

Interim Condensed Consolidated Financial Statements of

IMAFLEX INC.

For the three and nine-month periods ended September 30, 2025 and 2024

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,	
	2025	2024	2025	2024
Revenues (Note 3.1)	\$ 27,486	\$ 28,418	\$ 82,806	\$ 84,655
Cost of sales	23,127	23,801	70,135	69,720
Gross profit	4,359	4,617	12,671	14,935
Expenses:				
Selling	581	535	1,832	1,626
Administrative	2,308	2,072	5,770	5,403
Finance costs (Note 6)	126	182	387	617
Other losses (gains) (Note 7)	270	340	3,493	(457)
	3,285	3,129	11,482	7,189
income before income taxes	1,074	1,488	1,189	7,746
Income taxes	516	20	564	996
NET INCOME	558	1,468	625	6,750
Other comprehensive income (loss)				
Item that will be reclassified subsequently to net income				
Exchange differences on translating foreign operations	352	(223)	(569)	224
COMPREHENSIVE INCOME	\$ 910	\$ 1,245	\$ 56	\$ 6,974
Earnings per share (Note 8)				
Basic	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.13
Diluted	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.13

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, 2025	December 31, 2024
Assets		
<i>Current assets</i>		
Cash	\$ 11,918	\$ 8,959
Trade and other receivables	15,043	15,239
Current tax assets	416	629
Inventories	13,260	12,367
Prepaid expenses	973	341
Total current assets	41,610	37,535
<i>Non-current assets</i>		
Property, plant and equipment (Note 9)	46,749	49,856
Intangible assets	2,315	2,356
Total non-current assets	49,064	52,212
Total assets	\$ 90,674	\$ 89,747
Liabilities and equity		
<i>Current liabilities</i>		
Trade and other payables	\$ 14,259	\$ 11,634
Current tax liabilities	10	294
Lease obligations, current portion (Note 10, 11)	2,194	2,247
Total current liabilities	16,463	14,175
<i>Non-current liabilities</i>		
Deferred tax liabilities	3,264	3,019
Lease obligations (Note 10, 11)	6,223	7,885
Total non-current liabilities	9,487	10,904
Total liabilities	25,950	25,079
<i>Equity</i>		
Share capital (Note 12)	12,931	12,931
Reserves	3,773	4,342
Retained earnings	48,020	47,395
Total equity	64,724	64,668
Total liabilities and equity	\$ 90,674	\$ 89,747

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

(s) Joseph Abbandonato
Joseph Abbandonato
Director

(s) Mario Settino
Mario Settino
Director

Consolidated statements of changes in equity
For the three-month periods ended September 30, 2025 and 2024
(in thousands of Canadian dollars)
(unaudited)

	Share capital (a)		Reserves				Retained earnings	Total
			Share-based compensation	Accumulated foreign currency translation	Warrants	Total reserves		
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	\$ 3,252	\$ 46,683	\$ 62,866	
Balance at July 1, 2025	\$ 12,931	\$ 1,579	\$ 1,377	\$ 465	\$ 3,421	\$ 47,462	\$ 63,814	
Net income for the period	-	-	-	-	-	558	558	
Exchange differences on translating foreign operations	-	-	352	-	352	-	352	
Comprehensive income for the period	-	-	352	-	352	558	910	
Balance at September 30, 2025	\$ 12,931	\$ 1,579	\$ 1,729	\$ 465	\$ 3,773	\$ 48,020	\$ 64,724	

(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, 2025 and 2024
(in thousands of Canadian dollars)
(unaudited)

	Reserves							Retained earnings	Total
	Share capital (a)	Share-based compensation	Accumulated foreign currency translation	Warrants	Total reserves				
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	\$ 1,577	\$ 1,210	\$ 465	\$ 3,252	\$ 46,683	\$ 62,866		
Balance at January 1, 2025	\$ 12,931	\$ 1,579	\$ 2,298	\$ 465	\$ 4,342	\$ 47,395	\$ 64,668		
Net income for the period	-	-	-	-	-	625	625		
Exchange differences on translating foreign operations	-	-	(569)	-	(569)	-	(569)		
Comprehensive income for the period	-	-	(569)	-	(569)	625	56		
Balance at September 30, 2025	\$ 12,931	\$ 1,579	\$ 1,729	\$ 465	\$ 3,773	\$ 48,020	\$ 64,724		

(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		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Operating activities:				
Net income for the period	\$ 558	\$ 1,468	\$ 625	\$ 6,750
Income tax expense	516	20	564	996
Gain on disposal of property, plant and equipment	-	-	(25)	-
Depreciation and amortisation of non-current assets	1,514	1,325	4,710	3,882
Finance costs	126	182	387	617
Share-based compensation	-	3	-	34
Unrealized foreign exchange (gain) loss	(370)	310	609	(636)
	2,344	3,308	6,870	11,643
Net changes in working capital				
Decrease (increase) in trade and other receivables	343	(325)	(71)	(3,473)
Decrease (increase) in inventories	26	357	(1,108)	348
(Increase) decrease in prepaid expenses	(27)	17	(633)	(409)
Increase in trade and other payables	496	942	2,768	543
	838	991	956	(2,991)
Cash generated by operating activities	3,182	4,299	7,826	8,652
Net income taxes (paid) received	(628)	712	(337)	435
Net cash generated by operating activities	2,554	5,011	7,489	9,087
Investing activities:				
Payments for property plant and equipment and intangible assets	(763)	(828)	(2,466)	(2,886)
Proceed of disposal of property, plant and equipment	-	-	25	-
Net cash used in investing activities	(763)	(828)	(2,441)	(2,886)
Financing activities:				
Net change in bank indebtedness and short-term borrowing	-	-	-	(2,811)
Funds from lease agreements	-	-	-	2,995
Interest paid	(126)	(180)	(387)	(614)
Repayment of long-term debt	-	(375)	-	(1,113)
Repayment of lease obligations	(537)	(612)	(1,692)	(1,781)
Net cash used by financing activities	(663)	(1,167)	(2,079)	(3,324)
Net increase in cash	1,128	3,016	2,969	2,877
Cash, beginning of the period	10,765	687	8,959	799
Effects of foreign exchange differences on cash	25	(17)	(10)	10
Cash, end of period	\$ 11,918	\$ 3,686	\$ 11,918	\$ 3,686

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, 2025 and 2024**

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

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, 2024 and 2023, and have been applied consistently to all periods presented, unless specifically stated. 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 26, 2025.

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,	
	2025	2024	2025	2024
Canada	\$ 10,192	\$ 8,507	\$ 30,032	\$ 24,740
United States	17,294	19,797	52,774	59,801
Other	-	114	-	114
Total	\$ 27,486	\$ 28,418	\$ 82,806	\$ 84,655

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

	September 30, 2025	December 31, 2024
Canada	\$ 22,817	\$ 24,190
United States	26,247	28,022
Total	\$ 49,064	\$ 52,212

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2025 and 2024**

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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 \$1.4 million for the quarter ended September 30, 2025 (\$1.3 million in 2024) and \$4.5 million for the nine-month period ended September 30, 2025 (\$3.7 million in 2024) classified in Cost of sales, which includes the depreciation for right-of-use assets of \$0.4 million (\$0.3 million in 2024) for the quarter and \$1.5 million for the nine-month period (\$0.8 million in 2024). Depreciation of other property, plant and equipment and amortisation of intangible assets amounting to \$0.1 million for the quarter ended September 30, 2025 (\$0.1 million in 2024) and \$0.2 million for the nine-month period ended September 30, 2025 (\$0.2 million in 2024) is included in Administrative expenses.

The Company's consolidated statements of comprehensive income include salaries paid to its employees of \$3.9 million for the quarter ended September 30, 2025 (\$3.4 million in 2024) and \$11.9 million for the nine-month period ended September 30, 2025 (\$10.4 million in 2024) classified in Cost of sales. Administrative expenses include salaries paid to employees of \$0.8 million for the quarter ended September 30, 2025 (\$0.6 million in 2024) and \$2.3 million for the nine-month period ended September 30, 2025 (\$1.8 million in 2024). Selling expenses include salaries paid to employees of \$0.2 million for the quarter ended September 30, 2025 (\$0.2 million in 2024) and \$0.6 million for the nine-month period ended September 30, 2025 (\$0.4 million in 2024).

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, 2025 (\$0.7 million in 2024) and \$2.4 million for the nine-month period ended September 30, 2025 (\$2.0 million in 2024). 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,	
	2025	2024	2025	2024
Interest on bank indebtedness and long-term debt	\$ -	\$ 7	\$ -	\$ 164
Interest on lease obligations	126	175	387	453
	\$ 126	\$ 182	\$ 387	\$ 617

7. Other losses (gains)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Foreign exchange (gains) losses	\$ (456)	\$ 344	\$ 597	\$ (442)
Gain on disposal of property, plant and equipment	-	-	(25)	-
Interest income	(107)	(4)	(121)	(15)
Cybersecurity incident expense	76	-	2,177	-
Other	757	-	865	-
	\$ 270	\$ 340	\$ 3,493	\$ (457)

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2025 and 2024**

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

8. Earnings per share

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net income for basic and diluted earnings per share	\$ 558	\$ 1,468	\$ 625	\$ 6,750
Weighted average number of common shares outstanding	52,089	52,089	52,089	52,089
Dilutive effect of share purchase options	35	31	39	12
Diluted weighted average common shares outstanding	52,124	52,120	52,128	52,101
Basic earnings per common share	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.13
Diluted earnings per common share	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.13

For the three month ended September 30, 2025, 150,000 stock options outstanding were excluded from the calculation of earnings per share because they were antidilutive. No stock options outstanding were excluded from the calculation of earnings per share because they were antidilutive for the other periods presented.

9. Property, plant and equipment

	Land	Building	Production equipment	Leasehold improvements	Office equipment	Computer equipment	Rolling stock	Total
Cost								
January 1, 2024	\$ 22	\$ 5,129	\$ 89,781	\$ 3,515	\$ 64	\$ 783	\$ 636	\$ 99,930
Additions	-	2,035	2,993	274	19	5	19	5,345
Disposals	-	-	(395)	-	-	-	-	(395)
Derecognition of expired leases	-	(1,355)	-	-	-	-	-	(1,355)
Foreign exchange	2	157	3,914	138	2	4	7	4,224
December 31, 2024	24	5,966	96,293	3,927	85	792	662	107,749
Additions	-	-	2,174	212	4	8	56	2,454
Foreign exchange	(1)	(63)	(1,588)	(58)	(1)	(2)	(3)	(1,716)
September 30, 2025	\$ 23	\$ 5,903	\$ 96,879	\$ 4,081	\$ 88	\$ 798	\$ 715	\$ 108,487
Accumulated depreciation								
January 1, 2024	\$ -	\$ (2,049)	\$ (46,148)	\$ (3,008)	\$ (61)	\$ (661)	\$ (234)	\$ (52,161)
Depreciation	-	(1,004)	(3,606)	(241)	(7)	(49)	(89)	(4,996)
Derecognition of expired leases	-	1,192	-	-	-	-	-	1,192
Foreign exchange	-	(82)	(1,723)	(112)	(2)	(4)	(5)	(1,928)
December 31, 2024	-	(1,943)	(51,477)	(3,361)	(70)	(714)	(328)	(57,893)
Depreciation	-	(823)	(3,590)	(159)	(8)	(35)	(58)	(4,673)
Foreign exchange	-	39	737	47	1	2	2	828
September 30, 2025	\$ -	\$ (2,727)	\$ (54,330)	\$ (3,473)	\$ (77)	\$ (747)	\$ (384)	\$ (61,738)
Net book value, as at								
December 31, 2024	\$ 24	\$ 4,023	\$ 44,816	\$ 566	\$ 15	\$ 78	\$ 334	\$ 49,856
September 30, 2025	\$ 23	\$ 3,176	\$ 42,549	\$ 608	\$ 11	\$ 51	\$ 331	\$ 46,749

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2025 and 2024**

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

9. Property, plant and equipment (continued)

The Company has \$1.1 million as equipment in progress included in production equipment as at September 30, 2025 (\$1.5 million as at December 2024).

Additions of property, plant and equipment amounting to \$0.4 million as at September 30, 2025 (\$0.9 million as at December 31, 2024) are included in trade and other payables.

Included in the net carrying amount of property, plant and equipment as at September 30, 2025 and December 31, 2024 are right-of-use assets as follows:

	September 30, 2025	December 31, 2024
Buildings	\$ 3,116	\$ 3,956
Production equipment	7,229	8,116
Rolling stock	241	300
Total right-of-use asset	\$ 10,586	\$ 12,372

10. Borrowings

	September 30, 2025	December 31, 2024
Bank indebtedness (a)	\$ -	\$ -
Lease obligations	8,417	10,132
Total borrowings	8,417	10,132
Current		
Lease obligations, current portion	2,194	2,247
	2,194	2,247
Non-current		
Lease obligations	6,223	7,885
	6,223	7,885
Total borrowings	\$ 8,417	\$ 10,132

Interest on long-term debt amounted to \$nil for the quarter and for the nine-month period ended September 30, 2025 (\$4 thousand and \$20 thousand in 2024).

(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 as at September 30, 2025 and December 31, 2024 for an effective interest rate of 4.70% as at September 30, 2025 and 5.45% as December 31, 2024. 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, 2025 and December 31, 2024. As at September 30, 2025 and December 31, 2024, the line of credit was not used.

**Notes to the interim condensed consolidated financial statements
for the three and nine-month periods ended September 30, 2025 and 2024**

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

11. Lease obligations

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

Not later than one year	\$ 2,664
Later than one year and not later than five years	6,996
Total minimum lease payments	9,660
Less amount representing interest	(1,243)
Present value of minimum lease payments	8,417
Less the long-term portion	(6,223)
Current portion of obligations under leases	\$ 2,194

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, 2025 and December 31, 2024, there were 52,088,637 common shares outstanding (52,088,637 as at September 30, 2024).

During the three and nine month periods ended September 30, 2025 and the year ended December 31, 2024, the Company did not issued any additional shares.

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 \$nil for the quarter and for the nine-month period ended September 30, 2025 (\$3 thousand and \$34 thousand in 2024).

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	Total
Outstanding as at 31/12/2024	150,000	300,000	50,000	500,000
Exercised	-	-	-	-
Outstanding as at 30/09/2025	150,000	300,000	50,000	500,000
Outstanding as at 30/09/2024	150,000	300,000	50,000	500,000
Exercisable as at 30/09/2025	150,000	300,000	50,000	500,000
Exercisable as at 30/09/2024	112,500	300,000	50,000	462,500
Remaining life of options (yrs)	2.67	1.65	0.00	
Fair value assumptions :				
Expected life of options (yrs)	2.5 to 3.25	2.5 to 3.25	2.5 to 3.25	
Expiry	30/05/2028	26/05/2027	26/08/2025	
Expected share price volatility	47.94% - 56.39%	58.83% - 59.93%	57.82% - 60.98%	
Dividend yield	0%	0%	0%	
Risk free rate	3.44%	2.62%	0.41%	
Exercise price	\$ 1.25	\$ 1.19	\$ 0.73	
Share price on grant date	\$ 1.25	\$ 1.19	\$ 0.73	
Fair value of option at grant	\$ 0.45	\$ 0.48	\$ 0.28	

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
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14. Financial instruments

14.1 Fair value and classification of financial instruments

	Carrying amount			Fair Value
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
Financial assets				
Loans and receivables				
Cash	\$ 11,918	\$ 8,959	\$ 11,918	\$ 8,959
Trade and other receivables ⁽¹⁾	14,678	14,679	14,678	14,679
	\$ 26,596	\$ 23,638	\$ 26,596	\$ 23,638
Financial liabilities				
Financial liabilities, at amortised cost				
Trade and other payables ⁽²⁾	\$ 13,084	\$ 10,222	\$ 13,084	\$ 10,222
	\$ 13,084	\$ 10,222	\$ 13,084	\$ 10,222

⁽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).