

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, 2024 and 2023

(in thousands of dollars, except per share amounts)

Unaudited

	For the three months ended		For the nine months ended	
	August 31 2024	August 31 2023	August 31 2024	August 31 2023
	\$	\$	\$	\$
Sales (Note 15)	139,668	139,155	385,336	387,406
Expenses				
Cost of goods sold (Note 4)	105,280	107,535	294,025	301,829
Selling, administrative and general expenses (Note 4)	25,447	22,220	74,439	66,143
Net financial costs (Note 5)	955	802	1,662	1,997
	131,682	130,557	370,126	369,969
Earnings before income taxes	7,986	8,598	15,210	17,437
Income taxes	2,236	2,407	4,259	4,882
Total comprehensive income	5,750	6,191	10,951	12,555
Net earnings per share – Basic and Diluted (Note 10c)	0.68	0.72	1.29	1.47

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

	As at August 31 2024	As at November 30 2023	As at August 31 2023
	\$	\$	\$
Assets			
Current Assets			
Cash	6,273	28,379	7,973
Trade and other receivables (Note 6)	73,775	53,674	66,235
Income taxes receivable	4,849	6,286	3,946
Inventories	131,853	98,473	113,346
Prepaid expenses	2,101	4,215	2,177
Total Current Assets	218,851	191,027	193,677
Non-Current Assets			
Property, plant and equipment	43,610	32,761	32,906
Intangible assets	1,044	1,487	1,644
Right-of-use assets	15,818	11,354	11,697
Defined benefit plan asset	15,325	15,347	11,829
Other assets	1,343	777	777
Total Non-Current Assets	77,140	61,726	58,853
Total Assets	295,991	252,753	252,530
Liabilities			
Current Liabilities			
Bank indebtedness (Note 7)	21,636	-	-
Trade and other payables (Note 8)	50,043	37,620	37,551
Provision (Note 9)	1,747	2,789	2,253
Current portion of lease liabilities	5,326	4,732	4,863
Total Current Liabilities	78,752	45,141	44,667
Non-Current Liabilities			
Provision (Note 9)	-	-	837
Lease liabilities	11,966	8,497	8,867
Deferred income taxes	4,112	4,112	3,431
Total Non-Current Liabilities	16,078	12,609	13,135
Total Liabilities	94,830	57,750	57,802
Shareholders' Equity			
Share capital (Note 10a)	9,337	9,379	9,388
Retained earnings	191,824	185,624	185,340
	201,161	195,003	194,728
Total Liabilities and Shareholders' Equity	295,991	252,753	252,530

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three and nine months ended August 31, 2024 and August 31, 2023
(in thousands of dollars)
Unaudited

	For the three months ended		For the nine months ended	
	August 31 2024	August 31 2023	August 31 2024	August 31 2023
	\$	\$	\$	\$
Operating Activities				
Net earnings	5,750	6,191	10,951	12,555
Adjustments for:				
Depreciation and amortization of:				
Property, plant and equipment	1,099	856	2,816	2,396
Intangible assets	148	151	443	452
Right-of-use assets	1,266	1,164	3,389	3,609
Gain on disposal of property, plant and equipment	(18)	-	(95)	(181)
Accretion expense on provision (Note 9)	-	68	-	204
Provision (Note 9)	(1,027)	-	(1,042)	(29)
Income taxes	2,236	2,407	4,259	4,882
Interest expense	519	341	894	910
Interest on lease liabilities	212	146	486	286
Funding in excess (deficit) of pension plan expense	(61)	(69)	22	(209)
Other	(19)	152	(11)	13
	10,105	11,407	22,112	24,888
Changes in non-cash working capital items (Note 13)	17,964	30,890	(38,912)	(1,234)
Interest paid	(706)	(436)	(1,413)	(1,176)
Income taxes recovered (paid)	201	(352)	(2,822)	(6,389)
	17,459	30,102	(43,147)	(8,799)
Net Cash Flows from Operating Activities	27,564	41,509	(21,035)	16,089
Financing Activities				
Net decrease in bank loans (Note 7)	(6,000)	-	-	-
Net decrease in banker's acceptances (Note 7)	-	(28,000)	-	-
Net (decrease) increase in CORRA loans (Note 7)	(3,000)	-	15,000	-
Payment of lease liabilities	(1,322)	(1,304)	(3,778)	(4,096)
Redemption of shares (Note 10b)	(368)	(62)	(537)	(332)
Dividends paid (Note 10d)	-	-	(4,256)	(4,274)
Net Cash Flows from Financing Activities	(10,690)	(29,366)	6,429	(8,702)
Investing Activities				
Acquisition of property, plant and equipment (Note 13)	(10,082)	(1,357)	(13,982)	(3,040)
Proceeds on disposal of property, plant and equipment	22	-	412	188
Dividend from joint venture	-	25	-	25
Dissolution of the joint venture	-	(7)	-	(7)
Other assets	(116)	-	(566)	-
Net Cash Flows from Investing Activities	(10,176)	(1,339)	(14,136)	(2,834)
Net cash (outflow) inflow	6,698	10,804	(28,742)	4,553
Cash position, beginning of period	(7,061)	(2,831)	28,379	3,420
Cash position, end of period	(363)	7,973	(363)	7,973
Cash position is comprised of				
Cash	6,273	7,973	6,273	7,973
Bank overdraft (Note 7)	(6,636)	-	(6,636)	-
	(363)	7,973	(363)	7,973

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended August 31, 2024 and August 31, 2023
(in thousands of dollars)
Unaudited

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at November 30, 2022	9,419	177,360	186,779
Net earnings (Note 10c)	-	12,555	12,555
Total comprehensive income	-	12,555	12,555
Dividend (Note 10d)	-	(4,274)	(4,274)
Redemption of Shares (Note 10b)	(31)	(301)	(332)
Balance as at August 31, 2023	9,388	185,340	194,728
Balance as at November 30, 2023	9,379	185,624	195,003
Net earnings (Note 10c)	-	10,951	10,951
Total comprehensive income	-	10,951	10,951
Dividend (Note 10d)	-	(4,256)	(4,256)
Redemption of Shares (Note 10b)	(42)	(495)	(537)
Balance as at August 31, 2024	9,337	191,824	201,161

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2024 and August 31, 2023

(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, 2024 and August 31, 2023 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 IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Boards ("IASB"). These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2023, as set out in the 2023 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 9, 2024.

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

Use of 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, 2023.

3. Significant Accounting Policies

The Company's significant accounting policies described in Note 3 contained in its 2023 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 2024	August 31 2023	August 31 2024	August 31 2023
Cost of goods sold				
	\$	\$	\$	\$
Employee benefits expense	343	344	1,023	980
Obsolescence adjustment	606	(501)	603	16
Depreciation	425	287	885	864
Foreign exchange loss (gains)	43	(28)	205	(15)

	For the three months ended		For the nine months ended	
	August 31 2024	August 31 2023	August 31 2024	August 31 2023
Selling, administrative and general expenses				
	\$	\$	\$	\$
Employee benefits expense	16,060	13,566	46,230	40,620
Depreciation and amortization	2,088	1,884	5,763	5,593

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2024 and August 31, 2023

(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 2024	August 31 2023	August 31 2024	August 31 2023
	\$	\$	\$	\$
Interest expense	519	341	894	910
Interest expense on lease liabilities	212	146	486	286
Accretion expense on provision (Note 9)	-	68	-	204
Other financial costs	287	277	729	705
Financial cost	1,018	832	2,109	2,105
Financial income	(63)	(30)	(447)	(108)
Net financial costs	955	802	1,662	1,997

6. Trade and other receivables

	August 31 2024	November 30 2023	August 31 2023
	\$	\$	\$
Trade receivables	74,540	54,131	66,835
Allowance for doubtful accounts	(934)	(594)	(803)
	73,606	53,537	66,032
Other receivables	169	137	203
	73,775	53,674	66,235

7. Bank indebtedness

	August 31 2024	November 30 2023	August 31 2023
	\$	\$	\$
Bank loans ⁽¹⁾⁽²⁾	-	-	-
Banker's acceptances ⁽¹⁾	-	-	-
CORRA loans ⁽²⁾	15,000	-	-
Bank overdraft	6,636	-	-
	21,636	-	-

⁽¹⁾ The Company had a credit agreement with two chartered Canadian banks. The credit agreement provided for a maximum revolving operating facility of \$90 million maturing in May 2024 by way of bank loans and/or banker's acceptances. In addition, an accordion of \$10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. In May 2024, this credit agreement expired.

⁽²⁾ In May 2024, 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 2026 by way of bank loans and/or CORRA loans. In addition, an accordion of \$10 million is available once per fiscal year for a maximum of 150 days. Funds advanced under these credit facilities bear interest at the prime rate plus a premium and are secured by first ranking security on the universality of the movable and immovable property of the Company. As at August 31, 2024, the Company was compliant with its financial covenants. As at August 31, 2024, the Company has \$1.2 million of issued letters of credit which reduces the availability of its facility (same last year).

8. Trade and other payables

	August 31 2024	November 30 2023	August 31 2023
	\$	\$	\$
Trade payables and accruals	37,250	26,975	27,536
Payroll related liabilities	7,627	6,492	6,760
Other payables	5,166	4,153	3,255
	50,043	37,620	37,551

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2024 and August 31, 2023

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

9. Provision

The Company's St-André (QC) site shows continued traces of surface contamination from previous treating activities exceeding existing regulatory requirements. In 2022, the Company submitted a revised timetable for the site remediation which was approved by the "Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs" and is to be completed before December 31, 2024.

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 2024	November 30 2023	August 31 2023
	\$	\$	\$
Balance, beginning of the year	2,789	2,915	2,915
Changes due to:			
Revision of future expected expenditures	(1,028)	(37)	-
Accretion expense	-	271	204
Expenditures incurred	(14)	(360)	(29)
Balance, end of period	1,747	2,789	3,090
Current portion	1,747	2,789	2,253
Long-term portion	-	-	837

10. Share Capital

a) Authorized

An unlimited number of common shares, without par value

	August 31 2024	November 30 2023	August 31 2023
	Number of shares	Number of shares	Number of shares
Shares outstanding at the beginning of the period	8,521,454	8,557,954	8,557,954
Repurchased and cancelled (b)	(38,200)	(36,500)	(27,500)
Shares outstanding at the end of the period	8,483,254	8,521,454	8,530,454

	August 31 2024	November 30 2023	August 31 2023
	Carrying value (\$)	Carrying value (\$)	Carrying value (\$)
Shares outstanding at the beginning of the period	9,379	9,419	9,419
Repurchased and cancelled (b)	(42)	(40)	(31)
Shares outstanding at the end of the period	9,337	9,379	9,388

b) Share repurchase program (NCIB)

On 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 426,157 common shares, representing approximately 5% of the common shares issued and outstanding as at November 9, 2023. All shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than November 19, 2024.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2024 and August 31, 2023

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

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

	August 31 2024	November 30 2023	August 31 2023
Common shares repurchased for cancellation (number of shares)	38,200	36,500	27,500
Average price per share	\$14.05	\$12.50	\$12.06
Total repurchase cost	\$537	\$456	\$ 332
Repurchase resulting in a reduction of:			
Share Capital	\$42	\$40	\$ 31
Deficit ⁽¹⁾	\$495	\$416	\$ 301

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

c) 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 2024	August 31 2023	August 31 2024	August 31 2023
Net earnings, basic and diluted	\$ 5,750	\$ 6,191	\$ 10,951	\$ 12,555
Weighted average number of common shares, basic and diluted	8,491,754	8,530,454	8,505,854	8,540,054

d) Dividends

The following dividends were declared and paid by the Company for the nine-month period ended August 31, 2024, and for the year ended November 30, 2023:

August 31, 2024				November 30, 2023			
Declared				Declared			
Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
Mar 5, 2024	\$ 0.50	\$ 4,256	Mar 19, 2024	Mar 2, 2023	\$ 0.50	\$ 4,274	Mar 16, 2023
	<u>0.50</u>	<u>4,256</u>		Oct 19, 2023	<u>0.50</u>	<u>4,265</u>	Nov 2, 2023
					<u>1.00</u>	<u>8,539</u>	

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 quarters.

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, 2024:

FINANCIAL LIABILITIES	Carrying Amount	Contractual cash flows	0 to 12 Months	12 to 36 Months
	\$	\$	\$	\$
Bank Indebtedness	21,636	21,636	21,636	-
Trade and other payables	50,043	50,043	50,043	-
Total financial liabilities	71,679	71,679	71,679	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2024 and August 31, 2023

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

The following are the contractual maturities of financial liabilities as at November 30, 2023:

FINANCIAL LIABILITIES	Carrying Amount	Contractual cash flows	0 to 12 Months	12 to 36 Months
	\$	\$	\$	\$
Trade and other payables	37,620	37,620	37,620	-
Total financial liabilities	37,620	37,620	37,620	-

The following are the contractual maturities of financial liabilities as at August 31, 2023:

FINANCIAL LIABILITIES	Carrying Amount	Contractual cash flows	0 to 12 Months	12 to 36 Months
	\$	\$	\$	\$
Trade and other payables	37,551	37,551	37,551	-
Total financial liabilities	37,551	37,551	37,551	-

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 U.S. 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 100-basis point fluctuation of interest rate on average bank indebtedness throughout the nine months ended August 31, 2024 would have an impact on interest expense of \$0.1 million (\$0.2 million last year).

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, 2024, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at August 31, 2024, there were no outstanding foreign exchange contracts. A fluctuation in the Canadian dollar of 5% in relation to foreign currencies would not have a significant effect on the Company's net earnings.

As at August 31, 2024, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	2,147	1,158	10
Bank indebtedness	(2,385)	-	-
Trade and other receivables	3,391	(28)	44
Trade and other payables	(6,109)	(1)	(278)
Net exposure	(2,956)	1,129	(224)
CAD exchange rate as at August 31, 2024	1.3495	1.7714	1.4907
Impact on net earnings based on a fluctuation of 5% on CAD	(144)	72	(12)

As at November 30, 2023, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	5,701	651	14
Trade and other receivables	3,751	16	-
Trade and other payables	(1,644)	(2)	(141)
Net exposure	7,808	665	(127)
CAD exchange rate as at November 30, 2023	1.3560	1.7117	1.4765
Impact on net earnings based on a fluctuation of 5% on CAD	381	41	(7)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2024 and August 31, 2023

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

As at August 31, 2023, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	2,645	411	12
Bank indebtedness	(1,777)	-	-
Trade and other receivables	4,447	31	-
Trade and other payables	(2,979)	(3)	(139)
Net exposure	2,336	440	(127)
CAD exchange rate as at August 31, 2023	1.3507	1.7119	1.4646
Impact on net earnings based on a fluctuation of 5% on CAD	114	27	(7)

Credit Risk

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

The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked.

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

	As at August 31 2024	As at November 30 2023	As at August 31 2023
	\$	\$	\$
Current	70,270	48,841	62,218
31 - 60 days past due	1,795	1,980	2,555
61 - 90 days past due	577	1,035	334
91 - 120 days past due	173	386	283
Over 120 days past due	1,725	1,889	1,445
	74,540	54,131	66,835
Loss allowance	(934)	(594)	(803)
Balance, end of period	73,606	53,537	66,032

As at August 31, 2024, since expected credit losses are limited to \$0.9 million and because movements during the period in the allowance for expected credit losses are minimal, the expected credit losses by trade accounts receivable aging and the movement in the allowance for expected credit losses in respect of trade receivables have not been presented separately.

Economic Dependence

The Company does not have long-term contracts with any of its customers. Distribution agreements are usually awarded annually and can be revoked. Only one major customer exceeds 10% of total Company sales during the three months and nine months ended August 31, 2024 (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, 2024		August 31, 2023		August 31, 2024		August 31, 2023	
	\$	%	\$	%	\$	%	\$	%
Sales to the major customer that exceeded 10% of total Company's sales	21,556	15.4	22,395	16.1	61,123	15.9	59,895	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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2024 and August 31, 2023

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

Fair Value

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

13. Additional Cash Flow Information

Acquisition of property, plant and equipment

On August 2, 2024, Goodfellow Inc., through its subsidiary Goodfellow Distribution Inc, acquired from Allegheny Wood Products Inc. two dry kiln facilities in West Virginia, including land, machinery and equipment, and inventory for cash consideration of \$6.3 million USD (\$8.7 million CAD). The Company has financed the acquisition through its existing revolving credit facility.

Changes in Non-Cash Working Capital Items

	For the three months ended		For the nine months ended	
	August 31	August 31	August 31	August 31
	2024	2023	2024	2023
	\$	\$	\$	\$
Trade and other receivables	21,771	20,928	(20,101)	(1,812)
Inventories	(1,614)	8,922	(33,380)	(1,052)
Prepaid expenses	412	38	2,206	336
Trade and other payables	(2,605)	1,002	12,363	1,294
	17,964	30,890	(38,912)	(1,234)

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

	Bank loans	Banker's acceptances	CORRA loans	Lease liabilities	Total
<i>Liability related changes</i>	\$	\$	\$	\$	\$
Period ended August 31, 2024					
Interest expense	314	128	452	486	1,380
Interest paid	255	102	570	486	1,413
Year ended November 30, 2023					
Interest expense	367	629	-	431	1,427
Interest paid	378	558	-	431	1,367
Period ended August 31, 2023					
Interest expense	282	628	-	286	1,196
Interest paid	303	587	-	286	1,176

14. Capital management

The Company's objectives are as follows:

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended August 31, 2024 and August 31, 2023

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

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

	As at August 31 2024	As at November 30 2023	As at August 31 2023
Cash	\$ 6,273	\$ 28,379	\$ 7,973
Bank Indebtedness	(21,636)	-	-
Net (Debt) Cash	(15,363)	28,379	7,973
Share Capital	9,337	9,379	9,388
Retained Earnings	191,824	185,624	185,340
Shareholders' Equity	201,161	195,003	194,728
Total Capital	185,798	223,382	202,701

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

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

15. Segmented Information and Sales

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

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

Primary geographic markets

The Company's sales to clients located in Canada represent approximately 89% (same in 2023) of total sales, the sales to clients located in the United States represent approximately 8% (7% in 2023) of total sales, and the sales to clients located in other markets represent approximately 3% (4% in 2023) of total sales.

	For the three months ended		For the nine months ended	
	August 31 2024	August 31 2023	August 31 2024	August 31 2023
Canada	\$ 125,003	\$ 125,192	\$ 342,306	\$ 346,554
U.S.	9,613	9,167	29,441	27,137
Export	5,052	4,796	13,589	13,715
	139,668	139,155	385,336	387,406

Sales categories

	For the three months ended		For the nine months ended	
	August 31 2024	August 31 2023	August 31 2024	August 31 2023
Lumber	\$ 83,337	\$ 78,216	\$ 219,711	\$ 215,449
Specialty and commodity panels	23,708	23,439	71,722	68,050
Flooring	15,032	18,572	47,023	54,586
Building material	17,591	18,928	46,880	49,321
	139,668	139,155	385,336	387,406