

GreenFirst Reports Financial Results for the Fourth Quarter of 2024

TORONTO--(BUSINESS WIRE)--March 14, 2025--GreenFirst Forest Products Inc. (TSX: GFP) (“**GreenFirst**” or the “**Company**”) announced results for the year ended December 31, 2024. Company’s audited financial statements (“**Financial Statements**”) and related Management’s Discussion and Analysis (“**MD&A**”) for the year ended December 31, 2024 are available on GreenFirst’s website at www.greenfirst.ca and on SEDAR+ at www.sedarplus.ca.

Highlights

- Q4 2024 net loss from continuing operations was \$26.6 million or \$1.39 loss per share (diluted), compared to net income of \$14.8 million or \$0.83 earnings per share (diluted) in Q3 2024. Adjusted EBITDA from continuing operations for Q4 2024 was negative \$0.9 million compared to negative \$15.7 million in Q3 2024.
- Average realized lumber prices of \$680/mfbm for Q4 2024 were higher than the \$606/mfbm pricing realized in Q3 2024. Benchmark prices saw increases during the quarter as a result of an increase in the duties rate late in Q3 from 8.05% to 14.40% and recent rate cuts by the US Federal Reserve and Bank of Canada signaling a reversal in monetary policy. Subsequent to Q4 2024 pricing continued to move favorably as the U.S. administration announced the potential imposition of tariffs on Canadian imports.
- On October 17, 2024, the Company completed a substantive consolidation of its outstanding common shares on the basis of one post-consolidation Common Share for each ten pre-consolidation common shares resulting in a reduction of approx. 160 million pre-consolidation shares.
- On November 4, 2024 the Company closed the Plan of Arrangement that resulted in the distribution of the outstanding shares of Kap Corporation to the GreenFirst shareholders on the basis of one common share of Kap Corporation for each ten common shares of GreenFirst held. The spin-out of Kap Corporation is part of the natural progression of the decentralization and deconsolidation of the paper mill that was originally disclosed by GreenFirst in the Fall of 2023.
- On December 13, 2024, the Company closed a Rights Offering resulting in the issuance of 4,880,340 subscriptions receipts inclusive of the common shares issued to the Standby Purchasers for gross proceeds of \$24.8 million, net of a \$1.0 million reduction in cash payments received from the Standby Purchasers as a fee under the Standby Agreement for a portion of the backstop fee. The Company incurred additional share issuances costs of \$0.1 million.

“We are pleased to see the results of our continuous improvement efforts, with increased production levels and a focus on enhancing our cost structure from both a manufacturing and SG&A perspective. Despite higher production, sales during Q4 were impacted negatively by weather-related disruptions that slowed our supply chain. While market conditions have shown some signs of improvement, with pricing rising from an average of \$606 in Q3 to \$680 in Q4, we continue to navigate the external challenges facing our business, including potential tariffs on exports to the US,” said Joel Fournier, GreenFirst’s CEO. “In addition, projects including the sale of non-core assets, such as duties and Kenora land, combined with a rights offering and the extension of the revolving portion of our credit facility, were finalized in Q4. These actions have significantly improved our liquidity and positioned us for future growth.”

Financial Highlights

The following selected financial information is from the Company’s financial statements and MD&A:

(In thousands of CAD, except per share amounts)

	December 31, 2024	September 28, 2024 ⁽⁴⁾	December 31, 2023 ⁽⁴⁾
For the quarter ended			
Net sales from continuing operations ⁽³⁾	\$ 69,948	\$ 70,806	\$ 73,763

Operating income (loss) from continuing operations	(5,415)	12,062	(14,301)
Net income (loss)	(28,029)	8,834	(21,588)
Net income (loss) from continuing operations	(26,647)	14,822	(13,393)
Basic income (loss) per share	(1.47)	0.50	(1.22)
Basic income (loss) per share from continuing operations	(1.39)	0.83	(0.75)
Diluted income (loss) per share	(1.47)	0.50	(1.21)
Diluted income (loss) per share from continuing operations	(1.39)	0.83	(0.75)
Adjusted EBITDA from continuing operations⁽¹⁾⁽²⁾	\$ (913)	\$ 15,673	\$ (10,168)

(In thousands of CAD)

As at	December 31, 2024	December 31, 2023
Total assets	\$ 220,466	\$ 277,944
Total liabilities	74,851	92,706
Total shareholders' equity	\$ 145,616	\$ 185,238

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 recoveries for the year ended December 31, 2024 was negative \$0.9 million, compared to positive \$10.2 million, for the year ended December 31, 2023.

³Includes net sales to external parties.

⁴Certain 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.

Net sales were \$69.9 million in Q4 2024, a decrease of approximately 1% compared to Q3 2024 resulting from a 12% increase in the average realized price of lumber which averaged in Q4 2024 at \$680 per board feet vs \$606 per board feet in the third quarter of 2024. The strengthening of the USD vs the CDN dollar represented \$14 of the \$74 dollar per board feet increase. Volume of lumber sold was down by an equal 12% primarily as due to weather conditions impacting our supply chain in Northern Ontario.

Cost of sales were \$68.5 million, a decrease of approximately 2% compared to Q3 2024. The decrease in cost of sales in the fourth quarter was primarily due to lower volumes shipped.

Other Expenses

Reported duty expense of \$6.2 million in Q4 2024 represents cash duty deposits at 14.40% representing the combined duty rate the Company has been paying starting September 19, 2024. In comparison to Q3 2024, the Company started the quarter at a rate of 8.05% and transitioned the 14.40 as at September 19, 2024. In addition during Q3 2024, as a result of the US DOC's Fifth Administrative Review with respect to imports of softwood lumber products from Canada for 2022. The Company recorded a receivable as it stands to benefit from an approximate US\$14.2 million (CAD\$19.2 million) recovery on duties paid in 2022, plus accrued interest of US\$2.3 million (CAD\$3.1 million) as recorded in Q3 2023.

SG&A expenses of \$2.8 million in the fourth quarter of 2024 were lower compared to \$3.5 million in the third quarter ended September 28, 2024 which is aligned with the Company's initiative to reduce its SG&A.

Liquidity and Borrowings

At December 31, 2024, the Company had \$27.8 million in cash on hand and \$39.3 million, less \$8.3 million for standby letters of credit, of excess availability under its revolving portion of the credit facility. In addition, the Company also had access to \$11.3 million remaining under its equipment financing portion of the credit facility. The Company had drawn down nil under its revolving portion of the credit facility and \$13.7 million (net of repayments) under its equipment financing agreement as at December 31, 2024.

Outlook

The economic outlook for the lumber industry reflects a mix of challenges and opportunities. Overall macroeconomic concerns are starting to stabilize which may positively impact lumber demand and pricing. The North American housing market has started to show signs of stabilization after previous fluctuations. Mortgage rates remain comparable to a year ago and there is expectation that they may start easing in the near term providing relief for some homeowners supporting some demand for new construction, remodeling and renovation projects projected continued support for lumber demand. Lack of available housing inventory, aging of homes in the US and demographic driven demand could positively impact lumber markets in the near and long term.

Reduced lumber demand and low inventory maintenance continue to drive supply side pressures in the short-term. However, continued curtailment of lumber production in the Province of British Columbia, Quebec and some other regions of North America could have some positive support in lumber pricing.

Labour markets remain tight, which continues to impact cost and certain disruptions to flow of production in the industry. Inflationary pressures in North America have also raised the cost of many inputs required for our operations. Ongoing challenges with staffing and wood supply could negatively impact companies in the industry.

Continuous improvement in production and processing techniques are helping to improve efficiency and reduce costs, which could enhance competitiveness in the long term. Access to capital to purchase and install equipment that will drive operations strengthen competitiveness in the long term.

Increasing focus on sustainable practices is shaping the industry. Companies that invest in environmentally friendly practices may gain a competitive edge, particularly as consumers and regulators emphasize sustainability. To this effect, GreenFirst produces quality lumber and paper products in a safe and responsible manner to protect our employees and the environment, create long-term value for our stakeholders, and contribute positively to our collective future. We believe the Company's renewable building materials, which sequester carbon, are a natural solution in the fight against climate change.

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

Reconciliation of Adjusted EBITDA

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. EBITDA and Adjusted EBITDA are not intended to replace net earnings (loss), or other measures of financial performance and liquidity reported in accordance with GAAP. *For more information on non-GAAP measures, please see the Company's MD&A.*

(In thousands of CAD)

	December 31, 2024	September 28, 2024 ⁽³⁾	September 30, 2023 ⁽³⁾
For the quarter ended			
Net income (loss) from continuing operations	\$ (26,647)	\$ 14,822	\$ (13,393)
<i>Adjustments:</i>			

Finance (income) costs, net	1,082	(1,924)	609
Income taxes	4,072	(836)	(2,488)
Depreciation and amortization	4,502	3,611	4,133
EBITDA	(16,991)	15,673	(11,139)
Gain on sale of assets	16,078	—	971
Adjusted EBITDA from continuing operations⁽¹⁾⁽²⁾	\$ (913)	\$ 15,673	\$ (10,168)

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Earnings Conference Call

GreenFirst will host a conference call to review the Q4 2024 financial results on Monday, March 17, 2025 at 9:00am (Eastern). The live webcast of the earnings conference call can be accessed via web: <http://momentum.adobeconnect.com/greenfirst2024/> and via phone: (+1) 416 764 8658 or (+1) 888 886 7786. A replay of the webcast and presentation slides will be available on GreenFirst's website following the conference call.

About GreenFirst

GreenFirst Forest Products is a forest-first business, focused on sustainable forest management and lumber production. The Company owns four sawmills located in rich wood baskets proudly operating over six million hectares of FSC® certified public Ontario forest lands (FSC®-C167905). The Company believes that responsible forest practices, coupled with the long-term green advantage of lumber, provide GreenFirst with significant cyclical and secular advantages in building products.

Forward Looking Information

Certain information in this news release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact are forward-looking statements. Forward looking statements are often identified by terms such as “may”, “should”, “anticipate”, “expect”, “potential”, “believe”, “intend”, “estimate” or the negative of these terms and similar expressions. Forward-looking statements are based on certain assumptions and, while GreenFirst considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. In addition, forward-looking statements necessarily involve known and unknown risks, including those set out in GreenFirst's public disclosure record filed under its profile on www.sedarplus.ca. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect our expectations as of the date hereof, and thus are subject to change thereafter. GreenFirst disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

For more information, please visit: www.greenfirst.ca

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