

IFABRIC CORP REPORTS RECORD 3RD QUARTER REVENUES

Markham, Ontario, August 11, 2022 -- *iFabric Corp. (“iFabric” or the “Company”)* (TSX: IFA, OTCQX: IFABF), today announced its financial results for its third quarter and nine months ended June 30, 2022.

“I am extremely pleased to report record Q3 revenue, up 26% compared to Q3 2021. Our business continues to grow with solid deliveries in the quarter,” said Hylton Karon, President and CEO of iFabric. “The strategy to boost inventory well in advance of customer demand, served us in maintaining our exceptional fulfillment capability in a time of global logistics challenges,” continued Mr. Karon.

“With orders and inventory in hand for Q4 (traditionally our largest revenue quarter), 2022 looks to be on track for another record year for the Company. Taking recently announced license agreements into account, I have every reason to believe that this record setting momentum will continue in 2023,” concluded Mr. Karon.

Q3 2022 HIGHLIGHTS:

- Revenues of \$5,238,900 compared \$4,155,829 in Q3 2021, representing an increase of \$1,083,071 or 26%. This represents record third quarter revenues for iFabric.
- Revenues in the Intelligent Fabrics Division, increased by 32% or \$742,565 to \$3,075,894 from \$2,333,329 in 2021, attributable to new apparel programs and increased chemical sales.
- Revenues in the Intimate Apparel Division increased by 19% or \$341,974, to \$2,136,503 from \$1,794,529 in Q3 2021. The increase in Intimate Apparel revenue in 2022 versus 2021 was primarily attributable to the relaxation of COVID-19 restrictions.
- Gross profit as a percentage of revenue decreased to 40% in Q3 2022, from 48% in Q3 2021, as a result of higher shipping costs from China and inventory write downs in the quarter.
- Gross profit dollars increased by 3% or \$69,194 to \$2,082,902 in Q3 2022, compared to \$2,013,708 in Q3 2021, as a result of increased revenues.
- Selling and administrative costs increased to \$1,619,489 in Q3 2022 from \$1,208,268 in Q3 2021, mainly as a result of new personnel hires to support the Company’s future growth objectives.
- Adjusted EBITDA of \$536,578 compared to adjusted EBITDA of 900,721 in Q3 2021, with the decrease mainly attributable to higher selling and administrative costs as discussed above.
- Net earnings after tax attributable to shareholders was \$344,805 (\$0.012 per share basic and diluted) compared to net earnings after tax of \$705,406 (\$0.024 per share basic and \$0.023 diluted) in Q3 2021, with the reduction attributable to increased expenses.
- Working capital (excluding a demand loan classified as current, but not requiring repayment in 2022) amounted to \$19,473,863 at the end of Q3 2022 compared to \$19,271,840 at the end of the previous quarter, with the increase attributable to earnings.
- Cash decreased to \$2,608,493 at the end of Q3 2022 compared to \$4,999,871 at the end of the previous quarter. This decrease is attributable to increased inventory of \$3,663,515 compared the prior quarter, which was brought in early to avoid ongoing shipping issues in China and is required for confirmed customer programs during the remainder of 2022, as well as the Company’s own brand launch in the next quarter.
- The Company’s bank operating line was unutilized at both June 30, 2022, and at the end of the previous quarter, leaving the full line of \$3,750,000 available to finance future business.

- Shareholders' Equity attributable to common shareholders was \$22,582,969 as at June 30, 2022 compared to \$22,181,882 at the end of the previous quarter representing an increase of \$401,087.

NINE MONTH HIGHLIGHTS:

- Total revenues of \$13,710,058 for the six months ended June 30, 2022, compared to \$14,559,390 in 2021, representing a decrease of \$849,332 or 6%. However, revenue from core products and programs increased by \$2,962,970 (or 28%) for the nine months ended June 30, 2022, compared to 2021, when a one-off emergency-use N95 mask order of \$3,812,302 completed in Q1 2021 is excluded.
- Gross profit as a percentage of revenue decreased to 38% for the nine months ended June 30, 2022 from 42% in the same period of 2021. The decrease in gross profit percentage is mainly as a result of higher shipping costs from China and inventory write downs in the current quarter.
- The net loss attributable to iFabric's shareholders during the nine months ended June 30, 2022, was \$158,915 (\$0.005 per share basic and diluted) compared to net earnings attributable to shareholders of \$2,166,533 for the nine months ended June 30, 2021 (\$0.078 per share, basic and \$0.075 per share diluted). Adjusted EBITDA for the nine months ended June 30, 2022 amounted to \$528,053 compared to adjusted EBITDA of \$2,880,114 for the comparable period in 2021.

Complete Financial Statements are available on www.sedar.com

FINANCIAL HIGHLIGHTS

	Quarter Ended June 30		Nine Months Ended June 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Revenue	5,238,900	4,155,829	13,710,058	14,559,390
Earnings from operations	411,218	759,275	206,167	2,342,131
Share based compensation	2,150	5,653	332,581	18,996
Adjusted EBITDA *(Note)	536,578	900,721	528,053	2,880,114
Net earnings before tax	484,383	854,556	64,520	2,734,178
Net earnings (loss) after tax attributable to shareholders	344,805	705,406	(158,915)	2,166,533
Other comprehensive income (loss)	14,132	(68,795)	102,409	(386,045)
Total comprehensive earnings (loss)	360,469	643,445	(46,142)	1,799,231
Net income (loss) per share - basic	0.012	0.024	(0.005)	0.078
Net income (loss) per share - diluted	0.012	0.023	(0.005)	0.075

*Note: Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization and share based compensation.

***USE OF NON-GAAP MEASURES**

Certain measures in this document do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, are not considered generally accepted accounting principles ("GAAP") measures and may not be comparable to similar measures presented by other issuers. Where non-GAAP measures or terms are used, definitions are provided. The Company believes that certain non-GAAP financial measures provide important information regarding the operational performance and related trends of the Company's business. In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

Adjusted EBITDA

The Company uses Adjusted EBITDA to assess its operating performance without the effects of (as applicable): current and deferred tax expense, finance costs, interest income, depreciation and amortization of plant assets, other gains and losses, impairment loss, share-based compensation and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature and do not reflect its operating performance. Adjusted EBITDA is not intended to be representative of net earnings from operations or an alternative measure to cash provided by operating activities determined in accordance with IFRS.

The table below reconciles Adjusted EBITDA and Net earnings attributable to owners of the Company, calculated in accordance with IFRS:

For the period ended June 30,	Three months		Nine months	
	2022	2021	2022	2021
Net earnings (loss) after tax attributable to shareholders	344,805	705,406	(158,915)	2,166,533
Add (deduct):				
Net earnings attributable to non-controlling interest	1,532	6,834	10,364	18,743
Provision for income taxes	138,046	142,316	213,071	548,902
Share-based compensation	2,150	5,653	332,581	18,996
Amortization of deferred development costs	6,705	6,705	20,115	20,115
Depreciation of plant, property and equipment and right-of-use assets	30,629	21,584	76,566	63,565
Interest expense	12,711	12,223	34,271	43,260
Adjusted EBITDA	536,578	900,721	528,053	2,880,114
Add (deduct):				
Share-based compensation	(2,150)	(5,653)	(332,581)	(18,996)
EBITDA	534,428	895,068	195,472	2,861,118

ABOUT iFABRIC CORP:

Headquartered in Markham, Ontario, iFabric, www.ifabriccorp.com, is listed on the TSX and, currently has 29.6 million shares issued and outstanding. Its two strategic divisions offer a variety of products and services through wholly-owned subsidiaries, namely, Intelligent Fabric Technologies (North America) Inc. ("IFTNA") and Coconut Grove Pads Inc. ("Coconut Grove").

IFTNA is focused on development and sale of high-performance sports apparel, medical protective apparel, consumer protective apparel, and proprietary treatments that provide "intelligent" properties to fabrics, foams, plastics, and numerous other surfaces, thereby improving the safety and well-being of the user. Such intelligent properties include antiviral and antibacterial characteristics, water-repellence and UV protection, among others.

Coconut Grove, operating as Coconut Grove Intimates, is a designer, manufacturer, distributor, licensor and licensee of ladies' intimate apparel products and accessories.

FORWARD LOOKING STATEMENTS

Forward-looking statements provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this news release constitute forward looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors, including the risk factors described in the Company's annual information form dated December 23, 2020 and other filings with the Canadian securities regulators available under the Company's profile on SEDAR at www.sedar.com.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance, or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. The Company assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or any other reason except as required by applicable securities laws.

Given the impacts of COVID-19 and the war in Ukraine resulting in ongoing uncertainty, there can be no assurances regarding: (a) the COVID-19 and the war in Ukraine related impacts on the Company's business, operations and performance, (b) the Company's ability to mitigate such impacts; (c) credit, market, currency, operational, and liquidity risks generally; and (d) other risks inherent to the Company's business and/or factors beyond its control which could have a material adverse effect on the Company.

Any financial outlook or future oriented financial information in this news release, as defined by applicable securities legislation, has been approved by management of iFabric. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's reasonable expectations as to the anticipated results of its proposed business activities. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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