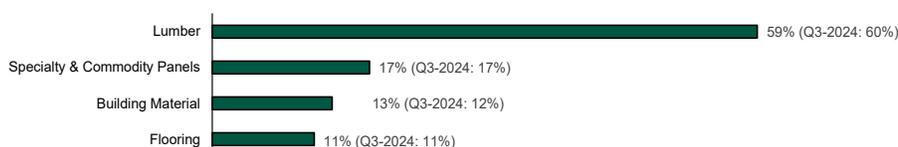
Sales in Canada during the third quarter of 2025 decreased 5% compared to last year. Quebec sales decreased 9% due to a decrease in sales of all product categories except flooring products. Sales in Ontario decreased 14% mainly due to a decrease in sales of building material and lumber products. Sales in Western Canada increased 19% due to an increase in sales of all product categories except for flooring products. Atlantic region sales increased 8% due to an increase in sales of all product categories except for building material.

Geographical Distribution of Sales for the Third Quarter ended August 31, 2025



Sales in the United States for the third quarter of 2025 on U.S. dollar basis increased 19% compared to last year and increased 19% on a Canadian dollar basis mostly due to an increase in sales of all product categories except for flooring products. Finally, export sales increased 125% during the third quarter of 2025 compared to last year mostly due to an increase in sales of specialty and commodity panels and lumber products.

Product Distribution of Sales for the Third Quarter ended August 31, 2025



In terms of the distribution of sales by product, all product categories except lumber products experienced an increase in sales. Flooring sales during the third quarter of fiscal 2025 increased 5%, specialty and commodity panels sales increased 4%, building material sales increased 4%, and lumber sales remained stable compared to last year.

Reconciliation of Gross profit (unaudited)	For the three months ended	
	August 31 2025	August 31 2024
	\$	\$
Sales	141,910	139,668
Cost of goods sold	106,690	105,280
Gross profit	35,220	34,388
Gross margins	24.8%	24.6%

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

Cost of Goods Sold

Cost of goods sold during the third quarter of 2025 was \$106.7 million compared to \$105.3 million for the corresponding period a year ago, an increase of 1% compared to last year. Gross profits were \$35.2 million compared to \$34.4 million last year. Gross profits increased 2% compared to last year. Gross margins were 24.8% for the three months ended August 31, 2025 (24.6% last year).

Selling, Administrative and General Expenses

Selling, Administrative and General Expenses during the third quarter of 2025 were \$28.8 million compared to \$25.4 million last year representing an increase of 13% compared to last year. This includes a compensation expense of \$0.7 million in the third quarter related to certain contemplated share-based award described in Note 10e (none for the corresponding quarter of last year).

Net Financial Costs

Net financial costs during the three months ended August 31, 2025 were \$1.2 million (\$1.0 million last year). The average Canadian prime rate was 4.95% (6.87% last year). The average U.S. prime rate was 7.50% (8.50% last year).

COMPARISON FOR THE NINE MONTHS ENDED AUGUST 31, 2025 AND AUGUST 31, 2024

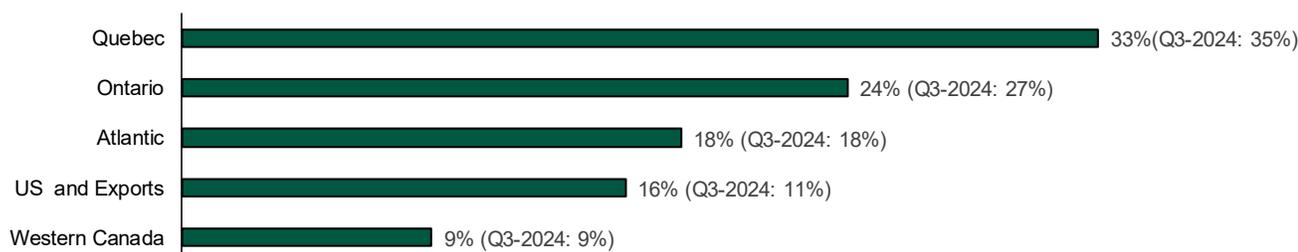
(unaudited)

HIGHLIGHTS	2025	2024	Variance
	\$	\$	%
Sales	406,030	385,336	+5
Earnings before income taxes	5,477	15,210	-64
Net earnings	3,943	10,951	-64
Net earnings per share – Basic and Diluted	0,47	1.29	-64
Net cash flow from Operating Activities excluding impact of changes in non-cash working capital, income tax paid and interest paid ⁽¹⁾	17,195	22,112	-22
Net cash flow from Operating Activities	(6,755)	(21,035)	+68
EBITDA ⁽¹⁾	17,619	23,520	-25

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

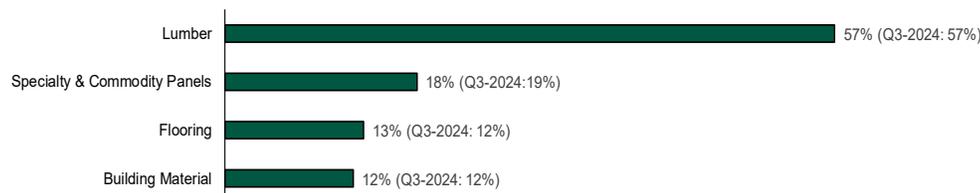
Sales in Canada during the first nine months of fiscal 2025 were stable compared to last year. Quebec sales decreased 2% due to a decrease in sales of specialty and commodity panels and lumber products. Sales in Ontario decreased 8% due to a decrease in sales of all product categories except for flooring products. Sales in Western Canada increased 15% due to an increase in sales of all product categories. Atlantic region sales increased 7% due to an increase in sales of all product categories.

Geographical Distribution of Sales for the Nine Months ended August 31, 2025



Sales in the United States during the first nine months of fiscal 2025 increased 14% on a Canadian dollar basis compared to last year mostly due to an increase in sales of building material and lumber products. On U.S. dollar basis, U.S. denominated sales increased 10% compared to last year. Finally, export sales increased 131% during the first nine months of fiscal 2025 compared to last year mostly due to an increase in sales of specialty and commodity panels and lumber products.

Product Distribution of Sales for the Nine Months ended August 31, 2025



In terms of the distribution of sales by product, all product categories except for specialty and commodity panels experienced an increase in sales. Flooring sales for the first nine months of fiscal 2025 increased 8% compared to last year. Specialty and commodity panels sales were stable, and the building materials sales increased 6% compared to last year. Finally, lumber sales increased 7% compared to last year.

Reconciliation of Gross profit (unaudited)	For the nine months ended	
	August 31 2025	August 31 2024
	\$	\$
Sales	406,030	385,336
Cost of goods sold	312,594	294,025
Gross profit	93,436	91,311
Gross margins	23.0%	23.7%

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

Cost of Goods Sold

Cost of goods sold during the first nine months of fiscal 2025 was \$312.6 million compared to \$294.0 million last year. Cost of goods sold increased 6% compared to last year. Gross profits were \$93.4 million compared to \$91.3 million last year. Gross profits increased 2% compared to last year. Gross margins were 23.0% for the nine months ended August 31, 2025 (23.7% last year).

Selling, Administrative and General Expenses

Selling, Administrative and General Expenses for the first nine months of fiscal 2025 was \$84.7 million compared to \$74.4 million last year representing a 14% increase compared to last year. This includes a compensation expense of \$0.7 million in the third quarter related to certain contemplated share-based award described in Note 10e (none for the corresponding quarter of last year).

Net Financial Costs

Net financial costs for the first nine months of fiscal 2025 were \$3.2 million (\$1.7 million last year). The average Canadian prime rate decreased to 5.12% (7.09% last year). The average U.S. prime rate decreased to 7.52% (8.50% last year).

SUMMARY OF THE LAST EIGHT MOST RECENTLY COMPLETED QUARTERS

(unaudited)

	Nov-2024	Feb-2025	May-2025	Aug-2025
	\$	\$	\$	\$
Sales	124,205	111,180	152,940	141,910
Net earnings (loss)	2,418	(2,260)	2,460	3,743
Net earnings (loss) per share – Basic	0.29	(0.27)	0.29	0.45
Net earnings (loss) per share – Diluted	0.29	(0.27)	0.29	0.44
	\$	\$	\$	\$
Sales	125,415	105,334	140,334	139,668
Net earnings (loss)	2,133	(108)	5,309	5,750
Net earnings (loss) per share – Basic	0.25	(0.01)	0.62	0.68
Net earnings (loss) per share – Diluted	0.25	(0.01)	0.62	0.68

As indicated above, 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 August 31, 2025 were \$310.4 million compared to \$291.9 million as at November 30, 2024. Cash at August 31, 2025 was \$4.1 million compared to \$5.3 million as at November 30, 2024. Trade and other receivables at August 31, 2025 were \$64.6 million (\$56.6 million as at November 30, 2024). Income taxes receivable was \$5.0 million compared to \$6.6 million as at November 30, 2024. Inventories at August 31, 2025 were \$148.4 million compared to \$131.3 million as at November 30, 2024. Prepaid expenses at August 31, 2025 were \$1.6 million (\$4.0 million as at November 30, 2024). Defined benefit plan assets were \$21.4 million at August 31, 2025 compared to \$21.9 million as at November 30, 2024. Other assets were \$1.9 million at August 31, 2025 (\$1.3 million as at November 30, 2024).

Property, Plant, Equipment, Intangible and Right-of-use Assets

Property, plant and equipment at August 31, 2025 was \$42.5 million compared to \$43.9 million as at November 30, 2024, and intangible assets at August 31, 2025 were \$0.5 million compared to \$0.9 million as at November 30, 2024. Capital expenditures on property, plant and equipment and intangibles during the first nine months of fiscal 2025 amounted to \$2.5 million compared to \$14.0 million for the same period last year. Property, plant and equipment capitalized during the nine months of fiscal 2025 mainly included buildings and yard improvements, equipment, computers and rolling stock. Right-of-use assets at August 31, 2025 was \$20.4 million (\$19.9 million as at November 30, 2024). Depreciation / amortization of property, plant, equipment, intangible, and right-of-use assets during the first nine months of fiscal 2025 amounted to \$8.9 million compared to \$6.6 million last year.

Total Liabilities

Total liabilities at August 31, 2025 were \$103.4 million compared to \$85.6 million as at November 30, 2024. Bank indebtedness was \$22.0 million compared to \$5.9 million as at November 30, 2024. Trade and other payables at August 31, 2025 were \$50.2 million compared to \$49.0 million as at November 30, 2024. Current provision at August 31, 2025 was \$0.8 million (\$0.9 million as at November 30, 2024). Lease liabilities at August 31, 2025 were \$22.0 million compared to \$21.5 million as at November 30, 2024. Deferred income taxes at August 31, 2025 were \$8.3 million (same as at November 30, 2024).

Shareholders' Equity

Total Shareholders' Equity at August 31, 2025 was \$207.1 million compared to \$206.2 million as at November 30, 2024. The Company generated a return on Shareholders' Equity of 2.5% during the nine months ended August 31, 2025 compared to 7.3% last year. Return on shareholders' equity is the net earnings (loss) divided by shareholders' equity, expressed as a percentage. The share price closed at \$11.44 per share on August 31, 2025 (\$13.99 on November 30, 2024). The Shareholders' Equity per share at August 31, 2025 was \$24.74 per share compared to \$24.38 per share as at November 30, 2024. Share capital was \$9.2 million at August 31, 2025 (\$9.3 million as at November 30, 2024).

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

During the nine months ended August 31, 2025, the Company bought back 86,000 shares at a weighted-average price of \$12.27 for a total aggregate purchase price of \$1.1 million compared to 38,200 shares at a weighted-average price of \$14.05 for a total aggregate purchase price of \$537 thousand during the nine months ended August 31, 2024

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

The following dividends were declared and paid by the Company for the nine-month period ended August 31, 2025, and for the year ended November 30, 2024:

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

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

LIQUIDITY AND CAPITAL RESOURCES

Financing

The Company has a credit agreement with two chartered Canadian banks. The credit agreement has 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/or CORRA rate are secured by first ranking security on the universality of the movable and immovable property of the Company. As at August 31, 2025, the Company was compliant with its financial covenants. As at August 31, 2025, under the credit agreement, the Company was using \$22 million of its facility (\$15 million last year). As at August 31, 2025, the Company has \$1.5 million of issued letters of credit which reduces the availability of its facility (\$1.2 million last year).

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

Cash Flow

Net cash flow from operating activities for the nine months ended August 31, 2025 was \$(6.8) million compared to \$(21.0) million last year. Financing activities during the nine months of fiscal 2025 was \$14.5 million compared to \$6.4 million last year. Investing activities during the nine months ended August 31, 2025 was \$(3.1) million compared to \$(14.1) million last.

LIQUIDITY AND RISK MANAGEMENT IN THE CURRENT ECONOMIC CONDITIONS

The Company's objectives are as follows:

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

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

	As at August 31 2025	As at November 30 2024
Cash	\$ 4,098	\$ 5,314
Bank Indebtedness	(22,000)	(5,913)
Net Debt	(17,902)	(599)
Share Capital	9,214	9,309
Retained Earnings	197,866	196,899
Shareholders' Equity	207,080	206,208
Total Capital	189,178	205,609

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

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

Cost Structure, Working Capital Requirements

At August 31, 2025, the Company's debt-to-capitalization ratio stood at 8.5% (7.6% as at August 31, 2024). Debt-to-capitalization ratio represents debt over total shareholders' equity. Debt is defined as bank indebtedness less cash and cash equivalents (i.e. debt excludes lease liabilities). Capitalization is debt plus shareholders' equity.

FINANCIAL COMMITMENTS AND CONTINGENCIES

OBLIGATIONS

	Total	Less than 1 year	2-3 Years	4-5 Years	After 5 years
Payments due by period– undiscounted	\$	\$	\$	\$	\$
Lease liability obligations	25,455	6,945	11,265	5,533	1,712
Purchase obligations	987	987	-	-	-
Total obligations	26,442	7,932	11,265	5,533	1,712

Contingent liabilities

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

RISKS AND UNCERTAINTIES

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

Dependence on Major Customers

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

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

	For the three months ended				For the nine months ended			
	August 31, 2025		August 31, 2024		August 31, 2025		August 31, 2024	
	\$	%	\$	%	\$	%	\$	%
Sales to the major customer that exceeded 10% of total Company's sales	20,146	14.2	21,556	15.4	59,565	14.7	61,123	15.9

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 nine months ended August 31, 2025, for additional details.

RELATED PARTY TRANSACTIONS

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

CRITICAL ACCOUNTING ESTIMATES

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

SIGNIFICANT ACCOUNTING POLICIES

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

Share-based compensation:

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. Cash-settled awards to employees are measured at fair value at the grant date at the end of each reporting period up to the date of settlement and recognized over the vesting period with a corresponding liability recorded in the statement of financial position.

If grant date occurs after the service commencement date, then the Company estimates the grant-date fair value of the award for the purpose of recognizing the share-based compensation expenses related to services received from employees from the employees' service commencement date. The Company estimates the fair value of the award at grant date by assuming that grant date is at the reporting date at every reporting date until grant date is achieved. The revision is treated as a change in the estimate on a cumulative basis in the period in which the estimate is revised.

Forfeitures and non-market performance conditions are taken into account in estimating the number of awards that are expected to vest. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at August 31, 2025, there were 8,371,754 common shares issued, 8,457,754 as at November 30, 2024, and 8,483,254 common shares as at August 31, 2024. The Company has authorized an unlimited number of common shares to be issued, without par value. As at October 14, 2025, there were 8,359,354 common shares outstanding.

SUBSEQUENT EVENT

Persistent shifts, postponements, and policy announcements relating to new tariffs introduced by the U.S. administration—coupled with retaliatory measures enacted by the Canadian government—continue to amplify macroeconomic uncertainty. Such developments pose potential risks to the Canadian economy, including heightened input costs, supply chain disruptions, depreciation of the Canadian dollar, and other adverse consequences. The Company remains actively engaged in monitoring and assessing the evolving tariff regime and its possible direct and indirect implications on business operations. The ultimate impact of these tariffs, retaliatory actions, or other protectionist trade initiatives could prove material.

OUTLOOK

As we move into the fourth quarter, tariff disputes, monetary policy and softening demand are expected to continue to affect housing starts and commercial construction projects. These variables will challenge Goodfellow's growth and margins for the remainder of 2025. In response, the Company will refocus on enhancing customer service nationwide, prioritize diversification of hardwood export markets, and target long-term growth segments tied to government infrastructure projects.

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, 2025, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Delson, October 14, 2025

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

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