**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021**

The following management's discussion and analysis of financial condition and results of operations ("MD&A"), dated November 11, 2021, of Supremex Inc. ("Supremex" or the "Company") should be read together with the accompanying unaudited interim consolidated financial statements and related notes of the Company for the three and nine-month periods ended September 30, 2021. These condensed consolidated financial statements of the Company have been prepared by management in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). Therefore, certain information and disclosures have been omitted or condensed. The accounting principles are consistent with those set out in the Company's audited consolidated financial statements for the year ended December 31, 2020. The fiscal year of the Company ends on December 31. *The Company's reporting currency is the Canadian dollar. Per share amounts are calculated using the weighted average number of common shares outstanding for the three and nine-month periods ended September 30, 2021. The consolidated financial statements for the three and nine-month periods ended September 30, 2021 have not been audited or reviewed by the Company's auditors.*

The Company's common shares are traded on the Toronto Stock Exchange (the "TSX") under the symbol SXP. Additional information on Supremex may be found on SEDAR at www.sedar.com and on the Company's website at www.supremex.com.

This MD&A contains forward-looking information. Please see "Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions relating to these statements. For a description of risks relating to Supremex, please see "Risk Factors" of this MD&A and "Risk Factors" of the Annual Information Form dated March 31, 2021. This MD&A contains certain other non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to "EBITDA", "Adjusted EBITDA" and "Adjusted Net Earnings". Non-IFRS financial measures are used to provide management and investors with additional measures of performance. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and therefore may not be directly comparable to similar measures used by other companies and should not be viewed as alternatives to measures of financial performance prepared in accordance with IFRS. See "Non IFRS measures: Definition of EBITDA, Adjusted EBITDA and Adjusted Net Earnings" and "Reconciliation of Net Earnings to Adjusted EBITDA" and "Reconciliation of Net Earnings to Adjusted Net Earnings."

Business Overview

Supremex 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 three manufacturing facilities in the United States employing approximately 825 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, resellers, government entities, SMEs and solutions providers.

The Company manufactures a broad range of stock and custom envelopes in an array of styles, shapes and colours, which allows it to offer a high degree of flexibility and customization. It also manufactures and distributes a diverse range of packaging and specialty products, including corrugated boxes, premium quality folding carton packaging and e-Commerce Fulfillment Packaging solutions. Other packaging and specialty products include the Conformer Products®[1], polyethylene bags for courier applications, bubble mailers and Enviro-logiX®[2].

[1] Conformer® is a registered trademark of Conformer Products, Inc.
[2] Enviro-logiX® is a registered trademark of Envirologix Inc.

Third Quarter Financial Highlights and Recent Events

- Total revenue increased by 9.9% to $54.8 million, from $49.9 million in the third quarter of 2020.
- Envelope segment revenue was up 8.5% to $37.0 million, from $34.1 million in the third quarter of 2020.
- Packaging and specialty products segment revenue increased by 12.8% to $17.8 million, from $15.8 million in the third quarter of 2020.
- EBITDA[3] at $8.7 million, up 8.0%, from $8.1 million in the third quarter of 2020.
- Net Earnings at $3.4 million (or $0.12 per share), up from $2.7 million (or $0.10 per share) in the third quarter of 2020.
- The Company renewed its Normal Course Issuer Bid ("NCIB") over a maximum period of 12 months beginning on August 31, 2021 and ending on August 30, 2022.
- Purchased 292,400 shares for total consideration of $0.7 million as part of the Company's NCIB program.
- The Company entered into series of annuity buy-out transactions in order to reduce the risk profile associated with its defined benefit pension plans.
- Appointed Joe Baglione to the newly created position of President, Envelope, effective November 15, 2021.
- Appointed Leslie Sutherland to the newly created position of Vice President, People & Culture, effective November 1, 2021.

CAPITAL ALLOCATION

Normal Course Issuer Bid ("NCIB")

On August 27, 2021, the Company announced that it has received approval from the TSX to purchase by a way of a NCIB, for cancellation, up to 1,346,648 of its common shares, representing approximately 5.0% of its 26,932,969 issued and outstanding common shares as of August 18, 2021. Purchases under the NCIB will be made through the facilities of the TSX and/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 31, 2021 and ending on August 30, 2022.

During the three and nine-month periods ended September 30, 2021, the Company repurchased 292,400 and 1,002,400 common shares for cancellation through the current and prior NCIB which expired on August 16, 2021, in consideration of $695,535 and $2,276,106, respectively.

Subsequent to the end of the period, an additional 150,300 shares were purchased for cancellation for total consideration of $347,855.

CORPORATE

Appointment of President, Envelope

Effective November 15, 2021, Joe Baglione will be appointed to the newly created position of President, Envelope. Mr. Baglione started working at Supremex as a student in the warehouse and later joined as a full-time employee in 1991 in the production planning and scheduling department. Over the years he progressively took on sales, marketing and management roles and successfully progressed through the organization becoming Vice President & General Manager of US Envelope in 2018. He most recently held the position of Vice President & General Manager, Eastern Canada Envelope & Label. He has over 30 years of industry experience in both Canada and the U.S.

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[3] Refer to the definition of EBITDA, Adjusted EBITDA and Adjusted Net Earnings in the section describing Non-IFRS measures and to the reconciliation of Net Earnings to Adjusted EBITDA and of Net Earnings to Adjusted Net Earnings in the Summary of Financial Information and Non-IFRS Measures.

Appointment of Vice President, People & Culture

Effective November 1, 2021, Leslie Sutherland was appointed Vice President, People & Culture of Supremex. Mrs. Sutherland is a highly accomplished strategic human resources leader with over 25 years of experience with large private and public companies as well as governmental organizations. Before joining Supremex, she was Vice President, Human Resources & Business Operations at Toronto Global, an arms-length organization representing municipalities in the Toronto region. Mrs. Sutherland also held various executive roles in human resources with several leading financial institutions and parapublic pension plans including Scotiabank, OMERS Capital Markets, Healthcare of Ontario Pension Plan, Citibank Canada and Honda Canada. Mrs. Sutherland holds a Bachelor of Arts from St. Thomas University and an MBA from York University.

Summary of Financial Information and Non-IFRS Measures

Selected Consolidated Financial Information

(In thousands of dollars, except for per share amounts)	**Three-month periods ended September 30**		**Nine-month periods ended September 30**	
	2021	**2020**	**2021**	**2020**
Revenue	**54,823**	49,890	**160,227**	149,968
Operating expenses	**39,310**	35,125	**113,517**	109,234
Selling, general and administrative expenses	**6,799**	6,700	**20,051**	18,088
Operating earnings before depreciation and amortization	**8,714**	8,065	**26,659**	22,646
Depreciation of property, plant and equipment	**1,279**	1,243	**3,999**	3,747
Depreciation of right-of-use assets	**1,304**	1,379	**3,686**	4,030
Amortization of intangible assets	**855**	882	**2,514**	2,471
Operating earnings	**5,276**	4,561	**16,460**	12,398
Net financing charges	**567**	694	**1,666**	2,454
Earnings before income taxes	**4,709**	3,867	**14,794**	9,944
Income tax expense	**1,345**	1,134	**3,938**	2,758
Net earnings	**3,364**	2,733	**10,856**	7,186
Basic and diluted net earnings per share	**0.12**	0.10	**0.39**	0.26
Dividend declared per share	**—**	—	**—**	0.065

Reconciliation of Net Earnings to Adjusted EBITDA

(In thousands of dollars)	**Three-month periods ended September 30**		**Nine-month periods ended September 30**	
	2021	**2020**	**2021**	**2020**
Net Earnings	**3,364**	2,733	**10,856**	7,186
Income tax expense	**1,345**	1,134	**3,938**	2,758
Net financing charges	**567**	694	**1,666**	2,454
Depreciation of property, plant and equipment	**1,279**	1,243	**3,999**	3,747
Depreciation of right-of-use assets	**1,304**	1,379	**3,686**	4,030
Amortization of intangible assets	**855**	882	**2,514**	2,471
EBITDA(1)	**8,714**	8,065	**26,659**	22,646
Acquisition costs related to business combinations	**—**	—	**164**	97
Value adjustment on acquired inventory through a business combination	**—**	—	**—**	555
Adjusted EBITDA(1)	**8,714**	8,065	**26,823**	23,298
Adjusted EBITDA Margin (%)	**15.9%**	16.2%	**16.7%**	15.5%

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

Reconciliation of Net Earnings to Adjusted Net Earnings

(In thousands of dollars)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2021	**2020**	**2021**	**2020**
Net Earnings	**3,364**	2,733	**10,856**	7,186
Adjustments, net of income taxes				
Acquisition costs related to business combinations	**—**	—	**122**	72
Value adjustment on acquired inventory through a business combination	**—**	—	**—**	411
Adjusted Net Earnings[1]	**3,364**	2,733	**10,978**	7,669

(1) Refer to "Definition of Adjusted Net Earnings" in the Non-IFRS measures section.

Revenue Information

(In millions of dollars)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2021	**2020**	**2021**	**2020**
Canadian Envelope	**22.3**	21.7	**71.7**	70.1
Volume change	**-5.3%**	13.4%	**-2.6%**	9.4%
Average selling price change	**8.5%**	-5.7%	**5.0%**	-5.4%
Total change	**2.7%**	6.9%	**2.2%**	3.5%
U.S. Envelope	**14.7**	12.4	**38.8**	35.9
Volume change	**18.9%**	15.0%	**14.4%**	9.0%
Average selling price change (in CAD)	**-0.2%**	-7.1%	**-5.3%**	-2.1%
Total change	**18.7%**	6.8%	**8.3%**	6.8%
Packaging & Specialty Products				
Canada & U.S.	**17.8**	15.8	**49.7**	44.0
Total change	**12.8%**	18.9%	**13.1%**	6.9%
Total Revenue	**54.8**	49.9	**160.2**	150.0
Revenue change	**9.9%**	10.4%	**6.8%**	5.3%

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. For over 40 years, Supremex has developed its core paper substrate and converting expertise to become one of the largest manufacturers and distributors of envelopes in North America. In 2016, it initiated a growth and diversification strategy into packaging and specialty products.

The Envelope Segment

The Company manufactures a broad range of stock and custom envelopes in an array of styles, shapes and colours, which allows it to offer a high degree of flexibility and customization. Products are designed to the specifications of major national and multinational corporations, resellers, government entities, SMEs and solutions providers.

The Packaging and Specialty Products Segment

The Company also manufactures and distributes a diverse range of paper-based packaging solutions and specialty products, including high-quality folding carton packaging, e-commerce solutions, corrugated boxes and labels. The folding carton offering is primarily aimed at corporations in the health, beauty, pharmaceutical and food-at-home markets.

E-commerce solutions are eco-friendly and are designed and manufactured to optimize shipping and reduce over-packaging for small and international e-tailers. The corrugated box offering is primarily focused on the food industry (pizza, meat and vegetable boxes), internal procurement for the e-commerce offering and envelope box requirements. The label offering primarily serves the Company's existing envelope and packaging customers with complementary label solutions and is an integral offering for the health, beauty and pharmaceutical customers. Other packaging and specialty products include the Conformer Products®, polyethylene bags for courier applications, bubble mailers and Enviro-logiX®.

Segmented Information

(In thousands of dollars)	**Three-month periods ended September 30**		**Nine-month periods ended September 30**	
	2021	**2020**	**2021**	**2020**
Segmented Revenue				
Envelope	**37,050**	34,136	**110,545**	106,035
Packaging & specialty products	**17,773**	15,754	**49,682**	43,933
Total revenue	**54,823**	49,890	**160,227**	149,968
Segmented Adjusted EBITDA[(1)]				
Envelope	**6,886**	5,762	**20,511**	18,431
% of segmented revenue	**18.6%**	16.9%	**18.6%**	17.4%
Packaging & specialty products	**2,564**	2,919	**7,428**	6,215
% of segmented revenue	**14.4%**	18.5%	**15.0%**	14.1%
Corporate and unallocated costs	**(736)**	(616)	**(1,116)**	(1,348)
Total Adjusted EBITDA[(1)]	**8,714**	8,065	**26,823**	23,298
% of total revenue	**15.9%**	16.2%	**16.7%**	15.5%

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

Results of Operations

Three-month period ended September 30, 2021, compared to the three-month period ended September 30, 2020

Revenue

Total revenue for the three-month period ended September 30, 2021, was $54.8 million, representing an increase of $4.9 million or 9.9% from the equivalent quarter of 2020.

Revenue from the envelope segment was $37.0 million, representing an increase of $2.9 million or 8.5%, from $34.1 million in the equivalent quarter of 2020. The envelope segment represented 67.6% of the Company's revenue in the quarter, down slightly from 68.4% during the equivalent period of last year.

- Revenue from the Canadian envelope market grew by $0.6 million or 2.7% to $22.3 million, from $21.7 million in the third quarter of 2020. Average selling prices increased by 8.5% from last year's comparable period primarily resulting from price increases swiftly implemented to reflect rising input cost inflation and changes in the product mix; partially offset by a volume decrease of 5.3% from the secular decline affecting the envelope market. Canada Post's latest published financial results indicated that Transaction Mail volumes were up 4.1% year-over-year[4] due to the 2021 Census mailing combined with continued above-normal retail usage fuelled by COVID-19 lockdowns.

[4] Canada Post press release dated August 20, 2021 reporting Q2 2021 results.

- Revenue from the U.S. envelope market was $14.7 million, representing an increase of $2.3 million or 18.7% from $12.4 million in the third quarter of 2020. The volume of units sold increased by 18.9% from efforts dedicated to increase penetration of the US envelope market and from the rebound in demand in recent quarters from certain channels that were more affected by the pandemic and lockdown measures. Average selling prices in Canadian dollars decreased by 0.2%, mainly resulting from a negative foreign exchange translation effect. For comparison, the U.S. Postal Service's last published results indicated that the First-Class Mail volumes were up 1.1% during their third quarter ended June 30, 2021[5].

Revenue from the packaging and specialty products segment was $17.8 million, an increase of $2.0 million or 12.8% from the corresponding quarter of 2020. The increase resulted mainly from the contribution of the Vista Graphic Communications, LLC ("Vista"), acquisition concluded on March 8, 2021, coupled with organic growth. Packaging and specialty products represented 32.4% of the Company's revenue in the quarter, up from 31.6% during the equivalent period of last year.

Operating Expenses

Operating expenses for the three-month period ended September 30, 2021, were $39.3 million compared to $35.1 million in the equivalent period of 2020, representing an increase of $4.2 million or 11.9%. This results primarily from higher volume of sales, due in part to the Vista acquisition and higher cost of materials. It was mitigated by the cost optimization plan initiated on the envelope platform at the end of 2020. On a percentage of revenue basis, operating expenses increased to 71.7% of revenues, up from 70.4% in the equivalent period of 2020.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totalled $6.8 million in the three-month period ended September 30, 2021, compared to $6.7 million during the same period in 2020, representing an increase of $0.1 million or 1.5%. The slight increase is largely attributable to higher remuneration related expenses, mainly due to the Vista acquisition, coupled with a lower contribution from the CEWS program ($0.1 million versus $0.3 million for the same period last year), partially compensated by a gain on foreign exchange.

EBITDA[6] and Adjusted EBITDA[6]

EBITDA and Adjusted EBITDA were $8.7 million, up 8.0%, from $8.1 million in the third quarter of 2020. This increase resulted from higher sales volumes in both segments and operational efficiencies derived from the cost optimizations plan. It was partially offset by the higher cost of materials and lower recorded subsidies ($0.6 million versus $0.9 million for the same period last year). Adjusted EBITDA margins decreased to 15.9% of revenue compared to 16.2% in the equivalent quarter of 2020.

- Envelope segment Adjusted EBITDA was $6.9 million, up 19.5% or $1.1 million, from $5.8 million in the third quarter of 2020. The operating profitability of the Canadian envelope operations improved due to higher sales volume and the operational efficiencies derived from the cost optimizations plan. On a percentage of segmented revenue, Adjusted EBITDA from the envelope segment was 18.6%, up from 16.9% in the equivalent period of 2020.
- Packaging and specialty products segment Adjusted EBITDA was $2.6 million, down 12.2% or $0.3 million from $2.9 million in the third quarter of 2020. These results reflect an unfavorable product mix, partially offset by increased sales volume and the contribution of the Vista acquisition. On a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 14.4% compared to 18.5% in the equivalent period of 2020.

[5] U.S. Postal Service press release dated August 6, 2021 on third quarter 2021 results.

[6] Refer to "Definition of EBITDA, Adjusted EBITDA and Adjusted Net Earnings" in section "Non-IFRS measures".

Depreciation and Amortization

Aggregate depreciation and amortization expenses for the three-month period ended September 30, 2021, amounted to $3.4 million compared to $3.5 million in the third quarter of 2020.

Net Financing Charges

Net financing charges for the three-month period ended September 30, 2021, were $0.6 million, down from $0.7 million in the equivalent period of the prior year, resulting from a lower level of indebtedness and lower interest rates.

Earnings Before Income Taxes

As a result of the fluctuation in revenue and expenses described above, earnings before income taxes were $4.7 million, or 8.6% of revenues, during the three-month period ended September 30, 2021, compared to $3.9 million, or 7.8% of revenues, during the equivalent period of 2020.

Income Tax Expense

Income taxes were $1.3 million, or an effective tax rate of 28.6%, in the three-month period ended September 30, 2021, compared to $1.1 million, or an effective tax rate of 29.3%, in the equivalent quarter of last year. The absolute dollar increase is due to higher earnings before income taxes in the current period.

Net Earnings and Adjusted Net Earnings[6]

Net Earnings and Adjusted Net Earnings were $3.4 million (or $0.12 per share) for the three-month period ended September 30, 2021, compared to $2.7 million (or $0.10 per share) for the equivalent period in 2020.

Other Comprehensive Income

The discount rate used to calculate the accrued plan benefit obligations increased to 3.20% as at September 30, 2021 from 3.10% as at June 30, 2021. This increase was partially offset by a lower-than-expected return on assets resulted in a net actuarial gain of $0.3 million in the third quarter of 2021.

Nine-month period ended September 30, 2021, compared with the nine-month period ended September 30, 2020

Revenue

Total revenue for the nine-month period ended September 30, 2021, reached $160.2 million, a 6.8% increase from $150.0 million for the nine-month period ended September 30, 2020.

Revenue from the envelope segment was $110.5 million, an increase of $4.5 million or 4.3%, from $106.0 million in the comparable period of 2020.

- Revenue from the Canadian envelope market was $71.7 million, an increase of 2.2% or $1.6 million from $70.1 million during the nine-month period ended September 30, 2020. Average selling prices increased by 5.0% primarily from price increases implemented in the second and third quarters of 2021, partially offset by a volume decrease of 2.6% driven by the long-term secular decline of the envelope market, mitigated by the contribution of the acquisition of Royal envelope concluded in the first quarter of 2020.

- Revenue from the U.S. envelope market was $38.8 million, an increase of 8.3% or $2.9 million from $35.9 million in the equivalent period of 2020. The volume of units sold increased by 14.4% from efforts dedicated to increase the Company's market share in the US envelope market and the continued effect of the COVID-19 economic rebound in the third quarter of 2021, partially offset by the 5.3% decrease in average selling prices in Canadian dollars resulting mainly from a negative foreign exchange translation effect.

Revenue from packaging and specialty products was $49.7 million, an increase of 13.1% or $5.7 million from $44.0 million in the equivalent period of the prior year. Revenue growth came mainly from the acquisition of Vista in March 2021 and from organic growth.

Operating Expenses

Operating expenses for the nine-month period ended September 30, 2021 were $113.5 million compared to $109.2 million for the equivalent period in 2020, representing an increase of $4.3 million or 3.9%. This results primarily from higher volume of sales, due in part to the Vista acquisition which was partially compensated by improved efficiencies in folding carton, the gradual implementation of the cost optimization plan initiated on the envelope platform at the end of 2020, tighter control of operating expenses to mitigate the effects of the COVID-19 pandemic and higher recorded subsidies ($1.6 million versus $0.6 million for the corresponding period last year). On a percentage of revenue basis, operating expenses decreased to 70.8% of revenues, down from 72.8% in the equivalent period of 2020.

Selling, General and Administrative Expenses

Selling, general and administrative expenses amounted to $20.1 million for the nine-month period ended September 30, 2021, compared to $18.1 million in the equivalent period of 2020, representing an increase of $2.0 million or 10.9%. The increase is attributable to higher remuneration related expenses partly due to the Vista acquisition, a negative adjustment for the mark-to-market value of the DSU and higher professional fees. It was mitigated by higher recorded subsidies ($0.6 million versus $0.3 million for the same period last year).

EBITDA[7] and Adjusted EBITDA[7]

EBITDA increased by 17.7% to $26.7 million in the nine-month period ended September 30, 2021, up from $22.6 million in the equivalent period of 2020. Adjusted EBITDA increased by 15.1% to $26.8 million, up from $23.3 million in the first nine months of last year, resulting from higher sales volumes in both segments, operational efficiencies derived from cost optimizations, improvements in folding carton manufacturing activities and higher recorded subsidies ($2.2 million versus $0.9 million for the same period last year). Adjusted EBITDA margins increased to 16.7% of revenue compared to 15.5% in the equivalent period of 2020.

- Envelope segment Adjusted EBITDA was $20.5 million, up 11.3% or $2.1 million, from $18.4 million in the equivalent period of 2020. The operating profitability of the Canadian envelope operations improved due to higher sales volume and the operational efficiencies derived from the cost optimizations plan. On a percentage of segmented revenue, Adjusted EBITDA from the envelope segment was 18.6%, up from 17.4% in the equivalent period of 2020.
- Packaging and specialty products segment Adjusted EBITDA was $7.4 million, up 19.5% or $1.2 million from $6.2 million in the comparable period of 2020 primarily driven by efficiency gains in the folding carton division combined with the contribution of the Vista acquisition. This growth was partially offset by changes to the product mix. On a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 15.0% compared to 14.1% in the equivalent period of 2020.

Depreciation and Amortization

Aggregate depreciation and amortization expenses for the nine-month period ended September 30, 2021, amounted to $10.2 million, in line with the corresponding period last year.

[7] Refer to “Definition of EBITDA, Adjusted EBITDA and Adjusted Net Earnings” in section “Non-IFRS measures”

Net Financing Charges

Net financing charges for the nine-month period ended September 30, 2021, were $1.7 million, down from $2.5 million in the equivalent period of the prior year, resulting from a lower level of indebtedness and lower interest rates.

Earnings Before Income Taxes

As a result of the fluctuation in revenue and expenses described above, earnings before income taxes were $14.8 million, or 9.2% of revenues, during the nine-month period ended September 30, 2021, compared to $9.9 million, or 6.6% of revenues, during the equivalent period of 2020.

Income Tax Expense

Income taxes were $3.9 million, or an effective income tax rate of 26.6% in the nine-month period ended September 30, 2021, compared to $2.8 million, or an effective income tax rate of 27.7% in the equivalent period of last year. The absolute dollar increase is due to higher earnings before income taxes in the current period.

Net Earnings and Adjusted Net Earnings[8]

Net Earnings were $10.9 million (or $0.39 per share) for the nine-month period ended September 30, 2021, compared to $7.2 million (or $0.26 per share) for the equivalent period in 2020. Adjusted Net Earnings were $11.0 million (or $0.39 per share) for the nine-month period ended September 30, 2021, compared to $7.7 million (or $0.28 per share) for the equivalent period in 2020.

Other Comprehensive Income

The discount rate used to calculate the accrued plan benefit obligations increased to 3.20% as at September 30, 2021 from 2.50% as at December 31, 2020. This increase was partially offset by a slightly lower-than-expected return on assets resulted in a net actuarial gain of $6.6 million in the first nine months of the year.

Geographical Revenue and Asset Diversification

The Company's non-current assets were $120.1 million in Canada and $22.8 million in the United States as at September 30, 2021, compared to $118.9 million in Canada and $14.4 million in the United States as at December 31, 2020.

For the three-month period ended September 30, 2021, the Company's revenue in Canada was $32.0 million, compared to $32.1 million in the equivalent quarter of 2020. In the United States, revenue was $22.8 million, an increase of 27.9% from $17.8 million in 2020.

For the nine-month period ended September 30, 2021, the Company's revenue in Canada was $101.0 million, an increase of 1.7% from $99.4 million in the equivalent period of 2020. In the United States, revenue was at $59.2 million, representing an increase of 16.9% from $50.6 million in the equivalent period of 2020.

[8] Refer to "Definition of EBITDA, Adjusted EBITDA and Adjusted Net Earnings" in section "Non-IFRS measures"

Summary of Quarterly Operating Results from October 1, 2019 to September 30, 2021
(In thousands of dollars, except for per share amounts)

	Sep. 30 2021	June 30 2021	Mar. 31 2021	Dec. 31 2020	Sep. 30 2020	June 30 2020	Mar. 31 2020	Dec. 31 2019
Revenue								
Envelope	**37,050**	35,230	38,265	40,465	34,136	32,751	39,149	35,744
Packaging	**17,773**	16,571	15,338	14,171	15,754	14,911	13,267	13,444
Total revenue	**54,823**	51,801	53,603	54,636	49,890	47,662	52,416	49,188
Adjusted EBITDA(1)	**8,714**	8,562	9,548	9,206	8,065	6,895	8,338	6,751
Earnings Before Income Taxes	**4,709**	4,595	5,490	340	3,867	2,434	3,643	3,183
Net Earnings	**3,364**	3,389	4,103	309	2,733	1,865	2,588	2,289
Net Earnings per share	**0.12**	0.12	0.15	0.01	0.10	0.07	0.09	0.08
Adjusted Net Earnings(1)	**3,364**	3,393	4,221	3,719	2,733	1,865	3,071	2,232
Adjusted Net Earnings(1) per share	**0.12**	0.12	0.15	0.13	0.10	0.07	0.11	0.08

(1) Refer to definition of Adjusted EBITDA and Adjusted Net Earnings in the "Non-IFRS measures" section.

Seasonality

Supremex' 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, fund-raising, 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 revenues from packaging and specialty products are not subject to seasonal patterns (i.e. specialty folding cartons for large multinational customers). Only a small portion is subject to seasonal patterns related to the holidays and sporting events (i.e. innovative protective packaging solutions for e-commerce or corrugated boxes for food delivery). As such, there is currently little to no seasonal effect from packaging and specialty products on Supremex' total revenues.

As a result, Supremex' revenue and financial performance for any single quarter may not be indicative of revenue and financial performance which may be expected for the full year. To maintain production efficiencies, Supremex uses warehouse capabilities to stock envelopes as required and thereby counter predictable seasonal variations in sales volume.

Financial Position and Capital Resources

Financial Position Highlights

(In thousands of dollars)	**September 30, 2021**	**December 31, 2020**
Working capital	**26,386**	20,937
Total assets	**203,365**	186,551
Secured credit facility	**52,125**	56,750
Total equity	**94,128**	78,961

The increase in total assets as at September 30, 2021, when compared to December 31, 2020, is mainly the result of the increase of $8.7 million in the accrued pension benefit asset, the increase of $4.7 million in inventories and the acquisition of Vista concluded on March 8, 2021, for a total consideration of $2.8 million.

Total debt was $52.1 million, down from $56.8 million as at December 31, 2020, in spite of the above mentioned acquisition.

Employee Future Benefits

Recently, the Company executed a series of transactions in order to reduce the risk profile associated with its defined benefit pension plans.

On June 23, 2021 and September 1, 2021 the Company has entered into annuity buy-out transactions with Brookfield Annuity Company and RBC Insurance to transfer $7.0 million and $43.4 million, respectively, of its defined benefit pension obligations. These completed transactions fully transfer and discharge the pension plan of its related obligations. Supremex will not be required to make any cash contribution to complete the transactions. Finally, effective September 28, 2021, the Company implemented a new de-risking strategy for its defined benefit plans' assets whereby 70% of assets are now invested in bonds.

In addition to the above-mentioned objectives, these transactions reduce the volatility related to the Company's defined benefit pension plans and further secure plan members' benefits.

Summary of Cash Flows

(In thousands of dollars)	**Three-month periods ended September 30**		**Nine-month periods ended September 30**	
	2021	**2020**	**2021**	**2020**
Operating activities	**6,738**	7,208	**16,174**	26,060
Investing activities	**(1,658)**	(730)	**(5,070)**	(29,087)
Financing activities	**(3,711)**	(5,782)	**(10,307)**	5,886
Net foreign exchange difference	**202**	(162)	**(8)**	(177)
Net change in cash	**1,571**	534	**(789)**	2,682

Cash Flows Related to Operating Activities

Net cash flows from operating activities were $16.2 million during the nine-month period ended September 30, 2021, compared to $26.1 million in the equivalent period of 2020. The variation is attributable to a negative net change in working capital adjustments.

Cash Flows Related to Investing Activities

Net cash flows used in investing activities amounted to $5.1 million during the nine-month period ended September 30, 2021, compared to $29.1 million in the equivalent period of 2020 primarily to fund the acquisition of Royal Envelope on February 18, 2020 in the amount of $27.4 million.

Cash Flows Related to Financing Activities

Net cash flows used by financing activities were $10.3 million during the nine-month period ended September 30, 2021, compared to $5.9 million generated in the equivalent period of 2020. The variance is almost entirely from the increase in the credit facility to fund the acquisition of Royal Envelope concluded on February 18, 2020.

Outlook

As a provider of envelopes to government entities, financial institutions, utilities and other large organizations, and a provider of packaging solutions to essential businesses operating in the pharmaceutical, food and e-commerce industries, Supremex has remained in operation since the start of the COVID-19 pandemic. The Company quickly put in place a robust business continuity plan which include enhanced safety measures for its employees and customers and various other initiatives aimed at preserving the Company's balance sheet and cash flow, including limiting capital expenditures and suspending its regular quarterly dividend starting in May 2020.

As the epidemiological situation improves, federal, provincial, state and local governments across North America have gradually started lifting public health measures. Although these recent developments are very encouraging, uncertainty still remains with respect to the duration and impact of the COVID-19 pandemic on the Company's activities and on the global economic landscape:

- Certain assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.
- Persistent supply chain issues primarily with paper procurement, creating missed sales opportunities. Expected to last into 2023.
- Labor shortages constraining the Company from additional production hours and improving capacity utilization.

In an effort to mitigate the lingering effect of the COVID-19 pandemic on the Company's operations and financial results, management continues to tightly control its operating expenses and working capital.

As Supremex navigates the business impacts of the pandemic, the Company has experienced a rebound in demand in recent quarters from certain channels that were more affected by the pandemic and lockdown measures. The Company has solid backlogs and is currently operating at full capacity given the labor at its disposal and its teams continue to successfully pass through input cost inflation.

In the second quarter of 2022, the Company will move its folding carton plant in Town Mount Royal, Quebec to an alternative location necessitated by the expropriation of its current facility for the Royalmount project. The Company will incur one-time costs for the move, which will be largely recorded in the first two quarters of 2022. In addition, the Company expects its new rent to exceed what it is currently paying.

In order to achieve its pivot to packaging objective, with 50% of sales generated in the Packaging segment by 2025, Supremex is ramping up its search for strategic acquisitions.

Contractual Obligations and Off-Balance Sheet Arrangements

The Company has no other off-balance sheet arrangements, except for the operating leases with terms of twelve months or less or leases of low-value assets, which do not have a current or future material effect on the Company's performance.

Financing

The Company has a secured credit facility consisting of a $80 million revolving facility ($80 million as at December 31, 2020) and a $27.1 million term facility ($29.8 million as at December 31, 2020). No principal repayments are required on the revolving facility prior to maturity. The term facility is repayable in quarterly principal installments of $875,000. The availability of the secured credit facility is variable and dependant on respecting certain financial covenants. As at September 30, 2021, the total amount outstanding on the secured credit facility was $52.1 million. This facility bears interest at a floating rate based on the Canadian prime rate, plus an applicable margin that ranges between 0% and 2.00% or bankers' acceptance rates, plus an applicable margin that ranges between 1.25% and 3.25%. The agreement for this secured credit facility matures in May 2023.

The secured credit facility is used for working capital, capital expenditures, acquisitions and other general corporate purpose. 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 September 30, 2021.

Capitalization

As at November 11, 2021, the Company had 26,714,069 common shares outstanding.

Disclosure Controls and procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR")

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Company has filed certifications signed by the President and Chief Executive Officer and the Chief Financial Officer, that, among other things, report on the design and effectiveness of disclosure controls and procedures, and the design and effectiveness of internal control over financial reporting.

As indicated in such certifications, management has designed disclosure controls and procedures to provide reasonable assurance that:

i. material information relating to the Company is made known to the President and Chief Executive Officer and the Chief Financial Officer, particularly during the period in which interim filings are being prepared, and

ii. information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Management has also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework management used to design the Company's internal control over financial reporting is the Committee of Sponsoring Organizations ("COSO").

There were no changes in the Company's internal controls over financial reporting that occurred during the period from January 1, 2021 to September 30, 2021 that have materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

In accordance with the provisions of National Instrument 52-109, Supremex has limited the scope of its design of Supremex' disclosure controls and procedures (DC&P) and ICFR to exclude controls, policies and procedures of a business acquired not more than 365 days before September 30, 2021. The scope limitation is primarily due to the time required for Supremex' management to assess DC&P and ICFR in a manner consistent with Supremex' other operations. The Company expects that its March 2021 business acquisition of Vista will be covered by its certification in the first quarter of 2022.

Risk Factors

The results of operations, business prospects and financial condition of Supremex are subject to a number of risks and uncertainties, and are affected by a number of factors outside the control of Supremex' management. Details are provided in the "Risk Factors" section of the Company's Annual Information Form dated March 31, 2021, which can be found on www.sedar.com.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws, including (but not limited to) statements about the EBITDA, Adjusted EBITDA, Adjusted Net Earnings 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 MD&A. Such assumptions, expectations and estimates are discussed throughout the MD&A for the nine-month period ended September 30, 2021 and, in the Company's Annual Information Form dated March 31, 2021. 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. 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 nine-month period ended September 30, 2021 and, in the Company's Annual Information Form dated March 31, 2021, in particular, in ''Risk Factors''. Consequently, the Company cannot guarantee that any forward-looking information will materialize. Readers should not place any undue reliance on such forward-looking information unless otherwise required by applicable securities legislation. The Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Non-IFRS measures: Definition of EBITDA, Adjusted EBITDA and Adjusted Net Earnings

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, value adjustment on inventory acquired, acquisition costs and losses (gains) on disposal of property, plant and equipment and right-of-use assets. Adjusted Net Earnings refers to Net Earnings to which the items listed above have been removed, net of income taxes. Supremex believes that EBITDA, Adjusted EBITDA and Adjusted Net Earnings 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 years.

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

Additional Information

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

Interim Condensed Consolidated Financial Statements

Supremex Inc.

Unaudited
For the three and nine-month periods ended September 30, 2021 and 2020

All amounts expressed in Canadian dollars

NOTICE

The Company's independent auditors have not reviewed these Interim Condensed Consolidated Financial Statements in accordance with the standard established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at [Unaudited]	Notes	September 30, 2021 $	December 31, 2020 $
ASSETS	**6**		
Current assets			
Cash		**3,824,869**	3,035,999
Accounts receivable		**28,499,620**	26,855,191
Income tax receivable		**—**	352,234
Inventories	**5**	**26,398,170**	21,738,367
Prepaid expenses		**1,769,303**	1,315,580
Total current assets		**60,491,962**	53,297,371
Property, plant and equipment		**36,423,948**	37,131,393
Right-of-use assets		**20,421,093**	18,120,369
Accrued pension benefit net assets		**13,179,900**	4,449,600
Intangible assets		**23,369,774**	24,446,150
Goodwill		**49,478,301**	49,105,826
Total assets		**203,364,978**	186,550,709
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**21,783,712**	22,418,282
Income tax payable		**3,204,623**	—
Provisions		**720,071**	1,578,406
Current portion of lease liabilities		**4,298,780**	4,863,402
Current portion of secured credit facility	**6**	**3,500,000**	3,500,000
Current portion of contingent consideration payable	**4**	**598,414**	—
Total current liabilities		**34,105,600**	32,360,090
Secured credit facility	**6**	**48,409,025**	52,942,668
Contingent consideration payable	**4**	**172,397**	—
Deferred income tax liabilities		**8,796,781**	7,689,813
Lease liabilities		**17,545,706**	14,375,795
Other post-retirement benefit obligations		**207,800**	221,000
Total liabilities		**109,237,309**	107,589,366
Equity			
Share capital	**7**	**9,155,092**	9,497,234
Contributed surplus	**7**	**275,095,122**	277,029,086
Deficit		**(189,642,040)**	(207,071,737)
Foreign currency translation reserve		**(480,505)**	(493,240)
Total equity		**94,127,669**	78,961,343
Total liabilities and equity		**203,364,978**	186,550,709

See accompanying notes

On behalf of the Directors:

By: *signed (Robert B. Johnston)*
Director

By: *signed (Steven P. Richardson)*
Director

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

[Unaudited]	Notes	Three-month periods ended September 30 2021 $	2020 $	Nine-month periods ended September 30 2021 $	2020 $
Revenue		**54,823,322**	49,890,310	**160,227,004**	149,968,396
Operating expenses	**5**	**39,310,192**	35,125,014	**113,516,577**	109,234,600
Selling, general and administrative expenses		**6,798,917**	6,699,720	**20,050,772**	18,087,234
Operating earnings before depreciation and amortization		**8,714,213**	8,065,576	**26,659,655**	22,646,562
Depreciation of property, plant and equipment		**1,278,757**	1,243,145	**3,999,333**	3,747,377
Depreciation of right-of-use assets		**1,303,932**	1,378,843	**3,685,895**	4,030,302
Amortization of intangible assets		**854,836**	882,136	**2,514,321**	2,470,926
Operating earnings		**5,276,688**	4,561,452	**16,460,106**	12,397,957
Net financing charges	**6**	**567,696**	694,283	**1,666,239**	2,453,966
Earnings before income taxes		**4,708,992**	3,867,169	**14,793,867**	9,943,991
Income tax expense		**1,344,566**	1,134,235	**3,937,877**	2,758,332
Net earnings		**3,364,426**	2,732,934	**10,855,990**	7,185,659
Basic and diluted net earnings per share		**0.1247**	0.0973	**0.3965**	0.2556
Weighted average number of shares outstanding		**26,981,909**	28,080,198	**27,382,749**	28,113,590

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[Unaudited]	Three-month periods ended September 30 2021 $	Three-month periods ended September 30 2020 $	Nine-month periods ended September 30 2021 $	Nine-month periods ended September 30 2020 $
Net earnings	**3,364,426**	2,732,934	**10,855,990**	7,185,659
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to earnings in subsequent periods				
Foreign currency translation adjustments	**497,722**	(351,448)	**12,735**	96,546
Net other comprehensive income (loss) to be reclassified to earnings in subsequent periods	**497,722**	(351,448)	**12,735**	96,546
Items not to be reclassified to earnings in subsequent periods				
Recognized actuarial gain (loss) on defined benefit pension plans, net of income tax expense of $115,491 and $2,293,753 [2020 – expense of $580,033 and recovery of $1,162,122]	**330,509**	1,657,367	**6,564,147**	(3,312,878)
Recognized actuarial gain (loss) on other post-retirement benefit, net of expense of $492 and $3,340 [2020 – recovery of $0 and $1,739]	**1,408**	—	**9,560**	(4,961)
Net other comprehensive income (loss) not being reclassified to earnings in subsequent periods	**331,917**	1,657,367	**6,573,707**	(3,317,839)
Other comprehensive income (loss)	**829,639**	1,305,919	**6,586,442**	(3,221,293)
Total comprehensive income	**4,194,065**	4,038,853	**17,442,432**	3,964,366

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine-month periods ended September 30
[Unaudited]

	Share capital $	Contributed surplus $	Deficit $	Foreign currency translation reserve $	Total equity $
As at December 31, 2019	9,601,576	277,348,798	(210,653,168)	175,893	76,473,099
Net earnings	—	—	7,185,659	—	7,185,659
Other comprehensive (loss) income	—	—	(3,317,839)	96,546	(3,221,293)
Total comprehensive income	—	—	3,867,820	96,546	3,964,366
Dividends declared [*note 8*]	—	—	(1,828,481)	—	(1,828,481)
Share repurchased and cancelled [*note 7*]	(52,188)	(148,653)	—	—	(200,841)
As at September 30, 2020	**9,549,388**	**277,200,145**	**(208,613,829)**	**272,439**	**78,408,143**
As at December 31, 2020	**9,497,234**	**277,029,086**	**(207,071,737)**	**(493,240)**	**78,961,343**
Net earnings	—	—	10,855,990	—	10,855,990
Other comprehensive income	—	—	6,573,707	12,735	6,586,442
Total comprehensive income	—	—	17,429,697	12,735	17,442,432
Shares repurchased and cancelled [*note 7*]	(342,142)	(1,933,964)	—	—	(2,276,106)
As at September 30, 2021	**9,155,092**	**275,095,122**	**(189,642,040)**	**(480,505)**	**94,127,669**

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

[Unaudited]	Notes	For the three-month periods ended September 30 2021 $	2020 $	For the nine-month periods ended September 30 2021 $	2020 $
OPERATING ACTIVITIES					
Net earnings		**3,364,426**	2,732,934	**10,855,990**	7,185,659
Non-cash adjustment to reconcile net earnings to net cash flows					
Depreciation of property, plant and equipment		**1,278,757**	1,243,145	**3,999,333**	3,747,377
Depreciation of right-of-use assets		**1,303,932**	1,378,843	**3,685,895**	4,030,302
Amortization of intangible assets		**854,836**	882,136	**2,514,321**	2,470,926
Amortization of deferred financing costs	6	**41,872**	36,118	**132,291**	91,270
Interest on contingent consideration payable		**19,058**	—	**24,021**	—
Deferred income tax (recovery) expense		**(199,086)**	222,894	**(1,189,973)**	910,196
Change in employee benefits		**31,200**	3,000	**143,400**	9,000
		6,694,995	6,499,070	**20,165,278**	18,444,730
Working capital adjustments					
Variation in accounts receivable		**(2,072,316)**	(1,884,913)	**(1,119,178)**	2,517,394
Variation in income tax payable		**885,359**	340,144	**3,556,857**	1,366,619
Variation in inventories		**(1,467,837)**	(64,232)	**(4,156,386)**	1,133,615
Variation in prepaid expenses		**104,330**	355,529	**(437,032)**	(58,687)
Variation in accounts payable and accrued liabilities		**2,896,590**	1,960,749	**(961,010)**	2,645,143
Variation in provisions		**(290,255)**	—	**(858,335)**	(7,821)
Change in employee benefits		**(13,200)**	1,300	**(16,100)**	18,700
Net cash flows related to operating activities		**6,737,666**	7,207,647	**16,174,094**	26,059,693
INVESTING ACTIVITIES					
Business combinations	4	**(89,505)**	—	**(2,756,295)**	(27,400,000)
Acquisition of property, plant and equipment		**(1,508,074)**	(583,411)	**(2,215,882)**	(1,308,762)
Acquisition of intangible assets		**(83,165)**	(146,306)	**(142,330)**	(377,639)
Proceeds from disposal of property, plant and equipment		**23,159**	—	**44,267**	—
Net cash flows related to investing activities		**(1,657,585)**	(729,717)	**(5,070,240)**	(29,086,401)
FINANCING ACTIVITIES					
Net change in revolving credit facility		**(975,091)**	(3,365,416)	**(2,000,001)**	15,982,163
Repayment of term loan		**(875,000)**	(875,000)	**(2,625,000)**	(2,625,000)
Repayment of lease liabilities		**(1,165,410)**	(1,282,931)	**(3,364,613)**	(3,676,082)
Dividends paid	8	**—**	—	**—**	(3,656,962)
Financing costs incurred		**—**	(57,500)	**(40,934)**	(80,000)
Purchase of share capital for cancellation	7	**(695,536)**	(200,841)	**(2,276,106)**	(200,841)
Change in other long-term asset		**—**	—	**—**	143,224
Net cash flows related to financing activities		**(3,711,037)**	(5,781,688)	**(10,306,654)**	5,886,502
Net change in cash during the period		**1,369,044**	696,242	**797,200**	2,859,794
Net foreign exchange difference		**201,791**	(161,828)	**(8,330)**	(177,443)
Cash, beginning of period		**2,254,034**	4,370,826	**3,035,999**	2,222,889
Cash, ending of period		**3,824,869**	4,905,240	**3,824,869**	4,905,240
Supplemental information [(1)]					
Interest paid		**557,992**	696,035	**1,610,580**	2,518,181
Interest received		**1,963**	3,536	**11,242**	10,741
Income taxes paid		**992,161**	387,429	**2,134,908**	388,933
Income taxes received		**334,708**	—	**608,080**	101,625

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

See accompanying notes

1. CORPORATE INFORMATION

Supremex Inc. (the "Company" or "Supremex") was incorporated on March 31, 2006 under the *Canadian Business Corporation 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, 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' 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, fund-raising, 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 revenues from packaging and specialty products are not subject to seasonal patterns (i.e. specialty folding cartons for large multinational customers). Only a small portion is subject to seasonal patterns related to the holidays and sporting events (i.e. innovative protective packaging solutions for e-commerce or corrugated boxes for food delivery). As such, there is currently little to no seasonal effect from packaging and specialty products on Supremex' total revenues.

As a result, Supremex' revenue and financial performance for any single quarter may not be indicative of revenue and financial performance which may be expected for the full year. To maintain production efficiencies, Supremex uses warehouse capabilities to stock envelopes as required and thereby counter predictable seasonal variations in sales volume.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries. They have been prepared by management in accordance with IAS 34, Interim Financial Reporting. Therefore, certain information and disclosures have been omitted or condensed. The accounting principles are consistent with those set out in the Company's audited consolidated financial statements for the year ended December 31, 2020, prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, these unaudited interim condensed consolidated financial statements and the notes thereto should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2020.

These unaudited interim condensed consolidated financial statements were approved by the Company's Board of Directors on November 11, 2021 and have not been audited or reviewed by the Company's auditors.

3. SIGNIFICANT JUDGMENT AND ACCOUNTING ESTIMATES

The preparation of the Company's unaudited interim condensed consolidated financial statements requires management to make estimates, judgment and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates, especially given the continued COVID-19 pandemic, could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The areas involving key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are the same as those set out in the Company's audited consolidated financial statements for the year ended December 31, 2020.

In light of the ongoing COVID-19 pandemic, it can be reasonably assumed that demand for certain of the Company's product categories will continue to be negatively affected. Furthermore, it is impossible at this time for the Company to estimate the duration and scope of the pandemic's ensuing economic impact. In order to mitigate the effect of the COVID-19 pandemic on the Company's operations and financial results, management continued to tightly control its operating expenses and working capital. 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 future negative impact of COVID-19 creates uncertainties that could generate, in future reporting periods, a significant risk of material adjustment to the carrying amounts of the following accounts: accounts receivable, inventories, intangible assets and goodwill.

4. BUSINESS COMBINATIONS

2021 Business Combination

On March 8, 2021, the Company acquired substantively all of the assets of Vista Graphic Communications, LLC ("Vista"), for a cash consideration of $2,666,790 ($2,100,000 US) plus a working capital adjustment of $89,505 ($70,481 US) for a total consideration of $2,756,295 ($2,170,481 US). Vista is an Indianapolis, Indiana-based provider of print and folding carton packaging. In addition to the consideration paid, the Company has a contingent consideration payable to the previous owner on the realization of certain financial targets over the first 24 months after the acquisition date in the amount of $774,846 ($625,000 US). The fair value of the contingent consideration payable as at September 30, 2021 is $770,811.

This acquisition brings the Company's manufacturing closer to its growing e-commerce customer base in the U.S. and provides it with much needed print and converting capacity to meet existing and growing demand for its packaging solutions.

The Company's consolidated statement of earnings for the nine-month period ended September 30, 2021 includes revenue and net earnings from Vista of $3,560,429 and $137,212 (before acquisition costs of $123,623, net of income tax), respectively, since the acquisition date. The fair value of the receivables acquired of $525,251 of which no amount was considered uncollectible at the acquisition date, is included in the total current assets in the table below. If the acquisition had occurred on January 1, 2021, revenue and net earnings for the full period ended September 30, 2021 would have been approximately $4,626,657 and $251,823, respectively.

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the packaging cash-generating unit. Goodwill deductible for tax purposes amounts to $368,022.

2020 Business Combination

On February 18, 2020, the Company acquired substantively all of the assets of Royal Envelope Ltd and Envelope Royal Inc. (together "Royal Envelope"), for a cash consideration of $27,400,000. Royal Envelope is a leading Eastern Canada based envelope manufacturer and printer based in Ontario.

Purchase Price Allocation

As at September 30, 2021, the Company had not finalized the allocation of the consideration paid for the Vista acquisition. The preliminary purchase price allocation has been revised as of September 30, 2021. The adjustments are mainly related to the revised assessment of fixed and intangible assets. This purchase price allocation that reflects the estimated fair value of assets acquired and liabilities assumed at the acquisition date, using the acquisition method, is as follows, in the table below. The Company will finalize the allocation as it obtains further information on the fair value of certain assets and liabilities. The following purchase price allocation for the Royal Envelope acquisition is final as presented in the Company's audited consolidated financial statements for the year ended December 31, 2020.

	Preliminary purchase price allocation	**Adjustments**	**2021 Total purchase price allocation Vista $**	**2020 Final purchase price allocation Royal Envelope $**
Net assets acquired				
Accounts receivable	525,251	—	525,251	5,368,954
Inventories	506,644	(3,227)	503,417	3,934,613
Prepaid expenses	18,920	—	18,920	92,691
Total current assets	**1,050,815**	**(3,227)**	**1,047,588**	**9,396,258**
Property and equipment	1,342,698	(227,091)	1,115,607	4,313,230
Right-of-use assets	3,253,620	—	3,253,620	1,958,645
Software	—	—	—	53,000
Customer relationships	1,041,318	253,980	1,295,298	12,400,000
Goodwill	333,244	34,778	368,022	3,213,418
Total assets	**7,021,695**	**58,440**	**7,080,135**	**31,334,551**
Accounts payable and accrued liabilities	326,439	—	326,439	1,975,906
Lease liabilities	3,253,620	—	3,253,620	1,958,645
Net assets acquired	**3,441,636**	**58,440**	**3,500,076**	**27,400,000**
Less: contingent consideration payable	774,846	31,065	743,781	—
Cash consideration	**2,666,790**	**89,505**	**2,756,295**	**27,400,000**
Acquisition-related costs recognized as an expense			164,831	154,084

5. INVENTORIES

	September 30, 2021 $	December 31, 2020 $
Raw materials	**12,101,535**	7,834,431
Work in progress	**837,296**	832,245
Finished goods	**13,459,339**	13,071,691
	26,398,170	21,738,367

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 three and nine-month periods ended September 30, 2021 are $39,298,592 and $113,884,628 respectively [2020 - $35,055,176 and $110,486,243 respectively].

6. SECURED CREDIT FACILITY

The Company has a secured credit facility consisting of a $80 million revolving facility [$80 million as at December 31, 2020] and a $27.1 million term facility [$29.8 million as at December 31, 2020]. No principal repayments are required on the revolving facility prior to maturity. The term facility is repayable in quarterly principal installments of $875,000. The availability of the secured credit facility is variable and dependant on respecting certain financial covenants. As at September 30, 2021, the total amount outstanding on the secured credit facility was $52.1 million. This facility bears interest at a floating rate based on the Canadian prime rate, plus an applicable margin that ranges between 0% and 2.00% or bankers' acceptance rates, plus an applicable margin that ranges between 1.25% and 3.25%. The agreement for this secured credit facility matures in May 2023.

The secured credit facility is used for working capital, capital expenditure, acquisitions and other general corporate purpose. 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 September 30, 2021.

Amounts owed under the secured credit facility are as follows:

	September 30, 2021 $	December 31, 2020 $
Revolving facility	**25,000,000**	27,000,000
Term facility	**27,125,000**	29,750,000
Less: deferred financing costs	**(215,975)**	(307,332)
	51,909,025	56,442,668
Current portion	**(3,500,000)**	(3,500,000)
Long-term portion of secured credit facility	**48,409,025**	52,942,668

The Company had outstanding letters of credit for a total of $10,000 as at September 30, 2021 [$10,000 as at December 31, 2020].

The effective variable interest rate on the secured credit facility was 1.96% as at September 30, 2021 [1.99% as at December 31, 2020].

Net financing charges were as follows:

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Interest on secured credit facility	**310,483**	452,736	**938,153**	1,713,932
Interest expense on lease liabilities	**219,706**	263,202	**644,422**	820,160
Interest income on defined benefit plans obligations	**(26,400)**	(54,600)	**(79,200)**	(163,800)
Other net interest	**22,035**	(3,173)	**30,573**	(7,596)
Amortization of deferred financing costs	**41,872**	36,118	**132,291**	91,270
	567,696	694,283	**1,666,239**	2,453,966

7. SHARE CAPITAL

The changes in share capital were as follows:

	Number of common shares	Share capital $
Balance, as of December 2019	28,130,469	9,601,576
Purchase of share capital for cancellation	(152,900)	(52,188)
Balance, as of September 30, 2020	**27,977,569**	**9,549,388**
Balance, as of December 31, 2020	27,824,769	9,497,234
Purchase of share capital for cancellation	(1,002,400)	(342,142)
Balance, as of September 30, 2021	**26,822,369**	**9,155,092**

On August 27, 2021, the Company announced that it has received approval from the TSX to purchase by way of a normal course issuer bid ("NCIB") for cancellation, up to 1,346,648 of its common shares, representing approximately 5.0% of its 26,932,969 issued and outstanding common shares as of August 18, 2021, for a period of twelve months, beginning on August 31, 2021.

During the three and nine-month periods ended September 30, 2021, the Company repurchased 292,400 and 1,002,400 common shares (152,900 common shares for both periods in 2020) for cancellation through the current and prior NCIB which expired on August 16, 2021, in consideration of $695,535 and $2,276,106, respectively ($200,841 for both periods in 2020). The excess of the purchase price over the carrying value in the amount of $595,732 and $1,933,964, respectively, was recorded as a reduction of contributed surplus ($148,653 for both periods in 2020).

Deferred Share Unit Plan (DSU)

The financial liability resulting from the DSU plan of $866,920 (December 31, 2020 - $571,641) is presented under "*Accounts payable and accrued liabilities*".

During the nine-month period ended September 30, 2021, an amount of $145,214 [2020 - nil] of variable executive compensation was allocated in DSU. During the three and nine-month periods ended September 30, 2021, the compensation expense for the DSU plan amounted to $47,756 and $150,065 [2020 – expense of $43,184 and recovery of $175,216] and is recognized under selling, general and administrative expenses.

8. DIVIDENDS

There were no dividends declared from January 1, 2021 to September 30, 2021.

Dividends declared from January 1, 2020 to September 30, 2020 were as follows:

			Per share	Dividend
Declaration date	**Record date**	**Payment date**	**$**	**$**
February 20, 2020	March 31, 2020	April 15, 2020	0.065	1,828,481
Total				**1,828,481**

9. GOVERNMENT ASSISTANCE

Government assistance is recognized where there is reasonable assurance that the assistance will be received and all attached conditions will be complied with by the Company. During the three and nine-month periods ended September 30, 2021, the Company recorded a subsidy in the amount of $456,906 and $1,805,407 [$915,602 for both periods in 2020], respectively, under the Canada Emergency Wage Subsidy (CEWS) program. Of these amounts, $309,371 and $1,222,441 [$619,954 for both periods in 2020], respectively, were allocated against operating expenses while $147,535 and $582,966 [$295,648 for both periods in 2020], respectively, were allocated against selling, general and administrative expenses. For the same periods, the Company also recorded a subsidy in the amounts of $145,023 and $348,933 [nil for both periods in 2020] under the Canada Emergency Rent Subsidy (CERS) program. These amounts were allocated against operating expenses.

10. 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 in the Company's audited consolidated financial statements for the year ended December 31, 2020, prepared in accordance with "IFRS".

The following tables provide the segmented adjusted EBITDA before corporate and other non-allocated expenses:

For the three-month periods ended September 30,

			2021 $			2020 $
	Envelope	Packaging & Speciality Products	Total	Envelope	Packaging & Speciality Products	Total
Revenue	37,049,968	17,773,354	54,823,322	34,136,171	15,754,139	49,890,310
Operating expenses	26,451,275	13,313,946	39,765,221	24,385,670	11,345,960	35,731,630
Selling, general and administrative expenses	3,712,873	1,895,565	5,608,438	3,988,413	1,489,127	5,477,540
Segmented Adjusted EBITDA[(1)]	**6,885,820**	**2,563,843**	**9,449,663**	**5,762,088**	**2,919,052**	**8,681,140**
Corporate and other non-allocated expenses, net of CEWS[(2)] and CERS[(3)]			735,450			615,564
Depreciation of property, plant and equipment			1,278,757			1,243,145
Depreciation of right-of-use assets			1,303,932			1,378,843
Amortization of intangible assets			854,836			882,136
Net financing charges			567,696			694,283
Earnings before income taxes			**4,708,992**			**3,867,169**

(1) The Chief Executive Officer uses earnings before interest, taxes, depreciation and amortization (''EBITDA''), as a measure of financial performance for assessing the performance of each of the Corporation's segments.
(2) Canada Emergency Wage Subsidy program (''CEWS'')
(3) Canada Emergency Rent Subsidy program (''CERS'')

For the nine-month periods ended September 30,

			2021 $			2020 $
	Envelope	Packaging & Speciality Products	Total	Envelope	Packaging & Speciality Products	Total
Revenue	110,545,297	49,681,707	160,227,004	106,035,494	43,932,902	149,968,396
Operating expenses	78,140,283	36,866,778	115,007,061	75,675,842	33,731,981	109,407,823
Selling, general and administrative expenses	11,893,477	5,387,059	17,280,536	11,928,510	3,985,224	15,913,734
Segmented Adjusted EBITDA[(1)]	**20,511,537**	**7,427,870**	**27,939,407**	**18,431,142**	**6,215,697**	**24,646,839**
Corporate and other non-allocated expenses, net of CEWS[(2)] and CERS[(3)]			1,279,752			2,000,277
Depreciation of property, plant and equipment			3,999,333			3,747,377
Depreciation of right-of-use assets			3,685,895			4,030,302
Amortization of intangible assets			2,514,321			2,470,926
Net financing charges			1,666,239			2,453,966
Earnings before income taxes			**14,793,867**			**9,943,991**

(1) The Chief Executive Officer uses earnings before interest, taxes, depreciation and amortization (''EBITDA''), as a measure of financial performance for assessing the performance of each of the Corporation's segments.
(2) Canada Emergency Wage Subsidy program (''CEWS'')
(3) Canada Emergency Rent Subsidy program (''CERS'')

The Company's non-current assets amounted to $120,068,768 in Canada and $22,804,248 in the United States as at September 30, 2021 [$118,877,555 and $14,375,782, respectively, as at December 31, 2020]. Based on the customer's location, the Company's revenue amounted to $32,041,958 and $101,016,377 in Canada and $22,781,364 and $59,210,627 in the United States for the three and nine-month periods ended September 30, 2021 [2020 - $32,076,948 and $99,336,331, in Canada and $17,813,362 and $50,632,065 in the United States].