

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2021 Fourth Quarter Results via conference call or webcast on Thursday, February 10, 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 2651726) at approximately 12:50PM ET. For those unable to participate, a recorded rebroadcast will be available until 4:00PM ET March 12, 2022. To access this rebroadcast, please dial 1-855-859-2056 or 1-404-537-3406 (Conference ID 2651726).

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

Edmundston, NEW BRUNSWICK – February 9, 2022 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months and full year ended December 31, 2021.

“Acadian is extremely proud to announce that there were no recordable safety incidents among employees and contractors during the year while delivering solid operational results,” commented Adam Sheparsi, President and Chief Executive Officer. “Market demand for our products remains strong with a number of new customers beginning to take delivery and we continue to seek business development opportunities and improvements throughout the business.”

Acadian generated \$16.9 million of Free Cash Flow during the year, compared to \$15.2 million in 2020, and declared dividends of \$19.4 million or \$1.16 per share to our shareholders. Acadian’s balance sheet remains solid with \$19.8 million of net liquidity as at December 31, 2021, which includes funds available under our credit facilities.

Acadian today also announced that it is adding a Dividend Reinvestment Plan (“DRIP”) and a Normal Course Issuer Bid (“NCIB”), to facilitate shareholder support in the Company and to enhance capital management flexibility.

Dividend Reinvestment Plan

Acadian is instituting a DRIP to enable Canadian resident shareholders to automatically reinvest cash dividends paid on their Acadian shares in additional shares. To enroll in the DRIP, shareholders must contact the broker, dealer, bank, or other market participant who holds their Acadian shares.

Acadian shareholders will be eligible to participate in the DRIP beginning with the dividend record date March 31, 2022 provided that their broker, dealer, bank, or other market participant has enrolled them on or before that date. Acadian shares to be issued under the DRIP will be issued directly from treasury of Acadian at a price equal to the volume-weighted average trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the relevant dividend payment date.

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 Acadian’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 the Payout Ratio is used to evaluate Acadian’s ability to fund its distributions 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, realized gain/loss on sale of other fixed assets, unrealized exchange gain/loss on long-term debt and depreciation and amortization and Adjusted EBITDA margin as Adjusted EBITDA as a percentage of its total sales. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of 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 and Free Cash Flow.

Acadian has conditionally reserved for issuance with the Toronto Stock Exchange 1.5 million additional shares to accommodate the purchase of shares under the DRIP.

Macer Forest Holdings Inc., a company controlled by Acadian Board of Directors Chair Malcolm Cockwell, has indicated that it will initially participate in the DRIP for 50% of dividends payable to it. Macer Forest Holdings Inc. owns approximately 45% of the outstanding common shares of Acadian.

Normal Course Issuer Bid

On February 9, 2022, the Company filed a notice of intention with the Toronto Stock Exchange (“TSX”) to purchase for cancellation up to 834,345 common shares representing 5% of the 16,686,916 common shares outstanding as of February 3, 2022, subject to regulatory approval. The purchases will be made through the facilities of the TSX and/or any alternative Canadian trading systems to the extent they are eligible. The price that the Company will pay for any such shares will be the market price at the time of acquisition. The Company believes that repurchasing shares at the prevailing market prices from time to time is a worthwhile use of funds and in the best interests of the Company and its shareholders. Purchases may commence on February 14, 2022 and shall terminate not later than February 13, 2023. Based on average daily trading volume (“ADTV”) of 8,365 over the last six months, daily purchases will be limited to 2,091 common shares (25% of the ADTV of the Class A shares), other than block purchase exemptions. The Company has not purchased any of its common shares over the past 12 months.

Review of Operations

Financial and Operating Highlights

	Three Months Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m ³)	290.1	321.2	1,062.3	1,138.1
Sales	\$ 25,946	\$ 24,929	\$ 95,729	\$ 91,031
Operating income	6,166	6,838	21,757	20,829
Net income	6,541	15,314	18,684	22,080
Adjusted EBITDA	\$ 6,315	\$ 7,288	\$ 22,487	\$ 21,485
Adjusted EBITDA margin	24%	29%	23%	24%
Free Cash Flow	\$ 5,149	\$ 5,648	\$ 16,933	\$ 15,153
Dividends declared	4,839	4,839	19,357	19,357
Payout ratio	94%	86%	114%	128%
Per share – basic and diluted				
Net income	\$ 0.39	\$ 0.92	\$ 1.12	\$ 1.32
Free Cash Flow	0.31	0.34	1.01	0.91
Dividends declared	0.29	0.29	1.16	1.16

Three Months Ended December 31, 2021

Acadian generated sales of \$25.9 million, compared to \$24.9 million in the prior year period. The weighted average selling price, excluding biomass, increased 7% year-over-year benefiting from favourable operating conditions and increased sawlog pricing. Sales volume, excluding biomass, decreased 7% due to lower hardwood pulpwood sales. Biomass sales volume decreased 27% due to lower domestic sales.

Operating costs and expenses were \$19.8 million during the fourth quarter, compared to \$18.1 million during the prior year period. This year-over-year increase reflects higher harvesting activity in Maine and increased timber services in New Brunswick. Weighted average variable costs, excluding biomass, increased 10% reflecting higher log processing and fuel costs, partially offset by a stronger Canadian dollar.

Adjusted EBITDA was \$6.3 million during the fourth quarter, compared to \$7.3 million in the prior year period and Adjusted EBITDA margin for the quarter was 24% compared to 29% in the prior year period.

Net income for the fourth quarter totaled \$6.5 million, or \$0.39 per share, compared to \$15.3 million, or \$0.92 per share in the same period of 2020. Net income was impacted by a combination of lower gains on non-cash items such as unrealized foreign exchange on long-term debt and fair value adjustments in 2021 compared to 2020.

Year Ended December 31, 2021

Acadian generated sales of \$95.7 million, compared to \$91.0 million in the prior year. Sales volume, excluding biomass, decreased 5% primarily due to lower softwood pulpwood sales due to the competition of sawmill residuals and to a lesser extent lower hardwood pulpwood sales due to increased regional inventories. Acadian's weighted average selling price, excluding biomass, increased 4% with a higher value product mix and strong sawlog prices.

Operating costs and expenses were \$74.0 million during 2021, compared to \$70.2 million in the prior year due to higher harvesting costs and timber services activity. Weighted average variable costs, excluding biomass, increased 2% due to higher fuel costs partially offset by a stronger Canadian dollar.

Adjusted EBITDA for the year ended December 31, 2021 was \$22.5 million, compared to \$21.5 million in the prior year, while Adjusted EBITDA margin was 23% compared to 24% in the prior year.

Net income for the year ended December 31, 2021 totaled \$18.7 million, or \$1.12 per share, compared to net income of \$22.1 million, or \$1.32 per share, in 2020. Net income was primarily impacted by lower gains on non-cash items such as unrealized foreign exchange on long-term debt and fair value adjustments in 2021 compared to 2020.

Segment Performance

New Brunswick Timberlands

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

<i>Three Months Ended December 31, 2021</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	102.5	98.0	51%	\$ 6,029
Hardwood	70.0	64.2	34%	5,550
Biomass	28.2	28.2	15%	980
	200.7	190.4	100%	12,559
Timber services and other sales				5,420
Sales				\$ 17,979
Adjusted EBITDA				\$ 4,458
Adjusted EBITDA margin				25%
<i>Three Months Ended December 31, 2020</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	131.1	126.1	51%	\$ 7,846
Hardwood	81.7	84.2	34%	6,323
Biomass	39.3	39.3	15%	871
	252.1	249.6	100%	15,040
Timber services and other sales				4,289
Sales				\$ 19,329
Adjusted EBITDA				\$ 6,481
Adjusted EBITDA margin				34%

Sales for New Brunswick Timberlands were \$18.0 million compared to \$19.3 million during the prior year period. Sales volume, excluding biomass, decreased 23% due to reduced softwood sawlogs and hardwood pulpwood sales, partially offset by an increase in hardwood sawlogs sales, driven by strong demand and increased timber services activity. The softwood lumber market continues to be strong but regional demand for softwood sawlogs was lower due to high inventories compared to the prior year period. Biomass sales volume decreased 28% during the quarter due to lower domestic sales.

The weighted average selling price, excluding biomass, for the fourth quarter was \$71.39 per m³, or 6% higher than the prior year period, as a result of strong hardwood sawlog prices and volumes.

Operating costs and expenses were \$13.2 million during the fourth quarter, compared to \$12.9 million in the prior year due to increased timber services activity and higher land management costs, partially offset by lower sales volume. Weighted average variable costs, excluding biomass, increased 13% reflecting higher log processing and fuel costs compared to the prior year period.

Adjusted EBITDA for the quarter was \$4.5 million compared to \$6.5 million during the prior year period and Adjusted EBITDA margin was 25% compared to 34% in the prior year period.

There were no recordable safety incidents among employees or contractors during the fourth quarter.

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

<i>Year Ended December 31, 2021</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	340.3	338.7	45%	\$ 21,480
Hardwood	310.1	305.4	40%	23,555
Biomass	110.9	110.9	15%	4,229
	761.3	755.0	100%	49,264
Timber services and other sales				22,236
Sales				\$ 71,500
Adjusted EBITDA				\$ 17,876
Adjusted EBITDA margin				25%
<i>Year Ended December 31, 2020</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	413.6	410.3	48%	\$ 24,034
Hardwood	293.2	307.5	36%	23,585
Biomass	142.5	142.5	16%	4,151
	849.3	860.3	100%	51,770
Timber services and other sales				16,763
Sales				\$ 68,533
Adjusted EBITDA				\$ 18,382
Adjusted EBITDA margin				27%

Sales for New Brunswick Timberlands totaled \$71.5 million, compared to \$68.5 million in 2020. Sales volume, excluding biomass, decreased 10% primarily due to lower softwood pulpwood sales offset by higher sawlog sales. While softwood pulpwood markets remained weak due to high roundwood inventories and competition from sawmill residuals in the region, demand for sawlogs remained strong due to favourable end use markets. Biomass sales volume decreased 22% due to lower domestic sales.

The weighted average selling price, excluding biomass, for the year was \$69.92 per m³, 5% higher year-over-year, as a result of strong sawlog prices and a lower proportion of softwood pulpwood in the mix.

Operating costs and expenses were \$53.8 million during 2021, compared to \$50.3 million in the prior year due to higher harvesting costs and additional timber services activity. Weighted average variable costs, excluding biomass, increased 5% due to a higher proportion of hardwood in the mix combined with higher fuel costs compared to the prior year.

Adjusted EBITDA for the year ended December 31, 2021 was \$17.9 million, compared to \$18.4 million in the prior year, while Adjusted EBITDA margin was 25% compared to 27% during the prior year.

Maine Timberlands

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

<i>Three Months Ended December 31, 2021</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	73.5	73.5	74%	\$ 5,653
Hardwood	27.4	25.4	25%	2,150
Biomass	0.8	0.8	1%	5
	101.7	99.7	100%	7,808
Other sales				159
Sales				\$ 7,967
Adjusted EBITDA				\$ 2,098
Adjusted EBITDA margin				26%
<i>Three Months Ended December 31, 2020</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	45.0	45.0	63%	\$ 3,231
Hardwood	26.2	26.2	37%	2,173
Biomass	0.4	0.4	0%	5
	71.6	71.6	100%	5,409
Other sales				191
Sales				\$ 5,600
Adjusted EBITDA				\$ 1,346
Adjusted EBITDA margin				24%

Sales for Maine Timberlands during the fourth quarter totaled \$8.0 million compared to \$5.6 million in the prior year period. Sales volume, excluding biomass, increased by 39% due to higher softwood and hardwood sawlogs sales driven by favourable operating conditions and strong demand.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$78.88 per m³, compared to \$75.78 per m³ during the same period of 2020. In U.S. dollar terms, the weighted average selling price, excluding biomass, was \$62.56 per m³, compared to \$58.11 per m³ in 2020 with higher sawlog prices benefiting from favourable market dynamics. The 8% price increase in U.S. dollar terms was partially offset by a stronger Canadian dollar.

Operating costs and expenses for the fourth quarter were \$6.0 million, compared to \$4.7 million during the same period in 2020 as a result of higher harvesting activity. Weighted average variable costs, excluding biomass, decreased 4% benefiting from a higher proportion of softwood in the mix combined with a stronger Canadian dollar.

Adjusted EBITDA for the quarter was \$2.1 million compared to \$1.3 million during the prior year period and Adjusted EBITDA margin was 26% compared to 24% in the prior year period.

There were no recordable safety incidents among employees or contractors during the fourth quarter.

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

<i>Year Ended December 31, 2021</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	221.7	221.7	72%	\$ 16,744
Hardwood	83.2	84.2	27%	6,915
Biomass	1.4	1.4	1%	15
	306.3	307.3	100%	23,674
Other sales				555
Sales				\$ 24,229
Adjusted EBITDA				\$ 5,887
Adjusted EBITDA margin				24%
<i>Year Ended December 31, 2020</i>				
<i>(CAD thousands)</i>	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results
Softwood	185.9	186.0	67%	\$ 14,037
Hardwood	95.7	91.2	33%	7,838
Biomass	0.6	0.6	0%	9
	282.2	277.8	100%	21,884
Other sales				614
Sales				\$ 22,498
Adjusted EBITDA				\$ 5,304
Adjusted EBITDA margin				24%

Sales for our Maine Timberlands were \$24.2 million compared to \$22.5 million in 2020. Sales volume, excluding biomass, increased by 10% primarily due to a 16% increase in the softwood sawlog sales volume, as a result of favourable operating conditions and end use market dynamics during the fourth quarter

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$77.35 per m³, compared to \$78.90 per m³ in 2020. In U.S. dollar terms, the weighted average selling price, excluding biomass, was \$61.52 per m³, compared to \$59.13 per m³ in 2020 with higher sawlog prices driven by a strong demand. The 4% price increase in U.S. dollar terms was more than offset by a stronger Canadian dollar.

Operating costs and expenses for 2021 were \$18.9 million, compared to \$17.7 million in 2020 primarily due to higher harvesting activity. Weighted average variable costs, excluding biomass, decreased 6% reflecting a stronger Canadian dollar.

Adjusted EBITDA for the year ended December 31, 2021 was \$5.9 million compared to \$5.3 million in the prior year and Adjusted EBITDA margin was flat year-over-year at 24%. Higher adjusted EBITDA was primarily the result of higher sales volume and stronger sawlog prices compared to 2020.

Market Outlook

Continued demand from repair and remodeling activity and new home construction is expected to support North American softwood and hardwood lumber consumption in the short to medium term. Consensus forecast is for approximately 1.57 million U.S. housing starts in 2022 as compared to 1.58 million in 2021. Although interest rates are expected to rise, a large U.S. population entering their home buying years and a low inventory of homes for sale will be key drivers supporting this growth.

Accordingly, demand for our softwood sawlogs is expected to remain stable as a result of these positive end use market dynamics. Acadian also expects continued strong demand and pricing for its hardwood sawlog products, and to benefit from new customer relationships relating to both the appearance and industrial hardwood lumber markets.

We remain cautiously optimistic that hardwood pulpwood will remain stable through 2022 with increasing customer confidence and market demand for hardwood pulp. Meanwhile, markets for softwood pulpwood are expected to remain challenged given elevated regional inventories of both softwood pulpwood and sawmill residuals.

Quarterly Dividend

Based on a strong balance sheet and outlook for the remainder of the year, Acadian is pleased to announce a dividend of \$0.29 per share, payable on April 15, 2022 to shareholders of record on March 31, 2022.

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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, 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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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 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. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this News Release are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this News Release are made as of the date of this News Release based on information currently available to management and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this News Release. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

Acadian Timber Corp.
Consolidated Balance Sheets

(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	December 31, 2021	December 31, 2020
Assets		
Current assets		
Cash	\$ 7,316	\$ 10,258
Accounts receivable and other assets	8,386	7,731
Current income taxes receivable	104	415
Inventory	1,450	957
	17,256	19,361
Timber	394,063	388,005
Land, roads, and other fixed assets	99,183	99,892
Intangible asset	6,140	6,140
Total assets	\$ 516,642	\$ 513,398
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,800	\$ 8,640
Dividends payable to shareholders	4,839	4,839
	13,639	13,479
Long-term debt	100,888	101,185
Deferred income tax liabilities, net	110,630	105,493
Total liabilities	225,157	220,157
Shareholders' equity	291,485	293,241
Total liabilities and shareholders' equity	\$ 516,642	\$ 513,398

Acadian Timber Corp.
Consolidated Statements of Net Income

(unaudited)

	Three Months Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<i>(CAD thousands, except per share data)</i>				
Sales	\$ 25,946	\$ 24,929	\$ 95,729	\$ 91,031
Operating costs and expenses				
Cost of sales	17,527	16,193	64,933	60,897
Selling, administration and other	2,057	1,717	7,622	7,991
Silviculture	127	107	1,156	1,034
Depreciation and amortization	69	74	261	280
	19,780	18,091	73,972	70,202
Operating income	6,166	6,838	21,757	20,829
Interest expense, net	(748)	(719)	(2,978)	(4,324)
Other items				
Fair value adjustments and other	4,182	8,140	6,773	12,001
Unrealized exchange gain on long-term debt	16	5,312	432	2,372
Gain on sale of timberlands	80	376	469	376
Income before income taxes	9,696	19,947	26,453	31,254
Income tax expense	(3,155)	(4,633)	(7,769)	(9,174)
Net income	\$ 6,541	\$ 15,314	\$ 18,684	\$ 22,080
Net income per share – basic and diluted	\$ 0.39	\$ 0.92	\$ 1.12	\$ 1.32

Acadian Timber Corp.
Consolidated Statements of Comprehensive Income

(unaudited)

	Three Months Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<i>(CAD thousands)</i>				
Net income	\$ 6,541	\$ 15,314	\$ 18,684	\$ 22,080
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
(Loss) gain on revaluation of land and roads, net of deferred income tax recovery of \$62 (2020 – deferred income tax expense of \$(2,598))	(483)	6,442	(483)	6,442
Unrealized foreign currency translation loss	(297)	(7,007)	(600)	(2,625)
Comprehensive income	\$ 5,761	\$ 14,749	\$ 17,601	\$ 25,897

Acadian Timber Corp.
Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<i>(CAD thousands)</i>				
Cash provided by (used for):				
Operating activities				
Net income	\$ 6,541	\$ 15,314	\$ 18,684	\$ 22,080
Adjustments to net income:				
Income tax expense	3,155	4,633	7,769	9,174
Depreciation and amortization	69	74	261	280
Fair value adjustments and other	(4,182)	(8,140)	(6,773)	(12,001)
Unrealized exchange gain on long-term debt	(16)	(5,312)	(432)	(2,372)
Gain on sale of timberlands	(80)	(376)	(469)	(376)
Income taxes paid	(475)	—	(2,117)	—
Net change in non-cash working capital balances and other	(3,388)	1,119	(694)	3,832
	1,624	7,312	16,229	20,617
Financing activities				
Issuance of long-term debt	—	86,730	—	106,525
Repayment of short-term debt	—	—	—	(8,169)
Repayment of long-term debt	—	(86,730)	—	(96,459)
Deferred financing costs	—	(5)	—	(532)
Dividends paid to shareholders	(4,839)	(4,839)	(19,357)	(19,357)
	(4,839)	(4,844)	(19,357)	(17,992)
Investing activities				
Additions to timber, land, roads, and other fixed assets	(28)	1	(333)	(351)
Proceeds from sale of timberlands	105	383	519	383
	77	384	186	32
(Decrease) / increase in cash during the period	(3,138)	2,852	(2,942)	2,657
Cash, beginning of period	10,454	7,406	10,258	7,601
Cash, end of period	\$ 7,316	\$ 10,258	\$ 7,316	\$ 10,258

Acadian Timber Corp.

Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>(CAD thousands)</i>	Three Months Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Net income	\$ 6,541	\$ 15,314	\$ 18,684	\$ 22,080
Add / (deduct):				
Interest expense, net	748	719	2,978	4,324
Income tax expense	3,155	4,633	7,769	9,174
Depreciation and amortization	69	74	261	280
Fair value adjustments and other	(4,182)	(8,140)	(6,773)	(12,001)
Unrealized exchange gain on long-term debt	(16)	(5,312)	(432)	(2,372)
Adjusted EBITDA	\$ 6,315	\$ 7,288	\$ 22,487	\$ 21,485
Add / (deduct):				
Interest paid on debt, net	(718)	(809)	(2,843)	(3,279)
Additions to timber, land, roads, and other fixed assets	(28)	1	(333)	(351)
Gain on sale of timberlands	(80)	(376)	(469)	(376)
Proceeds from sale of timberlands	105	383	519	383
Current income tax expense	(445)	(839)	(2,428)	(2,709)
Free Cash Flow	\$ 5,149	\$ 5,648	\$ 16,933	\$ 15,153
Dividends declared	\$ 4,839	\$ 4,839	\$ 19,357	\$ 19,357
Payout Ratio	94%	86%	114%	128%