ACADIAN TIMBER CORP.

MANAGEMENT’S DISCUSSION AND ANALYSIS

SEPTEMBER 27, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All figures in Canadian dollars unless otherwise stated)

October 29, 2025

INTRODUCTION

Acadian Timber Corp. ("Acadian", the "Company" or "we") is one of the largest timberland owners in Eastern Canada and the Northeastern U.S. and has a total of approximately 2.4 million acres of land under management. Acadian owns and manages approximately 775,000 acres of freehold timberlands in New Brunswick ("New Brunswick Timberlands") and approximately 300,000 acres of freehold timberlands in Maine ("Maine Timberlands") and provides timber services relating to approximately 1.3 million acres of Crown licensed timberlands in New Brunswick.

Acadian's primary business is forest management and the production of timber products, including softwood and hardwood sawlogs, pulpwood, and biomass by-products, sold to approximately 90 regional customers. Acadian also generates income through other operations, including real estate and environmental solutions.

Acadian's business strategy is to maximize cash flows from its existing timberland assets through sustainable forest management and other land use activities while growing its business by acquiring assets and actively managing these assets to drive improved performance.

Basis of Presentation

This management's discussion and analysis ("MD&A") discusses the financial condition and results of operations of the Company for the three and nine months ended September 27, 2025 (herein referred to as the "third quarter") compared to the three and nine months ended September 28, 2024 and should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the third quarter and the audited annual consolidated financial statements and the related MD&A for the fiscal year ended December 31, 2024.

Our third quarter unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" using the accounting policies adopted and disclosed in Note 2 of Acadian's audited 2024 consolidated financial statements and as updated in Note 2 of the third quarter unaudited condensed consolidated financial statements, and are expressed in Canadian dollars unless otherwise noted. External economic and industry factors remain unchanged since the previous annual report, unless otherwise noted. This MD&A has been prepared based on information available as at October 29, 2025. Additional information is available on Acadian's website at www.acadiantimber.com and on SEDAR+ at www.sedarplus.ca.

Non-IFRS Measures

Throughout this MD&A, reference is made to "Adjusted EBITDA", which Acadian's management defines as net income before interest, income taxes, fair value adjustments, non-cash cost of sales related to carbon credits, recovery of or impairment of land and roads and depreciation and amortization, and to "Adjusted EBITDA margin", which is Adjusted EBITDA as a percentage of sales. Reference is also made to "Free Cash Flow", which Acadian's management defines as Adjusted EBITDA less interest paid, current income tax expense, capital expenditures excluding acquisitions of timberlands and non-cash expenditures, and mandatory debt repayments plus net proceeds from the sale of timberlands and other fixed assets (proceeds less gains or losses). Management believes that Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of the Company's operational performance. Adjusted EBITDA and Adjusted EBITDA margin are indicative of the underlying profitability of Acadian's operating segments and are used to evaluate operational performance. Free Cash Flow is used to evaluate Acadian's ability to generate sustainable cash flows from operations that are available for dividends, repurchases of common shares, debt reduction, acquisitions, and other capital allocation activities. We have provided reconciliations of net income as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow in the "Adjusted EBITDA and Free Cash Flow" section of this MD&A. Reference is also made to "net liquidity" which includes cash and cash equivalents and funds available under credit facilities less amounts reserved to support the minimum cash balance related to long-term debt.

As these measures do not have a standardized meaning prescribed by IFRS, they may not be comparable to similar measures presented by other companies.

Assessment and Changes in Disclosure Controls and Internal Controls

Management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as at December 31, 2024. There have been no changes in our disclosure controls and procedures during the nine months ended September 27, 2025 that have materially affected, or are reasonably likely to materially affect, our disclosure controls and procedures.

Management, including the Chief Executive Officer and Chief Financial Officer, have also evaluated the design and effectiveness of our internal controls over financial reporting in accordance with Multilateral Instrument 52-109 using the COSO Framework 2013 as at December 31, 2024. There have been no changes in our internal controls over financial reporting during the nine months ended September 27, 2025 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REVIEW OF OPERATIONS

Summary of Third Quarter Results

The table below summarizes operating and financial data for Acadian:

	Three Months Ended		**Nine Months Ended**	
(CAD thousands, except volume and per share information)	**September 27, 2025**	September 28, 2024	**September 27, 2025**	September 28, 2024
Timber sales volume (000s m^3)	**260.6**	287.4	**718.5**	744.9
Carbon credit sales volume (000s credits)	**—**	—	**—**	752.1
Timber sales and services	**$ 23,017**	$ 25,959	**$ 64,980**	$ 71,371
Carbon credit sales	**—**	—	**—**	24,588
Operating income	**2,956**	3,899	**9,075**	20,444
Net income	**2,928**	2,215	**9,253**	16,153
Adjusted EBITDA[1]	**$ 3,508**	$ 4,039	**$ 10,602**	$ 35,194
Adjusted EBITDA margin[1]	**15%**	16%	**16%**	37%
Free Cash Flow[1]	**$ 991**	$ 2,540	**$ 4,778**	$ 26,680
Dividends declared	**5,256**	5,080	**15,637**	15,128
Dividends paid in cash	**2,592**	2,588	**7,773**	8,900
Per share – basic and diluted				
Net income	**$ 0.16**	$ 0.13	**$ 0.51**	$ 0.93
Free Cash Flow[1]	**0.05**	0.15	**0.27**	1.53
Book value	**18.67**	18.69	**18.67**	18.69
Dividends declared per share	**0.29**	0.29	**0.87**	0.87
Common shares outstanding[2]	**18,123,203**	17,536,815	**18,123,203**	17,536,815
Weighted average shares outstanding	**18,095,837**	17,511,464	**18,016,862**	17,432,390

1. Non-IFRS Measure. See "Non-IFRS Measures" on page 1 of this report.
2. As at October 29, 2025 there were 18,286,767 common shares outstanding.

Acadian's operations during the third quarter benefited from mixed but generally stable demand for its products. Contractor availability was sufficient in New Brunswick while Maine experienced operational challenges in the form of limited trucking capacity and lower productivity during the ramp-up of internal logging operations.

Acadian generated revenue from timber sales and services of $23.0 million during the third quarter, compared to $26.0 million in the prior year period. The year-over-year decrease was primarily due to lower timber sales volumes in Maine and reduced timber services activity in New Brunswick.

Timber sales volume, excluding biomass, of 245,200 m^3 decreased 8% compared to the third quarter of 2024. Timber sales volumes, excluding biomass, in New Brunswick were consistent with the same period of 2024, despite harvesting operations being temporarily disrupted by elevated fire risk resulting from dry conditions. Sales volumes in Maine remained challenged due to limited trucking capacity and lower production during the ramp-up of internal logging operations. Timber services revenue decreased 29% compared to the prior year period reflecting a favourable change in customer mix which redirected harvesting from Crown licensed timberlands to our freehold operations. The shift decreased our timber services revenue and increased sales from the freehold timberlands.

Weighted average selling price, excluding biomass, remained flat year-over-year. Softwood sawlog prices increased 10% driven by modest improvements in end user markets, a higher value product mix and longer hauling distances. Hardwood sawlog prices decreased 11% as compared to the prior year period due to a lower value product mix and continued weakness in lumber markets. Pulpwood pricing remained relatively consistent with the prior year period. Lower fuel adjustment surcharges, resulting from lower fuel prices, particularly in New Brunswick, also impacted pricing.

Operating costs and expenses decreased $2.0 million compared to the prior year period as a result of decreased timber sales volumes and timber services activity, partially offset by higher average operating costs and expenses per m^3 produced in Maine as a result of a more fixed cost structure and lower production levels.

Adjusted EBITDA and Adjusted EBITDA margin were $3.5 million and 15% during the third quarter compared to $4.0 million and 16%, respectively, in the prior year period. Free Cash Flow was $1.0 million compared to $2.5 million in the prior year period.

Net income for the third quarter totaled $2.9 million, or $0.16 per share, compared to net income of $2.2 million, or $0.13 per share, in the same period of 2024, due to higher non-cash fair value adjustments and lower income tax expense, partially offset by lower operating income and higher interest expense.

During the first nine months of 2025, Acadian generated revenue from timber sales and services of $65.0 million compared to $71.4 million in the prior year period. Carbon credit sales contributed an additional $24.6 million to sales in the same period of 2024 while no carbon credit sales occurred in 2025. Timber sales volumes, excluding biomass, decreased 6% as compared to the first nine months of 2024 primarily due to the operating challenges in Maine, and the weighted average selling price decreased by 2%. Operating costs and expenses of $55.9 million were $19.6 million lower year-over-year. Included in operating costs and expenses in the prior year period were $18.9 million related to carbon credit sales. Operating costs and expenses related to timber sales and services were consistent with the prior year period with the impact of reduced sales volumes and lower timber services activity offset by higher average operating costs and expenses per m^3 produced in Maine.

Adjusted EBITDA for the first nine months of 2025 of $10.6 million was $24.6 million lower compared to the prior year period with $19.8 million attributable to the sale of carbon credits in 2024.

For the nine months ended September 27, 2025, net income was $9.3 million, or $0.51 per share, a decrease of $6.9 million compared to the prior year period, primarily the result of lower operating income partially offset by lower income tax expense.

Adjusted EBITDA and Free Cash Flow

The following table provides a reconciliation of net income, as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow during each respective period:

	Three Months Ended		Nine Months Ended	
(CAD thousands)	**September 27, 2025**	September 28, 2024	**September 27, 2025**	September 28, 2024
Net income	**$ 2,928**	$ 2,215	**$ 9,253**	$ 16,153
Add / (deduct):				
Interest expense, net	**1,049**	654	**2,934**	2,400
Income tax expense	**171**	939	**2,600**	7,085
Depreciation and amortization	**552**	139	**1,369**	369
Fair value adjustments and other	**(1,192)**	92	**(5,554)**	(4,991)
Non-cash cost of sales related to carbon credits[1]	**—**	—	**—**	14,178
Adjusted EBITDA[2]	**$ 3,508**	$ 4,039	**$ 10,602**	$ 35,194
Add / (deduct):				
Interest paid on debt, net	**(1,085)**	(764)	**(3,036)**	(2,485)
Additions to land, roads, and other fixed assets	**(148)**	(292)	**(949)**	(740)
Mandatory debt repayments	**(178)**	—	**(398)**	—
Gain on sale of timberlands and other fixed assets	**—**	(1)	**(158)**	(203)
Proceeds from sale of timberlands and other assets	**19**	1	**605**	218
Current income tax expense	**(1,125)**	(443)	**(1,888)**	(5,304)
Free Cash Flow[2]	**$ 991**	$ 2,540	**$ 4,778**	$ 26,680
Dividends declared	**$ 5,256**	$ 5,080	**$ 15,637**	$ 15,128
Dividends paid in cash	**$ 2,592**	$ 2,588	**$ 7,773**	$ 8,900

1. *A portion of the book value of carbon credit inventory originates in transfers of fair value from timber and is recorded as an expense at the time of a sale. These amounts are added back to Adjusted EBITDA to be consistent with the treatment of fair value adjustments to timber.*
2. *Non-IFRS Measure. See "Non-IFRS Measures" on page 1 of this report.*

Dividend Policy of the Company

Acadian declares dividends from its available cash and cash equivalents to the extent determined prudent by the Board of Directors. Dividends are paid on or about the 15th day following each dividend record date.

Total dividends declared to shareholders during the three months and nine months ended September 27, 2025 were $5.3 million, or $0.29 per share, and $15.6 million, or $0.87 per share, respectively, compared to $5.1 million, or $0.29 per share, and $15.1 million, or $0.87 per share, during the same periods in 2024.

Acadian has in place a dividend reinvestment plan ("DRIP") effective with eligible shareholders whereby Canadian resident shareholders may elect to automatically have their dividends reinvested in additional shares issued directly from the treasury of the Company. During the three months and nine months ended September 27, 2025, Acadian issued 146,490 and 447,516 common shares in accordance with the DRIP.

Macer Forest Holdings Inc. ("Macer"), which owns approximately 50% of the outstanding common shares of Acadian, participates in the DRIP for 100% of dividends payable to it.

Segmented Results of Operations

The table below summarizes financial results by segment:

	Three Months Ended		Nine Months Ended	
(CAD thousands)	**September 27, 2025**	September 28, 2024	**September 27, 2025**	September 28, 2024
Sales				
New Brunswick Timberlands	**$ 20,515**	$ 21,805	**$ 57,015**	$ 57,092
Maine Timberlands	**2,502**	4,154	**7,965**	14,279
Environmental Solutions	**—**	—	**—**	24,588
Total	**$ 23,017**	$ 25,959	**$ 64,980**	$ 95,959
Adjusted EBITDA				
New Brunswick Timberlands	**$ 4,363**	$ 4,784	**$ 14,218**	$ 15,303
Maine Timberlands	**(503)**	(207)	**(2,114)**	1,843
Environmental Solutions	**—**	—	**—**	19,839
Corporate	**(352)**	(538)	**(1,502)**	(1,791)
Total	**$ 3,508**	$ 4,039	**$ 10,602**	$ 35,194

New Brunswick Timberlands

New Brunswick Timberlands owns and manages approximately 775,000 acres of freehold timberlands and provides harvesting and management services relating to approximately 1.3 million acres of Crown licensed timberlands. All harvesting operations are performed by third-party contractors.

During the third quarter of 2025, Acadian's New Brunswick operations experienced no recordable safety incidents among employees or contractors.

The table below summarizes operating and financial results for New Brunswick Timberlands:

	Three Months Ended		Nine Months Ended	
(CAD thousands, except volume)	**September 27, 2025**	September 28, 2024	**September 27, 2025**	September 28, 2024
Sales (000s m^3)				
Softwood	**156.7**	152.9	**388.0**	354.4
Hardwood	**64.5**	71.8	**204.3**	207.7
Biomass	**15.4**	18.4	**48.2**	32.3
Total	**236.6**	243.1	**640.5**	594.4
Sales ($000s)				
Softwood	**$ 11,592**	$ 10,694	**$ 28,459**	$ 25,928
Hardwood	**5,063**	5,800	**17,798**	18,503
Biomass	**234**	238	**757**	946
Total	**$ 16,889**	$ 16,732	**$ 47,014**	$ 45,377
Timber services and other	**3,626**	5,073	**10,001**	11,715
Total Sales ($000s)	**$ 20,515**	$ 21,805	**$ 57,015**	$ 57,092
Adjusted EBITDA ($000s)	**$ 4,363**	$ 4,784	**$ 14,218**	$ 15,303
Adjusted EBITDA margin	**21%**	22%	**25%**	27%

Sales for New Brunswick Timberlands were $20.5 million compared to $21.8 million during the prior year period. Harvesting operations were temporarily disrupted by dry conditions and elevated fire risk; however, targeted freehold volumes were achieved. The year-over-year decrease in sales primarily reflects reduced timber services activity, which offset the benefit of a higher weighted average selling price. Biomass sales volume was lower compared to the prior year period due to timing differences across quarters.

The weighted average selling price, excluding biomass, for the third quarter was $75.27 per m^3, or 3% higher than the prior year period. Softwood sawlog pricing increased 12% as compared to the prior year period due to modest improvements in end user markets, a higher value product mix and longer hauling distances. Hardwood sawlog pricing decreased 9% primarily due to a lower value product mix and weakness in lumber markets. Softwood pulpwood pricing increased 5% and hardwood pulpwood pricing remained consistent, as compared to the prior year period, as a result of stable demand.

Operating costs and expenses were $16.2 million during the third quarter, compared to $17.1 million in the prior year period. Additional costs related to increased freehold harvesting activity were offset by lower timber services activity and decreased weighted average variable costs, as compared to the third quarter of 2024. Weighted average variable costs, excluding biomass, decreased 2% as a result of a higher proportion of softwood products which carry lower variable costs, and lower fuel adjustment costs, partially offset by increased contractor rates and longer hauling distances.

Adjusted EBITDA for the quarter was $4.4 million compared to $4.8 million during the prior year period and Adjusted EBITDA margin was 21% compared to 22%.

During the first nine months of 2025, New Brunswick Timberlands' sales of $57.0 million were consistent with the prior year period with increased freehold sales volumes and a consistent year-over-year weighted average selling price offset by lower timber services activity. Freehold sales volume, excluding biomass, increased 5% compared to the prior year period primarily due to a favourable change in customer mix which shifted harvesting volumes from Crown licensed timberlands to our freehold timberlands, decreasing our timber services revenue and increasing our freehold sales.

Operating costs and expenses of $43.2 million during the first nine months of 2025 were $1.2 million higher than the prior year period. Additional costs related to increased freehold harvesting activity were partially offset by lower timber services activity. Weighted average variable costs, excluding biomass, remained consistent with the first nine months of 2024, with the impact of greater softwood sawlog hauling distances and higher contractor rates offset by a higher proportion of softwood products which carry lower variable costs, and lower fuel adjustment costs. Adjusted EBITDA was $14.2 million, compared to $15.3 million in the same period of 2024, and Adjusted EBITDA margin was 25% compared to 27%.

Maine Timberlands

Maine Timberlands owns and manages approximately 300,000 acres of freehold timberlands.

There were two recordable safety incidents among employees and none among contractors during the third quarter of 2025. The incidents were minor in nature and the employees have returned to work.

Internal Logging Operations[1]

Prior to January 1, 2025, all harvesting operations in Maine were performed by third-party contractors. During the first quarter of 2025, Acadian established its own internal logging operations. This occurred through two initiatives.

In January 2025, Acadian purchased several pieces of harvesting equipment for $2.4 million and hired equipment operators to conduct harvesting operations on Acadian's Maine Timberlands.

On February 28, 2025, Acadian acquired certain logging and related assets of A & A Brochu, LLC ("A & A Brochu") and its affiliates for total cash consideration of $6.9 million. The assets include harvesting, trucking and road working equipment and

[1] *The following contains forward-looking information about Acadian Timber Corp.'s outlook. Reference should be made to the section entitled "Cautionary Statement Regarding Forward-Looking Information and Statements" for further details. For a description of material factors that could cause actual results to differ materially from the forward-looking information in the following, please see the Risk Factors section of Acadian's most recent Annual Report and Annual Information Form available on our website at* www.acadiantimber.com *or www.sedarplus.ca.*

related real estate which, combined with an established workforce, constitute a portion of A & A Brochu's logging operation in Maine.

Recognized amounts of assets acquired from A & A Brochu are as follows:

(CAD thousands)		
Equipment	**$**	**5,235**
Land and buildings		**1,461**
Intangible assets		**234**
Total identifiable assets acquired	**$**	**6,930**

The fair values are provisional, pending completion of a detailed inventory and fair value assessment of all assets acquired. No liabilities were assumed.

Although some operations will continue to be performed by external contractors in Maine in the near term, these initiatives represent a significant transition away from contracted logging operations in Maine. During the first nine months of 2025, production volumes were below anticipated long-term levels, and operating costs per m^3 of timber produced were elevated relative to long-term targets. Additionally, the transition to a more fixed cost structure has resulted in changes from historical cost patterns, with costs less directly tied to revenue generated. This impact is amplified during less productive seasons because of the lower sales volumes. During the third quarter, we expanded the workforce within our internal harvesting operations and as we exited the quarter production levels started to improve.

Acadian is actively investing in operator training programs and optimizing equipment utilization to support this strategic shift and complete the ramp-up. These efforts are designed to enhance efficiency, build long-term capabilities, and ensure sustained cost improvements. As internal operations continue to scale, Acadian expects to increase production capacity and drive greater cost efficiency in Maine.

The table below summarizes operating and financial results for Maine Timberlands:

		Three Months Ended		**Nine Months Ended**	
(CAD thousands, except volume)		**September 27, 2025**	September 28, 2024	**September 27, 2025**	September 28, 2024
Sales (000s m^3)					
	Softwood	**13.4**	24.2	**44.0**	84.3
	Hardwood	**10.6**	17.3	**29.7**	61.0
	Biomass	**—**	2.8	**4.3**	5.2
	Total	**24.0**	44.3	**78.0**	150.5
Sales ($000s)					
	Softwood	**$ 1,289**	$ 2,191	**$ 4,139**	$ 7,894
	Hardwood	**858**	1,538	**2,664**	5,416
	Biomass	**—**	77	**113**	100
	Total	**$ 2,147**	$ 3,806	**$ 6,916**	$ 13,410
Other sales		**355**	348	**1,049**	869
Total Sales ($000s)		**$ 2,502**	$ 4,154	**$ 7,965**	$ 14,279
Adjusted EBITDA ($000s)		**$ (503)**	$ (207)	**$ (2,114)**	$ 1,843
Adjusted EBITDA margin		**(20)%**	(5)%	**(27)%**	13%

Sales for Maine Timberlands during the third quarter totaled $2.5 million compared to $4.2 million in the prior year period. Timber sales volume, excluding biomass, decreased 42%. The decrease in volumes year-over-year is reflective of limited trucking capacity, as some trucking operations continue to be performed by external contractors, combined with the short-term harvesting productivity constraints previously noted.

The weighted average selling price, excluding biomass, was \$89.38 per m^3 in Canadian dollar terms and \$64.93 per m^3 in U.S. dollar terms, consistent with the same period of 2024. Increased softwood sawlog pricing of 5% resulting from a favourable product mix was offset by a decrease in hardwood pulpwood pricing of 6% resulting from a decrease in demand. Hardwood sawlog and softwood pulpwood volumes were minimal during the quarter.

Operating costs and expenses for the third quarter were \$3.4 million, compared to \$4.4 million during the same period in 2024. Decreased costs resulting from lower timber sales volumes were partially offset by higher average operating costs and expenses per m^3 produced. This increase is attributable to the lower production during the ramp-up of internal logging operations, as well as the transition to a more fixed cost structure.

Adjusted EBITDA for the quarter was \$(0.5) million compared to \$(0.2) million during the prior year period and Adjusted EBITDA margin was (20)% compared to (5)%.

During the first nine months of 2025, Maine Timberlands' sales were \$8.0 million compared to \$14.3 million during the first nine months of 2024. Timber sales volumes, excluding biomass, were 49% lower than the same period in the prior year for the same reasons cited above. The weighted average selling price, excluding biomass, was consistent with the prior year period in both Canadian and U.S. dollar terms. Operating costs and expenses of \$11.1 million during the first nine months of 2025 were \$1.6 million lower than the prior year period as a result of lower harvesting activity partially offset by higher operating costs and expenses per m^3 produced for the same reasons cited above.

Environmental Solutions[1]

Environmental Solutions leverages the ecological functions of Acadian's land and the operational expertise of its team to address pressing environmental challenges, such as climate change and biodiversity. In line with these objectives, Acadian has undertaken a voluntary carbon credit project which increases carbon sequestration and provides significant environmental benefits on the portion of our Maine Timberlands that is subject to a working forest conservation easement.

The project is registered on the ACR under the name Anew – Katahdin Forestry Project, and requires balancing harvest and growth, long-term planning, periodic carbon inventory verification, and maintenance of the Acadian's sustainable forestry certification.

During the first nine months of 2024, 752,100 carbon credits were sold. No sales occurred during the first nine months of 2025.

The table below summarizes operating and financial results for Environmental Solutions:

	Three Months Ended		**Nine Months Ended**	
	September 27, 2025	September 28, 2024	**September 27, 2025**	September 28, 2024
Sales volume (000s credits)	**—**	—	**—**	752.1
Sales (\$000s)	**\$ —**	\$ —	**\$ —**	\$ 24,588
Adjusted EBITDA (\$000s)	**\$ —**	\$ —	**\$ —**	\$ 19,839

The ACR has developed Version 2.1 of the Improved Forest Management protocol, which is fundamentally the same approach as the previous protocol but introduces dynamic baselines. Carbon credits assessed using the new protocol are expected to be more appealing to customers, thereby commanding higher pricing. Acadian's project is currently being transitioned to the new protocol, which has resulted in a delay in the registration process for the second and third tranches of carbon credits for the project. Registration is expected in the last quarter of 2025.

The transition to the new protocol may result in slightly fewer total carbon credits being issued than was expected under the initial protocol. However, all credits generated are expected to be higher-valued carbon removal credits, and no conservation

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credits will be generated. Actual credit issuances will be adjusted each reporting period based on actual harvesting, natural disturbances, and other factors, as well as periodic updating for inventory and verification activities.

This project has provided valuable experience to the Acadian management team and has formed the foundation for potential carbon credit developments in the future.

LIQUIDITY AND CAPITAL RESOURCES[1]

Acadian had net liquidity of $15.1 million as at September 27, 2025, which includes cash and funds available under credit facilities less amounts reserved to support the minimum cash balance related to long-term debt.

Liquidity and capital resources are discussed in the Company's MD&A for the year ended December 31, 2024.

OUTLOOK[1]

Near-term pressures on end-use markets have continued, with trade policy developments adding further complexity for forest products companies in both the U.S. and Canada. The recent escalation of U.S. duties on Canadian softwood lumber, along with new tariffs on select wood-based products, poses a potential risk to Canadian exporters and may dampen cross-border demand. Despite these headwinds, macroeconomic indicators remain supportive. North American interest rates are easing, and the consensus forecast for U.S. housing starts is steady at approximately 1.35 million starts in 2025, consistent with 2024. We remain confident that the stability of the northeastern forestry sector, combined with long-term demand for new homes and repair and remodel activity, will support the long-term demand for our products.

We maintained sufficient contractor availability in New Brunswick through the third quarter, which is expected to continue for the remainder of the year. During the third quarter, we expanded the workforce within our internal harvesting operations. As we exited the quarter, production levels have started to improve and with continued focus on the internal logging operations, we expect to increase production levels while advancing toward our targeted cost structure.

Demand for Acadian's sawlogs is mainly driven by regional supply and demand. Near-term sawlog demand is expected to remain stable while pricing may remain challenged until end-use markets improve. Demand and pricing for softwood pulpwood and hardwood pulpwood is expected to remain at reduced levels in the near term.

With respect to voluntary carbon credits, demand and pricing are expected to remain stable. Issuance of the next tranches of carbon credits from Acadian's current project has been delayed due to the transition to ACR's updated Improved Forest Management protocol. However, registration of additional carbon credits is anticipated for 2025, and the updated protocol is expected to improve the marketability of the resulting carbon credits. The protocol for developing compliance market carbon credits from managed forests in Canada was finalized during 2024; Acadian is evaluating the opportunities to develop eligible carbon credits that the compliance protocol may present, in conjunction with the opportunities that exist under voluntary protocols.

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SELECTED CONSOLIDATED QUARTERLY INFORMATION

The table below sets forth selected consolidated quarterly information for the current and last seven quarters.

	2025			2024				2023
(CAD thousands, except per share data and where indicated)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Timber sales volume (000s m^3)	**260.6**	191.0	266.9	232.3	287.4	210.5	247.0	231.9
Carbon credit sales volumes (000s credits)	**—**	—	—	—	—	600.0	152.1	1.5
Timber sales and services	**$ 23,017**	$ 17,129	$ 24,834	$ 20,226	$ 25,959	$ 21,533	$ 23,879	$ 23,778
Carbon credit sales	**—**	—	—	—	—	19,658	4,930	37
Adjusted EBITDA[1]	**3,508**	2,415	4,679	3,698	4,039	20,556	10,599	4,418
Free Cash Flow[1]	**991**	777	3,010	3,051	2,540	16,370	7,770	2,811
Net income	**2,928**	2,667	3,659	5,585	2,215	7,913	6,025	11,593
Per share – basic and diluted	**$ 0.16**	$ 0.15	$ 0.21	$ 0.32	$ 0.13	$ 0.46	$ 0.35	$ 0.68

1. Non-IFRS Measure. See “Non-IFRS Measures” on page 1 of this report.

Results are impacted by seasonality. Harvest activity is highest during the winter months, when the ground is frozen, providing a solid base for harvesting and hauling equipment. There is a significant decrease in activity during the spring when the ground thaws. Harvesting activity resumes in the early summer when the ground dries and continues through the fall.

Net income can be significantly impacted by non-cash items such as fluctuations in foreign exchange and the fair value adjustment of the Company’s timberlands, which are revalued at each reporting period. During the fourth quarter of 2023, Acadian recorded a fair value adjustment gain on timberlands which increased net income by $12.8 million.

During the first and second quarters of 2024, Acadian sold significant volumes of voluntary carbon credits, which increased Adjusted EBITDA by $4.1 million and $15.7 million, respectively. A portion of the book value of carbon credit inventory originates in transfers of fair value from timber and is recorded as an expense at the time of a sale. These amounts are added back to Adjusted EBITDA to be consistent with the treatment of fair value adjustments to timber. This adjustment to net income to calculate Adjusted EBITDA was $2.8 million and $11.4 million during the first and second quarters of 2024, respectively.

The following table provides a reconciliation of net income, as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow during each respective period included in the Selected Consolidated Quarterly Information above:

	2025			2024				2023
(CAD thousands)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net income	**$ 2,928**	$ 2,667	$ 3,659	$ 5,585	$ 2,215	$ 7,913	$ 6,025	$ 11,593
Add / (deduct):								
Interest expense, net	**1,049**	1,069	816	721	654	887	859	778
Income tax expense	**171**	906	1,522	2,164	939	3,170	2,976	4,795
Depreciation and amortization	**552**	581	236	148	139	128	102	101
Fair value adjustments and other	**(1,192)**	(2,808)	(1,554)	(4,920)	92	(2,894)	(2,189)	(12,869)
Non-cash cost of sales related to carbon credits	**—**	—	—	—	—	11,352	2,826	20
Adjusted EBITDA[1]	**$ 3,508**	$ 2,415	$ 4,679	$ 3,698	$ 4,039	$ 20,556	$ 10,599	$ 4,418
Add / (deduct):								
Interest paid on debt, net	**(1,084)**	(1,055)	(897)	(814)	(764)	(892)	(829)	(793)
Mandatory debt repayments	**(178)**	(166)	(54)	—	—	—	—	—
Additions to land, roads and other fixed assets	**(149)**	(258)	(542)	(342)	(292)	(320)	(128)	(69)
Gain on sale of timberlands and other fixed assets	**—**	(136)	(22)	(335)	(1)	(129)	(73)	(5)
Proceeds from sale of timberlands and other assets	**19**	163	423	1,142	1	138	79	5
Current income tax recovery (expense)	**(1,125)**	(186)	(577)	(298)	(443)	(2,983)	(1,878)	(745)
Free Cash Flow[1]	**$ 991**	$ 777	$ 3,010	$ 3,051	$ 2,540	$ 16,370	$ 7,770	$ 2,811

1. Non-IFRS Measure. See “Non-IFRS Measures” on page 1 of this report.

Critical Judgments and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period. The critical estimates and judgements applied in preparing Acadian’s consolidated financial statements affect the determination of the timing of satisfaction of performance obligations related to revenue recognition, assessment of net recoverable amounts, net realizable values and fair values, including the fair value of assets acquired as part of a business combination, depreciation rates and useful lives, determination of functional currency and the selection of accounting policies.

The critical estimates and judgements made in the preparation of Acadian’s consolidated financial statements include, among other things, determining Acadian’s customer and the timing of transfer of control in carbon credit sales arrangements, future prices and margins, future sales volumes, future harvest rates and sustainable yields, and discount rates utilized in the valuation of Acadian’s timber, roads and land. In making estimates and judgements, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and judgements have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making these estimates and judgements in these consolidated financial statements.

For further reference on critical accounting policies, see our material accounting policies contained in Note 2 of Acadian’s 2024 annual MD&A and audited 2024 consolidated financial statements, and Note 2 of Acadian’s Q3 2025 interim condensed consolidated financial statements.

The 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.

Related Party Transactions

There were no related party transactions during the third quarter other than shares issued to Macer in accordance with the DRIP, as described under Dividend Policy of the Company.

Contractual Obligations

The Company has two significant contractual obligations, being the Fibre Supply Agreement and the Crown Lands Services Agreement. The Fibre Supply Agreement between the Company and Groupe Lebel expires in January 2031. The provision of timber services under the Crown Lands Services Agreement at the direction of Twin Rivers Paper Company has a term equal to the term of the Crown License, including any renewal terms.

The table below summarizes the Company's long-term debt obligations as at September 27, 2025:

	Payments Due by Period				
(CAD thousands)	Total	Less Than One Year	1 to 3 Years (2026-2028)	4 to 5 Years (2029-2030)	After 5 Years (>2030)
Term facilities					
Tranche due March 6, 2027[1]	$ 44,611	$ —	$ 44,611	$ —	$ —
Tranche due March 6, 2030[1]	22,306	—	—	22,306	—
Tranche due March 6, 2030[1]	44,611	—	—	44,611	—
	111,528	—	44,611	66,917	—
Equipment loan	1,735	715	1,020	—	—
	$ 113,263	$ 715	$ 45,635	$ 66,917	$ —
Interest payments	$ 15,112	$ 4,302	$ 6,554	$ 4,256	$ —

1. *Represents principal of the U.S. dollar denominated term facilities with a U.S. to Canadian dollar conversion rate of 1.3941, excluding unamortized deferred financing costs.*

There are no scheduled repayments of principal required prior to the maturity dates of the Term Facilities.

The equipment loan is repayable in monthly principal and interest instalments over three years.

RISK FACTORS

Risk factors are consistent with those discussed in the Company's MD&A for the year ended December 31, 2024 except as noted below.

Trade Restrictions[1]

A portion of the products manufactured by Acadian's customers in Canada using timber from its New Brunswick timberlands, including softwood lumber, is exported to the United States for sale. In September 2025, increased softwood lumber duties became effective at a combined rate of 35%. Further, the U.S. government has implemented and amended tariffs of varying amounts on varying U.S. imports from Canada throughout 2025. A 10% tariff on softwood lumber and a 25% tariff on certain other wood products became effective in October 2025.

It is unclear if and when any changes will occur. Strength in lumber markets, combined with supply side factors may support a pass through of tariffs and/or duties to markets. Should additional costs not be passed through to markets, the price of

[1] *The following contains forward-looking information about Acadian Timber Corp.'s outlook for the remainder of 2025. Reference should be made to the section entitled "Cautionary Statement Regarding Forward-Looking Information and Statements" for further details. For a description of material factors that could cause actual results to differ materially from the forward-looking information in the following, please see the Risk Factors section of Acadian's most recent Annual Report and Annual Information Form available on our website at www.acadiantimber.com or www.sedarplus.ca.*

Acadian's harvested timber may be adversely impacted. Conversely, the price of and demand for Acadian's products derived from our Maine Timberlands may be favourably impacted.

There are currently no tariffs directly applicable to Acadian's products. Acadian's products exported from New Brunswick to the U.S. may be subject to future tariffs, which may adversely impact the price of and demand for these products.

Cautionary Statement Regarding Forward-Looking Information and Statements

This MD&A contains forward-looking information and statements within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking information is included in this MD&A and includes statements made in the sections entitled "Segmented Results of Operations – Environmental Solutions", "Segmented Results of Operations – Maine Timberlands", "Outlook" , and "Tariffs on U.S. Imports" and without limitation other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. All forward-looking statements in this MD&A are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Actual results may vary. These forward-looking statements include, but are not limited to:

- Expectations regarding the number and timing of carbon credits that will be successfully registered and available for sale. Actual credit issuances will be adjusted each reporting period based on actual harvesting, natural disturbances and other factors, as well as periodic updating for inventory and verification activities.
- Expectations regarding product demand, pricing and end use markets, including expectations for U.S. housing starts, which may be impacted by changes in interest rates, U.S. population demographics and the inventory of homes for sale. Expectations regarding product demand and pricing are based on anticipated market conditions, anticipated regional inventory levels of key customers, and the economic situation of key customers. Estimates for U.S. housing starts are based on forecasts published by major financial institutions.
- Expectations regarding future production volumes and costs associated with internal logging operations which may be impacted by operational efficiency, the regional supply of skilled operators, product demand, pricing and end use markets.
- Expectations regarding the impacts of escalated duties on softwood lumber and potential tariffs levied on U.S. imports from Canada, which may include direct impacts related to changes to the price of and demand for Acadian's products originating in Canada as well as the U.S., and indirect impacts associated with changes in the price of and demand for the products of Acadian's key customers and the greater economy.
- Expectations regarding future contractor availability, which may be impacted by regional supply of trained contractors and changes in the demographics of the available workforce.

Other risks and factors are discussed in each of the Annual Information Form dated March 28, 2025 and the Management Information Circular dated March 28, 2025 and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR+ at *www.sedarplus.ca*. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A are made as of the date of this MD&A based on information currently available to management and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this MD&A. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.