PRESS RELEASE

SOURCE: Imaflex Inc.

Imaflex Announces Second Quarter 2018 Results and Provides Business Update

Receives another CDN $0.9 million citrus film order and secures up to CDN $10 million equipment leasing facility for business expansion

- *Q2 revenues of $21.9 million, down from $24.1 million in 2017*
- *Q2* EBITDA[1] *of $1.7 million, versus $2.5 million in 2017*
- *Q2 net income of $0.7 million, compared to $1.3 million in 2017*
- *YTD net income of $2.4 million or basic earnings per share of $0.05, unchanged from 2017*
- *Follow-on citrus film order received – reaffirms the benefits Shine N' Ripe XL brings citrus growers*
- *CDN $10 million equipment lease facility provides important growth capital*

Montreal, Québec, CANADA – August 27, 2018 – Imaflex Inc. ("Imaflex" or the "Corporation") (TSX-V: IFX), announces its consolidated financial results for the second quarter ended June 30, 2018 and provides business update. All amounts are in Canadian dollars.

"Although year-over-year results were somewhat muted in the second quarter, current business fundamentals are looking stronger," highlighted Mr. Joe Abbandonato, President and Chief Executive Officer of Imaflex. "We just received another CDN $0.9 million citrus film order and we are beginning to see sales momentum in our core flexible packaging business. As well, we are setting the stage for future growth, recently securing CDN $10 million of equipment financing to fund business expansion."

Consolidated Financial Highlights (unaudited)

	Three months ended June 30,			Six months ended June 30,		
CDN $ thousands, except per share amounts (or otherwise indicated)	**2018**	2017	Change	**2018**	2017	Change
Revenues	**21,927**	24,055	(8.8)%	**42,544**	46,111	(7.7)%
Gross profit	**2,460**	4,219	(41.7)%	**6,063**	7,921	(23.5)%
Selling & admin. expenses	**1,593**	1,793	(11.2)%	**3,277**	3,543	(7.5)%
Foreign exchange (gains) losses	**(305)**	415	(173.5)%	**(696)**	507	(237.3)%
Net income	**727**	1,300	(44.1)%	**2,400**	2,445	(1.8)%
Basic EPS	**0.015**	0.026	(42.3)%	**0.049**	0.049	0.0%
Diluted EPS	**0.014**	0.026	(46.2)%	**0.047**	0.049	(4.1)%
Gross margin	**11.2%**	17.5%	(6.3) pp	**14.3%**	17.2%	(2.9) pp
Selling & admin. expenses as % of revenues	**7.3%**	7.5%	(0.2) pp	**7.7%**	7.7%	0.0 pp
EBITDA (Excluding FX)	**1,381**	2,902	(52.4)%	**3,790**	5,313	(28.7)%
EBITDA	**1,686**	2,487	(32.2)%	**4,486**	4,806	(6.7)%
EBITDA margin	**7.7%**	10.3%	(2.6) pp	**10.5%**	10.4%	0.1 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 Ended June 30

Revenue

Revenues were $21.9 million for the quarter, down from $24.1 million in 2017. The decrease was largely due to the timing of citrus film sales, and lower flexible packaging sales volumes, partially offset by improvements to product mix. Citrus film sales totaled $1.0 million for the quarter, including $0.1 million for field trials. This compares to $2.4 million of Shine N' Ripe sales in the second quarter of 2017.

For the year-to-date, revenues came in at $42.5 million, versus $46.1 million in the corresponding prior-year period. The decrease was largely due to the same factors outlined for the quarter.

Gross Profit

The gross margin stood at 11.2% for the quarter, down from 17.5% in 2017. For the year-to-date, the gross margin came in at 14.3%, versus 17.2% over the same period last year. Margins for the quarter and first half of 2018 were impacted by lower year-over-year sales, which also resulted in fewer production efficiencies.

Operating Expenses

Selling and administrative expenses were $1.6 million for the quarter, down 11.2% from $1.8 million in 2017, reflecting the lower sales base. Correspondingly, selling and administrative expenses as a percentage of sales came in slightly lower, declining from 7.5% in 2017 to 7.3% for the current quarter.

For the six months ended June 30, 2018, selling and administrative expenses were $3.3 million, down from $3.5 million in 2017, once again reflecting the lower sales base.

As a result of favourable currency fluctuations, the Corporation realized foreign exchange gains of $0.3 million in the second quarter of 2018 and $0.7 million for the year-to-date. This compares to foreign exchange losses of $0.4 million and $0.5 million, respectively in 2017.

Net Income and EBITDA

Net income was $0.7 million for the current quarter, down from $1.3 million in 2017. For the first half of 2018, net income was $2.4 million, essentially in-line with 2017. Year-over-year profitability for 2018 was impacted by the reduced gross profit achieved following the lower revenue base, although this was partially offset by foreign exchange gains and reduced income taxes paid.

EBITDA came in at $1.7 million or 7.7% of sales for the second quarter of 2018, down from $2.5 million or 10.3% of sales in 2017. Excluding the impact of foreign exchange, EBITDA was $1.4 million for the current quarter, down from $2.9 million in 2017. For the first half of 2018, EBITDA was $4.5 million or 10.5% of sales, compared with $4.8 million or 10.4% of sales in 2017.

Liquidity and Capital Resources

Operating activities used $1.1 million of cash flows during the current quarter, down from cash inflows of $1.4 million in the second quarter of 2017. The decrease was largely due to changes in working capital, including an increase in trade & other receivables, along with the lower profitability achieved in 2018.

For the first half of 2018, the net cash generated by operating activities totaled $0.1 million, versus cash inflows of $1.2 million in 2017. The variance is largely explained by foreign exchange movements, with Imaflex realizing a foreign exchange gain of $0.7 million in 2018, versus a $0.5 million loss in 2017.

As at June 30, 2018, Imaflex had approximately $5.2 million of cash available for operating activities, including the unused portion under its $12.0 million revolving line of credit. Following quarter end, the Corporation also obtained a CDN $10M equipment leasing facility, which will be used to fund business expansion.

CDN $0.9 Million Citrus Film Order Received

Imaflex recently received a CDN $0.9 million follow-on citrus film order from a major citrus producer, bringing their total 2018 orders to date to CDN $1.8 million. Delivery will commence immediately and the order should be completed by the end of the fourth quarter of 2018. "We are pleased to have another sales win with this important customer," said Mr. Abbandonato. "Despite the timing delays we experienced earlier this year, the order was fully anticipated given the benefits Shine N' Ripe XL brings growers." As the Corporation broadens its customer base, sales fluctuations should become less pronounced. A number of field trials with new growers are currently underway and going well, which should translate into new customer wins and better revenue stability once the trials are completed.

ADVASEAL® Commercialization

Important progress continues to be made in the build-out of ADVASEAL®. The active ingredients to be used with the film have now been sourced and recently, management identified a potential toll manufacturer (coater) capable of supplying sufficient quantities of ADVASEAL® for the efficacy field trials. Going forward, various trials will first be conducted with the coater to confirm their ability to produce the coated film, along with the best application method for the active ingredients.

Imaflex continues to target the first quarter of 2019 for the commencement of efficacy field trials. These studies are required by the US Environmental Protection Agency (EPA) for the exclusive registration of ADVASEAL®, which contains all the active ingredients, including a herbicide (HSM) to control weeds, fungicides to control soil borne pathogens, and a nematicide to control nematodes (pre-plant) for soil disinfestation to replace hazardous fumigants and conventional pesticide spray emissions.

Management believes the efficacy field trials and the pesticide registration process will be positive as the generic active ingredients to be used with ADVASEAL® are effectively used by growers today. As well, the Company previously received EPA approval of its herbicidal active ingredient release film, ADVASEAL® HSM.

CDN $10 Million Equipment Leasing Facility

Imaflex has entered into an equipment leasing facility of up to CDN $10 million with a leading global financial institution to fund the purchase of equipment for business expansion. Funds will be available to Imaflex for a 12-month period, at which time all equipment must be acquired. "This financing allows us to increase our scale, broaden our extrusion capabilities and drive revenue and margin expansion at attractive terms," highlighted Mr. Abbandonato.

Upon delivery of equipment to Imaflex, the specific lease will be repayable in 60 equal monthly installments, with the applicable interest rate being locked in at time of equipment delivery. Currently, the interest rate stands at 4.2% per annum. At the end of the 60-month period, Imaflex will own the equipment.

As part of the current financing, Imaflex intends to transfer the previously announced CDN $3.75 million loan for the purchase of a new coextrusion blown film line ("extruder") to the new equipment lease facility.

Outlook

"Following the timing delays at the start of 2018, citrus film sales picked up, with the Corporation recently receiving another order from a recurring customer," said Mr. Abbandonato. An additional order from this important grower is expected in the short term. "Demand within our core flexible packaging business also appears to be building and collectively we expect top and bottom line results to be more robust in the latter half of the year."

Beyond 2018, there are a number of important catalysts that should provide additional business momentum. "Our new coextrusion blown film line ("extruder") is expected to be installed and operational in the first quarter of 2019 and should generate additional revenues of approximately CDN $6.0 million annually. Furthermore, our new equipment leasing facility gives us additional growth capital and the on-going citrus film trials with growers should broaden our customer network and drive revenue and margin expansion further."

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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Imaflex Contact:

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