



ANNUAL INFORMATION FORM

March 28, 2024

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1. EXPLANATORY NOTES

The information in this Annual Information Form is stated as at December 31, 2023, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, “Supremex” or the “Company” refers to Supremex Inc. together with its subsidiaries and predecessors. References to “Management” in this Annual Information Form are to the executive officers of Supremex. Any statements in this Annual Information Form made by or on behalf of Management are made in such persons’ capacities as officers of Supremex and not in their personal capacities.

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the “Glossary of Terms” at the end of this Annual Information Form. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars. References to “\$” are to Canadian dollars and references to “US\$” or “U.S. dollars” are to United States dollars.

1.1 Market and Industry Data

The Company has obtained the market and industry data presented in this Annual Information Form from a combination of internal surveys, third-party information and the estimates of the Company’s Management. There are limited sources that report on the Company’s markets and industries and some of the sources do not include certain markets where the Company operates. Further, some of these sources and data were published or made available before the COVID-19 pandemic and therefore may not reflect any impacts of the pandemic on the Company’s market and industries or globally. As such, much of the market and industry data presented in this Annual Information Form is based on internally generated management estimates, including estimates based on extrapolations from third party surveys of the industries in which the Company competes, to the extent available. While the Company believes internal surveys, third-party information and estimates of the Company’s Management are reliable, the Company has not verified them, nor have they been verified by any independent sources and the Company has no assurance that the information contained in third-party websites is current, complete and up-to-date. While the Company is not aware of any material misstatements regarding the market and industry data presented in this Annual Information Form, such data involves risks and uncertainties and are subject to change based on various factors, including those factors discussed under “Forward-Looking Information” and “Risk Factors”.

2. FORWARD-LOOKING INFORMATION

This Annual Information Form contains “forward-looking information” within the meaning of applicable Canadian securities laws, including (but not limited to) 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 liability 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 Annual Information Form. 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 lost of customer relationships, increase of competition, economic conditions, 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, pandemic and inflation. Such risks and uncertainties are discussed throughout this Annual Information Form and in particular, under “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.

3. CORPORATE STRUCTURE

3.1 Name, Address and Incorporation

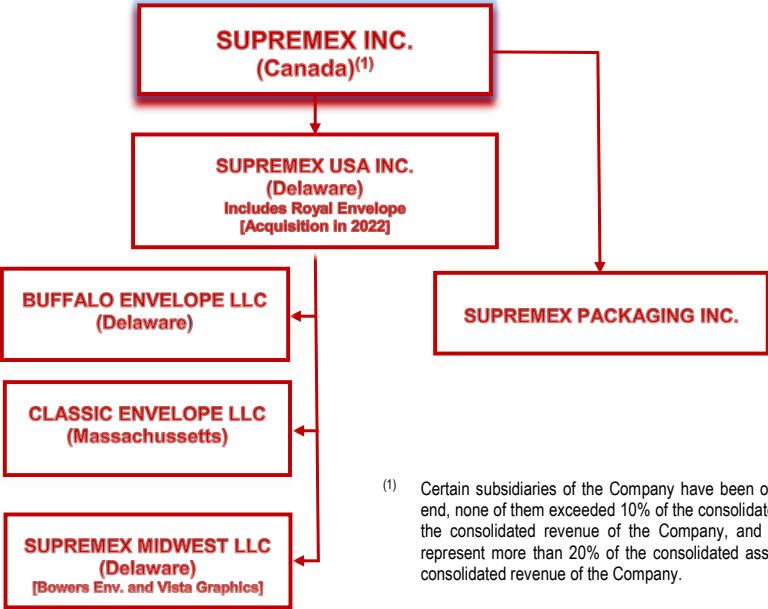
Supremex Inc. is governed by the *Canada Business Corporations Act* (the “**CBCA**”) pursuant to articles of arrangement dated January 1, 2011. Supremex is a reporting issuer in all the provinces and territories of Canada and its common shares (the “**Shares**”) are publicly traded on the Toronto Stock Exchange (“**TSX**”) under the symbol (“**SXP**”). The Company’s registered office is located at 7213 Cordner, LaSalle (QC), H8N 2J7.

Supremex results from conversion on January 1, 2011, of Supremex Income Trust (the “**Fund**”) into a public corporation named Supremex Inc. pursuant to a court-approved plan of arrangement (the “**Arrangement**”) under section 192 of the CBCA. As a result of the Arrangement, unitholders (the “**Unitholders**”) of the Fund received, for each unit (the “**Units**”) of the Fund held, one Share of Supremex and consequently, the holders of Units became the holders of Shares of Supremex (the “**Shareholders**”). The Fund was an unincorporated open-ended trust established under the laws of the Province of Quebec by a fund declaration of trust made as at February 10, 2006, as amended and restated on March 31, 2006.

Accordingly, references to “**Supremex**” in this Annual Information Form for periods prior to January 1, 2011, are references to the Fund and/or its subsidiaries, as the context may require.

3.2 Intercorporate Relationship

The following chart illustrates the structure of Supremex and its subsidiaries (including jurisdiction of establishment/incorporation of the various entities) as at March 31, 2024. All of the subsidiaries shown in this chart are wholly-owned.



⁽¹⁾ Certain subsidiaries of the Company have been omitted because, at the most recent fiscal year end, none of them exceeded 10% of the consolidated assets of the Company or more than 10% of the consolidated revenue of the Company, and these subsidiaries, in the aggregate, did not represent more than 20% of the consolidated assets of the Company or more than 20% of the consolidated revenue of the Company.

4. GENERAL DEVELOPMENT OF THE BUSINESS

4.1 Company's history and Highlights over the past few years

The Supremex business was founded by four envelope industry executives in 1977 through the incorporation of Enveloppe Supreme Inc.

Since then, Supremex has methodically continued its expansion primarily through strategic acquisitions and is now the second largest envelope manufacturer in North America. The Company's vision is to continue to diversify its products and develop expertise in packaging solutions and specialty products to serve various industries including food, pharmaceuticals, cosmetics and personal care products and thus develop a better position in the Canadian and American markets.

The major events that have impacted Supremex over the last three fiscal years and up to this date are the following:

Fiscal 2021

On March 8, 2021, Supremex announced the bolt-on acquisition of Vista Graphic Communications, LLC ("**Vista**"), an Indianapolis, Indiana printing and packaging solutions manufacturer focused on highly customized folding cartons and micro flute packaging and serves clients primarily in the medical, dental and publishing markets.

On May 28, 2021, Supremex announced the appointment of Mary Chronopoulos as Chief Financial Officer and Corporate Secretary, effective May 31, 2021 following the departure of the former Chief Financial Officer and Corporate Secretary Guy Prenevost on March 19, 2021.

On November 12, 2021, Supremex announced the appointment of Joe Baglione to the newly created position of President, Envelope, effective November 15, 2021.

Fiscal 2022

On January 6, 2022, Supremex announced the reinstatement of the Company's quarterly dividends after having suspended them in the early months of the pandemic. Starting in the first quarter of 2022, the Board of Directors approved a quarterly dividend of \$0.025 per common share. The quarterly dividend subsequently increased to \$0.03 per common share in August 2022, to \$0.035 per common share in February 2023, and to \$0.04 per common share in February 2024.

On February 4, 2022, the Company concluded the acquisition of the manufacturing assets and inventory of Niagara Envelope Inc, a regional envelope manufacturer based in Niagara Falls, New York.

On May 25, 2022, Supremex entered into a three-year senior secured credit facility of \$120 million, which replaced its pre-existing revolving and term facility.

On August 2, 2022, Supremex announced the appointment of Simon Provencher to the position of President of the Packaging segment, effective September 6, 2022.

On November 1, 2022, the Company announced the acquisition of substantially all of the assets of Chicago-based Royal Envelope Corporation, an envelope manufacturer and lithography company operating two facilities in the greater Chicago area, focusing primarily on higher-end, specialized, highly decorated envelopes for the direct mail market.

Fiscal 2023

On January 16, 2023, Supremex announced the acquisition of the shares of Impression Paragraph Inc. (“**Paragraph**”), an integrated provider of paper-based packaging, print and point of sale products for a broad range of commercial markets. Paragraph operates two facilities located in Saint-Laurent and Saint-Hyacinthe, in Quebec.

On February 24, 2023, the Company announced the departure of its Chief Financial Officer and Corporate Secretary, Mary Chronopoulos.

On May 8, 2023, Supremex announced the acquisition of the assets of Graf-Pak Inc. (“**Graf-Pak**”), a provider of folding carton packaging solutions to a variety of commercial markets whose operations were subsequently integrated into the Lachine facility.

On June 9, 2023, François Bolduc was appointed Chief Financial Officer and Corporate Secretary of the Company, effective July 4, 2023.

On October 17, 2023, Supremex announced optimization initiatives aimed at improving operating efficiency and achieving synergies within its Packaging and Specialty Products segment. The Company closed its Saint-Hyacinthe facility and transferred production to existing packaging facilities in the Montreal area. It also announced the departure of Simon Provencher, President of the Packaging segment, and a new management structure with three general managers responsible, respectively, for folding carton, e-commerce and commercial printing activities.

5. BUSINESS OF SUPREMEX

5.1 Overview

Supremex is a leading North American manufacturer and marketer of envelopes and a growing provider of paper-based packaging solutions that generated revenue of \$302.2 million in 2023. 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 provides efficient manufacturing and distribution of 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 quality folding carton packaging and e-Commerce fulfillment Packaging solutions. Other packaging and specialty products include the Conformer Products®¹, labels, polyethylene bags for courier applications, bubble mailers and Enviro-logiX®².

Supremex has strong relationships with a diversified and loyal base of customers in Canada and in the Northeastern and Midwestern United States. The Company has approximately 6,000 clients, none of whom represented more than 10% of revenues for the fiscal year ended December 31, 2023.

The Company reports revenue in two segments: the manufacturing and sale of envelopes and the manufacturing and sale of paper-based packaging solutions and specialty products. For the fiscal year ended December 31, 2023, revenue from the Envelope segment accounted for 70.7% of the Company’s total revenue, while revenue from the Packaging and Specialty Products segment represented 29.3% of total revenue.

¹ Conformer® is a registered trademark of Conformer Products, Inc.

² Enviro-logiX® is a registered trademark of Envirologix Inc.

For the fiscal year ended December 31, 2023, Supremex generated 57.6% of its revenue from customers based in Canada and 42.4% from customers based in the United States.

To sustain long-term revenue and profitability growth, Supremex is pursuing a three-pronged strategy:

1. Strengthening its market-leading position in the Canadian envelope market by leveraging its national footprint through capacity allocation and consolidation opportunities.
2. Pursuing growth opportunities in the U.S. envelope market both organically and through acquisitions, focusing on a large and attractive market in the Northeastern and Midwestern United States.
3. Building Supremex' packaging capabilities organically and through acquisitions, with the objective of significantly growing revenue from this attractive growth market, specifically in the value-added folding carton and e-commerce markets.

Revenue information

(in thousands of dollars, except %)

	Twelve-month periods ended December 31	
	2023	2022
Envelope	213,565	200,318
Volume change	(12.3%)	(0.9%)
Average selling price change	21.6%	28.6%
Total change	6.6%	27.4%
Packaging & Specialty Products	88,622	72,149
Total change	22.8%	4.2%
Total Revenue	302,187	272,467
Revenue change	10.9%	20.3%

5.2 Industry Overview

The North American Envelope Market

The Canadian envelope manufacturing industry is a mature and concentrated market with the top two producers accounting for greater than 90% of domestic sales, according to Management's estimates. Management estimates that the Canadian envelope industry generated sales of approximately \$140 million in 2022.

To sustain long-term revenue and profitability of its Canadian envelope operations, Supremex acquired Royal Envelope, then the second largest envelope manufacturer, based in Eastern Canada, in February 2020, which allowed the Company to better allocate capacity and leverage its manufacturing footprint.

The American envelope manufacturing industry is also mature with approximately US\$2.0 billion in annual sales in 2021 according to data released by the Envelope Manufacturers Association ("EMA"). The industry is fragmented and management views the United States as a very attractive market with a significant share of the volume located in the Northeast and Midwest. Supremex has been actively pursuing growth opportunities in this market, taking advantage of the proximity of its largest manufacturing facilities in Canada, a fragmented competitive landscape and a favourable exchange rate environment.

In order to strengthen its position in the United States and become a bona fide regional player in this market, Supremex has acquired several envelope manufacturers. In October 2015, the Company acquired Massachusetts-based Classic Envelope. In August 2016, Supremex acquired substantially all of the assets of Indiana-based Bowers Envelope, a manufacturer and printer of envelopes strategically located at "The Crossroads of America". In February

2022, Supremex acquired the assets of Niagara Envelope, a regional envelope manufacturer based in Niagara, New York. Finally, in November 2022, the Company acquired the assets of the Chicago-based Royal Envelope Corporation which strengthened its presence in the Midwest and provided access to the direct mail market.

For the fiscal year ended December 31, 2023, the Company's revenue from the North American envelope market grew 6.6% to \$213.6 million. Management estimates that Supremex is now the second largest envelope manufacturer in North America.

Envelope Trends

Virtually all envelopes manufactured in Canada are used for mailing purposes and the remainder are used for non-mail purposes. Examples of envelopes used for non-mail purposes include, among others, payroll envelopes, inter-office envelopes and photo product envelopes.

Transactional mail volumes are driven by business-to-consumer (B2C) activity, primarily in the form of bills and statements from financial institutions, telecommunications companies and governmental entities. Transactional mail volumes are positively influenced by the overall growth of the economy, the population and the number of households.

Trends such as bill consolidation, whereby a service provider combines the billing of multiple services into one invoice, and the continued adoption of Internet based electronic bill presentment and payment have a negative impact on transactional mail volumes and related items such as envelopes.

The effects of the COVID-19 pandemic adversely affected demand for envelopes in North America commencing in the first quarter of 2020. The result was lower order volumes and changes in the mix of envelopes sold with basic essential envelopes largely following the pattern of traditional secular decline, while demand for fundraising and marketing mail declined significantly, primarily in the U.S. where these activities are more prevalent. Management believes it is reasonable to assume that the COVID-19 pandemic will likely contribute to the long-term transition to electronic substitution. See "Risk Factors".

Transaction Mail (as referred to by Canada Post) or First-Class Mail (as qualified by the USPS) volumes delivered by national postal services are a good proxy for trends in the broader envelope industry. Canada Post's latest published financial results indicated that Transaction Mail (letters, bills and statements) volume was down 5.0% for the nine-month period ended September 30, 2023³, as consumers and mailers continued their transition to digital communications.

The same long-term trends are at work in the United States. The USPS First-Class Mail volume for the fiscal year ended September 30, 2023 declined 6.1% from the previous year, while volume for the three-month period ended December 31, 2023 was down 5.6% year-over-year⁴.

Meanwhile, Direct Marketing (as referred to by Canada Post) or Marketing Mail (as qualified by the USPS) has generally proven to be a resilient marketing channel, especially in the U.S., and its value to businesses remains strong due to a competitive return on investment due to improved data-mining, list management and omni-channel strategies. However, with the impact of high interest rates and inflation on discretionary income, reduced demand from fundraising and credit card solicitation customers. The Canadian market is relatively small and year-over-year volume declined 2.7% in the nine-month period ended September 30, 2023. In the much larger U.S., the unfavourable economic environment had a more significant impact on market demand. After two years of growth, volume decreased by 11.4% in USPS' fiscal year ended September 30, 2023, and further decreased by 13.5% in the three-month period ended December 31, 2023⁴.

³ Canada Post Corporation, 2023 Third Quarter Financial Report for the period ended September 30, 2023.

⁴ USPS press releases dated November 14, 2023 (fiscal 2023 results) and February 8, 2024 (first quarter 2024 results).

As a result, the Company has taken material steps in recent years to offset the adverse effects of declining volumes, including the consolidation of certain facilities and the dedication of additional sales and marketing resources in the U.S. to drive volume into the Canadian plants, primarily in Eastern Canada.

Packaging and Specialty Products Trends

The packaging market is made up of five principal types of packaging: paper and board, rigid plastic, glass, flexible plastic, beverage cans and other. Paper packaging (folding carton, corrugated board and liquid packaging) represent the largest subsector with approximately 34%⁵ of the global consumer packaging market. According to research published by Facts & Factors, the global paper packaging market is expected to grow at a compound annual growth rate (“CAGR”) of 2.3% between 2022 and 2030⁶, driven by growing demand for sustainable packaging solutions. With diversified, attractive end markets (such as food, various consumer products, beverage, health care and cosmetics) and its use for growing e-commerce deliveries, the packaging market represents a complementary and diversified growth market for Supremex. Supporting the above, it also requires many of the same core competencies as the envelope segment.

Parcel deliveries by Canada Post and the USPS are a good indicator of long-term trends in the paper-based packaging industry and e-commerce specifically. In its latest results⁷, Canada Post reported a 1.8% increase in parcel volume in the first nine months of 2023, compared with the equivalent period of 2022, driven by increased competitive offerings and additional volume from e-commerce, including online shopping returns. During its 2023 fiscal year, the USPS reported a 2.4% decrease in Shipping & Packaging volume, but volume remains above pre-pandemic levels. Volume increased by 5.1% in the three-month period ended December 31, 2023⁸.

Folding carton boxes are made from paperboard and combine unique graphics and structural design capabilities which provide protection, traceability and an appealing point of sale value. They are widely used by the consumer-packaged goods industry, such as food, over-the-counter pharmaceuticals, cosmetics, personal care, etc. Mordor Intelligence is forecasting the global folding carton market to grow at a CAGR of 4.4% between 2024 and 2029, to reach US\$192 billion⁹.

The COVID-19 pandemic has had a mixed effect on the packaging industry. Surging e-commerce demand has led to an increase in demand for light weight packaging. According to a report by the EMA, 75% of e-commerce shipments weigh below 2 kilograms, a new trend in the packaging industry¹⁰. In the longer term, it is believed the COVID-19 pandemic accelerated the adoption of e-commerce and at-home deliveries. Sustainability trends are also expected to support the growth of paper-based packaging¹¹ as an eco-friendly alternative to single-use plastic packaging by the food industry.

5.3 Product and Service Offering

Supremex has developed its core paper substrate printing and converting expertise to become one of the largest manufacturers and distributors of envelopes and specialty products in North America and a growing manufacturer of paper-based packaging.

The Company manufactures a broad range of products in an array of styles, shapes and colours, which allows it to offer its customers a high degree of flexibility and customization. The Company’s products include: stock envelopes, custom envelopes, packaging and specialty products.

⁵ Ernst & Young LLP, January 2013. Unwrapping the Packaging Industry, Seven Success Factors.

⁶ Facts & Factors “Paper and Paperboard Market Size, Historical Data and Forecast 2022-2030”, January 2023.

⁷ Canada Post Corporation, 2023 Third Quarter Financial Report for the period ended September 30, 2023.

⁸ USPS press releases dated November 14, 2023 (fiscal 2023 results) and February 8, 2024 (first quarter 2024 results).

⁹ Mordor Intelligence, Folding Carton Packaging Market – Growth, Trends, COVID-19 Impact and Forecasts (2024-2029)

¹⁰ Envelope Manufacturer’s Association, A Vision for Our Future, The Global Envelope Report 2020.

¹¹ How The Packaging Industry Can Navigate The Coronavirus Pandemic, McKinsey & Company, April 2020.

As part of its activities, Supremex offers its customers graphic arts, inventory management, warehousing and logistics services related to its products. Graphic arts services include basic design and creative activities through to final customer-approved proofs for envelope printing. Warehousing and distribution of its products are provided to customers seeking to minimize the total cost of buying envelopes, while ensuring availability of supply and timely delivery.

Stock Envelopes

Supremex maintains the broadest stock envelope product line in Canada and an extensive array in the United States market. The stock envelope is a generic product that is generally over-printed for the end-customer and can be used by customers for a variety of uses.

Stock envelopes range from the smallest greeting card or coin envelope to jumbo mailers and are made of various colours and grades of paper.

Stock envelopes are mainly sold through fine paper merchants, independent envelope printers and commercial and office stationery suppliers. Management has determined that it is more cost effective for Supremex to sell stock envelopes through these distribution channels, rather than conducting its own marketing, sales and distribution efforts to sell them directly to end-users.

Custom Envelopes

Custom envelopes are manufactured according to customer specifications, which may require the collection of over 100 different pieces of information. Examples of custom features include size, colour, print, paper quality and window characteristics. Management believes that custom envelopes represent a significant majority of all envelopes consumed in the Canadian market. The method of procurement of custom envelopes by customers varies from end-users buying directly for their own use to solution providers buying on behalf of large end-users. Supremex has been successful in adapting itself to various procurement methods in the marketplace.

Packaging and Speciality Products

Supremex offers a diverse range of packaging products and solutions. The Company manufactures packaging solutions made from paperboard and utility grade papers which address the high-growth e-commerce packaging markets, as well as folding carton packaging solutions which are aimed at high-value markets such as cosmetics, nutraceutical, over-the-counter pharmaceuticals and packaged food. Other packaging and specialty products include the Conformer Products®¹², labels, polyethylene bags for courier applications, bubble mailers and Enviro-logiX®¹³.

5.4 Distribution Channels - Envelope

Supremex typically distributes its envelope products within approximately 800 kilometres of its manufacturing facilities to all major geographic markets across Canada, the Northeastern and Midwestern United States via the following distinct distribution channels:

Resellers of Stock Envelopes

The resellers of stock envelopes consist of distributors, which include fine paper merchants, independent envelope printers and stationers, who sell Supremex' envelopes to printers and to small and large businesses. Management believes that Supremex' unique combination of a broad stock envelope offering, next-day product delivery and national distribution network provide key selling propositions for resellers.

¹² Conformer® is a registered trademark of Conformer Products, Inc.

¹³ Enviro-logiX® is a registered trademark of Envirologix Inc.

Resellers and End-users of Custom Envelopes

The resellers of custom envelopes consist of intermediaries who resell Supremex' envelopes to end-users. Such resellers include solution providers (such as forms manufacturers, large printers, and commercial and office stationery suppliers) and process providers (such as statement preparation providers).

Supremex believes that its broad custom envelope offering, flexible and highly customized manufacturing capabilities and national distribution network provide compelling value propositions to resellers of custom envelopes. Supremex also uses its sales force to market custom envelopes directly to corporate end-users of custom envelopes.

5.5 Distribution Channel – Packaging and Specialty Products

The Company sells its packaging and specialty products through a mix of direct and indirect distribution channels.

Due to their higher degree of customization than envelope, folding carton and e-commerce solutions are primarily sold directly to the end-user customer/brand or their third-party manufacturers, fulfilment partners and specialized packaging re-sellers.

Larger brands and consumer packaged goods customers tend to be sold through longer-term supply agreements. These agreements require extensive audits, certification, postal service approvals and integrated quality systems with each customer, creating barriers to entry and long-standing relationships.

Specialty products are primarily sold across the organization to envelope and packaging customers.

5.6 Customers

Supremex sells its envelope products to large and small customers in a variety of industries. The Company maintains long-term relationships with several end-users, including leading financial institutions, telecommunications and utility companies, as well as federal, provincial and municipal governmental entities. Supremex also maintains strong relationships with customers in various resale distribution channels.

The folding carton packaging solutions business sells primarily to customers operating in the consumer-packaged goods market including large multinational customers in the health and beauty, nutraceutical and pharmaceutical industries primarily in Quebec and in the Northeastern United States

The Company's e-Commerce packaging offering is sold directly to e-tailer/brand, their fulfilment partners and through specialized packaging re-sellers.

The envelope manufacturing business is characterized by individual orders for specific manufacturing jobs and Supremex does not typically enter into long-term agreements with its customers. In the packaging segment, agreements vary according to the type of packaging and customer. Typically, RFP-based supply agreements are entered into with multinational folding carton customers and individual orders are more typical for e-retailers.

5.7 Raw Materials and Suppliers

The principal raw materials used by Supremex are paper, board, window film, boxes, adhesives and ink.

For the fiscal year ended December 31, 2023, paper and board, net of paper and board waste revenue, represented approximately 70% of Supremex' raw material costs. The purchase price of paper and board varies according to grades and suppliers, and is the result of individual negotiations with such suppliers. However, the net price paid from one supplier to the other is relatively similar and is based on the market price in effect from time to time.

Supremex strategically allocates its raw material purchasing from a variety of suppliers mainly located in Canada and United States, and increasingly in Europe for the packaging segment, based on price and security of supply.

Due to the variability in the prices of raw materials, envelope and packaging manufacturing costs are subject to fluctuations over time and such variations in costs, including the effect of currency exchange rates, are generally passed on to Supremex' customers.

Paper costs rose in the second half of 2021 and throughout 2022 due to capacity and logistics constraints, as well as inflation. The COVID-19 pandemic further impacted availability as a result of reduced supplier throughput due to labour shortages in their own operations, but also in those of their suppliers and transportation partners. As a result, paper availability tightened severely during the aforementioned period. In 2023, pressures abated as a result of the global economic slowdown and improved transportation availability, which resulted in lower paper prices and wider availability. See "Risk Factors".

5.8 Operations and Facilities

Supremex is organized into three regions across Canada: Western region (British Columbia and Manitoba), Central region (Ontario) and Eastern region (Quebec and the Atlantic provinces). In the United States, Supremex operates in two regions: in the Northeast (Niagara Envelope in New York; Classic Envelope in Douglas, Massachusetts) and in the Midwest (Bowers Envelope and Vista in Indianapolis, Indiana; Royal Envelope in Chicago and Naperville, Illinois). Supremex' head office is located at its LaSalle facility in Quebec.

Each region is managed based on the unique characteristics of local markets and customers and local management teams have reasonable autonomy in the way their respective regions operate. However significant coordination of operations between each region is a priority to benefit from scale, efficiencies and performance. The Supremex corporate team sets various strategic priorities and financial targets for the regions and leverages its national purchasing power and provides other support services.

Growth initiatives in the Envelope segment

Strategic Canadian acquisitions

In order to help manage and offset the effects of a secular decline and add capacity to support U.S sales efforts, Supremex strengthened its Canadian envelope platform by acquiring, in December 2015, Premier Envelope, one of Canada's largest manufacturers of envelopes which at that time operated three facilities and focused on the Western Canadian market. In February 2020, the Company acquired Eastern Canada based Royal Envelope, to improve efficiencies and to provide synergies in its envelope platform.

Growing U.S. Presence

In October of 2015, Supremex expanded its reach into the U.S. envelope market by acquiring Massachusetts-based Classic Envelope. In August of 2016, the Company further expanded its reach in the U.S. by acquiring Indiana-based Bowers Envelope, growing Supremex' reach into the Midwest. In February 2022, the Company concluded the acquisition of the manufacturing assets and inventory of Niagara Envelope, a regional envelope manufacturer based in Niagara Falls, New York which provides additional volume and support to two long-term strategic customers in the Western New York market. In November 2022, Supremex acquired Chicago-based Royal Envelope Corporation, an envelope manufacturer and lithography company operating two facilities in the greater Chicago area, focusing primarily on higher-end, specialized, highly decorated envelopes for the direct mail market.

Growth initiatives in the Packaging and Specialty Products segment

Since 2016, Supremex acquired several businesses to build its packaging platform. Recent acquisitions include Vista, an Indianapolis, Indiana printing and packaging solutions manufacturer focused on highly customized folding cartons and micro flute packaging and serves clients primarily in the medical device, dental and publishing markets. Acquired in March 2021, Vista marks the Company's first packaging acquisition outside of Canada. It is a turn-key operation that brings Supremex closer to its growing e-commerce customer base in the U.S. and provides needed print and converting capacity. In January 2023, Supremex acquired Paragraph, an integrated provider of paper-based packaging, print and point of sale products for a broad range of commercial markets. Paragraph

operates one facility located in Ville-Saint-Laurent, in Quebec. Its offering consists primarily of folding carton packaging and point-of-sale displays for the cosmetic, pharmaceutical, food, confectionary and retail sectors. It also provides an array of commercial, digital and wide-format printing. Finally, in May 2023, the Company acquired Graf-Pak, a provider of folding carton solutions to a variety of commercial markets whose operations were subsequently integrated into the Lachine facility.

Supremex has now 16 manufacturing facilities: eleven in the envelope segment, five in the packaging segment, and has two distribution centers.



Supremex currently manufactures its products at 10 facilities located in Canada and six in the Northeastern and Midwestern United States. Out of its total facilities, two are owned by Supremex and 14 are leased as per the following table.

Location	Type	Approximate Square Footage	Owned/Leased	Lease Expiry Date
Western Region				
Richmond, BC	Manufacturing & Sales	27,000	Leased	November 30, 2025
Winnipeg, MB	Manufacturing & Sales	47,000	Leased	October 31, 2027
Central Region				
Etobicoke, ON	Manufacturing & Sales	96,000	Owned	n/a
Mississauga, ON	Manufacturing	85,500	Leased	September 30, 2024
Concord, ON	Manufacturing	57,000	Leased	February 28, 2025
Eastern Region				
LaSalle, QC	Manufacturing & Sales	139,000	Owned	n/a
Lachine, QC	Manufacturing & Sales	144,000	Leased	July 31, 2028
Laval, QC	Manufacturing & Sales	41,500	Leased	February 28, 2029
Laval, QC	Manufacturing & Sales	14,000	Leased	February 28, 2027
Saint-Laurent, QC	Manufacturing & Sales	90,000	Leased	January 31, 2027
US Region				
Niagara Falls, NY	Manufacturing & Sales	25,000	Leased	April 30, 2025
Douglas, MA	Manufacturing & Sales	150,000	Leased	May 31, 2026
Indianapolis, IN	Manufacturing & Sales	75,000	Leased	June 30, 2027
Indianapolis, IN	Manufacturing & Sales	57,800	Leased	August 31, 2026
Chicago, IL	Manufacturing & Sales	51,500	Leased	October 31, 2029
Naperville, IL	Manufacturing	43,500	Leased	October 31, 2032

In addition to these facilities, Supremex leases two distribution locations, as follows:

Location	Type	Approximate Square Footage	Owned/Leased	Lease Expiry Date
Moncton, NB (Canada)	Distribution & Sales	8,000	Leased	May 31, 2026
Buffalo, NY (US)	Sales	11,600	Leased	April 30, 2024

5.9 Seasonality

Given its end market diversification and expanded geographical reach, Supremex is experiencing less seasonality in its demand than in previous years. In the Envelope segment, demand related to bills and statements is stable throughout the year. Meanwhile seasonal advertising and certain mailing patterns are still slightly higher during the fall and winter months due to specific events (back-to-school, fundraising, holidays, tax seasons). The Company's expansion in the Packaging and Specialty Products segment is generating more steady demand during the year and only a small portion of its offering, primarily for e-commerce related solutions, is subject to seasonal patterns related to the holidays.

5.10 Employees

Supremex has a total of approximately 1,000 employees, of which approximately 70% are involved in production activities and the remainder in sales and administration activities.

As at March 28, 2024, all of Supremex' workforce is non-unionized and the Company believes that its relationship with its employees is good.

5.11 Competition

The Canadian envelope manufacturing industry is comprised of both domestic and foreign manufacturers. Management estimates that, in addition to Supremex, there are fewer than five domestic manufacturers of envelopes, all of which are owner-operator, single location businesses that focus their efforts on local Canadian envelope markets. Foreign manufacturers are almost exclusively U.S.-based and generally concentrate their efforts in Canada on wholesale, retail and high-volume purchasers of envelopes.

With the exception of selected national customer accounts, manufacturers of envelopes in Canada supply local customers. Manufacturing is locally organized due to the geographic scale of Canada and the freight costs involved in the transportation of envelopes. Consequently, most envelopes are produced and consumed locally wherever possible to maximize cost efficiency and speed to market, local warehousing and just-in-time purchasing strategies.

Supremex believes that its primary competitors in the Canadian envelope industry consist of both large manufacturers located in the United States, and of smaller Canadian local competitors. The large manufacturers located in the United States, may in the future increase their market share and penetration of the Canadian envelope market. The largest manufacturers operating in the U.S. are Cenveo and Tension Envelope. With the acquisition of Chicago-based Royal Envelope in 2022, management estimates that Supremex is the second largest envelope producer in North America.

The North American paper-based consumer packaging landscape is comprised of vertically integrated and non-integrated national and regional paper and packaging companies. The large integrated suppliers represent approximately 60% market share that supply and convert paperboard and containerboard and the remaining third are smaller non-integrated suppliers¹⁴.

5.12 Environmental Regulations

Supremex' operations and real estate properties are subject to a legislative regime including laws, regulations, guidelines, policies, permits and other approvals relating to environmental matters, including those governing the use, storage, treatment, transportation and disposal of hazardous materials, or the emission, release or discharge of such materials into the environment, the remediation of contamination and occupational health and safety matters (collectively, the "**Environmental Laws**"). Some of these Environmental Laws may impose joint and several liability on lessees and owners or operators of facilities for the costs of investigation or remediation of contaminated properties, based on their ownership or management and control of real properties, regardless of current ownership, fault, negligence or the legality of the original disposal or release.

Supremex generates both hazardous and non-hazardous waste. Environmental liability is a risk associated with Supremex' business, principally with regard to past and present business operations involving the use, storage, handling and contracting for recycling or disposal of hazardous and non-hazardous materials such as washes, inks, alcohol-based products, plate solvent and photographic fixer. See "Risk Factors".

The facilities owned or operated by Supremex have been in operation for many years and, over such time, Supremex and the prior owners or operators of such properties may have used, generated or disposed of substances, some of which are or may be considered hazardous. Some of these facilities are located in industrial areas where there could have been migratory contamination from adjacent sources. Accordingly, it is possible that additional environmental liabilities may arise in the future as a result of the use, generation, release and disposal of any such hazardous and non-hazardous substances.

¹⁴ According to public company disclosures and management estimates.

6. DIVIDENDS AND DISTRIBUTION

On January 6, 2022, Supremex announced the reinstatement of the Company's quarterly dividends after having suspended them in the early months of the pandemic. Starting in the first quarter of 2022, the Board of Directors declared quarterly dividends of \$0.025 per Share. The Board also declared a special dividend of \$0.025 per Share in January 2022. The quarterly dividend amount was subsequently increased to \$0.03 per Share in August 2022, to \$0.035 per Share in February 2023, and to \$0.04 per Share in February 2024.

The Company's dividend policy is subject to the discretion of the Board of Directors and may vary depending on, among other things, Supremex' earnings, financial requirements, compliance with the covenants under our secured credit facility (the "**Credit Agreement**") and the satisfaction of the solvency tests imposed by the CBCA for the declaration and payment of dividends, and other conditions existing at such future time.

The following table sets forth the special and quarterly dividends per Share declared by Supremex for the last three most recently completed financial years:

Month	2023	2022	2021
January	—	\$0.025	—
February	\$0.035	\$0.025	—
March	—	—	—
April	—	—	—
May	\$0.035	\$0.025	—
June	—	—	—
July	—	—	—
August	\$0.035	\$0.030	—
September	—	—	—
October	—	—	—
November	\$0.035	\$0.030	—
December	—	—	—

All decisions pertaining to the Company's dividend policy are taken at its quarterly Board of Directors meeting which usually takes place 30 to 45 days after the end of each quarter.

7. DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of Supremex consists of an unlimited number of Shares and an unlimited number of preferred non-voting shares, issuable in series. As at March 28, 2024, there were 25,347,669 Shares and no preferred shares issued and outstanding. The rights, privileges, restrictions and conditions attaching to the Shares and the preferred shares are as follows:

Common Shares

Holders of Shares are entitled to receive dividends as and when declared by the Board of Directors and are entitled to one vote per Share on all matters to be voted on at all meetings of Shareholders. Upon the voluntary or involuntary liquidation, dissolution or winding up of Supremex, the holders of Shares are entitled to share rateably in the remaining assets available for distribution, after payment of liabilities and subject to the prior rights of preferred shares (if any).

Preferred Shares

The Board of Directors has the authority, without further action by the Shareholders, to issue an unlimited number of preferred shares in one or more series. These preferred shares may be entitled to dividend and liquidation preferences over the Shares. The Board of Directors may fix the designations, powers, preferences, privileges and relative, participating, optional or special rights of any preferred shares issued, including any qualifications, limitations or restrictions. Special rights which may be granted to a series of preferred shares may include dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any of which may be superior to the rights of the Shares.

8. DIRECTORS AND OFFICERS

The following table sets out, for each of the directors and officers of Supremex as at March 28, 2024 the name, province or state and country of residence, position(s) with Supremex and the principal occupation. The term of office for each of the directors will expire at the time of the next annual meeting of Shareholders. As at March 28, 2024, the directors and officers of Supremex beneficially owned, directly or indirectly or exercised control or direction over, Shares representing in the aggregate approximately 1.7% of the issued and outstanding Shares.

Name and Municipality of Residence	Position	Principal Occupation	Director since
Robert B. Johnston South Carolina, USA	Director, Chairman of the Board of Directors	Executive Vice President and Chief Strategy Officer of The InterTech Group, Inc.	May 8, 2014
Nicole Boivin ⁽¹⁾⁽²⁾ Ontario, CA	Director	Independent Consultant and Corporate Director	May 9, 2018
Stewart Emerson Ontario, CA	President and Chief Executive Officer, Director	President and Chief Executive Officer of Supremex Inc.	December 11, 2014
Georges Kobrynsky ⁽¹⁾ Quebec, CA	Director	Corporate Director	From March 31, 2006, to May 7, 2012, and since February 21, 2013
Dany Paradis ⁽¹⁾ Quebec, CA	Director	President and CEO of Clôtures Frontenac Inc.	February 21, 2013
Paul V. Reilly ⁽²⁾⁽³⁾ Colorado, US	Director	Founder and Partner at New Direction Partners	October 2, 2023
Steven P. Richardson ⁽³⁾ Ontario, CA	Director	Corporate Director	May 9, 2018
Warren J. White ⁽²⁾⁽³⁾ Quebec, CA	Director	Corporate Director	December 11, 2014

⁽¹⁾ Member of the Human Resources Committee.

⁽²⁾ Member of the Corporate Governance Committee.

⁽³⁾ Member of the Audit Committee.

Name and Municipality of Residence	Position	Principal Occupation	Director since
Joe Baglione Ontario, CA	President, Envelope of Supremex Inc.		n/a
François Bolduc Quebec, CA	CFO and Corporate Secretary		n/a
Murray Rundle Ontario, CA	Vice President, Marketing and Innovation of Supremex Inc.		n/a

The following are brief profiles of the current directors and officers of Supremex:

Robert B. Johnston, Chairman

Robert B. Johnston is Executive Vice President and Chief Strategy Officer of The InterTech Group, Inc. since 2008. Mr. Johnston previously served as Chief Executive Officer and Vice Chairman of The Hudson's Bay Company. Mr. Johnston is a Director of Colabor Group Inc., FIH group plc, RGC Resources Inc. and Swiss Water Decaffeinated Coffee Inc. Mr. Johnston holds an MBA Degree from the John Molson School of Business, a Master's Degree in Public Policy and Public Administration, as well as a Bachelor's Degree in Political Science from Concordia University and holds the ICD.D designation from the Institute of Corporate Directors. He also completed the Oxford Advanced Management and Leadership Program.

Nicole Boivin, Director

Nicole Boivin is a Strategic Consultant and Corporate Director. She started her independent practice in 2017 and acts as a strategic advisor to boards and executives dealing with change and driving value in multiple growth sectors and planning for future work. She is a contingent faculty member with the Schulich School of Business of York University and is the Creator and Program Director for the ESG Exec Ed Program starting in the Fall of 2023. From 1999 to 2014, Mrs. Boivin held various executive positions with Manulife as the Global Chief Branding and Communications Officer and the Senior Vice President, Human Resources and Communication for the Canadian Division. Mrs. Boivin currently serves on the board of RES PUBLICA Capital. She is also a former board member of Ontario Power Generation, Pathways to Education and Harbourfront Centre. She is an MBA graduate from Laurentian University where she also received an honorary Doctorate in Laws in Spring 2018. She holds the ICD.D designation from the Institute of Corporate Directors.

Stewart Emerson, President and Chief Executive Officer of Supremex Inc., Director

Stewart Emerson was appointed President and Chief Executive Officer of Supremex Inc. in September 2014 and is responsible for defining the Company's strategic direction, growth initiatives and financial objectives. Under his leadership, Supremex successfully rolled-up the Canadian envelope market and expanded its activities into the vast U.S. market, and now the Company has become North America's second largest envelope manufacturer. Additionally, Mr. Emerson has been instrumental in diversifying Supremex' product portfolio in the growing packaging industry since 2016. These important achievements were accomplished through 12 strategic acquisitions, organic growth and the optimization of production capacity. Mr. Emerson has more than 30 years of experience in the envelope and paper-based packaging industry. He began his career as an Account Manager at Innova Envelope Inc. in 1990 (which became a part of Supremex in 1991). During the following years, he held a number of positions with increasing responsibilities including Sales Manager, General Sales Manager, Vice President and General Manager, Central Region and Buffalo Envelope. Mr. Emerson holds a Bachelor's Degree in Business Administration with a double major in Marketing and Management from the Northeastern University of Boston.

Georges Kobrynsky, Director

Georges Kobrynsky was a former Trustee of the Fund and Director of Supremex Inc. from 2006 to 2012. Previously, Mr. Kobrynsky was Senior Vice President, Investments Forest Products of the Société générale de financement du Québec from 2005 to 2010 and held various senior positions at Domtar Inc. for over 30 years. He also held a position at the Ministry of the Environment of Canada from 1971 to 1975. Mr. Kobrynsky has completed the Senior Executive Program from University of Western Ontario. He also holds a Master of Business Administration from McGill University, a Bachelor's degree in Sciences from the Université Laval and a Bachelor's of Arts degree from the Université de Montréal.

Dany Paradis, Director

Dany Paradis is President and CEO of Clôtures Frontenac since December 2022, a leader in fencing products and services. Previously, he was President of Nuera Air Inc., a worldwide leader in the manufacturing and distribution of central vacuum system. Before joining Nuera Air in 2020; he was the Senior Vice President of Sales and Customer Care with Yellow Pages Limited, being responsible for sales, customer service, marketing and operations. In 2016, he was promoted as Senior Vice President Operations and Chief Human Resources Officer and was Senior Vice President and Chief Human Resources Officer when joining Yellow Pages in 2014. From 2008 to 2012, he was a Senior Executive at Fibrek Inc. and, prior to that, held various executive positions at Domtar Inc. and ReebokCCM/Adidas. With more than 30 years of experience, he worked for a number of high-profile companies in the natural resources, manufacturing, athletics and professional services sector. Mr. Paradis holds a Bachelor of Actuarial Sciences degree from Laval University and completed an Advanced Leadership Program from McGill University. He also holds the ICD.D designation from the Institute of Corporate Directors and held several boards of director positions with foundations, associations and public companies.

Paul V. Reilly, Director

Mr. Paul V. Reilly is a founder and partner at New Direction Partners since 2009, where he has been providing investment banking and M&A advisory services, valuation services, strategic planning and management consulting to clients in the packaging, commercial printing, direct mail, envelope manufacturing and other related industries. Previously, Mr. Reilly was CEO, President and Chairman of the board at Cenvo, Inc. He has a BBA in Finance and an MBA in Computer Methodology from Baruch College. Mr. Reilly currently serves on the board of Softprint, on the advisory board of Great American Packaging and is the Chairman of the Board of Construct Sun – a seller and installer of residential and small commercial solar power systems. He was Chair of the Meeting and Content Committee of the Envelope Manufacturers Association (“EMA”) and on the board of PIA/GATF. He previously served on the EMA Foundation Board of Trustees. He was also a member of the Business Roundtable, an association of CEOs from leading corporations.

Steven P. Richardson, Director

Steven P. Richardson is currently Chair of the Board, and Chair of the Governance, Nominating and Ethics Committee of Parkland Corporation. From 2003-2009, Mr. Richardson held senior executive roles at Hudson’s Bay Company, including Chief Financial Officer and Director of Hudson’s Bay Company from 2006 to 2009. Prior to that, he held senior executive positions with financial services companies, such as Chief Financial Officer at Wells Fargo Financial Canada and Executive Vice President, Chief Financial Officer and Director at Associates Financial Services of Canada and Chief Financial Officer and Director at Beneficial Canada Inc. He began his career at Imperial Oil Limited, with various positions in the corporate finance and controller’s departments. Mr. Richardson was also a Director and member of various committees of the board of RONA Inc., Sterling Shoes and easyhome Ltd. He holds a CPA, CMA designation, is a graduate of the University of Toronto (Economics and Commerce), completed the Senior Executive Leadership Program at Columbia University and holds the ICD.D designation from the Institute of Corporate Directors.

Warren J. White, Director

Warren J. White is Chairman of the Board of Colabor Group Inc and has served on the Board of Directors with a number of publicly traded companies. Prior to retiring in 2015, he held a number of senior executive positions with large international companies, such as CGI, Alcan, Dominion Textiles and Lafarge, where he had responsibilities for information technology, finance, procurement and strategic planning. Mr. White is a retired Chartered Professional Accountant and holds an MBA degree from Concordia University, where he has taught Information Technology related courses in the MBA and EMBA programs.

Joe Baglione, President – Envelope

Joe Baglione is President – Envelope of Supremex since November 2021. In this position, he is responsible for the financial well-being of sales and operations of the Company's Canadian and USA envelope facilities. Prior to this role, Mr. Baglione was, since 2019, Vice President and General Manager for Eastern Canada Envelope and Label, in which he managed all facets of production and sales for Ontario, Quebec and the Maritimes. In 2018, he became Vice-President & General Manager of Supremex USA and, from 2015 to 2017, he was General Sales Manager of Supremex Central Region. Mr. Baglione has over 30 years of industry experience in all areas of the business, including sales, marketing and sales management.

François Bolduc, Chief Financial Officer and Corporate Secretary

Mr. Bolduc is a seasoned financial executive with more than 25 years of experience with large private and public companies in the aerospace, manufacturing, consumer products and telecommunications industries. He was previously Chief Financial Officer of DART Aerospace, a provider of helicopter mission and safety equipment, and Vice-President, Finance of Bombardier Aerostructures, a manufacturer of metallic and composite structures. He also held senior positions in finance with Bell Helicopter, Pratt & Whitney Canada and Mega Brands. Mr. Bolduc holds the CPA designation and earned a Bachelor's degree in Accounting from McGill University.

Murray Rundle, Vice President, Marketing and Innovation

Murray Rundle is the Vice-President, Marketing & Innovation at Supremex. Mr. Rundle joined the company more than 30 years ago and over the course of his career, he has held various positions in sales and sales management at the Company's Envelope segment. More recently, Murray led the company's eCommerce Packaging division. Mr. Rundle holds an MBA from the Schulich School of Business of York University as well as an HBA from the Ivey Business School of Western University.

9. CORPORATE GOVERNANCE

The directors are responsible for the governance of Supremex and have established an Audit Committee, a Human Resources Committee, as well as a Corporate Governance Committee, each of which shall have a number of members as determined by the Board of Directors from time to time. For all these committees, all of its members shall be "independent".

9.1 Corporate Governance Committee ("CG Committee")

The CG Committee is composed of Nicole Boivin, Paul V. Reilly and Warren J. White, and is responsible to, among other things, review and make recommendations to the directors concerning the appointment of Directors of Supremex. The CG Committee is responsible for developing Supremex' approach to corporate governance issues, advising the Board of Directors on filling vacancies on the Board of Directors and periodically reviewing the composition and effectiveness of the Board of Directors and the contribution of individual directors.

9.2 Human Resources Committee ("HR Committee")

The HR Committee is composed of Nicole Boivin, Georges Kobrynsky and Dany Paradis and is responsible to, among other things, annually review and provide an assessment of the Chief Executive Officer's performance to the Board of Directors. The Committee makes recommendations concerning the remuneration of the executive officers and regarding any employee bonus and long-term incentive plans.

9.3 Audit Committee

The Audit Committee assists the Directors in fulfilling their responsibilities regarding the oversight and supervision of the accounting and financial reporting practices and procedures of Supremex, the adequacy of internal accounting controls and procedures, and the quality and integrity of the financial statements of Supremex. In addition, the Audit Committee is responsible for directing the auditors' examination of specific areas and for the selection of independent auditors to be appointed by the Shareholders.

9.4 Charter of the Audit Committee

The charter of the Audit Committee approved by the Board of Directors of the Company in 2006 and revised yearly is attached as Appendix A to this Annual Information Form.

9.5 Composition of the Audit Committee

The Audit Committee is composed of three members. Each member of the Audit Committee is independent of Supremex and financially literate as required under Multilateral Instrument 52-110 – *Audit Committee*.

The members are as follows:

Chair:	Steven P. Richardson	(since May 9, 2018)
Members:	Paul V. Reilly	(since November 8, 2023)
	Warren J. White	(since December 11, 2014)

9.6 Relevant Education and Experience of the Audit Committee Members

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is set out in the directors' biographies. See «Section 8 - Directors and Officers» of this Annual Information Form.

9.7 Audit Fees

Ernst & Young LLP (“Ernst & Young”) has served as Supremex' auditing firm since October 2005. As detailed in the table below, fees to Ernst & Young and its affiliates for the year ended December 31, 2023 (“Fiscal 2023”) and the year ended December 31, 2022 (“Fiscal 2022”) represented \$729,405 and \$466,770 respectively.

	Fiscal 2023	Fiscal 2022
Audit Fees ⁽¹⁾	\$611,000	\$347,875
Audit-Related Fees ⁽²⁾	\$44,000	\$24,500
Tax Compliance and Preparation Fees	\$74,405	\$89,395
Tax Advise and Planning Fees	—	\$5,000
Total Fees	\$729,405	\$466,770

(1) “Audit Fees” include fees for professional services rendered for the audit of Supremex annual financial statements and for related consultations, audit of business combinations and review of correspondence with regulatory authorities.

(2) “Audit-Related Fees” include fees paid for the execution of computerized tests on internal controls for management and for cyber security program assessment.

10. CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of Supremex, in the last ten years, no director, or executive officer of Supremex is or has been a director or executive officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days, (ii) was the subject of an event that resulted, after that person ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to an exemption under securities legislation, for a period of more than 30 consecutive days.

To the knowledge of Supremex, in the last ten years, no shareholder holding a sufficient number of common shares to affect materially the control of Supremex, no director, or executive officer of Supremex, is or has been a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the knowledge of Supremex, no director or executive officer of Supremex, (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the knowledge of Supremex, in the last ten years, no shareholder holding a sufficient number of common shares to affect materially the control of Supremex, no director or executive officer of Supremex has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Conflicts of Interest

No director or senior officer of Supremex or other insider of Supremex, nor any associate or affiliate of the foregoing persons has any substantial interest, direct or indirect, in any material transaction since the commencement of Supremex' last financial year.

11. MARKET FOR SECURITIES

Trading Price and Volume

The Shares are currently listed for trading on the TSX under the symbol "SXP". The following table shows the monthly range of high and low prices per Share and the total monthly volumes of Shares traded on the TSX for the months of January to, and including, December 2023.

2023 Month	Price per Share (\$) Monthly High	Price per Share (\$) Monthly Low	Shares Total Monthly Volume
January	7.48	5.68	1,812,871
February	7.89	5.95	1,665,729
March	6.62	5.74	907,995
April	6.35	5.61	371,746
May	6.29	5.37	695,116
June	6.30	5.25	851,773
July	6.80	5.80	468,014
August	6.36	4.23	1,282,424
September	4.90	4.15	960,147
October	4.49	4.14	659,530
November	4.55	3.58	978,586
December	4.48	3.65	882,547

12. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Shares is Computershare Investor Services Inc. at its principal transfer office in Montreal (QC).

13. 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.

Decline in Envelope Consumption

Supremex' envelope manufacturing business is highly dependent upon the demand for envelopes sent through the mail. Usage of the Internet and other electronic media continues to grow. Consumers use these media to purchase goods and services, and for other purposes, such as paying invoices. Advertisers use the Internet and electronic media for targeted campaigns directed at specific electronic user groups. Large and small businesses use electronic media to conduct business, send invoices and receive payments.

The North American envelope manufacturing and mailing industries are expected to continue to decline in the foreseeable future, due to a global progressive reduction in the use of traditional paper-based products. Supremex' business depends on transactional mail and direct mail activities. Transactional and direct mail volumes have declined in the last few years due in part to the increasing use of non-traditional means of communication and information transfer, such as electronic mail and the Internet. As a result, there can be no assurance that Supremex will be able to grow or even maintain historical sales levels in its envelope business.

To reduce this risk, the Company continually strives to improve operational efficiency and develop and acquire new products such as packaging products directed toward e-commerce fulfillment and other applications.

In addition, postal rates are a significant factor affecting envelope usage and any increases in postal rates, relative to changes in the cost of alternative delivery means or advertising media, could result in reductions in the volume of mail sent.

No assurance can be provided that future increases in postal rates will not have a negative effect on the level of mail sent or the volume of envelopes purchased.

Growth and Diversification Strategy

The Company's growth strategy involves a further diversification of its operations through a deeper penetration in the packaging industry, both organically and through acquisitions. There can be no assurance that Supremex will successfully achieve the initiatives it puts in place towards its growth and diversification strategy, and achieving its objectives may require investments which may result in short-term costs without generating incremental revenue. The Company might also not be able to target attractive acquisition opportunities, at a reasonable cost, and to successfully compete with private equity companies and other companies actively seeking acquisitions within the industry. The Company's inability to fully realize the benefits it expects to achieve could have a material adverse effect on its business, financial condition and results of operations.

As the Company pursues acquisitions to implement its growth and diversification strategy, it is subject to risks inherent to its ability to properly evaluate the fair value of the businesses being acquired, consolidate functions, manage costs, integrate information systems, and properly devote the time and human resources required to successfully integrate and leverage their operations and activities with the Company's procedures, controls, policies, systems, culture and personnel as well as the capability to share knowledge and realize synergies, improvements and the expected profit and returns. Although the Company performs a due diligence investigation of the businesses or assets that it acquires and anticipates continuing to do so for future acquisitions, the acquired business or assets may have liabilities that the Company fails or is unable to uncover during its due diligence investigation and for which the Company, as a successor owner, may be responsible. The Company usually seeks to minimize the impact of these types of potential liabilities by obtaining indemnities and warranties from the seller. However, these indemnities and warranties, if obtained, may not fully cover the liabilities because of their limited scope, amount or duration, or the financial resources of the indemnitor or warrantor, or for other reasons. One or more of these factors could impact the Company's ability to successfully integrate or leverage an acquisition and could negatively affect the Company's results of operations. Any failure by the Company to successfully integrate or address the risks associated with

acquisitions or to take advantage of future strategic opportunities could materially adversely affect its financial position, financial performance, cash flows, business or reputation.

The successful integration of an acquired business is also subject to the risk that personnel from the acquired business and the Company may not be able to work together successfully, which could affect morale and the Company's operations. In particular, the Company may seek to require as a condition of completion of one or more acquisitions that key personnel from the acquired business enter into employment agreements for specified post-acquisition periods and/or non-competition undertakings; however, there are risks that such commitments will not be respected or that the personnel and professionals subject to same or other personnel will not be successfully integrated as productive contributors to the Company's business. In addition, all acquisitions carry the risk of the potential loss of key personnel.

Human Resources

Key Personnel

The success of the Company's business strategy is dependent upon the ability and experience of a number of key personnel who have substantial expertise with its operations and industry. Supremex' senior executives and key employees have extensive experience with the business, suppliers, products and customers. The loss of management knowledge, expertise and technical proficiency as a result of the inability to retain or replace one or more members of the core management team, including the Company's President and Chief Executive Officer, or to establish an effective succession plan, could result in a diversion of management resources or a temporary executive gap, and negatively affect the Company's ability to develop and pursue other business strategies, which could materially adversely affect its business and financial results. Also, the expertise pertaining to the Company's business, including envelope manufacturing, is rare and the loss of key executives heading those functions could have a material adverse effect on the Company's ability to continue to offer a compelling product offering to its customers and pursue its continued expansion, which in turn would materially adversely affect its business and financial results.

Labour Shortage

Social, demographic and economic trends observed on a global basis, are making it more challenging to hire and retain personnel in most industries. Inflationary pressures, shortages, competitiveness in the labour markets where the Company operates, increased employee turnover and changes in the availability of its employees have resulted in, and could continue to result in, increased labour-related costs, which could have a material adverse effect on the Company's results and financial condition. In addition, these factors have impacted, and could continue to impact, its ability to meet consumer demand, which could negatively affect its financial condition, results, or cash flows. The failure to recruit, retain, motivate, effectively communicate with, and train and develop highly skilled and competent people at all levels of Supremex' organization could also result in shortages in the availability of appropriately skilled people at any particular levels within the organization and significantly affect its financial results.

Employee Future Benefits

The Company maintains two registered defined benefit pension plans substantially covering all of its Canadian employees. These plans are hybrids, meaning that they include a defined benefit component, for which service accrual ceased in 2012, and a defined contribution component. In the past, the Company has also provided post retirement and post-employment benefits, including health care, dental care and life insurance, to a limited number of employees.

Over the last ten years, the Company has taken many proactive steps and employed various hedging strategies that have significantly reduced future obligations, and consequently risk, however, the level of the employer contributions may vary depending on the realized return on the pension fund asset and the discount rate of the future liabilities, which could affect the financial condition of Supremex. In addition, contributions to fund the Company's defined benefit plans are based on actuarial valuations, which themselves are based on assumptions and estimates about the long-term operations of the plans, including assumptions on inflation, mortality, and the discount rates used to determine the liabilities of the plans. Actual results of actuarial valuations may differ from expectations. Any increase

in the Company's pension expenses or liabilities, or funding obligations would divert funds the Company would otherwise apply to other uses, and could adversely affect its business, financial condition, results from operations, and cash flows.

Raw Material

The primary raw materials the Company uses are paper and paper-based substrates, window material, glue and ink. Fluctuations in raw material prices and availability can have a material adverse effect on the Company's operating results.

Fluctuations in raw material and energy prices affect operations. Paper costs represent a significant portion of Supremex' material costs and they have been subject to volatility due to supply and demand in the marketplace. In the cost of raw materials, including paper and other inputs, as well as energy, fuel, transportation, and logistics necessary for the production and distribution of the Company's products continue to increase. The Company expects the inflationary pressures on input costs to continue to impact its business in 2024. To mitigate this risk, the Company does not rely on any one supplier, and has generally been disciplined in passing on raw material increases to its customers. However, even if such initiatives are effective, higher prices to the Company's customers may result in decrease in sales volume or market share which can have a material adverse effect on the Company's operating results.

Fluctuations in raw material availability affect operations. While global shortage levels are slowly decreasing, if the Company is unable to obtain all the tons of paper it requires to produce customer orders, its operations will be affected as it will have to reduce or push-out deliveries. Similarly, the availability of suitable quality recycled board within a reasonable distance of the Company's packaging divisions is also a risk.

Any significant increase in the price of raw materials or prolonged shortage in its availability, whether due to the aforementioned reasons or other factors, could have a material adverse effect on the Company's business and results of operations.

Cyber Security and Data Protection

In the normal course of its operations, the Company relies on the continuous and uninterrupted operation of its systems, data hosting centers, cloud computing systems and computer hardware. In addition, it receives processes and transfers sensitive data, including confidential information about Supremex, its customers, its suppliers, as well as personal information regarding its employees.

Although the Company experiences minor cyber threats for time to time, if the Company were to experience material cyber threats, breaches, unauthorized accesses, viruses, other security breaches, human errors, sabotage or other similar events, it could have a material adverse impact on its activities, including system disruptions or breakdowns. This could also negatively impact Supremex' results, cause considerable damage to the Company's reputation and potentially result in legal actions against it.

Cyberattacks attempts occur more and more frequently, and their nature continuously evolves and become more refined, which increases the risk that the Company's operations be disrupted, and that the Company's data be compromised. In addition, it is possible that such a cyber breach or event might not be detected quickly enough to limit the scope of the information that could be stolen or compromised.

Furthermore, keeping, using and protecting personal data is increasingly critical and the responsibilities of entities that process such information are expanding. Mismanagement of personal data could cause considerable damage to the Company's reputation, and potentially result in court actions, fines and other claims. The multiplication of data protection regulatory frameworks in Canada and the U.S. also increases regulatory compliance risk. The Company could have to incur significant costs to enhance its systems and thus prevent future events related to confidential data, which would have an impact on its earnings.

Operational Disruption

Any operational disruption at one of the Company's facilities, including the inability to meet deadlines as a result of major equipment failure, pandemic and epidemic outbreaks, armed conflicts, natural disaster, human error, supply problems, labour disputes, material labour shortages, attacks or transportation problems, could adversely impact the Company's financial results, and could result in transfer of volume from its customer to a competitor. The magnitude of the impact of these risks on results depends on certain factors, including the nature of the disruption, its duration and the facilities affected by the disrupting event.

Customer Relationships

Supremex typically does not enter into long-term, written agreements with customers. As a result, there is a risk that customers may, without notice or penalty, terminate their relationship with Supremex at any time. In addition, even if customers decide to continue their relationship with Supremex, there can be no guarantee that they will purchase the same amount as they did in the past, or that purchases will be on similar terms, which could affect its revenues. Although Supremex' revenues do not materially depend on any specific client, some of its largest clients provide significant contributions to its revenue. There can be no assurance that Supremex will be able to retain its relationships with its largest clients and maintain or increase its sales levels.

In addition, certain of the Company's customers may become insolvent or bankrupt, face a sudden deterioration in their financial position or operating results, or elect to default under their contract with Supremex, in which case the recovery of accounts receivable may be doubtful. If a customer were to default on a payment obligation, the Company may be unable to collect the amounts owed, in which case some or all of such amounts would need to be written off, which could affect the Company's financial position, especially if it were to happen to one of its largest clients.

Competition

Envelope

Despite Supremex' leading market position in Canada in the envelope business, new competitors could enter the Canadian envelope market impacting sales and margins. A strengthening of the Canadian dollar against the U.S. dollar could create an incentive for U.S.-based competitors to increase market penetration in Canada. Also, as secular decline continues, and without a re-organization in the U.S. supply, there will be pricing pressure in the Canadian market. However, the costs of freight, coupled with delivery inefficiencies are barriers to servicing any significant customer volume from a distance.

In the current market, the Canadian envelope manufacturers are more aggressive on pricing in order to generate new sales to replace their sales lost to secular decline. Given the Company's large market share in Canada, most of the gains by smaller competitors in Canada are made at the expense of Supremex.

Packaging

The packaging industry is highly competitive and Supremex' diversification in packaging is relatively recent. Some of Supremex competitors are larger and have more fully integrated operations. If Supremex fails to further penetrate the packaging industry, the growth in its sales, could be negatively impacted. Supremex cannot assure that its efforts to increase market penetration in its existing markets and to expand into the packaging market will be successful. Failure to do so could have a material adverse effect on Supremex operating results.

Economic Conditions

A significant risk that Supremex faces and over which it has no control is related to economic conditions. Adverse general economic conditions, such as heightened inflation and central banks' large interest rate hikes, economic downturns or, increased recession fear, leading to a declining level of commercial activity, could have a negative impact on Supremex' financial condition. As an example, in a soft economy, the market most affected at Supremex is its direct mail market. There is a direct correlation between growth/decline in the gross domestic product and direct mail volume. Therefore, soft economic conditions can have significant impact on direct mail volume. Although direct

mail represents less than 25% of Supremex' total annual envelope volume, a decline would put pressure on the overall market. For transactional mail, which represents about 50% of Supremex' annual envelope volume, economic conditions have a lesser impact than on direct mail since businesses must still mail out invoices to their customers, although the online billing and payment penetration is growing in this segment. In the long term, transactional mail volume has been declining.

In addition, as a result of the current geopolitical climate, including wars and political unrest, global financial markets have experienced and may continue to experience significant volatility and weakness, energy prices have remained high and supply chain have been disrupted, leading to increased costs and supply chain delays, all of which could have an impact on the Company's results and financial condition.

Exchange Rate

A portion of Supremex' revenue is earned in U.S. dollars while a large portion of its expenses, including most of its paper and other raw materials costs as well as certain capital expenditures are incurred in U.S. dollars. Supremex also derives a portion of its revenue from Canadian dollar sales to certain customers for whom selling price is sensitive to U.S. competition.

Net exposure to the U.S. dollar continues to decrease as the Company is growing revenues in the U.S. envelope market, which compensates for the volume of raw materials it currently purchases in U.S. dollar. However, fluctuations in exchange rates between the Canadian and the U.S. dollar may have an adverse effect on the Company's results and financial condition. Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted.

Interest Rate

The Company's borrowings under its credit facility bear floating interest rates and the Company is therefore exposed to market risks related to interest rate fluctuations and volatility. Floating-rate debt bears interest based on 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 to 2.75%. As interest rates increase, the Company's debt service obligations on its variable rate indebtedness will increase, which could, if the Company is not able to otherwise mitigate this risk, have a material adverse effect impact the Company's financial condition.

Credit

The Company is exposed to credit risk with respect to trade receivables. A specific credit limit is established for each customer and periodically reviewed by the Company. No single customer accounts for more than 10% of consolidated accounts receivable. Supremex' customer base is well diversified and consists mainly of large national customers, such as large Canadian corporations, nationwide resellers and governmental bodies, as well as paper merchants and solution and process providers. Historically, the level of bad debt has been low given the nature of the customers, but there is no guarantee that this tendency will persist over time, especially given the volatility of general economic conditions. As at December 31, 2023, the maximum credit risk exposure for receivables corresponds to their carrying value.

Availability of Capital

On May 25, 2022, the Company entered into a three-year senior secured revolving credit facility of \$120 million which replaced its pre-existing and term facility (the "Credit Facility"). Although the Company was able to increase its credit facility, there is no guarantee that additional funds will be available in the future, and if they are, that they will be provided in a timeframe and under conditions acceptable to the Company.

The Credit Facility contains certain covenants that affect and, in some cases, significantly limit, among other things, the activities in which the Company may engage, the ability of the Company to incur debt, grant liens over its assets, engage in lines of business different from its own, consummate asset sales, or merge consolidate or amalgamate

with another person. These restrictions and covenants could impede access to capital or prevent the Company from engaging in business activities that may be in its interest.

Environment

The Company operates in an industry which uses large quantities of paper in its day-to-day operations. With society's mounting concern over the protection of the environment and sustainable development, Supremex' products and services are under pressure to be more environmentally friendly. For instance, the growing concern over the environment could change the consumption habits of consumers and new regulations could force the Company to use more expensive environmentally friendly materials in its production process. There is no assurance that any of such increased costs could be passed on to Supremex' customers. To mitigate this risk, the Company tries to be at the forefront of its industry in terms of commitment to the environment and, in collaboration with its suppliers, seeks on an ongoing basis to reduce its impact on the environment. Supremex is also a leader in the Canadian envelope market in the marketing of environmentally friendly products, such as 100% recycled paper. There is no guarantee that these initiatives will be sufficient to mitigate the risk. If the price of raw materials were to increase for environmental reasons, it could negatively affect Supremex' profitability if such increase cannot be passed on to the customer.

Supremex' business and operations are also subject to environmental laws and regulations, including those relating to permitting requirements, wastewater discharges, air emissions, greenhouse gases, releases of hazardous substances, and remediation of contaminated sites. The Company believes that its operations are in compliance, in all material respects, with such environmental laws and regulations, but changes in environmental laws and regulations, evolving interpretation thereof, or more vigorous regulatory enforcement policies could impose additional compliance costs, capital expenditures, as well as other financial obligations, which could have a material adverse effect on Supremex' financial position and performance. For example, the advent of regulations on the extended producer responsibility (EPR) policies in several Canadian provinces is influencing the packaging industry. This regulation makes businesses that put on the market printed materials, containers and packaging responsible for the costs associated with the end-of-life management of their products and could decrease demand, which could have an impact on the Company's results and financial position.

The environmental, social or governance (ESG) expectations and requirements of the Company's stakeholders, in particular investors, customers, consumers and governments, are constantly evolving. The fast-paced evolution of these expectations and requirements could expose the Company to reputational, market and operational risks. In the last few years, the governments of many jurisdictions have adopted laws requiring, among other things, ESG reporting, calculating carbon emissions, including the value chain, and monitoring the supply chain for issues related to deforestation, forest degradation, forced labour or child labour. These regulations may impact the Company directly or indirectly, including via its customers. These obligations could lead to rapid growth in the level of monitoring by governments, customers or investors. In addition, customers may voluntarily adopt high ESG standards that are not limited to their operations or production sites, but could also include their supply chain. If the Company is unable to meet these expectations, its customers could turn to competitors.

Litigation

Supremex, like other manufacturing and sales organizations, is subject to potential liabilities in connection with its business operations, including expenses associated with product defects, compliance with changing laws and regulations performance, and reliability or delivery delays. Supremex is from time to time threatened with, or named as a defendant in, legal proceedings, including lawsuits based on product liability, personal injury, breach of contract and lost profits or other consequential damages claims, in the ordinary course of conducting its business. Supremex could also be threatened by, or named as a defendant in, legal proceedings alleging a breach of securities laws, including as a result of sudden variations in the price of common shares. A significant judgment against Supremex or the imposition of a significant fine or penalty, as a result of a finding that Supremex failed to comply with laws or regulations, or being named as a defendant on multiple claims could have a material adverse effect on Supremex' business, financial condition, results of operations and cash available for distributions.

No Guaranty to Pay Cash Dividends

Decisions regarding dividends are within the discretion of the Board of Directors, and are influenced by a number of factors, including general business and economic conditions, Supremex' financial condition, operating results and restrictions imposed by its debt agreements, the emergence of acquisition opportunities, changes in business strategy and other factors. There is no guarantee that the current dividend policy of the Company will continue over time. Changes in, or the elimination of dividends could have an adverse effect on the price of Supremex' common shares.

Global Health Crisis

Despite vaccine rollout in Canada, resurgences in new COVID-19 cases, including new variants, the strengthening or reintroduction of emergency measures, or a more prolonged duration to the COVID-19 pandemic, could result in increased adverse economic disruptions and financial markets volatility. Any future epidemic, pandemic, or other public health crisis that occurs in the future may pose similar risks to the Company.

14. INTEREST OF EXPERTS

Ernst & Young are the auditors of Supremex and have advised that they are independent of Supremex within the meaning of the Rules of Professional Conduct of the Ordre des comptables professionnels agréés du Québec.

15. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as set forth below, the Company is not involved nor has it been involved in any material legal proceedings or regulatory actions (including such proceedings or actions which are pending or threatened and of which the Company is aware).

On or about December 21, 2017, Amazing Print, Corp. served and filed a Statement of Claim with the Ontario Superior Court of Justice, against the Company and others seeking, *inter alia*, damages in the amount of \$23,130,000 for breach of contract, breach of good faith, deceit, negligent and/or fraudulent misrepresentation and conversion as well as punitive, aggravated and exemplary damages in the amount of \$250,000. The plaintiff's claim is based on a letter of intent that was entered into among the plaintiff and several other defendants, not including the Company. The Statement of Claim was issued on December 1, 2017 and contained a broad range of unsubstantiated allegations against the Company and the other defendants. Many of the allegations outlined in the Statement of Claim are in respect of matters that occurred before the Company acquired the assets of 1683963 Ontario Inc. and Printer Gateway Inc. on or about December 23, 2016. The Company has received no response to its latest letter to the plaintiff's counsel on March 26, 2018. The Company believes that this proceeding is without merit and is vigorously defending it, but is waiting on a response to a Request to Inspect and Demand for Particulars before formally filing a defence.

16. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of (i) the directors or executive officers of the Company, (ii) the Shareholders who beneficially own or control or direct, directly or indirectly, more than 10% of the voting Shares of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

17. MATERIAL CONTRACTS

Other than the contracts entered into in the ordinary course of business and the Credit Agreement, there are no material contracts that were entered into by the Company during fiscal year ended December 31, 2023 or entered into prior to fiscal year ended December 31, 2023 but which are still in effect.

18. ADDITIONAL INFORMATION

Additional information relating to Supremex may be found on SEDAR+ at www.sedarplus.ca.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Supremex' securities and securities authorized for issuance under equity compensation plans will be contained in Supremex' information circular for its annual meeting of Shareholders of Supremex. Additional financial information is provided in the financial statements and management's discussion and analysis for the year ended December 31, 2023.

19. GLOSSARY OF TERMS

“**Arrangement**” means the arrangement under Section 192 of the CBCA as set out in the plan of arrangement attached as a schedule to the Arrangement Agreement, pursuant to which, on January 1, 2011, the Fund converted from an income trust structure to Supremex.

“**Arrangement Agreement**” means the arrangement agreement dated March 22, 2010, as amended on December 17, 2010, between Supremex, the Fund and 7351020 Canada Inc.

“**Audit Committee**” means the audit committee of Supremex.

“**Board of Directors**” means the board of directors of Supremex.

“**CBCA**” has the meaning ascribed thereto under “Corporate Structure – Name, Address and Incorporation”.

“**Credit Agreement**” has the meaning ascribed thereto under “Dividends and Distribution”.

“**EMA**” is the Envelope Manufacturers Association, the world’s largest trade association devoted exclusively to the envelope manufacturing and paper-based communications.

“**Environmental Laws**” has the meaning ascribed thereto under “Business – Environmental Regulations”.

“**Fund**” means Supremex Income Fund, an unincorporated open-ended trust formed pursuant to the Fund Declaration of Trust under the laws of the Province of Quebec, which converted into Supremex pursuant to the Arrangement.

“**Fund Declaration of Trust**” means the Fund Declaration of Trust made as at February 10, 2006, as amended and restated between the trustee and the settlor thereof governed by the laws of the Province of Quebec, pursuant to which the Fund was established, as amended, supplemented or restated from time to time.

“**IFRS**” means international financial reporting standards.

“**Initial Public Offering**” means the offering of 17,500,000 Units issued and sold by the Fund on March 31, 2006, pursuant to the prospectus dated March 17, 2006.

“**Management**” means the management of Supremex.

“**Shares**” has the meaning ascribed thereto under “Corporate Structure – Name, Address and Incorporation”.

“**Shareholders**” has the meaning ascribed thereto under “Corporate Structure – Name, Address and Incorporation”.

“**Supremex**” or the “**Company**” refers to Supremex Inc., together with its subsidiaries and predecessors.

“**TSX**” has the meaning ascribed thereto under “Corporate Structure – Name, Address and Incorporation”.

“**Units**” has the meaning ascribed thereto under “Corporate Structure – Name, Address and Incorporation”.

“**U.S.**” means the United States of America.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

APPENDIX A – AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

Section 1 PURPOSE

The Audit Committee (referred to herein as the “**Committee**”) is a committee of the Board of directors (the “**Board**”) of Supremex Inc. (the “**Corporation**”). Its primary function is to assist the Board members in fulfilling their applicable responsibilities to the Corporation, the shareholder(s), the investment community and others with respect to financial matters and internal control as outlined in the Board’s charter by its oversight and supervision of:

- (1) the integrity of the financial reporting of the Corporation
- (2) the Corporation’s internal controls
- (3) the independence, qualifications and performance of the Corporation’s external auditor (the “**External Auditor**”), and
- (4) the Corporation’s compliance with applicable securities legislation.

The Committee shall primarily fulfill these responsibilities by carrying out the activities enumerated in this Charter. However, it is not the responsibility of the Committee to prepare financial statements, to plan or conduct internal or external audits, to determine that the financial statements are complete and accurate and are in accordance with International Financial Reporting Standards (“**IFRS**”), to conduct investigations, or to assure compliance with laws and regulations or the Corporation’s internal policies, procedures and controls, as these are the responsibility of the Corporation’s Management team (“**Management**”) and, in certain cases, the External Auditor. This Charter is a broad policy statement and is intended to be part of Committee’s flexible governance framework. While this Charter should comply with all applicable laws, regulations and listing requirements and the Corporation’s articles and by-laws, this Charter does not create any legally binding obligations on the Committee, the Board or the Corporation. Nothing in this Charter is intended to make the Committee liable for any non-compliance by the Corporation with applicable laws and regulations.

Section 2 COMPOSITION AND MEETINGS

- (1) The Committee shall be composed as required under National Instrument 52-110 – *Audit Committees*, as it may be amended or replaced from time to time (“**NI 52-110**”), of at least, three independent directors of the Corporation.
- (2) The Committee shall be comprised of such members as are determined by the Board, all of whom (except to the extent permitted by NI 52-110) shall be independent directors of the Corporation (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.
- (3) The members of the Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by an affirmative vote of the majority of the members of the Committee.
- (4) The Board may remove a member of the Committee at any time and may fill any vacancy occurring on the Committee. A member of the Committee may resign at any time, at which time the Board shall fill such vacancy. A member of the Committee will automatically cease to be a member upon ceasing to be a Director.

- (5) The Committee shall meet at least four times annually (in person or by teleconference) and such meetings shall correspond with the Corporation's reporting cycle or more frequently as circumstances require. The Committee may ask members of Management or others to attend meetings and provide pertinent information as necessary. The Committee shall have full access to all information it deems appropriate for the purpose of fulfilling its role, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with executive officers and the External Auditor, and others as they consider appropriate.
- (6) In order to foster open communication, the Committee or its Chair shall meet, when deemed appropriate, with Management and the External Auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately.
- (7) A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine. Each member of the Committee will have one vote and decisions of the Committee will be made by an affirmative vote of the majority of the members of the Committee present at such meeting.
- (8) Meetings of the Committee shall be held from time to time upon reasonable notice to each of its members, which shall not be less than 48 hours. Any member of the Committee may request a meeting of the Committee. The notice period may be waived by all members of the Committee. Each of the Chairman of the Board, the External Auditor, the President and Chief Executive Officer and the Chief Financial Officer and Corporate Secretary, shall be entitled to request that any member of the Committee call a meeting.
- (9) Minutes of meetings of the Committee must accurately reflect the significant discussions and the decisions of the Committee. The Corporate Secretary, his or her designate or any other person the Board requests shall act as secretary of Committee meetings. Minutes of Committee meetings shall be recorded and maintained by the Corporate Secretary, or any other person acting in such capacity, and subsequently presented to the Committee for approval.

Section 3 ROLE

The Committee shall, in addition to the matters described in Section 1:

- (1) Determine any desired agenda items. The Chair shall ensure that documents referred to in the agenda are forwarded to members of the Committee sufficiently in advance for their perusal.
- (2) Recommend to the Board the appointment and compensation of the External Auditor.
- (3) Recommend the appointment of the Chief Financial Officer for approval by the Board.
- (4) Review and approve all audit services provided by the External Auditors.
- (5) Oversee the work of the External Auditor, including its independence and the resolution of any issues between the External Auditor and Management.
- (6) Pre-approve the list of non-audit services (or delegate such pre-approval if and to the extent permitted by law) to be provided to the Corporation or its subsidiaries by the External Auditor.
- (7) Review and recommend to the Board the approval of the annual audited financial statements and interim unaudited financial statements, related Management discussion and analysis ("**MD&A**"), and annual and interim earnings press releases before such information is publicly disclosed.

- (8) Ensure that adequate procedures are in place for the review of the financial information extracted or derived from its financial statements and/or MD&A contained in the Corporation's public documents, including periodically assessing the adequacy of such procedures.
- (9) Review and approve any proposed hiring of current or former partner or employee of the current and former External Auditor.
- (10) Discuss with the External Auditor the appropriateness of the accounting policies applied in the Corporation's financial reports and any significant changes to the Corporation's accounting policies, principles and practices.
- (11) Review Management's assessment of the major enterprise risks to the Corporation, the likelihood of those risks occurring, the potential impact for the Corporation if those risks were to materialize and how those enterprise risks are being adequately managed and/or mitigated along with risk mitigation strategies proposed by Management and ensure that the public disclosure of those major enterprise risks is appropriate.
- (12) Periodically consult with the External Auditor out of the presence of Management about significant risks or exposures, internal controls and other steps that Management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- (13) Review with the External Auditor and Management significant findings and any audit problems encountered in the normal course of the audit or interim reporting and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review shall be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
- (14) Discuss with the External Auditor and Management whether they have knowledge of any instance of allegations of employee fraud or any suspected employee fraud.
- (15) Review Management's process for identification of, approval of and accounting for related party transactions.
- (16) Review and discuss, on an annual basis, with the External Auditor all significant relationships they have with the Corporation to assess its independence.
- (17) Perform an annual assessment of the External Auditor as recommended by the Canadian Public Accountability Board. At least every five years, conduct a comprehensive review of the External Auditor.
- (18) Review the scope and plans of the External Auditor's audit and reviews. The Committee may authorize the External Auditor to perform supplemental reviews or audits as the Committee may deem desirable.
- (19) Review, at least annually, the dividend policy and recommend the approval of the declaration and payments of dividends by the Board in accordance thereto.

Section 4 COMMITTEE REPORTING

- (1) Review on an annual basis and recommend to the Board changes to this Charter as considered appropriate from time to time.

- (2) Review the public disclosure regarding the Committee required by NI 52-110.
- (3) Review activities, organizational structure and qualifications of the Chief Financial Officer and ensure that matters related to succession planning are raised for consideration by the Board.
- (4) Review with Management and the External Auditor, recent professional and regulatory pronouncements and understand their impact on financial reports.
- (5) Review Management's updates on legal and regulatory matters and examine and discuss the foreseeable repercussions of any such updates on the financial statements of the Corporation and its risk Management.
- (6) Review Management's program of risk assessment and steps taken to address significant financial disclosure risk or exposures.
- (7) Review Management's process for ensuring that Management of the Corporation evaluates the effectiveness of the Corporation's disclosure controls and procedures and internal control over financial reporting.
- (8) Review the financial information and disclosures contained in the Corporation's annual information form, press releases (including any guidance on earnings), and prospectuses (if any).
- (9) Monitor and periodically review the Whistleblower Policy and associated procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and the confidential, anonymous submission by the Corporation employees of concerns regarding questionable accounting or auditing matters.
- (10) Evaluate the Committee's own performance, both of individual members and collectively on an annual basis.

Section 5 GENERAL MATTERS

- (1) The Committee is authorized to retain independent counsel, accountants, consultants and any other professionals ("**Advisors**") it deems necessary to carry out its duties, and the Committee shall have the authority to determine the compensation of and to cause the Corporation to pay any such Advisors.
- (2) The Committee is authorized to communicate directly with the External Auditor as it sees fit.
- (3) The Committee also has the authority to delegate certain responsibilities to individual members or subcommittees of the Committee in accordance with NI 52-110.
- (4) If considered appropriated by it, the Committee is authorized to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and to perform any other activities as the Committee deems necessary or appropriate.
- (5) The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to security holders of the Corporation or to any other liability whatsoever.