

IFABRIC CORP MATCHES RECORD REVENUES OF \$5.3 MILLION FOR Q3 2023

Markham, Ontario, August 14, 2023 -- *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, 2023.

“I am pleased to report that we were able to match 2022’s record Q3 revenues despite an overall downturn in global retailer sales. This speaks to the successful expansion of customers and product segments that we have worked hard to increase,” said Hylton Karon, President and CEO of iFabric.

“New hires into our product development and marketing teams are currently finalizing new programs for our existing customer base and, at the same time, we are also working on proposals for new major customers, which we expect to close in the near term,” continued Mr. Karon.

“Along with our apparel programs in both divisions, I believe that the regulatory and clinical trial milestones recently achieved will positively impact our opportunities for sales of fabric-treatment technologies. For our customers already incorporating the Company’s industry leading fabric-treatment technologies, they can now market “clinically-proven” medical apparel, something we’ve proudly pioneered at a level never achieved before. We are excited about the revenue and profit potential of these opportunities for the quarters and years to come,” concluded Mr. Karon.

Q3 2023 HIGHLIGHTS:

- Record 3rd quarter revenues, of \$5,278,331, maintaining the record revenues achieved in Q3 2022.
- Revenues in the Intelligent Fabrics Division were \$2,915,157, a decrease of 5% from \$3,075,894 in 2022 that is attributable to seasonal timing differences of deliveries.
- Revenues in the Intimate Apparel Division were \$2,357,924, an increase of 11% from \$2,136,503 in 2022 that is attributable to increased sales in Canada.
- Gross profit as a percentage of revenue remained unchanged at 40% in both Q3 2023 and 2022.
- Gross profit dollars increased by \$51,403 to \$2,134,305 in Q3 2023, compared to \$2,082,902 in Q3 2022, as a result of increased revenues.
- Selling and administrative costs increased by \$147,904 to \$1,767,393 in Q3 2023 compared to \$1,619,489 in Q3 2022, mainly as a result of increased personnel costs, commissions, royalties, rent, advertising spend, and travel expenses, that were each incurred to support future revenue growth.
- Adjusted EBITDA of \$260,415 compared to adjusted EBITDA of \$536,578 in 2022, with the decrease attributable to the higher selling and administrative costs discussed above.
- Net earnings after tax attributable to shareholders was \$132,546 (\$0.004 per share basic and diluted) compared to net earnings after tax of \$344,805 (\$0.012 per share basic and diluted) in Q3 2022, with the reduction attributable to increased expenses.
- Working capital (excluding a demand loan classified as current, but not requiring repayment in 2022) amounted to \$20,358,449 at the end of Q3 2023 compared to \$20,423,643 at the end of the previous quarter.
- Cash increased by \$1,626,173 to \$3,646,017 at the end of Q3 2023 compared to \$2,019,844 at the end of the previous quarter, as a result of accounts receivable collected during the quarter.
- The Company’s bank operating line was unutilized at both June 30, 2023 and, at the end of the previous quarter, leaving the full line of \$6,750,000 available to finance business growth.

- Shareholders' Equity attributable to common shareholders was \$23,416,914 as at June 30, 2023, compared to \$23,431,321 at the end of the previous quarter.

NINE MONTH HIGHLIGHTS:

- Total revenues of \$16,837,259 for the nine months ended June 30, 2023, compared to \$13,710,058 in 2022, representing an increase of \$3,127,201 or 23%.
- Gross profit as a percentage of revenue increased to 40% for the nine months ended June 30, 2023 from 38% in the same period of 2022, as a result of lower shipping costs from Asia.
- Adjusted EBITDA of \$1,105,885 compared to adjusted EBITDA of \$528,053 in 2022, an increase of \$577,832.
- The net earnings after tax attributable to iFabric's shareholders during the nine months ended June 30, 2023, was \$736,531 (\$0.024 per share basic and diluted) compared to a net loss after tax attributable to shareholders of 158,915 for the nine months ended June 30, 2022 (\$0.005 per share, basic and diluted), representing an increase of \$895,446.

Complete Financial Statements are available on www.sedar.com

FINANCIAL HIGHLIGHTS

	Quarter Ended June 30		Nine Months Ended June 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue	5,278,331	5,238,900	16,837,259	13,710,058
Earnings from operations	301,925	411,218	985,642	206,167
Share based compensation	3,909	2,150	3,909	332,581
Adjusted EBITDA *(Note)	260,415	536,578	1,105,885	528,053
Net earnings before tax	195,428	484,383	929,305	64,520
Net earnings (loss) after tax attributable to shareholders	132,546	344,805	736,531	(158,915)
Net income (loss) per share - basic	0.004	0.012	0.024	(0.005)
Net income (loss) per share - diluted	0.004	0.012	0.024	(0.005)

**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	
	2023	2022	2023	2022
Net earnings (loss) after tax attributable to shareholders	132,546	344,805	736,531	(158,915)
Add (deduct):				
Net earnings attributable to non-controlling interest	(19)	1,532	(1,516)	10,364
Provision for income taxes	62,901	138,046	194,290	213,071
Share-based compensation	3,909	2,150	3,909	332,581
Amortization of deferred development costs	6,705	6,705	20,115	20,115
Depreciation of plant, property and equipment and right-of-use assets	31,918	30,629	89,559	76,566
Interest expense	22,455	12,711	62,997	34,271
Adjusted EBITDA	260,415	536,578	1,105,885	528,053
Add (deduct):				
Share-based compensation	(3,909)	(2,150)	(3,909)	(332,581)
EBITDA	256,506	534,428	1,101,976	195,472

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", "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 29, 2022 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.

FOR FURTHER INFORMATION, please contact:

Hilton Price, CFO

Tel: 647.465.6161

Email: hilton.price@rogers.com

Website: www.ifabriccorp.com

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