



ACADIAN TIMBER CORP.  
Q1 2021 INTERIM REPORT  
MARCH 27, 2021

# Q1 2021 Interim Report

## Letter to Shareholders

### Overview

Acadian Timber Corp.'s ("Acadian" or the "Company") operations and financial results for the three months ended March 27, 2021 (the "first quarter") reflected mixed market conditions, the impact of temporary road closures caused by unseasonably warm weather at the end of the quarter, and reduced trucking capacity in Maine. The softwood lumber market remains strong, with unprecedented softwood lumber prices, driving strong demand for our softwood sawlogs. Hardwood sawlog markets are also showing significant strength. However, regional demand for softwood pulpwood remained weak given high inventories and the abundance of sawmill residuals, while hardwood pulpwood demand remained steady.

Acadian generated \$5.0 million of Free Cash Flow<sup>2</sup> and declared dividends of \$4.8 million to our shareholders during the first quarter. Our balance sheet continues to be solid with \$23.6 million of net liquidity as at March 27, 2021, which includes funds available under our credit facilities.

### Results of Operations

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

Acadian generated sales of \$25.9 million, compared to \$31.4 million in the prior year period. Sales volume, excluding biomass, decreased 21% and the weighted average selling price, excluding biomass, was flat year-over-year. Strong sawlog prices and a favourable proportion of sawlogs in the sales mix compared to 2020 was offset by lower pulpwood prices and a stronger Canadian dollar.

Adjusted EBITDA<sup>2</sup> was \$6.9 million during the first quarter, compared to \$8.3 million in the prior year period and Adjusted EBITDA margin<sup>2</sup> for the quarter was 27%, consistent with the prior year period.

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

### Outlook<sup>4</sup>

The outlook for softwood and hardwood sawlogs remains positive, while we expect steady demand for hardwood pulpwood and biomass, and continued weakness for softwood pulpwood.

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

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

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

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

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

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

### Looking Ahead

Acadian benefits from a strong balance sheet, diverse markets, and a highly capable team that remains focused on strong financial and operating performance. As we look ahead, we will continue to harvest and merchandize our products for the highest margin opportunities while actively working with our contractors to ensure there is adequate trucking capacity to deliver products to our customers.

On behalf of the board and management of Acadian, I would like to thank all our shareholders for their ongoing support.



**Erika Reilly**

President and Chief Executive Officer

May 5, 2021

- 1. This Letter to Shareholders contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to the section entitled "Cautionary Statement Regarding Forward-Looking Information and Statements" in Management's Discussion and Analysis for further details.*
- 2. Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of Acadian's operating performance. Adjusted EBITDA and Adjusted EBITDA margin are used to evaluate operational performance. Free Cash Flow is used to evaluate Acadian's ability to generate sustainable cash flows from our operations. Acadian's management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, realized gain/loss on sale of roads and other fixed assets, unrealized exchange gain/loss on debt, depreciation and amortization and Adjusted EBITDA margin as Adjusted EBITDA as a percentage of its total revenue. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). As these performance measures do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS"), they may not be comparable to similar measures presented by other companies. Please refer to Management's Discussion and Analysis for further details.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS

May 5, 2021

## INTRODUCTION

Acadian Timber Corp. ("Acadian", the "Company" or "we") is one of the largest timberland owners in Eastern Canada and the Northeastern U.S. and has a total of approximately 2.4 million acres of land under management. Acadian owns and manages approximately 761,000 acres of freehold timberlands in New Brunswick ("New Brunswick Timberlands" or "NB Timberlands"), approximately 300,000 acres of freehold timberlands in Maine ("Maine Timberlands") and provides timber services relating to approximately 1.3 million acres of Crown licensed timberlands in New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood, and biomass by-products, sold to approximately 90 regional customers.

Acadian's business strategy is to maximize cash flows from its existing timberland assets through sustainable forest management and other land use activities while growing its business by acquiring assets on a value basis and actively managing these assets to drive improved performance.

## Basis of Presentation

This management's discussion and analysis ("MD&A") discusses the financial condition and results of operations of the Company for the three months ended March 27, 2021 (herein referred to as the "first quarter") compared to the three months ended March 28, 2020 and should be read in conjunction with the interim condensed consolidated financial statements and notes thereto for the first quarter and the audited annual consolidated financial statements and the related MD&A for the fiscal year ended December 31, 2020.

Our first quarter financial results are determined in accordance with IAS 34 "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") and are expressed in Canadian dollars unless otherwise noted. External economic and industry factors remain unchanged since the previous annual report, unless otherwise noted. This MD&A has been prepared based on information available as at May 5, 2021. Additional information is available on Acadian's website at [www.acadiantimber.com](http://www.acadiantimber.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## Non-IFRS Measures

Throughout this MD&A, reference is made to "Adjusted EBITDA", which Acadian's management defines as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, realized gain/loss on sale of other fixed assets, unrealized exchange gain/loss on debt, depreciation, and amortization and to "Adjusted EBITDA margin", which is Adjusted EBITDA as a percentage of its total revenue. Reference is also made to "Free Cash Flow", which Acadian's management defines as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). Reference made to "Payout Ratio" is defined as dividends declared divided by Free Cash Flow. Management believes that Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, and Payout Ratio 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 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 Ratio is used to evaluate Acadian's ability to fund its distribution using Free Cash Flow. As these measures do not have a standardized meaning prescribed by IFRS, they may not be comparable to similar measures presented by other companies. As a result, we have provided reconciliations of net income (loss) as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow in the "Adjusted EBITDA and Free Cash Flow" section of this MD&A.

## Assessment and Changes in Disclosure Controls and Internal Controls

Management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as at December 31, 2020. There have been no changes in our disclosure controls and procedures during the three months ended March 27, 2021 that have materially affected, or are reasonably likely to materially affect, our disclosure controls and procedures.

Management, including the Chief Executive Officer and Chief Financial Officer, have also evaluated the design and effectiveness of our internal controls over financial reporting in accordance with Multilateral Instrument 52-109 using the COSO Framework 2013 as at December 31, 2020. There have been no changes in our internal controls over financial reporting during the three months ended March 27, 2021 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## REVIEW OF OPERATIONS

### Summary of First Quarter Results

The table below summarizes operating and financial data for Acadian:

<i>(CAD thousands, except per share information)</i>	<b>March 27, 2021</b>		March 28, 2020	
Sales volume (000s m <sup>3</sup> )		<b>290.0</b>		374.9
Sales	\$	<b>25,892</b>	\$	31,408
Operating earnings		<b>6,740</b>		8,263
Net income / (loss)		<b>5,824</b>		(3,711)
Adjusted EBITDA <sup>1</sup>	\$	<b>6,874</b>	\$	8,329
Adjusted EBITDA margin <sup>1</sup>		<b>27%</b>		27%
Free Cash Flow <sup>1</sup>	\$	<b>4,990</b>	\$	6,565
Dividends declared		<b>4,839</b>		4,839
Payout Ratio <sup>1</sup>		<b>97%</b>		74%
Per share – basic and diluted				
Net income / (loss)	\$	<b>0.35</b>	\$	(0.22)
Free Cash Flow <sup>1</sup>		<b>0.30</b>		0.39
Dividends declared		<b>0.29</b>		0.29
Book value		<b>17.54</b>		17.37
Common shares outstanding		<b>16,686,916</b>		16,686,916
Weighted average shares outstanding <sup>2</sup>		<b>16,686,916</b>		16,686,916

1. *Non-IFRS Measure. See "Reconciliation of net income, in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow".*

2. *As at May 5, 2021 there were 16,686,916 common shares outstanding.*

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

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

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

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

The following table provides a reconciliation of net income (loss), as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow during each respective period:

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

1. Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this report.

### Dividend Policy of the Company

Acadian declares dividends from its available cash to the extent determined prudent by the Board of Directors. Dividends are paid on or about the 15th day following each dividend record date.

Total dividends declared to shareholders during the three months ended March 27, 2021, were \$4.8 million, or \$0.29 per share, consistent with the same period in 2020. The Payout Ratio of Acadian, which represents the amount of dividends declared as a percentage of the Free Cash Flow generated, was 97% during the quarter. Acadian's cash position is expected to support the current dividend.

### Operating and Market Conditions

Acadian's operations were impacted by adverse operating conditions, including road closures from soft road conditions as a result of mild weather that reduced access to woodlands, and lower trucking availability in Maine. Demand for Acadian's softwood and hardwood sawlogs remained strong due to favourable end use market dynamics while softwood pulpwood markets remained weak due to high regional inventories and increased availability of sawmill residuals. During the first quarter, hardwood pulpwood market demand was stable relative to the fourth quarter of 2020. Acadian's sales volume, excluding biomass, of 260,000 m<sup>3</sup> was down 21% compared to the same period in 2020.

Acadian's weighted average selling price, excluding biomass, was flat year-over-year. Strong sawlog prices and a favourable proportion of sawlogs in the sales mix compared to 2020 was offset by lower pulpwood prices and a stronger Canadian dollar. Softwood pulpwood price decreased 7% and hardwood pulpwood price decreased 8% relative to the same period in 2020 due to high regional inventories and the stronger Canadian dollar. Biomass margins improved 39% relative to the same period in 2020.

## Segmented Results of Operations

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

<i>Three Months Ended March 27, 2021</i>				
<i>(CAD thousands)</i>	<b>NB Timberlands</b>	<b>Maine Timberlands</b>	<b>Corporate</b>	<b>Consolidated</b>
Sales volumes (000s m <sup>3</sup> )	<b>190.2</b>	<b>99.8</b>	—	<b>290.0</b>
Sales	\$ <b>18,321</b>	\$ <b>7,571</b>	\$ —	\$ <b>25,892</b>
Adjusted EBITDA <sup>1</sup>	\$ <b>5,079</b>	\$ <b>2,028</b>	\$ <b>(233)</b>	\$ <b>6,874</b>
Adjusted EBITDA margin <sup>1</sup>	<b>28%</b>	<b>27%</b>	<b>n/a</b>	<b>27%</b>

<i>Three Months Ended March 28, 2020</i>				
<i>(CAD thousands)</i>	<b>NB Timberlands</b>	<b>Maine Timberlands</b>	<b>Corporate</b>	<b>Consolidated</b>
Sales volumes (000s m <sup>3</sup> )	254.2	120.7	—	374.9
Sales	\$ 21,697	\$ 9,711	\$ —	\$ 31,408
Adjusted EBITDA <sup>1</sup>	\$ 5,878	\$ 3,050	\$ (599)	\$ 8,329
Adjusted EBITDA margin <sup>1</sup>	27%	31%	n/a	27%

1. *Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this report.*

### *New Brunswick Timberlands*

New Brunswick Timberlands owns and manages approximately 761,000 acres of freehold timberlands and provides harvesting and management services relating to approximately 1.3 million acres of Crown licensed timberlands. Approximately 90% of harvest operations are performed by third-party contractors and approximately 10% by New Brunswick Timberlands employees.

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

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

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

1. *Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this report.*

Sales for New Brunswick Timberlands were \$18.3 million, compared to \$21.7 million during the prior year period. Sales volume, excluding biomass, decreased 23% relative to the same period in 2020, primarily due to lower pulpwood sales. During the first quarter, New Brunswick’s operations were impacted by mild weather conditions that caused temporary road closures and by slower softwood pulpwood deliveries due to the impact of sawmill residuals on the softwood pulpwood market. Biomass sales volume decreased 34% during the quarter due to reduced biomass production as more efficient harvesting equipment is now being used, resulting in less residual fiber being recovered as biomass. The weighted average selling price,

excluding biomass, for the first quarter was \$70.83 per m<sup>3</sup>, or 3% higher than the prior year period, as a result of strong softwood sawlogs prices and a higher value product mix offset by lower pulpwood prices. The margin on biomass was up 39% year-over-year.

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

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

#### *Maine Timberlands*

Maine Timberlands owns and manages approximately 300,000 acres of freehold timberlands. All harvesting operations are performed by third-party contractors.

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

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

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

1. *Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this report.*

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

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$75.09 per m<sup>3</sup>, compared to \$79.54 per m<sup>3</sup> in 2020. In U.S. dollar terms, the weighted average selling price, excluding biomass, was flat year-over-year at \$59.28 per m<sup>3</sup> with higher sawlog prices offset by lower prices for pulpwood. The 6% price decrease in Canadian dollar terms is due to changes in the foreign exchange rate compared to the prior year period.

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

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



## Financial Position

Acadian had net liquidity of \$23.6 million as at March 27, 2021, including funds available under the revolving facility.

As at March 27, 2021, Acadian's balance sheet consisted of total assets of \$513.3 million (December 31, 2020 – \$513.4 million), represented primarily by timber, land, roads and other fixed assets of \$485.4 million (December 31, 2020 – \$487.9 million), with the balance in cash and current assets of \$21.7 million (December 31, 2020 – \$19.4 million), and intangible assets of \$6.1 million (December 31, 2020 – \$6.1 million). Timber has been recorded at fair value as determined through an independent third-party appraisal at December 31, 2020 and adjusted for growth estimates and harvest during the first three months of the year. Silviculture costs have been expensed as incurred.

## LIQUIDITY AND CAPITAL RESOURCES

Liquidity and capital resources are discussed in the Company's MD&A for the year ended December 31, 2020.

## MARKET OUTLOOK

*The following contains forward-looking information about Acadian Timber Corp.'s market outlook for the remainder of 2021. Reference should be made to "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 information in the following, please see the Risk Factors section of Acadian's most recent Annual Report and Annual Information Form available on our website at [www.acadiantimber.com](http://www.acadiantimber.com) or [www.sedar.com](http://www.sedar.com).*

The outlook for softwood and hardwood sawlogs remains positive, while we expect steady demand for hardwood pulpwood and biomass, and continued weakness for softwood pulpwood.

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

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

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

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

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

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

## SELECTED CONSOLIDATED QUARTERLY INFORMATION

The table below sets forth selected consolidated quarterly information for the current and last seven quarters.

	2021	2020				2019		
<i>(CAD thousands, except per share data and where indicated)</i>	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume (000s m <sup>3</sup> )	290.0	321.2	302.3	139.7	374.9	339.4	313.5	214.0
Sales	\$ 25,892	\$ 24,929	\$ 23,236	\$ 11,458	\$ 31,408	\$ 25,835	\$ 25,357	\$ 17,918
Adjusted EBITDA <sup>1</sup>	6,874	7,288	4,514	1,354	8,329	6,586	5,123	3,038
Free Cash Flow <sup>1</sup>	4,990	5,648	3,149	(208)	6,565	5,296	4,186	2,750
Net income / (loss)	5,824	15,314	5,248	5,229	(3,711)	16,228	(10,869)	5,784
Per share – basic and diluted	\$ 0.35	\$ 0.92	\$ 0.31	\$ 0.31	\$ (0.22)	\$ 0.97	\$ (0.65)	\$ 0.35

1. Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this interim report.

Results are impacted by seasonality. Harvest activity is highest during the winter months, when the ground is frozen, providing a solid base for the harvesting and hauling equipment. There is a significant decrease in activity during the spring when the ground thaws. Harvesting activity resumes in the early summer when the ground dries and continues through the fall.

Net income can be significantly impacted by non-cash items such as fluctuations in foreign exchange as the Company’s long-term debt is denominated in US dollars, and the fair value adjustment of the Company’s timberlands which are revalued at each reporting period. The Company also incurred a one-time termination fee in the third quarter of 2019 associated with the termination of the management agreement with Brookfield Asset Management Inc. which, after income tax, was \$12.8 million.

### Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period. The critical estimates and judgements applied in preparing Acadian’s consolidated financial statements affect the assessment of net recoverable amounts, net realizable values and fair values, depreciation rates and useful lives, determination of functional currency and the selection of accounting policies.

The critical estimates and judgements made in the preparation of Acadian’s consolidated financial statements include, among other things, future prices and margins, future sales volumes, future harvest rates and sustainable yields, and discount rates utilized in the valuation of Acadian’s timber, roads, and land. In making estimates and judgements, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and judgements have been applied in a manner consistent with prior periods and there are no known trends, commitments, events, or uncertainties that we believe will materially affect the methodology or assumptions utilized in making these estimates and judgements in these consolidated financial statements. Actual results could differ from those estimates. For further reference on critical accounting policies, see our significant accounting policies contained in Note 2 of Acadian’s audited 2020 consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Related Party Transactions

There were no related party transactions during the first quarter.

## Contractual Obligations

The Company has no material capital or operating lease obligations, however, it has two significant contractual obligations related to the supply of fibre to Twin Rivers Paper Company (“Twin Rivers”) which expire in 2026, subject to a five-year extension and the provision of timber services under a Crown License Agreement at the direction of Twin Rivers with a term equal to the term of the Crown License, including any renewal terms.

The table below summarizes the Company’s long-term debt obligations as at March 27, 2021:

<i>(CAD thousands)</i>	<i>Payments Due by Period</i>				
	Total	Less Than One Year (2021-2022)	1 to 3 Years (2022-2025)	3 to 5 Years (2025-2028)	After 5 Years (>2028)
Term facilities					
Tranche due March 6, 2025 <sup>1</sup>	\$ 18,556	—	—	18,556	—
Tranche due March 6, 2025 <sup>1</sup>	21,700	—	—	21,700	—
Tranche due March 6, 2027 <sup>1</sup>	40,256	—	—	—	40,256
Tranche due March 6, 2030 <sup>1</sup>	20,128	—	—	—	20,128
	\$ 100,640	\$ —	\$ —	\$ 40,256	\$ 60,384
Interest payments	\$ 16,360	\$ 2,832	\$ 8,405	\$ 3,977	\$ 1,146

1. Represents principal of the U.S. dollar denominated term facilities with a U.S. to Canadian dollar conversion rate of 1.2580, excluding the unamortized deferred financing costs.

## RISK FACTORS

Risk factors are discussed in the Company’s MD&A for the year ended December 31, 2020.

## Cautionary Statement Regarding Forward-Looking Information and Statements

*This MD&A contains forward-looking information and statements within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such forward-looking statements may contain such words as "may," "will," "intend," "should," "suggest," "expect," "believe," "outlook," "forecast," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information is included in this MD&A and includes statements made in this MD&A in sections entitled "Dividend Policy of the Company," "Liquidity and Capital Resources," and "Market Outlook" and without limitation other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements, which reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; changes in U.S. housing starts; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian or U.S. income tax law; the economic situation of key customers; disease outbreak; Acadian's ability to source and secure potential investment opportunities; the availability of potential acquisitions that suit Acadian's growth profile; and other risks and factors discussed under the heading "Risk Factors" in the Annual Report dated February 10, 2021 and in each of the Annual Information Form dated March 26, 2021 and the Management Information Circular dated March 26, 2021 and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: forecasts in the housing market; anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A are made as of the date of this MD&A and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this MD&A. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.*

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	Note	March 27, 2021	December 31, 2020
<b>Assets</b>			
Current assets			
Cash		\$ 11,202	\$ 10,258
Accounts receivable and other assets		7,869	7,731
Current income taxes receivable		—	415
Inventory		2,675	957
		<b>21,746</b>	19,361
Timber	3	<b>386,091</b>	388,005
Land, roads, and other fixed assets		<b>99,331</b>	99,892
Intangible asset		<b>6,140</b>	6,140
Total assets		<b>\$ 513,308</b>	\$ 513,398
<b>Liabilities and shareholders' equity</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 7,764	\$ 8,640
Current income taxes payable		2,287	—
Dividends payable to shareholders		4,839	4,839
		<b>14,890</b>	13,479
Long-term debt	4	<b>100,012</b>	101,185
Deferred income tax liabilities		<b>105,613</b>	105,493
Shareholders' equity		<b>292,793</b>	293,241
Total liabilities and shareholders' equity		<b>\$ 513,308</b>	\$ 513,398

See accompanying notes to interim condensed consolidated financial statements.

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME / (LOSS)

(unaudited)

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

See accompanying notes to interim condensed consolidated financial statements.

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

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

*See accompanying notes to interim condensed consolidated financial statements.*

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

<i>Three Months Ended March 27, 2021</i> <i>(CAD thousands)</i>	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Shareholders' Equity
Note					
Balance as at December 31, 2020	\$ 139,394	\$ 86,626	\$ 42,121	\$ 25,100	\$ 293,241
Changes during the period					
Net income	—	5,824	—	—	5,824
Other comprehensive loss	—	—	—	(1,433)	(1,433)
Shareholders' dividends declared	8	(4,839)	—	—	(4,839)
<b>Balance as at March 27, 2021</b>	<b>\$ 139,394</b>	<b>\$ 87,611</b>	<b>\$ 42,121</b>	<b>\$ 23,667</b>	<b>\$ 292,793</b>

See accompanying notes to interim condensed consolidated financial statements.

<i>Three Months Ended March 28, 2020</i> <i>(CAD thousands)</i>	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Shareholders' Equity
Note					
Balance as at December 31, 2019	\$ 139,394	\$ 83,903	\$ 35,679	\$ 27,725	\$ 286,701
Changes during the period					
Net loss	—	(3,711)	—	—	(3,711)
Other comprehensive income	—	—	—	11,624	11,624
Shareholders' dividends declared	8	(4,839)	—	—	(4,839)
<b>Balance as at March 28, 2020</b>	<b>\$ 139,394</b>	<b>\$ 75,353</b>	<b>\$ 35,679</b>	<b>\$ 39,349</b>	<b>\$ 289,775</b>

See accompanying notes to interim condensed consolidated financial statements.



## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

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

See accompanying notes to interim condensed consolidated financial statements.

Details of the net change in non-cash working capital balances and other:

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 27, 2021	March 28, 2020
Accounts receivable and other assets	\$ (137)	\$ (439)
Inventory	(1,718)	(1,148)
Accounts payable and accrued liabilities	(877)	(194)
Current income taxes receivable / payable	11	-
Other	865	1,475
	<b>\$ (1,856)</b>	<b>\$ (306)</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited) (All figures in Canadian dollars unless otherwise stated)

## 1. GENERAL

Acadian Timber Corp. (the “Company”) is governed by the *Canada Business Corporations Act* pursuant to articles of arrangement dated January 1, 2010. The Company is a reporting issuer and its common shares are publicly traded on the Toronto Stock Exchange under the stock symbol “ADN”. The principal and head office of the Company is located at 365 Canada Road, Edmundston, New Brunswick, E3V 1W2.

The Company and all of its consolidated operations (collectively “Acadian”) own and manage approximately 761,000 acres of freehold timberlands in New Brunswick (“NB Timberlands”) and approximately 300,000 acres of freehold timberlands in Maine (“Maine Timberlands”) and provide 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 operations are subject to seasonal variations and, as a result, Acadian’s operating results vary from quarter to quarter. Harvesting activity can be compromised by inaccessibility to some sites during wet seasons, resulting in decreased harvest levels. Results of one quarter will not be indicative of results that may be achieved in other quarters or for the full year.

As at March 27, 2021, Macer Forest Holdings Inc. owns 7,513,262 shares representing approximately 45% of the outstanding shares of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies adopted and disclosed in Note 2 of Acadian’s audited 2020 consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with Acadian’s audited annual consolidated financial statements for the fiscal year ended December 31, 2020.

The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have affected economies and financial markets around the world resulting in an economic slowdown. This outbreak may also cause staff shortages, affect customer demand, and increase government regulations or intervention, all of which may negatively impact the Company and its financial results and conditions and the Company’s accounting estimates and assumptions including the valuation of timberlands. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments as well as the impact on the financial results and condition of the Company in future periods.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of Acadian on May 5, 2021.

### Future Accounting Standards

#### Amendment to IAS 41 Agriculture

In May 2020, the IASB issued an amendment to IAS 41 Agriculture as part of Annual Improvements to IFRS Standards 2018–2020. The amendment removes the requirement for an entity to exclude taxation cash flows when calculating the fair value of its biological assets. An entity will be permitted to use post-tax cash flows and a post-tax rate to discount those cash flows. The amendment is effective for annual periods beginning on or after January 1, 2022. The impact of the adoption of this amendment has not yet been determined.

### 3. TIMBER

<i>(CAD thousands)</i>		
<b>Balance as at December 31, 2019</b>	<b>\$</b>	<b>377,992</b>
Disposals		(4)
Gains arising from growth		28,919
Reduction arising from harvest		(24,997)
Gain from fair value price and other changes		8,506
Foreign exchange		(2,411)
<b>Balance as at December 31, 2020</b>	<b>\$</b>	<b>388,005</b>
Disposals		(3)
Gains arising from growth		6,819
Reduction arising from harvest		(7,255)
Foreign exchange		(1,475)
<b>Balance as at March 27, 2021</b>	<b>\$</b>	<b>386,091</b>

Timber is measured at fair value. During the year, adjustments are made to standing timber assets to reflect the change in fair value due to gains arising from growth and reductions arising from harvest. Average selling price less costs of harvesting and selling is applied to expected volume growth to calculate gains arising from growth, and to the harvested volume to calculate reductions arising from harvest. On an annual basis, the fair value of standing timber assets is determined by licensed independent third-party appraisers. Fair value adjustments are recognized in net income.

### 4. LONG-TERM DEBT

<i>As at</i>		
<i>(CAD thousands)</i>	<b>March 27, 2021</b>	December 31, 2020
Term facilities	<b>\$ 100,640</b>	\$ 101,843
Less:		
Deferred debt issuance costs	<b>(628)</b>	(658)
<b>Total</b>	<b>\$ 100,012</b>	\$ 101,185

Acadian has term credit facilities with MetLife Insurance Company, with maturity dates ranging from March 6, 2025 to March 6, 2030. These credit facilities include a revolving credit facility of up to U.S. \$10.0 million (the "Revolving Facility") for general corporate purposes and term credit facilities of U.S. \$80.0 million (the "Term Facilities"). The Term Facilities bear interest at rates ranging from 2.7% to 3.0%. The Revolving Facility bears interest at floating rates based on 90-day LIBOR plus applicable margin. Floating interest rates give rise to interest rate risk as earnings and cash flows may be negatively impacted by fluctuations in interest rates. There are no scheduled repayments of principal required prior to the maturity dates of the Term Facilities.

As at March 27, 2021, Acadian had borrowed U.S. \$80.0 million under the Term Facilities (December 31, 2020 – U.S. \$80.0 million). U.S. \$1.7 million of the Revolving Facility is reserved to support the minimum cash balance requirement of the Term Facilities. As security for these facilities, Acadian granted the lenders a security interest over all of its assets. The facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness and granting liens or selling assets without the consent of the lenders. The credit facilities are also subject to the maintenance of a maximum loan-to-value ratio. Acadian is in compliance with all covenants as at March 27, 2021 and December 31, 2020.

Acadian has a \$2.0 million Canadian dollar denominated revolving credit facility with a major Canadian bank for general corporate purposes. This facility bears interest at floating rates based on bank prime rates plus applicable margin and is due on demand. No amounts were drawn on this facility as at March 27, 2021.

The fair value of the Term Facilities as at March 27, 2021 is \$103.4 million (December 31, 2020 – \$105.5 million). The fair value of debt is determined using the discounted cash flow approach and is measured under Level 2 of the fair value hierarchy. Future cash flows are estimated based on the terms under the Term Facilities and discounted at a rate reflecting appropriate market fundamentals relating to the debt.

## 5. SHAREHOLDERS' EQUITY

Acadian is authorized to issue an unlimited number of common shares. The common shares have no stated par value. As at March 27, 2021 and December 31, 2020, 16,686,916 common shares were issued and outstanding.

## 6. SEGMENTED INFORMATION

Acadian's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. Acadian has two operating segments: NB Timberlands and Maine Timberlands. Timber sales are recognized upon harvest and delivery of the softwood and hardwood timber or biomass to the customer and timber services are recognized when the service provided to the customer has been completed. Sales, net income, assets and liabilities by reportable segments are as follows:

<i>Three Months Ended March 27, 2021</i> <i>(CAD thousands)</i>	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Sales				
Softwood	\$ 11,285	\$ 5,567	\$ 5,718	\$ —
Hardwood	7,564	5,811	1,753	—
Biomass	1,214	1,209	5	—
Timber services and other sales	5,829	5,734	95	—
Total sales	25,892	18,321	7,571	—
Operating costs and expenses				
Cost of sales	17,447	12,318	5,129	—
Selling, administration and other	1,640	923	484	233
Silviculture	3	1	2	—
Depreciation and amortization	62	37	25	—
	19,152	13,279	5,640	233
Operating earnings / (loss)	6,740	5,042	1,931	(233)
Interest expense, net	(755)			
Fair value adjustments and other	425			
Unrealized exchange gain on long-term debt	1,216			
Gain on sale of timberlands	72			
Earnings before income taxes	7,698			
Current income tax expense	(1,106)			
Deferred income tax expense	(768)			
Net income	\$ 5,824			
<i>As at March 27, 2021</i> <i>(CAD thousands)</i>				
Non-current assets	\$ 491,562	\$ 322,797	\$ 168,747	\$ 18
Total assets	513,308	334,440	174,081	4,787
Total liabilities	\$ 220,515	\$ 5,814	\$ 33,418	\$ 181,283

<i>Three Months Ended March 28, 2020</i>				
<i>(CAD thousands)</i>	Total	NB Timberlands	Maine Timberlands	Corporate and Other
<b>Sales</b>				
Softwood	\$ 13,887	\$ 6,632	\$ 7,255	\$ —
Hardwood	10,100	7,765	2,335	—
Biomass	1,495	1,493	2	—
Timber services and other sales	5,926	5,807	119	—
<b>Total sales</b>	<b>31,408</b>	<b>21,697</b>	<b>9,711</b>	<b>—</b>
<b>Operating costs and expenses</b>				
Cost of sales	20,861	14,517	6,344	—
Selling, administration and other	2,217	1,300	318	599
Silviculture	1	1	—	—
Depreciation and amortization	66	40	26	—
	<b>23,145</b>	<b>15,858</b>	<b>6,688</b>	<b>599</b>
<b>Operating earnings / (loss)</b>	<b>8,263</b>	<b>5,839</b>	<b>3,023</b>	<b>(599)</b>
Interest expense, net	(1,291)			
Fair value adjustments and other	(1,019)			
Unrealized exchange loss on long-term debt	(8,210)			
<b>Loss before income taxes</b>	<b>(2,257)</b>			
Current income tax expense	(902)			
Deferred income tax expense	(552)			
<b>Net loss</b>	<b>\$ (3,711)</b>			
<b>As at March 28, 2020</b>				
<i>(CAD thousands)</i>	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Non-current assets	\$ 488,035	\$ 303,390	\$ 184,645	\$ —
Total assets	516,141	318,971	191,015	6,155
Total liabilities	\$ 226,366	\$ 6,598	\$ 35,638	\$ 184,130

During the three months ended March 27, 2021, approximately 30% of total sales (March 28, 2020 – 31%) were originated with customers domiciled in the U.S. and the balance in Canada. During the same period, approximately 39% of total sales (March 28, 2020 – 39%) were denominated in U.S. dollars.

Acadian sells its products to many forest products companies in North America. For the three months ended March 27, 2021, sales to the largest and next largest customer accounted for 19% and 14%, respectively (March 28, 2020 – 21% and 12%, respectively).

## 7. INCOME TAXES

Acadian's effective tax rate is different from the domestic statutory income tax rate due to the differences set out below:

<i>Three Months Ended</i> <i>(CAD thousands)</i>	<b>March 27, 2021</b>	March 28, 2020
Income taxes at statutory rate	\$ 2,232	\$ (654)
Foreign tax rate differential	(10)	(16)
Non-taxable portion of (gains) losses	(192)	968
Unrecognized tax attributes (benefit of prior years)	(156)	1,156
Total income tax expense	\$ 1,874	\$ 1,454

## 8. DIVIDENDS TO SHAREHOLDERS

Acadian pays quarterly dividends to the extent determined prudent by the Board of Directors. Total dividends declared for the three months ended March 27, 2021 were \$4.8 million (March 30, 2020 – \$4.8 million) or \$0.29 per share (March 30, 2020 – \$0.29 per share).

## BOARD AND MANAGEMENT

### BOARD OF DIRECTORS

Reid Carter  
*Corporate Director*

Malcolm Cockwell  
*Managing Director  
Haliburton Forest*

Bruce Robertson  
*Vice President  
The Woodbridge Company  
Limited*

Karen Oldfield  
*Corporate Director*

Heather Fitzpatrick  
*President and CEO  
Halmont Properties  
Corporation.*

### MANAGEMENT

Erika Reilly  
*President and  
Chief Executive Officer  
Acadian Timber Corp.*

Adam Sheparsi  
*Chief Financial Officer  
Acadian Timber Corp.*

Normand Haché  
*Senior Vice President,  
Marketing and Operations  
Acadian Timber Corp.*

## CORPORATE AND SHAREHOLDER INFORMATION

### HEAD OFFICE

365 Canada Road  
Edmundston, N.B. E3V 1W2

Please direct your inquiries to:  
Adam Sheparsi  
Chief Financial Officer  
t. 506.737-2045  
e. [ir@acadiantimber.com](mailto:ir@acadiantimber.com)

### TRANSFER AGENT AND REGISTRAR

Shareholder inquiries relating to dividends, address changes and shareholder account information should be directed to the Company's transfer agent:

AST Trust Company (Canada)  
P.O. Box 700, Station A  
Montreal, QC H3B 3K3  
t. 1-800-387-0825 (toll free in North America)  
f. 1-888-249-6189  
e. [inquiries@astfinancial.com](mailto:inquiries@astfinancial.com)  
[www.astfinancial.com/ca-en](http://www.astfinancial.com/ca-en)

### SHARE INFORMATION

Toronto Stock Exchange: ADN  
Fully Diluted Shares Outstanding (March 27, 2021): 16,686,916  
Targeted 2021 Quarterly Dividend: \$0.29 per share  
Record Date: Last business day of each quarter  
Payment Date: On or about the 15th day of each subsequent month

[www.acadiantimber.com](http://www.acadiantimber.com)

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**Acadian Timber Corp.**  
365 Canada Road  
Edmundston, NB  
E3V 1W2  
[acadiantimber.com](http://acadiantimber.com)



**ACADIANTIMBER**