



***Supremex***

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

For the three-month periods ended March 31, 2025 and 2024

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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 May 7, 2025, 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-month period ended March 31, 2025. 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, 2024. 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-month period ended March 31, 2025. The consolidated financial statements for the three-month period ended March 31, 2025, 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>, split of revenue between its Envelope and Packaging segments, 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, 2024, and in the Company's Annual Information Form dated March 20, 2025. Supremex cautions that such assumptions may not materialize and that economic conditions such as economic uncertainty, downturns or recessions, or the imposition of tariffs or trade restrictions, may render such assumptions, although believed reasonable at the time they were made, subject to greater uncertainty.

Forward-looking information is subject to certain risks and uncertainties and should not be read as a guarantee of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking information. These risks and uncertainties include but are not limited to the following: decline in envelope consumption, growth and diversification strategy, key personnel, labour shortage, contributions to employee benefits plans, raw material price increases, cyber security and data protection, operational disruption, dependence on and loss of customer relationships, increase of competition, economic conditions and uncertainty, risk related to the international trade and tax environment (including tariffs, quotas and custom and other restrictions), 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 and no guarantee to pay dividends. Such risks and uncertainties are discussed throughout the MD&A for the year ended December 31, 2024, and, in the Company's Annual Information Form dated March 20, 2025, particularly 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 Tables

##### Selected Consolidated Financial Information

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

	Three-month periods ended March 31	
	2025	2024
<b>Statement of Earnings</b>		
Revenue	70,228	73,268
Operating earnings	3,778	5,763
Adjusted EBITDA <sup>(1)</sup>	8,829	10,483
Adjusted EBITDA margin <sup>(1)</sup>	12.6%	14.3%
Net earnings	1,920	3,496
Basic and diluted net earnings per share	0.08	0.14
Adjusted net earnings <sup>(1)</sup>	2,152	3,514
Adjusted net earnings per share <sup>(1)</sup>	0.09	0.14
<b>Cash Flow</b>		
Net cash flows related to operating activities	6,965	5,096
Free cash flow <sup>(1)</sup>	6,800	4,733

<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 March 31, 2025, and recent events

- Total revenue of \$70.2 million, down from \$73.3 million in the first quarter of 2024.
- Envelope segment revenue of \$48.4 million, versus \$53.4 million a year ago.
- Packaging and Specialty Products segment revenue of \$21.8 million, versus \$19.8 million last year.
- Net earnings of \$1.9 million, or \$0.08 per share, versus \$3.5 million, or \$0.14 per share, in the first quarter of 2024.
- Adjusted EBITDA<sup>2</sup> of \$8.8 million, or 12.6% of revenue, versus \$10.5 million, or 14.3% of revenue, last year.
- Net debt<sup>2</sup> decreased by \$5.8 million to \$35.4 million, the equivalent of 0.9X of Adjusted EBITDA.
- On May 7, 2025, the Board of Directors declared a quarterly dividend of \$0.05 per common share, payable on June 20, 2025, to shareholders of record at the close of business on June 5, 2025.

### 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.

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

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 represent 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 the purpose 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>
Net debt	<p>Net debt represents the Company's total debt, net of deferred financing costs and cash.</p> <p>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.</p>
Net debt to Adjusted EBITDA ratio	<p>Net debt to Adjusted EBITDA ratio represents Net debt divided by trailing 12-month (TTM) Adjusted EBITDA.</p> <p>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.</p>

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

### Reconciliation of Net earnings to Adjusted EBITDA

(in thousands of dollars, except for margins)

	Three-month periods ended March 31	
	2025	2024
<b>Net earnings</b>	<b>1,920</b>	<b>3,496</b>
Income tax expense	801	1,153
Net financing charges	1,057	1,114
Depreciation of property, plant and equipment	1,488	1,633
Depreciation of right-of-use assets	1,568	1,354
Amortization of intangible assets	1,682	1,709
<b>EBITDA</b>	<b>8,516</b>	<b>10,459</b>
Restructuring expenses	313	24
<b>Adjusted EBITDA</b>	<b>8,829</b>	<b>10,483</b>
<i>Adjusted EBITDA margin (%)</i>	<i>12.6%</i>	<i>14.3%</i>

### Reconciliation of Net earnings to Adjusted net earnings and of Net earnings per share to Adjusted net earnings per share

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

	Three-month periods ended March 31	
	2025	2024
<b>Net earnings</b>	<b>1,920</b>	<b>3,496</b>
Adjustments, net of income taxes		
Restructuring expenses	232	18
<b>Adjusted net earnings</b>	<b>2,152</b>	<b>3,514</b>
<b>Net earnings per share</b>	<b>0.08</b>	<b>0.14</b>
Adjustments, net of income taxes, per share	0.01	—
<b>Adjusted net earnings per share</b>	<b>0.09</b>	<b>0.14</b>

### Reconciliation of Cash flows related to operating activities to Free cash flow

(in thousands of dollars)

	Three-month periods ended March 31	
	2025	2024
<b>Cash flows related to operating activities</b>	<b>6,965</b>	<b>5,096</b>
Acquisitions (net of disposals) of property, plant and equipment	(140)	(363)
Acquisitions of intangible assets	(25)	—
<b>Free Cash Flow</b>	<b>6,800</b>	<b>4,733</b>

### Net debt to Adjusted EBITDA ratio

(in thousands of dollars except for ratios)

	As at March 31, 2025	As at December 31, 2024
Total debt	37,974	43,142
Deferred financing costs	(130)	(159)
Cash	(2,423)	(1,794)
<b>Net debt</b>	<b>35,421</b>	<b>41,189</b>
Adjusted EBITDA – TTM <sup>(1)</sup>	38,679	40,333
<b>Net debt to Adjusted EBITDA ratio</b>	<b>0.9</b>	<b>1.0</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 nine manufacturing facilities across four provinces in Canada and five manufacturing facilities in four 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 secondary 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 nearly 50 years, Supremex has developed its core paper substrate 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.

#### *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<sup>®3</sup>, polyethylene bags for courier applications, bubble mailers and Enviro-logiX<sup>®4</sup>.

## 6. OUTLOOK

Following challenging market conditions for 2023 and 2024, demand for the Company's products is gradually normalizing, although the current economic volatility and ongoing trade uncertainty are causing unpredictability. 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 continues to focus on optimizing operating efficiency, productivity and capacity utilization throughout its network, evidenced by the initiatives announced in July 2024 for the Envelope segment and in October 2023 for the Packaging & Specialty Products segment, as well as on capturing all sales and cost synergies from recent business acquisitions.

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<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.

With respect to capital deployment, the Company will continue to look for strategic acquisitions, mainly in the Packaging & Specialty Products segment, while sustaining capital returns to shareholders.

## 7. FOREIGN EXCHANGE RATES

### 7.1 Foreign Exchange Rates

The following table shows average and closing exchange rates applicable to Supremex' three-month periods ended March 31, 2025 and 2024. Average rates are used to translate sales and expenses for the periods mentioned, while closing rates translate assets and liabilities of foreign operations and monetary assets and liabilities of the Canadian operations denominated in U.S. dollars.

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

	Three-month periods ended March 31	
	2025	2024
USD Average	1.435	1.349
USD Closing	1.438	1.355

## 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 March 31	
	2025	2024
<b>Revenue</b>	<b>70,228</b>	<b>73,268</b>
Operating expenses	50,848	52,460
Selling, general and administrative expenses	10,695	10,318
<b>Operating earnings before depreciation, amortization and other items</b>	<b>8,685</b>	<b>10,490</b>
Depreciation of property, plant and equipment	1,488	1,633
Depreciation of right-of-use assets	1,568	1,354
Amortization of intangible assets	1,682	1,709
Restructuring expenses	313	24
(Gain) loss on disposal of property, plant and equipment	(144)	7
<b>Operating earnings</b>	<b>3,778</b>	<b>5,763</b>
Net financing charges	1,057	1,114
<b>Earnings before income taxes</b>	<b>2,721</b>	<b>4,649</b>
Income tax expense	801	1,153
<b>Net earnings</b>	<b>1,920</b>	<b>3,496</b>
Basic and diluted net earnings per share	0.08	0.14
Dividend declared per share	0.05	0.04

## Revenue Information

(in thousands of dollars, except %)

	Three-month periods ended March 31	
	2025	2024
<b>Envelope</b>	<b>48,416</b>	<b>53,426</b>
Volume change	1.8%	(17.4%)
Average selling price change	(11.0%)	0.4%
<b>Total change</b>	<b>(9.4%)</b>	<b>(17.1%)</b>
<b>Packaging &amp; specialty products</b>	<b>21,812</b>	<b>19,842</b>
<b>Total change</b>	<b>9.9%</b>	<b>(17.2%)</b>
<b>Total revenue</b>	<b>70,228</b>	<b>73,268</b>
<b>Revenue change</b>	<b>(4.1%)</b>	<b>(17.1%)</b>

## Segmented Information

(in thousands of dollars, except %)

	Three-month periods ended March 31	
	2025	2024
<b>Segmented revenue</b>		
Envelope	48,416	53,426
Packaging & specialty products	21,812	19,842
<b>Total revenue</b>	<b>70,228</b>	<b>73,268</b>
<b>Segmented Adjusted EBITDA<sup>(1)</sup></b>		
Envelope	8,326	10,904
% of segmented revenue	17.2%	20.4%
Packaging & Specialty Products	3,271	1,210
% of segmented revenue	15.0%	6.1%
Corporate and other non-allocated expenses	(2,768)	(1,631)
<b>Total Adjusted EBITDA<sup>(1)</sup></b>	<b>8,829</b>	<b>10,483</b>
% of total revenue	12.6%	14.3%

<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 March 31, 2025

#### Revenue

Total revenue for the three-month period ended March 31, 2025, was \$70.2 million, representing a decrease of \$3.0 million, or 4.1%, from the equivalent quarter of 2024.

#### Envelope Segment

Revenue was \$48.4 million, representing a decrease of 9.4% from \$53.4 million in the first quarter of 2024. The variation is attributable to an average selling price decrease of 11.0% from last year's first quarter primarily due to a less favourable customer and product mix between the U.S. and Canadian markets. These factors were partially offset by a 1.8% increase

in the volume of units sold reflecting better penetration of the U.S. market and a favourable currency conversion effect. The Envelope segment represented 68.9% of the Company's revenue in the quarter, versus 72.9% in the equivalent period of last year.

#### *Packaging & Specialty Products Segment*

Revenue was \$21.8 million, up 9.9% from \$19.8 million in the first quarter of 2024. The increase reflects higher demand from sectors more closely correlated to economic conditions compared to last year and higher demand for e-commerce packaging solutions. The Packaging & Specialty Products segment represented 31.1% of the Company's revenue in the quarter, versus 27.1% in the equivalent period of last year.

#### **Operating Expenses**

Operating expenses for the three-month period ended March 31, 2025, were \$50.8 million, compared to \$52.5 million in the equivalent period of 2024. This decrease of 3.1%, is mainly due to lower sales and lower raw material costs as a percentage of sales compared to last year, partially offset by higher labour costs as a percentage of sales compared to last year. Operating expenses represented 72.4% of revenue in the first quarter of 2025, compared to 71.6% in 2024.

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

Selling, general and administrative expenses totalled \$10.7 million in the three-month period ended March 31, 2025, compared to \$10.3 million during the same period in 2024. This increase of \$0.4 million, or 3.7%, is essentially attributable to higher professional fees, a foreign exchange loss and higher share-based compensation related to Deferred Share Units ("DSUs") and Performance Share Units ("PSUs"), partially offset by lower salaries and benefit expenses.

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

EBITDA was \$8.5 million, compared to \$10.5 million in the first quarter last year. Adjusted EBITDA was \$8.8 million, versus \$10.5 million in the first quarter of 2024. The decrease reflects lower revenue and higher selling, general and administrative expenses, partially offset by lower operating expenses. The Adjusted EBITDA margin was 12.6% of revenue, versus 14.3% in the equivalent quarter of 2024.

#### *Envelope Segment*

Adjusted EBITDA was \$8.3 million, versus \$10.9 million in the first quarter of 2024. The decrease is mainly attributable to lower average selling prices due to a less favourable customer and product mix, partially offset by benefits from optimization measures announced in July 2024 and procurement optimization initiatives. On a percentage of segmented revenue, Adjusted EBITDA from the Envelope segment was 17.2%, compared with 20.4% in the equivalent period of 2024.

#### *Packaging & Specialty Products Segment*

Adjusted EBITDA was \$3.3 million, versus \$1.2 million in the first quarter of 2024. This increase mainly reflects the effect of higher volume on the absorption of fixed costs and procurement optimization initiatives. On a percentage of segmented revenue, Adjusted EBITDA from the Packaging & Specialty Products segment was 15.0%, compared to 6.1% in the equivalent period of 2024.

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

Corporate and other non-allocated expenses were \$2.8 million compared to \$1.6 million in the first quarter of 2024. The increase is mostly due to higher professional fees, a foreign exchange loss and higher share-based compensation related to DSUs and PSUs.

#### **Depreciation and Amortization**

Aggregate depreciation and amortization expenses for the three-month period ended March 31, 2025, remained stable at \$4.7 million, as an increase in the depreciation of right-of-use assets was offset by a decrease in the depreciation of property, plant and equipment.

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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.

### **Restructuring expenses**

In the three-month period ended March 31, 2025, the Company incurred restructuring expenses of \$0.3 million mostly related to the optimization of Envelope activities in the Greater Toronto Area. Last year's results included restructuring expenses of \$24 thousand related to the optimization of folding carton activities.

### **Net Financing Charges**

Net financing charges for the three-month period ended March 31, 2025, were stable at \$1.1 million, as lower indebtedness in the first quarter of 2025, compared to the same period in 2024, was offset by higher interest on lease liabilities this year versus last.

### **Earnings Before Income Taxes**

As a result of the fluctuation in revenue and expenses described herein, earnings before income taxes were \$2.7 million, or 3.9% of revenue, during the three-month period ended March 31, 2025, compared to \$4.6 million, or 6.3% of revenue, during the equivalent period of 2024.

### **Income Tax Expense**

Income taxes were \$0.8 million, or an effective tax rate of 29.4%, in the three-month period ended March 31, 2025, compared to \$1.2 million, or an effective tax rate of 24.8%, in the equivalent quarter of last year. The absolute dollar decrease is due to lower earnings before income taxes in the current period.

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

Net earnings were \$1.9 million or \$0.08 per share for the three-month period ended March 31, 2025, compared to \$3.5 million or \$0.14 per share for the equivalent period last year.

Adjusted net earnings were \$2.2 million or \$0.09 per share for the three-month period ended March 31, 2025, compared to \$3.5 million or \$0.14 per share for the equivalent period in 2024.

### **Other Comprehensive Income**

The discount rate used to calculate the accrued plan benefit obligations was 4.7% as at March 31, 2025, compared to 4.8% as at December 31, 2024. This variation, combined with a lower-than-expected return on assets, resulted in a net actuarial loss of \$0.4 million in the first quarter of 2025.

## **9.2 Geographical Revenue and Asset Diversification**

### **Revenue by Geography**

(in thousands of dollars)

	Three-month periods ended March 31	
	2025	2024
Canada	37,694	40,992
U.S.	32,534	32,276
<b>Total revenue</b>	<b>70,228</b>	<b>73,268</b>

For the three-month period ended March 31, 2025, revenue in Canada was \$37.7 million, down from \$41.0 million in the equivalent quarter of 2024. In the United States, revenue was \$32.5 million, up slightly from \$32.3 million in 2024.

The Company's non-current assets were \$104.8 million in Canada and \$49.7 million in the United States as at March 31, 2025, compared to \$108.9 million in Canada and \$50.9 million in the United States as at December 31, 2024.

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

## 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.

The following tables set forth selected financial information for the Company's past eight quarters.

### Selected Quarterly Operating Results

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

	Mar. 31 2025	Dec. 31 2024	Sep. 30 2024	Jun. 30 2024	Mar. 31 2024	Dec. 31 2023	Sep. 30 2023	Jun. 30 2023
Envelope	48,416	48,797	47,475	49,466	53,426	50,571	49,292	49,247
Packaging	21,812	20,278	21,880	19,871	19,842	21,730	20,506	22,419
<b>Total Revenue</b>	<b>70,228</b>	<b>69,075</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>
Adjusted EBITDA <sup>(1)</sup>	8,829	12,919	7,933	8,998	10,483	8,986	11,730	9,562
Earnings (loss) before income taxes	2,721	7,633	(23,839)	2,611	4,649	656	6,816	2,963
Net earnings (loss)	1,920	5,819	(23,038)	1,980	3,496	724	5,001	2,113
Net earnings (loss) per share	0.08	0.23	(0.92)	0.08	0.14	0.03	0.19	0.08
Adjusted net earnings <sup>(1)</sup>	2,152	5,211	1,044	2,105	3,514	2,236	4,049	2,270
Adjusted net earnings <sup>(1)</sup> per share	0.09	0.20	0.05	0.08	0.14	0.09	0.16	0.09

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

## 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)

	Mar. 31 2025	Dec. 31 2024	Sep. 30 2024	Jun. 30 2024	Mar. 31 2024	Dec. 31 2023	Sep. 30 2023	Jun. 30 2023
<b>Net earnings (loss)</b>	<b>1,920</b>	<b>5,819</b>	<b>(23,038)</b>	<b>1,980</b>	<b>3,496</b>	<b>724</b>	<b>5,001</b>	<b>2,113</b>
Income tax expense (recovery)	801	1,814	(801)	631	1,153	(68)	1,815	850
Net financing charges	1,057	1,178	1,270	1,294	1,114	1,280	1,348	1,508
Depreciation of property, plant and equipment	1,488	1,626	1,755	1,730	1,633	1,603	1,839	1,722
Depreciation of right-of-use assets	1,568	1,588	1,575	1,478	1,354	1,376	1,361	1,380
Amortization of intangible assets	1,682	1,715	1,777	1,716	1,709	2,027	1,666	1,777
<b>EBITDA</b>	<b>8,516</b>	<b>13,740</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>
COVID-related subsidies	—	—	—	—	—	—	(1,456)	—
Acquisition costs related to business combinations	—	7	(6)	111	—	174	9	72
Asset impairment	—	—	23,337	75	—	—	—	—
Restructuring expenses (recovery)	313	(828)	2,064	37	24	1,870	147	129
Value adjustment on acquired inventory through a business combination	—	—	—	(54)	—	—	—	11
<b>Adjusted EBITDA</b>	<b>8,829</b>	<b>12,919</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>
<i>Adjusted EBITDA margin (%)</i>	<i>12.6%</i>	<i>18.7%</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>

## Reconciliation of Adjusted net earnings (loss) for the past eight quarters

(in thousands of dollars)

	Mar. 31 2025	Dec. 31 2024	Sep. 30 2024	Jun. 30 2024	Mar. 31 2024	Dec. 31 2023	Sep. 30 2023	Jun. 30 2023
<b>Net earnings (loss)</b>	<b>1,920</b>	<b>5,819</b>	<b>(23,038)</b>	<b>1,980</b>	<b>3,496</b>	<b>724</b>	<b>5,001</b>	<b>2,113</b>
Adjustments, net of income taxes								
COVID-related subsidies	—	—	—	—	—	—	(1,068)	—
Acquisition costs related to business combinations	—	5	(5)	83	—	129	7	53
Asset impairment	—	—	22,560	55	—	—	—	—
Restructuring expenses (recovery)	232	(613)	1,527	27	18	1,383	109	95
Value adjustment on acquired inventory through a business combination	—	—	—	(40)	—	—	—	9
<b>Adjusted net earnings</b>	<b>2,152</b>	<b>5,211</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>

## 12. FINANCIAL POSITION

### 12.1 Summary Financial Position Highlights

#### Selected Financial Position Information

(in thousands of dollars)

	As at March 31, 2025	As at December 31, 2024
Working capital	43,895	45,566
Total assets	235,380	236,968
Total liabilities	120,165	121,997
Total equity	115,215	114,971

### 12.2 Assets

The \$1.6 million decrease in total assets as at March 31, 2025, when compared to December 31, 2024, mostly results from a \$4.5 million depreciation and amortization charges of property, plant and equipment, right-of-use assets and intangible assets, partially offset by a \$1.8 million increase in inventories.

### 12.3 Liabilities

The \$1.8 million decrease in total liabilities as at March 31, 2025, when compared to December 31, 2024, is mainly attributable to \$5.1 million due to repayment of long-term debt and a \$1.0 million decrease in lease liabilities reflecting payments made in the quarter, partially offset by a \$3.9 million increase in accounts payable and accrued liabilities.

#### Secured Revolving Credit Facility

The Company has a three-year senior secured revolving credit facility of \$120.0 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, 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 March 31, 2025, the amount outstanding on the credit facility was \$37.1 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 March 31, 2025.

## Term loans

The Company has four term loans totaling \$0.8 million as at March 31, 2025, that were assumed following the acquisition of Paragraph in January 2023. The loans bear interest at rates ranging from 4.23% to 4.69% and are repayable in monthly instalments totaling \$22 thousand, 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 March 31, 2025	As at December 31, 2024
Secured revolving credit facility	37,146	42,251
Term loans	828	891
<b>Total debt</b>	<b>37,974</b>	<b>43,142</b>
Deferred financing costs	(130)	(159)
Current portion	(259)	(256)
<b>Long-term portion</b>	<b>37,585</b>	<b>42,727</b>

The Company's total debt decreased to \$38.0 million as at March 31, 2025, compared to \$43.1 million as at December 31, 2024. The variation is essentially attributable to debt repayment resulting from free cash flow generation.

As at March 31, 2025, the ratio of Net debt<sup>7</sup> to Adjusted EBITDA<sup>7</sup> was 0.9x compared to 1.0x as at December 31, 2024.

## 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 March 31	
	2025	2024
Operating activities	6,965	5,096
Investing activities	(165)	(363)
Financing activities	(6,181)	(4,547)
Net foreign exchange difference	10	(246)
<b>Net change in cash</b>	<b>629</b>	<b>(60)</b>

### 13.1 Cash Flows Related to Operating Activities

Net cash flows from operating activities were \$7.0 million during the three-month period ended March 31, 2025, compared to \$5.1 million in the equivalent period of 2024. The variation is mainly attributable to a \$0.6 million working capital release in the first quarter of 2025, as opposed to \$2.6 million in working capital requirements a year ago, partially offset by lower profitability this year compared to last.

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

## 13.2 Cash Flows Related to Investing Activities

Net cash flows used in investing activities amounted to \$0.2 million during the three-month period ended March 31, 2025, compared to \$0.4 million in the equivalent period of 2024. The variation in both periods is essentially due to acquisitions of property, plant and equipment, net of disposals.

## 13.3 Cash Flows Related to Financing Activities

Net cash flows used in financing activities were \$6.2 million during the three-month period ended March 31, 2025, reflecting a \$5.1 million decrease in the credit facility and \$1.0 million in repayment of lease liabilities. During the three-month period ended March 31, 2024, net cash flows used in financing activities stood at \$4.5 million, reflecting a decrease in the credit facility, share repurchases and the repayment of lease liabilities.

### **Free Cash Flow<sup>8</sup>**

Free cash flow amounted to \$6.8 million in the first quarter of 2025, compared to \$4.7 million for the same period last year, mainly attributable to higher cash flow from operations.

## 14. SHARE CAPITAL

As at May 7, 2025, March 31, 2025, and December 31, 2024, the share capital issued and outstanding of the Company consisted of 24,559,869 common shares.

## 15. SUBSEQUENT EVENT

On May 7, 2025, the Board of Directors declared a quarterly dividend of \$0.05 per common share, payable on June 20, 2025, to the shareholders of record at the close of business on June 5, 2025. 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 20, 2025, 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 Corporate Controller acting as 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 Corporate Controller acting as 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.

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

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, 2025, to March 31, 2025, 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 March 31, 2025. 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).