

IFABRIC CORP REPORTS INCREASED REVENUES FOR ITS FINANCIAL PERIOD ENDED DECEMBER 31, 2023.

Markham, Ontario, April 2, 2024, iFabric Corp. (“iFabric” or the “Company”) (TSX: IFA, OTCQX: IFABF), today announced its results for its fifth quarter and fiscal period ended December 31, 2023 (“2023”). With effect from October 1, 2022, the Company changed its financial year end to December 31. Accordingly, the financial statements for 2023 are presented for a period of fifteen months compared to twelve months in 2022.

“2023 has been very satisfying in terms of growth in revenue and operational earnings, as well as in acquiring new major customers in the United States. With new programs commencing in 2024 and with our order book at record levels, we now have the opportunity to showcase our class leading technologies across a broad range of apparel categories in North America,” said Hylton Karon, President and CEO of iFabric.

“At the same time, we continue to devote significant resources and effort towards acquiring new regulatory registrations as well as the completing our pending initiatives, and I remain confident that we will prevail,” concluded Hylton Karon.

FIFTEEN MONTHS ENDED DECEMBER 31, 2023, HIGHLIGHTS:

- *Total revenues amounted to \$28,398,742 for the fifteen months ended December 31, 2023, compared to \$19,743,008 for the twelve months ended September 30, 2022, representing a 15% increase on a proportionate basis and was mainly attributable to new apparel programs with existing customers and increased sales of fabric treatment chemicals.*
- *Intelligent Fabric division revenue increased by 25% on a proportionate basis to \$19,852,953 for the fifteen months in 2023 from \$12,658,907 for the twelve months in 2022, as a result of new programs and increases in existing programs, as well as increased chemical sales. For the Intimate Apparel Division, revenue decreased by 2% on a proportionate basis and amounted to \$8,504,393 for the fifteen months in 2023 compared to \$6,976,621 for the prior twelve months in 2022.*
- *Gross profit of \$11,073,008 (39% margin) for the fifteen months ended December 31, 2023, compared \$7,026,276 (36% margin) for the twelve months in 2022, with the gross margin improvement mainly attributable to a reduction in shipping costs and the repricing of certain products.*
- *Selling, general and administrative costs amounted to \$9,868,085 in 2023 compared to \$6,440,518 in 2022, representing a 23% increase on a proportionate basis, mainly attributable to increases in the amount of royalties and commissions, which are variable in nature.*
- *Adjusted EBITDA of \$1,239,522 in 2023 compared to \$445,861 in 2022, mainly as a result increased revenues and gross margin dollars.*
- *The Company has an ongoing legal claim with a Chinese supplier relating to an unfulfilled order. On December 21, 2021, the arbitration court ruled in the iFabric’s favor and confirmed that it is entitled to recover its remaining deposit of USD \$2,905,000, plus liquidated damages of USD \$146,942, interest at the rate of 12% per annum calculated from the date of payment of the deposit, and reimbursement of the arbitration cost of RMB 445,902. However, the Company was unable pursue collection due to lockdowns during the COVID pandemic and the related closure of the courts in China. In December 2023, the Company’s claim was finally registered with the competent court in China and the Company is currently following a court supervised process in order to recover all amounts owing to it. However, given the uncertainties relating to the recovery timeline and degree of recoverability at the date of the financial statements, the Company has fully written-down its claim amount of \$3,842,153 gross and \$2,823,982 after tax in the quarter ended December 31, 2023. Accordingly, any subsequent recoveries will be treated as income in the period they are recovered.*
- *The net loss attributable to shareholders for the fifteen months in 2023 amounted to \$2,107,522 (or \$0.070 per share basic and diluted), compared to a net loss attributable to shareholders of \$454,998 (or \$0.015 per share basic and diluted) for the prior twelve months. The net loss in 2023 was mainly attributable to the impairment provision discussed above.*

- Working capital, (excluding a demand term loan classified as current under IFRS, but not requiring repayment in 2024) amounted to \$16,460,565 at December 31, 2023 compared to \$19,843,615 at September 30, 2022, with the decrease attributable to the above discussed impairment provision.
- Long term debt was \$906,752 in 2023 compared to \$614,660 in 2022, with the increase attributable to the recognition of a new right of use asset and liability, relating to a premises lease entered into during the period.
- Cash amounted to \$1,571,744 in 2023 compared \$944,725 in 2022.
- The Company's bank operating line amounting to \$6,750,000, was unutilized at both December 31, 2023, and September 30, 2022.

Q5 ENDED DECEMBER 31, 2023, HIGHLIGHTS:

- Revenues of \$6,755,981 for the quarter ended December 31, 2023 compared to \$4,916,365 for the same period in 2022, representing an increase of \$1,839,616 or 37%. New apparel programs, increased chemical sales and timing differences in shipments were the main contributors to this increase.
- Revenues for the Intelligent Fabrics Division were \$5,839,504 in 2023 compared to \$3,087,556 in 2022, representing an increase of \$2,751,948 or 89%, as a result new apparel programs, increased chemical sales and timing differences in shipments.
- Revenues for the Intimate Apparel Division decreased to \$912,977 in 2023 compared to \$1,806,663 in 2022, representing a decrease of \$893,686 or 49%, as a result of depressed retail conditions in the Division's market segment during the quarter.
- Gross profit dollars in the current quarter, increased by 31% or \$596,577 to \$2,552,545 from \$1,955,988 in 2022, attributable to higher revenues.
- Gross profit margins decreased to 38% in 2023 from 40% in 2022, as a result of the product mix for the current quarter.
- Selling, general and administrative costs during 2023 increased by \$488,504 or 27%, to \$2,279,699 from \$1,791,195 in 2022, mainly attributable to increased variable selling costs.
- Adjusted EBITDA amounted to \$257,458 in 2023 compared to \$189,777 in 2022.

Complete Financial Statements are available on www.sedar.com and the company's website at www.ifabriccorp.com.

FINANCIAL HIGHLIGHTS

	Fifteen Months Ended December 31 2023 \$	Twelve Months Ended September 30 2022 \$	Quarter Ended December 31 2023 \$	Quarter Ended December 31 2022 \$
Revenue	28,398,742	19,743,008	6,755,981	4,916,365
Share based compensation	162,199	472,952	77,190	-
Adjusted EBITDA *(Note)	1,239,522	445,861	257,458	189,777
Net earning (loss) before tax	(3,062,777)	(207,481)	(3,728,517)	131,861
Net income (loss) after tax attributable to shareholders	(2,107,522)	(454,998)	(2,704,508)	134,566
Other comprehensive earnings (loss)	(224,187)	455,662	(109,200)	(70,631)
Total comprehensive earnings (loss)	(2,334,029)	3,206	(2,812,685)	61,230
Net earnings (loss) per share				
Basic	(0.070)	(0.015)	(0.090)	0.005
Diluted	(0.070)	(0.015)	(0.090)	0.005

*Note: Adjusted EBITDA represents earnings before non-recurring items, 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 may not optimally represent 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 ending	Three months December 31, 2023	Three months December 31, 2022	Fifteen months December 31, 2023	Twelve months September 30, 2022
Net earnings (loss) after tax attributable to shareholders	(2,704,508)	134,566	(2,107,522)	(454,998)
Add (deduct):				
Net earnings attributable to non-controlling interest	1,023	(2,705)	(2,320)	2,542
Provision for income taxes	(1,025,032)	3,041	(952,935)	244,975
Share-based compensation	77,190	-	162,199	472,952
Impairment provision - legal claim	3,842,153	-	3,842,153	-
Amortization of deferred development costs	-	6,705	26,820	26,820
Depreciation of plant, property and equipment and right-of-use assets	41,990	28,533	160,920	103,847
Interest expense	24,642	19,637	110,207	49,723
Adjusted EBITDA	257,458	189,777	1,239,522	445,861
Add (deduct):				
Impairment provision - legal claim	(3,842,153)	-	(3,842,153)	-
Share-based compensation	(77,190)	-	(162,199)	(472,952)
EBITDA	(3,661,885)	189,777	(2,764,830)	(27,091)

About iFabric Corp:

Headquartered in Markham, Ontario, iFabric, www.ifabriccorp.com, is listed on the TSX and, currently has 30.3 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", "plans", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the extent and impact of health pandemic outbreaks on our business; general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; the actual results of the Company's future operations; competition; changes in legislation affecting the Company; the ability to obtain and maintain required permits and approvals, the timing and availability of external financing on acceptable terms; lack of qualified, skilled labour or loss of key individuals.

A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Company's annual information form dated April 1, 2024 and other filings with the Canadian securities regulators available under the Company's profile on SEDAR+ at www.sedarplus.ca. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

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. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

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 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.

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