

SOURCE: Imaflex Inc.

Imaflex Reports Q3 2024 Results, Provides Business Update

Delivers sustained top and bottom-line growth

Q3 2024 Highlights

- Revenues of \$28.4 million, up 24.3% from \$22.9 million in Q3 2023
- Gross profit up 122% to \$4.6 million
- Net income up 847.1% to \$1.5 million (EPS of \$0.03)¹
- Solid liquidity with \$15.7 million available at quarter end, including a cash balance of \$3.7 million (\$0.07 per share) and another \$12.0 million under Imaflex's revolving line of credit
- Generated free cash flow² of \$4.2 million

Montréal, Québec, CANADA – November 28, 2024 – Imaflex Inc. (“Imaflex” or the “Corporation”) (TSX-V: IFX) reports consolidated financial results for the third quarter (Q3) ended September 30, 2024 and provides a business update. All amounts are in Canadian dollars.

“We continued to deliver solid year-over-year results in the third quarter, reflecting the strength of our dedicated team and expanding capabilities,” said Mr. Yazedjian, Imaflex’s new President and Chief Executive Officer. “As we look ahead, we are confident in our ability to build on this momentum and deliver sustainable growth.” As usual, third quarter performance was impacted by Québec’s annual construction holiday, which results in temporary plant closures across the province, including Imaflex’s Montréal and Victoriaville plants.

Consolidated Financial Highlights (unaudited)

CDN \$ thousands, except per share amounts (or otherwise indicated)	Three months ended Sept 30,			Nine months ended Sept 30,		
	2024	2023	% Change	2024	2023	% Change
Revenues	28,418	22,858	24.3 %	84,655	70,588	19.9 %
Gross Profit	4,617	2,080	122.0 %	14,935	8,601	73.6 %
Selling & admin. expenses	2,607	2,070	25.9 %	7,029	6,367	10.4 %
Other (gains) losses	340	(360)	(194.4) %	(457)	31	(1,574.2) %
Net income	1,468	155	847.1 %	6,750	1,516	345.3 %
Basic EPS	0.03	0.00	n/a	0.13	0.03	333.3 %
Diluted EPS	0.03	0.00	n/a	0.13	0.03	333.3 %
Gross margin	16.2%	9.1%	7.1 pp	17.6%	12.2%	5.4 pp
Selling & admin. expenses as % of revenues	9.2%	9.1%	0.1 pp	8.3%	9.0%	(0.7) pp
EBITDA ² (Excluding FX)	3,339	1,126	196.5 %	11,806	5,497	114.8 %
EBITDA	2,995	1,463	104.7 %	12,247	5,358	128.6 %
EBITDA margin	10.5%	6.4%	4.1 pp	14.5%	7.6%	6.9 pp

¹ Earning per share (EPS) based on basic and diluted weighted shares outstanding

² See header titled “Caution Regarding non-IFRS Financial Measures” which follows.

Free Cash Flow: net cash generated by operating activities less net cash used in investing activities.

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

Financial Review: Quarter Ended September 30

Revenues

Revenues were \$28.4 million for the third quarter of 2024, up 24.3% from \$22.9 million in 2023. Growth was driven by heightened volumes, stronger sales of higher margin offerings and favourable movements in foreign exchange.

For the first nine months of 2024, revenues increased 19.9% to \$84.7 million, driven by the same factors outlined for the quarter.

Gross Profit

Gross profit came in at \$4.6 million (16.2% of sales) for the current quarter, up significantly from \$2.1 million (9.1% of sales) in 2023. For 2024 year-to-date, the gross profit was \$14.9 million (17.6% of sales), versus \$8.6 million (12.2% of sales) in 2023.

Despite a competitive pricing environment, the Corporation's performance in 2024 has been bolstered by higher sales volumes, product mix, operational efficiencies, and ongoing cost controls.

Operating Expenses

Selling and Administrative expenses were \$2.6 million (9.2% of sales) in the current quarter, versus \$2.1 million (9.1% of sales) in 2023. The year-over-year increase was largely due to increased administrative expenses, including higher provisions for the Corporation's profit participation plan resulting from the heightened profitability. For 2024 year-to-date, expenses totalled \$7.0 million (8.3% of sales), compared to \$6.4 million (9.0% of sales) in 2023. The selling expense ratio for both the current quarter and year-to-date benefited from the higher sales base in 2024.

Imaflex recorded other losses of \$0.3 million for the current quarter, versus gains of \$0.4 million in the same period last year, resulting in a \$0.7 million unfavourable year-over-year variance. For 2024 year-to-date, the Company recorded gains of \$0.5 million versus losses of \$31 thousand in 2023, yielding a \$0.5 million favourable variance. Other gains and losses were primarily driven by foreign exchange movements.

A majority of the Corporation's foreign exchange gains and losses are non-cash impacting and largely relate to intercompany balances for which Imaflex can control the time of settlement.

Net Income and EBITDA

Net income grew to \$1.5 million in the current quarter, increasing \$1.3 million or 847.1%, over 2023. For the year-to-date, net income grew to \$6.8 million, up 345.3% from \$1.5 million in 2023. The heightened profitability in 2024 was driven by the higher gross profit.

EBITDA was \$3.0 million (10.5% of sales) for the current quarter, up 104.7% from \$1.5 million (6.4% of sales) in 2023. On a constant currency basis, EBITDA came in at \$3.3 million (11.7% of sales), up 196.5% over the \$1.1 million (4.9% of sales) achieved in the third quarter of 2023.

For 2024 year-to-date, EBITDA stood at \$12.2 million (14.5% of sales), up 128.6% from \$5.4 million (7.6% of sales) in the corresponding prior-year period. Excluding the impact of foreign exchange, EBITDA grew 114.8% over 2023, coming in at \$11.8 million (13.9% of sales), compared to \$5.5 million (7.8% of sales) in 2023.

Liquidity and Capital Resources

Net cash flows generated by operating activities, including movements in working capital and taxes, stood at \$5.0 million for the current quarter, up from cash inflows of \$0.7 million in the same period of 2023. The

\$4.3 million improvement was driven by the higher profit in 2024, along with movements in trade & other payables, foreign exchange, and income taxes, partially offset by movements in trade & other receivables and inventories.

For the first nine months of 2024, cash flows generated by operating activities, including movements in working capital and income taxes, stood at \$9.1 million, up from \$2.3 million in the prior year. The \$6.8 million increase was primarily driven by the higher profit in 2024, along with movements in income taxes.

As at September 30, 2024 Imaflex continued to maintain a strong financial position with \$15.7 million in available liquidity, including \$3.7 million of cash (up from \$0.7 million at the end of Q2 2024) and a fully undrawn \$12.0 million revolving line of credit.

Working capital stood at \$21.9 million at quarter end, up from \$14.0 million as of December 31, 2023. The improvement was driven by heightened cash levels, higher trade and other receivables, along with a reduction in bank indebtedness and long-term debt, partially offset by higher finance lease obligations.

Equipment Purchase Program - Update

In 2022, Imaflex announced the signing of equipment purchase agreements for three multi-layer extruders and a metallizer. The metallizer and one extruder were fully commissioned in 2023, while the remaining two extruders are now operational and being commissioned. These purchases strengthen Imaflex's capacity to explore new market opportunities and meet future demand.

ADVASEAL® Update

Imaflex remains focused on securing U.S. Environmental Protection Agency ("EPA") approval of ADVASEAL®. As is typical with the EPA's review process, no decision timeline was provided, although it is taking much longer than the Corporation originally expected.

Outlook

"As I step into the President and CEO position, I have made it a priority to meet with employees across the business and engage with some key customers and shareholders," said Mr. Yazedjian. "These conversations have provided valuable insights, and I am inspired by the strength of our team and the strategic possibilities ahead. The positive momentum we have seen for the first nine months of 2024 is a testament to our capabilities.

While we are mindful of evolving market conditions, we remain confident in our ability to leverage our strong foundation to achieve sustained growth. Moving forward, we will focus on strengthening our core business, while driving innovation and expansion in key areas."

Caution Regarding Non-IFRS Financial Measures

The Company's management uses non-IFRS measures in this press release, namely EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization), EBITDA excluding foreign exchange and Free Cash Flow.

While EBITDA and Free Cash Flow are not standard International Financial Reporting Standards (IFRS) measures, management, analysts, investors and others use them as an indicator of the Company's financial and operating management and performance. EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of the Company's performance. The Company's method of calculating EBITDA and Free Cash Flow may be different from those used by other companies and accordingly they should not be considered in isolation.

About Imaflex Inc.

Founded in 1994, Imaflex is focused on the development and manufacturing of innovative solutions for the flexible packaging space. Concurrently, the Corporation develops and manufactures films for the agriculture industry. The Corporation's products consist primarily of polyethylene (plastic) film and bags, including metalized plastic film, for the industrial, agricultural and consumer markets. Headquartered in Montreal, Quebec, Imaflex has manufacturing facilities in Canada and the United States. The Corporation's common stock is listed on the TSX Venture Exchange under the ticker symbol IFX. Additional information is available at www.imaflex.com.

Cautionary Statement on Forward Looking Information

Certain information included in this press release constitutes "forward-looking" statements within the meaning of Canadian securities laws. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the management of the Corporation, are inherently subject to significant business, economic and competitive uncertainties, risks and contingencies. The Corporation cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance, or achievements of Imaflex to be materially different from the Corporation's estimated future results, performance or achievements expressed or implied by those forward-looking statements and that the forward-looking statements are not guarantees of future performance. These statements are also based on certain factors and assumptions. For more details on these estimates, risks, assumptions and factors, see the Corporation's most recent Management Discussion and Analysis filed on SEDAR+ at www.sedarplus.ca and on the investor section of the Corporation's website at www.imaflex.com. The Corporation disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise, except as expressly required by law. Readers are cautioned not to put undue reliance on these forward-looking statements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Imaflex Contact:

John Ripplinger,
Vice-President Corporate Affairs
Tel: (514) 935-5710 ext. 157
Fax: (514) 935-0264
johnr@imaflex.com
www.imaflex.com