

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2021 First Quarter Results via conference call or webcast on Thursday, May 6, 2021 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 2159638) at approximately 12:50PM ET. For those unable to participate, a taped rebroadcast will be available until 4:00 pm (Eastern Time) June 5, 2021. To access this rebroadcast, please dial 1-855-859-2056 or 1-404-537-3406 (Conference ID 8716267).

ACADIAN TIMBER CORP. REPORTS FIRST QUARTER RESULTS AND MANAGEMENT TEAM CHANGES

Edmundston, NEW BRUNSWICK – May 5, 2021 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended March 27, 2021 (the “first quarter”).

Acadian generated \$5.0 million of Free Cash Flow and declared dividends of \$4.8 million to our shareholders during the first quarter.

“The benefit of strong demand for our softwood and hardwood sawlogs was offset by temporary road closures caused by unseasonably warm weather at the end of the quarter, reduced trucking capacity in Maine, and weak regional softwood pulpwood demand,” commented Erika Reilly, Chief Executive Officer. “We expect to catchup on a portion of this volume when road conditions improve. Looking forward, we continue to focus on harvesting and merchandizing our products for the highest margin opportunities while actively working with our contractors to ensure there is adequate trucking capacity to deliver products to our customers.”

Acadian’s balance sheet continues to be solid with \$23.6 million of net liquidity as at March 27, 2021, which includes funds available under our credit facilities.

Health and safety remained a key focus during the quarter. Acadian experienced no recordable safety incidents among employees and no incidents among contractors. Acadian also continued to monitor COVID-19 related developments in the regions in which it operates and updated its COVID-19 operating plan accordingly.

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 its 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 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 and Free Cash Flow.*

Review of Operations

Operating and Financial Highlights

<i>(CAD thousands, except per share information)</i>	March 27, 2021	March 28, 2020
Sales volume (000s m ³)	290.0	374.9
Sales	\$ 25,892	\$ 31,408
Operating earnings	6,740	8,263
Net income / (loss)	5,824	(3,711)
Adjusted EBITDA	\$ 6,874	\$ 8,329
Adjusted EBITDA margin	27%	27%
Free Cash Flow	\$ 4,990	\$ 6,565
Dividends declared	4,839	4,839
Payout Ratio	97%	74%
Per share – basic and diluted		
Net income / (loss)	\$ 0.35	\$ (0.22)
Free Cash Flow	0.30	0.39
Dividends declared	0.29	0.29

During the first quarter, Acadian generated sales of \$25.9 million, compared to \$31.4 million in the prior year period. Sales volume, excluding biomass, decreased 21% primarily due to temporary road closures caused by unusually mild weather, reduced trucking capacity in Maine, and lower pulpwood sales. Weighted average selling price, excluding biomass, was flat year-over-year as increased sawlog pricing was offset by weaker pulpwood pricing and a stronger Canadian dollar.

Operating costs and expenses were \$19.2 million during the first quarter, compared to \$23.1 million in the prior year period, reflecting lower volumes and lower administrative costs. Weighted average variable costs, excluding biomass, decreased 1%, reflecting a stronger Canadian dollar.

Adjusted EBITDA was \$6.9 million during the first quarter, compared to \$8.3 million in the prior year period. Adjusted EBITDA margin for the quarter was consistent with the prior year period at 27% and benefited from lower administrative costs. Free Cash Flow was \$5.0 million compared to \$6.6 million in the same period in 2020.

Net income for the first quarter totaled \$5.8 million, or \$0.35 per share, compared to a net loss of \$3.7 million, or \$0.22 per share in the same period in 2020. The variance in net income from the prior year period is primarily due to a non-cash unrealized foreign exchange gain on long term debt of \$1.2 million compared to a loss of \$8.2 million in the prior year period. Net income was also impacted by a combination of lower interest expense and gains on non-cash items such as fair value adjustments in 2021 compared to 2020.

Segment Performance

New Brunswick Timberlands

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

	Three Months Ended March 27, 2021				Three Months Ended March 28, 2020			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	98.2	86.5	45%	\$ 5,567	116.5	113.4	45%	\$ 6,632
Hardwood	81.0	74.1	39%	5,811	103.8	96.0	38%	7,765
Biomass	29.6	29.6	16%	1,209	44.8	44.8	17%	1,493
	208.8	190.2	100%	12,587	265.1	254.2	100%	15,890
Timber services and other				5,734				5,807
Sales				\$ 18,321				\$ 21,697
Adjusted EBITDA				\$ 5,079				\$ 5,878
Adjusted EBITDA margin				28%				27%

Sales for New Brunswick Timberlands were \$18.3 million, compared to \$21.7 million during the prior year period. Sales volume, excluding biomass, decreased 23% relative to the same period in 2020, primarily due to lower pulpwood sales. During the first quarter, New Brunswick's operations were impacted by mild weather conditions that caused temporary road closures and by slower softwood pulpwood deliveries due to the impact of sawmill residuals on the softwood pulpwood market. Biomass sales volume decreased 34% during the quarter due to reduced biomass production as more efficient harvesting equipment is now being used, resulting in less residual fiber being recovered as biomass. The weighted average selling price, excluding biomass, for the first quarter was \$70.83 per m³, or 3% higher than the prior year period, as a result of strong softwood sawlogs prices and a higher value product mix offset by lower pulpwood prices. The margin on biomass was up 39% year-over-year.

Operating costs and expenses were \$13.3 million during the first quarter, compared to \$15.9 million in the prior year period due to lower volumes and administrative costs. Weighted average variable costs, excluding biomass, were flat year-over-year.

Adjusted EBITDA for the quarter was \$5.1 million compared to \$5.9 million during the prior year period and Adjusted EBITDA margin was 28% compared to 27% in the prior year period. Adjusted EBITDA decrease was driven by lower sales volumes for the reasons described above, partially offset by lower administrative costs.

There were no recordable safety incidents amongst employees or contractors during the first quarter of 2021.

Maine Timberlands

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

	Three Months Ended March 27, 2021				Three Months Ended March 28, 2020			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	76.0	76.0	76%	\$ 5,718	92.0	92.2	76%	\$ 7,255
Hardwood	26.9	23.5	24%	1,753	30.4	28.4	24%	2,335
Biomass	0.3	0.3	0%	5	0.1	0.1	0%	2
	103.2	99.8	100%	7,476	122.5	120.7	100%	9,592
Timber services and other				95				119
Sales				\$ 7,571				\$ 9,711
Adjusted EBITDA				\$ 2,028				\$ 3,050
Adjusted EBITDA margin				27%				31%

Sales for Maine Timberlands totaled \$7.6 million, compared to \$9.7 million for the same period last year. Sales volume, excluding biomass, decreased by 17%. Mild weather conditions caused temporary road closures and reduced trucking capacity which in turn slowed production and deliveries during the first quarter.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$75.09 per m³, compared to \$79.54 per m³ in 2020. In U.S. dollar terms, the weighted average selling price, excluding biomass, was flat year-over-year at \$59.28 per m³ with higher sawlog prices offset by lower prices for pulpwood. The 6% price decrease in Canadian dollar terms is due to changes in the foreign exchange rate compared to the prior year period.

Operating costs and expenses for the first quarter were \$5.6 million, compared to \$6.7 million during the same period in 2020. This year-over-year decrease reflects lower volumes and variable costs. Weighted average variable costs, excluding biomass, decreased 2%, benefiting from a stronger Canadian dollar partially offset by higher log handling costs.

Adjusted EBITDA for the quarter was \$2.0 million compared to \$3.0 million during the prior year period and Adjusted EBITDA margin was 27% compared to 31% in the prior year period. Adjusted EBITDA margin was impacted by lower volumes and a stronger Canadian dollar.

There were no recordable safety incidents amongst employees or contractors during the first quarter of 2021.

Market Outlook

The following contains forward-looking information about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2021. 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 outlook for softwood and hardwood sawlogs remains positive, while we expect steady demand for hardwood pulpwood and biomass, and continued weakness for softwood pulpwood.

North American softwood lumber consumption, the end use market for softwood sawlogs, is expected to benefit from continued strong repair and remodeling activity and a revival in home construction. Low interest rates, old and underbuilt housing stock, and favorable demographics are supporting this outlook.

Regionally, softwood sawlog inventories are high, but sawmills are running steady. As mills draw down their inventory through the spring, we expect continued steady demand as we restart operations in early summer.

Strong end use markets for hardwood lumber and low hardwood sawlog inventories regionally are expected to support continued strong demand and pricing for our hardwood sawlogs.

Hardwood pulpwood demand is expected to remain stable with mills running steady, while softwood pulpwood demand is likely to remain weak. Continued high inventories regionally and significant competition from sawmill residuals limit prospects for near term improvement.

Longer term, we expect regional hardwood pulpwood markets to strengthen with Louisiana Pacific's recently announced investment to convert their Houlton mill to manufacture engineered wood siding products. Production of this new product at that facility is slated to begin 2022.

Demand for biomass from Acadian's New Brunswick operation, which is mostly hardwood, continues to be steady.

Management Team Changes

Acadian will be promoting Mr. Adam Sheparski, Acadian's current Chief Financial Officer, to President and Chief Executive Officer of Acadian effective July 30, 2021.

"Acadian's Board of Directors is pleased to announce Mr. Sheparski as our next President and CEO," stated Malcolm Cockwell, Chairman of the Board. "With his financial acumen and leadership skills, the Board is confident that he will drive the Company's initiatives forward and deliver shareholder value while providing strong leadership to the organization."

"The Board would like to thank Ms. Erika Reilly for leading the organization through its transformation to a self-managed company and for pursuing a number of initiatives that position Acadian for future success. Erika has agreed to join the Board of Acadian and we look forward to continuing to work with her."

Acadian also announced today that Ms. Susan Wood will become Chief Financial Officer on July 30, 2021 in conjunction with Mr. Sheparski becoming President and CEO. Ms. Wood is a Chartered Professional Accountant and the current Director of Finance at Acadian, leading all reporting, taxation, and treasury functions.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.29 per share, payable on July 15, 2021 to shareholders of record on June 30, 2021.

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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 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 90 regional customers.

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 on a value basis and actively managing these assets 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 management discussion and analysis (“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. When used in this MD&A, 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 is included in this MD&A and includes statements made in this MD&A in sections entitled “Dividend Policy of the Company,” “Liquidity and Capital Resources,” and “Market Outlook” 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. 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 MD&A. 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. 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; the 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 the Annual Report dated February 10, 2021 and in each of the Annual Information Form dated March 26, 2021 and the Management Information Circular dated March 26, 2021 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 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 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.

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Net Income / (Loss)
(unaudited)

<i>Three Months Ended</i> <i>(CAD thousands, except per share data)</i>	March 27, 2021	March 28, 2020
Sales	\$ 25,892	\$ 31,408
Operating costs and expenses		
Cost of sales	17,447	20,861
Selling, administration and other	1,640	2,217
Silviculture	3	1
Depreciation and amortization	62	66
	19,152	23,145
Operating earnings	6,740	8,263
Interest expense, net	(755)	(1,291)
Other items		
Fair value adjustments and other	425	(1,019)
Unrealized exchange gain / (loss) on long-term debt	1,216	(8,210)
Gain on sale of timberlands	72	—
Earnings / (loss) before income taxes	7,698	(2,257)
Current income tax expense	(1,106)	(902)
Deferred income tax expense	(768)	(552)
Net income / (loss)	\$ 5,824	\$ (3,711)
Net income / (loss) per share – basic and diluted	\$ 0.35	\$ (0.22)

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Comprehensive Income
(unaudited)

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 27, 2021	March 28, 2020
Net income / (loss)	\$ 5,824	\$ (3,711)
Other comprehensive (loss) / income		
Items that may be reclassified subsequently to net income:		
Unrealized foreign currency translation (loss) / gain	(1,433)	11,624
Comprehensive income	\$ 4,391	\$ 7,913

Acadian Timber Corp.
Interim Condensed Consolidated Balance Sheets
(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	March 27, 2021	December 31, 2020
Assets		
Current assets		
Cash	\$ 11,202	\$ 10,258
Accounts receivable and other assets	7,869	7,731
Current income taxes receivable	—	415
Inventory	2,675	957
	21,746	19,361
Timber	386,091	388,005
Land, roads, and other fixed assets	99,331	99,892
Intangible asset	6,140	6,140
Total assets	\$ 513,308	\$ 513,398
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,764	\$ 8,640
Current income taxes payable	2,287	—
Dividends payable to shareholders	4,839	4,839
	14,890	13,479
Long-term debt	100,012	101,185
Deferred income tax liabilities	105,613	105,493
Shareholders' equity	292,793	293,241
Total liabilities and shareholders' equity	\$ 513,308	\$ 513,398

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Cash Flows
(unaudited)

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 27, 2021	March 28, 2020
Cash provided by (used for):		
Operating activities		
Net income / (loss)	\$ 5,824	\$ (3,711)
Adjustments to net income / (loss):		
Income tax expense	1,874	1,454
Depreciation and amortization	62	66
Fair value adjustments and other	(425)	1,019
Unrealized exchange (gain) / loss on long-term debt	(1,216)	8,210
Gain on sale of timberlands	(72)	—
Income taxes received	1,586	—
Net change in non-cash working capital balances and other	(1,856)	(306)
	5,777	6,732
Financing activities		
Repayment of short-term debt	—	(7,013)
Issuance of long-term debt	—	19,795
Repayment of long-term debt	—	(9,729)
Deferred financing costs	—	(510)
Dividends paid to shareholders	(4,839)	(4,839)
	(4,839)	(2,296)
Investing activities		
Additions to timber, land, roads, and other fixed assets	(69)	(8)
Proceeds from sale of timberlands	75	—
	6	(8)
Increase in cash during the period	944	4,428
Cash, beginning of period	10,258	7,601
Cash, end of period	\$ 11,202	\$ 12,029

Acadian Timber Corp.
Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>(CAD thousands)</i>	March 27, 2021	March 28, 2020
Net income / (loss)	\$ 5,824	\$ (3,711)
Add (deduct):		
Interest expense, net	755	1,291
Current income tax expense	1,106	902
Deferred income tax expense	768	552
Depreciation and amortization	62	66
Fair value adjustments and other	(425)	1,019
Unrealized exchange (gain) / loss on long-term debt	(1,216)	8,210
Adjusted EBITDA	\$ 6,874	\$ 8,329
Add (deduct):		
Interest paid on debt, net	(712)	(854)
Additions to timber, land, roads, and other fixed assets	(69)	(8)
Gain on sale of timberlands	(72)	—
Proceeds from sale of timberlands	75	—
Current income tax expense	(1,106)	(902)
Free Cash Flow	\$ 4,990	\$ 6,565
Dividends declared	\$ 4,839	\$ 4,839
Payout Ratio	97%	74%