PRESS RELEASE

SOURCE: Imaflex Inc.

Imaflex Reports Q2 2025 Results; Provides Business Update

Strong Balance Sheet and Operational Agility Support Future Growth

Q2 2025 Highlights

- *Revenues of $26.4 million, versus $28.8 million in 2024*
- *Adjusted net income[1] of $1.0 million, compared to $3.2 million in prior year*
- *Adjusted EBITDA[1] of $2.9 million (10.8% of sales), versus $5.4 million (18.6% of sales) in 2024*
- *Solid liquidity with $22.8 million available at quarter end, including a cash balance of $10.8 million ($0.21 per share) and another $12.0 million under Imaflex's revolving line of credit*

Montréal, Québec, CANADA – August 28, 2025 – Imaflex Inc. ("Imaflex" or the "Corporation") (TSX-V: IFX) reports consolidated financial results for the second quarter (Q2) ended June 30, 2025 and provides a business update. All amounts are in Canadian dollars.

"The first half of 2025 reflected market uncertainty, with the evolving tariff landscape and cautious customer behavior creating challenges across our industry," said Mr. Yazedjian, President and Chief Executive Officer of Imaflex. "Despite these headwinds, our sales were broadly comparable versus the prior year, particularly given that Q2 2024 was a very strong quarter. Adjusted profitability was also respectable, reflecting the resilience of our business and agility in responding to market conditions. Additionally, our balance sheet stayed strong, with no long-term debt and cash levels increasing to $10.8 million at quarter end. While pricing pressures and broader economic risks continue, our focus on strategic execution, talent development, and product innovation should enable us to drive sustainable growth."

Consolidated Financial Highlights (unaudited)

	Three months ended June 30,			Six months ended June 30,		
CDN $ thousands, except per share amounts (or otherwise indicated)	**2025**	2024	% Change	**2025**	2024	% Change
Revenues	**26,397**	28,833	(8.4) %	**55,320**	56,236	(1.6) %
Gross Profit	**3,587**	6,287	(42.9) %	**8,312**	10,318	(19.4) %
Selling & admin. Expenses	**2,257**	2,239	0.8 %	**4,713**	4,422	6.6 %
Other losses / (gains)	**1,389**	(271)	(612.5) %	**3,223**	(797)	(504.9) %
Net (loss) / income	**(197)**	3,434	(105.7) %	**67**	5,281	(98.7) %
Adjusted Net income	**983**	3,208	(69.4)%	**2,604**	4,600	(43.4) %

[1] Adjusted net income and adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) exclude non-recurring costs, namely those related to the Q1 2025 cyber incident, including infrastructure upgrades, external advisory services, security improvements and other non-recurring expenses, which are not indicative of core operating performance. Also excludes recurring foreign exchange fluctuations for both comparative periods. See "Caution Regarding Non-IFRS Financial Measures" which follows.

CDN $ thousands, except per share amounts (or otherwise indicated)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Basic EPS	**0.00**	0.07	(100.0) %	**0.00**	0.10	(100.0) %
Diluted EPS	**0.00**	0.07	(100.0) %	**0.00**	0.10	(100.0) %
Adjusted Basic EPS	**0.02**	0.06	(66.7) %	**0.05**	0.09	(44.4) %
Adjusted Diluted EPS	**0.02**	0.06	(66.7) %	**0.05**	0.09	(44.4) %
Gross margin	**13.6%**	21.8%	(8.2) pp	**15.0%**	18.3%	(3.3) pp
Selling & admin. expenses as % of revenues	**8.6%**	7.8%	0.8 pp	**8.5%**	7.9%	0.6 pp
EBITDA	**1,449**	5,611	(74.2)%	**3,572**	9,250	(61.4) %
ADJUSTED EBITDA	**2,850**	5,350	(46.7)%	**6,834**	8,464	(19.3) %
EBITDA margin	**5.5%**	19.5%	(14.0) pp	**6.5%**	16.4%	(9.9) pp
ADJUSTED EBITDA margin	**10.8%**	18.6%	(7.8) pp	**12.4%**	15.1%	(2.7) pp

Financial Review: Quarter Ended June 30

Revenues

Revenues for the second quarter of 2025 were $26.4 million, compared to $28.8 million in the same period of 2024. The variance primarily reflects pricing adjustments and lower volumes, though these were partially mitigated by heightened sales of higher margin offerings and favourable foreign exchange movements.

Year-to-date revenues totaled $55.3 million, down 1.6% from the prior year. The year-over-year change was driven by the same factors as in the quarter, with the exception that volumes were higher compared to 2024.

Gross Profit

Gross profit came in at $3.6 million (13.6% of sales) for the current quarter, versus 6.3 million (21.8% of sales) in 2024. For 2025 year-to-date, the gross profit was $8.3 million (15.0% of sales), versus $10.3 million (18.3% of sales) in the corresponding prior-year period.

Operating Expenses

Selling and administrative expenses were $2.3 million (8.6% of sales) for the second quarter of 2025, up slightly from $2.2 million (7.8% of sales) in the prior year. Year-to-date expenses totalled $4.7 million (8.5% of sales), up from $4.4 million (7.9% of sales) in 2024. The year-over-year increase for both the quarter and year-to-date primarily reflects higher salaries and benefits.

Other losses totalled $1.4 million for the current quarter, versus gains of $0.3 million in 2024, resulting in a $1.7 million unfavourable year-over-year variance. For the first six months of 2025, other losses were $3.2 million, compared to gains of $0.8 million in 2024, yielding a $4.0 million unfavourable variance.

The loss for the current quarter was primarily driven by foreign exchange movements, with a residual impact from the Q1 2025 cybersecurity incident. Year-to-date results for 2025 largely reflect the costs associated with the cybersecurity incident and movements in foreign exchange. Cybersecurity incident expenses include infrastructure upgrades, external advisory services, enhanced security measures, and other non-recurring expenses—investments aimed at strengthening the Corporation’s systems for the long term. In 2024, gains were driven by foreign exchange movements. Most foreign exchange gains and losses are non-cash in nature and largely relate to intercompany balances, for which Imaflex can control the timing of settlement.

Net Income, Adjusted Net Income and Adjusted EBITDA

Imaflex recorded a net loss of $0.2 million for the current quarter and net income of $0.1 million for the year-to-date, compared with net income of $3.4 million and $5.3 million for the same periods in 2024. The year-over-year decrease for both the quarter and year-to-date was driven by the cybersecurity incident (modest impact on the current quarter), the lower gross profit and movements in foreign exchange.

Excluding non-recurring items and foreign exchange, the Company had adjusted net income of $1.0 million for the second quarter of 2025 and $2.6 million for the year-to-date, versus $3.2 million and $4.6 million for the corresponding periods of 2024.

Adjusted EBITDA totaled $2.9 million (10.8% of sales), versus $5.4 million (18.6% of sales) in 2024. For the first six months of 2025, adjusted EBITDA stood at $6.8 million (12.4% of sales), versus $8.5 million (15.1% of sales) in the corresponding prior year period.

Liquidity and Capital Resources

Net cash generated from operating activities, including movements in working capital and taxes, totaled $4.8 million in the second quarter of 2025, compared with $6.1 million in the same period of 2024. Year-to-date, net cash generated from operating activities was $4.9 million, up from $4.1 million in 2024.

As at June 30, 2025 Imaflex continued to maintain a strong financial position with $22.8 million in available liquidity, including $10.8 million of cash (up from $9.0 million at the end of 2024) and a fully undrawn $12.0 million revolving line of credit.

Working capital stood at $24.1 million as at June 30 2025, up $0.7 million 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 and lower current tax assets.

Outlook

"As we enter the second half of 2025, we remain optimistic about our growth prospects," said Mr. Yazedjian. "Demand for our products is expected to gradually build, though economic volatility and an evolving tariff landscape continue to create uncertainties. Importantly, both our products and raw materials are exempt from tariffs under the United States-Mexico-Canada Agreement (USMCA) and our operations in both Canada and the USA provide us with a distinct competitive advantage.

Our strategic focus remains centered on executing our growth plans, developing talent, and driving product innovation. Margin expansion continues to be a top priority, supported by cost reduction programs, productivity gains, and operational optimization. These initiatives are expected to further enhance profitability.

Looking ahead, we will continue to closely monitor shifts in the trade landscape and broader market conditions. In the face of external challenges, we are committed to supporting our customers and maintaining agility in our operations. Backed by our financial strength, we are confident in our ability to drive profitable growth through the remainder of 2025 and beyond."

Caution Regarding Non-IFRS Financial Measures

The Company's management uses certain non-IFRS financial measures, including EBITDA, Adjusted EBITDA, and Adjusted net income to assess the Corporation's underlying operating performance and to provide further insight into normalized earnings. EBITDA is defined as "earnings before interest, taxes, depreciation, and amortization". Adjusted EBITDA and Adjusted Net Income exclude certain non-recurring items, such as costs related to the Q1 2025 cybersecurity incident (infrastructure upgrades, external advisory services, security improvements and other associated expenses) and other non-recurring expenses. It also excludes foreign exchange fluctuations, which, although recurring, they are not considered indicative of Imaflex's core operating results. 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.

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