SupremeX

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014

The following management's discussion and analysis of financial condition and results of operations ("MD&A"), dated November 6, 2014, 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, 2014. These consolidated financial statements of the Company have been prepared by management in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). 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, 2013. 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, 2014. The consolidated financial statements for the three and nine-month periods ended September 30, 2014 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" 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" and "Selected Consolidated Financial Information" for the reconciliation of EBITDA to net earnings.

Overview

Supremex is Canada's largest 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 six provinces and one facility in the United States and employs approximately 500 people. This national presence allows Supremex to manufacture products tailored to the specifications of major national customers such as leading corporations, national resellers and governmental entities, as well as paper merchants and process and solutions providers.

Highlights and Overall Performance

Revenue in the third quarter of 2014 amounted to $32.2 million compared with $29.8 million in the third quarter of 2013, an increase of $2.4 million or 8.3%. This increase is mainly attributable to a higher average selling price in Canada, which was necessitated by increased costs in raw material, combined with an increase in units sold of 2.1% in the Canadian envelope market. In the US envelope market, the average selling price was up as result of a change in the product mix and the volume increased by 4.2%. Specialty products also contributed to this quarter's sales increase with an increase of almost 20% in units sold.

On July 29, 2014, the Company announced that it entered into an agreement with a customer in the U.S. to supply packaging products for a period of three years. This contract has yet to generate any of the anticipated annualized $9 million of revenue as shipments are anticipated to start in the last quarter of 2014.

Net earnings in the third quarter of 2014 amounted to $2.6 million compared with $1.6 million in the third quarter of 2013. Earnings per share amounted to $0.09 in the third quarter of 2014 compared to $0.05 in the comparative period of 2013.

EBITDA for the third quarter of 2014 amounted to $6.6 million compared with $5.4 million in 2013, an increase of $1.2 million or 22.2%. The EBITDA margin of 20.3% for the quarter was higher when compared with 18.0% last year due to higher revenues and improved margins as result of a focused effort on adding value and reducing costs. The Company's results were also better than last year's quarter thanks to changes made to fringe benefits in late 2013 and to a non-cash gain of $0.3 million on a pension plan amendment made in 2014 and recently approved by the regulatory body for one of the Company's pension plan.

On November 6, 2014 the Board of Directors declared a dividend of $0.05 per share, an increase of 11.1% over the last dividend paid and an increase of 25% over the dividend declared on November 7, 2013. This eligible dividend for tax purposes is payable on January 12, 2015 to shareholders of record date on December 31, 2014.

During the three-month period ended September 30, 2014, the Company repurchased 83,500 shares for a total of $228,672 under the NCIB program.

During the third quarter of 2014, the Company repaid a total amount of $2.6 million on its secured credit facilities. As of September 30, 2014, the total debt to trailing EBITDA ratio was 1.07 times.

The Company is encouraged that we had a year over year improvement in Canadian units sold in the third quarter after experiencing declines in the first two quarters. However, the Company's outlook remains cautious due to the volatility of order cycles in our industry and the longer term implications of Canada Post's new pricing structure, which was introduced earlier this year, as further described in the Company's MD&A for the financial year ended December 31, 2013.

Corporate Outlook

The multi-year contract signed recently with a customer in the U.S. for packaging products will ramp up at the end of the fourth quarter of fiscal 2014 and is expected to generate annualized sales of approximately $9 million starting in fiscal 2015. The Company invested approximately $1 million in capital expenditures to execute this contract in the fourth quarter of 2014.

For the last quarter of fiscal 2014, the emphasis will be placed on the ramp-up of the large contract with one of our U.S. customers, growing the contribution of high margin specialty products, taking advantage of U.S. market opportunities, maintaining a tight control over expenses, and further reducing our debt level.

Summary of Quarterly Results

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 back to school, fundraising, and the holiday 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 of 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.

The following table presents a summary of operating results of the Company on a quarterly basis from October 1, 2012 to September 30, 2014.

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

	Sept. 30, 2014	June 30, 2014	Mar. 31 2014	Dec. 31 2013	Sept. 30, 2013	June 30, 2013	Mar. 31, 2013	Dec. 31 2012 (2)
	$	$	$	**$**	$	$	$	$
Revenue	**32,241**	30,634	33,916	33,583	29,776	31,941	33,666	33,737
EBITDA (1)	**6,560**	5,816	7,345	6,714	5,370	6,130	9,765	7,094
Earnings before income taxes	**3,638**	3,102	4,601	3,548	2,166	3,307	6,423	3,873
Net earnings	**2,621**	2,331	3,368	2,737	1,577	2,462	4,755	2,981
Net earnings per share	**0.09**	0.08	0.12	0.10	0.05	0.09	0.16	0.10

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

(2) Restated following the transition to the new accounting standard IAS 19 *Employee Benefits* as described in note 4 to the Company's audited consolidated financial statements for the year ended December 31, 2013.

While the business is affected by a general decline in the envelope market, the Company achieved higher sales during the first and third quarter of 2014 when compared to the comparable periods of 2013. Notwithstanding this industry decline, the Company's EBITDA margin remained relatively constant throughout 2013 and 2014.

Selected Consolidated Financial Information
(In thousands of dollars, except for per share amounts)

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Revenue	**32,241**	29,776	**96,790**	95,383
Operating expenses	**21,663**	20,637	**65,064**	62,699
Selling, general and administrative expenses	**4,018**	3,769	**12,004**	11,419
EBITDA [(1)]	**6,560**	5,370	**19,722**	21,265
Amortization of property, plant and equipment	**880**	865	**2,642**	2,700
Amortization of intangible assets	**1,541**	1,541	**4,623**	4,623
Loss (gain) on disposal of property, plant and equipment	**—**	—	**6**	(73)
Operating earnings	**4,139**	2,964	**12,451**	14,015
Financing charges	**501**	798	**1,110**	2,119
Earnings before income taxes	**3,638**	2,166	**11,341**	11,896
Income taxes expenses	**1,017**	589	**3,021**	3,102
Net earnings	**2,621**	1,577	**8,320**	8,794
Basic and diluted net earnings per share	**0.09**	0.05	**0.29**	0.30
Dividend paid per share	**0.04**	0.03	**0.12**	0.09
Total assets	**113,304**	119,682	**113,304**	119,682
Secured credit facilities	**28,156**	43,776	**28,156**	43,776

(1) See "Definition of EBITDA."

Results of Operations

Three-month period ended September 30, 2014 compared with three-month period ended September 30, 2013

Revenue

Revenue for the three-month period ended September 30, 2014 amounted to $32.2 million compared with $29.8 million for the three-month period ended September 30, 2013, an increase of $2.4 million or 8.3%.

Such increase is mainly attributable to the revenue generated in the Canadian envelope market, which totaled $26.2 million during this third quarter, an increase of 6.3% over last year. The average selling price and the units sold in this market both increased by 4.1% and 2.1% respectively, therefore offsetting the increased cost of raw materials.

Revenue in the US envelope market grew 21.0% and reached $3.7 million as a result of higher volume and an improved average selling price, primarily the result of a product mix change. These increases were 4.2% and 16.1% respectively over the comparable period of last year. The increase in revenue was also positively affected by the weakening of the Canadian dollar in 2014 as the average foreign exchange rate with the US dollar had a positive impact of 4.9% upon converting US sales into Canadian dollars.

During the third quarter of 2014, revenue of specialty products increased by 13.6% to $2.3 million when compared to last year; a growth that was driven by an increase of 19.8% in the volume of units sold while the average selling price decreased by 5.1% primarily as a result of product mix. On

July 29, 2014, the Company announced that it entered into an agreement with a customer in the U.S. to supply packaging products for a period of three years. This contract has yet to generate revenues the anticipated annualized $9 million of revenue as shipments are anticipated to start in the last quarter of 2014.

Operating expenses

Operating expenses for the three-month period ended September 30, 2014 amounted to $21.7 million compared with $20.7 million for the same period in 2013, an increase of $1.0 million or 5%. The increase in operating expenses is related to the increase of raw material costs, partly offset by changes made to fringe benefits in late 2013 and by a non-cash gain of $0.2 million on a pension plan amendment made in 2014 and recently approved by the regulatory body for one of the Company's pension plan.

Selling, general and administrative expenses

Selling, general and administrative expenses totalled $4.0 million for the three-month period ended September 30, 2014 compared with $3.8 million for the same period in 2013, an increase of $0.2 million or 6.6%, mainly attributable to higher compensation costs related to the increased profitability for this quarter's results as well as to the year to date profitability.

EBITDA

As a result of the changes described above, EBITDA stood at $6.6 million for the three-month period ended September 30, 2014 compared with $5.4 million for the same period in 2013, an increase of $1.2 million or 22.2%.Without considering the non-cash gain of $0.3 million on a pension plan amendment, EBITDA would have stood at $6.3 million.

Amortization

Aggregate amortization expense for the three-month period ended September 30, 2014 remained stable at $2.4 million when compared with the same period in 2013.

Financing charges

Financing charges for the three-month period ended September 30, 2014 amounted to $0.5 million compared with $0.8 million for the same period in 2013, which is attributable to the reduced debt level in 2014.

Earnings before income taxes

Due to the fluctuations in revenue and expenses described above, earnings before income taxes totalled $3.6 million for the three-month period ended September 30, 2014 compared with $2.2 million for the same period in 2013, an increase of $1.4 million or 68%.

Provision for income taxes

During the three-month period ended September 30, 2014, the Company recorded a provision for income taxes of $1.0 million compared with $0.6 million for the three-month period ended September 30, 2013.

Net earnings

As a result of the changes described above, net earnings amounted to $2.6 million for the three-month period ended September 30, 2014 compared with $1.6 million for the same period in 2013, an increase of $1.0 million or 66%.

Other comprehensive loss

The lower than expected return on pension plan assets during the third quarter of 2014 and the decrease of the discount rate for the accrued plan benefit obligation has generated a net actuarial loss of $1.9 million. This variation impacted the Company's other comprehensive income and deficit.

Nine-month period ended September 30, 2014 compared with nine-month period ended September 30, 2013

Revenue

Revenue for the nine-month period ended September 30, 2014 amounted to $96.8 million compared with $95.4 million for the nine-month period ended September 30, 2013, an increase of $1.4 million or 1.5%.

Such increase is mainly attributable to the revenue generated in the US envelope market, which totaled $10.8 million for the nine-month period ended September 30, 2014, an increase of 20.9% over last year. The average selling price increased by 15.6% and the volume of units sold rose by 4.6%. The increase in revenue was positively affected by the weakening of the Canadian dollar in 2014 as the average foreign exchange rate with the US dollar had a positive impact of 6.9% upon converting US sales into Canadian dollars.

Revenue in the Canadian envelope market decreased by 1.3% to $79.0 million on the account of lower volume of units sold but compensated by an improved average selling price, which respectively decreased by 5.7% and increased by 4.6% over the comparable period of last year.

Revenue of specialty products for the nine-month period ended September 30, 2014 increased by 9.6% to $7.0 million when compared to last year.

Operating expenses

Operating expenses for the nine-month period ended September 30, 2014 amounted to $65.1 million compared with $62.7 million for the same period in 2013, an increase of $2.4 million or 3.8%. This increase is mainly explained by the gain of $2.1 million recorded last year resulting from the 2013 defined benefit pension plan amendments partially offset by changes in the group insurance benefits, generated savings in the first nine months of 2014 when compared to 2013. While costs of raw materials increased, control over labour costs positively affected the operating expenses of the nine-month period ended September 30, 2014.

Selling, general and administrative expenses

Selling, general and administrative expenses totalled $12.0 million for the nine-month period ended September 30, 2014 compared with $11.4 million for the same period in 2013, an increase of $0.6 million or 5.1%. The increase is mainly attributable to the gain of $0.7 million recorded last year resulting from the 2013 defined benefit pension plan amendments.

EBITDA

As a result of the changes described above, EBITDA was at $19.7 million for the nine-month period ended September 30, 2014 compared with $21.3 million for the same period in 2013, a decrease of $1.6 million or 7.3%.

Without considering the 2013 gain of $2.8 million resulting from the defined benefit pension plan amendments, reducing early retirement and bridging benefits and the gain of $0.3 million on a 2014 pension plan amendment, EBITDA for the nine-month period ended September 30, 2014 of $19.4 million is higher than last year's EBITDA of $18.5 million.

Amortization

Aggregate amortization expense for the nine-month period ended September 30, 2014 remained stable at $7.3 million when compared with the same period in 2013.

Financing charges

Financing charges for the nine-month period ended September 30, 2014 amounted to $1.1 million compared with $2.1 million for the same period in 2013. The decrease of $1.0 million resulted mainly from the impact of the reduced level of debt in 2014.

Earnings before income taxes

Due to the fluctuations in revenue and expenses described above, earnings before income taxes totalled $11.3 million for the nine-month period ended September 30, 2014 compared with $11.9 million for the same period in 2013, a decrease of $0.6 million or 4.7%.

Provision for income taxes

During the nine-month period ended September 30, 2014, the Company recorded a provision for income taxes of $3.0 million compared with $3.1 million for the nine-month period ended September 30, 2013, a decrease of $0.1 million or 2.6%.

Net earnings

As a result of the changes described above, net earnings amounted to $8.3 million for the nine-month period ended September 30, 2014 compared with $8.8 million for the same period in 2013, a decrease of $0.5 million or 5.4%.

Other comprehensive loss

The higher than expected return on pension plan assets during the nine-month period ended September 30, 2014 did not offset the loss resulting from the decrease of the discount rate for accrued plan benefit obligation and has generated a net actuarial loss of $4.8 million. This variation impacted the Company's other comprehensive income and deficit.

Segmented Information

The Company currently operates in one business segment: the manufacturing and sale of envelopes. The Company's non-current assets amounted to $82.3 million in Canada and $0.7 million in the U.S. as at September 30, 2014 as compared to $94.4 million and $0.8 million as at December 31, 2013, respectively.

In Canada, the Company's revenue amounted to $28.2 million and $85.4 million for the three and nine-month periods ended September 30, 2014 compared with $26.6 million and $86.2 million for the same periods in 2013, representing an increase of $1.6 million or 6.2% and a decrease of $0.8 million or 0.9%, respectively. In the U.S., the Company's revenue amounted to $4.0 million and $11.4 million for the three and nine-month periods ended September 30, 2014 compared with $3.2 and $9.2 million for the same periods in 2013, representing increases of $0.8 million or 26.1% and $2.2 million or 24.1%, respectively

Liquidity and Capital Resources

Operating activities

Cash of $13.8 million was generated in operating activities during the nine-month period ended September 30, 2014 compared with $4.9 million during the same period of 2013. The increase in net cash flows from operating activities is primarily due to less outflows required in the non-cash working capital but also to the profitability generated by the operations. Working capital required $0.6 million during the first nine months of 2014 compared to $7.7 million for the same period in 2013. Less outflows related to accounts payable and accrued liabilities combined to efforts in managing the inventory levels yielded this positive result.

Investing activities

Cash of $1.5 million mainly related to the acquisition of equipment needed to supply packaging products following the agreement with a customer in the U.S. was used in investing activities during the nine-month period ended September 30, 2014 compared with $0.5 million during the same period of 2013.

Financing activities

In the nine-month period ended September 30, 2014, $13.6 million was used in financing activities for the repayment of the credit facilities, the payment of dividends and the purchase of 120,000 shares under the NCIB program. During the comparable period of 2013, the Company had used $8.4 million on its financing activities.

Liquidity and capital resources summary

The Company's ability to generate cash flows from operations combined with our availability under our 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, 2013 and did not significantly change since that date. The Company has no other off-balance sheet arrangements.

Capitalization

As at November 6, 2014, the Company had 28,811,267 common shares outstanding, a decrease of 149,600 shares following the repurchase done under the NCIB program since its implementation.

Financial Position Highlights

(In thousands of dollars)

	September 30, 2014 $	December 31, 2013 $
Working capital	**10,338**	11,080
Total assets	**113,304**	126,754
Total secured credit facilities[1]	**28,156**	37,583
Equity	**64,073**	65,623

[1] Net of deferred financing cost of $156,311 ($416,966 at Dec. 31, 2013)

The Company was in compliance with the covenants of its credit facilities as at September 30, 2014.

Contingent liability

During the three-month period ended March 31, 2014, a former executive instituted legal proceedings against the Company, claiming $1,077,474 following his departure. As at September 30, 2014, the Company had not recorded a provision as part of this litigation. The Company believes this lawsuit is without merit and intends to defend itself vigorously.

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 control over financial reporting.

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

i. material information relating to the Company is made known to the President and Chief Executive Officer and the Vice-President, Finance, by others 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 control 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 control over financial reporting that occurred during the period beginning July 1, 2014 and ended September 30, 2014 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Significant accounting policies and estimates

The Company's unaudited interim consolidated financial statements for the nine-month period ended September 30, 2014 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 Company's result of operations, business prospects and financial condition are subject to a number of risks and uncertainties, and are affected by a number of factors, outside the control of the management. Details are provided in the "Risk Factors" section of the Company's 2013 Annual Information Form, dated March 28, 2014 (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 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 our MD&A for fiscal 2013.

Forward-looking information is subject to certain risks and uncertainties, and should not be read as a guarantee of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking information. These risks and uncertainties include but are not limited to the following: 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 2013 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

References to "EBITDA" are to earnings before financing charges, income tax expense, amortization of property, plant and equipment and of intangible assets and loss (gain) 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.

EBITDA is not an earnings measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Therefore, EBITDA may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA 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, 2014 and 2013

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 CPA 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, 2014 $	December 31, 2013 $
ASSETS	**3**		
Current assets			
Cash		**233,709**	1,506,205
Accounts receivable		**18,116,107**	17,375,214
Inventories	**2**	**11,112,845**	12,147,658
Prepaid expenses		**872,380**	522,033
Total current assets		**30,335,041**	31,551,110
Property, plant and equipment		**24,742,052**	25,880,298
Accrued pension benefit assets		**1,689,653**	8,161,800
Intangible assets		**9,648,304**	14,271,229
Goodwill		**46,889,125**	46,889,125
Total assets		**113,304,175**	126,753,562
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**13,880,612**	14,418,279
Dividend payable	**5**	**1,297,839**	—
Provisions		**338,798**	411,276
Income tax payable		**908,164**	891,201
Current portion of secured credit facilities	**3**	**3,571,429**	4,750,000
Total current liabilities		**19,996,842**	20,470,756
Secured credit facilities	**3**	**24,584,564**	32,833,034
Deferred income tax liabilities		**3,115,646**	5,982,971
Other post-retirement benefit obligations		**901,400**	888,500
Derivative financial liability	**3**	**632,799**	954,925
Equity			
Share capital	**4**	**9,844,050**	9,885,008
Contributed surplus	**4**	**279,829,722**	280,108,017
Deficit		**(225,587,552)**	(224,318,659)
Foreign currency translation reserve		**(13,296)**	(50,990)
Total equity		**64,072,924**	65,623,376
Total liabilities and equity		**113,304,175**	126,753,562

Subsequent events [*note 8*]

See accompanying notes

On behalf of the Directors:

By: (signed) Mathieu Gauvin
Director

By: (signed) George Armoyan
Director

Supremex Inc.

CONSOLIDATED STATEMENTS OF EARNINGS

[Unaudited]	Notes	Three-month periods ended September 30, 2014 $	2013 $	Nine-month periods ended September 30, 2014 $	2013 $
Revenue		**32,241,110**	29,776,466	**96,790,597**	95,383,051
Operating expenses	**2**	**21,662,984**	20,637,184	**65,064,218**	62,698,939
Selling, general and administrative expenses		**4,017,908**	3,769,091	**12,004,227**	11,418,986
Operating earnings before amortization and loss (gain) on disposal of property, plant and equipment		**6,560,218**	5,370,191	**19,722,152**	21,265,126
Amortization of property, plant and equipment		**879,884**	864,965	**2,642,495**	2,699,823
Amortization of intangible assets		**1,540,975**	1,540,975	**4,622,925**	4,622,925
Loss (gain) on disposal of property, plant and equipment		**—**	—	**5,617**	(73,046)
Operating earnings		**4,139,359**	2,964,251	**12,451,115**	14,015,424
Financing charges	**3**	**501,070**	798,381	**1,110,142**	2,119,266
Earnings before income taxes		**3,638,289**	2,165,870	**11,340,973**	11,896,158
Income tax expense		**1,017,311**	589,140	**3,021,214**	3,102,450
Net earnings		**2,620,978**	1,576,730	**8,319,759**	8,793,708
Basic and diluted net earnings per share		**0.0907**	0.0544	**0.2875**	0.3036
Weighted average number of shares outstanding		**28,911,242**	28,960,867	**28,941,370**	28,960,867

See accompanying notes

Supremex Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

[Unaudited]	Three-month periods ended September 30, 2014 $	2013 $	Nine-month periods ended September 30, 2014 $	2013 $
Net earnings	**2,620,978**	1,576,730	**8,319,759**	8,793,708
Other comprehensive income				
Other comprehensive income (loss) to be reclassified to earnings in subsequent periods				
Foreign currency translation adjustments	**40,443**	(11,663)	**37,694**	16,964
Net other comprehensive income (loss) to be reclassified to earnings in subsequent periods	**40,443**	(11,663)	**37,694**	16,964
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 $651,908 and of $1,678,703 [2013 – recovery of $113,657 and expense of $2,634,333]	**(1,859,292)**	(325,343)	**(4,787,797)**	7,540,767
Recognized actuarial (loss) gain on other post-retirement benefit, net of income tax recovery of $1,324 and $10,228 [2013 – expense of $828 and $7,456]	**(3,776)**	2,372	**(29,172)**	21,344
Net other comprehensive income (loss) not being reclassified to earnings in subsequent periods	**(1,863,068)**	(322,971)	**(4,816,969)**	7,562,111
Other comprehensive (loss) income	**(1,822,625)**	(334,634)	**(4,779,275)**	7,579,075
Total comprehensive income	**798,353**	1,242,096	**3,540,484**	16,372,783

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, 2013	9,885,008	280,108,017	(224,318,659)	(50,990)	65,623,376
Net earnings	—	—	8,319,759	—	8,319,759
Other comprehensive (loss) income	—	—	(4,816,969)	37,694	(4,779,275)
Total comprehensive income	—	—	3,502,790	37,694	3,540,484
Dividends declared [*note 5*]	—	—	(4,771,683)	—	(4,771,683)
Shares repurchased and cancelled[*note 4*]	(40,958)	(278,295)	—	—	(319,253)
As at September 30, 2014	**9,844,050**	**279,829,722**	**(225,587,552)**	**(13,296)**	**64,072,924**
As at December 31, 2012	9,885,008	280,108,017	(252,002,146)	(83,979)	37,906,900
Net earnings	—	—	8,793,708	—	8,793,708
Other comprehensive income	—	—	7,562,111	16,964	7,579,075
Total comprehensive income	—	—	16,355,819	16,964	16,372,783
Dividends declared [*note 5*]	—	—	(2,606,478)	—	(2,606,478)
As at September 30, 2013	9,885,008	280,108,017	(238,252,805)	(67,015)	51,673,205

See accompanying notes

Supremex Inc.

CONSOLIDATED STATEMENTS OF CASH FLOW

		Three-month periods ended September 30,		Nine-month periods ended September 30,	
		2014	2013	2014	2013
[Unaudited]	**Notes**	$	$	$	$
OPERATING ACTIVITIES					
Net earnings		**2,620,978**	1,576,730	**8,319,759**	8,793,708
Non-cash adjustment to reconcile net earnings to net cash flows					
Amortization of property, plant and equipment		**879,884**	864,965	**2,642,495**	2,699,823
Amortization of intangible assets		**1,540,975**	1,540,975	**4,622,925**	4,622,925
Amortization of deferred financing costs	3	**307,714**	56,859	**421,431**	170,576
Loss (gain) on disposal of property, plant and equipment		**—**	—	**5,617**	(73,046)
(Gain) loss on valuation of derivative financial instrument	3	**(111,277)**	15,340	**(322,126)**	(290,445)
Deferred income tax recovery		**(371,935)**	(381,059)	**(1,178,393)**	(253,781)
Change in employee benefits		**(5,738)**	149,400	**36,247**	(2,197,200)
		4,860,601	3,823,210	**14,547,955**	13,472,560
Working capital adjustments					
Variation in accounts receivable		**(2,141,125)**	1,103,572	**(740,893)**	(895,227)
Variation in inventories		**(7,660)**	613,643	**1,034,813**	172,885
Variation in prepaid expenses		**120,766**	51,123	**(350,347)**	(231,232)
Variation in accounts payable and accrued liabilities		**1,723,855**	(2,921,356)	**(537,667)**	(7,193,112)
Variation in provisions		**(30,787)**	(8,282)	**(72,478)**	(17,349)
Variation in income tax receivable and payable		**407,035**	(29,273)	**16,963**	466,430
Change in employee benefits		**(18,200)**	(57,500)	**(57,100)**	(834,400)
Net cash flows from operating activities		**4,914,485**	2,575,137	**13,841,246**	4,940,555
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		**(1,078,620)**	(141,736)	**(1,474,925)**	(640,796)
Proceeds from sale of property, plant and equipment		**—**	—	**8,000**	92,814
Net cash flows used in investing activities		**(1,078,620)**	(141,736)	**(1,466,925)**	(547,982)
FINANCING ACTIVITIES					
Repayment of secured credit facilities	3	**(2,570,247)**	(1,750,000)	**(9,848,473)**	(5,750,000)
Dividends paid	5	**(1,156,975)**	(868,826)	**(3,473,844)**	(2,606,478)
Purchase of share capital for cancellation	4	**(228,672)**	—	**(319,253)**	—
Net cash flows used in financing activities		**(3,955,894)**	(2,618,826)	**(13,641,570)**	(8,356,478)
Net change in cash		**(120,030)**	(185,425)	**(1,267,249)**	(3,963,905)
Net foreign exchange difference		**2,095**	6,577	**(5,247)**	(15,142)
Cash, beginning of period		**351,644**	1,293,677	**1,506,205**	5,093,876
Cash, ending of period		**233,709**	1,114,829	**233,709**	1,114,829
Supplemental information [(1)]					
Interest paid		**529,485**	552,988	**1,443,280**	1,738,545
Interest received		**—**	2,212	**5,104**	12,283
Income taxes paid		**1,148,508**	1,109,954	**4,357,408**	2,937,932
Income taxes received		**162,848**	110,163	**185,822**	120,242

(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, 2014 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 6, 2014 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, 2013, 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, 2013.

2. INVENTORIES

	September 30, 2014 $	**December 31, 2013 $**
Raw materials	**3,365,707**	3,008,114
Work in progress	**162,115**	70,788
Finished goods	**7,585,023**	9,068,756
	11,112,845	12,147,658

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, 2014 are $22,508,540 and $67,589,103 respectively [2013 - $21,456,421 and $65,192,945 respectively].

3. SECURED CREDIT FACILITIES

Amounts owed under revolving and term credit facilities are as follows:

	September 30, 2014 $	**December 31, 2013 $**
Operating facility	**3,609,923**	—
Term loan	**24,702,381**	—
Term credit facility	—	38,000,000
Less: deferred financing costs, net	**(156,311)**	(416,966)
	28,155,993	37,583,034
Current portion	**(3,571,429)**	(4,750,000)
Long-term portion of secured credit facilities	**24,584,564**	32,833,034

On August 15, 2014 the Company reimbursed its secured credit facilities and obtained new secured credit facilities consisting of a $15 million 3-year committed operating facility and a $25 million 3-year committed term loan. The term loan is repayable in monthly principal instalments of $297,619. In addition, 50% of the excess cash flow generated on a yearly basis will be used to repay the term loan.

The secured credit facilities are used for working capital, capital expenditure and other general corporate purpose. They are collateralized by hypothec and security interests covering all assets of the Company and its subsidiaries and are subject to certain covenants, which the Company is required, among other conditions, to meet. The Company was in compliance with these covenants as at September 30, 2014.

Minimum required payments on secured credit facilities are as follows:

	$
2014	892,857
2015	3,571,429

As at September 30, 2014, the effective interest rate on the revolving and term credit facilities was 3.39% and 3.35% respectively [3.53% on the term credit facility as at December 31, 2013]. On January 14, 2011, the Company entered into an interest rate swap agreement for an amount of $30 million. Under this agreement, the fixed interest rate (excluding the applicable margin) is 2.92% until January 14, 2016.

3. SECURED CREDIT FACILITIES [Cont'd]

Financing charges are as follows:

	Three-month periods ended September 30, 2014 $	Three-month periods ended September 30, 2013 $	Nine-month periods ended September 30, 2014 $	Nine-month periods ended September 30, 2013 $
Interest on secured credit facilities	**391,910**	539,073	**1,271,224**	1,688,490
Interest (income) expense on defined benefit obligation	**(97,900)**	181,200	**(293,700)**	543,900
Interest expense on post-retirement benefits	**10,200**	—	**30,600**	—
Other interests	**423**	5,909	**2,713**	6,745
Amortization of deferred financing costs	**307,714**	56,859	**421,431**	170,576
(Gain) loss on valuation of derivative financial instrument (interest rate swap)	**(111,277)**	15,340	**(322,126)**	(290,445)
	501,070	798,381	**1,110,142**	2,119,266

4. SHARE CAPITAL

The change on share capital was as follows:

	Number of common shares	Share capital $
Balance, as of December 31, 2013	28,960,867	9,885,008
Purchase of share capital for cancellation	(120,000)	(40,958)
Balance, as of September 30, 2014	**28,840,867**	**9,844,050**

During the nine-month period ended September 30, 2014, the Company repurchased 120,000 common shares for cancellation through a normal course issuer bid in consideration of $319,253. The excess of the purchase price over the carrying value in the amount of $278,295 was recorded as a reduction of contributed surplus.

5. DIVIDENDS

Dividends declared from January 1, 2014 to September 30, 2014 were as follows:

Declaration date	Record date	Payment date	Per share $	Dividend $
February 19, 2014	February 28, 2014	March 14, 2014	0.04	1,158,435
April 22, 2014	April 25, 2014	May 6, 2014	0.04	1,158,434
June 17, 2014	June 30, 2014	July 11, 2014	0.04	1,156,975
July 31, 2014	September 30, 2014	October 10, 2014	0.045	1,297,839
Total				**4,771,683**

5. DIVIDENDS [Cont'd]

Dividends declared from January 1, 2013 to September 30, 2013 were as follows:

Declaration date	Record date	Payment date	Per share $	Dividend $
February 20, 2013	March 4, 2013	March 15, 2013	0.03	868,826
May 6, 2013	May 31, 2013	June 14, 2013	0.03	868,826
August 1, 2013	August 16, 2013	August 30, 2013	0.03	868,826
Total				**2,606,478**

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 $82,273,301 in Canada and $695,833 in the United States as at September 30, 2014 [$94,437,158 and $765,294 respectively, as at December 31, 2013]. The Company's revenue amounted to $28,254,066 and $85,391,126 in Canada and $3,987,044 and $11,399,471 in the United States for the three and nine-month periods ended September 30, 2014 based on customer location [2013 – 26,614,527 and $86,195,779 in Canada and $3,161,939 and $9,187,272 in the United States, respectively].

7. CONTINGENT LIABILITIES

During the three-month period ended March 31, 2014, a former executive instituted legal proceedings against the Company, claiming $1,077,474 following his departure. As at September 30, 2014, the Company had not recorded a provision as part of this litigation. The Company believes this lawsuit is without merit and intends to defend itself vigorously.

8. SUBSEQUENT EVENTS

As of November 6, 2014, the Board of Directors has declared a quarterly dividend of $0.05 per common share, an increase of 25% over the dividend declared on November 7, 2013 and 11.1% over the last dividend paid, which is payable on January 12, 2015 to shareholders of record at the close of business on December 31, 2014.

9. COMPARATIVE FIGURES

Certain comparative figures from the previous year were reclassified to conform to the presentation adopted for the current year.