

SOURCE: Imaflex Inc.

Imaflex Announces Continued Strong Growth for Second Quarter of 2017

- Sales and profitability continue to build; solid growth across business
- Q2 revenues up 32.2% to \$24.1 million; gross margin of 17.5%
- Q2 net income up 148.6% to \$1.3 million (EPS of \$0.03); EBITDA¹ margin of 10.3%
- \$2.1 million order received for metalized citrus film during Q2
- Significant year-over-year increase in cash flow generation

Montreal, Québec, CANADA – August 24, 2017 – Imaflex Inc. (“Imaflex” or the “Corporation”) (TSX-V: IFX), announces its consolidated financial results for the second quarter ended June 30, 2017. All amounts are in Canadian dollars.

“Sales and profitability momentum continues, with growth seen across the business during the second quarter,” highlighted Mr. Joe Abbandonato, President and Chief Executive Officer of Imaflex. Revenues are now at record levels and profitability margins are well above those seen in 2016. Liquidity is also strengthening, with the Corporation recording a significant year-over-year improvement in cash flows from operating activities. “We believe Imaflex is well positioned for on-going success as we enter the second half of 2017.”

Consolidated Financial Highlights (unaudited)

CDN \$ thousands, except per share amounts (or otherwise indicated)	Three months ended June 30			Six months ended June 30		
	2017	2016	% Change	2017	2016	% Change
Revenues	24,055	18,195	32.2 %	46,111	37,573	22.7 %
Gross profit	4,219	2,419	74.4 %	7,921	4,745	66.9 %
Selling & admin. expenses	1,793	1,529	17.3 %	3,543	3,242	9.3 %
Foreign exchange losses	415	96	332.3 %	507	574	(11.7) %
Net income	1,300	523	148.6 %	2,445	351	596.6 %
Basic EPS	0.03	0.01	200.0 %	0.05	0.01	400.0 %
Diluted EPS	0.03	0.01	200.0 %	0.05	0.01	400.0 %
Gross margin	17.5%	13.3%	4.2 pp	17.2%	12.6%	4.6 pp
Selling & admin. expenses as % of revenues	7.5%	8.4%	(0.9) pp	7.7%	8.6%	(0.9) pp
EBITDA (Excluding FX)	2,902	1,338	116.9 %	5,313	2,418	119.7 %
EBITDA	2,487	1,242	100.2 %	4,806	1,844	160.6 %
EBITDA margin	10.3%	6.8%	3.5 pp	10.4%	4.9%	5.5 pp

¹ EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization. See “Caution Regarding Non-IFRS Financial Measures” which follows.

Financial Review: Quarter and Year-to-Date Ending June 30

Revenue

Quarterly revenues were \$24.1 million, up 32.2% over the corresponding prior-year period and 9.1% higher than the first quarter of 2017. The increase continued to be driven by product mix and higher sales volumes across the business, including \$2.4 million of sales for the Corporation's metalized citrus film, Shine N' Ripe XL.

During the second quarter, Imaflex also received an additional \$2.1 million sales order for its citrus film, marking the third major order the Corporation has been awarded from one of the world's largest orange juice producers. Delivery will take place over the second half of 2017.

Revenues for the six months ended June 30, 2017 were up 22.7% over the same period last year, coming in at \$46.1 million. The improvement was driven by the same factors outlined for the current quarter.

Gross Profit

Quarterly gross profit improved significantly over the corresponding prior-year period, rising 74.4% to \$4.2 million. Quarterly gross profit as a percent of sales was 17.5%, up materially from the 13.3% recorded in the second quarter of 2016. The improvement largely reflects the ability to drive higher sales volumes, without significantly increasing fixed manufacturing costs.

For the year-to-date, gross profit rose 66.9% to \$7.9 million, while the gross margin was 17.2%, up from 12.6% over the same period last year. The improvement was driven by the same factors outlined for the quarter.

Operating Expenses

Although quarterly Selling and Administrative expenses were \$1.8 million, compared to \$1.5 million for the same period last year, as a percentage of sales they decreased to 7.5%, down from 8.4% in the second quarter of 2016.

For the year-to-date, Selling and Administrative expenses were \$3.5 million, up moderately from \$3.2 million in the prior year. As a percentage of sales, Selling and Administrative expenses decreased, coming in at 7.7%, versus 8.6% in the corresponding prior-year period.

Following a strengthening of the Canadian dollar against the US dollar, Imaflex recorded a foreign exchange loss of \$0.4 million for the quarter, up from a loss of \$0.1 million in the second quarter of 2016. For the year-to-date, Imaflex recorded a \$0.5 million loss due to currency fluctuations, down slightly from \$0.6 million in 2016.

EBITDA and Net Income

Profitability continued to strengthen for the second quarter and year-to-date, reflecting the solid increase in revenues, along with tight expense controls and on-going operational efficiencies.

EBITDA came in at \$2.5 million for the second quarter, up 100.2% from the same period last year. Correspondingly, the EBITDA margin rose to 10.3%, up from 6.8% last year. For the year-to-date, EBITDA was \$4.8 million, or 10.4% of sales. This compares to EBITDA of \$1.8 million and 4.9% of sales for the six months ending June 30, 2016.

Net income totaled \$1.3 million for the second quarter, up materially from \$0.5 million in the second quarter of 2016. For the year-to-date, net income was \$2.4 million, versus \$0.4 million in the corresponding prior-year period.

Liquidity and Capital Resources

Operating activities generated \$1.4 million of cash flows during the quarter, compared to \$0.1 million of cash outflows in the corresponding prior-year period. For the year-to-date, operating activities generated \$1.2 million of cash flows, compared to \$1.3 million for the same period last year.

As at June 30, 2017, Imaflex had approximately \$5.7 million of cash available for operating activities, including the unused portion under its \$12.0 million revolving line of credit. During the quarter, the Corporation increased the availability on its line of credit from \$10.0 million to \$12.0 million and negotiated better interest terms.

ADVASEAL® Commercialization

Management continues to advance the ADVASEAL® project and remains focused on selecting chemical suppliers. Once determined, Imaflex will proceed with a field trial of approximately 25 acres, most of which will be given to selected growers and the remainder will be used for lab and US Environmental Protection Agency (EPA) testing. The feedback, which is expected to be positive, will act as the catalyst to order the equipment to produce ADVASEAL®.

Outlook

"We continue to see solid demand across our business, positioning us for continued success in the second half of 2017," said Mr. Abbandonato. "The Corporation is well on track to deliver another record year of revenue growth and continued margin expansion, supported by a strong core flexible packaging business and continued success with our advanced metalized citrus film, Shine N' Ripe XL."

Imaflex typically sees some fluctuations in its operating results in the third quarter due to scheduled summer plant shutdowns for preventive maintenance.

Caution Regarding Non-IFRS Financial Measures

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

While EBITDA is not a standard International Financial Reporting Standards (IFRS) measure, management, analysts, investors and others use it 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 may be different from those used by other companies and accordingly it 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 and agriculture industries. 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.sedar.com 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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