

PFB Corporation to be Acquired by Riverside

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CALGARY, AB, Nov. 4, 2021 /CNW/ - (TSX: PFB) — PFB Corporation ("**PFB**") has entered into an arrangement agreement (the "**Arrangement Agreement**") under which an affiliate of The Riverside Company ("**Riverside**") has agreed to indirectly acquire all of the outstanding common shares of PFB (the "**Shares**") for a cash payment of \$24.10 per Share (the "**Arrangement**"), which, on a fully diluted basis, is a total purchase price of \$178 million. Closing date of the transaction, which is subject to shareholder and Court approvals, is expected to occur on December 17, 2021.

The \$24.10 per Share purchase price represents a premium of 7% to the closing price of the Shares on the Toronto Stock Exchange ("**TSX**") on November 4, 2021, the last trading day prior to this announcement, and a 15% premium to the volume-weighted average trading price of the Shares on the TSX over the last 20 trading day period ending November 4, 2021.

Additionally, PFB's board of directors (the "**Board**") has approved a special cash dividend of \$2.00 per Share to be paid on November 30, 2021 to PFB shareholders ("**Shareholders**") of record on November 16, 2021. For clarity, this special dividend is in addition to the special dividend of \$1.00 per Share and the regular dividend of \$0.11 per Share previously announced on October 22, 2021 that is also payable on November 30, 2021 to Shareholders of record on November 16, 2021.

"The PFB Board conducted an exhaustive sale process and considered several proposals from interested parties and believes that the Riverside transaction offers PFB the best alternative to realize its full potential", said C. Alan Smith, Executive Chairman of PFB. "We believe that this agreement with Riverside offers Shareholders an attractive valuation and premium to the recent trading price of the Shares and provides PFB the opportunity to more effectively pursue the long-term investment and growth strategy of the Company across North America."

Following the closing of the Arrangement, PFB will continue to be run by its current management team led by Mr. Robert Graham, CEO. Sean Ozbolt, Riverside Managing Partner, commented: "We are excited to partner with Rob and the entire PFB team. PFB has a proven track record of providing cost effective, GREENGUARD certified solutions that reduce energy consumption, and we look forward to supporting the company in its exciting growth initiatives."

Recommendation of the Board, Fairness Opinion and Voting Agreements

The Board, after consultation with its financial and legal advisors, has unanimously approved the Arrangement Agreement, determined that the Arrangement is fair and reasonable to the Shareholders and is in the best interests of PFB and unanimously recommends that Shareholders vote their Shares in favour of the Arrangement.

In connection with the Arrangement, Intrepid Investment Bankers LLC ("**Intrepid**"), PFB's financial advisor, has provided the Board with its opinion that the consideration to be received by Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders. The full text of Intrepid's written opinion will be included in PFB's management information circular ("**Circular**").

Each of PFB's directors and senior officers and two significant shareholders of PFB holding, in aggregate, approximately 56% of the outstanding Shares, have entered into voting agreements which provide that they will, among other things, vote the Shares held by them in favour of the resolution authorizing the Arrangement.

The Arrangement Agreement

The Arrangement will be carried out by way of a statutory plan of arrangement under the *Business Corporations Act* (Alberta). The Arrangement Agreement provides that the implementation of the Arrangement is subject to customary closing conditions, including the approval of the Court of Queen's Bench of Alberta and the approval of at least two-thirds of the votes cast by Shareholders in person or by proxy at a special meeting of Shareholders (the "**Meeting**"), which is expected to be held on December 16, 2021. The Arrangement is not conditional on Riverside obtaining financing. The parties expect to close the Arrangement in December 2021.

The Arrangement Agreement contains customary non-solicitation provisions, which restrict PFB from soliciting or entertaining any third party acquisition proposals, subject to customary "fiduciary out" provisions that entitle PFB to consider and accept a superior proposal subject to a matching right in favour of Riverside. If the Arrangement Agreement is terminated in certain circumstances, including if PFB enters into an agreement with respect to a superior proposal or if the Board withdraws its recommendation with respect to the Arrangement, Riverside is entitled to a termination payment.

Further information regarding the Arrangement will be included in PFB's Circular, which is expected to be mailed to Shareholders in late-November 2021. Copies of the Arrangement Agreement and the Circular will be available on SEDAR at www.sedar.com or on PFB's website at www.pfbcorp.com.

Advisors

Intrepid is acting as exclusive financial advisor to PFB and providing a fairness opinion and Burnet, Duckworth & Palmer LLP is acting as legal counsel to PFB.

Blake, Cassels & Graydon LLP is acting as Canadian legal counsel to Riverside and Jones Day is acting as U.S. legal counsel to Riverside.

About PFB

PFB has two operating subsidiaries, Plasti-Fab Ltd. that operates in Canada and PFB America Corporation that operates in the United States. The Canadian segment primarily derives its revenues from the sale of expanded polystyrene ("**EPS**") foam products, which it manufactures at its facilities in Canada. The USA segment primarily derives its revenues from the sale of EPS foam products, customized log and timber structures made at its facilities in the United States, which typically include design and installation services that together provide the basis for a bundled sale of its manufactured products. Both segments develop, manufacture and market insulation building products and technologies based on expanded polystyrene technology; that, when used as components of a building envelope, enable residential and commercial structures to be highly energy-efficient. We are also experts in engineered geotechnical applications of our products. PFB building products are used in both new and renovation markets in residential, commercial and industrial projects.

PFB is listed for trading on the Toronto Stock Exchange under the symbol "PFB".

About Riverside

The Riverside Company is a global private equity firm focused on investing in growing businesses valued at up to \$400 million. Since its founding in 1988, Riverside has completed more than 800 investments. The firm's international private equity and structured capital portfolios include more than 130 companies.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws and which are based on the expectations, estimates and projections of management of PFB as of the date of this news release unless otherwise stated. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking statements or information. More particularly and without limitation, this press release contains forward-looking statements and information concerning: the anticipated benefits of the Arrangement to the parties and the Shareholders; the timing and anticipated receipt of required court and Shareholder approvals for the Arrangement; the ability of the parties to satisfy the other conditions to, and to complete, the Arrangement; the anticipated timing of the mailing of the Circular, the holding of the Meeting to consider the Arrangement and for the closing of the Arrangement; and all details regarding PFB's proposed payment of a special dividend including the timing thereof.

In respect of the forward-looking statements and information concerning the anticipated benefits and completion of the proposed Arrangement and the anticipated timing for completion of the Arrangement, the parties have provided such information in reliance on certain assumptions that they believe are reasonable at this time, including: assumptions as to the time required to prepare and mail Meeting materials; the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary court, Shareholder, stock exchange and other third party approvals; the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Arrangement; the ability of Riverside to obtain the debt or other financing required to close the Arrangement; and other expectations and assumptions concerning the Arrangement. The anticipated dates provided may change for a number of reasons, including unforeseen delays in preparing Meeting materials, the inability to secure necessary Shareholder, court or other third party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Arrangement. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Risks and uncertainties inherent in the nature of the transaction include the failure of PFB to obtain necessary Shareholder, court and other third party approvals, including those noted above, or to otherwise satisfy the conditions to the completion of the Arrangement, in a timely manner, or at all. Failure to so obtain such approvals, or the failure of the parties to otherwise satisfy the conditions to or complete the Arrangement, may result in the Arrangement not being completed on the proposed terms, or at all. In addition, if the Arrangement is not completed, and PFB continues as an independent entity, there are risks that the announcement of the Arrangement and the dedication of substantial resources of PFB to the completion of the transaction could have an impact on PFB's current business relationships (including with future and prospective employees, customers, distributors, suppliers and partners) and could have a material adverse effect on the current and future operations, financial condition and prospects of PFB. Furthermore, the failure of PFB to comply with the terms of the Arrangement Agreement may result in PFB being required to pay a fee to Riverside, the result of which could have a material adverse effect on PFB's financial position and results of operations and its ability to fund growth prospects and current operations.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of PFB are included in reports on file with applicable securities regulatory authorities. The forward-looking statements and information contained in this press release are made as of the date hereof and the parties undertake no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

This release does not constitute an offer to purchase or a solicitation of an offer to sell securities.

Shareholders are advised to review any documents that may be filed with securities regulatory authorities and any subsequent announcements because they will contain important information regarding the Arrangement and the terms and conditions thereof.

SOURCE PFB Corporation

View original content: <http://www.newswire.ca/en/releases/archive/November2021/04/c2862.html>

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