



PRODUITS FORESTIERS  
**GREENFIRST**  
FOREST PRODUCTS

**GREENFIRST FOREST PRODUCTS INC.**

**Consolidated Financial Statements**

(In thousands of Canadian dollars unless otherwise stated)

**For the year ended December 31, 2025**

To the Shareholders of GreenFirst Forest Products Inc.:

### Opinion

We have audited the consolidated financial statements of GreenFirst Forest Products Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has incurred a net loss during the year ended December 31, 2025 and, as of that date, an accumulated deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of Inventory

#### *Key Audit Matter Description*

As outlined in Note 8 to the consolidated financial statements, the Company recorded an inventory provision of \$18.8 million as at December 31, 2025. The Company records inventory at the lower of cost and net realizable value. Net realizable value is estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessary to make the sale. The Company's raw material inventory is largely comprised of log inventory and work in progress and finished goods inventory is comprised of lumber inventory. The Company determines the cost of lumber and logs using a weighted average cost of production considering direct material and labour, manufacturing overhead and other costs incurred in bringing the inventories to their present location and condition. This is described in more detail in the Company's material accounting policy disclosures.

We identified the valuation of inventory as a key audit matter, as a high degree of auditor judgment was required to evaluate the significant judgments made by management in determining the estimated net realizable value of log and lumber inventory, specifically the estimated selling prices used to estimate the net realizable value.

### *Audit Response*

We responded to this matter by performing audit procedures in relation to the valuation of inventory. Our audit work in relation to this included, but was not restricted to, the following:

- Assessed the logic used in valuation model to calculate the inventory net realizable by verifying the mathematical accuracy of the calculations and methodology applied.
- Validated the reasonability of key inputs in the valuation model, including the cost to complete and type of the inventory to be sold, by testing the completeness and accuracy of the underlying information, validating that the estimates are consistent with historical results and performing a sensitivity analysis.
- Compared the Company's estimated selling prices in the ordinary course of business used in the determination of net realizable value to actual sales prices for sales made near year end and to market price publications by third party industry analysts and futures pricing.
- Evaluated the reasonability of the cost to sell, including freight, duties and tariffs, and sales discounts, as applicable.

### ***Impairment of Non-Financial Assets***

#### *Key Audit Matter Description*

The Company performs impairment testing related to non-financial assets whenever events or changes in circumstances indicate that the carrying value of a cash generating unit ("CGU") might exceed its recoverable amount. The Company has a single CGU and has performed an impairment test over its CGU at December 31, 2025. The recoverable amount is calculated based on the higher of its fair value less cost of disposal and its value in use. The recoverable amount was determined using a value in use method, which was determined to be higher than the fair value. The Company recognized an impairment loss of \$9 million during the year ended December 31, 2025. Refer to Note 9 of the consolidated financial statements for further details.

We identified impairment of non-financial assets as a key audit matter. There was a high degree of auditor judgment required to evaluate the significant assumptions used in determining the recoverable amount including, but not restricted to, future lumber prices, sales volumes, earnings before interest, taxes, depreciation, and amortization (EBITDA), softwood lumber duty and tariff rates, terminal growth rate and discount rate. The sensitivity of reasonable changes to the significant assumptions could have a significant impact on the determination of the recoverable amount of the CGU and the Company's determination of impairment. Further, specialized skills and knowledge were required in evaluating the terminal growth rate, discount rate and other inputs used in the value in use assessment of the recoverable amount of the CGU.

#### *Audit Response*

We responded to this matter by performing audit procedures in relation to impairment. Our audit work in relation to this included, but was not restricted to, the following:

- Evaluated the reasonableness of significant assumptions, such as future lumber prices, sales volumes, and other costs included in EBITDA, used in the value in use by comparing these assumptions to historical and actual performance, approved budgets, and third-party pricing publications. We also considered whether the assumptions were consistent with evidence obtained in other areas of the audit.
- Evaluated the Company's forecast softwood lumber duty and tariff rates by comparing them to current and historical duty and tariff rates, held discussion with management's industry expert, assessed consistency with companies in the same industry, and considered changes in conditions and events affecting the Company to assess the adjustments or lack of adjustments made by the Company in arriving at the forecast softwood lumber duty and tariff rates.
- Performed a sensitivity analysis to evaluate changes in the recoverable amount that would result from changes in assumptions.
- Assessed the reasonability of the allocation of the impairment to the respective non-financial assets.
- Involved the assistance of internal valuation specialists in evaluating the appropriateness of management's valuation methodology and assessing the reasonability of the terminal growth rate, discount rate and other inputs used in the impairment analysis based on industry data and other benchmarks.

### **Emphasis of Matter – Restated Comparative Information**

We draw attention to Note 5 to the consolidated financial statements, which explains that certain comparative information for the year ended December 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

The consolidated financial statements for the year ended December 31, 2024, excluding the adjustments that were applied to restate certain comparative information were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 14, 2025.

As part of our audit of the consolidated financial statements of the Company for the year ended December 31, 2025, we also audited the adjustments described in Note 5 that were applied to restate certain information presented in the consolidated financial statements for the year ended December 31, 2024. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustment that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the consolidated financial statements for the year ended December 31, 2024. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

### **Other Information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Natalie Hope Feldman.

*MNP LLP*

Toronto, Ontario  
March 25, 2026

Chartered Professional Accountants  
Licensed Public Accountants

# GREENFIRST FOREST PRODUCTS INC.

## Consolidated Statements of Financial Position

(In thousands of Canadian Dollars)

As at	Note(s)	December 31, 2025	December 31, 2024
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	\$	3,479	\$ 27,756
Trade and other receivables	7	19,973	16,236
Inventory	8	56,333	70,388
Prepaid expenses and other current assets		2,326	2,569
		<b>82,111</b>	<b>116,949</b>
<i>Non-current assets</i>			
Property, plant and equipment	9	89,345	81,551
Timber licenses	10	10,534	10,830
Right of use assets	12	5,719	6,051
Investment	19, 20	1,429	1,429
Pension plans in asset positions	13	687	2,252
Vendor take-back mortgage	9	—	1,404
<b>Total assets</b>	<b>\$</b>	<b>189,825</b>	<b>\$ 220,466</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade accounts payable and accrued liabilities	\$	39,041	\$ 34,507
Other current liabilities	11	11,586	13,977
Lease liabilities, short-term	12	1,383	1,260
Long-term debt, current	14	3,041	2,816
		<b>55,051</b>	<b>52,560</b>
<i>Non-current liabilities</i>			
Long-term debt	14	25,812	10,888
Post-retirement obligations	13	2,884	4,708
Lease liabilities, long-term	12	4,886	5,174
Duties liability	15	40,361	—
Other long-term liabilities	11	210	1,520
<b>Total liabilities</b>		<b>129,204</b>	<b>74,850</b>
<b>Shareholders' equity</b>			
Share capital	4, 17	275,305	273,991
Equity reserves		14,325	12,267
Accumulated other comprehensive loss		(216)	(10,693)
Accumulated deficit		(228,793)	(129,949)
<b>Total shareholders' equity</b>		<b>60,621</b>	<b>145,616</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$</b>	<b>189,825</b>	<b>\$ 220,466</b>

Note 2 - Going Concern

Note 22 - Commitments and Contingencies

Note 24 - Subsequent Events

Approved and authorized by the Board of Directors on March 25, 2026:

<b>"Paul Rivett"</b>	<b>"William G. Harvey"</b>
Chairman	Director

The accompanying notes are an integral part of these consolidated financial statements.

# GREENFIRST FOREST PRODUCTS INC.

## Consolidated Statements of Loss and Comprehensive Loss

(In thousands of Canadian Dollars, except share and per share amounts)

<b>For the year ended</b>	<b>Note(s)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
			Adjusted - Note 5
Net sales	23	\$ 303,547	\$ 282,851
Cost of sales		(299,984)	(270,923)
Duties	15	(71,849)	1,890
Selling, general and administrative expenses	5	(15,400)	(16,851)
Impairment	9	(9,000)	—
Other operating income (loss)		(452)	2,696
<b>Operating loss</b>		<b>(93,138)</b>	<b>(337)</b>
Finance costs, net	6	(9,551)	(1,315)
Gain (loss) on sale of assets	9, 15	76	(15,524)
<b>Net loss, before income taxes</b>		<b>(102,613)</b>	<b>(17,176)</b>
Deferred tax (expense) recovery	16	3,769	(4,454)
<b>Net loss from continuing operations</b>		<b>(98,844)</b>	<b>(21,630)</b>
<b>Net loss from discontinued operations</b>	4	<b>—</b>	<b>(25,444)</b>
<b>Net loss</b>		<b>\$ (98,844)</b>	<b>\$ (47,074)</b>
<i>Other comprehensive income (loss)</i>			
<i>Items that will not be reclassified to earnings in future periods:</i>			
Defined benefit pension plans adjustments, net of a tax expense of \$3,769 (Note 16) from continuing operations (2024 - net of tax recovery of \$4,454)		10,477	(12,354)
Defined benefit pension plans adjustments, net of tax expense of nil from discontinued operations (2024 - \$398)		—	1,104
<b>Comprehensive loss</b>		<b>\$ (88,367)</b>	<b>\$ (58,324)</b>
<b>Basic loss per share</b>	17	<b>(4.35)</b>	<b>(2.61)</b>
<b>Basic loss per share from continuing operations</b>	17	<b>(4.35)</b>	<b>(1.20)</b>
<b>Basic loss per share from discontinued operations</b>	17	<b>—</b>	<b>(1.41)</b>
<b>Diluted loss per share</b>	17	<b>(4.35)</b>	<b>(2.61)</b>
<b>Diluted loss per share from continuing operations</b>	17	<b>(4.35)</b>	<b>(1.20)</b>
<b>Diluted loss per share from discontinued operations</b>	17	<b>—</b>	<b>(1.41)</b>

The accompanying notes are an integral part of these consolidated financial statements.

# GREENFIRST FOREST PRODUCTS INC.

## Consolidated Statements of Cash Flow

(In thousands of Canadian Dollars)

<b>For the year ended</b>	<b>Note(s)</b>	<b>December 31, 2025</b>	<b>December 31, 2024<sup>(1)</sup></b>
<b>Cash provided by (used in):</b>			
<b>Operating activities:</b>			
Net income (loss)		\$ (98,844)	\$ (47,074)
<i>Adjustments for:</i>			
Depreciation and amortization	9,10,12	15,183	17,173
Income taxes	16	(3,769)	4,056
Foreign exchange (gain) loss		438	(3,145)
Equity-based payments	18	1,479	767
Finance costs, net	6	9,551	1,411
Gain on settlement of pension assets	13	—	(824)
Gain on sale of assets		(76)	15,524
Impairment		9,000	—
Inventory net realizable value adjustments	9, 15	18,813	(4,901)
Duties expense (recovery)		33,782	(19,178)
Distribution of pension surplus	13	10,700	—
<i>Changes in non-cash working capital and other:</i>			
Trade receivables and other receivables		(3,737)	1,770
Inventory		(4,758)	1,444
Trade accounts payable, accrued liabilities and other		2,936	11,508
Interest paid		(1,563)	(2,522)
<b>Total cash provided by (used) in operating activities</b>		<b>(10,865)</b>	<b>(23,991)</b>
<b>Investing activities:</b>			
Proceeds from sale of duties receivables	15	—	24,848
Repayment of vendor take-back mortgage	9	2,100	—
Purchase of property, plant and equipment	9	(30,007)	(8,419)
Proceeds from sale of assets	9	76	3,463
Transactions costs related to the sale of assets	4	—	(224)
<b>Total cash (used in) investing activities</b>		<b>(27,831)</b>	<b>19,668</b>
<b>Financing activities:</b>			
Shares issued under rights offering	17	—	24,812
Share issue costs	17	—	(140)
Proceeds from exercise of warrants	17	1,198	—
Share repurchases	17	—	(258)
Net proceeds (repayment of) from revolving portion of credit facility	14	18,000	(13,000)
Proceeds from Equipment Term Loan	14	—	15,618
Repayment of Equipment Term Loan	17	(2,816)	(1,914)
Borrowings under Kap Term Loan	14	—	24,000
Repayment of revolving portion of the credit facility related to Kap Term Loan	14	—	(10,000)
Cash distributed with Kap Paper Inc spin-off		—	(7,746)
Repayment of lease obligations	12	(1,963)	(1,718)
<b>Total cash (used in) provided by financing activities</b>		<b>14,419</b>	<b>29,654</b>
Increase (decrease) in cash and cash equivalents		(24,277)	25,331
Cash and cash equivalents, beginning of the period		27,756	2,425
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 3,479</b>	<b>\$ 27,756</b>

<sup>(1)</sup> Please refer to Note 4 - Discontinued Operations for details related to the cash flow from discontinued operations.

*The accompanying notes are an integral part of these consolidated financial statements.*

# GREENFIRST FOREST PRODUCTS INC.

## Consolidated Statements of Changes in Shareholders' Equity

(In thousands of Canadian Dollars)

	Note(s)	Share Capital	Equity Reserves	Accumulated Other Comprehensive (Loss) Earnings	Accumulated Deficit	Total
<b>Balance, January 1, 2025</b>		\$ 273,991	\$ 12,267	\$ (10,693)	\$ (129,949)	\$ 145,616
Net loss		—	—	—	(98,844)	(98,844)
Other comprehensive loss, net of tax		—	—	10,477	—	10,477
Shares issued on exercise of restricted share units		45	(182)	—	—	(137)
Shares issued on exercise of deferred share units		61	(61)	—	—	—
Shares issued on exercise of warrants		1,208	(10)	—	—	1,198
Equity-based payments		—	2,311	—	—	2,311
<b>Balance, December 31, 2025</b>		\$ 275,305	\$ 14,325	\$ (216)	\$ (228,793)	\$ 60,621

	Note(s)	Share Capital	Equity Reserves	Accumulated Other Comprehensive (Loss) Earnings	Accumulated Deficit	Total
<b>Balance, January 1, 2024</b>		\$ 254,728	\$ 11,500	\$ 1,661	\$ (82,651)	\$ 185,238
Net loss		—	—	—	(47,074)	(47,074)
Other comprehensive loss, net of tax		—	—	(11,250)	—	(11,250)
Equity disbursement to Kap Paper Inc Spin-off	4	(5,151)	—	(1,104)	(224)	(6,479)
Shares repurchased	17	(258)	—	—	—	(258)
Shares issued under rights offering	17	24,812	—	—	—	24,812
Share issuance costs under rights offering	17	(140)	—	—	—	(140)
Equity-based payments		—	767	—	—	767
<b>Balance, December 31, 2024</b>		\$ 273,991	\$ 12,267	\$ (10,693)	\$ (129,949)	\$ 145,616

*The accompanying notes are an integral part of these consolidated financial statements.*

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

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### 1. NATURE OF OPERATIONS

GreenFirst Forest Products Inc. ("GreenFirst", or the "Company") is an Ontario-based forest products company operating four sawmills located in Ontario, Canada. The Company manufactures and markets a broad range of spruce-pine-fir ("SPF") lumber products primarily for use in residential and commercial construction. By-products generated from lumber production are sold to pulp producers and other industrial customers.

On July 2, 2024, GreenFirst announced its plan to spin-out Kap Corporation ("Kap"), which housed the Company's former paper mill operations. The spin-out formed part of the previously announce decentralization and deconsolidation of the paper mill disclosed in the fall of 2023. The spin-out of Kap was completed on November 4, 2024. As a result of the transaction, the Company distributed the assets and liabilities associated with its paper mill operations. Following completion of the spin-out, the Company no longer holds any ownership interest in Kap.

The consolidated statement of loss and comprehensive loss present the results of the paper mill operations as discontinued operations. Refer to Note 4 - Discontinued Operations for additional details.

The Company's head office and registered office is located at 222 McIntyre Street West, Unit 200, North Bay, Ontario, P1B 2Y8. The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "GFP".

### 2. BASIS OF PREPARATION

#### ***Statement of Compliance***

These consolidated financial statements ("Financial Statements") have been prepared in accordance with IFRS<sup>®</sup> Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards"). The policies set out below have been consistently applied to all periods presented unless otherwise noted.

These Financial Statements were authorized for issuance by the Company's Board of Directors ("Board") on March 25, 2026.

#### ***Basis of Presentation***

These Financial Statements have been prepared under the historical cost basis, except for certain financial instruments and cash-settled deferred share units ("DSUs"), which are measured at fair value at each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, Share-based Payment ("IFRS 2") and measurements that have some similarities to fair value but are not fair value, such as value in use in International Accounting Standard ("IAS") 36, Impairment of Assets.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

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### ***Going Concern***

These Financial Statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will realize its assets and discharge its liabilities in the normal course of business.

For the year ended December 31, 2025, the Company reported a net loss from continuing operations of \$98.8 million and cash used in operating activities of \$10.9 million. As at December 31, 2025, the Company had working capital of \$27.1 million, including cash and cash equivalents of \$3.5 million. In addition, as at December 31, 2025, availability under the revolving portion of the credit facility was \$27.0 million, less \$3.9 million of outstanding letters of credit.

The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows from operations and to maintain compliance with the terms and financial covenants of its credit facility. Cash flows are influenced by several factors, including market prices for lumber, demand for the Company's products, operating performance, productivity improvements, and production and sales volumes.

At the end of each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern and operate in the normal course by reviewing the Company's performance, resources and future obligations. The Company is also dependent on regional supply and demand dynamics for the sale of its by-products. The financial viability of pulp and paper mills, including their reliance on government assistance, may impact demand or pricing for these by-products. A sustained reduction in demand or pricing for by-products could adversely impact sawmill operations and may result in production curtailments or mill closures.

Uncertainty also exists regarding amended duties and newly imposed tariffs affecting the Canadian softwood lumber market. The timing, magnitude and ultimate impact of such duties and tariffs on the Company's operating results and cash flows remain uncertain and are outside the Company's control.

Management also considered the duties liability recognized in connection with the U.S. Department of Commerce's final determination of the Sixth Administrative Review ("AR6"). During 2025, the Company recorded export duties and related interest totaling \$40.4 million based on the final AR6 rate. Cash deposits related to these duties are held in trust by the U.S. Department of Commerce. The ultimate amount of countervailing and anti-dumping duties payable will not be determined until the completion of future administrative reviews and any appeals. The Company reassesses the duties liability at each reporting date using the prescribed methodology and updated sales and cost information.

These conditions indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

During the assessment period and subsequent to December 31, 2025, the Company strengthened its liquidity and financial flexibility through the realization of a \$10.7 million pension surplus, continued support from Export Development Canada on certain lines of credit, and \$30.0 million of financing under the Federal Softwood Lumber Program. While these actions provide additional liquidity, they do not eliminate the underlying uncertainties related to market and operational risks.

Management has prepared cash flow forecasts for the twelve months following December 31, 2025, based on assumptions regarding lumber prices, duty and tariff rates, operating costs and production and sales volumes consistent with recent operating levels. While management believes the assumptions used are reasonable, they are subject to significant estimation uncertainty. Based on these forecasts, management expects that the Company will have sufficient liquidity, including available borrowing

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

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capacity under its credit facility, to fund its operations and meet its obligations as they become due for at least the next twelve months.

These Financial Statements do not include adjustments to the carrying amounts or classifications of assets and liabilities, or related expenses, that would be necessary if the Company were unable to continue as a going concern. Such adjustments could be material.

### ***Basis of Consolidation***

These Financial Statements include the accounts of the Company and the subsidiaries over which the Company has control. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are included in these Financial Statements from the date control is obtained until the date on which control ceases. The financial statements of the subsidiaries are prepared for the same reporting period and apply the same accounting policies. All intercompany balances, transactions and unrealized gains and losses are eliminated on consolidation.

The following is a list of subsidiaries of the Company:

<b>Subsidiary</b>	<b>Jurisdiction</b>	<b>Direct or Indirect Ownership</b>	<b>Date of control and consolidation</b>
2776034 Ontario Inc.	Ontario, Canada	100%	September 8, 2020
GreenFirst Forest Products (QC) Inc.	Quebec, Canada	100%	March 16, 2021
GreenFirst Forest Products (Ontario) Inc.	Ontario, Canada	100%	January 1, 2024

### ***Use of Estimates and Judgments***

The preparation of these Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses and related disclosures at the reporting date. Management also exercises judgment in the process of applying accounting policies.

Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments included in the financial statements are decisions made by Management, based on analysis of relevant information available at the time the decision is made. Judgments relate to the application of accounting policies and decisions applied to the measurement, recognition, and disclosure of financial information.

Information about areas of estimation uncertainty and critical judgments in applying accounting policies, that have the most significant effects on the amounts recognized in the financial statements, are included both below and in the financial statement notes relating to items subject to significant estimation uncertainty and critical judgments

Significant areas requiring estimation and judgment include, but are not limited to:

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

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- Inventory valuation, including the assessment of the net realizable value and the determination of production and logging costs, allocation of manufacturing overhead, and calculation of weighted average costs;
- Recoverability of trade receivables;
- Useful lives of property, plant and equipment and timber licenses;
- Impairment of long-lived assets, including the assessment of indicators and the determination of the recoverable amounts; and
- Measurement of employee future benefit obligations, including discount rates, future compensation increases, and other actuarial assumptions, duties liability, and going concern.

Actual results may differ from these estimates and assumptions, and such differences could be material. The effects of changes in estimates are recognized prospectively in the period of change and in future periods, as applicable.

### **Functional and Presentation Currency**

These Financial Statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

### **Reclassification**

Certain amounts in prior periods have been reclassified to conform with the presentation for the current year.

## **3. MATERIAL ACCOUNTING POLICIES AND ESTIMATES**

### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, deposits held with bank, and short-term, highly liquid investments with original maturities of three months or less at the date of acquisition.

### **Accounts Receivable and Allowance for Expected Credit Losses**

Trade accounts receivable are measured at the net amount expected to be collected. Credit is extended to customers on a short-term basis. The Company maintains an allowance for expected credit losses to reflect the risk of customers being unable to meet their obligations. The allowance is based on historical collection experience, expected losses, and consideration of current and forecasted economic conditions. Outstanding accounts receivable are monitored regularly and adjustments to the allowance are made when there is a significant change in a customer's financial condition or the aging profile of the receivable.

### **Inventory**

Inventory comprises finished goods, work-in-process, raw materials (logs and by-products), and manufacturing and maintenance supplies. Carrying value of inventories are measured at the lower of cost and net realizable value in accordance with IAS 2 - *Inventories*.

Finished goods and work-in-process consist of lumber inventory and includes purchase, production or conversion costs and other costs incurred to bring the inventory to the location and condition on a product by product basis. These costs specifically include purchase price of direct materials, inbound freight, direct labour, manufacturing overhead, and other costs incurred in bringing the inventories to their present location and condition. The inventory produced are costed using a weighted average production cost calculated on a three-month rolling average, adjusted for abnormal costs, as in the case of a curtailment, based on the facility where the lumber was produced. Under vendor managed inventory arrangements, the costs of freight, duties and tariffs are capitalized to the cost of the inventory until the point of sale.

Raw materials consist primarily of log inventory and are costed using a weighted average logging cost calculated on a twelve-month rolling average. Logs purchased from external suppliers are measured at

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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acquisition cost. Manufacturing and maintenance supplies are measured at the lower of cost and replacement cost, which approximates net realizable value.

Net realizable value ("NRV") represents the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to make the sale. Inventories are periodically reviewed for obsolescence, excess quantities and slow-moving items. Write-downs to net realizable value are recognized in profit or loss. Reversals of previous write-downs are recognized in profit or loss to the extent of the original write-down.

The determination of net realizable value requires management to make significant judgments, including expected grade recovery, processing costs, and estimated selling prices. The forestry and lumber industry is highly cyclical, and prices may fluctuate significantly. Inventories are sensitive to short-term market conditions, which may result in write-downs that could reverse in future periods if market prices recover. Management exercises judgment in estimating NRV using available information, including current market prices and recent sales transactions ensuring that such estimates reflect conditions existing at the reporting date.

### ***Property, Plant, and Equipment and Depreciation***

Property, plant and equipment are recorded at cost, which includes purchase price, directly attributable costs such as freight, construction and installation costs, and capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Significant components of an item with different useful lives are accounted for separately (major components).

Depreciation is recognized on a straight-line basis over the estimated useful life of each asset, as follows:

- Buildings and building improvements: 5 to 35 years
- Machinery and equipment: 1 to 25 years
- Road and bridges: 5 to 20 years
- Furniture & fixtures: 5 to 14 years
- Land is not depreciated

Roads and bridges with a useful life greater than one year are capitalized at construction costs, net of any government assistance and are depreciated based on estimated period that the Company will use the road or bridge to access harvestable timber. Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Construction-in-progress includes the purchase price and directly attributable costs incurred to bring the asset to the location and condition necessary for its intended use. Construction-in-progress is not depreciated. Once the asset is complete and ready for use, it is transferred to the appropriate property, plant and equipment category and depreciation commences.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary. Gains and losses on disposal or retirement of assets are recognized profit or loss.

Maintenance and repair costs are expensed as incurred, whereas costs that enhance or extend the useful life of an asset are capitalized.

### ***Timber Licences***

Timber licences include tree farm licences, forest licences, and other timber licences. They are carried at cost less accumulated amortization and any impairment losses. Timber licences are amortized on a straight-line basis over the term of the licence and expected renewal periods. Renewable timber licences are deemed by the Company to have a useful life of 40 years.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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### **Leases**

At the commencement of a lease, the Company recognizes a right of use ("ROU") asset and a lease liability on the statement of financial position. The ROU asset is initially measured at cost, comprising the initial measurement of the lease liability, any initial direct costs, estimates of costs to dismantle or restore the underlying asset, and any lease payments made in advance of the lease commencement date (less any lease incentives received).

The ROU asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life or the end of the lease term. The ROU asset is also assessed for impairment when indicators exist.

The lease liability is initially measured at the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease if readily determinable, or the Company's incremental borrowing rate. Lease payments included in the measurement comprise: fixed payments (including in substance fixed payments), variable payments based on an index or rate, amounts expected under residual value guarantees, and payments arising from options reasonably certain to be exercised.

After initial recognition, the lease liability is reduced for lease payments made and increased for interest expense. It is remeasured to reflect lease modifications, reassessments, or changes in in-substance fixed payments. Adjustments arising from remeasurement are applied to the ROU asset, or recognized in profit or loss if the ROU asset has been reduced to zero.

The Company has elected to apply the practical expedients permitted under IFRS 16, for short-term leases and leases of low-value assets. Payments for these leases are recognized in profit or loss on a straight-line basis over the lease term, and no ROU asset or lease liability is recognized.

ROU assets and non-current lease liabilities are presented separately on the statement of financial position, while short-term lease liabilities are included in other liabilities.

### **Impairment of Non-Financial Assets**

The Company reviews non-financial assets, including property, plant and equipment, ROU assets, and timber licenses, for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable.

Cash generating units ("CGUs") are assessed at the lowest level for which cash inflows are largely independent of those of other assets or groups of assets. The recoverable amount of an asset, CGU, or CGU group is the greater of its value in use and its fair value less cost to sell.

Value in use is determined by discounting the estimated future cash flows expected from an asset, CGU, or group of CGUs to their present value using a pre-tax discount rate. The rate reflects current market assessments of the time value of money and the specific risks associated with the asset or CGU. Cash flow projections include only items within management's control and are based on historical performance as well as management's expectations of expected future operations, including expected revenues, operating costs, and capital expenditures necessary to maintain the asset.

Fair value less cost to sell ("FVLCD") represents the amount obtainable from the sale of an asset, CGU or group of CGU in an arm's-length transaction between knowledgeable, willing parties, less the costs to sell. Costs to sell are incremental costs directly attributable to the sale, excluding financing costs and income taxes.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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An impairment is recognized in profit or loss when the carrying amount of any asset, CGU, or CGU group exceeds its recoverable amount. For CGUs, impairment losses are first allocated to reduce the carrying amount of any goodwill and then to the remaining assets, CGU or CGU group on a pro rata basis.

At each reporting date, the Company assesses previously recognized impairment losses for any indications that the loss may no longer exist or has decreased. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no prior impairment been recognized.

### **Decommissioning Obligations**

Decommissioning obligations relate to obligations for landfill closure and other site remediation costs. The Company recognizes the present value of a liability for decommissioning obligations in the period that a reasonable estimate can be made. The present value of the liability is added to the carrying amount of the associated asset and amortized over its useful life. When no associated asset exists, the liability is recognized directly in net income (loss).

Decommissioning obligations are reviewed annually. Changes in estimates result in an adjustment of the carrying amount of the associated asset, or where no asset exists, the liability is credited or charged to net income (loss).

Decommissioning obligations are discounted at the risk-free rate at the reporting date and accreted over time through periodic charges to net income (loss). The liabilities are reduced by actual costs incurred in settlement.

### **Revenue Recognition and Measurement**

Revenue is recognized in accordance with IFRS 15 - *Revenue from Contracts with Customers* when the Company satisfies its performance obligations under the terms of a contract with a customer. The majority of the contracts have a single performance obligation to transfer products. Accordingly, revenue is recognized when control of the product passes to the customer, which generally occurs upon delivery to a location in accordance with terms of the sale. Changes in contract terms, as well as the timing of orders and shipments, may affect the timing of revenue recognition.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring its products and is generally based upon contractual arrangements with customers or published indices. Revenue includes amounts charged to customers for shipping and handling. The Company sells products both directly to customers, typically under agreements with payment terms less than 15 days for lumber sales and less than 60 days for by-products. Freight costs are recorded in cost of sales and duties and tariffs are recorded in duties in the statement of loss and comprehensive loss.

Net sales exclude value-added sales and other taxes collected concurrently with revenue-generating activities.

The Company's contracts may give rise to variable consideration, including sales volume-based rebates to customers. The Company estimates sales volumes at the beginning of the period and records a rebate accrual for each purchase toward the requisite rebate volume. These estimated rebates are included in the transaction price as a reduction to net sales.

For inventory held at customer or third-party locations under vendor-managed inventory arrangements, revenue is recognized when control transfers, rather than upon delivery to the warehouse. Such inventory is recorded on the Company's balance sheet until the transfer of control occurs.

# GREENFIRST FOREST PRODUCTS INC.

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(In thousands of Canadian dollars unless otherwise stated)

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Contract liabilities primarily relate to prepayments received from customers before revenue is recognized and sales volume rebates payable to customers. These amounts are included in other liabilities (Note 11).

### **Discontinued operations**

A discontinued operation is a component of the Company's business whose operations and cash flows can be clearly distinguished from the rest of the Company and that:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area; or
- Is a subsidiary acquired exclusively with a view to resale.

An operation is classified as discontinued operation at the earlier of disposal or when it meets the criteria to be classified as held for sale or distribution.

When an operation is classified as discontinued, the comparative statements of income (loss) and comprehensive income (loss) are re-presented as if the operation had been discontinued from the start of the comparative year. Results of discontinued operations are excluded from continuing operations and are presented as a single amount, net of income taxes, as net earnings from discontinued operations in the consolidated statements of earnings (loss).

Cash flows of the discontinued operations are included in the consolidated statements of cash flows, which have not been restated for discontinued operations. Details of cash flows from discontinued operations are disclosed in the notes to the financial statements. The consolidated statements of financial position are also not restated for discontinued operations.

### **Duties**

Countervailing ("CVD") and anti-dumping ("ADD") rates apply retroactively for each period of review. The Company records CVD and ADD as export duty expense at the cash deposit rate until an Administrative Review establishes the final applicable rate for the period.

The difference between cumulative cash deposits paid and cumulative export duty expense recognized for a completed Administrative Review period completed is recorded as export duty deposits receivable or payable on the balance sheet.

Any difference between the cash deposit amount and the amount ultimately due under the final Administrative Review rate accrues interest based on the U.S. federally published interest rate. Interest income on our duty deposits receivable, net of any interest expense on our duty deposits payable, is recognized using this rate.

### **Employee Benefit Plans**

The determination of expense and funding requirements for the Company's defined benefit pension and post-retirement health care and life insurance plans are largely based on actuarial assumptions. Key assumptions include discount rates, expected return on plan assets, salary increases, health care cost trends, mortality rates, longevity and service lives of employees.

Changes in the funded status of the Company's plans are recognized through other comprehensive income (loss) in the year in which they occur. Actuarial gains and losses, arising when actual experience differs from actuarial assumptions, are reflected in accumulated other comprehensive income (loss), net of taxes. When the calculation results in a net benefit asset, the recognized asset is limited to the sum of any unrecognized past service costs and the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions (the "asset ceiling"). In calculating the

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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present value of economic benefits, consideration is given to minimum funding requirements that apply to the plan. If it is anticipated that the Company will not be able to recover the value of the net defined benefit asset, after considering minimum funding requirements for future services, the asset is reduced to the amount of the asset ceiling. The impact of the asset ceiling is recognized in other comprehensive income (loss).

Obligations for contributions to employee defined contribution pension plans are recognized in net income (loss) in the periods during which services are rendered by employees.

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation as a result of past service provided by the employee and the obligation can be reliably estimated.

### **Share-based compensation**

#### *Stock options*

Under the Company's Omnibus Equity Incentive Plan, the Company may grant stock options to directors, officers, employees and contractors. Equity-settled stock options are measured at fair value at the grant date using the Black-Scholes option pricing model and recognized compensation expense over the vesting period, based on the Company's estimate of equity instruments that will ultimately vest. Expected forfeitures are estimated at the grant date and adjusted subsequently if actual forfeitures differ from the original estimate. Revisions to the original estimate are recognized in net income (loss) so that cumulative expense reflects the revised estimate. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital, with the related share-based compensation transferred from share-based reserve to share capital.

#### *Restricted Share Units ("RSUs")*

Under the Company's Omnibus Equity Incentive Plan, the Company may grant RSUs to select employees. RSUs are equity-settled share-based payments based on the Company's common share price at the grant date. The fair value of the RSUs is recognized as an expense over the vesting period using the graded vesting approach. Changes in fair value are recognized at each reporting period in net income (loss). Consideration paid by employees on the exercise of RSUs is recorded as share capital, with the related share-based compensation transferred from share-based reserve to share capital.

#### *Performance Share Units ("PSUs")*

Under the Company's Omnibus Equity Incentive Plan, the Company may grant PSUs to select employees with vesting dependent on achieving certain performance targets. PSUs are equity-settled share-based payments based on the Company's common share price at the grant date and are recognized as compensation expense over the vesting period, adjusted for expected forfeitures and the probability of achieving performance conditions. Changes in the estimated outcome of performance targets are recognized in net income (loss). Consideration paid by employees on settlement is recorded as share capital, with the related share-based compensation transferred from share-based reserve to share capital.

#### *Deferred Share Units ("DSUs")*

Under the Company's Omnibus Equity Incentive Plan, the Company may grant DSUs to members of its Board. The DSUs can be equity or cash-settled instruments and are accounted for through stock-based compensation or as a financial liability, respectively. Equity-settled DSUs are fully vested upon issuance and are recorded through stock-based compensation. Cash-settled DSUs are remeasured at each

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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reporting period based on the Company's common share price, with changes in fair value recognized in the statement of loss and comprehensive loss. DSUs vest immediately on the grant date and are settled at the end of the subsequent fiscal year following the director's retirement from the Company's Board.

### **Income Taxes**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable related to previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only when the criteria for offsetting are met.

The Company accounts for deferred income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases, as well as for losses carried forward.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates that are expected to apply in the periods in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in net income (loss) in the period that includes the substantive enactment date. Deferred tax assets are recognized only to the extent that their realization is considered probable.

### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Where uncertainties exist regarding the timing or amount, management exercises judgment in estimating provisions in accordance with IAS 37.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in net income (loss) as a finance expense.

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company classifies its financial liabilities as either financial liabilities at FVTPL or amortized cost. Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in profit or loss. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

### **Financial Instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument in accordance with IFRS 9 - *Financial Instruments*.

Financial assets are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method, except for investments that are measured at fair value through profit or loss. Financial liabilities are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, *Revenue from Contracts with Customers*,

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, where applicable.

Financial assets are derecognized when the contractual rights to the cash flows expire or when the financial asset and substantially all the risks and rewards of ownership are transferred. Financial liabilities are derecognized when the obligation is extinguished, discharged, cancelled, or expires.

### ***Fair Value Measurement***

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market in an orderly transaction between market participants at the measurement date in accordance with IFRS 13 - *Fair Value Measurement*.

A three-level hierarchy is used to prioritize the inputs used in measuring fair value:

*Level 1* — Quoted prices in active markets for identical assets or liabilities.

*Level 2* — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

*Level 3* — Unobservable inputs for the asset or liability that are supported by little or no market activity and are significant to the fair value measurement. This includes certain valuation techniques such as pricing models, discounted cash flows methodologies, and similar techniques that incorporate significant unobservable inputs.

### ***Impairment of Financial Assets***

An expected credit loss (“ECL”) model applies to financial assets measured at amortized cost. The Company’s financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables. The Company applies the simplified approach to impairment for trade and other receivables by recognizing lifetime expected losses on initial recognition through both the analysis of historical defaults and a reassessment of counterparty credit risk in revenue contracts on an annual basis.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants.

For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses. For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

### ***Foreign Exchange***

Transactions in currencies other than the Canadian dollar are recorded at the exchange rates prevailing on the transaction dates or at average rates of exchange where appropriate. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date, with the resulting exchange gain or losses recognized in net income (loss).

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

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Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the transaction date and not subsequent retranslated at subsequent reporting dates.

### **Earnings (Loss) Per Share**

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the period attributable to the common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive instruments, using the treasury stock method. When the inclusion of potentially dilutive shares would increase earnings per share or reduce loss per share, the effect is considered anti-dilutive and diluted earnings (loss) per share is equal to basic earnings (loss) per share.

### **New Accounting Pronouncements Adopted in 2025**

We did not adopt any accounting pronouncements or amendments this period.

### **Recent Accounting Pronouncements Not Yet Adopted**

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements (IFRS 18), which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into the three defined categories of operating, investing, and financing, and by specifying certain defined totals and subtotals. Where company-specific measures related to the income statement are provided, IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management-defined performance measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes. The standard is effective for reporting periods beginning on or after January 1, 2027 with retrospective application required. The Company is currently assessing the effect of this new standard on our financial statement presentation.

No other standards or amendments or interpretations to existing standards issued but not yet adopted are currently considered by the Company to be significant or likely to have a material impact on future financial statements.

## **4. DISCONTINUED OPERATIONS**

### **Kap Corporation**

On November 4, 2024, the Company completed its spin-out transaction of its paper operations as the next step of its decentralization plan announced earlier in the year. As a result of the spin-out, the Company distributed the assets and liabilities associated with the Company's paper operations to Kap Paper Inc., a wholly owned subsidiary of Kap Corporation, at book value through an equity distribution. The Company closed the Plan of Arrangement that resulted in the distribution of the outstanding shares of Kap Corporation to the Company's shareholders on the basis of one common share of Kap Corporation for each ten common shares (post-consolidation) of the Company. The fair market value of these shares was equal to the equity distribution from the Company's share capital for the assets and liabilities distributed to the shareholders of Kap Corporation on November 4, 2024.

The comparative consolidated statement of loss and comprehensive loss along with all other relevant notes have been prepared to separately show the discontinued operations from the Company's continuing operations.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

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	November 4, 2024
Assets distributed to Kap Paper Inc	\$ 61,682
Liabilities distributed to Kap Paper Inc	(55,427)
Accumulated other comprehensive income distributed to Kap Paper Inc	(1,104)
Equity disbursements to Kap Paper Inc Spin-off	(5,151)
<b>Loss on spin-off recorded in net loss from discontinued operations</b>	<b>\$ —</b>

<b>Transactions related costs</b>	<b>224</b>
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Transaction related costs amounting to \$0.2 million was incurred by the Company in continuing operations and have been included in the equity disbursement to Kap Paper Inc as part of the spin-off during the year ended December 31, 2024.

For the year ended	December 31, 2025	December 31, 2024
Net sales	\$ —	\$ 91,357
Cost of sales	—	(115,691)
Selling, general and administrative expenses	—	(1,870)
Other operating income (expense)	—	457
<b>Operating loss</b>	<b>—</b>	<b>(25,747)</b>
Finance costs, net	—	(95)
<b>Net loss from discontinued operations, before income taxes</b>	<b>—</b>	<b>(25,842)</b>
Deferred tax recovery	—	398
<b>Net loss from discontinued operations</b>	<b>\$ —</b>	<b>\$ (25,444)</b>

For the periods ended	December 31, 2025	December 31, 2024
<b>Total cash (used in) operating activities</b>	<b>\$ —</b>	<b>\$ (16,774)</b>
<b>Total cash (used in) investing activities</b>	<b>—</b>	<b>(471)</b>
<b>Total cash provided by financing activities</b>	<b>—</b>	<b>24,991</b>

### Chip sales to Kap Paper Inc

The Company sells a portion of its by-products to Kap Paper Inc. as a key input in its operations. Kap Paper Inc. is an external third-party customer to the Company post spin-out, the net sales associated with Kap Paper Inc. for the year ended December 31, 2025 was \$10.2 million (December 31, 2024 - \$14.0 million).

### Transition Services Agreement (“TSA”)

The Company has entered into a TSA with Kap Paper Inc. under which certain general and administrative expenses, including employee salaries, electricity and other support expenses are allocated between the parties in accordance with the terms of the TSA. Amounts payable under these arrangements are recorded in the period in which the services are received or costs incurred. The Company also entered into a long-term lease with Kap Paper Inc. related to the land and buildings which the Kapuskasing sawmill is located on.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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### 5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

<b>For the year ended</b>	<b>December 31, 2025</b>	<b>December 31, 2024<sup>(1)</sup> Adjusted</b>
Salaries and benefits	\$ 7,950	\$ 7,722
Third party fees and other services	4,357	6,032
Administration, office and facility costs	3,093	3,097
<b>Total selling, general and administrative expenses</b>	<b>\$ 15,400</b>	<b>\$ 16,851</b>

<sup>(1)</sup> Certain prior period amounts have been adjusted from salaries and benefits. See below.

#### ***Prior Period Adjustment of Certain Costs***

During the current year, the Company identified that certain costs previously capitalized to inventory and subsequently expensed as cost of sales was more appropriately categorized as selling, general and administrative expenses during the year ended December 31, 2024. The impact on the December 31, 2024 inventory balance was not material and has not been adjusted in these consolidated financial statements. The Company has recorded a reclassification \$4.8 million to reduce cost of sales and increase selling, general and administrative expenses in the 2024 financial statements. This adjustment has no impact on net loss, the statement of cash flows or the statement of changes in shareholders' equity.

<b>For the year ended December 31, 2024</b>	<b>Previously</b>		<b>As</b>
<b>Consolidated statement of loss and comprehensive loss</b>	<b>Reported</b>	<b>Adjustment</b>	<b>Adjusted</b>
Cost of sales	\$ (275,697)	\$ 4,774	\$ (270,923)
Selling, general and administrative expenses	(12,077)	(4,774)	(16,851)

### 6. FINANCE COSTS, NET

<b>For the year ended</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Interest on revolving portion of the credit facility	\$ 710	\$ 2,223
Interest on Equipment Term Loan	957	822
Accretion expense related to vendor-take back mortgage	(696)	—
Amortization of capitalized financing fees (Note 14)	10	397
Interest (income)/expense on duties deposits/liability	6,645	(3,999)
Accretion expense for lease liabilities	478	418
Accretion expense related to Rayonier Credit Note	183	315
Interest income	(339)	(145)
Net interest expense (income) on pension plans and post-retirement obligations	139	(532)
Bank charges and other	1,464	1,816
<b>Finance costs, net</b>	<b>\$ 9,551</b>	<b>\$ 1,315</b>

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

### 7. TRADE AND OTHER RECEIVABLES

<b>As at</b>	<b>December 31, 2025</b>	December 31, 2024
Accounts receivable, trade	\$ 13,323	\$ 7,327
Value added tax receivable	1,732	2,540
Accounts receivable, other	5,076	6,527
Allowance for expected credit losses	(158)	(158)
<b>Total trade and other receivables</b>	<b>\$ 19,973</b>	<b>\$ 16,236</b>

### 8. INVENTORY

<b>As at</b>	<b>December 31, 2025</b>	December 31, 2024
Finished goods	\$ 24,090	\$ 26,938
Work-in-process	14,109	16,574
Raw materials	16,986	25,617
Manufacturing and maintenance supplies	1,148	1,259
<b>Total inventory</b>	<b>\$ 56,333</b>	<b>\$ 70,388</b>

As at December 31, 2025, the Company recorded an inventory provision of \$18.8 million (December 31, 2024 - \$0.02 million) to write down inventory to its net realizable value where net realizable value was lower than cost. The write-down was recorded in cost of sales in the consolidated statement of loss and comprehensive loss.

### 9. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Machinery & Equipment	Roads & Bridges	Furniture & Fixtures	Construction- in-progress	Total
<b>Gross carrying amount:</b>						
Balance, January 1, 2025	12,170	94,249	14,294	194	3,229	124,136
Additions	—	—	—	—	30,007	30,007
Transfers	649	27,518	1,969	—	(30,136)	—
Disposals	—	—	—	—	—	—
Impairment	—	(15,323)	(3,343)	—	—	(18,666)
<b>Balance, December 31, 2025</b>	<b>\$ 12,819</b>	<b>\$ 106,444</b>	<b>\$ 12,920</b>	<b>\$ 194</b>	<b>\$ 3,100</b>	<b>\$ 135,477</b>
<b>Accumulated depreciation:</b>						
Balance, January 1, 2025	(3,158)	(34,668)	(4,711)	(48)	—	(42,585)
Depreciation	(946)	(11,161)	(1,091)	(15)	—	(13,213)
Impairment	—	8,830	836	—	—	9,666
<b>Balance, December 31, 2025</b>	<b>\$ (4,104)</b>	<b>\$ (36,999)</b>	<b>\$ (4,966)</b>	<b>\$ (63)</b>	<b>\$ —</b>	<b>\$ (46,132)</b>
NBV, January 1, 2025	\$ 9,012	\$ 59,581	\$ 9,583	\$ 146	\$ 3,229	\$ 81,551
<b>NBV, December 31, 2025</b>	<b>\$ 8,715</b>	<b>\$ 69,445</b>	<b>\$ 7,954</b>	<b>\$ 131</b>	<b>\$ 3,100</b>	<b>\$ 89,345</b>

# GREENFIRST FOREST PRODUCTS INC.

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For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

	Land & Buildings	Machinery & Equipment	Roads & Bridges	Furniture & Fixtures	Construction-in-progress	Total
<b>Gross carrying amount:</b>						
Balance, January 1, 2024	\$ 27,799	\$ 85,703	\$ 9,821	\$ 461	\$ 33,144	\$ 156,928
Additions	—	—	—	—	8,419	8,419
Transfers	842	30,459	4,473	—	(35,947)	(173)
Disposals	(6,738)	(3,116)	—	(267)	—	(10,121)
ARO and Other Adjustments	502	548	—	—	79	1,129
Transferred to Kap Paper in spin-off (Note 4)	(10,235)	(19,345)	—	—	(2,466)	(32,046)
<b>Balance, December 31, 2024</b>	<b>\$ 12,170</b>	<b>\$ 94,249</b>	<b>\$ 14,294</b>	<b>\$ 194</b>	<b>\$ 3,229</b>	<b>\$ 124,136</b>
<b>Accumulated depreciation:</b>						
Balance, January 1, 2024	\$ (3,191)	\$ (27,436)	\$ (3,367)	\$ (87)	\$ —	\$ (34,081)
Transfers	47	(47)	—	—	—	—
Depreciation	(1,689)	(13,141)	(1,344)	(25)	—	(16,199)
Disposals	611	736	—	64	—	1,411
Transferred to Kap Paper in spin-off (Note 4)	1,064	5,220	—	—	—	6,284
<b>Balance, December 31, 2024</b>	<b>\$ (3,158)</b>	<b>\$ (34,668)</b>	<b>\$ (4,711)</b>	<b>\$ (48)</b>	<b>\$ —</b>	<b>\$ (42,585)</b>
NBV, January 1, 2024	\$ 24,608	\$ 58,267	\$ 6,454	\$ 374	\$ 33,144	\$ 122,847
<b>NBV, December 31, 2024</b>	<b>\$ 9,012</b>	<b>\$ 59,581</b>	<b>\$ 9,583</b>	<b>\$ 146</b>	<b>\$ 3,229</b>	<b>\$ 81,551</b>

### Impairment of assets

During the year ended December 31, 2025, the Company identified indicators of impairment related to its operations. These indicators included continued weakness in market prices for lumber, macro-economic conditions and elevated duties and tariff rates. As a result, the Company performed an impairment assessment of its lumber operations CGU, which represents the lowest level at which largely independent cash inflows are generated. The Company's lumber manufacturing, and related forestry assets are highly integrated and operate collectively to generate cash inflows. Accordingly, the Company assesses impairment at the lumber operations CGU level rather than at individual facility levels. The Company has determined it has one CGU for purposes of assessing impairment.

The recoverable amount was determined based on the value-in-use of the Company's CGU using a discounted cash flow approach. Given the cyclical nature of the forest products industry, cash flows were projected over a 5-year period, plus terminal value, adjusted for actual near-term operating results and the board approved business plan.

The key assumptions used in the assessment reflect expected future trends in the forest products industry and are based on both external sources and internal historical data. Significant assumptions include future lumber prices, sales volumes, log and production costs, other costs, softwood lumber duty and tariff rates, capital expenditures, terminal growth rates, and the discount rate applied to project cash flows.

A post-tax discount rate of 12% (pre-tax rate of 13%) was applied in determining the recoverable amount of the CGU. The discount rate was estimated with reference to market data, company-specific risks, and the Company's targeted capital structure. Inflation rates of 2.0% were applied to projected Canadian cash flows, respectively, which represent long-term historical averages and future outlook.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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(In thousands of Canadian dollars unless otherwise stated)

As at December 31, 2025, the recoverable amount of the CGU was lower than its carrying value by \$9.0 million. As outlined in IAS 36, in allocating an impairment loss, an entity shall not reduce the carrying amount of an asset below the higher of its FVLCD, VIU and zero. The Company performed a valuation assessment of the Timber Licenses and ROU assets and determined that the FVLCD exceed their carrying value. The impairment has been allocated to property and equipment on a pro-rata basis to assets within the CGU based on their carrying values as all the assets of the CGU work together.

The Company performed sensitivities to key assumptions used in the impairment test and determined the following if all other assumptions were held constant:

- A 0.5% increase in the pre-tax discount rate would decrease the estimated recoverable amount by \$7.1 million and a 0.5% decrease in the pre-tax discount rate would increase the estimated recoverable amount by \$7.8 million.
- A 0.5% increase in the terminal growth rate would increase the estimated recoverable amount by \$3.8 million and a 0.5% decrease in the terminal growth rate would decrease the estimated recoverable amount by \$3.4 million.

### Sale of Kenora assets

On December 6, 2024 the Company entered into an agreement to sell its interest in approximately 118 acres of private forest land to the Kenora Chiefs Advisory (“KCA”) for a total cash consideration of \$5.0 million. Upon execution of the agreement the Company received cash proceeds of \$2.9 million net of legal fees with the remaining \$2.1 million to be received through an interest bearing vendor-take-back (“VTB”) mortgage. The VTB was contractually repayable in installments of \$0.6 million in July 2025 and \$1.5 million in December 2034. The Company measured the VTB at its present value of \$1.4 million at initial recognition.

As a result of this transaction the Company recognized a gain on the sale of the land of \$2.3 million. In addition, a portion of the Kenora property, plant and equipment was transferred to the Company’s existing sawmill for net book value of \$1.4 million, and the remaining net book value of \$6.4 million was written off.

During the year ended December 31, 2025, KCA fully settled the outstanding VTB balance, repaying \$2.1 million. As a result of this repayment, the Company recognized \$0.7 million in accretion interest income during the period, in finance costs, net.

### 10. TIMBER LICENCES

<b>Cost</b>	<b>2025</b>	<b>2024</b>
<b>Balance, January 1 and December 31</b>	<b>\$ 11,814</b>	<b>\$ 11,814</b>
<b>Accumulated Amortization</b>		
Balance, January 1	\$ (984)	\$ (689)
Amortization	(296)	(295)
<b>Balance, December 31</b>	<b>\$ (1,280)</b>	<b>\$ (984)</b>
<b>Net book value, December 31</b>	<b>\$ 10,534</b>	<b>\$ 10,830</b>

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

### 11. OTHER LIABILITIES

As at	December 31, 2025	December 31, 2024
Accrued payroll and benefits	\$ 4,015	\$ 6,508
Customer prepayments	246	160
Deferred revenue	2,257	1,054
Accrued utilities charges	982	600
Stumpage liabilities	2,523	4,031
Rayonier Credit Note, current portion	1,510	1,580
Accrued interest	34	30
Other	19	14
<b>Total other current liabilities</b>	<b>\$ 11,586</b>	<b>\$ 13,977</b>

At December 31, 2025, the Company's other long-term liabilities consisted of nil (December 31, 2024 - \$1.3 million) related to the long-term portion of the Rayonier Credit Note and \$0.2 million (December 31, 2024 - \$0.2 million) related to decommissioning obligations.

### 12. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Company's leases primarily relate to land for production facilities, corporate offices, warehouse space, rail cars and equipment. As of December 31, 2025, lease terms range from 1 to 10 years with standard renewal and termination options at the Company's discretion. Certain equipment leases include purchase options at the end of the term of the lease, which are not included in the lease liabilities or right of use assets, as it is not reasonably certain that the Company will exercise them. The lease agreements do not contain any material residual value guarantees or restrictive covenants.

Lease liabilities are measured at the present value of lease payments, using the Company's incremental borrowing rate unless an implicit or explicit interest rate is specified in the lease.

The Company's lease liabilities consist of the following:

Lease liability	2025	2024
Balance, January 1	\$ 6,434	\$ 1,399
Modifications	96	—
Additions	1,224	6,309
Accretion expense for lease liabilities	478	418
Repayment of lease obligations	(1,963)	(1,692)
Total lease liability	6,269	6,434
Less: Current portion	(1,383)	(1,260)
<b>Balance, December 31</b>	<b>\$ 4,886</b>	<b>\$ 5,174</b>

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

The following sets forth commitments related to the lease liabilities:

	<b>Lease payments</b>		<b>Interest</b>		<b>Lease Liability</b>
2026	\$ 1,799	\$	416	\$	1,383
2027	1,546		354		1,192
2028	890		302		588
2029	844		258		586
2030 and thereafter	3,130		610		2,520
	<b>\$ 8,209</b>	<b>\$</b>	<b>1,940</b>	<b>\$</b>	<b>6,269</b>

The Company's ROU asset balance is comprised of the following:

<b>ROU assets</b>		<b>2025</b>		<b>2024</b>
Balance, January 1	\$	6,051	\$	1,276
Modifications		96		—
Additions		1,224		6,309
Depreciation for ROU assets		(1,652)		(1,534)
<b>Balance, December 31</b>	<b>\$</b>	<b>5,719</b>	<b>\$</b>	<b>6,051</b>

### 13. PENSION AND OTHER POST-RETIREMENT BENEFITS

#### *Defined Benefit Plans*

The Company has assumed certain defined benefit pension and other post-retirement plans covering certain union and non-union employees in Canada. Benefits under the defined pension plans are based on years of service and compensation levels. The defined benefit pension plans are closed to new participants. New participants are enrolled in the Company's defined contribution plan.

Defined benefit pension and other post-retirement plan liabilities are calculated using actuarial estimates and management assumptions. These estimates are based on historical information, along with certain assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause the estimates to change.

The following tables set forth the changes in the accrued benefit obligation and plan assets and reconciles the funded status and the amounts recognized in the consolidated statement of financial position for the defined benefit pension and post-retirement plans as at December 31, 2025:

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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(In thousands of Canadian dollars unless otherwise stated)

Plan assets	2025		2024	
	Pension	Post-retirement	Pension	Post-retirement
<b>Fair value of plan assets</b>				
Fair value of plan assets, January 1	\$ 13,312	\$ —	\$ 81,715	\$ —
Interest income	1,084	—	2,998	—
Remeasurements - actuarial loss	(920)	—	(1,276)	—
Actuarial gain/(loss) due to asset ceiling	12,880	—	(16,319)	—
Employer contributions (transfers)	(10,871)	—	88	—
Administration costs paid by plan	(1,077)	—	(1,057)	—
Benefits paid	(1,912)	—	(2,458)	—
Non-routine curtailments and settlements	—	—	(26,479)	—
Asset transfers related to Kap Paper Inc. spin-off	—	—	(23,900)	—
Fair value of plan assets, December 31	\$ 12,496	\$ —	\$ 13,312	\$ —
<b>Benefit obligation</b>				
Benefits obligation, January 1	\$ (14,509)	\$ (1,259)	\$ (62,410)	\$ (4,221)
Current service cost	(525)	(5)	(1,165)	(5)
Past service costs	(1,488)	—	—	—
Interest expense	(1,166)	(56)	(2,176)	(58)
Non-routine curtailments and settlements	—	—	27,304	—
Divestitures related to Kap Paper Inc. spin-off	—	—	19,422	2,902
Remeasurements:				
Change in membership experience	284	23	1,220	—
Changes in financial assumptions	411	—	838	—
Changes in demographic assumptions	1,568	—	—	—
Benefits paid	1,912	117	2,458	123
Benefit obligation, December 31	\$ (13,513)	\$ (1,180)	\$ (14,509)	\$ (1,259)
Net defined benefit asset (liability), December 31	\$ (1,017)	\$ (1,180)	\$ (1,197)	\$ (1,259)

Recognized on the statement of financial position	Pension	Post-retirement	Total
Pension plans in asset positions	\$ 687	\$ —	\$ 687
Post-retirement obligations and pension plans in liability positions	(1,704)	(1,180)	(2,884)
<b>Net asset (liability), December 31, 2025</b>	<b>\$ (1,017)</b>	<b>\$ (1,180)</b>	<b>\$ (2,197)</b>

Recognized on the statement of financial position	Pension	Post-retirement	Total
Pension plans in asset positions	\$ 2,252	\$ —	\$ 2,252
Post-retirement obligations and pension plans in liability positions	(3,449)	(1,259)	(4,708)
<b>Net asset (liability), December 31, 2024</b>	<b>\$ (1,197)</b>	<b>\$ (1,259)</b>	<b>\$ (2,456)</b>

Non-pension, post-retirement plans are unfunded and the Company's contributions are made as required.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

<b>Recognized in other comprehensive income (loss)</b>	<b>Pension</b>	<b>Post-retirement</b>
Remeasurement gains/(losses) from continuing operations	\$ 14,238	\$ 17
Remeasurement gains/(losses) from discontinued operations	—	—
<b>Other comprehensive income (loss) for the period, December 31, 2025</b>	<b>\$ 14,238</b>	<b>\$ 17</b>

<b>Recognized in other comprehensive income (loss)</b>	<b>Pension</b>	<b>Post-retirement</b>
Remeasurement gains/(losses) from continuing operations	\$ (19,710)	\$ 2,902
Remeasurement gains/(losses) from discontinued operations	4,404	(2,902)
<b>Other comprehensive income (loss) for the period, December 31, 2024</b>	<b>\$ (15,306)</b>	<b>\$ —</b>

<b>Components of net periodic benefit cost</b>	<b>Pension</b>	<b>Post-retirement</b>
Service cost	\$ 525	\$ 5
Administrative costs paid from plan	1,077	—
Interest expense	1,166	56
Interest income	(1,084)	—
<b>Net pension cost, year ended December 31, 2025</b>	<b>\$ 1,684</b>	<b>\$ 61</b>

<b>Components of net periodic benefit cost</b>	<b>Pension</b>	<b>Post-retirement</b>
Service cost	\$ 1,165	\$ 5
Administrative costs paid from plan	1,057	—
Non-routine curtailments and settlements	(825)	—
Interest expense	2,176	58
Interest income	(2,998)	—
<b>Net pension cost, year ended December 31, 2024</b>	<b>\$ 575</b>	<b>\$ 63</b>

The estimation of post-retirement benefit obligations involves the use of judgment for matters such as discount rate, return on assets, salary increases, health care cost trends, mortality rates, longevity and service lives of employees. These estimates are determined by management with the assistance of independent actuaries. The significant weighted average actuarial assumptions used to determine our statement of financial position date post-retirement assets and liabilities and our post-retirement benefit plan expenses are as follows:

<b>Pension and other post-retirement benefit assumptions for 2025</b>	<b>Pension</b>	<b>Post-retirement</b>
<b>Benefit obligations:</b>		
Discount rate	3.40% to 4.93%	4.80 %
Future compensation rate increases	2.50 %	—
<b>Net periodic benefit cost assumptions:</b>		
Discount rate	3.40% to 4.93%	4.80 %
Compensation rate increases	2.50 %	—

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

<b>Pension and other post-retirement benefit assumptions for 2024</b>	<b>Pension</b>	<b>Post-retirement</b>
Benefit obligations:		
Discount rate	3.40% to 7.05%	4.60 %
Future compensation rate increases	2.50 %	—
Net periodic benefit cost assumptions:		
Discount rate	3.40% to 7.05%	4.60 %
Compensation rate increases	2.50 %	—

Health-care benefit costs, shown under other post-retirement benefit plans, are funded on a pay-as-you-go basis. The actuarial assumptions for extended health-care costs are estimated to increase 5.75%, grading down to 5.00% by 0.25% per year thereafter.

The impact of a 1% change in certain assumptions used in the estimates of pension and post-retirement benefits are as follows:

<b>Sensitivity to a 1% change in certain assumptions for 2025</b>	<b>Pension Obligations</b>	<b>Post-retirement Obligations</b>
Discount rate increase	\$ (1,227)	\$ (108)
Discount rate decrease	1,752	129
Health-care cost trend rate increase	n/a	6
Health-care cost trend rate decrease	n/a	(5)

<b>Sensitivity to a 1% change in certain assumptions for 2024</b>	<b>Pension Obligations</b>	<b>Post-retirement Obligations</b>
Discount rate increase	\$ (1,510)	\$ (118)
Discount rate decrease	1,874	143
Health-care cost trend rate increase	n/a	6
Health-care cost trend rate decrease	n/a	(6)

<b>Weighted average duration of defined benefit obligations in years</b>	<b>2025</b>	<b>2024</b>
Pension	12.4	12.4
Post retirement	18	19

<b>Pension plan asset category allocation</b>	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	3 %	1 %
Canadian equity	3 %	1 %
Foreign equity	7 %	4 %
Bonds	87 %	94 %
	<b>100 %</b>	<b>100 %</b>

The next regulatory prescribed actuarial valuation date for the defined benefit plans is January 1, 2027. Contributions to the unfunded plans, which are part of the defined benefit plans, and other post-retirement obligations in 2026, based on the most recent actuarial reports, are expected to amount to \$263 (December 31, 2024 - \$330).

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

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### ***Defined Contribution Plan***

New participants in the Company's pension plans are enrolled in the defined contribution plans. Under the defined contribution plans, the Company is required to make contributions to the plan equal to 6% of the member's remuneration for the pay period amounting to \$710 for the period (December 31, 2024 - \$663).

### ***Pension Surplus Distribution***

On December 18, 2025, the Company received regulatory approval from the Financial Services Regulatory Authority of Ontario ("FSRA") to distribute surplus assets from its closed defined benefit pension plan for the Kapuskasing Organized Employees of GreenFirst Forest Products (QC) Inc. The plan was wound up on November 1, 2024, in a surplus position.

The surplus assets were distributed to eligible members, with the Company retaining the remaining surplus of \$10.7 million. As a result of the surplus distribution, the previously recognized asset ceiling restriction was fully reversed. The reversal of the asset ceiling, which had previously limited recognition of the defined benefit surplus, was recorded as a remeasurement gain, net of a tax expense of \$2.84 million in other comprehensive loss.

### ***Buy-out Group Annuity of Certain Pension Plans***

On August 9, 2024, the Company purchased a buy-out group annuity, transferring the pension plan assets of \$26.5 million to a Canadian insurance company. The corresponding defined benefit obligations of \$27.3 million were settled, resulting in a net settlement gain of approximately \$0.8 million during the year.

Under the terms of the group annuity transaction, the Canadian insurance company assumes responsibility for all pension payments. This includes payments to current pensioners and beneficiaries, as well as former employees who are entitled to a deferred pension that will begin when they retire. The Canadian insurance company began administering the pensions covered by the group annuity in November 2024. The group annuity purchase did not require any additional cash funding from the Company.

### ***Pension Splitting***

Effective January 1, 2024, a portion of the assets of the Company's defined contribution component and the full defined contribution component of its pension plans were transferred to two new plans registered under the Pension Benefits Act, 1990 (Ontario). The transfer received regulatory approval from FSRA on September 26, 2024 and was processed on November 1, 2024.

One of the new pension plans was registered under Kap Paper Inc. and transferred as part of the spin-off of the Company's paper operations on November 4, 2024. The transfer included \$23.9 million of plan assets and \$19.4 million of related post-retirement liabilities for the affected employees, effective January 1, 2024. The difference between the assets and liabilities was recognized in the Company's consolidated financial statements.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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(In thousands of Canadian dollars unless otherwise stated)

### 14. LONG-TERM DEBT

#### GreenFirst Credit Facility

The Company's credit facility as at December 31, 2025 and 2024 is as follows:

<b>Continuity of credit facility</b>	<b>2025</b>	<b>2024</b>
Balance, January 1,	13,704	22,648
Net proceeds from revolving portion of credit facility	18,000	(13,000)
Repayment of Credit Facility related to Kap Term Loan	—	(10,000)
Unamortized deferred financing charges on Credit Facility	(35)	352
Proceeds from Equipment Term Loan	—	15,618
Repayment of Equipment Term Loan	(2,816)	(1,914)
<b>Carrying value of credit facility, December 31,</b>	<b>28,853</b>	<b>13,704</b>
Less: current portion of Credit Facility	(3,041)	(2,816)
<b>Long-term portion of Credit Facility</b>	<b>25,812</b>	<b>10,888</b>

Contractual minimum principal repayments related to the credit facility are due as follows:

Less than 1 year	\$	3,041
1 - 3 years		24,793
Thereafter		1,019
<b>Total</b>	<b>\$</b>	<b>28,853</b>

As at December 31, 2025, the Company had \$18.0 million outstanding under the revolving portion of its credit facility (December 31, 2024 - nil), reflecting net drawdowns of \$18.0 million during the year.

As at December 31, 2025, the Company had \$10.9 million outstanding under the equipment financing portion of the credit facility, structured as a term loan (December 31, 2024 - \$13.7 million). The Equipment Term Loan has a 60-month term and is repayable in monthly installments of principal and interest. Borrowings under this portion of the facility are supported by specific strategic capital expenditure projects and the value of certain existing equipment.

Under the amended and restated credit agreement, the maximum borrowing capacity is \$60.0 million for the revolving portion (December 31, 2024 - \$60.0 million) and \$25.0 million for the equipment financing portion (December 31, 2024 - \$25.0 million). Availability under the revolving portion of the facility is based on a prescribed percentage of eligible accounts receivable and inventory carrying value, less applicable reserves, as defined in the credit agreement. The Company is also subject to restrictions on annual capital expenditures relative to approved budgets. As at December 31, 2025, the Company was in compliance with all covenants under the credit facility.

During the year ended December 31, 2025, the Company amortized \$10 thousand of deferred financing costs related to the credit facility (December 31, 2024 - \$0.4 million).

At December 31, 2025, the Company had \$17.6 million of standby letters of credit outstanding (December 31, 2024 - \$5.4 million) that were backstopped by a third-party financial institution and did not reduce availability under the credit facility. In addition, standby letters of credit totalling \$3.9 million were issued under the credit facility (December 31, 2024 - \$8.3 million). Included in these standby letters of credit were \$3.9 million (December 31, 2024 - \$5.0 million) issued in favor of Kap Paper Inc. As at December 31, 2024, the Kap Paper letters of credit were backstopped by a third-party financial institution and did not reduce availability. The Company had provided indemnification to the issuing financial institution. As at

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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December 31, 2025, these letters of credit are no longer backstopped and therefore reduce availability under the credit facility.

### 15. U.S. COUNTERVAILING (“CVD”) AND ANTI-DUMPING DUTY (“ADD”) DEPOSIT

In late 2016, a petition was filed by the U.S. Lumber Coalition and other petitioners seeking CVD and ADD on Canadian softwood lumber imports to the U.S. On January 6, 2017, a preliminary determination was announced by the U.S. International Trade Commission (“ITC”) that there was reasonable indication that the U.S. industry is materially injured by imports of softwood lumber products from Canada. Subsequently, the U.S. Department of Commerce (“DOC”) imposed duties on Canadian shipments of softwood lumber into the U.S. As each DoC Administrative Review (“AR”) of a shipment year is completed, final rates are published in the federal register and a revised cash deposit rate is established until publication of final rates of the next AR. The Company expenses export taxes at the cash duty deposit rate as lumber shipments are made. Where final duty rates differed from cash deposit rates, the Company recognized revisions to its export tax expense. For accounting purposes, a net duty deposit receivable or liability is recorded reflecting differences between the cash deposit rates and the Company’s combined accrual rates for each period of review, plus accrued interest receivable/payable.

The following table summarizes the cash deposit rates in effect, including preliminary and final revised rates by period:

<b>Effective dates for combined CVD and ADD</b>	<b>Cash deposit rates in effect</b>	<b>Final Rate</b>
<b>Fourth administrative review</b>		
August 28, 2021 - December 31, 2021	20.23 %	8.05 %
<b>Fifth administrative review</b>		
January 1, 2022 - December 31, 2022	20.23 %	14.40 %
<b>Sixth administrative review</b>		
January 1, 2023 - August 1, 2023	20.23 %	35.16 %
August 2, 2023 - December 31, 2023	8.05 %	35.16 %
<b>Seventh administrative review</b>		
January 1, 2024 - August 18, 2024	8.05 %	Pending
August 19, 2024 - September 18, 2024	14.54 %	Pending
September 19, 2024 - December 31, 2024	14.40 %	Pending
<b>Eighth administrative review</b>		
January 1, 2025 - July 28, 2025	14.40 %	Pending
July 29, 2025 - August 11, 2025	27.30 %	Pending
August 12, 2025 - September 7, 2025	35.19 %	Pending
September 8, 2025 - December 31, 2025	35.16 %	Pending

Each Period of Inquiry (“POI”) is subject to independent administrative review by the US DOC. The results of each POI cannot be offset against each other. However, within a POI, ADD and CVD may be offset.

On August 8, 2025, the US DOC’s issued its Final Determination of the Sixth Administrative Review (“AR6”) with respect to imports of softwood lumber products from Canada for 2023. The final duty rate of 35.16% was higher than the Company’s prior assessment for 2023. As a result, the Company recorded a duty expense of \$33.8 million (US\$24.6 million), plus accrued interest of \$6.6 million (US\$4.8 million) in finance costs, net during the year ended December 31, 2025. The total duties liability as at December 31, 2025 was \$40.4 million (December 31, 2024 – nil). Cash deposits are paid at the most recent final ADD

# GREENFIRST FOREST PRODUCTS INC.

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and CVD duty rates and amounts paid to date remain held in trust by the US DOC. The Company has filed a continued suspension of liquidation for entries subject to the rates established in the final results of AR6.

The duties liability is represented as follows:

### Duties liability

Balance, January 1, 2025	\$	—
Export duties related to AR6 recognized as duties liability		33,782
Interest expense related to AR 6 recognized on duties liability		6,645
Foreign exchange gain/(loss)		(66)
<b>Balance, December 31, 2025</b>	<b>\$</b>	<b>40,361</b>

Notwithstanding the deposit rates assigned under the investigations, the Company's final liability for CVD and ADD will not be determined until each annual administrative review and related appeals are concluded.

The Company reassesses the duties receivable/liability estimate at each quarter by applying the US DOC's methodology to updated sales and cost data as it becomes available. Quarterly revisions to the duty deposit rate may result in a material adjustment to the consolidated statement of loss and comprehensive loss during the period in which the administrative reviews are ongoing. In addition, changes to the US DOC's existing CVD and ADD rates during the course of each administrative review may also result in material adjustments to the consolidated statement of loss and comprehensive loss.

### Incremental US Tariffs

On October 14, 2025, the United States imposed a 10% global tariff on the import of softwood timber and lumber, under Section 232 of the 1962 Trade Expansion Act, which included imports from Canada. The incremental US Tariffs was recorded under the Duties caption in the Company's consolidated statement of loss and comprehensive loss.

The following table summarizes the impact of duties, net in the statement of loss and comprehensive loss:

<b>For the year ended</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Duties, deposits	\$ (38,067)	\$ (17,288)
Duties expense attributed to AR6	(33,782)	—
Duties recovery attributed to AR5	—	19,178
<b>Duties, net</b>	<b>\$ (71,849)</b>	<b>\$ 1,890</b>

### Sales of 2021 & 2022 Duties Deposit

On December 16, 2024 the Company entered into a strategic agreement with Mahogany Investors, LLC regarding the sale of its entitlements for refunds of cash duty deposits, including accrued interest, related to duties imposed on Canadian softwood lumber exports to the United States during the 2021 and 2022 periods.

The agreed sale price for these entitlements was US\$17.4 million (\$24.8 million CAD), with the potential for additional proceeds based on the timing and resolution of the ongoing trade dispute. The Company had a nil balance for duty receivable/liability as at December 31, 2024.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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### 16. INCOME TAXES

The provision for income taxes is comprised of the following:

<b>Year ended December 31</b>	<b>2025</b>	<b>2024</b>
Current income tax (expense) recovery	\$ —	\$ —
Deferred income tax (expense) recovery	<b>3,769</b>	(4,454)
<b>Total</b>	<b>\$ 3,769</b>	<b>\$ (4,454)</b>

The reconciliation of income tax recovery computed at statutory tax rates to income tax recovery, using a 26.5% (2023 - 26.5%) statutory rate is:

<b>Year ended December 31</b>	<b>2025</b>	<b>2024</b>
Earnings loss before income taxes from continuing operations	\$ (102,613)	\$ (17,176)
Statutory tax rate	<b>26.5%</b>	26.5%
Tax recovery at statutory tax rate	\$ (27,192)	\$ (4,552)
Non-deductible expenses	<b>814</b>	(924)
Adjustments related to filing of tax returns	<b>(2,055)</b>	2,324
Income taxed at different rates	—	1,202
Tax impact of the sale of discontinued operations	—	(2,919)
Change in unrecognized deferred tax assets	<b>24,664</b>	9,323
<b>Deferred income tax expense (recovery)</b>	<b>\$ (3,769)</b>	<b>\$ 4,454</b>

In addition to the deferred tax expense recorded in net income, a \$3.8 million deferred tax expense was recorded in other comprehensive earnings (loss) for the year ended December 31, 2025 (December 31, 2024 - deferred tax recovery of \$4.5 million) in relation to the remeasurement of the pension plan assets.

Significant components of the Company's recognized deferred tax assets and liabilities are shown below:

<b>As at December 31</b>	<b>2025</b>	<b>2024</b>
<i>Deferred tax assets</i>		
Loss carryforwards	\$ 3,506	\$ 12,317
<b>Recognized deferred tax assets</b>	<b>\$ 3,506</b>	<b>\$ 12,317</b>
<i>Deferred tax liabilities</i>		
Capital assets	\$ (3,407)	\$ (12,317)
Pension assets & liabilities	<b>(99)</b>	—
<b>Recognized deferred tax liabilities</b>	<b>\$ (3,506)</b>	<b>\$ (12,317)</b>
<b>Net deferred tax asset recognized</b>	<b>\$ —</b>	<b>\$ —</b>

The Company has deductible temporary differences and other items for which no deferred tax assets are recognized in the statement of financial position as shown below:

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

<b>As at December 31</b>	<b>2025</b>	<b>2024</b>
Non-capital loss carryforwards	\$ 175,023	\$ 102,392
Capital loss carryforwards (deductible portion)	10,561	4,516
Resource pools	5,397	5,397
Capital assets	19,048	4,709
Other items	9,457	8,073
<b>Unrecognized deferred tax assets</b>	<b>\$ 219,486</b>	<b>\$ 125,087</b>

As at December 31, 2025, the Company has Canadian non-capital losses carried forward in the amount of \$175.0 million. The non-capital losses expire as follows:

<b>Expiry</b>	<b>Loss</b>
2040	\$ 4,774
2041	1,349
2042	29,631
2043	21,769
2044	55,054
2045	62,446
<b>Total</b>	<b>\$ 175,023</b>

## 17. SHAREHOLDERS' EQUITY

### Share Capital

#### Authorized

- Unlimited number of common voting shares with no par value.
- 100,000,000 preferred shares with no par value, none of which are outstanding for the reporting periods presented.

#### Issued and outstanding

Changes to common shares and share capital issued and outstanding are as follows:

	<b>Number of Common Shares</b>	<b>Amount</b>
Balance, January 1, 2024	177,572,272	\$ 254,728
Elimination of common shares to effect a 10:1 consolidation	(159,501,688)	\$ —
Share buy-backs of fractional shareholders	(348,174)	(258)
Shares issued under the rights offering	4,880,340	24,812
Shares issuance costs under the rights offering	—	(140)
Equity disbursements to Kap Paper Inc Spin-off	—	(5,151)
Balance, December 31, 2024	22,602,750	273,991
Shares issued in relation to deferred shares unit exercises	6,762	61
Shares issued in relation to restricted share unit exercises	24,272	45
Shares issued in relation to warrant exercises	504,020	1,208
<b>Balance, December 31, 2025</b>	<b>23,137,804</b>	<b>\$ 275,305</b>

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

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### 10 to 1 Substantive Consolidation

On October 17, 2024, the Company completed a substantive consolidation (the “Substantive Consolidation”) of its outstanding common shares (the “Common Shares”) on the basis of one post-consolidation Common Share for each ten (10) pre-consolidation common shares (the “Consolidation Ratio”). This results in a reduction of the authorized common shares outstanding by 159,501,688 pre-consolidation shares. As a result, Shareholders who held less than 1,000 Common Shares as of the Determination Date were entitled to cash consideration equal to that number of pre-Consolidation Common Shares held by the holder multiplied by \$0.74, being the closing price of the pre-Consolidation Common Shares on the TSX on September 26, 2024. Shareholders who held 1,000 or more Common Shares now hold the number of post-Consolidation Common Shares equal to the number of Common Shares held divided by the Consolidation Ratio of 10. If, as a result of the Substantive Consolidation, a Shareholder is entitled to a fractional Common Share, such fractional Common Share that is less than 0.5 of one (1) post-Consolidation Common Share was cancelled and each fractional Common Share that is at least 0.5 of one (1) post-Consolidation Common Share was rounded up to one (1) whole post-Consolidation Common Share. This resulted in a share buy-backs of fractional share holders of \$0.3 million and a reduction of the authorized common shares outstanding by 348,174 pre-consolidation shares.

### Rights Offering

On October 31, the Company announced a rights offering to raise gross proceeds of up to \$96.9 million (the “Rights Offering”) by issuing one rights for each common share outstanding to shareholders of record on November 7, 2024 at a price of \$5.47 per share representing a 25% discount to the Company’s five day VWAP ending on October 30, 2024. The Company has entered into a Standby Purchase Agreement pursuant to which Ravenswood Investments III, L.P. and The Ravenswood Investment Company L.P., two funds managed by Robotti & Company Advisors, LLC (together the “Standby Purchasers”). Under the Standby Purchase Agreement, the Standby Purchasers have agreed to purchase up to an aggregate of 3,656,307 common shares not otherwise purchased under the Rights Offering for a commitment of up to \$20.0 million. On December 13, 2024, the Rights Offering closed resulting in the issuance of 4,880,340 subscriptions receipts (the “Subscription Receipts”) inclusive of the common shares issued to the Standby Purchasers for gross proceeds of \$24.8 million, net of a \$1.0 million reduction in cash payments received from the Standby Purchasers as a fee under the Standby Agreement for a portion of the backstop fee. The Company incurred additional share issuances costs of \$0.1 million.

### Warrants

The Company has issued common share purchase warrants as part of its capital management and financing activities. Warrants entitle the holder to purchase common shares of the Company at a specified exercise price prior to expiry, subject to the terms and conditions of the warrant agreements.

The following table summarizes the warrant activity for the year ended December 31, 2025, including issuances, exercises, forfeitures, and expiries:

	Number of Warrants	Weighted Average Exercise Price <sup>(1)</sup>	Carrying Amount in reserves
Balance, December 31, 2024	3,175,262	\$ 16.23	\$ 9,132
Forfeitures	(539,370)	2.40	—
Exercised	(1,066,642)	2.40	—
<b>Balance, December 31, 2025</b>	<b>1,569,250</b>	<b>\$ 30.39</b>	<b>\$ 9,132</b>

<sup>(1)</sup> In dollars per common share.

# GREENFIRST FOREST PRODUCTS INC.

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### Earnings (Loss) Per Share

	December 31, 2025	December 31, 2024
<b>For the year ended</b>		
Net loss	\$ (98,844)	\$ (47,074)
Net loss from continuing operations	\$ (98,844)	\$ (21,630)
Net loss from discontinued operations	\$ —	\$ (25,444)
Basic weighted average number of common shares outstanding	22,706,332	18,009,460
Basic loss per share	\$ (4.35)	\$ (2.61)
Basic loss per share from continuing operations	\$ (4.35)	\$ (1.20)
Basic loss per share from discontinued operations	\$ —	\$ (1.41)

	December 31, 2025	December 31, 2024
<b>For the year ended</b>		
Net loss	\$ (98,844)	\$ (47,074)
Net loss from continuing operations	\$ (98,844)	\$ (21,630)
Net loss from discontinued operations	\$ —	\$ (25,444)
Basic weighted average number of common shares outstanding	22,706,332	18,009,460
Diluted weighted average number of common shares outstanding	22,706,332	18,009,460
Diluted loss per share	\$ (4.35)	\$ (2.61)
Diluted loss per share from continuing operations	\$ (4.35)	\$ (1.20)
Diluted loss per share from discontinued operations	\$ —	\$ (1.41)

(1) Certain prior period amounts have been restated as a result of a change in presentation for continuing and discontinued operations under IFRS. Please refer to Note 4 - Discontinued Operations

As at December 31, 2025, 372,303 stock options (December 31, 2024 - 403,298), granted by the Company were either not vested or not in-the-money and therefore non-exercisable (Note 18).

There were no shareholder dividends declared during the year ended December 31, 2025 and December 31, 2024.

## 18. EQUITY-BASED COMPENSATION

### Omnibus Equity Incentive Plan

In 2021, the Company established the 2021 Omnibus Equity Incentive Plan ("Omnibus Plan") for directors, officers, employees and contractors. Under the Omnibus Plan, the Company may grant stock options, Restricted Share Units ("RSUs"), Performance Share Units ("PSUs"), Deferred Share Units ("DSUs") and Dividend-Equivalent Rights. The maximum number of common shares which can be reserved for issuance under the Plan is 10% of the prevailing issued and outstanding shares of the Company. The Omnibus Plan was amended and restated in 2024 to reflect updated terms and governance provisions.

#### Stock Options

During the year ended December 31, 2025 the Company granted nil stock options, under the Omnibus Plan (December 31, 2024 - nil). During the year ended December 31, 2025 the Company forfeited/expired 30,995 stock options, due to terminations/expirations under the Omnibus Plan (December 31, 2024 - 148,349).

# GREENFIRST FOREST PRODUCTS INC.

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As at December 31, 2025, 372,303 stock options to directors, officers, employees and contractors were outstanding (December 31, 2024 - 403,298), of which 280,870 stock options were vested and exercisable (December 31, 2024 - 266,884).

	Number of Options	Weighted Average Exercise Price <sup>(1)</sup>	Years Before Expiration
<b>Outstanding, January 1, 2024</b>	551,647	17.00	2.75
Forfeited/expired	(148,349)	17.52	—
<b>Outstanding, December 31, 2024</b>	403,298	\$ 16.81	2.38
Forfeited/expired	(30,995)	16.58	—
<b>Outstanding, December 31, 2025</b>	<b>372,303</b>	<b>\$ 16.89</b>	<b>1.32</b>

<sup>(1)</sup> In dollars per option.

The Company recorded an expense related to the stock options outstanding under the Omnibus Plan for the year ended December 31, 2025 of \$0.04 million (December 31, 2024 - expense of \$0.1 million).

### *Restricted Share Units*

Under the Omnibus Plan, RSUs may be granted to employees to attract, retain, and motivate key employees and officers by aligning their interests with those of shareholders and promoting a culture of ownership. RSUs are granted to eligible participants and vest over a specified period, subject to continued employment.

During the year ended December 31, 2025, the Company granted 85,766 RSUs (December 31, 2024 - 21,276) at grant prices ranging from \$2.74 - \$4.11.

During the year ended December 31, 2025, employees exercised 97,087 RSUs (December 31, 2024 - nil).

As at December 31, 2025, the Company had 107,042 RSUs outstanding (December 31, 2024 - 118,364) of which nil RSUs had vested (December 31, 2024 - 48,544).

	Number of RSUs	Weighted Average Unit Price <sup>(1)</sup>
<b>Outstanding, January 1, 2024</b>	97,087	10.30
Granted	21,276	4.70
<b>Outstanding, December 31, 2024</b>	118,363	\$ 9.29
Granted	85,766	3.53
Exercised	(97,087)	10.30
<b>Outstanding, December 31, 2025</b>	<b>107,042</b>	<b>\$ 3.76</b>

In dollars per unit.

For the year ended December 31, 2025, the Company recorded an expense of \$0.4 million (December 31, 2024 - \$0.7 million) related to the RSUs. The RSUs are valued based on the fair market value of the Company's common shares at the date of grant, and the fair value is expensed over the vesting period.

### *Deferred Share Units (Equity-settled)*

DSUs are granted to members of the Board of Directors, to provide a structure for accumulating an equity-like interest in the Company. Each director is required to receive DSU's representing at least 50%

# GREENFIRST FOREST PRODUCTS INC.

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of their annual retainer until a prescribed minimum equity holding is reached. Once the minimum equity holding is reached, directors may elect to receive up to 50% of their annual retainer in cash.

All DSUs are vested immediately upon issuance and are based on the market price of the Company's Common shares at the date of grant.

During the year ended December 31, 2025, the Company granted 305,268 DSU (December 31, 2024 - 87,743). The DSUs granted during the year were issued at share prices ranging from \$2.57-\$5.41.

As at December 31, 2025, the Company had 395,106 equity-settled DSUs outstanding (December 31, 2024 - 105,771).

	Number of DSUs	Weighted Average Unit Price <sup>(1)</sup>
<b>Outstanding, January 1, 2024</b>	18,029	10.14
Granted	87,742	6.08
<b>Outstanding, December 31, 2024</b>	105,771	6.77
Granted	305,268	3.87
Exercised	(15,933)	9.57
<b>Outstanding, December 31, 2025</b>	<b>395,106</b>	<b>5.19</b>

In dollars per unit.

During the year ended December 31, 2025, the Company recorded an expense of \$1.9 million (December 31, 2024 - nil) related to the issuance of equity-settled DSUs under the Omnibus Plan. Because the DSUs vest immediately, the fair market value of the awards is recognized as an expense at the grant date.

### *Deferred Share Units (Cash-settled)*

During the year ended December 31, 2025, the Company granted no cash-settled DSUs, (December 31, 2024 - nil).

During the year ended December 31, 2025, the Company recorded a recovery of \$0.8 million (December 31, 2024 - nil) related to the remeasurement of the DSUs liability under the Omnibus Plan. Liability-settled DSUs are measured at fair value at each reporting date, with changes in fair value recognized in the consolidated statement of loss and comprehensive income (loss)

As at December 31, 2025, the Company had 55,668 cash-settled DSUs outstanding (December 31, 2024 - 185,197). The associated liability was \$0.1 million as at December 31, 2025 (December 31, 2024 - \$1.0 million).

### *Performance Share Units (Equity-settled)*

The Company may grant PSU as part of its long-term incentive program for key employees and executives. The PSUs are designed to align the interests of management with those of shareholders by linking a portion of compensation to the achievement of specific performance objectives over a defined period. PSUs are granted to eligible participants and typically vest at the end of a multi-year performance cycle, subject to the attainment of pre-established financial or operational targets and continued employment.

Each PSU represents the right to receive one common share of the Company upon vesting, contingent on the level of performance achieved relative to the targets set for each performance period. The number of shares ultimately issued may vary based on the actual performance outcome, which is assessed at the end of the performance period.

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## Notes to the Consolidated Financial Statements

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During the year ended December 31, 2025, the Company granted 39,538 PSUs which are equity-settled (December 31, 2024 - nil) at a share price of \$4.11 per unit.

As at December 31, 2025, the Company had 39,538 PSUs outstanding (December 31, 2024 - nil) of which nil PSUs had vested (December 31, 2024 - nil).

	Number of PSUs	\$	Weighted Average Unit Price <sup>(1)</sup>
<b>Outstanding, December 31, 2024</b>	—	\$	—
Granted	39,538		4.11
<b>Outstanding, December 31, 2025</b>	<b>39,538</b>	<b>\$</b>	<b>4.11</b>

In dollars per unit.

During the year ended December 31, 2025, the Company recorded an expense of \$22 thousand (December 31, 2024 - nil). PSUs are expensed over their applicable vesting period based on the fair value of the awards at the grant date.

## 19. RELATED PARTY TRANSACTIONS

### **Key management personnel compensation**

The Company's key management personnel is comprised of its Board of Directors and members of the senior leadership team. Compensation for key management personnel consists of the following:

<b>For the year ended</b>	<b>December 31, 2025</b>	December 31, 2024
Salaries, benefits and fees	<b>1,707</b>	1,711
Equity-based compensation <sup>(1)</sup>	<b>1,407</b>	727
<b>Total</b>	<b>3,114</b>	2,438

<sup>(1)</sup> Please refer to Note 18 – Equity-based Compensation.

### **Investment in Boreal Carbon Corporation**

On November 30, 2021, the Company purchased 1,428,571 common shares in Boreal Carbon Corporation ("Boreal") for \$0.5 million. As at December 31, 2025, the investment is valued at \$1.4 million. Boreal focuses on acquiring and managing forestry projects in North America to generate carbon credits. The Chairman of GreenFirst is a member of the Boreal board. (Note 20).

There was no change in the carrying value of the investment during the year ended December 31, 2025 (December 31, 2024 - nil). This investment is accounted for at fair value with changes in fair value recorded in net loss.

### **Management Services Agreements**

Certain directors of the Company, or their related parties, hold positions in other companies over which they have control or significant influence. During the years ended December 31, 2025 and December 31, 2024, some of these companies transacted with the Company. The aggregate value of such transactions is summarized as follows:

<b>For the year ended</b>	<b>December 31, 2025<sup>(1)</sup></b>	December 31, 2024 <sup>(1)</sup>
Fees incurred for services – officers and companies controlled by officers	<b>411</b>	1,715

<sup>(1)</sup> Includes fees for management services, administrative support, and reimbursement of expenses.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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### 20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2025, the Company's financial instruments categorization and values are as follows:

	<b>Category</b>
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Trade accounts payable and other current liabilities, excluding lease liabilities	Amortized cost
Long-term debt, current	Amortized cost
Long-term debt	Amortized cost
Duties liability	Amortized cost
Vendor-takeback mortgage	Amortized cost
Other current liabilities, related to cash-settled DSU liability	Fair Value
Investment	Fair value

The Company's financial instruments expose the Company to credit, liquidity and market risk.

The Company has classified its investment in Boreal Carbon Corporation as fair value through profit and loss. The fair value is assessed using level 3 as there is no public market information available for Boreal's common shares.

#### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations arising primarily from cash deposits and accounts receivable.

The Company's maximum exposure to credit risk attributable to cash deposits as at December 31, 2025 is \$3.5 million (December 31, 2024 - \$27.8 million). The Company holds these deposits with a Canadian Schedule 1 financial institution.

The Company's exposure to credit risk with respect to accounts receivable is dependent upon individual characteristics of each customer. Each new customer is assessed for creditworthiness before payment and delivery terms and conditions are offered, with such review encompassing external ratings, and bank and other references. Purchase limits are established for each customer and are regularly reviewed. The Company does not require specific credit guarantees for its customers and mitigates the risk of potential losses through the active monitoring of its receivables, considering past experience with its customer base, current economic conditions and any known specific customer issues.

The Company regularly reviews the collectability of its accounts receivable and establishes an allowance for expected credit losses based on its best estimate of potential credit losses based on historical experience, current economic conditions and known customer-specific issues. At December 31, 2025, a \$0.2 million (December 31, 2024 - \$0.2 million) allowance for expected credit losses was recorded.

The carrying amount of accounts receivable, excluding value added tax, of \$18.2 million, represents the maximum credit exposure for its accounts receivables as at December 31, 2025 (December 31, 2024 - \$13.7 million).

Given our credit monitoring activities, the percentage of overdue accounts, and our history of minimal customer defaults, we consider the credit quality of our trade accounts receivable at December 31, 2025, to be high. Accordingly, we have recorded nominal expected credit losses on our trade accounts receivable.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

The aging analysis of trade accounts receivable is presented below:

<b>For the year ended</b>	<b>December 31, 2025</b>	December 31, 2024
Accounts receivable, trade		
Not due	<b>2,404</b>	993
0-30 days past due	<b>8,752</b>	3,868
31-60 days past due	<b>86</b>	46
Over 60 days past due	<b>2,081</b>	2,420
Accounts receivable, trade	<b>13,323</b>	7,327
Allowance for expected credit losses	<b>(158)</b>	(158)
Total trade receivables	<b>13,165</b>	<b>7,169</b>

### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity by monitoring cash flows daily and projecting weekly ensuring obligations can be met.

Under the amended and restated credit agreement, the maximum borrowing capacity is \$60.0 million for the revolving portion (December 31, 2024 - \$60.0 million) and \$25.0 million for the equipment financing portion (December 31, 2024 - \$25.0 million).

The Company can draw down on the revolving portion of the credit facility based on a prescribed percentage of accounts receivable and its inventory carrying value, less reserves. The facility matures on September 23, 2028. Drawings under the equipment financing portion are either project specific or based on a prescribed percentage of appraised equipment value.

At December 31, 2025, the Company had \$3.5 million in cash on hand (December 31, 2024 - \$27.8 million).

In addition, the Company had \$27.0 million of excess availability under the revolving credit facility (net of \$18.0 million drawn and \$3.9 million for standby letters of credit) compared to \$39.3 million as at December 31, 2024 (net of \$8.3 million for standby letters of credit). The Company also had access to \$14.1 million under its equipment financing agreement (December 31, 2024 - \$11.3 million) of which \$10.9 million was drawn as at December 31, 2025 (December 31, 2024 - \$13.7 million).

Additionally, as at December 31, 2025, the Company had \$17.6 million of standby letters of credit outstanding (December 31, 2024 - \$5.4 million) that were backstopped by a third-party financial institution, which did not reduce availability under the credit facility. In addition, \$3.9 million of standby letters of credit were issued under the credit facility (December 31, 2024 - \$8.3 million), including \$3.9 million (December 31, 2024 - \$5.0 million) issued in favor of Kap Paper Inc. As at December 31, 2025, these Kap Paper letters of credit are no longer backstopped and therefore reduce availability under the credit facility.

As of December 31, 2025, the Company had surety bonds of \$3.6 million outstanding (December 31, 2024 - \$1.7 million and US\$2.3 million). These bonds are in support of the Ontario Ministry of the Environment for access to certain waste disposal sites both GreenFirst and Kap Paper Inc. as the applicant for which the Company has agreed to indemnify, respectively.

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

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(In thousands of Canadian dollars unless otherwise stated)

The estimated cash payments (undiscounted) due in respect of contractual and legal obligations including debt principal payments and capital commitments for the one-year periods ending December 31 are summarized as follows:

	2026	2027	2028	2029	2030 and beyond	Total
Trade accounts payable and accrued liabilities	\$ 39,041	\$ —	\$ —	\$ —	\$ —	\$ 39,041
Other liabilities, excl. leases	11,586	—	—	—	2,126	13,712
Lease liabilities	1,800	1,547	889	843	3,131	8,210
Long term debt	3,041	3,283	21,510	1,019	—	28,853
<b>Total</b>	<b>\$ 55,468</b>	<b>\$ 4,830</b>	<b>\$ 22,399</b>	<b>\$ 1,862</b>	<b>\$ 5,257</b>	<b>\$ 89,816</b>

### **Market Risk**

Market risk includes exposure to commodity prices, interest rates and foreign currency fluctuations.

### **Commodity Prices**

The Company's products are commodities that are widely available from other producers; because these products have few distinguishing qualities from producer to producer, competition is based primarily on price, which is determined by supply relative to demand. The Company attempts to minimize the economic impact of these changes through continuously looking for cost reductions in its operations and employing flexible manufacturing schedules that can increase or decrease in response to supply and demand fluctuations. The Company currently does not hedge its exposure to commodity prices.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has borrowings under its credit facility which creates interest rate risk exposure for the Company. The revolving portion of the credit facility bears a variable rate of Canadian Prime Rate plus a premium, currently at 5.45% annualized as at December 31, 2025. The Equipment Term Loan portion of the credit facility bears a fixed rate of 7.70%.

As at December 31, 2025 a 100 basis point increase in the interest rate on the revolving portion of the credit facility would increase the net loss in the statement of loss and comprehensive loss by \$0.2 million on an annual basis. Similarly, as at December 31, 2025 a 100 basis point reduction in the interest rate on the equipment portion of the credit facility would increase the net loss by \$0.2 million on an annual basis.

### **Currency Risk**

The Company is exposed to foreign exchange risk on revenues and expenditures denominated in foreign currencies, principally US dollars. The Company's US dollar denominated sales accounts for a significant volume of its sales. Except for duties and transportation, the majority of the Company's expenditures are in Canadian dollars.

The Company is exposed to currency risk on US dollar cash and cash equivalents, accounts receivable and accounts payable balances.

As at December 31, 2025, the portion of the Company's monetary assets and liabilities held in US dollars are as follows:

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

<b>As at (in thousands of US dollars)</b>	<b>December 31, 2025</b>
Cash and cash equivalents	\$ 1,682
Accounts receivable	3,844
Trade accounts payable and other liabilities	(6,908)
Duties liability, including accrued interest	(29,414)
<b>Net monetary assets in US Dollars</b>	<b>\$ (30,796)</b>

Based on the US dollar statement of financial position exposure at December 31, 2025, with other variables unchanged, if the Canadian dollar were to weaken against the US dollar by 1%, relative to the rate at December 31, 2025, the net loss in the statement of loss and comprehensive loss would be approximately \$0.4 million less. If the Canadian dollar were to strengthen against the US dollar by 1%, relative to the rate at December 31, 2025, the net loss in the statement of loss and comprehensive loss would be approximately \$0.4 million greater.

## 21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a strong statement of financial position, maintain liquidity through commodity price cycles and support access to additional capital for expansion. The Company defines capital as net debt and shareholders' equity.

<b>As at</b>	<b>December 31, 2025</b>
Total debt outstanding <sup>1</sup>	\$ 28,853
Less: cash and cash equivalents	(3,479)
Net debt	25,374
Shareholders' equity	60,621
<b>Total capital</b>	<b>\$ 85,995</b>

<sup>(1)</sup> Total debt outstanding consists of the carrying amounts of the Company's borrowings under the credit facility.

The Company manages its capital through detailed operating and capital expenditure budgets combined with frequent forecasting. Strategic capital expenditure decisions are based on adequate cash flow from operations and when necessary, the sale of non-core assets to support such expenditures.

The Company's credit facility contains restrictive covenants that limit certain actions without the lender's consent. It also includes the financial covenant tests performed quarterly, including a maximum annual capital expenditure relative to approved budgets, as defined in the Credit Agreement.

The Company monitors its performance monthly, assessing future expectations and making adjustments as required to ensure compliance with covenants. As at December 31, 2025, the Company was in compliance with its covenants under its credit facility.

## 22. COMMITMENTS AND CONTINGENCIES

### *Surety bonds and letters of credit*

In the normal course of business, the Company is required to provide financial assurances to various governmental agencies, regulatory authorities, and counterparties in connection with its operating activities. These assurances are provided through surety bonds and letters of credit, which are off-balance sheet arrangements. These instruments do not represent a direct financial liability of the Company unless a claim is made by the beneficiary and the Company fails to perform under the related

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

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contractual or regulatory obligation. In such an event, the Company would be required to reimburse the issuing financial institution for any amounts paid.

Surety bonds are issued primarily in support of the Company's obligations related to site reclamation and to secure the payment of estimated countervailing and anti-dumping duty cash deposits on softwood lumber sales to the United States. These bonds ensure that the Company will satisfy its regulatory and contractual obligations, including compliance with U.S. customs requirements for cross-border lumber shipments.

Letters of credit are issued under the Company's credit facilities and provide security for the Company's obligations under U.S. softwood duty requirements, certain operational contracts, energy agreements, and other operating commitments. These instruments support the Company's ability to meet its contractual and regulatory obligations and are typically drawn upon only if the Company fails to fulfill the underlying commitments.

### ***Litigation and claims***

In the ordinary course of business, from time to time, the Company is involved in various claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these financial statements.

## **23. SEGMENT AND GEOGRAPHICAL INFORMATION**

The Company manages its business as a single operating segment, being lumber products. The Company harvests and purchases logs which are then manufactured into lumber and other wood products at its operations. All operations are located in Ontario, Canada.

For the year ended December 31, 2025, there was one customer that represented 10% or more of total net sales for the Company (December 31, 2024 - one customer).

The Company sells to both foreign and domestic markets as follows:

<b>For the year ended</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Canada	\$ 61,700	\$ 66,362
United States	241,847	216,489
<b>Total net sales</b>	<b>\$ 303,547</b>	<b>\$ 282,851</b>

Sales by product line is as follows:

<b>For the year ended</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Lumber products	\$ 279,304	\$ 258,024
Chips, by-products and other	24,243	24,827
<b>Total net sales</b>	<b>\$ 303,547</b>	<b>\$ 282,851</b>

# GREENFIRST FOREST PRODUCTS INC.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(In thousands of Canadian dollars unless otherwise stated)

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Accounts receivable, trade by product line is as follows:

<b>As at</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Lumber products	\$ 4,688	\$ 1,757
Chips, by-products and other	8,635	5,570
<b>Accounts receivable, trade</b>	<b>\$ 13,323</b>	<b>\$ 7,327</b>

## 24. SUBSEQUENT EVENTS

### BDC Term Loan

On January 21, 2026, the Company announced that it had entered into a \$30 million term loan under the Softwood Lumber Program announced by the Government of Canada. The loan agreement with the Company's banking partner, BMO, was executed on December 31, 2025. Funding under the facility was subject to customary conditions precedent, including final internal approvals by the lender and the amendment of the BDC guarantee under the program. As a result, the funding was not available until subsequent to year end.

The term loan is intended to support the Company's liquidity and ongoing operations amid continued volatility in the North American lumber sector, enhancing financial flexibility and providing additional runway as the Company executes on its operational and strategic priorities.

### Net Drawdown on Revolving Portion of the Credit Facility

Subsequent to December 31, 2025 the Company made net drawdowns of \$10.0 million on the revolving portion of its credit facility.

### Exercise of Deferred Share Units

Subsequent to December 31, 2025, the Company issued 9,169 common shares pursuant to the exercise of deferred share units by former directors in accordance with the Company's DSU plan.