

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2022 First Quarter Results via conference call or webcast on Thursday, May 5, 2022 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 9769092) at approximately 12:50PM ET. For those unable to participate, a recorded rebroadcast will be available until 4:00PM ET June 4, 2022. To access this rebroadcast, please dial 1-855-859-2056 or 1-404-537-3406 (Conference ID 9769092).

ACADIAN TIMBER CORP. REPORTS FIRST QUARTER RESULTS

Edmundston, NEW BRUNSWICK – May 4, 2022 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended March 26, 2022 (the “first quarter”).

“Acadian posted a solid start to the year benefiting from strong pricing and demand for sawlogs, together with improved pricing and demand for softwood pulpwood. Deliveries were negatively impacted by reduced trucking capacity, but we expect to catch up on this volume through the remainder of the year,” commented Adam Sheparski, President and Chief Executive Officer. “Although we faced significant inflationary pressures during the quarter, our focus on merchandizing our products to obtain the highest margins available and making improvements throughout the business has begun to take hold.”

Acadian generated \$5.0 million of Free Cash Flow during the first quarter, consistent with the same period of 2021, and declared dividends of \$4.8 million or \$1.16 per share to our shareholders. Acadian’s balance sheet remains solid with \$19.5 million of net liquidity as at March 26, 2022, which includes funds available under our credit facilities.

Health and safety remained a key focus during the quarter. Acadian experienced no recordable safety incidents among employees and one incident among contractors. Acadian continues to emphasize the importance of strong safety performance to all members of the organization.

¹ 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 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 Ratio is used to evaluate Acadian’s ability to fund its distribution using Free Cash Flow. Acadian’s management defines Adjusted EBITDA as net income before interest, income taxes, fair value adjustments, recovery of or impairment of land and roads, unrealized exchange gain/loss on long-term debt and depreciation and amortization, and defines Adjusted EBITDA margin as Adjusted EBITDA as a percentage of Acadian’s sales. Acadian’s management defines Free Cash Flow as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of timberlands and fixed assets (proceeds less gains or losses). Payout Ratio is defined as dividends declared divided by Free Cash Flow. We have provided in this news release reconciliations of net income, as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow. Reference is also made to net liquidity which includes cash and funds available under credit facilities less amounts reserved to support the minimum cash balance related to long-term debt. As these measures do not have standardized meanings prescribed by International Financial Reporting Standards (“IFRS”), they may not be comparable to similar measures presented by other companies. Please refer to Management’s Discussion and Analysis for further details.

Review of Operations

Financial and Operating Highlights

<i>(CAD thousands, except per share information)</i>	March 26, 2022	March 27, 2021
Sales volume (000s m ³)	301.2	290.0
Sales	\$ 26,631	\$ 25,892
Operating earnings	6,838	6,740
Net income	4,158	5,824
Adjusted EBITDA	\$ 6,909	\$ 6,874
Adjusted EBITDA margin	26%	27%
Free Cash Flow	\$ 5,014	\$ 4,990
Dividends declared	4,839	4,839
Payout Ratio	97%	97%
Per share – basic and diluted		
Net income	\$ 0.25	\$ 0.35
Free Cash Flow	0.30	0.30
Dividends declared	0.29	0.29

During the first quarter, Acadian generated sales of \$26.6 million, compared to \$25.9 million in the prior year period. The weighted average selling price, excluding biomass, increased 6% year-over-year benefiting from strong sawlog prices and improved pulpwood prices, driven by strong demand. Sales volume, excluding biomass, increased 6% due to higher softwood sales. Biomass sales volume decreased 12% due to lower domestic sales.

Operating costs and expenses were \$19.8 million during the first quarter, compared to \$19.2 million during the prior year period. This year-over-year increase reflects higher harvesting activity, fuel prices, and land management costs, partially offset by decreased timber services in New Brunswick. Weighted average variable costs, excluding biomass, increased 3% as a result of higher fuel costs during the first quarter of 2022.

Adjusted EBITDA of \$6.9 million during the first quarter was in-line with the prior year period. Adjusted EBITDA margin for the quarter was 26% compared to 27% in the prior year period. Free Cash Flow was \$5.0 million, consistent with the prior year period.

Net income for the first quarter totaled \$4.2 million, or \$0.25 per share, compared to \$5.8 million, or \$0.35 per share, in the same period of 2021. The variance in net income compared to the prior year period was primarily the result of the application of hedge accounting during the first quarter of 2022, which resulted in changes in the unrealized foreign exchange gain of \$1.4 million on Acadian's U.S. dollar-denominated debt being recorded in other comprehensive income rather than through profit and loss.

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 March 26, 2022</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	128.1	125.6	62%	\$ 8,174
Hardwood	68.2	51.8	25%	4,505
Biomass	26.0	26.0	13%	1,156
	222.3	203.4	100%	13,835
Timber services and other sales				4,174
Sales				\$ 18,009
Adjusted EBITDA				\$ 4,668
Adjusted EBITDA margin				26%

<i>Three Months Ended March 27, 2021</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	98.2	86.5	45%	\$ 5,567
Hardwood	81.0	74.1	39%	5,811
Biomass	29.6	29.6	16%	1,209
	208.8	190.2	100%	12,587
Timber services and other sales				5,734
Sales				\$ 18,321
Adjusted EBITDA				\$ 5,079
Adjusted EBITDA margin				28%

Sales for New Brunswick Timberlands were \$18.0 million compared to \$18.3 million during the prior year period. Sales volume, excluding biomass, increased by 10% primarily due to higher softwood sales. Softwood sawlog and softwood pulpwood sales increased by 39% and 84%, respectively, as a result of the strong softwood lumber market and a higher regional demand for softwood pulpwood compared to the prior year period. The volume increase was offset by a 30% decrease in sales volume of hardwood pulpwood, driven by reduced trucking capacity, and decreased timber services activity. Biomass sales volume decreased 12% during the quarter due to lower domestic sales.

The weighted average selling price, excluding biomass, for the first quarter was \$71.47 per m³, or 1% higher than the prior year period, as a result of strong sawlog prices partially offset by a higher proportion of softwood pulpwood in the mix. The margin on biomass was up 2% year-over-year.

Operating costs and expenses were \$13.4 million during the first quarter, compared to \$13.3 million in the prior year period due to higher harvesting activity, fuel prices, and land management costs, partially offset by reduced timber services activity. Weighted average variable costs, excluding biomass, increased 3% as a result of higher fuel costs compared to the prior year period.

Adjusted EBITDA for the quarter was \$4.7 million compared to \$5.1 million during the prior year period and Adjusted EBITDA margin was 26% compared to 28% in the prior year period. Adjusted EBITDA decrease was mainly impacted by lower timber services activity and the cost increases described above.

Maine Timberlands

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

<i>Three Months Ended March 26, 2022</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	77.1	76.9	79%	\$ 6,787
Hardwood	22.3	20.7	21%	1,726
Biomass	0.2	0.2	0%	4
	99.6	97.8	100%	8,517
Other sales				105
Sales				\$ 8,622
Adjusted EBITDA				\$ 2,752
Adjusted EBITDA margin				32%

<i>Three Months Ended March 27, 2021</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	76.0	76.0	76%	\$ 5,718
Hardwood	26.9	23.5	24%	1,753
Biomass	0.3	0.3	0%	5
	103.2	99.8	100%	7,476
Other sales				95
Sales				\$ 7,571
Adjusted EBITDA				\$ 2,028
Adjusted EBITDA margin				27%

Sales for Maine Timberlands during the first quarter totaled \$8.6 million compared to \$7.6 million in the prior year period. Sales volume, excluding biomass, decreased 2% reflecting lower hardwood pulpwood and softwood sawlog deliveries due to reduced trucking capacity.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$87.29 per m³, compared to \$75.09 per m³ during the same period of 2021. In U.S dollar terms, the weighted average selling price, excluding biomass, was \$68.86 per m³, compared to \$59.28 per m³ in 2021 with higher sawlog and pulpwood prices benefiting from favourable market dynamics.

Operating costs and expenses for the first quarter were \$5.9 million, compared to \$5.6 million during the same period in 2021, primarily due to higher harvesting and land management costs. Weighted average variable costs, excluding biomass, increased 6% as a result of greater haul distances to markets and higher fuel costs.

Adjusted EBITDA for the quarter was \$2.8 million compared to \$2.0 million during the prior year period and Adjusted EBITDA margin was 32% compared to 27% in the prior year period.

Market Outlook²

Interest rates have begun to rise, which may have an impact on longer term demand for end use products. However, a large cohort of the U.S. population is entering their home buying years, a low inventory of homes is for sale, and repair and remodel activity is steady; together, these are expected to drive strong demand in the short to medium term. Consensus forecast is for approximately 1.61 million U.S. housing starts in 2022, as compared to 1.60 million in 2021.

Inflation is expected to continue weighing on financial results, as operating costs such as fuel have increased significantly. Acadian is in the process of recovering some of these additional costs from our customers, although there is a delay in the flow through.

Positive end use market dynamics combined with benefits from new customer relationships is expected to support demand and pricing for softwood and hardwood sawlogs for the remainder of the year. Significant demand and pricing for high grade hardwood sawlogs is expected to have positive impacts as inventory is merchandized and delivered to customers during the second quarter.

Hardwood pulpwood demand is expected to remain stable through 2022 with increasing customer confidence and market demand for hardwood pulp. Meanwhile, markets for softwood pulpwood are beginning to improve, although an abundance of regional inventories of both softwood pulpwood and sawmill residuals may impact demand over the long term.

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 July 15, 2022 to shareholders of record on June 30, 2022.

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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:

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² The following contains forward-looking information about Acadian Timber Corp.'s market outlook for the remainder of 2022. Reference should be made to the section entitled "Cautionary Statement Regarding Forward-Looking Information and Statements" for further details. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section in this document and in our Annual Information Form available on our website at www.acadiantimber.com or www.sedar.com.

Cautionary Statement Regarding Forward-Looking Information and Statements

This News Release contains forward-looking information and statements within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking information is included in this News Release and includes statements made in the section entitled "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. All forward-looking statements in this News Release are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Actual results may vary. These forward-looking statements include, but are not limited to:

- *Expectations regarding product demand and end use markets, including expectations for U.S. housing starts, which may be impacted by changes in interest rates, U.S. population demographics and the inventory of homes for sale. Expectations regarding product demand are based on anticipated market conditions, anticipated regional inventory levels of key customers, and the economic situation of key customers. Estimates for U.S. housing starts are based on forecasts published by major financial institutions.*

Other risks and factors are discussed under the heading "Risk Factors" in the Annual Report dated February 9, 2022, and in each of the Annual Information Form dated March 25, 2022 and the Management Information Circular dated March 25, 2022 and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this News Release are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this News Release are made as of the date of this News Release based on information currently available to management and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this News Release. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

Acadian Timber Corp.
Interim Condensed Consolidated Balance Sheets

(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	March 26, 2022	December 31, 2021
Assets		
Current assets		
Cash	\$ 7,050	\$ 7,316
Accounts receivable and other assets	9,343	8,386
Current income taxes receivable	—	104
Inventory	2,938	1,450
	19,331	17,256
Timber	391,267	394,063
Land, roads, and other fixed assets	98,564	99,183
Intangible asset	6,140	6,140
Total assets	\$ 515,302	\$ 516,642
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,258	\$ 8,800
Current income taxes payable	709	—
Dividends payable to shareholders	4,839	4,839
	14,806	13,639
Long-term debt	99,510	100,888
Deferred income tax liabilities, net	110,735	110,630
Total liabilities	225,051	225,157
Shareholders' equity	290,251	291,485
Total liabilities and shareholders' equity	\$ 515,302	\$ 516,642

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Net Income

(unaudited)

<i>Three Months Ended</i> <i>(CAD thousands, except per share data)</i>	March 26, 2022	March 27, 2021
Sales	\$ 26,631	\$ 25,892
Operating costs and expenses		
Cost of sales	17,669	17,447
Selling, administration and other	2,066	1,640
Silviculture	1	3
Depreciation and amortization	57	62
	19,793	19,152
Operating income	6,838	6,740
Interest expense, net	(737)	(755)
Other items		
Fair value adjustments and other	(272)	425
Unrealized exchange gain on long-term debt	—	1,216
Gain on sale of timberlands and other fixed assets	14	72
Income before income taxes	5,843	7,698
Income tax expense	(1,685)	(1,874)
Net income	\$ 4,158	\$ 5,824
Net income per share – basic and diluted	\$ 0.25	\$ 0.35

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Comprehensive Income

(unaudited)

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 26, 2022	March 27, 2021
Net income	\$ 4,158	\$ 5,824
Other comprehensive loss		
Items that may be reclassified subsequently to net income:		
Unrealized foreign currency translation loss	(553)	(1,433)
Comprehensive income	\$ 3,605	\$ 4,391

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 26, 2022	March 27, 2021
Cash provided by (used for):		
Operating activities		
Net income	\$ 4,158	\$ 5,824
Adjustments to net income:		
Income tax expense	1,685	1,874
Depreciation and amortization	57	62
Fair value adjustments and other	272	(425)
Unrealized exchange gain on long-term debt	—	(1,216)
Gain on sale of timberlands and other fixed assets	(14)	(72)
Income taxes (paid) received	(336)	1,586
Net change in non-cash working capital balances and other	(1,199)	(1,856)
	4,623	5,777
Financing activities		
Dividends paid to shareholders	(4,839)	(4,839)
Investing activities		
Additions to timber, land, roads, and other fixed assets	(64)	(69)
Proceeds from sale of timberlands and other fixed assets	14	75
	(50)	6
(Decrease) / increase in cash during the period	(266)	944
Cash, beginning of period	7,316	10,258
Cash, end of period	\$ 7,050	\$ 11,202

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

<i>(CAD thousands)</i>	March 26, 2022	March 27, 2021
Net income	\$ 4,158	\$ 5,824
Add / (deduct):		
Interest expense, net	737	755
Income tax expense	1,685	1,874
Depreciation and amortization	57	62
Fair value adjustments and other	272	(425)
Unrealized exchange gain on long-term debt	—	(1,216)
Adjusted EBITDA	\$ 6,909	\$ 6,874
Add / (deduct):		
Interest paid on debt, net	(708)	(712)
Additions to timber, land, roads, and other fixed assets	(64)	(69)
Gain on sale of timberlands and other fixed assets	(14)	(72)
Proceeds from sale of timberlands and other fixed assets	14	75
Current income tax expense	(1,123)	(1,106)
Free Cash Flow	\$ 5,014	\$ 4,990
Dividends declared	\$ 4,839	\$ 4,839
Payout Ratio	97%	97%