

SOURCE: Imaflex Inc.

Imaflex Announces Solid Results for the First Quarter of 2018 and Resumption of Citrus Film Sales

Receives CDN \$0.9 million citrus film order from major citrus producer

- Q1 revenues of \$20.6 million, down from \$22.1 million in 2017 largely due to timing of citrus film orders
- Gross profit margin strengthens, reaching 17.5% versus 16.8% in prior year
- Q1 EBITDA¹ up 20.7% over 2017 to \$2.8 million
- Q1 net income up 46.1% over 2017 to \$1.7 million
- Operating cash flows up significantly year-over-year
- Expect additional follow-on Shine N' Ripe XL citrus film orders in coming quarters

Montreal, Québec, CANADA – May 24, 2018 – Imaflex Inc. (“Imaflex” or the “Corporation”) (TSX-V: IFX), announces its consolidated financial results for the first quarter of 2018 and the resumption of citrus film sales. All amounts are in Canadian dollars.

“Despite the timing issues surrounding Shine N’ Ripe XL sales, we had a solid quarter and to cap things off we recently saw the resumption of citrus film sales,” highlighted Mr. Joe Abbandonato, President and Chief Executive Officer of Imaflex. “Profitability was up materially and liquidity also improved, with Imaflex generating a material year-over-year increase in cash flows from operating activities. Our core flexible packaging business continues to generate a strong revenue stream as we build out our agriculture offerings.”

Consolidated Financial Highlights (unaudited)

<i>CDN \$ thousands, except per share amounts (or otherwise indicated)</i>	Three months ended March 31		
	2018	2017	% Change
Revenues	20,617	22,056	(6.5)%
Gross Profit	3,603	3,702	(2.7)%
Selling & admin. expenses	1,684	1,750	(3.8)%
Foreign exchange (gains) losses	(391)	92	(525.0)%
Net Income	1,673	1,145	46.1 %
Basic EPS	0.034	0.023	47.8 %
Diluted EPS	0.033	0.023	43.5 %
Gross margin	17.5%	16.8%	0.7 pp
Selling & admin. expenses as % of revenues	8.2%	7.9%	0.3 pp
EBITDA (excluding FX)	2,409	2,411	(0.1)%
EBITDA	2,800	2,319	20.7 %
EBITDA margin	13.6%	10.5%	3.1 pp

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

Financial Review: Quarter ended March 31

Revenue

Revenues were \$20.6 million for the quarter, coming in \$1.4 million lower than 2017. The decrease was largely due to timing delays in citrus film sales resulting from the major storms in the southeastern USA in late 2017 and lower flexible packaging sales volumes. Whereas there were no citrus film sales in the first quarter of 2018, \$1.0 million of revenues were recorded in the corresponding prior year quarter.

Gross Profit

The gross margin strengthened year-over-year, coming in at 17.5% for the first quarter of 2018, up from 16.8% last year. Growth was largely driven by product mix and on-going expense controls.

Operating Expenses

Selling and administrative expenses were \$1.7 million for the quarter, down marginally from the corresponding prior-year period. Quarterly selling and administrative expenses as a percentage of sales were 8.2%, up slightly from 7.9% in 2017, primarily due to the lower revenue base in the current quarter.

As a result of favourable currency fluctuations, the Corporation realized a foreign exchange gain of \$0.4 million for the quarter, up from a loss of \$0.1 million in the first quarter of 2017.

Net Income and EBITDA

Despite lower revenues, year-over-year profitability continued to strengthen, with EBITDA coming in at \$2.8 million for the quarter, up 20.7% over 2017. As a percentage of sales, the EBITDA margin was 13.6% for the current quarter, or 11.7% excluding foreign exchange. This is up materially from the 10.5% and 10.9% recorded respectively in the first quarter of 2017.

Net income grew by 46.1% year-over-year, coming in at \$1.7 million for the current quarter. The improvement was driven by foreign exchange gains, operational efficiencies and on-going cost controls throughout the business.

Liquidity and Capital Resources

Net cash generated by operating activities came in at \$1.1 million for the current quarter, up from cash outflows of \$0.2 million in 2017. As at March 31, 2018, 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.

Shine N' Ripe XL Sales Resume

Recently, Imaflex received a CDN \$0.9 million citrus film order, ending the timing delays seen since the first quarter of 2018. "Though fully expected, we are pleased to see the resumption of Shine N' Ripe XL sales and additional follow-on orders are anticipated for the coming quarters," commented Mr. Abbandonato. Delivery of the current order should be completed in the coming months.

ADVASEAL® Commercialization

Management continues to make progress in the commercialization of ADVASEAL®. As previously announced, all chemicals required for the film have been sourced and the registration process with the US Environmental Protection Agency (EPA) has been initiated. Imaflex has also continued to make progress finding a toll manufacturer (coater) capable of providing sufficient quantities of ADVASEAL® film coated with the chemicals for the field trials. These studies, which are expected to commence by the first quarter of 2019, are required by the EPA for the exclusive registration of the new ADVASEAL®, which contains all the chemicals.

Management believes the outcome with the EPA will be positive as the chemicals to be used with ADVASEAL® are effectively used by growers today. Note that the Company has already received prior EPA approval of its herbicidal active ingredient release film, ADVASEAL® HSM.

Outlook

“Although there were some unexpected timing related delays in citrus film orders during the first quarter of 2018, this is not unusual to see when a product and customer network is being built out,” highlighted Mr. Abbandonato. “As well, our core flexible packaging business continues to perform well, as demonstrated by this quarter’s financial results, and we are encouraged with the recent resumption of citrus film sales. Based on customer feedback and the unique benefits Shine N’ Ripe XL brings, we expect additional follow-on orders in the coming quarters, although sales fluctuations could occur. As such, we see continued strength in our overall business as we look to the future.”

Annual General Meeting

Imaflex will be holding its Annual General Meeting on Tuesday, June 19, 2018 at 2:00 p.m. (Montreal time) at the Montreal office of Lavery, de Billy, located at 1 Place Ville Marie, Suite 4000.

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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