Interim Condensed Consolidated Financial Statements of

IMAFLEX INC.

For the three and six-month periods ended June 30, 2023 and 2022

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 June 30,		Six months ended June 30,	
		2023	2022	**2023**	2022
Revenues	(Note 3.1)	**$ 24,494**	$ 32,123	**$ 47,730**	$ 63,187
Cost of sales		**21,066**	26,525	**41,122**	52,819
Gross profit		**3,428**	5,598	**6,608**	10,368
Expenses:					
Selling		**454**	492	**886**	978
Administrative		**1,958**	1,613	**3,469**	3,054
Finance costs	(Note 6)	**133**	116	**243**	227
Other (gains) losses	(Note 7)	**395**	(644)	**391**	(351)
Other		**(6)**	21	**29**	37
		2,934	1,598	**5,018**	3,945
Income before income taxes		**494**	4,000	**1,590**	6,423
Income taxes		**56**	581	**229**	921
NET INCOME		**438**	3,419	**1,361**	5,502
Other comprehensive income (loss)					
Item that will be reclassified subsequently to net income					
Exchange differences on translating foreign operations		**(293)**	293	**(310)**	166
COMPREHENSIVE INCOME		**$ 145**	$ 3,712	**$ 1,051**	$ 5,668
Earnings per share	(Note 8)				
Basic		**$ 0.01**	$ 0.07	**$ 0.03**	$ 0.11
Diluted		**$ 0.01**	$ 0.07	**$ 0.03**	$ 0.11

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		**June 30, 2023**	**December 31, 2022**
Assets			
Current assets			
Cash		**$ 3,017**	$ 7,527
Trade and other receivables	(Note 16)	**15,015**	12,079
Inventories		**13,166**	12,188
Income tax receivable		**611**	-
Prepaid expenses		**1,268**	235
Total current assets		**33,077**	32,029
Non-current assets			
Property, plant and equipment	(Note 9)	**43,287**	37,757
Intangible assets		**2,201**	2,209
Total non-current assets		**45,488**	39,966
Total assets		**$ 78,565**	$ 71,995
Liabilities and equity			
Current liabilities			
Bank indebtedness	(Note 10)	**670**	2,360
Trade and other payables		**9,766**	6,607
Current tax liabilities		**-**	104
Long-term debt, current portion	(Note 10)	**1,462**	1,804
Lease obligations, current portion	(Note 10,11)	**1,806**	886
Total current liabilities		**13,704**	11,761
Non-current liabilities			
Long-term debt	(Note 10)	**560**	1,735
Deferred tax liabilities		**2,152**	2,109
Lease obligations	(Note 10,11)	**5,529**	1,244
Total non-current liabilities		**8,241**	5,088
Total liabilities		**21,945**	16,849
Equity			
Share capital	(Note 12)	**12,855**	12,634
Reserves		**2,979**	3,087
Retained earnings		**40,786**	39,425
Total equity		**56,620**	55,146
Total liabilities and equity		**$ 78,565**	$ 71,995

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 June 30, 2023 and 2022
(in thousands of Canadian dollars) (unaudited)

		Reserves					
	Share capital (a)	Share-based compensation	Accumulated foreign currency translation	Warrants	Total reserves	Retained earnings	Total
Balance at April 1, 2022	12,559	1,213	411	465	2,089	32,383	47,031
Net income for the period	-	-	-	-	-	3,419	3,419
Exchange differences on translating foreign operations	-	-	293	-	293	-	293
Comprehensive income for the period	-	-	293	-	293	3,419	3,712
Transactions with owners:							
Issuance of shares (Note 12)	75	-	-	-	-	-	75
Share-based compensation (Note 13)	-	45	-	-	45	-	45
Balance at June 30, 2022	$12,634	$ 1,258	$ 704	$ 465	$ 2,427	$ 35,802	$ 50,863
Balance at April 1, 2023	**$12,634**	**$1,336**	**$ 1,285**	**$ 465**	**$ 3,086**	**$ 40,348**	**$ 56,068**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**438**	**438**
Exchange differences on translating foreign operations	**-**	**-**	**(293)**	**-**	**(293)**	**-**	**(293)**
Comprehensive income for the period	**-**	**-**	**(293)**	**-**	**(293)**	**438**	**145**
Transactions with owners:							
Issuance of shares (Note 12)	**221**	**-**	**-**	**-**	**-**	**-**	**221**
Share-based compensation (Note 13)	**-**	**186**	**-**	**-**	**186**	**-**	**186**
Balance at June 30, 2023	**$12,855**	**$ 1,522**	**$ 992**	**$ 465**	**$ 2,979**	**$ 40,786**	**$ 56,620**

(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 six-month periods ended June 30, 2023 and 2022
(in thousands of Canadian dollars) (unaudited)

		Reserves					
	Share capital (a)	Share-based compensation	Accumulated foreign currency translation	Warrants	Total reserves	Retained earnings	Total
Balance at January 1, 2022	12,559	1,212	538	465	2,215	30,300	45,074
Net income for the period	-	-	-	-	-	5,502	5,502
Exchange differences on translating foreign operations	-	-	166	-	166	-	166
Comprehensive income for the period	-	-	166	-	166	5,502	5,668
Transactions with owners:							
Issuance of shares (Note 11)	75	-	-	-	-	-	75
Share-based compensation (Note 13)	-	46	-	-	46	-	46
Balance at June 30, 2022	$12,634	$ 1,258	$ 704	$ 465	$ 2,427	$ 35,802	$ 50,863
Balance at January 1, 2023	**$12,634**	**$1,320**	**$ 1,302**	**$ 465**	**$ 3,087**	**$ 39,425**	**$ 55,146**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**1,361**	**1,361**
Exchange differences on translating foreign operations	**-**	**-**	**(310)**	**-**	**(310)**	**-**	**(310)**
Comprehensive income for the period	**-**	**-**	**(310)**	**-**	**(310)**	**1,361**	**1,051**
Transactions with owners:							
Issuance of shares (Note 11)	**221**	**-**	**-**	**-**	**-**	**-**	**221**
Share-based compensation (Note 13)	**-**	**202**	**-**	**-**	**202**	**-**	**202**
Balance at June 30, 2023	**$12,855**	**$ 1,522**	**$ 992**	**$ 465**	**$ 2,979**	**$ 40,786**	**$ 56,620**

(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 June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Operating activities:				
Net income for the period	**$ 438**	$ 3,419	**$ 1,361**	$ 5,502
Income tax expense	**56**	581	**229**	921
Depreciation and amortisation of non-current assets	**1,062**	1,007	**2,062**	2,008
Finance costs	**133**	116	**243**	227
Share-based compensation	**186**	45	**202**	46
Unrealized foreign exchange loss (gain)	**445**	(617)	**448**	(298)
	2,320	4,551	**4,545**	8,406
Net changes in working capital				
Decrease (increase) in trade and other receivables	**182**	637	**(3,038)**	(2,734)
(Increase) decrease in inventories	**(1,883)**	75	**(1,126)**	1,521
(Increase) decrease in prepaid expenses	**(697)**	180	**(1,047)**	(206)
(Decrease) increase in trade and other payables	**(1,444)**	(1,518)	**3,230**	1,005
	(3,842)	(626)	**(1,981)**	(414)
Cash (used in) generated by operating activities	**(1,522)**	3,925	**2,564**	7,992
Net income taxes paid	**(300)**	(240)	**(900)**	(980)
Net cash (used in) generated by operating activities	**(1,822)**	3,685	**1,664**	7,012
Investing activities:				
Payments for tangible and intangible assets	**(2,824)**	(5,664)	**(6,182)**	(7,647)
Net cash used in investing activities	**(2,824)**	(5,664)	**(6,182)**	(7,647)
Financing activities:				
Net change in bank indebtedness	**(1,475)**	1,006	**(1,690)**	(513)
Issuance of share capital	**221**	75	**221**	75
Funds from lease agreements	**3,908**	-	**3,908**	-
Interest paid	**(133)**	(116)	**(243)**	(227)
Repayment of long-term debt	**(969)**	(497)	**(1,517)**	(991)
Repayment of leases	**(366)**	(285)	**(653)**	(554)
Net cash generated by (used in) financing activities	**1,186**	183	**26**	(2,210)
Net decrease in cash	**(3,460)**	(1,796)	**(4,492)**	(2,845)
Cash, beginning of the period	**6,494**	7,415	**7,527**	8,465
Effects of foreign exchange differences on cash	**(17)**	3	**(18)**	2
Cash, end of period	**$ 3,017**	$ 5,622	**$ 3,017**	$ 5,622

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

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

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. Significant accounting policies

2.1 Basis of Presentation

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, 2022 and 2021. 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 August 28, 2023.

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 June 30,		**Six months ended June 30,**	
	2023	**2022**	**2023**	**2022**
Canada	**$ 7,324**	$ 12,889	**$ 16,053**	$ 25,011
United States	**17,170**	19,234	**31,677**	38,176
Total	**$ 24,494**	$ 32,123	**$ 47,730**	$ 63,817

3.2 Property, plant and equipment, and intangible assets per geographic location

	June 30, 2023	**December 31, 2022**
Canada	**$ 19,532**	$ 14,790
United States	**25,956**	25,176
Total	**$ 45,488**	$ 39,966

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

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 $0.9 million for the quarter ended June 30, 2023 ($1.0 million in 2022) and $1.9 million for the six-month period ended June 30, 2023 ($1.9 million in 2022) classified in Cost of sales, which includes the depreciation for right-of-use assets of $0.3 million for the quarter ($0.3 million in 2022) and $0.5 million for the six-month period ($0.5 million in 2022). Depreciation of other property, plant and equipment and amortisation of intangible assets amounting to $0.1 million for the quarter ended June 30, 2023 ($0.1 million in 2022) and $0.1 million for the six-month period ended June 30, 2023 ($0.1 million in 2022) is included in Administrative expenses.

The Company's consolidated statements of comprehensive income include salaries paid to its employees of $3.1 million for the quarter ended June 30, 2023 ($2.7 million in 2022) and $6.0 million for the six-month period ended June 30, 2023 ($5.2 million in 2022) classified in Cost of sales. Administrative expenses include salaries paid to employees of $0.5 million for the quarter ended June 30, 2023 ($0.5 million in 2022)) and $1.1 million for the six-month period ended June 30, 2023 ($1.0 million in 2022). Selling expenses include salaries paid to employees of $0.1 million for the quarter ended June 30, 2023 ($0.1 million in 2022) and $0.2 million for the six-month period ended June 30, 2023 ($0.2 million in 2022).

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 $1.1 million for the quarter ended June 30, 2023 ($0.8 million in 2022) and $2.1 million for the six-month period ended June 30, 2023 ($1.5 million in 2022). 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 June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Interest on bank indebtedness and long-term debt	**$ 93**	$ 85	**$ 194**	$ 166
Interest on lease obligations	**40**	31	**49**	61
	$133	$ 116	**$243**	$ 227

7. Other (gains) losses

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Foreign exchange (gains) losses	**$ 426**	$ (644)	**$ 477**	**$ (351)**
Interest income	**(31)**	-	**(86)**	**-**
	$395	(644)	**391**	**(351)**

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

8. Earnings per share

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Net income for basic and diluted earnings per share	**$ 438**	$ 3,419	**$ 1,361**	$ 5,502
Weighted average number of common shares outstanding	**51,866**	51,684	**51,803**	51,662
Dilutive effect of share purchase options	**178**	203	**247**	202
Diluted weighted average common shares outstanding	**52,043**	51,887	**52,050**	51,864
Basic earnings per common share	**$ 0.01**	$ 0.07	**$ 0.03**	$ 0.11
Diluted earnings per common share	**$ 0.01**	$ 0.07	**$ 0.03**	$ 0.11

As at June 30 2023 and 2022, there were no outstanding stock options that were excluded from this calculation.

9. Property, plant and equipment

	Land	Building	Production equipment	Leasehold improvements	Office equipment	Computer equipment	Rolling Stock	Total
Cost								
January 1, 2022	22	4,072	$ 62,784	$ 3,080	$ 93	$ 675	$ 263	$ 70,989
Additions	-	1,598	13,628	530	-	-	48	15,804
Foreign exchange	1	185	2,444	96	1	3	7	2,737
December 31, 2022	$ 23	$5,855	$ 78,856	$ 3,706	$ 94	$ 678	$ 318	$ 89,530
Addition	**-**	**1,986**	**4,436**	**(125)**	**75**	**(41)**	**140**	**6,469**
Elimination of matured Lease	**-**	**(923)**	**-**	**-**	**-**	**-**	**-**	**(923)**
Foreign exchange	**-**	**(62)**	**596**	**-**	**-**	**-**	**-**	**534**
June 30, 2023	**23**	**6,856**	**83,887**	**3,581**	**169**	**637**	**458**	**95,610**
Accumulated depreciation								
January 1, 2022	-	(2,859)	(40,129)	(2,684)	(73)	(602)	(135)	(46,482)
Amortisation	-	(984)	(2,843)	(142)	(9)	(46)	(56)	(4,080)
Foreign exchange	-	(76)	(1,054)	(73)	(1)	(4)	(3)	(1,211)
December 31, 2022	-	(3,919)	(44,026)	(2,899)	(83)	(652)	(194)	(51,773)
Amortisation	**-**	**(358)**	**(741)**	**(5)**	**(78)**	**43**	**(65)**	**(1,204)**
Elimination of matured Lease	**-**	**923**	**-**	**-**	**-**	**-**	**-**	**923**
Foreign exchange	**-**	**(42)**	**(218)**	**(7)**	**-**	**-**	**(2)**	**(269)**
June 30, 2023	**-**	**(3,396)**	**(44,985)**	**(2,912)**	**(161)**	**(609)**	**(260)**	**(52,323)**
Net book value, as at								
December 31, 2022	$ 23	$ 1,936	$ 34,830	$ 807	$ 11	$ 26	$ 124	$ 37,757
June 30, 2023	**$ 23**	**$ 3,461**	**$ 38,902**	**$ 669**	**$ 8**	**$ 28**	**$ 197**	**$ 43,287**

During the quarter ending June 30, 2023 there were some nominal, immaterial transfers and reclassifications between property, plant and equipment categories, which resulted in some variances in the additions and amortisation per category.

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

9. Property, plant and equipment (continued)

Included in the net carrying amount of property, plant and equipment as at June 30, 2023 and December 31, 2022 are right-of-use assets as follows:

	June 30, 2023	December 31, 2022
Buildings	**$ 3,389**	$ 1,859
Production equipment	**-**	198
Rolling stock	**60**	79
Office equipment	**8**	4
Total right-of-use asset	**$ 3,458**	$ 2,140

10. Borrowings

	June 30, 2023	December 31, 2022
Bank indebtedness (a)	**$ 670**	$ 2,360
Long-term debt		
Loan, bearing interest at the lender's base rate minus 0.75%.	**-**	243
Loan, bearing interest at a fixed rate of 3.746% secured by a $3.6 million hypothec on a piece of equipment. (b)	**1,030**	1,403
Loan, bearing interest at a fixed rate of 3.75% secured by a $3.3 million hypothec on a piece of equipment. (c)	**992**	1,331
Loan, bearing interest at the lender's base rate plus 0.40%.	**-**	562
Total long-term debt	**2,022**	3,539
Lease obligations	**7,335**	2,130
Total borrowings	**10,027**	8,029
Current		
Bank indebtedness	**$ 670**	$ 2,360
Long-term debt, current portion	**1,462**	1,804
Lease obligations, current portion	**1,806**	886
	3,938	5,050
Non-current		
Long-term debt	**560**	1,735
Lease obligations	**5,529**	1,244
	6,089	2,979
Total borrowings	**$ 10,027**	$ 8,029

Interest on long-term debt amounted to $32 thousand for the quarter ended June 30, 2023 ($54 thousand in 2022) and $72 thousand for the six-month period ended June 30, 2023 ($106 thousand in 2022).

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

10. Borrowings (continued)

(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 June 30, 2023 (prime as at December 31, 2022) for an effective interest rate of 6.95% as at June 30, 2023 and 6.45% as at December 31, 2022. 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 June 30, 2023 and December 31, 2022. As at June 30, 2023, the Company had drawn $670 thousand on the line of credit ($2.4 million 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	**$ 1,462**
Later than one year and not later than five years	**560**
Later than 5 years	**-**
	$2,022

11. Lease obligations

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

Not later than one year	**$ 2,216**
Later than one year and not later than five years	**15,943**
Later than five years	**0**
Total minimum lease payments	**8,159**
Less amount representing interest	**(824)**
Present value of minimum lease payments	**7,335**
Less the long-term portion	**(5,529)**
Current portion of obligations under leases	**$ 1,806**

Lease obligations reflect the renewal of the lease for the Company's facilities located in Victoriaville amount of $2.3 million (present value of $2.0 million) and Montreal for $4 million during the six-month period ended June 30, 2023. Some of these leases relate to equipment and potentially have a cash flow impact as there were reinbursements of deposits made by the Company on behalf of the lesee.

12. Share capital

The Company's authorized share capital consists of an unlimited number of common shares, voting, participating, without par value. As at June 30, 2023, there were 51,988,637 common shares outstanding (51,738,637 as at June 30, 2022 and 51,738,637 as at December 31, 2022).

During the quarter ended June 30, 2023, 250,000 options were exercised for cash consideration of $221,500. During the quarter ended June 30, 2022, 100,000 shares were issued.

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

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 $186 thousand for the quarter ended June 30, 2023 ($46 thousand in 2022) and $202 thousand for the six-month period ended June 30, 2023 ($46 thousand in 2022).

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

	31/05/2023	26/05/2022	26/08/2020	10/09/2019	29/11/2018	29/11/2017	Total
Outstanding as at 31/12/2022	-	300,000	100,000	100,000	150,000	150,000	800,000
Exercised	-	-	-	100,000	-	150,000	250,000
Issued	1,650,000	-	-	-	-	-	1,650,000
Cancelled	1,125,000	-	-	-	-	-	1,125,000
Outstanding as at 30/06/2023	525,000	300,000	100,000	-	150,000	-	1,075,000
Outstanding as at 30/06/2022	-	300,000	100,000	100,000	150,000	150,000	800,000
Exercisable as at 30/06/2023	412,500	225,000	100,000	-	150,000	-	887,500
Exercisable as at 30/06/2022	-	75,000	100,000	100,000	150,000	150,000	575,000
Remaining life of options (yrs)	4.92	3.90	2.15	1.20	0.41	-	
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	2.5 to 3.25	2.5 to 3.25	
Expiry	30/05/2028	26/05/2027	26/08/2025	10/09/2024	29/11/2023	29/11/2022	
Expected share price volatility	47.94% - 56.39%	58.83% - 59.93%	57.82% - 60.98%	61.21% - 64.47%	67.14% - 70.41%	79.13% - 80.17%	
Dividend yield	0%	0%	0%	0%	0%	0%	
Risk free rate	3.44%	2.62%	0.41%	1.44%	2.23%	1.62%	
Exercise price	$1.25	$1.19	$0.73	$0.55	$0.76	$1.11	
Share price on grant date	$1.25	$1.19	$0.73	$0.55	$0.76	$1.11	
Fair value of option at grant	$0.41	$0.48	$0.28	$0.30	$0.35	$0.57	

(1) The value of shares when the options were exercised during the quarter ended June 30, 2023 were $1.69 per share (100,000 shares) and $1.28 per share (150,000 shares)

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.

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

14. Financial instruments

14.1 Fair value and classification of financial instruments

	Carrying amount		Fair Value	
	June 30, 2023	**December 31, 2022**	**June 30, 2023**	**December 31, 2022**
Financial assets				
Loans and receivables				
Cash	**$ 3,017**	$ 7,527	**$ 3,017**	$ 7,527
Trade and other receivables [(1)]	**13,989**	11,857	**13,989**	11,857
	17,006	19,384	**17,006**	19,384
Financial liabilities				
Financial liabilities, at amortised cost				
Bank indebtedness	**670**	2,360	**670**	2,360
Trade and other payables [(2)]	**9,618**	4,699	**9,618**	4,699
Long-term debt	**2,022**	3,539	**1,969**	3,484
	12,310	10,598	**12,257**	10,543

[(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);

14.2 Fair value hierarchy (continued)

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

As at June 30, 2023 and December 31, 2022, the fair values of long-term debt and lease obligations are categorised as Level 2.

15. Non-cash transactions

The financial statements for the six-month period ended June 30, 2023 reflect the renewal of a production facility lease which came to term on April 30, 2023 for an amount of $2.3 million (present value of $2.0 million) million and a new equipment facility lease for $4 million.

16. Related party transactions

During the first quarter of 2023, the Company lent an amount of $1 million to an individual who is an officer, a shareholder and a director of the Company. The loans bears an annual interest rate of 5% and is to be repayed within the next 12 months. As at June 2023, the entire amount of this loan remains outstanding.