



For Immediate Release

December 3, 2025

Canfor Corporation to acquire Canfor Pulp

Vancouver, BC – Canfor Corporation (TSX: CFP) ("**Canfor Corp**") and Canfor Pulp Products Inc. (TSX: CFX) ("**Canfor Pulp**") announced today that they have entered into an arrangement agreement (the "**Arrangement Agreement**") pursuant to which Canfor Corp will acquire all of Canfor Pulp's issued and outstanding common shares (each, a "**Canfor Pulp Share**") not already owned by Canfor Corp and its affiliates pursuant to a court-approved plan of arrangement under the Business Corporations Act (British Columbia) (the "**BCBCA**") (the "**Transaction**"). Under the terms of the Arrangement Agreement, the shareholders of Canfor Pulp ("**Canfor Pulp Shareholders**"), other than Canfor Corp and its affiliates, will have the option to receive, for each Canfor Pulp Share held: 0.0425 of a common share of Canfor Corp (each, a "**Canfor Corp Share**") (the "**Share Consideration**"), or \$0.50 in cash (the "**Cash Consideration**" and together with the Share Consideration, the "**Consideration**"). Canfor Corp currently owns approximately 54.8% of the issued and outstanding Canfor Pulp Shares. The \$0.50 per Canfor Pulp Share represents a premium of 25% to Canfor Pulp's closing share price on December 2, 2025, on the Toronto Stock Exchange ("**TSX**") and a premium of 38% based on the 10-day volume-weighted average share price of Canfor Pulp as of December 2, 2025, on the TSX.

Transaction Rationale for Canfor Pulp

In determining that the Transaction is in the best interests of Canfor Pulp, the board of directors of Canfor Pulp (the "**Canfor Pulp Board**") considered a number of factors, including:

- **Consideration reflects a premium to market price.** The \$0.50 per Canfor Pulp Share represents a premium of 25% to Canfor Pulp's closing share price on December 2, 2025, on the TSX and a premium of 38% based on the 10-day volume-weighted average share price of Canfor Pulp as of December 2, 2025, on the TSX.
- **Certainty of Cash Consideration.** The option to receive Cash Consideration for their Canfor Pulp Shares provides Canfor Pulp Shareholders with immediate and certain value.
- **Value proposition of Share Consideration.** The Share Consideration being offered provides Canfor Pulp Shareholders the opportunity to participate in the combined business of Canfor Corp and Canfor Pulp (the "**Combined Company**") after completion of the Transaction. The value of the combined business of the Combined Company after completion of the Transaction may benefit from, among other things, expanded ability to access capital and operational cost synergies.
- **Independent valuation of Consideration.** The formal valuation of Stifel Nicolaus Canada Inc. ("**Stifel**"), as independent financial advisor and independent valuator to the Canfor Pulp Special Committee (as defined below), provides that in Stifel's opinion, as at December 3, 2025, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the fair market value of the Canfor Pulp Shares is in the range of \$0.08 - \$0.52 per Canfor Pulp Share.
- **Review of strategic alternatives and Canfor Pulp's business, financial condition and industry risks.** The Canfor Pulp Special Committee considered, with the assistance of its financial and legal advisors, (i) current and forecasted liquidity needs of Canfor Pulp and the ability of Canfor Pulp to obtain adequate financing sources, including in light of its current debt levels and related covenant relief under its operating loan facility, (ii) uncertainty related to the business, financial condition and prospects of Canfor Pulp, including the challenges broadly affecting the pulp industry, and (iii) the relative benefits and risks of various strategic alternatives reasonably available to Canfor Pulp, including remaining as an independent public company.
- **Go-Shop Period.** The Arrangement Agreement includes a go-shop period extending until January 19, 2026, (the "**Go-Shop Period**"), during which Canfor Pulp will be permitted to actively solicit, evaluate and enter into negotiations with third parties that express an interest in acquiring Canfor Pulp.



- **Ability to accept a Superior Proposal and support by Canfor Corp.** The Arrangement Agreement provides Canfor Pulp with a “fiduciary out” for any Superior Proposal (as defined in the Arrangement Agreement) received by Canfor Pulp. Canfor Corp will not have the right to match a Superior Proposal made by a third party. In the event a Superior Proposal is identified, Canfor Corp has agreed to use its commercially reasonable efforts, in good faith, to negotiate and enter into a customary voting support agreement with the acquirer with respect to such Superior Proposal (provided the Canfor Corp Special Committee (as defined below) has recommended, and the Canfor Corp Board (as defined below) has determined, such Superior Proposal is in the best interests of Canfor Corp).
- **Low termination fee.** If Canfor Pulp terminates the Arrangement Agreement to accept a Superior Proposal, a \$500,000 termination fee is payable by Canfor Pulp to Canfor Corp.

Transaction Rationale for Canfor Corp

In determining that the Transaction is in the best interests of Canfor Corp, the board of directors of Canfor Corp (the “**Canfor Corp Board**”) considered a number of factors, including:

- **Opportunity for a stronger combined business.** The Transaction provides an opportunity for the creation of a stronger combined business for the benefit of Canfor Corp and its shareholders. The Transaction will, if completed, streamline the ownership structure of Canfor Corp’s investment in Canfor Pulp and is expected to provide certain cost synergies. Once combined with Canfor Corp, Canfor Pulp is expected to have access to improved liquidity opportunities to help preserve the long-term value of Canfor Pulp’s operations in view of the risks and uncertainties related to its business, financial condition and prospects.
- **Review of strategic alternatives.** Canfor Corp and the Canfor Corp Special Committee have, independently and with financial and legal advisors, evaluated and explored strategic alternatives available to Canfor Corp to mitigate the risks related to its investment in Canfor Pulp and any potential opportunities to preserve and maximize its value.
- **Go-Shop Period.** The Go-Shop Period, together with the other terms and conditions of the Transaction, provides Canfor Pulp with the opportunity to enter into a Superior Proposal for the benefit of Canfor Corp and other shareholders of Canfor Pulp.

Boards of Directors’ Approvals and Independent Special Committees’ Recommendations

In connection with the evaluation of the Transaction, the Canfor Pulp Board formed a special committee of independent directors (the “**Canfor Pulp Special Committee**”), with independence determined in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Canfor Corp Board also formed a special committee of independent directors (the “**Canfor Corp Special Committee**”).

Upon the recommendation of the Canfor Corp Special Committee, and after receiving financial and legal advice, the Canfor Corp Board, excluding certain directors who recused themselves and did not vote on the matter, approved the Transaction and the Arrangement Agreement and determined that the Transaction is in the best interests of Canfor Corp. Canfor Corp shareholder approval is not required for the Transaction.

Upon the recommendation of the Canfor Pulp Special Committee, and after receiving financial and legal advice, the Canfor Pulp Board, excluding certain directors who recused themselves and did not vote on the matter, determined that the Transaction is in the best interests of Canfor Pulp and is fair to Canfor Pulp Shareholders (other than Canfor Corp and its affiliates), approved the Transaction and the Arrangement Agreement, and resolved to recommend that Canfor Pulp Shareholders vote in favour of the Transaction.

In reaching its recommendation to the Canfor Pulp Board, the Canfor Pulp Special Committee relied, in part, upon an oral formal valuation (the “**Valuation**”) from Stifel, as its independent financial advisor and its independent valuator pursuant to the requirements of MI 61-101. The Valuation was prepared under the supervision of the Canfor Pulp Special Committee and provides that in Stifel’s opinion, as at December 3, 2025, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the fair market value of the Canfor Pulp Shares is in the range of \$0.08 - \$0.52 per Canfor Pulp Share. In addition, Stifel has provided an oral fairness opinion to the Canfor Pulp Special Committee (the “**Fairness Opinion**”), stating that, in Stifel’s opinion, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the Consideration to be received by the Canfor Pulp Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to the Canfor Pulp Shareholders (other than Canfor Corp and its affiliates).



About the Transaction

The Transaction will be carried out by way of a statutory plan of arrangement under Section 288 of the BCBCA and must be approved by the Supreme Court of British Columbia and by: (i) at least two-thirds of the votes cast by Canfor Pulp Shareholders at a special meeting of Canfor Pulp Shareholders (the "**Meeting**") to approve the Transaction; and (ii) a simple majority of votes cast by Canfor Pulp Shareholders at the Meeting, excluding any votes of Canfor Corp and its affiliates and any other Canfor Pulp Shareholders whose votes are required to be excluded in accordance with MI 61-101.

The Arrangement Agreement includes the Go-Shop Period, during which Canfor Pulp will be permitted to actively solicit, evaluate and enter into negotiations with third parties that express an interest in acquiring Canfor Pulp. Following expiry of the Go-Shop Period, the Company will be subject to customary non-solicitation covenants with "fiduciary out" provisions. If Canfor Pulp terminates the Arrangement Agreement to accept a Superior Proposal (as defined in the Arrangement Agreement), a \$500,000 termination fee is payable by Canfor Pulp to Canfor Corp. Canfor Corp will not have the right to match a Superior Proposal made by a third-party. In the event a Superior Proposal is identified, Canfor Corp has agreed to use its commercially reasonable efforts, in good faith, to negotiate and enter into a customary voting support agreement with the acquirer with respect to such Superior Proposal (provided the Canfor Corp Special Committee has recommended, and the Canfor Corp Board has determined, such Superior Proposal is in the best interests of Canfor Corp). There can be no assurance that a Superior Proposal will be made as a result of the go-shop process or otherwise.

It is anticipated that the Meeting to consider the Transaction will be held in the first quarter of 2026. The Transaction is expected to close in the first quarter of 2026, subject to the satisfaction or waiver of customary closing conditions, including the receipt of all applicable shareholder, court and regulatory approvals, including the approval of the TSX. Upon completion of the Transaction, it is anticipated that the Canfor Pulp Shares will be delisted from the TSX and an application will be made for Canfor Pulp to cease to be a reporting issuer.

Copies of the Valuation and Fairness Opinion, additional details of the terms and conditions of the Transaction and voting requirements, and a description of the various factors considered by the Canfor Pulp Special Committee and the Canfor Pulp Board in their determination to approve the Transaction, as well as other relevant background information, will be included in the management information circular (the "**Circular**") to be sent to the Canfor Pulp Shareholders at least 21 days in advance of the Meeting. The Circular, the Arrangement Agreement (including the plan of arrangement) and certain related documents will be filed with the Canadian securities regulators and will be available under Canfor Pulp's profile on SEDAR+ at www.sedarplus.ca.

None of the securities to be issued pursuant to the Arrangement Agreement have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and any securities issued in the Transaction are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The terms of the Transaction are being made available only pursuant to the Circular to be provided to Canfor Pulp Shareholders, and related transmittal materials, and only to such persons and in such jurisdictions as is permitted under applicable law.

Voting Agreement

An existing shareholder of Canfor Pulp, who holds approximately 4.4% of the issued and outstanding Canfor Pulp Shares, has entered into an agreement with Canfor Corp to vote its Canfor Pulp Shares in favour of the Transaction, subject to termination in the event that the Arrangement Agreement is terminated, including where a Superior Proposal (as defined in the Arrangement Agreement) is made by a third party and accepted by Canfor Pulp in accordance with the terms of the Arrangement Agreement.

Financial and Legal Advisors

In connection with the Transaction, Stifel is acting as independent financial advisor and independent valuator to the Canfor Pulp Special Committee and Osler, Hoskin & Harcourt LLP is acting as legal counsel to the Canfor Pulp Special Committee. BMO Capital Markets and Lawson Lundell LLP are acting as financial advisor and legal counsel, respectively, to Canfor Corp.



About Canfor Corp

Canfor Corp is a global leader in the manufacturing of high-value low-carbon forest products including dimension and specialty lumber, engineered wood products, pulp and paper, wood pellets and green energy. Proudly headquartered in Vancouver, British Columbia, Canfor Corp produces renewable products from sustainably managed forests, at more than 50 facilities across its diversified operating platform in Canada, the United States and Europe. Canfor Corp has a 77% stake in Vida AB, Sweden's largest privately owned sawmill company and also owns, approximately, a 54.8% interest in Canfor Pulp. Canfor Corp Shares are traded on the TSX under the symbol CFP. For more information visit canfor.com.

About Canfor Pulp

Canfor Pulp is a leading global supplier of pulp and paper products with operations in the northern interior of British Columbia. Canfor Pulp operates two mills in Prince George, British Columbia with a total capacity of 780,000 tonnes of Premium Reinforcing Northern Bleached Softwood Kraft pulp (including 300,000 tonnes of annual production capacity that, effective August 2024, has been indefinitely curtailed) and 140,000 tonnes of kraft paper. Canfor Pulp Shares are traded on the TSX under the symbol CFX. For more information visit canfor.com.

Forward-looking statements.

Certain statements in this press release constitute "forward-looking statements" which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. These forward-looking statements include, among others, statements relating to the anticipated benefits and other impacts of the Transaction, Canfor Pulp's business, financial condition and prospects, the required court, regulatory, shareholder and other approvals, the satisfaction or waiver of closing conditions for the Transaction, the mailing and contents of the Circular and the timing thereof, the anticipated date of the Meeting, the anticipated timing of the closing of the Transaction, the delisting of the Canfor Pulp Shares from the TSX and the expected application to have Canfor Pulp cease to be a reporting issuer following completion of the Transaction. Words such as "expects", "anticipates", "projects", "intends", "plans", "will", "believes", "seeks", "estimates", "should", "may", "could", and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on current expectations and beliefs and actual events or results may differ materially.

Although Canfor Corp and Canfor Pulp believe that the forward-looking statements in this news release are based on information and assumptions that are current, reasonable and complete, these statements are by their nature subject to a number of factors that could cause actual results to differ materially from the expectations of the management of Canfor Corp and Canfor Pulp, respectively, and plans as set forth in such forward-looking statements, including, without limitation, the following factors, many of which are beyond Canfor Pulp's and Canfor Corp's control and the effects of which can be difficult to predict: the possibility that the Transaction will not be completed on the terms and conditions, or on the timing, currently contemplated, and that it may not be completed at all, due to a failure to obtain or satisfy, in a timely manner or otherwise, required court, shareholder and regulatory approvals and other conditions of closing necessary to complete the Transaction or for other reasons; the possibility of adverse reactions or changes in business relationships resulting from the announcement or completion of the Transaction; risks relating to Canfor Corp's and Canfor Pulp's ability to retain and attract key personnel during the interim period; the possibility of litigation relating to the Transaction; credit, market, currency, operational, liquidity and funding risks generally and relating specifically to the Transaction, including changes in economic conditions, interest rates, commodity prices, tariffs, duties and import taxes; risks and uncertainties relating to information management, technology, supply chain, product safety, changes in law, competition, seasonality, commodity price and business; and other risks inherent to Canfor Corp's and Canfor Pulp's businesses and/or factors beyond their control which could have a material adverse effect on Canfor Corp or Canfor Pulp, as applicable, or the ability to consummate the Transaction. With respect to the forward-looking statements contained in this news release, Canfor Corp and Canfor Pulp have made numerous assumptions regarding, among other things, the ability of Canfor Corp and Canfor Pulp to satisfy all of the closing conditions to complete the Transaction and the non-occurrence of the risks and uncertainties that are described in the public filings of Canfor Corp and Canfor Pulp or other events occurring outside of our normal course of business.

Canfor Corp and Canfor Pulp caution that the foregoing list of important factors and assumptions are not exhaustive and other factors could also adversely affect its results. For more information on the risks, uncertainties and assumptions that could cause Canfor Corp's actual results to differ from current expectations, please refer to the "Risks and Uncertainties" section of Canfor Corp's Management's Discussion & Analysis for the year ended December 31, 2024 as well as Canfor



Corp's other public filings, available at sedarplus.ca and at canfor.com. For more information on the risks, uncertainties and assumptions that could cause Canfor Pulp's actual results to differ from current expectations, please refer to the "Risks and Uncertainties" section of Canfor Pulp's Management's Discussion & Analysis for the year ended December 31, 2024 as well as Canfor Pulp's other public filings, available at sedarplus.ca and at canfor.com.

The forward-looking statements contained in this news release describe Canfor Corp's and Canfor Pulp's expectations at the date of this news release and, accordingly, are subject to change after such date. Except as may be required by applicable Canadian securities laws, Canfor Corp and Canfor Pulp do not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

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