



Investors, analysts and other interested parties may access Acadian Timber Corp.'s 2024 Second Quarter Results conference call and webcast on Thursday, August 1, 2024 at 1:00PM ET. Please register [here](#) or follow the link on our website at www.acadiantimber.com/presentations_and_webcasts, to receive your unique PIN. For those unable to participate, a recorded rebroadcast will be available until 4:00PM ET August 1, 2025.

ACADIAN TIMBER CORP. REPORTS SECOND QUARTER RESULTS

Edmundston, NEW BRUNSWICK – July 31, 2024 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended June 29, 2024 (the “second quarter”).

“The agreement reached during the first quarter to sell nearly all of our registered carbon credits was fulfilled during the second quarter and resulted in record quarterly Adjusted EBITDA and Free Cash Flow,” said Adam Sheparski, President and Chief Executive Officer. “Within our timber operations, favourable weather and improved contractor availability enabled Acadian to harvest and sell additional volume, despite starting to experience some pricing pressure.”

Adjusted EBITDA for the quarter was \$20.6 million, compared to \$5.7 million in the same period of 2023. Acadian generated \$16.4 million of Free Cash Flow during the quarter, compared to \$4.1 million in the second quarter of 2023, and declared dividends of \$5.0 million or \$0.29 per share to our shareholders.

Acadian is committed to health and safety as our number one priority. We believe that emphasizing and achieving a good safety record is a leading indicator of success in the broader business. Acadian’s operations experienced three recordable safety incidents during the quarter among contractors, which were minor in nature, and none among employees. We remain committed to maintaining a culture across the organization that emphasizes the importance of strong safety performance and incident reduction will be a primary focus for the remainder of 2024 and beyond.

Carbon Credit Project

An agreement was reached during the first quarter of 2024 to sell approximately 752,100 of Acadian’s registered voluntary carbon credits, which relate to the first reporting period of its ongoing carbon credit project in Maine. Acadian delivered 152,100 of these credits in March. The remaining 600,000 credits were delivered in May and are included in our second quarter results.

Acadian’s project is registered on the ACR under the name Anew – Katahdin Forestry Project, and requires balancing harvest and growth, long-term planning, periodic carbon inventory verification, and maintenance of Acadian’s sustainable forestry certification.

The project is expected to generate an additional 1.1 million credits over the remainder of the 10-year crediting period. The registration process for the second and third tranches of carbon credits for this project is expected to be completed in the second half of 2024 and is expected to result in approximately 360,000 credits being made available for sale. This project has provided valuable experience to the Acadian management team and has formed the foundation for potential further carbon credit developments in the future.

¹ This news release makes reference is made to “Adjusted EBITDA”, which Acadian’s management defines as net income before interest, income taxes, fair value adjustments, non-cash cost of sales related to carbon credits, recovery of or impairment of land and roads and depreciation and amortization, and to “Adjusted EBITDA margin”, which is Adjusted EBITDA as a percentage of sales. 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 excluding acquisitions of timberlands, plus net proceeds from the sale of timberlands and other fixed assets (proceeds less gains or losses). Reference made to “Payout Ratio” is defined as dividends declared divided by Free Cash Flow and “Payout Ratio with DRIP” is defined as dividends paid in cash divided by Free Cash Flow. Management believes that Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, and Payout Ratios are key performance measures in evaluating Acadian’s operations and are important in enhancing investors’ understanding of the Company’s operating performance. Adjusted EBITDA and Adjusted EBITDA margin are indicative of the underlying profitability of Acadian’s operating segments and are used to evaluate operational performance. Free Cash Flow is used to evaluate Acadian’s ability to generate sustainable cash flows from our operations while Payout Ratios are used to evaluate Acadian’s ability to fund its distribution using Free Cash Flow. Please refer to the section entitled “Non-IFRS Measures” in Management’s Discussion and Analysis for further details.

Review of Operations

Financial and Operating Highlights

<i>(CAD thousands, except volume and per share information)</i>	Three Months Ended		Six Months Ended	
	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
Timber sales volume (000s m ³)	210.5	184.2	457.5	389.4
Carbon credit sales volume (000s credits)	600.0	—	752.1	—
Timber sales and services	\$ 21,533	\$ 20,707	\$ 45,412	\$ 43,069
Carbon credit sales	19,658	—	24,588	—
Operating income	8,947	5,217	16,545	10,521
Net income	7,913	5,813	13,938	11,433
Adjusted EBITDA	\$ 20,556	\$ 5,651	\$ 31,155	\$ 11,252
Adjusted EBITDA margin	50%	27%	45%	26%
Free Cash Flow	\$ 16,370	\$ 4,108	\$ 24,140	\$ 7,831
Dividends declared	5,044	4,940	10,048	9,859
Dividends paid in cash	2,589	3,724	6,312	7,445
Payout Ratio	31%	120%	42%	126%
Payout Ratio with DRIP ¹	16%	91%	26%	95%
Per share – basic and diluted				
Net income	\$ 0.46	\$ 0.34	\$ 0.81	\$ 0.67
Free Cash Flow	0.94	0.24	1.39	0.46
Dividends declared	0.29	0.29	0.58	0.58

During the second quarter, Acadian generated sales of \$41.2 million, compared to \$20.7 million in the prior year period. The sale of 600,000 voluntary carbon credits contributed \$19.7 million to total sales. Timber sales volume, excluding biomass, increased 17% year-over-year primarily as a result of increased contractor availability and favourable weather conditions. Biomass sales volume was negligible during the second quarter due to limited processing capacity.

Weighted average selling price of timber, excluding biomass, decreased 8% year-over-year. Softwood sawlog pricing decreased primarily due to a lower value product mix and hardwood sawlog pricing decreased due to weakness in hardwood lumber markets. Softwood pulpwood pricing increased as a result of strong demand while hardwood pulpwood pricing remained relatively flat, as compared to the prior year period.

Operating costs and expenses were \$32.2 million during the second quarter, compared to \$15.5 million during the prior year period. The year-over-year increase reflects the addition of costs related to carbon credit sales as well as higher timber sales volumes. Weighted average variable harvesting costs, excluding biomass, decreased 4% over the prior year period as a result of a higher proportion of softwood products which carry lower variable costs and shorter hauling distances, partially offset by higher contractor rates.

Adjusted EBITDA was \$20.6 million during the second quarter compared to \$5.7 million in the prior year period, as a result of carbon credit sales. Adjusted EBITDA margin for the quarter was 50% compared to 27% in the prior year period. Free Cash Flow was \$16.4 million, which is \$12.3 million higher than the same period in the prior year.

Net income for the second quarter totaled \$7.9 million, or \$0.46 per share, compared to \$5.8 million, or \$0.34 per share in the same period of 2023. Higher operating income was partially offset by lower non-cash fair value adjustments and lower gains on sale of timberlands and other fixed assets, as well as higher income tax expense, as compared to the prior year period.

During the first half of 2024, Acadian generated sales of \$70.0 million as compared to \$43.1 million in the prior year period.

The sale of 752,100 voluntary carbon credits contributed \$24.6 million to total sales. Timber sales volume, excluding biomass, was 26% higher than the first half of 2023 but was partially offset by a 5% decrease in the weighted average selling price, excluding biomass, as well as lower timber services activity. Operating costs and expenses of \$53.5 million were \$20.9 million higher year-over-year due to the addition of costs related to carbon credit sales as well as increased timber sales volumes. Weighted average variable harvesting costs remained consistent with the same period in the prior year. Adjusted EBITDA of \$31.2 million was \$19.9 million higher compared to the prior year period.

For the six months ended June 29, 2024, net income was \$13.9 million, or \$0.81 per share, which represents an increase of \$2.5 million compared to the prior year period, primarily the result of higher operating income, partially offset by lower non-cash fair value adjustments and lower gains on sale of timberlands and other fixed assets, as well as higher income tax expense.

Segment Performance

New Brunswick Timberlands

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

	Three Months Ended		Six Months Ended	
	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
Harvest (000s m ³)				
Softwood	87.0	58.6	200.2	145.5
Hardwood	61.8	47.2	136.4	109.4
Biomass	0.9	—	13.9	25.8
Total	149.7	105.8	350.5	280.7
Sales (000s m ³)				
Softwood	87.6	60.2	201.5	145.3
Hardwood	63.8	80.2	135.9	124.4
Biomass	0.9	7.1	13.9	32.9
Total	152.3	147.5	351.3	302.6
Sales Mix				
Softwood	58%	41%	57%	48%
Hardwood	41%	54%	39%	41%
Biomass	1%	5%	4%	11%
Total	100%	100%	100%	100%
Sales (\$000s)				
Softwood	\$ 6,319	\$ 4,238	\$ 15,234	\$ 10,486
Hardwood	5,959	7,899	12,703	12,760
Biomass	13	320	708	1,630
Total	\$ 12,291	\$ 12,457	\$ 28,645	\$ 24,876
Timber services and other	3,926	4,112	6,642	9,600
Total Sales (\$000s)	\$ 16,217	\$ 16,569	\$ 35,287	\$ 34,476
Adjusted EBITDA (\$000s)	\$ 4,523	\$ 4,996	\$ 10,519	\$ 9,879
Adjusted EBITDA margin	28%	30%	30%	29%

Sales for New Brunswick Timberlands were \$16.2 million compared to \$16.6 million during the prior year period, with increased sales volumes offset by a lower weighted average selling price and lower timber services activity. Timber sales volume, excluding biomass, increased 8% due primarily to increased contractor availability. Biomass sales volume was negligible due to limited processing capacity.

The weighted average selling price, excluding biomass, for the second quarter was \$81.05 per m³, or 6% lower than the prior year period. Softwood sawlog pricing decreased 3% primarily due to a change in customer mix and hardwood sawlog pricing decreased 11% due to weakness in hardwood lumber markets, as compared to the prior year period. Softwood pulpwood pricing increased 18% as a result of strong demand while hardwood pulpwood pricing decreased 4% due to shorter hauling distances, as compared to the prior year period.

Operating costs and expenses were \$11.8 million during the second quarter, compared to \$11.9 million in the prior year period. Increased harvesting activity was offset by decreased weighted average variable costs and lower timber services activity. Weighted average variable costs, excluding biomass, decreased 6% as a result of a higher proportion of softwood products which carry lower variable costs and shorter hauling distances, partially offset by higher contractor rates.

Adjusted EBITDA for the quarter was \$4.5 million compared to \$5.0 million during the prior year period and Adjusted EBITDA margin was 28% compared to 30%.

During the first half of 2024, New Brunswick Timberlands' sales of \$35.3 million were 2% higher than the prior year period. Timber sales volume, excluding biomass, increased 25% due to increased contractor availability but was offset by a decrease in the weighted average selling price, excluding biomass, of 4% and a decrease in timber services activity. Operating costs and expenses of \$24.9 million during the first half of 2024 were \$0.3 million lower than the prior year period, due primarily to a higher proportion of softwood products which carry lower variable costs and shorter hauling distances, partially offset by higher contractor rates. Adjusted EBITDA was \$10.5 million compared to \$9.9 million in the first half of 2023, and Adjusted EBITDA margin increased to 30% from 29%.

Maine Timberlands

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

	Three Months Ended		Six Months Ended	
	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
Harvest (000s m ³)				
Softwood	32.5	27.7	61.4	57.0
Hardwood	23.7	10.7	44.2	26.2
Biomass	2.2	—	2.4	6.5
Total	58.4	38.4	108.0	89.7
Sales (000s m ³)				
Softwood	30.4	24.0	60.1	52.5
Hardwood	25.6	12.7	43.7	28.1
Biomass	2.2	—	2.4	6.5
Total	58.2	36.7	106.2	86.8
Sales Mix				
Softwood	52%	65%	57%	60%
Hardwood	44%	35%	41%	32%
Biomass	4%	—	2%	8%
Total	100%	100%	100%	100%
Sales (\$000s)				
Softwood	\$ 2,745	\$ 2,737	\$ 5,703	\$ 5,373
Hardwood	2,294	1,182	3,878	2,734
Biomass	21	—	23	60
Total	\$ 5,060	\$ 3,919	\$ 9,604	\$ 8,167
Other sales	256	219	521	426
Total Sales (\$000s)	5,316	4,138	10,125	8,593
Adjusted EBITDA (\$000s)	\$ 887	\$ 1,133	\$ 2,050	\$ 2,232
Adjusted EBITDA margin	17%	27%	20%	26%

Sales for Maine Timberlands during the second quarter totaled \$5.3 million compared to \$4.1 million in the prior year period. Timber sales volume, excluding biomass, increased 53% reflecting increased contractor availability.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$89.97 per m³, compared to \$106.92 per m³ during the same period of 2023. In U.S. dollar terms, the weighted average selling price, excluding biomass, was \$65.76 per m³, compared to \$79.55 per m³ in 2023. Increased softwood pulpwood pricing of 9% due to increased demand was offset by a decrease in softwood sawlog pricing of 15% as a result of a lower value product mix. Hardwood pulpwood pricing was consistent with the same period of 2023. Hardwood sawlog volumes were minimal during the quarter.

Operating costs and expenses for the second quarter were \$4.6 million, compared to \$3.1 million during the same period in 2023, due primarily to increased sales volumes and higher land management and silviculture costs. Weighted average variable costs, excluding biomass, decreased 1% in Canadian dollar terms as a result of changes in equipment mix partially offset by higher contractor rates.

Adjusted EBITDA for the quarter was \$0.9 million compared to \$1.1 million during the prior year period and Adjusted EBITDA margin was 17% compared to 27%.

During the first half of 2024, Maine Timberlands' sales were \$10.1 million compared to \$8.6 million in the first half of 2023.

Maine Timberlands' timber sales volumes, excluding biomass, were 29% higher than the first half of 2023 due to increased contractor availability, however, the weighted average selling price, excluding biomass, decreased 9% in Canadian and U.S. dollar terms. Operating costs and expenses of \$8.3 million during the first half of 2024 were \$1.8 million higher than the prior year period as a result of higher harvesting activity and contractor rates, partially offset by changes in equipment mix.

Environmental Solutions

As a result of increased diversification in business activities, an additional reportable segment, Environmental Solutions, was added in the first quarter of 2024. Environmental Solutions leverages the ecological functions of Acadian's land to address pressing environmental challenges, such as climate change and biodiversity. In line with these objectives, Acadian has undertaken a voluntary carbon credit project which increases carbon sequestration and provides significant environmental benefits. See section entitled "Carbon Credit Project" above.

The table below summarizes operating and financial results for Environmental Solutions for the second quarter:

	Three Months Ended		Six Months Ended	
	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
Sales volume (000s credits)	600.0	—	752.1	—
Sales (\$000s)	\$ 19,658	—	\$ 24,588	—
Adjusted EBITDA (\$000s)	\$ 15,701	—	\$ 19,839	—

The current model for the project estimates an additional 1.1 million credits to be generated over the remainder of the 10-year crediting period. The registration process for the second and third tranches of carbon credits for this project is expected to be completed in the second half of 2024. Actual credit issuances will be adjusted each reporting period based on actual harvesting, natural disturbances, and other factors, as well as periodic updating for inventory and verification activities.

Outlook

While North American interest rates remain elevated and near-term pressure on end use markets persists, inflation shows signs of easing. U.S. housing starts for the first half of 2024 were lower than originally expected, but June starts indicated improvement. The consensus forecast for U.S. housing starts is steady at approximately 1.39 million starts in 2024, as compared to 1.42 million in 2023. We remain confident that the stability of the northeastern forestry sector, combined with long-term demand for new homes and repair and remodel activity, will support the long-term demand for our products as has been demonstrated in recent years.

Although labour markets remained tight in Maine, we continued to experience increased contractor availability in New Brunswick through the second quarter. Management will continue to focus on further increasing harvesting capacity through the remainder of 2024 while controlling operating costs. In the short to medium term, inflation is expected to impact our financial results through elevated contractor rates and fuel surcharges, offset by the stable pricing of primary forest products like sawlogs and pulpwood.

Demand and pricing for Acadian's sawlogs is mainly driven by regional supply and demand. Regional sawlog inventories have been replenished following the favourable operating conditions experienced in the spring which, combined with weak lumber markets, may impact near-term demand. Pricing for softwood sawtimber may experience downward pressure and while some stabilization in hardwood lumber pricing was noted during the quarter, hardwood sawtimber pricing may remain lower for the foreseeable future. Demand and pricing for softwood and hardwood pulpwood is expected to be steady, mainly impacted by supply in the region.

During 2023, purchasers of voluntary carbon credits increased their focus on carbon credits of high quality, and expended greater time and effort performing due diligence. This shift may have delayed some sales, however, underlying demand and pricing for voluntary carbon credits are expected to remain stable. The protocol for developing compliance market carbon credits from managed forests in Canada was recently finalized. Acadian is evaluating the protocol and the opportunities to develop eligible carbon credits that it may present.

Quarterly Dividend

Based on a strong balance sheet and positive outlook for the remainder of the year, Acadian is pleased to announce a dividend of \$0.29 per share, payable on October 15, 2024 to shareholders of record September 30, 2024.

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Acadian Timber Corp. (“Acadian”) 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 777,000 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 also develops carbon credits for sale in voluntary carbon credit markets.

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 sections entitled "Segment Performance – Environmental Solutions" and "Outlook" and without limitation other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. All forward-looking statements in this 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 the number and timing of carbon credits that will be successfully registered and available for sale, as well as the timing of sales. Actual credit issuances will be adjusted each reporting period based on actual harvesting, natural disturbances and other factors, as well as periodic updating for inventory and verification activities. The timing of sales is dependent on negotiations with third parties.*
- Expectations regarding product demand, pricing and end use markets, including expectations for U.S. housing starts, which may be impacted by changes in interest rates, U.S. population demographics and the inventory of homes for sale. Expectations regarding product demand and pricing are based on anticipated market conditions, anticipated regional inventory levels of key customers, and the economic situation of key customers. Estimates for U.S. housing starts are based on forecasts published by major financial institutions.*

Other risks and factors are discussed in each of the Annual Information Form dated March 28, 2024 and the Management Information Circular dated March 28, 2024 and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR+ at www.sedarplus.ca. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this 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>	June 29, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 12,448	\$ 1,831
Accounts receivable and other assets	7,645	9,301
Current income taxes receivable	—	1,668
Inventories	1,767	15,329
	21,860	28,129
Timber	459,872	442,830
Land, roads, and other fixed assets	95,126	90,854
Intangible asset	6,140	6,140
Total assets	\$ 582,998	\$ 567,953
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,383	\$ 9,370
Current income taxes payable	920	—
Dividends payable to shareholders	5,044	4,983
Current portion of long-term debt	43,798	—
	57,145	14,353
Long-term debt	65,466	105,515
Deferred income tax liabilities, net	131,484	129,103
Total liabilities	254,095	248,971
Shareholders' equity	328,903	318,982
Total liabilities and shareholders' equity	\$ 582,998	\$ 567,953

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Net Income

(unaudited)

	Three Months Ended		Six Months Ended	
<i>(CAD thousands, except per share data)</i>	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
Sales	\$ 41,191	\$ 20,707	\$ 70,000	\$ 43,069
Operating costs and expenses				
Cost of sales	26,842	12,938	45,107	28,064
Selling, administration and other	5,041	2,103	7,874	3,961
Silviculture	233	366	244	367
Depreciation and amortization	128	83	230	156
	32,244	15,490	53,455	32,548
Operating income	8,947	5,217	16,545	10,521
Interest expense, net	(887)	(771)	(1,746)	(1,580)
Other items				
Fair value adjustments and other	2,894	3,350	5,083	6,533
Gain on sale of timberlands and other fixed assets	129	351	202	575
Income before income taxes	11,083	8,147	20,084	16,049
Income tax expense	(3,170)	(2,334)	(6,146)	(4,616)
Net income	\$ 7,913	\$ 5,813	\$ 13,938	\$ 11,433
Net income per share – basic and diluted	\$ 0.46	\$ 0.34	\$ 0.81	\$ 0.67

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Comprehensive Income

(unaudited)

	Three Months Ended		Six Months Ended	
<i>(CAD thousands)</i>	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
Net income	\$ 7,913	\$ 5,813	\$ 13,938	\$ 11,433
Other comprehensive income				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain / (loss)	944	(2,225)	2,371	(1,365)
Comprehensive income	\$ 8,857	\$ 3,588	\$ 16,309	\$ 10,068

Acadian Timber Corp.
Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended		Six Months Ended	
<i>(CAD thousands)</i>	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
Cash provided by (used for):				
Operating activities				
Net income	\$ 7,913	\$ 5,813	\$ 13,938	\$ 11,433
Adjustments to net income:				
Income tax expense	3,170	2,334	6,146	4,616
Depreciation and amortization	128	83	230	156
Fair value adjustments and other	(2,894)	(3,350)	(5,083)	(6,533)
Non-cash cost of sales related to carbon credits	11,352	—	14,178	—
Gain on sale of timberlands and other fixed assets	(129)	(351)	(202)	(575)
Income taxes paid	(1,792)	(1,973)	(2,243)	(2,368)
Net change in non-cash working capital balances and other	4,016	1,181	(387)	(1,949)
	21,764	3,737	26,577	4,780
Financing activities				
Repayment of short-term debt	(10,298)	—	—	—
Dividends paid to shareholders	(2,589)	(3,724)	(6,312)	(7,445)
	(12,887)	(3,724)	(6,312)	(7,445)
Investing activities				
Additions to timber, land, roads, and other fixed assets	(615)	(146)	(9,865)	(177)
Proceeds from sale of timberlands and other fixed assets	138	360	217	590
	(477)	214	(9,648)	413
Increase / (Decrease) in cash during the period	8,400	227	10,617	(2,252)
Cash, beginning of period	4,048	3,751	1,831	6,230
Cash, end of period	\$ 12,448	\$ 3,978	\$ 12,448	\$ 3,978

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

(unaudited)

<i>(CAD thousands)</i>	Three Months Ended		Six Months Ended	
	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
Net income	\$ 7,913	\$ 5,813	\$ 13,938	\$ 11,433
Add / (deduct):				
Interest expense, net	887	771	1,746	1,580
Income tax expense	3,170	2,334	6,146	4,616
Depreciation and amortization	128	83	230	156
Fair value adjustments and other	(2,894)	(3,350)	(5,083)	(6,533)
Non-cash cost of sales related to carbon credits	11,352	—	14,178	—
Adjusted EBITDA	\$ 20,556	\$ 5,651	\$ 31,155	\$ 11,252
Add / (deduct):				
Interest paid on debt, net	(892)	(740)	(1,721)	(1,519)
Additions to land, roads, and other fixed assets	(320)	(146)	(448)	(177)
Gain on sale of timberlands and other fixed assets	(129)	(351)	(202)	(575)
Proceeds from sale of timberlands and other assets	138	360	217	590
Current income tax expense	(2,983)	(666)	(4,861)	(1,740)
Free Cash Flow	\$ 16,370	\$ 4,108	\$ 24,140	\$ 7,831
Dividends declared	\$ 5,044	\$ 4,940	\$ 10,048	\$ 9,859
Dividends paid in cash	\$ 2,589	\$ 3,724	\$ 6,312	\$ 7,445
Payout Ratio	31%	120%	42%	126%
Payout Ratio with DRIP	16%	91%	26%	95%