

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

GOODFELLOW INC.

Consolidated Statements of Comprehensive Income

For the three and nine months ended August 31, 2022 and 2021

(in thousands of dollars, except per share amounts)

Unaudited

	For the three months ended		For the nine months ended	
	August 31 2022	August 31 2021	August 31 2022	August 31 2021
	\$	\$	\$	\$
Sales (Note 15)	167,574	167,953	481,886	472,911
Expenses				
Cost of goods sold (Note 4)	129,715	133,048	374,716	369,227
Selling, administrative and general expenses (Note 4)	22,126	20,210	65,464	62,922
Net financial costs (Note 5)	1,038	751	2,484	2,141
	152,879	154,009	442,664	434,290
Earnings before income taxes	14,695	13,944	39,222	38,621
Income taxes	4,115	3,905	10,983	10,837
Total comprehensive income	10,580	10,039	28,239	27,784
Net earnings per share – Basic and Diluted (Note 10b)	1.24	1.17	3.30	3.24

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

	As at August 31 2022	As at November 30 2021	As at August 31 2021
	\$	\$	\$
Assets			
Current Assets			
Cash	2,279	4,253	1,726
Trade and other receivables (Note 6)	76,201	63,246	72,118
Income taxes receivable	33	-	-
Inventories	142,082	109,787	115,046
Prepaid expenses	3,237	4,189	4,290
Total Current Assets	223,832	181,475	193,180
Non-Current Assets			
Property, plant and equipment	31,148	30,022	30,220
Intangible assets	2,235	2,650	2,789
Right-of-use assets	14,614	12,262	12,630
Defined benefit plan asset	10,441	10,397	1,901
Other assets	802	785	785
Total Non-Current Assets	59,240	56,116	48,325
Total Assets	283,072	237,591	241,505
Liabilities			
Current Liabilities			
Bank indebtedness (Note 7)	31,590	9,246	24,681
Trade and other payables (Note 8)	42,744	37,897	41,680
Income taxes payable	-	9,022	7,418
Provision (Note 9)	370	2,147	2,730
Current portion of lease liabilities	4,836	4,256	4,270
Total Current Liabilities	79,540	62,568	80,779
Non-Current Liabilities			
Provision (Note 9)	2,281	-	-
Lease liabilities	12,338	10,924	11,405
Deferred income taxes	3,151	3,151	1,597
Defined benefit plan obligation	-	-	1,280
Total Non-Current Liabilities	17,770	14,075	14,282
Total Liabilities	97,310	76,643	95,061
Shareholders' Equity			
Share capital (Note 10)	9,424	9,424	9,424
Retained earnings	176,338	151,524	137,020
Total Liabilities and Shareholders' Equity	283,072	237,591	241,505

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three and nine months ended August 31, 2022 and 2021
(in thousands of dollars)
Unaudited

	For the three months ended		For the nine months ended	
	August 31 2022	August 31 2021	August 31 2022	August 31 2021
	\$	\$	\$	\$
Operating Activities				
Net earnings	10,580	10,039	28,239	27,784
Adjustments for:				
Depreciation and amortization of:				
Property, plant and equipment	636	636	1,788	1,901
Intangible assets	153	153	455	467
Right-of-use assets	1,175	1,055	3,365	3,111
Accretion expense on provision (Note 9)	25	11	76	33
(Decrease) increase in provision (Note 9)	(34)	(76)	428	1,224
Income taxes	4,115	3,905	10,983	10,837
Gain on disposal of property, plant and equipment	(10)	(1)	(45)	(8)
Interest expense	508	247	1,007	707
Interest on lease liabilities	152	143	430	446
Funding in (excess) deficit of pension plan expense	(15)	63	(44)	142
Other	(13)	21	(38)	(10)
	17,272	16,196	46,644	46,634
Changes in non-cash working capital items (Note 13)	29,012	24,168	(39,462)	(25,824)
Interest paid	(539)	(287)	(1,426)	(1,300)
Income taxes paid	(3,070)	(914)	(20,038)	(8,278)
	25,403	22,967	(60,926)	(35,402)
Net Cash Flows from Operating Activities	42,675	39,163	(14,282)	11,232
Financing Activities				
Net (decrease) increase in bank loans (Note 7)	(5,000)	14,000	6,000	9,000
Net (decrease) increase in banker's acceptances (Note 7)	(35,000)	(50,000)	18,000	(12,000)
Payment of lease liabilities	(1,282)	(1,156)	(3,702)	(3,390)
Dividend paid (Note 10c)	-	-	(3,425)	(4,710)
	(41,282)	(37,156)	16,873	(11,100)
Investing Activities				
Acquisition of property, plant and equipment	(1,002)	(238)	(2,914)	(975)
Increase in intangible assets	-	-	(40)	(18)
Proceeds on disposal of property, plant and equipment	10	-	45	10
	(992)	(238)	(2,909)	(983)
Net cash inflow (outflow)	401	1,769	(318)	(851)
Cash position, beginning of period	(3,712)	(3,724)	(2,993)	(1,104)
Cash position, end of period	(3,311)	(1,955)	(3,311)	(1,955)
Cash position is comprised of:				
Cash	2,279	1,726	2,279	1,726
Bank overdraft (Note 7)	(5,590)	(3,681)	(5,590)	(3,681)
	(3,311)	(1,955)	(3,311)	(1,955)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended August 31, 2022 and 2021
(in thousands of dollars)
Unaudited

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at November 30, 2020	9,424	111,805	121,229
Net earnings	-	27,784	27,784
Total comprehensive income	-	27,784	27,784
<i>Transactions with owners of the Company</i>			
Dividend (Note 10c)	-	(2,569)	(2,569)
Balance as at August 31, 2021	9,424	137,020	146,444
Balance as at November 30, 2021	9,424	151,524	160,948
Net earnings	-	28,239	28,239
Total comprehensive income	-	28,239	28,239
<i>Transactions with owners of the Company</i>			
Dividend (Note 10c)	-	(3,425)	(3,425)
Balance as at August 31, 2022	9,424	176,338	185,762

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2022 and 2021

(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 nine months ended August 31, 2022 and 2021 include the accounts of the Company and its wholly-owned subsidiaries.

2. Basis of preparation

Statement of compliance

The 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, 2021, as set out in the 2021 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 October 13, 2022.

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

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Company’s accounting policies and key sources of estimation of uncertainty were the same as those applied and described in the Company’s audited annual consolidated financial statements for the year ended November 30, 2021.

3. Significant Accounting Policies

The Company’s significant accounting policies described in Note 3 contained in its 2021 Annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim consolidated financial statements.

4. Additional information on:

	For the three months ended		For the nine months ended	
	August 31 2022	August 31 2021	August 31 2022	August 31 2021
Cost of goods sold				
	\$	\$	\$	\$
Employee benefit expense	350	407	1,008	993
Obsolescence adjustment included in cost of goods sold	152	3,154	413	3,957
Depreciation included in cost of goods sold	230	213	582	595
Foreign exchange (gains) losses	(129)	67	204	(202)

	For the three months ended		For the nine months ended	
	August 31 2022	August 31 2021	August 31 2022	August 31 2021
Selling, administrative and general expenses				
	\$	\$	\$	\$
Employee benefit expense	13,712	13,119	40,886	40,053
Depreciation and amortization included in selling, administrative and general expenses	1,734	1,631	5,026	4,884

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For the three and nine months ended August 31, 2022 and 2021

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

5. Net financial costs

	For the three months ended		For the nine months ended	
	August 31 2022	August 31 2021	August 31 2022	August 31 2021
	\$	\$	\$	\$
Interest expense	508	247	1,007	707
Interest expense on lease liabilities	152	143	430	446
Accretion expense on provision	25	11	76	33
Other financial costs	354	350	976	957
Financial cost	1,039	751	2,489	2,143
Financial income	(1)	-	(5)	(2)
Net financial costs	1,038	751	2,484	2,141

6. Trade and other receivables

	August 31 2022	November 30 2021	August 31 2021
	\$	\$	\$
Trade receivables	76,074	63,255	72,043
Allowance for doubtful accounts	(280)	(170)	(81)
	75,794	63,085	71,962
Other receivables	407	161	156
	76,201	63,246	72,118

7. Bank indebtedness

	August 31 2022	November 30 2021	August 31 2021
	\$	\$	\$
Bank loans	8,000	2,000	21,000
Banker's acceptances	18,000	-	-
Bank overdraft	5,590	7,246	3,681
	31,590	9,246	24,681

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 immovable and movable property of the Company. As at August 31, 2022, the Company was compliant with its financial covenants. As at August 31, 2022, under the credit agreement, the Company used \$26.0 million of its facility compared to \$2.0 million as at November 30, 2021, and \$21.0 million as at August 31, 2021. As at August 31, 2022, the Company has \$1.2 million of issued letters of credits which reduces the availability of its facility compared to \$0.9 million as at November 30, 2021, and as at August 31, 2021.

8. Trade and other payables

	August 31 2022	November 30 2021	August 31 2021
	\$	\$	\$
Trade payables and accruals	33,020	28,642	31,896
Payroll related liabilities	6,610	6,662	6,796
Sales taxes payable	3,114	2,593	2,988
	42,744	37,897	41,680

9. Provision

The Company's St-André (QC) site shows continued traces of surface contamination from previous treating activities exceeding existing regulatory requirements. The Company received approval for the environmental rehabilitation plan in fiscal 2016. The Company started to implement its plan during fiscal 2016 and treatment of soil on-site was to be performed over an estimated period of 5 years. The remaining rehabilitation was expected to occur in fiscal 2020. Unfortunately, because of the duration and impact of the COVID-19 pandemic no work was performed in fiscal 2020. The Company continued its rehabilitation plan in fiscal 2021, with further work to be performed in 2022. In the second quarter of 2022, the Company has submitted for approval to the Minister of the environment a revised timetable for the site remediation. The Company received approval for the environmental rehabilitation plan in Q3-2022.

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Unaudited

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

The Company started to implement its plan during the third quarter of fiscal 2022 and treatment of soil on-site will be performed over an estimated period of 3 years.

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

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

	August 31 2022	November 30 2021	August 31 2021
	\$	\$	\$
Balance, beginning of the year	2,147	1,473	1,473
Changes due to:			
Revision of future expected expenditures	470	1,783	1,300
Accretion expense	76	44	33
Expenditures incurred	(42)	(1,153)	(76)
Balance, end of period	2,651	2,147	2,730
Current portion	370	2,147	2,730
Long-term portion	2,281	-	-

10. Share Capital

a) Authorized

An unlimited number of common shares, without par value

	August 31 2022	November 30 2021	August 31 2021
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

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

	For the three months ended		For the nine months ended	
	August 31 2022	August 31 2021	August 31 2022	August 31 2021
	\$	\$	\$	\$
Net earnings, basic and diluted	10,580	10,039	28,239	27,784
Weighted average number of common shares, basic and diluted	8,562,554	8,562,554	8,562,554	8,562,554

c) Dividends

The following dividends were declared and paid by the Company:

	2022				2021			
	Declared				Declared			
	Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
Quarter 1	Mar 4, 2022	\$ 0.40	\$ 3,425	Mar 18, 2022	Mar 5, 2021	\$ 0.30	\$ 2,569	Mar 19, 2021
Quarter 2	-	-	-	-	-	-	-	-
Quarter 3	-	-	-	-	-	-	-	-
		<u>0.40</u>	<u>3,425</u>			<u>0.30</u>	<u>2,569</u>	
Quarter 4					Nov 5, 2021	0.30	2,569	Nov 19, 2021
						<u>0.60</u>	<u>5,138</u>	

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2022 and 2021

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

11. Seasonal Pattern

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

12. Financial Instruments and other instruments

Risk Management

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

Financing and Liquidity Risk

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

The following are the contractual maturities of financial liabilities as at August 31, 2022:

Financial Liabilities				
	Carrying Amount	Contractual cash flows	0 to 12 Months	12 to 36 Months
Bank indebtedness	31,590	31,590	31,590	-
Trade and other payables	42,744	42,744	42,744	-
Total financial liabilities	74,334	74,334	74,334	-

The following are the contractual maturities of financial liabilities as at November 30, 2021:

Financial Liabilities				
	Carrying Amount	Contractual cash flows	0 to 12 Months	12 to 36 Months
Bank indebtedness	9,246	9,246	9,246	-
Trade and other payables	37,897	37,897	37,897	-
Total financial liabilities	47,143	47,143	47,143	-

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

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 as well as the Company's Debt-to-capitalization ratio. The profitability of the Company could be adversely affected with increases in the bank prime rate. Management does not believe that the impact of interest rate fluctuations will be significant on its operating results. A 1% fluctuation of interest rate on the \$31.6 million as at August 31, 2022, \$9.2 million as at November 30, 2021, and \$24.7 million as at August 31, 2021 in bank indebtedness would impact interest expense annually by \$0.3 million (November 30, 2021 - \$0.1 million; August 31, 2021 - \$0.2 million).

Currency Risk

Certain valuation risks exist depending on the performance of the Canadian dollar compared to the U.S. dollar, Euro and the Pound sterling. From time-to-time, the Company could enter into forward exchange contracts to hedge certain accounts payable and certain future purchase commitments denominated in U.S. dollars, Euros and Pound sterling. During the nine months ended August 31, 2022, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at August 31, 2022, there were no outstanding foreign exchange contracts. A fluctuation in the Canadian dollar of 5% in relation to foreign currencies would not have a significant effect on the Company's net earnings.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2022 and 2021

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

As at August 31, 2022, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	658	348	10
Bank indebtedness	(869)	-	-
Trade and other receivables	4,804	120	-
Trade and other payables	(2,931)	(5)	(54)
Net exposure	1,662	463	(44)
CAD exchange rate as at August 31, 2022	1.3130	1.5261	1.3201
Impact on net earnings based on a fluctuation of 5% on CAD	79	25	(2)

As at November 30, 2021, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	2,317	275	88
Bank indebtedness	(1,993)	-	-
Trade and other receivables	7,196	63	93
Trade and other payables	(3,450)	(10)	(337)
Net exposure	4,070	328	(155)
CAD exchange rate as at November 30, 2021	1.2779	1.6993	1.4490
Impact on net earnings based on a fluctuation of 5% on CAD	187	20	(8)

As at August 31, 2021, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	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)
Net exposure	3,330	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	151	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, 2022, the Company considered the economic impact of the COVID-19 pandemic on its assessment. This was not considered to be significant.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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For the three and nine months ended August 31, 2022 and 2021

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

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

	August 31 2022	November 30 2021	August 31 2021
	\$	\$	\$
Current	71,008	57,966	66,221
31 - 60 days past due	3,136	3,131	3,175
61 - 90 days past due	1,303	1,079	1,131
91 - 120 days past due	507	158	621
Over 120 days past due	120	921	895
	76,074	63,255	72,043
Loss allowance	(280)	(170)	(81)
Balance, end of period	75,794	63,085	71,962

As at August 31, 2022, expected credit losses are limited to \$280 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 during the three months and nine months ended August 31, 2022 (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, 2022		August 31, 2021		August 31, 2022		August 31, 2021	
	\$	%	\$	%	\$	%	\$	%
Sales to the major customer that exceeded 10% of total Company's sales	24,051	14.4	24,820	14.8	68,182	14.1	74,623	15.8

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.

13. Additional Cash Flow Information

Changes in Non-Cash Working Capital Items

	For the three months ended		For the nine months ended	
	August 31 2022	August 31 2021	August 31 2022	August 31 2021
	\$	\$	\$	\$
Trade and other receivables	25,453	35,670	(12,955)	3,975
Inventories	(956)	239	(32,295)	(30,306)
Prepaid expenses	6,087	1,511	935	(1,560)
Trade and other payables	(1,572)	(13,252)	4,853	2,067
	29,012	24,168	(39,462)	(25,824)

14. 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 2021 Annual report.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2022 and 2021

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

As at August 31, 2022 and 2021 and November 30, 2021, the Company achieved the following results regarding its capital management objectives:

	As at August 31 2022	As at November 30 2021	As at August 31 2021
Capital management			
Debt-to-capitalization ratio	14.0%	3.5%	13.8%
Interest coverage ratio	22.4	26.2	24.5
Return on Shareholders' Equity	20.3%	23.5%	25.3%
Current ratio	2.8	2.9	2.4
EBITDA (in thousands of dollars)	\$47,314	\$60,531	\$46,241

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, expressed as a percentage. Debt is defined as bank indebtedness less cash and cash equivalents. Capitalization is debt plus Shareholders' Equity. This ratio excludes lease liabilities under 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 excludes interest expense related to lease liabilities under IFRS 16 to conform to the bank's covenant requirement.
- Return on Shareholders' Equity is the net earnings (loss) divided by Shareholders' Equity, expressed as a percentage.
- Current ratio is total current assets divided by total current liabilities.
- EBITDA represents earnings before income taxes, net financial costs, depreciation of property, plant and equipment and amortization.

15. Segmented Information and Sales

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

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

Primary geographic markets

The Company's sales to clients located in Canada represent approximately 88% (89% in 2021) of total sales, the sales to clients located in the United States represent approximately 8% (7% in 2021) of total sales, and the sales to clients located in other markets represent approximately 4% (same in 2021) of total sales.

	For the three months ended		For the nine months ended	
	August 31 2022	August 31 2021	August 31 2022	August 31 2021
	\$	\$	\$	\$
Canada	149,170	150,664	425,110	422,644
US	11,798	12,273	36,955	32,842
Export	6,606	5,016	19,821	17,425
	167,574	167,953	481,886	472,911

Sales categories

	For the three months ended		For the nine months ended	
	August 31 2022	August 31 2021	August 31 2022	August 31 2021
	\$	\$	\$	\$
Lumber	90,639	88,700	253,540	246,908
Specialty and commodity panels	28,867	31,681	87,698	93,863
Flooring	28,427	28,172	83,969	83,334
Building material	19,641	19,400	56,679	48,806
	167,574	167,953	481,886	472,911