

## SUPREMEX ANNOUNCES RECORD Q2 2022 RESULTS AND INCREASES QUARTERLY DIVIDEND BY 20%

**Montreal, Quebec, August 11, 2022** – 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, 2022. The Company will hold a conference call to discuss these results, today at 11:00 a.m. (Eastern Time).

---

### Second Quarter Financial Highlights and Recent Events

- Total revenue increased by 20.7% to \$62.5 million, from \$51.8 million in the second quarter of 2021.
- Packaging and specialty products segment revenue of \$16.6 million, a slight increase of 0.4% compared to last year.
- Envelope segment revenue up 30.2% to \$45.9 million, from \$35.2 million in the prior year.
- Adjusted EBITDA<sup>1</sup> of \$13.9 million, or 22.3% of revenue, up from \$8.6 million, or 16.5% of revenue, a year ago.
- Net Earnings increased significantly to \$7.4 million, from \$3.4 million last year.
- Earnings per share of \$0.28, up sharply from \$0.12 a year ago.
- Recorded no assistance from the Canada Emergency Wage Subsidy (“CEWS”) and Canada Emergency Rent Subsidy (“CERS”) programs in the second quarter of 2022, compared to \$0.9 million in the equivalent quarter of 2021.
- Purchased 215,800 shares for a total consideration of \$0.7 million as part of the Company’s Normal Course Issuer Bid (“NCIB”) program.
- On August 10, 2022, the Board of Directors declared a quarterly dividend of \$0.03 per common share, an increase of 20.0% over the prior quarter.
- Appointment of Simon Provencher as President of the Packaging segment.

---

“Supremex posted very strong financial results in the second quarter, reflecting solid execution by our teams. Revenue growth exceeded 20%, we generated robust EBITDA margins in both segments and net earnings more than doubled. This performance stems from both pricing and volume growth in the Envelope segment and a more favourable product mix in Packaging. Although the paper market remains tight, we expanded our sources of supply to meet growing customer demand, which speaks highly about our reputation in the marketplace as a trusted partner,” said Stewart Emerson, President & CEO of Supremex.

“We recently appointed a new President for our Packaging segment. This nomination clearly reinforces our intention to further diversify and grow our presence in this market. In parallel, we took advantage of an opportunity to accelerate the planned transfer of our folding carton operations in Town Mount Royal, which should result in additional focus on value-added packaging solutions going forward.

Looking ahead, we believe revenues and profitability for 2022 should be ahead of 2021, but we anticipate the rate of improvement to moderate in the back half of the year as we begin to lap the recovery of certain markets more affected by the pandemic. Meanwhile, our strong balance sheet allows us to return more funds to shareholders, as evidenced by the increased dividend, while keeping a close eye on strategic acquisition opportunities,” concluded Mr. Emerson.

---

<sup>1</sup> This is a non-IFRS financial measure. Refer to the non-IFRS financial measures section for definitions and reconciliations.

## Financial Highlights

(in thousands of dollars, except for per share amounts and margins)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	2022	2021
<b>Statement of Earnings</b>				
Revenue	62,518	51,801	125,787	105,404
Operating earnings	10,314	5,151	19,143	11,184
Adjusted EBITDA <sup>(1)</sup>	13,914	8,562	25,997	18,110
Adjusted EBITDA margin <sup>(1)</sup>	22.3%	16.5%	20.7%	17.2%
Net earnings	7,364	3,389	13,666	7,492
Basic and diluted net earnings per share	0.28	0.12	0.52	0.27
Adjusted Net earnings <sup>(1)</sup>	7,364	3,393	13,675	7,614
Adjusted Net earnings per share <sup>(1)</sup>	0.28	0.12	0.52	0.27
<b>Cash Flow</b>				
Free Cash Flow <sup>(1)</sup>	10,235	4,454	10,131	8,690

<sup>(1)</sup> This is a non-IFRS financial measure. Refer to the non-IFRS financial measures section for definitions and reconciliations.

## Non-IFRS Financial Measures

Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies and should not be viewed as alternatives to measures of financial performance prepared in accordance with IFRS. Management considers these metrics to be information which may assist investors in evaluating the Company's profitability and enable better comparability of the results from one period to another. These Non-IFRS Financial Measures are defined as follows:

Non-IFRS Measure	Definition
EBITDA	Earnings before financing charges, income tax expense, depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets.
Adjusted EBITDA	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 and acquisition costs.
EBITDA and Adjusted EBITDA margins	EBITDA margin or Adjusted EBITDA margin is a percentage corresponding to the ratio of EBITDA or Adjusted EBITDA to revenue.
Adjusted Net Earnings	Net Earnings excluding items of significance listed above under Adjusted EBITDA, net of income taxes.
Adjusted Net earnings per share	Diluted earnings per share calculated on the basis of Adjusted Net Earnings.
Free Cash Flow	Net Cash flows related to operating activities according to the consolidated statements of cash flows less net additions to property, plant and equipment and intangible assets.
Total debt to Adjusted EBITDA ratio	Total debt comprised of revolving facility and term facility divided by Adjusted EBITDA.

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.

Supremex considers free cash flow to be a good indicator of financial strength and profitability because it shows how much of the cash generated by operations is available for distribution, to repay debt or fund other investments.

The following tables provide the reconciliation of Non-IFRS Financial Measures:

### Reconciliation of Non-IFRS Performance Measures

#### Reconciliation of Net earnings to Adjusted EBITDA

(in thousands of dollars, except for margins)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	2022	2021
<b>Net earnings</b>	<b>7,364</b>	<b>3,389</b>	<b>13,666</b>	<b>7,492</b>
Income tax expense	2,458	1,206	4,542	2,593
Net financing charges	492	556	935	1,099
Depreciation of property, plant and equipment	1,640	1,356	2,890	2,721
Depreciation of right-of-use assets	1,091	1,205	2,175	2,382
Amortization of intangible assets	869	845	1,777	1,659
<b>EBITDA</b>	<b>13,914</b>	<b>8,557</b>	<b>25,985</b>	<b>17,946</b>
Acquisition costs related to business combinations	—	5	12	164
<b>Adjusted EBITDA</b>	<b>13,914</b>	<b>8,562</b>	<b>25,997</b>	<b>18,110</b>
Adjusted EBITDA Margin (%)	22.3%	16.5%	20.7%	17.2%

#### Reconciliation of Net earnings to Adjusted net earnings and of Net earnings per share to Adjusted net earnings per share

(in thousands of dollars, except for per share amounts)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	2022	2021
<b>Net earnings</b>	<b>7,364</b>	<b>3,389</b>	<b>13,666</b>	<b>7,492</b>
Adjustment, net of income taxes				
Acquisition costs related to business combinations	—	4	9	122
<b>Adjusted net earnings</b>	<b>7,364</b>	<b>3,393</b>	<b>13,675</b>	<b>7,614</b>
<b>Net earnings per share</b>	<b>0.28</b>	<b>0.12</b>	<b>0.52</b>	<b>0.27</b>
Adjustment, net of income taxes, in dollar per share	—	—	—	—
<b>Adjusted net earnings per share</b>	<b>0.28</b>	<b>0.12</b>	<b>0.52</b>	<b>0.27</b>

#### Reconciliation of Cash flows related to operating activities to Free Cash Flow

(in thousands of dollars)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2022	2021	2022	2021
<b>Cash flows related to operating activities</b>	<b>10,426</b>	<b>4,904</b>	<b>10,637</b>	<b>9,436</b>
Net acquisitions of property, plant and equipment	(175)	(398)	(381)	(687)
Net acquisitions of intangible assets	(16)	(52)	(125)	(59)
<b>Free Cash Flow</b>	<b>10,235</b>	<b>4,454</b>	<b>10,131</b>	<b>8,690</b>

## Summary of three-month period ended June 30, 2022

### Revenue

Total revenue for the three-month period ended June 30, 2022, was \$62.5 million, representing an increase of \$10.7 million, or 20.7%, from the equivalent quarter of 2021.

#### *Envelope Segment (Canada and U.S.)*

Revenue was \$45.9 million, representing an increase of \$10.7 million, or 30.2%, from \$35.2 million in the second quarter of 2021. Envelope represented 73.4% of the Company's revenue in the quarter, up from 68.0% during the equivalent period of last year. Average selling prices increased by 20.7% from last year's second quarter, primarily reflecting price increases implemented to mitigate input cost inflation. The volume of units sold increased by 7.9% primarily as a result of higher sales in the U.S. envelope market and from continued demand recovery in certain channels that were more affected by the pandemic. The Company's strong supply chain relationships, solid market reputation and dedicated workforce were key factors in its ability to meet market demand and grow.

#### *Packaging & Specialty Products Segment*

Revenue was \$16.6 million, a slight increase of 0.4% compared to the corresponding quarter of 2021. The variation resulted mainly from higher sales of folding carton packaging products, primarily driven from a favorable product mix, partially offset by a decrease in corrugated sales. Packaging & Specialty Products represented 26.6% of the Company's revenue in the quarter, down from 32.0% during the equivalent period of last year, largely as a result of the significant growth in Envelope.

### EBITDA<sup>2</sup> and Adjusted EBITDA<sup>2</sup>

Consolidated EBITDA and Adjusted EBITDA both amounted to \$13.9 million, or 22.3% of revenue, up from \$8.6 million, or 16.5% of revenue, in the second quarter last year. These increases resulted from increased sales volume and selling prices. These factors were partially offset by the higher cost of materials and the phasing out of the CEWS and CERS programs (no subsidies recorded in the second quarter ended June 30, 2022 compared to \$0.9 million of subsidies recorded for the same period last year).

#### Envelope Segment

Adjusted EBITDA was \$11.6 million, up 83.1%, from \$6.3 million in the second quarter of 2021. This significant improvement was primarily due to higher revenue driven by an increase in the average selling price and a more favorable product mix in U.S. operations. On a percentage of segmented revenue, Adjusted EBITDA from the envelope segment was 25.3%, up from 18.0% in the equivalent period of 2021.

#### Packaging & Speciality Products Segment

Adjusted EBITDA was \$3.3 million, up 35.7% from \$2.4 million in the second quarter of 2021. This increase is mainly explained by a more favorable product mix and a higher average selling price resulting in higher profitability in folding carton packaging products and e-commerce. On a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 19.6%, compared to 14.5% in the equivalent period of 2021.

#### Corporate and unallocated costs

The Corporate and unallocated costs were \$0.9 million in the second quarter of 2022, compared to \$0.2 million in the second quarter of 2021 which included \$0.9 million from the CEWS and CERS programs. Excluding the subsidies, corporate and unallocated costs in the second quarter of 2021 would have been \$1.1 million. The decrease of \$0.2 million resulted mainly from a foreign exchange gain and a favorable adjustment related to the Deferred Share Units during the quarter, partially offset by severances.

---

<sup>2</sup> This is a non-IFRS financial measure. Refer to the non-IFRS financial measures section for definitions and reconciliations.

## **Net Earnings and Adjusted Net Earnings<sup>3</sup>**

Net Earnings and Adjusted Net Earnings were \$7.4 million (or \$0.28 per share) for the three-month period ended June 30, 2022, compared to \$3.4 million (or \$0.12 per share) for the equivalent period last year.

### **Summary of six-month period ended June 30, 2022**

#### **Revenue**

Total revenue for the six-month period ended June 30, 2022, was \$125.8 million, representing an increase of \$20.4 million, or 19.3%, from the equivalent period of 2021.

#### *Envelope Segment (Canada and U.S.)*

Revenue was \$90.5 million, representing an increase of \$17.0 million, or 23.2%, from \$73.5 million in the six-month period ended June 30, 2021. Envelope represented 72.0% of the Company's revenue in the period, versus 69.7% during the equivalent period of last year. Average selling prices increased by 17.4% from last year's comparable period, primarily reflecting price increases implemented to mitigate input cost inflation. The volume of units sold increased by 4.9% primarily as a result of higher sales in the U.S. envelope market and from continued demand recovery in certain channels that were more affected by the pandemic. The Company's strong supply chain relationships, solid market reputation and dedicated workforce were key factors in its ability to meet market demand and grow.

#### *Packaging & Specialty Products Segment*

Revenue was \$35.3 million, an increase of \$3.4 million, or 10.5%, from \$31.9 million in the corresponding period of 2021. The increase resulted mainly from the contribution of the Vista Graphic Communications, LLC ("Vista"), acquisition concluded on March 8, 2021, coupled with higher sales of folding carton packaging products. Packaging & Specialty Products represented 28.0% of the Company's revenue in the first half of 2022, compared with 30.3% during the equivalent period of last year, largely as a result of the significant growth in Envelope.

## **EBITDA<sup>3</sup> and Adjusted EBITDA<sup>3</sup>**

Consolidated EBITDA was \$26.0 million, or 20.7% of sales, up from \$17.9 million, or 17.0% of revenue, in the first six months last year. Adjusted EBITDA was \$26.0 million, or 20.7% of revenue, versus \$18.1 million, or 17.2% of sales, in the first half of 2021. These increases resulted from increased sales volume and selling prices. These factors were partially offset by the higher cost of materials and the phasing out of the CEWS and CERS programs (no subsidies recorded in the six-month period ended June 30, 2022 compared to \$0.9 million of subsidies recorded for the same period last year).

#### Envelope Segment

Adjusted EBITDA was \$21.6 million, up 58.4% from \$13.6 million in the first half of 2021. This sharp increase was primarily due to higher revenue, driven by an increase in the average selling price and a more favorable product mix in U.S. operations. On a percentage of segmented revenue, Adjusted EBITDA from the envelope segment was 23.8%, up from 18.5% in the equivalent period of 2021.

#### Packaging & Specialty Products Segment

Adjusted EBITDA was \$7.4 million, up 53.0% from \$4.9 million in the first half of 2021. This significant increase is mainly explained by higher revenue, driven by a more favorable product mix and higher average selling prices resulting in higher profitability in folding carton packaging products and e-commerce. On a percentage of segmented revenue, Adjusted EBITDA from the packaging and specialty operations was 21.1%, compared to 15.2% in the equivalent period of 2021.

---

<sup>3</sup> This is a non-IFRS financial measure. Refer to the non-IFRS financial measures section for definitions and reconciliations.

### Corporate and unallocated costs

The Corporate and unallocated costs were \$3.0 million compared to \$0.4 million in the first half of 2021 which includes \$1.6 million from the CEWS and CERS programs. Excluding the subsidies, corporate and unallocated costs in the first half of 2021 would have been \$2.0 million. The increase of \$1.0 million resulted mainly from severances, partially offset by a foreign exchange gain.

### **Net Earnings and Adjusted Net Earnings<sup>4</sup>**

Net Earnings were \$13.7 million (or \$0.52 per share) for the six-month period ended June 30, 2022, compared to \$7.5 million (or \$0.27 per share) for the equivalent period last year. Adjusted Net Earnings were \$13.7 million (or \$0.52 per share) for the six-month period ended June 30, 2022, compared to \$7.6 million (or \$0.27 per share) for the equivalent period in 2021.

### **Liquidity and Capital Resources**

#### **Cash Flow**

Net cash flows from operating activities were \$10.4 million for the three-month period ended June 30, 2022, compared to \$4.9 million for the same period in 2021. The increase is mainly attributable to higher profitability.

For the six-month period ended June 30, 2022, net cash flows from operating activities reached \$10.6 million, compared to \$9.4 million in the equivalent period of 2021. The increase is mainly attributable to higher profitability, partially offset by higher working capital requirements.

Free cash flow<sup>4</sup> amounted to \$10.2 million in the second quarter of 2022 compared to \$4.5 million for the same period last year. This increase is mainly attributable to higher profitability.

Free cash flow<sup>4</sup> amounted to \$10.1 million in the six-month periods ended June 30, 2022 compared to \$8.7 million in the corresponding period of 2022. This increase is mainly attributable to higher profitability, partially offset by higher working capital requirements.

#### **Normal Course Issuer Bid (“NCIB”)**

During the three and six-month periods ended June 30, 2022, the Company repurchased 215,800 and 321,800 common shares for cancellation under its NCIB program for a total consideration of \$0.7 million and \$1.1 million, respectively.

Subsequent to the end of the period, an additional 73,700 shares were purchased for cancellation for total consideration of \$0.2 million.

The Company intends to renew its NCIB which expires on August 30, 2022.

#### **Debt and Leverage**

The Company's total debt decreased to \$36.7 million as at June 30, 2022, compared to \$44.5 million as at December 31, 2021.

As at June 30, 2022, the ratio of total debt to last twelve months Adjusted EBITDA<sup>4</sup> was 0.8x, down from 1.1x as at December 31, 2021.

---

<sup>4</sup> This is a non-IFRS financial measure. Refer to the non-IFRS financial measures section for definitions and reconciliations.

## Subsequent Events

Subsequent to the end of the quarter, the Company approved a restructuring initiative to accelerate the move of its folding carton plant in the Town of Mount Royal, Quebec following receipt of an early termination notice from the lessor. As a result of this initiative, the affected folding carton business will be transferred to the Durabox corrugated packaging facility in Lachine, Quebec. Consequently, the Durabox business will be gradually wound down. Non-recurring charges related to these activities, mainly comprised of employee-related charges and costs to relocate the business will be incurred over the next two quarters. The Company believes this strategic repositioning will result in a better utilization of its manufacturing capacity by enhancing focus on higher value-added products.

On August 2, 2022, the Company announced the appointment of Simon Provencher as President of the Packaging segment effective September 6<sup>th</sup>. Mr. Provencher, who has more than 20 years of experience in the paper-based packaging industry, is a results-oriented leader with a focus on strategic decision-making. He most recently held the title of General Manager of Cascades GPS Groupe Carton with P&L responsibility for four business units, spanning seven plants in North America.

On August 10, 2022, the Board of Directors declared a quarterly dividend of \$0.03 per common share, payable on September 23, 2022, to the shareholders of record at the close of business on September 8, 2022. This dividend is designated as an “eligible” dividend for the purpose of the *Income Tax Act (Canada)* and any similar provincial legislation.

## Outlook

Reflecting solid demand for its products and strong backlogs, the Company is operating at full capacity given its current labor availability. Driven by proactive sourcing and its solid reputation in the marketplace, the Company has been able to secure raw material despite limited industry supply and to successfully pass through cost inflation. Labor and supply challenges could affect the Company’s ability to meet its delivery schedule for certain orders and may also result in missed sales opportunities. The envelope acquisition in New York completed earlier this year should help to lessen these impacts in the short term.

The Company is committed to efficiently deploying its capital with the expected payment of quarterly dividends, investments in capital expenditures and the repurchase of common shares in line with its NCIB, which it intends to renew upon expiry of the current program on August 30, 2022. The Company also continues to look for strategic acquisitions, mainly in the packaging segment, while remaining focussed on opportunistic expansion in the envelope segment.

### August 11, 2022 - Second Quarter Results Conference Call:

A conference call to discuss the Company’s results for the second quarter ended June 30, 2022 will be held Thursday, August 11, 2022 at 11:00 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, please dial the following numbers. We suggest that participants call-in at least 5 minutes prior to the scheduled start time:

- Confirmation Number: 66330361
- Local participants (Toronto area), dial: 416 764-8646
- International participants, dial: 416 764-8646
- North-American participants, dial toll-free: 1 888 396-8049

A replay of the conference call will be available on the Company’s website in the Investors section under Webcast. To listen to a recording of the conference call, please call toll-free 1 877 674-7070 or 416 764-8692 and enter the code 330361. The recording will be available until Thursday, August 18, 2022.

## 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, Adjusted Net Earnings, Adjusted net earnings per share, Free Cash Flow, Total debt to Adjusted EBITDA ratio 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 ability 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 the MD&A for the year ended December 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, decline in envelope consumption, increase of competition, economic cycles, key personnel, labor shortage, contributions to employee benefits plans, raw material price increases and availability, operational disruption, exchange rate fluctuation, growth by acquisitions, availability of capital, credit risks with respect to trade receivables, interest rate fluctuation, concerns about protection of the environment, potential risk of litigation, cyber security and data protection and 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 fiscal year ended December 31, 2021 and, in the Company’s Annual Information Form dated March 30, 2022 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.

The Management Discussion and Analysis and Financial Statements can be found on [www.sedar.com](http://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 ten manufacturing facilities across four provinces in Canada and four manufacturing facilities in the United States employing approximately 800 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.

For more information, please visit [www.supremex.com](http://www.supremex.com).

### Contact:

Mary Chronopoulos  
Chief Financial Officer

[investors@supremex.com](mailto:investors@supremex.com)

514 595-0555, extension 2316