



PRODUITS FORESTIERS
GREENFIRST
FOREST PRODUCTS

GREENFIRST FOREST PRODUCTS INC.

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

For the First Quarter ended March 30, 2024
(Unaudited)

GREENFIRST FOREST PRODUCTS INC.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(In thousands of Canadian Dollars)

As at	Note(s)	March 30, 2024	December 31, 2023
Assets			
<i>Current assets</i>			
Cash and cash equivalents	\$	1,488	\$ 2,425
Trade and other receivables		32,854	25,826
Inventory	7	102,537	77,099
Prepaid expenses and other current assets		3,333	2,647
		140,212	107,997
<i>Non-current assets</i>			
Property, plant and equipment		120,729	122,847
Timber licences		11,051	11,125
Right of use assets		1,769	1,276
Investment	12, 13	1,429	1,429
Pension plans in asset positions		17,165	23,183
Duties deposits	9	10,483	10,087
Total assets	\$	302,838	\$ 277,944
Liabilities			
<i>Current liabilities</i>			
Accounts payable	\$	39,756	\$ 32,553
Other current liabilities		27,753	22,006
Long-term debt, current	8	905	—
		68,414	54,559
<i>Non-current liabilities</i>			
Long-term debt	8	47,487	22,648
Post-retirement obligations		7,900	8,099
Lease liabilities, long-term		1,111	653
Other long-term liabilities		6,830	6,747
Deferred tax liability		3,385	—
Total liabilities		135,127	92,706
Shareholders' equity			
Share capital	10	254,728	254,728
Equity reserves		11,591	11,500
Accumulated other comprehensive income (loss)		(2,606)	1,661
Accumulated deficit		(96,002)	(82,651)
Total shareholders' equity		167,711	185,238
Total liabilities and shareholders' equity	\$	302,838	\$ 277,944

Note 2 - Basis of Preparation (Going Concern)

Approved and authorized by the Board of Directors on May 14, 2024:

"Paul Rivett"	"William G. Harvey"
Executive Chair & Director	Director

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

GREENFIRST FOREST PRODUCTS INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited)

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

For the quarter ended	Note(s)	March 30, 2024	April 1, 2023
Net sales	15	\$ 93,068	\$ 99,117
Cost of sales		(95,191)	(106,856)
Duties	9	(3,487)	(6,628)
Selling, general and administrative expenses	5	(2,473)	(5,170)
Other operating income		642	27
Operating loss		(7,441)	(19,510)
Finance costs, net	6	(1,056)	(896)
Gain on revaluation of investment	12, 13	—	286
Gain on sale of assets		70	—
Net loss, before income taxes		(8,427)	(20,120)
Current tax (expense) recovery		—	(619)
Deferred tax (expense) recovery		(4,924)	539
Net loss from continuing operations		(13,351)	(20,200)
Net earnings from discontinued operations	4	—	1,783
Net loss		\$ (13,351)	\$ (18,417)
<i>Other comprehensive income (loss)</i>			
<i>Items that will not be reclassified to earnings in future periods:</i>			
Defined benefit pension plans adjustments, net of tax recovery of \$1,538 from continuing operations (2023 - net of tax expense of \$741)		(4,267)	2,101
Defined benefit pension plans adjustments, net of tax expense of \$nil from discontinued operations (2023 - net of tax expense of \$85)		—	194
Comprehensive loss		\$ (17,618)	\$ (16,122)
Basic loss per share	10	(0.08)	(0.10)
Basic loss per share from continuing operations	10	(0.08)	(0.11)
Basic earnings per share from discontinued operations	10	—	0.01
Diluted loss per share	10	(0.08)	(0.10)
Diluted loss per share from continuing operations	10	(0.08)	(0.11)
Diluted earnings per share from discontinued operations	10	—	0.01

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

GREENFIRST FOREST PRODUCTS INC.

Condensed Consolidated Interim Statements of Cash Flow (Unaudited)

(In thousands of Canadian Dollars)

For the quarter ended	Note(s)	March 30, 2024	April 1, 2023
Cash (used in) provided by:			
Operating activities:			
Net loss		\$ (13,351)	\$ (18,417)
<i>Adjustments for:</i>			
Depreciation and amortization		3,973	4,344
Income taxes		4,924	(6)
Foreign exchange gain		(639)	(6)
Stock option expense	11	91	602
Finance costs, net	6	1,056	897
Gain on revaluation of investment	12	—	(286)
(Gain) loss on sale of assets		(70)	3,456
Inventory net realizable value adjustments		(3,743)	(11,420)
<i>Changes in non-cash working capital and other:</i>			
Trade receivables and other receivables		(7,028)	(3,559)
Inventory		(21,695)	(37,195)
Accounts payable, accrued liabilities and other		12,296	(3,999)
Interest paid		(724)	(1,826)
Total cash used in operating activities		(24,910)	(67,415)
Investing activities:			
Purchase of property, plant and equipment		(1,544)	(5,375)
Net proceeds from sale of assets	4	—	94,092
Transactions costs related to the sale of assets	4	—	(2,553)
Total cash (used in) provided by investing activities		(1,544)	86,164
Financing activities:			
Proceeds from revolving portion of credit facility	8	20,500	35,000
Repayment of revolving portion of credit facility	8	—	(54,000)
Proceeds from Equipment Term Loan	8	5,273	—
Repayment of Equipment Term Loan	8	(78)	—
Repayment of lease obligations		(178)	(221)
Total cash provided by (used in) financing activities		25,517	(19,221)
Decrease in cash		(937)	(472)
Cash, beginning of the period		2,425	25,353
Cash, end of the period		\$ 1,488	\$ 24,881

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

GREENFIRST FOREST PRODUCTS INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited)

(In thousands of Canadian Dollars)

	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	—	—	—	(13,351)	(13,351)
Other comprehensive loss, net of tax	—	—	(4,267)	—	(4,267)
Equity-based payments	—	91	—	—	91
Balance, March 30, 2024	\$ 254,728	\$ 11,591	\$ (2,606)	\$ (96,002)	\$ 167,711

	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	—	—	—	(18,417)	(18,417)
Other comprehensive income, net of tax	—	—	2,295	—	2,295
Equity-based payments	—	602	—	—	602
Balance, April 1, 2023	\$ 254,728	\$ 11,174	\$ (2,911)	\$ (54,049)	\$ 208,942

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

GREENFIRST FOREST PRODUCTS INC.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the first quarter ended March 30, 2024

(In thousands of Canadian dollars unless otherwise stated)

1. NATURE OF OPERATIONS

GreenFirst Forest Products Inc. ("GreenFirst", or the "Company") operates as a forest products business consisting of four operating sawmills and one paper mill located in Ontario.

The Company operates in two business segments, Forest Products and Paper Products. Through its Forest Products segment, 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 and the Company's Paper Products segment. The Paper Products segment manufactures and markets paper grade products used to print newspapers, advertising materials, food service bags and other publications.

The Company's head office and registered records office is Suite 1000 – 401 The West Mall, Toronto, Ontario, M9C 5J5. 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 condensed consolidated interim financial statements ("Financial Statements") are prepared in accordance and in compliance with International Accounting Standards ("IAS 34"), *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"), using the same accounting policies, including estimates and judgments and methods of application as those disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2023 ("Annual Financial Statements"), except as disclosed in note 3. These Financial Statements should be read in conjunction with the Company's Annual Financial Statements, which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the IASB.

These Financial Statements were approved by the Company's Board of Directors ("Board") on May 14, 2024.

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 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 first quarter ended March 30, 2024, the Company reported a net loss, before income taxes of \$8.4 million and cash used in operating activities of \$24.9 million. For the year ended December 31, 2023, the Company reported a net loss, before income taxes of \$50.4 million and cash used in operating activities of \$58.0 million. At March 30, 2024, the Company has working capital of \$71.8 (December 31, 2023 - \$53.4 million).

The Company's ability to continue as a going concern is dependent on its ability to realize positive cash flows from operations and/or obtain necessary financing and/or receive cash from the sale of non-core assets. The ability to generate positive cash flows from operations is dependent on market prices for lumber and paper products and/or increases in productivity resulting in higher volumes produced and lower costs. Market prices for lumber remain volatile. As certain factors related to generating positive cash flows from operations and/or obtaining necessary financing and/or receiving cash from the sale of non-core assets are not under the Company's control, 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.

GREENFIRST FOREST PRODUCTS INC.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the first quarter ended March 30, 2024

(In thousands of Canadian dollars unless otherwise stated)

The Company is evaluating strategies and/or taking actions which include but are not limited to, implementing various productivity improvement plans, obtaining additional funding under the Company's current credit facility, sale of non-core assets (including land in Kenora) and other sources of financing. During the first quarter ended March 30, 2024 and subsequent to it, the Company accessed \$5.3 million and \$10.4 million, respectively, under its equipment financing facility portion of the credit facility ("Equipment Term Loan") (see *Note 8 - Long-term Debt*). There are no assurances the Company will be successful in generating positive cash flows from operations and/or obtaining additional necessary financing and/or receiving cash from the sale of non-core assets.

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
Kap Corporation	Ontario, Canada	100%	January 1, 2024
Kap Paper Inc.	Ontario, Canada	100%	January 1, 2024
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; decommissioning obligations; 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.

GREENFIRST FOREST PRODUCTS INC.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the first quarter ended March 30, 2024

(In thousands of Canadian dollars unless otherwise stated)

Reclassification

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

3. MATERIAL ACCOUNTING POLICIES AND ESTIMATES

New Accounting Pronouncements Adopted in 2024

We adopted the following accounting amendments that were effective for our condensed consolidated interim 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.

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

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 comprehensive income (loss) and other relevant notes have been prepared to separately show the discontinued operations from the Company's continuing operations.

GREENFIRST FOREST PRODUCTS INC.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the first quarter ended March 30, 2024

(In thousands of Canadian dollars unless otherwise stated)

	March 30, 2024	April 1, 2023
Net sales	\$ —	\$ 26,800
Cost of sales	—	(19,724)
Duties	—	(1,915)
Selling, general and administrative expenses	—	(7)
Operating (loss) earnings	—	5,154
Finance costs, net	—	(1)
Loss on disposal of assets	—	(3,456)
Net (loss) earnings from discontinued operations, before income taxes	—	1,697
Deferred tax recovery	—	86
Net (loss) earnings from discontinued operations	\$ —	\$ 1,783
<i>Other comprehensive earnings</i>		
<i>Items that will not be reclassified to earnings in future periods:</i>		
Defined benefit pension plans adjustments, net of tax expense of \$nil from discontinued operations (2023 - net of tax expense of \$85)	—	194
Comprehensive (loss) earnings from discontinued operations	\$ —	\$ 1,977
	March 30, 2024	April 1, 2023
Total cash provided by (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 earnings from discontinued operations	\$ (3,456)

GREENFIRST FOREST PRODUCTS INC.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the first quarter ended March 30, 2024

(In thousands of Canadian dollars unless otherwise stated)

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	March 30, 2024	April 1, 2023
For the first quarter ended		
Salaries and benefits	\$ (208)	\$ 2,862
Third party fees and other services	1,719	993
Administration, office and facility costs	962	1,315
Total selling, general and administrative expenses	\$ 2,473	\$ 5,170

6. FINANCE COSTS, NET

	March 30, 2024	April 1, 2023
For the first quarter ended		
Interest on credit facility	\$ 623	\$ 976
Interest on Equipment Term Loan	34	—
Amortization of credit facility capitalized fees (Note 8)	—	58
Amortization of capitalized ABL fees (Note 8)	49	—
Interest income on duties deposits	(178)	—
Accretion expense for lease liabilities	19	24
Accretion expense related to Rayonier Credit Note	82	99
Interest income	(44)	(109)
Net interest income on pension plans and post-retirement obligations	(161)	(105)
Bank charges and other	632	(47)
Finance costs, net	\$ 1,056	\$ 896

7. INVENTORY

As at	March 30, 2024	December 31, 2023
Finished goods	\$ 30,335	\$ 27,493
Work-in-process	13,964	14,168
Raw materials	54,191	31,668
Manufacturing and maintenance supplies	4,047	3,770
Total inventory	\$ 102,537	\$ 77,099

As at March 30, 2024, the Company recorded an inventory valuation write-down of \$1.9 million (December 31, 2023 - \$5.7 million) to reflect net realizable value being lower than cost.

GREENFIRST FOREST PRODUCTS INC.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the first quarter ended March 30, 2024

(In thousands of Canadian dollars unless otherwise stated)

8. LONG-TERM DEBT

The Company's outstanding debt is as follows:

As at	March 30, 2024	December 31, 2023
Outstanding under revolving portion of credit facility	\$ 43,500	\$ 23,000
Outstanding under Equipment Term Loan	5,195	—
Unamortized deferred financing charges on credit facility	(303)	(352)
Carrying value	48,392	22,648
Less: current portion of Equipment Term Loan	(905)	—
Long-term debt	\$ 47,487	\$ 22,648

The Company's credit facility for the first quarter ended March 30, 2024 is as follows:

Continuity of credit facility

Balance, January 1, 2024	\$	22,648
Proceeds from revolving portion of credit facility		20,500
Proceeds from Equipment Term Loan		5,273
Repayment of Equipment Term Loan		(78)
Amortization of deferred financing charges for credit facility		49
Carrying value of credit facility, March 30, 2024		48,392
Less: current portion of Equipment Term Loan		(905)
Long-term debt	\$	47,487

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

Less than 1 year	\$	905
1 - 3 years		46,672
Thereafter		1,118
Total	\$	48,695

During the first quarter ended March 30, 2024, the Company made a net drawdown of \$20.5 million, on the revolving portion of the credit facility. Additionally, the Company made a \$5.3 million draw 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. Subsequent to the period end, the Company made an additional \$10.4 million draw under this facility, with similar repayment terms.

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 March 30, 2024, the Company was in compliance with all covenants under the credit facility.

During the first quarter ended March 30, 2024, \$0.05 million (April 1, 2023 - \$0.1 million related to the now extinguished Term Loan and ABL) of deferred financing costs were amortized relating to the credit facility.

GREENFIRST FOREST PRODUCTS INC.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the first quarter ended March 30, 2024

(In thousands of Canadian dollars unless otherwise stated)

At March 30, 2024, there were \$5.4 million (April 1, 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 March 30, 2024, the Company also had \$5.4 million (April 1, 2023 - \$5.4) of outstanding standby letters of credit issued backstopped by another third party, thereby not impacting the amounts available to draw under the credit facility.

9. U.S. COUNTERVAILING AND ANTI-DUMPING DUTY DEPOSIT

The initial duty deposit rate, totaling 20.23%, was in effect since the Company's acquisition of its sawmill and paper mill assets on August 28, 2021.

On July 26, 2023, the US DOC's Final Determination of its Fourth Administrative Review with respect to imports of softwood lumber products from Canada for 2021 assessed a duty rate lower than what the Company was assessed in 2021. This Final Determination was subsequently amended on August 31, 2023. Based on this final rate, calculated to be 8.05%, the Company would stand to benefit from an approximate US\$6.9 million (CAD\$9.2 million) recovery on duties paid in 2021. During the first quarter ended March 30, 2024, the Company recorded this benefit, plus accrued interest of US\$0.1 million (CAD\$0.2 million). The Company has recognized this balance as a long-term asset. The timing and final amount of this refund are not known at this time and will depend on decisions yet to be made by any reviewing courts as the US Department of Commerce determinations are subject to appeals

10. 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
Balance, March 30, 2024	177,572,272 \$	254,728

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	31,752,618 \$	1.70 \$	9,132
Balance, March 30, 2024	31,752,618 \$	1.70 \$	9,132

⁽¹⁾ In dollars per common share.

GREENFIRST FOREST PRODUCTS INC.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the first quarter ended March 30, 2024

(In thousands of Canadian dollars unless otherwise stated)

Earnings (Loss) Per Share

	March 30, 2024	April 1, 2023
For the first quarter ended		
Net loss	\$ (13,351)	\$ (18,417)
Basic weighted average number of common shares outstanding	177,572,272	177,572,272
Basic loss per share	\$ (0.08)	\$ (0.10)
Basic loss per share from continuing operations	\$ (0.08)	\$ (0.11)
Basic earnings (loss) per share from discontinued operations	\$ —	\$ 0.01

As at March 30, 2024, 4,516,474 stock options (April 1, 2023 - 7,313,580), granted by the Company were either not vested or not in-the-money and therefore non-exercisable (See *Note 11 – Equity-Based Compensation*).

There were no shareholder dividends declared during the first quarter ended March 30, 2024 and April 1, 2023.

11. 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.

Stock Options

During the first quarter ended March 30, 2024 the Company granted nil stock options, under the Omnibus Plan (April 1, 2023 - 1,174,250). During the first quarter ended March 30, 2024 the Company forfeited/ expired 1,000,000 stock options, due to terminations or expirations under the Omnibus Plan (April 1, 2023 - 258,333). As at March 30, 2024, 4,516,474 stock options to directors, officers, employees and contractors were outstanding (April 1, 2023 - 7,378,580), of which 3,745,152 stock options were vested and exercisable (April 1, 2023 - 2,550,780).

	Number of Options	Weighted Average Exercise Price ⁽¹⁾	Years Before Expiration ⁽¹⁾
Outstanding, December 31, 2023	5,516,474	\$ 1.70	\$ 2.75
Expired	(1,000,000)	1.75	—
Outstanding, March 30, 2024	4,516,474	\$ 1.69	\$ 3.35

⁽¹⁾ In dollars per option.

The Company recorded an expense related to the stock options granted under the Omnibus Plan for the first quarter ended March 30, 2024 of \$0.1 million (April 1, 2023 - 0.6 million).

Deferred Share Units

During the first quarter ended March 30, 2024, the Company granted 213,672 DSUs (April 1, 2023 - 100,187 DSUs). During the first quarter ended March 30, 2024, the Company recorded an expense of \$0.2 million (April 1, 2023 - expense of \$0.04 million) related to the DSUs granted under the Omnibus Plan.

GREENFIRST FOREST PRODUCTS INC.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the first quarter ended March 30, 2024

(In thousands of Canadian dollars unless otherwise stated)

As at March 30, 2024, the Company had 1,237,555 DSUs outstanding (December 31, 2023 - 1,023,883 DSUs). As at March 30, 2024, the liability related to DSUs is \$1.0 million (December 31, 2023 - \$1.0 million).

12. 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. 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 13 – Financial Instruments and Risk Management*.

There was no change in the investment carrying value during the first quarter ended March 30, 2024 (April 1, 2023 - gain of \$0.3 million). This investment is accounted for at fair value with changes in fair value recorded in earnings (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 first quarter ended March 30, 2024 and April 1, 2023. Following are the aggregate values of such transactions:

For the first quarter ended	March 30, 2024⁽¹⁾⁽²⁾	April 1, 2023⁽¹⁾
Fees incurred for services – officers and companies controlled by officers	785	906

⁽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. \$757 of this was recorded as transaction costs as part of "Loss from Sale of Assets" during the first quarter ended April 1, 2023.

⁽²⁾ There are no amounts outstanding outside the normal course of business related to these services as at March 30, 2024 (\$nil outstanding as at April 1, 2023).

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 30, 2024, the Company's financial instruments categorization and values are as follows:

	Category	Carrying and fair value
Cash and cash equivalents	Amortized cost \$	1,488
Trade and other receivables, excluding value added tax	Amortized cost	23,640
Accounts payable and other current liabilities, excluding lease liabilities	Amortized cost	66,723
Long-term debt	Amortized cost	48,392
Lease liabilities	Amortized cost	1,897
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 is recorded at amortized cost based on the amount at initial recognition, less principal payments, plus cumulative amortization using the effective interest rate method of the difference between initial amount and the maturity amount.

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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 March 30, 2024 is \$1.5 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 any 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 March 30, 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 \$23.6 million represents the maximum credit exposure for its accounts receivables at March 30, 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 fall 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 \$17.1 million, less \$5.4 million for standby letters of credit, of excess availability under the asset-based lending ("ABL") portion of the credit facility and \$19.7 million of equipment financing under the credit facility as at March 30, 2024.

The Company can draw down on the ABL, or revolving, portion based on a prescribed percentage of accounts receivable and its inventory carrying value, less reserves. The facility matures on September 23, 2025. 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 \$43.5 million on the revolving portion of the credit facility at March 30, 2024 (December 31, 2023 - \$23.0 million on the revolving portion of the credit facility). Additionally, the Company had open letters of credit of \$5.4 million (December 31, 2023 - \$5.4 million) backed by the credit facility, which reduces availability by the same amount. The Company had \$5.3 million drawn against the equipment financing portion of the credit facility at March 30, 2024 (December 31, 2023 - nil). Subsequent to March 30, 2024, the Company had drawn an additional \$10.4 million against the equipment financing portion of the credit facility.

After record highs in lumber pricing realized in the first half of 2022, the subsequent sharp decline in lumber prices has impacted the Company's profitability and cash flows. The Company expects average lumber prices to increase in 2024 and is targeting increases in productivity with various improvement

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plans which should result in a positive impact to cash flows from operations compared to 2023. In addition, the Company is evaluating options and executing on sale of non-core assets (including land in Kenora for which the Company is working with third parties on the sale of the entire land parcel), and other sources of financing, pending market conditions. During the first quarter ended March 30, 2024 and subsequent to it, the Company accessed additional financing under its equipment financing portion of the credit facility for \$5.3 million and \$10.4 million, respectively. There are no assurances the Company will be successful in generating positive cash flows from operations and/or obtaining additional necessary financing.

Market Risk

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

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 CDOR or Canadian Prime Rate plus a premium, currently at 7.43% annualized at March 30, 2024. The Equipment Term Loan portion of the credit facility bears a fixed rate of 7.73%.

A 100 basis point increase in the interest rate on the secured term debt loan would decrease the net earnings in the statement of loss and comprehensive loss by approximately \$0.4 million on an annual basis. Similarly, a 100 basis point reduction in the interest rate on the secured term debt loan would increase the net earnings (loss) by approximately \$0.4 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, 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 March 30, 2024, the portion of the Company's monetary assets and liabilities held in US dollars are as follows:

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As at (in thousands of US dollars)	March 30, 2024
Cash and cash equivalents	\$ 1,351
Accounts receivable	9,018
Accounts payable and other liabilities	(3,115)
Duties deposits, including accrued interest	7,571
Net monetary assets in US Dollars	\$ 14,825

Based on the US dollar statement of financial position exposure at March 30, 2024, with other variables unchanged, if the Canadian dollar were to weaken against the US dollar by 1%, relative to the rate at March 30, 2024, the net earnings in the statement of loss and comprehensive loss would be approximately \$0.2 million greater. If the Canadian dollar were to strengthen against the US dollar by 1%, relative to the rate at March 30, 2024, the net earnings in the statement of loss and comprehensive loss would be approximately \$0.2 million less.

14. 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	March 30, 2024
Total debt outstanding ¹	\$ 48,392
Less: cash and cash equivalents	(1,488)
Net debt	46,904
Shareholders' equity	167,711
Total capital	\$ 214,615

⁽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 March 30, 2024.

15. SEGMENT AND GEOGRAPHICAL INFORMATION

The Company operates in two business segments, Forest Products and Paper Products, based on factors that include similarities in products, production processes and economic characteristics. Through its Forest Products segment, the Company manufactures and markets a wide range of forest products for use in residential and commercial construction, including SPF lumber, wood chips and by-products. The

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Paper Products segment manufactures and markets paper-grade products used to print newspapers, advertising materials, food service bags and other related paper products. Corporate activities consist primarily of senior management, accounting, information systems, human resources, treasury, tax and legal administrative functions that provide support services to the operating business segments. The Company does not allocate the cost of maintaining these support functions to its operating units. Transactions between segments are at market prices and on standard business terms.

For the first quarter ended March 30, 2024, there was one customer that represented 10% or more of total net sales for the Company (April 1, 2023 - one customer).

Statement of earnings (loss) from continuing operations for the first quarter ended March 30, 2024

	Forest Products	Paper Products	Corporate	Total
Net sales	\$ 68,853	\$ 24,215	\$ —	\$ 93,068
Operating earnings (loss)	\$ 3,540	\$ (9,342)	\$ (1,639)	\$ (7,441)
Finance costs, net	\$ 75	\$ (255)	\$ 1,236	\$ 1,056
Depreciation and amortization	3,498	343	132	3,973
Capital expenditures	\$ 1,301	\$ 243	\$ —	\$ 1,544

Statement of earnings (loss) from continuing operations for the first quarter ended April 1, 2023

	Forest Products	Paper Products	Corporate	Total
Net sales	\$ 61,272	\$ 37,845	\$ —	\$ 99,117
Operating (loss) earnings	\$ (15,249)	\$ 1,309	\$ (5,570)	\$ (19,510)
Finance costs, net	\$ 17	\$ (23)	\$ 902	\$ 896
Depreciation and amortization	3,793	414	137	4,344
Capital expenditures	\$ 4,689	\$ 401	\$ —	\$ 5,090

Statement of financial position as at March 30, 2024

	Forest Products	Paper Products	Corporate	Total
Total assets	\$ 176,101	\$ 73,691	\$ 53,046	\$ 302,838
Total liabilities	\$ 45,329	\$ 21,308	\$ 68,490	\$ 135,127

Statement of financial position as at December 31, 2023

	Forest Products	Paper Products	Corporate	Total
Total assets	\$ 166,263	\$ 73,770	\$ 37,911	\$ 277,944
Total liabilities	\$ 33,734	\$ 21,881	\$ 37,091	\$ 92,706

Geographical net sales from continuing operations for the first quarter ended March 30, 2024

	Forest Products	Paper Products	Total
Canada	\$ 12,823	\$ 847	\$ 13,670
United States	56,030	23,368	79,398
Total net sales	\$ 68,853	\$ 24,215	\$ 93,068

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Geographical net sales from continuing operations for the first quarter ended April 1, 2023

	Forest Products	Paper Products	Total
Canada	\$ 15,400	\$ 11,985	\$ 27,385
United States	45,872	25,860	71,732
Total net sales	\$ 61,272	\$ 37,845	\$ 99,117