



PRODUITS FORESTIERS
GREENFIRST
FOREST PRODUCTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2025

GREENFIRST FOREST PRODUCTS INC.

Dated: March 25, 2026

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Background

This Management's Discussion and Analysis ("MD&A") provides information about the financial condition and results of operations of GreenFirst Forest Products Inc. ("GreenFirst", the "Company", "we", "us", "our" or similar terms referring to GreenFirst). This MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the fourth quarter and year ended December 31, 2025 ("Financial Statements").

The Financial Statements have been prepared in accordance with IFRS[®] Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

This MD&A has been prepared as of March 25, 2026, and has been reviewed and approved by the Company's Board of Directors.

This MD&A includes certain financial performance measures that do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. These measures are referred to as non-GAAP financial measures and ratios. For further information, including definitions and reconciliations where applicable, please refer to the "Non-GAAP Measures" section of this MD&A.

Unless otherwise indicated, all financial information are stated in Canadian dollars. References to "USD" or "US\$" are to United States dollars.

Forward-Looking Statements

This MD&A has been prepared taking into consideration information available as at March 25, 2026, and contains forward-looking information within the meaning of applicable securities laws. Forward-looking

information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “may”, “will”, “anticipate”, “believe”, “estimate”, “expect”, “intend”, or similar expressions suggesting future outcomes.

All statements in this MD&A other than statements of historical fact may be considered forward-looking statements, including statements regarding market conditions, duties and tariffs, liquidity, operating performance, capital expenditures, and the Company's strategic and operational plans. These forward-looking statements are based on management's current expectations, estimates, projections, beliefs and assumptions, including assumptions based on information currently available to management and management's exercise of business judgment.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by the forward-looking statements contained in the MD&A. Readers are cautioned not to place undue reliance on forward-looking statements. These risks and uncertainties are described in this MD&A and in the Company's other filings with Canadian securities regulatory authorities.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those expressed or implied by the forward-looking statements contained in this MD&A.

Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that these expectations will prove to be correct.

Forward-looking statements contained in this MD&A are made as of the date of this MD&A, and the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable securities laws.

A more comprehensive discussion of the factors that could affect the Company's future results, including risk factors related to forward-looking statements, can be found in the Company's Annual Information Form dated March 25, 2026, available at www.sedarplus.com.

Sustainable Business, Strategy and Market Context

GreenFirst operates four sawmills and holds timber licenses for Crown forests in Ontario that provide access to renewable and stable supply of fibre. Headquartered in North Bay, with a regional office in Timmins, the Company maintains strong connections with the communities in which it serves.

GreenFirst's long-term vision is to expand its operations in the lumber sector and establish itself as the leading lumber producer in Ontario. The Company's strategy is grounded in sustainable and responsible forest management practices that support both environmental stewardship and long-term value creation. By leveraging the carbon-storing attributes of wood products, GreenFirst believes it is well positioned to navigate cyclical market conditions and benefit from the growing demand for sustainable building materials.

The Company seeks to maximize value through a focus on operational excellence, strong financial performance, a culture of safety, and disciplined cost management. Recognizing the inherent cyclicity of lumber markets, GreenFirst remains committed to maintaining financial discipline and prudent capital allocation. This approach supports a resilient balance sheet and adequate liquidity while enabling the Company to pursue strategic investments that enhance long-term competitiveness.

GreenFirst is investing strategically in its Ontario operations to improve productivity, increase capacity, and reduce production costs. These initiatives include targeted capital projects and operational improvements aimed at achieving top-quartile performance within the North American lumber industry.

The Company expects these initiatives to support increased lumber production from its Ontario sawmills over time through continuous improvement and strategic upgrades.

GreenFirst's operations are influenced by industry-wide seasonal patterns. Logging activities are typically constrained in winter due to frozen or snow-covered terrain, while spring thaw can limit access to certain forest areas. These seasonal factors affect fibre harvesting, production schedules, inventory levels, and cash flows. Production and delivery schedules are adjusted throughout the year to align with log availability and customer demand, while also accounting for broader market conditions, including lumber pricing, US housing starts, and construction activity. By incorporating seasonal dynamics into operational planning and cash flow forecasting, GreenFirst maintains stable production, efficiently manages inventory, and ensures liquidity throughout the year.

GreenFirst's operations benefit from annual allowable harvest rights in Ontario, a stable and well-regulated jurisdiction that provides a reliable source of fibre supply. Sustainability is central to the operating model. The Company maintains certification under the Forest Stewardship Council® (FSC®) framework, promoting responsible forest management and adherence to recognized environmental and social standards. GreenFirst is committed to maintaining forest sustainability, supporting biodiversity, and improving energy efficiency while maximizing fibre utilization.

GreenFirst also recognizes the climate benefits of wood products. Lumber stores carbon absorbed during tree growth, making it a carbon-negative building material over its life cycle. Compared with alternative materials, such as steel or concrete, lumber requires less energy to produce, transport, and process, resulting in lower overall carbon emissions. By using wood by-products, including chips and residual fibre for energy, the Company further supports net-zero carbon operations where feasible, contributing to climate change mitigation while providing sustainable building solutions.

Employees are fundamental to GreenFirst's success, and the Company prioritizes a safe and inclusive workplace. It also values longstanding relationships with Indigenous communities and local stakeholders, supporting responsible engagement and mutual economic development.

With a strong asset base, access to sustainable fibre, and a focus on operational improvement, disciplined capital allocation, and seasonal operational planning, GreenFirst is well positioned to respond to market volatility, capture growth opportunities, and deliver long-term shareholder value while promoting sustainable forest management and community development.

Recent Business Highlights

Changes to Duties Rate

On August 8, 2025, the U.S. Department of Commerce ("US DOC") issued its Final Determination for the Sixth Administrative Review ("AR6") regarding imports of softwood lumber products from Canada for the 2023 period of review. The final determination established a combined duty rate of 35.16%, which is higher than the rate previously assessed to the Company. As a result, the Company recorded a duty expense of \$33.8 million (US\$24.6 million), plus accrued interest of \$5.9 million (US\$4.3 million), in the third quarter of 2025 reflecting the increase in anti-dumping ("ADD") and countervailing ("CVD") duty rates.

Cash deposits continue to be made at the most recent final ADD and CVD duty rates. Amounts paid to date remain held in trust by the US DOC pending the final resolution of all administrative reviews and appeals.

Trade and Tariff Exposure

GreenFirst's products were largely exempt from U.S. import tariffs in 2025 due to compliance with the provisions of the United States-Mexico-Canada Agreement (USMCA). The only exception was a brief

three-day period in the first quarter of 2025, during which certain shipments were temporarily subject to tariffs.

Later in the year, on September 30, 2025, the U.S. Government issued a final proclamation under Section 232 of the Trade Expansion Act of 1962, introducing new tariffs on imports of timber, lumber, and certain derivative wood products from Canada and other countries. Effective October 14, 2025, softwood lumber products became subject to a 10% tariff. GreenFirst continues to pay this tariff on its shipments, while monitoring any opportunities for relief or exemption under Section 122 of the Trade Act.

These Section 232 measures are in addition to the existing ADD and CVD duties currently applied to Canadian softwood lumber exports. The Company is assessing the potential financial and operational impacts of these additional tariffs, which may increase the total effective duty burden on shipments to the U.S. Depending on market conditions, the Company may mitigate these impacts through pricing adjustments, product mix optimization, or supply chain management strategies.

The Company continues to monitor trade policy developments closely and will evaluate any opportunities for relief or adjustments that may arise through government-to-government negotiations or administrative reviews.

Release of Pension Surplus

On December 18, 2025, the Company announced that it had received regulatory approval from the Financial Services Regulatory Authority of Ontario ("FSRA") to distribute surplus assets from its closed defined benefit pension plan for Kapuskasing Organized Employees of GreenFirst Forest Products (QC) Inc. The plan was wound up on November 1, 2024, in a surplus position. The surplus assets were distributed to eligible members, with GreenFirst retaining an estimated \$10.7 million in surplus during the year ended December 31, 2025.

Backstop of \$19 Million on Standby Letters of Credit

On December 18, 2025, the Company announced it had secured a \$19 million backstop on its existing standby letters of credit from Export Development Canada ("EDC") under the EDC Account Performance Security Guarantee ("APSG") program. The APSG program is supports eligible Canadian companies by providing guarantees to financial institutions in respect of standby letters of credit to help maintain access to working capital. These developments enhance GreenFirst's liquidity, financial flexibility, and operational capacity, supporting ongoing operations and the execution of strategic initiatives.

Term Loan of \$30 Million Under Federal Softwood Lumber Program

On January 21, 2026, the Company announced it entered into a \$30 million term loan under the Softwood Lumber Program announced by the Government of Canada. The financing, arranged with the Company's banking partner BMO, is intended to support liquidity and ongoing operations amid continued market volatility in the North American lumber sector.

GreenFirst's Capital Allocation

As of March 25, 2026, the Company has total debt outstanding of \$38.2 million, comprised of \$28.0 million under the revolving portion of the credit facility and \$10.2 million under the equipment financing portion.

During the fourth quarter and year ended December 31, 2025, the Company made net debt repayment of \$1.0 million and net debt drawdown \$18.0 million, respectively, under the revolving portion of the credit facility.

GreenFirst's approach to capital management is designed to support long-term value creation, operational resilience, and investor confidence. Effective capital allocation and financial discipline are

particularly important given the cyclical nature of commodity markets and the forestry sector. Key objectives of the Company's capital strategy include:

- Maintaining a strong financial position and liquidity through commodity price cycles.
- Improving the Company's cost structure and supporting access to growth capital.
- Ensuring compliance with debt agreements and preserving financial flexibility.

The Company defines capital as the sum of net debt and shareholders' equity. This provides management with a clear view of the resources available to support operations and strategic initiatives. Maintaining an appropriate balance between debt and equity enables GreenFirst to respond quickly to opportunities or challenges, while minimizing financial risk.

Seasonality is an important consideration in capital planning. Harvesting operations require significant working capital in the first quarter to build up log inventory ahead of the primary production season. This front-loaded capital demand is incorporated into liquidity planning to ensure operational needs are met without compromising financial stability.

GreenFirst maintains a disciplined and long-term approach to capital allocation. Strategic investments in Ontario sawmills and forest operations are focused on enhancing productivity, expanding capacity, and reducing costs. By prioritizing projects with strong returns and maintaining fiscal prudence, the Company strengthens its competitive position while navigating industry volatility. This capital strategy supports GreenFirst's broader objectives of sustainable growth and responsible value creation for shareholders.

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

¹Total debt outstanding consists of the carrying amounts of the Company's credit facilities.

Strategic Advantages

In addition to its prudent financial position, GreenFirst benefits from several core assets and structural advantages that support its long-term strategy and competitive position:

Strategically Located Ontario Sawmills

GreenFirst operates four sawmills in Ontario with over 525 million board feet of annualized lumber production capacity. Through targeted capital investments and productivity improvements, the Company believes its facilities in Chapleau, Cochrane, Hearst and Kapuskasing have the potential to increase annual production volumes in the coming years.

Secure Fibre Supply

The Company benefits from approximately 2.5 million cubic metres of annual allowable harvest rights in Ontario. As fibre availability declines in other regions of Canada, this secured fibre basket provides GreenFirst with a competitive advantage in a stable, business-friendly jurisdiction.

Tax Attributes

GreenFirst has available non-capital tax loss carryforwards of \$175.0 million that may be used to offset future taxable income.

Established Customer Relationships

The Company maintains long-standing relationships with leading companies in the home improvement sector, supporting stable market access and long-term customer partnerships.

Economic Outlook

The outlook for the North American lumber industry reflects ongoing macroeconomic uncertainty, but long-term demand fundamentals remain supportive. Lumber demand is closely tied to residential construction activity in the United States, the primary end market for Canadian softwood lumber producers. Inflationary pressures have moderated, and interest rates may gradually ease. However, housing affordability challenges and broader economic uncertainty continue to weigh on near-term activity. As a result, demand for lumber products may remain below mid-cycle levels. Still, improving financial conditions could support a gradual recovery in residential construction, repair, and renovation activity over time.

U.S. housing starts are widely viewed as a key indicator of lumber demand. Industry participants generally consider annual housing starts of approximately 1.4 to 1.6 million units to represent normalized long-term demand levels. Recently, housing starts have remained below these levels due to higher mortgage rates and affordability constraints. In addition to new construction, repair and renovation activity represents a significant portion of lumber demand. Historically, it has accounted for around 40–45% of total wood products consumption. Demand in this segment tends to be more stable than new construction and can help partially offset cyclical fluctuations in housing starts.

Despite near-term uncertainties, the longer-term demand outlook for lumber remains supported by structural housing market dynamics. The United States continues to face a significant housing supply deficit. Combined with an aging housing stock and demographic-driven household formation, these factors are expected to support demand for wood products over the longer term. Nonetheless, housing activity and lumber demand are likely to remain sensitive to changes in mortgage rates, employment levels, and overall economic conditions.

On the supply side, the North American lumber industry faces structural pressures related to timber availability, regulatory harvest limits, and wildfire impacts, particularly in Western Canada and in the Province of Quebec. These factors have contributed to permanent mill closures, production curtailments, and reduced harvesting levels across parts of the industry. Several producers have adjusted operating plans and curtailed production in response to weak market conditions and ongoing economic uncertainty. This reflects a disciplined approach to balancing supply with demand. While many supply constraints are concentrated in Western provinces, broader fibre availability and transportation dynamics can mainly influence the Canadian lumber supply chain more broadly. Fibre supply conditions vary by region. Certain jurisdictions, including Ontario where GreenFirst operates, continue to maintain relatively stable timber availability. This supports operational continuity and supply reliability.

Labour availability, transportation constraints, energy costs, and inflationary pressures continue to influence operating costs across the forestry sector. These factors, combined with tight fibre supply in certain regions, may affect production levels and margins. At the same time, ongoing investments in mill modernization, automation, and process optimization are enabling producers to improve operating efficiency and enhance long-term competitiveness.

Canadian softwood lumber exports to the United States continue to be subject to anti-dumping and countervailing duties under the longstanding Canada–U.S. softwood lumber trade dispute. These duties, together with other potential trade measures and currency fluctuations, influence the competitive dynamics and profitability of Canadian lumber producers. The magnitude and timing of future duty rate adjustments or additional trade actions remain uncertain.

Environmental sustainability and responsible forest management remain important considerations for the industry. Wood products are increasingly recognized as a renewable building material that stores carbon and supports lower-emission construction. Companies that maintain strong environmental practices and sustainable forest management certifications are increasingly well positioned to meet evolving regulatory, investor, and customer expectations.

Lumber markets have historically been characterized by significant price volatility. This reflects the cyclical nature of residential construction activity, changing economic conditions, and shifts in supply and demand across the global wood products industry. Lumber prices can fluctuate materially over short periods in response to housing starts, interest rates, industry production levels, inventory levels throughout the supply chain, and broader macroeconomic developments. As a result, producers often adjust production levels and operating plans to manage inventories and maintain operational efficiency.

Overall, the industry continues to face cyclical and macroeconomic challenges, including housing affordability pressures, trade policy uncertainty, and supply constraints. However, the long-term outlook for lumber demand remains supported by structural housing needs, population growth, and the increasing use of wood as a sustainable building material. GreenFirst's stable Ontario fibre supply, strategic mill locations, sustainable operations, and ongoing investments in operational efficiency position the Company to navigate cyclical market conditions, enhance resilience, and create long-term value for stakeholders.

Actual market conditions may differ materially from current expectations due to changes in economic conditions, housing demand, trade policies, or other factors affecting the global wood products industry.

Financial Highlights

The following selected financial information is recalculated or derived from the Company's audited financial statements for the year ended December 31, 2025 and December 31, 2024, and from the Company's interim financial statements for the third quarter ended September 27, 2025:

| For the quarter ended | December 31, 2025 | September 27, 2025 | December 31, 2024 |
|--|----------------------|-----------------------|----------------------|
| Net sales from continuing operations⁽³⁾ | 76,949 | 70,230 | 69,948 |
| Operating loss from continuing operations | (34,816) | (50,905) | (5,415) |
| Net loss | (32,788) | (57,383) | (28,029) |
| Net loss from continuing operations | (32,788) | (57,383) | (26,647) |
| Basic loss per share | (1.43) | (2.54) | (1.47) |
| Basic loss per share from continuing operations | (1.43) | (2.54) | (1.39) |
| Diluted loss per share | (1.43) | (2.54) | (1.47) |
| Diluted loss per share from continuing operations | (1.43) | (2.54) | (1.39) |
| Adjusted EBITDA from continuing operations⁽¹⁾⁽²⁾ | (21,661) | (47,193) | (913) |
| | | December 31, | December 31, |
| For the year ended | | 2025 | 2024 |
| Net sales from continuing operations⁽³⁾ | | 303,547 | 282,851 |
| Operating loss from continuing operations | | (93,138) | (337) |
| Net loss | | (98,844) | (47,074) |
| Net loss from continuing operations | | (98,844) | (21,630) |
| Basic loss per share | | (4.35) | (2.61) |
| Basic loss per share from continuing operations | | (4.35) | (1.20) |
| Diluted loss per share | | (4.35) | (2.61) |
| Diluted loss per share from continuing operations | | (4.35) | (1.20) |
| Adjusted EBITDA from continuing operations⁽¹⁾⁽²⁾ | | (68,955) | 14,981 |

| As at | December 31, 2025 | December 31, 2024 |
|-----------------------------------|------------------------------|----------------------|
| Total assets | \$ 189,825 | \$ 220,466 |
| Total liabilities | 129,204 | 74,850 |
| Total shareholders' equity | 60,621 | 145,616 |

¹Adjusted EBITDA is a Non-GAAP measure and does not have standardized meaning under GAAP or IFRS. As a result, it may not be comparable to information presented by other companies. For an explanation and reconciliation of Adjusted EBITDA to related comparable financial information presented in the Financial Statements prepared in accordance with IFRS, refer to the *Non-GAAP Measures* section in this MD&A.

²Non-GAAP Adjusted EBITDA before one-time duties expenses and recoveries for the fourth quarter and year ended December 31, 2025 was negative \$21.7 million and negative \$35.2 million respectively, compared to negative \$0.9 million and negative \$4.2 million respectively, for the fourth quarter and year ended December 31, 2024.

³Includes net sales to external parties only.

Non-GAAP Measures

EBITDA and Adjusted EBITDA are used by the Company and its investors as a means of assessing the performance of its core operations in comparison to prior periods. EBITDA and Adjusted EBITDA are non-GAAP measures and are not intended to replace net income (loss), or other measures of financial performance and liquidity reported in accordance with IFRS.

References to EBITDA in this document are measures of earnings (loss) before interest and finance costs, income taxes, depreciation and amortization, while references to Adjusted EBITDA reflect EBITDA plus other non-operating costs such as impact of valuation changes on the Company's investments, loss on sale of assets and other non-operating losses. Management believes that certain lenders, investors, and analysts use EBITDA and Adjusted EBITDA as a common valuation measurement and to measure the Company's ability to service debt and meet other payment obligations.

Management has utilized net debt and net debt to invested capital as key indicators to monitor the Company's debt levels and overall leverage. Net debt is defined as borrowings under the Company's credit facilities and term loans, less cash and cash equivalents. Invested capital is calculated as the sum of net debt and shareholders' equity.

These measures are non-GAAP financial measures and do not have standardized meanings prescribed by IFRS Accounting Standards. Accordingly, they may not be comparable to similar measures presented by other issuers and should not be considered as a substitute for measures of financial performance and liquidity reported in accordance with IFRS.

Adjusted EBITDA

| For the quarter ended | December 31, 2025 | September 27, 2025 | December 31, 2024 |
|--|------------------------------|-----------------------|----------------------|
| Net loss from continuing operations | \$ (32,788) | \$ (57,383) | \$ (26,647) |
| <i>Adjustments:</i> | | | |
| Finance costs, net | 1,771 | 6,543 | 1,082 |
| Income taxes | (3,798) | 10 | 4,072 |
| Depreciation and amortization | 4,155 | 3,712 | 4,502 |
| EBITDA | (30,660) | (47,118) | (16,991) |
| Impairment | 9,000 | — | — |
| Gain on sale of assets | (1) | (75) | 16,078 |
| Adjusted EBITDA from continuing operations⁽¹⁾⁽²⁾ | \$ (21,661) | \$ (47,193) | \$ (913) |

| For the year ended | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Net loss from continuing operations | \$ (98,844) | \$ (21,630) |
| <i>Adjustments:</i> | | |
| Finance costs, net | 9,551 | 1,315 |
| Income taxes | (3,769) | 4,454 |
| Depreciation and amortization | 15,183 | 15,318 |
| EBITDA | (77,879) | (543) |
| Impairment | 9,000 | — |
| Gain on sale of assets | (76) | 15,524 |
| Adjusted EBITDA from continuing operations⁽¹⁾⁽²⁾ | \$ (68,955) | \$ 14,981 |

¹Adjusted EBITDA is a Non-GAAP measure and does not have standardized meaning under GAAP or IFRS. As a result, it may not be comparable to information presented by other companies. For an explanation and reconciliation of Adjusted EBITDA to related comparable financial information presented in the Financial Statements prepared in accordance with IFRS, refer to the *Non-GAAP Measures* section in this MD&A.

²Non-GAAP Adjusted EBITDA before one-time duties expenses and recoveries for the fourth quarter and year ended December 31, 2025 was negative \$21.7 million and negative \$35.2 million respectively, compared to negative \$0.9 million and negative \$4.2 million respectively, for the fourth quarter and year ended December 31, 2024.

Net Debt to Invested Capital

| As at | December 31, 2025 | September 27, 2025 | December 31, 2024 |
|-------------------------------------|----------------------|-----------------------|----------------------|
| Net debt | | | |
| Total debt ¹ | \$ 28,853 | \$ 30,537 | \$ 13,704 |
| Cash and cash equivalents | (3,479) | (3,487) | (27,756) |
| Net debt | \$ 25,374 | \$ 27,050 | \$ (14,052) |
| Invested capital | | | |
| Net debt | \$ 25,374 | \$ 27,050 | \$ (14,052) |
| Shareholders' equity | 60,621 | 81,683 | 145,616 |
| Invested capital | \$ 85,995 | \$ 108,733 | \$ 131,564 |
| Net debt to invested capital | 29.51 % | 24.88 % | (10.68)% |

¹Total debt outstanding consists of the carrying amounts of the Company's credit facilities.

Results of Operations for the Fourth Quarter and Year Ended December 31, 2025

Except for the fourth quarter the Company operates on a 13-week fiscal quarter.

The fourth quarter of 2025 comprises the results of operations from September 28, 2025 through December 31, 2025. The preceding third quarter of 2025 covers June 29, 2025 through September 27, 2025. For comparative purposes, the fourth quarter of 2024 covers September 29, 2024 through December 31, 2024.

For purposes of this discussion on the results of operations, the Company has excluded results from its discontinued operations (Please see *Note 4 - Discontinued Operations in the Company's Financial Statements for further information*).

During the fourth quarter and year ended December 31, 2025, the Company recorded a net loss from continuing operations of \$32.8 million and \$98.8 million, respectively (diluted loss per share from continuing operations of \$1.43 and \$4.35, respectively). Adjusted EBITDA from continuing operations was negative \$21.7 million for the fourth quarter and negative \$69.0 million for the year.

In the preceding third quarter of 2025, the Company recorded a net loss from continuing operations of \$57.4 million (diluted loss per share from continuing operations of \$2.54) with Adjusted EBITDA from continuing operations of negative \$47.2 million.

For the comparative periods in 2024, the Company recorded a net loss from continuing operations of \$26.6 million in the fourth quarter and \$21.6 million for the year ended December 31, 2024 (diluted loss per share from continuing operations of \$1.39 and \$1.20, respectively). Adjusted EBITDA from continuing operations was negative \$0.9 million in the fourth quarter and positive \$15.0 million for the year.

Fourth Quarter of 2025 Highlights

For the fourth quarter of 2025, based on its continuing operations, the Company reported an operating loss of \$34.8 million. This includes a negative contribution of \$9.1 million defined as revenues of \$76.9 million offset by cost of sales of \$86.0 million. The negative contribution primarily reflects a \$12.8 million provision for the net realizable value of inventory recorded during the period. The operating loss also includes both additional duties paid (\$15.1 million), selling, general & administrative expense (\$1.5 million) and other operating loss (\$0.1 million).

Net sales and shipments

For the fourth quarter ended December 31, 2025, the Company reported net sales of \$76.9 million compared to \$70.2 million in the third quarter ended September 27, 2025, representing an increase of approximately 10%. The increase in net sales was primarily driven by higher shipments, partially offset by lower realized pricing during the quarter.

The total volume shipped in the fourth quarter of 2025 was 108.1 million board feet at an average price of \$654 per thousand board feet (mfbm), compared to 93.3 million board feet at \$695/mfbm in the third quarter of 2025. The decrease in averaging pricing reflects weaker market conditions during the quarter, influenced by ongoing uncertainties regarding U.S. trade tariffs.

The lumber industry continues to face headwinds, including reduced demand driven by housing affordability pressures associated with elevated mortgage rates and an oversupply of lumber inventory in the market. These challenges are further compounded by uncertainty related to U.S. trade measures, including anti-dumping, countervailing, and recently finalized Section 232 measures, despite production curtailments implemented across North America.

In the comparative fourth quarter ended December 31, 2024, the Company reported net sales of \$69.9 million, reflecting shipments of 93.5 million board feet at \$680/mfbm. Compared to the same period in 2024, the fourth quarter of 2025 saw higher sales volumes offset by lower pricing.

For the year ended December 31, 2025, the Company reported net sales of \$303.5 million, compared to \$282.9 million for year ended December 31, 2024. The increase in net sales was due to the higher average pricing, partially offset by lower volumes sold. Total shipments for the year ended December 31, 2025, was 401.2 million board feet compared to 408.8 million board feet for the year ended December 31, 2024.

US housing starts were reported at 1.28 million units (SAAR) in December 2025, a decrease from the 1.31 million seen in August 2025. US benchmark lumber prices for delivery to the Great Lakes region for 2x4 2&better random length and studs were US\$546/mfbm and \$US451/mfbm, respectively, during the quarter and are currently averaging US\$559/Mfbm and US\$467/Mfbm, respectively, for the first quarter of 2026 to date.

Lumber demand in 2025 remained constrained by high interest rates, housing affordability challenges, and cautious consumer spending. Although U.S. housing starts are expected to recover modestly, construction activity remains below historical levels. Labor shortages, elevated building costs, and

extreme weather events have also contributed to delays and subdued demand. Additionally, tighter inventory management by builders and retailers continues to moderate purchasing activity.

Manufacturing and Production

Cost of sales includes labour, materials costs (including logs), consumables, energy costs, other costs directly attributable to inventory production, as well as freight, and depreciation.

For the fourth quarter ended December 31, 2025, the Company reported cost of sales of \$86.0 million compared to the third quarter ended September 27, 2025, an increase of approximately 16%. The increase was primarily due to higher shipment volumes, partially offset by downtime associated with the installation of the Chapeau large log line and other maintenance projects. The quarter also included a \$10.2 million provision for the net realized value on inventory, reflecting decreases in benchmark prices compared to \$8.6 million in the previous quarter. During December 2025, U.S. benchmark lumber prices for delivery to Great Lakes region for 2x4 2&better random length and studs were US\$522/mfbm and \$US440/mfbm, respectively.

Lumber production for the fourth quarter of 2025, was 93.1 million board feet, compared to 90.8 million board feet in the third quarter of 2025. Production was affected by planned shutdowns for capital project installation primarily the Chapeau large log line. Production levels are expected to return to normal in Q1 2026 with further increase anticipated in Q2 2026.

For the comparative fourth quarter ended December 31, 2024, cost of sales was \$67.3 million with lumber production of 102.9 million board feet. The increase in cost of sales for the fourth quarter of 2025 compared to the fourth quarter of 2024 was primarily due to the \$10.8 million provision for the net realized value on inventory compared to a recovery of \$4.7 million in the comparative period, partially offsetting higher costs in other areas.

For the year ended December 31, 2025, the Company reported cost of sales of \$300.0 million compared to \$270.9 million for the year ended December 31, 2024, an increase of approximately 11%. This increase was primarily driven by a \$18.8 million provision for the net realized value on inventory, partially offset by lower volumes sold. Annual production was 401.1 million board feet in 2025, compared to 414.2 million board feet in 2024.

Duties and Tariffs

The Company's softwood lumber sales to U.S. customers are subject to ADD and CVD as determined by the US DOC. All duties are expensed in profit and loss as incurred. The Company records duties at the cash deposit rate until an Administrative Review by the US DOC is finalized, at which point a new applicable rate is set for each period of review. The difference between the cumulative cash deposits paid and cumulative export duty expense recognized for each period of review is recorded on the balance sheet as export duty deposits receivable or payable.

For the fourth quarter and year ended December 31, 2025, the Company expensed duties of \$15.1 million and \$71.8 million, respectively, compared to \$42.7 million in the third quarter of 2025. During the third quarter of 2025, duties expensed consisted of \$8.9 million in relation to shipments sold and \$33.8 million resulting from adjustments to finalized duties rates from AR6 in relation to 2023 duties paid. The Company was subject to a combined duty rate of 35.16% during the third quarter, which increased to 45.16% starting October 14, 2025 as a result of Section 232 tariffs.

In comparison, for the fourth quarter and year ended December 31, 2024, the Company recorded duties expensed of \$6.2 million and \$1.9 million respectively. For the fourth quarter and year ended comparative period the company was subjected to lower combined duty rates in 2024. Additionally, for the year ended comparative period, the Company recognized a duties recovery from adjustments to finalized duty rates from AR5 whereas the current period contained a duties expense from AR6.

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

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 duty deposit may result in a material adjustment to the consolidated statement of loss and comprehensive loss and changes to existing ADD and CVD rates during an Administrative Review may also lead to significant adjustments.

Selling, General and Administration

The Company's selling, general and administrative ("SG&A") expenses primarily consist of corporate and administrative personnel costs, consultant and external service fees, IT and infrastructure costs, public-company costs, and other shared back-office expenses.

Prior Period Adjustment of Certain Costs - During the current year, the Company identified that certain costs previously capitalized to inventory and subsequently expensed as cost of sales was more appropriately categorized as selling, general and administrative expenses during the year ended December 31, 2024. The impact on the December 31, 2024 inventory balance was not material and has not been adjusted in the Financial Statements. The Company has recorded a reclassification \$4.8 million to reduce cost of sales and increase selling, general and administrative expenses in the 2024 financial statements. This adjustment has no impact on net loss, the statement of cash flows or the statement of changes in shareholders' equity. The Company has refined its processes and controls to ensure that only costs directly attributable to production are capitalized going forward. *(Please see Note 5 - Selling, General and Administration Expenses in the Company's Financial Statements for further information).*

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

For the fourth quarter ended December 31, 2025, SG&A expenses were \$1.5 million compared to \$4.0 million in the fourth quarter ended December 31, 2024 representing a decrease of approximately 63%. This reduction was primarily due to reversal of accruals no longer required on sale of assets and higher non-cash stock-based expenses in the comparative period.

For the year ended December 31, 2025, the Company reported SG&A of \$15.4 million compared to \$16.9 million for the year ended December 31, 2024, representing a decrease of approximately 9%. The current year SG&A included a reversal of accruals no longer required on sale of assets.

Other Operating Income (Loss)

Other operating income (loss) primarily reflects the impact of foreign exchange on the Company's US dollar-denominated net working capital. As the Company sells a substantial portion of its products to U.S. customers, these sales are denominated in US dollars.

For the fourth quarter and year ended December 31, 2025, the Company reported other operating loss of \$0.1 million and \$0.5 million, respectively. These losses were driven by realized and unrealized foreign exchange losses due to the strengthening of the Canadian dollar compared to the US dollar.

In the comparative periods, the fourth quarter and year ended December 31, 2024, the Company reported other operating loss of \$2.1 million for the quarter and other operating income \$2.7 million for the year.

Impairment

Impairment primarily reflects the write-down of the Company's long-lived assets to their recoverable amounts, based on management's assessment of indicators of impairment and the estimated future cash flows associated with those assets.

For the fourth quarter and year ended December 31, 2025, the Company recorded impairment charges of \$9.0 million and \$9.0 million, respectively. These charges were primarily driven by continued weakness in market prices for lumber, macro-economic conditions and elevated duties and tariff rates, which resulted in the carrying value of cash-generating unit exceeding its estimated recoverable amount.

Net Finance (Costs)/Income

Net finance (costs)/income primarily include interest on the Company's credit facility, including amortization of deferred financing costs, as well as bank charges, net interest on pension assets and liabilities, interest related to the duties deposits/payables, and accretion expense on lease liabilities and decommissioning obligations.

For the fourth quarter and year ended December 31, 2025, the Company recorded net finance costs of \$1.8 million and \$9.6 million, respectively. In comparison, for the fourth quarter and year ended December 31, 2024, the Company recorded net finance income of \$1.1 million for the quarter and net finance costs of \$1.3 million for the year. The increase in net finance costs in 2025 was due to interest expenses on its duties payables related to underpayments arising from the Sixth Administrative Review for 2023 duties. In the prior year period, the Company recognized interest income on duties deposits for overpayments related to 2022 duties from the Fifth Administrative Review. These impacts were partially offset by lower borrowings under the revolving portion of the credit facility in 2025, which resulted in reduced interest charges for both the fourth quarter and year ended December 31, 2025.

Deferred Tax Expense

For the fourth quarter and year ended December 31, 2025, the Company recorded a deferred tax expense of \$3.8 million and \$3.8 million, respectively. A substantial portion of which was driven by deferred tax recoveries on other comprehensive losses related to the Company's pension plans during period.

Selected Financial Information – Quarterly Highlights

The following table presents selected financial information related to the Company's eight most recent completed fiscal quarters (in thousands of Canadian dollars, except per share amounts and certain operating metrics):

| | Q4 2025 | Q3 2025 | Q2 2025 | Q1 2025 | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 |
|---|----------|----------|---------|---------|----------|---------|---------|----------|
| Net sales from continuing operations ⁽²⁾ | 76,949 | 70,230 | 84,538 | 71,830 | 69,948 | 70,806 | 69,650 | 72,447 |
| Net earnings (loss) from continuing operations ⁽²⁾ | (32,788) | (57,383) | (9,593) | 920 | (26,647) | 14,822 | (9,946) | 141 |
| Net (loss) earnings from discontinued operations ⁽²⁾ | — | — | — | — | (1,382) | (5,987) | (4,583) | (13,492) |
| Basic earnings (loss) per share from continuing operations ⁽²⁾ | (1.43) | (2.54) | (0.42) | 0.04 | (1.39) | 0.83 | (0.56) | 0.01 |
| Basic earnings (loss) per share from discontinued operations ⁽²⁾ | — | — | — | — | (0.07) | (0.34) | (0.26) | (0.76) |
| Diluted (loss) earnings per share from continuing operations ⁽²⁾ | (1.43) | (2.54) | (0.42) | 0.04 | (1.39) | 0.81 | (0.56) | 0.01 |
| Diluted (loss) earnings per share from discontinued operations ⁽²⁾ | — | — | — | — | (0.07) | (0.34) | (0.26) | (0.76) |
| <i>Operating metrics</i> | | | | | | | | |
| Lumber Sales Volume from continuing operations (MFBM) ⁽²⁾ | 108,108 | 93,339 | 109,726 | 90,034 | 93,489 | 105,904 | 102,191 | 107,217 |
| Lumber Produced from continuing operations (MFBM) ⁽²⁾ | 93,117 | 90,769 | 115,766 | 101,419 | 102,947 | 94,882 | 112,375 | 103,968 |
| Lumber - Average Selling Price (C\$/MFBM) from continuing operations ⁽¹⁾⁽²⁾⁽³⁾ | 654 | 695 | 712 | 729 | 680 | 606 | 627 | 618 |

¹Average gross price before duties and other deductions.

²Certain prior period amounts have been restated as a result of a change in presentation of the Company's Financial Statements for continuing and discontinued operations under IFRS. Please refer to Note 4 - Discontinued Operations, in the Company's Financial Statements for further information.

³Average selling price is not inclusive of sales by-products and logs.

On a sustained basis, the Company's quarterly financial results are impacted by industry-wide seasonality, levels of lumber production, log costs, market prices for lumber, the USD/CAD foreign exchange rate and business-development transactions.

Logging operations are inherently seasonal due to several factors such as weather and ground conditions that vary from winter freezing to spring snowmelt, affecting harvesting schedules, production volumes, and working capital requirements. This seasonal variability, combined with market price fluctuations and foreign exchange movements, can result in significant quarter-to-quarter variations in revenue, cost of sales, and operating results.

Capital Resources and Liquidity

Liquidity

As at December 31, 2025, the Company had \$3.5 million in cash on hand compared to \$27.8 million at December 31, 2024. In addition, the Company had \$27.0 million of excess availability under the revolving credit facility (net of \$18.0 million drawn and \$3.9 million for standby letters of credit) compared to \$39.3 million as at December 31, 2024 (net of \$8.3 million for standby letters of credit). The Company also had access to \$14.1 million under its equipment financing agreement (December 31, 2024 - \$11.3 million) of which \$10.9 million was drawn as at December 31, 2025 (December 31, 2024 - \$13.7 million). As of the date of this MD&A, the Company had drawdown \$28.0 million under the revolving portion and \$10.2 million under the equipment financing agreement.

Cash flow for the fourth quarter and year ended December 31, 2025

During the fourth quarter and year ended December 31, 2025, the Company cash balance decreased by \$0.01 million and \$24.3 million respectively, compared to increases of \$16.7 million and \$25.3 million in

the comparable periods of 2024. Ending cash on hand as at December 31, 2025 was a balance of \$3.5 million as compared to \$27.8 million as at December 31, 2024.

Cash Used in Operations

For the year ended December 31, 2025, the Company used \$10.9 million of cash in operating activities primarily reflecting net investments in working capital driven by seasonal harvesting activities, timing of collections for certain receivables and net losses from operations, partially offset by the extension of certain accounts payables balances and the distribution of the Company's pension surplus.

During the fourth quarter December 31, 2025, the Company generated \$10.1 million of cash from operating activities driven by the extension of certain accounts payable balances, inflows from reductions in inventory and the distribution of the pension surplus, partially offset by net losses from operations.

Cash Used in Investing Activities

For the year ended December 31, 2025, the Company used \$27.8 million of cash in investing activities, primarily for property, plant and equipment of which approximately \$16.2 million related to the Chapeau large log line project.

During the fourth quarter December 31, 2025, the Company used \$9.0 million of cash in investing activities, mainly for property, plant and equipment of which approximately \$5.7 million related to the Chapeau large log line project.

Cash Provided by Financing Activities

For the year ended December 31, 2025, the Company generated \$14.4 million of cash from financing related activities, primarily reflecting a net drawdown of \$18.0 million on the revolving portion of the credit facility, partially offset by \$2.8 million in repayments on the equipment term loan.

Capital Resources

The Company's objectives in managing capital are to maintain a strong financial position, continuously improve its cost structure, preserve liquidity throughout commodity price cycles, support access to additional capital for expansion and ensure compliance with existing debt agreements. The Company defines capital as the sum of net debt and shareholder's equity.

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

¹Total debt outstanding consists of the carrying amounts of the Company's credit facilities.

Capital management is achieved through detailed operating and capital expenditure budgets, supported by with frequent forecasting. Strategic capital expenditure decisions are based on cash flow from operations and, when necessary, the sale of non-core assets to support those expenditures.

The Company's credit facility contains restrictive covenants that limit certain actions without the lender's consent and includes a quarterly financial covenant test, including a maximum annual capital expenditure relative to budget, as defined in the Credit Agreement. The Company monitors its performance monthly and adjusts as necessary to remain in compliance.

As at December 31, 2025, the Company also has approximately \$175.0 million in non-capital loss carryforwards and nil in capital loss carryforwards available to offset future taxable income and capital gains.

Shareholders' Equity

For the year ended December 31, 2025, shareholders' equity decreased by \$85.0 million, compared to December 31, 2024. The change primarily reflects; \$98.8 million net loss from continuing operations, other comprehensive income of \$10.5 million related to adjustments in the Company's pension plans, and equity based payments of \$2.3 million which increased shareholders' equity.

Credit Facility

During the year ended December 31, 2025, the Company made net drawdowns \$18.0 million on the revolving portion of its credit facility. As at December 31, 2025, the Company had a aggregate net draw of \$10.9 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 of principal and interest. Borrowings under the facility are based on select strategic capital expenditure projects and the value of existing equipment.

The Company's credit facility remains subject to restrictive covenants, including a maximum annual capital expenditure limit relative to budget. Draws under the revolving portion are limited to a prescribed percentage of accounts receivable and inventory carrying value, less applicable reserves. As at December 31, 2025, 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, 2024 - \$60.0 million) and under the equipment financing portion is \$25.0 million (December 31, 2024 - \$25.0 million).

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

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

Going Concern

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

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

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

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

sustained reduction in demand or pricing for by-products could adversely impact sawmill operations and may result in production curtailments or mill closures.

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

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

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

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

Management has prepared cash flow forecasts for the twelve months following December 31, 2025, based on assumptions regarding lumber prices, duty and tariff rates, operating costs and production and sales volumes consistent with recent operating levels. While management believes the assumptions used are reasonable, they are subject to significant estimation uncertainty. Based on these forecasts, management expects that the Company will have sufficient liquidity, including available borrowing capacity under its credit facility, to fund its operations and meet its obligations as they become due for at least the next twelve months.

The 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.

Contractual Obligations

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

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

Pension Plans and Other Post-Retirement Benefits

As at December 31, 2025, the Company's pension plan assets amounted to \$0.7 million (December 31, 2024 - \$2.3 million). The Company also recorded liabilities of \$2.9 million (December 31, 2024 - \$4.7 million) related to post-retirement obligations and pension plans.

During the year ended December 31, 2025, the Company recognized \$10.5 million of remeasurement income from continuing operations, net of tax (December 31, 2024 - loss, net of tax \$12.4 million) related to its pension plans in other comprehensive income (loss).

Off Balance Sheet Arrangements

As of December 31, 2025, the Company had \$3.9 million (December 31, 2024 - \$5.4 million) of outstanding letters of credit backed by a reserve against the revolving portion of the Company's credit facility, which reduces the maximum availability for borrowing. Additionally, the Company had \$17.6 million (December 31, 2024 - \$5.4 million) of outstanding letters of credit backstopped by a third party, which do not impact the amounts available under the credit facility.

The Company also had surety bonds of \$3.6 million outstanding as of December 31, 2025. These bonds support the Ontario Ministry of the Environment for access to certain waste disposal sites for both GreenFirst and Kap Paper Inc. for which the Company has provided indemnification.

Related Party Transactions

Investment in Boreal Carbon Corporation

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

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

Management Services Agreements

Certain directors of the Company, or their related parties, hold positions in other companies over which they have control or significant influence. During the years ended December 31, 2025 and December 31, 2024, some of these companies transacted with the Company. All related party transactions are conducted on terms consistent with those for arm's-length parties and are disclosed in the financial statements. The aggregate value of such transactions is summarized as follows:

| For the year ended | December 31, 2025⁽¹⁾ | December 31, 2024⁽¹⁾ |
|--|--|--|
| Fees incurred for services – officers and companies controlled by officers | 411 | 1,715 |

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

Risks and Uncertainties

An investment in the Company's securities is subject to certain risks and uncertainties that investors should carefully consider. These risks include, but are not limited to, market volatility, regulatory changes, trade duties and tariffs, operational risks, and liquidity constraints.

A comprehensive list of risks and uncertainties to which the Company is exposed can be found in our Annual Information Form dated March 25, 2026 available at www.sedarplus.com.

Use of Estimates and Judgments

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

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

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

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

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

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

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

Financial Instruments and Risk Management

Except for the Company's investment in Boreal and liability-settled DSUs, 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's investment in Boreal is classified as fair value through profit and loss. Level 3 inputs are used to assess the fair value as there is no public available information on Boreal's common shares.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and derecognized when contractual rights expire, or obligations extinguished, discharged or cancelled.

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

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

Credit Risk

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

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

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

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

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

Liquidity Risk

Liquidity risk is the risk of not meeting financial obligations as they become due. The Company manages its liquidity by daily cash monitoring weekly projections ensuring obligations can be met.

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

The Company can draw down on the revolving portion of the credit facility based on a prescribed percentage of accounts receivable and 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.

As at December 31, 2025, the Company had \$3.5 million in cash on hand compared to \$27.8 million at December 31, 2024.

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

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

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

Market Risk

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

Commodity Prices

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

Interest Rate Risk

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

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

Currency Risk

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

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

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

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

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

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal controls over financial reporting including disclosure controls and procedures.

The Company has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external reporting purposes in accordance with IFRS.

Management evaluated the design and effectiveness of the Company's internal controls over financial reporting as of December 31, 2025 through inquiry, review and testing of key controls. Management used Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to assess the effectiveness of the Company's internal controls over financial reporting.

Base on this evaluation, management concluded that as at December 31, 2025, the Company's internal controls and disclosure controls and procedures over financial reporting were effective.

There were no changes to the design of internal controls over financial reporting that occurred during the year ended December 31, 2025 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

Commitments and Contingencies

Surety bonds and letters of credit

In the normal course of business, the Company is required to provide financial assurances to various governmental agencies, regulatory authorities, and counterparties in connection with its operating activities. These assurances are provided through surety bonds and letters of credit, which are off-balance sheet arrangements. These instruments do not represent a direct financial liability of the Company unless a claim is made by the beneficiary and the Company fails to perform under the related contractual or regulatory obligation. In such an event, the Company would be required to reimburse the issuing financial institution for any amounts paid.

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

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

Litigation and claims

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

Subsequent Events

BDC Term Loan

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

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

Net Drawdown on Revolving Portion of the Credit Facility

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

Exercise of Deferred Share Units

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

Share Data

As of the date of this MD&A the Company has: 23,146,973 common shares outstanding; 1,569,250 warrants to purchase common shares at a price of \$30.39 with expiry date of July 30, 2026; 403,298 stock options to purchase common shares at prices ranging from \$15.00 to \$19.20 with expiry dates ranging from December 15, 2026 to January 2, 2028; 107,043 restricted share units with expiry dates ranging from September 16, 2028 to May 18, 2030; 39,538 performance share units with an expiry dates of May 18, 2030; and 477,542 deferred share units which can be cash or equity-settled with an expiry date at the end of the subsequent fiscal year following the director's retirement.