

Interim Condensed Consolidated Financial Statements

**Supremex Inc.**

Unaudited

For the three and six-month periods ended June 30, 2024 and 2023

**NOTICE**

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

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		June 31, 2024	December 31, 2023
[Unaudited] [in thousands of Canadian dollars]	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		1,279	1,066
Accounts receivable		33,159	33,640
Income taxes recoverable		3,176	2,506
Inventories	5	33,470	33,423
Prepaid expenses		2,523	1,858
<b>Total current assets</b>		<b>73,607</b>	<b>72,493</b>
Derivative financial instruments		291	185
Property, plant and equipment	4	49,509	51,559
Right-of-use assets		43,616	30,116
Accrued pension benefit net assets		10,584	11,471
Intangible assets		35,276	38,226
Goodwill	4	60,776	59,707
<b>Total assets</b>		<b>273,659</b>	<b>263,757</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		29,051	26,494
Restructuring provisions	6	155	582
Current portion of contingent consideration payable		45	114
Current portion of lease liabilities		4,863	4,328
Current portion of long-term debt	7	250	245
<b>Total current liabilities</b>		<b>34,364</b>	<b>31,763</b>
Contingent consideration payable		101	237
Long-term debt	7	51,397	56,265
Deferred income tax liabilities		10,272	11,608
Lease liabilities		41,838	28,413
Other long-term liabilities		212	754
<b>Total liabilities</b>		<b>138,184</b>	<b>129,040</b>
<b>Total equity</b>		<b>135,475</b>	<b>134,717</b>
<b>Total liabilities and equity</b>		<b>273,659</b>	<b>263,757</b>

Subsequent events [note 11]

See accompanying notes

On behalf of the Directors:

By: signed (Robert B. Johnston)  
Director

By: signed (Steven P. Richardson)  
Director

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

[Unaudited] [in thousands of Canadian dollars, except per share amounts and number of common shares]	Notes	Three-month periods ended June 30		Six-month periods ended June 30	
		2024 \$	2023 \$	2024 \$	2023 \$
<b>Revenue</b>		<b>69,337</b>	71,666	<b>142,605</b>	160,088
Operating expenses	5	<b>50,057</b>	52,164	<b>102,517</b>	110,225
Selling, general and administrative expenses		<b>10,343</b>	10,029	<b>20,661</b>	21,840
<b>Operating earnings before depreciation, amortization and other items</b>		<b>8,937</b>	9,473	<b>19,427</b>	28,023
Depreciation of property, plant and equipment		<b>1,730</b>	1,722	<b>3,363</b>	3,269
Depreciation of right-of-use assets		<b>1,478</b>	1,380	<b>2,832</b>	2,726
Amortization of intangible assets		<b>1,716</b>	1,777	<b>3,425</b>	2,970
Asset impairment		<b>75</b>	—	<b>75</b>	—
Restructuring expenses	6	<b>37</b>	129	<b>61</b>	255
Loss on disposal of property, plant and equipment		<b>(4)</b>	(6)	<b>3</b>	(39)
<b>Operating earnings</b>		<b>3,905</b>	4,471	<b>9,668</b>	18,842
Net financing charges	7	<b>1,294</b>	1,508	<b>2,408</b>	2,978
<b>Earnings before income taxes</b>		<b>2,611</b>	2,963	<b>7,260</b>	15,864
Income tax expense		<b>631</b>	851	<b>1,784</b>	4,255
<b>Net earnings</b>		<b>1,980</b>	2,113	<b>5,476</b>	11,609
<b>Basic and diluted net earnings per share</b>		<b>0.08</b>	0.08	<b>0.22</b>	0.45
<b>Weighted average number of shares outstanding</b>		<b>25,043,770</b>	25,973,429	<b>25,257,672</b>	25,975,239

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[Unaudited] [in thousands of Canadian dollars]	Three-month periods ended June 30		Six-month periods ended June 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>Net earnings</b>	<b>1,980</b>	<b>2,113</b>	<b>5,476</b>	<b>11,609</b>
<b>Other comprehensive income</b>				
<i>Other comprehensive income to be reclassified to earnings in subsequent periods</i>				
Unrealized (loss) gain on derivative financial instruments, net of income tax recovery of \$28 and income tax expense of \$27 [2023 – expense of \$192 and \$183]	(79)	550	79	524
Foreign currency translation adjustments	202	(424)	672	(432)
Net other comprehensive income to be reclassified to earnings in subsequent periods	123	126	751	92
<i>Items not to be reclassified to earnings in subsequent periods</i>				
Recognized actuarial gain (loss) on defined benefit pension plans, net of income tax expense of \$47 and income tax recovery of \$61 [2023 – recovery of \$16 and expense of \$30]	135	(47)	(175)	86
Recognized actuarial (loss) gain on other post-retirement benefit, net of income tax expense of \$0 and \$1 [2023 – recovery of \$78 and \$492]	—	—	2	(1)
Net other comprehensive (loss) income not to be reclassified to earnings in subsequent periods	135	(47)	(173)	85
Other comprehensive income	258	79	578	177
<b>Total comprehensive income</b>	<b>2,238</b>	<b>2,192</b>	<b>6,054</b>	<b>11,786</b>

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three-month periods ended June 30  
 [Unaudited]  
 [in thousands of Canadian dollars]

	Share capital \$	Contributed surplus \$	Deficit \$	Foreign currency translation reserve \$	Total equity \$
<b>As at December 31, 2022</b>	8,867	272,889	(157,972)	534	124,318
Net earnings	—	—	11,609	—	11,609
Other comprehensive income	—	—	85	92	177
Total comprehensive income	—	—	11,694	92	11,786
Dividends declared [note 9]	—	—	(1,818)	—	(1,818)
Shares repurchased and cancelled [note 8]	(19)	(290)	—	—	(309)
<b>As at June 30, 2023</b>	<b>8,848</b>	<b>272,599</b>	<b>(148,096)</b>	<b>626</b>	<b>133,977</b>
<b>As at December 31, 2023</b>	8,761	271,589	(145,894)	261	134,717
Net earnings	—	—	5,476	—	5,476
Other comprehensive (loss) income	—	—	(173)	751	578
Total comprehensive income	—	—	5,303	751	6,054
Dividends declared [note 9]	—	—	(2,012)	—	(2,012)
Shares repurchased and cancelled [note 8]	(278)	(3,006)	—	—	(3,284)
<b>As at June 30, 2024</b>	<b>8,483</b>	<b>268,583</b>	<b>(142,603)</b>	<b>1,012</b>	<b>135,475</b>

See accompanying notes

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

[Unaudited] [in thousands of Canadian dollars]	Notes	For the three-month periods ended June 30		For the six-month periods ended June 30	
		2024 \$	2023 \$	2024 \$	2023 \$
<b>OPERATING ACTIVITIES</b>					
Net earnings		1,980	2,113	5,478	11,609
Non-cash adjustments to reconcile net earnings to net cash flows					
Depreciation of property, plant and equipment		1,730	1,722	3,363	3,269
Depreciation of right-of-use assets		1,478	1,380	2,832	2,726
Amortization of intangible assets		1,716	1,777	3,425	2,970
Amortization of deferred financing costs	7	39	56	92	123
Gain on disposal of property, plant and equipment		(4)	(6)	3	(39)
Asset impairment		75	—	75	—
Interest on contingent consideration payable		1	4	6	11
Deferred income tax recovery		(1,129)	(559)	(1,360)	(645)
Change in accrued pension benefit net assets		350	403	651	518
Change in contingent consideration payable		(174)	—	(174)	—
Change in other long-term liabilities		86	182	(530)	254
		<b>6,148</b>	<b>7,072</b>	<b>13,859</b>	<b>20,796</b>
Variations in working capital accounts					
Variation in accounts receivable		5,398	4,220	481	8,236
Variation in income taxes recoverable or payable		(192)	(1,014)	(670)	(2,999)
Variation in inventories		1,865	6,168	191	4,512
Variation in prepaid expenses		800	(290)	(665)	(841)
Variation in accounts payable and accrued liabilities		(3,644)	(6,140)	2,558	(12,122)
Variation in provisions		(150)	(5)	(427)	(25)
Change in other long-term liabilities		(3)	(5)	(9)	(10)
<b>Net cash flows related to operating activities</b>		<b>10,222</b>	<b>10,006</b>	<b>15,318</b>	<b>17,547</b>
<b>INVESTING ACTIVITIES</b>					
Business combinations, net of cash acquired	4	(2,390)	(4,570)	(2,390)	(31,635)
Acquisition of property, plant and equipment		(378)	(1,191)	(835)	(5,504)
Acquisition of intangible assets		(66)	(34)	(66)	(39)
Proceeds from disposal of property, plant and equipment		1,142	1,027	1,236	1,207
<b>Net cash flows related to investing activities</b>		<b>(1,692)</b>	<b>(4,768)</b>	<b>(2,055)</b>	<b>(35,971)</b>
<b>FINANCING ACTIVITIES</b>					
Net change in secured revolving credit facility		(2,983)	(3,091)	(4,812)	22,216
Repayment of term loans		(61)	(38)	(121)	(93)
Repayment of lease liabilities		(1,152)	(1,209)	(2,406)	(2,376)
Dividends paid	9	(2,012)	(1,818)	(2,012)	(1,818)
Deferred financing costs		(23)	(149)	(23)	(149)
Purchase of share capital for cancellation	8	(1,930)	(309)	(3,284)	(309)
Payment of contingent consideration payable		—	—	(50)	(243)
<b>Net cash flows related to financing activities</b>		<b>(8,161)</b>	<b>(6,614)</b>	<b>(12,708)</b>	<b>17,228</b>
Net change in cash during the period		369	(1,376)	555	(1,196)
Net foreign exchange difference		(96)	249	(343)	259
Cash, beginning of period		1,006	2,119	1,067	1,929
<b>Cash, end of period</b>		<b>1,279</b>	<b>992</b>	<b>1,279</b>	<b>992</b>
<b>Supplemental information<sup>(1)</sup></b>					
Interest paid		1,361	1,638	2,524	3,456
Interest received		—	5	22	18
Income taxes paid		1,899	2,216	3,793	7,640
Income taxes received		—	—	22	—

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

See accompanying notes

## Supremex Inc.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 31, 2024 and 2023

[Unaudited, expressed in thousands of Canadian dollars, except per share amounts]

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#### 1. CORPORATE INFORMATION

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

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

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

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### Basis of preparation and statement of compliance

The unaudited interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries. They are presented in Canadian dollars, which is the functional currency of the Company, and tabular amounts are rounded to the nearest thousand (\$000) except when otherwise indicated.

The unaudited interim condensed consolidated financial statements have been prepared by management in accordance with IAS 34, Interim Financial Reporting. Therefore, certain information and disclosures have been omitted or condensed. The accounting principles are consistent with those set out in the Company’s audited consolidated financial statements for the year ended December 31, 2023, prepared in accordance with International Financial Reporting Standards (“IFRS”). Accordingly, these unaudited interim condensed consolidated financial statements and the notes thereto should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2023.

These unaudited interim condensed consolidated financial statements were approved by the Company’s Board of Directors on August 7, 2024 and have not been audited or reviewed by the Company’s auditors.

#### 3. SIGNIFICANT JUDGMENT AND ACCOUNTING ESTIMATES

The preparation of the Company’s unaudited interim condensed consolidated financial statements requires management to make estimates, judgment and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period.

## Supremex Inc.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 31, 2024 and 2023

[Unaudited, expressed in thousands of Canadian dollars, except per share amounts]

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However, uncertainty about these assumptions and estimates, could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The areas involving key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are the same as those set out in the Company's audited consolidated financial statements for the year ended December 31, 2023.

#### 4. BUSINESS COMBINATIONS

##### 2024 Business Combination

###### *Forest Envelope Group*

On May 1, 2024, the Company acquired the assets of Forest Envelope Group ("Forest Envelope"), for a cash consideration of \$2,435 (US\$1,770), on a cash-free and debt-free basis. Forest Envelope is a regional leader in specialty envelope manufacturing in the Greater Chicago area.

The Company has not disclosed revenue or net earnings for Forest Envelope as it is impractical to do so given that the activities of the acquired business have been integrated into the pre-existing operations of the Company.

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the envelope cash-generating unit ("CGU"). As at June 30, 2024, customer relationships and goodwill have been grouped under the goodwill heading on the statements of financial position until further information on the fair value of the two items is obtained.

##### 2023 Business Combinations

###### *Graf-Pak Inc.*

On May 8, 2023, the Company acquired the assets of Graf-Pak Inc. ("Graf-Pak"), for a cash consideration of \$5,845, net of working capital adjustments and on a cash-free and debt-free basis. Graf-Pak is a provider of folding carton packaging solutions to a variety of commercial markets.

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the packaging CGU. Goodwill deductible for tax purposes is \$291.

###### *Impression Paragraph Inc.*

On January 16, 2023, the Company acquired the shares of Impression Paragraph Inc. ("Paragraph"), for a cash consideration of \$25,678, net of cash acquired and working capital adjustments. Paragraph is an integrated provider of paper-based packaging, print and point of sale products for a broad range of commercial markets, which operates a facility located in Ville Saint-Laurent, in Quebec.

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the packaging CGU. The goodwill is non-deductible for tax purposes.

**Supremex Inc.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**[Unaudited, expressed in thousands of Canadian dollars, except per share amounts]**

Purchase Price Allocation

As at June 30, 2024, the Company had finalized the allocation of the consideration paid for the Graf-Pak acquisition and the purchase price allocation presented below for that acquisition is final. The purchase price allocation related to the Forest Envelope acquisition has not been finalized due to it being a recent acquisition. The Company will finalize the allocation as it obtains further information on the fair value of goodwill and other intangible assets. The purchase price allocation that reflects the estimated fair value of assets acquired at the acquisition date, using the acquisition method, is as follows:

	2024 Preliminary purchase price allocation Forest \$	Final purchase price allocation Paragraph \$	Final purchase price allocation Graf-Pak \$	2023 Total \$
<b>Net assets acquired</b>				
Cash	—	550	—	550
Accounts receivable	—	5,448	638	6,086
Inventories	283	3,005	716	3,721
Prepaid expenses	—	235	—	235
<b>Total current assets</b>	<b>283</b>	<b>9,238</b>	<b>1,354</b>	<b>10,592</b>
Property, plant and equipment	1,326	8,094	4,347	12,441
Right-of-use assets	—	3,707	—	3,707
Software	—	301	—	301
Customer relationships	—	12,000	830	12,830
Goodwill	826	7,793	291	8,084
<b>Total assets</b>	<b>2,435</b>	<b>41,133</b>	<b>6,822</b>	<b>47,955</b>
Accounts payable and accrued liabilities	—	4,820	977	5,797
Income taxes payable	—	37	—	37
Long-term debt	—	1,351	—	1,351
Lease liabilities	—	3,457	—	3,457
Deferred tax liabilities	—	5,240	—	5,240
<b>Net assets acquired</b>	<b>2,435</b>	<b>26,228</b>	<b>5,845</b>	<b>32,073</b>
Cash acquired	—	550	—	550
<b>Cash consideration</b>	<b>2,435</b>	<b>25,678</b>	<b>5,845</b>	<b>31,523</b>
Total acquisition-related costs	111	445	251	696

**5. INVENTORIES**

	June 30, 2024 \$	December 31, 2023 \$
Raw materials	14,995	14,293
Work in progress	2,124	1,910
Finished goods	16,351	17,220
	<b>33,470</b>	<b>33,423</b>

## Supremex Inc.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 31, 2024 and 2023

[Unaudited, expressed in thousands of Canadian dollars, except per share amounts]

The cost of inventories recognized as an expense and included in operating expenses, including the related depreciation of property, plant and equipment and depreciation of right-of-use assets allocated to inventories during the three and six-month periods ended June 30, 2024 are \$50,640 and \$103,569 respectively [2023 – \$52,825 and \$110,932].

#### 6. RESTRUCTURING PROVISIONS

In the fourth quarter of 2023, the Company announced optimization initiatives in its packaging and specialty products segment. The initiatives mainly include the closing of its Saint-Hyacinthe, Quebec, facility, acquired as part of the Impression Paragraph Inc. transaction completed in 2023. Restructuring expenses related to these initiatives, mainly comprised of employee related charges, decommissioning costs, impairment of right-of-use asset and costs to relocate machinery and inventory, amounted to \$61 in the first half of 2024 and \$1,317 in 2023.

In 2022, the Company had approved a restructuring initiative to accelerate the move of its folding carton plant in the Town of Mount Royal, Quebec, following receipt of an early termination notice from the lessor. As a result of this initiative, the affected folding carton business was transferred to the Durabox corrugated packaging facility in Lachine, Quebec. Consequently, the Durabox business was wound down. Restructuring expenses related to these activities, mainly comprised of employee related charges, inventory write-downs and costs incurred to relocate the business, amounted to \$955 during 2023.

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

	June 30, 2024	December 31, 2023
	\$	\$
Balance, beginning of year	582	25
Restructuring expenses	61	2,272
Impairment of right-of-use assets	—	(604)
Gain on disposal of assets	—	148
Payments	(488)	(1,259)
<b>Balance, end of period</b>	<b>155</b>	<b>582</b>

#### 7. LONG-TERM DEBT

	June 30, 2024	December 31, 2023
	\$	\$
Secured revolving credit facility	50,818	55,630
Term loans	1,015	1,136
Total debt	51,833	56,766
Deferred financing costs	(186)	(256)
Current portion	(250)	(245)
<b>Long-term portion</b>	<b>51,397</b>	<b>56,265</b>

##### Secured revolving credit facility

The Company has a three-year senior secured revolving credit facility of \$120,000 which bears interest at a floating rate based on the Canadian prime rate, the U.S. base rate, the Secured Overnight Financing Rate ("SOFR") or the Canadian Overnight Repo Rate Average ("CORRA"), plus an applicable margin that ranges

## Supremex Inc.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

[Unaudited, expressed in thousands of Canadian dollars, except per share amounts]

between 0% and 2.75%. The agreement for this credit facility matures in May 2026, following the approval of a one-year extension in May 2023, and no principal repayments are required prior to maturity. The Company may request that the agreement be extended by one year on every anniversary date. The extension is dependent upon the approval of the lenders. As at June 30, 2024, the amount outstanding on the credit facility was \$50,818.

The secured credit facility is used for working capital, capital expenditure, acquisitions and other general corporate purpose. It is collateralized by mortgage and a security interest covering all assets of the Company and its subsidiaries and is subject to certain covenants, which the Company is required, among other conditions, to meet. The Company was in compliance with these covenants as at June 30, 2024.

#### Term loans

The Company has four term loans totaling \$1,015 as at June 30, 2024, that were assumed following the acquisition of Paragraph [note 4]. The loans bear interest at rates ranging from 4.23% to 4.69% and are repayable in monthly instalments totaling \$24, including capital and interest. The loans mature between March 2026 and July 2028.

#### Other

As at June 30, 2024, the Company had outstanding letters of credit totaling \$241 [\$241 as at December 31, 2023].

The effective interest rate on the secured credit facility was 5.77% as at June 30, 2024 [5.74% as at December 31, 2023].

Net financing charges are as follows:

	Three-month periods		Six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Interest on secured credit facility	832	1,218	1,613	2,387
Interest on lease liabilities	517	400	910	798
Interest income on defined benefit plans obligations	(125)	(180)	(254)	(362)
Other interest expense	31	14	47	31
Amortization of deferred financing costs	39	56	92	123
	<b>1,294</b>	<b>1,508</b>	<b>2,408</b>	<b>2,978</b>

## 8. SHARE CAPITAL

The change in share capital was as follows:

	Number of common shares	Share capital \$
Balance, as at December 31, 2022	25,977,069	8,867
Purchase of share capital for cancellation	(56,700)	(19)
<b>Balance, as at June 30, 2023</b>	<b>25,920,369</b>	<b>8,847</b>
Balance, as at December 31, 2023	25,666,269	8,761
Purchase of share capital for cancellation	(811,400)	(278)
<b>Balance, as June 30, 2024</b>	<b>24,854,869</b>	<b>8,483</b>

## Supremex Inc.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 31, 2024 and 2023

[Unaudited, expressed in thousands of Canadian dollars, except per share amounts]

On August 29, 2023, the Company announced that it had received approval from the TSX to purchase by way of a normal course issuer bid (“NCIB”) for cancellation, up to 1,294,058 of its common shares, representing approximately 5.0% of its 25,881,169 issued and outstanding common shares as at August 18, 2023, for a period of twelve months, beginning on August 31, 2023.

During the three and six-month periods ended June 30, 2024, the Company repurchased 492,800 and 811,400 common shares [2023 – 56,700 for both periods] for cancellation in consideration of \$1,930 and \$3,284 [2023 – \$309 for both periods]. The excess of the purchase price over the carrying value in the amount of \$1,761 and \$3,006 [2023 – \$290 for both periods] was recorded as a reduction of contributed surplus.

#### Deferred Share Unit Plan (“DSU”)

The financial liability resulting from the DSU plan of \$1,829 [December 31, 2023 – \$2,268] is presented under “Accounts payable and accrued liabilities”.

During the six-month period ended June 30, 2024, no amount of variable executive compensation was allocated in DSU [2023 – nil] and an amount of \$335 was paid out [2023 – nil]. During the three and six-month periods ended June 30, 2024, the net compensation expense for the DSU plan amounted to \$53 and \$104 respectively [2023 – \$128 and \$316] and is recognized under “Selling, general and administrative expenses”.

#### Performance Share Unit Plan (“PSU”)

The financial liability resulting from the PSU Plan of \$693 [December 31, 2023 – \$617] is presented under “Accounts payable and accrued liabilities”.

During the three and six-month periods ended June 30, 2024, the net compensation expense for the PSU Plan amounted to \$120 and \$160 [2023 – \$181 and \$250] and is recognized under “Selling, general and administrative expenses”.

## 9. DIVIDENDS

Dividends declared from January 1, 2024 to June 30, 2024 were as follows:

<b>Declaration date</b>	<b>Record date</b>	<b>Payment date</b>	<b>Per share</b>	<b>Dividend</b>
			<b>\$</b>	<b>\$</b>
February 21, 2024	March 21, 2024	April 5, 2024	0.04	1,014
May 8, 2024	June 6, 2024	June 21, 2024	0.04	998
<b>Total</b>				<b>2,012</b>

Dividends declared from January 1, 2023 to June 30, 2023 were as follows:

<b>Declaration date</b>	<b>Record date</b>	<b>Payment date</b>	<b>Per share</b>	<b>Dividend</b>
			<b>\$</b>	<b>\$</b>
February 22, 2023	March 23, 2023	April 7, 2023	0.035	909
May 9, 2023	June 8, 2023	June 23, 2023	0.035	909
<b>Total</b>				<b>1,818</b>

## Supremex Inc.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

[Unaudited, expressed in thousands of Canadian dollars, except per share amounts]

#### 10. SEGMENTED INFORMATION

The Company currently operates in two reporting segments: the manufacturing and sale of envelopes and the manufacturing and sale of paper-based packaging solutions and specialty products. The segmented information is prepared using the accounting policies described in Note 2 – Significant accounting policies in the Company’s audited consolidated financial statements for the year ended December 31, 2023, prepared in accordance with IFRS.

The following tables provide the segmented EBITDA before Corporate and other non-allocated expenses:

For the three-month periods ended June 30,

	2024			2023		
	\$			\$		
	Envelope	Packaging & Specialty Products	Total	Envelope	Packaging & Specialty Products	Total
Revenue	49,466	19,871	69,337	49,247	22,419	71,666
Operating expenses	36,668	13,699	50,367	35,200	17,247	52,447
Selling, general and administrative expenses	4,785	3,450	8,235	4,392	3,511	7,903
<b>Segmented Adjusted EBITDA<sup>(1)</sup></b>	<b>8,013</b>	<b>2,722</b>	<b>10,735</b>	<b>9,655</b>	<b>1,661</b>	<b>11,316</b>
Corporate and other non-allocated expenses			1,737			1,754
Depreciation of property, plant and equipment			1,730			1,722
Depreciation of right-of-use assets			1,478			1,380
Amortization of intangible assets			1,716			1,777
Asset impairment			75			—
Inventory revaluation related to business combinations			(54)			12
Acquisition costs [note 4]			111			72
Restructuring expenses [note 6]			37			128
Net financing charges [note 7]			1,294			1,508
<b>Earnings before income taxes</b>			<b>2,611</b>			<b>2,963</b>

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

## Supremex Inc.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 31, 2024 and 2023

[Unaudited, expressed in thousands of Canadian dollars, except per share amounts]

For the six-month periods ended June 30,						
	2024 \$			2023\$		
	Packaging & Specialty Products		Total	Packaging & Specialty Products		Total
	Envelope			Envelope		
Revenue	102,892	39,713	142,605	113,702	46,386	160,088
Operating expenses	73,581	29,375	102,956	76,337	34,278	110,614
Selling, general and administrative expenses	10,394	6,406	16,800	10,442	6,598	17,040
<b>Segmented Adjusted EBITDA<sup>(1)</sup></b>	<b>18,917</b>	<b>3,932</b>	<b>22,849</b>	<b>26,923</b>	<b>5,510</b>	<b>32,433</b>
Corporate and other non- allocated expenses			3,368			4,030
Depreciation of property, plant and equipment			3,363			3,269
Depreciation of right-of-use assets			2,832			2,726
Amortization of intangible assets			3,425			2,970
Asset impairment			75			—
Inventory revaluation related to business combinations			(54)			79
Acquisition costs [note 4]			111			263
Restructuring expenses [note 6]			61			255
Net financing charges [note 7]			2,408			2,978
<b>Earnings before income taxes</b>			<b>7,260</b>			<b>15,864</b>

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

The Company's non-current assets amounted to \$148,711 in Canada and \$51,341 in the United States as at June 30, 2024 [\$140,935 and \$50,329, respectively, as at December 31, 2023]. The Company's revenue amounted to \$37,630 and \$78,622 in Canada and \$31,707 and \$63,983 in the United States for the three and six-month periods ended June 30, 2024 based on the customer's locations [2023 — \$43,413 and \$94,690 in Canada and \$28,254 and \$65,398 in the United States].

## 11. SUBSEQUENT EVENTS

### Optimization initiatives

On July 24, 2024, the Company announced optimization initiatives aimed at improving costs, overall efficiency, productivity and achieving synergies within its Envelope segment operations. The initiatives mainly include the ceased production at its facility in Niagara Falls, New York, and maintained the premises as a distribution centre. Additionally, Supremex will close its facility in Concord, Ontario and will transfer production equipment, primarily to its other Greater Toronto area envelope plants in Mississauga and Etobicoke over the coming months. Supremex will record restructuring charges of approximately \$2,700 before taxes for a period extending from the third quarter of 2024 through the first quarter of 2025, mainly comprised of costs to relocate machinery and employee-related charges.

**Supremex Inc.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**June 31, 2024 and 2023**

**[Unaudited, expressed in thousands of Canadian dollars, except per share amounts]**

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**Dividend declaration**

On August 7, 2024, the Board of Directors declared a quarterly dividend of \$0.04 per common share, payable on September 20, 2024, to the shareholders of record at the close of business on September 5, 2024. This dividend is designated as an “eligible” dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial legislation.