

SOURCE: Imaflex Inc.

Imaflex Announces Strong Results for the First Quarter of 2017

- Record revenues of \$22.1 million, up 14% over Q1 2016
- Record EBITDA¹ of \$2.3 million, up 285% over Q1 2016
- Solid margin expansion, with gross margin of 17% and EBITDA margin of 11%

Montreal, Québec, CANADA – May 25, 2017 – Imaflex Inc. (“Imaflex” or the “Corporation”) (TSX-V: IFX), announces strong consolidated financial results for the first quarter ended March 31, 2017. All amounts are in Canadian dollars.

Consolidated Financial Highlights (unaudited)

CDN \$ thousands, except per share amounts (or otherwise indicated)	Three months ended March 31		
	2017	2016	% Change
Revenue	22,056	19,378	13.8 %
Gross profit	3,702	2,326	59.2 %
Selling & admin. expenses	1,750	1,713	2.2 %
Foreign exchange loss	92	478	(80.8)%
Profit (loss)	1,145	(172)	765.7 %
Basic and diluted EPS	0.023	(0.003)	866.7 %
Gross margin	16.8%	12.0%	4.8 pp ²
Selling & admin. expenses as % of revenues	7.9%	8.8%	(0.9) pp
EBITDA (Excluding FX)	2,411	1,080	123.2 %
EBITDA	2,319	602	285.2 %
EBITDA margin	10.5%	3.1%	7.4 pp

“We had a strong start to the year, with first quarter 2017 revenue and net income coming in at record levels,” highlighted Mr. Joe Abbandonato, President and Chief Executive Officer of Imaflex. “Demand for both our core flexible packaging and agriculture offerings was robust, with all business areas contributing to the bottom line. Our commitment to deliver innovative offerings, combined with our unwavering focus on operational and financial excellence is paying off as demonstrated in these solid results.”

Financial Review: Quarter ended March 31

Revenue

Revenues for the first quarter of 2017 were \$22.1 million, growing \$2.7 million or 13.8% over the corresponding prior-year period. The increase was driven by higher sales volumes and product mix for both the core flexible packaging and agriculture business.

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

²PP: Percentage Points

During the quarter, shipments of the metalized citrus film, Shine N' Ripe XL, commenced to a major citrus grower, generating \$1.0 million in sales. Customer feedback has been positive.

Gross Profit

All business areas performed well, with gross profit coming in at \$3.7 million for the first quarter of 2017, up \$1.4 million or 59% over the first quarter of 2016. Gross profit as a percentage of sales was 16.8% for the current quarter, up significantly from 12.0% in the same period last year. Growth was driven by sales volume increases, changes in product mix and operating leverage as the additional sales volumes were generated without significantly increasing the Corporation's cost structure.

Operating Expenses

Quarterly selling and administrative expenses totaled \$1.7 million for the first quarter of 2017, unchanged from the corresponding prior-year period. Selling and administrative expenses as a percentage of sales were 7.9% for the current quarter, down from 8.8% in the first quarter of 2016. The improvement reflects leverage on the Corporation's fixed costs and ongoing expense controls.

As a result of currency fluctuations, the Corporation realized a foreign exchange (FX) loss of \$0.1 million during the quarter, down from a loss of \$0.5 million in the first quarter of 2016. The FX loss in both years largely reflects the impact of a stronger Canadian dollar in the translation of foreign currencies. In the first quarter of 2016, the US dollar depreciated more significantly resulting in the higher loss.

Net Income and EBITDA

Profitability improved significantly year-over-year, driven by sales volume growth, improved product mix and ongoing cost controls. EBITDA came in at \$2.3 million for the first quarter of 2017, up 285% from \$0.6 million in the same quarter last year. The EBITDA margin was 10.5% for the current quarter, up from 3.1% in the same prior-year period.

Net income totaled \$1.1 million, up materially from a \$0.2 million loss in the first quarter of 2016.

Liquidity and Capital Resources

As a result of changes in working capital, Imaflex had cash outflows from operating activities of \$0.2 million for the first quarter 2017, versus cash inflows of \$1.4 million in the corresponding prior-year period. However, excluding net changes in working capital, Imaflex generated \$2.5 million of cash from operating activities, up from \$1.4 million in the first quarter of 2016.

The net changes to working capital during the first quarter of 2017 were largely due to an increase in inventory levels to meet heightened demand and higher receivables in line with robust sales. As inventory is shipped and receivables are collected, the Corporation's liquidity is expected to further strengthen.

As at March 31, 2017, Imaflex had approximately \$3.5 million of cash available for operating activities, including the unused portion under its \$10.0 million revolving line of credit.

ADVASEAL® Commercialization

"We have completed trials to determine the customizing of the coating equipment needed to produce ADVASEAL®," highlighted Mr. Abbandonato. "We are now selecting chemical suppliers and once determined, we will proceed with a field trial of approximately 25 acres. Most of this acreage will be given to selected growers and the remainder will be used for lab and US Environmental Protection Agency (EPA) testing. The feedback, which we expect to be positive, will act as the catalyst to order the equipment."

Outlook

“Our sales pipeline is now robust for both our core flexible packaging and agriculture offerings, which should translate into continued solid performance going forward,” said Mr. Abbandonato. “Sales of Shine N’ Ripe XL are helping to bolster both top and bottom line growth. All indications are that citrus film sales will continue to grow due to the film’s unique pest protection benefits and ability to promote tree growth and yield. We remain steadfastly committed to our business model, focused on operational excellence and long term success.”

Annual and Special Meeting

Imaflex will be holding its Annual and Special Meeting (“ASM”) on Wednesday, June 21, 2017 at 3:30 p.m. (Montreal time) at the Montreal office of Lavery, de Billy, located at 1 Place Ville Marie, Suite 4000.

As announced in the Corporation’s May 18, 2017 press release, the slate of director nominees for election is comprised of two new director candidates and five current directors. Mario Settino and Lorne Steinberg will stand for election at the ASM as new Board of Director nominees and current directors, Joe Abbandonato, Tony Abbandonato, Michel Baril, Consolato Gattuso and Philip Nolan will stand for re-election. In conjunction with this, Giles Émond will be leaving Imaflex’s board and will not stand for re-election, while Camillo Lisio has resigned. The Corporation wishes to clarify that Mr. Lisio resigned from Imaflex’s board on May 17, 2017. Imaflex’s May 18, 2017 press release indicated that he retired on May 18, 2017.

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 consumer, industrial and agriculture 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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