

# INVESTOR FACT SHEET

**Q3 2022: ENDED SEPTEMBER 30**

## THIRD QUARTER HIGHLIGHTS AND RECENT EVENTS

- Total revenue increased by 23.9% to \$67.9 million, from \$54.8 million in the third quarter of 2021.
- Packaging and specialty products segment revenue of \$18.8 million, up 5.8% from \$17.8 million last year.
- Envelope segment revenue up 32.6% to \$49.1 million, from \$37.0 million in the prior year.
- Adjusted EBITDA<sup>(1)</sup> of \$15.5 million, or 22.8% of revenue, up from \$8.7 million, or 15.9% of revenue, a year ago.
- Net Earnings increased significantly to \$8.1 million, or 11.9% of revenue, from \$3.4 million or 6.1% of revenue, last year.
- Earnings per share of \$0.31, up sharply from \$0.13 a year ago.
- Recorded no assistance from the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy programs in the third quarter of 2022, compared to \$0.6 million in the equivalent quarter of 2021.
- Renewal of the Normal Course Issuer Bid ("NCIB") program, allowing the Company to repurchase up to 1,301,713 common shares between August 31, 2022 and August 30, 2023.
- Purchased 96,600 shares for a total consideration of \$0.3 million as part of NCIB program.
- Acquisition on November 1, 2022 of Royal Envelope Corporation ("Royal Envelope") located in Chicago.
- On November 10, 2022, the Board of Directors declared a quarterly dividend of \$0.03 per common share payable on December 23, 2022, to the shareholders of record at the close of business of December 8, 2022.

## A WORD FROM MANAGEMENT

Supremex once again generated record results in terms of sales and profitability. We are delighted with our team's ability to sustain significant operating progress, as the third quarter was the eleventh straight period of year-over-year improvement in Adjusted EBITDA. As consolidated revenue grew nearly 24% over last year, strong profitability gains in both segments drove a significant improvement in Net Earnings per share that more than doubled from the previous year.

The Envelope performance continues to validate the strategy of geographic diversification into the U.S. envelope market to optimize both Canadian and U.S. operations. The November 1 acquisition of Royal Envelope in Chicago, a formidable player in the robust direct mail market, allows further geographic penetration in the fragmented U.S. market. The Packaging business continues to perform exceedingly well. Adjusted for the impact of the Durabox wind-down, revenues are up double-digits for the quarter, and margins are also strong. We are currently laser focused on servicing customers and growing sales as we move one of our primary Montreal area facilities in Q4. Once completed, our focus will be significantly narrowed to the value-added pharmaceutical, health & beauty, in home food and e-commerce markets.

We expect the fourth quarter to be strong but anticipate the rate of revenue and EBITDA growth to moderate, excluding the added contribution of Royal Envelope. Over the longer term, both our Envelope and Packaging operations are very well positioned for growth. Finally, our strong balance sheet will provide flexibility for further strategic initiatives to create shareholder value.

**Stewart Emerson**  
 President and CEO  
 November 10, 2022

## FINANCIAL HIGHLIGHTS

(in millions of Canadian dollars, except per share data and margin)

|  | Quarters ended<br>September 30,<br>(unaudited) |            | Nine months ended<br>September 30,<br>(unaudited) |            |
|--|--|------------|---|------------|
|  | 2022   | 2021       | 2022  | 2021       |
| Revenue  | 67.9   | 54.8       | 193.7   | 160.2      |
| Operating earnings                             | 11.4   | 5.3        | 30.6  | 16.5       |
| Adjusted EBITDA <sup>(1)</sup>                 | 15.5   | 8.7        | 41.5  | 26.8       |
| Adjusted EBITDA margin <sup>(1)</sup>          | 22.8%  | 15.9%      | 21.4%   | 16.7%      |
| Net earnings                                   | 8.1  | 3.4        | 21.8  | 10.9       |
| Basic and diluted net earnings per share       | 0.31   | 0.13       | 0.83  | 0.40       |
| Adjusted net earnings <sup>(1)</sup>           | 8.5  | 3.4        | 22.1  | 11.0       |
| Adjusted net earnings per share <sup>(1)</sup> | 0.32   | 0.13       | 0.84  | 0.40       |
| Weighted average shares outstanding            | 26,041,258                                     | 26,981,909 | 26,210,011  | 27,382,749 |

<sup>(1)</sup> This is a non-IFRS financial measure. Please refer to the Q3-22 MD&A for a definition and reconciliation.

## GROWTH STRATEGY

1. Strengthening its leading position in the Canadian envelope market by leveraging its national footprint through capacity allocation and consolidation opportunities.
2. Pursuing growth opportunities in the U.S. envelope market both organically and through acquisitions, focusing on a large and attractive market in the Northeastern and Midwestern United States.
3. Building Supremex's packaging capabilities organically and through acquisitions, with the objective of growing its revenues from this attractive growth market, specifically in the value-added folding carton and e-commerce markets.

## RECENT ACQUISITIONS

| Date             | Acquired Company             | Location              | Description   |
|------------------|------------------------------|-----------------------|---|
| November 1, 2022 | Royal Envelope Corporation   | Chicago, Illinois     | Envelope manufacturer and lithography company focused on direct mail applications for the financial services sector |
| February 4, 2022 | Niagara Envelope Inc.        | Niagara, New York     | Envelope manufacturer   |
| March 8, 2021    | Vista Graphic Communications | Indianapolis, Indiana | Printing and packaging solutions manufacturer   |

## 5-YEAR FINANCIAL REVIEW

| (in millions of Canadian dollars, except per share data and margin) | Trailing 12 months | 2021  | 2020  | 2019  | 2018   |
|---|--------------------|-------|-------|-------|--------|
| Revenue   | 259.9              | 226.4 | 204.6 | 191.7 | 195.1  |
| Operating earnings  | 37.4               | 23.3  | 13.4  | 13.6  | 1.1    |
| Adjusted EBITDA <sup>(1)</sup>                                      | 53.7               | 39.0  | 32.5  | 25.3  | 26.0   |
| Adjusted EBITDA margin <sup>(1)</sup>                               | 20.7%              | 17.2% | 15.9% | 13.2% | 13.4%  |
| Net earnings  | 26.7               | 15.8  | 7.5   | 7.1   | (4.8)  |
| Basic and diluted net earnings per share                            | 1.01               | 0.58  | 0.27  | 0.25  | (0.17) |
| Adjusted net earnings <sup>(1)</sup>                                | 28.6               | 17.4  | 11.4  | 7.1   | 14.1   |
| Adjusted net earnings per share <sup>(1)</sup>                      | 1.08               | 0.64  | 0.41  | 0.25  | 0.50   |

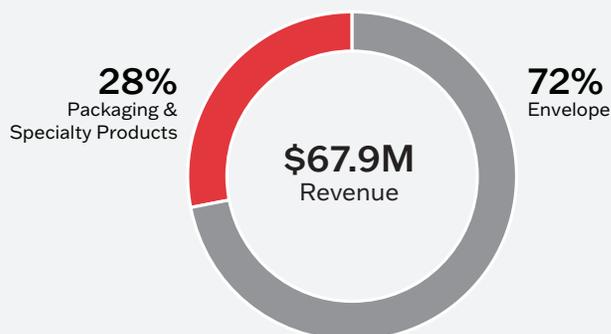
<sup>(1)</sup> This is a non-IFRS financial measure. Please refer to the Q3-22 MD&A for a definition and reconciliation.

## OUTLOOK

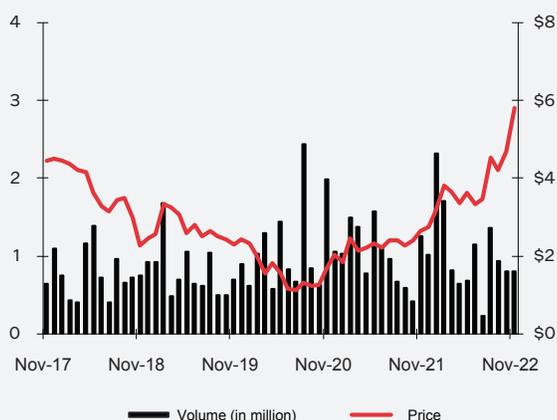
Supremex is operating at full capacity given its current labor force as it benefits from sustained demand for its products and strong backlogs. Driven by proactive sourcing and a solid reputation in the marketplace, the Company has the ability to secure raw material despite constrained supply and to successfully pass through cost inflation. Labor and supply challenges could affect the Company's ability to meet its delivery schedule for certain orders and may also result in missed sales opportunities. The recent acquisition of Royal Envelope, as well as that of Niagara Envelope Inc. earlier this year, and targeted productivity improvements should mitigate these impacts in the short term.

Supremex is committed to optimizing its capital allocation with quarterly dividend payments, investments in capital expenditures and the repurchase of common shares in line with its NCIB, which was renewed on August 29, 2022 for the period from August 31, 2022 to August 30, 2023. The Company also continues to look for strategic acquisitions, mainly in the packaging segment, while remaining focused on opportunistic expansion in the envelope segment, as demonstrated by the acquisition of Royal Envelope.

## REVENUE SEGMENTATION (in % of Q3 2022)



## STOCK PERFORMANCE



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### Analyst Coverage

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Supremex (TSX: SXP) is a leading North American manufacturer and marketer of envelopes and a growing provider of paper-based packaging solutions. Supremex operates ten manufacturing facilities across four provinces in Canada and six manufacturing facilities in four states in the United States employing approximately 865 people. Supremex' growing footprint allows it to efficiently manufacture and distribute envelope and packaging solutions designed to the specifications of major national and multinational corporations, direct mailers, resellers, government entities, SMEs and solutions providers.