GREENFIRST FOREST PRODUCTS INC.

Consolidated Financial Statements
(In thousands of Canadian dollars unless otherwise stated)

For the year ended December 31, 2024

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GreenFirst Forest Products Inc.

Opinion

We have audited the consolidated financial statements of GreenFirst Forest Products Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, its consolidated financial performance and its consolidated cash flows for the years 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 Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 financial statements, which indicates that for the year ended December 31, 2024, the Entity reported a net loss from continuing operations of $21,630 thousand and cash used in operating activities of $23,991 thousand and the uncertain impact of

US tariffs imposed subsequent to the year ended December 31, 2024 which may impact the Company's ability to generate positive cash flows from operations.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "***Material Uncertainty related to Going Concern***" section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of inventory net realizable value

Description of the matter

We draw attention to Notes 2, 3, and 8 to the financial statements. At December 31, 2024, the inventory carrying amount is $70,388 thousand. Inventory is valued at the lower of cost and net realizable value. Net realizable value is the estimated selling prices less costs of completion, applicable duties, transportation costs and disposal costs.

Why the matter is a key audit matter

We identified the assessment of the inventory net realizable value as a key audit matter. This matter represented a significant risk of material misstatement given the magnitude of inventory. Significant auditor judgment was required to evaluate the estimated selling prices, costs to complete and sell the inventory, and applicable duties used to estimate the year end net realizable value.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We compared the estimated selling prices used in the year end net realizable value to industry publications for the period immediately following year end.

We evaluated the estimates of costs to complete and sell the inventory by comparing the estimates to the relevant historical actual conversion and selling costs.

We compared the duty rate for U.S. sales to the duty rates being paid on sales subsequent to the measurement date, and the estimated volumes of U.S. sales to historical actual sales.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at 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 in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

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

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the 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 auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor’s report is William J. Stephen.

Vaughan, Canada

March 14, 2025

GREENFIRST FOREST PRODUCTS INC.

Consolidated Statements of Financial Position
(In thousands of Canadian Dollars)

As at	Note(s)	December 31, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents		**$ 27,756**	$ 2,425
Trade and other receivables	7	**16,236**	25,826
Inventory	8	**70,388**	77,099
Prepaid expenses and other current assets		**2,569**	2,647
		116,949	107,997
Non-current assets			
Property, plant and equipment	9	**81,551**	122,847
Timber licences	10	**10,830**	11,125
Right of use assets	12	**6,051**	1,276
Investment	19, 20	**1,429**	1,429
Pension plans in asset positions	13	**2,252**	23,183
Vendor take-back mortgage	9	**1,404**	—
Duties deposits	15	**—**	10,087
Total assets		**$ 220,466**	$ 277,944
Liabilities			
Current liabilities			
Accounts payable		**$ 34,508**	$ 32,553
Other current liabilities	11	**15,237**	22,006
Long-term debt, current	14	**2,816**	—
		52,561	54,559
Non-current liabilities			
Long-term debt	14	**10,888**	22,648
Post-retirement obligations	13	**4,708**	8,099
Lease liabilities, long-term	12	**5,174**	653
Other long-term liabilities	11	**1,520**	6,747
Total liabilities		**74,851**	92,706
Shareholders' equity			
Share capital	4, 17	**273,991**	254,728
Equity reserves		**12,267**	11,500
Accumulated other comprehensive income (loss)		**(10,693)**	1,661
Accumulated deficit		**(129,949)**	(82,651)
Total shareholders' equity		**145,616**	185,238
Total liabilities and shareholders' equity		**$ 220,466**	$ 277,944

Note 2 - Basis of Preparation (Going Concern)

Note 23 - Subsequent Events

Approved and authorized by the Board of Directors on March 14, 2025:

"Paul Rivett"	**"William G. Harvey"**
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 per share amounts)

For the year ended	Note(s)	**December 31, 2024**	December 31, 2023[1]
Net sales	22	**$ 282,851**	$ 284,682
Cost of sales		**(275,697)**	(291,002)
Duties	15	**1,890**	(13,426)
Selling, general and administrative expenses	5	**(12,077)**	(17,893)
Other operating income (loss)		**2,696**	(592)
Operating loss		**(337)**	(38,231)
Finance costs, net	6	**(1,315)**	(2,108)
Gain on revaluation of investment	19, 20	**—**	286
Loss on sale of assets	9, 15	**(15,524)**	(971)
Net loss, before income taxes		**(17,176)**	(41,024)
Current tax (expense) recovery	16	**—**	(606)
Deferred tax (expense) recovery	16	**(4,454)**	2,192
Net loss from continuing operations		**(21,630)**	(39,438)
Net loss from discontinued operations	4	**(25,444)**	(7,581)
Net loss		**$ (47,074)**	$ (47,019)
Other comprehensive income (loss)			
Items that will not be reclassified to earnings in future periods:			
Defined benefit pension plans adjustments, net of a tax recovery of $4,454 from continuing operations (2023 - net of a tax expense of $2,394)		**(12,354)**	6,673
Defined benefit pension plans adjustments, net of tax expense of $398 from discontinued operations (2023 - net of tax expense of $85)		**1,104**	194
Comprehensive loss		**$ (58,324)**	$ (40,152)
Basic loss per share	17	**$ (2.61)**	$ (2.65)
Basic loss per share from continuing operations	17	**(1.20)**	(2.22)
Basic loss per share from discontinued operations	17	**(1.41)**	(0.42)
Diluted loss per share	17	**(2.61)**	(2.65)
Diluted loss per share from continuing operations	17	**(1.20)**	(2.22)
Diluted loss per share from discontinued operations	17	**(1.41)**	(0.42)

[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

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)

	Note(s)	**December 31, 2024**	December 31, 2023[1]
Cash (used in) provided by:			
Operating activities:			
Net loss		**$ (47,074)**	$ (47,019)
Adjustments for:			
Depreciation and amortization	9,10,12	**17,173**	17,414
Income taxes	16	**4,056**	(1,671)
Foreign exchange gain		**(3,145)**	446
Equity-based payments	18	**767**	928
Finance costs, net	6	**1,411**	2,109
Gain on settlement of pension assets	13	**(824)**	—
Gain on revaluation of investment	19, 20	**—**	(286)
Loss on sale of assets	9, 15	**15,524**	4,427
Inventory net realizable value adjustments		**(4,901)**	(17,819)
Duties recovery	15	**(19,178)**	(9,226)
Changes in non-cash working capital and other:			
Trade receivables and other receivables		**1,770**	14,839
Inventory		**1,444**	(3,205)
Accounts payable, accrued liabilities and other		**11,508**	(15,386)
Interest paid		**(2,522)**	(3,045)
Cash taxes paid		**—**	(534)
Total cash used in operating activities		**(23,991)**	(58,028)
Investing activities:			
Proceeds from sale of duties receivables	15	**24,848**	—
Purchase of property, plant and equipment	9	**(8,419)**	(24,184)
Proceeds from sale of assets	4	**3,463**	94,092
Transactions costs related to the sale of assets	4	**(224)**	(2,553)
Total cash provided by investing activities		**19,668**	67,355
Financing activities:			
Shares issued under rights offering	17	**24,812**	—
Share issue costs	17	**(140)**	—
Share repurchases	17	**(258)**	—
Net (repayment of) proceeds from revolving portion of credit facility	14	**(13,000)**	47,500
Repayment of credit facility	14	**—**	(78,500)
Proceeds from Equipment Term Loan	14	**15,618**	—
Repayment of Equipment Term Loan	14	**(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	**(1,718)**	(1,255)
Total cash provided by (used in) financing activities		**29,654**	(32,255)
Increase (decrease) in cash		**25,331**	(22,928)
Cash, beginning of the period		**2,425**	25,353
Cash, end of the period		**$ 27,756**	$ 2,425

[1] 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
Balance, January 1, 2024		**$ 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 disbursements 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 issue costs under rights offering	17	(140)	—	—	—	(140)
Equity-based payments		—	767	—	—	767
Balance, December 31, 2024		**$ 273,991**	**$ 12,267**	**$ (10,693)**	**$ (129,949)**	**$ 145,616**

	Note(s)	Share Capital	Equity Reserves	Accumulated Other Comprehensive (Loss) Earnings	Accumulated Deficit	Total
Balance, January 1, 2023		$ 254,728	$ 10,572	$ (5,206)	$ (35,632)	$ 224,462
Net loss		—	—	—	(47,019)	(47,019)
Other comprehensive income, net of tax		—	—	6,867	—	6,867
Equity-based payments		—	928	—	—	928
Balance, December 31, 2023		$ 254,728	$ 11,500	$ 1,661	$ (82,651)	$ 185,238

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

1. NATURE OF OPERATIONS

GreenFirst Forest Products Inc. ("GreenFirst", or the "Company") operates as a forest products business consisting of four operating sawmills located in Ontario. On July 2, 2024, GreenFirst announced its plan to spin-out Kap Corporation. Kap Corporation houses GreenFirst's paper mill operations. The spin-out is part of the natural progression of the decentralization and deconsolidation of the paper mill that was originally disclosed by GreenFirst in the fall of 2023. The spin-out of Kap Corporation was completed on November 4, 2024 and as a result the Company has distributed the assets and liabilities associated with the Company's paper operations. The consolidated statement of comprehensive income (loss) and other relevant notes have been prepared to separately show the discontinued operations from the Company's continuing operations.

The Company manufactures and markets a wide range of spruce-pine-fir ("SPF") lumber products for use in residential and commercial construction with by-products from production sold to pulp-producers.

The Company's head office and registered records office is 10 Four Seasons Place, 10 FL, Toronto, ON, M9B 6H7. 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") are prepared in accordance and in compliance with IFRS Accounting Standards ("IFRS")as issued by the International Accounting Standards Board.

These Financial Statements were approved by the Company's Board of Directors ("Board") on March 14, 2025.

Basis of Measurement

These Financial Statements have been prepared under the historical cost basis, except where otherwise stated in the applicable accounting policies.

Going Concern

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and meet its obligations in the normal course of business as they become due.

For the year ended December 31, 2024, the Company reported a net loss from continuing operations of $21.6 million (2023 – $39.4 million).

For the year ended December 31, 2024, the Company reported cash used in operating activities of $24.0 million (2023 - $58.0 million). This includes cash used in operating activities of $16.8 million (2023 – cash provided by $0.3 million) from Kap Paper Inc. before its spin-out (See Note 4 – Discounted Operations). Excluding the cash impact from the discontinued operations, for the year ended December 31, 2024, the Company's cash used in operating activities from continuing operations was $7.2 million (2023 – $58.3 million).

As at December 31, 2024, the Company has working capital of $64.4 million (2023 - $53.4 million) including cash of $27.8 million (2023 - $2.4 million).

(In thousands of Canadian dollars unless otherwise stated)

In addition, as at December 31, 2024, the excess availability under the revolving portion of the credit facility was $39.3 million less $8.3 million of outstanding letters of credit net of borrowings of nil (2023 - $28.9 million less $5.4 million of outstanding letter of credit net of borrowings of $23.0 million).

The Company's ability to continue as a going concern is dependent on its ability to realize positive cash flows from operations. The ability to generate positive cash flows from operations is dependent on market prices for lumber, demand for the Company's products and/or increases in productivity resulting in higher volumes produced and lower costs. The Company has forecasted its cash flows over the next twelve months based on current lumber prices, duty rates, operating costs and production and sales volumes consistent with the past twelve months. Based on these forecasts, the Company believes that it has sufficient cash/working capital and available lines of credit to finance its operations for the next twelve months.

However, as a result of the imposition of tariffs on March 4, 2025, and subsequently reversal on March 6, 2025, the uncertainty of further potential tariffs and the impacts of any such potential tariffs related to generating positive cash flows from operations are unknown and indeterminable. The uncertainty related to this condition caused by the subsequent event (See Note 23 Subsequent Events) may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include adjustments to the recoverability and classifications of recorded assets and liabilities and related expenses that might be necessary should the Company be 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 exercises 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. The financial statements of subsidiaries are included in these Financial Statements from when control commences 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 as the Company. All transactions between consolidated entities are eliminated in the consolidation of these Financial Statements. Set out below is a list of subsidiaries of the Company:

Subsidiary	Jurisdiction	Direct or Indirect Ownership	Date of control and consolidation
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 conformity 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 disclosures at the date of these Financial Statements. It also requires management to exercise judgment in the process of applying accounting policies. Significant areas requiring estimation and judgment include: assessing the net realizable value of inventory based on estimated selling prices, costs of completion, applicable duties, transportation costs and disposal costs; estimated useful lives of property, plant and equipment; recoverability of long-lived assets; and employee future benefits. Actual amounts could differ materially from these and other estimates, the impact of which would be recorded in future periods.

Functional and Presentation Currency

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

3. MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Cash and Cash Equivalents
Cash and cash equivalents include cash held in bank accounts and time deposits and other investments that are highly liquid with original maturities of three months or less when purchased.

Accounts Receivable and Allowance for Expected Credit Losses
Trade accounts receivable are stated at the net amount expected to be collected. All customers are granted credit on a short-term basis. The Company maintains an allowance for expected credit losses resulting from the inability of its customers to make required payments. The Company's allowance is established based on historical patterns of accounts receivable collections and expected losses, including consideration of general economic conditions. Outstanding accounts receivable balances are reviewed frequently or when circumstances indicate a review is warranted, for example, if there is a significant change in the aging of a customer's receivables or a customer's financial condition.

Inventory
Finished goods and work-in-process are valued at lower of cost and net realizable value, on a first-in, first-out basis. Cost is determined as a weighted average production cost on a three-month rolling average. Net realizable value is the estimated selling price of the inventory at the period-end less duties, transportation, disposal costs and reasonably predictable costs of completion.

Raw materials inventories are valued at the lower of cost and net realizable value. Cost for is determined as the weighted average cost of logging on a twelve-month rolling average, lagged by one-month. Log inventories purchased from external sources are valued at acquisition cost. Net realizable value is based on estimated net realizable value less estimated costs of completion and selling expenses.

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

Inventory costs include material, transportation, labor and manufacturing overhead. The need for a provision for estimated losses from obsolete, excess or slow-moving inventories is reviewed periodically. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Property, Plant, and Equipment and Depreciation
Property, plant and equipment is recorded at cost, including applicable freight, capitalized borrowing costs, construction and installation costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. The production-related machinery and equipment are depreciated using the straight-line method over 1 to 14 years. The Company depreciates its non-production assets, including office, lab and transportation equipment, using the straight-line depreciation method over 3 to 25 years. Buildings and building improvements are depreciated using the straight-line method over 5 to 35 years. Land is not depreciated.

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

Construction-in-progress includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Construction-in-progress is not depreciated. Once the asset is complete and available for use, the construction-in-progress balance is transferred to the appropriate category of property, plant and equipment and depreciation commences. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted where required. Gains and losses on the retirement of assets are included in net earnings (loss).

Maintenance costs are recorded as expenses as incurred. Costs related to upgrading and extending the useful life of property, plant and equipment are capitalized.

Leases
At lease commencement date, the Company recognizes a right of use ("ROU") asset and a lease liability on the statement of financial position. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the ROU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Company also assesses the ROU asset for impairment when such indicators exist. On the statement of financial position, right of use assets and non-current lease liabilities have been disclosed separately and short-term lease liabilities have been included in other liabilities.

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company’s incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. After its initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or in net income (loss) if the right of use asset is already reduced to zero.

On the statement of financial position, right of use assets and non-current lease liabilities have been disclosed separately and short-term lease liabilities have been included in other liabilities.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients allowed under IFRS 16, *Leases*. Instead of recognizing a ROU asset and lease liability, the payments in relation to these are recognized in net income (loss) on a straight-line basis over the lease term.

Discontinued operations
A discontinued operation is a component of the Company’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which: 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 of operations; or is a subsidiary acquired exclusively with a view to resale. Classification as discontinued operations occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale or distribution.

When an operation is classified as a discontinued operation, 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. The Company's discontinued operations are excluded from the results of continuing operations and are presented as a single amount, after income taxes, as net earnings from discontinued operations in the consolidated statements of earnings (loss).

The consolidated statements of cash flows include cash flows of the discontinued operations, and has not been restated to reflect discontinued operations. The details of the cash flows from discontinued operations are presented in the notes to the financial statements. The consolidated statements of financial position have not been restated to reflect discontinued operations.

Impairment of Non-Financial Assets

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

Cash generating units ("CGUs") are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. The recoverable amount is the greater of its value in use and its fair value less cost to sell. Value in use is based on estimates of discounted future cash flows expected to be recovered from a CGU, CGU group or asset through its use. Management develops its cash flow projections based on past performance and its expectations of future market and business developments, without the impacts of potential tariffs. Once calculated, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. Fair value less cost to sell is the amount obtainable from the sale of an asset, CGU or CGU group 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 disposal or sale of an asset or CGU, excluding financing costs and income tax expense.

An impairment charge is recognized in net income (loss) when the carrying amount of any asset, CGU, or CGU group exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs or CGU group are allocated, first to reduce the carrying amount of any goodwill allocated to the CGU or CGU group, and then to reduce the net carrying amount of the other assets in the CGU or CGU group on a pro rata basis.

Impairment losses related to non-financial assets recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is 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, if no previous impairment loss had been recognized.

Timber Licences

Timber licences include tree farm licences, forest licences and timber licences. Timber licences are carried at cost less accumulated amortization and any impairment losses. Timber licences are depreciated using the straight-line method over the period of the licence and expected renewal periods. The Company deems renewable timber licences to have a useful life of 40 years.

Income Taxes
Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

The Company follows the asset and liability method of accounting for deferred income taxes. Under this method deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward.

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

Duties
The countervailing (“CVD”) and anti-dumping (“ADD”) rates apply retroactively for each period of review. We record CVD and ADD as export duty expense at the cash deposit rate until an Administrative Review finalizes a new applicable rate for each period of review.

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

The difference between the cash deposit amount and the amount that would have been due based on the final Administrative Review rate will incur interest based on the US federally published interest rate. We record interest income on our duty deposits receivable, net of any interest expense on our duty deposits payable, based on this rate.

Revenue Recognition and Measurement
Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied. The majority of the Company’s contracts have a single performance obligation to transfer products. Accordingly, the Company recognizes revenue when control has been transferred to the customer. Generally, control passes upon delivery to a location in accordance with terms and conditions of the sale. Changes in customer contract terms and conditions as well as the timing of orders and shipments, may have an impact on 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 its products both directly to customers and through distributors and agents, typically under agreements, with payment terms typically less than 15 days for lumber sales and less than 60 days for by-products.

The Company has excluded from net sales any value-added sales and other taxes which are collected concurrently with its revenue-producing activities.

The nature of the Company’s contracts may give rise to variable consideration, which may be constrained, including sales volume-based rebates to customers. The Company estimates the level of sales volumes based on anticipated purchases 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.

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).

Decommissioning Obligations

Decommissioning obligations relate to the Company's responsibility under various timber licences and obligations related to landfill closure and other site remediation costs. The Company records 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 or, if there is no associated asset, it is expensed in net income (loss).

Decommissioning obligations are reviewed annually and changes to estimates result in an adjustment of the carrying amount of the associated asset or, where there is no asset, they are 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 of settlement.

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. The key assumptions include discount rate, return on 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 recorded through other comprehensive income (loss) in the year in which the changes occur. Actuarial gains and losses, which occur 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 total 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 to the plan (the "asset ceiling"). To calculate the present value of economic benefits, consideration is given to minimum funding requirements that apply to the plan. Where 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 net defined benefit asset is reduced to the amount of the asset ceiling. The impact of the asset ceiling is recognized in other comprehensive income (loss).

The Company's 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 to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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. The Company measures equity settled share-based payments based on their fair value at the grant date using the Black-Scholes option pricing model and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in net income (loss) such that the cumulative expense reflects the revised estimate. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is 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. The 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 cliff vesting approach, with changes resulting from fair value remeasurements recognized at each reporting period in net earnings (loss). Consideration paid by employees on the exercise of RSUs is recorded as share capital and the related share-based compensation is 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 as a financial liability. The liability is remeasured at each reporting period based on the Company's common share price, with changes resulting from fair value remeasurements recognized in net income (loss). The DSUs vest immediately on the grant date and are automatically settled at the end of the subsequent fiscal year following the director's retirement from the Company's Board.

Earnings (Loss) Per Share
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 issued and outstanding during the year.

The diluted weighted average number of shares is calculated using the treasury stock method. When earnings available to common shareholders for diluted earnings per share are greater than earnings available to common shareholders for basic earnings per share, the calculation is anti-dilutive and diluted earnings per share are deemed to be the same as basic earnings per share.

Provisions
Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions. The provision is 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 measured by discounting the expected future cash flows at 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).

Financial Instruments
All financial assets and liabilities are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method, except for the Company's investment, which is subsequently measured at fair value through profit and loss.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

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,* all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy that prioritizes the inputs used to measure fair value was established as follows:

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

Level 2 — Observable inputs other than quoted prices included in Level 1, such as 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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flows methodologies and similar techniques that use significant unobservable inputs.

Foreign Exchange

Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of the transactions or at average rates of exchange. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in the foreign currency are only translated at the date of the transaction and not re-translated at a subsequent period-end. The Company translates the assets and liabilities of foreign operations from US dollars to Canadian dollars using the closing foreign exchange rate at the end of the reporting period. Income and expenses are translated at the transaction date exchange rate. The foreign exchange gains and losses are recorded in net income (loss) and foreign currency translation differences are recorded in other comprehensive income (loss).

New Accounting Pronouncements Adopted in 2024

We adopted the following accounting amendments that were effective for our consolidated financial statements commencing January 1, 2024. The adoption of these standards have not had a material impact on our financial results:

Amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*, clarifying the classification requirements in the standard for liabilities as current or non-current.

Amendments to IAS 1, *Presentation of Financial Statements - Non-current Liabilities with Covenants*, modifying the 2020 amendments to IAS 1 to further clarify the classification, presentation, and disclosure requirements in the standard for non-current liabilities with covenants.

(In thousands of Canadian dollars unless otherwise stated)

Recent Accounting Pronouncements Not Yet Adopted

The IASB has issued the following new standard and amendments to an existing standard that will become effective on January 1, 2027:

IFRS 18, *Presentation and Disclosure in Financial Statements* (replacing IAS 1, Presentation of Financial Statements), with an aim to improve how information is communicated in the financial statements, with a focus on information in the statement of income.

We are assessing the impacts IFRS 18 will have on our consolidated 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 current and comparative consolidated statement of comprehensive income (loss) along with all other relevant notes have been prepared to separately show the discontinued operations from the Company's continuing operations.

		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)
Loss on spin-off recorded in net loss from discontinued operations	$	—
Transactions related costs		224

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.

(In thousands of Canadian dollars unless otherwise stated)

	December 31, 2024	December 31, 2023
Net sales	**$ 91,357**	$ 141,179
Cost of sales	**(115,691)**	(147,306)
Selling, general and administrative expenses	**(1,870)**	(3,116)
Other operating income (expense)	**457**	(121)
Operating loss	**(25,747)**	(9,364)
Finance costs, net	**(95)**	—
Net loss from discontinued operations, before income taxes	**(25,842)**	(9,364)
Deferred tax recovery	**398**	—
Net loss from discontinued operations	**$ (25,444)**	$ (9,364)
Other comprehensive earnings		
Items that will not be reclassified to earnings in future periods:		
Defined benefit pension plans adjustments, net of tax expense of $398 from discontinued operations (2023 - net of tax expense of $nil)	**1,104**	—
Comprehensive loss from discontinued operations	**$ (24,340)**	$ (9,364)

	December 31, 2024	December 31, 2023
Total cash (used in) provided by operating activities	**(16,774)**	286
Total cash (used in) financing activities	**(471)**	(5,650)
Total cash provided by investing activities	**24,991**	5,364

Chip sales to Kap Paper Inc

The Company sells its by-products to Kap Paper Inc. as a key input in its operations. These chip sales have previously, been recorded as intercompany chip transfers and eliminated on consolidation for the purposes of preparing the group financial statements. Since Kap Paper Inc. is an external third-party customer to the Company, the consolidated statement of comprehensive income (loss) and other relevant notes have been revised to include chip sales to Kap Paper Inc. as external chip sales with the recognition of its associated cost of sales. The revenue associated with these transactions for the year ended December 31, 2024 was $14.0 million (December 31, 2023 - $16.2 million).

Transition Services Agreement (“TSA”)

There are certain overhead costs allocated to or from for the Company such as employee salaries, electricity usage and other overhead costs which are determined by the TSA agreement entered into with the Kap Paper Inc. In addition, the Company has a contractual agreement, whereby it leases land, buildings and services from Kap Paper Inc.

(In thousands of Canadian dollars unless otherwise stated)

Chantiers Chibougamau Ltée

On December 21, 2022, the Company signed a definitive agreement to sell its two Quebec sawmills and related forest operations to Chantiers Chibougamau Ltée ("Chantiers Chibougamau"). The transaction closed on March 14, 2023 for $94.1 million in gross proceeds, subject to final adjustments. The comparative consolidated statement of loss and comprehensive income (loss) and other relevant notes have been prepared to separately show the discontinued operations from the Company's continuing operations.

		December 31, 2024		December 31, 2023
Net sales	**$**	—	$	26,800
Cost of sales		—		(19,724)
Duties		—		(1,915)
Selling, general and administrative expenses		—		(7)
Operating earnings		—		5,154
Finance costs, net		—		(1)
Loss on disposal of assets		—		(3,456)
Net income from discontinued operations, before income taxes		—		1,697
Deferred tax recovery		—		86
Net income from discontinued operations	**$**	—	$	1,783
Other comprehensive income				
Items that will not be reclassified to earnings in future periods:				
Defined benefit pension plans adjustments, net of tax expense of $nil from discontinued operations (2023 - net of tax expense of $85)		—		194
Comprehensive income from discontinued operations	**$**	—	$	1,977

		December 31, 2024		December 31, 2023
Total cash (used in) operating activities	**$**	—	$	(14,188)
Total cash (used in) investing activities	**$**	—	$	(2,794)

The following is the calculation of the loss on sale recorded in relation to this transaction during the first quarter ended April 1, 2023:

		March 14, 2023
Gross proceeds	$	94,092
Transaction-related costs		(2,553)
Net proceeds		**91,539**
Net assets sold		(94,995)
Loss on sale recorded in net loss from discontinued operations	**$**	**(3,456)**

(In thousands of Canadian dollars unless otherwise stated)

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended		**December 31, 2024**		December 31, 2023[1]
Salaries and benefits	**$**	**2,948**	$	7,343
Third party fees and other services		**6,032**		7,540
Administration, office and facility costs		**3,097**		3,010
Total selling, general and administrative expenses	**$**	**12,077**	$	17,893

[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.

6. FINANCE COSTS, NET

For the year ended		**December 31, 2024**		December 31, 2023[1]
Interest on revolving portion of the credit facility	**$**	**(2,223)**	$	(2,353)
Interest on Equipment Term Loan		**(822)**		—
Amortization of capitalized financing fees (Note 14)		**(397)**		(214)
Interest income on duties deposits		**3,999**		861
Accretion expense for lease liabilities		**(418)**		(54)
Accretion expense related to Rayonier Credit Note		**(315)**		(378)
Interest income		**145**		290
Net interest income on pension plans and post-retirement obligations		**532**		432
Bank charges and other		**(1,816)**		(692)
Finance costs, net	**$**	**(1,315)**	$	(2,108)

[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.

7. TRADE AND OTHER RECEIVABLES

As at		**December 31, 2024**		December 31, 2023
Accounts receivable, trade	$	7,327	$	15,301
Value added tax receivable		2,540		2,547
Accounts receivable, other		6,527		8,263
Allowance for expected credit losses		(158)		(285)
Total trade and other receivables	**$**	**16,236**	$	25,826

(In thousands of Canadian dollars unless otherwise stated)

8. INVENTORY

As at	December 31, 2024	December 31, 2023
Finished goods	**$ 26,938**	$ 27,493
Work-in-process	**16,574**	14,168
Raw materials	**25,617**	31,668
Manufacturing and maintenance supplies	**1,259**	3,770
Total inventory	**$ 70,388**	$ 77,099

As at December 31, 2024, the Company recorded an inventory valuation reserve of $0.02 million for continuing operations (December 31, 2023 - $5.7 million, including discontinued operations) to reflect net realizable value being lower than cost.

9. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Machinery & Equipment	Roads & Bridges	Furniture & Fixtures	Construction-in-progress	Total
Gross carrying amount:						
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	(10,235)	(19,345)	—	—	(2,466)	(32,046)
Balance, December 31, 2024	**$ 12,170**	**$ 94,249**	**$ 14,294**	**$ 194**	**$ 3,229**	**$ 124,136**
Accumulated depreciation:						
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	1,064	5,219	—	—	—	6,284
Balance, December 31, 2024	**$ (3,158)**	**$ (34,669)**	**$ (4,711)**	**$ (48)**	**$ —**	**$ (42,585)**
NBV, January 1, 2024	$ 24,608	$ 58,267	$ 6,454	$ 374	$ 33,144	$ 122,847
NBV, December 31, 2024	**$ 9,012**	**$ 59,580**	**$ 9,583**	**$ 146**	**$ 3,229**	**$ 81,551**

(In thousands of Canadian dollars unless otherwise stated)

	Land & Buildings	Machinery & Equipment	Roads & Bridges	Furniture & Fixtures	Construction-in-progress	Total
Gross carrying amount:						
Balance, January 1, 2023	$ 28,234	$ 70,975	$ 7,931	$ 432	$ 26,159	$ 133,731
Additions	—	—	—	—	24,184	24,184
Transfers	336	14,728	1,890	29	(16,983)	—
Disposals	(771)	—	—	—	(216)	(987)
Balance, December 31, 2023	**$ 27,799**	**$ 85,703**	**$ 9,821**	**$ 461**	**$ 33,144**	**$ 156,928**
Accumulated depreciation:						
Balance, January 1, 2023	$ (1,864)	$ (14,260)	$ (1,490)	$ (59)	$ —	$ (17,673)
Depreciation	(1,327)	(13,176)	(1,877)	(28)	—	(16,408)
Balance, December 31, 2023	**$ (3,191)**	**$ (27,436)**	**$ (3,367)**	**$ (87)**	**$ —**	**$ (34,081)**
NBV, January 1, 2023	$ 26,370	$ 56,715	$ 6,441	$ 373	$ 26,159	$ 116,058
NBV, December 31, 2023	**$ 24,608**	**$ 58,267**	**$ 6,454**	**$ 374**	**$ 33,144**	**$ 122,847**

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. On execution of the agreement the Company received $2.9 million cash net of legal fees with the remaining $2.1 million to be received in the form of an interest bearing vendor-take-back. In July 2025 KCA will pay the Company $0.6 million and $1.5 million in December 2034. The Company has present valued the vendor take back portion of the consideration at $1.4 million. As a result of this transaction the Company recognized a gain on the sale of the land of $2.3 million, transferred a portion of its Kenora assets in property, plant and equipment to its existing sawmill for net book value of $1.4 million, and wrote-off the remaining net book value of $6.4 million.

10. TIMBER LICENCES

Cost	**2024**	2023
Balance, January 1 and December 31	**$ 11,814**	$ 11,814
Accumulated Amortization		
Balance, January 1	$ (689)	$ (394)
Amortization	(295)	(295)
Balance, December 31	**$ (984)**	$ (689)
Net book value, December 31	**$ 10,830**	$ 11,125

(In thousands of Canadian dollars unless otherwise stated)

11. OTHER LIABILITIES

As at		December 31, 2024		December 31, 2023
Accrued payroll and benefits	**$**	**6,508**	$	9,727
Deferred revenue		**1,054**		178
Customer prepayments		**160**		883
Lease liabilities, current portion		**1,260**		746
Accrued utilities charges		**600**		3,012
Stumpage liabilities		**4,031**		5,593
Rayonier Credit Note, current portion		**1,580**		1,580
Accrued interest		**30**		276
Other		**13**		11
Total other current liabilities	**$**	**15,237**	$	22,006

At December 31, 2024, the Company's other long-term liabilities consisted of $1.3 million (December 31, 2023 - $2.6 million) of the long-term portion of the Rayonier Credit Note and $0.2 million (December 31, 2023 - $1.6 million) related to obligations for decommissioning activities.

12. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Company's leases are primarily for land leases related to production facilities, corporate offices, warehouse space, rail cars and equipment. As of December 31, 2024, the Company's leases have remaining lease terms of 1 year to 10 years with standard renewal and termination options available at the Company's discretion. Certain equipment leases have 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 such options. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company uses its incremental borrowing rate in determining the present value of lease payments unless the lease provides an implicit or explicit interest rate.

The Company's lease liabilities balance is comprised of the following:

Lease liability		**2024**		**2023**
Balance, January 1	**$**	**1,399**	$	2,686
Terminations		**—**		(608)
Additions		**6,309**		525
Accretion expense for lease liabilities		**418**		51
Repayment of lease obligations		**(1,692)**		(1,255)
Total lease liability		**6,434**		1,399
Less: Current portion		**(1,260)**		(746)
Balance, December 31	**$**	**5,174**	$	653

(In thousands of Canadian dollars unless otherwise stated)

The following sets forth commitments related to the lease liabilities:

	Lease payments	Interest	Lease Liability
2025	$ 1,670	$ 410	$ 1,260
2026	1,362	353	1,009
2027	1,330	300	1,030
2028	673	253	420
2029 and thereafter	3,590	875	2,715
	$ 8,625	**$ 2,191**	**$ 6,434**

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

ROU assets	**2024**	**2023**
Balance, January 1	**$ 1,276**	$ 2,569
Terminations	**—**	(582)
Additions	**6,309**	525
Depreciation for ROU assets	**(1,534)**	(1,236)
Balance, December 31	**$ 6,051**	$ 1,276

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, 2024:

(In thousands of Canadian dollars unless otherwise stated)

Plan assets	2024 Pension	2024 Post-retirement	2023 Pension	2023 Post-retirement
Fair value of plan assets				
Fair value of plan assets, January 1	**$ 81,715**	**$ —**	$ 68,490	$ —
Interest income	**2,998**	**—**	3,911	—
Remeasurements - actuarial loss	**(1,276)**	**—**	2,682	—
Actuarial gain/(loss) due to asset ceiling	**(16,319)**		9,811	
Employer contributions (transfers)	**88**	**—**	(585)	—
Costs met from plan	**(1,057)**	**—**	(124)	—
Benefits paid	**(2,458)**	**—**	(2,470)	—
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	**$ 13,312**	**$ —**	$ 81,715	$ —
Benefit obligation				
Benefits obligation, January 1	**$ (62,410)**	**$ (4,221)**	$ (56,415)	$ (4,260)
Current service cost	**(1,165)**	**(5)**	(1,193)	(14)
Past service costs	**—**	**—**	(628)	—
Interest expense	**(2,176)**	**(58)**	(2,841)	(185)
Non-routine curtailments and settlements	**27,304**	**—**	—	—
Divestitures related to Kap Paper Inc. spin-off	**19,422**	**2,902**	—	64
Remeasurements:				
Change in membership experience	**1,220**	**—**	(267)	—
Changes in financial assumptions	**838**	**—**	(3,073)	(258)
Changes in demographic assumptions	**—**	**—**	(464)	—
Benefits paid	**2,458**	**123**	2,471	432
Benefit obligation, December 31	**$ (14,509)**	**$ (1,259)**	$ (62,410)	$ (4,221)
Net defined benefit asset (liability), December 31	**$ (1,197)**	**$ (1,259)**	$ 19,305	$ (4,221)

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)**
Net asset (liability), December 31, 2024	**$ (1,197)**	**$ (1,259)**	**$ (2,456)**

Recognized on the statement of financial position	Pension	Post-retirement	Total
Pension plans in asset positions	$ 23,183	$ —	$ 23,183
Post-retirement obligations and pension plans in liability positions	(3,878)	(4,221)	(8,099)
Net asset (liability), December 31, 2023	$ 19,305	$ (4,221)	$ 15,084

(In thousands of Canadian dollars unless otherwise stated)

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

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

Recognized in other comprehensive income (loss)		**Pension**		**Post-retirement**
Remeasurement gains/(losses) from continuing operations	$	8,689	$	(258)
Remeasurement gains/(losses) from discontinued operations		—		—
Other comprehensive income (loss) for the period, December 31, 2023	$	8,689	$	(258)

Components of net periodic benefit cost		**Pension**		**Post-retirement**
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)**		**—**
Net pension cost, year ended December 31, 2024	**$**	**575**	**$**	**63**

Components of net periodic benefit cost		**Pension**		**Post-retirement**
Service cost	$	1,193	$	14
Administrative costs paid from plan		124		—
Interest expense		2,841		185
Interest income		(3,911)		—
Net pension cost, year ended December 31, 2023	$	247	$	199

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:

Pension and other postretirement benefit assumptions for 2024	**Pension**	**Post-retirement**
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 %**	—

(In thousands of Canadian dollars unless otherwise stated)

Pension and other postretirement benefit assumptions for 2023	**Pension**	**Post-retirement**
Benefit obligations:		
Discount rate	4.61% to 4.63%	4.60 %
Future compensation rate increases	2.50 %	—
Net periodic benefit cost assumptions:		
Discount rate	3.00% to 5.06%	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:

Sensitivity to a 1% change in certain assumptions for 2024	**Pension Obligations**	**Post-retirement Obligations**
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)**

Sensitivity to a 1% change in certain assumptions for 2023	**Pension Obligations**	**Post-retirement Obligations**
Discount rate increase	$ (6,793)	$ (369)
Discount rate decrease	8,432	445
Health-care cost trend rate increase	n/a	16
Health-care cost trend rate decrease	n/a	(15)

Weighted average duration of defined benefit obligations in years	**2024**	2023
Pension	**12.4**	**12.5**
Post retirement	**19**	**20**

Pension plan asset category allocation	**2024**	2023
Cash and cash equivalents	**1 %**	0 %
Canadian equity	**1 %**	3 %
Foreign equity	**4 %**	7 %
Bonds	**94 %**	90 %
	100 %	100 %

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 2024, based on the most recent actuarial reports, are expected to amount to $330 (December 31, 2023 - $699).

(In thousands of Canadian dollars unless otherwise stated)

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 of $663 (December 31, 2023 - $1,144).

Buy-out Group Annuity of Certain Pension Plans

On August 9, 2024, the Company purchased a buy-out group annuity that transfers approximately $26.5 million of defined benefit pension obligations to a Canadian insurance company. The Company recognized a net settlement gain of approximately $0.8 million during the year.

Under the group annuity transaction, the Canadian insurance company will have the responsibility of paying pension benefits. This includes payments to current pensioners and beneficiaries already receiving payments, 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 will require no 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 asset transfer received FSRA approval on September 26, 2024 and processed on November 1, 2024. One of these new pension plans was registered under Kap Paper Inc. and transferred as part of spin-off of the Company’s paper operations on November 4, 2024.

As part of the Kap Paper spin-off, a portion of the liability related to the post-retirement obligation was transferred to Kap Paper Inc. effective January 1, 2024 related to those employees.

14. LONG-TERM DEBT

GFP Credit Facility

The Company’s credit facility for as at December 31, 2024 is as follows:

Continuity of credit facility		
Balance, January 1, 2024	$	22,648
Net proceeds from revolving portion of credit facility		(13,000)
Repayment of Credit Facility related to Kap Term Loan		(10,000)
Amortization of deferred financing charges for credit facility		352
Proceeds from Equipment Term Loan		15,618
Repayment of Equipment Term Loan		(1,914)
Carrying value of credit facility, December 31, 2024		**13,704**
Less: current portion of Credit Facility		(2,816)
Long-term portion of Credit Facility	**$**	**10,888**

(In thousands of Canadian dollars unless otherwise stated)

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

Less than 1 year	$	2,816
1 - 3 years		9,869
Thereafter		1,019
Total	$	**13,704**

During the year ended December 31, 2024, the Company made a net repayment and drawdown of $23.0 million on the revolving portion of the credit facility. Additionally, during the year ended December 31, 2024, the Company made a aggregate draw of $15.6 million under the equipment financing portion of the credit facility in the form of a term loan. The Equipment Term Loan has a 60-month term, with monthly amortizing repayments that include both principal and interest. The borrowing is based on select strategic capital expenditure projects and value of existing equipment.

As at December 31, 2024, the Company completed the renewal process related to the revolving portion of its credit facility which extended the maturity to September 23, 2028. The Company remains subject to a maximum annual capital expenditure amount relative to budget, as these terms are defined in the Credit Agreement. The Company can draw down on the facility based on a prescribed percentage of accounts receivable and its inventory carrying value, less reserves. As at December 31, 2024, the Company was in compliance with all covenants under the credit facility.

Under the amended and restated credit agreement, the Company's maximum borrowing capacity under the revolving portion of the credit facility is $60.0 million (December 31, 2023 - $75.0 million) and equipment financing portion of $25.0 million (December 31, 2023 - $25.0 million). The change did not have an impact on the Company's availability under the credit facility.

During the year ended December 31, 2024, $0.4 million respectively (December 31, 2023 - $0.2 million) of deferred financing costs were amortized relating to the credit facility.

At December 31, 2024, there were $8.3 million (December 31, 2023 - $5.4 million) of outstanding standby letters of credit issued, which reduces the amounts available to draw under the credit facility. Additionally, as at December 31, 2024, the Company also had $5.4 million (December 31, 2023 - $5.4 million) of outstanding standby letters of credit issued backstopped by another third party, thereby not impacting the amounts available to draw under the credit facility. The letter of credit as at December 31, 2024 issued to Kap Paper Inc. as the applicant was issued and guaranteed (December 31, 2023 - nil) by a financial institution for which the Company has indemnified the financial institution.

15. U.S. COUNTERVAILING AND ANTI-DUMPING DUTY 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 and the U.S. Department of Commerce ("DOC") imposed duties on Canadian shipments of softwood lumber into the U.S.

The initial duty deposit rate, totaling 20.23%, was imposed upon the Company's acquisition of its sawmill assets on August 28, 2021.

The following table summarizes the cash deposit rates that were in effect along with the preliminary and final revised rates by period:

(In thousands of Canadian dollars unless otherwise stated)

Effective dates for combined CVD and ADD	Cash deposit rates in effect	Final Rate
Fourth administrative review		
August 28, 2021 - December 31, 2021	20.23 %	8.05 %
Fifth administrative review		
January 1, 2022 - December 31, 2022	20.23 %	14.40 %
Sixth administrative review		
January 1, 2023 - August 1, 2023	20.23 %	Pending
August 2, 2023 - December 31, 2023	8.05 %	Pending
Seventh administrative review		
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

Each Period of Inquiry ("POI") is subject to independent administrative review by the US DOC, and the results of each POI may not be offset but the results within a POI in respect of ADD and CVD may be offset.

The Company will continue to reassess the duties deposit estimate at each quarter-end applying the US DOC's methodology to updated sales and cost data as this becomes available. Quarterly revisions to the duties deposit rate may result in a material adjustment to the consolidated statement of net income (loss) and comprehensive income (loss) while the Administrative Reviews are taking place. Changes to the US DOC's existing countervailing duties and anti-dumping duties rates during the course of each administrative review may also result in material adjustments to the consolidated statement of income (loss) and comprehensive income (loss).

As the Company was subject to CVD and ADD rates during fiscal 2021 and 2022 that were higher than the rates finalized by the US DOC's, the Company recognized a long-term asset related to the duties overpayments, in addition to accrued interest from the date the duties were paid. The duty deposits receivable is represented as follows:

Duty deposits receivable		
Balance, December 31, 2023	$	10,087
Export duties recognized as duty deposits receivable		19,178
Interest income recognized on duties deposits receivable		3,999
Foreign exchange gain recognized on duties deposit receivable		2,285
Proceeds from sale of duties receivable (2021 and 2022)		(24,848)
Loss of sale of duties receivable		(10,701)
Balance, December 31, 2024	**$**	**—**

Sale of Duty Deposit Receivable

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 softwood lumber exported from Canada to the United States during the specified period of 2021 and 2022.

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. As a result of this transaction the Company incurred transaction related costs of $0.9 million and recorded a loss of sale of the duties receivables of $10.7 million which is recorded in loss on sale of assets in the consolidated statement of loss and comprehensive loss .

(In thousands of Canadian dollars unless otherwise stated)

16. INCOME TAXES

The provision for income taxes is comprised of the following:

Year ended December 31		2024		2023
Current income tax (expense) recovery	$	**—**	$	(606)
Deferred income tax (expense) recovery		**(4,454)**		2,192
Total	$	**(4,454)**	$	1,586

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:

Year ended December 31		2024		2023
Earnings loss before income taxes from continuing operations	$	**(17,176)**	$	(41,024)
Statutory tax rate		**26.5%**		26.5%
Tax recovery at statutory tax rate	$	**(4,552)**	$	(10,871)
Non-deductible expenses		**(924)**		(2,059)
True-ups		**2,324**		(1,089)
Income taxed at different rates		**1,202**		—
Tax impact of the sale of discontinued operations		**(2,919)**		1,392
Change in unrecognized deferred tax assets		**9,323**		11,042
Deferred income tax expense (recovery)	$	**4,454**	$	(1,586)

In addition to the deferred tax expense recorded in net income, a $4,454 deferred tax recovery was recorded in other comprehensive earnings (loss) for the year ended December 31, 2024 (December 31, 2023 - deferred tax expense of $2,394) 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:

As at December 31		2024		2023
Deferred tax assets				
Loss carryforwards	$	**12,317**	$	13,614
Capital assets				—
Decommissioning obligations		**—**		18
Other tax assets		**—**		530
Recognized deferred tax assets	$	**12,317**	$	14,162
Deferred tax liabilities				
Capital assets	$	**(12,317)**	$	(10,178)
Pension assets & liabilities		**—**		(3,984)
Recognized deferred tax liabilities	$	**(12,317)**	$	(14,162)
Net deferred tax asset recognized	$	**—**	$	—

(In thousands of Canadian dollars unless otherwise stated)

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:

As at December 31		**2024**		2023
Non-capital loss carryforwards	**$**	**102,392**	$	103,589
Capital loss carryforwards (deductible portion)		**4,516**		11,553
Resource pools		**5,397**		5,397
Capital assets		**4,709**		—
Other items		**8,073**		2,170
Unrecognized deferred tax assets	**$**	**125,087**	$	122,709

As at December 31, 2024, the Company has Canadian non-capital losses carried forward in the amount of $148.4 million. The non-capital losses expire as follows:

Expiry		**Loss**
2029	$	652
2030		458
2031		240
2040		583
2041		20,688
2042		29,631
2043		21,610
2044		74,501
Total	**$**	**148,363**

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:

	Number of Common Shares		**Amount**
Balance, December 31, 2023	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

(In thousands of Canadian dollars unless otherwise stated)

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

Changes in outstanding common share purchase warrants were as follows:

	Number of Warrants	Weighted Average Exercise Price[(1)]	Carrying Amount in reserves
Balance, December 31, 2023	3,175,262	$ 16.23	$ 9,132
Balance, December 31, 2024	**3,175,262**	**$ 16.23**	**$ 9,132**

(1) In dollars per common share.

As a result of the Rights Offering closed on December 13, 2024, anti-dilution provisions was triggered for warrants outstanding at the time of closing. This provision resulted in a reduction of the average exercise price for all warrants outstanding such that 1,606,012 warrants were repriced down from $2.54 to $2.39 and 1,569,250 warrants were repriced down from $31.80 to $30.39.

(In thousands of Canadian dollars unless otherwise stated)

Earnings (Loss) Per Share

For the year ended		**December 31, 2024**		December 31, 2023[1]
Net loss	**$**	**(47,074)**	$	(47,019)
Net loss from continuing operations	**$**	**(21,630)**	$	(39,438)
Net loss from discontinued operations	**$**	**(25,444)**	$	(7,581)
Basic weighted average number of common shares outstanding		**18,009,460**		17,757,227
Basic loss per share	**$**	**(2.61)**	$	(2.65)
Basic loss per share from continuing operations	**$**	**(1.20)**	$	(2.22)
Basic loss per share from discontinued operations	**$**	**(1.41)**	$	(0.42)

For the year ended		**December 31, 2024**		December 31, 2023[1]
Net loss	**$**	**(47,074)**	$	(47,019)
Net loss from continuing operations	**$**	**(21,630)**	$	(39,438)
Net loss from discontinued operations	**$**	**(25,444)**	$	(7,581)
Basic weighted average number of common shares outstanding		**18,009,460**		17,757,227
Dilutive effect of exercisable warrants outstanding		**—**		—
Diluted weighted average number of common shares outstanding		**18,009,460**		17,757,227
Diluted earnings (loss) per share	**$**	**(2.61)**	$	(2.65)
Diluted earnings (loss) per share from continuing operations	**$**	**(1.20)**	$	(2.22)
Diluted (loss) earnings per share from discontinued operations	**$**	**(1.41)**	$	(0.42)

[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, 2024, 403,298 stock options (December 31, 2023 - 551,647), granted by the Company were either not vested or not in-the-money and therefore non-exercisable (See *Note 18 – Equity-Based Compensation*).

There were no shareholder dividends declared during the year ended December 31, 2024 and December 31, 2023.

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.

(In thousands of Canadian dollars unless otherwise stated)

Stock Options
During the year ended December 31, 2024 the Company granted nil stock options, under the Omnibus Plan (December 31, 2023 - 117,425). During the year ended December 31, 2024 the Company forfeited/ expired 148,349 stock options, due to terminations/expirations under the Omnibus Plan (December 31, 2023 - 212,044). As at December 31, 2024, 403,298 stock options to directors, officers, employees and contractors were outstanding (December 31, 2023 - 551,647), of which 266,884 stock options were vested and exercisable (December 31, 2023 - 368,767).

	Number of Options		Weighted Average Exercise Price[1]		Years Before Expiration
Outstanding, December 31, 2023	551,647	$	17.00	$	2.75
Forfeited/expired	(148,349)		17.52		—
Outstanding, December 31, 2024	**403,298**	**$**	**16.81**	**$**	**2.38**

[1] In dollars per option.

The Company recorded an expense related to the stock options granted under the Omnibus Plan for the year ended December 31, 2024 of $0.1 million (December 31, 2023 - 0.9 million).

Restricted Share Units
During the year ended December 31, 2024, the Company granted 21,276 RSUs (December 31, 2023 - 97,084). During the year ended December 31, 2024, the Company recorded a expense of $0.7 million (December 31, 2023 - 0.1 million) related to the RSUs granted under the Omnibus Plan.

As at December 31, 2024, the Company had 118,363 RSUs outstanding (December 31, 2023 - 97,087 RSUs).

Deferred Share Units
During the year ended December 31, 2024, the Company granted 87,743 DSUs, (December 31, 2023 - 61,445 DSUs). During the year ended December 31, 2024, the Company recorded a expense of nil (December 31, 2023 - $0.3 million) related to the change in the DSUs liability under the Omnibus Plan.

As at December 31, 2024, the Company had 185,197 DSUs outstanding (December 31, 2023 - 102,388 DSUs). As at December 31, 2024, the liability related to DSUs is $1.0 million (December 31, 2023 - $1.0 million).

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. The Company's key management personnel compensation comprised of the following:

For the year ended	**December 31, 2024**	December 31, 2023
Salaries, benefits and fees	**1,711**	1,877
Equity-based compensation[1]	**727**	978
Total	**2,438**	2,855

[1] Please refer to Note 18 – Equity-based Compensation in the Financial Statements for further information on such benefits.

(In thousands of Canadian dollars unless otherwise stated)

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. Boreal is an entity focused on acquiring and managing forestry projects in North America to generate carbon credits. The Chairman and a former director of GreenFirst are members of the Boreal board. See *Note 20 – Financial Instruments and Risk Management.*

There was no change in the investment carrying value during the year ended December 31, 2024 (December 31, 2023 - gain of $0.3 million). This investment is accounted for at fair value with changes in fair value recorded in net income (loss).

Management Services Agreements

Certain directors of the Company, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies. Some of these companies transacted with the Company during the year ended December 31, 2024 and December 31, 2023. Following are the aggregate values of such transactions:

For the year ended	**December 31, 2024**[(1)]	December 31, 2023[(1)]
Fees incurred for services – officers and companies controlled by officers	**1,715**	2,881

[(1)] Includes fees for management services, administrative support, and reimbursement of expenses. These fees were paid to entities controlled by or affiliated with a director of the Company. $75 of this was recorded as transaction costs as part of “Loss from Sale of Assets” during the year ended December 31, 2024 (April 1, 2023 - $757).

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2024, the Company’s financial instruments categorization and values are as follows:

	Category		**Carrying and fair value**
Cash and cash equivalents	Amortized cost	$	27,756
Trade and other receivables, excluding value added tax	Amortized cost		13,696
Accounts payable and other current liabilities, excluding lease liabilities	Amortized cost		48,485
Long-term debt, current	Amortized cost		2,816
Long-term debt	Amortized cost		10,888
Lease liabilities, current	Amortized cost		1,260
Lease liabilities, long-term	Amortized cost		5,174
Vendor-takeback mortgage	Amortized cost		1,404
Investment	Fair value		1,429

Except for the Company’s investment asset, the fair value of all other financial instruments approximates the carrying value due to their short-term nature. Long-term debt and the vendor take-back mortgage are recorded at amortized cost based on the amount at initial recognition, less principal payments or receipts respectively, plus cumulative amortization using the effective interest rate method of the difference between initial amount and the maturity amount.

The Company has classified its investment in Boreal as fair value through profit and loss. The Company uses Level 3 inputs to assess the fair value of the investment at the reporting date as there is no public information available regarding the value of Boreal’s common shares.

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

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash deposits and receivables from customers.

The Company's maximum exposure to credit risk attributable to cash deposits as at December 31, 2024 is $27.8 million (December 31, 2023 - $2.4 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 expected credit losses. At December 31, 2024, a $0.2 million (December 31, 2023 - $0.3 million) allowance for expected credit losses was recorded.

The carrying amount of accounts receivable, excluding value added tax of $13.7 million, represents the maximum credit exposure for its accounts receivables as at December 31, 2024 (December 31, 2023 - $23.3 million).

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 to fulfill its obligations when due and monitors cash flow requirements daily and projections weekly. In addition to the Company's cash and cash equivalent balances, it had $39.3 million less $8.3 million for standby letters of credit of excess availability under the revolving portion of the credit facility and $11.3 million of equipment financing under the credit facility as at December 31, 2024.

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. The Company had drawn down nil on the revolving portion of the credit facility at December 31, 2024 (December 31, 2023 – $23.0 million on the revolving portion of the credit facility). Additionally, the Company had open letters of credit of $8.3 million (December 31, 2023 - $5.4 million) backed by the credit facility, which reduces availability by the same amount.The letter of credit as at December 31, 2024 issued to Kap Paper Inc. as the applicant was issued and guaranteed (December 31, 2023 - nil) by a financial institution for which the Company has indemnified the financial institution. The Company had $15.6 million drawn against the equipment financing portion of the credit facility at December 31, 2024 (December 31, 2023 - nil).

Market Risk

The Company is exposed to market risk primarily through changes in commodity prices, interest rates and the US dollar to Canadian dollar exchange rate.

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 5.95% annualized at December 31, 2024. The Equipment Term Loan portion of the credit facility bears a fixed rate of 7.70%.

As at December 31, 2024 a 100 basis point increase in the interest rate on the revolving portion of the credit facility would decrease the net earnings in the statement of loss and comprehensive loss by $0.3 million on an annual basis. Similarly, as at December 31, 2024 a 100 basis point reduction in the interest rate on the revolving portion of the credit facility would increase the net income (loss) by $0.3 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, 2024, the portion of the Company's monetary assets and liabilities held in US dollars are as follows:

As at (in thousands of US dollars)		**December 31, 2024**
Cash and cash equivalents	$	7,309
Accounts receivable		2,933
Accounts payable and other liabilities		(6,327)
Net monetary assets in US Dollars	**$**	**3,915**

Based on the US dollar statement of financial position exposure at December 31, 2024, with other variables unchanged, if the Canadian dollar were to weaken against the US dollar by 1%, relative to the rate at December 31, 2024, the net earnings in the statement of loss and comprehensive loss would be approximately $0.1 million greater. If the Canadian dollar were to strengthen against the US dollar by 1%, relative to the rate at December 31, 2024, the net earnings in the statement of loss and comprehensive loss would be approximately $0.1 million less.

(In thousands of Canadian dollars unless otherwise stated)

21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a strong statement of financial position and to continuously improve its cost structure to maintain liquidity throughout commodity price cycle and to support access to additional capital for expansion. The Company defines capital as net debt and shareholders' equity.

As at		December 31, 2024
Total debt outstanding[1]	$	13,704
Less: cash and cash equivalents		(27,756)
Net debt		(14,052)
Shareholders' equity		145,616
Total capital	**$**	**131,564**

(1) 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 budgeting combined with frequent forecasting. The Company's strategic capital expenditure decisions are predicated on adequate cash flow from operations and through sale of non-core assets to support those expenditures.

The Company's credit facility contains restrictive covenants that limit the Company's ability to undertake certain actions without the lender's consent, and it also includes the following financial covenant test performed quarterly: a maximum annual capital expenditure amount relative to budget, as defined in the Credit Agreement. The Company monitors its performance monthly as well as its future performance expectations, adjusting as required, so it remains in compliance with the covenants. The Company was in compliance with its covenants under the Credit Agreement as at December 31, 2024.

22. 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 either manufactured into lumber and other wood products at the Company's operations. All operations are located in Ontario in Canada.

For the year ended December 31, 2024, there was one customer that represented 10% or more of total net sales for the Company (December 31, 2023 - one customers).
The Company sells to both foreign and domestic markets as follows:

For the year ended		**December 31, 2024**		December 31, 2023[1]
Canada	**$**	**66,362**	$	79,198
United States		**216,489**		205,484
Total net sales	**$**	**282,851**	$	284,682

(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

(In thousands of Canadian dollars unless otherwise stated)

Sales by product line are as follows:

For the year ended	December 31, 2024	December 31, 2023[1]
Lumber products	$ 258,023	$ 248,705
Chips, by-products and other	24,828	35,977
Total net sales	$ 282,938	$ 284,682

[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

23. SUBSEQUENT EVENTS

US Tariffs

On February 1, 2025, the new U.S. administration issued an executive order directing the United States to impose a new tariff on imports from Canada, which came into effect on March 4, 2025 and subsequently reversed on March 6, 2025. In addition, on March 1, 2025, the U.S. administration ordered a new trade investigation that could impose further tariffs of 25% specific to anti-dumping on imported lumber from Canada. The actual impact of these tariffs is subject to a number of factors including the effective date, duration of such tariffs, changes in the amount, scope and nature of the tariffs in the future, any countermeasures that the Canadian government may take, and any mitigating actions that may become available.

There are material uncertainties related to these events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Company is evaluating strategies and/or taking actions which include but are not limited to, implementing various productivity improvement plans including deferring investment in their machinery and equipment, and/or obtaining other sources of financing. There are no assurances the Company will be successful in generating positive cash flows from operations.