



Investors, analysts and other interested parties may access Acadian Timber Corp.'s 2024 Third Quarter Results conference call and webcast on Thursday, October 31, 2024 at 1:00PM ET. Please register [here](#) or follow the link on our website at [www.acadiantimber.com/presentations\\_and\\_webcasts](http://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 October 30, 2025.

## ACADIAN TIMBER CORP. REPORTS THIRD QUARTER RESULTS

**Edmundston, NEW BRUNSWICK – October 30, 2024** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months ended September 28, 2024 (the “third quarter”).

“We maintained steady harvest volumes during the third quarter, supported by sufficient contractor capacity and favourable operating conditions. However, pricing pressure caused by weak end user markets continued, affecting our total sales.” said Adam Sheparski, President and Chief Executive Officer. “We have advanced our real estate initiatives in the second half of the year and we are excited about the opportunities ahead.”

Acadian generated sales of \$26.0 million in the third quarter, compared to \$26.6 million in the prior year period. Increased sales volumes from our freehold land (“freehold sales”) were offset by a lower weighted average selling price and lower timber services activity. Adjusted EBITDA for the quarter was \$4.0 million, compared to \$4.9 million in the same period of 2023. Acadian generated \$2.5 million of Free Cash Flow during the quarter, compared to \$4.3 million in the third quarter of 2023, and declared dividends of \$5.1 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 one recordable safety incident among contractors during the quarter and none among employees. Safety performance and incident reduction will be a primary focus for the remainder of 2024 and beyond.

### Real Estate Activities

We are advancing our efforts to maximize cash flows from our timberland assets through real estate activities. During the third quarter, Acadian purchased a meteorological tower to collect wind data on our New Brunswick land base. This investment enables further exploration of the opportunities available to Acadian to participate in the renewable energy sector.

On October 24, 2024, subsequent to the third quarter, Acadian entered into an agreement to sell approximately 2,100 acres of timberland. The land included in the disposition is composed of smaller parcels of relatively low operational or strategic value to Acadian. The transaction is expected to close in the fourth quarter and to result in gross proceeds of \$1.4 million and a gain on sale of \$0.4 million.

<sup>1</sup> 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		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Timber sales volume (000s m <sup>3</sup> )	287.4	272.9	744.9	662.3
Carbon credit sales volume (000s credits)	—	—	752.1	—
Timber sales and services	\$ 25,959	\$ 26,593	\$ 71,371	\$ 69,662
Carbon credit sales	—	—	24,588	—
Operating income	3,899	4,733	20,444	15,254
Net income	2,215	6,408	16,153	17,841
Adjusted EBITDA	\$ 4,039	\$ 4,916	\$ 35,194	\$ 16,168
Adjusted EBITDA margin	16%	18%	37%	23%
Free Cash Flow	\$ 2,540	\$ 4,312	\$ 26,680	\$ 12,188
Dividends declared	5,080	4,961	15,128	14,819
Dividends paid in cash	2,588	3,721	8,900	11,166
Payout Ratio	200%	115%	57%	122%
Payout Ratio with DRIP	102%	86%	33%	92%
Per share – basic and diluted				
Net income	\$ 0.13	\$ 0.37	\$ 0.93	\$ 1.05
Free Cash Flow	0.15	0.25	1.53	0.71
Dividends declared	0.29	0.29	0.87	0.87

During the third quarter, Acadian generated sales of \$26.0 million, compared to \$26.6 million in the prior year period with increased freehold sales volumes offset by a lower weighted average selling price and lower timber services activity. Freehold sales volume, excluding biomass, increased 15% compared to the prior year period primarily due to a favourable change in customer mix which shifted harvesting volumes from Crown licensed timberlands to our freehold timberlands. The shift decreased our timber services revenue and increased our freehold sales.

Weighted average selling price, excluding biomass, decreased 5% year-over-year. Softwood sawlog pricing decreased due to changes in product mix and weakness in end use markets. Hardwood sawlog pricing decreased primarily due to weakness in lumber markets. Softwood pulpwood pricing remained relatively flat on an overall basis and hardwood pulpwood pricing decreased as a result of shorter hauling distances. Biomass pricing decreased 54% as a result of roadside sales instead of delivered sales.

Operating costs and expenses were \$22.1 million during the third quarter, compared to \$21.9 million during the prior year period. The year-over-year increase reflects higher timber sales volumes and increased weighted average variable costs partially offset by lower timber services activity. Weighted average variable harvesting costs, excluding biomass, increased 5% as a result of greater hauling distances for softwood sawlogs and higher contractor rates overall.

Adjusted EBITDA was \$4.0 million during the third quarter compared to \$4.9 million in the prior year period. Adjusted EBITDA margin for the quarter was 16% compared to 18% in the prior year period. Free Cash Flow was \$2.5 million as compared to \$4.3 million for the same period in the prior year.

Net income for the third quarter totaled \$2.2 million, or \$0.13 per share, compared to \$6.4 million, or \$0.37 per share in the same period of 2023, primarily due to lower non-cash fair value adjustments. Operating income and gain on sale of timberlands and other fixed assets were also lower than the prior year period and were partially offset by lower income tax expense.

During the first nine months of 2024, Acadian generated sales of \$96.0 million as compared to \$69.7 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 22% higher than the same period 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 \$75.5 million were \$21.1 million higher year-over-year due to the addition of costs related to carbon credit sales as well as increased timber sales volumes and higher weighted average variable harvesting costs, partially offset by lower timber services activity. Weighted average variable harvesting costs increased 3% compared to the same period in the prior year as a result of greater softwood sawlog hauling distances and higher contractor rates partially offset by changes in product mix. Adjusted EBITDA of \$35.2 million was \$19.0 million higher compared to the prior year period.

For the nine months ended September 28, 2024, net income was \$16.2 million, or \$0.93 per share, compared to \$17.8 million, or \$1.05 per share, in the prior year period, primarily the result of higher operating income offset by lower non-cash fair value adjustments, 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 third quarter:

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Sales (000s m <sup>3</sup> )				
Softwood	<b>152.9</b>	129.9	<b>354.4</b>	275.2
Hardwood	<b>71.8</b>	63.5	<b>207.7</b>	187.9
Biomass	<b>18.4</b>	41.6	<b>32.3</b>	74.5
Total	<b>243.1</b>	235.0	<b>594.4</b>	537.6
Sales (\$000s)				
Softwood	<b>\$ 10,694</b>	\$ 9,701	<b>\$ 25,928</b>	\$ 20,185
Hardwood	<b>5,800</b>	5,333	<b>18,503</b>	18,093
Biomass	<b>238</b>	1,336	<b>946</b>	2,966
Total	<b>\$ 16,732</b>	\$ 16,370	<b>\$ 45,377</b>	\$ 41,244
Timber services and other	<b>5,073</b>	6,466	<b>11,715</b>	16,067
Total Sales (\$000s)	<b>\$ 21,805</b>	\$ 22,836	<b>\$ 57,092</b>	\$ 57,311
Adjusted EBITDA (\$000s)	<b>\$ 4,784</b>	\$ 5,495	<b>\$ 15,303</b>	\$ 15,373
Adjusted EBITDA margin	<b>22%</b>	24%	<b>27%</b>	27%

Sales for New Brunswick Timberlands were \$21.8 million compared to \$22.8 million during the prior year period, with increased freehold sales volumes offset by a lower weighted average selling price and lower timber services activity. Freehold sales volume, excluding biomass, increased 16% compared to the prior year period primarily due to a favourable change in customer mix which shifted harvesting volumes from Crown licensed timberlands to our freehold timberlands, decreasing our timber services revenue and increasing our freehold sales. Biomass sales volume was lower compared to the prior year period due to limited processing capacity.

The weighted average selling price, excluding biomass, for the third quarter was \$73.46 per m<sup>3</sup>, or 6% lower than the prior year period. Softwood sawlog pricing decreased 12%, as compared to the prior year period, due to a lower value product mix and weakness in end use markets. Hardwood sawlog pricing decreased 7% primarily due to weakness in lumber markets. Softwood pulpwood pricing decreased 7% as a result of abundant regional sawmill residuals impacting demand. Hardwood pulpwood pricing decreased 4% as compared to the prior year period as a result of shorter hauling distances.

Operating costs and expenses were \$17.1 million during the third quarter, compared to \$17.5 million in the prior year period. Increased freehold harvesting activity and increased weighted average variable costs were offset by lower timber services activity. Weighted average variable costs, excluding biomass, increased 5% as a result of greater hauling distances for softwood sawlogs and higher contractor rates.

Adjusted EBITDA for the quarter was \$4.8 million compared to \$5.5 million during the prior year period and Adjusted EBITDA margin was 22% compared to 24%.

During the first nine months of 2024, New Brunswick Timberlands' sales of \$57.1 million were consistent with the prior year period with increased freehold sales volumes offset by a lower weighted average selling price and lower timber services activity. Freehold sales volume, excluding biomass, increased 21% compared to the prior year period primarily due to a favourable change in customer mix which shifted harvesting volumes from Crown licensed timberlands to our freehold timberlands, decreasing our timber services revenue and increasing our freehold sales. Operating costs and expenses of \$42.0 million during the first nine months of 2024 were \$0.6 million lower than the prior year period. Increased freehold harvesting activity and increased weighted average variable costs were offset by lower timber services activity. Weighted average variable costs, excluding biomass, increased 2% as a result of greater softwood sawlog hauling distances and higher contractor rates partially offset by a higher proportion of softwood products which carry lower variable costs. Adjusted EBITDA was \$15.3 million, consistent with the first nine months of 2023, and Adjusted EBITDA margin remained the same at 27%.

#### Maine Timberlands

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

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Sales (000s m <sup>3</sup> )				
Softwood	<b>24.2</b>	20.6	<b>84.3</b>	72.8
Hardwood	<b>17.3</b>	17.3	<b>61.0</b>	45.4
Biomass	<b>2.8</b>	—	<b>5.2</b>	6.5
Total	<b>44.3</b>	37.9	<b>150.5</b>	124.7
Sales (\$000s)				
Softwood	<b>\$ 2,191</b>	\$ 2,114	<b>\$ 7,894</b>	\$ 7,487
Hardwood	<b>1,538</b>	1,415	<b>5,416</b>	4,149
Biomass	<b>77</b>	—	<b>100</b>	60
Total	<b>\$ 3,806</b>	\$ 3,529	<b>\$ 13,410</b>	\$ 11,696
Other sales	<b>348</b>	228	<b>869</b>	655
Total Sales (\$000s)	<b>\$ 4,154</b>	\$ 3,757	<b>\$ 14,279</b>	\$ 12,351
Adjusted EBITDA (\$000s)	<b>\$ (207)</b>	\$ (149)	<b>\$ 1,843</b>	\$ 2,084
Adjusted EBITDA margin	<b>(5)%</b>	(4)%	<b>13%</b>	17%

Sales for Maine Timberlands during the third quarter totaled \$4.2 million compared to \$3.8 million in the prior year period. Timber sales volume, excluding biomass, increased 9% reflecting more favourable weather conditions.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$90.01 per m<sup>3</sup>, compared to \$93.08 per m<sup>3</sup> during the same period of 2023. In U.S. dollar terms, the weighted average selling price, excluding biomass, was \$65.97 per m<sup>3</sup>, compared to \$69.45 per m<sup>3</sup> in 2023. Softwood sawlog pricing was 12% lower than the prior year period as a result of weakness in lumber markets and a lower value product mix. Softwood pulpwood pricing increased 29% due to increased demand. Hardwood pulpwood pricing increased 4% as compared to the same period of 2023 due to stable demand. Hardwood sawlog volumes were minimal during the quarter.

Operating costs and expenses for the third quarter were \$4.4 million, compared to \$3.9 million during the same period in 2023, due primarily to increased sales volumes and higher weighted average variable costs. Weighted average variable costs, excluding biomass, increased 11% in Canadian dollar terms as a result of greater hauling distances partially offset by changes in product mix.

Adjusted EBITDA for the quarter was \$(0.2) million compared to \$(0.1) million during the prior year period and Adjusted EBITDA margin was (5)% compared to (4)%.

During the first nine months of 2024, Maine Timberlands' sales were \$14.3 million compared to \$12.4 million in the first nine months of 2023. Maine Timberlands' timber sales volumes, excluding biomass, were 23% higher than the first nine months of 2023 due to more favourable weather conditions, however, the weighted average selling price, excluding biomass, decreased 7% in Canadian dollar terms and 8% in U.S. dollar terms. Operating costs and expenses of \$12.7 million during the first nine months of 2024 were \$2.3 million higher than the prior year period as a result of higher harvesting activity and higher weighted average variable costs. Weighted average variable costs, excluding biomass, increased 6% as a result of greater hauling distances and higher contractor rates partially offset by changes in product 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.

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

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Sales volume (000s credits)	—	—	752.1	—
Sales (\$000s)	\$ —	—	\$ 24,588	—
Adjusted EBITDA (\$000s)	\$ —	—	\$ 19,839	—

The current model for the existing carbon credit 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 result in approximately 0.4 million credits in total and is expected to be completed by the end 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 near-term pressure on end use markets persists, North American interest rates and inflation are showing signs of easing. U.S. housing starts year-to-date are lower than originally expected, but the consensus forecast for U.S. housing starts is steady at approximately 1.35 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 maintained sufficient contractor availability in New Brunswick through the third quarter. Management will continue to focus on further increasing harvesting capacity in Maine through the remainder of 2024 while controlling operating costs. In the short to medium term, elevated contractor rates are expected to impact our financial results, offset by the stable pricing of primary forest products like sawlogs and pulpwood.

Demand for Acadian's sawlogs is mainly driven by regional supply and demand. Near-term sawlog demand is expected to remain stable while pricing may remain challenged until end-use markets improve. Demand and pricing for softwood

pulpwood is expected to remain at reduced levels in the near term due to abundant regional sawmill residuals and hardwood pulpwood is expected to be steady.

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 opportunities to develop eligible carbon credits that the compliance protocol may present, in conjunction with the opportunities that exist under the current protocols.

#### **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 January 15, 2025 to shareholders of record December 31, 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](http://www.acadiantimber.com) or contact:

Susan Wood  
Chief Financial Officer  
Tel: 506-737-2345  
Email: [ir@acadiantimber.com](mailto:ir@acadiantimber.com)

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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](http://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>	<b>September 28, 2024</b>	December 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 14,619	\$ 1,831
Accounts receivable and other assets	10,494	9,301
Current income taxes receivable	—	1,668
Inventories	1,582	15,329
	<b>26,695</b>	28,129
Timber	457,882	442,830
Land, roads, and other fixed assets	94,714	90,854
Intangible asset	6,140	6,140
<b>Total assets</b>	<b>\$ 585,431</b>	<b>\$ 567,953</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,669	\$ 9,370
Current income taxes payable	703	—
Dividends payable to shareholders	5,086	4,983
Current portion of long-term debt	43,197	—
	<b>61,655</b>	14,353
Long-term debt	64,593	105,515
Deferred income tax liabilities, net	131,423	129,103
<b>Total liabilities</b>	<b>257,671</b>	248,971
Shareholders' equity	327,760	318,982
<b>Total liabilities and shareholders' equity</b>	<b>\$ 585,431</b>	<b>\$ 567,953</b>



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

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
<i>(CAD thousands, except per share data)</i>				
Sales	\$ 25,959	\$ 26,593	\$ 95,959	\$ 69,662
Operating costs and expenses				
Cost of sales	18,306	18,584	63,413	46,648
Selling, administration and other	2,428	2,104	10,302	6,065
Silviculture	1,187	1,066	1,431	1,433
Depreciation and amortization	139	106	369	262
	22,060	21,860	75,515	54,408
Operating income	3,899	4,733	20,444	15,254
Interest expense, net	(654)	(795)	(2,400)	(2,375)
Other items				
Fair value adjustments and other	(92)	3,593	4,991	10,126
Gain on sale of timberlands and other fixed assets	1	77	203	652
Income before income taxes	3,154	7,608	23,238	23,657
Income tax expense	(939)	(1,200)	(7,085)	(5,816)
Net income	\$ 2,215	\$ 6,408	\$ 16,153	\$ 17,841
Net income per share – basic and diluted	\$ 0.13	\$ 0.37	\$ 0.93	\$ 1.05

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

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
<i>(CAD thousands)</i>				
Net income	\$ 2,215	\$ 6,408	\$ 16,153	\$ 17,841
Other comprehensive income				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain / (loss)	(752)	1,455	1,619	85
Comprehensive income	\$ 1,463	\$ 7,863	\$ 17,772	\$ 17,926

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

(unaudited)

	Three Months Ended		Nine Months Ended	
<i>(CAD thousands)</i>	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Cash provided by (used for):				
<b>Operating activities</b>				
Net income	\$ 2,215	\$ 6,408	\$ 16,153	\$ 17,841
Adjustments to net income:				
Income tax expense	939	1,200	7,085	5,816
Depreciation and amortization	139	106	369	262
Fair value adjustments and other	92	(3,593)	(4,991)	(10,126)
Non-cash cost of sales related to carbon credits	—	—	14,178	—
Gain on sale of timberlands and other fixed assets	(1)	(77)	(203)	(652)
Income taxes paid	(676)	(800)	(2,919)	(3,168)
Net change in non-cash working capital balances and other	2,342	(489)	1,955	(2,438)
	<b>5,050</b>	<b>2,755</b>	<b>31,627</b>	<b>7,535</b>
<b>Financing activities</b>				
Proceeds from short-term debt	—	—	10,298	—
Repayment of short-term debt	—	—	(10,298)	—
Dividends paid to shareholders	(2,588)	(3,721)	(8,900)	(11,166)
	<b>(2,588)</b>	<b>(3,721)</b>	<b>(8,900)</b>	<b>(11,166)</b>
<b>Investing activities</b>				
Additions to timber, land, roads, and other fixed assets	(292)	(373)	(10,157)	(550)
Proceeds from sale of timberlands and other fixed assets	1	80	218	670
	<b>(291)</b>	<b>(293)</b>	<b>(9,939)</b>	<b>120</b>
Increase / (Decrease) in cash during the period	2,171	(1,259)	12,788	(3,511)
Cash, beginning of period	12,448	3,978	1,831	6,230
<b>Cash, end of period</b>	<b>\$ 14,619</b>	<b>\$ 2,719</b>	<b>\$ 14,619</b>	<b>\$ 2,719</b>

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

(unaudited)

<i>(CAD thousands)</i>	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net income	\$ 2,215	\$ 6,408	\$ 16,153	\$ 17,841
Add / (deduct):				
Interest expense, net	654	795	2,400	2,375
Income tax expense	939	1,200	7,085	5,816
Depreciation and amortization	139	106	369	262
Fair value adjustments and other	92	(3,593)	(4,991)	(10,126)
Non-cash cost of sales related to carbon credits	—	—	14,178	—
Adjusted EBITDA	\$ 4,039	\$ 4,916	\$ 35,194	\$ 16,168
Add / (deduct):				
Interest paid on debt, net	(764)	(764)	(2,485)	(2,238)
Additions to land, roads, and other fixed assets	(292)	(373)	(740)	(550)
Gain on sale of timberlands and other fixed assets	(1)	(77)	(203)	(652)
Proceeds from sale of timberlands and other assets	1	80	218	670
Current income tax recovery (expense)	(443)	530	(5,304)	(1,210)
Free Cash Flow	\$ 2,540	\$ 4,312	\$ 26,680	\$ 12,188
Dividends declared	\$ 5,080	\$ 4,961	\$ 15,128	\$ 14,819
Dividends paid in cash	\$ 2,588	\$ 3,721	\$ 8,900	\$ 11,166
Payout Ratio	200%	115%	57%	122%
Payout Ratio with DRIP	102%	86%	33%	92%