



ACADIAN

2025 ANNUAL REPORT



Acadian Timber Corp. (“Acadian” or the “Company”) 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 and approximately 300,000 acres of freehold timberlands in Maine 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 85 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.

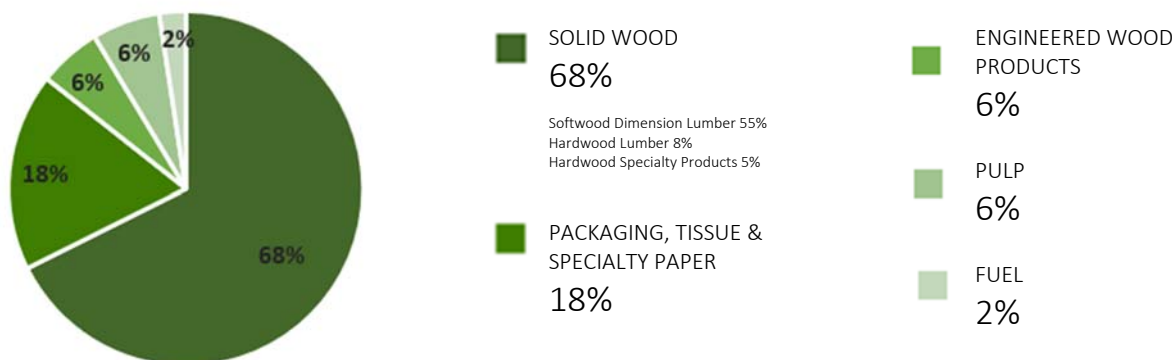
ACADIAN’S LOCATIONS

FOREST AREAS		ACRES	HECTARES
MAINE TIMBERLANDS	■	300,000	121,000
NEW BRUNSWICK TIMBERLANDS	■	775,000	313,000
CROWN LANDS UNDER MANAGEMENT	■	1,326,000	537,000
AREA UNDER MANAGEMENT		2,401,000	971,000



ACADIAN’S TIMBER PRODUCT MIX BY END USE*

Acadian sells a wide variety of timber products to a broad group of customers. Acadian’s greatest exposure is to softwood sawlogs; however, markets for hardwood sawlogs, hardwood and softwood pulpwood, and biomass diversify our sales.



*Percentage of log sales by value for the year ended December 31, 2025

2025 HIGHLIGHTS

- Generated total sales of \$87.0 million, Adjusted EBITDA¹ of \$15.8 million, Free Cash Flow¹ of \$6.6 million and net income of \$49.0 million, despite challenging end-use markets
- Declared dividends to shareholders of \$20.9 million, or \$1.16 per share
- Established internal logging operations in Maine to address contractor capacity challenges
- Successfully renewed Sustainable Forestry Initiative® certification

FINANCIAL HIGHLIGHTS

<i>Years Ended December 31 (CAD thousands, except where indicated)</i>	2025	2024	2023
Timber sales volume (000s m ³)	996.2	977.2	894.2
Carbon credit sales volume (000s credits)	—	752.1	1.5
Timber sales and services	\$ 86,956	\$ 91,597	\$ 93,440
Carbon credit sales	\$ —	\$ 24,588	\$ 37
Adjusted EBITDA ¹	\$ 15,766	\$ 38,893	\$ 20,586
Free Cash Flow ¹	\$ 6,635	\$ 29,733	\$ 14,999
Net income	\$ 48,973	\$ 21,738	\$ 29,434

1. Adjusted EBITDA and Free Cash Flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of the Company's operating performance. Adjusted EBITDA is indicative of the underlying profitability of Acadian's operating segments and is 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. Acadian's management defines Adjusted EBITDA 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. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures excluding acquisitions of timberlands, plus net proceeds from the sale of timberlands and other fixed assets (proceeds less gains or losses). As these performance measures do not have standardized meanings prescribed by International Financial Reporting Standards, they may not be comparable to similar measures presented by other companies. Please refer to Management's Discussion and Analysis for further details.

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LETTER TO SHAREHOLDERS

Overview

Acadian Timber Corp.'s ("Acadian", or the "Company") operations and financial results for the year ended December 31, 2025 reflected a mix of strong performance and operational challenges. Our New Brunswick operations delivered solid results supported by increased contractor availability. Meanwhile, our Maine operations faced unfavourable weather conditions in the first half of the year and productivity constraints, including limited trucking capacity.

Demand for our timber products was mixed but generally stable, despite heightened economic uncertainty, underscoring the resilience of Northeast regional log markets. Timber pricing softened modestly but remained relatively stable over the year.

Continued Commitment to Safety and the Environment

Acadian's commitment to health and safety is our top priority as we believe that emphasizing and achieving a good safety record is a leading indicator of success in the broader business.

During 2025, six recordable safety incidents occurred among employees and contractors, most of which were minor and resulted in minimal lost time. Incident reduction will be a primary focus for 2026.

Both the New Brunswick and Maine operations completed annual surveillance audits under the 2022 Standard of the

Sustainable Forest Initiative® with no non-conformances; a testament to the sustainability of our operations.

Financial Performance

Revenue from timber sales and services was \$87.0 million in 2025, compared to \$91.6 million in the prior year, with consistent year-over-year sales volumes offset by lower timber services activity and a slightly lower weighted average selling price. The sale of 752,100 voluntary carbon credits contributed an additional \$24.6 million to total sales in 2024 while no sales of carbon credits occurred in 2025.

The Company's Adjusted EBITDA² totaled \$15.8 million in 2025, compared to \$38.9 million during 2024, with \$19.8 million of the change being attributable to the sale of carbon credits in 2024. Acadian declared dividends to its shareholders of \$20.9 million, or \$1.16 per share, and generated Free Cash Flow² of \$6.6 million.

Timber sales and services

Demand for softwood sawlogs was steady in the regions in which Acadian operates. Softwood sawlog pricing remained consistent with 2024, supported by modest improvement in softwood lumber markets. Softwood pulpwood demand was also steady with slightly lower pricing attributable to lower fuel adjustment surcharges stemming from lower fuel prices.

Weakness in hardwood lumber markets continued to put downward pressure on hardwood sawlog prices; however, demand for Acadian's hardwood sawlogs remained stable. Hardwood pulpwood demand softened due to tariff-related uncertainty, contributing to a modest decrease in pricing over the year.

In New Brunswick, changes in product mix, harvesting treatments and lower fuel adjustment costs reduced variable costs. In Maine, production constraints resulted in higher average operating costs and expenses per m³ produced.

Environmental Solutions¹

After selling nearly all of our registered voluntary carbon credits in 2024, we expect to replenish inventories in the near term. Acadian's ongoing project in Maine is currently being transitioned to Version 2.1 of ACR's Improved Forest Management protocol. Carbon credits assessed using the new protocol will be carbon removal credits which are expected to be more appealing to customers. The registration of the next tranche of carbon credits under the new protocol is expected to generate approximately 0.4 million credits.

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

Internal Harvesting Operations¹

During 2025, Acadian established its own internal logging operations. This occurred through two initiatives.

In January 2025, Acadian purchased several pieces of harvesting equipment 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 and its affiliates for total cash consideration of \$6.9 million. The assets include harvesting, trucking and road working equipment and related real estate which, combined with an established workforce, constitute an operational logging business which has operated on our land base for many years.

Although some operations will continue to be performed by external contractors in Maine, these initiatives represent a significant transition away from contracted logging operations in Maine. As these operations are developed, we expect to expand our production capacity and reduce our operating costs in Maine.

Outlook¹

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 escalation of U.S. duties on Canadian softwood lumber, along with 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 1.38 million starts in 2026, compared to 1.35 million in 2025. 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 2025, which is expected to continue into 2026. Production from our internal harvesting operations improved during the fourth quarter of 2025 and we expect this momentum to continue through the winter, supporting further progress toward our targeted cost structure. Production levels are expected to ease somewhat in the second and third quarters of 2026, reflecting the usual spring slowdown and lower productivity of the harvest stands planned for the warmer months.

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 tranche 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 in the near term, and the updated protocol is expected to improve the marketability of the resulting carbon credits. Acadian is evaluating future opportunities to develop additional projects under either the Canadian compliance protocol finalized in 2024 or voluntary protocols.

Looking Ahead¹

In the face of heightened uncertainty our priorities remain clear: we will continue to lead with the highest standards in safety and environmental stewardship, pursue optimal margins across our products, and implement targeted improvements throughout the business to enhance cash flow generation and long-term value creation.

A key focus for 2026 will be improving the productivity of our internal harvesting operations in Maine, while closely managing our costs. We will also continue to work closely with our contractors in both New Brunswick and Maine to achieve our harvesting objectives and meet the delivery demands of our customers.

Acadian's exceptional asset base and outstanding people remain the foundation of our success, and we are well equipped to navigate changing market conditions.

Grounded in our commitment to sustainable forest practices, we will continue to focus on strengthening the business and delivering long-term value for shareholders.

On behalf of the Board of Directors and management of Acadian, I would like to thank all our shareholders for their ongoing support.



Adam Sheparsi
President and
Chief Executive Officer
February 11, 2026

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- 1. This Letter to Shareholders contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to the section entitled "Cautionary Statement Regarding Forward-Looking Information and Statements" in Management's Discussion and Analysis for further details.*
 - 2. Adjusted EBITDA and Free Cash Flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of the Company's operating performance. Adjusted EBITDA is indicative of the underlying profitability of Acadian's operating segments and is 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. Acadian's management defines Adjusted EBITDA 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. Free Cash Flow is defined 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). 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. Please refer to the section entitled "Non-IFRS Measures" in Management's Discussion and Analysis for further details.*

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All figures in Canadian dollars unless otherwise stated)

February 11, 2026

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 85 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 months ended December 31, 2025 (herein referred to as the "fourth quarter") and the fiscal year ended December 31, 2025, compared to the fourth quarter and fiscal year ended December 31, 2024. The MD&A has been prepared in accordance with Form 51-102F1 Management's Discussion & Analysis. The MD&A is intended to provide an assessment of our performance and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the fiscal year ended December 31, 2025.

Our consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") and are expressed in Canadian dollars ("CAD") unless otherwise stated. This MD&A has been prepared based on information available as at February 11, 2026. Additional information, including the Company's Annual Information Form, 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). Reference made to "Payout Ratio" is defined as dividends declared divided by Free Cash Flow and "Payout Ratio with DRIP" is defined as dividends paid in cash divided by Free Cash Flow. Management believes that Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Payout Ratios 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.

Internal Control over Financial Reporting

Management, which includes the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in the Canadian Securities Administrators National Instrument 52-109). Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and the Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management assessed the design and operation of the Company’s internal control over financial reporting as of December 31, 2025, based on the criteria set forth in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that, as of December 31, 2025, Acadian’s internal control over financial reporting is effective. Also, management determined that there were no material weaknesses in Acadian’s internal control over financial reporting as of December 31, 2025.

Disclosure Controls

Management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the design and operation of our disclosure controls and procedures (as defined in the Canadian Securities Administrators National Instrument 52-109). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of December 31, 2025. No material weaknesses have been determined by management in Acadian’s disclosure controls and procedures as of December 31, 2025.

REVIEW OF ANNUAL OPERATIONS

Summary of Results for the Years Ended December 31

The table below summarizes operating and financial data for Acadian:

<i>Years Ended December 31</i>			
<i>(CAD thousands, except per share data and where indicated)</i>	2025	2024	2023
Timber sales volume (000s m ³)	996.2	977.2	894.2
Carbon credit sales volume (000s credits)	—	752.1	1.5
Timber sales and services	\$ 86,956	\$ 91,597	\$ 93,440
Carbon credit sales	—	24,588	37
Operating income	13,316	23,659	19,566
Net income	48,973	21,738	29,434
Total assets	633,613	608,017	567,953
Total long-term debt	110,009	114,941	105,515
Adjusted EBITDA ¹	\$ 15,766	\$ 38,893	\$ 20,586
Adjusted EBITDA margin ¹	18%	33%	22%
Free Cash Flow ¹	\$ 6,635	\$ 29,733	\$ 14,999
Dividends declared	20,942	20,259	19,802
Dividends paid in cash	10,363	11,488	14,868
Payout Ratio ¹	316%	68%	132%
Payout Ratio with DRIP ¹	156%	39%	99%
Per share – basic and diluted			
Net income	\$ 2.70	\$ 1.24	\$ 1.72
Free Cash Flow ¹	0.37	1.69	0.88
Book value	19.67	19.18	18.56
Dividends declared per share	1.16	1.16	1.16
Common shares outstanding ²	18,286,767	17,675,687	17,182,558
Weighted average shares outstanding	18,157,708	17,566,031	17,123,919

1. *Non-IFRS Measure. See "Non-IFRS Measures" on page 6 of this report.*

2. *As at February 11, 2026 there were 18,455,847 common shares outstanding.*

Acadian generated revenue from timber sales and services of \$87.0 million, compared to \$91.6 million in the prior year. Consistent year-over-year sales volumes, excluding biomass, from our freehold timberlands were offset by a decrease in the weighted average selling price, and lower timber services activity. The sale of 752,100 voluntary carbon credits contributed an additional \$24.6 million to total sales in 2024 while no sales of carbon credits occurred in 2025.

Freehold timber sales volume, excluding biomass, of 908,500 m³ was consistent with 2024, with increased freehold sales volumes in New Brunswick offset by decreased sales volumes in Maine. New Brunswick freehold sales volume, excluding biomass, increased primarily due to increased contractor availability and a favourable change in customer mix which shifted harvesting volumes from Crown licensed timberlands to our freehold timberlands, increasing our freehold sales and decreasing our timber services revenue, as compared to 2024. Decreased sales volumes in Maine were reflective of unfavourable weather conditions in the first half of the year and limited trucking capacity, combined with short-term harvesting productivity constraints.

Acadian's weighted average selling price, excluding biomass, of \$78.51 decreased 4% from the prior year. Softwood sawlog pricing was consistent with the prior year period. Longer hauling distances for delivered sales and modest improvements in end use markets were partially offset by higher volumes of roadside sales and a greater proportion of sales occurring in New Brunswick, where pricing is generally lower than Maine. Hardwood sawlog pricing decreased 7% primarily due to a lower value product mix and continued weakness in lumber markets. Softwood pulpwood pricing decreased 5% year-over-year due to lower demand early in the year. Hardwood pulpwood pricing decreased 3% as compared to the prior year as a result of

shorter hauling distances and lower demand. Lower fuel adjustment surcharges, resulting from lower fuel prices also impacted pricing, particularly in New Brunswick.

Operating costs and expenses were \$73.6 million during 2025, compared to \$92.5 million in the prior year. Included in operating costs and expenses in the prior year were \$18.9 million related to carbon credit sales. Operating costs and expenses related to timber sales and services were relatively consistent with 2024. Lower weighted average variable costs, excluding biomass, in New Brunswick were partially offset by higher average operating costs and expenses per m³ produced in Maine.

Adjusted EBITDA for the year ended December 31, 2025 was \$15.8 million, compared to \$38.9 million in the prior year, with \$19.8 million of the change being attributable to Adjusted EBITDA related to the sale of carbon credits in 2024. The remaining decrease in Adjusted EBITDA, as compared to 2024, is primarily a result of lower operating income for the reasons discussed above. Adjusted EBITDA margin was 18% compared to 33% in the prior year. Free Cash Flow was \$6.6 million compared to \$29.7 million in 2024 due to lower Adjusted EBITDA, higher interest expense and higher mandatory debt repayments, partially offset by lower current income tax expense.

Net income for the year ended December 31, 2025 totaled \$49.0 million, or \$2.70 per share, compared to net income of \$21.7 million, or \$1.24 per share, in the prior year with higher non-cash fair value adjustments in 2025 compared to 2024 offset by lower operating income, higher interest expense and higher 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:

<i>Years Ended December 31</i> <i>(CAD thousands)</i>	2025	2024	2023
Net income	\$ 48,973	\$ 21,738	\$ 29,434
Add / (deduct):			
Interest expense, net	4,020	3,121	3,153
Income tax expense	18,560	9,250	10,611
Depreciation and amortization	1,882	517	363
Fair value adjustments and other	(57,669)	(9,911)	(22,995)
Non-cash cost of sales related to carbon credits ²	—	14,178	20
Adjusted EBITDA ¹	\$ 15,766	\$ 38,893	\$ 20,586
Add / (deduct):			
Interest paid on debt, net	(4,102)	(3,299)	(3,031)
Additions to land, roads, and other fixed assets	(1,016)	(1,082)	(619)
Mandatory debt repayments	(570)	—	—
Gain on sale of timberlands and other fixed assets	(568)	(539)	(657)
Proceeds from sale of timberlands and other assets	1,194	1,360	675
Current income tax expense	(4,069)	(5,600)	(1,955)
Free Cash Flow ¹	\$ 6,635	\$ 29,733	\$ 14,999

1. *Non-IFRS Measure. See "Non-IFRS Measures" on page 6 of this report.*

2. *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.*

Dividend Policy of the Company

Acadian declares dividends from its available cash 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 year ended December 31, 2025 were \$20.9 million, or \$1.16 per share, compared to \$20.3 million, or \$1.16 per share in 2024. The Payout Ratio of Acadian, which represents the amount of dividends

declared as a percentage of the Free Cash Flow generated, was 316% for 2025, and the Payout Ratio with DRIP, which represents the amount of dividends paid in cash as a percentage of Free Cash Flow generated, was 156%.

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 year, Acadian issued 611,080 common shares in accordance with the DRIP.

Macer Forest Holdings Inc. (“Macer”), which owns approximately 51% of the outstanding common shares of Acadian as at February 11, 2026 (December 31, 2025 – 51%), increased its participation from 50% of dividends payable to it to 100% of dividends payable to it beginning April 15, 2024. The level of future participation is subject to change, subject to the notice provisions of the DRIP.

Segmented Results of Operations

Acadian has three reportable segments: New Brunswick Timberlands, Maine Timberlands and Environmental Solutions.

The table below summarizes financial results by segment:

<i>Year Ended December 31</i>			
<i>(CAD thousands)</i>		2025	2024
Sales			
	New Brunswick Timberlands	\$ 76,035	\$ 74,314
	Maine Timberlands	10,921	17,283
	Environmental Solutions	—	24,588
	Corporate	—	—
	Total	\$ 86,956	\$ 116,185
Adjusted EBITDA			
	New Brunswick Timberlands	\$ 19,705	\$ 19,471
	Maine Timberlands	(2,166)	1,620
	Environmental Solutions	—	19,839
	Corporate	(1,773)	(2,037)
	Total	\$ 15,766	\$ 38,893

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.

For the year ended December 31, 2025, there was one recordable safety incident among contractors and none among employees. The incident was minor in nature and the individual returned to work.

New Brunswick Timberlands successfully completed a surveillance audit under the 2022 Sustainable Forestry Initiative® Standard during the year with no non-conformances, which re-affirms our certificate and is a testament to the sustainability of our operations.

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

<i>Year Ended December 31</i>			
<i>(CAD thousands)</i>		2025	2024
Sales (000s m ³)			
	Softwood	548.5	463.1
	Hardwood	255.3	270.4
	Biomass	81.9	60.7
	Total	885.7	794.2
Sales (\$000s)			
	Softwood	\$ 40,160	\$ 33,705
	Hardwood	21,844	24,242
	Biomass	1,156	1,305
	Total	\$ 63,160	\$ 59,252
Timber services and other		12,875	15,062
Total Sales (\$000s)		\$ 76,035	\$ 74,314
Adjusted EBITDA (\$000s)		\$ 19,705	\$ 19,471
Adjusted EBITDA margin		26%	26%

Sales for New Brunswick Timberlands totaled \$76.0 million, compared to \$74.3 million in 2024 reflecting increased freehold sales volumes offset by a lower weighted average selling price and decreased timber services activity. Freehold sales volume, excluding biomass, increased 10% compared to the prior year primarily due to increased contractor availability and a favourable change in customer mix which shifted harvesting volumes from Crown licensed timberlands to our freehold timberlands, increasing our freehold sales and decreasing our timber services revenue. Biomass sales volume was higher compared to the prior year due to increased processing capacity.

The weighted average selling price, excluding biomass, for the year was \$77.14 per m³, or 2% lower year-over-year. Softwood sawlog pricing increased 3% compared to the prior year period, due to a higher value product mix, longer hauling distances and modest improvements in end use markets. Hardwood sawlog pricing decreased 6% primarily due to a lower value product mix and continued weakness in lumber markets. Softwood pulpwood pricing decreased 3% year-over-year due to lower demand early in the year. Hardwood pulpwood pricing also decreased 3% as compared to the prior year period as a result of shorter hauling distances and lower demand. Lower fuel adjustment surcharges, resulting from lower fuel prices also impacted pricing.

Operating costs and expenses were \$56.8 million during 2025, compared to \$55.5 million in the prior year. Increased freehold harvesting activity was partially offset by decreased weighted average variable costs and lower timber services activity. Weighted average variable costs, excluding biomass, decreased 5% as a result of a higher proportion of softwood products which carry lower variable costs, lower harvesting costs associated with the harvesting treatment applied, and lower fuel adjustment costs.

Adjusted EBITDA for the year ended December 31, 2025 was \$19.7 million, compared to \$19.5 million in the prior year, while Adjusted EBITDA margin was 26%, consistent with the prior year.

Maine Timberlands

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

For the year ended December 31, 2025, there were five recordable safety incidents among employees and none among contractors. The individuals made full recoveries and returned to work.

Internal Logging Operations¹

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 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:

<i>(CAD thousands)</i>	
Equipment	\$ 5,271
Land and buildings	1,477
Intangible assets	182
Total identifiable assets acquired	\$ 6,930

No liabilities were assumed.

Although some operations will continue to be performed by external contractors in Maine, these initiatives represent a significant transition away from contracted logging operations in Maine. During 2025, production volumes were below anticipated long-term levels, and operating costs per m³ of timber produced were elevated by approximately 30% relative to long-term targets in the fourth quarter of 2025. 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. During the third quarter of 2025, we expanded the workforce within our internal harvesting operations and production levels notably improved in the fourth quarter.

Acadian is actively investing in operator training programs and optimizing equipment utilization to support this strategic shift. 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.

Our Maine operations successfully completed a surveillance audit under the 2022 Sustainable Forestry Initiative® Standard during the year with no non-conformances.

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.

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

<i>Year Ended December 31</i>			
<i>(CAD thousands)</i>		2025	2024
Sales (000s m ³)			
	Softwood	64.2	103.0
	Hardwood	40.5	71.8
	Biomass	5.8	8.2
	Total	110.5	183.0
Sales (\$000s)			
	Softwood	\$ 5,788	\$ 9,589
	Hardwood	3,536	6,333
	Biomass	149	182
	Total	\$ 9,473	\$ 16,104
Other sales		1,448	1,179
Total Sales (\$000s)		\$ 10,921	\$ 17,283
Adjusted EBITDA (\$000s)		\$ (2,166)	\$ 1,620
Adjusted EBITDA margin		(20)%	9%

Sales for Maine Timberlands were \$10.9 million compared to \$17.3 million in 2024. Sales volume, excluding biomass, decreased 40%. The decrease in volumes year-over-year is reflective of unfavourable weather conditions in the first half of the year and 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, in Canadian dollar terms was \$88.98 per m³, compared to \$91.09 per m³ in 2024. In U.S. dollar terms, the weighted average selling price, excluding biomass, was \$63.74 per m³, compared to \$66.70 per m³ in 2024. Softwood sawlog pricing decreased 7% in U.S. dollars terms, compared to the prior year period, as a result of the incurrence of stumpage sales, which did not occur in 2024, and increased roadside sales. Excluding stumpage sales, softwood sawlog pricing decreased 2% in U.S. dollar terms. Hardwood pulpwood pricing decreased 5% due to lower demand. Hardwood sawlog and softwood pulpwood volumes were minimal during the year.

Operating costs and expenses for 2025 were \$14.9 million, compared to \$16.0 million in 2024. Decreased costs resulting from lower timber sales volumes were partially offset by higher average operating costs and expenses per m³ produced.

Adjusted EBITDA for the year ended December 31, 2025 was \$(2.2) million compared to \$1.6 million in the prior year and Adjusted EBITDA margin was (20)% compared to 9% during the prior year.

Environmental Solutions²

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.

² The following contains forward-looking information. 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 this MD&A and our Annual Information Form available on our website at www.acadiantimber.com or www.sedarplus.ca.

During 2024, 752,100 carbon credits were sold. No sales occurred during 2025.

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

<i>Year Ended December 31</i> <i>(CAD thousands)</i>	2025	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. Acadian's project is currently being transitioned to the new protocol, which has resulted in a delay in the registration process for the next tranche of carbon credits for the project. Registration is expected in the near term.

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 carbon removal credits, and no conservation 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.

ANALYSIS OF FOURTH QUARTER RESULTS

Summary of Fourth Quarter Results

The table below summarizes operating and financial data for Acadian:

<i>Three Months Ended December 31</i> <i>(CAD thousands, except where indicated)</i>	2025	2024	2023
Timber sales volume (000s m ³)	277.5	232.3	231.9
Carbon credit sales volume (000s credits)	—	—	1.5
Timber sales and services	\$ 21,976	\$ 20,226	\$ 23,778
Carbon credit sales	—	—	37
Operating income	4,241	3,215	4,312
Net income	39,720	5,585	11,593
Adjusted EBITDA ¹	5,164	3,698	4,418
Adjusted EBITDA margin ¹	23%	18%	19%
Free Cash Flow ¹	\$ 1,860	\$ 3,051	\$ 2,811
Dividends declared	5,303	5,126	4,983
Dividends paid in cash	2,589	2,588	3,702
Per share – basic and diluted			
Net income	2.18	0.32	0.68
Free Cash Flow ¹	0.10	0.17	0.16
Dividends declared per share	0.29	0.29	0.29

1. *Non-IFRS Measure. See "Non-IFRS Measures" on page 6 of this report*

During the fourth quarter, Acadian generated sales of \$22.0 million compared to \$20.2 million in the fourth quarter of 2024. Sales volume, excluding biomass, was 21% higher than the same period of 2024, supported by more favourable weather conditions across both operating regions. New Brunswick also experienced improved contractor availability and a favourable change in customer mix which shifted harvesting volumes from Crown licensed timberlands to our freehold timberlands,

increasing freehold sales and decreasing timber services revenue. Harvested volumes increased in Maine, as compared to the same period in the prior year, but deliveries were hindered by limited trucking capacity.

The weighted average selling price, excluding biomass, decreased 6% year-over-year. Softwood sawlog pricing was 2% lower than the prior year period, with a higher value product mix offset by shorter hauling distances. Hardwood sawlog pricing decreased 10% primarily due to a lower value product mix and continued weakness in lumber markets. Softwood pulpwood pricing was consistent with the prior year period, while hardwood pulpwood pricing decreased 12% due to shorter hauling distances and lower fuel adjustment surcharges.

Operating costs and expenses were \$17.7 million during the fourth quarter, compared to \$17.0 million during the fourth quarter of 2024. Increased operating costs and expenses were due primarily to higher sales volumes and higher land management costs, partially offset by lower timber services activity. Weighted average variable costs per m³ produced in New Brunswick decreased compared to the fourth quarter of 2024 due to a higher proportion of softwood products which carry lower variable costs, lower harvesting costs associated with the harvesting method applied, short hauling distances and lower fuel adjustment costs. Cost of sales per m³ produced in Maine increased, as compared to the prior year period, as a result of lower production levels.

Adjusted EBITDA was \$5.2 million during the fourth quarter, compared to \$3.7 million in the prior year period and Adjusted EBITDA margin for the quarter was 23% compared to 18% in the prior year period. Free Cash Flow was \$1.9 million compared to \$3.1 million in the same period of 2024 as a result of higher interest expense, debt repayments and current income tax expense combined with lower proceeds from sales of assets.

Net income for the fourth quarter totaled \$39.7 million, or \$2.18 per share, compared to \$5.6 million, or \$0.32 per share in the same period of 2024. The increase in net income was largely due to the impact of higher gains on non-cash fair value adjustments in 2025 compared to 2024 partially offset by lower operating income and higher income tax expense.

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

<i>Three Months Ended December 31</i>			
<i>(CAD thousands, except where indicated)</i>			
	2025	2024	2023
Net income	\$ 39,720	\$ 5,585	\$ 11,593
Add / (deduct):			
Interest expense, net	1,086	721	778
Income tax expense	15,960	2,164	4,795
Depreciation and amortization	513	148	101
Fair value adjustments and other	(52,115)	(4,920)	(12,869)
Non-cash cost of sales related to carbon credits ²	—	—	20
Adjusted EBITDA ¹	\$ 5,164	\$ 3,698	\$ 4,418
Add / (deduct):			
Interest paid on debt, net	(1,066)	(814)	(793)
Mandatory debt repayments	(172)	—	—
Additions to land, roads, and other fixed assets	(67)	(342)	(69)
Gain on sale of timberlands and other fixed assets	(410)	(335)	(5)
Proceeds from sale of timberlands and other fixed assets	589	1,142	5
Current income tax expense	(2,178)	(298)	(745)
Free Cash Flow ¹	\$ 1,860	\$ 3,051	\$ 2,811

1. *Non-IFRS Measure. See "Non-IFRS Measures" on page 6 of this report.*

2. *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.*

Segmented Results of Operations

The table below summarizes operating and financial results by segment:

<i>Three Months Ended December 31</i>			
<i>(CAD thousands)</i>		2025	2024
Sales			
	New Brunswick Timberlands	\$ 19,020	\$ 17,222
	Maine Timberlands	2,956	3,004
	Environmental Solutions	—	—
	Corporate	—	—
	Total	\$ 21,976	\$ 20,226
Adjusted EBITDA			
	New Brunswick Timberlands	\$ 5,487	\$ 4,168
	Maine Timberlands	(53)	(223)
	Environmental Solutions	—	—
	Corporate	(270)	(247)
	Total	\$ 5,164	\$ 3,698

New Brunswick Timberlands

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

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

<i>Three Months Ended December 31</i>			
<i>(CAD thousands)</i>		2025	2024
Sales (000s m ³)			
	Softwood	160.5	108.7
	Hardwood	51.0	62.7
	Biomass	33.7	28.4
	Total	245.2	199.8
Sales (\$000s)			
	Softwood	\$ 11,701	\$ 7,777
	Hardwood	4,046	5,739
	Biomass	399	359
	Total	\$ 16,146	\$ 13,875
	Timber services and other sales	2,874	3,347
	Total Sales (\$000s)	\$ 19,020	\$ 17,222
	Adjusted EBITDA (\$000s)	\$ 5,487	\$ 4,168
	Adjusted EBITDA margin	29%	24%

Sales for New Brunswick Timberlands were \$19.0 million compared to \$17.2 million during the prior year period. Freehold sales volume, excluding biomass, increased 23% compared to the prior year period primarily due to increased contractor availability and a favourable change in customer mix which shifted harvesting volumes from Crown licensed timberlands to our freehold timberlands, increasing our freehold sales and decreasing our timber services revenue. Favourable weather conditions further supported sales volumes.

The weighted average selling price, excluding biomass, for the fourth quarter was \$74.48 per m³, or 6% lower than the prior year period. Softwood sawlog pricing was consistent with the prior year period, with a higher value product mix offset by shorter hauling distances. Hardwood sawlog pricing decreased 12% primarily due to a lower value product mix and continued weakness in lumber markets. Softwood pulpwood pricing was consistent with the prior year period, while hardwood pulpwood pricing decreased 13% due to shorter hauling distances and lower fuel adjustment surcharges.

Operating costs and expenses were \$13.6 million during the fourth quarter, compared to \$13.4 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 fourth quarter of 2024. Weighted average variable costs, excluding biomass, decreased 15% compared to the fourth quarter of 2024 due to a higher proportion of softwood products which carry lower variable costs, lower harvesting costs associated with harvesting method applied, short hauling distances and lower fuel adjustment costs.

Adjusted EBITDA for the quarter was \$5.5 million compared to \$4.2 million during the prior year period and Adjusted EBITDA margin was 29% compared to 24% as a result of higher operating income for the reasons discussed above.

Maine Timberlands

During the fourth quarter, Acadian's Maine operations experienced no recordable safety incidents among contractors or employees.

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

<i>Three Months Ended December 31</i>		2025	2024
<i>(CAD thousands)</i>			
Sales (000s m ³)			
	Softwood	20.0	18.7
	Hardwood	10.8	10.8
	Biomass	1.5	3.0
	Total	32.3	32.5
Sales (\$000s)			
	Softwood	\$ 1,649	\$ 1,695
	Hardwood	872	917
	Biomass	36	82
	Total	\$ 2,557	\$ 2,694
Other sales		399	310
Total Sales (\$000s)		\$ 2,956	\$ 3,004
Adjusted EBITDA (\$000s)		\$ (53)	\$ (223)
Adjusted EBITDA margin		(2)%	(7)%

Sales for Maine Timberlands during the fourth quarter totaled \$3.0 million, consistent with the prior year period. Sales volume, excluding biomass, increased 5% compared to the same period of 2024. Harvested volumes increased, as compared to the same period in the prior year, supported by more favourable weather conditions, but deliveries were hindered by limited trucking capacity.

The weighted average selling price, excluding biomass, was \$58.25 per m³ in U.S dollar terms, and \$81.10 per m³ in Canadian dollar terms, both 8% lower than the same period of 2024, primarily due to stumpage sales. Excluding stumpage sales, the weighted average selling price, excluding biomass, increased 3%. Softwood sawlog pricing decreased 12% as compared to the prior year period as a result of the incurrence of stumpage sales, which did not occur in the fourth quarter of 2024, and increased roadside sales, partially offset by a higher value product mix. Excluding stumpage sales, softwood sawlog pricing increased 6%. Hardwood pulpwood pricing decreased 6% due to lower demand. Hardwood sawlog and softwood pulpwood volumes were minimal during the quarter.

Operating costs and expenses for the fourth quarter were \$3.8 million, compared to \$3.3 million during the same period in 2024 as a result of higher average operating costs and expenses per m³ produced.

Adjusted EBITDA for the quarter was \$(0.1) million, compared to \$(0.2) million in the prior year period and Adjusted EBITDA margin was (2)% compared to (7)% in the prior year period. Decreased operating income was offset by higher gains on sale of timberlands and other fixed assets.

Environmental Solutions

There were no carbon credit sales in the fourth quarter of 2025 and no carbon credit sales in the fourth quarter of 2024. See additional disclosure within “Environmental Solutions” under the heading “Review of Annual Operations”.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Acadian’s principal sources of liquidity include cash earned from operations and existing revolving credit facilities. These sources, combined with existing cash, are expected to allow the Company to meet its short-term and long-term operating, debt service, capital expenditure and dividend requirements. Due to the seasonal nature of our business, it is typical that cash reserves are generated in the first, third, and fourth quarters of the year and are then drawn down during periods, such as the second quarter, when harvesting conditions are not ideal. This remains unchanged from the prior year.

The Company expects to pay quarterly dividends to the extent determined prudent by the Company’s Board of Directors. Acadian assesses the nature and timing of discretionary payments in an effort to mitigate any impact on the financial condition or results of operations of Acadian. The Company’s implementation of a DRIP reduces the cash requirements of dividend distributions.

Management will assess financing alternatives, which may include the issuance of additional shares and debt, when funding requirements such as potential acquisitions and debt maturities present themselves.

Acadian had net liquidity of \$17.4 million as at December 31, 2025, including funds available under the revolving facilities.

Capital Resources

Borrowings

Acadian has term credit facilities with MetLife Insurance Company, with maturity dates ranging from March 6, 2027 to March 6, 2030. These credit facilities include a revolving credit facility of up to U.S. \$10.0 million (the “Revolving Facility”) for general corporate purposes and term credit facilities of U.S. \$80 million (the “Term Facilities”). The Term Facilities bear interest at rates ranging from 2.7% to 5.3%. The Revolving Facility bears interest at floating rates based on the Secured Overnight Financing Rate plus applicable margin. Floating interest rates give rise to interest rate risk as net income and cash flows may be negatively impacted by fluctuations in interest rates. There are no scheduled repayments of principal required prior to the maturity dates of the Term Facilities.

On March 6, 2025, U.S.\$32.0 million of the term loan matured and was refinanced under essentially the same terms as the existing facilities, and with a maturity date of March 6, 2030 and an interest rate of 5.3%.

As at December 31, 2025, Acadian had borrowed U.S.\$80 million (December 31, 2024 – U.S. \$80.0 million) under the Term Facilities and U.S. \$nil (December 31, 2024 – U.S. \$nil) under the Revolving Facility. U.S.\$2.3 million of the Revolving Facility is reserved to support the minimum cash balance requirement of the Term Facilities. As security for these facilities, Acadian granted the lenders a security interest over the majority of its assets. The facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness and granting liens or selling assets without the consent of the lenders. The credit facilities are also subject to the maintenance of a maximum loan-to-value ratio. Acadian is in compliance with all covenants as at December 31, 2025.

Acadian has a \$2.0 million Canadian dollar denominated revolving credit facility with a major Canadian bank for general corporate purposes. This facility bears interest at floating rates based on bank prime rates plus applicable margin and is due

on demand. No amounts were drawn on this facility as at December 31, 2025.

On January 2, 2025 Acadian entered into an equipment financing agreement in the amount of U.S.\$1.5 million which bears interest at 2.5% and is repayable in monthly principal and interest instalments over 3 years. The related equipment has been pledged as security.

Outstanding Shares

The Company is authorized to issue an unlimited number of shares of the same class with equal rights and privileges. Shareholders are entitled to receive dividends as and when declared by the Company's Board of Directors and are entitled to one vote per share on all matters to be voted on by shareholders at each meeting of shareholders.

As at December 31, 2025 and February 11, 2026, Acadian had 18,286,767 and 18,455,847 common shares outstanding, respectively, and the weighted average common shares outstanding during the year was 18,157,708.

As at December 31, 2025 and February 11, 2026, Macer owned 9,244,656 and 9,411,589 shares, respectively, approximately 51% and 51%, respectively, of the outstanding common shares of Acadian.

Acadian has in place a DRIP as discussed within the section Dividend Policy of the Company of this MD&A. Shares issued under the DRIP are issued directly from the treasury of the Company.

OUTLOOK

The following contains forward-looking information about Acadian Timber Corp.'s outlook for 2026. 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 statements in the following, please see the Risk Factors section in this MD&A and in our Annual Information Form available on our website at www.acadiantimber.com or www.sedarplus.ca.

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 escalation of U.S. duties on Canadian softwood lumber, along with 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 1.38 million starts in 2026, compared to 1.35 million in 2025. 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 2025, which is expected to continue into 2026. Production from our internal harvesting operations improved during the fourth quarter of 2025 and we expect this momentum to continue through the winter, supporting further progress toward our targeted cost structure. Production levels are expected to ease somewhat in the second and third quarters of 2026, reflecting the usual spring slowdown and lower productivity of the harvest stands planned for the warmer months.

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 tranche 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 in the near term, and the updated protocol is expected to improve the marketability of the resulting carbon credits. Acadian is evaluating future opportunities to develop additional projects under either the Canadian compliance protocol finalized in 2024 or voluntary protocols.

SUPPLEMENTAL INFORMATION

This supplemental information contains information required by applicable continuous disclosure guidelines and is provided to facilitate additional analysis.

Selected Consolidated Quarterly Information

The tables below set forth selected consolidated quarterly information for the last eight quarters. See “Additional Quarterly Information” section for the segmented quarterly results.

<i>(CAD thousands, except per share data and where indicated)</i>	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Timber sales volume (000s m ³)	277.5	260.6	191.0	266.9	232.3	287.4	210.5	247.0
Carbon credit sales volumes (000s credits)	—	—	—	—	—	—	600.0	152.1
Timber sales and services	\$ 21,976	\$ 23,017	\$ 17,129	\$ 24,834	\$ 20,226	\$ 25,959	\$ 21,533	\$ 23,879
Carbon credit sales	—	—	—	—	—	—	19,658	4,930
Adjusted EBITDA ¹	5,164	3,508	2,415	4,679	3,698	4,039	20,556	10,599
Free Cash Flow ¹	1,860	991	777	3,010	3,051	2,540	16,370	7,770
Net income	39,720	2,928	2,667	3,659	5,585	2,215	7,913	6,025
Per share – basic and diluted	\$ 2.18	\$ 0.16	\$ 0.15	\$ 0.21	\$ 0.32	\$ 0.13	\$ 0.46	\$ 0.35

1. Non-IFRS Measure. See “Non-IFRS Measures” on page 6 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 late spring or 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 2025, Acadian recorded a fair value adjustment gain on timberlands which increased net income by \$52.1 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:

(CAD thousands)	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net income	\$ 39,720	\$ 2,928	\$ 2,667	\$ 3,659	\$ 5,585	\$ 2,215	\$ 7,913	\$ 6,025
Add / (deduct):								
Interest expense, net	1,086	1,049	1,069	816	721	654	887	859
Income tax expense	15,960	171	906	1,522	2,164	939	3,170	2,976
Depreciation and amortization	513	552	581	236	148	139	128	102
Fair value adjustments and other	(52,115)	(1,192)	(2,808)	(1,554)	(4,920)	92	(2,894)	(2,189)
Non-cash cost of sales related to carbon credits	—	—	—	—	—	—	11,352	2,826
Adjusted EBITDA ¹	\$ 5,164	\$ 3,508	\$ 2,415	\$ 4,679	\$ 3,698	\$ 4,039	\$ 20,556	\$ 10,599
Add / (deduct):								
Interest paid on debt, net	(1,066)	(1,084)	(1,055)	(897)	(814)	(764)	(892)	(829)
Mandatory debt repayments	(172)	(178)	(166)	(54)	—	—	—	—
Additions to land, roads and other fixed assets	(67)	(149)	(258)	(542)	(342)	(292)	(320)	(128)
Gain on sale of timberlands and other fixed assets	(410)	—	(136)	(22)	(335)	(1)	(129)	(73)
Proceeds from sale of timberlands and other assets	589	19	163	423	1,142	1	138	79
Current income tax recovery (expense)	(2,178)	(1,125)	(186)	(577)	(298)	(443)	(2,983)	(1,878)
Free Cash Flow ¹	\$ 1,860	\$ 991	\$ 777	\$ 3,010	\$ 3,051	\$ 2,540	\$16,370	\$ 7,770

1. Non-IFRS Measure. See "Non-IFRS Measures" on page 6 of this report.

Critical Judgements 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 judgements and estimates 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 audited 2025 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

The Company provided professional services to Macer in the amount of \$0.6 million (2024 - \$nil).

Shares were issued to Macer in accordance with the DRIP, as described within the section “Dividend Policy of the Company” of this MD&A.

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 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. See additional disclosure under the heading “Risks Related to the Business and Industry – Significant Contracts”.

The table below summarizes the Company’s long term debt obligations as at December 31, 2025:

<i>(CAD thousands)</i>	<i>Payments Due by Period</i>				
	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	\$ 43,859	\$ —	\$ 43,859	\$ —	\$ —
Tranche due March 6, 2030 ¹	21,930	—	—	21,930	—
Tranche due March 6, 2030 ¹	43,859	—	—	43,859	—
	109,648	—	43,859	65,789	—
Equipment loan	1,534	698	836	—	—
	\$ 111,182	\$ 698	\$ 46,618	\$ 68,674	\$ —
Interest payments	\$ 13,799	\$ 4,225	\$ 6,128	\$ 3,446	\$ —

1. Represents principal of the U.S. dollar denominated term facilities with a U.S. to Canadian dollar conversion rate of 1.3706, excluding unamortized deferred financing costs.

RISK FACTORS

The following information is a summary of certain risk factors and the potential impact these factors could have on the business, assets, financial condition, results of operations, cash flows, and liquidity of Acadian, as well as on the ability of Acadian to pay dividends on its common shares. Additional risks and uncertainties not presently known to Acadian, or that Acadian currently deems immaterial, may also impair the operations of Acadian.

Risks Related to the Business and Industry

Trade Restrictions

A portion of Acadian's products produced in Canada and a portion of the products manufactured by Acadian's customers in Canada are exported to the U.S. for sale. The imposition of tariffs and duties by the U.S. government may, therefore, directly and/or indirectly impact the price of and demand for Acadian's products.

It is unclear if and when changes in tariffs or duties 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 Acadian's products derived from Canada may be adversely impacted. Conversely, the price of and demand for Acadian's products derived from the U.S. may be favourably impacted.

Tariffs on U.S. Imports

The U.S. government has imposed tariffs of varying amounts on various U.S. imports from Canada. There are currently no tariffs directly applicable to Acadian's products. A 10% tariff on softwood lumber and a 25% tariff on certain other wood products became effective in October 2025, which impacts some of Acadian's customers.

Softwood Lumber Agreement

Since 2006, Canadian softwood lumber exports to the U.S. have been subjected to export duties that were imposed under the Softwood Lumber Agreement between Canada and the U.S. (the "SLA"). On October 12, 2015, the 2006 SLA expired. At the end of 2017, the U.S. Department of Commerce began applying countervailing duties and anti-dumping rates for most Canadian producers. Since this time, the U.S. International Trade Commission has voted to maintain the anti-dumping and countervailing duty orders on softwood lumber from Canada. In response, Canada launched initiatives under NAFTA and with the WTO to review the U.S. duties on softwood lumber imports, which are ongoing. In September 2025, increased softwood lumber duties became effective at a combined rate of 35%.

Significant Contracts

The Company has two significant contracts, being the Fibre Supply Agreement ("FSA") and the Crown Lands Services Agreement ("CLSA").

The FSA between the Company and Groupe Lebel, an Eastern Canadian lumber manufacturer and North American forest products producer, expires in 2031. Pursuant to the FSA, Groupe Lebel has the right to purchase the majority of the spruce and fir softwood produced each year from the New Brunswick Timberlands. The terms of this agreement permit Groupe Lebel to permanently reduce its purchases by any amount, subject to certain notice periods. Groupe Lebel also has the right to temporarily reduce the volume of fibre that it purchases as a result of market factors, while retaining the right to increase such volumes in the future up to the committed level. These rights may restrict Acadian's ability to find replacement customers given the uncertainty of ongoing supply to which such replacement customers would be subject.

Approximately 7% of Acadian's total sales for the year ended December 31, 2025 (2024 - 2%) were derived from sales made under the FSA.

In addition, a portion of Acadian's revenue is generated from services provided under the CLSA with Twin Rivers Paper Company ("Twin Rivers"). The CLSA has a term equal to the term of the Crown license, including any renewal terms. The Crown license has been assigned to Twin Rivers as the owner/operator of its mills. If under any scenario, the mills were to close, the license would likely revert to the Crown resulting in the termination of the CLSA. Such events could eliminate the

revenue earned by Acadian in providing services relating to the CLSA, and thus would result in a reduction of Free Cash Flow and could result in the impairment of intangible assets.

Approximately 9% of Acadian's total sales for the year ended December 31, 2025 (2024 - 7%) were derived from services provided under the CLSA.

Dependence on and Scarcity of Trained Labour

Acadian relies significantly on a limited number of entities to cut and haul harvested timber, as well as to conduct road building and silviculture activities. If any of these entities were to stop doing business with Acadian, Acadian's operations could be negatively impacted. In addition, there is a limited supply of trained foresters and trained operators/contractors in the New Brunswick and Maine regions. Any decreases in this workforce could impact Acadian's ability to harvest and deliver products to its customers and may result in increased costs to Acadian to retain its workforce. The ability of trained contractors to operate across the U.S./Canada border may also depend upon regional and/or political constraints, which would further limit Acadian's ability to obtain skilled labour if such constraints were to materialize.

Dependence on the Lumber and Pulp and Paper Industries

Acadian's financial performance depends on the state of the lumber and pulp and paper industries, which can be cyclical. Demand for products from the lumber and pulp and paper industries is correlated with global economic conditions. In periods of economic weakness, reduced spending by consumers and businesses results in decreased demand for such products, resulting in lower product prices and possibly manufacturing downtime.

The demand for logs and wood products is particularly affected by the level of new residential construction activity, repair and remodeling activity and, to a lesser extent, other industrial uses. Decreases in the level of residential construction activity generally reduce demand for logs and wood products, resulting in lower revenues, profits, and cash flows for lumber mills who are important customers to Acadian. This, in turn, may result in lower net sales, profits and cash flows for Acadian.

In addition to impacting Acadian's sales, profits and cash flows, weakness in the market prices of its timber products may also have an effect on Acadian's ability to attract additional capital, its cost of that capital, and the value of its timberland assets.

Lack of Control Over Government Set Land Management Service Fees, Fair Market Values and Allowable Annual Cut

Acadian's revenue from operations in respect of the New Brunswick Crown Lands is generated from the harvesting service fees negotiated with wood users and land management service ("LMS") fees set by the Government of the Province of New Brunswick. Acadian has little control over the revenues from LMS fees as the Province dictates the LMS fees that Acadian receives. There is a risk that Acadian's overhead expenses incurred to provide services relating to the New Brunswick Crown Lands may not be fully recovered through the LMS fees set by the Province.

The Province periodically establishes the fair market values to be paid for the right to harvest timber on Crown Lands. Fair market values are established for each product and species harvested. Charges levied on timber harvested from Crown Lands are based on the amount of timber cut and the fair market value then in effect. A reduction in the fair market value charged on Crown Lands could make Acadian's timber harvested from the New Brunswick Timberlands less competitive.

The Allowable Annual Cut ("AAC") on Crown Lands for New Brunswick is determined by the Minister of Natural Resources and Energy Development of New Brunswick and reflects timber conditions, regional and local economic and social interests, and environmental considerations. A significant increase in the AAC on Crown Lands in any given year could have a negative impact on Acadian's ability to market its timber harvested from the New Brunswick Timberlands, particularly its spruce and fir sawlogs, which could have an adverse effect on Acadian's operating results.

Fuel and Energy Costs

Acadian relies almost exclusively on land transportation for delivering its timber and is therefore exposed to fluctuations in fuel cost. An increase in fuel cost may result in lower earnings and cash flows. In addition, many of Acadian's customers are high-energy consumers and, as a result, are themselves vulnerable to energy cost increases. If energy costs increase

significantly, Acadian's customers may not be able to compete effectively and may have to reduce current operating volumes or close mills.

Limitations on Ability to Harvest

Weather conditions, timber growth cycles, property access limitations, availability of contract loggers and haulers, and regulatory requirements associated with the protection of wildlife and water resources may restrict Acadian's harvesting, as may other factors, including damage by fire, insect infestation, disease, prolonged drought, windstorms, flooding and other weather conditions, and natural and man-made disasters.

Changes in global climate conditions could intensify one or more of these factors. Although damage from such causes usually is localized and affects only a limited percentage of standing timber, there can be no assurance that any damage affecting Acadian's timberlands will in fact be so limited. There can be no assurance that Acadian will achieve harvest levels in the future necessary to maintain or increase revenues, earnings and cash flows.

Insect Infestations – Spruce Budworm

Eastern Spruce budworm (*Choristoneura fumiferana*) is an insect that exists at endemic levels in the forest. However, every 30-40 years, the insect's population has the potential to reach epidemic levels and cause extensive defoliation of balsam fir and spruce that may lead to tree mortality after several years of occurrence. While management has taken steps to monitor regional trends in spruce budworm activity and is prepared to adjust harvesting to mitigate potential losses of commercial timber, there can be no assurances that future harvest levels of the affected species will be achievable. While spruce budworm outbreaks are widespread in Quebec, the Early Intervention Strategy started in New Brunswick in 2014 has resulted in no material impact to Acadian lands to date.

During 2024, an increase in spruce budworm activity was noted in Maine, although not on Acadian's Maine Timberlands. The Maine Forest Service is developing an early intervention program expected to be similar to that in New Brunswick to manage the spruce budworm population. There has been no material impact to Acadian's Maine Timberlands to date.

Restrictions Imposed by Forestry and Environmental Regulations

While a significant portion of Acadian's timberlands are comprised of freehold timberlands and as such are subject to less regulation than the New Brunswick Crown Lands, provincial, state, and federal government regulations relating to forestry practices and sale of logs may result in increased costs for Acadian and accordingly, impact its financial results and operations. In addition, forestry and environmental regulations may restrict timber harvesting and may otherwise restrict the ability of Acadian to conduct its business. Although Acadian believes that it is in material compliance with these requirements, there can be no assurance that it will not incur significant costs, civil and criminal penalties and liabilities, including those relating to claims for damages to property or natural resources, resulting from its operations.

Laws, regulations and related judicial decisions and administrative interpretations affecting Acadian's business are subject to change and new laws and regulations that may affect its business are frequently enacted. Some of these laws and regulations could impose significant costs, penalties, and liabilities on Acadian for violations or existing conditions whether or not Acadian caused or knew about them. Acadian is subject to laws and regulations which relate to, among other things: the protection of timberlands, the protection of endangered species, air and water quality, and timber harvesting practices.

Regions with frequent policy changes add volatility to revenue streams and depress timberland values. Historically, New Brunswick has had relatively stable forestry regulations. Forest regulations in Maine have experienced volatility in the past but have not significantly impacted forest operations to date.

In connection with a variety of Acadian's operations, the Company may be required to make regulatory filings. Any of the government agencies could delay the review of or reject any of Acadian's filings which could result in a delay or restriction in harvesting, replanting, thinning, insect control or fire control.

Disease Outbreak

An outbreak or escalation of a contagious disease may adversely affect Acadian's business. A local, regional, national, or international outbreak or escalation of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness, or fear of the foregoing, could interrupt the businesses of Acadian's customers, cause labour shortages, interrupt services from third parties upon which Acadian relies, increase operating costs, result in governmental regulation adversely impacting its business, and otherwise have an adverse effect on its business, financial condition and results of operations.

Highly Competitive Industry

Timberland companies operate in a highly competitive business environment in which companies compete, to a large degree, on the basis of price and also on the basis of service and ability to provide a steady supply of products over the long-term. In Acadian's markets, there are many suppliers of softwood and hardwood logs. In addition, Acadian may also be subject to increased competition from worldwide suppliers importing forest products, and/or subject to increased competition from a variety of substitute products. Acadian's competitive position is also influenced by a number of other factors including: the availability, quality, and cost of labour; the cost of energy; the ability to attract and maintain long-term customer relationships; the quality of products and customer service; and foreign currency fluctuations.

Currency Risk

All of the sales from Maine Timberlands, including all sales of voluntary carbon credits to date, and a portion of the sales from New Brunswick Timberlands, representing a significant portion of gross revenues earned, are in U.S. dollars. In addition, all expenses incurred in respect of Maine Timberlands and a nominal amount of the expenses of New Brunswick Timberlands are in U.S. dollars and all of Acadian's debt financing and all interest payable thereon is in U.S. dollars. As a result, Acadian's cost competitiveness could be impacted by unfavourable fluctuations in currency exchange rates. In addition, the apparent historical correlation between currency rates and timber prices in regions within close proximity to the U.S./Canada border may weaken over time thereby undermining any hedge relating to Maine Timberlands. Acadian's customers are also susceptible to currency value fluctuations which may negatively impact the sawmills and pulp and paper mills to which Acadian sells its fibre, and accordingly the quantity of fibre sales to such customers could decline.

Forest Management

Although management believes it follows best practices with regard to forest sustainability and general forest management, there can be no assurance that the established harvest levels of New Brunswick Timberlands and Maine Timberlands and management's forest management planning, including silviculture, will have the intended result of ensuring that Acadian's asset base remains stable or appreciates over time. If management's estimates of merchantable inventory are incorrect or the annual harvest is too high, harvesting levels of Acadian's timberlands may result in depletion of Acadian's timber assets.

Geographic Concentration

Acadian's timberlands are located exclusively in Maine and New Brunswick. Accordingly, if the level of production from forests in this region substantially declines or demand in the region were to decline for any reason, including closure of pulp, paper or lumber manufacturing operations in the region, such changes could have a material adverse effect on Acadian's overall harvest levels and its financial results.

Insurance

Acadian's business is subject to risks from fire, insect infestation, disease, drought, severe weather, unforeseen equipment breakdowns, and other events, including events of force majeure, which could result in material damages to Acadian. As is common in the forest products industry, Acadian does not maintain insurance coverage for damage to its timberlands, but Acadian is insured against most other conventional business risks.

Seasonality

Acadian's operations are subject to seasonal variations and, as a result, Acadian's operating results vary from quarter to quarter. Harvesting activity can be compromised by inaccessibility to some sites during wet seasons resulting in decreased harvest levels. Results of one quarter will not be indicative of results that may be achieved in other quarters or for the full year.

Non-Timber Income

New Brunswick Timberlands and Maine Timberlands have several sources of non-timber income including sales of carbon credits, various land leases for recreational and commercial use, and a recreational access permit program. Most of these revenues are not subject to long-term agreements and as a result, any decrease in the activities that lead to those revenues could impact Acadian.

Protection of Threatened or Endangered Species and Waterways

Federal, state, and provincial laws and regulations protecting threatened or endangered species, waterways and wetlands or other environmental values may limit or prevent timber harvesting, road building and other activities of Acadian. The size of the area subject to restriction will vary depending on the protected species at issue, the time of year, and other factors, but can range from less than one to several thousand acres. As Acadian gains additional information regarding the presence of threatened or endangered species on its timberlands, or if regulations become more restrictive, the amount of its timberlands subject to harvest restrictions could increase.

Climate-Related Legislation or Regulation

There are several international, federal, provincial and state-level proposals addressing domestic and global climate issues. Generally, such proposals could impose regulation or taxation on the production of carbon dioxide and other "greenhouse gases" in an attempt to reduce emissions to the atmosphere and provide tax and other incentives to produce and use more "clean energy". Any future legislative and regulatory activity in this area could affect Acadian and its operations.

Physical Risks Related to Climate Change

Acadian's timberlands may be adversely affected by changes in global climate conditions, including increases in average temperatures, that may increase risks of severe weather events, such as prolonged drought or flooding. Climate change could exacerbate current risks including damage by fire, insect infestation and disease which could in turn impact the health, growth rate, and species mix of Acadian's timber.

Cybersecurity

Acadian relies on information technology to carry out its operational activities, maintain its business records, collect and store sensitive data, including intellectual property, other proprietary and personally identifiable information. A security failure of that technology could impact Acadian's ability to operate its businesses effectively, adversely affect its reported financial results, impact its reputation, and expose it to potential liability or litigation.

Some systems are internally managed, and some are maintained by third-party service providers. Acadian and its service providers employ what are believed to be reasonably adequate security measures, but notwithstanding these efforts, systems could be compromised as a result of a cyber incident, natural disaster, hardware or software corruption, failure or error, telecommunications system failure, service provider error or failure, intentional or unintentional actions by personnel or other disruption. If by any cause systems or information resources were compromised, or if data were destroyed, misappropriated or inappropriately disclosed Acadian could suffer significant loss or incur significant liability, including: damage to reputation; loss of customer confidence or goodwill; and significant expenditures of time and money to address and remediate resulting damages to affected individuals or business partners, or to defend Acadian in resulting litigation or other legal proceedings, by affected individuals, business partners or regulators.

Loss of Key Management and Inability to Attract and Retain Key Staff

Acadian's success depends, to a significant extent, upon its ability to attract, retain, and develop senior management, operations management, and other key personnel. Its financial condition or results of operations could be significantly adversely affected if Acadian were to fail to recruit, retain, and develop such personnel, or if there were to occur any significant increase in the cost of providing such personnel with competitive total compensation and benefits.

Land Claims

Land claims could adversely affect Acadian's ability to harvest timber. Canadian courts have recognized that Aboriginal people may possess rights at law in respect of land used or occupied by their ancestors where treaties have not been concluded to deal with these rights. In Canada, Aboriginal groups have made claims in respect of land governed by Canadian authorities as well as land owned by private land owners, which could affect a portion of the land covered by Twin Rivers' Crown licenses as well as the land owned by Acadian. Any settlements in respect of these claims could lower the volume of timber managed by Acadian and could increase the cost to harvest timber on such lands.

On November 30, 2021, the Wolastoqey Nation (made up of six Maliseet First Nations) filed an Action in the Court of King's Bench of New Brunswick naming the Province of New Brunswick and the Attorney General of Canada and several other forestry and other companies operating in New Brunswick as defendants. Acadian's subsidiaries Acadian Timber Limited Partnership by its General Partner, Acadian Timber GP Inc., and Acadian Timber GP Inc. are among the defendants in this Action. The Action seeks, in part, a declaration of Aboriginal Title to the land currently owned by the defendants in New Brunswick, including Acadian.

On November 14, 2024, a Motion to Dismiss was granted by the Court removing Acadian, but not removing their lands, from the claim. Acadian appealed certain aspects of the dismissal, namely that its lands be removed from the outstanding claim against the Crown. On December 11, 2025, Acadian's appeal was successful. Wolastoqey Nation has indicated it intends to seek leave to appeal the decision to the Supreme Court of Canada. It could be many years before any court decision is rendered if the Action proceeds further. The outcome of the claim is not determinable at this early stage. No assurances can be given that the claim would not have a material effect on Acadian's financial position, results or operations. Should such claim be resolved by government or the courts in favour of the Wolastoqey Nation, it could materially adversely affect the business of Acadian.

Litigation

Acadian is subject to litigation risks. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which Acadian is or may become subject could have a material effect on its financial position, results of operations or Acadian's operations.

Undetected Environmental Liabilities

Acadian may currently own or may acquire properties subject to environmental and other liabilities, such as obligations to clean up or pay for the cleanup of contamination. While timberlands do not generally carry as high of a risk of environmental contamination as industrial properties, the cost of cleanup of contaminated properties could increase Acadian's operating costs.

Ability to Identify and Complete Investment Opportunities

Acadian's growth strategy is to acquire high-quality timberland investments with the objective of achieving appropriate risk-adjusted returns on its invested capital over the long-term. However, there is no certainty that Acadian will be able to find and complete sufficient investment opportunities that meet its investment criteria. Acadian's investment criteria considers, among other things, the financial, operating, governance and strategic merits of a proposed acquisition. Competition for assets is significant and competition from other well-capitalized investors or companies may significantly increase the purchase price or prevent Acadian from completing an acquisition.

Risks Related to the Structure of the Company

Payment of Dividends

As a corporation, the Company's dividend policy will be at the discretion of the Company's Board of Directors. Future dividends, if any, will depend on the operations and assets of the Company and its subsidiaries, and will be subject to various factors, including, without limitation, the Company's financial performance, fluctuations in its working capital, the sustainability of its margins, its capital expenditure requirements, obligations under its credit facilities, provisions of applicable law and other factors that the Board of Directors may deem relevant from time to time. Accordingly, the payment of dividends by the Company and the level thereof will be uncertain.

Market Price of Common Shares

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of Acadian, divergence in financial results from expectations, changes in the business prospects for Acadian, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time-to-time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares. The Company is unable to predict whether substantial amounts of Common Shares will be sold in the open market. Any sales of substantial amounts of Common Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Common Shares and the ability of the Company to raise capital.

Dilution of Existing Shareholders

The Company is permitted to issue an unlimited number of Common Shares pursuant to its Articles and may do so, subject to compliance with the rules and regulations of the TSX and other applicable securities regulations, for that consideration and on those terms and conditions as shall be established by the Company's Board of Directors without the approval of any Shareholders. The Shareholders will have no pre-emptive rights in connection with such further issuances.

Leverage and Restrictive Covenants in Agreements Relating to Indebtedness

The ability of the Company and its subsidiaries to pay dividends or make other payments or advances is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of those entities (including the credit facilities). The degree to which the Company is leveraged could have important consequences to the Shareholders including: the Company's ability to obtain additional financing for working capital, capital expenditures or acquisitions; a significant portion of the Company's cash flow from operations may be dedicated to the payment of the principal and interest on its indebtedness, thereby reducing funds available for future operations; certain borrowings may be at variable rates of interest, which exposes the Company to the risk of increased interest rates; and the Company may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures.

The terms of the credit facilities include numerous restrictive covenants that limit the discretion of the Company's management with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of the Company and its subsidiaries to create liens or other encumbrances, or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the terms of the credit facilities include financial covenants that require the Company to meet certain financial ratio tests. A failure by the Company to comply with the obligations relating to the credit facilities could result in a default which, if not cured or waived, could result in a termination of dividends by the Company and require accelerated repayment of the relevant indebtedness. If the repayment of indebtedness under the credit facilities were to be accelerated, there can be no assurance that the assets of the Company would be sufficient to repay in full that indebtedness. There can be no assurance that the credit facilities will be able to be refinanced or refinanced on acceptable terms or that future borrowings or equity financings will be available to the Company, or available on acceptable terms, in an amount sufficient to fund the Company's needs. This could, in turn, have a material adverse effect on the business, financial condition and results of operations of the Company and could therefore affect the ability of the Company to pay dividends on its Common Shares.

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 – Maine Timberlands", "Segmented Results of Operations – Environmental Solutions", "Outlook", "Trade Restrictions", and "Land Claims" 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 tariffs or 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.*
- *Expectations regarding the outcome of ongoing litigation, which may be impacted by negotiations and actions taken by the Province of New Brunswick or the Attorney General of Canada, judicial decisions in this matter or other matters that may create precedent*

Other risks and factors are discussed under the heading "Risk Factors" in this MD&A and in the Annual Information Form 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.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Acadian Timber Corp.:

The accompanying consolidated financial statements of Acadian Timber Corp. (the "Company") and all information in this annual report are the responsibility of management and have been reviewed and approved by the Company's Board of Directors. These consolidated financial statements and related notes have been prepared by management in conformity with IFRS Accounting Standards and necessarily include amounts based on management's informed judgements and estimates. Financial information included elsewhere in this annual report is consistent with that contained in the consolidated financial statements.

To assist management in fulfilling its responsibilities, a system of internal accounting controls has been established to provide reasonable assurance that the consolidated financial statements are accurate and reliable and that assets are safeguarded. Management has determined that this system of internal controls is designed and operating effectively for the year ended December 31, 2025.

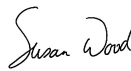
PricewaterhouseCoopers LLP, appointed by the shareholders, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express an opinion on the consolidated financial statements. Their report is set out on the following page.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls, and is ultimately responsible for reviewing and approving the consolidated financial statements and management's discussion and analysis. The Audit Committee is composed of four independent directors who are not employees of the Company. The Audit Committee meets regularly with management and PricewaterhouseCoopers LLP to review their activities and to discuss internal control, accounting, auditing and financial matters. PricewaterhouseCoopers LLP have full and direct access to the Audit Committee and meet periodically both with and without the presence of management to discuss their audit and related findings.

The Audit Committee recommends the appointment of the external auditors. The Audit Committee also meets quarterly to review interim and annual consolidated financial statements and related materials and reports its findings to the Board of Directors for its consideration in approving the consolidated interim and annual consolidated financial statements for public dissemination.



Adam Shepanski
President and Chief Executive Officer



Susan Wood
Chief Financial Officer

February 11, 2026



Independent auditor's report

To the Shareholders of Acadian Timber Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Acadian Timber Corp. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2025 and 2024;
- the consolidated statements of net income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of timber and land under timber	
<p>Refer to note 2 – Material accounting policies, note 5 – Timber and note 6 – Land, roads and other fixed assets to the consolidated financial statements.</p> <p>As at December 31, 2025, the Company had timber and land under timber of \$521.9 million and \$67 million, respectively. The Company measures timber at fair value. The fair value of timber is determined by deducting the fair values of land under timber, roads and bridges from the fair value of the freehold timberlands, which include all the above assets plus the timber. The fair value of the freehold timberlands is determined by management with assistance from a licensed independent third party appraiser (management's expert) using a weighted combination of two methods, the discounted cash flow and comparative sales methods. Significant assumptions used in</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Tested how management determined the fair values of timber and land under timber, which included the following:<ul style="list-style-type: none">– Gained an understanding of the valuation process.

Key audit matter

(i) the discounted 30-year cash flow models included the discount rates, the net timber values per m³ of timber sold, selling price of voluntary carbon credits and volumes of offset tonnes generated; and (ii) the comparative sales method included the adjusted benchmark sale prices per hectare. All of these significant assumptions are subject to management judgment. Land under timber is measured using the revaluation method and is not depreciated. The fair value of land under timber is based on soil expectation value analysis using discounted cash flow models, which measures the net present value of bare land if used in perpetual timber production. Significant assumptions used in the discounted cash flow models included the discount rates and stumpage values per m³ of timber sold. Valuations are completed annually by management with assistance from management's expert, concurrently with the aforementioned valuation of the freehold timberlands.

We considered this a key audit matter due to (i) the significance of the timber and land under timber balances; and (ii) the judgments made by management in determining each of the fair values of the freehold timberlands and land under timber and the significant assumptions used, which resulted in complexity and increased audit effort to evaluate the appropriateness of the methods and the reasonableness of the significant assumptions used by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of timberland valuations.

How our audit addressed the key audit matter

- Professionals with specialized skill and knowledge in the field of timberland valuations assisted with the following:
 - evaluating the appropriateness of the methods, the discounted cash flow models and the comparative sales valuations used to determine each of the fair values of the freehold timberlands and land under timber;
 - evaluating the reasonableness of the significant assumptions used in the discounted 30-year cash flow models related to the fair values of the freehold timberlands, which included the discount rates, the net timber values per m³ of timber sold, selling price of voluntary carbon credits and volumes of offset tonnes generated by considering, as relevant, the Company's Forest Management Plan, current and past performance of the Company and external industry data;
 - evaluating the reasonableness of the significant assumptions used in the comparative sales valuations related to the fair values of the freehold timberlands, which included the adjusted benchmark sale prices per hectare, by considering external market data and recent comparable sales; and
 - evaluating the reasonableness of the significant assumptions related to the fair values of the land under timber, which included the discount rates and the stumpage values per m³ of timber sold by considering, as relevant, the Company's Forest Management Plan, current and past performance of the Company and external industry data.
- Tested the underlying data used in the discounted cash flow models and the comparative sales valuations.

Key audit matter**How our audit addressed the key audit matter**

- Tested the disclosures made in the consolidated financial statements, particularly with regard to the sensitivity of the significant assumptions used.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maxime Lessard.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Halifax, Nova Scotia

February 11, 2026

CONSOLIDATED BALANCE SHEETS

<i>As at December 31</i>			
<i>(CAD thousands)</i>	Note	2025	2024
Assets			
Current assets			
Cash		\$ 4,808	\$ 15,250
Accounts receivable and other assets		9,154	8,576
Inventories	4	3,032	2,094
		16,994	25,920
Timber	5	521,865	471,890
Land, roads, and other fixed assets	6	88,498	104,067
Intangible assets		6,256	6,140
Total assets		\$ 633,613	\$ 608,017
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 12,212	\$ 10,922
Current income taxes payable		1,353	229
Dividends payable to shareholders		5,303	5,126
Current portion of long-term debt	7	698	46,045
		19,566	62,322
Long-term debt	7	110,009	68,896
Deferred income tax liabilities, net	13	144,294	137,770
Total liabilities		273,869	268,988
Shareholders' equity	8	359,744	339,029
Total liabilities and shareholders' equity		\$ 633,613	\$ 608,017

See accompanying notes to consolidated financial statements.



Malcolm Cockwell
Director



Bruce Robertson
Director

CONSOLIDATED STATEMENTS OF NET INCOME

<i>For the Years Ended December 31</i>			
<i>(CAD thousands, except per share data)</i>	Note	2025	2024
Sales	10	\$ 86,956	\$ 116,185
Operating costs and expenses			
Cost of sales		60,431	77,920
Selling, administration and other		10,975	13,037
Silviculture		2,234	1,569
		73,640	92,526
Operating income		13,316	23,659
Interest expense, net		(4,020)	(3,121)
Other items			
Fair value adjustments and other		57,669	9,911
Gain on sale of timberlands and other fixed assets		568	539
Income before income taxes		67,533	30,988
Income tax expense	13	(18,560)	(9,250)
Net income		48,973	21,738
Net income per share – basic and diluted	9	\$ 2.70	\$ 1.24

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>For the Years Ended December 31</i>			
<i>(CAD thousands)</i>	Note	2025	2024
Net income		\$ 48,973	\$ 21,738
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to net income:			
Gain / (loss) on revaluation of land and roads, net of deferred income tax expense / (recovery) of \$(5,792) (2024 – \$1,706)		(14,321)	4,799
Unrealized foreign currency translation gain / (loss), net of deferred income tax recovery of \$nil (2024 – deferred income tax expense of \$369)	13	(3,421)	5,120
		(17,742)	9,919
Comprehensive income		\$ 31,231	\$ 31,657

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>For the Years Ended December 31</i> <i>(CAD thousands)</i>	Note	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Shareholders' Equity
Balances as at December 31, 2023		\$ 147,618	\$ 111,624	\$ 33,867	\$ 25,873	\$ 318,982
Changes during the year						
Net income		—	21,738	—	—	21,738
Other comprehensive income		—	—	4,799	5,120	9,919
Shareholders' dividends declared	14	—	(20,259)	—	—	(20,259)
Common shares issued - DRIP	8	8,649	—	—	—	8,649
Balances as at December 31, 2024		\$ 156,267	\$ 113,103	\$ 38,666	\$ 30,993	\$ 339,029
Changes during the year						
Net income		—	48,973	—	—	48,973
Other comprehensive income		—	—	(14,321)	(3,421)	(17,742)
Shareholders' dividends declared	14	—	(20,942)	—	—	(20,942)
Common shares issued - DRIP	8	10,426	—	—	—	10,426
Balances as at December 31, 2025		\$ 166,693	\$ 141,134	\$ 24,345	\$ 27,572	\$ 359,744

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>For the Years Ended December 31</i>			
<i>(CAD thousands)</i>		2025	2024
Cash provided by (used for):	Note		
Operating activities			
Net income		\$ 48,973	\$ 21,738
Adjustments to net income:			
Income tax expense		18,560	9,250
Depreciation and amortization		1,882	517
Fair value adjustments and other		(57,669)	(9,911)
Non-cash cost of sales related to carbon credits		—	14,178
Gain on sale of timberlands and other fixed assets		(568)	(539)
Income taxes paid		(3,025)	(3,426)
Net change in non-cash working capital balances and other		(1,330)	2,239
		6,823	34,046
Financing activities			
Proceeds from equipment loan		2,189	—
Proceeds from short-term debt		—	10,298
Repayment of short-term debt		—	(10,298)
Mandatory debt repayments		(570)	—
Dividends paid to shareholders		(10,363)	(11,488)
		(8,744)	(11,488)
Investing activities			
Business acquisition	3	(6,510)	—
Additions to timber, land, roads, and other fixed assets		(3,205)	(10,499)
Proceeds from sale of timberlands and other fixed assets		1,194	1,360
		(8,521)	(9,139)
Increase / (decrease) in cash, during the year		(10,442)	13,419
Cash, beginning of year		15,250	1,831
Cash, end of year		\$ 4,808	\$ 15,250

See accompanying notes to consolidated financial statements.

Details of net change in non-cash working capital balances and other:

<i>For the Years Ended December 31</i>			
<i>(CAD thousands)</i>		2025	2024
Accounts receivable and other assets		\$ (578)	\$ 725
Inventories		(938)	(501)
Accounts payable and accrued liabilities		1,289	1,552
Other		(1,103)	463
		\$ (1,330)	\$ 2,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024 (All figures in Canadian dollars unless otherwise stated)

1. GENERAL

Acadian Timber Corp. (the “Company”) is governed by the *Canada Business Corporations Act* pursuant to articles of arrangement dated January 1, 2010. The Company is a reporting issuer and its common shares are publicly traded on the Toronto Stock Exchange under the stock symbol “ADN”. The principal and head office of the Company is located at 6 Crabtree Ave., Edmundston, New Brunswick, E3V 3K5.

The Company and all of its consolidated subsidiaries (collectively “Acadian”) own and manage approximately 775,000 acres (December 31, 2024 – 775,000 acres) of freehold timberlands in New Brunswick (“NB Timberlands”) and approximately 300,000 acres of freehold timberlands in Maine (“Maine Timberlands”) and provide 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 85 regional customers. Acadian also generates income through other operations, including real estate and environmental solutions.

As at December 31, 2025, Macer Forest Holdings Inc. owns 9,244,656 shares representing approximately 51% of the outstanding shares of the Company and is the ultimate parent entity of the Company.

2. MATERIAL ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements present the financial performance of Acadian for the year ended December 31, 2025, along with the comparative results for the year ended December 31, 2024. These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”) and were authorized for issuance by the Board of Directors on February 11, 2026.

Basis of Presentation

The consolidated financial statements have been prepared on the basis of historical cost, except for timber, land, roads on freehold land and liabilities related to share-based compensation, which are carried at fair value. The reporting currency of the Company is the Canadian dollar. All currency amounts in these consolidated financial statements are presented in Canadian dollars (“CAD”) and rounded to the nearest thousand, unless otherwise stated.

Cash and Cash Equivalents

Cash relates to cash in banks. Cash equivalents, when held, relate to short-term deposits with an original maturity of less than ninety days.

Inventories

Inventories consist primarily of logs, supplies and registered voluntary carbon credits, all of which are measured at the lower of cost and net realizable value.

Log inventory

Log inventory consists primarily of harvested sawlogs, pulp logs and biomass, which have been segregated into species groupings. Cost for each grouping consists of a twelve-month rolling average, calculated one month in arrears, of costs to harvest and deliver logs to the yard and convert them into separate products as applicable, plus a charge for the fair value of timber harvested.

Supplies inventory

Supplies inventory consists of spare parts and other consumable materials used in the maintenance of the Company’s equipment and vehicles. Cost is determined using the weighted-average cost method.

Carbon credit inventory

The value of carbon credits expected to be developed is initially recorded at fair value as part of the timber asset in accordance with IAS 41 Agriculture. Once registered on a carbon registry system and made available for sale, the carrying amount attributable to the carbon credits initially recorded within the timber asset is reclassified to inventory.

Timber

Timber is carried at fair value. The fair value of timber is determined by deducting the fair value of land under timber, roads and bridges from the total fair value of the freehold timberlands. The fair value of the freehold timberlands is reassessed on an annual basis with the assistance of licensed independent third-party appraisers using a combination of the discounted cash flow and comparative sales value methods. Gains or losses arising from changes in fair value of timber are recognized in net income.

Timber that has been processed into logs and on which the volume has been accurately determined is included in log inventory.

Land, Roads and Other Fixed Assets

Land under timber and roads on freehold land are measured using the revaluation method. They are carried at the revalued amounts and are not depreciated. The fair values are determined annually with the assistance of licensed independent third-party appraisers. Where the carrying amount of an asset is increased as a result of a revaluation, the increase is recognized in income to the extent the increase reverses a previously recognized impairment recorded through income, with the remainder of the increase recognized in other comprehensive income ("OCI") and accumulated in revaluation surplus. Where the carrying amount of an asset is decreased, the decrease is recognized in OCI to the extent of any balance existing in revaluation surplus in respect of the asset, with the remainder of the decrease recognized in income as an impairment loss.

Buildings, equipment, pavement, software and certain bridges are measured at cost less accumulated depreciation. Bridges that are nine metres or greater in length, constructed of steel and/or concrete and located on permanent roads are measured at cost less accumulated depreciation. All other bridges are expensed as constructed.

Depreciation on fixed assets is calculated on a straight-line basis so as to write down the net cost of each asset over its expected useful life to its estimated residual value using the following estimates of useful life:

Bridges	20 to 35 years
Buildings	20 years
Equipment	3 to 10 years
Pavement	8 years
Software	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognized on a prospective basis.

Impairment of Long-lived Assets

Long-lived assets, other than timber, are assessed at each consolidated balance sheet date for indications of impairment or reversal of a previously recognized impairment. If any such indication exists, the recoverable amount of the asset is estimated and compared to its carrying amount.

The recoverable amount is the higher of the estimated fair value less costs to dispose or value in use of the asset. In assessing value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail.

An impairment loss is recognized if the recoverable amount of the asset is estimated to be less than the carrying amount. The impairment loss is recognized in net income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognized first as a decrease to revaluation surplus.

Intangible Assets

Acadian recognizes an intangible asset for the Crown Lands Services Agreement between New Brunswick Timberlands and Twin Rivers Paper Company (“Twin Rivers”). Under this agreement, New Brunswick Timberlands has agreed to provide various services relating to the Crown Lands in consideration for a fee from Twin Rivers. The Crown Lands Services Agreement has a term equal to the term of the Crown licenses, including any renewal terms, which is considered indeterminable as at December 31, 2025. The Crown Lands Services Agreement is classified as an indefinite-life intangible asset and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that this asset may be impaired. During the year, no disposals, impairments or reversal of impairments were recorded against the Company’s intangible asset balance. Additions to intangible assets are included in Note 3.

Revenue Recognition

Sales are net of discounts and rebates to customers, if any. Revenue earned from the sales of timber products is recognized when control passes to the customer, which is when timber is delivered to the customer and actual quantities delivered are determined. Timber product sales are governed primarily by contractual terms with customers.

Revenue earned from the sale of voluntary carbon credits is recognized when control transfers to the end customer, which is when registered carbon credits are transferred to, or retired on behalf of, the end customer.

Pursuant to the Crown Lands Services Agreement, Acadian provides various services relating to Crown Lands in consideration for fees. These fees are recognized over time as the services are performed. Acadian also provides certain silviculture services for which the revenue is recognized as services are performed.

Share-based Compensation

The Company issues share-based compensation to members of the Board of Directors comprised of deferred stock units, which are cash-settled. The fair value of units granted to Directors is recognized as an expense in the period the units are granted.

The Company issues shared-based compensation to certain employees comprised of restricted stock units or deferred stock units, which are cash-settled. The fair value of units granted to employees is recognized over the vesting period.

The Company remeasures the fair value of the liability related to share-based compensation at the end of each reporting period with any changes in fair value recognized as an expense. Fair value is determined with reference to the market value of a common share of the Company.

Translation of Foreign Currencies

The Canadian dollar is the presentation currency of the Company. The functional currency of Acadian’s Canadian and U.S. subsidiaries is the Canadian dollar and U.S. dollar, respectively. Assets and liabilities of the U.S. subsidiaries are translated at the rate of exchange prevailing at the reporting date and revenue and expenses at the average rates during the year. Gains or losses on translation of these items are included as a component of shareholders’ equity.

New Brunswick Timberlands enters into sales transactions denominated in U.S. dollars. The gain or loss on translation of the related revenue and accounts receivable is recorded in net income in the period incurred.

The carrying value of Acadian’s U.S. dollar denominated debt is subject to exchange rate fluctuations and has been designated as a hedging instrument in the hedging relationship described within Financial Instruments.

Financial Instruments

A financial asset or financial liability is recognized when the Company becomes party to the contractual provisions of the instrument and is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue.

Financial assets are subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). Cash and accounts receivable and other assets have been classified as measured at amortized cost using the effective interest method. No financial assets have been classified as measured at FVOCI or FVPTL.

Financial liabilities are subsequently measured at amortized cost or FVTPL. Accounts payable and accrued liabilities, dividends payable to shareholders and long-term debt have been measured at amortized cost.

The Company has not elected to designate any financial assets or liabilities as measured at FVTPL.

Financial assets are derecognized when the contractual rights to the cash flows expire or it transfers the rights to receive the contractual cash flows. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled, or expire, or the terms and cash flows are modified to be substantially different.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Loss allowances for expected credit losses are recognized on financial assets measured at amortized cost. Loss allowances on accounts receivable and other assets are measured based on the expected credit loss model, which takes into account current economic conditions, historical information and forward-looking information.

Hedge Accounting

Acadian has designated a hedging relationship between part of the net investment in its Maine subsidiary and its U.S. dollar-denominated debt. At inception of designated hedging relationships, Acadian documents the risk management objective and strategy for undertaking the hedge. Acadian also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

When a financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in foreign exchange gains and losses is recognized in OCI and presented in Currency Translation within equity. Any ineffective portion of the changes in foreign exchange gains and losses is recognized immediately in profit or loss. The amount recognized in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation.

Fair Value Hierarchy Levels

All assets and liabilities of Acadian that are carried at fair value are classified and disclosed in one of the following three categories:

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

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The following table provides the fair value measurement hierarchy of the grouped assets as at December 31, 2025:

	Date of Valuation	Note	Level 2	Level 3
Assets and liabilities measured at fair value:				
Timber	December 31, 2025	5		✓
Freehold land and roads	December 31, 2025	6		✓
Liabilities related to share-based compensation	December 31, 2025	15	✓	

There were no transfers made between Levels 1 and 3 or Levels 2 and 3 during the years ended December 31, 2025 and 2024.

Income Taxes

Deferred income tax assets and liabilities are determined based on differences between the carrying amounts and the tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when

the differences are expected to reverse. The carrying amounts of the deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the deferred income tax assets will be recovered.

Business combinations

The acquisition method is applied in accounting for business combinations. The consideration transferred is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued, if any, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in an acquired entity, and the acquisition-date fair value of any previous equity interest in an acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Critical Judgments and Estimates

The preparation of consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the carrying amounts of certain assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses recorded during the periods. The critical estimates and judgments applied in preparing Acadian's consolidated financial statements affect the assessment of net recoverable amounts, net realizable values and fair values, 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.

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. Actual results could differ from those estimates.

Future Accounting Standards

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures re: Classification and Measurement of Financial Instruments

The amendments clarify the date of recognition and derecognition of some financial assets and liabilities, provide additional clarity and guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion, add new disclosures for certain financial instruments with contractual terms that can change cash flows and update the disclosures for equity instruments designated at fair value through other comprehensive income.

The amendments are effective for reporting periods beginning on or after January 1, 2026. The adoption of these amendments is not expected to have a material impact to these consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial statements. IFRS 18 will retain many of the existing principles in IAS 1 and will focus on updates to the statement of profit or loss. Key new concepts relate to the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and enhanced principles on aggregation and disaggregation. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change the line items presented in the financial statements and what an entity reports as its 'operating profit or loss'.

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. Earlier adoption is permitted. The impact to the consolidated financial statements of the adoption of this standard is being determined.

3. BUSINESS ACQUISITION

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 with the objective of increasing production capacity and reducing operating costs in Maine. The assets include harvesting, trucking and road working equipment and related real estate which, combined with an established workforce, constitute a portion of A & A Brochu's logging operation in Maine. Management has determined that the acquired set of inputs and processes constitutes a business.

Recognized amounts of identifiable assets acquired are as follows:

<i>(CAD thousands)</i>	
Equipment	\$ 5,271
Land and buildings	1,477
Intangible assets	182
Total identifiable assets acquired	\$ 6,930

No liabilities were assumed. Fair values for tangible assets were estimated using market prices for similar items. Fair values for intangible assets were estimated based on the present value of net cash flows expected to be generated.

Acquisition-related costs of \$0.2 million are included in selling, administration and other expenses in the consolidated statements of net income, and in operating activities in the consolidated statements of cash flows. A hold back in the amount of \$0.4 million is held by Acadian to secure any payment or indemnification obligations of the seller for a period of up to eighteen months.

4. INVENTORIES

<i>As at</i>		
<i>(CAD thousands)</i>	December 31, 2025	December 31, 2024
Log inventory	\$ 2,116	\$ 1,837
Supplies	671	—
Carbon credits	245	257
Total	\$ 3,032	\$ 2,094

5. TIMBER

Acadian's freehold timberlands are classified as a growing forest, and include timber, land under timber, roads and bridges. Timber is recorded at fair value less costs of disposal at each reporting date. The underlying land is considered a component of land, roads and other fixed assets accounted for under the revaluation method.

Timber is measured at fair value. During the year, adjustments are made to standing timber assets to reflect the change in fair value due to gains arising from growth and reductions arising from harvest as well as transfers of registered carbon credits to inventory. Average selling price less costs of harvesting and selling is applied to expected volume growth to calculate gains arising from growth, and to the harvested volume to calculate reductions arising from harvest. Once registered on a carbon registry system and made available for sale, the amount attributable to the carbon credits initially recorded within the timber asset determined by reference to the annual appraisal of the timberlands is reclassified to inventory.

On an annual basis, the fair value of standing timber assets is reassessed with the assistance of licensed independent third-party appraisers. Fair value adjustments are recognized in net income.

The following table presents the change in the carrying value of timber:

<i>(CAD thousands)</i>	
Balance as at December 31, 2023	\$ 442,830
Additions	6,741
Disposals	(703)
Gains arising from growth	33,136
Reduction arising from harvest	(26,097)
Gain from fair value adjustment and other changes	2,692
Foreign exchange	13,291
Balance as at December 31, 2024	\$ 471,890
Additions	—
Disposals	(80)
Gains arising from growth	30,465
Reduction arising from harvest	(23,755)
Gain from fair value adjustment and other changes	51,482
Foreign exchange	(8,137)
Balance as at December 31, 2025	\$ 521,865

Appraisals by licensed independent third-party appraisers are completed annually for New Brunswick Timberlands and Maine Timberlands to assist in reassessing the fair value less costs of disposal of the timber. The most recent appraisal was effective as at December 31, 2025. A combination of the discounted cash flow and sales comparison approaches were used in the appraisals to arrive at the estimated value. As at December 31, 2025, the weighting between the two methods used in the appraisals was 60% discounted cash flow approach and 40% sales comparison approach for both the New Brunswick Timberlands and Maine Timberlands (2024 – 60% and 40%, respectively).

The discounted cash flow approach relies on the determination of the net present value of expected pre-tax cash flows from the harvest and sale of timber and the development and sale of carbon credits. The expected cash flows are calculated based on the following assumptions:

Timber

- a. Annual growth is determined by multiplying the timber inventory by the annual growth rate;
- b. Annual harvest volumes are based on annual growth and reflect the long-term management plans for timber;
- c. Unit net timber revenue is based on the appraiser's analysis of historical timber prices from regional surveys, net timber prices from other private properties in the region, and prices received by Acadian over recent years. Modest price appreciation is assumed for the Maine Timberlands and no price appreciation is assumed for the New Brunswick Timberlands (2024 – Maine Timberlands: no price appreciation; New Brunswick Timberlands: no price appreciation);
- d. As the discounted cash flow model uses net timber revenue, specific assumptions of harvesting and delivery costs are not required. Net timber revenue is reduced by management costs reflecting the appraiser's understanding of the costs for an investor managing a property of this size, and actual historical costs incurred by Acadian; and
- e. Cash flow estimates were made for 30 years. A terminal value equal to the final year's cash flow divided by the discount rate is added to the final year of the model.

Carbon credits

- a. Carbon volumes to be developed related to ongoing projects are determined by a third-party developer in the context of an Improved Forest Management project under the American Carbon Registry's Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands;
- b. Carbon volumes to be developed relating to future potential projects are estimated using data derived from current projects as described above, adjusted for differences in the potential project areas;

- c. Carbon volumes to be developed are based on annual growth and reflect the long-term management plans for timber;
- d. Net carbon credit revenue is based on the appraiser’s analysis of carbon credit prices (\$/tCO2e) estimated by the third-party developer and prices from other private regional carbon sequestration projects;
- e. Net revenue is net of the share of revenue retained by the third-party developer and projects costs;
- f. Annual carbon credit sales volumes are based on the annual carbon credits expected to be developed and assumes all credits registered are sold in the same reporting period; and
- g. Cash flow estimates reflect a 10-year development and sales period with costs related to 40-year reporting and verifying commitments for the project included.

The valuation models assume the continuation of existing practices with respect to silviculture and harvesting.

A pre-tax discount rate of 6.05% (2024 – 5.40%) was applied to the estimated future cash flows for New Brunswick Timberlands in arriving at net present values as at December 31, 2025. A discount rate of 5.05% (2024 – 4.72%) was applied to the estimated future cash flows for Maine Timberlands in arriving at net present values as at December 31, 2025. The discount rate is derived by estimating the weighted average cost of capital of the typical prospective purchaser, deducting an assumed long-term background inflation rate and adjusting for specific risk attributes of each of New Brunswick Timberlands and Maine Timberlands.

Because carbon credit sales are inherently riskier and more uncertain than timber production, a 400-basis-point premium (2024 – 400-basis-point) is added to the equity portion of the weighted average cost of capital calculation and the weighted average cost of capital formula is adjusted to weigh the equity rate 100%, resulting in a discount rate of 11.8% (2024 - 10.9%) for the net cash flows from carbon credit sales. The reasonableness of the rate was then tested against rates extracted from recent comparable sales transactions.

Acadian’s freehold timberlands are measured at fair value on a recurring basis. Management has classified the valuation of these assets under Level 3 of the fair value hierarchy and there were no transfers made between Levels 1 and 3 or Levels 2 and 3 during the years ended December 31, 2025 and 2024.

Sensitivity to Changes in Assumptions

The following table provides a description of the significant assumptions included in the valuation of the freehold timberlands:

Valuation Technique	Significant Assumption	Range (weighted average)	Sensitivity of the Assumption on Fair Value
Discounted cash flow	Discount rate	5.05% - 6.05% (5.55%)	0.25% increase / (decrease) in the discount rate would result in (decrease) / increase in fair value of \$(7.8 million) / \$7.9 million
Discounted cash flow	Net timber value per m ³ of timber sold	\$6.08 - \$104.47 (\$33.92)	5% increase / (decrease) in the net timber value per m ³ of timber sold would result in increase / (decrease) in fair value of \$18.7 million / \$(18.5) million
Discounted cash flow	Selling price of voluntary carbon credits	\$25.90 - \$31.66 (\$28.78)	10% increase / (decrease) in voluntary carbon credit selling prices would result in increase / (decrease) in fair value of \$7.0 million / \$(7.5) million
Discounted cash flow	Volumes of offset tonnes generated	8.0 – 11.9 tonne/acre (10.0 tonne/acre)	10% Increase / (decrease) in the volumes of offset tonnes generated would result in increase / (decrease) in fair value of \$6.9 million / \$(7.4) million
Sales comparison	Adjusted benchmark sales price per hectare	\$1,063 - \$3,683 (\$1,530)	5% increase / (decrease) in the adjusted benchmark sales price per hectare would result in increase / (decrease) in fair value of \$13.3 million / \$(13.3) million

6. LAND, ROADS AND OTHER FIXED ASSETS

<i>(CAD thousands)</i>	Land	Roads	Bridges and Pavement	Equipment and Other	Total
Cost					
Balance as at December 31, 2023	\$ 77,183	\$ 9,426	\$ 5,982	\$ 3,054	\$ 95,645
Additions	2,392	52	96	1,218	3,758
Disposals	(107)	—	—	—	(107)
Foreign exchange	2,847	482	268	84	3,681
Revaluations ¹	6,400	222	—	—	6,622
Balance as at December 31, 2024	\$ 88,715	\$ 10,182	\$ 6,346	\$ 4,356	\$ 109,599
Additions	170	—	41	2,710	2,921
Business acquisition	22	—	—	6,616	6,638
Disposals	(11)	—	—	(899)	(910)
Foreign exchange	(2,059)	(356)	(157)	(53)	(2,625)
Revaluations ¹	(19,849)	(264)	—	—	(20,113)
Balance as at December 31, 2025	\$ 66,988	\$ 9,562	\$ 6,230	\$ 12,730	\$ 95,510
Accumulated Depreciation					
Balance as at December 31, 2023	\$ —	\$ —	\$ (2,815)	\$ (1,976)	\$ (4,791)
Depreciation for the year	—	—	(159)	(358)	(517)
Foreign exchange	—	—	(174)	(50)	(224)
Balance as at December 31, 2024	\$ —	\$ —	\$ (3,148)	\$ (2,384)	\$ (5,532)
Depreciation for the year	—	—	(141)	(1,683)	(1,824)
Disposals	—	—	—	209	209
Foreign exchange	—	—	105	30	135
Balance as at December 31, 2025	\$ —	\$ —	\$ (3,184)	\$ (3,828)	\$ (7,012)
Carrying Amounts					
As at December 31, 2024	\$ 88,715	\$ 10,182	\$ 3,198	\$ 1,972	\$ 104,067
As at December 31, 2025	\$ 66,988	\$ 9,562	\$ 3,046	\$ 8,902	\$ 88,498

1. The current year revaluation impact recorded in OCI, net of tax, is \$14.3 million (2024 - \$4.8 million)

Acadian's freehold land and roads on freehold land are accounted for under the revaluation method. These assets are carried at their revalued amounts and are not depreciated.

The freehold land and roads on freehold land are measured under Level 3 of the fair value hierarchy. The most recent date of revaluation of these assets is December 31, 2025. Valuations are completed annually with the assistance of a licensed independent third-party appraiser who uses a discounted cash flow approach to establish the fair values.

The fair value of land is based on soil expectation value analysis using a discounted cash flow approach. The valuation procedure measures the net present value of bare land if used in perpetual timber production.

The fair value of roads on freehold land is determined using a discounted cash flow approach. The valuation procedure estimates the avoided cost of future road construction, spreading the estimated current construction cost of the existing inventory of capital roads into the future. Expected future cash flows are higher to the extent that existing roads can service future timber harvests.

Sensitivity to Changes in Assumptions

The following table provides a description of the significant assumptions to the valuation of Acadian's land and roads on freehold land:

	Valuation Technique	Significant Assumption	Range (weighted average)	Sensitivity of the Input on Fair Value
Land	Discounted cash flow	Discount rate	5.05% - 6.05% (5.55%)	0.25% increase / (decrease) in the discount rate would result in (decrease) / increase in fair value of \$(8.2 million) / \$9.5 million
Land	Discounted cash flow	Stumpage value per m ³ of timber sold	\$6.08 - \$104.47 (\$33.92)	5% increase / (decrease) in the stumpage value per m ³ of timber sold would result in increase / (decrease) in fair value of \$2.7 million / (\$3.0) million
Roads	Discounted cash flow	Discount rate	5.05% - 6.05% (5.55%)	0.25% increase / (decrease) in the discount rate would result in (decrease) / increase in fair value of \$0.2 million / \$(0.2) million
Roads	Discounted cash flow	Construction cost per km	\$9,903 - \$35,940 (\$17,878)	5% increase / (decrease) in the construction cost per km would result in increase / (decrease) in fair value of \$0.5 million / \$(0.5) million

7. LONG-TERM DEBT

As at December 31, debt consisted of the following:

<i>(CAD thousands)</i>		
As at	2025	2024
Term facilities	\$ 109,648	\$ 115,112
Equipment loan	1,534	—
	111,182	115,112
Less:		
Deferred debt issuance costs	(475)	(171)
Net long-term debt	\$ 110,707	\$ 114,941
Less:		
Current portion	(698)	(46,045)
Net long-term debt, long-term portion	\$ 110,009	\$ 68,896

Acadian has term credit facilities with MetLife Insurance Company, with maturity dates ranging from March 6, 2027 to March 6, 2030. These credit facilities include a revolving credit facility of up to U.S. \$10.0 million (the "Revolving Facility") for general corporate purposes and term credit facilities of U.S. \$80 million (the "Term Facilities"). The Term Facilities bear interest at rates ranging from 2.7% to 5.3%. The Revolving Facility bears interest at floating rates based on the Secured Overnight Financing Rate plus applicable margin. Floating interest rates give rise to interest rate risk as net income and cash flows may be negatively impacted by fluctuations in interest rates. There are no scheduled repayments of principal required prior to the maturity dates of the Term Facilities.

On March 6, 2025, U.S.\$32.0 million of the term loan matured and was refinanced under essentially the same terms as the existing facilities, and with a maturity date of March 6, 2030 and an interest rate of 5.3%.

As at December 31, 2025, Acadian had borrowed U.S.\$80 million (December 31, 2024 – U.S. \$80.0 million) under the Term

Facilities and U.S. \$nil (December 31, 2024 – U.S. \$nil) under the Revolving Facility. U.S.\$2.3 million of the Revolving Facility is reserved to support the minimum cash balance requirement of the Term Facilities. As security for these facilities, Acadian granted the lenders a security interest over all of its assets. The facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness and granting liens or selling assets without the consent of the lenders. The credit facilities are also subject to the maintenance of a maximum loan-to-value ratio. Acadian is in compliance with all covenants as at December 31, 2025.

Acadian has a \$2.0 million Canadian dollar denominated revolving credit facility with a major Canadian bank for general corporate purposes. This facility bears interest at floating rates based on bank prime rates plus applicable margin and is due on demand. No amounts were drawn on this facility as at December 31, 2025.

On January 2, 2025 Acadian entered into an equipment financing agreement in the amount of U.S.\$1.5 million which bears interest at 2.5% and is repayable in monthly principal and interest instalments over 3 years. The related equipment has been pledged as security.

The fair value of the Term Facilities as at December 31, 2025 is \$107.5 million (2024 – \$110.2 million). The fair value of the Term Facilities is determined using the discounted cash flow approach and is measured under Level 2 of the fair value hierarchy. Future cash flows are estimated based on the terms under the Term Facilities and discounted at a rate reflecting appropriate market fundamentals relating to the debt. The carrying value of the equipment loan is assumed to reasonably approximate fair value given the lack of significant changes in underlying market conditions.

8. SHAREHOLDERS' EQUITY

Acadian is authorized to issue an unlimited number of common shares. The common shares have no stated par value.

Acadian has in place a dividend reinvestment plan ("DRIP") whereby Canadian resident shareholders may elect to automatically have their dividends reinvested in additional shares. Shares issued under the DRIP are issued directly from the treasury of the Company at a price equal to the volume-weighted average trading price of the Company's shares on the TSX for the five trading days immediately preceding the relevant dividend payment date, which is typically on or about the 15th of April, July, October and January. During the year, Acadian issued 611,080 common shares in accordance with the DRIP.

During the year ended December 31, 2025, the Company did not purchase any of its common shares.

The Company's issued and outstanding common shares are as follows:

	Number of Shares	Share Capital (CAD thousands)
Balance as at December 31, 2023	17,182,558	\$ 147,618
Common shares issued – DRIP	493,129	8,649
Balance as at December 31, 2024	17,675,687	\$ 156,267
Common shares issued – DRIP	611,080	10,426
Balance as at December 31, 2025	18,286,767	\$ 166,693

9. NET INCOME PER SHARE

Basic net income per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. There are no dilutive potential shares.

<i>For the Years Ended December 31</i>	2025	2024
Weighted average number of common shares – basic and diluted	18,157,708	17,566,031

10. SEGMENTED INFORMATION

Acadian's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. Acadian has three reportable segments: New Brunswick Timberlands, Maine Timberlands and Environmental Solutions. The Environmental Solutions segment includes business activities related to the development and sale of voluntary carbon credits.

The material accounting policies followed for the segments are consistent with those described in Note 2. Adjusted EBITDA is used to evaluate the operational performance of reportable segments. Adjusted EBITDA is defined 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.

Sales, Cost of sales and Adjusted EBITDA by reportable segment are as follows:

<i>For the Years Ended December 31</i> <i>(CAD thousands)</i>	2025	2024
Sales		
New Brunswick Timberlands		
Softwood	\$ 40,160	\$ 33,705
Hardwood	21,844	24,242
Biomass	1,156	1,305
Timber services and other sales	12,875	15,062
Total New Brunswick Timberlands sales	\$ 76,035	\$ 74,314
Maine Timberlands		
Softwood	\$ 5,788	\$ 9,589
Hardwood	3,536	6,333
Biomass	149	182
Other sales	1,448	1,179
Total Maine Timberlands sales	\$ 10,921	\$ 17,283
Environmental Solutions	—	24,588
Total sales	\$ 86,956	\$ 116,185
Cost of sales		
New Brunswick Timberlands	\$ 48,888	\$ 49,382
Maine Timberlands	11,543	13,105
Environmental Solutions	—	15,433
Total cost of sales	\$ 60,431	\$ 77,920
Selling, administration and other		
New Brunswick Timberlands	\$ 6,178	\$ 4,997
Maine Timberlands	2,920	2,439
Environmental Solutions	—	3,493
Corporate	1,877	2,108
Total selling, administration and other	\$ 10,975	\$ 13,037

<i>For the Years Ended December 31</i> <i>(CAD thousands)</i>	2025	2024
Adjusted EBITDA		
New Brunswick Timberlands	\$ 19,705	\$ 19,471
Maine Timberlands	(2,166)	1,620
Environmental Solutions	—	19,839
Total segment Adjusted EBITDA	17,539	40,930
Corporate expenses	(1,773)	(2,037)
Non-cash cost of sales related to carbon credits	—	(14,178)
Fair value adjustments and other	57,669	9,911
Interest expense, net	(4,020)	(3,121)
Depreciation and amortization	(1,882)	(517)
Income before income taxes	\$ 67,533	\$ 30,988

Approximately 23% of consolidated total sales were originated with customers domiciled in the U.S. (2024 – 48% of consolidated total sales) with the remaining balance in Canada. During the same period, approximately 18% of consolidated total sales were denominated in U.S. dollars (2024 – 43% of consolidated total sales). Included in 2024 total sales were significant sales of carbon credits to customers domiciled in the U.S. and denominated in U.S. dollars.

Acadian sells its products to many forest product companies in North America. For the year ended December 31, 2025, sales to its largest and next largest customers accounted for 24% and 15%, respectively (2024 – 21% and 15%, respectively).

11. CAPITAL MANAGEMENT

Acadian's capital structure consists of shareholders' equity, inclusive of accumulated other comprehensive income, and the Term Facilities. As at December 31, 2025, the recorded values of these items in Acadian's consolidated financial statements totaled \$469.8 million (2024 – \$454.0 million).

Acadian's corporate finance objective is to utilize prudent levels of leverage to lower its cost of capital while minimizing financial risk for shareholders. In managing its capital structure, Acadian may adjust the amount of dividends paid to shareholders, discretionary silviculture and capital expenditures during a given period, or reevaluate Acadian's leverage ratios.

Acadian monitors its capital structure to ensure compliance with its financial covenants with debtholders.

12. FINANCIAL INSTRUMENTS

Financial Risk Management

Acadian is exposed to various risks as a result of holding financial instruments.

Foreign Currency Risk

Changes in foreign exchange rates will impact the carrying value of financial instruments denominated in currencies other than the Canadian dollar. Acadian's most significant foreign currency risk exposure arises from its U.S. dollar-denominated debt and its investment in its Maine subsidiary, which has a U.S. dollar functional currency. Acadian has designated a hedging relationship between part of the net investment in its Maine subsidiary and its U.S. dollar-denominated debt, which mitigates the foreign currency risk arising from the subsidiary's net assets. The long-term debt is designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the Canadian dollar/U.S. dollar spot rate.

To assess hedge effectiveness, Acadian determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). Acadian's policy is to hedge the net investment only to the extent of the debt principal.

There was no ineffectiveness to be recorded from the hedge during the year. The change in the carrying amount of long-term debt as a result of foreign currency movements during the period, as recognized in OCI, and the change in the hedged item, was \$(5.5) million for the twelve months ended December 31, 2025 (2024 – \$9.3 million).

During the year ended December 31, 2025, a \$0.01 appreciation (depreciation) in the U.S. to Canadian dollar foreign exchange rate, all else being equal, would not have a significant impact on net income (2024 – no significant impact) and would increase (decrease) OCI by approximately \$1.2 million (2024 – \$1.1 million).

The objective of Acadian's foreign exchange risk management activities is to minimize foreign currency exposures that would have an impact on its operating performance. All of the New Brunswick Timberlands expenses and a significant proportion of its revenue are incurred in Canadian dollars. As such, the foreign currency risk associated with the translation of New Brunswick Timberlands revenue and accounts receivable denominated in U.S. dollars is considered immaterial. Acadian continues to monitor the impact of all foreign exchange exposure, and will consider alternatives, as required, to ensure that this risk is maintained at prudent levels.

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. Acadian's interest rate risk exposure arises due to its credit facilities (Note 6).

As at December 31, 2025, Acadian is exposed to interest rate risk from its floating interest rate Revolving Facility, to the extent funds are drawn. For the year ended December 31, 2025, \$nil was drawn from the Revolving Facility (2024 – \$nil). A change in interest rates would have no impact on the fixed interest rate Term Facilities.

Other Price Risk

Other price risk is the risk of variability in fair value due to movements in equity prices or other market prices such as commodity prices and credit spreads. Acadian is exposed to commodity price risk as its financial performance is dependent on the sale prices of its products and the costs incurred in harvesting its timber. The markets for timber are cyclical and are influenced by a variety of factors beyond Acadian's control. Among other things, the market prices for timber can be affected by changes in regional and global demand, global supply and economic conditions, including increased competition from a variety of substitute products. Additionally, Acadian's operating expenses can be impacted by fuel cost increases.

Acadian relies almost exclusively on land transportation and is susceptible to fuel cost increases. Accordingly, commodity price variations may impact Acadian's sales, costs of sales, cash flows and net income. Furthermore, weakness in the market prices of its timber products will also have an effect on Acadian's ability to attract additional capital, the cost of that capital and the value of its timberland assets.

To manage these risks, Acadian monitors market developments in all commodity prices to which it is materially exposed. Given the nature of Acadian's operations, during periods of decreased selling prices and increased costs, Acadian will adjust harvest levels and manage variable expenditures in an effort to preserve the long-term value of Acadian's timberlands.

Credit Risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations. Credit risk arises from cash held with banks and financial institutions, as well as credit exposures to customers, including outstanding accounts receivable. The maximum exposure is equal to the carrying value of the financial assets as at the consolidated balance sheet dates.

The objective of managing counterparty credit risk is to prevent losses in financial assets. Cash is invested with counterparties meeting minimum credit quality requirements. With respect to outstanding accounts receivable, NB Timberlands and Maine Timberlands each assess the credit quality of the counterparties, including customers, taking into account their financial position, past experience, and other factors. In cases where the credit quality of a customer does not meet Acadian's credit requirements, a cash deposit is received before any timber is harvested and sold. Upon evaluating all accounts receivable balances as at December 31, 2025, Acadian recorded an allowance of \$nil against outstanding receivables (2024 – \$nil). Pursuant to their respective terms, all outstanding trade accounts receivable are current or less than 31 days overdue as at December 31, 2025, with the exception of approximately \$0.3 million (2024 – \$0.8 million).

Liquidity Risk

Liquidity risk is the risk that Acadian cannot meet a demand for cash or fund an obligation as it comes due. Acadian's objective in managing liquidity risk is to maintain sufficient reserves in order to meet operational and investing requirements at any point in time, and to maintain debt financing at levels that will allow Acadian to attract additional capital at reasonable cost. Acadian's principal sources of liquidity include cash earned from operations and the Revolving Facility of which \$nil was drawn as at December 31, 2025 (2024 – \$nil). U.S. \$1.7 million of this facility is reserved to support the minimum cash balance requirement of the Term Facilities. These sources, combined with existing cash, are expected to allow Acadian to meet its short term and long-term operating, debt service, capital expenditure and dividend requirements.

Additionally, Acadian assesses the nature and timing of discretionary payments in an effort to mitigate any impact on the financial condition or results of operations of Acadian. As at December 31, 2025 and 2024, the accounts payable and accrued liabilities and dividends payable of Acadian are due in less than 30 days.

The following tables detail the contractual maturities for Acadian's financial liabilities. The tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which Acadian can be required to pay.

<i>December 31, 2025</i> <i>(CAD thousands)</i>	Total	Less Than One Year (2026)	1 to 3 Years (2027-2029)	4 to 5 Years (2030-2031)	After 5 Years (>2031)
Accounts payable and accrued liabilities	\$ 12,212	\$ 12,212	\$ —	\$ —	\$ —
Current income taxes payable	1,353	1,353	—	—	—
Dividends payable to shareholders	5,303	5,303	—	—	—
Long-term debt					
Equipment loan	1,534	698	836	—	—
Tranche F ¹	43,859	—	43,859	—	—
Tranche G ¹	21,930	—	—	21,930	—
Tranche H ¹	43,859	—	—	43,859	—
	\$ 130,050	\$ 19,566	\$ 44,695	\$ 65,789	\$ —
Interest payments	\$ 13,799	\$ 4,225	\$ 6,128	\$ 3,446	\$ —

1. Represents principal of U.S. dollar denominated term facilities with a U.S. to Canadian dollar conversion rate of 1.3706.

<i>December 31, 2024</i> <i>(CAD thousands)</i>	Total	Less Than One Year (2025)	1 to 3 Years (2026-2028)	4 to 5 Years (2029-2030)	After 5 Years (>2030)
Accounts payable and accrued liabilities	\$ 10,922	\$ 10,922	\$ —	\$ —	\$ —
Dividends payable to shareholders	5,126	5,126	—	—	—
Long-term debt ¹					
Tranche D	21,224	21,224	—	—	—
Tranche E	24,821	24,821	—	—	—
Tranche F	46,045	—	46,045	—	—
Tranche G	23,022	—	—	23,022	—
	\$ 131,160	\$ 62,093	\$ 46,045	\$ 23,022	\$ —
Interest payments	\$ 6,566	\$ 2,196	\$ 3,572	\$ 798	\$ —

1. Represents principal of U.S. dollar denominated term facilities with a U.S. to Canadian dollar conversion rate of 1.4389.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Cash, accounts receivable and other assets and current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

As at December 31, 2025 and 2024, there were no financial assets and financial liabilities, other than liabilities related to share-based compensation, that were measured at fair value on a recurring basis.

13. INCOME TAXES

The major components of income taxes recognized in profit or loss are as follows:

<i>For the Years Ended December 31</i>		
<i>(CAD thousands)</i>	2025	2024
Current income tax expense	\$ 4,069	\$ 5,600
Deferred income tax expense		
Origination and reversal of temporary differences	14,491	3,545
Expense (benefit) arising from unrecognized tax asset	—	105
Total income tax expense	\$ 18,560	\$ 9,250

Acadian's effective tax rate is different from the domestic statutory income tax rate due to the differences set out below:

<i>For the Years Ended December 31</i>		
<i>(CAD thousands)</i>	2025	2024
Income taxes at statutory rate	\$ 19,511	\$ 8,988
Foreign tax rate differential	(69)	53
Expense (benefit) arising from unrecognized tax asset	—	105
Changes in estimates related to prior years	(958)	108
Other	76	(4)
Total income tax expense	\$ 18,560	\$ 9,250

Significant components of Acadian's deferred tax assets and liabilities are as follows:

<i>For the Years Ended December 31</i>		
<i>(CAD thousands)</i>	2025	2024
Land	\$ (15,260)	\$ (22,051)
Timber	(127,400)	(111,507)
Roads and other fixed assets	(3,663)	(3,239)
Intangible asset	(1,781)	(1,781)
Investment tax credits	(180)	(798)
Non-capital tax losses carried forward	1,819	—
Other	2,171	1,606
Total deferred income tax liabilities, net	\$ (144,294)	\$ (137,770)

The Company has accumulated capital losses of approximately \$18.6 million which may be applied against future taxable capital gains for which no deferred tax asset has been recognized.

14. DIVIDENDS TO SHAREHOLDERS

Acadian pays quarterly dividends to the extent determined prudent by the Board of Directors. Total dividends declared for the year ended December 31, 2025 were \$20.9 million or \$1.16 per share (2024 – \$20.3 million or \$1.16 per share).

15. SHARED-BASED COMPENSATION

Board of Directors plan

Members of the Board of Directors may elect to receive all or any portion of their fees in Deferred Stock Units ("DSUs") under the Directors Deferred Stock Unit Plan in lieu of cash. Additional DSUs are received as dividend equivalents. The number of DSUs received is determined by the market value of a common share of the Company as of the director's fee or the dividend payment date, based on a 5-day volume weighted average price. DSUs cannot be redeemed until the holder is no longer a Director of the Company and can only be redeemed for cash. The redemption value of a DSU equals the market value of a common share of the Company at the time of redemption.

During the year ended December 31, 2025, the Company granted 18,308 DSUs (2024 – 14,626) and \$0.2 million (2024 - \$0.3 million) has been recognized as an expense in respect of the Director DSUs.

Employee plans

The Company has a long-term incentive program for executive officers and members of senior management which utilizes a Restricted Stock Unit Plan and an Executive Deferred Stock Unit Plan, which provide for the granting of rights to participants to receive, on a deferred basis, cash payments equal to the fair market value of the shares of the Company. Long-term incentive awards granted as Restricted Stock Units (“RSUs”) vest after a three-year period. RSUs are paid out in cash following the vesting period at an amount calculated with reference to the market value of a common share of the Company.

Executive officers are eligible to receive short-term and long-term incentive awards as DSUs. Short-term incentive awards received as DSUs vest immediately. Long-term incentive awards received as DSUs are subject to a three-year vesting period and are paid out in cash only when the participant ceases to be an employee of the Company, at an amount calculated with reference to the market value of a common share of the Company.

During the year ended December 31, 2025, the Company granted 3,602 RSUs and 8,008 DSUs and \$0.1 million (2024 - \$0.3 million) has been recognized as an expense in respect of the employee plans.

16. RELATED PARTY TRANSACTIONS

The Company provided professional services to its majority shareholder, Macer Forest Holdings Inc., in the amount of \$0.6 million (2024 - \$nil), which is included in Sales in the Statements of Net Income.

17. COMPENSATION OF KEY MANAGEMENT PERSONNEL

<i>For the Years Ended December 31</i> <i>(CAD thousands)</i>	2025	2024
Salaries	\$ 837	\$ 782
Incentives	140	301
Short-term benefits	52	50
Total compensation	\$ 1,029	\$ 1,133

18. LITIGATION AND CLAIMS

On November 30, 2021, the Wolastoqey Nation (made up of six Maliseet First Nations) filed an Action in the Court of King’s Bench of New Brunswick naming the Province of New Brunswick and the Attorney General of Canada and several other forestry and other companies operating in New Brunswick as defendants. Acadian’s subsidiaries Acadian Timber Limited Partnership by its General Partner, Acadian Timber GP Inc., and Acadian Timber GP Inc. are among the defendants in this Action. The Action seeks, in part, a declaration of Aboriginal title to the land currently owned by the defendants in New Brunswick, including Acadian. Acadian filed a Notice of Intent to Defend and a Motion to Dismiss the case.

On November 14, 2024, a Motion to Dismiss was granted by the Court removing Acadian, but not removing their lands. Acadian appealed certain aspects of the dismissal, namely that its lands be removed from the outstanding claim against the Crown. On December 11, 2025, Acadian’s appeal was successful. Wolastoqey Nation has indicated it intends to seek leave to appeal the decision to the Supreme Court of Canada. The ultimate outcome of the appeal is not determinable at this time.

CORPORATE GOVERNANCE

Acadian Timber Corp. (the “Company”) and its Board of Directors are committed to working together to achieve strong and effective corporate governance, with the objective of promoting the long-term interests of the Company and the enhancement of value for all shareholders. We continue to review and improve our corporate governance policies and practices in relation to evolving legislation, guidelines and best practices. Our Board of Directors is of the view that our corporate governance policies and practices and our disclosure in this regard are comprehensive and consistent with the guidelines established by Canadian securities regulators.

Our Statement of Corporate Governance Practices is set out in full in the Management Information Circular distributed each year to all Acadian shareholders along with the Notice of our Annual Meeting. This Statement is also available on our website, www.acadiantimber.com.

BOARD AND MANAGEMENT

BOARD OF DIRECTORS

Malcolm Cockwell
Managing Director
Haliburton Forest

Bruce Robertson
Corporate Director

Karen Oldfield
Interim President and CEO
Nova Scotia Health

Heather Fitzpatrick
President and CEO
Halmont Properties Corporation

Erika Reilly
Corporate Director

Adam Sheparsi
President and
Chief Executive Officer
Acadian Timber Corp.

MANAGEMENT

Adam Sheparsi
President and
Chief Executive Officer
Acadian Timber Corp.

Susan Wood
Chief Financial Officer
Acadian Timber Corp.

CORPORATE AND SHAREHOLDER INFORMATION

HEAD OFFICE

6 Crabtree Ave.
Edmundston, N.B. E3V 3K5

Please direct your inquiries to:
Susan Wood
Chief Financial Officer
t. 506-737-2345
e. ir@acadiantimber.com

TRANSFER AGENT AND REGISTRAR

Shareholder inquiries relating to dividends, address changes and shareholder account information should be directed to the Company's transfer agent:

TSX Trust Company
P.O. Box 700, Station B
Montreal, QC H3B 3K3
t. 1-800-387-0825 (toll free in North America)
f. 1-888-249-6189
e. shareholderinquiries@tmx.com
www.tsxtrust.com

SHARE INFORMATION

Toronto Stock Exchange: ADN
Fully Diluted Shares Outstanding (December 31, 2025): 18,286,767
Targeted 2026 Quarterly Dividend: \$0.29 per share
Record Date: Last business day of each quarter
Payment Date: On or about the 15th day of each subsequent month

www.acadiantimber.com

Acadian Timber Corp.
6 Crabtree Ave.
Edmundston, NB
E3V 3K5
acadiantimber.com



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