PRESS RELEASE

SUPREMEX ANNOUNCES Q4 AND 2019 YEAR END RESULTS
AND DECLARES REGULAR QUARTERLY DIVIDEND

Montreal, Quebec, February 21, 2020 – Supremex Inc. ("Supremex" or the "Company") (TSX: SXP), a leading North American manufacturer and marketer of envelopes and a growing provider of paper-based packaging solutions, today announced its results for the fourth quarter and year ended December 31, 2019, and declared a regular quarterly dividend.

Fourth Quarter Financial Highlights and Recent Events

- Acquired Royal Envelope, a leading envelope manufacturer and printer, for a total purchase price of $27.4 million.
- Total revenue was $49.2 million, down from $54.2 million in the fourth quarter of 2018.
- Envelope segment revenue was $35.7 million, down from $38.3 million in the fourth quarter of 2018.
- Packaging and specialty products segment revenue was $13.4 million, down from $15.8 million, representing 27.3% of total revenue.
- Net Earnings of $2.3 million (or $0.08 per share), up from a net loss of $12.4 million (or $(0.44) per share) in the fourth quarter of 2018.
- EBITDA[1] was $6.8 million, up from $(9.4) million in the fourth quarter of 2018. Adjusted EBITDA[1] was $5.4 million, down from $8.1 million in the fourth quarter of 2018.
- Approved a quarterly dividend of $0.065 per share, equivalent to the same period of last year.
- The Company's defined benefit pension plan entered into a $46.4 million CAD group annuity buy-in with RBC Life Insurance Company.

Fiscal Year Financial Highlights

- Total revenue was $191.7 million, down from $195.1 million in 2018.
- Envelope segment revenue was $137.1 million, slightly down from $138.2 million in 2018.
- Packaging and specialty products segment revenue was $54.5 million, slightly down from $56.9 million, and represented 28.5% of total revenue.
- Net Earnings of $7.1 million (or $0.25 per share), up from a net loss of $4.8 million (or $(0.17) per share) in 2018.
- EBITDA[1] was $25.3 million, up from $7.5 million in 2018. Adjusted EBITDA[1] was $20.2 million, down from $26.0 million in 2018.
- Declared a total of $0.26 per share in dividends, equivalent to last year.
- Purchased 150,000 common shares for cancellation under the Normal Course Issuer Bid ("NCIB") program for total consideration of $424,633.
- Concluded a new four-year senior secured credit facility of $115 million with improved terms and conditions.

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[1] Refer to the reconciliation of Net Earnings to Adjusted EBITDA and to the definition of EBITDA and Adjusted EBITDA in section Non-IFRS Measures. The adoption of IFRS 16 had a material impact on the Company's consolidated statement of financial position and its consolidated statement of earnings as nearly all operating leases were capitalized with a corresponding liability, while the rent expense was replaced by the depreciation of the right-of-use assets, and interest accretion expense from the liabilities was recorded.

"During 2019, revenue growth experienced at our U.S. envelope operations and folding carton M&A was mitigated by lower Canadian envelope sales and the loss of a large customer in our e-commerce offering. Operationally, the delays in commissioning of the new Durabox facility and the production issues at the Folding Carton division weighed heavily on our 2019 results. Despite these setbacks, our diversification strategy remains on track, with almost 30% of our revenues coming from packaging and specialty products".

"The recent announcement of the acquisition of a leading envelope manufacturer in Canada comes at the right time and is an important addition to further optimize operations, create synergies and strengthen our envelope platform. Envelope remains a highly profitable segment and a key driver to our bottom line and cash flow generation. After the successful acquisition and integration of Premier Envelope in Western Canada in 2015, I am confident in our ability to drive incremental value out of this new acquisition while we continue executing our diversification strategy" said Stewart Emerson, President & CEO of Supremex.

Summary of three-month period ended December 31, 2019

Total revenue for the three-month period ended December 31, 2019, was $49.2 million, representing a 9.2% reduction from $54.2 million in the fourth quarter of 2018.

Revenue from the envelope segment stood at $35.8 million, down 6.8% or $2.6 million compared to the fourth quarter of 2018.

- Canadian envelope revenue was $23.9 million, down 7.3% or $1.9 million from $25.8 million in the fourth quarter of 2018. Canadian envelope volume declined by 14.2%, primarily resulting from the combined effects of the industry-wide secular decline, customer movement and the Company's strategy to maintain a disciplined market approach with price leadership and differentiation. Average selling prices increased by 8.1% to mitigate the effect of significant input cost inflation that occurred throughout 2018 and in the first half of 2019. For comparison, Canada Post Transactional Mail volumes were down 11.3% during their third quarter ended September 28, 2019[2].

- Revenue from the U.S. envelope market was $11.9 million, a decrease of 5.7% from $12.6 million in the fourth quarter of 2018. The volume of units sold decreased by 7.1% while average selling prices increased by 1.5%. For comparison, U.S. Postal Service First Class Mail volumes were down 3.8% during their first quarter fiscal 2020[3].

Revenue from the packaging and specialty products segment was $13.4 million, a decrease of 15.0% or $2.4 million compared to the equivalent quarter of 2018. The majority of the decline results from the loss of business with an e-commerce customer and from weaker revenue in the folding carton division. Packaging and specialty products represented 27.3% of the Company's revenue in the quarter, down from 29.2% during the equivalent period of last year.

EBITDA was $6.8 million, compared with a negative EBITDA of $9.4 million primarily as a result of a $16.1 million goodwill impairment charge on the Company's envelope operations and a $1.2 million restructuring expense recorded in the fourth quarter of 2018. Furthermore, the adoption in January 2019 of IFRS 16 had a material impact on the Company's consolidated statement of financial position and consolidated statement of earnings as nearly all operating leases were capitalized with a corresponding liability, while operating expenses were reduced by $1.3 million in the fourth quarter of 2019. Adjusted EBITDA for the fourth quarter of 2019 was $5.4 million compared with $8.1 million in the equivalent quarter of 2018. The decrease of $2.7

[2] Canada Post Third Quarter Results Press Release dated November 22, 2019

[3] US Postal Service First Quarter 2020 Press Release dated February 6, 2020

million in Adjusted EBITDA stems primarily from the lower contribution from the packaging and specialty products segment. Fourth quarter 2019 Adjusted EBITDA margins stood at 11.0% of revenue compared with 15.1% in the equivalent quarter of 2018.

- Envelope segment Adjusted EBITDA was $5.8 million, down $0.3 million from $6.1 million in the fourth quarter of 2018. Lower contribution from the U.S. operations mitigated a slight improvement of operating profitability of the Canadian envelope operations. On a percentage of segmented revenue, Adjusted EBITDA from the envelope operations was 16.2%, up from 16.0% in the equivalent period of 2018.
- Packaging and specialty products segment Adjusted EBITDA was $0.3 million, down $1.7 million from $2.0 million in the fourth quarter of 2018. Operational inefficiencies in folding carton from the commissioning of the new printing press was the largest contributor to the reduction in operating profitability in the fourth quarter, followed by inefficiencies from the much slower than anticipated ramp-up of the new Durabox facility and the loss of volume of a single, large e-commerce customer. On a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 2.4% compared with 12.9% in the equivalent period of 2018.
- The balance of the variance results from corporate and unallocated costs, which stood at $0.7 million, compared with nil in the equivalent quarter of 2018. A loss on foreign exchange translation in the three-month period of 2019 versus a gain in the comparable period of 2018 accounted for $0.4 million of the variance.

Net Earnings were $2.3 million (or $0.08 per share) for the three-month period ended December 31, 2019, compared with a net loss of $12.4 million (or $(0.44) per share) for the equivalent period in 2018.

Summary of the twelve-month period ended December 31, 2019

Total revenue for the twelve-month period ended December 31, 2019, decreased by 1.8% or $3.4 million, to $191.7 million from $195.1 million during the twelve-month period ended December 31, 2018, from lower revenue from both business segments.

Revenue from the envelope segment was $137.1 million, down 0.8% from $138.2 million.

- Canadian envelope revenue stood at $91.7 million, down 3.3% or $3.1 million from a reduction of 12.6% in the volume of units sold primarily from the combined effects of industry-wide secular decline, customer movement and the Company's strategy to maintain a disciplined market approach with price leadership and differentiation. Average selling prices increased by 10.6% in order to mitigate input cost inflation.

- Revenue from the U.S. envelope market stood at $45.5 million, an increase of 4.8% from revenue of $43.4 million in 2018. The volume of units sold decreased by 2.7% while average selling prices increased by 7.7% to offset rising input costs. Average selling prices were impacted by a positive foreign exchange translation effect of approximately 2.4% from a weaker Canadian dollar when compared to the equivalent period of last year.

Revenue from packaging and specialty products segment stood at $54.5 million, a decrease of 4.1% compared to $56.9 million in the prior year. The loss of volume from a single e-commerce packaging customer was partly mitigated by higher folding carton sales from the acquisition of G2 Printing.

EBITDA was $25.3 million for the twelve-month period ended December 31, 2019, compared with $7.5 million for the equivalent period in 2018, mainly on account of a $16.1 million goodwill impairment charge on the Company's envelope operations and of a $1.2 million restructuring expense recorded in the fourth quarter of 2018. Since January 1, 2019, the adoption of IFRS 16 had a material impact on the Company's consolidated statement of financial position and its consolidated statement of earnings as nearly all operating leases were capitalized with a corresponding liability, while operating expenses were reduced by \$5.1 million. Adjusted EBITDA, without consideration of IFRS 16 effect, was \$20.2 million, down from \$26.0 million during the equivalent period of 2018. The decrease of \$5.8 million in Adjusted EBITDA is mainly attributable to lower contribution from the packaging and specialty products segment. Adjusted EBITDA margins stood at 10.6% of revenue in 2019, compared with 13.4% last year.

- Envelope segment Adjusted EBITDA was \$20.0 million in line, with 2018. On a percentage of segmented revenue, Adjusted EBITDA from the envelope operations was 14.6%, up from 14.5% in 2018.
- Packaging and specialty products segment Adjusted EBITDA was \$2.7 million, down \$4.3 million from \$7.0 million in 2018. Operational inefficiencies at the Folding Carton division mainly attributable to the de-commissioning of a printing press in Q2 followed by the slower than planned ramp up of a new printing press in Q3 was the largest contributor to the reduction in operating profitability in the year, followed by inefficiencies related to the new Durabox facility and the loss of volume with a single, large e-commerce customer. On a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 5.0% compared with 12.4% in 2018.
- The balance of the variance results from corporate and unallocated costs, which was \$2.5 million in 2019, compared with \$1.0 million in 2018. This increase of \$1.5 million is mostly attributable to a loss on foreign exchange translation in the year ended in 2019 versus a gain in the comparable period of 2018 which accounted for \$0.7 million of this increase and to lesser extent, a positive adjustment for the mark-to-market value of Deferred Share Units (DSUs) recorded in 2018 compared to nil in 2019.

Net Earnings stood at \$7.1 million (or \$0.25 per share) for the twelve-month period ended December 31, 2019, compared with a net loss of \$4.8 million (or \$(0.17) per share) for the equivalent period in 2018.

Net cash flows from operating activities stood at \$20.2 million during the twelve-month period ended December 31, 2019, compared with \$11.9 million in the equivalent period of 2018. The improvement is mainly attributable to the impact of IFRS 16 where repayment of principal of lease liabilities is now presented under financing activities and a \$2.5 million reduction in inventory.

Declaration of Dividend

On February 20, 2020, the Board of Directors declared a quarterly dividend of \$0.065 per common share, payable on April 15, 2020, to the shareholders of record at the close of business on March 31, 2020. This dividend is designated as an "eligible" dividend for the purpose of the Income Tax Act (Canada) and any similar provincial legislation.

Non-IFRS Performance Measures

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA

(In thousands of dollars)

	Three-month periods ended December 31		Twelve-month periods ended December 31	
	2019	**2018**	**2019**	**2018**
Net Earnings (Loss)	**2,289**	(12,426)	**7,088**	(4,793)
Income tax expense	**894**	607	**3,057**	4,075
Financing charges, net	**816**	557	**3,435**	1,841
Depreciation of property, plant and equipment	**1,100**	1,286	**4,837**	4,295
Depreciation of right-of-use assets	**1,172**	—	**4,697**	—
Amortization of intangible assets	**557**	588	**2,193**	2,088
EBITDA(1)	**6,828**	(9,388)	**25,307**	7,506
Goodwill impairment	**—**	16,137	—	16,137
Restructuring (recovery) expenses	**(124)**	1,219	**(124)**	1,219
(Gain) loss on disposal of property, plant and equipment and right-of-use assets	**(9)**	—	**165**	(777)
New Durabox facility start-up costs	**—**	180	**—**	333
Expense for contingent remuneration related to business combination	**—**	—	**—**	1,623
Actual lease payments (IFRS 16 impact)	**(1,289)**	—	**(5,136)**	—
Adjusted EBITDA(1)	**5,406**	8,148	**20,212**	26,041
Adjusted EBITDA Margin (%)	**11.0%**	15.1%	**10.6%**	13.4%

(1) Refer to "Definition of EBITDA and Adjusted EBITDA in section Non-IFRS measures"

Non-IFRS measures: Definition of EBITDA and Adjusted EBITDA

References to "EBITDA" are to earnings before financing charges, income tax expense, depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets. References to "Adjusted EBITDA" are to EBITDA adjusted to remove items of significance that are not in the normal course of operations and to exclude the impact of IFRS 16, where rent expense was replaced by an interest charge on lease liabilities and amortization of the right-of-use assets while the lease repayments on lease liabilities are now excluded from EBITDA. These items of significance include, but are not limited to, charges for impairment of assets, restructuring expenses, contingent remuneration expenses in connection with certain business combinations, new facility start-up costs and losses (gains) on disposal of property, plant and equipment and right-of-use assets. Supremex believes that EBITDA or Adjusted EBITDA is a measurement commonly used by readers of financial statements to evaluate a company's operational cash-generating capacity and ability to discharge its financial obligations. Adjusted EBITDA allows readers to appreciate the Company's earnings without effect of non-recurring items making it valuable to assess ongoing operations and to better evaluate the Company's operating profitability when compared to the previous year since 2018 comparatives were not restated under the adopted modified retrospective approach permitted by IFRS 16.

EBITDA or Adjusted EBITDA are not recognized earnings measures under IFRS and do not have a standardized meaning prescribed by IFRS. Therefore, EBITDA or Adjusted EBITDA may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company's performance.

Conference Call

A conference call to discuss the Company's results for the fourth quarter and year ended December 31, 2019 will be held on February 21, 2020 at 10:00 a.m. (Eastern Time). A live broadcast of the conference call will be available on the Company's website, in the Investors section under Webcast.

To participate (professional investment community only) or to listen to the live conference call:

- Local participants (Montreal area), dial into 514 807-9895
- North-American participants, dial toll-free 1 888 231-8191
- A replay of the conference call will be available on the Company's website in the Investors section under Webcast.

Forward-Looking Information

This press release contains "forward-looking information" within the meaning of applicable Canadian securities laws, including (but not limited to) statements about the EBITDA, Adjusted EBITDA and future performance of Supremex and similar statements or information concerning anticipated future results, circumstances, performance or expectations. Forward-looking information may include words such as anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target and will. Such information relates to future events or future performance and reflects current assumptions, expectations and estimates of management regarding growth, results of operations, performance, business prospects and opportunities, Canadian economic environment and liability to attract and retain customers. Such forward-looking information reflects current assumptions, expectations and estimates of management and is based on information currently available to Supremex as at the date of this press release. Such assumptions, expectations and estimates are discussed throughout our MD&A for the year ended December 31, 2019.

Forward-looking information is subject to certain risks and uncertainties, and should not be read as a guarantee of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking information. These risks and uncertainties include but are not limited to the following: economic cycles, availability of capital, decline in envelope consumption, increase of competition, exchange rate fluctuations, raw material increases, credit risks with respect to trade receivables, interest rates fluctuations and potential risk of litigation. Such risks and uncertainties are discussed throughout our MD&A for the year ended December 31, 2019 and in particular, in "Risk Factors". Consequently, we cannot guarantee that any forward-looking information will materialize. Readers should not place any undue reliance on such forward-looking information unless otherwise required by applicable securities legislation. The Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

The Management Discussion and Analysis and Financial Statements can be found on www.sedar.com and on Supremex' website.

About Supremex

Supremex is a leading North American manufacturer and marketer of envelopes and a growing provider of paper-based packaging solutions. Including its most recent acquisition, Supremex operates 13 facilities across seven provinces in Canada and three facilities in the United States employing approximately 935 people. Supremex' growing footprint allows it to efficiently manufacture and distribute paper and packaging solutions designed to the specifications of major national and multinational corporations, resellers, government entities, SMEs and solutions providers. For more information, please visit www.supremex.com.

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