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

The following management's discussion and analysis of financial condition and results of operations ("MD&A"), dated November 3, 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 nine-month periods ended September 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 nine-month periods ended September 30, 2016. The consolidated financial statements for the three and nine-month periods ended September 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 three facilities in the United States and employs approximately 700 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.

Third Quarter Highlights and Overall Performance

Revenue in the third quarter of 2016 was up 12.6%, to $36.5 million, on strong growth in the U.S. envelope market, mostly from the contribution of the acquisition of Classic Envelope Inc. located in Massachusetts, and of the recent acquisition of substantially all of the assets of Bowers Envelope Company, Inc. ("Bowers Envelope") located in Indiana.

Revenue from the Canadian envelope market was $24.1 million in the third quarter of 2016, down by 1.2% or $0.3 million. Although the acquisition of substantially all of the assets of Premier Envelope Ltd. ("Premier Envelope") located in Western Canada helped offset the secular decline in the overall Canadian envelope market, the threat of a work stoppage at Canada Post during the summer negatively affected the volume of orders from customers. Additionally, last year's third quarter revenues benefited from the effects of a large order for the government that only occurs every four years. Overall, Canadian envelope volumes decreased by 2.4% while average unit selling price grew by 1.3% due to product mix changes.

Revenue from the U.S. envelope market was $9.9 million, up by 81.0% or $4.4 million, on volume increases of 74.6% and higher average selling prices, which increased by 3.6% in CAD, with the depreciation of the USD having a negative impact of 0.3%. The acquisitions of Classic Envelope Inc. concluded in October 2015 and of Bowers Envelope at the end of August 2016 contributed to this growth.

Revenue from packaging and specialty products decreased by 1.6%, from $2.6 million in the third quarter of last year to $2.5 million in the third quarter of 2016, on timing and variations in the product mix.

EBITDA stood at $5.5 million for the three-month period ended September 30, 2016, compared with $6.6 million for the same period in 2015, a decrease of $1.1 million or 16.4%. The challenging environment in the Canadian envelope market and changes in the product mix had a sizable negative effect on EBITDA. As a result of these factors and of a growing presence in the U.S. envelope market, EBITDA margins stood at 15.1% in the third quarter of 2016 compared to 20.3% during the third quarter of last year. Last year's third quarter EBITDA was also positively affected by the contribution of the large order for the government.

Net earnings grew by 2.2% to $2.8 million (or $0.0989 per share) compared with $2.8 million (or $0.0964 per share) for the same period of 2015, on lower amortizable intangible assets.

Operating activities generated cash of $3.1 million compared with $5.2 million during the same period of 2015. During the third quarter of last year, the large government order contributed to higher operating profitability while a challenging Canadian envelope market landscape in the third quarter of this year and higher working capital requirements affected cash flow generated by operating activities.

Declaration of Dividend

On November 3, 2016, the Board of Directors declared a quarterly dividend of $0.06 per share, representing a 9.1% increase over the prior year and to the dividend per share declared in the previous three quarters. The dividend is payable on January 13, 2017, to shareholders of record at the close of business on December 30, 2016. This dividend is designed as an "eligible" dividend for the purpose of the Income Tax Act (Canada) and any similar provincial legislation.

Table of revenue information

(In thousands of dollars)

Revenue information **Percentage variation**	**Q3-2016**	**Q3-2015**	**Q3-2014**
Canadian envelope market revenues	**$24.1**	$24.4	$26.1
Volume	**-2.4%**	-12.1%	2.1%
Average selling price	**1.3%**	6.4%	3.3%
Total Growth Rate	**-1.2%**	-6.5%	5.5%
U.S. envelope market revenues	**$9.9**	$5.4	$3.7
Volume	**74.6%**	24.9%	4.2%
Average selling price (in CAD)	**3.6%**	18.2%	16.1%
Total Growth Rate	**81.0%**	47.6%	21.0%
Packaging & Specialty product revenues (Canada and U.S.)	**$2.5**	$2.6	$2.4
Total Growth Rate	**1.6%**	5.7%	23.4%
Total	**$36.5**	$32.4	$32.2
Year-over-Year performance	**12.6%**	0.6%	8.3%

Reconciliation from Net Earnings to EBITDA and to Adjusted EBITDA

(In thousands of dollars

	Three-month periods ended		**Nine-month periods ended**	
	Sept. 30, 2016	**Sept. 30, 2015**	**Sept. 30, 2016**	**Sept. 30, 2015**
	$	**$**	**$**	**$**
Net Earnings	**2,832**	2,771	**9,950**	12,127
Income tax expense	**994**	1,054	**3,588**	4,470
Financing charges, net	**198**	185	**650**	785
(Gain) loss on disposal of property, plant and equipment	**(29)**	19	**24**	19
Amortization of property, plant and equipment	**1,264**	1,016	**3,743**	2,958
Amortization of intangible assets	**249**	1,541	**1,601**	4,623
EBITDA(1)	**5,508**	6,586	**19,556**	24,982
Adjustments				
Less: Gains on pension plans amendment	—	—	—	(4,341)
Less: Gain on post-retirement benefits plans amendment	—	—	—	(614)
Adjusted EBITDA(1)	**5,508**	6,586	**19,556**	20,027

(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		Nine-month periods ended	
	Sept. 30, 2016	**Sept. 30, 2015**	**Sept. 30, 2016**	**Sept. 30, 2015**
	$	**$**	**$**	**$**
Net Earnings	**2,832**	2,771	**9,950**	12,127
Adjustments				
Less: Gains on pension plans amendments	—	—	—	(4,341)
Less: Gain on post-retirement benefits plans amendment	—	—	—	(614)
Deferred income tax on gains on pension and post-retirement benefits plans amendments	—	—	—	1,290
Adjusted Net Earnings [(1)]	**2,832**	2,771	**9,950**	8,462

(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 October 1, 2014, to September 30, 2016

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

	Sept. 30, 2016	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	Mar. 31, 2015	Dec. 31, 2014
	$	$	$	$	$	$	$	$
Revenue	**36,514**	39,420	41,262	41,287	32,435	33,868	34,708	35,097
Adjusted EBITDA [(1)]	**5,508**	6,903	7,145	8,107	6,586	6,430	7,011	7,162
Earnings before income taxes	**3,826**	5,264	4,448	5,211	3,824	7,568	5,204	3,808
Net earnings	**2,832**	3,890	3,228	3,804	2,771	5,552	3,804	2,728
Net earnings per share	**0.10**	0.14	0.11	0.13	0.10	0.19	0.13	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 Sept. 30,			Nine-month periods ended Sept. 30,		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
	$	**$**	**$**	**$**	**$**	**$**
Revenue	**36,514**	32,435	32,241	**117,195**	101,011	96,790
Operating expenses[1]	**26,677**	22,115	21,663	**83,835**	65,244	65,064
Selling, general and administrative expenses[1]	**4,329**	3,734	4,018	**13,804**	10,785	12,004
EBITDA[2]	**5,508**	6,586	6,560	**19,556**	24,982	19,722
Amortization of property, plant and equipment	**1,264**	1,016	880	**3,743**	2,958	2,642
Amortization of intangible assets	**249**	1,541	1,541	**1,601**	4,623	4,623
(Gain) loss on disposal of property, plant and equipment	**(29)**	19	—	**24**	19	6
Operating earnings	**4,024**	4,010	4,139	**14,188**	17,382	12,451
Financing charges, net	**198**	185	501	**650**	785	1,110
Earnings before income taxes	**3,826**	3,825	3,638	**13,538**	16,597	11,341
Income taxes expenses	**994**	1,054	1,017	**3,588**	4,470	3,021
Net earnings	**2,832**	2,771	2,621	**9,950**	12,127	8,320
Basic and diluted net earnings per share	**0.10**	0.10	0.09	**0.35**	0.42	0.29
Dividend declared per share	**0.055**	0.05	0.04	**0.165**	0.15	0.12

	As at Sept. 30,		
	2016	**2015**	**2014**
	$	**$**	**$**
Total assets	**124,158**	107,922	113,304
Secured credit facilities, net of cash	**24,419**	18,864	28,312

(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 September 30, 2016, compared with three-month period ended September 30, 2015

Revenue

Revenue for the three-month period ended September 30, 2016, amounted to $36.5 million compared with $32.4 million for the three-month period ended September 30, 2015, an increase of $4.1 million or 12.6%.

Revenue from the Canadian envelope market was $24.1 million in the third quarter of 2016, down by 1.2% or $0.3 million. Although the acquisition of Premier Envelope located in Western Canada helped offset the secular decline in the overall Canadian envelope market, the threat of a work stoppage at Canada Post during the summer negatively affected the volume of orders from customers. Additionally, last year's third quarter results benefited from the effects of a large government order that only occurs every four years. Overall, Canadian envelope volumes decreased by 2.4% and while prices grew by 1.3% due to variations in the product mix.

Revenue from the U.S. envelope market was $9.9 million, up by 81.0% or $4.4 million, on volume increases of 74.6% and higher average selling prices, which increased by 3.6% in CAD, with the depreciation of the USD having a negative impact of 0.3%. The acquisitions of Classic Envelope Inc. concluded in October 2015 and of the assets of Bowers Envelope at the end of August 2016 contributed to this growth.

Revenue from packaging and specialty products decreased by 1.6%, from $2.6 million in the third quarter of last year to $2.5 million in the third quarter of 2016, on product mix.

Operating Expenses

Operating expenses for the three-month period ended September 30, 2016, were $26.7 million compared with $22.1 million for the same period in 2015, an increase of $4.6 million or 20.6%. This increase is explained by the Company's strategy to grow its presence in the U.S. envelope market and strengthen its platform in Canada resulting in the acquisition of three businesses in the past twelve months.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totalled $4.3 million for the three-month period ended September 30, 2016, compared with $3.7 million for the same period in 2015, an increase of $0.6 million mainly in relation to the acquired businesses and business acquisition costs.

EBITDA

EBITDA stood at $5.5 million for the three-month period ended September 30, 2016, compared with $6.6 million for the same period in 2015, a decrease of $1.1 million or 16.4%. The challenging environment in the Canadian envelope market and changes in the product mix affected this quarter's EBITDA. As a result of these factors and of a growing presence in the U.S. envelope market, EBITDA margins stood at 15.1% in the third quarter of 2016 compared to 20.3% during the third quarter of last year. Last year's third quarter EBITDA was also positively affected by the contribution of the large government order.

Amortization

Aggregate amortization expense for three-month period ended September 30, 2016, amounted to $1.5 million compared with $2.6 million for the comparable period of 2015 representing a decrease of $1.1 million or 40.9% mostly explained by 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 September 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 $3.8 million for the three-month period ended September 30, 2016, in-line with $3.8 million for the same period in 2015.

Provision for Income Taxes

During the three-month period ended September 30, 2016, the Company recorded a provision for income taxes of $1.0 million compared with $1.1 million for the three-month period ended September 30, 2015, a decrease of $0.1 million or 5.6%.

Net Earnings

As a result of the changes described above, net earnings grew by 2.2% to $2.8 million for the three-month period ended September 30, 2016, compared to $2.8 million in the same period of 2015. Earnings per share amounted to $0.0989 in the third quarter of 2016, compared to $0.0964 in the comparative period of 2015.

Other Comprehensive Loss

The discount rate used to calculate the accrued plan benefit obligations decreased to 3.2% as at September 30, 2016 from 3.4% as at June 30, 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 $0.2 million for the three-month period ended September 30, 2016, compared to losses of $1.3 million in the same quarter of 2015.

Nine-month period ended September 30, 2016, compared with nine-month period ended September 30, 2015

Revenue

Revenue for the nine-month period ended September 30, 2016, was $117.2 million compared with $101.0 million for the nine-month period ended September 30, 2015, an increase of $16.2 million or 16.0%.

Revenue from the Canadian envelope market increased by $4.2 million or 5.5%, to $82.0 million during the first nine months of 2016. Although the Premier Envelope acquisition performed well year-to-date and helped offset the secular decline in the envelope market, the recent Canada Post labour disruptions dampened revenue growth. The number of units sold increased by 0.9% combined with higher average selling prices of 4.5% when compared to the equivalent period of last year, resulting from changes in the product mix and higher costs of raw materials during the first half of 2016.

Revenue from the U.S. envelope market continued to grow significantly as a result of the Classic Envelope Inc. acquisition concluded in October 2015 and to a lesser extent from the acquisition of Bowers Envelope concluded on August 29, 2016. During the first nine months of the year, revenue from this market reached $27.3 million, representing an increase of $11.4 million or 71.4% over last year, on volume increases of 58.6% and 8.1% higher average selling prices denominated in CAD, of which 5.0% results from the appreciation of the USD.

Revenue from packaging and specialty products was $7.9 million for the nine-month period ended September 30, 2016, an increase of 7.9% from $7.3 million in the comparable period of 2015.

Operating Expenses

Operating expenses for the nine-month period ended September 30, 2016, were $83.8 million compared with $65.2 million for the same period in 2015, an increase of $18.6 million or 28.5%. This is mainly a reflection of the Company's strategy to grow its presence in the U.S. envelope market and strengthen its platform in Canada resulting in the acquisition of three businesses in the last twelve months. During this period, Supremex acquired three businesses and significantly grew its presence in the U.S., a much larger and more competitive envelope market. Additionally, the cost of raw materials denominated in USD increased during the first half of the year; and during the third quarter the Company faced external headwinds from the Canada Post labour disruption threat. Further explaining this variance are non-cash gains of $3.8 million that were 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., of Classic Envelope Inc. and most recently of Bowers Envelope, the Company incurred various integration costs mainly during the first half of 2016, such as expenses related to the closing and remediation of two facilities, equipment moving costs, severances and costs related to temporary inefficiencies.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totalled $13.8 million for the nine-month period ended September 30, 2016, compared with $10.8 million for the same period in 2015, an increase of $3.0 million or 28.0% attributable to the recent acquisitions and non-cash gains of $1.2 million recorded in the first half of 2015 on amendments to the pension and post-retirement benefits plans.

EBITDA and Adjusted EBITDA

EBITDA stood at $19.6 million for the nine-month period ended September 30, 2016, compared with $25.0 million for the same period in 2015, a decrease of $5.4 million or 21.7%. 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 $19.6 million for the nine-month period ended September 30, 2016, compared with $20.0 million last year, a decrease of $0.4 million or 2.4%. Adjusted EBITDA margins stood at 16.7% in the first nine months of 2016 compared to 19.8% during the comparable period of last year, mostly on the increase in operating expenses explained above.

Amortization

Aggregate amortization expense for nine-month period ended September 30, 2016, amounted to $5.3 million compared with $7.6 million for the comparable period of 2015 representing a decrease of $2.3 million or 29.5% mostly explained by 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 nine-month period ended September 30, 2016, amounted to $0.7 million compared with $0.8 million for the same period in 2015, a decrease of $0.1 million or 17.2%.

Earnings before Income Taxes

Due to the fluctuations in revenue and expenses described herein, earnings before income taxes totalled $13.5 million for the nine-month period ended September 30, 2016, compared with $16.6 million for the same period in 2015, a decrease of $3.1 million or 18.4%.

Provision for Income Taxes

During the nine-month period ended September 30, 2016, the Company recorded a provision for income taxes of $3.6 million compared with $4.5 million for the nine-month period ended September 30, 2015, a decrease of $0.9 million or 19.7% reflecting lower earnings before income taxes, on the account of the non-cash gains recorded in the first half of 2015 on amendments to the pension and post-retirement benefits plans.

Net Earnings

As a result of the changes described above, net earnings amounted to $10.0 million for the nine-month period ended September 30, 2016, compared with $12.1 million for the same period in 2015, a decrease of $2.1 million or 18.0%. Earnings per share amounted to $0.35 in the first nine months of 2016 compared to $0.42 in the comparative period of 2015.

Adjusted net earnings grew by 17.6% to $10.0 million (or $0.35 per share) for the nine-month period ended September 30, 2016, up from $8.5 million (or $0.29 per share) for the same period in 2015.

Other Comprehensive Loss

The discount rate used to calculate the accrued plan benefit obligations decreased to 3.2% as at September 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 $4.7 million for the nine-month period ended September 30, 2016, compared to losses of $1.1 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 $72.3 million in Canada and $12.4 million in the United States as at September 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 $26.0 million and $87.9 million for the three and nine-month periods ended September 30, 2016, compared with $26.4 million and $84.0 million for the same periods in 2015, representing a decrease of $0.4 million or 1.4% and an increase of $3.9 million or 4.7% respectively. In the United States, the Company's revenue amounted to $10.5 million and $29.3 million for the three and nine-month periods ended September 30, 2016, compared with $6.1 million and $17.0 million for the same periods in 2015, representing an increase of $4.4 million or 73.0% and an increase of $12.3 million or 72.0%, respectively.

Liquidity and Capital Resources

Operating Activities

Cash of $12.5 million was generated by operating activities during the nine-month period ended September 30, 2016, compared with $12.0 million during the same period of 2015. Working capital required $2.8 million during the first nine months of 2016 compared to $3.4 million for the same period in 2015, a decrease of $0.6 million on sustained efforts to maintain efficient working capital levels.

Investing Activities

Cash of $6.3 million was used in investing activities during the nine-month period ended September 30, 2016, compared to $2.0 million in 2015, an increase of $4.3 million attributable to the acquisition of Bowers Envelope for a cash consideration of $4.7 million and lower investment in the enterprise resource planning implementation.

Financing Activities

In the nine-month period ended September 30, 2016, $8.5 million was used in financing activities compared with $8.1 million in 2015, an increase of $0.4 million mainly due to the purchase of share capital for cancellation under the normal course issuer bid. 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 November 3, 2016, the Company had 28,632,751 common shares outstanding, a decrease of 118,216 shares, following the repurchase done under the NCIB program during the nine-month period ended September 30, 2016.

Financial Position Highlights
(In thousands of dollars)

	September 30, 2016 $	December 31, 2015 $
Working capital	**21,727**	20,213
Total assets	**124,158**	125,166
Total secured credit facilities (1)	**25,528**	28,674
Equity	**71,983**	72,635

(1) Net of deferred financing costs of $275 ($326 at December 31, 2015).

The Company was in compliance with the covenants of its credit facility as at September 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 July 1, 2016, and ended September 30, 2016, that have materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Recent Event

On November 3, 2016, the Board of Directors declared a quarterly dividend of $0.06 per common share payable on January 13, 2017, to the shareholders of record as at December 30, 2016.

Significant accounting policies and estimates

The Company's unaudited interim consolidated financial statements for the nine-month period ended September 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 nine-month periods ended September 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**	**September 30, 2016** **$**	**December 31, 2015** **$**
ASSETS	**4**		
Current assets			
Cash		**1,109,175**	3,533,917
Accounts receivable		**21,238,342**	21,358,826
Income tax receivable		**566,557**	—
Inventories	**3**	**15,512,880**	15,563,613
Prepaid expenses		**998,814**	653,580
Total current assets		**39,425,768**	41,109,936
Property, plant and equipment		**25,412,096**	26,790,391
Deferred income tax assets		**1,360,739**	—
Intangible assets		**5,994,963**	6,500,672
Goodwill		**51,964,617**	50,765,024
Total assets		**124,158,183**	125,166,023
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**5**	**15,796,782**	18,147,715
Dividend payable	**6**	**1,574,801**	1,581,303
Provisions		**327,498**	332,939
Income tax payable		—	835,246
Total current liabilities		**17,699,081**	20,897,203
Secured credit facilities	**4**	**25,527,999**	28,674,021
Deferred income tax liabilities		**1,411,143**	2,419,291
Accrued pension benefit liability		**7,294,993**	301,339
Other post-retirement benefit obligations		**241,800**	239,000
Total liabilities		**52,175,016**	52,530,854
Equity			
Share capital	**5**	**9,773,015**	9,813,365
Contributed surplus	**5**	**279,080,859**	279,601,180
Deficit		**(217,139,310)**	(217,615,887)
Foreign currency translation reserve		**268,603**	836,511
Total equity		**71,983,167**	72,635,169
Total liabilities and equity		**124,158,183**	125,166,023

Subsequent event [*note 8*]

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 September 30, 2016 $	Three-month periods ended September 30, 2015 $	Nine-month periods ended September 30, 2016 $	Nine-month periods ended September 30, 2015 $
Revenue		**36,513,756**	32,435,405	**117,194,902**	101,011,698
Operating expenses	**3**	**26,677,453**	22,115,642	**83,834,722**	65,243,973
Selling, general and administrative expenses	**2,5**	**4,328,550**	3,733,894	**13,804,358**	10,785,448
Operating earnings before amortization and (gain) loss on disposal of property, plant and equipment		**5,507,753**	6,585,869	**19,555,822**	24,982,277
Amortization of property, plant and equipment		**1,263,626**	1,016,429	**3,742,756**	2,957,579
Amortization of intangible assets		**249,007**	1,540,975	**1,600,346**	4,622,925
(Gain) loss on disposal of property, plant and equipment		**(29,147)**	19,459	**23,705**	19,459
Operating earnings		**4,024,267**	4,009,006	**14,189,015**	17,382,314
Financing charges, net	**4**	**198,010**	184,796	**650,320**	785,480
Earnings before income taxes		**3,826,257**	3,824,210	**13,538,695**	16,596,834
Income tax expense		**994,284**	1,053,664	**3,588,360**	4,470,119
Net earnings		**2,831,973**	2,770,546	**9,950,335**	12,126,715
Basic and diluted net earnings per share		**0.0989**	0.0964	**0.3473**	0.4218
Weighted average number of shares outstanding		**28,637,319**	28,750,967	**28,650,193**	28,751,021

See accompanying notes

Supremex Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[Unaudited]	Three-month periods ended September 30, 2016 $	Three-month periods ended September 30, 2015 $	Nine-month periods ended September 30, 2016 $	Nine-month periods ended September 30, 2015 $
Net earnings	**2,831,973**	2,770,546	**9,950,335**	12,126,715
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to earnings in subsequent periods				
Foreign currency translation adjustments	**197,435**	95,217	**(567,908)**	170,528
Net other comprehensive income (loss) to be reclassified to earnings in subsequent periods	**197,435**	95,217	**(567,908)**	170,528
Items not to be reclassified to earnings in subsequent periods				
Recognized actuarial loss on defined benefit pension plans, net of income tax recovery of $65,603 and of $1,671,574 [2015 – $458,654 and $390,841]	**(185,997)**	(1,300,846)	**(4,739,826)**	(1,120,059)
Recognized actuarial (loss) gain on other post-retirement benefit, net of income tax recovery of $833 and $2,893 [2015 – $261 and expense of $3,493]	**(2,367)**	(739)	**(8,207)**	9,907
Net other comprehensive loss not being reclassified to earnings in subsequent periods	**(188,364)**	(1,301,585)	**(4,748,033)**	(1,110,152)
Other comprehensive income (loss)	**9,071**	(1,206,368)	**(5,315,941)**	(939,624)
Total comprehensive income	**2,841,044**	1,564,178	**4,634,394**	11,187,091

See accompanying notes

Supremex Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share capital	Contributed surplus	Deficit	Foreign currency translation reserve	Total equity
	$	$	$	$	$
As at December 31, 2014	9,814,628	279,611,054	(225,695,059)	21,072	63,751,695
Net earnings	—	—	12,126,715	—	12,126,715
Other comprehensive (loss) income	—	—	(1,110,152)	170,528	(939,624)
Total comprehensive income	—	—	11,016,563	170,528	11,187,091
Dividends declared [*note 6*]	—	—	(4,314,287)	—	(4,314,287)
Shares repurchased and cancelled [*note 5*]	(1,263)	(9,874)	—	—	(11,137)
As at September 30, 2015	**9,813,365**	**279,601,180**	**(218,992,783)**	**191,600**	**70,613,362**
As at December 31, 2015	9,813,365	279,601,180	(217,615,887)	836,511	72,635,169
Net earnings			9,950,335	—	9,950,335
Other comprehensive loss	—	—	(4,748,033)	(567,908)	(5,315,941)
Total comprehensive (loss) income	—	—	(5,202,302)	(567,908)	4,643,394
Dividends declared [*note 6*]	—	—	(4,725,725)	—	(4,725,725)
Shares repurchased and cancelled [*note 5*]	(40,350)	(520,321)	—	—	(560,671)
As at September 30, 2016	**9,773,015**	**279,080,859**	**(217,139,310)**	**268,603**	**71,983,167**

See accompanying notes

Supremex Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

[Unaudited]	Notes	Three-month periods ended September 30, 2016 $	Three-month periods ended September 30, 2015 $	Nine-month periods ended September 30, 2016 $	Nine-month periods ended September 30, 2015 $
OPERATING ACTIVITIES					
Net earnings		**2,831,973**	2,770,546	**9,950,335**	12,126,715
Non-cash adjustment to reconcile net earnings to net cash flows					
Amortization of property, plant and equipment		**1,263,626**	1,016,429	**3,742,756**	2,957,579
Amortization of intangible assets		**249,007**	1,540,975	**1,600,346**	4,622,925
Amortization of deferred financing costs	4	**17,157**	16,023	**51,471**	48,069
(Gain) loss on disposal of property, plant and equipment		**(29,147)**	19,459	**23,705**	19,459
Gain on valuation of derivative financial instruments	4	**—**	(118,776)	**—**	(240,938)
Deferred income tax recovery		**(1,794)**	(500,401)	**(665,939)**	(344,525)
Change in employees benefits		**74,100**	320,020	**614,354**	(3,794,495)
		4,404,922	5,064,275	**15,317,028**	15,394,789
Working capital adjustments					
Variation in accounts receivable		**(1,367,589)**	527,948	**1,317,095**	1,413,317
Variation in inventories		**334,505**	(1,116,277)	**969,350**	(1,674,219)
Variation in prepaid expenses		**211,212**	(103,890)	**(326,521)**	(232,691)
Variation in accounts payable and accrued liabilities		**(253,521)**	770,281	**(3,303,001)**	(2,133,941)
Variation in provisions		**(2,060)**	(1,338)	**(5,441)**	(2,299)
Variation in income tax receivable and payable		**(251,342)**	102,238	**(1,401,803)**	(725,311)
Change in employee benefits		**(7,900)**	(5,937)	**(40,400)**	(13,109)
Net cash flows from operating activities		**3,068,227**	5,237,300	**12,526,307**	12,026,536
INVESTING ACTIVITIES					
Business acquisition	2	**(4,678,009)**	—	**(4,678,009)**	—
Acquisition of property, plant and equipment		**(142,984)**	(320,079)	**(1,005,039)**	(892,905)
Acquisition of intangible assets		**(212,637)**	(425,614)	**(686,028)**	(1,058,020)
Proceeds from sale of property, plant and equipment		**20,000**	—	**71,631**	—
Net cash flows used in investing activities		**(5,013,630)**	(745,693)	**(6,297,445)**	(1,950,925)
FINANCING ACTIVITIES					
Increase (repayment) of operating facility		**4,267,784**	(387,387)	**(3,197,493)**	(617,177)
Repayment of term loan		**—**	(892,848)	**—**	(3,095,229)
Dividends paid	6	**(1,575,462)**	(1,437,548)	**(4,732,228)**	(4,314,472)
Financing cost incurred		**—**	(39,440)	**—**	(39,440)
Purchase of share capital for cancellation	5	**(60,969)**	**—**	**(560,671)**	(11,137)
Net cash flows from (used in) financing activities		**2,631,353**	(2,757,223)	**(8,490,392)**	(8,077,455)
Net change in cash		**685,950**	1,734,384	**(2,261,530)**	1,998,156
Net foreign exchange difference		**54,788**	43,573	**(163,212)**	59,511
Cash, beginning of period		**368,437**	643,789	**3,533,917**	364,079
Cash, ending of period		**1,109,175**	2,421,746	**1,109,175**	2,421,746
Supplemental information [(1)]					
Interest paid		**167,953**	262,517	**701,482**	901,750
Interest received		**603**	307	**6,555**	2,920
Income taxes paid		**1,632,108**	1,507,773	**5,906,280**	5,535,076
Income taxes received		**388,672**	49,605	**388,672**	124,814

(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 nine-month periods ended September 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 November 3, 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. BUSINESS COMBINATION

On August 29, 2016, the Company purchased the principal net assets of Bowers Envelope Company, Inc. ("Bowers Envelope") for a cash consideration of $4,678,009. Bowers Envelope is a manufacturer and printer of envelopes based in Indianapolis, Indiana.

This acquisition aligns with the Company long-term strategy to extend its core products in key markets.

2. BUSINESS COMBINATION [Cont'd]

The following table presents a preliminary summary of the estimated fair value of assets acquired and liabilities assumed at the acquisition.

	Bowers Envelope Company, Inc. **$**
Net assets acquired	
Accounts receivable	1,196,611
Inventories	918,617
Prepaid expenses	18,713
Total current assets	**2,133,941**
Property, plant and equipment	1,740,098
Customer relationships	490,929
Goodwill	1,265,109
Total assets	**5,630,077**
Accounts payable and accrued liabilities	952,068
Net assets acquired	**4,678,009**
Cash, consideration	**4,678,009**
Acquisition-related costs recognized as an expense	106,179

The Company's consolidated statement of earnings for the three and nine-month periods ended September 30, 2016 include the operating results of $1,167,973 of Bowers Envelope Company, Inc. since the acquisition date. The fair value of the receivables acquired of $1,196,611 of which no amount was considered uncollectible at the acquisition date, is included in the current asset in the accounting of the business acquisition.

If the acquisition had occurred on January 1, 2016 revenue for the nine-month period from Bowers Envelope Company, Inc. would have been approximately $8,400,000.

Goodwill deductible for tax purposes amounts to $1,265,109. The goodwill related to the acquisition is composed of expected growth and operational synergies.

3. INVENTORIES

	September 30, 2016 $	December 31, 2015 $
Raw materials	**4,255,990**	4,461,908
Work in progress	**242,857**	329,869
Finished goods	**11,014,033**	10,771,836
	15,512,880	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 nine-month periods ended September 30, 2016 are $27,882,792 and $87,449,362 respectively [2015 - $23,090,153 and $68,076,172 respectively].

4. SECURED CREDIT FACILITIES

Amounts owed under secured credit facility are as follows:

	September 30, 2016 $	December 31, 2015 $
Revolving credit facility	**25,802,507**	29,000,000
Less: deferred financing costs, net	**(274,508)**	(325,979)
Long-term portion of secured credit facility	**25,527,999**	28,674,021

There are no minimum required payments on secured credit facility.

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

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

As at September 30, 2016, the effective variable interest rate on the secured credit facility was 2.41% [2.59% as at December 31, 2015].

4. SECURED CREDIT FACILITIES [Cont'd]

Financing charges are as follows:

	Three-month periods ended September 30, 2016	Three-month periods ended September 30, 2015	Nine-month periods ended September 30, 2016	Nine-month periods ended September 30, 2015
	$	**$**	**$**	**$**
Interest on secured credit facilities	**168,667**	315,471	**561,821**	973,202
Interest expense (income) on defined benefit plans obligations	**11,600**	(29,000)	**34,800**	(2,200)
Other interest	**586**	1,078	**2,228**	7,347
Amortization of deferred financing costs	**17,157**	16,023	**51,471**	48,069
Gain on valuation of derivative financial instrument (interest rate swap)	—	(118,776)	—	(240,938)
	198,010	184,796	**650,320**	785,480

5. 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 September 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	(118,216)	(40,350)
Balance, as of September 30, 2016	**28,632,751**	**9,773,015**

During the nine-month period ended September 30, 2016, the Company repurchased 118,216 common shares for cancellation through a normal course issuer bid in consideration of $560,671. The excess of the purchase price over the carrying value in the amount of $520,321 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 $97,727 (December 31, 2015 - $0) is presented under "*Accounts payable and accrued liabilities*".

The compensation expense for the DSUs during the three and nine-month periods ended September 30, 2016 amounted to $40,293 and $97,727 [2015 - $0] and is recognized under selling, general and administrative expenses.

6. DIVIDENDS

Dividends declared from January 1, 2016 to September 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
July 28, 2016	September 30, 2016	October 14, 2016	0.055	1,574,801
Total				**4,725,725**

Dividends declared from January 1, 2015 to September 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
July 30, 2015	September 30, 2015	October 14, 2015	0.05	1,437,548
Total				**4,314,287**

7. SEGMENTED INFORMATION

The Company currently operates in one reporting segment: the manufacturing and sale of envelopes. The Company's non-current assets amounted to $72,306,249 in Canada and $12,426,166 in the United States as at September 30, 2016 [$74,347,005 and $9,709,082 respectively, as at December 31, 2015]. The Company's revenue amounted to $25,996,529 and to $87,888,347 in Canada and $10,517,227 and $29,306,555 in the United States for the three and nine-month periods ended September 30, 2016 based on customer location [2015 - $26,356,121 and $83,971,082 in Canada and $6,079,284 and $17,040,616 in the United States, respectively].

8. SUBSEQUENT EVENT

On November 3, 2016, the Board of Directors has declared a quarterly dividend of $0.06 per common share, payable on January 13, 2017 to shareholders of record at the close of business on December 30, 2016.