

The logo for Supremex, featuring the word "Supremex" in a bold, italicized, red sans-serif font. The letter 'x' is stylized with a diagonal slash through it. The logo is centered on a light gray background that features a repeating pattern of small, light gray icons of shipping boxes and envelopes.

## **Management's Discussion and Analysis**

For the three and nine-month periods ended September 30, 2024, and 2023

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## 1. BASIS OF PRESENTATION

The following management's discussion and analysis of financial condition and results of operations ("MD&A") dated November 6, 2024, of Supremex Inc. ("Supremex" or the "Company") should be read together with the accompanying unaudited interim condensed consolidated financial statements and related notes of the Company for the three and nine-month periods ended September 30, 2024. These unaudited interim condensed consolidated financial statements of the Company have been prepared by management in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). Therefore, certain information and disclosures have been omitted or condensed. The accounting principles are consistent with those set out in the Company's audited consolidated financial statements for the year ended December 31, 2023. The fiscal year of the Company ends on December 31. The Company's reporting currency is the Canadian dollar. Per share amounts are calculated using the weighted average number of common shares outstanding for the three and nine-month periods ended September 30, 2024. The consolidated financial statements for the three and nine-month periods ended September 30, 2024, have not been audited or reviewed by the Company's auditors.

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

## 2. FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws, including (but not limited to) statements about the EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net earnings, Adjusted net earnings per share, free cash flow, Net debt, Net debt to Adjusted EBITDA ratio<sup>1</sup>, capital expenditures, dividend payments, and future performance of Supremex and similar statements or information concerning anticipated future results, circumstances, performance or expectations. Forward-looking information may include words such as anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target and will. Such information relates to future events or future performance and reflects current assumptions, expectations and estimates of management regarding growth, results of operations, performance, business prospects and opportunities, Canadian economic environment and ability to attract and retain customers. Such forward-looking information reflects current assumptions, expectations and estimates of management and is based on information currently available to Supremex as at the date of this MD&A. Such assumptions, expectations and estimates are discussed throughout the MD&A for the year ended December 31, 2023, and, in the Company's Annual Information Form dated March 28, 2024. 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, cyber security and data protection, raw material price increases, operational disruption, dependence on and loss of customer relationships, increase of competition, economic cycles, exchange rate fluctuation, interest rate fluctuation, credit risks with respect to trade receivables, availability of capital, concerns about protection of the environment, potential risk of litigation, no guarantee to pay dividends and other external risks such as global health crisis and pandemic and inflation. Such risks and uncertainties are discussed throughout the MD&A for the year ended December 31, 2023, and, in the Company's Annual Information Form dated March 28, 2024, in particular, in "Risk Factors". Consequently, the Company cannot guarantee that any forward-looking information will materialize. Readers should not place any undue reliance on such forward-looking information unless otherwise required by applicable securities legislation. The Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

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

### 3. KEY HIGHLIGHTS

#### 3.1 Financial Highlights Table

##### Selected Consolidated Financial Information

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

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2024	2023	2024	2023
<b>Statements of Earnings</b>				
Revenue	69,355	69,798	211,960	229,886
Operating (loss) earnings	(22,569)	8,164	(12,901)	27,006
Adjusted EBITDA <sup>(1)</sup>	7,933	11,730	27,414	40,133
Adjusted EBITDA margin <sup>(1)</sup>	11.4%	16.8%	12.9%	17.5%
Net (loss) earnings	(23,038)	5,001	(17,562)	16,610
Basic and diluted net (loss) earnings per share	(0.92)	0.19	(0.70)	0.64
Adjusted net earnings <sup>(1)</sup>	1,044	4,049	6,663	16,099
Adjusted net earnings per share <sup>(1)</sup>	0.04	0.16	0.27	0.62
<b>Cash Flow</b>				
Net cash flows related to operating activities	7,568	11,538	22,886	29,085
Free cash flow <sup>(1)</sup>	7,369	11,646	23,022	24,857

<sup>(1)</sup> Non-IFRS financial measures or ratios. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the non-IFRS financial measures section for definitions and reconciliations

#### 3.2 Highlights of the three-month period ended September 30, 2024, and recent events

- Total revenue of \$69.4 million, in line with \$69.8 million in the third quarter of 2023.
- Envelope segment revenue down 3.7% to \$47.5 million, from \$49.3 million in the prior year.
- Packaging and Specialty Products segment revenue of \$21.9 million, up 6.7% from \$20.5 million last year.
- Non-cash asset impairment of \$23.3 million, primarily goodwill in Packaging and Specialty Products.
- Net loss of \$23.0 million, compared to net earnings of \$5.0 million last year.
- Net loss per share of \$0.92, versus net earnings per share of \$0.19 a year ago.
- Adjusted EBITDA<sup>2</sup> of \$7.9 million, or 11.4% of revenue, versus \$11.7 million, or 16.8% of revenue, a year ago. Of this \$3.8M variance, there is \$1.5M attributable to DSU/PSU quarterly valuation.
- Free cash flow<sup>2</sup> remains strong at \$7.4 million, compared to \$11.6 million last year.
- The Company announces its intention to proceed with a sale-leaseback transaction of two properties with a book value of \$9 millions and an appraised value of \$57 million.
- On November 6, 2024, the Board of Directors declared a quarterly dividend of \$0.05 per common share, representing a 25% increase over the previous amount, payable on December 20, 2024, to shareholders of record at the close of business on December 5, 2024.

#### 3.3 Highlights of the nine-month period ended September 30, 2024

- Total revenue of \$212.0 million, down 7.8% from \$229.9 million in the nine-month period ended September 30, 2023.
- Envelope segment revenue down 7.7% to \$150.4 million, versus \$163.0 million a year ago.
- Packaging and specialty products segment revenue of \$61.6 million, down 7.9% from \$66.9 million a year earlier.
- Non-cash asset impairment of \$23.4 million, mainly for goodwill and other assets in Packaging and Specialty Products.
- Net loss of \$17.6 million, compared to net earnings of \$16.6 million in the first nine months of 2023.
- Net loss per share of \$0.70, versus earnings per share of \$0.64 in the same period last year.
- Adjusted EBITDA<sup>2</sup> of \$27.4 million, or 12.9% of revenue, versus \$40.1 million, or 17.5% of revenue last year.
- Free cash flow of \$23.0 million versus \$24.9 million last year.

<sup>2</sup> Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

#### 4. NON-IFRS FINANCIAL MEASURES

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

These Non-IFRS Financial Measures are defined as follows:

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

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

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

### Reconciliation of Net (loss) earnings to Adjusted EBITDA

(in thousands of dollars, except for margins)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2024	2023	2024	2023
<b>Net (loss) earnings</b>	<b>(23,038)</b>	<b>5,001</b>	<b>(17,562)</b>	<b>16,610</b>
Income tax (recovery) expense	(801)	1,815	983	6,070
Net financing charges	1,270	1,348	3,678	4,326
Depreciation of property, plant and equipment	1,755	1,839	5,118	5,108
Depreciation of right-of-use assets	1,575	1,361	4,407	4,087
Amortization of intangible assets	1,777	1,666	5,202	4,636
<b>EBITDA</b>	<b>(17,462)</b>	<b>13,030</b>	<b>1,826</b>	<b>40,837</b>
COVID-related subsidies	—	(1,456)	—	(1,456)
Acquisition costs related to business combinations	(6)	9	105	272
Asset impairment	23,337	—	23,412	—
Restructuring expenses	2,064	147	2,125	402
Value adjustment on acquired inventory through a business combination	—	—	(54)	78
<b>Adjusted EBITDA</b>	<b>7,933</b>	<b>11,730</b>	<b>27,414</b>	<b>40,133</b>
<i>Adjusted EBITDA margin (%)</i>	11.4%	16.8%	12.9%	17.5%

### Reconciliation of Net (loss) earnings to Adjusted net earnings and of Net (loss) earnings per share to Adjusted net earnings per share

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

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2024	2023	2024	2023
<b>Net (loss) earnings</b>	<b>(23,038)</b>	<b>5,001</b>	<b>(17,562)</b>	<b>16,610</b>
Adjustments, net of income taxes				
COVID-related subsidies	—	(1,068)	—	(1,068)
Acquisition costs related to business combinations	(5)	7	77	201
Asset impairment	22,560	—	22,616	—
Restructuring expenses	1,527	109	1,572	297
Value adjustment on acquired inventory through a business combination	—	—	(40)	59
<b>Adjusted net earnings</b>	<b>1,044</b>	<b>4,049</b>	<b>6,663</b>	<b>16,099</b>
<b>Net (loss) earnings per share</b>	<b>(0.92)</b>	<b>0.19</b>	<b>(0.70)</b>	<b>0.64</b>
Adjustments, net of income taxes, per share	0.97	(0.03)	0.97	(0.02)
<b>Adjusted net earnings per share</b>	<b>0.05</b>	<b>0.16</b>	<b>0.27</b>	<b>0.62</b>

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

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2024	2023	2024	2023
<b>Cash flows related to operating activities</b>	<b>7,568</b>	<b>11,538</b>	<b>22,886</b>	<b>29,085</b>
Acquisitions (net of disposals) of property, plant and equipment	(189)	212	212	(4,085)
Acquisitions of intangible assets	(10)	(104)	(76)	(143)
<b>Free cash flow</b>	<b>7,369</b>	<b>11,646</b>	<b>23,022</b>	<b>24,857</b>

**Net debt to Adjusted EBITDA ratio**  
(in thousands of dollars, except ratios)

	As at September 30, 2024	As at December 31, 2023
Total debt	49,619	56,766
Deferred financing costs	(158)	(256)
Cash	(3,193)	(1,066)
<b>Net debt</b>	<b>46,268</b>	<b>55,444</b>
Adjusted EBITDA – TTM <sup>(1)</sup>	36,400	49,119
<b>Net debt to Adjusted EBITDA ratio</b>	<b>1.3</b>	<b>1.1</b>

<sup>(1)</sup> Refer to the "Selected Quarterly Operating Results" section for more information on the results of each of the last eight quarters.

## 5. BUSINESS OVERVIEW

Supremex is a leading North American manufacturer and marketer of envelopes and a growing provider of paper-based packaging solutions. Supremex operates ten manufacturing facilities across four provinces in Canada and five manufacturing facilities in three states in the United States employing approximately 900 people. Supremex' extensive network allows it to efficiently manufacture and distribute envelope and packaging solutions designed to the specifications of major national and multinational corporations, direct mailers, resellers, government entities, SMEs and solutions providers.

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

### Reporting Segments

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

#### *The Envelope Segment*

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

<sup>3</sup> Conformer<sup>®</sup> is a registered trademark of Conformer Products, Inc.

<sup>4</sup> Enviro-logiX<sup>®</sup> is a registered trademark of Envirologix Inc.

## ***The Packaging and Specialty Products Segment***

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

### **6. OUTLOOK**

Demand for the Company's products is gradually returning to historical patterns, although market recovery is taking more time than anticipated. As it continues to expand in the vast and fragmented U.S. envelope market, Supremex will be increasingly subject to competitive pressures, but the Company will rely on its solid reputation and geographic reach to stimulate sales while continuing to proactively control expenses.

The Company remains focused on optimizing operating efficiency, productivity and capacity utilization throughout its network, as well as on capturing all sales and cost synergies from recent business acquisitions. In this regard, initiatives announced in July 2024 for the Envelope segment are expected to result in annual cost savings in excess of \$2.0 million once all measures are implemented, while initiatives announced in October 2023 for the Packaging and Specialty Products segment are expected to yield annual cost savings of approximately \$1.5 million once all measures are implemented.

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

### **7. FOREIGN EXCHANGE RATES**

#### **7.1 Foreign Exchange Rates**

The following table shows average and closing exchange rates applicable to Supremex' three and nine-month periods ended September 30, 2024, and 2023. Average rates are used to translate sales and expenses for the periods mentioned, while closing rates translate assets and liabilities of foreign operations and monetary assets and liabilities of the Canadian operations denominated in U.S. dollars.

#### **US\$/CDN\$ Rate**

	<b>Three-month periods ended September 30</b>		<b>Nine-month periods ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
USD Average	1.364	1.341	1.360	1.345
USD Closing	1.350	1.352	1.350	1.352

## 8. SUMMARY OF FINANCIAL INFORMATION

### 8.1 Summary of Financial Information

#### Selected Consolidated Financial Information

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

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2024	2023	2024	2023
<b>Revenue</b>	<b>69,355</b>	<b>69,798</b>	<b>211,960</b>	<b>229,886</b>
Operating expenses	50,575	49,651	153,092	159,876
Selling, general and administrative expenses	10,834	7,213	31,495	29,053
<b>Operating earnings before depreciation, amortization and other items</b>	<b>7,946</b>	<b>12,934</b>	<b>27,373</b>	<b>40,957</b>
Depreciation of property, plant and equipment	1,755	1,839	5,118	5,108
Depreciation of right-of-use assets	1,575	1,361	4,407	4,087
Amortization of intangible assets	1,777	1,666	5,202	4,636
Asset impairment	23,337	—	23,412	—
Restructuring expenses	2,064	147	2,125	402
Loss (gain) on disposal of property, plant and equipment	7	(243)	10	(282)
<b>Operating (loss) earnings</b>	<b>(22,569)</b>	<b>8,164</b>	<b>(12,901)</b>	<b>27,006</b>
Net financing charges	1,270	1,348	3,678	4,326
<b>(Loss) earnings before income taxes</b>	<b>(23,839)</b>	<b>6,816</b>	<b>(16,579)</b>	<b>22,680</b>
Income tax (recovery) expense	(801)	1,815	983	6,070
<b>Net (loss) earnings</b>	<b>(23,038)</b>	<b>5,001</b>	<b>(17,562)</b>	<b>16,610</b>
Basic and diluted net (loss) earnings per share	(0.92)	0.19	(0.70)	0.64
Dividend declared per share	0.04	0.035	0.12	0.105

#### Revenue Information

(in thousands of dollars, except %)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2024	2023	2024	2023
<b>Envelope</b>	<b>47,475</b>	<b>49,292</b>	<b>150,367</b>	<b>162,994</b>
Volume change	6.6%	(17.8%)	(1.9%)	(11.3%)
Average selling price change	(9.7%)	22.1%	(5.9%)	31.6%
<b>Total change</b>	<b>(3.7%)</b>	<b>0.4%</b>	<b>(7.7%)</b>	<b>16.7%</b>
<b>Packaging &amp; specialty products</b>	<b>21,880</b>	<b>20,506</b>	<b>61,593</b>	<b>66,892</b>
<b>Total change</b>	<b>6.7%</b>	<b>9.1%</b>	<b>(7.9%)</b>	<b>23.7%</b>
<b>Total revenue</b>	<b>69,355</b>	<b>69,798</b>	<b>211,960</b>	<b>229,886</b>
<b>Revenue change</b>	<b>(0.6%)</b>	<b>2.8%</b>	<b>(7.8%)</b>	<b>18.7%</b>

## Segmented Information

(in thousands of dollars, except %)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2024	2023	2024	2023
<b>Segmented revenue</b>				
Envelope	47,475	49,292	150,367	162,994
Packaging & specialty products	21,880	20,506	61,593	66,892
<b>Total revenue</b>	<b>69,355</b>	<b>69,798</b>	<b>211,960</b>	<b>229,886</b>
<b>Segmented Adjusted EBITDA<sup>(1)</sup></b>				
Envelope	7,926	9,512	26,843	36,435
% of segmented revenue	16.7%	19.3%	17.9%	22.4%
Packaging & specialty products	2,484	1,714	6,416	7,224
% of segmented revenue	11.3%	8.4%	10.4%	10.8%
Corporate and other non-allocated (costs) recovery	(2,477)	504	(5,845)	(3,526)
<b>Total Adjusted EBITDA<sup>(1)</sup></b>	<b>7,933</b>	<b>11,730</b>	<b>27,414</b>	<b>40,133</b>
% of total revenue	11.4%	16.8%	12.9%	17.5%

<sup>(1)</sup> Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

## 9. ANALYSIS OF RESULTS

### 9.1 Results for the three-month period ended September 30, 2024

#### Revenue

Total revenue for the three-month period ended September 30, 2024, was \$69.4 million, representing a decrease of \$0.4 million, or 0.6%, from the equivalent quarter of 2023.

#### Envelope Segment

Revenue was \$47.5 million, representing a decrease of \$1.8 million, or 3.7%, from \$49.3 million in the third quarter of 2023. The variation reflects an average selling price decrease of 9.7% from last year's third quarter primarily reflecting a less favourable customer and product mix in U.S. operations. This factor was partially offset by a 6.6% increase in the volume of units sold, reflecting greater penetration of the U.S. market and the contribution from the purchase of the Forest Envelope Group ("Forest Envelope") assets, as well as a favourable currency conversion effect. The Envelope segment represented 68.5% of the Company's revenue in the quarter, compared with 70.6% during the equivalent period of last year.

#### Packaging & Specialty Products Segment

Revenue was \$21.9 million, up 6.7% from \$20.5 million for the corresponding quarter of 2023. The increase is attributable to higher demand for e-commerce packaging solutions, while demand from certain sectors more closely correlated to economic conditions has stabilized compared to last year. Packaging & Specialty Products represented 31.5% of the Company's revenue in the quarter, versus 29.4% during the equivalent period of last year.

#### Operating Expenses

Operating expenses were \$50.6 million, compared to \$49.7 million in the equivalent period of 2023. This increase of \$0.9 million mainly reflects higher labour costs and last year's benefits from a COVID-related subsidy for U.S. operations, partially offset by lower material and general operating expenses. On a percentage of revenue basis, operating expenses stood at 72.9% of revenue, compared to 71.1% in the equivalent period of 2023.

### ***Selling, General and Administrative Expenses***

Selling, general and administrative expenses totaled \$10.8 million in the three-month period ended September 30, 2024, compared to \$7.2 million during the same period in 2023. The increase reflects higher year-over-year compensation expenses related to Deferred Share Units (“DSU”) and Performance Share Units (“PSU”) due to different share price fluctuations this year versus last, higher salaries and benefits, higher professional fees and a foreign exchange loss. Last year’s expenses also included benefits from a COVID-related subsidy for U.S. operations.

### ***EBITDA<sup>5</sup> and Adjusted EBITDA<sup>5</sup>***

EBITDA was negative \$17.5 million, versus \$13.0 million in the third quarter of 2023, essentially due to an asset impairment charge detailed below. Adjusted EBITDA amounted to \$7.9 million, compared to \$11.7 million for the same period last year. The decrease reflects higher operating and selling, general and administrative expenses, of which approximately \$1.0 million consists in changes in the value of the DSU and PSU, as well as a foreign exchange loss. The Adjusted EBITDA margin was 11.4% of revenue, compared to 16.8% in the equivalent quarter of 2023.

#### *Envelope Segment*

Adjusted EBITDA was \$7.9 million, compared to \$9.5 million in the third quarter of 2023. The decrease mainly reflects lower average selling prices resulting from a less favourable customer and product mix in U.S. operations. As a percentage of segmented revenue, Adjusted EBITDA from the Envelope segment was 16.7%, compared with 19.3% in the equivalent period of 2023.

#### *Packaging & Specialty Products Segment*

Adjusted EBITDA was \$2.5 million, versus \$1.7 million in the third quarter of 2023. This increase is mainly explained by benefits from optimization measures announced in October 2023. As a percentage of segmented revenue, Adjusted EBITDA for Packaging and Specialty Products was 11.3%, compared to 8.4% in the equivalent period of 2023.

#### *Corporate and unallocated costs/recovery*

Corporate and unallocated costs amounted to \$2.5 million in the third quarter of 2024, as opposed to a recovery of \$0.5 million in the third quarter of 2023. The variation is essentially attributable to an unfavourable adjustment related to the DSUs and PSUs during the quarter due to different share price fluctuations this year versus last year.

### ***Depreciation and Amortization***

Aggregate depreciation and amortization expenses for the three-month period ended September 30, 2024, totaled \$5.1 million, compared to \$4.9 million in the third quarter of 2023, mainly reflecting higher depreciation of right-of-use assets and amortization of intangible assets, partially offset by lower depreciation of property, plant and equipment.

### ***Asset Impairment***

In the three-month period ended September 30, 2024, the Company recorded an asset impairment charge of \$23.3 million, mainly to write down the value of goodwill as well as certain property, plant and equipment and intangible assets related to the Packaging and Specialty Products segment.

### ***Restructuring Expenses***

In the three-month period ended September 30, 2024, the Company incurred restructuring expenses of \$2.1 million related to optimization initiatives aimed at improving costs, overall efficiency, productivity and achieving synergies within the Envelope segment operations. Last year’s expenses of \$0.1 million were related to the relocation of the folding carton plant and the departure of the president of the Packaging and Specialty Products segment.

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<sup>5</sup> Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

### ***Net Financing Charges***

Net financing charges for the three-month period ended September 30, 2024, were stable at \$1.3 million, as lower indebtedness compared to the same period last year was offset by a higher effective interest rate.

### ***(Loss) Earnings Before Income Taxes***

As a result of fluctuations in revenue and expenses described above, the loss before income taxes for the three-month period ended September 30, 2024, was \$23.8 million, versus earnings before income taxes of \$6.8 million during the equivalent period of 2023.

### ***Income Tax (Recovery) Expense***

The income tax recovery was \$0.8 million, representing an effective tax rate of 3.4%, for the three-month period ended September 30, 2024, compared to an income tax expense of \$1.8 million in the same quarter last year. The absolute dollar decrease is due to a loss before income taxes in the current period, as opposed to earnings before income taxes last year.

### ***Net (Loss) Earnings, Adjusted Net Earnings<sup>6</sup>, Net (Loss) Earnings per share and Adjusted Net Earnings per share<sup>6</sup>***

Net loss was \$23.0 million, or net loss of \$0.92 per share, for the three-month period ended September 30, 2024, compared to net earnings of \$5.0 million, or net earnings of \$0.19 per share, for the equivalent period last year.

Adjusted net earnings were \$1.0 million, or adjusted net earnings of \$0.05 per share, for the three-month period ended September 30, 2024, compared to \$4.0 million, or adjusted net earnings of \$0.16 per share, for the equivalent period last year.

### ***Other Comprehensive Income***

The discount rate used to calculate the accrued plan benefit obligations was 4.7% as at September 30, 2024, compared to 5.0% as at June 30, 2024. This variation, combined with a lower-than-expected return on assets, resulted in a net actuarial loss of \$0.2 million in the third quarter of 2024.

## **9.2 Results for the nine-month period ended September 30, 2024**

### ***Revenue***

Total revenue for the nine-month period ended September 30, 2024, was \$212.0 million, representing a decrease of \$17.9 million, or 7.8%, from the equivalent period of 2023.

#### ***Envelope Segment***

Revenue was \$150.4 million, representing a decrease of \$12.6 million, or 7.7%, from \$163.0 million for the same period in 2023. The decrease is attributable to an average selling price decrease of 5.9% from last year primarily reflecting a less favourable customer and product mix in U.S. operations, and to a 1.9% decrease in the volume of units sold. These factors were partially offset by the contribution from the Forest Envelope assets and a favourable currency conversion effect. Envelope represented 70.9% of the Company's revenue for the nine-month periods ended September 30, 2024, and 2023.

#### ***Packaging & Specialty Products Segment***

Revenue was \$61.6 million, down 7.9%, from \$66.9 million in the corresponding period of 2023. The decrease reflects lower demand from certain sectors more closely correlated to economic conditions partially offset by higher demand for e-commerce packaging solutions. Packaging & Specialty Products represented 29.1% of the Company's revenue for the nine-month periods ended September 30, 2024, and 2023.

### ***Operating Expenses***

Operating expenses were \$153.1 million, compared to \$159.9 million in the equivalent period of 2023. This decrease of \$6.8 million is mainly due to a reduction in operating expenses related to lower volume. On a percentage of revenue basis, operating expenses were 72.2% of revenue, compared with 69.5% in the equivalent period of 2023.

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<sup>6</sup> Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

### ***Selling, General and Administrative Expenses***

Selling, general and administrative expenses totaled \$31.5 million in the nine-month period ended September 30, 2024, compared to \$29.1 million for the same period in 2023. The increase reflects higher salaries and benefits, as well as higher compensation expenses related to DSUs and PSUs due to different share price fluctuations this year versus last.

### ***EBITDA<sup>7</sup> and Adjusted EBITDA<sup>7</sup>***

EBITDA was \$1.8 million, versus \$40.8 million in the first nine months of 2023, in part due to an asset impairment charge. Adjusted EBITDA was \$27.4 million, down from \$40.1 million for the same period a year ago, reflecting lower revenue and higher selling, general and administrative expenses, partially offset by lower operating expenses. The Adjusted EBITDA margin was 12.9% of revenue in the first nine months of 2024, versus 17.5% in the corresponding period of 2023.

### ***Envelope Segment***

Adjusted EBITDA was \$26.8 million, down from \$36.4 million in the first nine months of 2023. This decrease reflects lower revenue due to a decrease in the average selling price and the effect of lower volume on the absorption of fixed costs. As a percentage of segmented revenue, Adjusted EBITDA from the Envelope segment was 17.9%, compared to 22.4% in the equivalent period of 2023.

### ***Packaging & Speciality Products Segment***

Adjusted EBITDA was \$6.4 million, compared to \$7.2 million in the first nine months of 2023. The decrease is due to lower demand from certain sectors more closely correlated to economic conditions in the first half of the year which impacted the absorption of fixed costs, partially offset by benefits from optimization measures announced in October 2023. As a percentage of segmented revenue, Adjusted EBITDA from the Packaging and Specialty Products segment was 10.4%, compared to 10.8% in the equivalent period of 2023.

### ***Corporate and other non-allocated expenses***

Corporate and unallocated costs were \$5.8 million compared to \$3.5 million in the first nine months of 2023. The increase mainly reflects an unfavourable adjustment related to the DSUs and PSUs due to different share price fluctuations this year versus last year.

### ***Depreciation and Amortization***

Aggregate depreciation and amortization expenses for the nine-month period ended September 30, 2024, amounted to \$14.7 million, versus \$13.8 million for the same period in 2023, reflecting higher depreciation of right-of-use assets and amortization of intangible assets.

### ***Asset Impairment***

In the nine-month period ended September 30, 2024, the Company recorded an asset impairment charge of \$23.4 million, mainly to write down the value of goodwill as well as certain property, plant and equipment and intangible assets related to the Packaging and Specialty Products segment.

### ***Restructuring Expenses***

In the nine-month period ended September 30, 2024, the Company incurred restructuring expenses of \$2.1 million, mainly for optimization initiatives in the Envelope Segment. Last year's expenses of \$0.4 million were related to the relocation of the folding carton plant and the departure of the president of the Packaging and Specialty Products segment.

### ***Net Financing Charges***

Net financing charges for the nine-month period ended September 30, 2024, stood at \$3.7 million, compared to \$4.3 million for the equivalent period of the prior year. The decrease reflects lower indebtedness, partially offset by a higher effective interest rate this year compared to last.

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

### **Earnings Before Income Taxes**

As a result of fluctuations in revenue and expenses described above, the loss before income taxes for the nine-month period ended September 30, 2024 was \$16.6 million, compared to earnings before income taxes of \$22.7 million in the equivalent period of 2023.

### **Income Tax Expense**

Income taxes were \$1.0 million in the nine-month period ended September 30, 2024, compared to \$6.1 million in the equivalent period of last year. The absolute dollar decrease is due to a loss before income taxes in the current period, as opposed to earnings before income taxes last year.

### **Net (Loss) Earnings, Adjusted Net Earnings<sup>8</sup>, Net (Loss) Earnings per share and Adjusted Net Earnings per share<sup>8</sup>**

The net loss was \$17.6 million, or net loss of \$0.70 per share, for the nine-month period ended September 30, 2024, compared to net earnings of \$16.6 million, or net earnings of \$0.64 per share, for the equivalent period last year.

Adjusted net earnings amounted to \$6.7 million, or adjusted net earnings \$0.27 per share, for the nine-month period ended September 30, 2024, compared to \$16.1 million, or adjusted net earnings of \$0.62 per share, for the equivalent period in 2023.

### **Other Comprehensive Income**

The discount rate used to calculate the accrued plan benefit obligations was 4.7% as at September 30, 2024, and December 31, 2023. This resulted in a net actuarial loss of \$38,000 in the first nine months of 2024.

## **9.3 Geographical Revenue and Asset Diversification**

### **Revenue by Geography**

(in thousands of dollars)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2024	2023	2024	2023
Canada	33,451	38,335	112,073	133,025
U.S.	35,904	31,463	99,887	96,861
<b>Total revenue</b>	<b>69,355</b>	<b>69,798</b>	<b>211,960</b>	<b>229,886</b>

For the three-month period ended September 30, 2024, the Company's revenue in Canada was \$33.5 million, down 12.7% from \$38.3 million in the equivalent quarter of 2023. In the United States, revenue was \$35.9 million, up 14.1% from \$31.5 million in 2023.

For the nine-month period ended September 30, 2024, the Company's revenue in Canada was \$112.1 million, down 15.8% from \$133.0 million in the equivalent period of 2023. In the United States, revenue was \$99.9 million, up 3.1% from \$96.9 million in 2023.

The Company's non-current assets were \$112.8 million in Canada and \$48.7 million in the United States as at September 30, 2024, compared to \$141.0 million in Canada and \$50.3 million in the United States as at December 31, 2023.

## **10. SUMMARY OF RESULTS – SELECTED QUARTERLY FINANCIAL INFORMATION**

Given its 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, while seasonal advertising and certain mailing patterns are slightly higher during the fall and winter months due to specific events (back-to-school, fundraising, holidays, tax seasons). Meanwhile, the Company's expansion in the Packaging and Specialty Products segment will allow a steadier 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.

<sup>8</sup> Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

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

### Selected Quarterly Operating Results

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

	Sep. 30 2024	Jun. 30 2024	Mar. 31 2024	Dec. 31 2023	Sep. 30 2023	Jun. 30 2023	Mar. 31 2023	Dec. 31 2022
Envelope	47,475	49,466	53,426	50,571	49,292	49,247	64,455	60,686
Packaging	21,880	19,871	19,842	21,730	20,506	22,419	23,967	18,075
<b>Total revenue</b>	<b>69,355</b>	<b>69,337</b>	<b>73,268</b>	<b>72,301</b>	<b>69,798</b>	<b>71,666</b>	<b>88,422</b>	<b>78,761</b>
Adjusted EBITDA <sup>(1)</sup>	7,933	8,998	10,483	8,986	11,730	9,562	18,841	15,332
(Loss) earnings before income taxes	(23,839)	2,611	4,649	656	6,816	2,963	12,901	9,005
Net (loss) earnings	(23,038)	1,980	3,496	724	5,001	2,113	9,497	6,660
Net (loss) earnings per share	(0.92)	0.08	0.14	0.03	0.19	0.08	0.37	0.26
Adjusted net earnings <sup>(1)</sup>	1,044	2,105	3,514	2,236	4,049	2,270	9,780	7,854
Adjusted net earnings per share <sup>(1)</sup>	0.05	0.08	0.14	0.09	0.16	0.09	0.38	0.31

<sup>(1)</sup> Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations. For prior periods, see note below for reconciliation to most directly comparable IFRS measure.

### 11. RECONCILIATION OF EBITDA, ADJUSTED EBITDA AND ADJUSTED NET EARNINGS TO THE MOST DIRECTLY COMPARABLE IFRS MEASURE

#### Reconciliation of EBITDA and Adjusted EBITDA for the past eight quarters

(in thousands of dollars, except for margin amounts)

	Sep. 30 2024	Jun. 30 2024	Mar. 31 2024	Dec. 31 2023	Sep. 30 2023	Jun. 30 2023	Mar. 31 2023	Dec. 31 2022
<b>Net (loss) earnings</b>	<b>(23,038)</b>	<b>1,980</b>	<b>3,496</b>	<b>724</b>	<b>5,001</b>	<b>2,113</b>	<b>9,497</b>	<b>6,660</b>
Income tax (recovery) expense	(801)	631	1,153	(68)	1,815	850	3,404	2,345
Net financing charges	1,270	1,294	1,114	1,280	1,348	1,508	1,470	1,070
Depreciation of property, plant and equipment	1,755	1,730	1,633	1,603	1,839	1,722	1,547	1,299
Depreciation of right-of-use assets	1,575	1,478	1,354	1,376	1,361	1,380	1,346	1,239
Amortization of intangible assets	1,777	1,716	1,709	2,027	1,666	1,777	1,193	1,106
<b>EBITDA</b>	<b>(17,462)</b>	<b>8,829</b>	<b>10,459</b>	<b>6,942</b>	<b>13,030</b>	<b>9,350</b>	<b>18,457</b>	<b>13,719</b>
COVID-related subsidies	—	—	—	—	(1,456)	—	—	—
Acquisition costs related to business combinations	(6)	111	—	174	9	72	191	520
Asset impairment	23,337	75	—	—	—	—	—	—
Restructuring expenses	2,064	37	24	1,870	147	129	126	966
Value adjustment on acquired inventory through a business combination	—	(54)	—	—	—	11	67	127
<b>Adjusted EBITDA</b>	<b>7,933</b>	<b>8,998</b>	<b>10,483</b>	<b>8,986</b>	<b>11,730</b>	<b>9,562</b>	<b>18,841</b>	<b>15,332</b>
<i>Adjusted EBITDA margin (%)</i>	<i>11.4%</i>	<i>13.0%</i>	<i>14.3%</i>	<i>12.4%</i>	<i>16.8%</i>	<i>13.3%</i>	<i>21.3%</i>	<i>19.5%</i>

## Reconciliation of Adjusted net earnings for the past eight quarters

(in thousands of dollars)

	Sep. 30 2024	Jun. 30 2024	Mar. 31 2024	Dec. 31 2023	Sep. 30 2023	Jun. 30 2023	Mar. 31 2023	Dec. 31 2022
<b>Net (loss) earnings</b>	<b>(23,038)</b>	<b>1,980</b>	<b>3,496</b>	<b>724</b>	<b>5,001</b>	<b>2,113</b>	<b>9,497</b>	<b>6,660</b>
Adjustments, net of income taxes								
COVID-related subsidies	—	—	—	—	(1,068)	—	—	—
Acquisition costs related to business combinations	(5)	82	—	129	7	53	140	385
Asset impairment	22,560	56	—	—	—	—	—	—
Restructuring expenses	1,527	27	18	1,383	109	95	93	715
Value adjustment on acquired inventory through a business combination	—	(40)	—	—	—	9	50	94
<b>Adjusted net earnings</b>	<b>1,044</b>	<b>2,105</b>	<b>3,514</b>	<b>2,236</b>	<b>4,049</b>	<b>2,270</b>	<b>9,780</b>	<b>7,854</b>

## 12. FINANCIAL POSITION

### 12.1 Summary Financial Position Highlights

#### Selected Financial Position Information

(in thousands of dollars)

	As at September 30, 2024	As at December 31, 2023
Working capital	46,163	40,730
Total assets	246,215	263,757
Total liabilities	136,629	129,040
Total equity	109,586	134,717

### 12.2 Assets

The \$17.5 million decrease in total assets as at September 30, 2024, when compared to December 31, 2023, mostly stems from a \$21.7 million reduction in goodwill as a result of an impairment charge, a decrease of \$5.2 million in the value of intangible assets and a decrease of \$2.5 million in the value of inventories. These elements were partially offset by an \$11.7 million increase in the value of rights-of-use assets. As at September 30, 2024, property, plant and equipment carrying a book value of \$9.0 million has been reclassified as assets held for sale following the Company's confirmation of its intention to proceed with a sale-leaseback transaction involving two owned properties located in Ville LaSalle, Quebec, and Etobicoke, Ontario.

### 12.3 Liabilities

The \$7.6 million increase in total liabilities as at September 30, 2024, when compared to December 31, 2023, is mainly due to a \$12.7 million increase in lease liabilities, including the current portion, partially offset by a \$7.0 million reduction in long-term debt, including the current portion but excluding deferred financing costs, resulting from free cash flow generation.

#### Secured Revolving Credit Facility

The Company has a three-year senior secured revolving credit facility of \$120 million 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 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 September 30, 2024, the amount outstanding on the credit facility was \$48.7 million.

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

### Term loans

The Company has four term loans totaling \$1.0 million as at September 30, 2024, that were assumed following the acquisition of Paragraph. The loans bear interest at rates ranging from 4.23% to 4.69% and are repayable in monthly instalments totaling \$24,369 including capital and interest. The loans mature between March 2026 and July 2028.

### Amounts owed under secured revolving credit facility and term loans

(in thousands of dollars)

	As at September 30, 2024	As at December 31, 2023
Secured revolving credit facility	48,665	55,630
Term loans	954	1,136
<b>Total debt</b>	<b>49,619</b>	<b>56,766</b>
Deferred financing costs	(158)	(256)
Current portion	(253)	(245)
<b>Long-term portion</b>	<b>49,208</b>	<b>56,265</b>

The Company's total debt decreased to \$49.6 million as at September 30, 2024, compared to \$56.8 million as at December 31, 2023. The variation is essentially attributable to debt repayment resulting from free cash flow generation.

As at September 30, 2024, the ratio of Net debt<sup>9</sup> to Adjusted EBITDA<sup>9</sup> was 1.3x compared to 1.1x as at December 31, 2023.

### 12.4 Contractual Obligations and Off-Balance Sheet Arrangements

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

## 13. LIQUIDITY AND CAPITAL RESOURCES

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

### Summary of cash flows

(in thousands of dollars)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2024	2023	2024	2023
Operating activities	7,568	11,538	22,886	29,085
Investing activities	(337)	177	(2,392)	(35,796)
Financing activities	(5,473)	(11,655)	(18,181)	5,573
Net foreign exchange difference	156	(261)	(186)	—
<b>Net change in cash</b>	<b>1,914</b>	<b>(201)</b>	<b>2,127</b>	<b>(1,138)</b>

<sup>9</sup> Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

### **13.1 Cash Flows Related to Operating Activities**

Net cash flows from operating activities were \$7.6 million for the three-month period ended September 30, 2024, compared to \$11.5 million for the same period in 2023. The decrease is attributable to lower profitability this quarter compared to the equivalent period of 2023, partially offset by a higher cash generation from working capital.

For the nine-month period ended September 30, 2024, net cash flows from operating activities reached \$22.9 million, compared to \$29.1 million in the equivalent period of 2023. The decrease is mainly attributable to lower profitability, partially offset by a cash generation from working capital, as opposed to a cash requirement last year.

### **13.2 Cash Flows Related to Investing Activities**

During the three-month period ended September 30, 2024, net cash flows used in investing activities were \$0.3 million, mainly reflecting the acquisition of property, plant and equipment. In the corresponding period of 2023, net cash flows generated by investing activities were \$0.2 million, reflecting proceeds from disposal of property, plant and equipment in excess of additions.

During the nine-month period ended September 30, 2024, net cash flows used in investing activities amounted to \$2.4 million, primarily reflecting the acquisition of Forest Envelope. In the corresponding period of 2023, net cash flows used in investing activities amounted to \$35.8 million, primarily reflecting the acquisitions of Paragraph and Graf-Pak.

### **13.3 Cash Flows Related to Financing Activities**

Net cash flows used in financing activities stood at \$5.5 million for the three-month period ended September 30, 2024, compared to \$11.7 million for the same period in 2023. The lower cash flow reduction for 2024 is mainly explained by lower repayment of the revolving credit facility this quarter compared to the equivalent period of 2023.

For the nine-month period ended September 30, 2024, net cash flows used in financing activities were \$18.2 million, reflecting a \$7.0 million decrease in the revolving credit facility and share repurchases of \$4.5 million. For the nine-month period ended September 30, 2023, net cash flows generated by financing activities were \$5.6 million mainly reflecting an increase in the revolving credit facility to finance business acquisitions.

### ***Free Cash Flow<sup>10</sup>***

Free cash flow amounted to \$7.4 million in the third quarter of 2024 compared to \$11.6 million for the same period last year. The decrease essentially mirrors the variation in cash flows related to operating activities.

Free cash flow amounted to \$23.0 million in the nine-month period ended September 30, 2024, compared to \$24.9 million for the corresponding period of 2023. The decrease is attributable to lower cash flows from operating activities, partially offset by net disposals of property, plant and equipment this year, as opposed to net additions last year.

### ***Normal Course Issuer Bid (“NCIB”)***

During the three and nine-month periods ended September 30, 2024, the Company repurchased 295,000 and 1,106,400 common shares for cancellation under its NCIB program for considerations of \$1.2 million and \$4.5 million, respectively.

## **14. SHARE CAPITAL**

As at September 30, 2024 and November 6, 2024, the capital stock issued and outstanding of the Company consisted of 24,559,869 common shares (25,666,269 as at December 31, 2023).

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<sup>10</sup> Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

The following table presents the outstanding capital stock activity for the nine-month period ended September 30, 2024:

**Number of common shares**

	<b>Nine-month period ended September 30, 2024</b>
Balance, as at December 31, 2023	25,666,269
Common shares purchased for cancellation	(1,106,400)
<b>Balance, as at September 30, 2024</b>	<b>24,559,869</b>

**15. SUBSEQUENT EVENT**

On November 6, 2024, the Board of Directors declared a quarterly dividend of \$0.05 per common share, representing a 25% increase over the previous amount, payable on December 20, 2024, to the shareholders of record at the close of business on December 5, 2024. This dividend is designated as an “eligible” dividend for the purpose of the Income Tax Act (Canada) and any similar provincial legislation.

**16. RISK FACTORS**

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

Details are provided in the “Risk Factors” section of the Company’s Annual Information Form dated March 28, 2024, which can be found on [www.sedarplus.ca](http://www.sedarplus.ca).

**17. DISCLOSURE CONTROLS AND PROCEDURES (“DC&P”) AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (“ICFR”)**

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*, the Company has filed certifications signed by the President and Chief Executive Officer and the Chief Financial Officer, that, among other things, report on the design and effectiveness of DC&P, and the design and effectiveness of ICFR.

As indicated in such certifications, management has designed DC&P to provide reasonable assurance that:

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

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

There were no changes in the Company’s ICFR that occurred during the period from January 1, 2024, to September 30, 2024, that have materially affected, or is reasonably likely to materially affect, the Company’s ICFR.

In accordance with the provisions of National Instrument 52-109, Supremex has limited the scope of its design of Supremex’ DC&P and ICFR to exclude controls, policies and procedures of a business acquired not more than 365 days before September 30, 2024. The scope limitation is primarily due to the time required for Supremex’ management to assess DC&P and ICFR in a manner consistent with Supremex’ other operations.

The Company expects that its business acquisition of Forest Envelope will be covered by its certification no later than the second quarter of 2025.

**Additional Information**

Additional information relating to the Company, including the Company’s annual information form, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).