Interim Condensed Consolidated Financial Statements

Supremex Inc.

Unaudited
For the three and six-month periods ended June 30, 2022 and 2021

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**	**June 30, 2022** **$**	**December 31, 2021** **$**
ASSETS	**6**		
Current assets			
Cash		**1,727,361**	6,364,662
Accounts receivable		**29,731,816**	32,982,719
Inventories	**5**	**29,611,146**	24,924,388
Prepaid expenses		**1,959,824**	1,368,046
Total current assets		**63,030,147**	65,639,815
Property, plant and equipment		**32,226,041**	34,141,450
Right-of-use assets		**20,204,473**	21,795,786
Accrued pension benefit net assets		**15,329,600**	12,440,500
Intangible assets		**21,281,032**	22,899,246
Goodwill		**49,901,756**	49,453,832
Total assets		**201,973,049**	206,370,629
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**21,348,099**	27,449,300
Income tax payable		**2,333,604**	4,162,698
Provisions		**250,483**	405,400
Current portion of contingent consideration payable		**342,078**	620,291
Current portion of lease liabilities		**4,089,468**	4,251,766
Current portion of secured credit facility	**6**	**—**	3,500,000
Total current liabilities		**28,363,732**	40,389,455
Secured credit facility	**6**	**36,283,867**	40,850,825
Contingent consideration payable	**4**	**292,885**	157,263
Deferred income tax liabilities		**8,690,473**	8,361,769
Lease liabilities		**17,593,840**	18,995,479
Other post-retirement benefit obligations		**175,200**	211,300
Total liabilities		**91,399,997**	108,966,091
Total equity		**110,573,052**	97,404,538
Total liabilities and equity		**201,973,049**	206,370,629

Subsequent events [note 11]

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 June 30 2022 $	2021 $	Six-month periods ended June 30 2022 $	2021 $
Revenue		**62,518,245**	51,800,669	**125,787,066**	105,403,682
Operating expenses	**5**	**41,669,525**	36,691,698	**84,737,890**	74,206,385
Selling, general and administrative expenses		**6,935,026**	6,552,375	**15,251,194**	13,251,855
Operating earnings before depreciation, amortization and other item		**13,913,694**	8,556,596	**25,797,982**	17,945,442
Depreciation of property, plant and equipment		**1,640,361**	1,356,082	**2,889,984**	2,720,576
Depreciation of right-of-use assets		**1,091,385**	1,204,796	**2,175,228**	2,381,963
Amortization of intangible assets		**868,475**	844,712	**1,776,883**	1,659,485
Gain on disposal of property, plant and equipment		**—**	—	**(186,908)**	—
Operating earnings		**10,313,473**	5,151,006	**19,142,795**	11,183,418
Net financing charges	**6**	**491,636**	555,675	**935,255**	1,098,543
Earnings before income taxes		**9,821,837**	4,595,331	**18,207,540**	10,084,875
Income tax expense		**2,457,884**	1,206,345	**4,541,733**	2,593,311
Net earnings		**7,363,953**	3,388,986	**13,665,807**	7,491,564
Basic and diluted net earnings per share		**0.2808**	0.1236	**0.5197**	0.2716
Weighted average number of shares outstanding		**26,222,815**	27,410,287	**26,295,787**	27,586,491

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[Unaudited]	Three-month periods ended June 30 2022 $	2021 $	Six-month periods ended June 30 2022 $	2021 $
Net earnings	**7,363,953**	3,388,986	**13,665,807**	7,491,564
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to earnings in subsequent periods				
Foreign currency translation adjustments	**428,087**	(273,089)	**196,576**	(484,987)
Net other comprehensive income (loss) to be reclassified to earnings in subsequent periods	**428,087**	(273,089)	**196,576**	(484,987)
Items not to be reclassified to earnings in subsequent periods				
Recognized actuarial gain on defined benefit pension plans, net of income tax expense of $345,280 and $809,370 [2021 – expense of $283,381 and $2,178,262]	**988,320**	838,719	**2,316,430**	6,233,638
Recognized actuarial gain (loss) on other post-retirement benefit, net of income tax expense of $4,764 and $9,270 [2021 – recovery of $713 and expense of $2,848]	**13,636**	(1,987)	**26,530**	8,152
Net other comprehensive income not being reclassified to earnings in subsequent periods	**1,001,956**	836,732	**2,342,960**	6,241,790
Other comprehensive income	**1,430,043**	563,643	**2,539,536**	5,756,803
Total comprehensive income	**8,793,996**	3,952,629	**16,205,343**	13,248,367

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six-month periods ended June 30
[Unaudited]

	Share capital $	Contributed surplus $	Deficit $	Foreign currency translation reserve $	Total equity $
As at December 31, 2020	9,497,234	277,029,086	(207,071,737)	(493,240)	78,961,343
Net earnings	—	—	7,491,564	—	7,491,564
Other comprehensive income (loss)	—	—	6,241,790	(484,987)	5,756,803
Total comprehensive income (loss)	—	—	13,733,354	(484,987)	13,248,367
Shares repurchased and cancelled [*note 7*]	(242,339)	(1,338,231)	—	—	(1,580,570)
As at June 30, 2021	**9,254,895**	**275,690,855**	**(193,338,383)**	**(978,227)**	**90,629,140**
As at December 31, 2021	9,016,207	274,229,083	(185,280,855)	(559,897)	97,404,538
Net earnings	—	—	13,665,807	—	13,665,807
Other comprehensive income	—	—	2,342,960	196,576	2,539,536
Total comprehensive income	—	—	16,008,767	196,576	16,205,343
Dividends declared [*note 8*]	—	—	(1,971,440)	—	(1,971,440)
Shares repurchased and cancelled [*note 7*]	(109,838)	(955,551)	—	—	(1,065,389)
As at June 30, 2022	**8,906,369**	**273,273,532**	**(171,243,528)**	**(363,321)**	**110,573,052**

See accompanying notes

Supremex Inc.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

[Unaudited]	Notes	For the three-month periods ended June 30 2022 $	2021 $	For the six-month periods ended June 30 2022 $	2021 $
OPERATING ACTIVITIES					
Net earnings		**7,363,953**	3,388,986	**13,665,807**	7,491,564
Non-cash adjustments to reconcile net earnings to net cash flows					
Depreciation of property, plant and equipment		**1,640,361**	1,356,082	**2,889,984**	2,720,576
Depreciation of right-of-use assets		**1,091,385**	1,204,796	**2,175,228**	2,381,963
Amortization of intangible assets		**868,477**	844,712	**1,776,885**	1,659,485
Amortization of deferred financing costs	6	**45,197**	42,262	**82,851**	90,419
Gain on disposal of property, plant and equipment		**—**	—	**(186,908)**	—
Interest on contingent consideration payable		**7,060**	4,797	**15,948**	4,963
Deferred income tax recovery		**(88,693)**	(479,874)	**(491,944)**	(990,887)
Change in employee benefits		**(36,800)**	81,000	**(74,100)**	112,200
		10,890,940	6,442,761	**19,853,751**	13,470,283
Working capital adjustments					
Variation in accounts receivable		**971,383**	(747,668)	**3,250,903**	953,138
Variation in income tax receivable or payable		**816,165**	1,329,855	**(1,829,094)**	2,671,498
Variation in inventories		**(2,776,198)**	(685,351)	**(4,101,308)**	(2,688,549)
Variation in prepaid expenses		**249,755**	(352,432)	**(591,778)**	(541,362)
Variation in accounts payable and accrued liabilities		**112,165**	(874,127)	**(6,101,201)**	(3,857,600)
Variation in provisions		**(54,531)**	(207,089)	**(154,917)**	(568,080)
Change in employee benefits		**216,000**	(1,500)	**310,500**	(2,900)
Net cash flows related to operating activities		**10,425,679**	4,904,449	**10,636,856**	9,436,428
INVESTING ACTIVITIES					
Business combinations	4	**—**	—	**(904,400)**	(2,666,790)
Acquisition of property, plant and equipment		**(174,713)**	(417,869)	**(571,089)**	(707,808)
Acquisition of intangible assets		**(15,696)**	(51,838)	**(125,163)**	(59,165)
Proceeds from disposal of property, plant and equipment		**—**	20,272	**190,740**	21,108
Net cash flows related to investing activities		**(190,409)**	(449,435)	**(1,409,912)**	(3,412,655)
FINANCING ACTIVITIES					
Net change in revolving credit facility		**(8,204,466)**	(85,022)	**(6,980,795)**	(1,024,910)
Repayment of term facility		**—**	(875,000)	**(875,000)**	(1,750,000)
Repayment of lease liabilities		**(1,091,624)**	(1,117,233)	**(2,153,622)**	(2,199,203)
Dividends paid	8	**(1,312,528)**	—	**(1,971,440)**	—
Deferred financing costs		**(294,013)**	(40,934)	**(294,013)**	(40,934)
Purchase of share capital for cancellation	7	**(729,388)**	(1,106,683)	**(1,065,389)**	(1,580,570)
Change in other long-term asset		**—**	—	**(534,605)**	—
Net cash flows related to financing activities		**(11,632,019)**	(3,224,872)	**(13,874,864)**	(6,595,617)
Net change in cash during the period		**(1,396,749)**	1,230,142	**(4,647,920)**	(571,844)
Net foreign exchange difference		**74,223**	(121,623)	**10,619**	(210,121)
Cash, beginning of period		**3,049,887**	1,145,515	**6,364,662**	3,035,999
Cash, ending of period		**1,727,361**	2,254,034	**1,727,361**	2,254,034
Supplemental information (1)					
Interest paid		**519,364**	546,292	**1,033,741**	1,052,588
Interest received		**147**	8,426	**9,703**	9,279
Income taxes paid		**1,713,398**	565,113	**6,855,976**	1,142,747
Income taxes received		**—**	252,090	**—**	273,372

(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 and statement of compliance

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, 2021, 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, 2021.

These unaudited interim condensed consolidated financial statements were approved by the Company's Board of Directors on August 10, 2022 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 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.

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, 2021.

4. BUSINESS COMBINATIONS

2022 Business Combination

On February 4, 2022, the Company acquired the manufacturing assets and inventory of Niagara Envelope Inc. ("Niagara"), for a cash consideration of $904,400 (US$708,889). Niagara is a regional envelope manufacturer based in Niagara, New York. 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 a five-year period in the amount of $363,492 (US$284,913). The fair value of the contingent consideration payable as at June 30, 2022 is $375,504 (US$291,405), representing the maximum amount of the obligation. This acquisition will provide additional volume and support to two long-term strategic customers in the Western New York market.

The Company's consolidated statement of earnings includes revenue from Niagara of $1,191,293 since the acquisition date. If the acquisition had occurred on January 1, 2022, revenue for the six-month period ended June 30, 2022 would have been approximately $1,477,000. The Company has not disclosed net earnings for Niagara as it is impracticable to do so given that the activities of the acquired business have been integrated into the pre-existing operations of the Company.

The goodwill related to the acquisition is composed of expected growth and operational synergies and is allocated to the envelope cash-generating unit. Goodwill deductible for tax purposes is expected to be in the amount of US$284,913.

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 $2,756,295 (US$2,170,481). 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 $743,781 (US$625,000).

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 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 US$289,804.

Purchase Price Allocation

As at June 30, 2022, the Company had not finalized the allocation of the consideration paid for the Niagara acquisition. The preliminary 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. 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 Vista acquisition is final as presented in the Company's audited consolidated financial statements for the year ended December 31, 2021.

	2022 Preliminary purchase price allocation Niagara $	2021 Final purchase price allocation Vista $
Net assets acquired		
Accounts receivable	—	525,251
Inventories	585,450	503,417
Prepaid expenses	—	18,920
Total current assets	**585,450**	**1,047,588**
Property and equipment	318,950	1,115,607
Right-of-use assets	215,129	3,253,620
Customer relationships	—	1,295,298
Goodwill	363,492	368,022
Total assets	**1,483,021**	**7,080,135**
Accounts payable and accrued liabilities	—	326,439
Lease liabilities	215,129	3,253,620
Net assets acquired	**1,267,892**	**3,500,076**
Less: contingent consideration payable	363,492	743,781
Cash consideration	**904,400**	**2,756,295**
Acquisition-related costs recognized as an expense	11,675	164,831

5. INVENTORIES

	June 30, 2022 $	December 31, 2021 $
Raw materials	**12,802,361**	10,067,382
Work in progress	**1,365,502**	1,641,979
Finished goods	**15,443,283**	13,215,027
	29,611,146	24,924,388

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 six-month periods ended June 30, 2022 are $41,506,851 and $83,838,811 respectively [2021 - $36,907,895 and $74,586,035 respectively].

6. SECURED CREDIT FACILITY

On May 25, 2022, the Company entered into a three-year senior secured revolving credit facility of $120 million which replaced its pre-existing revolving and term facility. No principal repayments are required prior to maturity. The credit facility bears interest at a floating rate based on the Canadian prime rate or the Secured Overnight Financing Rate (SOFR), plus an applicable margin that ranges from 0% and 1.50% or bankers' acceptance rates, plus an applicable margin that ranges between 1.25% and 2.75%. The agreement for this credit facility matures in May 2025. The Company may request that the agreement be extended by one year on every anniversary date. The extension is dependant upon the approval of the lenders. As at June 30, 2022, the amount outstanding on the credit facility was $36,673,351.

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 June 30, 2022.

Amounts owed under secured credit facility are as follows:

	June 30, 2022	**December 31, 2021**
	$	**$**
Revolving facility	**36,673,351**	18,279,146
Term facility	**—**	26,250,000
Less: deferred financing costs	**(389,484)**	(178,321)
	36,283,867	44,350,825
Current portion	**—**	(3,500,000)
Long-term portion of secured credit facility	**36,283,867**	40,850,825

As at June 30, 2022, the Company had an outstanding Canadian dollar letter of credit in the amount of $10,000 ($10,000 as at December 31, 2021) as well as a US dollar letter of credit in the amount of $2,211,238 (US$1,716,000) (nil as at December 31, 2021). This US dollar letter of credit related to the purchase of raw materials expires on September 21, 2022.

The effective interest rate on the secured credit facility was 3.39% as at June 30, 2022 [2.01% as at December 31, 2021].

Net financing charges are as follows:

	Three-month periods ended June 30,		**Six-month periods ended June 30,**	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Interest on secured credit facility	**323,444**	314,221	**603,658**	627,670
Interest on lease liabilities	**203,525**	217,793	**418,326**	424,716
Interest income on defined benefit plans obligations	**(89,400)**	(26,400)	**(179,300)**	(52,800)
Other net interest expense	**8,870**	7,799	**9,720**	8,538
Amortization of deferred financing costs	**45,197**	42,262	**82,851**	90,419
	491,636	555,675	**935,255**	1,098,543

7. SHARE CAPITAL

The change in share capital was as follows:

	Number of Common Shares	Share Capital $
Balance, as of December 31, 2020	27,824,769	9,497,234
Purchase of share capital for cancellation	(710,000)	(242,339)
Balance, as of June 30, 2021	**27,114,769**	**9,254,895**
Balance, as of December 31, 2021	26,415,469	9,016,207
Purchase of share capital for cancellation	(321,800)	(109,838)
Balance, as of June 30, 2022	**26,093,669**	**8,906,369**

On August 27, 2021, the Company announced that it had 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 six-month periods ended June 30, 2022, the Company repurchased 215,800 and 321,800 common shares [2021 – 488,100 and 710,000] for cancellation in consideration of $729,388 and $1,065,389 respectively [2021 - $1,106,683 and $1,580,570]. The excess of the purchase price over the carrying value in the amount of $655,730 and $955,551 [2021 - $940,084 and $1,338,231] was recorded as a reduction of contributed surplus.

Deferred Share Unit Plan (DSU)

The financial liability resulting from the DSU plan of $1,491,554 [December 31, 2021 - $1,086,300] is presented under "*Accounts payable and accrued liabilities*".

During the six-month period ended June 30, 2022, an amount of $126,065 [2021 - $145,214] of variable executive compensation was allocated in DSU and an amount of $40,368 [2021 - Nil] was paid out. During the three and six-month periods ended June 30, 2022, the net compensation expense (net recovery) for the DSU plan amounted to ($85,579) and $319,557 respectively [2021 – $68,998 and $102,310] and is recognized under ''*Selling, general and administrative expenses*''.

Performance Share Unit Plan (PSU)

In February 2022, the Company adopted a PSU plan for its executive officers. Under the PSU plan, participants are entitled to receive an amount equivalent to the quoted price of the Company's common shares at the end of a three-year performance cycle for each vested PSU if pre-determined performance objectives are achieved. PSUs are expensed on an earned basis over the three-year performance cycle and their value is determined based on their underlying shares. All issued and outstanding PSUs are measured at each reporting period.

The financial liability resulting from the PSU plan of $58,162 [December 31, 2021 – Nil] is presented under "*Accounts payable and accrued liabilities*". During the three and six-month periods ended June 30, 2022, the net compensation expense for the PSU plan amounted to $26,738 and $58,162 [2021 – Nil for both periods] and is recognized under "*Selling, general and administrative expenses*".

8. DIVIDENDS

Dividends declared from January 1, 2022 to June 30, 2022 were as follows:

Declaration date	Record date	Payment date	Per share $	Dividend $
January 5, 2022	January 31, 2022	February 15, 2022	0.025	658,912
February 23, 2022	March 24, 2022	April 8, 2022	0.025	658,494
May 11, 2022	June 9, 2022	June 27, 2022	0.025	654,034
Total				**1,971,440**

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

9. 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, 2021, prepared in accordance with "IFRS".

The following table provides the segmented EBITDA before Corporate and other non-allocated expenses:

For the the three-month periods ended June 30,

	2022 $			2021 $		
	Envelope	**Packaging & Speciality Products**	**Total**	**Envelope**	**Packaging & Speciality Products**	**Total**
Revenue	45,878,053	16,640,192	**62,518,245**	35,230,119	16,570,550	**51,800,669**
Operating expenses	30,185,115	11,392,562	**41,577,677**	24,893,498	12,216,998	**37,110,496**
Selling, general and administrative expenses	4,095,238	1,991,489	**6,086,727**	4,002,168	1,954,590	**5,956,758**
Segmented Adjusted EBITDA[1]	**11,597,700**	**3,256,141**	**14,853,841**	**6,334,453**	**2,398,962**	**8,733,415**
Corporate and other non-allocated expenses, net of CEWS[2] and CERS[3]			**940,147**			**176,819**
Depreciation of property, plant and equipment			**1,640,361**			**1,356,082**
Depreciation of right-of-use assets			**1,091,385**			**1,204,796**
Amortization of intangible assets			**868,475**			**844,712**
Net financing charges			**491,636**			**555,675**
Earnings before income taxes			**9,821,837**			**4,595,331**

(1) The Chief Executive Officer uses adjusted earnings before interest, taxes, depreciation and amortization (''Adjusted EBITDA''), as a measure of financial performance for assessing the performance of each of the Company's segments. Adjusted EBITDA equals EBITDA adjusted to remove items of significance that are not in the normal course of operations and corporate and other non-allocated expenses, net of CEWS and CERS. These non-recurring items of significance include, but are not limited to, charges for impairment of assets, restructuring expenses, value adjustment on inventory acquired and acquisition costs.

(2) Canada Emergency Wage Subsidy program (''CEWS'')

(3) Canada Emergency Rent Subsidy program (''CERS'')

For the six-month periods ended June 30,

			2022 $			**2021 $**
	Envelope	**Packaging & Speciality Products**	**Total**	**Envelope**	**Packaging & Speciality Products**	**Total**
Revenue	90,517,242	35,269,824	**125,787,066**	73,495,329	31,908,353	**105,403,682**
Operating expenses	60,827,798	23,825,185	**84,652,983**	51,689,008	23,552,832	**75,241,840**
Selling, general and administrative expenses	8,111,112	4,000,448	**12,111,560**	8,180,604	3,491,494	**11,672,098**
Segmented Adjusted EBITDA(1)	**21,578,332**	**7,444,191**	**29,022,523**	**13,625,717**	**4,864,027**	**18,489,744**
Corporate and other non-allocated expenses, net of CEWS(2) and CERS(3)			**3,037,633**			**544,302**
Depreciation of property, plant and equipment			**2,889,984**			**2,720,576**
Depreciation of right-of-use assets			**2,175,228**			**2,381,963**
Amortization of intangible assets			**1,776,883**			**1,659,485**
Net financing charges			**935,255**			**1,098,543**
Earnings before income taxes			**18,207,540**			**10,084,875**

(1) The Chief Executive Officer uses adjusted earnings before interest, taxes, depreciation and amortization (''Adjusted EBITDA''), as a measure of financial performance for assessing the performance of each of the Company's segments. Adjusted EBITDA equals EBITDA adjusted to remove items of significance that are not in the normal course of operations and corporate and other non-allocated expenses, net of CEWS and CERS. These non-recurring items of significance include, but are not limited to, charges for impairment of assets, restructuring expenses, value adjustment on inventory acquired and acquisition costs.

(2) Canada Emergency Wage Subsidy program (''CEWS'')

(3) Canada Emergency Rent Subsidy program (''CERS'')

The Company's non-current assets amounted to $116,641,329 in Canada and $22,301,573 in the United States as at June 30, 2022 [$118,429,995 and $22,300,819, respectively, as at December 31, 2021]. The Company's revenue amounted to $36,960,741 and $74,748,239, in Canada and $25,557,504 and $51,038,827 in the United States for the three and six-month periods ended June 30, 2022 based on the customer's locations [2021 - $32,917,524 and $68,974,419 in Canada and $18,883,145 and $36,429,263 in the United States].

10. GOVERNMENT ASSISTANCE

During the three and six-month periods ended June 30, 2022, the Company did not record any amount of subsidies. During the same periods of 2021, the Company recorded subsidies in the amount of $752,660 and $1,348,501, respectively, under the Canada Emergency Wage Subsidy (CEWS) program. Of these amounts, $509,626 and $913,070, respectively, were allocated against operating expenses while $243,034 and $435,431, respectively, were allocated against selling, general and administrative expenses. In 2021, the Company also recorded subsidies in the amounts of $104,982 and $203,910 under the Canada Emergency Rent Subsidy (CERS) program. These amounts were allocated against operating expenses.

11. 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.

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.