

Investors, analysts and other interested parties may access Acadian Timber Corp.'s 2023 Fourth Quarter Results conference call and webcast on Thursday, February 8, 2024 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 February 8, 2025.

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

Edmundston, NEW BRUNSWICK – February 7, 2024 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended December 31, 2023 (the “fourth quarter”) as well as for the full 2023 fiscal year.

“Acadian performed well and generated solid results for 2023, despite challenges resulting from labour shortages, unfavourable weather conditions, and inflationary pressures. Demand and pricing for our products remained stable, reflecting the favourable attributes of Northeast regional log markets,” commented Adam Sheparsi, President and Chief Executive Officer. “We are also pleased with the progress made early in 2024 toward our growth objectives, including executing our first long-term agreement related to renewable energy.”

Adjusted EBITDA for the year was \$20.6 million, compared to \$18.2 million in 2022. Acadian generated \$15.0 million of Free Cash Flow during the year, compared to \$12.2 million in 2022, and declared dividends of \$19.8 million or \$1.16 per share to our shareholders. Acadian’s balance sheet remains solid with \$14.8 million of net liquidity as at December 31, 2023, which includes funds available under our credit facilities.

Solar Land Lease Agreement

On February 6, 2024, Acadian executed an agreement for the option to lease approximately 10,000 acres of its Maine timberlands for the purpose of the development, construction, operation, and maintenance of a solar powered electric generating facility. The agreement includes inspection, development, construction, and commercial operations terms with escalating leasing fees. The incremental cash flows attributable to the inspection and development terms are modest. However, should the project reach the construction term, which is not expected to occur for several years, the incremental cash flows may become material to Acadian.

Carbon Credit Project

On June 8, 2023, 770,071 voluntary carbon credits were registered on the American Carbon Registry and made available for sale under the project name Anew – Katahdin Forestry Project. The total volume of credits expected to be generated from the project over the 10-year crediting period is 1.9 million credits. Our focus has now turned to the marketing and sale of these credits as

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 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 other 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.

well as the registration of future tranches. We completed our first sale in December 2023. While the volume sold was modest at 1,500 credits, the sale demonstrated solid pricing of \$24.85 U.S. per credit.

This project has provided valuable experience to the Acadian team and has formed the foundation for potential further carbon credit developments in the future.

Dividend Reinvestment Plan

Macer Forest Holdings Inc. (“Macer”), which owns approximately 47% of the outstanding common shares of Acadian, has to date participated in the Dividend Reinvestment Plan for 50% of dividends payable to it. Macer intends to increase its participation to 100% of dividends payable to it beginning with the next dividend payable on April 15, 2024.

Normal Course Issuer Bid

On February 7, 2024, the Company renewed its Normal Course Issuer Bid by filing a notice of intention with the TSX to purchase for cancellation up to 862,739 common shares representing 5% of the 17,254,798 common shares outstanding as of January 31, 2024. The TSX has approved the Company’s NCIB. 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, 2024 and shall terminate not later than February 13, 2025. Based on average daily trading volume (“ADTV”) of 5,524 over the last six months, daily purchases will be limited to 1,381 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, 2023 and expires on February 13, 2024, the Company received approval from the TSX to purchase up to 847,944 common shares during the period commencing February 14, 2023 and ending February 13, 2024, representing 5% of the 16,958,881 common shares outstanding as of January 31, 2023. The Company has not purchased any of its common shares over the past 12 months.

Review of Operations

Financial and Operating Highlights

<i>(CAD thousands, except per share information)</i>	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Sales volume (000s m ³)	231.9	230.5	894.2	917.8
Sales	\$ 23,815	\$ 23,755	\$ 93,477	\$ 90,473
Operating income	4,312	3,937	19,566	17,865
Net income	11,593	22,002	29,434	35,507
Adjusted EBITDA	4,418	\$ 4,058	\$ 20,586	\$ 18,194
Adjusted EBITDA margin	19%	17%	22%	20%
Free Cash Flow	\$ 2,811	\$ 2,000	\$ 14,999	\$ 12,151
Dividends declared	4,983	4,897	19,802	19,468
Dividends paid in cash	3,702	3,721	14,868	16,002
Payout Ratio	177%	245%	132%	160%
Payout Ratio with DRIP	132%	186%	99%	132%
Per share – basic and diluted				
Net income	\$ 0.68	\$ 1.30	\$ 1.72	\$ 2.11
Free Cash Flow	0.16	0.12	0.88	0.72
Dividends declared	0.29	0.29	1.16	1.16

Three Months Ended December 31, 2023

During the fourth quarter, Acadian generated sales of \$23.8 million, consistent with the prior year period. Sales volume, excluding biomass, increased 4% over the prior year. New Brunswick experienced improved contractor availability and increased volumes, however, contractor availability remained a significant challenge in Maine and resulted in decreased volumes.

The weighted average selling price, excluding biomass, decreased 3% year-over-year mainly due to decreased softwood sawlog prices in Maine and decreased hardwood sawlog prices in both regions caused by weak hardwood lumber markets. Biomass pricing increased 4% over the prior year, but sales volume decreased 17% due to limited processing capacity combined with fiber availability as biomass represents a by-product of our harvesting operations.

Operating costs and expenses were \$19.5 million during the fourth quarter, compared to \$19.8 million during the fourth quarter of 2022 as a result of lower weighted average variable costs. Weighted average variable costs, excluding biomass, decreased 3% due to lower hauling and fuel costs, partially offset by higher contractor rates, compared to the prior year period.

Adjusted EBITDA was \$4.4 million during the fourth quarter, compared to \$4.1 million in the prior year period and Adjusted EBITDA margin for the quarter was 19% compared to 17% in the prior year period as a result of lower variable costs. Free Cash Flow was \$2.9 million compared to \$2.0 million in the same period of 2022 due to lower current income tax expense.

Net income for the fourth quarter totaled \$11.6 million, or \$0.68 per share, compared to \$22.0 million, or \$1.30 per share in the same period of 2022. The decrease in net income was largely due to the impact of lower gains on non-cash fair value adjustments in 2023 compared to 2022.

Year Ended December 31, 2023

Acadian generated sales of \$93.5 million, compared to \$90.5 million in the prior year as a result of increased pricing partially offset by decreased sales volumes. Demand for all products remained stable, however, sales volume, excluding biomass,

decreased 5% as a result of challenging operating conditions in Maine including continued limited contractor availability and unfavourable weather conditions.

Acadian's weighted average selling price, excluding biomass, increased 5%, benefiting from strong softwood sawlog and pulpwood prices, partially offset by decreased hardwood sawlog prices stemming from weakness in hardwood lumber pricing.

Operating costs and expenses were \$73.9 million during 2023, compared to \$72.6 million in the prior year, reflecting higher variable costs and increased investment in silviculture. Weighted average variable costs, excluding biomass, increased 2% over the prior year due to higher contractor rates partially offset by lower fuel prices.

Adjusted EBITDA for the year ended December 31, 2023 was \$20.6 million, compared to \$18.2 million in the prior year, as a result of higher operating income for the reasons discussed above, combined with higher gain on sale of timberlands from the sale of 21 acres of timberlands. Adjusted EBITDA margin was 22% compared to 20% in the prior year. Free Cash Flow was \$15.0 million compared to \$12.2 million in 2022 due to higher Adjusted EBITDA and lower current income tax expense.

Net income for the year ended December 31, 2023 totaled \$29.4 million, or \$1.72 per share, compared to net income of \$35.5 million, or \$2.11 per share, in 2022 with higher operating income offset by lower non-cash fair value adjustments in 2023 compared to 2022.

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, 2023</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	97.0	98.9	54%	\$ 7,490
Hardwood	67.2	61.3	33%	5,884
Biomass	0.1	23.5	13%	982
	164.3	183.7	100%	14,356
Timber services and other sales				5,432
Sales				\$ 19,788
Adjusted EBITDA				\$ 4,942
Adjusted EBITDA margin				25%
<i>Three Months Ended December 31, 2022</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	93.8	94.5	53%	\$ 6,523
Hardwood	60.8	51.8	29%	5,334
Biomass	32.6	32.6	18%	1,313
	187.2	178.9	100%	13,170
Timber services and other sales				5,389
Sales				\$ 18,559
Adjusted EBITDA				\$ 3,738
Adjusted EBITDA margin				20%

Sales for New Brunswick Timberlands were \$19.8 million compared to \$18.6 million during the prior year period. Sales volume, excluding biomass, increased 10%, primarily attributable to increased pulpwood volumes resulting from increased market demand and contractor availability. Biomass sales volume decreased 28% over the prior year quarter due to limited processing capacity combined with fiber availability as biomass represents a by-product of our harvesting operations. The weighted average selling price, excluding biomass, for the fourth quarter was \$83.50 per m³, or 3% higher than the prior year

period, as a result of strong pricing across all products, except hardwood sawlogs, which decreased 13% as compared to the prior year period due to weakness in hardwood lumber markets.

Operating costs and expenses were \$14.9 million during the fourth quarter, consistent with the prior year period, with increased volumes offset by lower variable costs. Weighted average variable costs, excluding biomass, decreased 5% reflecting lower hauling and fuel costs, partially offset by higher contractor rates, compared to the prior year period.

Adjusted EBITDA for the quarter was \$4.9 million compared to \$3.8 million during the prior year period and Adjusted EBITDA margin was 25% compared to 20% as a result of higher operating income for the reasons discussed above.

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

<i>Year Ended December 31, 2023</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	375.8	374.1	52%	\$ 27,675
Hardwood	244.5	249.2	35%	23,977
Biomass	25.9	98.0	13%	3,948
	646.2	721.3	100%	55,600
Timber services and other sales				21,499
Sales				\$ 77,099
Adjusted EBITDA				\$ 20,315
Adjusted EBITDA margin				26%

<i>Year Ended December 31, 2022</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	373.9	381.7	55%	\$ 25,951
Hardwood	236.4	230.5	33%	21,060
Biomass	85.1	85.1	12%	3,685
	695.4	697.3	100%	50,696
Timber services and other sales				19,333
Sales				\$ 70,029
Adjusted EBITDA				\$ 15,693
Adjusted EBITDA margin				22%

Sales for New Brunswick Timberlands totaled \$77.1 million, compared to \$70.0 million in 2022 reflecting an increased weighted average selling price and increased timber services activity. Sales volume, excluding biomass, increased 2% primarily due to increased contractor availability. Biomass sales volume increased 15% due to more favourable market conditions.

The weighted average selling price, excluding biomass, for the year was \$82.87 per m³, 8% higher year-over-year, as a result of strong prices across all products, except hardwood sawlogs, driven by demand. Hardwood sawlog pricing decreased 3% due to a decline in hardwood lumber markets.

Operating costs and expenses were \$57.6 million during 2023, compared to \$54.5 million in the prior year due to higher contractor costs and higher land management costs. Weighted average variable costs, excluding biomass, increased 1% compared to the prior year due to higher contractor rates offset by lower fuel prices.

Adjusted EBITDA for the year ended December 31, 2023 was \$20.3 million, compared to \$15.7 million in the prior year, while Adjusted EBITDA margin was 26% compared to 22% during the prior year, as a result of higher operating income and gain on sale of timberlands.

Maine Timberlands

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

<i>Three Months Ended December 31, 2023</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	15.3	19.3	40%	\$ 1,690
Hardwood	23.4	22.5	47%	1,914
Biomass	6.4	6.4	13%	152
	45.1	48.2	100%	3,756
Other sales				271
Sales				\$ 4,027
Adjusted EBITDA				\$ (124)
Adjusted EBITDA margin				(3%)

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

Sales for Maine Timberlands during the fourth quarter totaled \$4.0 million compared to \$5.2 million in the prior year period. Sales volume, excluding biomass, decreased by 13% compared to the same period of 2022, primarily due to contractor availability which limited harvesting and hauling activities.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$86.09 per m³, or 18% lower than the same period of 2022. In U.S dollar terms, the weighted average selling price, excluding biomass, was \$63.32 per m³, compared to \$76.83 per m³ in 2022 with lower prices across all products due to unfavourable market dynamics.

Operating costs and expenses for the fourth quarter were \$4.2 million, compared to \$4.5 million during the same period in 2022 as a result of lower harvesting activity offset by higher variable costs. Weighted average variable costs, excluding biomass, increased 5% primarily as a result of higher contractor rates and longer hauling distances, partially offset by lower fuel costs.

Adjusted EBITDA for the quarter was \$(0.1) million compared to \$0.8 million during the prior year period and Adjusted EBITDA margin was (3%) compared to 15% in the prior year period.

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

<i>Year Ended December 31, 2023</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	93.2	92.1	53%	\$ 9,177
Hardwood	65.7	67.9	39%	6,063
Biomass	12.9	12.9	8%	212
	171.8	172.9	100%	15,452
Other sales				926
Sales				\$ 16,378
Adjusted EBITDA				\$ 1,960
Adjusted EBITDA margin				12%
<i>Year Ended December 31, 2022</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	151.0	150.8	68%	\$ 13,921
Hardwood	59.9	60.9	28%	5,802
Biomass	8.8	8.8	4%	22
	219.7	220.5	100%	19,745
Other sales				699
Sales				\$ 20,444
Adjusted EBITDA				\$ 4,154
Adjusted EBITDA margin				20%

Sales for Maine Timberlands were \$16.4 million compared to \$20.4 million in 2022. Sales volume, excluding biomass, decreased 24% due primarily to contractor availability and unfavourable weather conditions in the first and third quarters, both of which limited harvesting and hauling activities. The extended shutdown of a major softwood pulpwood customer further reduced sales volumes.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$95.23 per m³, compared to \$93.18 per m³ in 2022. In U.S dollar terms, the weighted average selling price, excluding biomass, was \$70.51 per m³, compared to \$71.82 per m³ in 2022 with lower prices across all products except for softwood pulpwood. Softwood pulpwood pricing increased 7% due to market conditions, however, volumes were comparatively low.

Operating costs and expenses for 2023 were \$14.6 million, compared to \$16.4 million in 2022 due to lower harvesting activity. Weighted average variable costs, excluding biomass, increased 8% primarily as a result of higher contractor rates, partially offset by lower fuel costs.

Adjusted EBITDA for the year ended December 31, 2023 was \$2.0 million compared to \$4.2 million in the prior year and Adjusted EBITDA margin was 12% compared to 20% during the prior year as a result of lower operating income for the reasons discussed above.

Outlook

While North American interest rates remain elevated and near-term pressure on end use markets persists, inflation has begun to show signs of easing. The consensus forecast for U.S. housing starts is approximately 1.37 million starts in 2024 as compared to 1.40 million in 2023. 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 our products.

Although labour markets remain tight, we continued to experience increased contractor availability in New Brunswick as we closed out the year. Management will continue to focus on further increasing our harvesting capacity through 2024. In the short to medium term, inflation is expected to continue to impact our financial results through elevated contractor rates and fuel surcharges, offset by the pricing of primary forest products like sawlogs and pulpwood.

Demand for Acadian’s sawlogs is mainly driven by regional supply and demand, meaning that the stable demand experienced during 2023 is expected to continue into 2024. Pricing for softwood sawtimber is expected to remain stable, but pricing for hardwood sawtimber may remain weak, reflecting weakness in hardwood lumber pricing. Demand for hardwood pulpwood is expected to be steady and softwood pulpwood markets are expected to remain at the improved levels experienced in 2023.

Quarterly Dividend

Based on a strong balance sheet and positive outlook for the remainder of the year, Acadian is pleased to announce a dividend of \$0.29 per share, payable on April 15, 2024 to shareholders of record on March 31, 2024.

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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:

Susan Wood
Chief Financial Officer
Tel: 506-737-2345
Email: ir@acadiantimber.com

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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 sections entitled "Solar Land Lease Agreement", "Carbon Credit Project" and "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 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. Actual results may vary. These forward-looking statements include, but are not limited to:

- Expectations regarding the number and timing of carbon credits that will be successfully registered and available for sale. Actual credit issuances will be adjusted each reporting period based on actual harvesting, natural disturbances and other factors, as well as periodic updating for inventory and verification activities.*
- Expectations regarding advancement through the terms of the solar land lease agreement and the resulting potential financial impact to Acadian, which may be impacted by the lessee's ability to obtain the necessary regulatory permits and approvals for the solar project, as well as to obtain third party financing. At any time during the inspection term or the development term, the tenant has the right to terminate the agreement which would terminate the lease fees paid to Acadian.*
- 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 and pricing 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 7, 2024 and in the Annual Information Form dated March 25, 2023 and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR+ at www.sedarplus.ca. 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 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 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 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 Balance Sheets

(unaudited)

<i>As at December 31</i>		
<i>(CAD thousands)</i>	2023	2022
Assets		
Current assets		
Cash	\$ 1,831	\$ 6,230
Accounts receivable and other assets	9,301	8,265
Current income taxes receivable	1,668	—
Inventories	15,329	1,850
	28,129	16,345
Timber	442,830	437,365
Land, roads, and other fixed assets	90,854	87,986
Intangible asset	6,140	6,140
Total assets	\$ 567,953	\$ 547,836
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,370	\$ 11,206
Current income taxes payable	—	20
Dividends payable to shareholders	4,983	4,897
	14,353	16,123
Long-term debt	105,515	107,937
Deferred income tax liabilities, net	129,103	120,053
Total liabilities	248,971	244,113
Shareholders' equity	318,982	303,723
Total liabilities and shareholders' equity	\$ 567,953	\$ 547,836

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Net Income

(unaudited)

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<i>(CAD thousands, except per share data)</i>				
Sales	\$ 23,815	\$ 23,755	\$ 93,477	\$ 90,473
Operating costs and expenses				
Cost of sales	17,247	17,526	63,895	62,894
Selling, administration and other	2,062	2,145	8,127	8,066
Silviculture	93	68	1,526	1,375
Depreciation and amortization	101	79	363	273
	19,503	19,818	73,911	72,608
Operating income	4,312	3,937	19,566	17,865
Interest expense, net	(778)	(803)	(3,153)	(3,098)
Other items				
Fair value adjustments and other	12,849	27,126	22,975	34,311
Gain on sale of timberlands and other fixed assets	5	42	657	56
Income before income taxes	16,388	30,302	40,045	49,134
Income tax expense	(4,795)	(8,300)	(10,611)	(13,627)
Net income	\$ 11,593	\$ 22,002	\$ 29,434	\$ 35,507
Net income per share – basic and diluted	\$ 0.68	\$ 1.30	\$ 1.72	\$ 2.11

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Comprehensive Income

(unaudited)

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<i>(CAD thousands)</i>				
Net income	\$ 11,593	\$ 22,002	\$ 29,434	\$ 35,507
Other comprehensive income				
Items that may be reclassified subsequently to net income:				
Gain / (loss) on revaluation of land and roads, net of deferred income tax expense of \$1,207 (2022 - recovery of \$4,088)	2,522	(10,293)	2,522	(10,293)
Unrealized foreign currency translation (loss) / gain, net of deferred income tax expense of \$369 (2022 - nil)	(1,833)	666	(1,748)	3,121
	689	(9,627)	774	(7,172)
Comprehensive income	\$ 12,282	\$ 12,375	\$ 30,208	\$ 28,335

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<i>(CAD thousands)</i>				
Cash provided by (used for):				
Operating activities				
Net income	\$ 11,593	\$ 22,002	\$ 29,434	\$ 35,507
Adjustments to net income:				
Income tax expense	4,795	8,300	10,611	13,627
Depreciation and amortization	101	79	363	273
Fair value adjustments and other	(12,849)	(27,126)	(22,975)	(34,311)
Gain on sale of timberlands and other fixed assets	(5)	(42)	(657)	(56)
Income taxes paid	(511)	(644)	(3,679)	(2,502)
Net change in non-cash working capital balances and other	(246)	3,698	(2,684)	2,697
	2,878	6,267	10,413	15,235
Financing activities				
Dividends paid to shareholders	(3,702)	(3,721)	(14,868)	(16,002)
Investing activities				
Additions to timber, land, roads, and other fixed assets	(69)	(127)	(619)	(378)
Proceeds from sale of timberlands and other fixed assets	5	45	675	59
	(64)	(82)	56	(319)
(Decrease) Increase in cash during the period	(888)	2,464	(4,399)	(1,086)
Cash, beginning of period	2,719	3,766	6,230	7,316
Cash, end of period	\$ 1,831	\$ 6,230	\$ 1,831	\$ 6,230

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

(unaudited)

<i>(CAD thousands)</i>	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net income	\$ 11,593	\$ 22,002	\$ 29,434	\$ 35,507
Add / (deduct):				
Interest expense, net	778	803	3,153	3,098
Income tax expense	4,795	8,300	10,611	13,627
Depreciation and amortization	101	79	363	273
Fair value adjustments and other	(12,849)	(27,126)	(22,975)	(34,311)
Adjusted EBITDA	\$ 4,418	\$ 4,058	\$ 20,586	\$ 18,194
Add / (deduct):				
Interest paid on debt, net	(793)	(772)	(3,031)	(2,976)
Additions to timber, land, roads, and other fixed assets	(69)	(127)	(619)	(378)
Gain on sale of timberlands and other fixed assets	(5)	(42)	(657)	(56)
Proceeds from sale of timberlands and other assets	5	45	675	59
Current income tax recovery (expense)	(745)	(1,162)	(1,955)	(2,692)
Free Cash Flow	\$ 2,811	\$ 2,000	\$ 14,999	\$ 12,151
Dividends declared	\$ 4,983	4,897	19,802	19,468
Dividends paid in cash	\$ 3,702	3,721	14,868	16,002
Payout Ratio	177%	245%	132%	160%
Payout Ratio with DRIP	132%	186%	99%	132%