

Consolidated Financial Statements

**Supremex Inc.**

December 31, 2025 and 2024

All amounts expressed in Canadian dollars

# Independent auditor's report

To the Shareholders of  
**Supremex Inc.**

## Opinion

We have audited the consolidated financial statements of Supremex Inc. and its subsidiaries [the "Company"], which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRS"].

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Key audit matter	How our audit addressed the key audit matter
<i>Impairment of goodwill and other non-financial assets</i>	
<p>As at December 31, 2025, goodwill and other non-financial assets comprised of intangible assets, right of use assets and property, plant and equipment, amounted to \$162.6M. As disclosed in Note 2, Material Accounting Policy Information, for each cash generating unit ["CGU"], management assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of these CGUs. The Company uses a value in use discounted cash flow model to determine a recoverable amount for the two CGUs, Envelopes and Packaging. Recoverable amounts for the Envelopes and Packaging CGUs are based on the Company's estimates of key assumptions such as revenue growth or decline rates, earnings projections, and pre-tax discount rates. The significance and sensitivity of these assumptions led us to conclude that the goodwill and other non-financial assets' impairment test for the Company's Envelopes CGU is a key audit matter.</p>	<p>To test the estimated recoverable amount of the Envelopes CGU, our audit procedures included, among others, assessing the methodology, the significant assumptions, and the underlying data used by the Company in its analyses. With the assistance of our valuation specialists, we evaluated the Company's models, valuation methodologies, and certain significant assumptions, including revenue growth or decline rates, earnings projections, and pre-tax discount rates. We performed sensitivity analysis on significant assumptions, including earnings projections and pre-tax discount rate, to evaluate changes in the recoverable amount of the CGU that would result from changes in the assumptions.</p> <p>We tested the inputs and mathematical accuracy of the models. We assessed the historical accuracy of management's estimates on cash flow projections, revenue growth or decline rates and earnings projections by comparing management's past projections to actual and historical performance. We also assessed the adequacy of the Company's disclosures included in Note 13 and 20 of the accompanying consolidated financial statements in relation to this matter.</p>

<i>Business combinations</i>	
<p>During the year, the Company completed three business combinations. On July 14, 2025, the Company acquired the assets of Enveloppe Laurentide Inc. for a cash consideration of \$6.113M. On July 7, 2025, it acquired the assets of Trans Graphique Inc. for a cash consideration of \$2.192M and a contingent consideration of \$0.501M. On December 8, 2025, the Company acquired the assets of Elite Envelope &amp; Graphics for a cash consideration of \$1.819M (US\$1,3150) and a contingent consideration of \$0.505M. As described in Note 5 to the consolidated financial statements, the Company measures the identifiable assets acquired and liabilities assumed at their fair values at the respective acquisition dates. Any excess of the total consideration transferred over the fair value of the net identifiable assets acquired is recognized as goodwill, which totaled \$3.6M for these transactions.</p>	<p>In evaluating the Company's purchase price allocations for Enveloppe Laurentide Inc., Trans Graphique Inc., and Elite Envelope &amp; Graphics, our audit procedures included, among others, procedures over the valuation of the equipment acquired, as well as the inventory. For all three business combinations, our procedures also covered the intangible assets consisting primarily of customer relationships. We evaluated the Company's key assumptions related to the sales projections, discount rate and sales growth/decline rates in determining the fair value by comparing them to historical financial data and public market data, when available. We involved our valuation specialists to support us in these procedures. We also performed certain sensitivity analyses on some of these assumptions to assess their effect on the purchase price allocation, including the margin percentage, growth rate and discount rate assumptions.</p>

Key audit matter	How our audit addressed the key audit matter
<p>The Company also recognized customer relationships with a fair value of \$4.1M. Determining the fair value of certain acquired assets, particularly customer relationships and equipment, involves significant judgment. These valuations are sensitive to assumptions such as sales and margin forecasts, discount rates, long-term growth rates, and assessments of the age, condition, and remaining useful life of acquired equipment. Because of the magnitude of the acquisitions, the extent of the fair value adjustments required, and the level of judgment involved, we considered the valuation of intangible assets, and equipment, and the resulting goodwill to be a key audit matter.</p>	<p>Finally, we assessed the adequacy of the Company's disclosures included in Note 5 of the accompanying consolidated financial statements in relation to this matter.</p>

#### Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Company audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Gina Biscotti.

*Ernst & Young LLP*<sup>1</sup>

Montréal, Canada  
February 18, 2026

<sup>1</sup> CPA auditor, public accountancy permit no. A134134



Supremex Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31 [in thousands of Canadian dollars]	Notes	2025 \$	2024 \$
<b>ASSETS</b>	<b>16</b>		
<b>Current assets</b>			
Cash		3,090	1,794
Accounts receivable	6	34,546	32,270
Income taxes recoverable	18	1,372	2,574
Inventories	7	31,129	29,477
Assets held for sale	8	—	9,034
Prepaid expenses		2,971	1,939
<b>Total current assets</b>		<b>73,108</b>	<b>77,088</b>
Property, plant and equipment	9, 20	31,433	37,105
Deferred tax assets	18	8,302	—
Right-of-use assets	10	59,662	41,376
Accrued pension benefit net assets	11	8,183	9,816
Intangible assets	12, 20	30,104	32,089
Goodwill	13, 20	41,384	39,494
<b>Total assets</b>		<b>252,176</b>	<b>236,968</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	14, 19	29,214	25,601
Restructuring provisions	15	268	683
Income tax payable	18	4,149	—
Current portion of contingent consideration payable	5	265	—
Current portion of lease liabilities	17	5,987	4,982
Current portion of long-term debt	16	3,683	256
<b>Total current liabilities</b>		<b>43,566</b>	<b>31,522</b>
Contingent consideration payable	5	756	—
Long-term debt	16	389	42,727
Deferred income tax liabilities	18	3,433	7,128
Lease liabilities	17	95,367	40,208
Other long-term liabilities	11, 19	459	187
Derivative financial instruments	24	—	225
<b>Total liabilities</b>		<b>143,970</b>	<b>121,997</b>
<b>Total equity</b>		<b>108,206</b>	<b>114,971</b>
<b>Total liabilities and equity</b>		<b>252,176</b>	<b>236,968</b>

Contingencies and guarantees [note 27]; Subsequent events [note 28]

See accompanying notes

On behalf of the Directors:

By: signed (Robert B. Johnston)  
Director

By: signed (Steven P. Richardson)  
Director

Supremex Inc.

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31		2025	2024
[in thousands of Canadian dollars, except per share amounts and number of common shares]		\$	\$
	Notes		
<b>Revenue</b>		<b>274,780</b>	281,035
Operating expenses	7, 11, 21	203,409	201,588
Selling, general and administrative expenses	11, 21	41,762	39,158
<b>Operating earnings before depreciation, amortization and other items</b>		<b>29,609</b>	40,289
Depreciation of property, plant and equipment	9	5,629	6,744
Depreciation of right-of-use assets	10	6,172	5,995
Amortization of intangible assets	12	6,903	6,917
Asset impairment	20	821	23,412
Restructuring expenses	15	289	1,297
(Gain) loss on disposal of property, plant and equipment and right-of-use assets		(207)	14
<b>Operating earnings (loss)</b>		<b>10,002</b>	(4,090)
(Gain) on sale and leaseback		(6,100)	—
Net financing charges	16	4,737	4,856
<b>Earnings (loss) before income taxes</b>		<b>11,365</b>	(8,946)
Income tax (recovery) expense	18	(657)	2,797
<b>Net earnings (loss)</b>		<b>12,022</b>	(11,743)
<b>Basic and diluted net earnings (loss) per share</b>		<b>0.49</b>	(0.47)
<b>Weighted average number of shares outstanding</b>		<b>24,531,225</b>	24,935,338

See accompanying notes

Supremex Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Years ended December 31 [in thousands of Canadian dollars]	Notes	2025 \$	2024 \$
<b>Net earnings (loss)</b>		<b>12,022</b>	<b>(11,743)</b>
<b>Other comprehensive (loss) income</b>			
<i>Other comprehensive (loss) income to be reclassified to earnings in subsequent periods</i>			
Unrealized loss on derivative financial instruments, net of income tax recovery of \$0 [2024 - \$106]		—	(304)
Foreign currency translation adjustments		<b>(643)</b>	1,453
Net other comprehensive (loss) income to be reclassified to earnings in subsequent periods		<b>(643)</b>	1,149
<i>Other comprehensive income reclassified to earnings</i>			
Derivative financial instrument reclassified to earnings, net of deferred tax recovery of \$54 [2024 - \$0]	<b>24</b>	<b>167</b>	—
<i>Items not to be reclassified to earnings in subsequent periods</i>			
Recognized actuarial loss on defined benefit pension plans, net of income tax recovery of \$168 [2024 - \$159]	<b>11</b>	<b>(483)</b>	(457)
Recognized actuarial gain on other post-retirement benefit, net of income tax expense of \$1 [2024 - \$0]	<b>11</b>	<b>1</b>	1
Net other comprehensive loss not to be reclassified to earnings in subsequent periods		<b>(482)</b>	(456)
Other comprehensive (loss) income		<b>(958)</b>	693
<b>Total comprehensive income (loss)</b>		<b>11,064</b>	<b>(11,050)</b>

See accompanying notes

Supremex Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31  
[in thousands of Canadian dollars]

	Share capital \$	Contributed surplus \$	Deficit \$	Foreign currency translation reserve \$	Total equity \$
<b>As at December 31, 2023</b>	<b>8,761</b>	<b>271,589</b>	<b>(145,894)</b>	<b>261</b>	<b>134,717</b>
Net loss	—	—	(11,743)	—	(11,743)
Other comprehensive (loss) income	—	—	(456)	1,149	693
Total comprehensive (loss) income	—	—	(12,199)	1,149	(11,050)
Dividends declared <i>[note 22]</i>	—	—	(4,216)	—	(4,216)
Shares repurchased and cancelled <i>[note 19]</i>	(378)	(4,102)	—	—	(4,480)
<b>As at December 31, 2024</b>	<b>8,383</b>	<b>267,487</b>	<b>(162,309)</b>	<b>1,410</b>	<b>114,971</b>
Net earnings	—	—	12,022	—	12,022
Other comprehensive (loss)	—	—	(482)	(476)	(958)
Total comprehensive income (loss)	—	—	11,540	(476)	11,064
Dividends declared <i>[note 22]</i>	—	—	(17,183)	—	(17,183)
Shares repurchased and cancelled <i>[note 19]</i>	(59)	(587)	—	—	(646)
<b>As at December 31, 2025</b>	<b>8,324</b>	<b>266,900</b>	<b>(167,952)</b>	<b>934</b>	<b>108,206</b>

See accompanying notes

**Supremex Inc.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended December 31 [in thousands of Canadian dollars]	Notes	2025 \$	2024 \$
<b>OPERATING ACTIVITIES</b>			
Net earnings (loss)		12,022	(11,743)
Non-cash adjustments to reconcile net earnings to net cash flows			
Depreciation of property, plant and equipment	9	5,629	6,744
Depreciation of right-of-use assets	10	6,172	5,995
Amortization of intangible assets	12	6,903	6,917
Amortization of deferred financing costs	16	198	149
(Gain) on sale and leaseback	8	(6,713)	—
(Gain) loss on disposal of property, plant and equipment and right-of-use assets		(207)	14
Asset impairment	20	821	23,412
Interest on contingent consideration payable		19	9
Realized loss on derivative financial instrument	24	136	—
Deferred tax recovery	18	(11,798)	(4,318)
Restructuring expenses		22	(195)
Change in accrued pension benefit net assets		982	1,039
Change in contingent consideration payable	5	—	(232)
Change in current portion of PSU liability		(528)	625
Change in DSU liability		376	(17)
Change in other long-term liabilities		288	(549)
		<b>14,322</b>	<b>27,850</b>
Variations in working capital accounts			
Variation in accounts receivable		(1,403)	1,370
Variation in income taxes recoverable or payable		5,351	(68)
Variation in inventories		843	4,183
Variation in prepaid expenses		(1,032)	(81)
Variation in accounts payable and accrued liabilities		2,898	(1,250)
Variation in restructuring provisions	15	(215)	101
Change in other long-term liabilities		(15)	(18)
<b>Net cash flows related to operating activities</b>		<b>20,749</b>	<b>32,087</b>
<b>INVESTING ACTIVITIES</b>			
Business combinations, net of cash acquired	5	(10,124)	(2,528)
Acquisition of property, plant and equipment	9	(1,521)	(1,615)
Acquisition of intangible assets	12	(83)	(114)
Proceeds from sale and leaseback		53,000	—
Proceeds from disposal of property, plant and equipment		1,055	1,340
<b>Net cash flows related to investing activities</b>		<b>42,327</b>	<b>(2,917)</b>
<b>FINANCING ACTIVITIES</b>			
Net change in secured revolving credit facility	16	(38,751)	(13,379)
Repayment of term loans	16	(256)	(245)
Repayment of lease liabilities	17	(5,413)	(5,023)
Receipt of lease incentive		—	171
Dividends paid	22, 28	(17,183)	(4,216)
Deferred financing costs	16	(102)	(52)
Purchase of share capital for cancellation	19	(646)	(4,480)
Settlement of Derivative Instrument	24	(190)	—
Payment of contingent consideration payable	5	—	(138)
<b>Net cash flows related to financing activities</b>		<b>(62,541)</b>	<b>(27,362)</b>
Net change in cash during the year		535	1,808
Net foreign exchange difference		761	(1,080)
Cash, beginning of year		1,794	1,066
<b>Cash, end of year</b>		<b>3,090</b>	<b>1,794</b>
<b>Supplemental information<sup>(1)</sup></b>			
Interest paid		4,846	5,192
Interest received		4	56
Income taxes paid		7,186	7,132
Income taxes received		1,284	44

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

See accompanying notes

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

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

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#### 1. CORPORATE INFORMATION

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

Supremex is a leading North American manufacturer and marketer of envelopes and a growing provider of paper-based packaging solutions and specialty products. Supremex’s 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 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’s total revenue.

These consolidated financial statements were approved by the Company’s Board of Directors on February 18, 2026.

#### 2. MATERIAL ACCOUNTING POLICY INFORMATION

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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) accounting standards as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention, except for the following items:

- contingent consideration payable, the Deferred Share Unit (“DSU”) plan and the Performance Share Unit (“PSU”) plan, plan liabilities and derivative financial instruments, which are measured at fair value;
- provisions, which are measured based on the best estimates of the expenditures required to settle the obligation; and
- accrued pension benefit net assets, which are measured at the fair value of plan assets reduced by the estimated fair value of the defined benefit obligations.

##### **Principles of consolidation**

The consolidated financial statements comprise the financial statements of Supremex Inc. and its wholly owned subsidiaries, Supremex USA Inc., and Supremex Packaging Inc.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, revenue and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

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

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#### **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the fair value at the date of the acquisition and includes any contingent consideration payable to the seller. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the company's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. The contingent consideration is classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the consolidated statements of earnings.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortized.

Goodwill is allocated as at the date of a business combination to a cash-generating unit ("CGU") for purpose of impairment testing. The allocation is made to the CGU or group of CGUs expected to benefit from the synergies of the business acquisitions.

#### **Segment reporting**

The Company operates in two reporting segments: the manufacturing and sale of a broad range of standard and custom envelopes and the manufacturing and sale of paper-based packaging solutions and specialty products.

#### **Foreign currency translation**

Supremex's consolidated financial statements are presented in Canadian dollars, which is also its functional currency. Supremex and its subsidiaries each determine their own functional currency and items included in their respective financial statements which are measured using that functional currency.

##### *Transactions and balances*

Transactions in foreign currencies are initially recorded by the entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statements of earnings.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

##### *Subsidiaries*

The assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date, and their statements of earnings are translated at average exchange rates of the year. The exchange differences arising on translation are recognized in other comprehensive income (loss). On disposal of a foreign operation, the component of other comprehensive income (loss) relating to that particular foreign operation is recognized in the consolidated statements of earnings.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

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

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#### Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The transfer of promised goods or services to a customer occurs at a point in time upon shipment or delivery of the goods.

The Company applies specific revenue recognition for bill and hold transactions. When customers request a bill and hold, revenue is recognized when the customer is invoiced for goods that have been produced, packaged and made ready for shipment. These goods are shipped within a specified period of time and are segregated from other inventory, the control is transferred to the customer, and the terms and collection experience on the related billings are consistent with all other sales.

#### Taxation

Tax expense comprises current and deferred tax and is recognized in the consolidated statements of earnings, except to the extent it relates to items recognized in other comprehensive income (loss) or directly in equity.

##### *Current tax*

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management evaluates uncertain tax positions and recognizes a provision where it is probable that additional amounts will be payable to tax authorities.

##### *Deferred tax*

Deferred tax is recognized, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the temporary differences reverse.

Deferred tax liabilities are generally recognized for all taxable temporary differences, except for differences that arise from the initial recognition goodwill and on investments in subsidiaries where the Company can control the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences (carry-forward of unused tax credits and unused tax losses) can be utilized.

Deferred tax assets and liabilities are not recognized on temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and the transaction does not affect accounting profit or taxable profit upon completion.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

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

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#### Employee future benefits

For defined benefit pension plans and other post-employment benefits, the net periodic pension expense is actuarially determined on an annual basis by independent actuaries using the projected unit credit method. The past service cost is recognized in the consolidated statements of earnings on the earlier of the date of the plan amendment or curtailment, and the date the Company recognizes pension plan restructuring related costs.

The net asset or net liability recognized in the consolidated statements of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets and the effect of the ceiling, if any. The present value of the defined benefit obligation for service accrued at year-end is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. All actuarial gains and losses, the effect of the asset ceiling and the return on plan assets, excluding net interest, are recognized immediately in other comprehensive income (loss). For funded plans, surpluses are recognized only to the extent that the surplus is considered recoverable taking into account future contributions for unfunded liability. Recoverability is primarily based on the extent to which the Company can unilaterally reduce future contributions to the plan. The interest expense of defined benefit obligation is calculated by applying the prior year's discount rate to the beginning balance of the accrued pension benefit liability and to the year's cash inflows. It is recognized in the financing charges of the consolidated statements of earnings. All the other administrative defined benefit plan expense components are recognized in the selling, general and administrative expenses of the consolidated statements of earnings.

Payments to defined contribution plans are expensed as incurred, i.e., as the related employee service is rendered.

#### Basic and diluted net earnings per share

The Company presents basic net earnings per share for its common shares, calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. There are no dilutive elements affecting the calculation of diluted earnings per share.

#### Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realizable value is the estimated selling price in the normal course of business, less applicable variable selling expenses.

#### Property, plant and equipment

Property, plant and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings	10 to 35 years
Leasehold improvements	Lease term
Machinery and equipment	5 to 30 years
Office equipment	3 to 5 years
Computer equipment	3 to 5 years

Residual values, method of depreciation and useful lives are reviewed annually prior to year-end and adjusted if appropriate.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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During the year, the estimated useful lives of certain machinery and equipment were revised from 5 to 15 years to 5 to 30 years. The revision represents a change in accounting estimate and has been applied prospectively.

#### Intangible assets

Upon acquisition, identifiable intangible assets are recorded at fair value if they result from a business combination, if not, at cost and are carried at cost less accumulated amortization. Intangible assets acquired are mainly comprised of customer relationships which are amortized on a straight-line basis over 5 to 10 years. Software is amortized on a straight-line basis over 3 to 10 years.

#### Assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the asset is available for immediate sale in its present condition. A sale is considered highly probable when management is committed to a plan to sell and completion is expected within one year from the date of the classification. In addition, the required actions to finalize the sale should indicate that significant changes to the sale are unlikely or the decision to sell will not be reversed.

Assets held for sale are reported in current assets in the consolidated statements of financial position and are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated while so classified. Cost to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

#### Impairment of non-financial assets

Impairment is recorded when the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Impairment losses, other than those relating to goodwill, are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

The carrying values of all intangible assets and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. The Company bases its impairment calculation on detailed budgets and forecast calculations, which generally cover a period of four years.

#### Impairment testing of goodwill

Goodwill is tested for impairment annually as at December 31 or more often if events or changes in circumstances indicate that it might be impaired. The impairment test consists of a comparison of the recoverable amount of the CGU to which goodwill is assigned with its carrying amount. Any impairment loss in the carrying amount compared with the fair value is charged to earnings in the period in which the impairment occurs.

#### Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as a financing charge.

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For restructuring provisions, the Company has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline. Furthermore, the affected employees or worker councils must have been notified of the plan's main features.

#### Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right-of-use asset and lease liability are recognized at the lease commencement date.

#### *Right-of-use assets:*

- The right-of-use assets are measured at cost, comprising the initial amount of the lease liability plus initial direct costs incurred and estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, if any.
- The cost of the right-of-use assets is periodically reduced by depreciation expenses and impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities. The right-of-use assets are depreciated to the lesser of the useful life or the lease term. The lease term includes the renewal option only if it is reasonably certain that the Company will exercise that option. Lease terms range from 1 to 17 years.
- The Company does not recognize a right-of-use asset and liability for the leases where the total lease term is less than or equal to 12 months and for the leases of low-value assets in nature; such as, but not limited to, office equipment.

#### *Lease liabilities:*

- At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the reporting period in which the event or condition that triggers the payment occurs.
- In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### *Sale and leaseback:*

- The Company assesses whether a transfer of an asset qualifies as a sale in accordance with IFRS 15. When the transfer qualifies as a sale, the Company recognizes a right-of-use asset measured at the proportion of the previous carrying amount that relates to the right of use retained and a lease liability measured at the present value of the lease payments. Any gain or loss is recognized only for the rights transferred to the buyer-lessor.
- When the transfer does not qualify as a sale, the Company continues to recognize the asset and recognizes a financial liability for the proceeds received.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Financial instruments**

(i) *Classification and subsequent measurement categories:*

- A financial asset is classified as subsequently measured at amortized cost; fair value through other comprehensive income ("FVTOCI"); or fair value through profit or loss ("FVTPL") based on the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion"). The Company's financial assets are held to collect contractual cash flows that meet the SPPI criterion and are classified and subsequently measured at amortized cost. They consist of cash, accounts receivable and other long-term asset.
- A financial liability is classified as subsequently measured at amortized cost, FVTPL or FVTPL subject to hedge accounting requirements. The Company's financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities, dividends payable, provisions, term loans and secured credit facility and are classified as liabilities amortized at cost. They are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently carried at amortized cost using the effective interest method. The contingent consideration payable is a financial liability measured initially at fair value at a business acquisition date then remeasured periodically at FVTPL. The DSU and PSU liabilities are measured periodically at their fair value based on the Company's share price and vested DSUs and PSUs at the end of each period while changes to the fair value are recorded in the consolidated statements of earnings. Derivative financial instruments are initially recorded at fair value and subsequently measured at fair value with changes in fair value recorded in net income in the period in which they arise. Derivative financial instruments designated as cash flow hedges, such as fixed interest rate swaps, are initially recorded at fair value and then the Company applies general hedge accounting requirements of IFRS 9, *Financial Instruments*.

(ii) *Impairment of financial assets measured at amortized cost:*

- The Company applies the simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables.
- A financial asset is considered in default when contractual payments are 90 days past due or when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is considered at a higher credit risk as soon as it is 30 days past due and the Company regularly monitors these accounts receivable to ensure its credit risk is not significant with such customers. In some cases, the fact that certain accounts receivable are past due does not necessarily represent a higher credit risk and subsequent collection is successful based on contractual payment terms or particular arrangements with customers to resolve commercial differences. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows, which generally occurs if the account receivable is 120 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging criterion is more appropriate.
- To measure the ECL, accounts receivable have been grouped based on shared risk characteristics and the days past due. As at December 31, 2025 and 2024, ECL was not significant.

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(iii) *Derecognition of financial assets and liabilities:*

- Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when substantially all the risks and rewards of ownership and cash flows have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on derecognition are recognized within finance income and finance expenses, respectively.

(iv) *Derivative financial instruments and hedging relationships:*

- The Company holds derivative financial instruments to hedge its interest rate risk exposures. At inception of the hedge, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship, as well as on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated.
- Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges:

- When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or highly probable anticipated transaction that could affect net earnings, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income (loss) and presented in accumulated other comprehensive income (loss) in equity. The amount recognized in other comprehensive income (loss) is transferred to net earnings in the same period as the hedged cash flows under the same line item in the consolidated statements of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in net earnings as net financing charges.
- If the hedging instrument no longer meets the criteria for hedge accounting, expires, is sold or terminated, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income (loss) and presented in accumulated other comprehensive income (loss) in equity then remains there until the anticipated transaction affects net earnings. If it is probable that the transaction will not occur, then the balance in other comprehensive income (loss) is recognized immediately in net earnings.

### 3. SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent consideration payable at the end of the reporting period.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Intangible assets and goodwill

Intangible assets and goodwill arise out of business combinations for which the Company has applied the acquisition method of accounting. The acquisition method involves the allocation of the cost of an acquisition to the underlying net assets acquired based on their respective estimated fair value. As part of this allocation process, the Company must identify and attribute values and estimated useful lives to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted average cost of capital ("WACC").

These estimates and assumptions determine the amount allocated to other identifiable intangible assets and goodwill as well as the amortization period for identifiable intangible assets with finite lives. If future events or results differ adversely from these estimates and assumptions, the Company could record increased amortization or impairment charges in the future. The Company also used other estimates and assumptions related to the impairment test of goodwill [note 13].

#### Employee future benefits

The Company sponsors defined benefit plans providing pension and other post-employment benefits to covered employees. The determination of expense and obligations associated with employee future benefits requires the use of assumptions such as the discount rate to measure obligations, the expected rate of mortality, the expected retirement age, the expected rate of future compensation increases and the expected healthcare cost trend rate. Because the determination of the cost and obligations associated with employee future benefits requires the use of various assumptions, there is measurement uncertainty inherent in the actuarial valuation process [note 11]. Actual results will differ from estimated results which are based on assumptions.

#### Income taxes

The Company computes an income tax provision in each of the jurisdictions in which it operates. However, actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of the consolidated financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income before they expire. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

The Company is subject to taxation in multiple jurisdictions. These provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that, at some future date, an additional liability could result from audits by taxing authorities.

Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

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#### 4. RECENT ACCOUNTING PRONOUNCEMENTS

##### New Accounting Standards adopted in 2025

The Company adopted the following new accounting standard effective January 1, 2025:

- Amendments to IAS 21 – *The Effects of Changes in Foreign Exchange rates (IAS 21)*, require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments had no impact on the Company's consolidated financial statements.

##### Future Changes of Accounting Standards

The following amendments to existing standards have been issued and are applicable by the Company for its annual period beginning on January 1, 2026 and thereafter, with an earlier application permitted:

- Amendments to IFRS 9 and IFRS 7 – *Classification and Measurement of Financial Instruments (IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures)*, clarify the timing of recognition and derecognition of financial assets and liabilities, including clarification that a financial liability is derecognized on the settlement date. The amendments also introduce the accounting policy choice to derecognize a financial liability settled using an electronic payment system before the settlement date, provided specific conditions are met. Additional clarifications relate to the assessment of contractual cash flow characteristics, including the classification and disclosure of financial assets with environmental, social, and governance linked or other contingent features, non-recourse loans and contractually linked instruments. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets. The Company is currently evaluating the potential impact of these amendments on its consolidated financial statements.
- New Accounting Standard IFRS 18 – *Presentation and Disclosure in Financial Statements (IFRS 18)*; the International Accounting Standard Board ("IASB") issued IFRS 18 to improve reporting of financial performance, including defined subtotals in the consolidated statements of earnings, enhanced requirements for aggregation and disaggregation of information, and expanded disclosures about management-defined performance measures. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The Company is currently evaluating the impact of the adoption of IFRS 18 on its consolidated financial statements.

#### 5. BUSINESS COMBINATIONS

##### 2025 Business Combinations

###### *Trans Graphique Inc. ("Trans Graphique")*

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 \$2,192 on a cash-free and debt-free basis. In addition to the consideration paid, the Company has a contingent consideration payable on the realization of certain financial targets over a two-year period, fair valued at the acquisition date at an amount of \$501. The fair value of the contingent consideration payable as of December 31, 2025 is \$518 and represents the maximum amount of the obligation.

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

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the Packaging CGU. Goodwill deductible for tax purposes is expected to be in the amount of \$606.

#### *Enveloppe Laurentide Inc. ("Enveloppe Laurentide")*

On July 14, 2025, the Company concluded the acquisition of the assets of Enveloppe Laurentide, an envelope manufacturer located in St-Laurent, Quebec, for a total cash consideration of \$6,113 on a cash-free and debt-free basis.

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

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the Envelope CGU. Goodwill deductible for tax purposes is expected to be in the amount of \$1,264.

#### *Elite Envelope & Graphics ("Elite Envelope")*

On December 8, 2025, the Company concluded the acquisition of the assets of Elite Envelope, an envelope manufacturer located in Randolph, Massachusetts, for a total cash consideration of \$1,819 (US\$1,315) on a cash-free and debt-free basis. In addition to the consideration paid, the Company has a contingent consideration payable on the realization of certain financial targets over a two-year period, fair valued at the acquisition date at an amount of \$505 (US\$365). The fair value of the contingent consideration payable as of December 31, 2025 is \$503 (US\$367) and represents the maximum amount of the obligation.

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

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the Envelope CGU. Goodwill deductible for tax purposes is expected to be in the amount of \$381 (US\$276).

#### 2024 Business Combination

##### *Forest Envelope Group*

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

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

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#### Purchase Price Allocations

As at December 31, 2025, the Company had finalized the purchase price allocation of the consideration related to the Forest Envelope acquisition within the year and the purchase price allocation for this acquisition is final and was in line with the preliminary purchase price allocation. The purchase price allocations related to the Trans Graphique, Enveloppe Laurentide, and Elite Envelope have not been finalized due to them being recent acquisitions. The Company will finalize the allocations as it obtains further information on the fair value of certain assets and liabilities.

The preliminary purchase price allocations that reflect the estimated fair value of assets acquired and liabilities assumed at the acquisition dates, using the acquisition method, are as follows:

	Preliminary purchase price allocation Trans Graphique \$	Preliminary purchase price allocation Enveloppe Laurentide \$	Preliminary purchase price allocation Elite Envelope \$	2025 Total \$	2024 Final purchase price allocation Forest \$
<b>Net assets acquired</b>					
Accounts receivable	—	—	873	873	—
Inventories	574	1,660	261	2,495	283
<b>Total current assets</b>	<b>574</b>	<b>1,660</b>	<b>1,134</b>	<b>3,368</b>	<b>283</b>
Property, plant and equipment	773	130	98	1,001	1,326
Customer relationships	740	3,350	1,287	5,377	743
Goodwill	606	1,264	381	2,251	221
<b>Total assets</b>	<b>2,693</b>	<b>6,404</b>	<b>2,900</b>	<b>11,997</b>	<b>2,573</b>
Accounts payable and accrued liabilities	—	—	576	576	—
Accrued Compensation	—	154	—	154	—
Accrued Vacation	—	137	—	137	—
<b>Net assets acquired</b>	<b>2,693</b>	<b>6,113</b>	<b>2,324</b>	<b>11,130</b>	<b>2,573</b>
Less: Contingent consideration payable	501	—	505	1,006	—
<b>Cash consideration</b>	<b>2,192</b>	<b>6,113</b>	<b>1,819</b>	<b>10,124</b>	<b>2,573</b>
Total acquisition-related costs	51	105	51	207	105

#### 6. ACCOUNTS RECEIVABLE

	December 31, 2025 \$	December 31, 2024 \$
Trade receivables	34,310	32,787
Less: Allowance for doubtful accounts	873	1,095
Net trade receivables	33,437	31,692
Other receivables	1,109	578
	<b>34,546</b>	<b>32,270</b>

Trade receivables are non-interest bearing and are generally on 30-60 day term.

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The aging analysis of trade receivables at each reporting date was as follows:

	December 31, 2025 \$	December 31, 2024 \$
Current	23,510	18,250
31–60 days	6,495	8,780
61–90 days	2,516	3,000
91–120 days	1,074	1,246
Over 120 days	715	1,511
	<b>34,310</b>	<b>32,787</b>

#### Allowance for doubtful accounts

The changes in the allowance for doubtful accounts were as follows:

	December 31, 2025 \$	December 31, 2024 \$
Balance, beginning of year	1,095	766
Charge for the year	371	481
Write-off	(582)	(142)
Impact of foreign exchange losses	(11)	(10)
<b>Balance, end of year</b>	<b>873</b>	<b>1,095</b>

The Company is exposed to normal credit risk with respect to its accounts receivable and maintains provisions for potential credit losses. Potential for such losses is mitigated because there is no significant exposure to any single customer and because customer creditworthiness is evaluated before credit is extended. Historically, the estimated credit losses from trade receivables have not been significant.

#### 7. INVENTORIES

	December 31, 2025 \$	December 31, 2024 \$
Raw materials	11,867	11,712
Work in progress	3,476	2,364
Finished goods	15,786	15,401
	<b>31,129</b>	<b>29,477</b>

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 year ended December 31, 2025 is \$203,662 [2024 – \$203,291].

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#### 8. SALE AND LEASEBACK

During 2024, the Company confirmed its intention to sell two properties located in Ville LaSalle, Quebec, and Etobicoke, Ontario. Accordingly, these properties were presented separately as current assets in the statement of financial position and were stated at the carrying amount measured immediately before the reclassification, which is \$3,579 for land and \$5,455 for buildings and leasehold improvements [note 9].

During the third quarter of 2025, the Company entered into an agreement to sell and leaseback these two properties. The proceeds of disposition of \$53,000 represent their fair value. The Company recognized a right-of-use asset of \$7,691 [note 10] and lease obligation of \$44,943 [note 17] at inception. In addition, a gain on sale of \$6,100 was recognized in the consolidated statements of earnings as gain on sale and leaseback. The gain is net of selling costs of \$613.

#### 9. PROPERTY, PLANT AND EQUIPMENT

	Land \$	Buildings and leasehold improvements \$	Machinery and equipment \$	Office and computer equipment \$	Total \$
<b>Cost:</b>					
As at December 31, 2023	3,579	15,852	86,875	3,849	110,155
Additions	—	215	1,300	100	1,615
Business combinations [note 5]	—	—	1,311	15	1,326
Reclassification to Assets held for sale [note 8]	(3,579)	(12,254)	—	—	(15,833)
Disposals	—	—	(2,537)	(51)	(2,588)
Impairment [note 20]	—	—	(1,284)	—	(1,284)
Translation adjustment	—	62	1,976	32	2,070
<b>As at December 31, 2024</b>	<b>—</b>	<b>3,875</b>	<b>87,641</b>	<b>3,945</b>	<b>95,461</b>
Additions	—	288	1,123	110	1,521
Business combinations [note 5]	—	—	1,001	—	1,001
Disposals	—	(131)	(2,291)	(55)	(2,477)
Impairment [notes 15, 20]	—	—	(1,021)	—	(1,021)
Translation adjustment	—	(23)	(1,232)	(20)	(1,275)
<b>As at December 31, 2025</b>	<b>—</b>	<b>4,009</b>	<b>85,221</b>	<b>3,980</b>	<b>93,210</b>
<b>Accumulated depreciation:</b>					
As at December 31, 2023	—	7,394	48,318	2,884	58,596
Depreciation	—	822	5,459	463	6,744
Reclassification to Assets held for sale [note 8]	—	(6,799)	—	—	(6,799)
Disposals	—	—	(1,068)	(51)	(1,119)
Translation adjustment	—	24	890	20	934
<b>As at December 31, 2024</b>	<b>—</b>	<b>1,441</b>	<b>53,599</b>	<b>3,316</b>	<b>58,356</b>
Depreciation	—	485	4,826	318	5,629
Disposals	—	(96)	(1,236)	(221)	(1,553)
Translation adjustment	—	(16)	(626)	(13)	(655)
<b>As at December 31, 2025</b>	<b>—</b>	<b>1,814</b>	<b>56,563</b>	<b>3,400</b>	<b>61,777</b>
<b>Net book value:</b>					
As at December 31, 2024	—	2,434	34,042	629	37,105
<b>As at December 31, 2025</b>	<b>—</b>	<b>2,195</b>	<b>28,658</b>	<b>580</b>	<b>31,433</b>

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### 10. RIGHT-OF-USE ASSETS

	Buildings \$	Machinery and equipment \$	Office equipment \$	Total \$
<b>Cost:</b>				
As at December 31, 2023	46,882	963	209	48,054
Additions	13,322	—	30	13,352
Disposals	(3,308)	(3)	(22)	(3,333)
Reassessments	2,423	—	—	2,423
Translation adjustment	2,001	16	8	2,025
<b>As at December 31, 2024</b>	<b>61,320</b>	<b>976</b>	<b>225</b>	<b>62,521</b>
Additions – new leases	437	—	—	437
Additions – sale and leaseback [note 8]	7,691	—	—	7,691
Disposals	(2,338)	(183)	(9)	(2,530)
Reassessments	17,138	—	—	17,138
Translation adjustment	(1,191)	(9)	(4)	(1,204)
<b>As at December 31, 2025</b>	<b>83,057</b>	<b>784</b>	<b>212</b>	<b>84,053</b>
<b>Accumulated depreciation:</b>				
As at December 31, 2023	17,496	350	92	17,938
Depreciation	5,782	165	48	5,995
Disposals	(3,308)	(3)	(13)	(3,324)
Translation adjustment	525	7	4	536
<b>As at December 31, 2024</b>	<b>20,495</b>	<b>519</b>	<b>131</b>	<b>21,145</b>
Depreciation	5,977	150	45	6,172
Disposals	(2,338)	(183)	(7)	(2,528)
Reassessments	—	—	(18)	(18)
Translation adjustment	(372)	(4)	(4)	(380)
<b>As at December 31, 2025</b>	<b>23,762</b>	<b>482</b>	<b>147</b>	<b>24,391</b>
<b>Net book value:</b>				
As at December 31, 2024	40,825	457	94	41,376
<b>As at December 31, 2025</b>	<b>59,295</b>	<b>302</b>	<b>65</b>	<b>59,662</b>

#### 11. EMPLOYEE DEFINED BENEFIT PLANS

##### (a) Pension plans

The Company now offers two pension plans covering substantially all of its Canadian employees. These plans are hybrids, i.e. they include a defined benefit component (“DB component”), for which service accrual ceased in 2012, and a defined contribution component. Both DB components are fully funded.

One plan is governed by the *Pension Benefits Act* (Ontario), administered by the Financial Services Regulatory Authority of Ontario, and its DB component pension benefits are based on the members’ average earnings prior to retirement. The second plan is governed by *Quebec’s Supplemental Pension Plans Act*, administered by Retraite Québec. The pension benefits under the DB component of this plan are also based on the members’ average earnings prior to retirement.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The key risks pension plans are exposed to include interest rate risks, investment risks and change in the life expectancy for pensioners. Recently, the Company executed a series of transactions in order to reduce the risk profile and volatility associated with its defined benefit pension plans and further secure the Company's members' benefits.

For the defined benefit plans' assets, 77% of total plan assets [2024 — 68%] are now invested 100% in fixed income funds. The remaining assets, which amount to 23% of total plan assets [2024 — 32%], are invested in money market funds.

On December 10, 2024, the Company entered into annuity buy-out transactions for two of its pension plans under the pension legislations of Ontario and Quebec to transfer \$2,644 and \$6,789, respectively, of its benefit pension obligations. The completion of these transactions represented the full transfer and discharge the pension plans from these related obligations effective April 1, 2025. The pension plans paid premiums of \$2,602 and \$6,727, respectively, to complete these transactions. The transactions resulted in a net settlement gain of \$104 in total for both plans for the twelve-month ended December 31, 2024, which was recognized in net earnings. The Company concluded at the same time an annuity buy-in transaction with Industrial Alliance for its Québec plan, targeting a subset of retirees whose province of employment does not allow for full administrative discharge under applicable pension legislation. While these members remain members of the plan, the completed transaction transfers to Industrial-Alliance the obligation relating to the payment of annuities covered by this contract, with the insurer taking charge of these payments. The pension plan paid a premium of \$646 to complete the transaction, to cover an obligation of \$653. This transaction generated a gain of \$7 for the twelve-month ended December 31, 2024, which was recognised in other comprehensive income. In 2024, the Company was waiting on full completion of the buy-out transactions and regulatory discharge to derecognize the pension assets and pension obligations of \$9,433. As of December 31, 2025, the buy-out transactions and regulatory discharge was obtained, resulting in the derecognition of these pension assets and pension obligations.

The defined benefit and defined contribution plans expenses included in operating and selling, general and administrative expenses are as follows:

	2025	2024
	\$	\$
Defined benefit plans expense (administration expenses)	236	210
Defined contribution plan expense	1,433	1,259
Gain on annuity purchase transactions	—	(104)
<b>Pension plans expense [note 21]</b>	<b>1,669</b>	<b>1,365</b>

Interest income on pension defined benefit plan obligation of \$433 [2024 — \$495] is included in the net financing charges in the consolidated statements of earnings [note 16].

**Supremex Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

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

The following table presents the changes in the accrued benefit obligation and the fair value of plan assets, as well as the funded status of the defined benefit plans.

	December 31, 2025 \$	December 31, 2024 \$
<b>Change in accrued benefit obligation:</b>		
Benefit obligation, beginning of year	34,387	34,992
Interest cost	1,132	1,566
Actuarial loss from change in financial assumptions	(800)	(379)
Actuarial (gain) loss from experience	(150)	57
Benefits paid	(2,240)	(1,849)
Settlements	(9,433)	—
Benefit obligation, end of year	<b>22,896</b>	<b>34,387</b>
<b>Change in plan assets:</b>		
Fair value of plan assets, beginning of year	44,203	46,463
Interest income on plan assets	1,565	2,061
Actuarial loss	(1,601)	(938)
Use of surplus to pay for employer defined contributions	(1,179)	(1,428)
Benefits paid	(2,240)	(1,849)
Plan administration expenses	(236)	(210)
Gain on annuity purchase transactions	—	104
Settlements	(9,433)	—
Fair value of plan assets, end of year	<b>31,079</b>	<b>44,203</b>
<b>Amount recognized as accrued pension benefit net assets</b>	<b>8,183</b>	<b>9,816</b>

The defined benefit plans amount recognized in other comprehensive income (loss), before taxation, is as follows:

	2025 \$	2024 \$
Total actuarial losses	<b>(651)</b>	<b>(616)</b>

The cumulative amount of actuarial gains recognized in the consolidated statements of comprehensive income is \$6,937 as at December 31, 2025 [2024 — \$7,588].

The key assumptions used in computing the benefit obligation and net pension cost were as follows:

	2025 %	2024 %
Discount rate for accrued benefit obligation	5.00	4.75
Discount rate for net pension cost	4.75	4.65
Rate of compensation increase	2.50	2.50
Mortality assumption <sup>1</sup>	CPM Private	CPM Private

<sup>1</sup> CPM 2004 Private Sector Mortality table projected generationally using improvement scale MI-2017

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The weighted average allocation of plan assets, excluding annuity contracts of \$5,235 in two pension plans [2024 – \$5,891] as at December 31, is as follows:

	2025 %	2024 %
Fixed income funds		
Canadian	77.0	68.1
Money Market Fund	23.0	31.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

As at December 31, 2025 and 2024, all financial instruments and investment funds are classified as Level 2 in the fair value hierarchy, including fixed income funds and annuity contracts (inputs other than quoted prices that are observable).

Effective August 31, 2023, both pension plans have an investment policy with the following target asset allocation: an amount equivalent to the liabilities invested 100% in fixed income funds and any surplus is invested in money market funds. As at December 31, 2025, this results in an allocation of 77% in fixed income securities and 23% in money market funds [2024 – 68% in fixed income securities and 32% in money market funds]. As at December 31, 2025 and 2024, the pension plans were in compliance with their investment policy allocations.

As at December 31, 2025 and 2024, there were no Supremex shares held in the Company's pension plans.

The average duration of the defined benefit plan obligation is 14.6 years as at December 31, 2025 [2024 – 16.0 years].

#### *Sensitivity analysis*

For the Company, a 0.25% increase or decrease in the discount rate would have decreased or increased the defined benefit liability by approximately \$761 as at December 31, 2025. A 0.25% increase or decrease in the rate of compensation would have increased or decreased the pension benefit liability by approximately \$108 as at December 31, 2025. An increase of one year in the life expectancy of plan members as at December 31, 2025 would have resulted in an increase of \$578 in total projected defined benefit obligation of pension plans. The sensitivity analysis has been determined based on a method that determines the impact on the defined benefit liability of a 0.25% change in the key assumptions. There have been no changes in the methods and assumptions used to determine the sensitivity analysis from the comparative year.

#### (b) Post-retirement benefits other than pension

The following table provides a reconciliation of the change in the accrued benefit obligation of the plans, which is presented under the caption other long-term liabilities in the consolidated statements of financial position.

	December 31, 2025 \$	December 31, 2024 \$
<b>Change in accrued benefit obligation:</b>		
Other post-retirement benefit obligations, beginning of year	124	137
Interest cost [note 16]	6	6
Actuarial (gain) loss from change in financial assumptions	(2)	(1)
Benefits paid	(15)	(18)
<b>Other post-retirement benefit obligations, end of year</b>	<b>113</b>	<b>124</b>

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Post-retirement benefits other than pension are not funded.

The post-retirement benefits amount recognized in other comprehensive income (loss), before tax, consists of an actuarial gain of \$2 [2024 — \$1]. The cumulative amount of actuarial losses recognized in the consolidated statements of comprehensive income is \$271 as at December 31, 2025 [2024 — \$273].

The assumptions used in the measurement of the Company's other post-retirement benefit cost were as follows:

	2025 %	2024 %
<b>Weighted-average assumptions</b>		
Discount rate for benefit obligation	5.00	4.75
Discount rate for net periodic benefit cost	4.75	4.65

The average duration of the post-retirement benefits' obligation is 7.0 years as at December 31, 2025 [2024 — 8.0 years].

## 12. INTANGIBLE ASSETS

	Customer relationships \$	Software \$	Total \$
<b>Cost:</b>			
As at December 31, 2023	115,963	5,176	121,139
Additions	—	114	114
Business combinations [note 5]	743	—	743
Impairment [note 20]	(1,072)	—	(1,072)
Translation adjustment	1,423	—	1,423
<b>As at December 31, 2024</b>	<b>117,057</b>	<b>5,290</b>	<b>122,347</b>
Additions	—	83	83
Business combinations [note 5]	5,377	—	5,377
Disposals	—	(34)	(34)
Translation adjustment	(871)	—	(871)
<b>As at December 31, 2025</b>	<b>121,563</b>	<b>5,339</b>	<b>126,902</b>
<b>Accumulated amortization:</b>			
As at December 31, 2023	80,165	2,748	82,913
Amortization	6,154	763	6,917
Translation adjustment	428	—	428
<b>As at December 31, 2024</b>	<b>86,747</b>	<b>3,511</b>	<b>90,258</b>
Amortization	6,268	635	6,903
Disposals	—	(34)	(34)
Translation adjustment	(329)	—	(329)
<b>As at December 31, 2025</b>	<b>92,686</b>	<b>4,112</b>	<b>96,798</b>
<b>Net book value:</b>			
As at December 31, 2024	30,310	1,779	32,089
<b>As at December 31, 2025</b>	<b>28,877</b>	<b>1,227</b>	<b>30,104</b>

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### 13. GOODWILL

	\$
<b>Cost:</b>	
As at December 31, 2023	59,707
Business combinations [note 5]	221
Impairment [note 20]	(21,056)
Translation adjustment	622
<b>As at December 31, 2024</b>	<b>39,494</b>
Business combinations [note 5]	2,251
Translation adjustment	(361)
<b>As at December 31, 2025</b>	<b>41,384</b>

The net carrying amount of goodwill as at December 31, 2025 and 2024 was allocated to the following significant CGUs:

	December 31, 2025	December 31, 2024
	\$	\$
<b>CGUs:</b>		
Envelope	40,778	39,494
Packaging	606	—
<b>Total</b>	<b>41,384</b>	<b>39,494</b>

#### Impairment test of goodwill

The Company conducted its annual goodwill impairment test as at December 31, 2025, in accordance with their policy described in Note 2. The recoverable amount of the Envelope CGU and the Packaging CGU exceeded carrying value, respectively. As a result, no goodwill impairment was recorded for these CGUs.

In 2024, the general economic and financial conditions globally from the ongoing inflationary environment and the sustained high interest rates continued to have a negative impact on certain sectors of the packaging industry. This resulted in a decrease in consumer demand, which in turn affected the Packaging CGU's earnings. As such, management concluded that these factors were indicators of impairment for the Packaging CGU. Accordingly, the Company performed impairment testing for the Packaging CGU which resulted in the recognition of \$21,056 of impairment losses against goodwill [note 20].

#### Valuation technique

The Company uses the discounted cash flows ("DCF") method to determine the value in use of each of its CGUs and has not made any changes to the valuation methodology used to assess goodwill impairment since the last annual impairment test.

#### Significant assumptions

The income approach is predicated upon the value of the future cash flows that a business will generate going forward. The DCF method, which was used as at December 31, 2025 for the Envelope and Packaging CGUs, involves projecting cash flows and converting them into a present value equivalent through discounting. The discounting process uses a rate of return that is commensurate with the risk associated with the business or asset and the time value of money. This approach requires assumptions about revenue growth or decline rates, operating margins, tax rate and discount rate.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### *Growth or decline of revenue*

The assumptions used were based on the Company's internal annual budget approved by the Board of Directors. The Company projected revenue, operating margins and cash flows for a period of four years for each of the Envelope and Packaging CGUs. Specific assumptions are used for each CGU. Forecasts for the Envelope CGU considered a lower demand in the Canadian envelope market, a capacity to gain market share in the US envelope market and applied a perpetual long-term decline rate for the periods thereafter. Forecasts for the Packaging CGU considered a perpetual long-term growth for this market. In arriving at its forecasts, the Company considered past experience, recent acquisitions, economic trends as well as industry and market trends.

#### *Discount rate*

The Company assumed a pre-tax discount rate in order to calculate the present value of its projected cash flows. The discount rate represented the Company's estimated WACC. The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate. Determination of the WACC requires separate analysis of the cost of equity and debt, and considers a risk premium based on an assessment of risks related to the projected cash flows.

The key assumptions used in performing the impairment test were as follows:

	2025		2024	
	Envelope	Packaging	Envelope	Packaging
Pre-tax discount rate	13.0%	11.2%	14.9%	13.3%
Perpetual (decline) growth rate	(3.0)%	2.0%	(3.0%)	2.0%

#### *Sensitivity*

The Company performed sensitivity analyses on the key assumptions used in the impairment models for the Envelope CGU and Packaging CGU, including pre-tax discount rate and the perpetual growth (or decline) rate. Based on the analyses, a reasonable change in these assumptions would not result in the carrying amount of either CGU exceeding its recoverable amount as at December 31, 2025.

#### 14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2025	December 31, 2024
	\$	\$
Trade payables	16,184	11,843
Accrued rebates liabilities	1,766	1,769
Salaries and benefits payable	8,019	9,164
Other accrued liabilities	3,245	2,825
	<b>29,214</b>	<b>25,601</b>

Trade payables are non-interest bearing and are normally settled on 20 to 60-day terms.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 15. RESTRUCTURING PROVISIONS

In 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 included 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 and moved scrap, amounted to \$325 during 2025. Included in restructuring expenses is a loss on disposal of assets of \$76. During 2025, \$200 of the restructuring provision was utilized through the impairment of asset related to this initiative.

In 2025, the Company had a net restructuring recovery of \$36 [2024 — \$207] 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 net 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:

	December 31, 2025	December 31, 2024
	\$	\$
Balance, beginning of year	683	582
Restructuring expenses	—	1,277
Payments	(415)	(1,176)
<b>Balance, end of year</b>	<b>268</b>	<b>683</b>

#### 16. LONG-TERM DEBT

	December 31, 2025	December 31, 2024
	\$	\$
Secured revolving credit facility	3,500	42,251
Term loans	635	891
Total debt	4,135	43,142
Deferred financing costs	(63)	(159)
Current portion	(3,683)	(256)
<b>Long-term portion</b>	<b>389</b>	<b>42,727</b>

##### Secured revolving credit facility

The Company has a three-year senior secured revolving credit facility of \$70,000 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 2.25%. 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 December 31, 2025. As such, the credit facility has been classified as current liability in the consolidated statements of financial position as of December 31, 2025.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The Company is currently in renegotiation with the lender regarding the renewal and expects the facility to be renewed prior to its maturity. Subsequent to year-end, the Company obtained lender approval to extend the maturity of the secured revolving credit facility to July 2028. As at December 31, 2025, the amount outstanding on the credit facility was \$3,500.

The secured credit facility is used for working capital, capital expenditure, 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 December 31, 2025.

#### Term loans

The Company has four term loans totaling \$635 as at December 31, 2025 [\$891 as at December 31, 2024], that were assumed following the acquisition of Impression Paragraph on January 16, 2023. The loans bear interest at a rate of 4.69% and are repayable in monthly instalments totaling \$22, including capital and interest. The loans mature between March 2026 and July 2028.

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

	December 31, 2025 \$	December 31, 2024 \$
Total debt, beginning of year	42,983	56,510
Repayment of term loans	(256)	(245)
(Decrease) increase in revolving credit facility	(38,751)	(13,379)
Deferred financing costs	(102)	(52)
Amortization of deferred financing cost	198	149
<b>Total debt, end of year</b>	<b>4,072</b>	<b>42,983</b>

Net financing charges are as follows:

	2025 \$	2024 \$
Interest on secured credit facility	1,417	3,138
Interest on lease liabilities	3,350	2,017
Interest income on defined benefit plan obligations [note 11]	(433)	(495)
Interest on post-retirement benefits [note 11]	6	6
Other interest expense	63	41
Amortization of deferred financing costs	198	149
Loss on valuation of derivatives	136	—
	<b>4,737</b>	<b>4,856</b>

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

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

#### 17. LEASE LIABILITIES

	December 31, 2025 \$	December 31, 2024 \$
Lease liabilities, beginning of year	45,190	32,741
Additions – new leases	437	13,523
Additions – sale and leaseback <i>[note 8]</i>	44,943	—
Disposals	(56)	(9)
Reassessments	17,156	2,363
Lease repayments	(8,763)	(7,040)
Interest expense on lease liabilities	3,350	2,017
Translation adjustment	(903)	1,595
	<b>101,354</b>	<b>45,190</b>
Less: Current portion	<b>5,987</b>	<b>4,982</b>
<b>Long-term portion of lease liabilities</b>	<b>95,367</b>	<b>40,208</b>

The expense relating to short-term leases during the year ended December 31, 2025 was \$882 [2024 – \$696]. The expense relating to leases of low-value assets during the year ended December 31, 2025 was \$9 [2024 – \$8]. The expense relating to variable lease payments not included in the measurement of lease liabilities during the year ended December 31, 2025 was \$2,231 [2024 – \$2,121]. Total cash outflow for leases during the year ended December 31, 2025 was \$11,885 [2024 – \$9,865].

The maturity analysis of lease liabilities is disclosed in note 24.

#### 18. INCOME TAXES

##### Income tax expense

The major components of income tax expense recognized in the consolidated statements of earnings were as follows:

	2025 \$	2024 \$
<b>Current income tax:</b>		
Current income tax expense	11,141	7,115
<b>Deferred income tax:</b>		
Recovery of deferred income tax	(11,798)	(4,318)
<b>Income tax (recovery) expense</b>	<b>(657)</b>	<b>2,797</b>

**Supremex Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

Income taxes on items recognized in other comprehensive (loss) income were as follows:

	2025	2024
	\$	\$
Deferred income tax related to following items:		
Deferred tax recovery on recognized actuarial loss on defined benefit pension plans	(168)	(159)
Deferred tax expense on recognized actuarial gain on other post-retirement benefits	1	—
Deferred tax recovery on recognized loss on interest rate swap agreements <i>[note 24]</i>	(54)	(106)
<b>Income tax recovery recorded to other comprehensive (loss) income</b>	<b>(221)</b>	<b>(265)</b>

The income tax expense differs from the expense that would be obtained by applying the combined Canadian income tax rate (federal and provincial) as follows:

	2025	2024
	\$	\$
Earnings (loss) before income taxes	11,365	(8,946)
Income tax expense (recovery) at combined federal and provincial statutory rate of 26% [2024 — 26%]	2,931	(2,313)
Adjustment of prior periods	51	57
Asset impairment <i>[note 20]</i>	—	5,056
Non-taxable portion of the capital gain on sale and leaseback <i>[note 8]</i>	(4,716)	—
Income tax rate differential for U.S. subsidiaries	(10)	64
Non-recognition of tax benefits related to tax losses and other temporary differences	931	—
Non-deductible expenses and other	156	(67)
<b>Income tax (recovery) expense</b>	<b>(657)</b>	<b>2,797</b>

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Deferred income tax

Deferred income tax relates to the following:

	Consolidated statements of financial position		Consolidated statements of earnings	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
	\$	\$	\$	\$
<b>Deferred tax assets:</b>				
Goodwill	483	—	(303)	—
Lease liabilities	26,214	11,678	(14,768)	(3,196)
Non-capital losses	2,744	2,390	(431)	(1,258)
Deferred and performance share unit plans	514	585	70	78
Reserve for restructuring	20	20	—	113
Other	160	252	75	(38)
	<b>30,135</b>	<b>14,925</b>	<b>(15,357)</b>	<b>(4,301)</b>
<b>Deferred tax liabilities:</b>				
Goodwill	—	83	—	21
Accrued pension benefit net asset	2,110	2,538	260	272
Right-of-use assets	15,465	10,690	(4,988)	(2,803)
Property, plant and equipment	6,157	7,561	1,320	830
Intangible assets	553	996	694	1,839
Other	99	185	86	(142)
	<b>24,384</b>	<b>22,053</b>	<b>(2,628)</b>	<b>17</b>
<b>Deferred tax assets (liabilities)</b>	<b>5,751</b>	<b>(7,128)</b>		
Unrecognized deferred tax assets	(882)	—	931	—
<b>Net deferred tax assets (liabilities)</b>	<b>4,869</b>	<b>(7,128)</b>	<b>—</b>	<b>—</b>
<b>Recovery of deferred income tax</b>			<b>11,798</b>	<b>4,318</b>

The Company has unrecognized net deferred tax assets of \$882 (2024 — nil) relating to a foreign subsidiary. These net deferred tax assets relate primarily to tax losses, of which approximately \$2,222 (2024 — \$1,367) is attributable to losses available to be carried forward indefinitely, as well as other temporary differences. Deferred tax assets have not been recognized as it is not considered probable that sufficient future taxable profits will be available in the relevant jurisdiction against which the deferred tax assets can be utilized in the foreseeable future.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### Reconciliation of net deferred tax assets (liabilities)

	2025 \$	2024 \$
Balance, beginning of year	(7,128)	(11,608)
Tax recovery during the year recognized in the consolidated statements of earnings	11,798	4,318
Tax recovery recognized in other comprehensive income loss	221	265
Translation adjustment on net deferred tax	(22)	(103)
<b>Balance, end of year</b>	<b>4,869</b>	<b>(7,128)</b>

#### 19. SHARE CAPITAL

An unlimited number of common shares are issuable. Each common share represents a shareholder's proportionate undivided interest in the Company. Each common share confers to its holder the right to one vote at any meeting of shareholders and to participate equally and rateably in any dividends of the Company, if any, and, in the event of any required distribution of all of the property of the Company, in the net assets of the Company remaining after satisfaction of all liabilities.

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	(1,106,400)	(378)
<b>Balance, as at December 31, 2024</b>	<b>24,559,869</b>	<b>8,383</b>
Purchase of share capital for cancellation	(171,098)	(59)
<b>Balance, as at December 31, 2025</b>	<b>24,388,771</b>	<b>8,324</b>

On August 7, 2025, 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 1,507,850 of its common shares, representing approximately 10.0% of its "public float" (within the meaning of the TSX Company Manual) as of July 28, 2025, for a period of twelve months, beginning on August 11, 2025 and ending on August 10, 2026. As at July 28, 2025, there were 24,559,869 issued and outstanding common shares, of which 15,078,500 common shares were comprising the public float.

During the year ended December 31, 2025, the Company repurchased 171,098 [2024 — 1,106,400] common shares for cancellation through the NCIB in consideration of \$646 [2024 — \$4,480]. The excess of the purchase price over the carrying value in the amount of \$587 [2024 — \$4,102] was recorded as a reduction of contributed surplus.

On June 20, 2024 a new legislation was enacted by the Canadian government to implement tax measures on share repurchases made by public issuers on or after January 1, 2024. Under this legislation, a public company must pay a 2% tax based on fair market value of its repurchased shares. The related liability recognized by the Company at December 31, 2025 was \$13 [2024 — \$90] and is presented under Accounts payable and accrued liabilities.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

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#### Deferred Share Unit (DSU) Plan

In 2015, the Company adopted a DSU Plan for its members of the Board of Directors and senior executives. The DSU Plan enables its participants to receive compensation in cash at the termination date equal to the market price of the Company's common share for each DSU.

Each participant in the DSU Plan may elect, each fiscal year, to receive up to 100% of their director's annual retainer fees in DSUs. Such DSUs are expensed on an earned basis and their costs are determined using a valuation model and all issued and outstanding DSUs are remeasured at each reporting period.

As at December 31, 2025, the financial liability resulting from the DSU Plan of \$1,895 [December 31, 2024 — \$1,916] is presented under Accounts payable and accrued liabilities.

During the twelve-month period ended December 31, 2025, an amount of nil [2024 — nil] of variable executive compensation was allocated in DSUs and an amount of \$396 [2024 — \$335] was paid out. The net compensation recovery for the DSU Plan amounted to \$376 [2024 — \$17] during the year ended December 31, 2025 and is recognized under Selling, general and administrative expenses.

#### Performance Share Unit (PSU) Plan

In February 2022, the Company adopted a PSU Plan for its executive officers. Under the PSU Plan, participants are entitled to receive an amount equivalent to the quoted price of the Company's common shares at the end of a three-year performance cycle for each vested PSU if pre-determined performance objectives are achieved. PSUs are expensed on an earned basis over the three-year performance cycle and their value is determined based on their underlying shares. All issued and outstanding PSUs are re-measured at each reporting period.

As at December 31, 2025, the financial liability resulting from the PSU Plan of \$97 [2024 — \$625] is presented under Accounts payable and accrued liabilities and \$346 [2024 — \$64] is presented under Other long-term liabilities. As at December 31, 2025, an amount of \$657 [2024 — nil] was paid out. During the twelve-month period ended December 31, 2025, the net compensation expense for the PSU Plan amounted to \$411 [2024 — \$72] and is recognized under Selling, general and administrative expenses.

## 20. ASSET IMPAIRMENT

Impairment indicators were identified during 2024 for the Packaging CGU. Accordingly, the Company performed impairment testing for the Packaging CGU which resulted in the recognition of \$23,259 of impairment losses [note 13]. Of these impairment losses \$1,131 were recognized against property, plant and equipment for machinery [note 9], \$1,072 against intangible assets comprising of customer relationships [note 12], and \$21,056 against goodwill [note 13].

During 2025 the Company also recorded a net impairment loss of \$821 [2024 — \$153] against property, plant and equipment for machinery.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 21. OPERATING AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
	\$	\$
Wages and salaries	73,822	71,577
Social security costs	11,244	11,596
Pension plans expense <i>[note 11]</i>	1,669	1,365
Employee benefits expenses	86,735	84,538
Raw materials and other purchases	117,570	120,723
General manufacturing costs	18,695	17,565
Distribution costs	10,327	9,577
Other	11,844	8,343
	<b>245,171</b>	<b>240,746</b>

#### 22. DIVIDENDS

Dividends declared from January 1, 2025 to December 31, 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
August 6, 2025	September 4, 2025	September 19, 2025	0.05	1,228
August 6, 2025	September 10, 2025	September 25, 2025	0.50	12,278
November 5, 2025	December 4, 2025	December 19, 2025	0.05	1,221
<b>Total</b>				<b>17,183</b>

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 totalling \$12,278. The special dividend was in addition to the regular quarterly dividends.

Dividends declared from January 1, 2024 to December 31, 2024 were as follows:

Declaration date	Record date	Payment date	Per share \$	Dividend \$
February 21, 2024	March 21, 2024	April 5, 2024	0.040	1,014
May 8, 2024	June 6, 2024	June 21, 2024	0.040	998
August 7, 2024	September 5, 2024	September 20, 2024	0.040	976
November 6, 2024	December 5, 2024	December 20, 2024	0.050	1,228
<b>Total</b>				<b>4,216</b>

#### 23. RELATED PARTY TRANSACTIONS

Compensation of key management personnel, including members of the Board of Directors of Supremex, recognized as an expense is as follows:

	2025	2024
	\$	\$
Short-term employee benefits	2,848	2,560
Post-employment benefits	82	99
	<b>2,930</b>	<b>2,659</b>

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 24. FINANCIAL INSTRUMENTS

##### Financial assets and liabilities

Financial assets and liabilities in the consolidated statements of financial position were as follows:

December 31, 2025	Assets at amortized cost \$	Derivative at fair value \$	Liabilities at amortized cost \$	Liabilities at fair value through profit or loss \$	Total \$
Cash	3,090	—	—	—	3,090
Accounts receivable	34,546	—	—	—	34,546
Accounts payable and accrued liabilities excluding sales tax payable, DSU liability and PSU liability	—	—	(26,626)	—	(26,626)
Restructuring provisions	—	—	(268)	—	(268)
DSU liability	—	—	—	(1,895)	(1,895)
Total debt	—	—	(4,135)	—	(4,135)
PSU liability	—	—	—	(443)	(443)
Contingent Consideration payable	—	—	—	(1,021)	(1,021)
<b>Total</b>	<b>37,636</b>	<b>—</b>	<b>(31,029)</b>	<b>(3,359)</b>	<b>3,248</b>

  

December 31, 2024	Assets at amortized cost \$	Derivative at fair value \$	Liabilities at amortized cost \$	Liabilities at fair value through profit or loss \$	Total \$
Cash	1,794	—	—	—	1,794
Accounts receivable	32,270	—	—	—	32,270
Derivative financial instruments	—	(225)	—	—	(225)
Accounts payable and accrued liabilities excluding sales tax payable, DSU liability and PSU liability	—	—	(22,584)	—	(22,584)
Restructuring provisions	—	—	(683)	—	(683)
DSU liability	—	—	—	(1,916)	(1,916)
Total debt	—	—	(43,142)	—	(43,142)
PSU liability	—	—	—	(689)	(689)
<b>Total</b>	<b>34,064</b>	<b>(225)</b>	<b>(66,409)</b>	<b>(2,605)</b>	<b>(35,175)</b>

##### Fair values

The carrying amount of accounts receivable and accounts payable and accrued liabilities approximates their fair value given their short-term nature. The carrying amount of the total debt approximates its fair value given it carries a floating interest rate.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

For the total debt, the Company categorized the fair value measurement as Level 2, as it is primarily derived from observable market inputs, that is, interest rates. The total debt's fair value is considered to approximate carrying amount.

For the contingent consideration payable, the Company categorizes the fair value measurement as Level 3, as it is primarily derived from unobservable inputs upon the realization of certain financial targets over a certain period after the acquisition date.

#### Management of risks arising from financial instruments

In the normal course of business, the Company is exposed to a range of financial risks, which include credit risk, liquidity risk and market risk. To limit the effects of these risks on revenue, expenses and cash flows, the Company can avail itself of various derivative financial instruments. The Company's management is responsible for determining the acceptable level of risk and uses derivative financial instruments only to manage existing or anticipated risks, commitments or obligations based on past experience.

#### Credit risk

Credit risk arises from cash and accounts receivable. In order to minimize the credit exposure, the Company's cash is placed with major Canadian banks and their U.S. subsidiaries.

Credit risk stems primarily from the potential inability of clients to discharge their obligations. Accounts receivable credit risk is mitigated through established monitoring activities, lack of customer concentration and the Company's diversified customer base. Historically, the Company has never made any significant write-off of accounts receivable. As at December 31, 2025 and 2024, total trade accounts receivable over 90 days past due amounted to 6% [2024 — 8%] [note 6] of total trade receivables. The Company does not hold collateral as a security. As at December 31, 2025, the Company had not identified significant negative trend from its accounts receivable collection activity.

#### Liquidity risk

The Company is exposed to the risk of being unable to honour its financial commitments within the deadlines set out under the terms of such commitments and at a reasonable price. The Company manages liquidity risk by maintaining adequate cash balances and by appropriately using the Company's secured credit facility. The Company continuously reviews both actual and forecasted cash flows to ensure that it has adequate credit facility capacity and continuously reviews its exposure to interest rate fluctuations. It also is continuously seeking cost savings opportunities and manages its capacity to respond to demand fluctuations including workplace reductions if needed.

The table below sets forth the contractual undiscounted cash flows of financial liabilities and lease liabilities by maturity based on the remaining period from December 31, to the contractual maturity date.

December 31, 2025	Less than 1 year \$	1 to 5 years \$	More than 5 years \$	Total \$
Accounts payable and accrued liabilities excluding sales tax payable	28,618	—	—	28,618
Restructuring provisions	268	—	—	268
Total debt	4,135	—	—	4,135
Lease liabilities	11,452	40,440	95,905	147,797
	<b>44,473</b>	<b>40,440</b>	<b>95,905</b>	<b>180,818</b>

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

December 31, 2024	Less than 1 year \$	1 to 5 years \$	More than 5 years \$	Total \$
Accounts payable and accrued liabilities excluding sales tax payable	25,125	—	—	25,125
Restructuring provisions	683	—	—	683
Derivative financial instrument	225	—	—	225
Total debt	256	42,886	—	43,142
Lease liabilities	7,064	24,734	26,298	58,096
	<b>33,353</b>	<b>67,620</b>	<b>26,298</b>	<b>127,271</b>

#### Market risk

Market risk is the risk that changes in market prices due to foreign exchange rates and interest rates will affect the value of the Company's financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters while optimizing the return on risk.

#### *Interest rate risk*

The Company is exposed to interest rate fluctuations mainly on its secured credit facility. The Company manages interest rate exposure by maintaining a balanced portfolio of fixed and variable loans and borrowings depending on the level of the Company's exposure. Furthermore, interest rate fluctuations could have an impact on interest expense on its credit facility and on earnings the Company derives from cash.

In 2024, the Company entered into two interest rate swap agreements covering \$10,000 of its outstanding credit facility at a fixed rate of 3.76% plus a stamping fee of 1.25% for a period of three years ending in January 2026 and \$10,000 of its outstanding credit facility at a fixed rate of 3.49% plus a stamping fee of 1.25% for a period of three years ending in January 2027. This derivative instrument was designated as an eligible hedging instrument for accounting purposes. The fair value of this financial instrument was presented in accumulated other comprehensive income (loss) in equity. Unrealized loss on this interest rate swap agreement amounted to \$225 as at December 31, 2024.

During 2025, the Company repaid \$31,500 of its outstanding credit facility, resulting in the derecognition of the hedge item and the discontinuation of hedge accounting. Upon derecognition, the fair value of this financial instrument presented in accumulated other comprehensive income (loss) in equity amounted to an unrealized loss of \$154. As a result, the unrealized loss of \$154 recognized in other comprehensive income (loss) was transferred to net financing charges. The financial instrument was recognized net of deferred income tax taxes. At the date of the settlement, the net deferred tax balance of \$54 was reversed and recognized in income tax expense.

Subsequent to the discontinuation of the hedge item, the fair value of the derivative financial instrument liability was \$208. The interest rate swap agreements were settled for a cash payment of \$190, resulting in a realized gain of \$18 recognized in profit or loss for the period.

The Company invests, when applicable, its cash in highly liquid investment instruments to safeguard its capital while generating a reasonable return.

## Supremex Inc.

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On December 31, 2025, a 25 basis-point rise or fall in interest rates, assuming all other variables remained unchanged, would have resulted, respectively, in a \$262 decrease or increase in the Company's net earnings for the year ended December 31, 2025 [2024 — \$379].

#### *Foreign exchange risk*

The Company is exposed to fluctuations in U.S. exchange rates because a portion of its activities are conducted in the U.S. and a portion of its purchases and capital expenditures are made in U.S. dollars. The Company continuously reviews its exposure to fluctuations in the U.S. exchange rate and has decided at this time not to enter into derivatives as the net exposure is not significant.

As at December 31, 2025, net financial assets of the Company in Canadian dollars, denominated in U.S. dollars, totalled \$8,237 [2024 — \$8,300].

On December 31, 2025, a 5% rise or fall in the Canadian dollar against the U.S. dollar on financial instruments held at that date, assuming all other variables remained unchanged, would have resulted, respectively, in a \$416 decrease or increase in the Company's net earnings for the year then ended [2024 — \$415], whereas other comprehensive income (loss) would have decreased or increased by \$608 [2024 — \$916].

## 25. CAPITAL MANAGEMENT

The Company's capital consists of equity and the secured credit facility. The Company maintains a capital level that enables it to meet several objectives:

- Assure the longevity of its capital to support continued operations;
- Satisfy certain financial covenants under the secured credit facility;
- Preserve its financial flexibility to benefit from potential opportunities as they arise; and
- Sustain growth in share value.

The Company continually assesses the adequacy of its capital structure and capacity and makes adjustments in view of the Company's strategy, economic conditions and the risk characteristics of the business to achieve the above objectives. The Company also monitors its capital to ensure full adherence to the "secured revolving credit facility / EBITDA" and "fixed charge coverage" ratios as defined in the credit facility agreement.

The Company's capital structure is composed of equity and secured credit facility less cash. The capital structure is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Long-term debt	389	42,727
Current portion of long-term debt	3,683	256
Cash	(3,090)	(1,794)
Net debt	982	41,189
Equity	108,206	114,971

The Company is not subject to any externally imposed capital requirements other than certain restrictions under the terms of its secured credit facility.

## Supremex Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 26. SEGMENTED INFORMATION

The Company currently operates in two reporting segments: the manufacturing and sale of envelopes and the manufacturing and sale of paper-based packaging solutions and specialty products. The segmented information is prepared using the accounting policies described in Note 2, "Significant accounting policies".

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

			2025 \$
	Envelope	Packaging & Specialty Products	Total
Revenue	186,260	88,520	274,780
Operating expenses	139,728	63,863	203,591
Selling, general and administrative expenses	18,902	13,200	32,102
<b>Segmented Adjusted EBITDA<sup>(1)</sup></b>	<b>27,630</b>	<b>11,457</b>	<b>39,087</b>
Corporate and other non-allocated expenses			9,135
Depreciation of property, plant and equipment <i>[note 9]</i>			5,629
Depreciation of right-of-use assets <i>[note 10]</i>			6,172
Amortization of intangible assets <i>[note 12]</i>			6,903
Asset Impairment <i>[note 20]</i>			821
Retroactive COVID-related ERC <sup>(2)</sup> subsidies			(71)
Acquisition costs <i>[note 5]</i>			207
Restructuring expenses <i>[note 15]</i>			289
Gain on sale and leaseback <i>[note 8]</i>			(6,100)
Net financing charges <i>[note 16]</i>			4,737
<b>Earnings before income taxes</b>			<b>11,365</b>
			2024 \$
	Envelope	Packaging & Specialty Products	Total
Revenue	199,164	81,871	281,035
Operating expenses	143,467	59,225	202,692
Selling, general and administrative expenses	19,684	13,872	33,556
<b>Segmented Adjusted EBITDA<sup>(1)</sup></b>	<b>36,013</b>	<b>8,774</b>	<b>44,787</b>
Corporate and other non-allocated expenses			4,454
Depreciation of property, plant and equipment <i>[note 9]</i>			6,744
Depreciation of right-of-use assets <i>[note 10]</i>			5,995
Amortization of intangible assets <i>[note 12]</i>			6,917
Asset Impairment <i>[note 20]</i>			23,412
Inventory revaluation related to business acquisitions			(54)
Acquisition costs <i>[note 5]</i>			112
Restructuring expenses <i>[note 15]</i>			1,297
Net financing charges <i>[note 16]</i>			4,856
<b>Loss before income taxes</b>			<b>(8,946)</b>

(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.

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The Company's non-current assets amounted to \$133,083 in Canada and \$45,985 in the U.S. as at December 31, 2025 [\$108,939 and \$50,941, respectively, as at December 31, 2024]. The Company's revenue amounted to \$146,951 in Canada and \$127,829 in the U.S. for the twelve-month period ended December 31, 2025 based on the customer's locations [2024 – \$150,369 in Canada and \$130,666 in the U.S].

## 27. CONTINGENCIES AND GUARANTEES

### Legal claims

In the normal course of its operations, the Company is exposed to various claims, disputes and legal proceedings. These disputes may involve numerous uncertainties and the outcome of individual cases is unpredictable. The Company believes these disputes should not have a significant negative impact on the Company's financial position.

### Guarantees under leases

In the normal course of business, the Company has entered into lease agreements that contain features which meet the definition of a guarantee. These agreements may require the Company to compensate counterparties for costs and losses incurred as a result of various events including breaches of representations and warranties, loss of or damages to property, claims that may arise while providing services, and environmental liabilities. The nature of these indemnification agreements prevents the Company from estimating the total potential amount it would have to pay to lessors, since these events have not occurred yet. Historically, the Company has not made any significant payments under such agreements, has insurance coverage for certain of the obligations undertaken and, as at December 31, 2025, has not recorded any liability associated with these indemnifications.

## 28. SUBSEQUENT EVENTS

### Closure of Indianapolis facility

Subsequent to the end of the quarter, the Company announced the closure of its Envelope facility in Indianapolis, Indiana, effective January 29, 2026. Production volume has been transferred primarily to existing facilities in the Greater Toronto Area, and to a lesser extent, to other plants in the Supremex network. Non-recurring charges related to these activities, mainly comprised of employee-related charges and costs to relocate production, will be mainly incurred in the next two quarters of 2026.

### Dividend declaration

On February 18, 2026, the Board of Directors declared a quarterly dividend of \$0.05 per common share, payable on April 2, 2026, to the shareholders of record at the close of business on March 19, 2026. This dividend is designated as an "eligible" dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial legislation.