

# MANAGEMENT DISCUSSION AND ANALYSIS

## PREFACE

This Management Discussion and Analysis (MD&A) comments on Imaflex Inc.'s (the "Parent Company") operations, financial performance, financial condition, future outlook and other matters for the three and nine-month periods ended September 30, 2025 and 2024. Unless otherwise indicated, the terms "Imaflex", "Company", "Corporation", "we", "our", and "us" all refer to Imaflex Inc., together with its divisions Canguard Packaging and Canslit, along with its wholly owned subsidiary, Imaflex USA Inc. All intercompany balances and transactions have been eliminated on consolidation.

This MD&A also provides information to improve the reader's understanding of the accompanying unaudited interim condensed consolidated financial statements and related notes. It should be read together with our unaudited interim condensed consolidated financial statements for the periods ended September 30, 2025 and 2024 as well as our audited consolidated financial statements for the years ended December 31, 2024 and 2023.

Unless otherwise indicated, all financial data in this document was prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and all amounts in tables are expressed in thousands of Canadian dollars unless otherwise indicated. Differences may occur due to rounding of amounts. We also use financial measures that are not defined by IFRS. Please refer to the section entitled "Non-IFRS Financial Measures" for a complete description of these measures.

This MD&A was reviewed by Imaflex's Audit Committee and approved by the Board of Directors on November 26, 2025. Disclosure contained within it is current to that date, unless otherwise indicated.

Additional information on Imaflex is available on our website at [www.imaflex.com](http://www.imaflex.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## CRITICAL ACCOUNTING POLICIES

The Company's material accounting policies, including the Company's accounting policies under IFRS, are disclosed in note 2, *Summary of material accounting policies* of the audited consolidated financial statements for the years ended December 31, 2024 and 2023.

## FORWARD LOOKING STATEMENTS

From time to time, we make forward-looking statements within the meaning of Canadian Securities laws, including the "safe harbor" provisions of the Securities Act (Ontario). We may make such statements in this document, in other filings with Canadian regulators, in reports to shareholders or in other communications. These forward-looking statements include, amongst others, statements regarding the business and anticipated financial performance of the Company. The words "may", "could", "should", "would", "outlook", "believe", "plan", "anticipate", "expect", "intend", "objective", the use of the conditional tense and words and expressions of similar nature are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements, as a number of important factors could cause our actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, statements relating to the potential impacts on our business, financial condition, liquidity and financial results due to tariffs, cybersecurity, COVID, the length and severity of an economic downturn, management of credit, market dynamics, liquidity, funding and operational risks; the strength of the Canadian and U.S. economies in which we conduct business; the impact of the movement of the Canadian dollar relative to other currencies, particularly the U.S. dollar; the effects of changes in interest rates; the effects of competition in the markets in which we operate; our ability to successfully align our organization, resources, and processes; the availability and price of raw materials; failure to achieve planned growth associated with the U.S. operations and future sales; changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates; operational and infrastructure risks;

## MANAGEMENT DISCUSSION AND ANALYSIS

### FORWARD LOOKING STATEMENTS (continued)

and other factors that may affect future results including, but not limited to, timely development and introduction of new products and services; changes in tax laws, technological changes, new regulations; the possible impact on our businesses from public health emergencies, international conflicts and other developments; and our success in anticipating and managing the foregoing risks.

We caution our readers that the previous list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise required by the securities authorities, we do not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf. The forward-looking statements contained herein are based on information available as of November 26, 2025.

### COMPANY OVERVIEW

Imaflex specializes in the development and manufacturing of high-quality, innovative polyethylene (plastic) films, bags, and metalized films. Our solutions serve a broad range of industries, playing a vital role in ensuring protection, performance, and sustainability across key markets:

- Flexible Packaging – primarily for the food processing sector, helps extend shelf life, enhance food safety, and meet growing consumer demand for convenience
- Construction – including “house wraps” that protect building structures from moisture and air infiltration, while allowing breathability
- Industrial – such as bags on rolls, garbage bags, and gaylord liners used across various sectors
- Agricultural – including mulch and metalized films that improve crop health, reduce pests, and enhance yield

In the food sector, Imaflex produces films for packaging bread, frozen foods, pet foods, fruits, and vegetables. In non-food applications, our films are used across construction, courier and security packaging, boutique and clothing bags, and agriculture. We also manufacture sealant films used in laminated structures, which are bonded with other materials like nylon or polyester to create high-performance barriers for products such as meats, cheeses, deli items, and coffee.

Our products are primarily sold to converters (printers), who process the material into finished packaging for end-users. We also sell directly to businesses for packaging and promotion of their products, as well as to distributors for resale.

Our films are critical to industries that value safety, efficiency, and durability. In food processing, they support product integrity and reduce waste. In the construction and industrial sectors, they contribute to protection, sustainability, and operational effectiveness. With a diversified customer base across North America, Imaflex is well-positioned to navigate market fluctuations and maintain steady demand.

Driven by a team of experienced polymer engineers and senior operators, Imaflex has developed hundreds of proprietary film formulations, including a growing range of eco-friendly options—recyclable, compostable, and reusable films designed for both food and non-food use. We maintain a closed-loop system by recycling all in-house scrap generated from frequent resin changes, while also repurposing external scrap, primarily purchased from converters, into industrial bags. This integrated approach supports our commitment to sustainability, while ensuring the delivery of consistent, high-performance products.

Imaflex operates three manufacturing facilities. Two are in the province of Quebec, including Montreal (Imaflex Inc.) and Victoriaville (Canguard and Canslit), and one is in Thomasville, North Carolina, USA (Imaflex USA Inc.). The Company also has a warehouse in Thomasville. The four facilities cover a total area of approximately 25,084 square meters or 270,000 square feet. Imaflex and Imaflex USA specialize in the manufacturing and sale of custom-made polyethylene films and bags, along with non-metalized agricultural films. Canguard specializes in the manufacturing and sale of polyethylene garbage bags, while Canslit specializes in the metallization of plastic film. We believe that our manufacturing presence in both Canada and the United States provides a competitive advantage in terms of logistics, currency, manufacturing flexibility and cost leadership.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMPANY OVERVIEW (continued)

The common shares of the Parent Company, Imaflex Inc., are listed on the TSX Venture Exchange under the symbol “IFX”. The Company’s head office is in Montréal (Québec).

### GROWTH STRATEGY

Imaflex’s history attests to its management’s ability to successfully adapt to prevailing and continuously changing market conditions. Management deems that success will also lie in the ability to properly manage future growth whether it comes from new markets and products, acquisitions, mergers, or a combination of any or all three. This success will depend on the Company’s ability to seek out new opportunities and to position itself such that it will be able to take advantage of them when they present themselves. Past decisions have been made bearing this in mind and the Company is now in a better position to make this happen. Management believes the following initiatives will contribute to Imaflex’s long-term growth:

#### **Strengthen and Grow the Core**

We will continue to strengthen and build-out our core film business, which spans flexible packaging, construction, industrial applications, agricultural films and more. Our priorities remain revenue growth and margin expansion, supported by increased production volumes targeted at higher-margin markets and products, alongside a strong focus on operational efficiency—minimizing scrap, reducing production set-up times, optimizing our supply chain through valuable partnerships with our key suppliers and driving lean manufacturing.

Looking ahead, several key trends are shaping our industry and informing our strategic direction:

- **Sustainability:** As regulatory and consumer expectations rise, we are advancing the development of eco-friendly films and contributing to the circular economy through scrap reuse and lower-impact formulations.
- **Convenience and Innovation:** We continue to evolve our film and packaging solutions to support growing demand in ready-to-use food products and modern, fast-moving supply chains.

In addition to growing organically, we will also consider strategic acquisitions focused on complementary products, cultural fit, synergies and ease of integration.

#### **Maintain focus on Research and Development**

We will maintain our focus on enhancing the customer value proposition, while developing new capabilities and leading-edge products for highly profitable niche markets. This will help support the build-out of our core flexible packaging product portfolio. The Company’s research team uses the fields in which they have core competencies in order to identify innovative improvements and solutions where chemicals and polymers can offer added value.

#### **Continue Upgrading Equipment**

Finally, we will focus on enhancing the efficiency of our equipment, making the required capital investments to maintain, upgrade and expand into new areas. Our commitment to make the required investments, and our ability to deliver customized solutions, on-time and at competitive prices should help drive revenue and margin expansion, while allowing us to remain competitive in the marketplace.

In 2022, Imaflex announced important investments to support and increase its production capacity and capabilities. This included the purchase of three co-extruders, and other ancillary flexible packaging equipment, namely a metallizer. Collectively, these investments should bring a more meaningful impact to revenues and profitability, while also heightening operational efficiencies.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET SIZE

The North American flexible packaging market is valued at more than US \$30 billion. Although this market is highly fragmented with competitive pricing, there are niches within the space that offer the opportunity for increased profitability. In 2024, Imaflex was once again ranked in the top 100 North American film and sheet manufacturers by sales.

The total addressable global mulch film market, excluding silage and greenhouse films, is valued at over US \$3.7 billion. The Company has and continues to develop innovative and proprietary solutions for this important market.

### ADVASEAL® COMMERCIALIZATION: Environmental Protection Agency (EPA) Approval Pending

ADVASEAL® HG (ADVASEAL) is Imaflex's next-generation agricultural film designed as a safer, more sustainable alternative to traditional soil fumigants used in fruit and vegetable farming. Unlike fumigants—which are volatile, toxic, and applied in large quantities—ADVASEAL® delivers precise, low-dose combinations of crop protection products (herbicide, fungicides, and nematicide) via a moisture-activated film coating. This approach reduces chemical use by over 95%, with no emissions or handling risks, offering both environmental and cost benefits.

ADVASEAL® has completed successful independent testing to validate its efficacy and compliance with EPA requirements. On November 7, 2022, Imaflex submitted its EPA registration package, marking the final regulatory step before commercialization. While the review is ongoing with no firm timeline, Imaflex remains confident in securing approval and entering this significant market.

Further strengthening ADVASEAL®'s market position and recognition, in June 2024, the United States Patent and Trademark Office granted U.S. Patent No. 11,992,009, which is valid until 2041. This patent provides long-term intellectual property protection and formally recognizes Imaflex's innovative, environmentally responsible approach to soil treatment.

### COMPETITIVE ENVIRONMENT

Although competition is high in all our markets, Imaflex operates in a multi-billion-dollar industry with a multitude of product opportunities. Flexible packaging alone is used in almost every consumer market to protect and preserve the integrity of a product. Many customers also deal in food related goods, which are somewhat recession resistant.

Imaflex believes the Company's ability to develop innovative solutions, while offering high quality products and services gives it a competitive edge. This combined with our ability to take on smaller orders with short lead times and at competitive prices helps create customer loyalty.

Some competitors, experiencing idle operations or producing at below average capacity levels, may attempt to gain market share through reduced pricing, particularly during difficult economic times. Imaflex still believes that maintaining its focus on the quality of its products and the excellence of its customer service remains its best long-term strategy, as these two characteristics define our position and reputation in the market, and this regardless of the fluctuations in the economic cycle. This strategy has been the backbone of our growth and it has served us well.

We employ a staff of chemical & polymer engineers and a chemist, which allows us to develop unique solutions. In our markets, we believe it is essential to sell value-added products and avoid producing highly commoditized offerings generating lower margins. The key to this strategy is identifying and building relationships with customers having specific needs and eventually developing products that address them. Our sales force is mandated to seek out such clients and the Company works to ensure its sales team is technically accomplished and equipped to properly communicate the advantages of all products.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES AND CORPORATE OFFICE

Imaflex employs approximately 289 people in North America, including those at its corporate head office located in Montreal, Canada. The Company currently has no unionized employees.

We believe that our greatest strength remains our people. Their expertise, dedication, and adaptability are the foundation of our success. We are committed to attracting, developing, and retaining top talent, fostering a culture of innovation, teamwork, and continuous improvement. The creativity and resilience of our teams drive our ability to deliver value to our clients and adapt to changing market demands.

### OUTSOURCING

Our industry is capital intensive, and labour is only a minor component in the total cost of production. As a result, outsourcing our manufacturing to countries with lower wages would not have a material impact on costs, especially when factoring in expenses related to freight and duty. Furthermore, the risks associated with relinquishing our control over quality and delays in delivery deadlines would far outweigh any minimal benefit that would be generated by lower labour costs.

However, in our effort to eliminate bottlenecks in our production process when our capacity usage is very high, management may consider the use of third-party (toll) manufacturers for certain activities in order to meet all production deadlines and ensure the best service to our customers.

### RISK FACTORS

The Company is involved in a competitive industry and marketplace in which there are a number of participants. To accommodate and effectively manage future growth, Imaflex continues to improve its operational, financial and management information systems, as well as its production procedures and controls. Our success is largely the result of the continued contributions of our employees and the Company's ability to attract and retain qualified management, sales and operational personnel.

The overall market we compete in has historically shown resiliency and growth, even during difficult economic times. Our customers predominantly operate in the food packaging and agriculture markets, which are somewhat resilient to recessionary and seasonal pressures. This fact, coupled with expanding product lines and the introduction of newer and faster equipment, should help Imaflex weather any potential volatility caused by uncertainty in the North American economic climate.

Factors that may impact the Company include, but are not limited to: Canada – US trade tariffs, cybersecurity threats and incidents, the impact of COVID on our current and future business, management of credit, market dynamics, liquidity, funding and operational risks; the strength of the Canadian and U.S. economies in which we conduct business; the impact from movement of the Canadian dollar relative to other currencies, particularly the U.S. dollar; the effects of changes in interest rates; the effects of competition in the markets in which we operate; our ability to successfully align our organization, resources, and processes; the availability and price of raw materials; failure to achieve planned growth associated with the U.S. operations; changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates; operational and infrastructure risks; other factors may affect future results including, but not limited to, timely development and introduction of new products and services; changes in tax laws, technological changes and new regulations; the possible impact on our businesses from public-health emergencies, international conflicts and other developments; and our success in anticipating and managing the foregoing risks.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GENERAL SITUATION OF THE POLYETHYLENE BLOWN FILM MARKET – RESIN PRICING**

During 2022 and the first half of 2023 prices remained relatively stable overall with price increases, equally offset by subsequent decreases. However, since the latter half of 2023, pricing has trended upwards, largely due to production cuts by manufacturers to maintain pricing, a strengthening resin export market and supply disruptions.

In general, pricing fluctuations largely relate to suppliers curtailing production levels, the state of the export market, weather-related events and geopolitical issues. Compounding these factors, the introduction of Canada-US trade tariffs in 2025 creates the risk of further cost inflation. Over the longer term, North American resin production is expected to increase which should have a positive impact on pricing. However, global events and any production issues could put additional pressure on resin supplies and pricing.

Imaflex has no long-term customer contracts, providing some flexibility to adjust product pricing in response to resin cost fluctuations. That said, there is typically a 30-day lag between a resin price increase and when customer pricing can be adjusted. In contrast, resin price decreases are generally passed through to customers immediately. Broader pricing changes related to external factors, such as tariffs, may be more difficult to pass through.

### **LOSS OF BUSINESS FROM A SIGNIFICANT CUSTOMER**

One of our business practices has been to limit the purchases by any customer to less than 10% of our revenues. This strategy helps ensure that our profitability and financial well-being are not dependent on any one client.

### **COMPETITION FROM OTHER COMPANIES**

Imaflex operates in the highly competitive multi-billion-dollar flexible packaging and agricultural film markets. This said, we believe the Company has a competitive edge over the competition due to our highly skilled teams that are quick to respond to customer needs, a diversified manufacturing base and the fact that the bulk of our customers deal in food related products which are less subject to recessionary and seasonal pressures. It may not always translate into greater net profit, but it should result in customer loyalty if we decide to match our competitors' prices.

### **SEASONALITY OF OPERATIONS**

Certain products made at our Victoriaville and Thomasville facilities are subject to some seasonality due to the plant's partial manufacturing focus on the production of agriculture film for fruit and vegetable growers. Inventory is managed in a way to optimize cash flow, while also remaining capable of seizing market opportunities that may arise. Since these locations also manufacture products destined for other markets, they are not overly affected by seasonal downturns.

### **EXPOSURE TO PRODUCT LIABILITY**

Due to the nature of our operations, which consist primarily of manufacturing polyethylene film for converters, who process film into finished products for their end-customers, Imaflex's exposure to product liability is low. Furthermore, the Corporation is not exposed to liability for personal injury or death arising from negligence in the manufacturing of the films.

The only market segment that exposes the Company to potential product liability claims is the agriculture space. In this market, proof of negligence in our manufacturing process could entail some form of compensation if the expected crop yields do not materialize. Although the likelihood of a claim in this market is low, we are nonetheless covered by a product liability insurance policy in the amount of \$25,000,000.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FLUCTUATIONS IN OPERATING RESULTS**

Quarterly profitability may vary, irrespective of quarterly sales. This is due to many factors, including and not limited to: competitive conditions in the businesses in which Imaflex participates; general economic environment and normal business uncertainty; tariffs, product mix; fluctuations in foreign currency exchange rates; the availability and costs of raw materials; changes in Imaflex's relationship with its suppliers; planned plant shutdowns for preventative maintenance affecting production levels; and interest rate fluctuations along with other changes in borrowing costs.

### **EXPOSURE TO INTEREST RATE FLUCTUATIONS**

The Company's borrowings, which bear interest at a variable rate, have some interest rate risk. Management assesses its exposure to interest rate fluctuations and decides whether it may be favourable to enter contracts to hedge this risk based on expected future movements and available economic data. Interest rate hikes may affect the Company's future cost of borrowing. However, management is currently not hedging its interest rate exposure and expects this exposure to lessen as the outstanding balance on its long-term borrowings decreases.

### **ABILITY TO ATTRACT AND RETAIN QUALIFIED PERSONNEL**

Imaflex's core operational management team has been historically stable, and the Company was able to keep key competencies within the firm. This includes its three founders, who have more than 100 years of combined experience in management and research and development. As Imaflex has grown, it has also strengthened its team, adding individuals having a variety of competencies, such as accounting, operations, or engineering.

Management promotes a work environment that allows for the free exchange of ideas to ensure that the Company remains at the forefront of its industry. Management is confident that it can retain and, if need be, attract qualified individuals that will contribute to its on-going goal of building shareholder value.

### **FOREIGN EXCHANGE FLUCTUATIONS**

Some of the Company's sales and expenses, as well as accounts receivable and payable, are denominated in US dollars. A portion of the revenue stream in US dollars acts as a natural hedge to cover US denominated expenses. Imaflex can also borrow funds on its line of credit in US dollars. The Company has increased its debt in US dollars to obtain additional revenues in US dollars. As this additional U.S. business fully materializes, the Company's exposure to foreign currency should be managed naturally. Management continuously assesses its exposure to such risk and the Company does not currently use any financial instruments to hedge its foreign currency position.

### **ENVIRONMENTAL HAZARDS**

The Company's raw materials, processes and finished goods do not have any hazardous implications. However, we do buy a few items which are used in our production equipment, such as cooling products, which may be hazardous, but their use and handling are controlled. Though these products pose little risk, they are handled in a manner that fully complies with existing safety regulations.

### **CYBERSECURITY INCIDENT AND USE OF ADJUSTED MEASURES**

On February 21, 2025, the Corporation announced that it had experienced a cybersecurity incident, which temporarily disrupted certain systems and operations. Imaflex immediately took action to contain the issue and mitigate any potential impacts on its data and business functions. A comprehensive investigation was launched in collaboration with third-party cybersecurity experts, in line with industry best practices.

Despite the disruption, the Corporation maintained production, shipping, and key back-office operations through interim workarounds. On March 27, 2025, Imaflex confirmed that all systems and data had been fully restored and that operations

## MANAGEMENT DISCUSSION AND ANALYSIS

### CYBERSECURITY INCIDENT AND USE OF ADJUSTED MEASURES (continued)

had returned to normal. The Corporation remains committed to maintaining robust cybersecurity protocols to safeguard its systems, data, and stakeholders.

Given the non-recurring nature of the costs associated with the incident, including advisory services, system upgrades, and other related expenses, the Corporation is presenting Adjusted EBITDA and Adjusted Net Income for the three and nine-month periods ended September 30, 2025 and 2024. These metrics are intended to provide a more representative view of Imaflex's underlying operating performance, excluding the temporary impact of the event. See Non-IFRS Measures which follows.

### NON-IFRS FINANCIAL MEASURES

The Company's management uses certain non-IFRS financial measures, including EBITDA and Adjusted EBITDA, to assess underlying operating performance. EBITDA is defined as "earnings before interest, taxes, depreciation, and amortization". Adjusted EBITDA excludes certain non-recurring items, such as costs related to the Q1 2025 cybersecurity incident. It also excludes foreign exchange fluctuations, which, although recurring, are not considered indicative of the Company's core operating results. Adjusted Net Income is also presented in the *Results of Operations* section of this MD&A to provide further insight into normalized earnings. These non-IFRS measures do not have standardized meanings under IFRS and may not be comparable to similar measures used by other issuers. Accordingly, they should not be considered in isolation. Please refer to the reconciliation tables included in this MD&A for more detail.

Reconciliation of EBITDA and Adjusted EBITDA to net income:

(\$ thousands, except per share data)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Net income	\$558	\$1,468	\$ 625	\$6,750
Plus:				
Income taxes	516	20	564	996
Finance costs	126	182	387	617
Depreciation and amortization	1,514	1,325	4,710	3,883
EBITDA	\$2,714	\$2,995	\$6,286	\$12,247
Adjustments for non-recurring items and FX <sup>1</sup>	377	344	3,639	(442)
Adjusted EBITDA	\$3,091	\$3,339	\$9,925	\$11,805
EBITDA per share – Basic <sup>2</sup>	\$ 0.05	\$ 0.06	\$ 0.12	\$ 0.24
EBITDA per share – Diluted <sup>2</sup>	\$ 0.05	\$ 0.06	\$ 0.12	\$ 0.24
Adjusted EBITDA per share – Basic	\$ 0.06	\$ 0.06	\$ 0.19	\$ 0.23
Adjusted EBITDA per share – Diluted	\$ 0.06	\$ 0.06	\$ 0.19	\$ 0.23

(1) Excludes non-recurring costs, namely those related to the Q1 2025 cyber incident, including infrastructure upgrades, external advisory services, security improvements, along with other non-recurring expenses, which are not indicative of core operating performance. Also excludes recurring foreign exchange fluctuations for both comparative periods. Most of the Corporation's foreign exchange fluctuations are non-cash and primarily relate to intercompany balances, the settlement of which is controlled by Imaflex.

(2) Basic weighted average number of shares outstanding of 52,088,637 for the current quarter and year-to-date, unchanged from the corresponding periods of 2024. Diluted weighted average number of shares outstanding is 52,123,477 for the current quarter and 52,128,129 for the year-to-date, compared to 52,119,893 and 52,100,852 for the corresponding periods of 2024.

While EBITDA and Adjusted EBITDA are not standard IFRS measures, management, analysts, investors and others use it as an indicator of the Company's financial and operating management and performance. They should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of the Company's performance.

## MANAGEMENT DISCUSSION AND ANALYSIS

### NON-IFRS FINANCIAL MEASURES (continued)

The Company's method of calculating EBITDA and Adjusted EBITDA may be different from those used by other companies and accordingly it should not be considered in isolation.

### RESULTS OF OPERATIONS

During the third quarter of 2025, business performance continued to be impacted by market softness stemming from trade uncertainty, inflationary pressures, and a highly competitive operating environment. Despite these challenges, sales declined only modestly from 2024, and the Company remained profitable and financially well-positioned to support continued, sustainable growth.

(\$ thousands)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Sales	<b>\$27,486</b>	\$28,418	<b>\$82,806</b>	\$84,655

Revenues for the third quarter of 2025 were \$27.5 million, compared to \$28.4 million in the same period of 2024. The variance primarily reflects pricing adjustments resulting from competitive pressures and lower metalized agricultural film sales. These factors were partially offset by increased overall volumes, including stronger sales of higher-margin converted products and favourable foreign exchange movements.

Year-to-date revenues totaled \$82.8 million, representing a modest 2.2% decline from the prior year. The year-over-year change was influenced by the same factors noted for the quarter.

(\$ thousands)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Gross Profit (\$) before amortization of production equipment	<b>\$5,794</b>	\$5,874	<b>\$17,143</b>	\$18,613
Gross Profit before amortization of production equipment (%)	<b>21.1%</b>	20.7%	<b>20.7%</b>	22.0%
Amortization of production equipment	<b>1,435</b>	1,257	<b>4,472</b>	3,678
Gross profit (\$)	<b>\$4,359</b>	\$4,617	<b>\$12,671</b>	\$14,935
Gross profit (%)	<b>15.9%</b>	16.2%	<b>15.3%</b>	17.6%

Gross profit before the amortization of production equipment was \$5.8 million (21.1% of sales) for the third quarter of 2025, versus \$5.9 million (20.7% of sales) in 2024. On an after-amortization basis, gross profit came in at \$4.4 million (15.9% of sales) for the current quarter, compared to \$4.6 million (16.2% of sales) in the prior year.

For the nine months ended September 30, 2025, gross profit before amortization of production equipment was \$17.1 million (20.7% of sales) versus \$18.6 million (22.0% of sales) in the corresponding prior-year period. Gross profit including amortization of production equipment came in at \$12.7 million (15.3% of sales) year-to-date, compared to \$14.9 million (17.6% of sales) in 2024.

Gross profit for the current quarter and year-to-date periods reflects the impact of pricing adjustments, higher direct labour costs, and increased amortization expenses, largely related to the Company's previously announced investments in new production equipment to support future growth. These increases were partly offset by lower repairs and maintenance costs and continued cost discipline across discretionary spending areas.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS (continued)

(\$ thousands)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Selling and administrative	\$2,889	\$2,607	\$7,602	\$7,029
As a % of sales	10.5%	9.2%	9.2%	8.3%

Selling and administrative expenses were \$2.9 million (10.5% of sales) for the third quarter of 2025, compared to \$2.6 million (9.2% of sales) in the prior year. Year-to-date, expenses totaled \$7.6 million (9.2% of sales), up from \$7.0 million (8.3% of sales) in 2024. The year-over-year increase for both the quarter and year-to-date primarily reflects higher salaries and benefits, along with increased spending related to renewed customer engagement and business development activities. The higher expense ratio also reflects the impact of a lower sales base in 2025.

(\$ thousands)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Finance costs	\$126	\$182	\$387	\$617

Finance costs totaled \$0.1 million for the current quarter, down from \$0.2 million in 2024. Year-to-date expenses totalled \$0.4 million, down from \$0.6 million in 2024. The year-over-year decrease for both the quarter and year-to-date is primarily due to lower interest rates and reduced indebtedness.

(\$ thousands)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Other losses / (gains)	\$270	\$340	\$3,493	\$(457)

Other losses for the third quarter of 2025 were essentially in line with those of 2024. For 2025 year-to-date, the Company recorded other losses of \$3.5 million, compared to gains of \$0.5 million in 2024, representing a \$4.0 million unfavourable year-over-year variance. The losses incurred for 2025 year-to-date largely relate to the cybersecurity incident, foreign exchange movements, and other non-recurring items. Expenses associated with the cybersecurity incident include infrastructure upgrades, external advisory services, enhanced security measures, and related costs – investments that will strengthen the Corporation's systems over the long term. The prior-year gain in 2024 was driven by favourable foreign exchange movements.

(\$ thousands)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Income taxes	\$516	\$20	\$564	\$996
As a % of income before taxes	48.0%	1.3%	47.4%	12.9%

Income taxes were \$0.5 million for the third quarter of 2025, compared with \$20 thousand in 2024. For the year-to-date, income taxes totalled \$0.6 million, down from \$1.0M in 2024. The Corporation's statutory tax rate is currently 26.5%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS (continued)

(\$ thousands, except per share data)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
<b>Net income</b>	<b>\$558</b>	\$1,468	<b>\$625</b>	\$6,750
<b>Earnings per share – Basic</b>	<b>\$0.01</b>	\$0.03	<b>\$0.01</b>	\$0.13
<b>Earnings per share – Diluted</b>	<b>\$0.01</b>	\$0.03	<b>\$0.01</b>	\$0.13
Adjustments for one-time items and FX (net of tax impact) <sup>1</sup>	<b>\$217</b>	\$298	<b>\$2,754</b>	\$(383)
<b>Adjusted Net income</b>	<b>\$775</b>	\$1,766	<b>\$3,379</b>	\$6,366
<b>Adjusted Earnings per share – Basic</b>	<b>\$0.01</b>	\$0.03	<b>\$0.06</b>	\$0.12
<b>Adjusted Earnings per share – Diluted</b>	<b>\$0.01</b>	\$0.03	<b>\$0.06</b>	\$0.12

(1) Excludes non-recurring costs, namely those related to the Q1 2025 cybersecurity incident, including infrastructure upgrades, external advisory services, security improvements, along with other non-recurring expenses, which are not indicative of core operating performance. It also excludes recurring foreign exchange fluctuations for both comparative periods. Most of the Corporation's foreign exchange fluctuations are non-cash and primarily relate to intercompany balances, the settlement of which is controlled by Imaflex.

Imaflex recorded net income of \$0.6 million for the current quarter and year-to-date, compared to net income of \$1.5 million and \$6.8 million for the same periods in 2024. The year-over-year decrease for the quarter was primarily due to higher income taxes, the lower gross profit, higher selling and administrative expenses and non-recurring expenses, partially offset by favourable movements in foreign exchange. The year-to-date decrease versus 2024 was largely due to non-recurring expenses, the lower gross profit, movements in foreign exchange, and higher selling and administrative expenses, partially offset by lower income taxes.

Excluding non-recurring items and foreign exchange, the Company had adjusted net income of \$0.8 million for the third quarter of 2025 and \$3.4 million for the year-to-date, versus \$1.8 million and \$6.4 million for the corresponding periods of 2024.

### SUMMARY OF QUARTERLY RESULTS

Summary financial data derived from the Company's unaudited quarterly financial statements for each of the eight most recently completed quarters are as follows:

For the quarters ending March, June, September and December (\$ thousands, except per share data):

	Q3/25	Q2/25	Q1/25	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23
Revenues	<b>27,486</b>	26,397	28,923	25,198	28,418	28,833	27,404	23,006
Net income/(loss)	<b>558</b>	(197)	264	711	1,468	3,434	1,847	(1,007)
Earnings/(Loss) per share								
Basic	<b>0.011</b>	(0.004)	0.005	0.014	0.028	0.066	0.035	(0.019)

It is important to note that profitability may vary from quarter to quarter, irrespective of quarterly sales, due to many factors. These include and are not limited to: competitive conditions in the businesses in which the Company participates; general economic conditions and normal business uncertainty; product mix; fluctuations in foreign currency rates; the availability and costs of raw materials; changes in the Company's relationship with its suppliers; planned plant shutdowns for preventative maintenance affecting production levels; along with interest rate fluctuations and other changes in borrowing costs.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL POSITION

September 30, 2025 vs. December 31, 2024

Working capital stood at \$25.1 million as at September 30, 2025, up from \$23.4 million at the end of fiscal 2024. The improvement was largely driven by increases in cash, inventories and prepaid expenses, partially offset by higher trade and other payables.

### LIQUIDITY

#### Cash Flows from Operating Activities

Net cash generated from operating activities, including movements in working capital and taxes, totaled \$2.6 million in the third quarter of 2025, compared with \$5.0 million in the same period of 2024. The year-over-year decrease in quarterly cash generation primarily reflects movements in net income taxes paid/received, the lower 2025 profitability, along with movements in foreign exchange, trade & other payables and inventories, partially offset by movements in trade & other receivables.

Year-to-date, net cash generated from operating activities amounted to \$7.5 million, versus \$9.1 million in the prior year. The decrease was largely due to the profit decline, along with movements in inventories and net income taxes paid/received, partially offset by movements in trade & other receivables, trade and other payables and foreign exchange.

#### Cash Flows from Investing Activities

Net cash used in investing activities totaled \$0.8 million in the third quarter of 2025 and 2024. For the year-to-date, net cash used in investing activities totalled \$2.4 million, down from \$2.9 million in 2024 due to lower payments for long-term assets in the current year.

#### Cash Flows from Financing Activities

Net cash used in financing activities totaled \$0.7 million for the three months ended September 30, 2025, compared to \$1.2 million used in the same quarter of 2024. The lower outflows in 2025 was primarily due to the absence of long-term debt repayments in the current quarter compared to \$0.4 million repaid in the prior year quarter. In addition, finance lease repayments decreased slightly compared to Q3 2024.

For 2025 year-to-date, the Company had cash outflows from financing activities of \$2.1 million, versus outflows of \$3.3 million in 2024. The lower cash outflows in 2025 primarily reflect the absence of payments to reduce bank indebtedness and long-term debt made in 2024, as the Company now carries no such debt. This was partially offset by higher funds received from finance leases in 2024.

The contractual obligations as at September 30, 2025 were as follows:

(\$ thousands)	Payments due by period			
	Total	Less than 1 year	1 to 5 years	After 5 years
Leases	\$9,660	\$2,664	\$6,996	\$ -
Total contractual obligations	\$9,660	\$2,664	\$6,996	\$ -

These contractual obligations are based on foreign exchange rates effective as at September 30, 2025.

### CAPITAL RESOURCES

The Company's \$12 million operating line of credit, secured by trade receivables and inventories, bears interest at the Canadian prime rate. As at September 30, 2025, Imaflex had no outstanding balance on its line of credit (unchanged from

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL RESOURCES (continued)

December 31, 2024) and held cash of \$11.9 million, compared to \$9.0 million at year-end 2024. Working capital totaled \$25.1 million at quarter-end, up from \$23.4 million as at December 31, 2024. The Company controls its financial leverage, ensuring that its borrowings reflect the asset base against which funds are borrowed as well as the profitability that is generated through the operations.

### RELATED PARTY TRANSACTIONS

In the normal course of operations, the Company had routine transactions with related parties. These transactions are measured at fair value, which is the amount of consideration established and agreed to by the related parties.

The following table reflects the related party transactions recorded in the statements of comprehensive income for services received by related parties for the periods ended September 30, 2025 and 2024. For additional information, please refer to note 23, *Related party transactions* of the “Notes to the consolidated financial statements” for the years ended December 31, 2024 and 2023.

(\$ thousands)		Three months ended		Nine months ended	
		September 30,		September 30,	
		2025	2024	2025	2024
Professional fees and key management personnel services	(a)	\$ 39	\$ 36	\$ 112	\$ 108
Rent	(b)	\$ 302	\$ 300	\$ 911	\$ 894
Remuneration	(c)	\$ 382	\$ 299	\$ 1,102	\$ 902

(a) Professional fees include transactions with Polytechnomics Inc., of which Gerald R. Phelps, Imaflex’s Vice-President Operations, is the controlling shareholder, with Consolato Gattuso, a director of Imaflex, who is also a senior partner at Gattuso Bouchard Mazzone and with Philip Nolan, a director of Imaflex, who is also a self-employed tax lawyer.

(b) Joseph Abbandonato, Executive Chairman of the Board, is the controlling shareholder of Roncon Consultants Inc. (“Roncon”). The Company’s production facilities at Imaflex, Canslit, and Imaflex USA are leased from Roncon and parties related to Roncon under long-term lease agreements. The majority of these payments are recorded as a lease obligation on the balance sheet, while the remainder covers the applicable interest and is recorded under finance costs as an expense.

(c) Includes salaries, benefits, non-cash stock-based compensation expenses and fees paid to key management personnel and directors.

### FINANCIAL INSTRUMENTS

Please refer to note 21, *Financial instruments* of the consolidated financial statements for the years ended December 31, 2024 and 2023 for disclosure on the Company’s financial instruments as well as note 22, *Risk management* for a discussion on the risks the Company is exposed to and how they are managed.

As at September 30, 2025, the Company was not using any swap, forward or hedge accounting and there were no warrants outstanding.

As at September 30, 2025, 500,000 options to purchase shares of the Company were outstanding at a weighted average strike price of \$1.162, of which 500,000 were exercisable.

As at September 30, 2024, 500,000 options to purchase shares of the Company were outstanding at a weighted average strike price of \$1.162, of which 462,500 were exercisable.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MANAGEMENT OUTLOOK

Markets were generally soft through the first nine months of 2025. However, recent signs of improvement give us reason to be cautiously optimistic that this positive momentum will continue through the fourth quarter of 2025 and into 2026.

Near-term results may still be affected by competitive pressures, cost inflation, and an evolving tariff landscape. That said, we continue to optimize our product mix to support revenue growth while maintaining disciplined cost management to protect margins. Prior investments in new production equipment are enhancing efficiency and competitiveness, with the full benefits expected to materialize in 2026 and beyond.

On the trade front, the United States–Mexico–Canada Agreement (USMCA) continues to support open market access for our products and raw materials, which remain exempt from tariffs. The Corporation remains vigilant to potential developments and confident that its operations in both Canada and the U.S. position it well under any future trade environment.

Overall, we remain well positioned to leverage improving market fundamentals, supported by improving demand trends, a strong balance sheet, and the continued resilience of our markets.

### OUTSTANDING SHARE DATA

As at September 30, 2025, the Company had 52,088,637 common shares outstanding, unchanged from December 31, 2024.

Additional information on Imaflex, including quarterly and Annual Reports, can be found on *SEDAR+* at [www.sedarplus.ca](http://www.sedarplus.ca).

**(s) Stephan Yazedjian**

Stephan Yazedjian  
President and Chief Executive Officer

**(s) Robert Therrien**

Robert Therrien, CPA, CA  
Director of Finance, in my capacity as Chief Financial Officer

November 26, 2025

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### *For investor information, contact*

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Vice President Corporate Affairs

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