

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2020 Third Quarter Results via conference call or webcast on Thursday, October 29, 2020 at 1:00PM ET, please dial 1-866-795-3013 toll free in North America (Canada and the USA), or for overseas calls, please dial 1-409-937-8907 (Conference ID 2159638) at approximately 12:50PM ET. For those unable to participate, a taped rebroadcast will be available until 3pm (Eastern Time) November 28, 2020. To access this rebroadcast, please dial 1-855-859-2056 or 1-404-537-3406 (Conference ID 2159638).

## ACADIAN TIMBER CORP. REPORTS THIRD QUARTER RESULTS

**Edmundston, NEW BRUNSWICK – October 28, 2020** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months ended September 26, 2020 (the “third quarter”).

“Operating conditions were favorable during the third quarter, but regional market demand was varied with increased demand for softwood sawlogs more than offset by a weaker than expected hardwood pulpwood market,” commented Erika Reilly, Chief Executive Officer. “With a deep customer base and diversified product mix, Acadian responded to changing market conditions by staying close to our customers and shifting production, all while aiming to protect our margins.”

Health and safety remained a key focus during the quarter. Acadian experienced no recordable safety incidents among employees and four incidents among contractors. Acadian continued to emphasize the importance of strong safety performance to all members of the organization. Acadian also continued to monitor COVID-19 related developments in the regions in which we operate and updated our COVID-19 operational plans accordingly.

During the quarter, both the New Brunswick and Maine operations completed a surveillance audit under the 2015-2019 standard of the Sustainable Forest Initiative<sup>®</sup> with no non-conformances. The Maine operation also renewed its outcome-based forestry agreement with the Maine Forest Service.

Acadian generated \$3.1 million of Free Cash Flow and declared dividends of \$4.8 million to our shareholders during the third quarter. Our balance sheet continues to be solid with the refinancing of Acadian’s long-term debt complete and \$20.4 million of net liquidity as at September 26, 2020, which includes funds available under our credit facilities.

<sup>1</sup> This news release makes reference to Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Payout Ratio which are key performance measures in evaluating Acadian’s operations and are important in enhancing investors’ understanding of Acadian’s operating performance. Adjusted EBITDA and Adjusted EBITDA margin are used to evaluate operational performance. Free Cash Flow is used to evaluate Acadian’s ability to generate sustainable cash flows from our operations while the Payout Ratio is used to evaluate Acadian’s ability to fund its distribution using Free Cash Flow. Acadian’s management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, realized gain/loss on sale of 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). Payout Ratio is defined as dividends declared divided by Free Cash Flow. As these performance measures do not have standardized meanings prescribed by International Financial Reporting Standards (“IFRS”), they may not be comparable to similar measures presented by other companies. As a result, we have provided in this news release reconciliations of net income, as determined in accordance with IFRS, to Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow.

## Review of Operations

### Financial and Operating Highlights

<i>(CAD thousands)</i>	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Sales volume (000s m <sup>3</sup> )	<b>302.3</b>	313.5	<b>816.9</b>	911.7
Sales	<b>\$ 23,236</b>	\$ 25,357	<b>\$ 66,102</b>	\$ 74,213
Operating earnings	<b>4,445</b>	4,718	<b>13,991</b>	15,937
Net income / (loss)	<b>5,248</b>	(10,869)	<b>6,766</b>	1,097
Adjusted EBITDA	<b>4,514</b>	5,123	<b>14,197</b>	17,018
Adjusted EBITDA margin	<b>19%</b>	20%	<b>21%</b>	23%
Free Cash Flow	<b>3,149</b>	4,186	<b>9,506</b>	13,426
Dividends declared	<b>4,840</b>	4,840	<b>14,518</b>	14,519
Payout ratio <sup>1</sup>	<b>154%</b>	116%	<b>153%</b>	108%
Per share – basic and diluted				
Net income / (loss)	<b>\$ 0.31</b>	\$ (0.65)	<b>\$ 0.41</b>	\$ 0.07
Free Cash Flow	<b>0.19</b>	0.25	<b>0.57</b>	0.80
Dividends declared	<b>0.29</b>	0.29	<b>0.87</b>	0.87

1. Seasonal fluctuations in volume render third quarter payout ratios not meaningful.

For the three months ended September 26, 2020, Acadian generated sales of \$23.2 million, compared to \$25.4 million in the prior year period. Sales volume, excluding biomass, decreased 9% and the weighted average selling price, excluding biomass, decreased 3% year-over-year. While demand for softwood sawlogs increased during the quarter driven by a strong North American softwood lumber market, demand for hardwood pulpwood declined. The negative effects of COVID-19 impacted select hardwood pulpwood end use markets. In addition, regional consumption was further impacted by the substitution of softwood for hardwood pulpwood and the ongoing market disruption caused by the Androscoggin Mill explosion in Jay, Maine that occurred earlier this year.

Operating costs and expenses were \$18.8 million during the third quarter, compared to \$20.6 million during the prior year period. This year-over-year decrease reflects lower harvesting activity and administrative costs. Weighted average variable costs, excluding biomass, decreased 2% reflecting a lower cost product mix in the period.

Adjusted EBITDA was \$4.5 million during the third quarter, compared to \$5.1 million in the prior year period and Adjusted EBITDA margin for the quarter was 19%, compared to 20% in the prior year period, or 19% excluding a \$0.3 million gain in timberland sales in 2019. Free Cash Flow was \$3.1 million compared to \$4.2 million in the same period of 2019.

Net income for the third quarter totaled \$5.2 million, or \$0.31 per share, compared to a net loss of \$10.9 million, or \$0.65 per share in the same period of 2019. The variance from the prior year period is primarily due to the termination fee paid to Brookfield in 2019 which, after income tax, reduced net income by \$12.8 million or \$0.77 per share. Net income was also impacted by a combination of gains on non-cash items such as unrealized foreign exchange on long-term debt and fair value adjustments in 2020 compared to 2019.

During the first nine months of 2020, Acadian generated sales of \$66.1 million compared to \$74.2 million in the prior year period. The 11% decrease reflects an abbreviated operating period during the second quarter and reduced demand for hardwood pulpwood during the third quarter compared to 2019. The weighted average selling price, excluding biomass, remained relatively stable with a 1% decrease. Operating costs and expenses of \$52.1 million were \$6.2 million lower than the prior year period due to lower harvesting activity and administrative costs. As a result, year-to-date Adjusted EBITDA was \$14.2 million compared to \$17.0 million during the first nine months of 2019. Adjusted EBITDA margin of 21% compares to 23% in 2019, or 22% on a comparable basis, excluding 2019 land sales.

For the nine months ended September 26, 2020, net income was \$6.8 million, or \$0.41 per share, which represents an increase of \$5.7 million year-over-year. The variance is primarily related to the one-time termination fee paid to Brookfield in the third quarter of 2019 and year-to-date unrealized foreign exchange movements on U.S. denominated long-term debt.

## Segment Performance

### New Brunswick Timberlands

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

	Three Months Ended September 26, 2020				Three Months Ended September 28, 2019			
	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	123.7	122.5	52%	\$ 7,050	103.7	102.7	43%	\$ 5,864
Hardwood	75.7	73.7	31%	5,249	109.1	111.1	47%	8,188
Biomass	40.7	40.7	17%	1,156	24.9	24.9	10%	818
	<b>240.1</b>	<b>236.9</b>	<b>100%</b>	<b>13,455</b>	<b>237.7</b>	<b>238.7</b>	<b>100%</b>	<b>14,870</b>
Timber services and other				4,570				4,599
Sales				\$ 18,025				\$ 19,469
Adjusted EBITDA				\$ 4,240				\$ 4,789
Adjusted EBITDA margin				24%				25%

	Nine Months Ended September 26, 2020				Nine Months Ended September 28, 2019			
	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	282.5	284.2	47%	\$ 16,188	291.4	303.3	45%	\$ 17,817
Hardwood	211.5	223.3	37%	17,262	264.3	274.0	41%	20,849
Biomass	103.2	103.2	16%	3,280	99.0	99.0	14%	3,554
	<b>597.2</b>	<b>610.7</b>	<b>100%</b>	<b>36,730</b>	<b>654.7</b>	<b>676.3</b>	<b>100%</b>	<b>42,220</b>
Timber services and other				12,474				13,147
Sales				\$ 49,204				\$ 55,367
Adjusted EBITDA				\$ 11,900				\$ 13,388
Adjusted EBITDA margin				24%				24%

Sales for our New Brunswick Timberlands were \$18.0 million compared to \$19.5 million during the prior year period. Sales volume, excluding biomass, decreased by 8% primarily due to lower hardwood pulpwood sales, partially offset by higher softwood sawlog sales. Biomass sales volume increased 63% during the quarter due to strong domestic sales. The weighted average selling price, excluding biomass, for the third quarter was \$62.70 per m<sup>3</sup>, or 5% lower than the prior year period, as a result of lower hardwood pulpwood volumes and price compared to the prior year.

Operating costs and expenses were \$13.8 million during the third quarter, compared to \$14.9 million in the prior year period due to lower harvesting activity and administrative costs. Weighted average variable costs, excluding biomass, decreased 8% due to lower hardwood deliveries and shorter haul distances to markets compared to the prior year period.

Adjusted EBITDA was \$4.2 million during the third quarter of 2020 compared to \$4.8 million in the prior year period reflecting lower hardwood pulpwood sales and a \$0.2 million gain on the sale of timberlands in 2019. Adjusted EBITDA margin was 24% compared to 25% in the prior year period, or 23% excluding the 2019 land sale.

During the first nine months of 2020, New Brunswick Timberlands' sales of \$49.2 million was 11% lower than the prior year period. Sales volume, excluding biomass, decreased 12% due to an abbreviated operating period during the second quarter and reduced demand for hardwood pulpwood during the third quarter relative to the nine months of 2019. The weighted average selling price, excluding biomass, decreased 2% with relatively stable prices across all products offset by less higher value hardwood pulpwood in the mix. Operating costs and expenses of \$37.4 million during the first nine months of 2020 were \$5.2 million lower than the prior year period due to lower harvesting activity and administrative costs. Adjusted EBITDA was \$11.9 million compared to 13.4 million during the first nine months of 2019 for the reasons discussed, while Adjusted EBITDA margin remained stable at 24%.

There were four recordable safety incidents among contractors and no incidents among employees during the third quarter of 2020.

## Maine Timberlands

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

	Three Months Ended September 26, 2020				Three Months Ended September 28, 2019			
	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	38.5	38.6	59%	\$ 2,741	49.0	49.0	66%	\$ 3,551
Hardwood	31.8	26.8	41%	2,305	26.1	25.5	34%	2,164
Biomass	—	—	0%	2	0.3	0.3	0%	4
	<b>70.3</b>	<b>65.4</b>	<b>100%</b>	<b>5,048</b>	<b>75.4</b>	<b>74.8</b>	<b>100%</b>	<b>5,719</b>
Other sales				163				169
Sales				\$ 5,211				\$ 5,888
Adjusted EBITDA				\$ 793				\$ 711
Adjusted EBITDA margin				15%				12%

	Nine Months Ended September 26, 2020				Nine Months Ended September 28, 2019			
	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	140.9	141.0	68%	\$ 10,806	163.1	163.3	69%	\$ 12,471
Hardwood	69.5	65.0	32%	5,665	68.7	68.3	29%	5,894
Biomass	0.2	0.2	0%	4	3.8	3.8	2%	12
	<b>210.6</b>	<b>206.2</b>	<b>100%</b>	<b>16,475</b>	<b>235.6</b>	<b>235.4</b>	<b>100%</b>	<b>18,377</b>
Other sales				423				469
Sales				\$ 16,898				\$ 18,846
Adjusted EBITDA				\$ 3,959				\$ 4,594
Adjusted EBITDA margin				23%				24%

Sales for our Maine Timberlands totaled \$5.2 million compared to \$5.9 million for the same period last year. Sales volume, excluding biomass, decreased by 12% as customers were slow to take softwood pulpwood deliveries due to continued high inventories in the region.

The weighted average selling price, excluding biomass, remained stable due to a favourable product mix overall offset by lower quality softwood and hardwood sawtimber in the mix. In Canadian dollar terms the weighted average selling price was \$77.27 per m<sup>3</sup>, up 1% compared to the same period of 2019. In U.S. dollar terms, the weighted average selling price, excluding biomass, was \$57.95 per m<sup>3</sup>, flat year-over-year.

Operating costs and expenses for the third quarter were \$4.4 million, compared to \$5.3 million during the same period of 2019 primarily due to lower harvest activity and administrative costs. Variable harvest costs per m<sup>3</sup>, excluding biomass, were higher than in the prior year period due to a higher cost mix, with less softwood pulpwood harvested, and longer hauling distances to market.

Adjusted EBITDA for the quarter was \$0.8 million compared to \$0.7 million during the prior year period and Adjusted EBITDA margin was 15% compared to 12% in the prior year period. Lower sales were more than offset by the lower costs during the quarter.

During the first nine months of 2020, sales were \$16.9 million compared to \$18.8 million in the prior year period. The weighted average selling price, excluding biomass, increased 1%, while sales volume, excluding biomass, decreased 11% year-over-year reflecting low demand for pulpwood during the nine months of 2020. Operating costs and expenses of \$13.0 million during the nine-month period were \$1.7 million lower than the prior year period due to lower harvesting activity and lower administrative costs in 2020. Adjusted EBITDA of \$4.0 million compares to \$4.6 million during the first nine months of 2019, with 2019 including a \$0.4 million gain related to timberland sales. Adjusted EBITDA margin was 23% compared to 24% in 2019, or 22% excluding 2019 land sales.

There were no recordable safety incidents among employees or contractors during the third quarter of 2020.

## Market Outlook

*The following contains forward-looking information about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2020. Reference should be made to the section entitled "Cautionary Statement Regarding Forward-Looking Information and Statements" section of this news release. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of our Management's Discussion and Analysis of Acadian's most recent Annual Report and Annual Information Form available on our website at [www.acadiantimber.com](http://www.acadiantimber.com) or filed with SEDAR at [www.sedar.com](http://www.sedar.com).*

Acadian's main products include softwood sawlogs and pulpwood, hardwood sawlogs and pulpwood, and biomass, from which our customers manufacture solid wood, pulp and paper products, engineered wood products, and fuels. This product diversity leads to more stable performance over cycles.

The outlook for softwood sawlogs is positive with an expected increase in North American softwood lumber consumption in 2021. Consensus estimates are for 1.30 million housing starts in 2020 increasing to 1.37 million in 2021 supported by favourable demographics, lower interest rates and old, underbuilt housing stock.

Local markets for hardwood sawlogs are expected to strengthen for the remainder of the year as less product is produced in light of weak hardwood pulpwood markets, matched with strengthening demand for hardwood lumber.

Hardwood and softwood pulpwood demand is expected to remain weak for the remainder of the year, until hardwood pulp markets improve and regional supply is brought in balance with demand.

Biomass markets in New Brunswick continue to be supported by steady demand while biomass markets in Maine remain limited.

## Quarterly Dividend

Based on a strong balance sheet and outlook for the remainder of the year, Acadian is pleased to announce a dividend of \$0.29 per share, payable on January 15, 2021 to shareholders of record on December 31, 2020.

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**Acadian Timber Corp.** ("Acadian", the "Company" or "we") is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of approximately 2.4 million acres of land under management, Acadian is the second largest timberland operator in New Brunswick and Maine.

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 85 regional customers.

Acadian's business strategy is to maximize cash flows from its existing timberland assets while growing our business by acquiring assets on a value basis and utilizing our operations-oriented approach 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 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, 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 the Letter to Shareholders which precedes this MD&A and includes statements made in this MD&A in sections entitled “Dividend Policy of the Company” 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 US 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; 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 12, 2020 and in each of the Annual Information Form dated March 27, 2020 and the Management Information Circular dated March 27, 2020, 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.*

**Acadian Timber Corp.**  
**Interim Condensed Consolidated Balance Sheets**

(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	<b>September 26, 2020</b>	December 31, 2019
<b>Assets</b>		
Current assets		
Cash	\$ 7,406	\$ 7,601
Accounts receivable and other assets	11,433	11,602
Current income taxes receivable	1,299	2,245
Inventory	1,178	1,545
	<b>21,316</b>	22,993
Timber	<b>385,927</b>	377,992
Land, roads and other fixed assets	<b>93,017</b>	91,584
Intangible assets	<b>6,140</b>	6,140
<b>Total assets</b>	<b>\$ 506,400</b>	\$ 498,709
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Short-term debt	\$ —	\$ 7,793
Accounts payable and accrued liabilities	10,979	9,190
Dividends payable to shareholders	4,839	4,839
Current portion of long-term debt	—	93,084
	<b>15,818</b>	114,906
Long-term debt	<b>106,468</b>	—
Deferred income tax liability	<b>100,783</b>	97,102
Shareholders' equity	<b>283,331</b>	286,701
<b>Total liabilities and shareholders' equity</b>	<b>\$ 506,400</b>	\$ 498,709

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

(unaudited)

<i>(CAD thousands, except per share data)</i>	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Sales	\$ 23,236	\$ 25,357	\$ 66,102	\$ 74,213
Operating costs and expenses				
Cost of sales	16,075	17,404	44,704	49,900
Selling, administration and other	1,971	2,789	6,274	7,412
Reforestation	676	375	927	749
Depreciation and amortization	69	71	206	215
	18,791	20,639	52,111	58,276
Operating earnings	4,445	4,718	13,991	15,937
Interest expense, net	(1,142)	(1,010)	(3,605)	(2,989)
Other items				
Fair value adjustments and other	643	139	3,861	1,409
Unrealized exchange gain / (loss) on long-term debt	2,240	(1,030)	(2,940)	2,907
Management agreement termination fee	—	(18,000)	—	(18,000)
Gain on sale of timberlands	—	333	—	864
Gain on disposal of other fixed assets	—	1	—	2
Earnings (Loss) before income tax	6,186	(14,849)	11,307	130
Current income tax recovery / (expense)	(312)	1,667	(1,870)	335
Deferred income tax recovery / (expense)	(626)	2,313	(2,671)	632
Net income / (Loss)	\$ 5,248	\$ (10,869)	\$ 6,766	\$ 1,097
Net income / (Loss) per share – basic and diluted	\$ 0.31	\$ (0.65)	\$ 0.41	\$ 0.07



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

(unaudited)

<i>(CAD thousands)</i>	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net income / (Loss)	\$ 5,248	\$ (10,869)	\$ 6,766	\$ 1,097
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain / (loss)	(3,073)	1,500	4,382	(4,447)
Gain on revaluation of roads and land	—	(9)	—	(23)
Deferred income tax recovery	—	3	—	7
Comprehensive income / (Loss)	\$ 2,175	\$ (9,375)	\$ 11,148	\$ (3,366)

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

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
<i>(CAD thousands)</i>				
Cash provided by (used for):				
<b>Operating activities</b>				
Net income / (Loss)	\$ 5,248	\$ (10,869)	\$ 6,766	\$ 1,097
Adjustment to net income:				
Deferred income tax expense / (recovery)	626	(2,313)	2,671	(632)
Depreciation and amortization	69	71	206	215
Fair value adjustments and other	(643)	(139)	(3,861)	(1,409)
Unrealized exchange (gain) / loss on long-term debt	(2,240)	1,030	2,940	(2,907)
Gain on sale of timberlands	—	(333)	—	(864)
Gain on disposal of other fixed assets	—	(1)	—	(2)
Accretion of long-term debt	315	276	1,038	861
Net change in non-cash working capital balances and other	(648)	(1,079)	3,545	(2,114)
	2,727	(13,357)	13,305	(5,755)
<b>Financing activities</b>				
Repayment of operating loans	—	—	(8,169)	—
Issuance of long-term debt	—	9,930	19,795	9,930
Repayment of long-term debt	—	—	(9,729)	—
Deferred financing costs	—	—	(527)	—
Dividends paid to shareholders	(4,840)	(4,840)	(14,518)	(14,394)
Purchase of common shares under NCIB	—	—	—	(37)
	(4,840)	5,090	(13,148)	(4,501)
<b>Investing activities</b>				
Additions to timber, land, roads and other fixed assets	(257)	(68)	(352)	(86)
Proceeds from sale of timberlands	—	353	—	920
Proceeds from sale of other fixed assets	—	1	—	2
	(257)	286	(352)	836
Increase / (decrease) in cash during the period	(2,370)	(7,981)	(195)	(9,420)
Cash beginning of period	9,776	20,881	7,601	22,320
<b>Cash end of period</b>	\$ 7,406	\$ 12,900	\$ 7,406	\$ 12,900

## Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>(CAD thousands)</i>	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net income / (loss)	\$ 5,248	\$ (10,869)	\$ 6,766	\$ 1,097
Add / (deduct)				
Interest expense, net	1,142	1,010	3,605	2,989
Current income tax (recovery) / expense	312	(1,667)	1,870	(335)
Deferred income tax (recovery) / expense	626	(2,313)	2,671	(632)
Depreciation and amortization	69	71	206	215
Fair value adjustments and other	(643)	(139)	(3,861)	(1,409)
Management agreement termination fee	—	18,000	—	18,000
Unrealized exchange (gain) / loss on long-term debt	(2,240)	1,030	2,940	(2,907)
Adjusted EBITDA	\$ 4,514	\$ 5,123	\$ 14,197	\$ 17,018
Add / (deduct)				
Interest paid on debt, net	(796)	(708)	(2,470)	(2,049)
Additions to timber, land, roads and other fixed assets	(257)	(68)	(352)	(86)
Gain on sale of timberlands	—	(333)	—	(864)
Gain on disposal of other fixed assets	—	(1)	—	(2)
Proceeds on sale of timberlands	—	353	—	920
Proceeds on sale of other fixed assets	—	1	—	2
Current tax effect of termination fee	—	(1,848)	—	(1,848)
Current income tax (expense) / recovery	(312)	1,667	(1,870)	335
Free Cash Flow	\$ 3,149	\$ 4,186	\$ 9,506	\$ 13,426
Dividends declared	\$ 4,840	\$ 4,840	\$ 14,518	\$ 14,519
Payout Ratio	154%	116%	153%	108%