PRESS RELEASE

SUPREMEX ANNOUNCES Q4 AND YEAR-END 2023 RESULTS AND INCREASES DIVIDEND

Montreal, Quebec, February 22, 2024 – Supremex Inc. ("Supremex" or the "Company") (TSX: SXP), a leading North American manufacturer and marketer of envelopes and a growing provider of paper-based packaging solutions, today announced its results for the fourth quarter and fiscal year ended December 31, 2023. The Company will hold a conference call to discuss these results today at 10:00 a.m. (Eastern Time).

Fourth Quarter Financial Highlights and Recent Events

- Total revenue of $72.3 million, compared to $78.8 million in the fourth quarter of 2022.
- Envelope segment revenue of $50.6 million, down from $60.7 million in the fourth quarter of 2022.
- Packaging & Specialty Products segment revenue increased 20.2% to $21.7 million, from $18.1 million last year.
- Net earnings were $0.7 million, compared to $6.7 million in the fourth quarter of 2022.
- Adjusted EBITDA[1] was $9.0 million, or 12.4% of revenue, versus $15.3 million, or 19.5% of revenue, last year.
- Earnings per share was to $0.03, versus $0.26 in the fourth quarter of 2022.
- Solid free cash flow at $15.1 million, compared to $10.2 million in the fourth quarter of 2022.
- Departure of the President of the Packaging and Specialty Products segment on October 17, 2023.
- On February 21, 2024, the Board of Directors declared an increased quarterly dividend of $0.04 per common share, payable on April 5, 2024 to shareholders of record at the close of business on March 21, 2024.

Financial Highlights

(in thousands of dollars, except for per share amounts and margins)

	Three-month periods ended December 31		Twelve-month periods ended December 31	
	2023	2022	2023	2022
Statement of Earnings				
Revenue	**72,301**	78,761	**302,187**	272,467
Operating earnings	**1,936**	10,075	**28,942**	40,664
Adjusted EBITDA(1)	**8,986**	15,332	**49,119**	56,841
Adjusted EBITDA margin(1)	**12.4%**	19.5%	**16.3%**	20.9%
Net earnings	**724**	6,660	**17,334**	28,436
Basic and diluted net earnings per share	**0.03**	0.26	**0.67**	1.09
Adjusted net earnings(1)	**2,236**	7,854	**18,335**	29,980
Adjusted net earnings per share(1)	**0.09**	0.31	**0.71**	1.15
Cash Flow				
Net cash flows related to operating activities	**14,814**	11,739	**43,899**	26,914
Free cash flow(1)	**15,113**	10,193	**39,971**	24,362

(1) Non-IFRS financial measures or ratios. 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.

"After a record 2022, calendar 2023 has been challenging for Supremex as a result of the slower than expected pace at which the industries we serve have been recovering, and to a lesser extent, operational inefficiencies in previous quarters after relocating certain Packaging operations." said Stewart Emerson, President and CEO of Supremex. "While the sales landscape continues to improve, market conditions remain very weak. That said, Supremex enters 2024 with solid operating teams in both business segments after its third quarter packaging segment reorganization. In envelopes, we will continue to nurture the Canadian market while driving expansion in the U.S. On the packaging side, the combination of improved efficiency and quality of execution should enable us to resume positive momentum. Given our solid cash flow and healthy balance sheet, we remain well positioned to take advantage of growth opportunities, while continuing to methodically pay down debt, repurchase shares and pay increased dividends."

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

Summary of three-month period ended December 31, 2023

Revenue

Total revenue for the three-month period ended December 31, 2023, was $72.3 million, representing a decrease of $6.5 million, or 8.2%, from the equivalent quarter of 2022.

Envelope Segment

Revenue was $50.6 million, down from $60.7 million in the equivalent quarter of 2022. The decrease reflects the lower volume of units sold following last year's over-ordering in a time of tight supply and the effects of higher interest rates and inflation on market demand, and an average selling price decrease of 1.7% from last year's fourth quarter. These factors were partially offset by a contribution of $11.1 million from Royal Envelope Corporation ("Royal Envelope") for the entire period, compared with $9.7 million over two months in 2022. The envelope segment represented 69.9% of total revenue in the quarter, versus 77.1% during the equivalent period of last year.

Packaging & Specialty Products Segment

Revenue was $21.7 million, up from $18.1 million in the corresponding quarter of 2022. The increase reflects a $6.6 million contribution from Paragraph and the integration of the Graf-Pak activities into pre-existing operations. These factors were partially offset by lower demand from certain sectors more closely correlated to economic conditions and by the effect on sales from closing the St-Hyacinthe facility and transferring production to other packaging facilities, as well as from divesting of non-core orders. Packaging & specialty products represented 30.1% of total revenue in the quarter, compared to 22.9% during the equivalent period of last year.

EBITDA[2] and Adjusted EBITDA[2]

EBITDA was $6.9 million, down from $13.7 million in the fourth quarter last year. Adjusted EBITDA amounted to $9.0 million, compared to $15.3 million in the fourth quarter of 2022. This decrease reflects lower revenue and higher operating expenses, partially offset by lower selling, general and administrative expenses, as detailed above. The Adjusted EBITDA margin reached 12.4% of revenue, compared to 19.5% in the equivalent quarter of 2022.

Envelope Segment

Adjusted EBITDA was $8.7 million, down from $14.9 million in the fourth quarter of 2022. This decrease mainly reflects a lower volume of units sold following last year's over-ordering in a time of tight supply, which negatively impacted the absorption of fixed costs. As a percentage of segmented revenue, Adjusted EBITDA from the envelope segment was 17.2%, compared to 24.5% in the equivalent period of 2022.

Packaging & Specialty Products Segment

Adjusted EBITDA was $1.3 million, compared to $3.9 million in the fourth quarter of 2022. This decrease is mainly explained by lower demand from certain sectors more closely correlated to economic conditions, which negatively impacted the absorption of fixed costs. As a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 6.1%, compared to 21.6% in the equivalent period of 2022.

Corporate and unallocated recovery/costs

The Corporate and unallocated costs were $1.0 million compared to $3.5 million in the fourth quarter of 2022. This decrease is attributable to a favourable adjustment to the DSUs and PSUs during the quarter and lower provisions for performance-based remuneration.

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

Net Earnings, Adjusted Net Earnings[3], Net Earnings per share and Adjusted Net Earnings per share[3]

Net earnings were $0.7 million or $0.03 per share for the three-month period ended December 31, 2023, compared to $6.7 million or $0.26 per share for the equivalent period last year.

Adjusted net earnings were $2.2 million or $0.09 per share for the three-month period ended December 31, 2023, compared to $7.9 million or $0.31 per share for the equivalent period in 2022.

Summary of twelve-month period ended December 31, 2023

Revenue

Total revenue for the twelve-month period ended December 31, 2023 reached $302.2 million, up $29.7 million, or 10.9%, from $272.5 million for the twelve-month period ended December 31, 2022.

Envelope Segment

Revenue from the Envelope segment was $213.6 million, an increase of $13.2 million, or 6.6%, from $200.3 million in the comparable period of 2022. The increase reflects a contribution of approximately $43.3 million from Royal Envelope over the full year, versus approximately $9.7 million over two months in 2022, an average selling price increase of 21.6% from last year primarily reflecting a more favourable customer and product mix in U.S. operations, as well as price increases to mitigate input cost inflation, and a favourable currency conversion effect. These factors were partially offset by lower volume. The Envelope segment represented 70.7% of the Company's revenue during the period, compared with 73.5% in the prior year.

Packaging & Specialty Products Segment

Revenue was $88.6 million, up 22.8% from $72.1 million during the twelve-month period ended December 31, 2022. The increase reflects a contribution of $29.0 million from Paragraph, the integration of the Graf-Pak activities into pre-existing operations, and higher demand for e-commerce packaging solutions. These factors were partially offset by the wind down of the Durabox operations in 2022, lower demand from certain sectors more closely correlated to the economic conditions, and the effect on sales from inefficiencies of consolidating the folding carton operations in Lachine concurrently with integrating acquisitions earlier in the year. Packaging & Specialty Products represented 29.3% of the Company's revenue in 2023, compared with 26.5% in 2022.

EBITDA[3] and Adjusted EBITDA[3]

EBITDA amounted to $47.8 million in the twelve-month period ended December 31, 2023, compared to $54.8 million in the equivalent period of 2022. Adjusted EBITDA reached $49.1 million in the twelve-month period ended December 31, 2023, compared to $56.8 million last year. This decrease is the result of higher operating, selling, general and administrative expenses, partially offset by higher revenue, as detailed above. The Adjusted EBITDA margin stood at 16.3% of revenue, compared to 20.9% in the equivalent period of 2022.

Envelope Segment

Adjusted EBITDA was $45.1 million, down from $49.9 million last year. This decrease reflects the effect of lower volume on the absorption of fixed costs, partially offset by an increase in the average selling price and a more favourable product mix in U.S. operations. As a percentage of segmented revenue, Adjusted EBITDA from the Envelope segment was 21.1%, down from 24.9% in the equivalent period of 2022.

Packaging & Specialty Products Segment

Adjusted EBITDA was $8.5 million, down from $15.2 million in the comparable period of 2022. The variation was primarily due to lower demand from certain sectors more closely correlated to economic conditions, which negatively impacted the absorption of fixed costs, and the effect on profitability from inefficiencies of consolidating the folding

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

carton operations in Lachine concurrently with integrating acquisitions earlier in the year. As a percentage of segmented revenue, Adjusted EBITDA from the Packaging & Specialty Products segment was 9.6%, compared to 21.0% in the equivalent period of 2022.

Corporate and unallocated costs

The Corporate and unallocated costs amounted to $4.6 million compared to $8.3 million in 2022. The decrease resulted from a favourable adjustment related to DSUs and PSUs, benefits from a retroactive COVID-related subsidy for U.S. operations, as well as lower provisions for performance-based remuneration, partially offset by a foreign exchange loss and severances.

Net Earnings, Adjusted Net Earnings[4], Net Earnings per share and Adjusted Net Earnings per share[4]

Net earnings were $17.3 million or $0.67 per share for the twelve-month period ended December 31, 2023, compared to $28.4 million or $1.09 per share for the equivalent period in 2022.

Adjusted net earnings were $18.3 million or $0.71 per share for the twelve-month period ended December 31, 2023, compared to $30.0 million or $1.15 per share for the equivalent period in 2022.

Liquidity and Capital Resources

Cash Flow

Net cash flows from operating activities were $14.8 million during the three-month period ended December 31, 2023, compared to $11.7 million in the equivalent period of 2022. The increase is mainly attributable to lower working capital requirements, primarily due to a reduction in inventories, partially offset by lower profitability.

Net cash flows from operating activities were $43.9 million during the twelve-month period ended December 31, 2023, compared to $26.9 million in 2022. The variation essentially reflects the aforementioned factors.

Free cash flow amounted to $15.1 million in the fourth quarter of 2023, compared to $10.2 million for the same period last year, essentially reflecting higher cash flows related to operating activities and lower net acquisitions of property, plant and equipment.

Free cash flow amounted to $40.0 million in the twelve-month period ended December 31, 2023, compared to $24.4 million in the corresponding period of 2022, mainly attributable to higher cash flows related to operating activities, partially offset by higher net acquisitions of property, plant and equipment.

Normal Course Issuer Bid ("NCIB")

During the three and twelve-month periods ended December 31, 2023, the Company repurchased 151,200 and 310,800 common shares, respectively, for cancellation through the current and prior NCIB, for total considerations of $0.6 million and $1.4 million, respectively.

Subsequent to the end of the period, an additional 255,400 shares were purchased for cancellation for total consideration of $0.9 million.

Debt and Leverage

Total debt reached $56.8 million as at December 31, 2023, compared to $54.7 million as at December 31, 2022. The increase is essentially attributable to the acquisitions of Paragraph and Graf-Pak for considerations of $25.7 million and $5.9 million, respectively, net of cash acquired, partially offset by debt repayment resulting from a solid free cash flow generation.

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

Dividend Declaration

On February 21, 2024, the Board of Directors declared a quarterly dividend of $0.04 per common share, payable on April 5, 2024, to the shareholders of record at the close of business on March 21, 2024. This dividend is designated as an "eligible" dividend for the purpose of the Income Tax Act (Canada) and any similar provincial legislation.

Outlook

Following a challenging market environment year in 2023, the Company anticipates demand to gradually return to historical patterns, although the pace of market recovery could be further impacted by persisting high interest rates and inflation. As it continues to expand in the vast and fragmented U.S. envelope market, Supremex will be increasingly subject to competitive pressures, but the Company will rely on its solid reputation and geographic reach to stimulate sales while continuing to proactively control expenses.

The Company remains focused on capturing all sales and cost synergies from recent business acquisitions. As such, the optimization initiatives announced in October 2023 for the Packaging and specialty products segment are expected to yield annual cost savings of approximately $1.5 million once all measures are implemented, while a new management structure will enhance capacity to drive value in each target market and maintain proximity with customers.

With respect to capital deployment, the Company will continue to look for strategic acquisitions, mainly in the Packaging and specialty products segment, while sustaining capital returns to shareholders.

February 22, 2024 – Year-end Results Conference Call:

A conference call to discuss the Company's results for the fourth quarter and fiscal year ended December 31, 2023, will be held Thursday, February 22, 2024, at 10:00 a.m. (Eastern Time).

A live broadcast of the Conference Call will be available on the Company's website, in the Investors section under Webcast.

To participate (professional investment community only) or to listen to the live conference call, please dial the following numbers. We suggest that participants call-in at least 5 minutes prior to the scheduled start time:

- Confirmation Number: 10022879
- Local (Vancouver) and international participants, dial: 604-638-5340
- North American participants, dial toll-free: 1-800-319-4610

A replay of the conference call will be available on the Company's website in the Investors section under Webcast. To listen to a recording of the conference call, please call toll-free 1-855-669-9658 or 604-674-8052 and enter the code 0624. The recording will be available until Thursday, February 29, 2024.

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 increases 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 the 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 the Company's 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 in 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 periods.
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.
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 December 31		Twelve-month periods ended December 31	
	2023	2022	2023	2022
Net earnings	**724**	**6,660**	**17,334**	**28,436**
Income tax expense	(68)	2,345	6,002	9,657
Net financing charges	1,280	1,070	5,606	2,571
Depreciation of property, plant and equipment	1,603	1,299	6,712	5,799
Depreciation of right-of-use assets	1,376	1,239	5,462	4,529
Amortization of intangible assets	2,027	1,106	6,663	3,762
EBITDA	**6,942**	**13,719**	**47,779**	**54,754**
Retroactive COVID-related subsidies	—	—	(1,456)	—
Acquisition costs related to business combinations	174	520	446	550
Restructuring expenses	1,870	966	2,272	1,410
Value adjustment on acquired inventory through a business combination	—	127	78	127
Adjusted EBITDA	**8,986**	**15,332**	**49,119**	**56,841**
Adjusted EBITDA margin (%)	12.4%	19.5%	16.3%	20.9%

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 December 31		Twelve-month periods ended December 31	
	2023	2022	2023	2022
Net earnings	**724**	**6,660**	**17,334**	**28,436**
Adjustments, net of income taxes				
Retroactive COVID-related subsidies	—	—	(1,068)	—
Acquisition costs related to business combinations	129	385	329	407
Restructuring expenses	1,383	715	1,681	1,043
Value adjustment on acquired inventory through a business combination	—	94	59	94
Adjusted net earnings	**2,236**	**7,854**	**18,335**	**29,980**
Net earnings per share	**0.03**	**0.26**	**0.67**	**1.09**
Adjustments, net of income taxes, per share	0.06	0.05	0.04	0.06
Adjusted net earnings per share	**0.09**	**0.31**	**0.71**	**1.15**

Reconciliation of Net cash flows related to operating activities to Free cash flow
(in thousands of dollars)

	Three-month periods ended December 31		Twelve-month periods ended December 31	
	2023	2022	2023	2022
Net cash flows related to operating activities	**14,814**	**11,739**	**43,899**	**26,914**
Acquisitions (net of disposals) of property, plant and equipment	509	(1,475)	(3,576)	(2,180)
Acquisitions of intangible assets	(210)	(71)	(352)	(372)
Free cash flow	**15,113**	**10,193**	**39,971**	**24,362**

Forward-Looking Information

This press release 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[5], capital expenditures, dividend payments 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 press release. Such assumptions, expectations and estimates are discussed throughout the MD&A for the year ended December 31, 2023. Supremex cautions that such assumptions may not materialize and that economic conditions such as heightened inflation and central banks' large interest rate hikes, economic downturns or recessions, may 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: decline in envelope consumption, growth and diversification strategy, key personnel, labour shortage, contributions to employee benefits plans, raw material price increases, cyber security and data protection, operational disruption, dependence on and loss of customer relationships, increase of competition, economic cycles, exchange rate fluctuation, interest rate fluctuation, credit risks with respect to trade receivables, availability of capital, concerns about protection of the environment, potential risk of litigation, no guarantee to pay dividends and other external risks such as global health crisis and pandemic and inflation. Such risks and uncertainties are discussed throughout the MD&A for the year ended December 31, 2023. 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.

The Management Discussion and Analysis and Financial Statements can be found on www.sedarplus.ca and on Supremex' website.

About Supremex

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 1,000 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.

For more information, please visit www.supremex.com.

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