PRESS RELEASE

SOURCE: Imaflex Inc.

Imaflex Reports Q2 2024 Results, Provides Business Update

Maintained Strong Growth Trajectory, Achieving Solid Profitability

Q2 2024 Highlights

- *Revenues of $28.8 million, up 17.7% from $24.5 million in Q2 2023*
- *Net income rose to $3.4 million (EPS of $0.07[1]), up 684.0% from $0.4 million (EPS: $0.01) in prior year*
- *Robust balance sheet with $12.7 million in available liquidity, including a cash balance of $0.7 million and another $12.0 million under* a fully undrawn revolving line of credit
- *Generated free cash flow[2] of 5.2 million, despite equipment related investments of $0.9 million*

Montréal, Québec, CANADA – August 28, 2024 – Imaflex Inc. ("Imaflex" or the "Corporation") (TSX-V: IFX) reports consolidated financial results for the second quarter (Q2) ended June 30, 2024 and provides a business update. All amounts are in Canadian dollars.

"Business momentum continued into the second quarter, with top and bottom-line growth comfortably surpassing the corresponding prior-year period and Q1 2024," said Mr. Joe Abbandonato, President and Chief Executive Officer of Imaflex. "This solid performance is a direct result of our proven business model, built on innovation and profitable growth. Our strategic investments to elevate production capacity, enhance capabilities and drive operational efficiencies are contributing to these results."

Consolidated Financial Highlights (unaudited)

	Three months ended June 30,			Six months ended June 30,		
CDN $ thousands, except per share amounts (or otherwise indicated)	**2024**	2023	% Change	**2024**	2023	% Change
Revenues	**28,833**	24,494	17.7 %	**56,236**	47,730	17.8 %
Gross Profit	**6,287**	3,341	88.2 %	**10,318**	6,521	58.2 %
Selling & admin. expenses	**2,239**	2,319	(3.4) %	**4,422**	4,297	2.9 %
Other (gains) losses	**(271)**	395	(168.6) %	**(797)**	391	(303.8) %
Net income	**3,434**	438	684.0 %	**5,281**	1,361	288.0 %
Basic EPS	**0.07**	0.01	600.0 %	**0.10**	0.03	233.3 %
Diluted EPS	**0.07**	0.01	600.0 %	**0.10**	0.03	233.3 %
Gross margin	**21.8%**	13.6%	8.2 pp	**18.3%**	13.7%	4.6 pp
Selling & admin. expenses as % of revenues	**7.8%**	9.5%	(1.7) pp	**7.9%**	9.0%	(1.1) pp
EBITDA[2] (Excluding FX)	**5,350**	2,115	152.9 %	**8,464**	4,372	93.6 %
EBITDA	**5,611**	1,689	232.2 %	**9,250**	3,895	137.5 %
EBITDA margin	**19.5%**	6.9%	12.6 pp	**16.4%**	8.2%	8.2 pp

[1] Earning per share (EPS) based on basic and diluted weighted shares outstanding
[2] See header titled "Caution Regarding non-IFRS Financial Measures" which follows.
Free Cash Flow: net cash generated by operating activities less net cash used in investing activities.
EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

Financial Review: Quarter Ended June 30

Revenues

Revenues were $28.8 million for the second quarter of 2024, up 17.7% from $24.5 million in 2023, driven by volume growth and heightened sales of higher margin offerings.

For the first six months of 2024, revenues were up 17.8% to $56.2 million. Growth was driven by the same factors outlined for the quarter.

Gross Profit

Gross profit came in at $6.3 million (21.8% of sales) for the current quarter, up significantly from $3.3 million (13.6% of sales) in 2023. For 2024 year-to-date, the gross profit was $10.3 million (18.3% of sales), versus $6.5 million (13.7% of sales) in 2023.

Although price competition continues, results for the current quarter and year-to-date were positively impacted by the stronger revenues, along with operational efficiencies and on-going cost controls, including those derived from the new production equipment.

Operating Expenses

Selling and Administrative expenses were $2.2 million (7.8% of sales) in the current quarter, down slightly from $2.3 million (9.5% of sales) in 2023. For the first six months of 2024, selling and administrative expenses totalled $4.4 million (7.9% of sales), compared to $4.3 million (9.0% of sales) in 2023. The improvement in the selling expense ratio for the quarter and year-to-date 2024 was driven by the higher sales base.

Imaflex recorded other gains of $0.3 million for the current quarter, versus losses of $0.4 million in the same period last year, resulting in a $0.7 million year-over-year improvement. For 2024 year-to-date, the Company recorded gains of $0.8 million versus losses of $0.4 million in 2023, yielding a $1.2 million favourable variance. Other gains and losses for both years were primarily driven by foreign exchange movements.

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

Net Income and EBITDA

Net income grew to $3.4 million in the current quarter, increasing 684.0%, compared to $0.4 million in the prior year. Year-to-date net income totalled $5.3 million, up 288.0% from $1.4 million in 2023. The heightened performance was driven by the higher gross profit and foreign exchange gains in 2024.

EBITDA was $5.6 million (19.5% of sales) for the current quarter, up 232.2% from $1.7 million (6.9% of sales) in 2023. On a constant currency basis, EBITDA came in at $5.4 million (18.6% of sales), up 152.9% over the $2.1 million (8.6% of sales) achieved in the second quarter of 2023.

For the first half of 2024, EBITDA stood at $9.3 million (16.4% of sales), up 137.5% from $3.9 million (8.2% of sales) in the corresponding prior-year period. Excluding the impact of foreign exchange, EBITDA grew 93.6% over 2023, coming in at $8.5 million (15.1% of sales), compared to $4.4 million (9.2% of sales) in 2023.

Liquidity and Capital Resources

Net cash flows generated by operating activities, including movements in working capital and taxes, stood at $6.1 million for the current quarter, up from cash outflows of $1.8 million in 2023. The $7.9 million improvement was driven by the higher profit in 2024, along with movements in inventories, income taxes and prepaid expenses, partially offset by movements in foreign exchange.

For the first half of 2024, cash flows generated by operating activities, including movements in working capital and income taxes, stood at $4.1 million, up from $1.7 million in the prior year. The $2.4 million increase was primarily driven by the same upsides outlined for the quarter, partially offset by movements in foreign exchange and trade and other payables.

As at June 30, 2024 Imaflex continued to maintain a strong financial position with $12.7 million in available liquidity, including $0.7 million of cash and a fully undrawn revolving line of credit. During the quarter the Corporation made $4.2 million of payments to reduce bank indebtedness (line of credit) to nil.

Net cash used in investing activities totalled $0.9 million for the quarter, down from $2.8M in 2023. The Corporation is approaching the completion of its multi-year capital asset purchase program, and shifting its focus on maximizing asset utilization and unlocking the operational efficiencies they deliver.

Working capital grew to $20.4 million, up from $14.0 million as of December 31, 2023. The improvement was driven by higher trade and other receivables, along with a reduction in bank indebtedness and long-term debt.

Succession Planning

As previously announced, Mr. Abbandonato has decided to move to the role of Executive Chairman in the coming year. With the Board's full support, Imaflex has initiated a CEO succession planning process to ensure a smooth leadership transition. The Corporation will communicate any material developments.

Equipment Purchase Program - Update

In 2022, Imaflex announced that it had signed equipment purchase agreements for three multi-layer extruders and a metallizer. The metallizer and one extruder were commissioned in 2023, and the remaining two extruders will soon be operational. These purchases further enhance Imaflex's ability to explore new market opportunities and satisfy future demand.

As Imaflex approaches the completion of its multi-year equipment purchase program, capital expenditures are expected to be much lower than levels seen in recent years.

ADVASEAL® Update

In June 2024, Imaflex announced the issuance of a new patent for ADVASEAL® (U.S. Patent No. 11,992,009[3]) by the United States Patent and Trademark Office ("USPTO"). "The patent, valid until 2041, ensures strong intellectual property protection for many years and further recognizes our revolutionary soil treatment that displaces the need for traditional pre-plant soil fumigation," said Mr. Abbandonato.

"We are confident that ADVASEAL® could play a significant role in promoting sustainable agricultural practices, and we remain focused on securing U.S. Environmental Protection Agency ("EPA") approval". As is typical with the EPA's review process, no decision timeline was provided, although it is taking longer than the Corporation originally expected.

[3] U.S. Patent No. 11,992,009, "Pesticide-Containing Soil Disinfestation Material without use of fumigant," issued by the United States Patent and Trademark Office is available for public viewing at https://patentcenter.uspto.gov/

Outlook

"I am pleased to see a solid return to growth after a difficult industry downturn," said Mr. Abbandonato. "Although the pace and magnitude remain uncertain, we expect continued strength over the medium term, supported by improving markets, growing customer demand and new equipment. As usual, third quarter performance will be impacted by Québec's annual construction holiday, which results in temporary plant closures across the province, including Imaflex's Montréal and Victoriaville plants.

With our multi-year equipment expansion project nearing completion, we are focused on boosting utilization levels and delivering sustainable, profitable, growth. Collectively, this should have a more meaningful impact on revenues and profitability, while also heightening operational efficiencies. We are excited about our future and encouraged by the growth platform we have built."

Caution Regarding Non-IFRS Financial Measures

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

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

About Imaflex Inc.

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

Cautionary Statement on Forward Looking Information

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

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