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 six months ended May 31, 2023 and 2022
(in thousands of dollars, except per share amounts)
Unaudited

	For the three months ended		For the six months ended	
	May 31 2023	May 31 2022	**May 31 2023**	May 31 2022
	$	$	**$**	$
Sales (Note 15)	**142,326**	184,947	**248,251**	314,312
Expenses				
Cost of goods sold (Note 4)	**110,034**	143,745	**194,294**	245,001
Selling, administrative and general expenses (Note 4)	**22,239**	22,900	**43,923**	43,338
Net financial costs (Note 5)	**921**	882	**1,195**	1,446
	133,194	167,527	**239,412**	289,785
Earnings before income taxes	**9,132**	17,420	**8,839**	24,527
Income taxes	**2,557**	4,878	**2,475**	6,868
Total comprehensive income	**6,575**	12,542	**6,364**	17,659
Net earnings per share – Basic and Diluted (Note 10b)	**0.77**	1.46	**0.75**	2.06

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

	As at May 31 2023	As at November 30 2022	As at May 31 2022
	$	$	$
Assets			
Current Assets			
Cash	**3,171**	3,420	2,608
Trade and other receivables (Note 6)	**87,163**	64,423	101,654
Income taxes receivable	**6,001**	2,439	1,078
Inventories	**122,268**	112,294	141,126
Prepaid expenses	**2,263**	2,555	9,451
Total Current Assets	**220,866**	185,131	255,917
Non-Current Assets			
Property, plant and equipment	**32,405**	32,269	30,782
Intangible assets	**1,795**	2,096	2,388
Right-of-use assets	**12,916**	14,999	13,663
Defined benefit plan asset	**11,760**	11,620	10,426
Other assets	**802**	802	802
Total Non-Current Assets	**59,678**	61,786	58,061
Total Assets	**280,544**	246,917	313,978
Liabilities			
Current Liabilities			
Bank indebtedness (Note 7)	**34,002**	-	72,320
Trade and other payables (Note 8)	**36,553**	36,286	44,322
Provision (Note 9)	**2,252**	2,281	405
Current portion of lease liabilities	**4,748**	4,969	4,605
Total Current Liabilities	**77,555**	43,536	121,652
Non-Current Liabilities			
Provision (Note 9)	**770**	634	2,255
Lease liabilities	**10,189**	12,537	11,738
Deferred income taxes	**3,431**	3,431	3,151
Total Non-Current Liabilities	**14,390**	16,602	17,144
Total Liabilities	**91,945**	60,138	138,796
Shareholders’ Equity			
Share capital (Note 10)	**9,394**	9,419	9,424
Retained earnings	**179,205**	177,360	165,758
	188,599	186,779	175,182
Total Liabilities and Shareholders’ Equity	**280,544**	246,917	313,978

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three and six months ended May 31, 2023 and 2022
(in thousands of dollars)
Unaudited

	For the three months ended		For the six months ended	
	May 31 2023	May 31 2022	**May 31 2023**	May 31 2022
	$	$	**$**	$
Operating Activities				
Net earnings	**6,575**	12,542	**6,364**	17,659
Adjustments for:				
Depreciation and amortization of:				
Property, plant and equipment	**795**	577	**1,540**	1,152
Intangible assets	**150**	152	**301**	302
Right-of-use assets	**1,188**	1,140	**2,445**	2,190
Accretion expense on provision (Note 9)	**68**	26	**136**	51
Provision (Note 9)	**(7)**	462	**(29)**	462
Income taxes	**2,557**	4,878	**2,475**	6,868
Gain on disposal of property, plant and equipment	**(171)**	(10)	**(181)**	(35)
Interest expense	**481**	385	**569**	499
Interest on lease liabilities	**158**	147	**140**	278
Funding in excess of pension plan expense	**(70)**	(15)	**(140)**	(29)
Other	**(10)**	(24)	**(139)**	(25)
	11,714	20,260	**13,481**	29,372
Changes in non-cash working capital items (Note 13)	**(15,844)**	(32,520)	**(32,124)**	(68,474)
Interest paid	**(632)**	(617)	**(740)**	(887)
Income taxes paid	**(3,019)**	(3,277)	**(6,037)**	(16,968)
	(19,495)	(36,414)	**(38,901)**	(86,329)
Net Cash Flows from Operating Activities	**(7,781)**	(16,154)	**(25,420)**	(56,957)
Financing Activities				
Net (decrease) increase in bank loans (Note 7)	**(2,000)**	-	**-**	11,000
Net increase in banker's acceptances (Note 7)	**23,000**	32,000	**28,000**	53,000
Payment of lease liabilities	**(1,287)**	(1,233)	**(2,792)**	(2,420)
Redemption of shares (Note 10b)	**(150)**	-	**(270)**	-
Dividends paid	**(4,274)**	(3,425)	**(4,274)**	(3,425)
Net Cash Flows from Financing Activities	**15,289**	27,342	**20,664**	58,155
Investing Activities				
Acquisition of property, plant and equipment	**(839)**	(1,468)	**(1,683)**	(1,912)
Increase in intangible assets	**-**	(40)	**-**	(40)
Proceeds on disposal of property, plant and equipment	**178**	10	**188**	35
Net Cash Flows from Investing Activities	**(661)**	(1,498)	**(1,495)**	(1,917)
Net cash inflow (outflow)	**6,847**	9,690	**(6,251)**	(719)
Cash position, beginning of period	**(9,678)**	(13,402)	**3,420**	(2,993)
Cash position, end of period	**(2,831)**	(3,712)	**(2,831)**	(3,712)
Cash position is comprised of:				
Cash	**3,171**	2,608	**3,171**	2,608
Bank overdraft (Note 7)	**(6,002)**	(6,320)	**(6,002)**	(6,320)
	(2,831)	(3,712)	**(2,831)**	(3,712)

GOODFELLOW INC.
Consolidated Statements of Changes in Shareholders' Equity
For the six months ended May 31, 2023 and 2022
(in thousands of dollars)
Unaudited

	Share Capital	Retained Earnings	Total
	$	$	$
Balance as at November 30, 2021	9,424	151,524	160,948
Net earnings	-	17,659	17,659
Total comprehensive income	-	17,659	17,659
Dividend (Note 10c)	-	(3,425)	(3,425)
Balance as at May 31, 2022	9,424	165,758	175,182
Balance as at November 30, 2022	**9,419**	**177,360**	**186,779**
Net earnings	**-**	**6,364**	**6,364**
Total comprehensive income	**-**	**6,364**	**6,364**
Dividend (Note 10c)	**-**	**(4,274)**	**(4,274)**
Redemption of Shares (Note 10b)	**(25)**	**(245)**	**(270)**
Balance as at May 31, 2023	**9,394**	**179,205**	**188,599**

(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 six months ended May 31, 2023 and 2022 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, 2022, as set out in the 2022 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 July 6, 2023.

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.

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, 2022.

3. Significant Accounting Policies

The Company's significant accounting policies described in Note 3 contained in its 2022 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 six months ended	
Cost of goods sold	**May 31 2023**	May 31 2022	**May 31 2023**	May 31 2022
	$	$	**$**	$
Employee benefits expense	**343**	359	**636**	658
Obsolescence adjustment	**(41)**	492	**517**	261
Depreciation	**288**	185	**577**	352
Foreign exchange losses	**88**	114	**13**	333

	For the three months ended		For the six months ended	
Selling, administrative and general expenses	**May 31 2023**	May 31 2022	**May 31 2023**	May 31 2022
	$	$	**$**	$
Employee benefits expense	**13,991**	14,006	**27,054**	27,174
Depreciation and amortization included in selling, administrative and general expenses	**1,845**	1,684	**3,709**	3,292

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

5. Net financial costs

	For the three months ended		For the six months ended	
	May 31 2023	May 31 2022	**May 31 2023**	May 31 2022
	$	$	**$**	$
Interest expense	**481**	385	**569**	499
Interest expense on lease liabilities	**158**	147	**140**	278
Accretion expense on provision (Note 9)	**68**	26	**136**	51
Other financial costs	**230**	326	**428**	622
Financial cost	**937**	884	**1,273**	1,450
Financial income	**(16)**	(2)	**(78)**	(4)
Net financial costs	**921**	882	**1,195**	1,446

6. Trade and other receivables

	May 31 2023	November 30 2022	May 31 2022
	$	$	$
Trade receivables	**87,995**	64,454	101,661
Allowance for doubtful accounts	**(896)**	(342)	(231)
	87,099	64,112	101,430
Other receivables	**64**	311	224
	87,163	64,423	101,654

7. Bank indebtedness

	May 31 2023	November 30 2022	May 31 2022
	$	$	$
Bank loans (1)	**-**	-	13,000
Banker's acceptances (1)	**28,000**	-	53,000
Bank overdraft	**6,002**	-	6,320
	34,002	-	72,320

(1) 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 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. As at May 31, 2023, the Company was compliant with its financial covenants. As at May 31, 2023, the Company has $1.0 million of issued letters of credit which reduces the availability of its facility compared to $0.8 million last year.

8. Trade and other payables

	May 31 2023	November 30 2022	May 31 2022
	$	$	$
Trade payables and accruals	**27,391**	25,172	34,252
Payroll related liabilities	**6,786**	6,201	7,346
Sales taxes payable	**2,376**	4,913	2,724
	36,553	36,286	44,322

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

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

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.

	May 31 2023	November 30 2022	May 31 2022
	$	$	$
Balance, beginning of the year	**2,915**	2,147	2,147
Changes due to:			
Revision of future expected expenditures	**-**	1,106	470
Accretion expense	**136**	102	51
Expenditures incurred	**(29)**	(440)	(8)
Balance, end of period	**3,022**	2,915	2,660
Current portion	**2,252**	2,281	405
Long-term portion	**770**	634	2,255

10. Share Capital

a) Authorized

An unlimited number of common shares, without par value

	May 31 2023	November 30 2022	May 31 2022
	Number of shares	Number of shares	Number of shares
Shares outstanding at the beginning of the period	**8,557,954**	8,562,554	8,562,554
Repurchased and cancelled (b)	**(22,400)**	(4,600)	**-**
Shares outstanding at the end of the period	**8,535,554**	8,557,954	8,562,554

	May 31 2023	November 30 2022	May 31 2022
	$	$	$
Shares outstanding at the beginning of the period	**9,419**	9,424	9,424
Repurchased and cancelled (b)	**(25)**	(5)	**-**
Shares outstanding at the end of the period	**9,394**	9,419	9,424

b) Share repurchase program (NCIB)

On November 10, 2022, following approval of the Toronto Stock Exchange (the "TSX"), the Company implemented a share repurchase program in the form of a normal course issuer bid (NCIB). This program allows the Company to repurchase up to an aggregate 428,127 common shares, representing approximately 5% of the common shares issued and outstanding as at November 7, 2022. All shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than November 9, 2023.

The following table summarizes the Company's share repurchase activities:

	May 31 2023	November 30 2022	May 31 2022
Common shares repurchased for cancellation (number of shares)	**22,400**	4,600	-
Average price per share	**$ 12.04**	$ 12.17	-
Total repurchase cost	**$ 270**	$ 56	-
Repurchase resulting in a reduction of:			
Share Capital	**$ 25**	$ 5	-
Deficit [(1)]	**$ 245**	$ 51	-

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

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

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 six months ended	
	May 31 2023	May 31 2022	**May 31 2023**	May 31 2022
	$	$	**$**	$
Net earnings, basic and diluted	**6,575**	12,542	**6,364**	17,659
Weighted average number of common shares, basic and diluted	**8,535,554**	8,562,554	**8,535,554**	8,562,554

d) Dividends

The following dividends were declared and paid by the Company for the six-month period ended May 31, 2023 and for the year ended November 30, 2022:

2023				2022			
Declared				Declared			
Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
	$	$			$	$	
Mar 2, 2023	0.50	4,274	Mar 16, 2023	Mar 4, 2022	0.40	3,425	Mar 18, 2022
	0.50	**4,274**			**0.40**	**3,425**	
				Oct 27, 2022	0.50	4,281	Nov 10, 2022
					0.90	**7,706**	

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 May 31, 2023:

FINANCIAL LIABILITIES	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
	$	$	$	$
Bank indebtedness	34,002	34,002	34,002	-
Trade and other payables	36,553	36,553	36,553	-
Total financial liabilities	**70,555**	**70,555**	**70,555**	**-**

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

The following are the contractual maturities of financial liabilities as at November 30, 2022:

FINANCIAL LIABILITIES	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
	$	$	$	$
Trade and other payables	36,286	36,286	36,286	-
Total financial liabilities	**36,286**	**36,286**	**36,286**	**-**

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

FINANCIAL LIABILITIES	**Carrying Amount**	**Contractual cash flows**	**0 to 12 Months**	**12 to 36 Months**
	$	$	$	$
Bank indebtedness	72,320	72,320	72,320	-
Trade and other payables	44,322	44,322	44,322	-
Total financial liabilities	**116,642**	**116,642**	**116,642**	**-**

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 100 basis point fluctuation of interest rate on average bank indebtedness throughout the six months ended May 31, 2023 would impact interest expense by $0.1 million (May 31, 2022 - $0.4 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 six months ended May 31, 2023, the Company did not use foreign exchange contracts to mitigate its effect on sales and purchases. Consequently, as at May 31, 2023, 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 May 31, 2023, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	**GBP**	**Euro**
Cash	1,437	269	13
Bank indebtedness	(1,095)	-	-
Trade and other receivables	3,923	2	-
Trade and other payables	(2,858)	(11)	(106)
Net exposure	**1,407**	**260**	**(93)**
CAD exchange rate as at May 31, 2023	1.3577	1.6889	1.4510
Impact on net earnings based on a fluctuation of 5% on CAD	**69**	**16**	**(5)**

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

As at November 30, 2022, the Company had the following currency exposure on:

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	156	447	9
Trade and other receivables	5,081	14	-
Trade and other payables	(1,952)	(10)	-
Net exposure	**3,285**	**451**	**9**
CAD exchange rate as at November 30, 2022	1.3412	1.6176	1.3960
Impact on net earnings based on a fluctuation of 5% on CAD	**159**	**26**	**-**

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

Financial assets and liabilities measured at amortized costs

	USD	GBP	Euro
Cash	908	288	8
Bank indebtedness	(2,047)	-	-
Trade and other receivables	6,867	113	-
Trade and other payables	(4,850)	(5)	(696)
Net exposure	**878**	**396**	**(688)**
CAD exchange rate as at May 31, 2022	1.2647	1.5944	1.3576
Impact on net earnings based on a fluctuation of 5% on CAD	**40**	**23**	**(34)**

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 May 31 2023	As at November 30 2022	As at May 31 2022
	$	$	$
Current	**86,102**	59,678	99,048
31 - 60 days past due	**426**	2,664	1,768
61 - 90 days past due	**420**	1,060	152
91 - 120 days past due	**(100)**	370	71
Over 120 days past due	**1,147**	682	622
	87,995	64,454	101,661
Loss allowance	**(896)**	(342)	(231)
Balance, end of period	**87,099**	64,112	101,430

As at May 31, 2023, expected credit losses are limited to $0.9 million and therefore, the expected credit losses by trade accounts receivable aging have not been presented separately in the table above.

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

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 six months ended May 31, 2023 (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 six months ended**			
	May 31, 2023		May 31, 2022		**May 31, 2023**		May 31, 2022	
	$	**%**	$	%	**$**	**%**	$	%
Sales to the major customer that exceeded 10% of total Company's sales	**20,969**	**14.7**	25,627	13.9	**37,500**	**15.1**	44,131	14.0

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 and trade and other payables approximate their fair values.

13. Additional Cash Flow Information

Changes in Non-Cash Working Capital Items

	For the three months ended		**For the six months ended**	
	May 31 2023	May 31 2022	**May 31 2023**	May 31 2022
	$	$	**$**	$
Trade and other receivables	**(22,868)**	(30,550)	**(22,740)**	(38,408)
Inventories	**8,148**	(11,818)	**(9,974)**	(31,339)
Prepaid expenses	**1,397**	3,112	**298**	(5,152)
Trade and other payables	**(2,521)**	6,736	**292**	6,425
	(15,844)	(32,520)	**(32,124)**	(68,474)

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

	Bank loans	**Banker's acceptances**	**Lease liabilities**	**Total**
Liability related changes	**$**	**$**	$	$
Period ended May 31, 2023				
Interest expense	**188**	**381**	**140**	**709**
Interest paid	**213**	**387**	**140**	**740**
Year ended November 30, 2022				
Interest expense	485	745	603	1,833
Interest paid	451	677	603	1,731
Period ended May 31, 2022				
Interest expense	203	296	278	777
Interest paid	204	405	278	887

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

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.

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

	May 31 2023	November 30 2022	May 31 2022
	$	$	$
Bank indebtedness	**34,002**	-	72,320
Less: Cash	**(3,171)**	(3,420)	(2,608)
Net Debt (cash)	**30,831**	(3,420)	69,712
Share capital	**9,394**	9,419	9,424
Retained earnings	**179,205**	177,360	165,758
Shareholders' Equity	**188,599**	186,779	175,182
Total Capital	**157,768**	190,199	105,470

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% (88% in 2022) of total sales, the sales to clients located in the United States represent approximately 7% (8% in 2022) of total sales, and the sales to clients located in other markets represent approximately 4% (same in 2022) of total sales.

	For the three months ended		**For the six months ended**	
	May 31 2023	May 31 2022	**May 31 2023**	May 31 2022
	$	$	**$**	$
Canada	**128,381**	163,528	**221,362**	275,940
US	**9,373**	14,323	**17,970**	25,157
Export	**4,572**	7,096	**8,919**	13,215
	142,326	184,947	**248,251**	314,312

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

Sales categories

	For the three months ended		For the six months ended	
	May 31 2023	May 31 2022	**May 31 2023**	May 31 2022
	$	$	**$**	$
Lumber	**77,384**	92,885	**137,233**	162,901
Specialty and commodity panels	**24,989**	33,603	**44,611**	58,831
Flooring	**20,249**	31,908	**36,014**	55,542
Building material	**19,704**	26,551	**30,393**	37,038
	142,326	184,947	**248,251**	314,312