Supremex

Management's Discussion and Analysis

For the three and nine-month periods ended September 30, 2022 and 2021

TABLE OF CONTENTS

1. BASIS OF PRESENTATION

The following management's discussion and analysis of financial condition and results of operations ("MD&A"), dated November 10, 2022, of Supremex Inc. ("Supremex" or the "Company") should be read together with the accompanying unaudited interim condensed consolidated financial statements and related notes of the Company for the three and nine-month periods ended September 30, 2022. These unaudited interim condensed consolidated financial statements of the Company have been prepared by management in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). Therefore, certain information and disclosures have been omitted or condensed. The accounting principles are consistent with those set out in the Company's audited consolidated financial statements for the year ended December 31, 2021. The fiscal year of the Company ends on December 31. The Company's reporting currency is the Canadian dollar. Per share amounts are calculated using the weighted average number of common shares outstanding for the three and nine-month periods ended September 30, 2022. The consolidated financial statements for the three and nine-month periods ended September 30, 2022 have not been audited or reviewed by the Company's auditors.

The Company's common shares are traded on the Toronto Stock Exchange (the "TSX") under the symbol SXP. Additional information on Supremex, including the Company's Annual Information Form, may be found on SEDAR at www.sedar.com and on the Company's website at www.supremex.com.

2. FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws, including (but not limited to) statements about the EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Earnings, Adjusted net earnings per share, Free Cash Flow, Net debt, Net debt to Adjusted EBITDA ratio[1] and future performance of Supremex and similar statements or information concerning anticipated future results, circumstances, performance or expectations. Forward-looking information may include words such as anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target and will. Such information relates to future events or future performance and reflects current assumptions, expectations and estimates of management regarding growth, results of operations, performance, business prospects and opportunities, Canadian economic environment and ability to attract and retain customers. Such forward-looking information reflects current assumptions, expectations and estimates of management and is based on information currently available to Supremex as at the date of this MD&A. Such assumptions, expectations and estimates are discussed throughout the MD&A for the year ended December 31, 2021. Supremex cautions that such assumptions may not materialize and that current economic conditions, including all of the current uncertainty resulting from the ongoing COVID-19 health crisis and its broader repercussions on the global economy, render such assumptions, although believed reasonable at the time they were made, subject to greater uncertainty.

Forward-looking information is subject to certain risks and uncertainties and should not be read as a guarantee of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking information. These risks and uncertainties include but are not limited to the following: global health crisis, decline in envelope consumption, increase of competition, economic cycles, key personnel, labor shortage, contributions to employee benefits plans, raw material price increases and availability, operational disruption, exchange rate fluctuation, growth by acquisitions, availability of capital, credit risks with respect to trade receivables, interest rate fluctuation, concerns about protection of the environment, potential risk of litigation, cyber security and data protection and no guarantee to pay dividends. In addition, risks and uncertainties arising as a result of the COVID-19 pandemic that could cause results to differ from those expected include, but are not limited to: potential government actions, changes in consumer behaviors and demand, changes in customer requirements, disruptions of the Company's suppliers and supply chain, availability of personnel and uncertainty about the extent and duration of the pandemic. Such risks and uncertainties are discussed throughout the MD&A for fiscal year ended December 31, 2021 and, in the Company's Annual Information Form dated March 30, 2022 in particular, in ''Risk Factors''. Consequently, the Company cannot guarantee that any forward-looking information will materialize. Readers should not place any undue reliance on such forward-looking information unless otherwise required by applicable securities legislation. The Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

---

1 Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

3. KEY QUARTERLY HIGHLIGHTS

3.1 Financial Highlights Tables

Selected Consolidated Financial Information
(in thousands of dollars, except for per share amounts and margins)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2022	**2021**	**2022**	**2021**
Statement of Earnings				
Revenue	**67,919**	54,823	**193,706**	160,227
Operating earnings	**11,447**	5,276	**30,589**	16,460
Adjusted EBITDA(1)	**15,512**	8,714	**41,508**	26,823
Adjusted EBITDA margin(1)	**22.8%**	15.9%	**21.4%**	16.7%
Net earnings	**8,110**	3,364	**21,776**	10,856
Basic and diluted net earnings per share	**0.31**	0.13	**0.83**	0.40
Adjusted Net earnings(1)	**8,451**	3,364	**22,126**	10,978
Adjusted Net earnings per share(1)	**0.32**	0.13	**0.84**	0.40
Cash Flow				
Net cash flows related to operating activities	**4,538**	6,738	**15,175**	16,174
Free Cash Flow(1)	**4,038**	5,170	**14,169**	13,860

(1) This is a non-IFRS financial measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the non-IFRS financial measures section for definitions and reconciliations.

3.2 Highlights of the three-month period ended September 30, 2022 and recent events

- Total revenue increased by 23.9% to $67.9 million, from $54.8 million in the third quarter of 2021.
- Packaging and specialty products segment revenue of $18.8 million, up 5.8% from $17.8 million last year.
- Envelope segment revenue up 32.6% to $49.1 million, from $37.0 million in the prior year.
- Adjusted EBITDA[2] of $15.5 million, or 22.8% of revenue, up from $8.7 million, or 15.9% of revenue, a year ago.
- Net Earnings increased significantly to $8.1 million, or 11.9% of revenue, from $3.4 million, or 6.1% of revenue, last year.
- Earnings per share of $0.31, up sharply from $0.13 a year ago.
- Recorded no assistance from the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs in the third quarter of 2022, compared to $0.6 million in the equivalent quarter of 2021.
- Renewal of the Normal Course Issuer Bid ("NCIB") program, allowing the Company to repurchase up to 1,301,713 common shares between August 31, 2022 and August 30, 2023.
- Purchased 96,600 shares for a total consideration of $0.3 million as part of NCIB program.
- Acquisition on November 1, 2022 of Royal Envelope Corporation ("Royal Envelope") located in Chicago.
- On November 10, 2022, the Board of Directors declared a quarterly dividend of $0.03 per common share, payable on December 23, 2022, to the shareholders of record at the close of business of December 8, 2022.

3.3 Highlights of the nine-month period ended September 30, 2022

- Total revenue of $193.7 million, up 20.9% from $160.2 million in the nine-month period ended September 30, 2021.
- Packaging and specialty products segment revenue of $54.1 million, up 8.8% from $49.7 million a year earlier.
- Envelope segment revenue up 26.3% to $139.6 million, versus $110.5 million a year ago.
- Adjusted EBITDA[2] of $41.5 million, or 21.4% of revenue, versus $26.8 million, or 16.7% of revenue last year.
- Net Earnings amounted to $21.8 million, up significantly from $10.9 million in the first nine months of 2021.
- Earnings per share more than doubled, reaching $0.83 versus $0.40 in the same period last year.
- Recorded no assistance from the CEWS and CERS programs in the first nine months of 2022, compared to $2.2 million in the equivalent period of 2021.
- Purchased 418,400 shares for a total consideration of $1.4 million as part of NCIB program.

---

[2] Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

4. NON-IFRS FINANCIAL MEASURES

Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies and should not be viewed as alternatives to measures of financial performance prepared in accordance with IFRS. Management considers these metrics to be information which may assist investors in evaluating the Company's profitability and enable better comparability of the results from one period to another.

These Non-IFRS Financial Measures are defined as follows:

Non-IFRS Measure	Definition
EBITDA	EBITDA represents earnings before net financing charges, income tax expense, depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets. The Company uses EBITDA to assess its performance. Management believes this non-IFRS measure, provides users with an enhanced understanding of its operating earnings.
Adjusted EBITDA	Adjusted EBITDA represents EBITDA adjusted to remove items of significance that are not in the normal course of operations. These items of significance include, when applicable, but are not limited to, charges for impairment of assets, restructuring expenses, value adjustment on inventory acquired and business acquisition costs. The Company uses Adjusted EBITDA to assess its operating performance, excluding items that are not in the normal course of operations. Management believes this non-IFRS measure, provides users with enhanced understanding of the Company's operating earnings and increase the transparency and clarity of the Company's core results. It also allows users to better evaluate the Company's operating profitability when compared to previous years.
Adjusted EBITDA margin	Adjusted EBITDA margin is a percentage corresponding to the ratio of Adjusted EBITDA divided by revenue. The Company uses Adjusted EBITDA margin for purpose of evaluating business performance, excluding items that are not in the normal course of operations. Management believes this non-IFRS measure, provides users with enhanced understanding of its results and related trends.
Adjusted net earnings	Adjusted net earnings represents net earnings excluding items of significance listed above under Adjusted EBITDA, net of income taxes. The Company uses Adjusted net earnings to assess its business performance and profitability without the effect of items that are not in the normal course of operations, net of income taxes. Management believes this non-IFRS measure, provides users with an alternative assessment of the Company's earnings without the effect of items that are not it the normal course of operations making it valuable to assess ongoing operations and trends in the business performance. Management also believes this non-IFRS measure provides users with enhanced understanding of the Company's results and provides better comparability between period.
Adjusted net earnings per share	Adjusted net earnings per share represents Adjusted net earnings divided by the weighted average number of common shares outstanding for the relevant period. The Company uses Adjusted net earnings per share for purposes of evaluating performance and profitability, excluding items that are not in the normal course of operations of the Company, net of income taxes, on a per share basis.
Free Cash Flow	This measure corresponds to net cash flows related to operating activities according to the consolidated statements of cash flows less additions (net of disposals) to property, plant and equipment and intangible assets. Management considers Free Cash Flow to be a good indicator of the Company's financial strength and operating performance because it shows the amount of funds available to manage growth, repay debt and reinvest in the Company. Management considers this measure useful to provide investors with a perspective on its ability to generate liquidity, after making capital investments required to support business operations and long-term value creation.

Non-IFRS Measure	Definition
Net debt	Net debt represents the Company's total debt, net of deferred financing costs and cash. The Company uses Net debt as an indicator of its indebtedness level and financial leverage as it represents the amount of debt that is not covered by available cash. Management believes that investors could benefit from the use of net debt to determine a company's financial leverage.
Net debt to Adjusted EBITDA ratio	Net debt to Adjusted EBITDA ratio represents Net debt divided by trailing 12-month (TTM) Adjusted EBITDA. This ratio is used by management to monitor the Company's financial leverage and management believes certain investors use this ratio as a measure of financial leverage.

The following tables provide the reconciliation of Non-IFRS Financial Measures:

Reconciliation of Net earnings to Adjusted EBITDA
(in thousands of dollars, except for margins)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2022	2021	2022	2021
Net earnings	**8,110**	**3,364**	**21,776**	**10,856**
Income tax expense	2,771	1,345	7,312	3,938
Net financing charges	566	567	1,501	1,666
Depreciation of property, plant and equipment	1,610	1,279	4,500	3,999
Depreciation of right-of-use assets	1,115	1,304	3,290	3,686
Amortization of intangible assets	879	855	2,656	2,514
EBITDA	**15,051**	**8,714**	**41,035**	**26,659**
Acquisition costs related to business combinations	18	—	30	164
Restructuring expenses	443	—	443	—
Adjusted EBITDA	**15,512**	**8,714**	**41,508**	**26,823**
Adjusted EBITDA Margin (%)	22.8%	15.9%	21.4%	16.7%

Reconciliation of Net earnings to Adjusted net earnings and of Net earnings per share to Adjusted net earnings per share
(in thousands of dollars, except for per share amounts)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2022	2021	2022	2021
Net earnings	**8,110**	3,364	**21,776**	10,856
Adjustments, net of income taxes				
Acquisition costs related to business combinations	13	—	22	122
Restructuring expenses	328	—	328	—
Adjusted net earnings	**8,451**	3,364	**22,126**	10,978
Net earnings per share	**0.31**	0.13	**0.83**	0.40
Adjustments, net of income taxes, in dollar per share	**0.01**	—	**0.01**	—
Adjusted net earnings per share	**0.32**	0.13	**0.84**	0.40

Reconciliation of Cash flows related to operating activities to Free Cash Flow
(in thousands of dollars)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2022	**2021**	**2022**	**2021**
Cash flows related to operating activities	**4,538**	6,738	**15,175**	16,174
Acquisitions (net of disposals) of property, plant and equipment	(324)	(1,485)	(705)	(2,172)
Acquisitions of intangible assets	(176)	(83)	(301)	(142)
Free Cash Flow	**4,038**	5,170	**14,169**	13,860

Net debt to Adjusted EBITDA ratio
(in thousands of dollars)

	As at September 30, 2022	As at December 31, 2021
Total debt	33,053	44,529
Deferred financing costs	(342)	(178)
Cash	(205)	(6,365)
Net debt	**32,506**	37,986
Adjusted EBITDA – TTM(1)	53,727	39,042
Net debt to Adjusted EBITDA ratio	**0.6**	**1.0**

(1) Refer to the ''Selected Quarterly Operating Results'' section for more information on the results of each of the last eight quarters.

5. BUSINESS OVERVIEW

Supremex is a leading North American manufacturer and marketer of envelopes and a growing provider of paper-based packaging solutions. Supremex operates ten manufacturing facilities across four provinces in Canada and six manufacturing facilities in four states in the United States employing approximately 865 people. Supremex' growing footprint allows it to efficiently manufacture and distribute envelope and packaging solutions designed to the specifications of major national and multinational corporations, direct mailers, resellers, government entities, SMEs and solutions providers.

The Company manufactures a broad range of stock and custom envelopes in an array of styles, shapes and colours, which allows it to offer a high degree of flexibility and customization. It also manufactures and distributes a diverse range of packaging and specialty products, including high end folding carton packaging and e-Commerce Fulfillment Packaging solutions. Other packaging and specialty products include the Conformer Products®[3], labels, polyethylene bags for courier applications, bubble mailers and Enviro-logiX®[4].

Reporting Segments

The Company currently operates in two reporting segments: the manufacturing and sale of envelopes and the manufacturing and sale of paper-based packaging solutions and specialty products. For over 40 years, Supremex has developed its core paper substrate and converting expertise to become one of the largest manufacturers and distributors of envelopes in North America. A few years ago, it initiated a growth and diversification strategy into packaging and specialty products.

[3] Conformer® is a registered trademark of Conformer Products, Inc.
[4] Enviro-logiX® is a registered trademark of Envirologix Inc.

The Envelope Segment

The Company manufactures a broad range of stock and custom envelopes in an array of styles, shapes and colours, which allows it to offer a high degree of flexibility and customization. Products are designed to the specifications of major national and multinational corporations, direct mailers resellers, government entities, SMEs and solutions providers.

The Packaging and Specialty Products Segment

The Company also manufactures and distributes a diverse range of paper-based packaging solutions and specialty products, including high-end folding carton packaging, e-commerce solutions and labels. The folding carton offering is primarily aimed at corporations in the health, beauty, pharmaceutical and food-at-home markets. E-commerce solutions are eco-friendly and are designed and manufactured to optimize shipping and reduce over-packaging for small and international e-tailers. The label offering primarily serves the Company's existing envelope and packaging customers with complementary label solutions and is an integral offering for the health, beauty and pharmaceutical customers. Other packaging and specialty products include the Conformer Products®, polyethylene bags for courier applications, bubble mailers and Enviro-logiX®.

In the longer term, Supremex' strategy is to leverage its Envelope capacity, knowhow and cash flow to fund a pivot to Packaging and Specialty Products. The Company's objective is to achieve an equal revenue split between the Envelope Segment and the Packaging and Specialty Products Segment. To accelerate this shift, Supremex plans to make strategic acquisitions.

6. OUTLOOK

Supremex is operating at full capacity given its current labor force as it benefits from sustained demand for its products and strong backlogs. Driven by proactive sourcing and a solid reputation in the marketplace, the Company has the ability to secure raw material despite constrained supply and has demonstrated it can successfully pass through cost inflation. Labor and supply challenges could affect the Company's ability to meet its delivery schedule for certain orders and may also result in missed sales opportunities. The recent acquisition of Royal Envelope in Chicago, as well as that of Niagara Envelope Inc. (''Niagara'') earlier this year, and targeted productivity improvements should mitigate these impacts in the short term.

The Company continues to execute its plan to move its folding carton plant from Town of Mount Royal, Quebec to the former Durabox facility in Lachine, Quebec. Most activities related to the transfer are scheduled for December 2022 and in the meantime, the Durabox operations are being wound down. Restructuring expenses amounting to $0.4 million, mainly for severances and inventory write-down, were incurred in the third quarter. The Company believes this strategic repositioning is a better utilization of its manufacturing footprint by enhancing focus on higher value-added products.

Supremex is committed to optimizing its capital allocation with quarterly dividend payments, investments in capital expenditures and the repurchase of common shares in line with its NCIB, which was renewed on August 29, 2022 for the period from August 31, 2022 to August 30, 2023. The Company also continues to look for strategic acquisitions, mainly in the packaging segment, while remaining focussed on opportunistic expansion in the envelope segment, as demonstrated by the acquisition of Royal Envelope in Chicago.

7. FOREIGN EXCHANGE RATES

7.1 Foreign Exchange Rates

The following table shows average and closing exchange rates applicable to Supremex' third quarters and nine-month periods ended September 2022 and 2021. Average rates are used to translate sales and expenses for the periods mentioned, while closing rates translate assets and liabilities of foreign operations and monetary assets and liabilities of the Canadian operations denominated in U.S. dollars.

US$/CDN$ Rate

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2022	2021	2022	2021
USD Average	1.306	1.260	1.283	1.252
USD Closing	1.371	1.274	1.371	1.274

8. SUMMARY OF FINANCIAL INFORMATION

8.1 Summary of Financial Information

Selected Consolidated Financial Information
(in thousands of dollars, except for per share amounts)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2022	2021	2022	2021
Revenue	**67,919**	**54,823**	**193,706**	**160,227**
Operating expenses	44,565	39,310	129,303	113,517
Selling, general and administrative expenses	7,929	6,799	23,181	20,051
Operating earnings before depreciation, amortization and other items	**15,425**	**8,714**	**41,222**	**26,659**
Depreciation of property, plant and equipment	1,610	1,279	4,500	3,999
Depreciation of right-of-use assets	1,115	1,304	3,290	3,686
Amortization of intangible assets	879	855	2,656	2,514
Gain on disposal of property, plant and equipment	(69)	—	(256)	—
Restructuring expenses	443	—	443	—
Operating earnings	**11,447**	**5,276**	**30,589**	**16,460**
Net financing charges	566	567	1,501	1,666
Earnings before income taxes	**10,881**	**4,709**	**29,088**	**14,794**
Income tax expense	2,771	1,345	7,312	3,938
Net earnings	**8,110**	**3,364**	**21,776**	**10,856**
Basic and diluted net earnings per share	0.31	0.13	0.83	0.40
Dividend declared per share	0.03	—	0.105	—

Revenue Information
(in thousands of dollars, except %)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2022	2021	2022	2021
Envelope	**49,115**	**37,050**	**139,632**	**110,545**
Volume change	2.1%	5.5%	4.0%	4.3%
Average selling price change	29.9%	2.9%	21.5%	(0.1%)
Total change	**32.6%**	**8.5%**	**26.3%**	**4.3%**
Packaging & Specialty Products	**18,804**	**17,773**	**54,074**	**49,682**
Total change	**5.8%**	**12.8%**	**8.8%**	**13.1%**
Total Revenue	**67,919**	**54,823**	**193,706**	**160,227**
Revenue change	**23.9%**	**9.9%**	**20.9%**	**6.8%**

Segmented Information
(in thousands of dollars, except %)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2022	**2021**	**2022**	**2021**
Segmented Revenue				
Envelope	49,115	37,050	139,632	110,545
Packaging & specialty products	18,804	17,773	54,074	49,682
Total Revenue	**67,919**	**54,823**	**193,706**	**160,227**
Segmented Adjusted EBITDA(1)				
Envelope	13,472	6,886	35,050	20,511
% of segmented revenue	27.4%	18.6%	25.1%	18.6%
Packaging & specialty products	3,835	2,564	11,279	7,428
% of segmented revenue	20.4%	14.4%	20.9%	15.0%
Corporate and unallocated costs	(1,795)	(736)	(4,821)	(1,116)
Total Adjusted EBITDA(1)	**15,512**	**8,714**	**41,508**	**26,823**
% of total revenue	22.8%	15.9%	21.4%	16.7%

(1) This is a non-IFRS financial measure. Refer to the non-IFRS financial measures section for definitions and reconciliations.

9. ANALYSIS OF RESULTS

9.1 Results for the three-month period ended September 30, 2022

Revenue

Total revenue for the three-month period ended September 30, 2022, was $67.9 million, an increase of $13.1 million, or 23.9%, from the equivalent quarter of 2021.

Envelope Segment

Revenue was $49.1 million, an increase of 32.6% from $37.0 million in the third quarter of 2021. Envelope was 72.3% of the Company's revenue in the quarter, up from 67.6% during the equivalent period last year. The higher revenue reflects an average selling price increase of 29.9% from last year's third quarter, primarily due to increases implemented to mitigate input cost inflation, a more favorable customer and product mix in U.S. operations, and a favorable currency conversion effect. The volume of units sold increased by 2.1% primarily as a result of higher sales in the U.S. envelope market. The Company's strong supply chain relationships, solid market reputation and dedicated workforce were key factors in its ability to meet market demand and grow in a period of supply chain constraints.

Packaging & Specialty Products Segment

Revenue was $18.8 million, up 5.8%, from $17.8 million in the corresponding quarter of 2021. The improvement was largely from higher sales of folding carton packaging products, primarily driven from a favorable product mix and a positive foreign exchange translation, partially offset by an anticipated decrease in corrugated sales as a result of the wind down of the Durabox operations. Packaging & Specialty Products represented 27.7% of the Company's revenue in the quarter, compared to 32.4% during the equivalent period of last year, largely as a result of the significant growth in Envelope.

Operating Expenses

Operating expenses for the three-month period ended September 30, 2022, were $44.6 million, compared to $39.3 million in the equivalent period of 2021, representing an increase of $5.3 million, or 13.4%. The increase is mainly due to higher sales volumes, higher cost of materials, as well as the phasing out of the CEWS and CERS programs ($0.5 million of subsidies recorded for the same period last year). On a percentage of revenue basis, operating expenses decreased to 65.6% of revenue, down from 71.7% in the equivalent period of 2021.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totalled $7.9 million in the three-month period ended September 30, 2022, compared to $6.8 million during the same period in 2021. This increase of $1.1 million, or 16.6%, is mainly attributable to higher compensation expenses, including a total of $0.5 million for Deferred Share Units ("DSU") and Performance Share Units ("PSU") due to share price appreciation, higher professional fees and the phasing out of the subsidy programs ($0.1 million of subsidies recorded for the same period last year) partially offset by a foreign exchange gain.

Restructuring Expenses

For the three-month period ended September 30, 2022, the Company incurred restructuring expenses of $0.4 million in connection with the relocation of the folding carton plant and the winding down of the Durabox operations. These expenses essentially consist of inventory write-down and severances.

EBITDA[5] and Adjusted EBITDA[5]

EBITDA was $15.1 million, up from $8.7 million in the third quarter last year. Adjusted EBITDA amounted to $15.5 million, or 22.8% of revenue, compared to $8.7 million, or 15.9% of revenue, a year earlier. These increases resulted from higher sales volume and selling prices. These factors were partially offset by the higher cost of materials and the phasing out of the CEWS and CERS programs (no subsidies recorded in the third quarter ended September 30, 2022 compared to $0.6 million of subsidies recorded for the same period last year).

Segment Adjusted EBITDA

Envelope Segment

Adjusted EBITDA was $13.5 million, up 95.6% from $6.9 million in the third quarter of 2021. This significant improvement was primarily due to higher revenue driven by an increase in the average selling price and a more favorable customer and product mix in U.S. operations. On a percentage of segmented revenue, Adjusted EBITDA from the envelope segment was 27.4%, up from 18.6% in the equivalent period of 2021.

Packaging & Speciality Products Segment

Adjusted EBITDA was $3.8 million, up 49.6% from $2.6 million in the third quarter of 2021. This increase is largely explained by a more favorable customer and product mix, partially offset by reduced profitability from Durabox operations. On a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 20.4%, compared to 14.4% in the equivalent period of 2021.

Corporate and unallocated costs

The Corporate and unallocated costs were $1.8 million in the third quarter of 2022 compared to $0.7 million in the third quarter of 2021 which included $0.6 million from the CEWS and CERS programs. Excluding the subsidies, corporate and unallocated costs in the third quarter of 2021 would have been $1.3 million. The increase of $0.5 million resulted mainly from severances and an unfavorable adjustment related to the DSUs and PSUs during the quarter due to share price appreciation, partially offset by a foreign exchange gain.

---

[5] Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

Depreciation and Amortization

Aggregate depreciation and amortization expenses for the three-month period ended September 30, 2022, amounted to $3.6 million, compared to $3.4 million in the third quarter of 2021.

Net Financing Charges

Net financing charges for the three-month period ended September 30, 2022 were stable at $0.6 million compared to the equivalent period of the prior year, as lower indebtedness this year compared to last year was offset by a higher effective interest rate on the Company's secured credit facility.

Earnings Before Income Taxes

As a result of the fluctuation in revenue and expenses described above, earnings before income taxes were $10.9 million, or 16.0% of revenue, during the three-month period ended September 30, 2022, up significantly from $4.7 million, or 8.6% of revenue, during the equivalent period of 2021.

Income Tax Expense

Income taxes were $2.8 million, representing an effective tax rate of 25.5%, in the three-month period ended September 30, 2022, compared to $1.3 million in the equivalent quarter of last year, for an effective tax rate of 28.6%. The absolute dollar increase is due to higher earnings before income taxes this year compared to last year.

Net Earnings, Adjusted Net Earnings, Net Earnings per share and Adjusted Net Earnings per share[6]

Net Earnings were $8.1 million, or $0.31 per share, for the three-month period ended September 30, 2022, compared to $3.4 million, or $0.13 per share, for the equivalent period last year.

Adjusted Net Earnings for the three-month period ended September 30, 2022 reached $8.5 million, or $0.32 per share, up from $3.4 million, or $0.13 per share, for the same period last year.

Other Comprehensive Income

The discount rate used to calculate the accrued plan benefit obligations decreased to 5.0% as at September 30, 2022 from 5.1% as at June 30, 2022. This decrease combined with a lower-than-expected return on assets resulted in a net actuarial loss of $0.8 million in the third quarter of 2022.

9.2 Results for the nine-month period ended September 30, 2022

Revenue

Total revenue for the nine-month period ended September 30, 2022, was $193.7 million, an increase of $33.5 million, or 20.9%, from the equivalent period of 2021.

Envelope Segment

Revenue was $139.6 million, an increase of 26.3%, from $110.5 million in the nine-month period ended September 30, 2021. Envelope represented 72.1% of the Company's revenue in the period, compared to 69.0% during the equivalent period of last year. Higher revenue was a result of an average selling price increase of 21.5% from last year's comparable period, primarily driven by price increases implemented to mitigate input cost inflation, a more favorable customer and product mix in U.S. operations, and a positive currency conversion effect. The volume of units sold increased by 4.0% primarily as a result of higher sales in the U.S. envelope market from increased market penetration and from continued demand recovery in certain channels that were more affected by the pandemic. The Company's strong supply chain relationships, solid market reputation and dedicated workforce were key factors in its ability to meet market demand and grow in a period of constrained supply chain.

[6] Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

Packaging & Specialty Products Segment

Revenue was $54.1 million, an increase of 8.8%, from $49.7 million in the corresponding period of 2021. The increase resulted mainly from the contribution of the Vista Graphic Communications, LLC ("Vista"), acquisition concluded on March 8, 2021, higher sales of folding carton packaging products and a favorable currency conversion effect. These factors were partially offset by the winding down of the Durabox operations. Packaging & Specialty Products represented 27.9% of the Company's revenue in the first nine months of 2022, compared with 31.0% during the equivalent period of last year, largely as a result of the significant growth in Envelope.

Operating Expenses

Operating expenses for the nine-month period ended September 30, 2022, were $129.3 million, compared to $113.5 million in the equivalent period of 2021, representing an increase of $15.8 million, or 13.9%. The increase is mainly due to a higher volume of sales, due in part to the Vista acquisition, higher cost of materials and the phasing out of the CEWS and CERS programs ($1.6 million of subsidies recorded for the same period last year). On a percentage of revenue basis, operating expenses decreased to 66.8% of revenue, from 70.8% in the equivalent period of 2021.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totalled $23.2 million in the nine-month period ended September 30, 2022, compared to $20.1 million during the same period in 2021, representing an increase of $3.1 million, or 15.6%. The increase is attributable to higher compensation expenses, including a total of $0.7 million for DSUs and PSUs due to share price appreciation, severances and the phasing out of the subsidy programs ($0.6 million of subsidies recorded for the same period last year) partially compensated by a gain on foreign exchange.

Restructuring Expenses

For the nine-month period ended September 30, 2022, the Company incurred restructuring expenses of $0.4 million related to the relocation of the folding carton plant and the winding down of the Durabox operations. These expenses essentially consist of inventory write-down and severances.

EBITDA[7] and Adjusted EBITDA[7]

EBITDA was $41.0 million, up from $26.7 million in the first nine months last year. Adjusted EBITDA was $41.5 million, or 21.4% of revenue, compared to $26.8 million, or 16.7% of revenue, in the first nine months of 2021. These increases resulted from higher sales volume and selling prices. These factors were partially offset by the higher cost of materials and the phasing out of the CEWS and CERS programs (no subsidies recorded in the nine-month period ended September 30, 2022 compared to $2.2 million of subsidies recorded for the same period last year).

Segment Adjusted EBITDA

Envelope Segment

Adjusted EBITDA was $35.1 million, up 70.9% from $20.5 million in the first nine months of 2021. This significant increase was primarily due to higher revenue, driven by an increase in the average selling price, and a more favorable product mix in U.S. operations. On a percentage of segmented revenue, Adjusted EBITDA from the envelope segment was 25.1%, up from 18.6% in the equivalent period of 2021.

---

7 Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

Packaging & Speciality Products Segment

Adjusted EBITDA was $11.3 million, up 51.8% from $7.4 million in the first nine months of 2021. This significant increase is mainly explained by higher revenue, driven by a more favorable product mix, partially offset by reduced profitability from Durabox operations. On a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 20.9%, compared to 15.0% for the equivalent period of 2021.

Corporate and unallocated costs

The Corporate and unallocated costs were $4.8 million compared to $1.1 million in the first nine months of 2021 which included $2.2 million from the CEWS and CERS programs. Excluding the subsidies, corporate and unallocated costs in the first nine months of 2021 would have been $3.3 million. The increase of $1.5 million resulted mainly from severances and an unfavorable adjustment related to DSUs and PSUs due to share price appreciation partially compensated by a foreign exchange gain.

Depreciation and Amortization

Aggregate depreciation and amortization expenses for the nine-month period ended September 30, 2022 totalled $10.4 million, up slightly from $10.2 million in the nine-month period ended September 30, 2021.

Net Financing Charges

Net financing charges for the nine-month period ended September 30, 2022 were $1.5 million, compared to $1.7 million for the equivalent period of the prior year. The decrease reflects lower indebtedness this year compared to last year, partially offset by a higher effective interest rate on the Company's secured credit facility.

Earnings Before Income Taxes

As a result of the fluctuation in revenue and expenses described above, earnings before income taxes were $29.1 million, or 15.0% of revenue, during the nine-month period ended September 30, 2022, compared to $14.8 million, or 9.2% of revenue, during the equivalent period of 2021.

Income Tax Expense

Income taxes were $7.3 million, representing an effective tax rate of 25.1%, in the nine-month period ended September 30, 2022, compared to $3.9 million in the equivalent period of last year, representing an effective tax rate of 26.6%. The absolute dollar increase is due to higher earnings before income taxes this year compared to last year.

Net Earnings, Adjusted Net Earnings, Net Earnings per share and Adjusted Net Earnings per share [8]

Net Earnings were $21.8 million, or $0.83 per share, for the nine-month period ended September 30, 2022, compared to $10.9 million, or $0.40 per share, for the equivalent period last year.

Adjusted Net Earnings amounted to $22.1 million, or $0.84 per share, for the nine-month period ended September 30, 2022, compared to $11.0 million, or $0.40 per share, for the equivalent period in 2021.

Other Comprehensive Income

The discount rate used to calculate the accrued plan benefit obligations increased to 5.0% as at September 30, 2022 from 3.0% as at December 31, 2021. This increase was partially offset by a lower-than-expected return on assets resulting in a net actuarial gain of $1.5 million in the first nine months of 2022.

[8] Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

9.3 Geographical Revenue and Asset Diversification

Revenue by Geography
(in thousands of dollars)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2022	2021	2022	2021
Canada	**37,717**	32,042	**112,465**	101,016
U.S.	**30,202**	22,781	**81,241**	59,211
Total Revenue	**67,919**	54,823	**193,706**	160,227

For the three-month period ended September 30, 2022, the Company's revenue in Canada was $37.7 million, an increase of 17.7% from $32.0 million in the equivalent quarter of 2021. In the United States, revenue was $30.2 million, an increase of 32.6% from $22.8 million in 2021.

For the nine-month period ended September 30, 2022, the Company's revenue in Canada was $112.5 million, an increase of 11.3% from $101.0 million in the equivalent period of 2021. In the United States, revenue was $81.2 million, representing an increase of 37.2% from $59.2 million in the equivalent period of 2021.

The Company's non-current assets were $112.9 million in Canada and $23.2 million in the United States as at September 30, 2022, compared to $118.4 million in Canada and $22.3 million in the United States as at December 31, 2021.

10. SUMMARY OF RESULTS – SELECTED QUARTERLY FINANCIAL INFORMATION

Supremex' revenue is subject to some seasonal patterns, mainly driven by the Envelope segment. This segment is subject to the seasonal advertising and mailing patterns of its customers which is generally higher during the fall and winter months. The first and fourth quarters have a higher number of mailings related to specific events (i.e. return to school, fund-raising, the holidays and tax seasons) than the spring and summer months. As a result, the second and third quarters tend to have less activity. To maintain production efficiencies, Supremex uses warehouse capabilities to stock envelopes as required and thereby counter predictable seasonal variations in sales volume. Only a small portion of the Packaging and Specialty Products segment, primarily the e-Commerce offering, is subject to seasonal patterns related to the holidays. Therefore, Supremex' revenue and financial performance for any single quarter may not be extrapolated for the full year.

The following table sets forth selected financial information for the Company's past eight quarters.

Selected Quarterly Operating Results
(in thousands of dollars, except for per share amounts)

	Sep. 30 2022	June 30 2022	Mar. 31 2022	Dec. 31 2021	Sep. 30 2021	June 30 2021	Mar. 31 2021	Dec. 31 2020
Envelope	**49,115**	45,878	44,639	46,650	37,050	35,230	38,265	40,465
Packaging	**18,804**	16,640	18,630	19,553	17,773	16,571	15,338	14,171
Total Revenue	**67,919**	62,518	63,269	66,203	54,823	51,801	53,603	54,636
Adjusted EBITDA(1)	**15,512**	13,914	12,083	12,218	8,714	8,562	9,548	9,206
Earnings before income taxes	**10,881**	9,822	8,386	6,259	4,709	4,595	5,490	340
Net Earnings	**8,110**	7,364	6,302	4,896	3,364	3,389	4,103	309
Net Earnings per share	**0.31**	0.28	0.24	0.18	0.13	0.12	0.15	0.01
Adjusted Net Earnings(1)	**8,451**	7,364	6,311	6,431	3,364	3,393	4,221	3,719
Adjusted Net Earnings(1) per share	**0.32**	0.28	0.24	0.24	0.13	0.12	0.15	0.13

(1) This is a non-IFRS financial measure or ratio. Refer to the non-IFRS financial measures section for definitions and reconciliations.

11. FINANCIAL POSITION

11.1 Summary Financial Position Highlights

Selected Financial Position Information
(in thousands of dollars)

	As at September 30, 2022	As at December 31, 2021
Working capital	40,483	25,250
Total Assets	207,861	206,371
Total Liabilities	90,005	108,966
Total Equity	117,856	97,405

11.2 Assets

Total assets amounted to $207.9 million as at September 30, 2022, relatively stable compared to December 31, 2021. While the value of current assets increased by $6.1 million, as higher inventories were partially offset by a decrease in cash, the aggregate value of property, plant and equipment, right-of-use assets and intangible assets decreased by $7.0 million reflecting depreciation and amortization charges in excess of asset additions.

11.3 Liabilities

Secured Credit Facility

On May 25, 2022, the Company entered into a three-year senior secured revolving credit facility of $120 million which replaced its pre-existing revolving and term facility. No principal repayments are required prior to maturity. The credit facility bears interest at a floating rate based on the Canadian prime rate, the U.S. base rate, the Secured Overnight Financing Rate (SOFR) or bankers' acceptance rates, plus an applicable margin that ranges between 0% and 2.75%. The agreement for this credit facility matures in May 2025. The Company may request that the agreement be extended by one year on every anniversary date. The extension is dependent upon the approval of the lenders. As at September 30, 2022, the amount outstanding on the credit facility was $33.1 million.

The secured credit facility is used for working capital, capital expenditures, acquisitions and other general corporate purpose. It is collateralized by mortgage and a security interest covering all assets of the Company and its subsidiaries and is subject to certain covenants, which the Company is required, among other conditions, to meet. The Company was in compliance with these covenants as at September 30, 2022.

As at September 30, 2022, the Company had an outstanding Canadian dollar letter of credit in the amount of $10,000 ($10,000 as at December 31, 2021).

Amounts owed under secured credit facility:
(in thousands of dollars)

	As at September 30, 2022	As at December 31, 2021
Revolving facility	33,053	18,279
Term facility	—	26,250
Total debt	**33,053**	**44,529**
Deferred financing costs	(342)	(178)
Current portion	—	(3,500)
Long-term portion of secured credit facility	**32,711**	**40,851**

The Company's total debt decreased to $33.1 million as at September 30, 2022, compared to $44.5 million as at December 31, 2021.

As at September 30, 2022, the ratio of Net debt[9] to Adjusted EBITDA[9] was 0.6x, down from 1.0x as at December 31, 2021.

11.4 Contractual Obligations and Off-Balance Sheet Arrangements

The Company has no other off-balance sheet arrangements, except for the operating leases with terms of twelve months or less or leases of low-value assets, which do not have a current or future material effect on the Company's performance.

12. LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth summarized cash flow components for the periods indicated.

Summary of cash flows
(in thousands of dollars)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2022	2021	2022	2021
Operating activities	**4,538**	6,738	**15,175**	16,174
Investing activities	**(500)**	(1,658)	**(1,910)**	(5,070)
Financing activities	**(5,858)**	(3,711)	**(19,733)**	(10,307)
Net foreign exchange difference	**298**	202	**308**	(8)
Net change in cash	**(1,522)**	1,571	**(6,160)**	789

12.1 Cash Flows Related to Operating Activities

Net cash flows from operating activities were $4.5 million for the three-month period ended September 30, 2022, compared to $6.7 million for the same period in 2021. The decrease is mainly attributable to higher working capital requirements, primarily due to an increase in inventories to meet the demands of customers in the coming quarters, partially offset by higher profitability.

For the nine-month period ended September 30, 2022, net cash flows from operating activities reached $15.2 million, compared to $16.2 million in the equivalent period of 2021. The decrease essentially reflects the aforementioned factors.

12.2 Cash Flows Related to Investing Activities

During the three-month periods ended September 30, 2022 and September 30, 2021, net cash flows used in investing activities were $0.5 million and $1.7 million, respectively. The year-over-year variation reflects lower acquisitions of property, plant and equipment in 2022.

During the nine-month period ended September 30, 2022, net cash flows used in investing activities amounted to $1.9 million, including $0.9 million to acquire certain assets of Niagara. In the corresponding period of 2021, net cash flows used in investing activities totalled $5.1 million, including $2.8 million to acquire substantively all of the assets of Vista.

12.3 Cash Flows Related to Financing Activities

Net cash flows used by financing activities stood at $5.9 million for the three-month period ended September 30, 2022, compared to $3.7 million for the same period in 2021. The greater reduction in cash flows for 2022 is explained by a higher repayment of the revolving credit facility and by the reintroduction of dividend payments to shareholders early in the year.

[9] Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

For the nine-month period ended September 30, 2022, net cash flows used by financing activities were $19.7 million, up from $10.3 million last year. The year-over-year variation reflects the aforementioned factors.

Free Cash Flow[10]

Free cash flow amounted to $4.0 million in the third quarter of 2022 compared to $5.2 million for the same period last year. This decrease is mainly attributable to a reduction in cash flow from operating activities, as explained above.

Free cash flow amounted to $14.2 million in the nine-month period ended September 30, 2022 compared to $13.9 million in the corresponding period of 2021. This slight increase reflects higher profitability, partially offset by higher working capital requirements.

Normal Course Issuer Bid ("NCIB")

During the three and nine-month periods ended September 30, 2022, the Company repurchased 96,600 and 418,400 common shares for cancellation under its NCIB program for a total consideration of $0.3 million and $1.4 million, respectively.

On August 29, 2022, the Company announced the renewal of its NCIB program. Under the new program, Supremex is authorized to purchase, for cancellation, up to 1,301,713 common shares, representing approximately 5.0% of issued and outstanding common shares of the Company as of August 18, 2022. Purchases will be made over a 12-month period ending on August 30, 2023. Under the previous program, Supremex repurchased 920,100 common shares at an average weighted price per share of $2.8229.

Subsequent to the end of the period, an additional 20,000 shares were purchased for cancellation for total consideration of $0.1 million.

13. SHARE CAPITAL

As at September 30, 2022 the capital stock issued and outstanding of the Company consisted of 25,997,069 common shares (26,415,469 as at December 31, 2021).

The following table presents the outstanding capital stock activity for the nine-month period ended September 30, 2022:

Number of common shares

	Nine-month period ended September 30, 2022
Balance, as of December 31, 2021	26,415,469
Common shares purchased for cancellation	(418,400)
Balance, as of September 30, 2022	**25,997,069**

As at November 10, 2022, the Company had 25,977,069 common shares outstanding.

14. SUBSEQUENT EVENTS

- On November 1, 2022, the Company announced the acquisition of substantially all of the assets of Royal Envelope, an envelope manufacturer and lithography company located in Chicago, focusing primarily on higher-end, specialized products for the direct mail market. This transaction was concluded for a total cash consideration of $28.2 million [US$20.7 million] on a cash-free and debt-free basis including $2.7 million [US$2.0 million] for manufacturing equipment that was recently commissioned. For the 12-month period ended June 30, 2022, Royal Envelope generated sales of approximately $49.1 million [US$38.8 million].

[10] Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

- On November 10, 2022, the Board of Directors declared a quarterly dividend of $0.03 per common share, payable on December 23, 2022, to the shareholders of record at the close of business on December 8, 2022. This dividend is designated as an "eligible" dividend for the purpose of the *Income Tax Act (Canada)* and any similar provincial legislation.

15. RISK FACTORS

The results of operations, business prospects and financial condition of Supremex are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of Supremex' management.

Details are provided in the ''Risk Factors'' section of the Company's Annual Information Form date March 30, 2022, which can be found on www.sedar.com.

16. DISCLOSURE CONTROLS AND PROCEDURES (''DC&P'') AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (''ICFR'')

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Company has filed certifications signed by the President and Chief Executive Officer and the Chief Financial Officer, that, among other things, report on the design and effectiveness of disclosure controls and procedures, and the design and effectiveness of internal control over financial reporting.

As indicated in such certifications, management has designed disclosure controls and procedures to provide reasonable assurance that:

i. material information relating to the Company is made known to the President and Chief Executive Officer and the Chief Financial Officer, particularly during the period in which interim filings are being prepared, and
ii. information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Management has also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework management used to design the Company's internal control over financial reporting is the Committee of Sponsoring Organizations ("COSO").

There were no changes in the Company's internal controls over financial reporting that occurred during the period from January 1, 2022 to September 30, 2022 that have materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

In accordance with the provisions of National Instrument 52-109, Supremex has limited the scope of its design of Supremex' disclosure controls and procedures (DC&P) and ICFR to exclude controls, policies and procedures of a business acquired not more than 365 days before September 30, 2022. The scope limitation is primarily due to the time required for Supremex' management to assess DC&P and ICFR in a manner consistent with Supremex' other operations.

The Company expects that its February 2022 business acquisition of Niagara will be covered by its certification no later than the first quarter of 2023.

Additional Information

Additional information relating to the Company, including the Company's annual information form, is available on SEDAR at www.sedar.com.

Interim Condensed Consolidated Financial Statements

Supremex Inc.

Unaudited
For the three and nine-month periods ended September 30, 2022 and 2021

All amounts expressed in Canadian dollars

NOTICE

The Company's independent auditors have not reviewed these Interim Condensed Consolidated Financial Statements in accordance with the standard established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at [Unaudited]	Notes	September 30, 2022 $	December 31, 2021 $
ASSETS	7		
Current assets			
Cash		**204,876**	6,364,662
Accounts receivable		**31,217,334**	32,982,719
Inventories	5	**37,080,843**	24,924,388
Prepaid expenses		**3,254,723**	1,368,046
Total current assets		**71,757,776**	65,639,815
Property, plant and equipment		**31,354,736**	34,141,450
Right-of-use assets		**19,803,617**	21,795,786
Accrued pension benefit net assets		**13,997,100**	12,440,500
Intangible assets		**20,703,515**	22,899,246
Goodwill		**50,244,018**	49,453,832
Total assets		**207,860,762**	206,370,629
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**24,410,899**	27,449,300
Income tax payable		**2,288,331**	4,162,698
Provisions	6	**227,370**	405,400
Current portion of contingent consideration payable	4	**264,428**	620,291
Current portion of lease liabilities		**4,083,764**	4,251,766
Current portion of secured credit facility	7	**—**	3,500,000
Total current liabilities		**31,274,792**	40,389,455
Contingent consideration payable	4	**316,068**	157,263
Secured credit facility	7	**32,710,890**	40,850,825
Deferred income tax liabilities		**8,178,200**	8,361,769
Lease liabilities		**17,236,581**	18,995,479
Other long-term liabilities		**287,941**	211,300
Total liabilities		**90,004,472**	108,966,091
Total equity		**117,856,290**	97,404,538
Total liabilities and equity		**207,860,762**	206,370,629

Subsequent events [note 12]

See accompanying notes

On behalf of the Directors:

By: *signed (Robert B. Johnston)*
Director

By: *signed (Steven P. Richardson)*
Director

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

[Unaudited]	Notes	Three-month periods ended September 30 2022 $	2021 $	Nine-month periods ended September 30 2022 $	2021 $
Revenue		**67,918,827**	54,823,322	**193,705,893**	160,227,004
Operating expenses	5	**44,565,070**	39,310,192	**129,302,960**	113,516,577
Selling, general and administrative expenses		**7,929,356**	6,798,917	**23,180,550**	20,050,772
Operating earnings before depreciation, amortization and other items		**15,424,401**	8,714,213	**41,222,383**	26,659,655
Depreciation of property, plant and equipment		**1,609,759**	1,278,757	**4,499,743**	3,999,333
Depreciation of right-of-use assets		**1,115,019**	1,303,932	**3,290,247**	3,685,895
Amortization of intangible assets		**879,092**	854,836	**2,655,975**	2,514,321
Restructuring expenses		**443,165**	—	**443,165**	—
Gain on disposal of property, plant and equipment		**(69,070)**	—	**(255,978)**	—
Operating earnings		**11,446,436**	5,276,688	**30,589,231**	16,460,106
Net financing charges	7	**566,130**	567,696	**1,501,385**	1,666,239
Earnings before income taxes		**10,880,306**	4,708,992	**29,087,846**	14,793,867
Income tax expense		**2,769,736**	1,344,566	**7,311,469**	3,937,877
Net earnings		**8,110,570**	3,364,426	**21,776,377**	10,855,990
Basic and diluted net earnings per share		**0.3115**	0.1247	**0.8308**	0.3965
Weighted average number of shares outstanding		**26,041,258**	26,981,909	**26,210,011**	27,382,749

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[Unaudited]	Three-month periods ended September 30 2022 $	2021 $	Nine-month periods ended September 30 2022 $	2021 $
Net earnings	**8,110,570**	3,364,426	**21,776,377**	10,855,990
Other comprehensive income				
Other comprehensive income to be reclassified to earnings in subsequent periods				
Foreign currency translation adjustments	**1,095,560**	497,722	**1,292,136**	12,735
Net other comprehensive income to be reclassified to earnings in subsequent periods	**1,095,560**	497,722	**1,292,136**	12,735
Items not to be reclassified to earnings in subsequent periods				
Recognized actuarial (loss) gain on defined benefit pension plans, net of income tax recovery of $279,802 and expense of $529,568 [2021 – expense of $115,491 and $2,293,753]	**(800,798)**	330,509	**1,515,632**	6,564,147
Recognized actuarial (loss) gain on other post-retirement benefit, net of income tax recovery of $440 and expense of $8,830 [2021 – expense of $492 and $3,340]	**(1,260)**	1,408	**25,270**	9,560
Net other comprehensive (loss) income not being reclassified to earnings in subsequent periods	**(802,058)**	331,917	**1,540,902**	6,573,707
Other comprehensive income	**293,502**	829,639	**2,833,038**	6,586,442
Total comprehensive income	**8,404,072**	4,194,065	**24,609,415**	17,442,432

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine-month periods ended September 30
[Unaudited]

	Share capital $	Contributed surplus $	Deficit $	Foreign currency translation reserve $	Total equity $
As at December 31, 2020	**9,497,234**	**277,029,086**	**(207,071,737)**	**(493,240)**	**78,961,343**
Net earnings	—	—	10,855,990	—	10,855,990
Other comprehensive income	—	—	6,573,707	12,735	6,586,442
Total comprehensive income	—	—	17,429,697	12,735	17,442,432
Shares repurchased and cancelled [*note 8*]	(342,142)	(1,933,964)	—	—	(2,276,106)
As at September 30, 2021	**9,155,092**	**275,095,122**	**(189,642,040)**	**(480,505)**	**94,127,669**
As at December 31, 2021	9,016,207	274,229,083	(185,280,855)	(559,897)	97,404,538
Net earnings	—	—	21,776,377	—	21,776,377
Other comprehensive income	—	—	1,540,902	1,292,136	2,833,038
Total comprehensive income	—	—	23,317,279	1,292,136	24,609,415
Dividends declared [*note 9*]	—	—	(2,751,826)	—	(2,751,826)
Shares repurchased and cancelled [*note 8*]	(142,810)	(1,263,027)	—	—	(1,405,837)
As at September 30, 2022	**8,873,397**	**272,966,056**	**(164,715,402)**	**732,239**	**117,856,290**

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

[Unaudited]	Notes	For the three-month periods ended September 30 2022 $	2021 $	For the nine-month periods ended September 30 2022 $	2021 $
OPERATING ACTIVITIES					
Net earnings		**8,110,570**	3,364,426	**21,776,377**	10,855,990
Non-cash adjustments to reconcile net earnings to net cash flows					
Depreciation of property, plant and equipment		**1,609,759**	1,278,757	**4,499,743**	3,999,333
Depreciation of right-of-use assets		**1,115,019**	1,303,932	**3,290,247**	3,685,895
Amortization of intangible assets		**879,092**	854,836	**2,655,975**	2,514,321
Amortization of deferred financing costs	7	**61,932**	41,872	**144,783**	132,291
Gain on disposal of property, plant and equipment		**(69,070)**	—	**(255,978)**	—
Interest on contingent consideration payable		**7,303**	19,058	**23,251**	24,021
Deferred income tax recovery		**(284,108)**	(199,086)	**(776,052)**	(1,189,973)
Change in employee benefits		**73,041**	31,200	**(1,059)**	143,400
		11,503,538	6,694,995	**31,357,287**	20,165,278
Variations in working capital accounts					
Variation in accounts receivable		**(1,485,518)**	(2,072,316)	**1,765,385**	(1,119,178)
Variation in income tax receivable or payable		**(45,273)**	885,359	**(1,874,367)**	3,556,857
Variation in inventories		**(7,469,697)**	(1,467,837)	**(11,571,005)**	(4,156,386)
Variation in prepaid expenses		**(1,294,899)**	104,330	**(1,886,677)**	(437,032)
Variation in accounts payable and accrued liabilities		**3,062,800**	2,896,590	**(3,038,401)**	(961,010)
Variation in provisions		**(23,113)**	(290,255)	**(178,030)**	(858,335)
Change in employee benefits		**289,900**	(13,200)	**600,400**	(16,100)
Net cash flows related to operating activities		**4,537,738**	6,737,666	**15,174,592**	16,174,094
INVESTING ACTIVITIES					
Business combinations	4	**—**	(89,505)	**(904,400)**	(2,756,295)
Acquisition of property, plant and equipment		**(401,368)**	(1,508,074)	**(972,457)**	(2,215,882)
Acquisition of intangible assets		**(176,149)**	(83,165)	**(301,312)**	(142,330)
Proceeds from disposal of property, plant and equipment		**77,070**	23,159	**267,810**	44,267
Net cash flows related to investing activities		**(500,447)**	(1,657,585)	**(1,910,359)**	(5,070,240)
FINANCING ACTIVITIES					
Net change in revolving credit facility		**(3,620,030)**	(975,091)	**(10,600,825)**	(2,000,001)
Repayment of term facility		**—**	(875,000)	**(875,000)**	(2,625,000)
Repayment of lease liabilities		**(1,102,104)**	(1,165,410)	**(3,255,726)**	(3,364,613)
Dividends paid	9	**(780,386)**	—	**(2,751,826)**	—
Deferred financing costs		**(14,879)**	—	**(308,892)**	(40,934)
Purchase of share capital for cancellation	8	**(340,447)**	(695,536)	**(1,405,836)**	(2,276,106)
Change in other long-term asset		**—**	—	**(534,605)**	—
Net cash flows related to financing activities		**(5,857,846)**	(3,711,037)	**(19,732,710)**	(10,306,654)
Net change in cash during the period		**(1,820,555)**	1,369,044	**(6,468,477)**	797,200
Net foreign exchange difference		**298,070**	201,791	**308,691**	(8,330)
Cash, beginning of period		**1,727,361**	2,254,034	**6,364,662**	3,035,999
Cash, end of period		**204,876**	3,824,869	**204,876**	3,824,869
Supplemental information (1)					
Interest paid		**533,353**	557,992	**1,567,094**	1,610,580
Interest received		**33**	1,963	**9,736**	11,242
Income taxes paid		**3,080,454**	992,161	**9,936,430**	2,134,908
Income taxes received		**—**	334,708	**—**	608,080

(1) Amounts paid and received for interest and for income taxes were reflected as cash flows from operating activities in the consolidated statements of cash flows.

See accompanying notes

1. CORPORATE INFORMATION

Supremex Inc. (the "Company" or "Supremex") was incorporated on March 31, 2006 under the *Canadian Business Corporation Act.* The common shares of the Company are listed on the Toronto Stock Exchange ("TSX") under the symbol SXP. The Company's registered office is located at 7213 Cordner Street in LaSalle, Quebec.

Supremex is a leading North American manufacturer and marketer of envelopes and a growing provider of paper-based packaging solutions and specialty products. Supremex' revenue is subject to the seasonal advertising and mailing patterns of its customers. The number of envelopes sold by Supremex is generally higher during fall and winter mainly due to the higher number of mailings related to events including the return to school, fund-raising, the holidays and tax seasons. The number of envelopes sold by Supremex is generally lower during spring and summer in anticipation of a slowdown in mailing activities of businesses during the summer.

Most revenues from packaging and specialty products are not subject to seasonal patterns (i.e. specialty folding cartons for large multinational customers). Only a small portion, primarily the e-commerce offering, is subject to seasonal patterns related to the holidays. As such, there is currently little to no seasonal effect from packaging and specialty products on Supremex' total revenues.

As a result, Supremex' revenue and financial performance for any single quarter may not be indicative of revenue and financial performance which may be expected for the full year. To maintain production efficiencies, Supremex uses warehouse capabilities to stock envelopes as required and thereby counter predictable seasonal variations in sales volume.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and statement of compliance

The unaudited interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries. They have been prepared by management in accordance with IAS 34, Interim Financial Reporting. Therefore, certain information and disclosures have been omitted or condensed. The accounting principles are consistent with those set out in the Company's audited consolidated financial statements for the year ended December 31, 2021, prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, these unaudited interim condensed consolidated financial statements and the notes thereto should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2021.

These unaudited interim condensed consolidated financial statements were approved by the Company's Board of Directors on November 10, 2022 and have not been audited or reviewed by the Company's auditors.

3. SIGNIFICANT JUDGMENT AND ACCOUNTING ESTIMATES

The preparation of the Company's unaudited interim condensed consolidated financial statements requires management to make estimates, judgment and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The areas involving key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are the same as those set out in the Company's audited consolidated financial statements for the year ended December 31, 2021.

4. BUSINESS COMBINATIONS

2022 Business Combination

On February 4, 2022, the Company acquired the manufacturing assets and inventory of Niagara Envelope Inc. ("Niagara"), for a cash consideration of $904,400 (US$708,889). Niagara is a regional envelope manufacturer based in Niagara, New York. In addition to the consideration paid, the Company has a contingent consideration payable to the previous owner on the realization of certain financial targets over a five-year period in the amount of $363,492. The fair value of the contingent consideration payable as at September 30, 2022 is $405,036, representing the maximum amount of the obligation. This acquisition will provide additional volume and support to two long-term strategic customers in the Western New York market.

The Company's consolidated statement of earnings includes revenue from Niagara of $1,948,751 since the acquisition date. If the acquisition had occurred on January 1, 2022, revenue for the nine-month period ended September 30, 2022 would have been approximately $2,227,000. The Company has not disclosed net earnings for Niagara as it is impracticable to do so given that the activities of the acquired business have been integrated into the pre-existing operations of the Company.

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the envelope cash-generating unit. Goodwill deductible for tax purposes is expected to be in the amount of US$284,913.

2021 Business Combination

On March 8, 2021, the Company acquired substantively all of the assets of Vista Graphic Communications, LLC ("Vista"), for a cash consideration of $2,756,295 (US$2,170,481). Vista is an Indianapolis, Indiana based provider of print and folding carton packaging. In addition to the consideration paid, the Company has a contingent consideration payable to the previous owner on the realization of certain financial targets over the first 24 months after the acquisition date in the amount of $743,781 (US$625,000). A first payment of the contingent consideration in the amount of $530,411 (US$419,397) took place in March 2022. A second and final payment is scheduled for March 2023.

This acquisition brings the Company's manufacturing closer to its growing e-commerce customer base in the U.S. and provides it with much needed print and converting capacity to meet existing and growing demand for its packaging solutions.

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the packaging cash-generating unit. Goodwill deductible for tax purposes amounts to US$289,804.

Purchase Price Allocation

As at September 30, 2022, the Company had not finalized the allocation of the consideration paid for the Niagara acquisition. The preliminary purchase price allocation that reflects the estimated fair value of assets acquired and liabilities assumed at the acquisition date, using the acquisition method, is as follows. The Company will finalize the allocation as it obtains further information on the fair value of certain assets and liabilities. The following purchase price allocation for the Vista acquisition is final as presented in the Company's audited consolidated financial statements for the year ended December 31, 2021.

	2022 Preliminary purchase price allocation Niagara $	2021 Final purchase price allocation Vista $
Net assets acquired		
Accounts receivable	—	525,251
Inventories	585,450	503,417
Prepaid expenses	—	18,920
Total current assets	**585,450**	**1,047,588**
Property and equipment	318,950	1,115,607
Right-of-use assets	215,129	3,253,620
Customer relationships	—	1,295,298
Goodwill	363,492	368,022
Total assets	**1,483,021**	**7,080,135**
Accounts payable and accrued liabilities	—	326,439
Lease liabilities	215,129	3,253,620
Net assets acquired	**1,267,892**	**3,500,076**
Less: contingent consideration payable	363,492	743,781
Cash consideration	**904,400**	**2,756,295**
Acquisition-related costs recognized as an expense	30,173	164,831

5. INVENTORIES

	September 30, 2022 $	December 31, 2021 $
Raw materials	**19,308,031**	10,067,382
Work in progress	**1,515,343**	1,641,979
Finished goods	**16,257,469**	13,215,027
	37,080,843	24,924,388

The cost of inventories recognized as an expense and included in operating expenses, including the related depreciation of property, plant and equipment and depreciation of right-of-use assets allocated to inventories during the three and nine-month periods ended September 30, 2022 are $44,387,379 and $128,226,190 respectively [2021 - $39,298,592 and $113,884,628 respectively].

6. PROVISIONS

In the third quarter of 2022, the Company approved a restructuring initiative to accelerate the move of its folding carton plant in the Town of Mount Royal, Quebec, following receipt of an early termination notice from the lessor. As a result of this initiative, the affected folding carton business will be transferred to the Durabox corrugated packaging facility in Lachine, Quebec. Consequently, the Durabox business will be gradually wound down. Restructuring expenses related to these activities, mainly comprised of employee-related charges and costs to relocate the business will be incurred.

In 2020, the Company implemented a plan to optimize costs in its Envelope CGU. As a result, the Company recognized a provision for severance relating to certain terminated employees.

The following is a summary of amounts accrued and paid relating to restructuring expenses:

	September 30, 2022 $	December 31, 2021 $
Balance, beginning of year	**405,400**	1,578,406
Restructuring expenses	**443,165**	—
Payments	**(621,195)**	(1,173,006)
Balance, end of period	**227,370**	405,400

7. SECURED CREDIT FACILITY

On May 25, 2022, the Company entered into a three-year senior secured revolving credit facility of $120 million which replaced its pre-existing revolving and term facility. No principal repayments are required prior to maturity. The credit facility bears interest at a floating rate based on the Canadian prime rate, the US base rate, the Secured Overnight Financing Rate (SOFR) or bankers' acceptance rates, plus an applicable margin that ranges between 0% and 2.75%. The agreement for this credit facility matures in May 2025. The Company may request that the agreement be extended by one year on every anniversary date. The extension is dependent upon the approval of the lenders. As at September 30, 2022, the amount outstanding on the credit facility was $33,053,321.

The secured credit facility is used for working capital, capital expenditure, acquisitions and other general corporate purpose. It is collateralized by mortgage and a security interest covering all assets of the Company and its subsidiaries and is subject to certain covenants, which the Company is required, among other conditions, to meet. The Company was in compliance with these covenants as at September 30, 2022.

Amounts owed under secured credit facility are as follows:

	September 30, 2022 $	December 31, 2021 $
Revolving facility	**33,053,321**	18,279,146
Term facility	**—**	26,250,000
Total debt	**33,053,321**	44,529,146
Deferred financing costs	**(342,431)**	(178,321)
Current portion	**—**	(3,500,000)
Long-term portion of secured credit facility	**32,710,890**	40,850,825

As at September 30, 2022, the Company had an outstanding Canadian dollar letter of credit in the amount of $10,000 ($10,000 as at December 31, 2021).

The effective interest rate on the secured credit facility was 4.37% as at September 30, 2022 [2.01% as at December 31, 2021].

Net financing charges are as follows:

	Three-month periods ended September 30,		**Nine-month periods ended September 30,**	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Interest on secured credit facility	**386,868**	310,483	**990,526**	938,153
Interest on lease liabilities	**199,966**	219,706	**618,292**	644,422
Interest income on defined benefit plans obligations	**(90,600)**	(26,400)	**(269,900)**	(79,200)
Other net interest expense	**7,964**	22,035	**17,684**	30,573
Amortization of deferred financing costs	**61,932**	41,872	**144,783**	132,291
	566,130	567,696	**1,501,385**	1,666,239

8. SHARE CAPITAL

The change in share capital was as follows:

	Number of Common Shares	**Share Capital $**
Balance, as of December 31, 2020	27,824,769	9,497,234
Purchase of share capital for cancellation	(1,002,400)	(342,142)
Balance, as of September 30, 2021	**26,822,369**	**9,155,092**
Balance, as of December 31, 2021	26,415,469	9,016,207
Purchase of share capital for cancellation	(418,400)	(142,810)
Balance, as of September 30, 2022	**25,997,069**	**8,873,397**

On August 29, 2022, the Company announced that it had received approval from the TSX to purchase by way of a normal course issuer bid (“NCIB”) for cancellation, up to 1,301,713 of its common shares, representing approximately 5.0% of its 26,034,269 issued and outstanding common shares as of August 18, 2022, for a period of twelve months, beginning on August 31, 2022.

During the three and nine-month periods ended September 30, 2022, the Company repurchased 96,600 and 418,400 common shares [2021 – 292,400 and 1,002,400] for cancellation in consideration of $340,447 and $1,405,837 respectively [2021 - $695,535 and $2,276,106]. The excess of the purchase price over the carrying value in the amount of $307,476 and $1,263,027 [2021 - $595,732 and $1,933,964] was recorded as a reduction of contributed surplus.

Deferred Share Unit Plan (DSU)

The financial liability resulting from the DSU plan of $1,946,957 [December 31, 2021 - $1,086,300] is presented under "*Accounts payable and accrued liabilities*".

During the nine-month period ended September 30, 2022, an amount of $126,065 [2021 - $145,214] of variable executive compensation was allocated in DSU and an amount of $40,368 [2021 - Nil] was paid out. During the three and nine-month periods ended September 30, 2022, the net compensation expense for the DSU plan amounted to $455,403 and $774,960 respectively [2021 – $47,756 and $150,065] and is recognized under ''*Selling, general and administrative expenses*''.

Performance Share Unit Plan (PSU)

In February 2022, the Company adopted a PSU plan for its executive officers. Under the PSU plan, participants are entitled to receive an amount equivalent to the quoted price of the Company's common shares at the end of a three-year performance cycle for each vested PSU if pre-determined performance objectives are achieved. PSUs are expensed on an earned basis over the three-year performance cycle and their value is determined based on their underlying shares. All issued and outstanding PSUs are measured at each reporting period.

The financial liability resulting from the PSU plan of $111,041 [December 31, 2021 – Nil] is presented under "*Other long-term liabilities*". During the three and nine-month periods ended September 30, 2022, the net compensation expense for the PSU plan amounted to $52,879 and $111,041 [2021 – Nil for both periods] and is recognized under "*Selling, general and administrative expenses*".

9. DIVIDENDS

Dividends declared from January 1, 2022 to September 30, 2022 were as follows:

Declaration date	Record date	Payment date	Per share $	Dividend $
January 5, 2022	January 31, 2022	February 15, 2022	0.025	658,912
February 23, 2022	March 24, 2022	April 8, 2022	0.025	658,494
May 11, 2022	June 9, 2022	June 27, 2022	0.025	654,034
August 10, 2022	September 8, 2022	September 23, 2022	0.030	780,386
Total				**2,751,826**

There were no dividends declared from January 1, 2021 to September 30, 2021.

10. SEGMENTED INFORMATION

The Company currently operates in two reporting segments: the manufacturing and sale of envelopes and the manufacturing and sale of paper-based packaging solutions and specialty products.

The segmented information is prepared using the accounting policies described in Note 2 – Significant accounting policies in the Company's audited consolidated financial statements for the year ended December 31, 2021, prepared in accordance with "IFRS".

The following table provides the segmented EBITDA before Corporate and other non-allocated expenses:

For the three-month periods ended September 30,

			2022 $			**2021 $**
	Envelope	**Packaging & Speciality Products**	**Total**	**Envelope**	**Packaging & Speciality Products**	**Total**
Revenue	49,115,038	18,803,789	**67,918,827**	37,049,968	17,773,354	54,823,322
Operating expenses	31,473,821	13,323,602	**44,797,423**	26,451,275	13,313,946	39,765,221
Selling, general and administrative expenses	4,169,252	1,645,067	**5,814,319**	3,712,873	1,895,565	5,608,438
Segmented Adjusted EBITDA(1)	**13,471,965**	**3,835,120**	**17,307,085**	**6,885,820**	**2,563,843**	**9,449,663**
Corporate and other non-allocated expenses, net of CEWS(2) and CERS(3)			**1,795,116**			735,450
Depreciation of property, plant and equipment			**1,609,759**			1,278,757
Depreciation of right-of-use assets			**1,115,019**			1,303,932
Amortization of intangible assets			**879,092**			854,836
Acquisition costs			**18,498**			—
Restructuring expenses			**443,165**			—
Net financing charges			**566,130**			567,696
Earnings before income taxes			**10,880,306**			**4,708,992**

(1) The Chief Executive Officer uses adjusted earnings before interest, taxes, depreciation and amortization (''Adjusted EBITDA''), as a measure of financial performance for assessing the performance of each of the Company's segments. Adjusted EBITDA equals EBITDA adjusted to remove items of significance that are not in the normal course of operations and corporate and other non-allocated expenses, net of CEWS and CERS. These items of significance include, but are not limited to, charges for impairment of assets, restructuring expenses, value adjustment on inventory acquired and acquisition costs.

(2) Canada Emergency Wage Subsidy program (''CEWS'')

(3) Canada Emergency Rent Subsidy program (''CERS'')

For the nine-month periods ended September 30,

			2022 $			2021 $
	Envelope	**Packaging & Speciality Products**	**Total**	**Envelope**	**Packaging & Speciality Products**	**Total**
Revenue	139,632,280	54,073,613	**193,705,893**	110,545,297	49,681,707	160,227,004
Operating expenses	92,698,720	37,934,495	**130,093,215**	78,140,283	36,866,778	115,007,061
Selling, general and administrative expenses	11,883,263	5,399,807	**17,283,070**	11,893,477	5,387,059	17,280,536
Segmented Adjusted EBITDA(1)	**35,050,297**	**11,279,311**	**46,329,608**	**20,511,537**	**7,427,870**	**27,939,407**
Corporate and other non-allocated expenses, net of CEWS(2) and CERS(3)			**4,821,074**			1,114,921
Depreciation of property, plant and equipment			**4,499,743**			3,999,333
Depreciation of right-of-use assets			**3,290,247**			3,685,895
Amortization of intangible assets			**2,655,975**			2,514,321
Acquisition costs			**30,173**			164,831
Restructuring expenses			**443,165**			—
Net financing charges			**1,501,385**			1,666,239
Earnings before income taxes			**29,087,846**			**14,793,867**

(1) The Chief Executive Officer uses adjusted earnings before interest, taxes, depreciation and amortization (''Adjusted EBITDA''), as a measure of financial performance for assessing the performance of each of the Company's segments. Adjusted EBITDA equals EBITDA adjusted to remove items of significance that are not in the normal course of operations and corporate and other non-allocated expenses, net of CEWS and CERS. These items of significance include, but are not limited to, charges for impairment of assets, restructuring expenses, value adjustment on inventory acquired and acquisition costs.

(2) Canada Emergency Wage Subsidy program (''CEWS'')

(3) Canada Emergency Rent Subsidy program (''CERS'')

The Company's non-current assets amounted to $112,851,649 in Canada and $23,251,336 in the United States as at September 30, 2022 [$118,429,995 and $22,300,819, respectively, as at December 31, 2021]. The Company's revenue amounted to $37,717,202 and $112,465,441, in Canada and $30,201,625 and $81,240,452 in the United States for the three and nine-month periods ended September 30, 2022 based on the customer's locations [2021 – $32,041,958 and $101,016,377 in Canada and $22,781,364 and $59,210,627 in the United States].

11. GOVERNMENT ASSISTANCE

During the three and nine-month periods ended September 30, 2022, the Company did not record any amount of subsidies. During the same periods of 2021, the Company recorded subsidies in the amount of $456,906 and $1,805,407, respectively, under the Canada Emergency Wage Subsidy (CEWS) program. Of these amounts, $309,371 and $1,222,441, respectively, were allocated against operating expenses while $147,535 and $582,966, respectively, were allocated against selling, general and administrative expenses. In 2021, the Company also recorded subsidies in the amounts of $145,023 and $348,933 under the Canada Emergency Rent Subsidy (CERS) program. These amounts were allocated against operating expenses.

12. SUBSEQUENT EVENTS

Business Combination

On November 1, 2022, the Company concluded the acquisition of substantially all of the assets of Royal Envelope Corporation, an envelope manufacturer and lithography company located in Chicago, Illinois, for a total cash consideration of $28.2 million [US$20.7 million] on a cash-free and debt-free basis including $2.7 million [US$2.0 million] for manufacturing equipment that was recently commissioned.

Dividend Declaration

On November 10, 2022, the Board of Directors declared a quarterly dividend of $0.03 per common share, payable on December 23, 2022, to the shareholders of record at the close of business on December 8, 2022. This dividend is designated as an “eligible” dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial legislation.