

Interim Condensed Consolidated Financial Statements

Supremex Inc.

For the three and six-month periods ended June 30, 2025 and 2024

[Unaudited]

NOTICE

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

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at [Unaudited] [in thousands of Canadian dollars]	Notes	June 30, 2025 \$	December 31, 2024 \$
ASSETS			
Current assets			
Cash		2,056	1,794
Accounts receivable		33,465	32,270
Income taxes recoverable		2,957	2,574
Inventories	5	32,255	29,477
Assets held for sale	6	9,034	9,034
Prepaid expenses		2,480	1,939
Total current assets		82,247	77,088
Property, plant and equipment		33,337	37,105
Right-of-use assets		36,767	41,376
Accrued pension benefit net assets		8,720	9,816
Intangible assets		28,224	32,089
Goodwill		39,103	39,494
Total assets		228,398	236,968
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		27,630	25,601
Restructuring provisions	7	314	683
Current portion of lease liabilities		5,428	4,982
Current portion of long-term debt	8	39,938	256
Total current liabilities		73,310	31,522
Long-term debt	8	512	42,727
Deferred income tax liabilities		5,415	7,128
Lease liabilities		35,742	40,208
Other long-term liabilities		273	187
Derivative financial instruments		208	225
Total liabilities		115,460	121,997
Total equity		112,938	114,971
Total liabilities and equity		228,398	236,968

Subsequent events [note 12]

See accompanying notes

On behalf of the Directors:

By: *signed (Robert B. Johnston)*

Director

By: *signed (Steven P. Richardson)*

Director

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

[Unaudited] [in thousands of Canadian dollars, except per share amounts and number of common shares]	Notes	Three-month periods ended June 30		Six-month periods ended June 30	
		2025 \$	2024 \$	2025 \$	2024 \$
Revenue		65,957	69,337	136,185	142,605
Operating expenses	5	48,166	50,057	99,014	102,517
Selling, general and administrative expenses		11,940	10,343	22,635	20,661
Operating earnings before depreciation, amortization and other items		5,851	8,937	14,536	19,427
Depreciation of property, plant and equipment		1,552	1,730	3,040	3,363
Depreciation of right-of-use assets		1,399	1,478	2,967	2,832
Amortization of intangible assets		1,668	1,716	3,350	3,425
Asset impairment		563	75	563	75
Restructuring (recovery) expenses	7	(28)	37	285	61
Loss (gain) on disposal of property, plant and equipment		5	(4)	(139)	3
Operating earnings		692	3,905	4,470	9,668
Net financing charges	8	945	1,294	2,002	2,408
(Loss) earnings before income taxes		(253)	2,611	2,468	7,260
Income tax expense		56	631	857	1,784
Net (loss) earnings		(309)	1,980	1,611	5,476
Basic and diluted net (loss) earnings per share		(0.01)	0.08	0.07	0.22
Weighted average number of shares outstanding		24,559,869	25,043,770	24,559,869	25,257,672

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[Unaudited] [in thousands of Canadian dollars]	Three-month periods ended June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Net (loss) earnings	(309)	1,980	1,611	5,476
Other comprehensive income				
<i>Other comprehensive income to be reclassified to earnings in subsequent periods</i>				
Unrealized gain (loss) on derivative financial instruments, net of income tax expense of \$28 and \$4 [2024 – recovery of \$28 and expense of \$27]	80	(79)	12	79
Foreign currency translation adjustments	(726)	202	(744)	672
Net other comprehensive (loss) income to be reclassified to earnings in subsequent periods	(646)	123	(732)	751
<i>Items not to be reclassified to earnings in subsequent periods</i>				
Recognized actuarial (loss) gain on defined benefit pension plans, net of income tax recovery of \$33 and \$160 [2024 – expense of \$47 and recovery of \$61]	(95)	135	(457)	(175)
Recognized actuarial gain on other post-retirement benefit, net of income tax expense of \$0 and \$0 [2024 – expense of \$0 and \$1]	1	—	1	2
Net other comprehensive (loss) income not to be reclassified to earnings in subsequent periods	(94)	135	(456)	(173)
Other comprehensive (loss) income	(740)	258	(1,188)	578
Total comprehensive (loss) income	(1,049)	2,238	423	6,054

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share capital \$	Contributed surplus \$	Deficit \$	Foreign currency translation reserve \$	Total equity \$
As at December 31, 2023	8,761	271,589	(145,894)	261	134,717
Net earnings	—	—	5,476	—	5,476
Other comprehensive (loss) income	—	—	(173)	751	578
Total comprehensive income	—	—	5,303	751	6,054
Dividends declared [note 10]	—	—	(2,012)	—	(2,012)
Shares repurchased and cancelled	(278)	(3,006)	—	—	(3,284)
As at June 30, 2024	8,483	268,583	(142,603)	1,012	135,475
As at December 31, 2024	8,383	267,487	(162,309)	1,410	114,971
Net earnings	—	—	1,611	—	1,611
Other comprehensive loss	—	—	(456)	(732)	(1,188)
Total comprehensive income	—	—	1,155	(732)	423
Dividends declared [note 10]	—	—	(2,456)	—	(2,456)
Shares repurchased and cancelled	—	—	—	—	—
As at June 30, 2025	8,383	267,487	(163,610)	678	112,938

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

[Unaudited] [in thousands of Canadian dollars]	Notes	For the three-month periods ended June 30		For the six-month periods ended June 30	
		2025	2024	2025	2024
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Net (loss) earnings		(309)	1,980	1,611	5,476
Non-cash adjustments to reconcile net earnings to net cash flows					
Depreciation of property, plant and equipment		1,552	1,730	3,040	3,363
Depreciation of right-of-use assets		1,399	1,478	2,967	2,832
Amortization of intangible assets		1,668	1,716	3,350	3,425
Amortization of deferred financing costs	8	28	39	57	92
Loss (gain) on disposal of property, plant and equipment		5	(4)	(139)	3
Asset impairment		563	75	563	75
Interest on contingent consideration payable		—	1	—	6
Deferred income tax recovery		(834)	(1,129)	(1,531)	(1,360)
Restructuring (recovery) expenses		(54)	—	22	—
Change in accrued pension benefit net assets		175	350	479	651
Change in current portion of PSU liability		8	—	32	—
Change in DSU liability		4	—	107	—
Change in contingent consideration payable		—	(174)	—	(174)
Change in other long-term liabilities		87	86	93	(530)
		4,292	6,148	10,651	13,859
Variations in working capital accounts					
Variation in accounts receivable		(1,011)	5,398	(1,195)	481
Variation in income taxes recoverable or payable		(14)	(192)	(383)	(670)
Variation in inventories		(982)	1,865	(2,778)	191
Variation in prepaid expenses		240	800	(541)	(665)
Variation in accounts payable and accrued liabilities		(1,916)	(3,644)	1,891	2,558
Variation in restructuring provisions		(302)	(150)	(369)	(427)
Change in other long-term liabilities		(3)	(3)	(7)	(9)
Net cash flows related to operating activities		304	10,222	7,269	15,318
INVESTING ACTIVITIES					
Business combinations, net of cash acquired	4	—	(2,390)	—	(2,390)
Acquisition of property, plant and equipment		(300)	(378)	(593)	(835)
Acquisition of intangible assets		(45)	(66)	(70)	(66)
Proceeds from disposal of property, plant and equipment		—	1,142	153	1,236
Net cash flows related to investing activities		(345)	(1,692)	(510)	(2,055)
FINANCING ACTIVITIES					
Net change in secured revolving credit facility		2,668	(2,983)	(2,437)	(4,812)
Repayment of term loans		(67)	(61)	(130)	(121)
Repayment of lease liabilities		(1,228)	(1,152)	(2,241)	(2,406)
Dividends paid	10	(2,456)	(2,012)	(2,456)	(2,012)
Deferred financing costs		(23)	(23)	(23)	(23)
Purchase of share capital for cancellation	9	—	(1,930)	—	(3,284)
Payment of contingent consideration payable		—	—	—	(50)
Net cash flows related to financing activities		(1,106)	(8,161)	(7,287)	(12,708)
Net change in cash during the period		(1,147)	369	(528)	555
Net foreign exchange difference		780	(96)	790	(343)
Cash, beginning of period		2,423	1,006	1,794	1,067
Cash, end of period		2,056	1,279	2,056	1,279
Supplemental information⁽¹⁾					
Interest paid		1,157	1,361	2,178	2,524
Interest received		—	—	(3)	22
Income taxes paid		1,303	1,899	3,119	3,793
Income taxes received		358	—	358	22

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

See accompanying notes

Supremex Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30 , 2025 and 2024

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

1. CORPORATE INFORMATION

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation and statement of compliance

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

The unaudited interim condensed consolidated financial statements have been prepared by management in accordance with IAS 34, Interim Financial Reporting. Therefore, certain information and disclosures have been omitted or condensed. The accounting principles are consistent with those set out in the Company’s audited consolidated financial statements for the year ended December 31, 2024, prepared in accordance with International Financial Reporting Standards (“IFRS”). Accordingly, these unaudited interim condensed consolidated financial statements and the notes thereto should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2024.

These unaudited interim condensed consolidated financial statements were approved by the Company’s Board of Directors on August 6, 2025 and have not been audited or reviewed by the Company’s auditors.

3. SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

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

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

The areas involving key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are the same as those set out in the Company's audited consolidated financial statements for the year ended December 31, 2024.

4. BUSINESS COMBINATIONS

Forest Envelope Group

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

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the envelope cash-generating unit ("CGU"). Goodwill deductible for tax purposes is \$221 (US\$160).

Purchase Price Allocation

As at June 30, 2025, the Company had finalized the purchase price allocation of the consideration related to the Forest Envelope acquisition and the purchase price allocation below for that acquisition is final. The purchase price allocation that reflects the estimated fair value of assets acquired at the acquisition date, using the acquisition method, is as follows:

	\$
Net assets acquired	
Inventories	283
Total current assets	283
Property, plant and equipment	1,326
Customer relationships	743
Goodwill	221
Net assets acquired	2,573
Cash consideration	2,573
Total acquisition-related costs	111

Graf-Pak Inc.

The Company finalized the purchase price allocation for the acquisition of Graf-Pak Inc. ("Graf-Pak"), in the second quarter of 2024. Details of the business combination and the retrospective adjustments made to comparative figures are disclosed in Note 5 – Business Combinations in the Company's audited consolidated financial statements for the year ended December 31, 2024.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

5. INVENTORIES

	June 30, 2025	December 31, 2024
	\$	\$
Raw materials	13,865	11,712
Work in progress	1,592	2,364
Finished goods	16,798	15,401
	32,255	29,477

The cost of inventories recognized as an expense and included in operating expenses, including the related depreciation of property, plant and equipment and depreciation of right-of-use assets allocated to inventories during the three and six-month periods ended June 30, 2025 are \$48,442 and \$99,231 respectively [2024 — \$50,640 and \$103,569].

6. ASSETS HELD FOR SALE

During 2024, the Company confirmed its intention to sell two properties located in Ville LaSalle, Quebec, and Etobicoke, Ontario. Accordingly, these properties have been reclassified as assets held for sale. The assets held for sale are presented separately as current assets in the statement of financial position.

Assets held for sale as of June 30, 2025 are stated at the carrying amount measured immediately before the reclassification, which is \$3,579 for land and \$5,455 for buildings and leasehold improvements.

On July 10, 2025 the Company completed the sale of both properties for gross proceeds of \$53.0 million, subject to certain post-closing adjustments (refer to Note 12 — Subsequent Events).

7. PROVISIONS

In the third quarter of 2024, the Company announced optimization initiatives aimed at improving costs, overall efficiency, productivity and achieving synergies within its Envelope segment operations. The initiatives mainly include the ceased production at its facility in Niagara Falls, New York, and maintained the premises as a distribution centre. Additionally, the initiative includes the closing of Concord, Ontario facility and the transfer of production equipment, primarily to its other Greater Toronto area envelope plants in Mississauga and Etobicoke. Restructuring expenses related to these initiatives, mainly comprised of employee related charges, decommissioning costs and costs to relocate machinery and inventory, amounted to \$325 in the first half of 2025. Included in restructuring expenses is a loss on disposal of assets of \$76.

In the first half of 2025, the Company had a net restructuring recovery of \$40 [2024 — restructuring expense of \$61] related to optimization initiatives in its packaging and specialty products segment. The initiatives mainly include the closing of its Saint-Hyacinthe, Quebec, facility, acquired as part of the Impression Paragraph Inc. transaction completed in 2023. Included in the restructuring recovery is a gain from the remeasurement of lease liability of \$54.

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

	June 30, 2025	December 31, 2024
	\$	\$
Balance, beginning of year	683	582
Restructuring expenses	—	1,277
Payments	(369)	(1,176)
Balance, end of year	314	683

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

8. LONG-TERM DEBT

	June 30, 2025	December 31, 2024
	\$	\$
Secured revolving credit facility	39,809	42,251
Term loans	765	891
Total debt	40,574	43,142
Deferred financing costs	(124)	(159)
Current portion	(39,938)	(256)
Long-term portion	512	42,727

Secured revolving credit facility

The Company has a three-year senior secured revolving credit facility of \$120,000 which bears interest at a floating rate based on the Canadian prime rate, the U.S. base rate, the Secured Overnight Financing Rate ("SOFR") or the Canadian Overnight Repo Rate Average ("CORRA"), plus an applicable margin that ranges between 0% and 2.75%. The agreement for this credit facility matures in May 2026 and no principal repayments are required prior to maturity. Although the Company may request that the agreement be extended by one year on every anniversary date, and the extension is dependent upon the approval of the lenders, no such extension had been requested as of June 30, 2025. As such, the credit facility has been classified as current liability in the interim consolidated statements of financial position as of June 30, 2025. Subsequent to the reporting date, the Company repaid \$31,500 of its credit facility using proceeds from the sale of two owned properties (see Note 12 – Subsequent Events) and the credit facility limit was reduced to \$70,000. As at June 30, 2025, the amount outstanding on the credit facility was \$39,809.

The secured credit facility is used for working capital, capital expenditure, acquisitions and other general corporate purpose. It is collateralized by mortgage and a security interest covering all assets of the Company and its subsidiaries and is subject to certain covenants, which the Company is required, among other conditions, to meet. The Company was in compliance with these covenants as at June 30, 2025.

Term loans

The Company has four term loans totaling \$765 as at June 30, 2025 [\$891 as at December 31, 2024], that were assumed following the acquisition of Impression Paragraph Inc. on January 16, 2023. The loans bear interest at rates ranging from 4.23% to 4.69% and are repayable in monthly instalments totaling \$22, including capital and interest. The loans mature between March 2026 and July 2028.

Other

As at June 30, 2025, the Company had outstanding letters of credit totaling of \$10 [\$10 as at December 31, 2024].

The effective interest rate on the secured credit facility was 4.56% as at June 30, 2025 [5.27% as at December 31, 2024].

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

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

The following table presents a reconciliation between the opening and closing balances of the total debt, excluding deferred financing costs:

	Three-month periods		Six-month periods	
	ended June 30,		ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Interest on secured credit facility	532	832	1,116	1,613
Interest on lease liabilities	487	517	1,029	910
Interest income on defined benefit plans obligations	(114)	(125)	(226)	(254)
Other interest expense	12	31	26	47
Amortization of deferred financing costs	28	39	57	92
	945	1,294	2,002	2,408

9. SHARE CAPITAL

The change in share capital was as follows:

	Number of common shares	Share capital \$
Balance, as at December 31, 2023	25,666,269	8,761
Purchase of share capital for cancellation	(811,400)	(278)
Balance, as at June 30, 2024	24,854,869	8,483
Balance, as at December 31, 2024 and June 30, 2025	24,559,869	8,383

On August 29, 2023, the Company announced that it had received approval from the TSX to purchase by way of a normal course issuer bid ("NCIB") for cancellation, up to 1,294,058 of its common shares, representing approximately 5.0% of its 25,881,169 issued and outstanding common shares as at August 18, 2023, for a period of twelve months, beginning on August 31, 2023. The NCIB ended on August 30, 2024.

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

Deferred Share Unit ("DSU") Plan

As at June 30, 2025, the financial liability resulting from the DSU plan of \$1,744 [December 31, 2024 — \$1,916] is presented under "Accounts payable and accrued liabilities".

During the six-month period ended June 30, 2025, no amount of variable executive compensation was allocated in DSU [2024 — nil] and an amount of \$279 was paid out [2024 — \$335]. During the three and six-month periods ended June 30, 2025, the net compensation expense for the DSU plan amounted to \$4 and \$107 respectively [2024 — \$53 and \$104] and is recognized under "Selling, general and administrative expenses".

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

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

Performance Share Unit (“PSU”) Plan

As at June 30, 2025, no amount from PSU Plan [December 31, 2024 — \$625] is presented under “*Accounts payable and accrued liabilities*” and \$154 [December 31, 2024 — \$64] is presented under “*Other long-term liabilities*”.

During the six-month period ended June 30, 2025, an amount of \$657 was paid out [2024 — nil]. During the three and six-month periods ended June 30, 2025, the net compensation expense for the PSU Plan amounted to \$94 and \$122 [2024 — \$120 and \$160] and is recognized under “*Selling, general and administrative expenses*”.

10. DIVIDENDS

Dividends declared from January 1, 2025 to June 30, 2025 were as follows:

Declaration date	Record date	Payment date	Per share \$	Dividend \$
February 19, 2025	March 20, 2025	April 4, 2025	0.05	1,228
May 7, 2025	June 5, 2025	June 20, 2025	0.05	1,228
Total				2,456

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

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

11. SEGMENTED INFORMATION

The Company currently operates in two reporting segments: the manufacturing and sale of envelopes and the manufacturing and sale of paper-based packaging solutions and specialty products. The segmented information is prepared using the accounting policies described in Note 2 – Material accounting policy information in the Company’s audited consolidated financial statements for the year ended December 31, 2024, prepared in accordance with IFRS.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30 , 2025 and 2024

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

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

For the three-month periods ended June 30,

	2025 \$			2024 \$		
	Envelope	Packaging & Specialty Products	Total	Envelope	Packaging & Specialty Products	Total
Revenue	43,787	22,170	65,957	49,466	19,871	69,337
Operating expenses	32,809	15,722	48,531	36,668	13,699	50,367
Selling, general and administrative expenses	4,804	3,586	8,390	4,785	3,450	8,235
Segmented Adjusted EBITDA⁽¹⁾	6,174	2,862	9,036	8,013	2,722	10,735
Corporate and other non-allocated expenses			3,205			1,737
Depreciation of property, plant and equipment			1,552			1,730
Depreciation of right-of-use assets			1,399			1,478
Amortization of intangible assets			1,668			1,716
Asset impairment			563			75
Retroactive COVID-related ERC ⁽²⁾ subsidies			(71)			—
Inventory revaluation related to business combinations			—			(54)
Acquisition costs [note 4, note 12]			56			111
Restructuring (recovery) expenses [note 7]			(28)			37
Net financing charges [note 8]			945			1,294
(Loss) earnings before income taxes			(253)			2,611

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

⁽²⁾ Employment Retention Credit ("ERC").

Supremex Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30 , 2025 and 2024

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

For the six-month periods ended June 30,						
	2025			2024		
	\$			\$		
	Envelope	Packaging & Specialty Products	Total	Envelope	Packaging & Specialty Products	Total
Revenue	92,203	43,982	136,185	102,892	39,713	142,605
Operating expenses	68,081	31,196	99,277	73,581	29,375	102,956
Selling, general and administrative expenses	9,622	6,653	16,275	10,394	6,406	16,800
Segmented Adjusted EBITDA⁽¹⁾	14,500	6,133	20,633	18,917	3,932	22,849
Corporate and other non-allocated expenses			5,973			3,368
Depreciation of property, plant and equipment			3,040			3,363
Depreciation of right-of-use assets			2,967			2,832
Amortization of intangible assets			3,350			3,425
Asset impairment			563			75
Retroactive COVID-related ERC subsidies			(71)			—
Inventory revaluation related to business combinations			—			(54)
Acquisition costs [note 4, note 12]			56			111
Restructuring expenses [note 7]			285			61
Net financing charges [note 8]			2,002			2,408
Earnings before income taxes			2,468			7,260

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

⁽²⁾ Employment Retention Credit ("ERC").

The Company's non-current assets amounted to \$100,337 in Canada and \$45,814 in the United States as at June 30, 2025 [\$108,939 and \$50,941, respectively, as at December 31, 2024]. The Company's revenue amounted to \$35,500 and \$73,194 in Canada and \$30,457 and \$62,991 in the United States for the three and six-month periods ended June 30, 2025 based on the customer's locations [2024 — \$37,630 and \$78,622 in Canada and \$31,707 and \$63,983 in the United States].

12. SUBSEQUENT EVENTS

Business Combinations

On July 7, 2025, the Company concluded the acquisition of the assets of Trans Graphique, a folding carton company located in Boisbriand, Quebec, for a total cash consideration of \$2,904 on a cash-free and debt-free basis, including an amount of \$553 payable over a two-year period subject to the realization of certain pre-established financial targets over that period. The preliminary purchase price allocation will be prepared once information on the fair values of assets acquired and liabilities assumed is readily available.

On July 14, 2025, the Company concluded the acquisition of the assets of Enveloppe Laurentide, an envelope manufacturer company located in St-Laurent, Quebec, for a total cash consideration of \$6,250 on a cash-free and debt-free basis. The preliminary purchase price allocation will be prepared once information on the fair values of assets acquired and liabilities assumed is readily available.

Total acquisition-related costs related to both acquisitions recognized in expense in the first half of 2025 amounted to \$56.

Supremex Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30 , 2025 and 2024

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

Sale-leaseback of transaction and credit facility amendment

On July 10, 2025 the Company announced that it completed a sale-leaseback transaction in respect of its two owned properties for gross proceeds of \$53,000, subject to certain post-closing adjustments (the "Transaction"). Pursuant to the terms of the definitive agreements entered into in respect of the Transaction, the Company, indirectly through certain of its wholly-owned subsidiaries, sold its properties located on Cordner Street in LaSalle, Quebec, and on Humberline Drive in Etobicoke, Ontario, to entities affiliated to Brasswater, a leading real estate development firm in Eastern Canada and the United States. These facilities house the Company's two primary envelope sales and manufacturing premises, while the LaSalle facility also houses corporate offices. At the closing of the Transaction, Supremex entered into lease agreements in respect of the properties for an initial 10-year term. The lease agreements also include three five-year renewal options at fair market rent.

In connection with the Transaction, the Company used a portion of the proceeds to repay \$31,500 of its credit facility, and the facility was amended to reduce the available limit to \$70,000.

Dividend declaration

On August 6, 2025, the Board of Directors declared a quarterly dividend of \$0.05 per common share, payable on September 19, 2025, to the shareholders of record at the close of business on September 4, 2025. This dividend is designated as an "eligible" dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial legislation.

Special Dividend Declaration

On August 6, 2025, the Board of Directors declared a special dividend of \$0.50 per common share, payable on September 25, 2025, to shareholders of record at the close of business on September 10, 2025. This dividend is designated as an "eligible" dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial legislation.

Normal Course Issuer Bid ("NCIB")

On August 7, 2025, the Company announced that it has received approval from the TSX to purchase by a way of a NCIB, for cancellation, up to 1,507,850 of its common shares, representing approximately 10.0% of its public float as of July 28, 2025, for a period of twelve months, beginning on August 11, 2025 and ending on August 10, 2026.