

Flexible Solutions International Inc. (FSI:NYSE)

March 17, 2025

Nicholas Cortellucci, CFA | Equity Research Analyst | ncortellucci@atriumresearch.ca | 647-391-3314

All figures in USD unless otherwise stated

Flexible Solutions International Inc.	FSI:NYSE
Share Price	\$5.16
Average Daily Volume (K)	65.7
Shares Outstanding (M)	12.5
Market Cap (\$M)	\$64.3
Cash (\$M)	\$13.0
Debt (\$M)	\$9.4
Enterprise Value (\$M)	\$60.6

FYE Dec 31	2023A	2024E	2025E
Sales (\$M)	\$38.3	\$38.2	\$51.4
Sales Growth (YoY %)	(16%)	0%	35%
Gross Margin (%)	27%	N/A	N/A
EBITDA (\$M)	\$5.4	\$8.3	\$9.5
EBITDA Margin (%)	14%	22%	18%
Net Income (\$M)	\$2.8	N/A	N/A

Valuation	2023A	2024E	2025E
EV/EBITDA	11.3x	7.3x	6.4x
P/E	23.2x	N/A	N/A
EV/Sales	1.6x	1.6x	1.2x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Flexible Solutions International, based in Victoria, British Columbia, is an environmental technology company. The Company's NanoChem Solutions Inc. subsidiary specializes in biodegradable, water-soluble products utilizing thermal polyaspartate (TPA) biopolymers. TPA beta-proteins are manufactured from the common biological amino acid, L-aspartic acid and have wide usage including scale inhibitors, detergent ingredients, water treatment and crop enhancement.

What you need to know:

- Flexible Solutions specializes in biodegradable and sustainable products designed to reduce water evaporation, enhance agricultural efficiency, and improve energy conservation.
- The Company is expanding into the food and drug industries, restarting topline growth through a \$15-30M/year contract signed.
- FSI is led by CEO & Director Daniel O'Brien who has been with the Company since inception and owns 34% of the shares outstanding.
- Watch clips of the interview [here](#).

Company Overview

Flexible Solutions International is a Canada-based environmental technology company specializing in biodegradable and sustainable products designed to reduce water evaporation, enhance agricultural efficiency, and improve energy conservation. The Company's core product lines include WaterSavr, a patented evaporation control technology used in reservoirs and agricultural applications, and a suite of biodegradable polyaspartic acid (TPAs) products that improve fertilizer uptake and reduce nutrient loss. With a focus on sustainability and efficiency, Flexible Solutions serves a diverse range of industries, including agriculture, water conservation, and energy management.

In addition to its water-saving solutions, Flexible Solutions manufactures environmentally friendly chemical additives used in industrial applications, such as water treatment and detergents. The Company operates manufacturing facilities in Canada and the United States, ensuring efficient production and distribution. By leveraging innovation and a commitment to sustainability, Flexible Solutions continues to expand its market presence while addressing global challenges related to water scarcity and environmental impact.

Investment Thesis

Re-Accelerating Growth. After years of declining and flat revenue growth, FSI is expected to grow 35% in 2025 based on the expansion into the food and drug markets. This includes a \$15-30M annual revenue contract for the manufacturing of food grade products.

Increasing Margins. While the business was stagnant, FSI focused on cost discipline, resulting in margin expansion. EBITDA margins expanded from lows of 14% in 2023 to 22% in 2024E.

Solid Balance Sheet. FSI has a great balance sheet with \$13.0M in cash and \$9.4M in debt, which will be improved by the large free-cash-flow that it generates on an annual basis.

Management. FSI is led by CEO & Director Daniel O'Brien who has been with the Company since inception. Mr. O'Brien has been involved with the swimming pool industry since 1991, where he founded Flexible Solutions Ltd., which was acquired by FSI. Mr. O'Brien owns 34% of the shares outstanding.

Valuation. Flexible Solutions currently trades at 7.3x/6.4x 2024E/2025E EBITDA and 1.6x/1.2x 2024E/2025E sales.

Conference Takeaways

- Robust product offerings across industries from food and agriculture to O&G.
- Highest quality products compared to competitors working in the same space.
- Food division is expected to see the highest growth compared to other businesses segments.