

Investors, analysts and other interested parties may access Acadian Timber Corp.'s 2022 Fourth Quarter Results conference call and webcast on Thursday, February 9, 2023 at 1:00PM ET. Please register [here](#), or follow the link on our website at [www.acadiantimber.com/presentations\\_and\\_webcasts](http://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 February 9, 2024.

## ACADIAN TIMBER CORP. REPORTS FOURTH QUARTER AND YEAR-END RESULTS

**Edmundston, NEW BRUNSWICK – February 8, 2023** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months and full year ended December 31, 2022.

“While 2022 presented a challenging operating year for Acadian due to limited contractor availability, demand for our products remained strong and pricing continued to increase throughout the year. Costs were elevated across the business, however, we are proud of the continued efforts and success of our management team in controlling or recovering these costs from our customers,” commented Adam Sheparski, President and Chief Executive Officer. “As we enter our busiest season, we have already begun to increase contractor capacity with expectations of improvement in 2023, which we believe will make us well-positioned to take advantage of the opportunities presented by current regional market conditions.”

Adjusted EBITDA for the year was \$18.2 million, compared to \$22.5 million in 2021. Acadian generated \$12.2 million of Free Cash Flow during the year, compared to \$16.9 million in 2021, and declared dividends of \$19.5 million or \$1.16 per share to our shareholders. Acadian’s balance sheet remains solid with \$19.5 million of net liquidity as at December 31, 2022, which includes funds available under our credit facilities.

On February 8, 2023, the Company renewed its Normal Course Issuer Bid by filing a notice of intention with the Toronto Stock Exchange (“TSX”) to purchase for cancellation up to 847,944 common shares representing 5% of the 16,958,881 common shares outstanding as of January 31, 2023, subject to regulatory approval. The purchases will be made through the facilities of the TSX and/or any alternative Canadian trading systems to the extent they are eligible. The price that the Company will pay for any such shares will be the market price at the time of acquisition. The Company believes that repurchasing shares at the prevailing market prices from time to time is a worthwhile use of funds and in the best interests of the Company and its shareholders. Purchases may commence on February 14, 2023 and shall terminate not later than February 13, 2024. Based on average daily trading volume (“ADTV”) of 7,860 over the last six months, daily purchases will be limited to 1,965 common shares (25% of the ADTV of the common shares), other than block purchase exemptions.

Under the Company’s current NCIB, which commenced on February 14, 2022 and expires on February 13, 2023, the Company received approval from the TSX to purchase up to 834,345 common shares representing 5.0% of those outstanding as of February 3, 2022. The Company has not purchased any of its common shares over the past 12 months.

<sup>1</sup> 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 and depreciation and amortization, and “Adjusted EBITDA margin” as Adjusted EBITDA as a percentage of Acadian’s sales. 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 timberlands and fixed assets (proceeds less gains or losses). Reference made to “Payout Ratio” is defined as dividends declared divided by Free Cash Flow, and Payout Ratio with DRIP is defined as dividends paid in cash divided by Free Cash Flow. We have provided in this news release reconciliations of net income, as determined in accordance with International Financial Reporting Standards (“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 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		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Sales volume (000s m <sup>3</sup> )	<b>230.5</b>	290.1	<b>917.8</b>	1,062.3
Sales	\$ <b>23,755</b>	\$ 25,946	\$ <b>90,473</b>	\$ 95,729
Operating income	<b>3,937</b>	6,166	<b>17,865</b>	21,757
Net income	<b>22,002</b>	6,541	<b>35,507</b>	18,684
Adjusted EBITDA	\$ <b>4,058</b>	\$ 6,315	\$ <b>18,194</b>	\$ 22,487
Adjusted EBITDA margin	<b>17%</b>	24%	<b>20%</b>	23%
Free Cash Flow	\$ <b>2,000</b>	\$ 5,149	\$ <b>12,151</b>	\$ 16,933
Dividends declared	<b>4,897</b>	4,839	<b>19,468</b>	19,357
Dividends paid in cash	<b>3,721</b>	4,839	<b>16,002</b>	19,357
Payout Ratio	<b>245%</b>	94%	<b>160%</b>	114%
Payout Ratio with DRIP	<b>186%</b>	n/a	<b>132%</b>	n/a
Per share – basic and diluted				
Net income	\$ <b>1.30</b>	\$ 0.39	\$ <b>2.11</b>	\$ 1.12
Free Cash Flow	<b>0.12</b>	0.31	<b>0.72</b>	1.01
Dividends declared	<b>0.29</b>	0.29	<b>1.16</b>	1.16

#### Three Months Ended December 31, 2022

Acadian generated sales of \$23.8 million, compared to \$25.9 million in the prior year period. Sales volume, excluding biomass, decreased 26% primarily due to contractor availability which resulted in lower harvesting activity, combined with unfavourable weather conditions. Biomass sales volume increased 25% due to favourable market conditions. The weighted average selling price, excluding biomass, increased 17% year-over-year, benefiting from strong demand for all products.

Operating costs and expenses were \$19.8 million during the fourth quarter, consistent with the fourth quarter of 2021. Weighted average variable costs, excluding biomass, increased 27% reflecting higher contractor rates and fuel cost adjustments paid to contractors.

Adjusted EBITDA was \$4.1 million during the fourth quarter, compared to \$6.3 million in the prior year period and Adjusted EBITDA margin for the quarter was 17% compared to 24% in the prior year period. The year-over-year decrease is primarily driven by reduced sales volumes, particularly in Maine, and increased variable costs. Free Cash Flow was \$2.0 million compared to \$5.1 million in the same period of 2021.

Net income for the fourth quarter totaled \$22.0 million, or \$1.30 per share, compared to \$6.5 million, or \$0.39 per share in the same period of 2021. The increase in net income was largely due to the impact of higher gains on non-cash fair value adjustments in 2022 compared to 2021, resulting from the increased fair value of our timberlands, offset by lower operating income due to lower harvesting activity.

*Year Ended December 31, 2022*

Acadian generated sales of \$90.5 million, compared to \$95.7 million in the prior year as a result of decreased sales volumes, partially offset by increased pricing. Although demand for softwood sawlogs remained stable and demand for hardwood sawlogs, hardwood pulpwood and softwood pulpwood strengthened throughout the year, sales volume, excluding biomass, decreased 13% primarily as a result of limited contractor availability. Acadian's weighted average selling price, excluding biomass, increased 12% due to strong demand across all products as well as the partial recovery of elevated fuel costs from our customers.

Operating costs and expenses were \$72.6 million during 2022, compared to \$74.0 million in the prior year, reflecting lower harvesting and timber services activity partially offset by higher contractor costs. Weighted average variable costs, excluding biomass, increased 16% due to higher contractor rates and fuel prices.

Adjusted EBITDA for the year ended December 31, 2022 was \$18.2 million, compared to \$22.5 million in the prior year, while Adjusted EBITDA margin was 20% compared to 23% in the prior year. Key factors impacting the year-over-year decrease in Adjusted EBITDA were lower harvesting volumes due to contractor availability, higher contractor rates and fuel costs, and lower gains on sales of land, partially offset by strong pricing for products. Free Cash Flow was \$12.2 million compared to \$16.9 million in 2021.

Net income for the year ended December 31, 2022 totaled \$35.5 million, or \$2.11 per share, compared to net income of \$18.7 million, or \$1.12 per share, in 2021. Net income was primarily impacted by higher gains on non-cash fair value adjustments in 2022 compared to 2021 resulting from the increased fair value of our timberlands.

**Segment Performance**

*New Brunswick Timberlands*

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

<i>Three Months Ended December 31, 2022</i>				
<i>(CAD thousands)</i>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results
Softwood	<b>93.8</b>	<b>94.5</b>	<b>53%</b>	<b>\$ 6,523</b>
Hardwood	<b>60.8</b>	<b>51.8</b>	<b>29%</b>	<b>5,334</b>
Biomass	<b>32.6</b>	<b>32.6</b>	<b>18%</b>	<b>1,313</b>
	<b>187.2</b>	<b>178.9</b>	<b>100%</b>	<b>13,170</b>
Timber services and other sales				<b>5,389</b>
Sales				<b>\$ 18,559</b>
Adjusted EBITDA				<b>\$ 3,738</b>
Adjusted EBITDA margin				<b>20%</b>

<i>Three Months Ended December 31, 2021</i>				
<i>(CAD thousands)</i>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results
Softwood	102.5	98.0	51%	\$ 6,029
Hardwood	70.0	64.2	34%	5,550
Biomass	28.2	28.2	15%	980
	200.7	190.4	100%	12,559
Timber services and other sales				5,420
Sales				\$ 17,979
Adjusted EBITDA				\$ 4,458
Adjusted EBITDA margin				25%

Sales for New Brunswick Timberlands were \$18.6 million compared to \$18.0 million during the prior year period. Sales volume, excluding biomass, decreased 10% primarily due to the impacts of contractor availability on hauling activity. Reduced sawlog and hardwood pulpwood sales, and lower timber services activity, was partially offset by an increase in softwood pulpwood sales. Biomass sales volume increased 15% during the quarter due to favourable market conditions. The weighted average selling price, excluding biomass, for the fourth quarter was \$81.05 per m<sup>3</sup>, or 14% higher than the prior year period, as a result of strong pricing across all products.

Operating costs and expenses were \$14.9 million during the fourth quarter, compared to \$13.6 million in the prior year period due to higher contractor costs and higher land management costs. Weighted average variable costs, excluding biomass, increased 29% reflecting higher contractor rates and fuel adjustment costs paid to contractors compared to the prior year period.

Adjusted EBITDA for the quarter was \$3.8 million compared to \$4.6 million during the prior year period and Adjusted EBITDA margin was 20% compared to 25% in the prior year period. Adjusted EBITDA and Adjusted EBITDA margin were impacted by lower sales volume and higher operating costs in the fourth quarter as compared to the prior year period.

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

<i>Year Ended December 31, 2022</i>				
<i>(CAD thousands)</i>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results
Softwood	<b>373.9</b>	<b>381.7</b>	<b>55%</b>	<b>\$ 25,951</b>
Hardwood	<b>236.4</b>	<b>230.5</b>	<b>33%</b>	<b>21,060</b>
Biomass	<b>85.1</b>	<b>85.1</b>	<b>12%</b>	<b>3,685</b>
	<b>695.4</b>	<b>697.3</b>	<b>100%</b>	<b>50,696</b>
Timber services and other sales				<b>19,333</b>
Sales				<b>\$ 70,029</b>
Adjusted EBITDA				<b>\$ 15,693</b>
Adjusted EBITDA margin				<b>22%</b>
<i>Year Ended December 31, 2021</i>				
<i>(CAD thousands)</i>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results
Softwood	340.3	338.7	45%	\$ 21,480
Hardwood	310.1	305.4	40%	23,555
Biomass	110.9	110.9	15%	4,229
	761.3	755.0	100%	49,264
Timber services and other sales				22,236
Sales				\$ 71,500
Adjusted EBITDA				\$ 17,876
Adjusted EBITDA margin				25%

Sales for New Brunswick Timberlands totaled \$70.0 million, compared to \$71.5 million in 2021. Sales volume, excluding biomass, decreased 5% primarily due to contractor availability which limited hauling activity. Biomass sales volume decreased 23% due to less favourable market conditions.

The weighted average selling price, excluding biomass, for the year was \$76.79 per m<sup>3</sup>, 10% higher year-over-year, as a result of strong prices across all products driven by demand, as well as fuel cost recovery from customers.

Operating costs and expenses were \$54.5 million during 2022, compared to \$53.8 million in the prior year due to higher contractor costs and higher land management costs. Weighted average variable costs, excluding biomass, increased 18% compared to the prior year due to higher contractor rates and fuel cost adjustments paid to contractors.

Adjusted EBITDA for the year ended December 31, 2022 was \$15.7 million, compared to \$17.9 million in the prior year, while Adjusted EBITDA margin was 22% compared to 25% during the prior year.

#### Maine Timberlands

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

<i>Three Months Ended December 31, 2022</i>				
<i>(CAD thousands)</i>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results
Softwood	<b>29.8</b>	<b>29.6</b>	<b>57%</b>	<b>\$ 3,144</b>
Hardwood	<b>20.3</b>	<b>18.4</b>	<b>36%</b>	<b>1,859</b>
Biomass	<b>3.6</b>	<b>3.6</b>	<b>7%</b>	<b>9</b>
	<b>53.7</b>	<b>51.6</b>	<b>100%</b>	<b>5,012</b>
Other sales				<b>184</b>
Sales				<b>\$ 5,196</b>
Adjusted EBITDA				<b>\$ 804</b>
Adjusted EBITDA margin				<b>15%</b>

  

<i>Three Months Ended December 31, 2021</i>				
<i>(CAD thousands)</i>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results
Softwood	73.5	73.5	74%	\$ 5,653
Hardwood	27.4	25.4	25%	2,150
Biomass	0.8	0.8	1%	5
	101.7	99.7	100%	7,808
Other sales				159
Sales				\$ 7,967
Adjusted EBITDA				\$ 2,098
Adjusted EBITDA margin				26%

Sales for Maine Timberlands during the fourth quarter totaled \$5.2 million compared to \$8.0 million in the prior year period. Sales volume, excluding biomass, decreased by 52% compared to the same period of 2021, primarily due to contractor availability which limited harvesting and hauling activity but was also impacted by unfavourable weather conditions.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$104.38 per m<sup>3</sup>, or 32% higher than the same period of 2021. In U.S dollar terms, the weighted average selling price, excluding biomass, was \$76.83 per m<sup>3</sup>, compared to \$62.56 per m<sup>3</sup> in 2021 with higher prices across all products benefiting from favourable market dynamics.

Operating costs and expenses for the fourth quarter were \$4.5 million, compared to \$6.0 million during the same period in 2021 as a result of lower harvesting activity offset by higher land management costs. Weighted average variable costs, excluding biomass, increased 32% primarily as a result of higher contractor rates and fuel adjustment costs paid to contractors.

Adjusted EBITDA for the quarter was \$0.8 million compared to \$2.1 million during the prior year period and Adjusted EBITDA margin was 15% compared to 26% in the prior year period. The decrease year-over-year was primarily the result of lower harvesting activity combined with higher land management costs.

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

<i>Year Ended December 31, 2022</i>				
<i>(CAD thousands)</i>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results
Softwood	<b>151.0</b>	<b>150.8</b>	<b>68%</b>	<b>\$ 13,921</b>
Hardwood	<b>59.9</b>	<b>60.9</b>	<b>28%</b>	<b>5,802</b>
Biomass	<b>8.8</b>	<b>8.8</b>	<b>4%</b>	<b>22</b>
	<b>219.7</b>	<b>220.5</b>	<b>100%</b>	<b>19,745</b>
Other sales				<b>699</b>
Sales				<b>\$ 20,444</b>
Adjusted EBITDA				<b>\$ 4,154</b>
Adjusted EBITDA margin				<b>20%</b>
<i>Year Ended December 31, 2021</i>				
<i>(CAD thousands)</i>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results
Softwood	221.7	221.7	72%	\$ 16,744
Hardwood	83.2	84.2	27%	6,915
Biomass	1.4	1.4	1%	15
	306.3	307.3	100%	23,674
Other sales				555
Sales				\$ 24,229
Adjusted EBITDA				\$ 5,887
Adjusted EBITDA margin				24%

Sales for Maine Timberlands were \$20.4 million compared to \$24.2 million in 2021. Sales volume, excluding biomass, decreased by 31% due to contractor availability which limited harvesting and hauling activity as well as unfavourable weather conditions in the fourth quarter.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$93.18 per m<sup>3</sup>, compared to \$77.35 per m<sup>3</sup> in 2021. In U.S dollar terms, the weighted average selling price, excluding biomass, was \$71.82 per m<sup>3</sup>, compared to \$61.52 per m<sup>3</sup> 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 2022 were \$16.4 million, compared to \$18.9 million in 2021 due to lower harvesting activity. Weighted average variable costs, excluding biomass, increased 17% primarily as a result of higher contractor rates and fuel cost adjustments paid to contractors.

Adjusted EBITDA for the year ended December 31, 2022 was \$4.2 million compared to \$5.9 million in the prior year and Adjusted EBITDA margin was 20% compared to 24% during the prior year.

## Outlook

Following a series of interest rate increases during 2022 in an effort to curb inflation, housing sales and price growth have slowed, and consensus forecast has been lowered to approximately 1.24 million U.S. housing starts in 2023 as compared to 1.55 million in 2022. These estimates are consistent with pre-pandemic historical levels.

Accordingly, we remain confident that the stability of the northeastern 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. However, given the short-term pressures from end use markets, we may experience pricing pressure.

Though decelerating, inflation is expected to remain a challenge in the near term and to continue to exert pressure on our financial results through elevated contractor rates and fuel surcharges that we pay our contractors. Labour shortages resulting in limited contractor availability throughout the region and beyond is expected to continue as the industry works to resolve the issue. We will continue our efforts to recover these incremental costs from our customers, and to support as well as recruit existing and new contractors.

Because demand for Acadian's sawlogs is mainly driven by regional supply and demand of logs, the stable sawlog demand and prices experienced in 2022 are largely expected to continue into 2023. Despite normalized softwood lumber prices we continue to see stability in our softwood log prices. The impact of market uncertainty on hardwood lumber prices may result in a softening of the hardwood log markets, however, prices are expected to remain above historical norms.

Hardwood pulpwood markets are expected to remain strong into 2023 in light of limited regional supply. Softwood pulpwood markets into 2023 are expected to remain at the improved levels experienced in 2022.

On December 2, 2022, Twin Rivers Paper Company ("Twin Rivers") announced that a definitive agreement had been reached to sell its softwood lumber mill in Plaster Rock, New Brunswick to Groupe Lebel. Pending regulatory and provincial review, the transaction is expected to close in the first quarter of 2023. Acadian has significant contracts with Twin Rivers and a positive relationship with Groupe Lebel. We look forward to continuing to build this relationship in this new capacity.

## 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 April 15, 2023 to shareholders of record on March 31, 2023.

\* \* \* \* \*

*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](http://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.*
- *Expectations regarding future contractor availability, which may be impacted by regional supply of trained contractors and changes in the demographics of the available workforce.*

*Other risks and factors are discussed under the heading "Risk Factors" in the Annual Report dated February 8, 2023, and in the Annual Information Form dated March 25, 2022 and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at [www.sedar.com](http://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.**  
**Consolidated Balance Sheets**

(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	<b>December 31, 2022</b>	December 31, 2021
<b>Assets</b>		
Current assets		
Cash	\$ 6,230	\$ 7,316
Accounts receivable and other assets	8,265	8,386
Current income taxes receivable	—	104
Inventory	1,850	1,450
	<b>16,345</b>	17,256
Timber	<b>437,365</b>	394,063
Land, roads, and other fixed assets	<b>87,986</b>	99,183
Intangible asset	<b>6,140</b>	6,140
Total assets	<b>\$ 547,836</b>	\$ 516,642
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 11,206	\$ 8,800
Current income taxes payable	20	—
Dividends payable to shareholders	4,897	4,839
	<b>16,123</b>	13,639
Long-term debt	<b>107,937</b>	100,888
Deferred income tax liabilities, net	<b>120,053</b>	110,630
Total liabilities	<b>244,113</b>	225,157
Shareholders' equity	<b>303,723</b>	291,485
Total liabilities and shareholders' equity	<b>\$ 547,836</b>	\$ 516,642

**Acadian Timber Corp.**  
**Consolidated Statements of Net Income**

(unaudited)

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<i>(CAD thousands, except per share data)</i>				
Sales	\$ 23,755	\$ 25,946	\$ 90,473	\$ 95,729
Operating costs and expenses				
Cost of sales	17,526	17,527	62,894	64,933
Selling, administration and other	2,145	2,057	8,066	7,622
Silviculture	68	127	1,375	1,156
Depreciation and amortization	79	69	273	261
	19,818	19,780	72,608	73,972
Operating income	3,937	6,166	17,865	21,757
Interest expense, net	(803)	(748)	(3,098)	(2,978)
Other items				
Fair value adjustments and other	27,126	4,182	34,311	6,773
Unrealized exchange gain on long-term debt	—	16	—	432
Gain on sale of timberlands and other fixed assets	42	80	56	469
Income before income taxes	30,302	9,696	49,134	26,453
Income tax expense	(8,300)	(3,155)	(13,627)	(7,765)
Net income	\$ 22,002	\$ 6,541	\$ 35,507	\$ 18,684
Net income per share – basic and diluted	\$ 1.30	\$ 0.39	\$ 2.11	\$ 1.12

**Acadian Timber Corp.**  
**Consolidated Statements of Comprehensive Income**

(unaudited)

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<i>(CAD thousands)</i>				
Net income	\$ 22,002	\$ 6,541	\$ 35,507	\$ 18,684
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
(Loss) gain on revaluation of land and roads, net of deferred income tax recovery of \$4,088 (2021 – deferred income tax recovery of \$62)	(10,293)	(483)	(10,293)	(483)
Unrealized foreign currency translation loss	666	(297)	3,121	(600)
	(9,627)	(780)	(7,172)	(1,083)
Comprehensive income	\$ 12,375	\$ 5,761	\$ 28,335	\$ 17,601

**Acadian Timber Corp.**  
**Consolidated Statements of Cash Flows**

(unaudited)

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<i>(CAD thousands)</i>				
Cash provided by (used for):				
<b>Operating activities</b>				
Net income	\$ 22,002	\$ 6,541	\$ 35,507	\$ 18,684
Adjustments to net income:				
Income tax expense	8,300	3,155	13,267	7,769
Depreciation and amortization	79	69	273	261
Fair value adjustments and other	(27,126)	(4,182)	(34,311)	(6,773)
Unrealized exchange gain on long-term debt	—	(16)	—	(432)
Gain on sale of timberlands and other fixed assets	(42)	(80)	(56)	(469)
Income taxes paid	(644)	(475)	(2,502)	(2,117)
Net change in non-cash working capital balances and other	3,698	(3,388)	2,697	(694)
	6,267	1,624	15,235	16,229
<b>Financing activities</b>				
Dividends paid to shareholders	(3,721)	(4,839)	(16,002)	(19,357)
<b>Investing activities</b>				
Additions to timber, land, roads, and other fixed assets	(127)	(28)	(378)	(333)
Proceeds from sale of timberlands and other fixed assets	45	105	59	519
	(82)	77	(319)	186
Increase / (decrease) in cash during the period	2,464	(3,138)	(1,086)	(2,942)
Cash, beginning of period	3,766	10,454	7,316	10,258
<b>Cash, end of period</b>	\$ 6,230	\$ 7,316	\$ 6,230	\$ 7,316

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

(unaudited)

<i>(CAD thousands)</i>	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net income	\$ 22,002	\$ 6,541	\$ 35,507	\$ 18,684
Add / (deduct):				
Interest expense, net	803	748	3,098	2,978
Income tax expense	8,300	3,155	13,627	7,769
Depreciation and amortization	79	69	273	261
Fair value adjustments and other	(27,126)	(4,182)	(34,311)	(6,773)
Unrealized exchange gain on long-term debt	—	(16)	—	(432)
Adjusted EBITDA	\$ 4,058	\$ 6,315	\$ 18,194	\$ 22,487
Add / (deduct):				
Interest paid on debt, net	(772)	(718)	(2,976)	(2,843)
Additions to timber, land, roads, and other fixed assets	(127)	(28)	(378)	(333)
Gain on sale of timberlands and other fixed assets	(42)	(80)	(56)	(469)
Proceeds from sale of timberlands and other fixed assets	45	105	59	519
Current income tax expense	(1,162)	(445)	(2,692)	(2,428)
Free Cash Flow	\$ 2,000	\$ 5,149	\$ 12,151	\$ 16,933
Dividends declared	4,897	4,839	19,468	19,357
Dividends paid in cash	3,721	4,839	16,002	19,357
Payout Ratio	245%	94%	160%	114%
Payout Ratio with DRIP	186%	n/a	132%	n/a