MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2016

The following management's discussion and analysis of financial condition and results of operations ("MD&A"), dated July 28, 2016, of Supremex Inc. ("Supremex" or the "Company") should be read together with the accompanying unaudited interim condensed consolidated financial statements and related notes of the Company for the three and six-month periods ended June 30, 2016. These 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, 2015. 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 shares outstanding for the three and six-month periods ended June 30, 2016. The consolidated financial statements for the three and six-month periods ended June 30, 2016, have not been audited or reviewed by the Company's auditors.

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. In addition to our results reported in accordance with IAS 34, the MD&A may contain other non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, "EBITDA, Adjusted EBITDA or Adjusted Net Earnings" or other similar expressions. 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 "Definition of EBITDA, Adjusted EBITDA or Adjusted Net Earnings and Non-IFRS Measures" and "Selected Consolidated Financial Information" for the reconciliation of EBITDA, Adjusted EBITDA or Adjusted Net Earnings to net earnings.

Overview

Supremex is a leading North American manufacturer and marketer of a broad range of stock and custom envelopes and a growing provider of packaging and specialty products. Supremex is the only national envelope manufacturer in Canada, with facilities across seven provinces and two facilities in the United States and employs approximately 650 people. Supremex' growing footprint allows it to efficiently manufacture and distribute products tailored to the specifications of major corporations, national resellers, government entities, as well as paper merchants, statement processors and solution providers.

Second Quarter Highlights and Overall Performance

Revenue in the second quarter of 2016 was up 16.4%, reaching $39.4 million as a result of the acquisition of Classic Envelope Inc. in the U.S., the acquisition of Premier Envelope Ltd. in Western Canada and from growing sales of packaging and specialty products.

Revenue from the Canadian envelope market reached $28.4 million in the second quarter of 2016, up by 8.6% or $2.3 million, on volume increases of 3.2% and price increases of 5.3% due to product mix and higher cost of raw materials. The Canadian envelope market was adversely affected towards the end of the second quarter by a labor disruption threat at Canada Post. As of this date, the impact on the Company's revenue was limited and contained primarily to the Direct Mail business, a relatively small portion of the Company's overall revenues.

Revenue from the U.S. envelope market reached $8.2 million, up by 54.4% or $2.9 million, on volume increases of 45.6% and 6.1% higher average selling prices denominated in CAD, of which 4.8% results from the appreciation of the USD.

Revenue from packaging and specialty products also contributed to this quarter's growth, growing by 17.0%, to reach $2.8 million.

Adjusting for the non-cash gain totalling $3.9 million on amendment to the pension plan recorded in the second quarter of 2015, Adjusted EBITDA grew by 7.4% or $0.5 million in the second quarter of 2016, reaching $6.9 million. Adjusted EBITDA margins stood at 17.5% compared to 19.0% last year as a result of a growing presence in the U.S. envelope market and business integration costs.

Adjusted net earnings grew by 45.7% reaching $3.9 million (or $0.14 per share) compared with $2.7 million (or $0.09 per share) for the comparable period of 2015.

Operating activities generated cash of $7.5 million compared with $5.6 million during the same period of 2015 on efficient working capital management and increased adjusted EBITDA.

Declaration of Dividend

On July 28, 2016, the Board of Directors declared a quarterly dividend of $0.055 per share, representing a 10% increase over the prior year and equal to the dividend per share declared in the previous three quarters. The dividend is payable on October 14, 2016, to shareholders of record at the close of business on September 30, 2016.

Table of revenue information
(In thousands of dollars)

Revenue information **Percentage variation**	**Q2-2016**	**Q2-2015**	**Q2-2014**
Canadian envelope market revenues	**$28.4**	$26.2	$25.3
Volume	**3.2%**	1.6%	-10.5%
Average selling price	**5.3%**	1.3%	7.1%
Total Growth Rate	**8.6%**	2.9%	-4.1%
U.S. envelope market revenues	**$8.2**	$5.3	$3.0
Volume	**45.6%**	60.0%	-14.4%
Average selling price (in CAD)	**6.1%**	11.8%	6.2%
Total Growth Rate	**54.4%**	78.9%	-9.0%
Packaging & Specialty product revenues (Canada and U.S.)	**$2.8**	$2.4	$2.3
Total Growth Rate	**17.0%**	7.3%	4.0%
Total	**$39.4**	$33.9	$30.6
Year-over-Year performance	**16.4%**	10.6%	-4.1%

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

	Three-month periods ended		Six-month periods ended	
	June 30, 2016	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
	$	**$**	**$**	**$**
Net Earnings	**3,890**	5,552	**7,118**	9,356
Income tax expense	**1,374**	2,016	**2,594**	3,416
Financing charges, net	**195**	239	**452**	601
(Gain) loss on disposal of property, plant and equipment	**(5)**	—	**53**	—
Amortization of property, plant and equipment	**1,232**	980	**2,479**	1,941
Amortization of intangible assets	**217**	1,541	**1,352**	3,082
EBITDA[(1)]	**6,903**	10,328	**14,048**	18,396
Adjustments				
Less: Gains on pension plans amendment	—	(3,898)	**—**	(4,341)
Less: Gain on post-retirement benefits plans amendment	—	—	**—**	(614)
Adjusted EBITDA[(1)]	**6,903**	6,430	**14,048**	13,441

(1) See "Definition of EBITDA." EBITDA (or Adjusted EBITDA) is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. EBITDA (or Adjusted EBITDA) may not be comparable to similar measures presented by other issuers.

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

	Three-month periods ended		Six-month periods ended	
	June 30, 2016	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
	$	**$**	**$**	**$**
Net Earnings	**3,890**	5,552	**7,118**	9,356
Adjustments				
Less: Gains on pension plans amendments	—	(3,898)	—	(4,341)
Less: Gain on post-retirement benefits plans amendment	—	—	—	(614)
Deferred income tax on gains on pension and post-retirement benefits plans amendments	—	1,016	—	1,290
Adjusted Net Earnings [(1)]	**3,890**	2,670	**7,118**	5,691

(1) See "Definition of Adjusted Net Earnings". Adjusted Net Earnings is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. Adjusted Net Earnings may not be comparable to similar measures presented by other issuers.

Summary of quarterly operating results from July 1, 2014, to June 30, 2016

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

	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sept. 30, 2014
	$	$	$	$	$	$	$	$
Revenue	**39,420**	41,262	41,287	32,435	33,868	34,708	35,097	32,241
Adjusted EBITDA (1)	**6,903**	7,145	8,107	6,586	6,430	7,011	7,162	6,296
Earnings before income taxes	**5,264**	4,448	5,211	3,824	7,568	5,204	3,808	3,638
Net earnings	**3,890**	3,228	3,804	2,771	5,552	3,804	2,728	2,621
Net earnings per share	**0.14**	0.11	0.13	0.10	0.19	0.13	0.09	0.09

(1) See "Definition of EBITDA or Adjusted EBITDA"

Supremex' revenue is subject to the seasonal advertising and mailing patterns of its customers. The number of units 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 units sold by Supremex is generally lower during spring and summer in anticipation of a slowdown in mailing activities by businesses during the summer. 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.

Selected Consolidated Financial Information

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

	Three-month periods ended June 30,			**Six-month periods ended June 30,**		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
	$	**$**	**$**	**$**	**$**	**$**
Revenue	**39,420**	33,868	30,634	**80,681**	68,576	64,549
Operating expenses(1)	**27,909**	20,385	21,067	**57,157**	43,128	43,401
Selling, general and administrative expenses(1)	**4,608**	3,155	3,751	**9,476**	7,052	7,986
EBITDA(2)	**6,903**	10,328	5,816	**14,048**	18,396	13,162
Amortization of property, plant and equipment	**1,232**	980	881	**2,479**	1,941	1,763
Amortization of intangible assets	**217**	1,541	1,541	**1,352**	3,082	3,082
(Gain) loss on disposal of property, plant and equipment	**(5)**	—	6	**53**	—	6
Operating earnings	**5,459**	7,807	3,388	**10,164**	13,373	8,311
Financing charges, net	**195**	239	287	**452**	601	609
Earnings before income taxes	**5,264**	7,568	3,101	**9,712**	12,772	7,702
Income taxes expenses	**1,374**	2,016	771	**2,594**	3,416	2,004
Net earnings	**3,890**	5,552	2,330	**7,118**	9,356	5,698
Basic and diluted net earnings per share	**0.14**	0.19	0.08	**0.25**	0.32	0.20
Dividend declared per share	**0.055**	0.05	0.04	**0.11**	0.10	0.08

	As at June 30,		
	2016	**2015**	**2014**
	$	**$**	**$**
Total assets	**117,691**	109,308	115,193
Secured credit facilities, net of cash	**21,166**	20,144	30,722

(1) Includes gains on pension and post retirement plans amendments. See "Reconciliation from Net Earnings to EBITDA and adjusted EBITDA".

(2) See "Definition of EBITDA."

Results of Operations

Three-month period ended June 30, 2016, compared with three-month period ended June 30, 2015

Revenue

Revenue for the three-month period ended June 30, 2016, amounted to $39.4 million compared with $33.9 million for the three-month period ended June 30, 2015, an increase of $5.5 million or 16.4%.

Revenue generated in the Canadian envelope market increased by $2.3 million, or 8.6%, reaching $28.4 million. The acquisition of Premier Envelope Ltd. in December 2015 allowed the Company to achieve growth in this market resulting in an increase of 3.2% in the number of units sold. Average selling prices also increased by 5.3% when compared to last year's second quarter, on product mix and higher cost of raw materials.

Revenue generated in the U.S. envelope market continued to grow significantly as a result of the Classic Envelope Inc. acquisition concluded in October 2015. Revenue from this market reached $8.2 million, representing an increase of $2.9 million or 54.4% over last year, on volume increases of 45.6% and 6.1% higher average selling prices denominated in CAD, of which 4.8% results from the appreciation of the USD.

Revenue from packaging and specialty products reached $2.8 million, an increase of 17.0% from $2.4 million in the comparable quarter of 2015.

Operating expenses

Operating expenses for the three-month period ended June 30, 2016, were $27.9 million compared with $20.4 million for the same period in 2015, an increase of $7.5 million or 36.9%. This variance is mainly explained by the $2.9 million non-cash gain on amendment to the pension plan recorded in the second quarter of 2015. The acquired businesses, a growing presence in the U.S. envelope market, increased cost of raw materials denominated in USD and business integration costs also explained this variance.

Pursuant to the acquisition of Premier Envelope Ltd. and of Classic Envelope Inc., the Company incurred various integration costs, mostly expenses related to the closing and remediation of two facilities, equipment moving costs, severances and costs related to temporary inefficiencies. The integration of the two businesses is well advanced and most of the integration expenses have been incurred during the first and second quarters of 2016.

Selling, general and administrative expenses

Selling, general and administrative expenses totalled $4.6 million for the three-month period ended June 30, 2016, compared with $3.2 million for the same period in 2015, an increase of $1.4 million or 46.1% attributable to non-cash gain recorded in the second quarter of 2015 on amendment to the pension plan and the recent acquisitions.

EBITDA and Adjusted EBITDA

EBITDA stood at $6.9 million for the three-month period ended June 30, 2016, compared with $10.3 million for the same period in 2015, a decrease of $3.4 million or 33.2%. Excluding the non-cash gain totalling $3.9 million on amendment to the pension plan recorded in 2015, the Adjusted EBITDA stood at $6.9 million for the three-month period ended June 30, 2016, compared with $6.4 million last year, an increase of $0.5 million or 7.4%. Adjusted EBITDA margins stood at 17.5% in the second quarter of 2016 compared to 19.0% during the second quarter of last year, mostly on the increase in operating expenses explained above.

Amortization

Aggregate amortization expense for three-month period ended June 30, 2016, amounted to $1.4 million compared with $2.5 million for the comparable period of 2015 representing a decrease of $1.1 million or 42.6% on lower amortizable intangible assets, given the fully amortized customer relationships accounted for following the initial public offering in 2006.

Financing charges

Financing charges for the three-month period ended June 30, 2016, amounted to $0.2 million, comparable to the same period in 2015.

Earnings before income taxes

Due to the fluctuations in revenue and expenses described herein, earnings before income taxes totalled $5.3 million for the three-month period ended June 30, 2016, compared with $7.6 million for the same period in 2015, a decrease of $2.3 million or 30.5%.

Provision for income taxes

During the three-month period ended June 30, 2016, the Company recorded a provision for income taxes of $1.4 million compared with $2.0 million for the three-month period ended June 30, 2015, a decrease of $0.6 million or 31.9% reflecting lower earnings before income taxes.

Net earnings

As a result of the changes described above, net earnings amounted to $3.9 million for the three-month period ended June 30, 2016, compared with $5.6 million for the same period in 2015, a decrease of $1.7 million or 30.0%. Earnings per share amounted to $0.14 in the second quarter of 2016 compared to $0.19 in the comparative period of 2015. Adjusted net earnings grew by 45.7% reaching $3.9 million (or $0.14 per share) for the three-month period ended June 30, 2016, from $2.7 million (or $0.09) for the same period in 2015.

Other comprehensive loss

The discount rate used to calculate the accrued plan benefit obligations decreased to 3.4% as at June 30, 2016 from 3.8% as at March 31, 2016. This decrease created a loss that was partly offset by a better than expected return on assets and as a result, net actuarial losses totalled $2.8 million for the three-month period ended June 30, 2016, compared to gains of $2.4 million in the same quarter of 2015.

Six-month period ended June 30, 2016, compared with six-month period ended June 30, 2015

Revenue

Revenue for the six-month period ended June 30, 2016, was $80.7 million compared with $68.6 million for the six-month period ended June 30, 2015, an increase of $12.1 million or 17.7%.

Revenue from the Canadian envelope market increased by $4.5 million, or 8.5%, reaching $57.9 million during the first half of 2016. The acquisition of Premier Envelope Ltd. in December 2015 allowed the Company to achieve growth in this market resulting in an increase of 2.3% in the number of units sold. Average selling prices also increased by 6.0% when compared to the equivalent period of last year, on product mix and higher cost of raw materials.

Revenue from the U.S. envelope market continued to grow significantly as a result of the Classic Envelope Inc. acquisition concluded in October 2015. During the first six months of the year, revenue from this market reached $17.4 million, representing an increase of $7.0 million or 66.5% over last year, on volume increases of 50.7% and 10.4% higher average selling prices denominated in CAD, of which 7.8% results from the appreciation of the USD.

Revenue from packaging and specialty products reached $5.4 million for the six-month period ended June 30, 2016, an increase of 13.1% from $4.8 million in the comparable period of 2015.

Operating expenses

Operating expenses for the six-month period ended June 30, 2016, were $57.2 million compared with $43.1 million for the same period in 2015, an increase of $14.0 million or 32.5%. This is mainly a reflection of the acquired businesses, a growing presence in the U.S., increased cost of raw materials denominated in USD and integration costs. Non-cash gains were also recorded in the first half of 2015 on amendments to the pension and post-retirement benefits plans.

Pursuant to the acquisition of Premier Envelope Ltd. and of Classic Envelope Inc., the Company incurred various integration costs, mostly expenses related to the closing and remediation of two facilities, equipment moving costs, severances and costs related to temporary inefficiencies. The integration of the two businesses is well advanced and most of the integration expenses have been incurred during the first and second quarters of 2016.

Selling, general and administrative expenses

Selling, general and administrative expenses totalled $9.5 million for the six-month period ended June 30, 2016, compared with $7.1 million for the same period in 2015, an increase of $2.4 million or 34.4% attributable to the recent acquisitions and non-cash gains recorded in the first half of 2015 on amendments to the pension and post-retirement benefits plans.

EBITDA and Adjusted EBITDA

EBITDA stood at $14.0 million for the six-month period ended June 30, 2016, compared with $18.4 million for the same period in 2015, a decrease of $4.4 million or 23.6%. Excluding the non-cash gains totalling $5.0 million on amendments to the pension and post-retirement benefits plans recorded in 2015, the Adjusted EBITDA stood at $14.0 million for the six-month period ended June 30, 2016, compared with $13.4 million last year, an increase of $0.6 million or 4.5%. Adjusted EBITDA margins stood at 17.4% in the first half of 2016 compared to 19.6% during the comparable period of last year, mostly on the increase in operating expenses explained above.

Amortization

Aggregate amortization expense for six-month period ended June 30, 2016, amounted to $3.8 million compared with $5.0 million for the comparable period of 2015 representing a decrease of $1.2 million or 23.7% on lower amortizable intangible assets, given the fully amortized customer relationships accounted for following the initial public offering in 2006.

Financing charges

Financing charges for the six-month period ended June 30, 2016, amounted to $0.5 million compared with $0.6 million for the same period in 2015, a decrease of $0.1 million or 24.7%.

Earnings before income taxes

Due to the fluctuations in revenue and expenses described herein, earnings before income taxes totalled $9.7 million for the six-month period ended June 30, 2016, compared with $12.8 million for the same period in 2015, a decrease of $3.1 million or 24.0%.

Provision for income taxes

During the six-month period ended June 30, 2016, the Company recorded a provision for income taxes of $2.6 million compared with $3.4 million for the six-month period ended June 30, 2015, a decrease of $0.8 million or 24.1% reflecting lower earnings before income taxes.

Net earnings

As a result of the changes described above, net earnings amounted to $7.1 million for the six-month period ended June 30, 2016, compared with $9.4 million for the same period in 2015, a decrease of $2.3 million or 23.9%. Earnings per share amounted to $0.25 in the first half of 2016 compared to $0.32 in the comparative period of 2015. Adjusted net earnings grew by 25.1% to $7.1 million (or $0.25 per share) for the six-month period ended June 30, 2016, up from $5.7 million (or $0.19 per share) for the same period in 2015.

Other comprehensive loss

The discount rate used to calculate the accrued plan benefit obligations decreased to 3.4% as at June 30, 2016, from 3.9% as at December 31, 2015. This decrease created a loss that was partly offset by the return on assets and as a result, net actuarial losses totalled $4.6 million for the six-month period ended June 30, 2016, compared to gains of $0.2 million in the same period of 2015.

Segment information

The Company currently operates in one business segment: the manufacturing and sale of envelopes and packaging and specialty products. The Company’s non-current assets amounted to $71.9 million in Canada and $8.9 million in the United States as at June 30, 2016, as compared to $74.3 million and $9.7 million as at December 31, 2015, respectively.

In Canada, the Company's revenue amounted to $30.4 million and $61.9 million for the three and six-month periods ended June 30, 2016, compared with $28.2 million and $57.6 million for the same periods in 2015, representing an increase of $2.2 million or 7.6% and $4.3 million or 7.4%, respectively. In the United States, the Company's revenue amounted to $9.0 million and $18.8 million for the three and six-month periods ended June 30, 2016, compared with $5.7 million and $11.0 million for the same periods in 2015, representing an increase of $3.3 million or 60.3% and an increase of $7.8 million or 71.4%, respectively.

Liquidity and Capital Resources

Operating Activities

Cash of $9.5 million was generated by operating activities during the six-month period ended June 30, 2016, compared with $6.8 million during the same period of 2015. Working capital required $1.4 million during the first half of 2016 compared to $3.5 million for the same period in 2015, a decrease of $2.1 million on sustained efforts to maintain efficient working capital levels.

Investing Activities

Cash of $1.3 million was used in investing activities during the six-month period ended June 30, 2016, compared to $1.2 million in 2015, an increase of $0.1 million attributable to equipment upgrading and lower investment in the *enterprise resource planning* implementation.

Financing Activities

In the six-month period ended June 30, 2016, $11.1 million was used in financing activities compared with $5.3 million in 2015, an increase of $5.8 million mainly due to higher repayment of the secured credit facility. Supremex remains focused on maintaining low debt ratios while maintaining its financial flexibility.

Liquidity and Capital Resources Summary

The Company's ability to generate cash flows from operations combined with our availability under existing credit facilities are expected to provide sufficient liquidity to meet anticipated needs for existing and future projects.

Off-Balance Sheet Arrangements

Operating lease commitments have been disclosed in the Company's audited consolidated financial statements as at December 31, 2015, and did not significantly change since that date. The Company has no other off-balance sheet arrangements.

Capitalization

As at July 28, 2016, the Company had 28,644,771 common shares outstanding, a decrease of 106,196 shares, following the repurchase done under the NCIB program during the six-month period ended June 30, 2016. All shares were repurchased during the first quarter of 2016.

Financial Position Highlights
(In thousands of dollars)

	June 30, 2016 $	December 31, 2015 $
Working capital	**18,475**	20,213
Total assets	**117,691**	125,166
Total secured credit facilities (1)	**21,243**	28,674
Equity	**70,778**	72,635

(1) Net of deferred financing costs of $292 ($326 at December 31, 2015).

The Company was in compliance with the covenants of its credit facility as at June 30, 2016.

Disclosure Controls and Internal Controls over Financial Reporting

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 Vice-President, Finance, that, among other things, report on the design of disclosure controls and procedures, as well as the design of internal controls 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 Vice-President, Finance, 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 beginning April 1, 2016, and ended June 30, 2016, that have materially affected, or is reasonably likely to materially affect, the Company’s internal controls over financial reporting.

Recent Event

On July 28, 2016, the Board of Directors declared a quarterly dividend of $0.055 per common share payable on October 14, 2016, to the shareholders of record as at September 30, 2016.

Significant accounting policies and estimates

The Company’s unaudited interim consolidated financial statements for the six-month period ended June 30, 2016, have been prepared by management in accordance with IAS 34, *Interim Financial Reporting*, as disclosed in Note 1 accompanying the interim condensed consolidated financial statements for the same period.

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 2015 Annual Information Form, dated March 30, 2016 (which can be found at 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 fiscal 2015.

Forward-looking information is subject to certain risks and uncertainties, and should not be read as guarantees of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking information. These risks and uncertainties include but are not limited to the following: economic cycles, availability of capital, decline in envelope consumption, increase of competition, exchange rate fluctuation, raw material increases, credits risks with respect to trade receivables, increase in funding of pension plans, postal services deficiencies, interest rates fluctuation and potential risk of litigation. Such risks and uncertainties are discussed throughout our MD&A for fiscal 2015 and, in particular, in "Risk Factors". Consequently, we cannot guarantee that any forward-looking statements or 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.

Definition of EBITDA, Adjusted EBITDA, Adjusted Net Earnings, and Non-IFRS Measures

References to "EBITDA" are to earnings before financing charges, income tax expense, amortization of property, plant and equipment and of intangible assets and (gain) loss on disposal of property, plant and equipment. Supremex believes that EBITDA is a measurement commonly used by readers of financial statements to evaluate a company's operational cash-generating capacity and ability to discharge its financial expenses.

References to "Adjusted EBITDA" are to EBITDA adjusted to remove non-recurring items such as gains on amendments to pension and post-retirement benefits plans in 2015. Supremex believes that Adjusted EBITDA is a measurement commonly used by readers of financial statements to evaluate a company's operational cash-generating capacity and ability to discharge its financial expenses.

References to "Adjusted net earnings" are to Net earnings adjusted to remove non-recurring items such as gains on amendments to pension and post-retirement benefits plans, net of tax.

EBITDA, Adjusted EBITDA or Adjusted Net Earnings is not an earnings measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Therefore, EBITDA, Adjusted EBITDA or Adjusted Net Earnings may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA, Adjusted EBITDA or 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 six-month periods ended June 30, 2016 and 2015

All amounts expressed in Canadian dollars

NOTICE

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

Supremex Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at **[Unaudited]**	**Notes**	**June 30, 2016** **$**	**December 31, 2015** **$**
ASSETS	**3**		
Current assets			
Cash		**368,437**	3,533,917
Accounts receivable		**18,674,142**	21,358,826
Income tax receivable		**315,215**	—
Inventories	**2**	**14,928,768**	15,563,613
Prepaid expenses		**1,191,313**	653,580
Total current assets		**35,477,875**	41,109,936
Property, plant and equipment		**24,709,049**	26,790,391
Deferred income tax assets		**1,354,839**	—
Intangible assets		**5,514,228**	6,500,672
Goodwill		**50,635,337**	50,765,024
Total assets		**117,691,328**	125,166,023
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**15,098,235**	18,147,715
Dividend payable	**5**	**1,575,462**	1,581,303
Provisions		**329,558**	332,939
Income tax payable		—	835,246
Total current liabilities		**17,003,255**	20,897,203
Secured credit facilities	**3**	**21,243,058**	28,674,021
Deferred income tax liabilities		**1,451,329**	2,419,291
Accrued pension benefit liability		**6,975,193**	301,339
Other post-retirement benefit obligations		**240,600**	239,000
Total liabilities		**46,913,435**	52,530,854
Equity			
Share capital	**4**	**9,777,118**	9,813,365
Contributed surplus	**4**	**279,137,725**	279,601,180
Deficit		**(218,208,118)**	(217,615,887)
Foreign currency translation reserve		**71,168**	836,511
Total equity		**70,777,893**	72,635,169
Total liabilities and equity		**117,691,328**	125,166,023

Subsequent event [*note 7*]

See accompanying notes

On behalf of the Directors:

By: signed (Robert B. Johnston)
Director

By: signed (Mathieu Gauvin)
Director

Supremex Inc.

CONSOLIDATED STATEMENTS OF EARNINGS

[Unaudited]	Notes	Three-month periods ended June 30, 2016 $	Three-month periods ended June 30, 2015 $	Six-month periods ended June 30, 2016 $	Six-month periods ended June 30, 2015 $
Revenue		**39,419,542**	33,868,576	**80,681,146**	68,576,293
Operating expenses	**2**	**27,908,971**	20,384,901	**57,157,269**	43,128,331
Selling, general and administrative expenses		**4,607,995**	3,154,982	**9,475,808**	7,051,554
Operating earnings before amortization and (gain) loss on disposal of property, plant and equipment		**6,902,576**	10,328,693	**14,048,069**	18,396,408
Amortization of property, plant and equipment		**1,231,681**	980,543	**2,479,130**	1,941,150
Amortization of intangible assets		**216,685**	1,540,975	**1,351,339**	3,081,950
(Gain) loss on disposal of property, plant and equipment		**(4,562)**	—	**52,852**	—
Operating earnings		**5,458,772**	7,807,175	**10,164,748**	13,373,308
Financing charges, net	**3**	**194,882**	238,519	**452,310**	600,684
Earnings before income taxes		**5,263,890**	7,568,656	**9,712,438**	12,772,624
Income tax expense		**1,374,001**	2,016,433	**2,594,076**	3,416,455
Net earnings		**3,889,889**	5,552,223	**7,118,362**	9,356,169
Basic and diluted net earnings per share		**0.1358**	0.1931	**0.2484**	0.3254
Weighted average number of shares outstanding		**28,644,771**	28,750,967	**28,656,700**	28,751,049

See accompanying notes

Supremex Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[Unaudited]	Three-month periods ended June 30, 2016 $	Three-month periods ended June 30, 2015 $	Six-month periods ended June 30, 2016 $	Six-month periods ended June 30, 2015 $
Net earnings	**3,889,889**	5,552,223	**7,118,362**	9,356,169
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to earnings in subsequent periods				
Foreign currency translation adjustments	**(59,593)**	(13,672)	**(765,343)**	75,311
Net other comprehensive (loss) income to be reclassified to earnings in subsequent periods	**(59,593)**	(13,672)	**(765,343)**	75,311
Items not to be reclassified to earnings in subsequent periods				
Recognized actuarial (loss) gain on defined benefit pension plans, net of income tax recovery of $992,399 and of $1,605,971 [2015 – expense of $852,453 and $67,813]	**(2,813,601)**	2,417,747	**(4,553,829)**	180,787
Recognized actuarial (loss) gain on other post-retirement benefit, net of income tax recovery of $1,643 and $2,060 [2015 – expense of $3,832 and $3,754]	**(4,657)**	10,868	**(5,840)**	10,646
Net other comprehensive (loss) income not being reclassified to earnings in subsequent periods	**(2,818,258)**	2,428,615	**(4,559,669)**	191,433
Other comprehensive (loss) income	**(2,877,851)**	2,414,943	**(5,325,012)**	266,744
Total comprehensive income	**1,012,038**	7,967,166	**1,793,350**	9,622,913

See accompanying notes

Supremex Inc.

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, 2014	9,814,628	279,611,054	(225,695,059)	21,072	63,751,695
Net earnings	—	—	9,356,169	—	9,356,169
Other comprehensive income	—	—	191,433	75,311	266,744
Total comprehensive income	—	—	9,547,602	75,311	9,622,913
Dividends declared [*note 5*]	—	—	(2,876,739)	—	(2,876,739)
Shares repurchased and cancelled [*note 4*]	(1,263)	(9,874)	—	—	(11,137)
As at June 30, 2015	9,813,365	279,601,180	(219,024,196)	96,383	70,486,732
As at December 31, 2015	9,813,365	279,601,180	(217,615,887)	836,511	72,635,169
Net earnings	—	—	7,118,362	—	7,118,362
Other comprehensive loss	—	—	(4,559,669)	(765,343)	(5,325,012)
Total comprehensive income (loss)	—	—	2,558,693	(765,343)	1,793,350
Dividends declared [*note 5*]	—	—	(3,150,924)	—	(3,150,924)
Shares repurchased and cancelled [*note 4*]	(36,247)	(463,455)	—	—	(499,702)
As at June 30, 2016	**9,777,118**	**279,137,725**	**(218,208,118)**	**71,168**	**70,777,893**

See accompanying notes

Supremex Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

[Unaudited]	Notes	Three-month periods ended June 30, 2016 $	Three-month periods ended June 30, 2015 $	Six-month periods ended June 30, 2016 $	Six-month periods ended June 30, 2015 $
OPERATING ACTIVITIES					
Net earnings		**3,889,889**	5,552,223	**7,118,362**	9,356,169
Non-cash adjustment to reconcile net earnings to net cash flows					
Amortization of property, plant and equipment		**1,231,681**	980,543	**2,479,130**	1,941,150
Amortization of intangible assets		**216,685**	1,540,975	**1,351,339**	3,081,950
Amortization of deferred financing costs	**3**	**17,157**	16,024	**34,314**	32,047
(Gain) loss on disposal of property, plant and equipment		**(4,562)**	—	**52,852**	—
Gain on valuation of derivative financial instruments	**3**	**—**	(115,780)	**—**	(122,162)
Deferred income tax (recovery) expense		**(148,383)**	455,417	**(664,145)**	155,876
Change in employees benefits		**74,100**	(3,519,223)	**540,254**	(4,114,515)
		5,276,567	4,910,179	**10,912,106**	10,330,515
Working capital adjustments					
Variation in accounts receivable		**1,718,763**	38,135	**2,684,684**	885,369
Variation in inventories		**397,204**	288,455	**634,845**	(557,942)
Variation in prepaid expenses		**(228,998)**	137,929	**(537,733)**	(128,801)
Variation in accounts payable and accrued liabilities		**599,688**	232,622	**(3,049,480)**	(2,904,222)
Variation in provisions		**(3,263)**	435	**(3,381)**	(961)
Variation in income tax receivable and payable		**(246,513)**	(48,013)	**(1,150,461)**	(827,549)
Change in employee benefits		**(15,700)**	(5,472)	**(32,500)**	(7,172)
Net cash flows from operating activities		**7,497,748**	5,554,270	**9,458,080**	6,789,237
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		**(218,606)**	(472,009)	**(862,055)**	(572,826)
Acquisition of intangible assets		**(331,442)**	(632,406)	**(473,391)**	(632,406)
Proceeds from sale of property, plant and equipment		**4,562**	—	**51,631**	—
Net cash flows used in investing activities		**(545,486)**	(1,104,415)	**(1,283,815)**	(1,205,232)
FINANCING ACTIVITIES					
Repayment of operating facility		**(5,634,219)**	(2,059,169)	**(7,465,277)**	(229,791)
Repayment of term loan		**—**	(1,309,524)	**—**	(2,202,381)
Dividends paid	**5**	**(1,575,462)**	(1,439,191)	**(3,156,765)**	(2,876,924)
Purchase of share capital for cancellation	**4**	—	—	**(499,702)**	(11,137)
Net cash flows used in financing activities		**(7,209,681)**	(4,807,884)	**(11,121,744)**	(5,320,233)
Net change in cash		**(257,419)**	(358,029)	**(2,947,479)**	263,772
Net foreign exchange difference		**(19,588)**	(1,668)	**(218,001)**	15,938
Cash, beginning of period		**645,444**	1,003,486	**3,533,917**	364,079
Cash, ending of period		**368,437**	643,789	**368,437**	643,789
Supplemental information [(1)]					
Interest paid		**170,886**	310,000	**533,529**	639,232
Interest received		**5,544**	1,058	**5,952**	2,613
Income taxes paid		**1,643,016**	1,532,075	**4,274,172**	4,027,303
Income taxes received		—	70,010	—	75,209

[(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 AND BASIS OF PREPARATION

Supremex Inc. (the “Company” or “Supremex”) was incorporated on March 31, 2006 under the *Canadian Business Corporation Act.* The common shares (“common share”) of the Company are listed on the Toronto Stock Exchange (“TSX”) under the symbol SXP. The registered office is located at 7213 Cordner Street in LaSalle, Quebec.

The business of Supremex follows seasonal patterns with the highest revenue occurring from August to February due to seasonal advertising and mailing patterns of its customers since the highest number of mailings related to events including the return to school, fund-raising and the holiday and tax seasons take place during that period. As a result, revenue and financial performance for the three and six-month periods ended June 30, 2016 are not necessarily indicative of the revenue and performance that may be expected for a full year.

These unaudited interim condensed consolidated financial statements were approved by the Company’s Board of Directors on July 28, 2016 and have not been audited or reviewed by the Company’s auditors. 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, 2015, 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, 2015.

2. INVENTORIES

	June 30, 2016 $	**December 31, 2015 $**
Raw materials	**3,914,165**	4,461,908
Work in progress	**265,856**	329,869
Finished goods	**10,748,747**	10,771,836
	14,928,768	15,563,613

The cost of inventories recognized as an expense and included in operating expenses, including the related amortization of property, plant and equipment allocated to inventories, during the three and six-month periods ended June 30, 2016 are $29,105,018 and $59,566,569 respectively [2015 - $21, 323,777 and $44,986,019 respectively].

3. SECURED CREDIT FACILITIES

Amounts owed under secured credit facilities are as follows:

	June 30, 2016 $	**December 31, 2015 $**
Revolving credit facility	**21,534,723**	29,000,000
Less: deferred financing costs, net	**(291,665)**	(325,979)
Long-term portion of secured credit facilities	**21,243,058**	28,674,021

There are no minimum required payments on secured credit facility.

Under the terms of the secured credit facilities, the Company is required, among other conditions, to meet certain covenants. The Company was in compliance with these covenants as at June 30, 2016. The secured credit facilities are collateralized by hypothec and security interests covering all present and future assets of the Company and its subsidiaries.

As at June 30, 2016, the Company had outstanding letters of credit for a total of $10,000 [$50,000 as at December 31, 2015].

As at June 30, 2016, the effective interest rate on the secured credit facilities was 2.44% [2.59% as at December 31, 2015].

Financing charges are as follows:

	Three-month periods ended June 30,		**Six-month periods ended June 30,**	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Interest on secured credit facilities	**165,106**	327,243	**393,154**	657,731
Interest expense on defined benefit plans obligations	**11,600**	10,300	**23,200**	26,800
Other interest	**1,019**	732	**1,642**	6,268
Amortization of deferred financing costs	**17,157**	16,024	**34,314**	32,047
Gain on valuation of derivative financial instrument (interest rate swap)	**—**	(115,780)	**—**	(122,162)
	194,882	238,519	**452,310**	600,684

4. SHARE CAPITAL

The change on share capital was as follows:

	Number of common shares	**Share capital**
		$
Balance, as of December 31, 2014	28,754,667	9,814,628
Purchase of share capital for cancellation	(3,700)	(1,263)
Balance, as of June 30, 2015	**28,750,967**	**9,813,365**
Balance, as of December 31, 2015	28,750,967	9,813,365
Purchase of share capital for cancellation	(106,196)	(36,247)
Balance, as of June 30, 2016	**28,644,771**	**9,777,118**

During the six-month period ended June 30, 2016, the Company repurchased 106,196 common shares for cancellation through a normal course issuer bid in consideration of $499,702. The excess of the purchase price over the carrying value in the amount of $463,455 was recorded as a reduction of contributed surplus [2015 – repurchased 3 700 common shares for cancellation in consideration of $11,137 which resulted in an excess of the carrying value of $9,874].

Deferred share unit plan (DSU)

The financial liability resulting from the plan of $57,434 (December 31, 2015 - $0) is presented under "*Accounts payable and accrued liabilities*".

The compensation expense for the DSUs during the three and six-month periods ended June 30, 2016 amounted to $23,229 and $57,434 [2015 - $0] and is recognized under selling, general and administrative expenses.

5. DIVIDENDS

Dividends declared from January 1, 2016 to June 30, 2016 were as follows:

Declaration date	Record date	Payment date	Per share $	Dividend $
February 17, 2016	March 31, 2016	April 14, 2016	0.055	1,575,462
May 5, 2016	June 30, 2016	July 14, 2016	0.055	1,575,462
Total				**3,150,924**

Dividends declared from January 1, 2015 to June 30, 2015 were as follows:

Declaration date	Record date	Payment date	Per share $	Dividend $
February 20, 2015	March 31, 2015	April 14, 2015	0.05	1,437,548
May 7, 2015	June 30, 2015	July 14, 2015	0.05	1,439,191
Total				**2,876,739**

6. SEGMENTED INFORMATION

The Company currently operates in one reporting segment: the manufacturing and sale of envelopes. The Company’s non-current assets amounted to $71,921,898 in Canada and $8,936,715 in the United States as at June 30, 2016 [$74,347,005 and $9,709,082 respectively, as at December 31, 2015]. The Company’s revenue amounted to $30,375,573 and to $61,891,818 in Canada and $9,043,969 and $18,789,328 in the United States for the three and six-month periods ended June 30, 2016 based on customer location [2015 - $28,226,379 and $57,614,962 in Canada and $5,642,197 and $10,961,331 in the United States, respectively].

7. SUBSEQUENT EVENT

On July 28, 2016, the Board of Directors has declared a quarterly dividend of $0.055 per common share, payable on October 14, 2016 to shareholders of record at the close of business on September 30, 2016.
2017.