

Mercer International Inc.

Transforming biomass into bioproducts for a more sustainable world

Q4 2025 Earnings Call

February 13th, 2026

Juan Carlos Bueno – President & CEO

Richard Short – CFO, Executive VP & Secretary



Forward-looking Statements



The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements

Certain information included in this presentation contains statements that are forward-looking, such as statements relating to results of operations and financial conditions, market expectations and business development activities, as well as capital spending and financing sources

Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of Mercer

For more information regarding these risks and uncertainties, review Mercer’s filings with the United States Securities and Exchange Commission

Unless required by law, we do not assume any obligation to update forward-looking statements based on unanticipated events or changed expectations

Financial Results Overview

EBITDA Increased Quarter-Over-Quarter

<i>EBITDA (US\$ millions)</i>	Q3 2025	Q4 2025	Change (+/-)
Pulp Segment ⁽¹⁾	(\$13)	(\$11)	\$2
Solid Wood Segment ⁽¹⁾	(\$9)	(\$11)	(\$2)
Corporate & Other	(\$6)	\$2	\$8
Operating EBITDA⁽²⁾	(\$28)	(\$20)	\$8

Key Drivers







- Improved EBITDA due to stable production across all our mills and the benefits of One Goal One Hundred
- EBITDA improved quarter-over-quarter but continues to be impacted by:
 - Weak pulp pricing and demand, driven by global economic and trade uncertainty; and
 - High fiber costs
- Includes non-cash impairments of \$239 million:
 - Inventory – \$23 million
 - Long-lived assets – \$216 million (\$3.22/share)⁽³⁾

Note: Due to rounding, numbers presented in this presentation may not add up precisely to totals and percentages may not precisely reflect the absolute figure.

- 1) Segment Operating EBITDA is a measure of segment profit or loss presented in our financial statements under GAAP. Refer to the segment information note in our consolidated financial statements for more information.
- 2) Operating EBITDA is a non-GAAP measure. For a reconciliation of Net Loss to Operating EBITDA, refer to slide 24
- 3) Non-GAAP measure; see reconciliation to GAAP net loss per share on slide 25

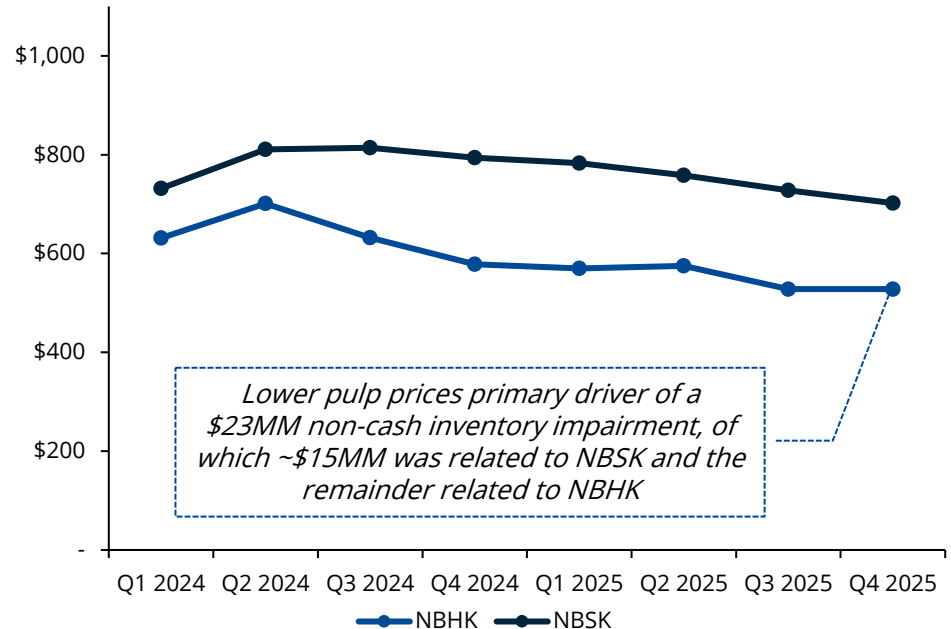
Pulp Prices

Pricing Overview

Region	Q3 2025	Q4 2025
NBSK List Price (US\$ / tonne)		
 Domestic	\$1,700	\$1,568
 China (net)	\$690	\$671
 Europe	\$1,497	\$1,498
NBHK List Price (US\$ / tonne)		
 Domestic	\$1,203	\$1,198
 China (net) ⁽¹⁾	\$503	\$540
NBSK / NBHK Price Gap (US\$ / tonne)		
 China	\$187	\$131

Realized Prices Decreased in Q4

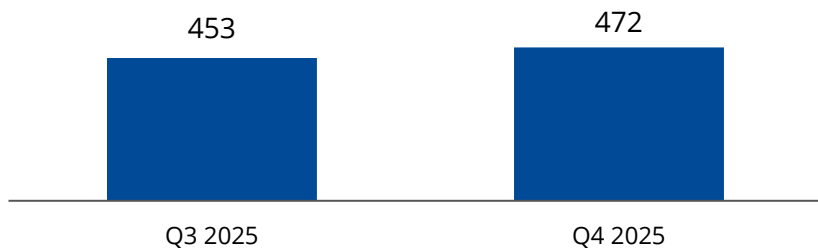
Realized Pulp Price (US\$ / tonne)



1) Bleached eucalyptus kraft

Key Performance Indicators

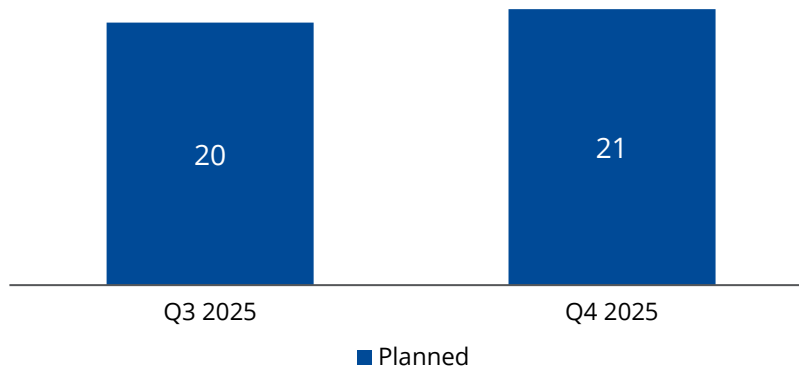
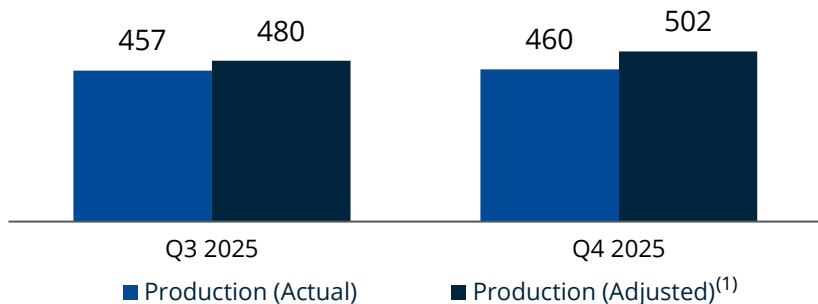
Sales Volume (000s tonnes)



Major Maintenance Downtime (Days)

- H1 2026: No days
- Q3 2026: Rosenthal – 14 days, Peace River – 10 days
- Q4 2026: Celgar – 20 days

Production Volume (000s tonnes)

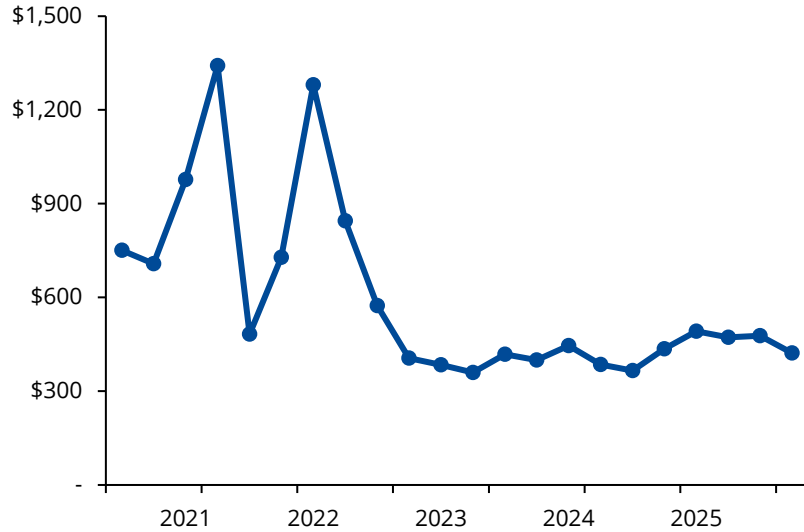


1) Adjusted production adds back lost tonnes from planned downtime

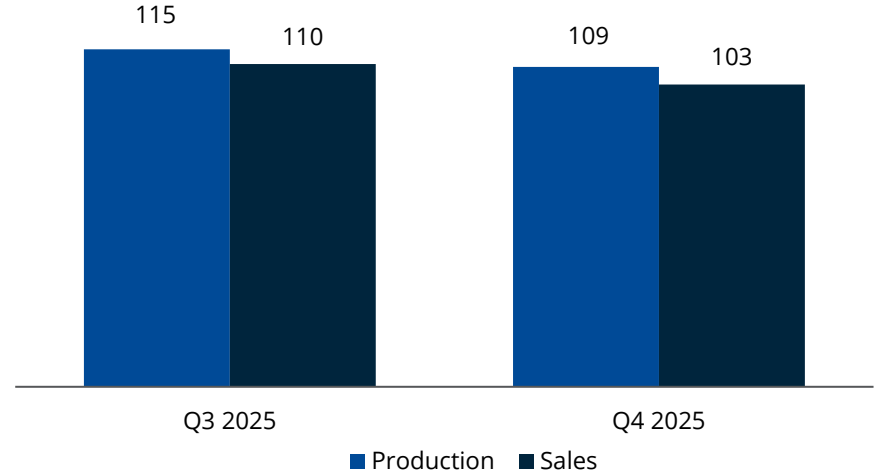
Lumber Overview

Benchmark Lumber Price

Random Lengths WSPF 2&btr 2x4 (US\$ / mfbm)

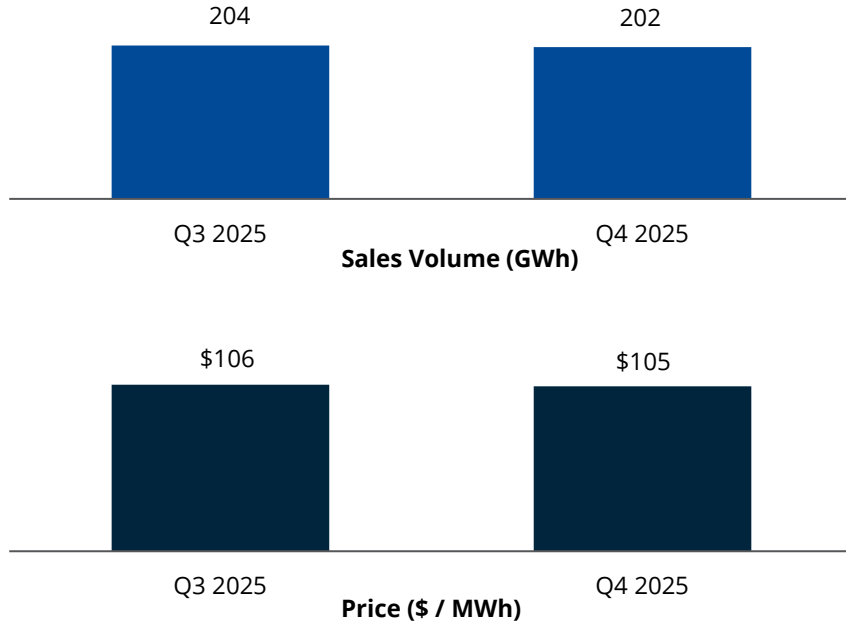


Lumber Operations (mmfbm)



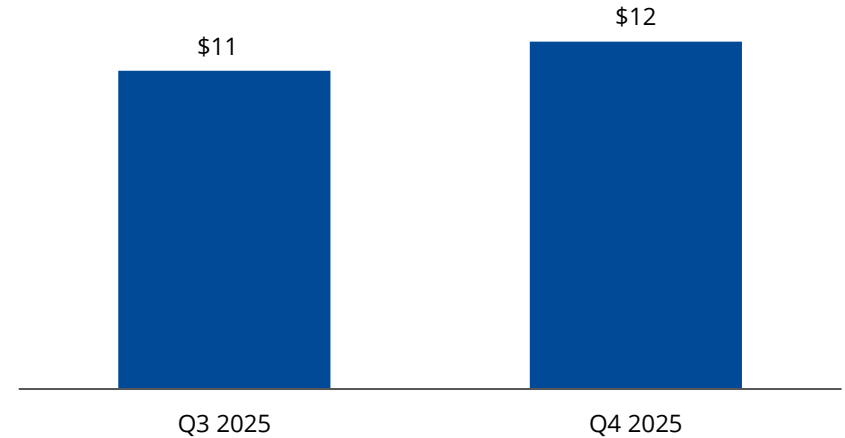
Electricity and Mass Timber

Electricity



Mass Timber Revenue (US\$mm)

Despite headwinds our mass timber business has a healthy order book; we expect 2026 mass timber revenue to be above \$120 million



Strategic Focus: One Goal, One Hundred



**\$100
million**

- Targeting \$100 million in EBITDA improvements by the end of 2026 compared to 2024
- Achieved ~\$30 million of cost savings and reliability improvements in 2025 compared to 2024
- On track to meet goals in 2025 and 2026 through savings programs and unlocking significant reliability improvements

Financial Position

Summary

<i>US\$mm unless otherwise stated</i>			
Measure	Q3 2025	Q4 2025	Change (+/-)
Net Loss	(\$81)	(\$309)	(\$228)
Loss per Share	(\$1.21 / share)	(\$4.61 / share)	(\$3.40 / share)
Cash flows			
Cash flow from (used in) operating activities	(\$30)	\$46	\$76
Capital expenditures	(\$30)	(\$14)	\$16
Liquidity Position	\$376	\$430	\$54
Cash	\$98	\$187	\$88
Undrawn Revolvers	\$278	\$243	(\$35)

Key Points

- Net Loss includes aggregate long-lived asset and inventory impairments of \$239 million dollars; (\$3.57)/share⁽¹⁾
- Liquidity improvement driven by working capital management and cost reduction activities

1) Non-GAAP measure; see reconciliation to GAAP net loss per share on slide 25.

Operational Wins Amid Market Pressures

Despite having to recognize non-cash asset impairments, underlying operating performance improved quarter over quarter



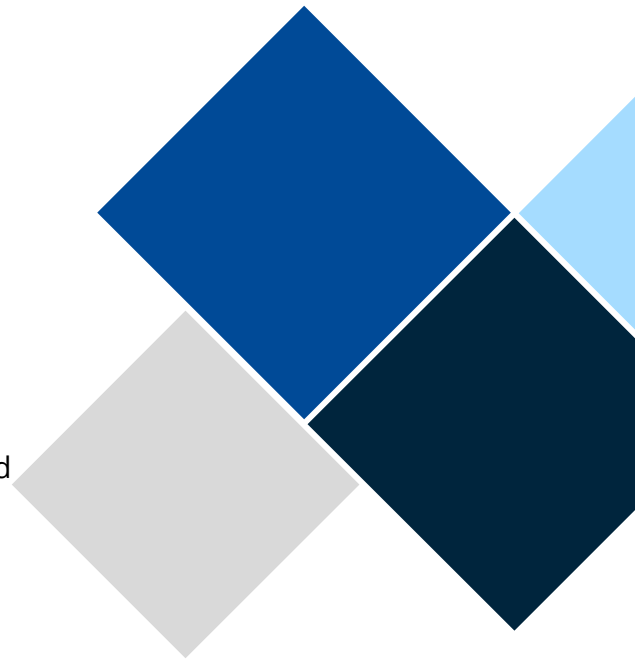
Operational Performance

Cost reductions, efficiency improvements and working capital reductions delivered tangible positive results, and we remain focused on improving controllable drivers of performance



One Goal One Hundred

~\$30 million realized in 2025 and on track to achieve \$100 million by the end of 2026 versus 2024 baseline.



Peace River

The non-cash impairment, doesn't consider the projects that will be transformative for the mill:

Carbon Capture & Bio-Energy

Our Svante carbon capture pilot at the Peace River mill is now operational with encouraging early results, providing the technical data needed to advance our long-term strategy to transform our pulp mills into bio-refineries, with multiple sustainable revenue streams

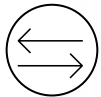


Macroeconomic Headwinds: Tariffs & Fiber Supply

Increased Visibility on Tariff Impacts



The trade war has created an unprecedented level of market uncertainty. Further uncertainty expected as CUSMA is renegotiated in June



European lumber subject to 10% tariff. Compares favorably to tariff impact on Canadian lumber of ~50%



Canadian lumber curtailments driven by these duties will reduce residual chip supply, creating upward pressure on fiber costs

Strategic Position & Mitigation

- Celgar strategically positioned to mitigate fiber cost pressure due to existing access to the U.S. fiber market and its capability to harvest and process whole logs
- Primary U.S. import (wood chips for Celgar, representing ~45% of its fiber) is not subject to counter-tariffs

Pulp Markets

Softwood

NBSK markets weakened:

- North America most impacted by tariff-driven trade shifts
- China under pressure due to increased substitution made possible by slower operating rates
- Europe stable

Hardwood

Hardwood improved or stable:

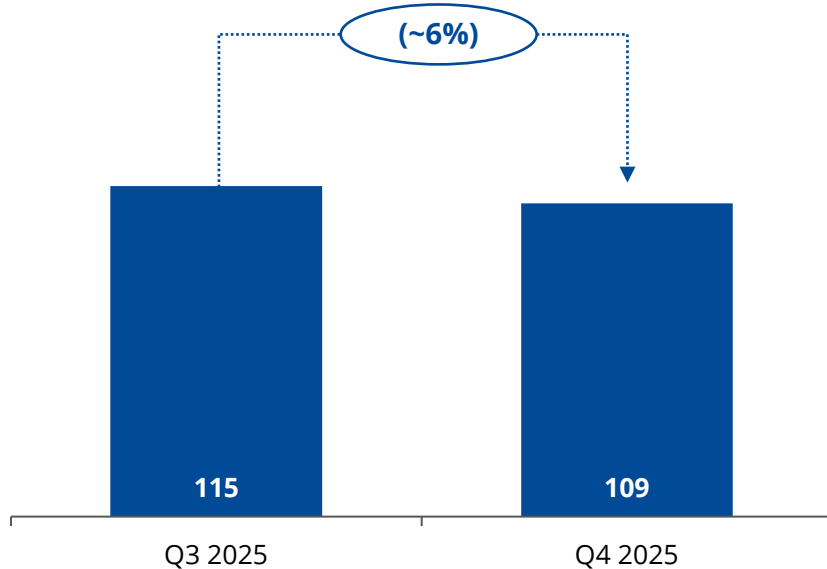
- China pricing increased, driven by improving demand and higher domestic fiber costs; North America prices were flat

Short-term Outlook

- Modest NBSK and NBHK price improvements are expected in Q1 across Europe and China
- North American pricing will remain stable
- Trade uncertainty continues to be an overhang, with the supply-side heavily influencing the supply-demand dynamic

Lumber Production

Quarterly Lumber Production (mmfbm)

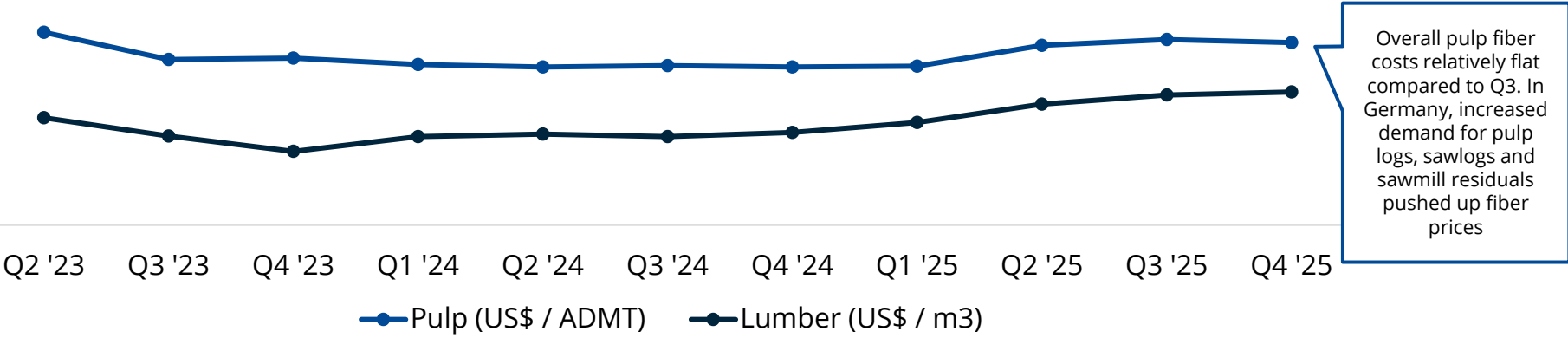


6% decrease in lumber production compared to Q3 due to reduced production due to the holidays and availability of sawlogs

Fiber Costs

Fiber Costs Steady for Pulp and Lumber

Per Unit Fiber Costs



In Q1 we expect fiber costs to increase meaningfully for both our pulp and sawmill businesses. Our pulp business will be impacted by reduced residual availability, and our German mills will face increased seasonal competition for wood chips

Solid Wood Segment

Segment Headwinds Remained Consistent with Q3

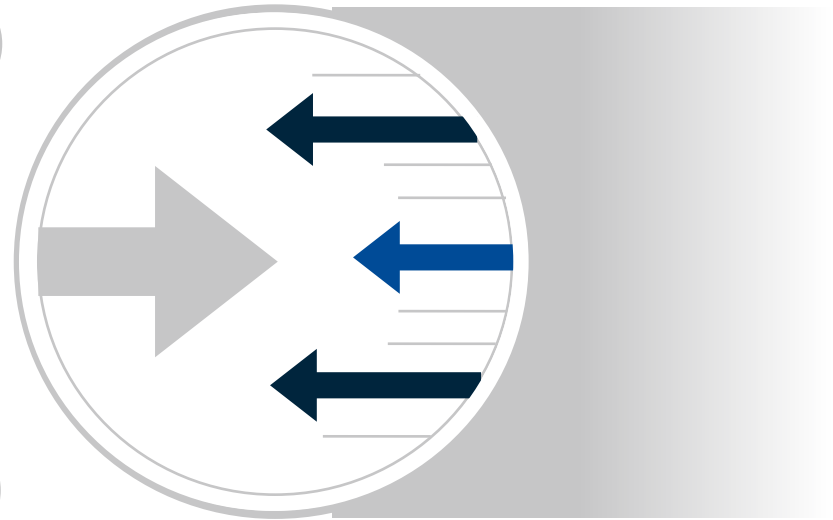
Segment continues to be held back by weak European economy and high mortgage rates



Seasonal Q4 construction slowdown led to modestly weaker U.S. lumber pricing



Market driven headwinds led to the \$11M EBITDA loss in our solid wood segment for Q4



Lumber Markets

- U.S. lumber pricing may be volatile in the short term, demand is expected to remain weak in Q1
- European lumber prices are expected to have a modest upward pressure, driven by increasing sawlog prices
- Long-term price improvement in both markets reliant on economic recovery and interest rate reductions

Mid-Term Drivers of Positive Supply-Demand Dynamics



Sawmill
Curtailments



Low Housing Stock



Favorable
Homeowner
Demographics

Our sawmill flexibility preserves our core markets and serves Japan's quality-sensitive market

Pallets & Biofuels



Pallet

-
- Shipping pallet market remains weak due to overhang of European economy (especially Germany)
 - Expecting generally stable pricing in the first half of 2026

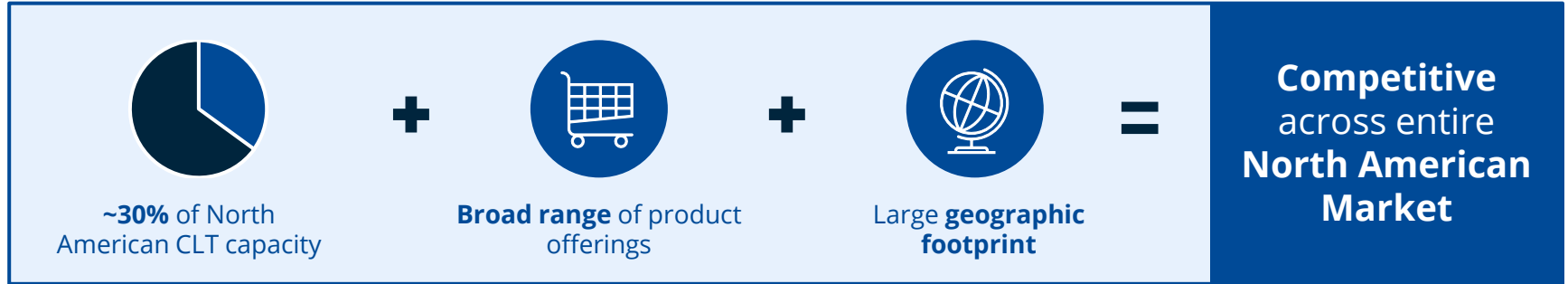


Biofuels

-
- Heating pellet prices were up ~10% relative to Q3, due to seasonal demand

Mass Timber

- Mass timber revenues grew ~6% over Q3, supported by a steady volume of new project inquiries
- 2026 revenues are projected to exceed \$120 million, more than doubling 2025 performance
- Production is ramping up with a second shift at Conway in early Q2, and expect to do the same at Spokane late in the year
- Total project backlog reached \$163 million, almost twice the balance at the end of Q3
- Demand is surging from data center hyperscalers due to faster construction speeds and carbon benefits

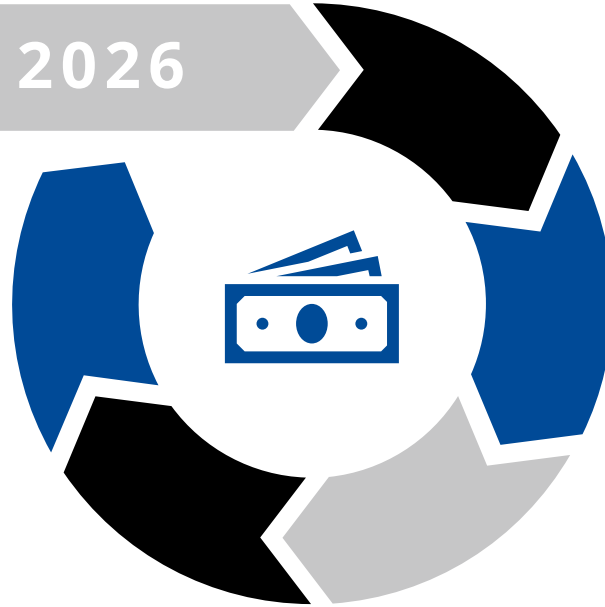


Capital Allocation

2026

Maintain strong liquidity

- Continued cost reductions
- Lower capital expenditures
- Commitment to rebalance portfolio of assets to improve balance sheet



Capex Spend

- 2026 capital expenditures targeted between \$60 - \$80 million
- Budget focused on maintenance, environmental and safety projects

Full commitment to prudent financial management

Outlook

- Strong asset portfolio and experienced management team are well-positioned to navigate the downturn
- Long-term strategic plan to transform pulp mills into biorefineries will introduce additional revenue streams, balance the product mix, and build greater resilience during future pulp market downturns



Peace River

Carbon Capture
Pilot Plant



Rosenthal

Lignin Pilot Plant



Stendal

Sustainable Aviation Fuel

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Reconciling Net Loss to Operating EBITDA

Note: For other reconciliations of Net Loss to Operating EBITDA in periods not shown, please refer to that period's respective Form 10-Q or 10-K, which can be found on our website (www.mercerint.com)

Operating EBITDA is defined as operating loss plus depreciation and amortization and long-lived asset impairment charges. We use Operating EBITDA as a benchmark measurement of our own operating results and as a benchmark relative to our competitors. We consider it to be a meaningful supplement to operating loss as a performance measure primarily because depreciation expense and long-lived asset impairment charges are not actual cash costs, and depreciation expense varies widely from company to company in a manner that we consider largely independent of the underlying cost efficiency of our operating facilities. In addition, we believe Operating EBITDA is commonly used by securities analysts, investors and other interested parties to evaluate our financial performance.

Operating EBITDA does not reflect the impact of a number of items that affect our net loss, including financing costs, income taxes, and the effect of derivative instruments. Operating EBITDA is not a measure of financial performance under GAAP, and should not be considered as an alternative to net loss or operating loss as a measure of performance, or as an alternative to net cash from (used in) operating activities as a measure of liquidity. Operating EBITDA is an internal measure and therefore may not be comparable to other companies.

Operating EBITDA has significant limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are that Operating EBITDA does not reflect: (i) our cash expenditures, or future requirements, for capital expenditures or contractual commitments; (ii) changes in, or cash requirements for, working capital needs; (iii) the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our outstanding debt; (iv) the impact of realized or marked to market changes in our derivative positions, which can be substantial; and (v) the impact of impairment charges against our investments or assets. Because of these limitations, Operating EBITDA should only be considered as a supplemental performance measure and should not be considered as a measure of liquidity or cash available to us to invest in the growth of our business. Because all companies do not calculate Operating EBITDA in the same manner, Operating EBITDA as calculated by us may differ from Operating EBITDA or EBITDA as calculated by other companies. We compensate for these limitations by using Operating EBITDA as a supplemental measure of our performance and by relying primarily on our GAAP financial statements.

Operating EBITDA is a non-GAAP financial measure at the consolidated level and is considered different from Operating EBITDA at the segment level, referred to as "Segment Operating EBITDA", which is our single measure of segment profit or loss presented in our financial statements under GAAP. For more information on Segment Operating EBITDA, refer to the segment information note within our consolidated financial statements.

Reconciling Net Loss to Operating EBITDA

Consolidated (US\$ millions)	Q3 2025	Q4 2025
Net loss	(\$81)	(\$309)
Income tax provision (recovery)	(\$15)	\$3
Interest expense	\$29	\$30
Other income	(\$1)	(\$2)
Operating loss	(\$68)	(\$278)
Add: Depreciation and amortization	\$40	\$43
Add: Impairments of long-lived assets	\$0	\$216
Operating EBITDA	(\$28)	(\$20)

Note: See next slide for additional disclosures

Reconciling Non-GAAP Earnings Per Share

Non-GAAP impairment (US\$ millions, except per share data)	Amount	Per Share
Net loss	(\$309)	(\$4.61)
Impairment of long-lived assets	\$216	\$3.22
Impairment of inventories	\$23	\$0.35
Total Impairment	\$239	\$3.57
Income tax effect	(\$3)	(\$0)
Adjusted Net Loss	(\$73)	(\$1.1)