

iFabric Corp Reports Results for Its Second Quarter Ended March 31, 2021

May 12, 2021

MARKHAM, ON / ACCESSWIRE / May 12, 2021 / iFabric Corp. ("iFabric" or the "Company") (TSX:IFA), today announced its financial results for its second quarter and six months ended March 31, 2021.

"I am pleased to report that the Intelligent Fabric Technology (North America) Inc. Division accomplished growth of over 100% compared to Q2 2020, in what is traditionally the weakest quarter of the year for both divisions. The lingerie division's customer base being traditional retailers, has not yet recovered to pre-pandemic numbers. However, USA customers' orders have recently rebounded, indicating a belief of a sustained re-opening. This trend gives us confidence for the balance of 2021. Our current 6-month performance has almost matched the entire revenue for 2020," said Hylton Karon, President and CEO of iFabric Corp.

Q2 2021 HIGHLIGHTS:

- Revenues of \$2,882,660 compared \$2,252,090 in Q2 2020, representing an increase of \$630,570 or 28%.
- Revenues in the Intelligent Fabrics Division, increased by 105% or \$1,302,096 to \$2,538,803 from \$1,236,707 in 2020, attributable to new finished performance apparel programs and increased chemical sales.
- Revenues in the Intimate Apparel Division decreased by 68% or \$667,415 to \$315,886 from \$983,301 in Q2 2020. The decrease in Intimate Apparel revenue in 2021 versus 2020 was primarily attributable to store closings or restrictions faced by certain of its major retail customers due to the COVID-19 pandemic.
- Gross profit as a percentage of revenue increased to 41% in Q2 2021 from 37% in Q2 2020, as a result of the product mix for the quarter and in particular, increased chemical sales at higher margins.
- Gross profit dollars increased by 40% or \$333,180 to \$1,174,803 in Q2 2021 compared to \$841,623 in Q2 2020, as a result of increased revenues and increased gross margin %.
- Adjusted negative EBITDA of \$35,993 compared to adjusted negative EBITDA of \$482,353 in Q2 2020 representing an increase of \$446,360.
- Net loss after tax attributable to shareholders was \$141,155 (\$0.005 per share basic and diluted) compared to a net after tax loss of \$481,746 (\$0.018 per share basic and diluted) in Q2 2020.
- Other comprehensive losses, being unrealized currency losses on the translation of foreign operations, amounted to \$45,379 in Q2 2021, compared to other comprehensive earnings of \$401,858 in Q2 2020 Total comprehensive losses amounted \$180,606 in Q2 2021 compared to \$77,578 in 2020.
- Working capital increased by \$10,106,999 to \$18,995,124 compared to \$8,888,125 at the end of the previous quarter ended December 31, 2020. The calculation of working capital excludes a demand term loan of \$1,259,470, which is shown as a current liability as required under International Financial Reporting Standards, but matures in 2032. The increase in working capital is mainly attributable to the net proceeds from a capital raise which closed on February 22, 2021.
- Cash increased to \$9,627,720 compared to \$946,563 at the end of the previous quarter ended December 31, 2020 for the reason stated above. The Company's bank credit line was unutilized at the end of the current and previous quarters, leaving the full amount of \$3,750,000 available to fund future business.
- Shareholder Equity attributable to common shareholders was \$20,975,519 compared to \$10,917,022 at the end of the previous financial quarter representing an increase of \$10,058,497, due to the net proceeds from the issuance of 2,948,717 new common shares and the exercise of 125,000 stock options during the quarter.

SIX MONTH HIGHLIGHTS:

- Revenues increased by \$5,554,630 to \$10,403,561 compared to \$4,848,931 for the corresponding six months in 2020, representing an increase of 115%. With respect to the reportable operating segments of the Company, revenue decreased by 56% or \$1,184,211 in its Intimate Apparel Division from \$2,113,008 in 2020 to \$928,797 in 2021. The decrease in sales was as mainly as a result of the effects of the COVID-19 pandemic on instore retail sales during the six months ended March 31, 2021. In the Intelligent Fabrics Division revenue increased by 253% or \$6,747,064 from \$2,671,758 in 2020 to \$9,418,822 in 2021. The higher revenues in the Intelligent Fabrics Division during the first six months of 2021 compared to 2020 was attributable to the fulfillment of a personal protective equipment ("PPE") contract, which was previously delayed due to supplier constraints in China, increased chemical sales and new finished apparel programs.
- Gross profit as a percentage of revenue decreased to 39% for the six months ended March 31, 2021 from 40% in the same period of 2020. The slight decrease in gross profit percentage is attributable to a lower margins on PPE sales. Gross profit in dollars increased by 111% or \$2,145,196 to \$4,079,038 for the year to date in 2021 from \$1,933,842 for the same period in 2020.
- The net earnings attributable to iFabric's shareholders during the six months ended March 31, 2021 was \$1,461,127 (\$0.055 per share basic and \$0.053 per share diluted) compared to net loss attributable to shareholders of \$427,935 for the six months ended March 31, 2020 (\$0.016 per share, basic and diluted). The \$1,889,062 increase in earnings for the first two quarters of 2021 compared to 2020 is largely attributable to an increase in revenues and margin contribution as discussed above. Adjusted EBITDA for six months ended March 31, 2021 amounted to \$1,979,393 compared to negative adjusted EBITDA of \$357,933 for the comparable period in 2020, representing an increase of \$2,337,326 for the above reasons.
- For the six months ended March 31, 2021 a loss \$317,250 was included in other comprehensive earnings, in respect of the accumulated unrealized loss arising on currency translation of foreign operations, compared to a gain of \$175,077 included in the same period in 2020. Total comprehensive earnings for the six months in 2021 amounted \$1,155,786 compared to a loss of \$248,135 in 2020 representing an increase of \$1,403,921 for the reasons stated above.

Complete Financial Statements are available on www.sedar.com.

*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.

FINANCIAL HIGHLIGHTS

	Quarter Ended March 31		Six Months Ended March 31	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revenue	2,882,660	2,252,090	10,403,561	4,848,931
Earnings (loss) from operations	(176,000)	(486,101)	1,582,856	(647,197)
Share based compensation	(6,598)	(11,611)	(13,343)	(23,350)
Adjusted EBITDA *(Note)	(35,993)	(482,353)	1,979,393	(357,933)
Net earnings (loss) before tax	(87,079)	(534,517)	1,879,622	(462,725)
Net earnings (loss) after tax				
attributable to shareholders	(141,155)	(481,746)	1,461,127	(427,935)
Other comprehensive earnings (loss)	(45,379)	401,858	(317,250)	175,077
Total comprehensive earnings (loss)	(180,606)	(77,578)	1,155,786	(248,135)
Net earnings (loss) per share				
Basic	(0.005)	(0.018)	0.055	(0.016)
Diluted	(0.005)	(0.018)	0.053	(0.016)

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

ABOUT IFABRIC CORP:

Headquartered in Markham, Ontario, iFabric Corp currently has 26.3 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, medical protective apparel, consumer protective 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

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 resulting ongoing uncertainty, there can be no assurances regarding: (a) the COVID-19 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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