

Interim Condensed Consolidated Financial Statements of

IMAFLEX INC.

For the three and nine-month periods ended September 30, 2024 and 2023

These consolidated interim financial statements were not reviewed by our external auditors.

Consolidated statements of comprehensive income
(in thousands of Canadian dollars, except per share data)

(unaudited)

for the	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenues (Note 3.1)	\$ 28,418	\$ 22,858	\$ 84,655	\$ 70,588
Cost of sales	23,801	20,778	69,720	61,987
Gross profit	4,617	2,080	14,935	8,601
Expenses:				
Selling	535	494	1,626	1,459
Administrative	2,072	1,576	5,403	4,908
Finance costs (Note 6)	182	138	617	381
Other (gains) losses (Note 7)	340	(360)	(457)	31
	3,129	1,848	7,189	6,779
Income before income taxes	1,488	232	7,746	1,822
Income taxes	20	77	996	306
NET INCOME	1,468	155	6,750	1,516
Other comprehensive income (loss)				
Item that will be reclassified subsequently to net income				
Exchange differences on translating foreign operations	(223)	281	224	(29)
COMPREHENSIVE INCOME	\$ 1,245	\$ 436	\$ 6,974	\$ 1,487
Earnings per share (Note 8)				
Basic	\$ 0.03	\$ 0.00	\$ 0.13	\$ 0.03
Diluted	\$ 0.03	\$ 0.00	\$ 0.13	\$ 0.03

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
Note 4 presents additional information on consolidated comprehensive income.

Consolidated statements of financial position
(in thousands of Canadian dollars)
(unaudited)

As at	September 30, 2024	December 31, 2023
Assets		
<i>Current assets</i>		
Cash	\$ 3,686	\$ 799
Trade and other receivables	16,208	12,552
Inventories	12,966	13,168
Income tax receivable	213	1,564
Prepaid expenses	751	343
Total current assets	33,824	28,426
<i>Non-current assets</i>		
Property, plant and equipment (Note 9)	49,141	47,769
Intangible assets	2,328	2,255
Total non-current assets	51,469	50,024
Total assets	\$ 85,293	\$ 78,450
Liabilities and equity		
<i>Current liabilities</i>		
Bank indebtedness and short-term borrowings (Note 10)	\$ -	\$ 2,894
Trade and other payables	9,166	8,504
Long-term debt, current portion (Note 10)	185	1,298
Lease obligations, current portion (Note 10, 11)	2,525	1,744
Total current liabilities	11,876	14,440
<i>Non-current liabilities</i>		
Deferred tax liabilities	2,746	2,676
Lease obligations (Note 10, 11)	7,805	5,476
Total non-current liabilities	10,551	8,152
Total liabilities	22,427	22,592
<i>Equity</i>		
Share capital (Note 12)	12,931	12,931
Reserves	3,252	2,993
Retained earnings	46,683	39,934
Total equity	62,866	55,858
Total liabilities and equity	\$ 85,293	\$ 78,450

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

(s) Joseph Abbandonato
Joseph Abbandonato
Director

(s) Roberto Longo
Roberto Longo
Director

Consolidated statements of changes in equity
For the three-month periods ended September 30, 2024 and 2023
(in thousands of Canadian dollars)
(unaudited)

	Reserves							Total
	Share capital (a)	Share-based compensation	Accumulated foreign currency translation	Warrants	Total reserves	Retained earnings		
Balance at July 1, 2023	\$ 12,855	\$ 1,522	\$ 992	\$ 465	\$ 2,979	\$ 40,786	\$ 56,620	
Net income for the period	-	-	-	-	-	155	155	
Exchange differences on translating foreign operations	-	-	281	-	281	-	281	
Comprehensive income for the period	-	-	281	-	281	155	436	
Transactions with owners:								
Share-based compensation (Note 13)	-	22	-	-	22	-	22	
Balance at September 30, 2023	\$ 12,855	\$ 1,544	\$ 1,273	\$ 465	\$ 3,282	\$ 40,941	\$ 57,078	
Balance at July 1, 2024	\$ 12,931	\$ 1,574	\$ 1,433	\$ 465	\$ 3,472	\$ 45,215	\$ 61,618	
Net income for the period	-	-	-	-	-	1,468	1,468	
Exchange differences on translating foreign operations	-	-	(223)	-	(223)	-	(223)	
Comprehensive income for the period	-	-	(223)	-	(223)	1,468	1,245	
Transactions with owners:								
Share-based compensation (Note 13)	-	3	-	-	3	-	3	
Balance at September 30, 2024	\$ 12,931	\$ 1,577	\$ 1,210	\$ 465	\$ 3,254	\$ 46,683	\$ 62,866	

(a) Additional detail of share capital is provided in Note 12.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated statements of changes in equity
For the nine-month periods ended September 30, 2024 and 2023
(in thousands of Canadian dollars)
(unaudited)

	Reserves							Total
	Share capital (a)	Share-based compensation	Accumulated foreign currency translation	Warrants	Total reserves	Retained earnings		
Balance at January 1, 2023	\$ 12,634	\$ 1,320	\$ 1,302	\$ 465	\$ 3,087	\$ 39,425	\$ 55,146	
Net income for the period	-	-	-	-	-	1,516	1,516	
Exchange differences on translating foreign operations	-	-	(29)	-	(29)	-	(29)	
Comprehensive income for the period	-	-	(29)	-	(29)	1,516	1,487	
Transactions with owners:								
Issuance of shares (Note 12)	221	-	-	-	-	-	221	
Share-based compensation (Note 13)	-	224	-	-	224	-	224	
Balance at September 30, 2023	\$ 12,855	\$ 1,544	\$ 1,273	\$ 465	\$ 3,282	\$ 40,941	\$ 57,078	
Balance at January 1, 2024	\$ 12,931	\$ 1,544	\$ 984	\$ 465	\$ 2,993	\$ 39,934	\$ 55,858	
Net income for the period	-	-	-	-	-	6,750	6,750	
Exchange differences on translating foreign operations	-	-	224	-	224	-	224	
Comprehensive income for the period	-	-	224	-	224	6,750	6,974	
Transactions with owners:								
Share-based compensation (Note 13)	-	34	-	-	34	-	34	
Balance at September 30, 2024	\$ 12,931	\$ 1,578	\$ 1,208	\$ 465	\$ 3,254	\$ 46,684	\$ 62,866	

(a) Additional detail of share capital is provided in Note 12.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated statements of cash flows
(in thousands of Canadian dollars)
(unaudited)

for the	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Operating activities:				
Net income for the period	\$ 1,468	\$ 155	\$ 6,750	\$ 1,516
Income tax expense	20	77	996	306
Depreciation and amortisation of non-current assets	1,325	1,093	3,882	3,155
Finance costs	182	138	617	381
Share-based compensation	3	22	34	224
Unrealized foreign exchange loss (gain)	310	(447)	(636)	1
	3,308	1,038	11,643	5,583
Net changes in working capital				
Decrease (increase) in trade and other receivables	(325)	537	(3,473)	(2,501)
Decrease (increase) in inventories	357	(2,049)	348	923
Decrease (increase) in prepaid expenses	17	124	(409)	(923)
Increase (decrease) in trade and other payables	942	(2,773)	543	457
	991	(63)	(2,991)	(2,044)
Cash generated by operating activities	4,299	975	8,652	3,539
Net income taxes received (paid)	712	(300)	435	(1,200)
Net cash generated by operating activities	5,011	675	9,087	2,339
Investing activities:				
Payments for tangible and intangible assets	(828)	(2,245)	(2,886)	(8,427)
Net cash used in investing activities	(828)	(2,245)	(2,886)	(8,427)
Financing activities:				
Net change in bank indebtedness	-	1,287	(2,811)	(403)
Issuance of share capital	-	-	-	221
Funds from lease agreements	-	231	2,995	4,139
Interest paid	(180)	(138)	(614)	(381)
Repayment of long-term debt	(375)	(360)	(1,113)	(1,877)
Repayment of leases	(612)	(468)	(1,781)	(1,121)
Net cash generated by (used in) financing activities	(1,167)	552	(3,324)	578
Net increase (decrease) in cash	3,016	(1,018)	2,877	(5,510)
Cash, beginning of the period	687	3,017	799	7,527
Effects of foreign exchange differences on cash	(17)	12	10	(6)
Cash, end of period	\$ 3,686	\$ 2,011	\$ 3,686	\$ 2,011

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2024 and 2023**

Amounts in tables are expressed in thousands of Canadian dollars, except per share information (unaudited)

1. General information

Imaflex Inc. (the “Parent Company”) is incorporated under the Canada Business Corporations Act. Its registered office and headquarters are located at 5710 Notre-Dame Street West, Montreal, Quebec, Canada. The principal activities of the Parent Company and its subsidiary (together referred to as the “Company”) consist in the manufacture and sale of products for the flexible packaging industry, including polyethylene film and bags, as well as the metallization of plastic film for the agriculture and packaging industries. The common shares of the Parent Company are listed for trading on the TSX Venture Exchange under the symbol “IFX”.

2. Summary of material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless specifically stated.

2.1 Basis of Presentation and statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. These interim condensed consolidated financial statements were prepared using the same basis of presentation and accounting policies as outlined in Note 2, *Significant accounting policies* of our Consolidated financial statements for the years ended December 31, 2023 and 2022. These interim condensed consolidated financial statements do not include all the notes and disclosures required in annual financial statements. All amounts are in Canadian dollars, except where noted.

The interim condensed consolidated financial statements were approved by the board of directors and authorized for issue on November 27, 2024.

3. Segment information

The Company operates in one reportable segment, comprising the development, manufacture and sale of flexible packaging material in the form of film or bags, for various uses.

3.1 Revenues by geographical end market

The Company’s revenues by geographical end market are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Canada	\$ 8,507	\$ 8,258	\$ 24,740	\$ 24,311
United States	19,797	14,600	59,801	46,277
Other	114	-	114	-
Total	\$ 28,418	\$ 22,858	\$ 84,655	\$ 70,588

3.2 Property, plant and equipment, right-of-use assets and intangible assets per geographic location

	September 30, 2024	December 31, 2023
Canada	\$ 24,320	\$ 22,714
United States	27,149	27,310
Total	\$ 51,469	\$ 50,024

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2024 and 2023**

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4. Additional information on the consolidated statements of comprehensive income

The Company's consolidated statements of comprehensive income include depreciation of production assets and accessories of \$1.3 million for the quarter ended September 30, 2024 (\$1.0 million in 2023) and \$3.7 million for the nine-month period ended September 30, 2024 (\$2.9 million in 2023) classified in Cost of sales, which includes the depreciation for right-of-use assets of \$0.3 million (\$0.3 million in 2023) for the quarter and \$0.8 million for the nine-month period (\$0.8 million in 2023). Depreciation of other property, plant and equipment and amortisation of intangible assets amounting to \$0.1 million for the quarter ended September 30, 2024 (\$0.1 million in 2023) and \$0.2 million for the nine-month period ended September 30, 2024 (\$0.1 million in 2023) is included in Administrative expenses.

The Company's consolidated statements of comprehensive income include salaries paid to its employees of \$3.4 million for the quarter ended September 30, 2024 (\$2.7 million in 2023) and \$10.4 million for the nine-month period ended September 30, 2024 (\$8.0 million in 2023) classified in Cost of sales. Administrative expenses include salaries paid to employees of \$0.6 million for the quarter ended September 30, 2024 (\$0.5 million in 2023) and \$1.8 million for the nine-month period ended September 30, 2024 (\$1.6 million in 2023). Selling expenses include salaries paid to employees of \$0.2 million for the quarter ended September 30, 2024 (\$0.2 million in 2023) and \$0.4 million for the nine-month period ended September 30, 2024 (\$0.4 million in 2023).

5. Employee benefits

The Company contributes to state-run pension plans, employment insurance, group insurance and social security for its employees. The costs incurred for the employee benefits noted above amounted to \$0.7 million for the quarter ended September 30, 2024 (\$0.7 million in 2023) and \$2.0 million for the nine-month period ended September 30, 2024 (\$2.0 million in 2023). These payments are expensed as incurred and the Company does not recognise any gains or losses subsequent to the payment of these benefits.

6. Finance costs

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Interest on bank indebtedness and long-term debt	\$ 7	\$ 86	\$ 164	\$ 252
Interest on lease obligations	175	52	453	129
	\$ 182	\$ 138	\$ 617	\$ 381

7. Other (gains) losses

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Foreign exchange (gains) losses	\$ 344	\$ (331)	\$ (442)	\$ 146
Loss on property, plant and equipment disposal	-	9	-	9
Interest income	(4)	(38)	(15)	(124)
	\$ 340	\$ (360)	\$ (457)	\$ 31

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2024 and 2023**

Amounts in tables are expressed in thousands of Canadian dollars, except per share information (unaudited)

8. Earnings per share

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net income for basic and diluted earnings per share	\$ 1,468	\$ 155	\$ 6,750	\$ 1,516
Weighted average number of common shares outstanding	52,089	51,999	52,089	51,999
Dilutive effect of share purchase options	31	178	12	247
Diluted weighted average common shares outstanding	52,120	52,177	52,101	52,246
Basic earnings per common share	\$ 0.03	\$ 0.00	\$ 0.13	\$ 0.03
Diluted earnings per common share	\$ 0.03	\$ 0.00	\$ 0.13	\$ 0.03

There were no stock options outstanding as at September 30, 2024 and September 30, 2023 that were excluded from the calculation of earnings per share because they were antidilutive.

9. Property, plant and equipment

	Land	Building	Production equipment	Leasehold improvements	Office equipment	Computer equipment	Rolling stock	Total
Cost								
January 1, 2023	\$ 23	\$ 5,855	\$ 78,855	\$ 3,707	\$ 94	\$ 678	\$ 318	\$ 89,530
Transferts	-	(21)	(16)	(329)	(34)	(40)	319	(121)
Additions	-	1,986	14,013	172	4	146	382	16,703
Disposals	-	-	-	-	-	-	(297)	(297)
Investment tax credit	-	-	(285)	-	-	-	-	(285)
Derecognition of expired leases	-	(2,567)	-	-	-	-	(84)	(2,651)
Write-off of obsolete equipment	-	-	(1,752)	-	-	-	-	(1,752)
Foreign exchange	(1)	(124)	(1,034)	(35)	-	(1)	(2)	(1,197)
December 31, 2023	22	5,129	89,781	3,515	64	783	636	99,930
Additions	-	2,035	2,637	120	19	20	-	4,831
Derecognition of expired leases	-	(1,354)	-	-	-	-	-	(1,354)
Foreign exchange	-	37	885	29	-	1	3	955
September 30, 2024	\$ 22	\$ 5,847	\$ 93,303	\$ 3,664	\$ 83	\$ 804	\$ 639	\$ 104,362
Accumulated depreciation								
January 1, 2023	\$ -	\$ (3,919)	\$ (44,026)	\$ (2,900)	\$ (83)	\$ (652)	\$ (194)	\$ (51,774)
Transferts	-	21	269	27	22	20	(238)	121
Depreciation	-	(682)	(3,612)	(164)	-	(30)	(70)	(4,558)
Disposals	-	-	-	-	-	-	181	181
Derecognition of expired leases	-	2,515	-	-	-	-	86	2,601
Write-off of obsolete equipment	-	-	790	-	-	-	-	790
Foreign exchange	-	16	431	29	-	1	1	478
December 31, 2023	-	(2,049)	(46,148)	(3,008)	(61)	(661)	(234)	(52,161)
Depreciation	-	(732)	(2,881)	(130)	(4)	(32)	(80)	(3,859)
Derecognition of expired leases	-	1,192	-	-	-	-	-	1,192
Foreign exchange	-	(12)	(355)	(24)	-	(1)	(1)	(393)
September 30, 2024	\$ -	\$ (1,601)	\$ (49,384)	\$ (3,162)	\$ (65)	\$ (694)	\$ (315)	\$ (55,221)
Net book value, as at								
December 31, 2023	\$ 22	\$ 3,080	\$ 43,633	\$ 507	\$ 3	\$ 122	\$ 402	\$ 47,769
September 30, 2024	\$ 22	\$ 4,246	\$ 43,919	\$ 502	\$ 18	\$ 110	\$ 324	\$ 49,141

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2024 and 2023**

Amounts in tables are expressed in thousands of Canadian dollars, except per share information (unaudited)

9. Property, plant and equipment (continued)

A portion of the Company's production equipment with a carrying amount of approximately \$ 14,6 million (approximately \$14,6 million as at December 31, 2023) is pledged as collateral for the Company's long-term debt.

The Company has \$12.0 million as equipment in progress included in production equipment as at September 30, 2024 (\$ 12.8 million as at December 2023).

Additions of property, plant and equipment amounting to \$ 1.1 million as at September 30, 2024 (\$ 1.1 million as at December 31, 2023) are included in trade and other payables.

Included in the net carrying amount of property, plant and equipment as at September 30, 2024 and December 31, 2023 are right-of-use assets as follows:

	September 30, 2024	December 31, 2023
Buildings	\$ 4 180	\$ 3,011
Production equipment	7 664	4,261
Rolling stock	315	395
Total right-of-use asset	\$ 12 159	\$ 7,667

10. Borrowings

	September 30, 2024	December 31, 2023
Bank indebtedness (a)	\$ -	\$ 2,894
Long-term debt		
Loan, bearing interest at a fixed rate of 3.746% secured by a \$3.6 million hypothec on a piece of equipment. (b)	66	649
Loan, bearing interest at a fixed rate of 3.75% secured by a \$3.3 million hypothec on a piece of equipment. (c)	119	649
Total long-term debt	185	1,298
Lease obligations	10,330	7,220
Total borrowings	10,515	11,412
Current		
Bank indebtedness	-	2,894
Long-term debt, current portion	185	1,298
Lease obligations, current portion	2,525	1,744
	2,710	5,936
Non-current		
Lease obligations	7,805	5,476
	7,805	5,476
Total borrowings	\$ 10,515	\$ 11,412

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2024 and 2023**

Amounts in tables are expressed in thousands of Canadian dollars, except per share information (unaudited)

10. Borrowings (continued)

Interest on long-term debt amounted to \$4 thousand for the quarter ended September 30, 2024 (\$24 thousand in 2023) and \$20 thousand for the nine-month period ended September 30, 2024 (\$64 thousand in 2023).

- (a) The Company has an operating line of credit with its bankers to a maximum of \$12.0 million, bearing interest at the prime rate for an effective interest rate of 6.45% as at September 30, 2024 and 7.20% as at December 31, 2023. The line of credit is secured by trade receivables and inventories. The line of credit may be reviewed periodically by the bank and is repayable on demand. The operating line of credit is subject to working capital and debt to equity covenants (as defined in the lending agreement), all of which were respected as at September 30, 2024 and December 31, 2023. As at September 30, 2024, the Company had totally refund the line of credit (\$2.9 million drawn on December 31, 2023).
- (b) The loan is repayable in blended monthly instalments of \$66 thousand through October 2024. This loan is secured by a hypothec on a specific piece of equipment of the Company.
- (c) The loan is repayable in blended monthly instalments of \$60 thousand through November 2024. This loan is secured by a hypothec on a specific piece of equipment of the Company.

The aggregate scheduled repayment of long-term debt is as follows:

Not later than one year	\$ 185
Later than one year and not later than five years	-
Later than 5 years	-
	\$ 185

11. Lease obligations

The Company has entered into certain lease agreements. Lease payments are due as follows:

Not later than one year	\$ 3,123
Later than one year and not later than five years	8,116
Later than five years	246
Total minimum lease payments	11,485
Less amount representing interest	(1,155)
Present value of minimum lease payments	10,330
Less the long-term portion	(7,805)
Current portion of obligations under leases	\$ 2,525

12. Share capital

The Company's authorized share capital consists of an unlimited number of common shares, voting, participating, without par value. As at September 30, 2024 and December 31, 2023, there were 52,088,637 common shares outstanding (51,988,637 as at September 30, 2023).

During the nine-month period ended September 30, 2023, the Company issued 100,000 shares for cash consideration of \$55,000 following the exercise of options issued on September 10, 2019 and another 150,000 for cash consideration of \$166,500 following the exercise of options issued on November 29, 2017.

For the year ended December 31, 2023, the Company issued another 100,000 shares for cash consideration of \$76,000 following the exercise of options issued on November 28, 2017.

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2024 and 2023**

Amounts in tables are expressed in thousands of Canadian dollars, except per share information (unaudited)

13. Share-based compensation

Pursuant to the Stock Option Plan (the “Plan”) of the Company, 4,973,860 of the common shares are reserved for options. The Plan provides that the term of the options shall be fixed by directors. Officers and employees of the Company are eligible to receive options. Options are granted at an exercise price of not less than the fair value of the Company’s shares on the date the options are granted. Options may be exercisable for a period no longer than five (5) years and the exercise price must be paid in full upon exercise of the option.

The expense related to share-based compensation totalled \$3 thousand for the quarter ended September 30, 2024 (\$22 thousand in 2023) and \$34 thousand for the nine-month period ended September 30, 2024 (\$224 thousand in 2023).

The following are the assumptions used in order to value the options as well as general information on each outstanding option grant:

	30/05/2023	26/05/2022	26/08/2020	29/11/2018	Total
Outstanding as at 31/12/2023	150,000	300,000	50,000	-	500,000
Oustanding as at 30/09/2024	150,000	300,000	50,000	-	500,000
Oustanding as at 30/09/2023	150,000	300,000	50,000	150,000	650,000
Exercisable as at 30/09/2024	112,500	300,000	50,000	-	462,500
Exercisable as at 30/09/2023	37,500	225,000	50,000	150,000	462,500
Remaining life of options (yrs)	3.67	2.65	0.90	-	
Fair value assumptions:					
Expected life of options (yrs)	2.5 to 3.25	2.5 to 3.25	2.5 to 3.25	2.5 to 3.25	
Expiry	31/05/2028	26/05/2027	26/08/2025	29/11/2023	
Expected share price volatility	47.94 % - 56.39 %	58.83 % - 59.93 %	57.82 % - 60.98 %	67.14 % - 70.41 %	
Dividend yield	0 %	0 %	0 %	0 %	
Risk free rate	3.44%	2.62%	0.41%	2.23%	
Exercise price	\$ 1.25	\$ 1.19	\$ 0.73	\$ 0.76	
Share price on grant date	\$ 1.25	\$ 1.19	\$ 0.73	\$ 0.76	
Fair value of option at grant	\$ 0.45	\$ 0.48	\$ 0.28	\$ 0.35	

The expected volatility was calculated using the average closing price change of the Company’s shares on the TSX Venture Exchange over the expected life of the options.

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2024 and 2023**

Amounts in tables are expressed in thousands of Canadian dollars, except per share information (unaudited)

14. Financial instruments

14.1 Fair value and classification of financial instruments

	Carrying amount			Fair Value
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Financial assets				
Loans and receivables				
Cash	\$ 3,686	\$ 799	\$ 3,686	\$ 799
Trade and other receivables ⁽¹⁾	16,194	11,966	16,194	11,966
	19,880	12,765	19,880	12,765
Financial liabilities				
Financial liabilities, at amortised cost				
Bank indebtedness	\$ -	\$ 2,894	\$ -	\$ 2,894
Trade and other payables ⁽²⁾	7,781	7,208	7,781	7,208
Long-term debt	185	1,298	185	1,298
	\$ 7,966	\$ 11,400	\$ 7,966	\$ 11,400

⁽¹⁾ Excludes sales taxes

⁽²⁾ Excludes employee benefits

Fair value estimates are made as of the date of the consolidated statement of financial position, using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision.

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments:

- The fair value of cash, trade and other receivables, bank indebtedness, short-term borrowings and trade and other payables approximates their respective carrying amounts as at the date of the consolidated statement of financial position because of the short-term maturity of those instruments.
- The fair value of long-term debt that bears interest at floating rates approximates its carrying value as the interest rate applicable to the loan reflects the latest market rates whereas long term debt that bears interest at fixed rates is estimated using a discounted cash flows approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risks.

The Company ensures, to the extent possible, that its valuation techniques and assumptions incorporate all factors that market participants would consider in setting a price and that it is consistent with accepted economic methods for pricing financial instruments.

14.2 Fair value hierarchy

The Company categorizes its financial instruments into a three-level fair value measurement hierarchy as follows:

Level–1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level–2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level–3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2024 and 2023**

Amounts in tables are expressed in thousands of Canadian dollars, except per share information (unaudited)

14. Financial instruments (continued)

14.2 Fair value hierarchy (continued)

As at September 30, 2024 and December 31, 2023, the fair values of long-term debt and lease obligations are categorised as Level 2.

15. Non-cash transactions

During the year ended December 31, 2023, the Company renewed a lease for a production facility for an amount of \$2.3 million (present value of \$1.9 million), which came to term in April 2023 and concluded new leases for production equipment and rolling stock, increasing its lease obligations by \$4.8 million.

The financial statements for the nine-month period ended September 30, 2024 reflect the renewal of a production facility lease which came to term in May 2024 for an amount of \$2.2 million (present value of \$1.9 million) and concluded a new lease for production equipment, increasing its lease obligations by \$3.7 million.