

## NEWS RELEASE

# iFabric Closes \$11.5M Private Placement of Subscription Receipts Including Full Exercise of Agents' Option

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Markham, Ontario, February 22, 2021 – iFabric Corp. (IFA.TO) (the "**Company**") announced today that it has closed its previously announced brokered best efforts private placement offering (the "**Offering**") of subscription receipts (each, a "**Subscription Receipt**"). On closing of the Offering, the Company issued a total of 2,948,717 Subscription Receipts at a price of \$3.90 per Subscription Receipt (the "**Issue Price**") for gross proceeds of approximately \$11,500,000, including the full exercise of the agents' option granted to the Agents (as defined herein) in connection with the Offering. The Offering was completed by a syndicate of agents led by Stifel GMP, as lead agent and sole bookrunner, and including iA Private Wealth Inc. and Canaccord Genuity Corp. (collectively, the "**Agents**").

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "**Subscription Receipt Agreement**") entered into among the Company, Stifel GMP, on behalf of the Agents, and the subscription receipt agent. Each Subscription Receipt shall be deemed to be automatically converted into one unit of the Company (each, a "**Unit**") on the third business day (the "**Conversion Date**") following a receipt being issued by the securities regulatory authorities in each of the provinces Ontario, Alberta British Columbia and Nova Scotia, for a final short form prospectus of the Company (the "**Qualifying Prospectus**") qualifying the securities to be issued upon the conversion of the Subscription Receipts (the "**Escrow Release Condition**"). Each Unit will consist of one (1) common share of the Company, (each, a "**Common Share**") and one-half of one (0.5) common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"), with each Warrant being exercisable to acquire one common share of the Company (a "**Warrant Share**") at an exercise price of \$4.60 per Warrant Share for a period of two (2) years following the Conversion Date.

The Company has agreed to use its commercially reasonable efforts to obtain the final receipt for the Qualifying Prospectus by March 8, 2021 (the "**Penalty Deadline**"). If a final receipt is not obtained on or before the Penalty Deadline, the Company has agreed to issue to each holder of Subscription Receipts, for no additional consideration and without any further action on the part of the holder, an additional 0.5 of a Warrant for each Unit to be issued to such holder upon the deemed exercise of the Subscription Receipts, such that each Unit shall be comprised of one Unit Share and one whole Warrant. Until the final receipt is issued for such Qualifying Prospectus, the Subscription Receipts as well as the Common Shares and Warrants comprising the Units issuable upon conversion thereof will be subject to a four-month hold period under applicable Canadian securities laws. The Company plans on filing the preliminary Qualifying Prospectus today.

On the closing of the Offering, the gross proceeds from the Offering, less 50% of the Agents' commission and expenses (the "**Escrowed Funds**"), were placed into escrow and are being held by the subscription receipt agent, pending satisfaction of the Escrow Release Condition. The Escrowed Funds will be released from escrow in accordance with the terms of the Subscription Receipt Agreement upon satisfaction of the Escrow Release Condition (the "**Escrow Release Date**"). If the Escrow Release Condition is not satisfied on or prior to April 8, 2021 (the "**Release Deadline**"), then each holder of Subscription Receipts will be reimbursed by the Company for their original subscription price, plus such holder's *pro rata* portion of any interest earned thereon.

In connection with the Offering, the Agents are entitled to receive a cash commission equal to 6.0% of the gross proceeds of the Offering (the "**Commission**") and a number of compensation option receipts ("**Compensation Option Receipts**") equal to 6.0% of the number of Subscription Receipts sold under the Offering, with each Compensation Option Receipt being automatically convertible, for no additional

consideration, into compensation options (the "**Compensation Options**") on the earlier of the Conversion Date and Release Deadline. Each Compensation Option will be exercisable into one common share in the capital of the Company at the Issue Price, for a period of two (2) years following the date of issuance. 50% of the Commission was paid to the Agents on the closing of the Offering and the remaining 50% (plus any pro rata portion of accrued interest earned thereon) shall be paid out of the Escrowed Funds upon satisfaction of the Escrow Release Condition.

The Company intends to use the net proceeds from the Offering for expansion of the Company's distribution network to new markets, ongoing research and development, new regulatory initiatives, clinical trial contributions and for working capital and general corporate purposes.

#### *Related Party Transaction Disclosure*

Pursuant to the Offering, the Company issued Subscription Receipts to a purchaser that is considered to be a "related party" (within the meaning of Multilateral Instrument 61-101— Protection of Minority Security Holders in Special Transactions ("**MI 61-101**")), making the Offering a "related party transaction" (within the meaning of MI 61-101) (the "**Related Party Subscription**"). The Company was exempt from obtaining a formal valuation for, and minority approval of, the Related Party Subscription pursuant to Section 5.5(a) and 5.7(1)(a) of MI 61-101, respectively.

Cameron Groome subscribed for a total of 5,000 Subscription Receipts pursuant to the Offering. Mr. Groome is a director of the Company and a "related party" of the Company (within the meaning of MI 61-101). Mr. Groome does not currently beneficially own, or exercises control or direction over, any common shares in the capital of the Company.

The material change report to be filed in relation to the Offering will not be filed at least 21 days prior to the issuance of the Subscription Receipt under the Related Party Subscription, as contemplated by MI 61-101. The Company believes that this shorter period is reasonable and necessary in the circumstances as the completion of the Offering occurred shortly before the issuance of the news release and the upcoming filing of the material change report in relation to the Offering.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "**1933 Act**") and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. persons" (as such term is defined in Regulation S under the 1933 Act) absent registration or an applicable exemption from the registration requirements of the 1933 Act any application state securities laws.

#### *ABOUT iFABRIC CORP:*

*Headquartered in Markham, Ontario, iFabric Corp [www.ifabriccorp.com](http://www.ifabriccorp.com) currently has approximately 26.5 million shares issued and outstanding.*

*Through its wholly-owned subsidiaries, Intelligent Fabric Technologies (North America) Inc. ("IFTNA") and Coconut Grove Pads Inc. ("Coconut Grove"), the Company offers a variety of products and services in both of its strategic divisions:*

*IFTNA is focused on performance apparel as well as proprietary chemical formulations that render fabrics, foams, plastics and numerous other surfaces intelligent, thereby improving the safety and well-being of the consumer.*

*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:*

*This news release includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws, respectively (collectively, "forward-looking information"). All information, other than statements of historical facts, included in this news release that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's businesses, operations, plans, the satisfaction of the Escrow Release Condition, qualifying the distribution of the Common Shares and Warrants pursuant to the Qualifying Prospectus, the use of proceeds of the Offering, and other such matters is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information regarding: the intended use of proceeds from the Offering and the timing of the filing of the preliminary Qualifying Prospectus and other events or conditions that may occur in the future.*

*Investors are cautioned that forward-looking information is not based on historical facts but instead is based on reasonable assumptions and estimates of management of the Company at the time they were made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, risks relating to investing in the Subscription Receipts; the ability to satisfy the Escrow Release Condition; the ability to obtain all requisite regulatory approvals, including those of the securities regulatory authorities in respect of a (final) short form prospectus; discretion in the use of proceeds; the ability to raise additional funds; there being no current market for the Subscription Receipts; investing in the Subscription Receipts being speculative; volatility of the market price for the Common Shares generally; risk of dilution; as well as 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](http://www.sedar.com).*

*The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.*

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