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, 2021 and February 29, 2020
(in thousands of dollars, except per share amounts)
Unaudited

	For the three months ended	
	February 28 2021	February 29 2020
	$	$
Sales (Note 14)	**119,433**	88,856
Expenses (Income)		
Cost of goods sold (Note 4)	**93,992**	71,480
Selling, administrative and general expenses (Note 4)	**19,647**	19,518
Gain on disposal of property, plant and equipment	**(8)**	(15)
Net financial costs (Note 5)	**568**	734
	114,199	91,717
Earnings (loss) before income taxes	**5,234**	(2,861)
Income taxes	**1,465**	(801)
Total comprehensive income (loss)	**3,769**	(2,060)
Net earnings (loss) per share – Basic and Diluted (Note 9 b))	**0.44**	(0.24)

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

	As at February 28 2021	As at November 30 2020	As at February 29 2020
	$	$	$
Assets			
Current Assets			
Cash	**4,045**	3,466	2,089
Trade and other receivables (Note 6)	**70,143**	76,093	54,082
Income taxes receivable	**79**	-	1,096
Inventories	**95,798**	84,740	99,300
Prepaid expenses	**4,339**	2,584	4,250
Total Current Assets	**174,404**	166,883	160,817
Non-Current Assets			
Property, plant and equipment	**30,709**	31,148	32,517
Intangible assets	**3,077**	3,238	3,746
Right-of-use assets	**13,629**	14,324	16,304
Defined benefit plan asset	**1,933**	1,945	2,210
Other assets	**785**	785	778
Total Non-Current Assets	**50,133**	51,440	55,555
Total Assets	**224,537**	218,323	216,372
Liabilities			
Current liabilities			
Bank indebtedness (Note 7)	**34,928**	28,570	47,845
Trade and other payables (Note 8)	**43,494**	39,614	35,549
Income taxes payable	**-**	4,859	-
Provision	**1,484**	1,473	1,478
Dividend payable (Note 9 b))	**2,569**	2,141	856
Current portion of lease liabilities	**4,301**	4,315	4,254
Total Current Liabilities	**86,776**	80,972	89 982
Non-Current Liabilities			
Lease liabilities	**12,546**	13,343	15,547
Deferred income taxes	**1,597**	1,597	2,269
Defined benefit plan obligation	**1,189**	1,182	649
Total Non-Current Liabilities	**15,332**	16,122	18,465
Total Liabilities	**102,108**	97,094	108,447
Shareholders' Equity			
Share capital (Note 9)	**9,424**	9,424	9,424
Retained earnings	**113,005**	111,805	98,501
	122,429	121,229	107,925
Total Liabilities and Shareholders' Equity	**224,537**	218,323	216,372

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three months ended February 28, 2021 and February 29, 2020
(in thousands of dollars)
Unaudited

	For the three months ended	
	February 28 2021	February 29 2020
	$	$
Operating Activities		
Net earnings (loss)	**3,769**	(2,060)
Adjustments for:		
Depreciation and amortization of:		
Property, plant and equipment	**627**	651
Right-of-use assets	**1,013**	1,093
Intangible assets	**161**	181
Accretion expense on provision	**11**	18
Decrease in provision	**-**	(10)
Income taxes	**1,465**	(801)
Gain on disposal of property, plant and equipment	**(8)**	(15)
Interest expense	**148**	323
Interest on lease liabilities	**154**	179
Funding in deficit of pension plan expense	**19**	52
Other	**(5)**	-
	7,354	(389)
Changes in non-cash working capital items (Note 12)	**(2,968)**	(12,616)
Interest paid	**(317)**	(348)
Income taxes paid	**(6,403)**	(1,029)
	(9,688)	(13,993)
Net Cash Flows from Operating Activities	**(2,334)**	(14,382)
Financing Activities		
Proceeds from borrowings under bank loans	**41,000**	14,000
Repayment of borrowings under bank loans	**(39,000)**	(17,000)
Proceeds from borrowings under banker's acceptances	**19,000**	15,000
Repayment of borrowings under banker's acceptances	**(16,000)**	(2,000)
Payment of lease liabilities	**(1,116)**	(1,333)
Dividend paid	**(2,141)**	(856)
	1,743	7,811
Investing Activities		
Acquisition of property, plant and equipment	**(188)**	(361)
Proceeds on disposal of property, plant and equipment	**-**	16
	(188)	(345)
Net cash outflow	**(779)**	(6,916)
Cash position, beginning of period	**(1,104)**	1,160
Cash position, end of period	**(1,883)**	(5,756)
Cash position is comprised of:		
Cash	**4,045**	2,089
Bank overdraft (Note 7)	**(5,928)**	(7,845)
	(1,883)	(5,756)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the three months ended February 28, 2021 and February 29, 2020
(in thousands of dollars)
Unaudited

	Share Capital	Retained Earnings	Total
	$	$	$
Balance as at November 30, 2019	9,424	103,984	113,408
IFRS 16 adoption adjustment, net of taxes of $940	-	(2,567)	(2,567)
Balance as at December 1, 2019	9,424	101,417	110,841
Net loss	-	(2,060)	(2,060)
Total comprehensive loss	-	(2,060)	(2,060)
Transactions with owners of the Company			
Dividend (Note 9 b))	-	(856)	(856)
Balance as at February 29, 2020	9,424	98,501	107,925
Balance as at November 30, 2020	**9,424**	**111,805**	**121,229**
Net earnings	**-**	**3,769**	**3,769**
Total comprehensive income	**-**	**3,769**	**3,769**
Transactions with owners of the Company			
Dividend (Note 9 b))	**-**	**(2,569)**	**(2,569)**
Balance as at February 28, 2021	**9,424**	**113,005**	**122,429**

(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, 2021 and February 29, 2020 include the accounts of the Company and its wholly-owned subsidiaries.

2. Basis of preparation

Statement of compliance
These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards ("IASB"). These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2020, as set out in the 2020 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 12, 2021.

These interim consolidated financial statements are available on the SEDAR website at www.sedar.com and on the Company's website at www.goodfellowinc.com.

Estimates, Judgments and Assumptions
The preparation of the interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. These estimates and assumptions are based on historical experience, other relevant factors and expectations of the future and are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. 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, 2020.

3. Significant Accounting Policies

The Company's significant accounting policies described in Note 3 contained in its 2020 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 and selling, administrative and general expenses

	February 28 2021	February 29 2020
	$	$
Employee benefit expense	**13,157**	12,857
Obsolescence adjustment included in cost of goods sold	**321**	52
Depreciation included in cost of goods sold	**187**	205
Depreciation and amortization included in selling, administrative and general expenses	**1,614**	1,720
Foreign exchange gains	**(184)**	(42)

5. Net financial costs

	February 28 2021	February 29 2020
	$	$
Interest expense	**148**	323
Interest expense on lease liabilities	**154**	179
Accretion expense on provision	**11**	18
Other financial costs	**256**	214
Financial cost	**569**	734
Financial income	**(1)**	-
Net financial costs	**568**	734

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

6. Trade and other receivables

	February 28 2021	November 30 2020	February 29 2020
	$	$	$
Trade receivables	**70,120**	76,063	54,096
Allowance for doubtful accounts	**(121)**	(122)	(654)
	69,999	75,941	53,442
Other receivables	**144**	152	640
	70,143	76,093	54,082

7. Bank indebtedness

	February 28 2021	November 30 2020	February 29 2020
	$	$	$
Bank loans	**14,000**	12,000	2,000
Banker’s acceptances	**15,000**	12,000	38,000
Bank overdraft	**5,928**	4,570	7,845
	34,928	28,570	47,845

In May 2019, 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 2021. 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 immovable and movable property of the Company. As at February 28, 2021, the Company was compliant with its financial covenants. As at February 28, 2021, under the credit agreement, the Company used $29.0 million of its facility compared to $40.0 million last year. As at April 12, 2021, the Company was in the process of renewing its credit agreement.

8. Trade and other payables

	February 28 2021	November 30 2020	February 29 2020
	$	$	$
Trade payables and accruals	**36,570**	31,056	29,586
Payroll related liabilities	**5,776**	5,965	5,035
Sales taxes payable	**1,148**	2,593	928
	43,494	39,614	35,549

9. Share Capital

a) Authorized

An unlimited number of common shares, without par value

	February 28 2021	November 30 2020	February 29 2020
Number of shares outstanding at the beginning and at the end of the period	**8,562,554**	8,562,554	8,562,554

b) Net earnings (loss) and dividend per share

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

	February 28 2021	February 29 2020
	$	$
Net earning (loss), basic and diluted	**3,769**	(2,060)
Weighted average number of common shares, basic and diluted	**8,562,554**	8,562,554

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

Dividends per share of $0.30 and $0.10 were declared for the three months period ended February 28, 2021 and February 29, 2020, respectively. Dividends of $0.25 and $0.10 per share were paid for the three months period ended February 28, 2021 and February 29, 2020, respectively. As at February 28, 2021 and February 29, 2020, the Company had a dividend payable of $2.6 million and $0.9 million, respectively.

10. 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. This business seasonality results in performance, for the three months ended February 28, 2021 which is not necessarily indicative of performance for the balance of the year.

11. Financial Instruments and other instruments

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

Financing and Liquidity Risk
The Company makes use of short-term financing with two chartered Canadian banks.

The following are the contractual maturities of financial liabilities as at February 28, 2021:

Financial Liabilities				
	Carrying Amount	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
Bank indebtedness	34,928	34,928	34,928	-
Trade and other payables	43,494	43,494	43,494	-
Dividend payable	2,569	2,569	2,569	-
Total financial liabilities	**80,991**	**80,991**	**80,991**	-

Interest Rate Risk
The Company uses a credit facility to finance working capital requirements. The interest cost of this facility is dependent upon Canadian and US bank prime rates as well as the Company's funded debt to capitalization ratio. The profitability of the Company could be adversely affected with increases in the bank prime rate. Management does not believe that the impact of interest rate fluctuations will be significant on its operating results. A 1% fluctuation of interest rate on the $34.9 million in bank indebtedness would impact interest expense annually by $0.3 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 February 28, 2021, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	**GBP**	**Euro**
Cash	1,860	191	11
Bank indebtedness	(1,324)	-	-
Trade and other receivables	7,793	25	-
Trade and other payables	(4,508)	(29)	(399)
Lease liabilities	(445)	-	-
Net exposure	**3,376**	**187**	**(388)**
CAD exchange rate as at February 28, 2021	1.2738	1.7738	1.5380
Impact on net earnings based on a fluctuation of 5% on CAD	**155**	**12**	**(21)**

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

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 February 28, 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:

	February 28 2021	February 29 2020
	$	$
Current	**64,656**	51,496
31 - 60 days past due	**2,571**	1,147
61 - 90 days past due	**1,295**	549
91 - 120 days past due	**852**	185
Over 120 days past due	**746**	719
	70,120	54,096
Loss allowance	**(121)**	(654)
Balance, end of period	**69,999**	53,442

As at February 28, 2021, expected credit losses are limited to $121 thousand and therefore, the expected credit losses by trade accounts receivable aging have not been presented separately in the table above.

Economic Dependence
Only one major customer exceeds 10% of total Company sales in the three months ended February 28, 2021 (same last year). The following represents the total sales consisting primarily of various wood products of the major customer:

	February 28, 2021		February 29, 2020	
	$	**%**	$	%
Sales to major customer that exceeded 10% of total Company's sales	**19,773**	**16.6**	13,767	15.5

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, trade and other payables and lease liabilities approximate their fair values.

12. Additional Cash Flow Information

Changes in Non-Cash Working Capital Items

	February 28 2021	February 29 2020
	$	$
Trade and other receivables	**5,950**	(5,621)
Inventories	**(11,058)**	(11,962)
Prepaid expenses	**(1,761)**	(1,671)
Trade and other payables	**3,901**	6,638
	(2,968)	(12,616)

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

13. Capital management

The Company's financial objectives and strategy remain substantially unchanged from those included in the Company's annual consolidated financial statements contained in its 2020 Annual report.

As at February 28, 2021 and February 29, 2020, the Company achieved the following results regarding its capital management objectives:

Capital management	**As at February 28 2021**	As at February 29 2020
Debt-to-capitalization ratio	**20.2%**	29.6%
Interest coverage ratio	**16.9**	3.5
Return on shareholders' equity	**12.3%**	(7.6)%
Current ratio	**2.0**	1.8
EBITDA	**$7,603**	$(202)

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.

14. 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 87% (84% in 2020) of total sales, the sales to clients located in the United States represent approximately 7% (10% in 2020) of total sales, and the sales to clients located in other markets represent approximately 6% (same in 2020) of total sales.

	February 28 2021	February 29 2020
	$	$
Canada	**103,833**	75,076
US	**8,940**	8,423
Export	**6,660**	5,357
	119,433	88,856

Sales categories

	February 28 2021	February 29 2020
	$	$
Flooring	**25,549**	20,021
Specialty and commodity panels	**20,224**	15,313
Building material	**7,636**	8,101
Lumber	**66,024**	45,421
	119,433	88,856