PRESS RELEASE

SUPREMEX ANNOUNCES Q2 2020 RESULTS AND RENEWAL OF NCIB

Montreal, Quebec, August 13, 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 second quarter ended June 30, 2020.

Second Quarter Financial Highlights and Recent Event

- Net Earnings increased to $1.9 million (or $0.07 per share), from $1.8 million (or $0.06 per share) in the second quarter of 2019.
- EBITDA[1] was up 3.9% to $6.9 million, representing an increase of $0.3 million from $6.6 million in the second quarter of 2019. Adjusted EBITDA[1] was $6.9 million, up from $6.8 million in the second quarter of 2019.
- Total revenue was $47.7 million, in line with the second quarter of 2019.
- Packaging and Specialty Products segment revenue was up by 8.9% to $14.9 million from $13.7 million in the second quarter of 2019 as a result of growth in e-commerce packaging.
- Envelope segment revenue decreased by 3.5% to $32.8 million from $33.9 million in the second quarter of 2019.
- Net cash flows from operating activities increased to $10.7 million from $5.0 million in the second quarter of 2019.
- The Company today announced the renewal of its normal course issuer bid program (the “NCIB”) after its approval by the TSX to purchase for cancellation up to 1,406,523 of its common shares, representing 5.0% of its 28,130,469 issued and outstanding common shares as of August 12, 2020, for a period of twelve months, beginning on August 17, 2020.

“I applaud all our employees who have worked with dedication and determination to ensure we continue to serve our customers and successfully navigate this unprecedented situation. Despite having several lines of business and customers that were materially affected, we delivered improved profitability, higher cash-flows and reimbursed debt” said Stewart Emerson, President & CEO of Supremex. “This is a reflection on the commitment of our employees, reaffirms our ability to manage through crisis and underlines the benefits of a geographic and product diversification strategy.

“During the second quarter, organic growth came primarily from new e-commerce packaging customer relationships we have been developing over the past several months. The success and extracted synergies of the rapid integration of February’s acquisition of Royal Envelope was also a key contributor to this quarter’s results.”

“Many uncertainties remain as we enter the second half of 2020, both in terms of the pandemic and its short and longer-term effects on the economy. Our cost structure remains tightly controlled and working capital is a priority. Looking ahead, we will continue to extract synergies from the Royal Envelope acquisition and are

[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”.

focused on organically growing our packaging businesses. As always, maintaining sharp focus on our balance sheet, optimally managing cash-flow and reducing debt whenever possible is a priority," concluded Mr. Emerson.

Summary of three-month period ended June 30, 2020

Total revenue for the three-month period ended June 30, 2020, was $47.7 million, equivalent to the second quarter of 2019.

Revenue from the envelope segment decreased by 3.5% to $32.8 million compared to $33.9 million in the second quarter of 2019.

- Canadian envelope revenue was $22.2 million, down 4.7% or $1.1 million from $23.3 million in the second quarter of 2019. Canadian envelope volume increased by 6.7% from the contribution of the acquisition of Royal Envelope. Excluding revenues from Royal Envelope, Canadian envelope sales were down by approximately 26.8% resulting from the temporary closure of non-essential businesses during the second quarter and from the effects of the secular decline of the Canadian envelope market. Average selling prices were 10.7% lower to last year's comparable period primarily as a result of changes in the envelope mix sold during the COVID-19 pandemic. Canada Post's last published results, pre Covid-19 pandemic, indicated that the Transaction Mail volumes were down 2.2% during their first quarter ended March 28, 2020[2].

- Revenue from the U.S. envelope market was $10.6 million, representing a decrease of 1.0% from $10.7 million in the second quarter of 2019. The volume of units sold decreased by 3.5% while average selling prices increased by 2.6% from a positive foreign exchange translation effect of approximately 3.6%. For comparison, U.S. Postal Service's last published results indicated that the First Class Mail volumes were down 8.4% during their third quarter fiscal 2020[3].

Revenue from the packaging and specialty products segment was $14.9 million, an increase of 8.9% or $1.3 million compared to the equivalent quarter of 2019. Revenue growth came from the Company's e-commerce packaging business that on boarded new customer accounts in 2020 offsetting a reduction in folding carton sales. Packaging and specialty products represented 31.3% of the Company's revenue in the quarter, up from 28.7% during the equivalent period of last year.

EBITDA was $6.9 million, compared with an EBITDA of $6.6 million in the equivalent period of last year, an increase of 3.9% primarily from the contribution of Royal Envelope and higher e-commerce packaging sales. Adjusted EBITDA for the second quarter of 2020 was up $0.1 million, to $6.9 million. Adjusted EBITDA margins increased to 14.5% of revenue compared with 14.2% in the equivalent quarter of 2019.

- Envelope segment Adjusted EBITDA was $5.7 million, up $0.5 million from $5.2 million in the second quarter of 2019. The operating profitability of the Canadian envelope operations improved with the acquisition of Royal Envelope on February 18, 2020, which, in addition to higher sales volume, provided synergies in production efficiencies and procurement. On a percentage of segmented revenue, Adjusted EBITDA from the envelope operations was 17.5%, up from 15.5% in the equivalent period of 2019.

---

[2] Canada Post First Quarter Results Press Release dated May 25, 2020

[3] US Postal Service Third Quarter 2020 Press Release dated August 7, 2020

- Packaging and specialty products segment Adjusted EBITDA was $1.9 million, in line with the equivalent period of 2019. Higher e-commerce sales compensated for the lower contribution from folding carton packaging. On a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 13.3% compared with 14.5% in the equivalent period of 2019.
- The balance of the variance is primarily from an unfavorable adjustment on foreign exchange translation and higher corporate expenses.

Net Earnings were $1.9 million (or $0.07 per share) for the three-month period ended June 30, 2020, compared with $1.8 million (or $0.06 per share) for the equivalent period in 2019.

Summary of six-month period ended June 30, 2020

Total revenue for the six-month period ended June 30, 2020 reached $100.1 million, a 2.9% increase from $97.3 million for the six-month period ended June 30, 2019.

Revenue from the envelope segment increased by 3.5% to $71.9 million from $69.5 million in the comparable period of 2019.

- Revenue from the Canadian envelope market was $48.4 million, an increase of 2.1% or $0.9 million from $47.5 million recorded during the six-month period ended June 30, 2019. Volume increased by 7.6% from the acquisition of Royal envelope which compensated for the effect of the secular decline on the Company's legacy envelope sales and from the COVID-19 effect in the second quarter of 2020. Average selling prices decreased by 5.2% from a less favorable product mix in the second quarter of 2020 attributable to the COVID-19 pandemic.

- Revenue from the U.S. envelope market was $23.5 million, an increase of 6.7% or $1.5 million from $22.0 million in the equivalent period of 2019. The volume of units sold increased by 5.9% and average selling prices increased by 0.8%. The 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 was $28.2 million, an increase of 1.2% or $0.4 million from $27.8 million in the equivalent period of the prior year as a result of higher e-commerce packaging sales in the second quarter of 2020 offsetting lower revenue in the folding carton and corrugate lines of business.

EBITDA increased by 11.5% or $1.5 million, reaching $14.6 million in the first six months of 2020, up from $13.1 million in the equivalent period of 2019. The EBITDA increase is primarily attributable to the acquisition of Royal Envelope and to the growth in e-commerce packaging sales in the second quarter of 2020. Adjusted EBITDA was $15.1 million compared with $13.3 million during the first half of 2019. Adjusted EBITDA margins stood at 15.1% of revenues, up from 13.6% in the equivalent period of 2019.

- Envelope segment Adjusted EBITDA was $12.7 million, up $1.3 million from $11.4 million in the equivalent period of 2019. The operating profitability of the Canadian envelope operations improved with the acquisition of Royal Envelope on February 18, 2020, which, in addition to additional revenues, provided synergies in production efficiencies and procurement. On a percentage of segmented revenue, Adjusted EBITDA from the envelope operations was 17.6%, up from 16.4% in the equivalent period of 2019.

- Packaging and specialty products segment Adjusted EBITDA increased to $3.3 million, up $0.1 million from $3.2 million in the comparable period of 2019. Higher e-commerce sales in the second quarter helped compensate for lower sales in the other packaging lines of business. On a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 11.7% compared to 11.6% in the equivalent period of 2019.
- The variance in corporate and unallocated expenses is the result of a gain on foreign exchange translation in the six-month period of 2020 compared with a loss in the equivalent period of 2019 and to a lesser extent, a positive adjustment for the mark-to-market value of the Deferred Share Units (DSUs) which are partially offset by a decrease in the corporate expenses allocated to the segments.

Net earnings stood at $4.5 million (or $0.16 per share) for the six-month period ended June 30, 2020, compared with net earnings of $3.6 million (or $0.13 per share) in the equivalent period in 2019.

Net cash flows from operating activities stood at $18.9 million during the six-month period ended June 30, 2020, compared with $8.0 million in the equivalent period of 2019. The improvement is mainly attributable to higher net earnings and to a $6.9 million positive net change in working capital adjustments.

Normal Course Issuer Bid

On August 13, 2020, the Company announced that it has received approval from the TSX to purchase by way of a NCIB, for cancellation, up to 1,406,523 of its common shares, representing approximately 5.0% of its 28,130,469 issued and outstanding common shares as of August 12, 2020.

Purchases under the NCIB will be made through the facilities of the TSX or alternative trading systems in Canada, if eligible, in accordance with applicable securities laws and regulations, over a maximum period of 12 months beginning on August 17, 2020 and ending on August 16, 2021. The price to be paid by Supremex for any common share will be the market price at the time of acquisition. All common shares purchased pursuant to the NCIB will be cancelled.

The average daily trading volume of Supremex' common shares over the six completed calendar months prior to the date hereof, as calculated in accordance with TSX rules, was 46,415. Accordingly, under TSX rules, Supremex is entitled to purchase, on any trading day, up to 11,603 common shares, representing 25% of such average daily trading volume. In addition, Supremex may make, once per week, a block purchase (as such term is defined in the TSX Company Manual) of common shares not directly or indirectly owned by insiders of Supremex, in accordance with TSX rules.

Supremex believes that, from time to time, the purchase of its common shares under the NCIB is an appropriate and desirable use of available cash to increase shareholder value.

Supremex has not repurchased any of its outstanding common shares under a normal course issuer bid in the past 12 months.

Financial Position and Capital Resources Summary

In light of the recent COVID-19 pandemic, it can be reasonably assumed that demand for certain of the Company's product categories will continue to be negatively impacted. Furthermore, it is impossible at this time for the Company to estimate the duration and scope of the pandemic's ensuing economic impact. During the first month of the second quarter of 2020, the Company experienced a revenue decline of approximately 6%. Excluding Royal Envelope sales, the Company's revenue would have declined by approximately 20%. In the two following months, demand for certain product categories started improving and resulted in a total year-over-year second quarter revenue decline of 11.3% when excluding Royal Envelope revenues. In order to mitigate the effect of the COVID-19 pandemic on the Company's operations and financial results, management tightly controlled its operating expenses and working capital and reduced all non-critical capital expenditures. Taking a prudent approach, the Company further negotiated and obtained a more favorable Debt to EBITDA covenant ratio for the second and third quarter of fiscal year 2020, and, on May 15, 2020, the Company's Board of Directors also announced the suspension of the quarterly dividend until further notice. Based on current and anticipated market conditions and management's projections, the Company expects to have sufficient liquidity to meet its currently anticipated needs.

The Company has a secured credit facility consisting of an $80 million revolving facility ($80 million as at December 31, 2019) and a $31.5 million term credit facility ($33.3 million as at December 31, 2019). No principal repayments are required on the revolving operating facility prior to maturity. As at June 30, 2020, the Company was in compliance with its banking covenants and had an additional borrowing capacity of $20.7 million under these covenants.

Non-IFRS Performance Measures

Reconciliation of Net Earnings to Adjusted EBITDA
(In thousands of dollars)

	Three-month periods ended June 30		**Six-month periods ended June 30**	
	2020	**2019**	**2020**	**2019**
Net Earnings	**1,865**	1,815	**4,453**	3,623
Income tax expense	**569**	884	**1,624**	1,556
Financing charges, net	**883**	942	**1,760**	1,775
Depreciation of property, plant and equipment	**1,315**	1,282	**2,504**	2,691
Depreciation of right-of-use assets	**1,382**	1,170	**2,651**	2,343
Amortization of intangible assets	**881**	544	**1,589**	1,090
EBITDA(1)	**6,895**	6,637	**14,581**	13,078
Loss on disposal of property, plant and equipment	**—**	138	**—**	174
Value adjustment on acquired inventory	**—**	—	**555**	—
Adjusted EBITDA(1)	**6,895**	6,775	**15,136**	13,252
Adjusted EBITDA Margin (%)	**14.5**	14.2	**15.1**	13.6

(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. 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, value adjustment on inventory acquired and losses (gains) on disposal of property, plant and equipment and right-of-use assets. Supremex believes that EBITDA and Adjusted EBITDA are measurements 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.

EBITDA and Adjusted EBITDA are not recognized earnings measures under IFRS and do not have a standardized meaning prescribed by IFRS. Therefore, EBITDA and 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 second quarter ended June 30, 2020 will be held on Thursday, August 13, 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 514 807-9895
- Toronto participants, dial 647 427-7450
- 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 quarter ended June 30, 2020. Supremex cautions that such assumptions may not materialize and that current economic conditions, including all of the current uncertainty resulting from the ongoing COVID-19 health crisis and its broader repercussions on the global economy, render such assumptions, although believed reasonable at the time they were made, subject to greater uncertainty.

Forward-looking information is subject to certain risks and uncertainties, and should not be read as a guarantee of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking information. These risks and uncertainties include but are not limited to the following: global health crisis, economic cycles, decline in envelope consumption, increase of competition, growth by acquisition, reliance on key personnel, raw material price increases, exchange rate fluctuation, concerns about protection of the environment, availability of capital, credit risks with respect to trade receivables, interest rate fluctuation, potential risk of litigation, contributions to employee benefits plans, cyber security and data protection, no guarantee to pay dividends and past cash payments. In addition, risks and uncertainties arising as a result of the COVID-19 pandemic that could cause results to differ from those expected include, but are not limited to: potential government actions, changes in consumer behaviors and demand, changes in customer requirements, disruptions of the Company's suppliers and supply chain, availability of personnel and uncertainty about the extent and duration of the pandemic. Such risks and uncertainties are discussed throughout the MD&A for the year

ended December 31, 2019 and the Company's Annual Information Form dated March 30, 2020, and, in particular, in "Risk Factors" in both these documents.". Consequently, the Company cannot guarantee that any forward-looking information will materialize. Readers should not place any undue reliance on such forward-looking information unless otherwise required by applicable securities legislation. The Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.
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. Supremex operates 13 facilities across six provinces in Canada and three facilities in the United States employing approximately 875 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.

-30-

Contact:
Stewart Emerson
President and CEO
investors@supremex.com
514 595-0555, extension 2316