



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2020 Second Quarter Results via conference call or webcast on Thursday, July 30, 2020 at 1:00PM ET, please dial 1-866-795-3013 toll free in North America (Canada and the USA), or for overseas calls, please dial 1-409-937-8907 (Conference ID 8737059) at approximately 12:50PM ET. For those unable to participate, a taped rebroadcast will be available until 4pm (Eastern Time) August 29, 2020. To access this rebroadcast, please dial 1-855-859-2056 or 1-404-537-3406 (Conference ID 8737059).

ACADIAN TIMBER CORP. REPORTS SECOND QUARTER RESULTS

Edmundston, NEW BRUNSWICK – July 29, 2020 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended June 27, 2020 (the “second quarter”).

“Acadian operations were impacted by challenging operating conditions during the second quarter,” commented Erika Reilly, Chief Executive Officer. “While the second quarter of the year is traditionally our weakest due to seasonal operating conditions, operating activity was impacted by an earlier end to winter operations this year compared to 2019, followed by highly unusual dry and hot weather that led to extreme fire risk and operating restrictions later in the quarter. All told, Acadian operated four fewer weeks in the second quarter of 2020 compared to the same period last year.”

The circumstances surrounding the COVID-19 pandemic caused a minor delay in timber services activity and resulted in slowed wood deliveries in the early part of the second quarter, as customers worked through elevated inventory levels from the winter harvest season while assessing the market outlook for their products. With the resilience of their end-use markets now proven, our customers are cautiously optimistic about the remainder of the year, and they are taking deliveries of our products. We are pleased to report that none of our employees or contractors have contracted the virus.

For the three-month period ended June 27, 2020, Acadian generated \$0.2 million of negative Free Cash Flow¹ due to a low level of activity and a one-time income tax expense of \$0.7 million, and declared dividends of \$4.8 million, or \$0.29 per share, consistent with the same period of 2019. The Payout Ratio for the second quarter is not considered meaningful given the traditionally low level of activity during the quarter. Acadian’s balance sheet continues to be solid with \$23.0 million of net liquidity as at June 27, 2020, which includes funds available under our credit facilities.

¹ This news release makes reference to Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Payout Ratio which are key performance measures in evaluating Acadian’s operations and are important in enhancing investors’ understanding of Acadian’s operating performance. Adjusted EBITDA and Adjusted EBITDA margin are used to evaluate operational performance. Free Cash Flow is used to evaluate Acadian’s ability to generate sustainable cash flows from our operations while the Payout Ratio is used to evaluate Acadian’s ability to fund its distribution using Free Cash Flow. Acadian’s management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, realized gain/loss on sale of roads and other fixed assets, unrealized exchange gain/loss on debt, depreciation and amortization and Adjusted EBITDA margin as Adjusted EBITDA as a percentage of its total revenue. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). Payout Ratio is defined as dividends declared divided by Free Cash Flow. As these performance measures do not have standardized meanings prescribed by International Financial Reporting Standards (“IFRS”), they may not be comparable to similar measures presented by other companies. As a result, we have provided in this news release reconciliations of net income, as determined in accordance with IFRS, to Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow.

Review of Operations

Financial and Operating Highlights

<i>(CAD thousands)</i>	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Sales volume (000s m ³)	139.7	214.0	514.6	598.2
Sales	\$ 11,458	\$ 17,918	\$ 42,866	\$ 48,856
Operating earnings	1,283	2,473	9,546	11,219
Net income	5,229	5,784	1,518	11,966
Adjusted EBITDA	1,354	3,038	9,683	11,895
Adjusted EBITDA margin	12%	17%	23%	24%
Free Cash Flow	(208)	2,750	6,357	9,240
Dividends declared	4,839	4,839	9,678	9,679
Payout ratio ¹	n/a	176%	152%	105%
Per share – basic and diluted				
Net income	\$ 0.31	\$ 0.35	\$ 0.09	\$ 0.72
Free Cash Flow	(0.01)	0.16	0.38	0.55
Dividends declared	0.29	0.29	0.58	0.58

1. Seasonal fluctuations in volume render second quarter payout ratios not meaningful.

While the second quarter of the year is traditionally our weakest, due to seasonal operating conditions, operating activity was impacted by an earlier end to winter operations this year compared to 2019, followed by highly unusually dry and hot weather that led to extreme fire risk and operating restrictions later in the quarter. All told, Acadian operated four fewer weeks in the second quarter of 2020 compared to the same period last year.

For the three months ended June 27, 2020, Acadian generated sales of \$11.5 million, compared to \$17.9 million in the prior year period. Challenging operating conditions, as described above, resulted in a 33% decrease in sales volume, excluding biomass, in the current period compared to the same period in 2019. The weighted average log selling price, excluding biomass, was relatively stable with a 1% decrease year-over-year.

Operating costs and expenses were \$10.2 million during the second quarter, compared to \$15.4 million during the prior year period, reflecting the lower harvest volumes. Variable log harvest costs per m³, excluding biomass, decreased 1% as a result of lower log processing costs than in the prior year period.

Adjusted EBITDA was \$1.4 million during the second quarter compared to \$3.0 million in the prior year period while Adjusted EBITDA margin for the quarter was 12%, compared to 17% in the prior year period. The decrease in Adjusted EBITDA margin is largely due to a \$0.5 million gain recorded on timberland sales in the second quarter of the prior year, whereas there were no timberland sales during the second quarter of 2020. Excluding the impact of the sale of these timberlands in 2019, the comparable Adjusted EBITDA margin would have been 14% in the prior year period.

Net income for the second quarter totaled \$5.2 million, or \$0.31 per share, compared to net income of \$5.8 million, or \$0.35 per share in the same period of 2019. The variance from the prior year period is primarily due to higher gains on non-cash items such as unrealized foreign exchange on long-term debt and fair value adjustments compared to the prior year period and a one-time income tax expense of \$0.7 million related to new tax legislation as disclosed last quarter.

During the first half of 2020, Acadian generated sales of \$42.9 million compared to \$48.9 million in the prior year period. The 12% decrease was largely a result of challenging operating conditions during the second quarter of 2020 that led to a 13% decrease in sales volumes, excluding biomass, year-to-date. The weighted average selling price, excluding biomass, remained relatively stable year-over-year. Operating costs and expenses of \$33.3 million were \$4.3 million lower than the prior year period due to lower harvest volumes. Lower volumes and no gains from timberland sales in 2020 resulted in Adjusted EBITDA of \$9.7 million compared to \$11.9 million during the first half of 2019. Adjusted EBITDA margin remained relatively stable year-over-year.

For the six months ended June 27, 2020, net income was \$1.5 million, or \$0.09 per share, which represents a decrease of \$10.4 million as a result of a non-cash unrealized foreign exchange loss on long term debt of \$5.2 million this year compared to a gain of \$4.0 million in 2019 and the one-time income tax expense noted above.

Segment Performance

New Brunswick Timberlands

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

	Three Months Ended June 27, 2020				Three Months Ended June 29, 2019			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	42.3	48.3	40%	\$ 2,506	47.0	61.7	36%	\$ 3,621
Hardwood	32.0	53.6	45%	4,248	51.5	77.6	46%	6,017
Biomass	17.7	17.7	15%	631	30.7	30.7	18%	1,237
	92.0	119.6	100%	7,385	129.2	170.0	100%	10,929
Timber services and other				2,097				3,520
Sales				\$ 9,482				\$ 14,449
Adjusted EBITDA				\$ 1,781				\$ 2,837
Adjusted EBITDA margin				19%				20%

	Six Months Ended June 27, 2020				Six Months Ended June 29, 2019			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	158.8	161.7	43%	\$ 9,138	187.7	200.6	46%	\$ 11,953
Hardwood	135.8	149.6	40%	12,013	155.2	162.9	37%	12,661
Biomass	62.5	62.5	17%	2,214	74.1	74.1	17%	2,736
	357.1	373.8	100%	23,275	417.0	437.6	100%	27,350
Timber services and other				7,904				8,548
Sales				\$ 31,179				\$ 35,898
Adjusted EBITDA				\$ 7,660				\$ 8,599
Adjusted EBITDA margin				25%				24%

Sales for our New Brunswick Timberlands were \$9.5 million compared to \$14.4 million during the prior year period. The sales volume, excluding biomass, decreased by 27% primarily due to challenging operating conditions during the second quarter. The weighted average selling price, excluding biomass, for the second quarter was \$66.26 per m³, or 5% lower than the prior year period price of \$69.57 per m³, as softwood sawlog pricing was impacted by customer mix and a lower grade of logs being sold compared to the prior year.

Operating costs were \$7.7 million during the second quarter, compared to \$11.8 million in the prior year period, primarily due to lower harvesting and hauling activity. Adverse conditions in the period, resulted in fewer operating weeks than in the prior year period. Weighted average variable costs, excluding biomass, decreased by 6% as a result of lower log processing costs compared to the prior year period.

Adjusted EBITDA was \$1.8 million during the second quarter of 2020 compared to \$2.8 million in the prior year period due to lower sales volumes and \$0.2 million from gains on the sale of timberlands in the prior year period. Adjusted EBITDA margin decreased to 19% from 20% in the prior year period.

During the first half of 2020, New Brunswick Timberlands' sales of \$31.2 million fell 13% compared to the prior year period. The weighted average selling price, excluding biomass, remained stable, however the sales volume, excluding biomass, decreased 14% year-over-year. Sales were largely in line with the prior year period in the first quarter, however challenging

operating conditions during the second quarter resulted in a decrease for the first half of the year. Costs of \$23.6 million during the first half of 2020 were \$4.0 million lower than the prior year period due to lower harvesting and hauling activity. As a result of the lower sales volume and no land sales, Adjusted EBITDA fell to \$7.7 million from \$8.6 million during the first half of 2019, however Adjusted EBITDA margin improved to 25% from 24%.

There were no recordable safety incidents amongst employees or contractors during the second quarter of 2020.

Maine Timberlands

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

	Three Months Ended June 27, 2020				Three Months Ended June 29, 2019			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	10.4	10.2	51%	\$ 810	26.9	28.0	64%	\$ 1,884
Hardwood	7.3	9.8	49%	1,025	12.6	15.9	36%	1,449
Biomass	0.1	0.1	0%	-	0.1	0.1	0%	3
	17.8	20.1	100%	1,835	39.6	44.0	100%	3,336
Other sales				141				133
Sales				\$ 1,976				\$ 3,469
Adjusted EBITDA				\$ 117				\$ 540
Adjusted EBITDA margin				6%				16%

	Six Months Ended June 27, 2020				Six Months Ended June 29, 2019			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	102.4	102.4	73%	\$ 8,065	114.1	114.3	71%	\$ 8,920
Hardwood	37.7	38.2	27%	3,360	42.6	42.8	27%	3,730
Biomass	0.2	0.2	0%	2	3.5	3.5	2%	8
	140.3	140.8	100%	11,427	160.2	160.6	100%	12,658
Other sales				260				300
Sales				\$ 11,687				\$ 12,958
Adjusted EBITDA				\$ 3,166				\$ 3,883
Adjusted EBITDA margin				27%				30%

Sales for our Maine Timberlands totaled \$2.0 million compared to \$3.5 million for the same period last year. Sales volumes, excluding biomass, decreased by 54% as customers were slow to take deliveries, having accumulated significant inventories over an active winter harvest season. Furthermore, pulpwood markets were disrupted by reduced demand from the Androscoggin Mill in Jay, Maine due to the explosion of two of their digesters that occurred in April 2020.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$91.45 per m³, up from \$76.00 per m³ in the same period of 2019. In U.S. dollar terms, the weighted average selling price, excluding biomass, was \$65.16 per m³, an increase of 15% year-over-year. The improvement in the weighted average selling price, excluding biomass, was driven by a higher value product distribution with less softwood pulpwood in the mix.

Operating costs for the second quarter were \$1.9 million, compared to \$3.2 million during the same period of 2019, mainly due to lower harvesting and hauling activity. Variable harvest costs per m³, excluding biomass, were higher than in the prior year period due to longer haul distances combined with slightly higher harvesting costs.

Adjusted EBITDA for the quarter was \$0.1 million compared to \$0.5 million during the prior year period and Adjusted EBITDA margin was 6% compared to 16% in the prior year period. The prior year period included \$0.2 million of gains recorded on timberland sales, whereas there were no timberland sales during the second quarter of 2020. Excluding the impact of the sale of these timberlands in 2019, Adjusted EBITDA margin would have been 8% in the prior year period.

During the first half of 2020, Maine Timberlands' sales were \$11.7 million compared to \$13.0 million in the prior year period. Maine Timberlands' weighted average selling price, excluding biomass, increased 1%, however the sales volume, excluding biomass, decreased 10% year-over-year reflecting the challenges in the second quarter discussed above. Operating costs of \$8.5 million during the first half of 2020 were \$0.8 million lower than the prior year period due to lower harvesting and hauling activity during the second quarter. As a result of the lower sales volume and no land sales, Adjusted EBITDA fell to \$3.2 million compared to \$3.9 million during the first half of 2019 while Adjusted EBITDA margin slipped to 27% from 30% in 2019.

There were no recordable safety incidents amongst employees or contractors during the second quarter of 2020.

Market Outlook

The following contains forward-looking information about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2020. Reference should be made to the section entitled "Cautionary Statement Regarding Forward-Looking Information and Statements" section of this news release. 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 of our Management's Discussion and Analysis of Acadian's most recent Annual Report and Annual Information Form available on our website at www.acadiantimber.com or filed with SEDAR at www.sedar.com.

The North American economic outlook continues to be highly uncertain, but end-use markets for our key products have proven to be relatively resilient.

Softwood lumber demand for home improvements, as people spend more time at home, as well as new home sales activity, reflecting underlying trends in the housing market, remains steady. The consensus forecast is for 1.2 million U.S. housing starts in 2020 and then a return to 1.3 million starts in 2021. Demand for specialty paper products, such as food packaging and labels, is expected to remain stable for the duration of 2020.

Regionally, and based on what we know today, we expect steady demand for our products in New Brunswick, with some weakness in Maine, as mills continue to work through higher than usual winter inventories. The softwood sawtimber market is expected to remain stable with customers having a cautiously optimistic view based on current end-use market strength, offset by concerns about the uncertain North American economic outlook for the remainder of the year. Hardwood sawtimber markets are relatively weak due to soft demand for high-end, appearance grade lumber, compared to relatively robust demand for low-end, industrial grade products. Pulpwood markets are expected to strengthen as winter inventories are depleted, particularly in Maine. A bright spot, albeit a small contributor to EBITDA, is biomass sales in New Brunswick, which are benefiting from strong demand from both domestic and offshore customers.

Quarterly Dividend

Based on a strong balance sheet and outlook for the remainder of the year, Acadian is pleased to announce a dividend of \$0.29 per share, payable on October 15, 2020 to shareholders of record on September 30, 2020.

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Acadian Timber Corp. (“Acadian”, the “Company” or “we”) is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of approximately 2.4 million acres of land under management, Acadian is the second largest timberland operator in New Brunswick and Maine.

Acadian owns and manages approximately 761,000 acres of freehold timberlands in New Brunswick (“New Brunswick Timberlands” or “NB Timberlands”), 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 products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to approximately 85 regional customers.

Acadian’s business strategy is to maximize cash flows from its existing timberland assets while growing our business by acquiring assets on a value basis and utilizing our operations-oriented approach to drive improved performance.

Acadian’s shares are listed for trading on the Toronto Stock Exchange under the symbol ADN.

For further information, please visit our website at **www.acadiantimber.com** or contact:

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Cautionary Statement Regarding Forward-Looking Information and Statements

This News Release 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. When used in this News Release, such forward-looking statements may contain such words as "may," "will," "intend," "should," "suggest," "expect," "believe," "outlook," "forecast," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this News Release includes, without limitation, statements made in the section entitled "Market Outlook" and 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. These statements, which reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this News Release. All forward-looking statements in this News Release 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. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; changes in U.S. housing starts; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian or U.S. income tax law; economic situation of key customers; disease outbreak; Acadian's ability to source and secure potential investment opportunities; the availability of potential acquisitions that suit Acadian's growth profile; and other risks and factors discussed under the heading "Risk Factors" in each of the Annual Information Form dated March 27, 2020 and the Management Information Circular dated March 27, 2020, and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: forecasts in the housing market; anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this News Release 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 News Release are made as of the date of this News Release, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this News Release. 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.

Acadian Timber Corp.
Interim Condensed Consolidated Balance Sheets

(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	June 27, 2020	December 31, 2019
Assets		
Current assets		
Cash	\$ 9,776	\$ 7,601
Accounts receivable and other assets	6,259	11,602
Current taxes receivable	686	2,245
Inventory	554	1,545
	17,275	22,993
Timber	388,351	377,992
Land, roads and other fixed assets	93,712	91,584
Intangible asset	6,140	6,140
Total assets	\$ 505,478	\$ 498,709
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt	\$ —	\$ 7,793
Accounts payable and accrued liabilities	5,451	9,190
Dividends payable to shareholders	4,839	4,839
Current portion of long-term debt	—	93,084
	10,290	114,906
Long-term debt	108,357	—
Deferred income tax liability	100,835	97,102
Shareholders' equity	285,996	286,701
Total liabilities and shareholders' equity	\$ 505,478	\$ 498,709

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Net Income

(unaudited)

	Three Months Ended		Six Months Ended	
<i>(CAD thousands, except per share data)</i>	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Sales	\$ 11,458	\$ 17,918	\$ 42,866	\$ 48,856
Operating costs and expenses				
Cost of sales	7,768	12,575	28,629	32,496
Selling, administration and other	2,086	2,424	4,303	4,623
Reforestation	250	374	251	374
Depreciation and amortization	71	72	137	144
	10,175	15,445	33,320	37,637
Operating earnings	1,283	2,473	9,546	11,219
Interest expense, net	(1,172)	(970)	(2,463)	(1,979)
Other items				
Fair value adjustments and other	4,237	3,112	3,218	1,270
Unrealized exchange gain / (loss) on long-term debt	3,030	1,903	(5,180)	3,937
Gain on sale of timberlands	—	492	—	531
Gain on disposal of other fixed assets	—	1	—	1
Earnings before income taxes	7,378	7,011	5,121	14,979
Current income tax recovery / (expense)	(656)	368	(1,558)	(1,332)
Deferred income tax recovery / (expense)	(1,493)	(1,595)	(2,045)	(1,681)
Net income	\$ 5,229	\$ 5,784	\$ 1,518	\$ 11,966
Net income per share – basic and diluted	\$ 0.31	\$ 0.35	\$ 0.09	\$ 0.72

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Comprehensive Income

(unaudited)

	Three Months Ended		Six Months Ended	
<i>(CAD thousands)</i>	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net income	\$ 5,229	\$ 5,784	\$ 1,518	\$ 11,966
Other comprehensive income (loss)				
Item that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain / (loss)	(4,169)	(2,845)	7,455	(5,947)
Gain on revaluation of roads and land	—	(14)	—	(14)
Deferred income tax recovery	—	4	—	4
Comprehensive income	\$ 1,060	\$ 2,929	\$ 8,973	\$ 6,009

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended		Six Months Ended	
<i>(CAD thousands)</i>	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Cash provided by (used for):				
Operating activities				
Net income	\$ 5,229	\$ 5,784	\$ 1,518	\$ 11,966
Adjustment to net income:				
Deferred income tax expense	1,493	1,595	2,045	1,681
Depreciation and amortization	71	72	137	144
Fair value adjustments and other	(4,237)	(3,112)	(3,218)	(1,270)
Unrealized exchange (gain) / loss on long-term debt	(3,030)	(1,903)	5,180	(3,937)
Gain on sale of timberlands	—	(492)	—	(531)
Gain on disposal of other fixed assets	—	(1)	—	(1)
Accretion of long-term debt	323	269	723	585
Net change in non-cash working capital balances and other	3,997	355	4,193	(1,035)
	3,846	2,567	10,578	7,602
Financing activities				
Repayment of operating loans	(1,156)	—	(8,169)	—
Issuance of long-term debt	—	—	19,795	—
Repayment of long-term debt	—	—	(9,729)	—
Deferred financing costs	(17)	—	(527)	—
Dividends paid to shareholders	(4,839)	(4,840)	(9,678)	(9,554)
Purchase of common shares under NCIB	—	—	—	(37)
	(6,012)	(4,840)	(8,308)	(9,591)
Investing activities				
Additions to timber, land, roads and other fixed assets	(87)	(18)	(95)	(18)
Proceeds from sale of timberlands	—	527	—	567
Proceeds from sale of roads and other fixed assets	—	1	—	1
	(87)	509	(95)	550
Increase / (decrease) in cash during the period	(2,253)	(1,763)	2,175	(1,439)
Cash beginning of period	12,029	22,644	7,601	22,320
Cash end of period	\$ 9,776	\$ 20,881	\$ 9,776	\$ 20,881

Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>(CAD thousands)</i>	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net income	\$ 5,229	\$ 5,784	\$ 1,518	\$ 11,966
Add / (deduct)				
Interest expense, net	1,172	970	2,463	1,979
Current income tax expense / (recovery)	656	(368)	1,558	1,332
Deferred income tax expense	1,493	1,595	2,045	1,681
Depreciation and amortization	71	72	137	144
Fair value adjustments and other	(4,237)	(3,112)	(3,218)	(1,270)
Unrealized exchange (gain) / loss on long-term debt	(3,030)	(1,903)	5,180	(3,937)
Adjusted EBITDA	\$ 1,354	\$ 3,038	\$ 9,683	\$ 11,895
Add / (deduct)				
Interest paid on debt, net	(819)	(673)	(1,673)	(1,341)
Additions to timber, land, roads and other fixed assets	(87)	(18)	(95)	(18)
Gain on sale of timberlands	—	(492)	—	(531)
Gain on disposal of other fixed assets	—	(1)	—	(1)
Proceeds on sale of timberlands	—	527	—	567
Proceeds on sale of other fixed assets	—	1	—	1
Current income tax (expense) / recovery	(656)	368	(1,558)	(1,332)
Free Cash Flow	\$ (208)	\$ 2,750	\$ 6,357	\$ 9,240
Dividends declared	\$ 4,839	\$ 4,839	\$ 9,678	\$ 9,679
Payout Ratio ¹	n/a	176%	152%	105%

1. Seasonal fluctuations in volume render second quarter payout ratios not meaningful.