



Supremex

Management's Discussion and Analysis

For the three and six-month periods ended June 30, 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 August 6, 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 and six-month periods ended June 30, 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 and six-month periods ended June 30, 2025. The consolidated financial statements for the three and six-month periods ended June 30, 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 and on the Company's website at 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 ratio¹, 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.

¹ 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 June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
Statements of Earnings				
Revenue	65,957	69,337	136,185	142,605
Operating earnings	692	3,905	4,470	9,668
Adjusted EBITDA ⁽¹⁾	5,831	8,998	14,660	19,481
Adjusted EBITDA margin ⁽¹⁾	8.8%	13.0%	10.8%	13.7%
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
Adjusted net earnings ⁽¹⁾	75	2,105	2,227	5,619
Adjusted net earnings per share ⁽¹⁾	0.00	0.08	0.09	0.22
Cash Flow				
Net cash flows related to operating activities	304	10,222	7,269	15,318
Free cash flow ⁽¹⁾	(41)	10,920	6,759	15,653

⁽¹⁾ 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 June 30, 2025, and recent events

- Total revenue of \$66.0 million, down from \$69.3 million in the second quarter of 2024.
- Envelope segment revenue of \$43.8 million, down 11.5% from \$49.5 million in the prior year.
- Packaging & Specialty Products segment revenue of \$22.2 million, up 11.6% from \$19.9 million last year.
- Net loss of \$0.3 million, compared to net earnings of \$2.0 million last year.
- Loss per share of \$0.01, versus earnings per share of \$0.08 a year ago.
- Adjusted EBITDA² of \$5.8 million, or 8.8% of revenue, versus \$9.0 million, or 13.0% of revenue, a year ago.
- On July 7, 2025, the Company acquired Trans-Graphique, a provider of folding carton packaging solutions, mainly for the at-home food market. Operations will be integrated within the existing Lachine facility.
- On July 10, 2025, Supremex announced the completion of the sale-leaseback transaction in respect of its two owned properties in LaSalle, Quebec and Etobicoke, Ontario for gross proceeds of \$53.0 million, subject to certain post-closing adjustments.
- On July 14, 2025, Supremex acquired the assets of Enveloppe Laurentide, a provider of envelope in Eastern Canada. Operations will be integrated within the Company's existing Envelope network.
- On August 6, 2025, the Board of Directors declared a quarterly dividend of \$0.05 per common share, payable on September 19, 2025, to shareholders of record at the close of business on September 4, 2025.
- On August 6, 2025 the Board of Directors declared a special dividend to shareholders of \$0.50 per common share. The special dividend will be paid on September 25, 2025 to shareholders of record at the close of business on September 10, 2025.
- On August 7, 2025, the Company announced the renewal of its normal course issuer bid program (the "NCIB") after its approval by the TSX to purchase for cancellation up to 1,507,850 of its common shares, representing 10.0% of its public float as of July 28, 2025, for a period of twelve months, beginning on August 11, 2025.

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

3.3 Highlights of the six-month period ended June 30, 2025

- Total revenue of \$136.2 million, down from \$142.6 million in the six-month period ended June 30, 2024.
- Envelope segment revenue of \$92.2 million, down 10.4% from \$102.9 million a year ago.
- Packaging & Specialty Products segment revenue of \$44.0 million, up 10.7 % from \$39.7 million last year.
- Net earnings of \$1.6 million, compared to \$5.5 million in the first half of 2024.
- Earnings per share of \$0.07 versus \$0.22 in the same period last year.
- Adjusted EBITDA³ of \$14.7 million, or 10.8% of revenue, versus \$19.5 million, or 13.7% of revenue last year.

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 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>

³ Non-IFRS financial measures or ratios. Refer to the non-IFRS financial measures section for definitions and reconciliations.

Non-IFRS Measure	Definition
Adjusted net earnings per share	Adjusted net earnings per share represents Adjusted net earnings divided by the weighted average number of common shares outstanding for the relevant period. 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.
Free cash flow	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. 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.
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 June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
Net (loss) earnings	(309)	1,980	1,611	5,476
Income tax expense	56	631	857	1,784
Net financing charges	945	1,294	2,002	2,408
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
EBITDA	5,311	8,829	13,827	19,288
Retroactive COVID-related subsidies	(71)	—	(71)	—
Acquisition costs related to business combinations	56	111	56	111
Asset impairment	563	75	563	75
Restructuring (recovery) expenses	(28)	37	285	61
Value adjustment on acquired inventory through a business combination	—	(54)	—	(54)
Adjusted EBITDA	5,831	8,998	14,660	19,481
<i>Adjusted EBITDA margin (%)</i>	8.8%	13.0%	10.8%	13.7%

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 June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
Net (loss) earnings	(309)	1,980	1,611	5,476
Adjustments, net of income taxes				
Retroactive COVID-related subsidies	(53)	—	(53)	—
Acquisition costs related to business combinations	41	82	41	82
Asset impairment	417	56	417	56
Restructuring (recovery) expenses	(21)	27	211	45
Value adjustment on acquired inventory through a business combination	—	(40)	—	(40)
Adjusted net earnings	75	2,105	2,227	5,619
Net (loss) earnings per share	(0.01)	0.08	0.07	0.22
Adjustments, net of income taxes, per share	0.01	—	0.02	—
Adjusted net earnings per share	0.00	0.08	0.09	0.22

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

(in thousands of dollars)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
Cash flows related to operating activities	304	10,222	7,269	15,318
Acquisitions (net of disposals) of property, plant and equipment	(300)	764	(440)	401
Acquisitions of intangible assets	(45)	(66)	(70)	(66)
Free cash flow	(41)	10,920	6,759	15,653

Net debt to Adjusted EBITDA ratio

(in thousands of dollars except for ratios)

	As at June 30, 2025	As at December 31, 2024
Total debt	40,574	43,142
Deferred financing costs	(124)	(159)
Cash	(2,056)	(1,794)
Net debt	38,394	41,189
Adjusted EBITDA – TTM ⁽¹⁾	35,512	40,333
Net debt to Adjusted EBITDA ratio	1.1	1.0

(1) 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^{®4}, labels, record sleeves and jackets, polyethylene bags for courier applications, bubble mailers and Enviro-logiX^{®5}.

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 & 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^{®4}, polyethylene bags for courier applications, bubble mailers and Enviro-logiX^{®5}.

6. OUTLOOK

Demand for the Company's products has largely normalized, although the current economic volatility, ongoing trade uncertainty, postage increases at the United States Postal Service and labour issues at Canada Post 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, as well as on capturing all sales and cost synergies from recent business acquisitions.

With respect to capital deployment, the Company will continue to look for acquisitions, as evidenced by two tuck-in transactions completed subsequent to the quarter ended June 30, 2025, while maintaining capital returns to shareholders.

⁴ Conformer[®] is a registered trademark of Conformer Products, Inc.

⁵ Enviro-logiX[®] is a registered trademark of Envirologix Inc.

7. FOREIGN EXCHANGE RATES

7.1 Foreign Exchange Rates

The following table shows average and closing exchange rates applicable to Supremex' three and six-month periods ended June 30, 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 June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
USD Average	1.384	1.368	1.410	1.359
USD Closing	1.364	1.369	1.364	1.369

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 June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
Revenue	65,957	69,337	136,185	142,605
Operating expenses	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 expenses	(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	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
Dividend declared per share	0.05	0.04	0.10	0.08

Revenue Information

(in thousands of dollars, except %)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
Envelope	43,787	49,466	92,203	102,892
Volume change	(3.1%)	8.4%	(1.3%)	(5.7%)
Average selling price change	(8.7%)	(7.4%)	(9.2%)	(4.0%)
Total change	(11.5%)	0.4%	(10.4%)	(9.5%)
Packaging & Specialty Products	22,170	19,871	43,982	39,713
Total change	11.6%	(11.4%)	10.7%	(14.4%)
Total revenue	65,957	69,337	136,185	142,605
Revenue change	(4.9%)	(3.3%)	(4.5%)	(10.9%)

Segmented Information

(in thousands of dollars, except %)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
Segmented revenue				
Envelope	43,787	49,466	92,203	102,892
Packaging & Specialty Products	22,170	19,871	43,982	39,713
Total revenue	65,957	69,337	136,185	142,605
Segmented Adjusted EBITDA⁽¹⁾				
Envelope	6,174	8,013	14,500	18,917
% of segmented revenue	14.1%	16.2%	15.7%	18.4%
Packaging & Specialty Products	2,862	2,722	6,133	3,932
% of segmented revenue	12.9%	13.7%	13.9%	9.9%
Corporate and other non-allocated expenses	(3,205)	(1,737)	(5,973)	(3,368)
Total Adjusted EBITDA⁽¹⁾	5,831	8,998	14,660	19,481
% of total revenue	8.8%	13.0%	10.8%	13.7%

⁽¹⁾ 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 and six-month periods ended June 30, 2025

Revenue

Total revenue for the three-month period ended June 30, 2025, was \$66.0 million, representing a decrease of \$3.4 million, or 4.9%, from the equivalent quarter of 2024.

For the six-month period ended June 30, 2025, total revenue was \$136.2 million, representing a decrease of \$6.4 million, or 4.5%, from the equivalent period of 2024.

Envelope Segment

In the second quarter of 2025, revenue was \$43.8 million, representing a decrease of \$5.7 million, or 11.5%, from \$49.5 million in the second quarter of 2024. The variation is attributable to an average selling price decrease of 8.7% from last year's second quarter primarily due to a less favourable customer and product mix between the U.S. and Canadian markets and to a 3.1% decrease in the volume of units sold, in-line with industry demand. These factors were partially offset by a favourable currency conversion effect. The Envelope segment represented 66.4% of the Company's revenue in the quarter, versus 71.3% in the equivalent period of last year.

In the first half of 2025, revenue totaled \$92.2 million, representing a decrease of \$10.7 million, or 10.4%, from \$102.9 million in the six-month period ended June 30, 2024. The variation is attributable to an average selling price decrease of 9.2% from last year's first half for the reasons mentioned above and to a 1.3% decrease in the volume of units sold compared to last year, driven by an increase in units sold in the first quarter which was offset by a larger reduction in the second quarter. These factors were partially offset by a favourable currency conversion effect. Envelope represented 67.7% of the Company's revenue in the period, versus 72.2% during the equivalent period of last year.

Packaging & Specialty Products Segment

Revenue was \$22.2 million, up \$2.3 million, or 11.6 %, from \$19.9 million in the second quarter of 2024. The increase reflects higher demand from sectors more closely correlated to economic conditions, new business wins from existing customers and both higher demand from existing customers and new customer wins for e-commerce packaging solutions. The Packaging & Specialty Products segment represented 33.6% of the Company's revenue in the quarter, versus 28.7% in the equivalent period of last year.

For the six-month period ended June 30, 2025, revenue was \$44.0 million, up \$4.3 million, or 10.7%, from \$39.7 million in the corresponding period of 2024. The variation reflects the factors mentioned above. Packaging & Specialty Products represented 32.3% of the Company's revenue in the first half of 2025, compared with 27.8% during the equivalent period of last year.

Operating Expenses

Operating expenses for the three-month period ended June 30, 2025, were \$48.2 million, compared to \$50.1 million in the equivalent period of 2024. This decrease of \$1.9 million, or 3.8%, is mainly due to lower sales and lower raw material costs as a percentage of sales compared to last year, partially offset by higher direct labour costs as a percentage of sales compared to last year. Operating expenses represented 73.0% of revenue in the second quarter of 2025, compared to 72.2% in 2024.

Operating expenses for the six-month period ended June 30, 2025, totaled \$99.0 million, compared to \$102.5 million in the equivalent period of 2024. This decrease of \$3.5 million, or 3.4%, essentially reflects the factors mentioned above. On a percentage of revenue basis, operating expenses were 72.7% of revenue, compared with 71.9% in the equivalent period of 2024.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totalled \$11.9 million in the three-month period ended June 30, 2025, compared to \$10.3 million for the same period in 2024. This increase is mainly due to the effect of variances in closing rates during the periods on intercompany trade accounts which resulted in a foreign exchange loss of \$1.4 million this quarter, as opposed to a foreign exchange gain of \$0.1 million last year.

In the six-month period ended June 30, 2025, selling, general and administrative expenses amounted to \$22.6 million, compared to \$20.7 million for the same period in 2024. This increase is mainly attributable to a \$1.5 million foreign exchange loss this year for the reason mentioned above, as opposed to a \$0.3 million gain last year, and higher professional fees. These factors were partially offset by lower salaries and benefit expenses.

EBITDA⁶ and Adjusted EBITDA⁶

EBITDA was \$5.3 million, compared to \$8.8 million in the second quarter last year. Adjusted EBITDA was \$5.8 million, versus \$9.0 million in the second quarter of 2024. The decrease reflects lower revenue and higher selling, general and administrative expenses, mainly from the foreign exchange loss of \$1.5 million due to the effect of variances in closing rates during the periods on intercompany trade accounts, partially offset by lower operating expenses. The Adjusted EBITDA margin was 8.8% of revenue, versus 13.0% in the equivalent quarter of 2024.

For the first half of 2025, EBITDA was \$13.8 million, down from \$19.3 million in the first half of 2024. Adjusted EBITDA was \$14.7 million, down from \$19.5 million for the same period a year ago. The decrease reflects the factors mentioned above. The Adjusted EBITDA margin was 10.8% of revenue, versus 13.7% in the equivalent period of 2024.

Envelope Segment

Adjusted EBITDA was \$6.2 million, versus \$8.0 million in the second quarter of 2024. The decrease reflects lower average selling prices due to a less favourable customer and product mix, and the effect of lower volume on the absorption of fixed costs. These factors were 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 14.1%, compared with 16.2% in the equivalent period of 2024.

For the first half of 2025, adjusted EBITDA was \$14.5 million, down from \$18.9 million in the first half of 2024. The decrease reflects the factors mentioned above. On a percentage of segmented revenue, Adjusted EBITDA from the Envelope segment was 15.7%, compared to 18.4% in the equivalent period of 2024.

Packaging & Specialty Products Segment

Adjusted EBITDA was \$2.9 million, versus \$2.7 million in the second 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 12.9%, compared to 13.7% in the equivalent period of 2024.

For the first half of 2025, Adjusted EBITDA was \$6.1 million, compared to \$3.9 million in the first half of 2024. This increase mostly reflects the factors mentioned above. On a percentage of segmented revenue, Adjusted EBITDA from the Packaging & Specialty Products segment was 13.9%, compared to 9.9% in the equivalent period of 2024.

Corporate and other non-allocated expenses

Corporate and other non-allocated expenses were \$3.2 million compared to \$1.7 million in the second quarter of 2024. The increase is mostly due to the foreign exchange loss mentioned above.

For the first half of 2025, corporate and other non-allocated expenses were \$6.0 million compared to \$3.4 million in the first half of 2024. The increase resulted mainly from the foreign exchange loss mentioned above and higher professional fees.

Depreciation and Amortization

Aggregate depreciation and amortization expenses for the three-month period ended June 30, 2025, amounted to \$4.6 million, versus \$4.9 million a year ago. The variation mainly reflects a decrease in the depreciation of property, plant and equipment.

For the six-month period ended June 30, 2025, aggregate depreciation and amortization expenses amounted to \$9.4 million, versus \$9.6 million for the same period in 2024. The variation reflects a decrease in the depreciation of property, plant and equipment, partially offset by an increase in the depreciation of right-of-use assets.

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

Asset Impairment and Restructuring Expenses

In the three and six-month period ended June 30, 2025, the Company recorded an asset impairment charge of \$0.6 million related to certain U.S.-based production equipment no longer in use.

In the six-month period ended June 30, 2025, the Company incurred restructuring expenses of \$0.3 million mostly related to the optimization of Envelope activities in the Greater Toronto Area.

Net Financing Charges

Net financing charges for the three-month period ended June 30, 2025, totaled \$0.9 million, down from \$1.3 million last year, due to lower indebtedness in the second quarter of 2025, compared to the same period in 2024.

Net financing charges for the six-month period ended June 30, 2025, stood at \$2.0 million, down from \$2.4 million last year, due to lower indebtedness in the first half of 2025, compared to the same period in 2024.

(Loss) Earnings Before Income Taxes

As a result of the fluctuation in revenue and expenses described herein, the loss before income taxes was \$0.3 million for the three-month period ended June 30, 2025, compared to earnings before income taxes of \$2.6 million for the equivalent period of 2024.

In the six-month period ended June 30, 2025, earnings before income taxes were \$2.5 million, compared to \$7.3 million for the equivalent period of 2024.

Income Tax Expense

The income taxes expense was \$0.1 million in the three-month period ended June 30, 2025, compared to \$0.6 million in the equivalent quarter of last year. The absolute dollar decrease is due to lower earnings before income taxes in the current period.

For the six-month period ended June 30, 2025, income taxes were \$0.9 million, representing an effective tax rate of 34.7%, compared to \$1.8 million, or an effective tax rate of 24.6%, in the equivalent period of last year. The absolute dollar decrease is due to lower earnings before income taxes in the current period.

Net (Loss) Earnings, Adjusted Net (Loss) Earnings⁷, Net (Loss) Earnings per share and Adjusted Net (Loss) Earnings per share⁷

The net loss was \$0.3 million or net loss of \$0.01 per share for the three-month period ended June 30, 2025, compared to net earnings of \$2.0 million or \$0.08 per share for the equivalent period last year. Adjusted net earnings were \$0.1 million or \$0.00 per share for the three-month period ended June 30, 2025, compared to \$2.1 million or \$0.08 per share for the equivalent period in 2024.

For the six-month period ended June 30, 2025, net earnings were \$1.6 million or \$0.07 per share, compared to \$5.5 million or \$0.22 per share for the equivalent period last year. Adjusted net earnings amounted to \$2.2 million or \$0.09 per share, compared to \$5.6 million or \$0.22 per share for the equivalent period in 2024.

Other Comprehensive Income

The discount rate used to calculate the accrued plan benefit obligations was 4.9% as at June 30, 2025, compared to 4.7% as at March 31, 2025. This variation, combined with a lower-than-expected return on assets, resulted in a net actuarial loss of \$0.1 million in the second quarter of 2025.

The discount rate was 4.9% as at June 30, 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 \$0.5 million in the first half of 2025.

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

9.2 Geographical Revenue and Asset Diversification

Revenue by Geography

(in thousands of dollars)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
Canada	35,500	37,630	73,194	78,622
U.S.	30,457	31,707	62,991	63,983
Total revenue	65,957	69,337	136,185	142,605

For the three-month period ended June 30, 2025, the Company's revenue in Canada was \$35.5 million, down 5.7% from \$37.6 million in the equivalent quarter of 2024. In the United States, revenue was \$30.5 million, representing a decrease of 3.9% from \$31.7 million in 2024.

For the six-month period ended June 30, 2025, the Company's revenue in Canada was \$73.2 million, down 6.9% from \$78.6 million in the equivalent period of 2024. In the United States, revenue was \$63.0 million, representing a decrease of 1.6% from \$64.0 million in the equivalent period of 2024.

The Company's non-current assets were \$100.4 million in Canada and \$45.8 million in the United States as at June 30, 2025, compared to \$108.9 million in Canada and \$50.9 million in the United States as at December 31, 2024.

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)

	June 30 2025	Mar. 31 2025	Dec. 31 2024	Sep. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sep. 30 2023
Envelope	43,787	48,416	48,797	47,475	49,466	53,426	50,571	49,292
Packaging	22,170	21,812	20,278	21,880	19,871	19,842	21,730	20,506
Total Revenue	65,957	70,228	69,075	69,355	69,337	73,268	72,301	69,798
Adjusted EBITDA ⁽¹⁾	5,831	8,829	12,919	7,933	8,998	10,483	8,986	11,730
(Loss) Earnings before income taxes	(253)	2,721	7,633	(23,839)	2,611	4,649	656	6,816
Net (loss) earnings	(309)	1,920	5,819	(23,038)	1,980	3,496	724	5,001
Net (loss) earnings per share	(0.01)	0.08	0.23	(0.92)	0.08	0.14	0.03	0.19
Adjusted net earnings ⁽¹⁾	75	2,152	5,211	1,044	2,105	3,514	2,236	4,049
Adjusted net earnings ⁽¹⁾ per share	0.00	0.09	0.20	0.05	0.08	0.14	0.09	0.16

⁽¹⁾ 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)

	June 30 2025	Mar. 31 2025	Dec. 31 2024	Sep. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sep. 30 2023
Net (loss) earnings	(309)	1,920	5,819	(23,038)	1,980	3,496	724	5,001
Income tax expense (recovery)	56	801	1,814	(801)	631	1,153	(68)	1,815
Net financing charges	945	1,057	1,178	1,270	1,294	1,114	1,280	1,348
Depreciation of property, plant and equipment	1,552	1,488	1,626	1,755	1,730	1,633	1,603	1,839
Depreciation of right-of-use assets	1,399	1,568	1,588	1,575	1,478	1,354	1,376	1,361
Amortization of intangible assets	1,668	1,682	1,715	1,777	1,716	1,709	2,027	1,666
EBITDA	5,311	8,516	13,740	(17,462)	8,829	10,459	6,942	13,030
COVID-related subsidies	(71)	—	—	—	—	—	—	(1,456)
Acquisition costs related to business combinations	56	—	7	(6)	111	—	174	9
Asset impairment	563	—	—	23,337	75	—	—	—
Restructuring (recovery) expenses	(28)	313	(828)	2,064	37	24	1,870	147
Value adjustment on acquired inventory through a business combination	—	—	—	—	(54)	—	—	—
Adjusted EBITDA	5,831	8,829	12,919	7,933	8,998	10,483	8,986	11,730
<i>Adjusted EBITDA margin (%)</i>	<i>8.8%</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>

Reconciliation of Adjusted net earnings for the past eight quarters

(in thousands of dollars)

	June 30 2025	Mar. 31 2025	Dec. 31 2024	Sep. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sep. 30 2023
Net (loss) earnings	(309)	1,920	5,819	(23,038)	1,980	3,496	724	5,001
Adjustments, net of income taxes								
COVID-related subsidies	(53)	—	—	—	—	—	—	(1,068)
Acquisition costs related to business combinations	41	—	5	(5)	83	—	129	7
Asset impairment	417	—	—	22,560	55	—	—	—
Restructuring (recovery) expenses	(21)	232	(613)	1,527	27	18	1,383	109
Value adjustment on acquired inventory through a business combination	—	—	—	—	(40)	—	—	—
Adjusted net earnings	75	2,152	5,211	1,044	2,105	3,514	2,236	4,049

12. FINANCIAL POSITION

12.1 Summary Financial Position Highlights

Selected Financial Position Information

(in thousands of dollars)

	As at June 30, 2025	As at December 31, 2024
Working capital	8,937	45,566
Total assets	228,398	236,968
Total liabilities	115,460	121,997
Total equity	112,938	114,971

12.2 Assets

The \$8.6 million decrease in total assets as at June 30, 2025, when compared to December 31, 2024, mostly results from reductions of \$4.6 million, \$3.9 million and \$3.8 million, respectively, in the value right-of-use assets, intangible assets and property, plant and equipment, mainly due to the depreciation and amortization of these assets. These factors were partially offset by a \$2.8 million increase in inventories.

12.3 Liabilities

The \$6.5 million decrease in total liabilities as at June 30, 2025, when compared to December 31, 2024, is mainly attributable to a \$4.0 million decrease in lease liabilities reflecting payments made in the period and a \$2.5 million reduction in total debt.

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. 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 (refer to note 15. 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 \$39.8 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 June 30, 2025.

Term loans

The Company has four term loans totaling \$0.8 million as at June 30, 2025, that were assumed following the acquisition of Impression Paragraph Inc. 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 June 30, 2025	As at 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

The Company's total debt decreased to \$40.6 million as at June 30, 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 June 30, 2025, the ratio of Net debt⁸ to Adjusted EBITDA⁸ was 1.1x compared to 1.0x as at December 31, 2024.

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

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 June 30		Six-month periods ended June 30	
	2025	2024	2025	2024
Operating activities	304	10,222	7,269	15,318
Investing activities	(345)	(1,692)	(510)	(2,055)
Financing activities	(1,106)	(8,161)	(7,287)	(12,708)
Net foreign exchange difference	780	(96)	790	(343)
Net change in cash	(367)	273	262	212

13.1 Cash Flows Related to Operating Activities

Net cash flows from operating activities were \$0.3 million during the three-month period ended June 30, 2025, compared to \$10.2 million in the equivalent period of 2024. The variation is attributable to working capital requirements of \$4.0 million in the second quarter of 2025, as opposed to a \$4.1 million working capital release last year, and to lower profitability this year compared to last.

For the six-month period ended June 30, 2025, net cash flows from operating activities were \$7.3 million, compared to \$15.3 million in the equivalent period of 2024. The variation is attributable to working capital requirements of \$3.4 million in the first half of 2025, as opposed to a \$1.5 million release last year, and to lower profitability this year compared to last.

13.2 Cash Flows Related to Investing Activities

Net cash flows used in investing activities amounted to \$0.3 million for the three-month period ended June 30, 2025, essentially reflecting additions to property, plant and equipment. In the three-month period ended June 30, 2024, net cash flows used in investing activities were \$1.7 million, reflecting the \$2.4-million business acquisition of Forest Envelope, partially offset by net disposals of property, plant and equipment of \$0.8 million.

For the six-month period ended June 30, 2025, net cash flows used in investing activities totaled \$0.5 million, essentially reflecting additions to property, plant and equipment. In the six-month period ended June 30, 2024, net cash flows used in investing activities totaled \$2.1 million, reflecting the Forest Envelope acquisition, partially offset by net disposals of property, plant and equipment of \$0.4 million.

13.3 Cash Flows Related to Financing Activities

Net cash flows used in financing activities were \$1.1 million during the three-month period ended June 30, 2025, reflecting \$2.5 million in dividends paid, and \$1.2 million in repayment of lease liabilities, partially offset by a \$2.7 million increase in the revolving credit facility. During the three-month period ended June 30, 2024, net cash flows used in financing activities stood at \$8.2 million, primarily reflecting a \$3.0 million reduction in the credit facility, \$2.0 million in dividends paid, and \$1.9 million in share repurchase.

For the six-month period ended June 30, 2025, net cash flows used in financing activities stood at \$7.3 million reflecting \$2.5 million in dividends paid, a \$2.4 million decrease in the credit facility, and \$2.2 million in repayment of lease liabilities. For the six-month period ended June 30, 2024, net cash flows from financing activities amounted to \$12.7 million, primarily reflecting an \$4.8 million decrease in the credit facility, \$3.3 million in share repurchase, \$2.4 million in repayment of lease liabilities and \$2.0 million in dividends paid.

Free Cash Flow⁹

Free cash flow was negative \$41 thousand in the second quarter of 2025, compared to positive \$10.9 million for the same period last year. The variation is attributable to lower cash flow from operations.

For the six-month period ended June 30, 2025, free cash flow was \$6.8 million, compared to \$15.7 million for the same period in 2024. The variation is attributable to lower cash flow from operations.

14. SHARE CAPITAL

As at August 6, 2025, June 30, 2025, and December 31, 2024, the share capital issued and outstanding of the Company consisted of 24,559,869 common shares.

15. SUBSEQUENT EVENTS

On July 7, 2025, the Company acquired Trans-Graphique, a provider of folding carton packaging solutions. Located in Boisbriand Quebec, Trans-Graphique mainly services the at-home food market and generates annual revenue of approximately \$5.0 million. Operations will be integrated within the existing Lachine facility.

On July 10, 2025, the Company announced the completion of the sale-leaseback of two owned properties located in LaSalle, Quebec and Etobicoke, Ontario for gross proceeds of approximately \$53.0 million. At closing, Supremex entered into lease agreements in respect of the properties for an initial 10-year term supplemented by three five-year renewal options. In connection with the transaction, the Company used a portion of the proceeds to repay \$31.5 million of its credit facility and the facility was amended to reduce the available limit to \$70.0 million.

On July 14, 2025, the Company acquired Enveloppe Laurentide, a provider of envelope in Eastern Canada. Located Ville Saint-Laurent, Quebec, Enveloppe Laurentide generates annual revenue of approximately \$10.0 million. Operations will be integrated within the Company's existing Envelope network.

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.

On August 6, 2025 the Board of Directors declared a special dividend to shareholders of \$0.50 per common share. The special dividend will be paid 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.

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.

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.

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

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.

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 June 30, 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 June 30, 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.

Additional Information

Additional information relating to the Company, including the Company's annual information form, is available on SEDAR+ at www.sedarplus.ca.