

Investors, analysts and other interested parties may access Acadian Timber Corp.'s 2022 Third Quarter Results conference call and webcast on Thursday, October 27, 2022 at 1:00PM ET. Please register [here](#), or follow the link on our website at www.acadiantimber.com/presentations_and_webcasts, to receive your unique PIN. For those unable to participate, a recorded rebroadcast will be available until 4:00PM ET October 27, 2023.

ACADIAN TIMBER CORP. REPORTS THIRD QUARTER RESULTS

Edmundston, NEW BRUNSWICK – October 26, 2022 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended September 24, 2022 (the “third quarter”).

“Acadian generated solid financial results for the third quarter, despite the challenges posed by increasing costs and limited contractor availability,” commented Adam Sheparski, President and Chief Executive Officer. “Though the greater economic outlook is uncertain, Acadian has experienced steady regional demand and pricing for its key products, which we expect to continue for the remainder of the year and into fiscal 2023.”

Acadian generated \$3.3 million of Free Cash Flow¹ and declared dividends of \$4.9 million to shareholders during the third quarter. Our balance sheet continues to be solid with \$17.1 million of net liquidity¹ as at September 24, 2022, which includes funds available under our credit facilities.

Acadian is committed to health and safety as our number one priority. We believe that emphasizing and achieving good safety performance is a leading indicator of success in the broader business. Acadian’s operations experienced two recordable safety incidents during the quarter among contractors and none among employees. The individuals have made full recoveries and have returned to work. We remain committed to maintaining a culture across the organization that emphasizes the importance of strong safety performance.

¹ This news release makes reference to Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Payout Ratios which are key performance measures in evaluating Acadian’s operations and are important in enhancing investors’ understanding of the Company’s operating 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 our operations while Payout Ratios are used to evaluate Acadian’s ability to fund its distribution using Free Cash Flow. Acadian’s management defines Adjusted EBITDA as net income before interest, income taxes, fair value adjustments, recovery of or impairment of land and roads, unrealized exchange gain/loss on long-term debt and depreciation and amortization, and defines Adjusted EBITDA margin as Adjusted EBITDA as a percentage of Acadian’s sales. Acadian’s management defines Free Cash Flow as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of timberlands and fixed assets (proceeds less gains or losses). 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. We have provided in this news release reconciliations of net income, as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow. Reference is also made to net liquidity which includes cash 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 standardized meanings prescribed by International Financial Reporting Standards (“IFRS”), they may not be comparable to similar measures presented by other companies. Please refer to Management’s Discussion and Analysis for further details.

Review of Operations

Financial and Operating Highlights

| <i>(CAD thousands, except per share information)</i> | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 24, 2022 | September 25, 2021 | September 24, 2022 | September 25, 2021 |
| Sales volume (000s m ³) | 229.4 | 270.9 | 687.3 | 772.2 |
| Sales | \$ 23,594 | \$ 24,488 | \$ 66,718 | \$ 69,783 |
| Operating income | 4,406 | 5,011 | 13,928 | 15,591 |
| Net income | 4,831 | 344 | 13,505 | 12,143 |
| Adjusted EBITDA | \$ 4,480 | \$ 5,394 | \$ 14,136 | \$ 16,172 |
| Adjusted EBITDA margin | 19% | 22% | 21% | 23% |
| Free Cash Flow | \$ 3,260 | \$ 3,853 | \$ 10,151 | \$ 11,784 |
| Dividends declared | 4,876 | 4,840 | 14,571 | 14,518 |
| Dividends paid in cash | 3,721 | 4,840 | 12,281 | 14,518 |
| Payout Ratio | 150% | 126% | 144% | 123% |
| Payout Ratio with DRIP | 114% | n/a | 121% | n/a |
| Per share – basic and diluted | | | | |
| Net income | \$ 0.29 | \$ 0.02 | \$ 0.81 | \$ 0.73 |
| Free Cash Flow | 0.19 | 0.23 | 0.61 | 0.71 |
| Dividends declared | 0.29 | 0.29 | 0.87 | 0.87 |
| Book value | 17.55 | 17.41 | 17.55 | 17.41 |
| Common shares outstanding | 16,812,357 | 16,686,916 | 16,812,357 | 16,686,916 |
| Weighted average shares outstanding | 16,797,722 | 16,686,916 | 16,740,531 | 16,686,916 |

During the third quarter, Acadian generated sales of \$23.6 million, compared to \$24.5 million in the prior year period. Weighted average selling price, excluding biomass, increased 11% year-over-year, benefiting from strong sawlog prices and improved pulpwood prices driven by strong demand, as well as the partial recovery of rising fuel costs from our customers.

Sales volume, excluding biomass, decreased 15% primarily as a result of limited contractor availability in the third quarter. Biomass sales volume decreased 21% due to unfavourable market conditions.

Operating costs and expenses were \$19.2 million during the third quarter, compared to \$19.5 million during the prior year period. This year-over-year decrease reflects lower harvesting and timber services activity offset by higher contractor costs and fuel prices. Weighted average variable costs, excluding biomass, increased 14% primarily as a result of higher contractor and fuel costs.

Net income for the third quarter totaled \$4.8 million, or \$0.29 per share, compared to \$0.3 million, or \$0.02 per share, in the same period of 2021. Lower operating income and gain on sales of timberlands and other fixed assets in the third quarter of 2022 were offset by higher fair value adjustments on timberlands as compared to the prior year period, and changes in the non-cash unrealized foreign exchange loss on long-term debt. As a result of the application of hedge accounting effective January 1, 2022 the unrealized foreign exchange gains and losses are now recorded in other comprehensive income.

Adjusted EBITDA was \$4.5 million during the third quarter compared to \$5.4 million in the prior year period. Adjusted EBITDA margin for the quarter was 19% compared to 22% in the prior year period. Free Cash Flow was \$3.3 million, being \$0.6 million lower than the prior year period.

During the first nine months of 2022, Acadian generated sales of \$66.7 million compared to \$69.8 million in the prior year period. The weighted average selling price, excluding biomass, increased 11%, however, sales volume, excluding biomass, decreased 9%. Operating costs and expenses of \$52.8 million were \$1.4 million lower year-over-year. Adjusted EBITDA of \$14.1 million was \$2.1 million lower compared to the prior year period.

For the nine months ended September 24, 2022, net income was \$13.5 million, or \$0.81 per share, which represents an increase of \$1.4 million compared to the prior year period. Lower operating income and gain on sales of timberlands and other fixed assets were offset by higher fair value adjustments on timberlands as compared to the prior year period.

Segment Performance

New Brunswick Timberlands

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

| | Three Months Ended | | Nine Months Ended | |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 24, 2022 | September 25, 2021 | September 24, 2022 | September 25, 2021 |
| Harvest (000s m ³) | | | | |
| Softwood | 103.7 | 98.6 | 280.1 | 237.8 |
| Hardwood | 64.9 | 80.3 | 175.6 | 240.1 |
| Biomass | 23.0 | 31.7 | 52.5 | 82.7 |
| Total | 191.6 | 210.6 | 508.2 | 560.6 |
| Sales (000s m ³) | | | | |
| Softwood | 105.9 | 99.3 | 287.2 | 240.7 |
| Hardwood | 62.9 | 78.2 | 178.7 | 241.2 |
| Biomass | 23.0 | 31.7 | 52.5 | 82.7 |
| Total | 191.8 | 209.2 | 518.4 | 564.6 |
| Sales Mix | | | | |
| Softwood | 55% | 47% | 56% | 43% |
| Hardwood | 33% | 37% | 34% | 43% |
| Biomass | 12% | 16% | 10% | 14% |
| Total | 100% | 100% | 100% | 100% |
| Results (\$000s) | | | | |
| Softwood | \$ 7,231 | \$ 6,420 | \$ 19,428 | \$ 15,451 |
| Hardwood | 5,580 | 5,718 | 15,726 | 18,005 |
| Biomass | 1,064 | 1,162 | 2,372 | 3,249 |
| Total | 13,875 | 13,300 | 37,526 | 36,705 |
| Timber services and other | 6,042 | 6,037 | 13,944 | 16,816 |
| Sales | \$ 19,917 | \$ 19,337 | \$ 51,470 | \$ 53,521 |
| Adjusted EBITDA | \$ 4,577 | \$ 4,422 | \$ 11,955 | \$ 13,417 |
| Adjusted EBITDA margin | 23% | 23% | 23% | 25% |

Sales for New Brunswick Timberlands were \$19.9 million compared to \$19.3 million during the prior year period. Sales volume, excluding biomass, decreased by 5% primarily due to limited contractor availability in the current period. Biomass sales volume decreased 27% as compared to the prior year period due to unfavourable market conditions.

The weighted average selling price, excluding biomass, for the third quarter was \$75.87 per m³, or 11% higher than the prior year period, as a result of strong sawlog and pulpwood prices, driven by strong demand, as well as fuel cost recovery from customers. Biomass pricing was up 26% year-over-year.

Operating costs and expenses were \$15.4 million during the third quarter, compared to \$15.0 million in the prior year period due to higher contractor costs and fuel prices, offset by lower harvesting activity and timber services activity. Weighted

average variable costs, excluding biomass, increased 14% primarily as a result of higher contractor and fuel costs compared to the prior year period.

Adjusted EBITDA for the quarter was \$4.6 million compared to \$4.4 million in the prior year period and Adjusted EBITDA margin was 23% which is consistent with the prior year period.

During the first nine months of 2022, New Brunswick Timberlands' sales of \$51.5 million decreased 4% from the prior year period. The weighted average selling price, excluding biomass, increased 9%, however sales volume, excluding biomass, decreased 3% year-over-year. Operating costs and expenses of \$39.6 million during the first nine months of 2022 were \$0.6 million lower than the prior year period due lower harvesting activity, partially offset by higher contractor and fuel costs. Adjusted EBITDA was \$12.0 million compared to \$13.4 million in the first nine months of 2021, and Adjusted EBITDA margin decreased to 23% from 25%.

Maine Timberlands

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

| | Three Months Ended | | Nine Months Ended | |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 24, 2022 | September 25, 2021 | September 24, 2022 | September 25, 2021 |
| Harvest (000s m ³) | | | | |
| Softwood | 24.6 | 44.6 | 121.2 | 148.2 |
| Hardwood | 11.9 | 18.9 | 39.6 | 55.8 |
| Biomass | 2.0 | – | 5.2 | 0.6 |
| Total | 38.5 | 63.5 | 166.0 | 204.6 |
| Sales (000s m ³) | | | | |
| Softwood | 24.6 | 44.7 | 121.2 | 148.2 |
| Hardwood | 11.0 | 17.0 | 42.5 | 58.8 |
| Biomass | 2.0 | – | 5.2 | 0.6 |
| Total | 37.6 | 61.7 | 168.9 | 207.6 |
| Sales Mix | | | | |
| Softwood | 66% | 72% | 72% | 71% |
| Hardwood | 29% | 28% | 25% | 28% |
| Biomass | 5% | 0% | 3% | 1% |
| Total | 100% | 100% | 100% | 100% |
| Results (\$000s) | | | | |
| Softwood | \$ 2,328 | \$ 3,518 | \$ 10,777 | \$ 11,091 |
| Hardwood | 1,090 | 1,460 | 3,943 | 4,765 |
| Biomass | 3 | 2 | 13 | 10 |
| Total | 3,421 | 4,980 | 14,733 | 15,866 |
| Timber services and other | 256 | 171 | 515 | 396 |
| Sales | \$ 3,677 | \$ 5,151 | \$ 15,248 | \$ 16,262 |
| Adjusted EBITDA | \$ 234 | \$ 1,337 | \$ 3,350 | \$ 3,789 |
| Adjusted EBITDA margin | 6% | 26% | 22% | 23% |

Sales for Maine Timberlands during the third quarter totaled \$3.7 million compared to \$5.2 million in the prior year period. Sales volume, excluding biomass, decreased 42% reflecting limited contractor availability in the current year period.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$95.97 per m³, compared to \$80.87 per m³ during the same period of 2021. In U.S dollar terms, the weighted average selling price, excluding biomass, was \$73.58 per m³, compared to \$64.30 per m³ in 2021 with higher prices across all products benefiting from favourable market dynamics, as well as fuel cost recovery from customers.

Operating costs and expenses for the third quarter were \$3.5 million, compared to \$4.2 million during the same period in 2021, primarily due to lower harvesting activity offset by higher contractor costs and fuel prices. Weighted average variable costs, excluding biomass, increased 25% primarily as a result of higher contractor and fuel costs.

Adjusted EBITDA for the quarter was \$0.2 million compared to \$1.3 million in the prior year period, and Adjusted EBITDA margin was 6% compared to 26% in the prior year period, primarily due to lower harvesting activity.

During the first nine months of 2022, sales for Maine Timberlands were \$15.2 million compared to \$16.3 million in the prior year period. The weighted average selling price, excluding biomass, increased 17% in Canadian dollar terms, and 15% in U.S. dollar terms, however, sales volume, excluding biomass, decreased 21% year-over-year due to limited contractor availability. Operating costs and expenses of \$12.0 million during the first nine months of 2022 were 8% lower than the \$12.9 million in the prior year period, as a result of lower harvesting activity partially offset by higher contractor fuel costs.

Outlook²

The North American economic outlook remains uncertain. With interest rates rising, as well as housing sales and price growth slowing, consensus forecast has been lowered to approximately 1.55 million U.S. housing starts in 2022 and 1.40 million in 2023 as compared to 1.60 million in 2021. These estimates, however, are still above historical levels. Accordingly, we remain confident that the stability of the northeast forestry sector combined with the long-term demand for new homes and repair and remodel activity will support the demand for, and pricing of, our products.

Though likely to decelerate, inflation is expected to remain a challenge in the near term and to continue to exert pressure on our financial results through increased contractor rates and fuel surcharges that we pay our contractors. The recovery of some of the incremental cost from our customers beginning in the second quarter is expected to continue to mitigate some of this impact.

Although softwood lumber pricing has decreased from its historic levels, demand for softwood sawlogs remains stable in the regions in which Acadian operates and, therefore, strong pricing is expected through the remainder of the year. The implementation of a new Crown timber royalty rate system as announced during the quarter by the Province of New Brunswick will not have an immediate material direct impact to Acadian's net earnings, however, the new system may impact future market prices and in turn, the prices obtained by Acadian for products from its freehold timberlands going forward.

End use hardwood markets remain stable throughout the northeast. Demand and pricing for high grade hardwood sawlogs are starting to be pressured by some uncertainty in the end use hardwood markets. However, as we exit the third quarter, Acadian expects stable demand and pricing for its hardwood sawlogs to close out 2022.

Hardwood and softwood pulpwood markets have continued improving and are expected to remain at improved levels throughout the remainder of 2022 and into 2023.

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 January 15, 2023 to shareholders of record on December 31, 2022.

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² The following contains forward-looking information about Acadian Timber Corp.'s outlook for the remainder of 2022. 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 document and in our Annual Information Form available on our website at www.acadiantimber.com or www.sedar.com.

Acadian Timber Corp. 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, 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 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 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 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. Forward-looking information is included in this News Release and includes statements made in the section entitled "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. 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. Actual results may vary. These forward-looking statements include, but are not limited to:

- *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 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.*

Other risks and factors are discussed under the heading "Risk Factors" in the Annual Report dated February 9, 2022, and in each of the Annual Information Form dated March 25, 2022 and the Management Information Circular dated March 25, 2022 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. 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 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 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> | September 24, 2022 | December 31, 2021 |
|---|---------------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 3,766 | \$ 7,316 |
| Accounts receivable and other assets | 13,512 | 8,386 |
| Current income taxes receivable | 492 | 104 |
| Inventory | 943 | 1,450 |
| | 18,713 | 17,256 |
| Timber | 409,852 | 394,063 |
| Land, roads, and other fixed assets | 102,412 | 99,183 |
| Intangible asset | 6,140 | 6,140 |
| Total assets | \$ 537,117 | \$ 516,642 |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 12,244 | \$ 8,800 |
| Dividends payable to shareholders | 4,876 | 4,839 |
| | 17,120 | 13,639 |
| Long-term debt | 108,115 | 100,888 |
| Deferred income tax liabilities, net | 116,780 | 110,630 |
| Total liabilities | 242,015 | 225,157 |
| Shareholders' equity | 295,102 | 291,485 |
| Total liabilities and shareholders' equity | \$ 537,117 | \$ 516,642 |

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Net Income

(unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 24, 2022 | September 25, 2021 | September 24, 2022 | September 25, 2021 |
| <i>(CAD thousands, except per share data)</i> | | | | |
| Sales | \$ 23,594 | \$ 24,488 | \$ 66,718 | \$ 69,783 |
| Operating costs and expenses | | | | |
| Cost of sales | 16,266 | 16,778 | 45,368 | 47,406 |
| Selling, administration and other | 2,027 | 1,867 | 5,921 | 5,565 |
| Silviculture | 821 | 766 | 1,307 | 1,029 |
| Depreciation and amortization | 74 | 66 | 194 | 192 |
| | 19,188 | 19,477 | 52,790 | 54,192 |
| Operating income | 4,406 | 5,011 | 13,928 | 15,591 |
| Interest expense, net | (795) | (748) | (2,295) | (2,230) |
| Other items | | | | |
| Fair value adjustments and other | 3,027 | 111 | 7,185 | 2,591 |
| Unrealized exchange gain on long-term debt | — | (3,088) | — | 416 |
| Gain on sale of timberlands and other fixed assets | — | 317 | 14 | 389 |
| Income before income taxes | 6,638 | 1,603 | 18,832 | 16,757 |
| Income tax expense | (1,807) | (1,259) | (5,327) | (4,614) |
| Net income | \$ 4,831 | \$ 344 | \$ 13,505 | \$ 12,143 |
| Net income per share – basic and diluted | \$ 0.29 | \$ 0.02 | \$ 0.81 | \$ 0.73 |

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Comprehensive Income

(unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--|-------------------------------|-----------------------|-------------------------------|-----------------------|
| | September 24, 2022 | September 25, 2021 | September 24, 2022 | September 25, 2021 |
| <i>(CAD thousands)</i> | | | | |
| Net income | \$ 4,831 | \$ 344 | \$ 13,505 | \$ 12,143 |
| Other comprehensive income / (loss) | | | | |
| Items that may be reclassified subsequently to net income: | | | | |
| Unrealized foreign currency translation gain / (loss) | 1,775 | 4,315 | 2,455 | (303) |
| Comprehensive income | \$ 6,606 | \$ 4,659 | \$ 15,960 | \$ 11,840 |

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

| <i>(CAD thousands)</i> | Three Months Ended | | Nine Months Ended | |
|---|-------------------------------|-----------------------|-------------------------------|-----------------------|
| | September 24, 2022 | September 25, 2021 | September 24, 2022 | September 25, 2021 |
| Cash provided by (used for): | | | | |
| Operating activities | | | | |
| Net income | \$ 4,831 | \$ 344 | \$ 13,505 | \$ 12,143 |
| Adjustments to net income: | | | | |
| Income tax expense | 1,807 | 1,259 | 5,327 | 4,614 |
| Depreciation and amortization | 74 | 66 | 194 | 192 |
| Fair value adjustments and other | (3,027) | (111) | (7,185) | (2,591) |
| Unrealized exchange loss / (gain) on long-term debt | — | 3,088 | — | (416) |
| Gain on sale of timberlands and other fixed assets | — | (317) | (14) | (389) |
| Income taxes paid | (1,175) | (1,110) | (1,858) | (1,642) |
| Net change in non-cash working capital balances and other | (1,666) | 4,031 | (1,001) | 2,694 |
| | 844 | 7,250 | 8,968 | 14,605 |
| Financing activities | | | | |
| Dividends paid to shareholders | (3,721) | (4,840) | (12,281) | (14,518) |
| Investing activities | | | | |
| Additions to timber, land, roads, and other fixed assets | (148) | (148) | (251) | (305) |
| Proceeds from sale of timberlands and other fixed assets | — | 339 | 14 | 414 |
| | (148) | 191 | (237) | 109 |
| (Decrease) increase in cash during the period | (3,025) | 2,601 | (3,550) | 196 |
| Cash, beginning of period | 6,791 | 7,853 | 7,316 | 10,258 |
| Cash, end of period | \$ 3,766 | \$ 10,454 | \$ 3,766 | \$ 10,454 |

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

| <i>(CAD thousands)</i> | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|----------------------|
| | September 24, 2022 | September 25, 2021 | September 24, 2022 | September 25 2021 |
| Net income | \$ 4,831 | \$ 344 | \$ 13,505 | \$ 12,143 |
| Add / (deduct): | | | | |
| Interest expense, net | 795 | 748 | 2,295 | 2,230 |
| Income tax expense | 1,807 | 1,259 | 5,327 | 4,614 |
| Depreciation and amortization | 74 | 66 | 194 | 192 |
| Fair value adjustments and other | (3,027) | (111) | (7,185) | (2,591) |
| Unrealized exchange loss / (gain) on long-term debt | — | 3,088 | — | (416) |
| Adjusted EBITDA | \$ 4,480 | \$ 5,394 | \$ 14,136 | \$ 16,172 |
| Add / (deduct): | | | | |
| Interest paid on debt, net | (765) | (717) | (2,204) | (2,125) |
| Additions to timber, land, roads, and other fixed assets | (148) | (148) | (251) | (305) |
| Gain on sale of timberlands and other fixed assets | — | (317) | (14) | (389) |
| Proceeds from sale of timberlands and other assets | — | 339 | 14 | 414 |
| Current income tax expense | (307) | (698) | (1,530) | (1,983) |
| Free Cash Flow | \$ 3,260 | \$ 3,853 | \$ 10,151 | \$ 11,784 |
| Dividends declared | 4,876 | 4,840 | 14,571 | 14,518 |
| Dividends paid in cash | 3,721 | 4,840 | 12,281 | 14,518 |
| Payout Ratio | 150% | 126% | 144% | 123% |
| Payout Ratio with DRIP | 114% | n/a | 121% | n/a |