

IFABRIC CORP REPORTS A RECORD 91% INCREASE IN SECOND QUARTER REVENUES

Markham, Ontario, May 15, 2023 -- *iFabric Corp. (“iFabric” or the “Company”)* (TSX: IFA, OTCQX: IFABF), today announced record financial results for its second quarter and six months ended March 31, 2023, an outcome directly related to the Company’s commitment to accelerating revenue growth through product design innovation, technology integration and new customer acquisitions.

“We are proud to announce record revenue for Q2 2023. Both divisions have delivered programs built on the growth strategy of innovative design, technology, and licensing,” stated Hylton Karon, president and CEO of iFabric. *“The launch of our ROOTS branded swimwear program (in the Intelligent Fabric division) was a tremendous success for the company. The 2023/2024 program has already been renewed at 150% of the inaugural delivery. This program brought with it the addition of a further major national retail chain, which we see as potentially becoming one of our largest Canadian customers, in this and many other categories as we continue to build out our business with them,”* added Mr. Karon.

“We also continue to make excellent progress in executing our strategic growth plan and diversifying our business. We are continuing to grow across Canada and the US at a great pace. Underpinning our progress and strong results are our best-in-class technologies, our strong internal design team and our commitment to meeting the evolving performance and product needs of our customers and partners. In addition to the expanding growth in our core businesses, we have made important progress on the regulatory front with a new, breakthrough registration for PROTX2 allowing for public health claims on non-apparel products. While an important milestone for the Company and a potential driver of new business opportunities, we intend to build upon this initial registration to achieve similar public health claims for use of PROTX2 in apparel. Given our growing momentum in sales, new products, new customers and new registrations, management is excited and confident in the upward trajectory of its businesses for the remainder of the year and beyond,” concluded Mr. Karon.

Q2 2023 HIGHLIGHTS:

- Revenues of \$6,642,563 in Q2 2023 compared \$3,477,287 in Q2 2022, representing an increase of \$3,165,276 or 91%. This represents a record second quarter for iFabric.
- Revenues in the Intelligent Fabrics Division, increased by 101% or \$2,223,346 to \$4,413,977 from \$2,190,631 in 2022, attributable to new swimwear programs for a major retail customer, which commenced shipping in the current quarter.
- Revenues in the Intimate Apparel Division increased by 76% or \$963,183, to \$2,223,336 from \$1,260,153 in Q2 2022. The increase in Intimate Apparel revenue in 2023 versus 2022, was primarily attributable to increased sales in Canada.
- Gross profit as a percentage of revenue increased to 40% in Q2 2023, from 36% in Q2 2022, as a result of lower shipping costs from Asia and the repricing of a number of products.
- Selling, general and administrative costs increased by \$578,655 or 40% to \$2,027,891 in Q2 2023 compared to \$1,449,236 in Q2 2022. Increased personnel costs, commissions, royalties, rent, advertising, travel and freight costs incurred to support revenue growth current and future, were the main drivers of this increase.
- Adjusted EBITDA of \$655,693 compared to negative adjusted EBITDA of \$403,051 in Q2 2022, an increase of \$1,058,744.
- Net earnings after tax attributable to shareholders was \$469,419 (\$0.015 per share basic and diluted) compared to a net after tax loss of \$671,680 (\$0.023 per share basic and diluted) in Q2 2022 representing an increase of \$1,141,099.

- Working capital (excluding a demand loan classified as current, but not requiring repayment in 2023) amounted to \$20,423,643 at the end of Q2 2023 compared to \$19,735,013 at the end of the previous quarter, representing an increase of \$688,630, as a result of the earnings for the quarter.
- Cash decreased to \$2,019,844 at the end of Q2 2023 compared \$2,239,491 at the end of the previous quarter.
- The Company's bank operating line was unutilized at both March 31, 2023 and at the end of the previous quarter, leaving the full line of \$6,750,000 available to finance future business.
- Shareholders' Equity attributable to common shareholders was \$23,431,321 as at March 31, 2023 compared to \$22,800,145 at the end of the previous quarter, an increase of \$631,176.

SIX MONTH HIGHLIGHTS:

- Total revenues of \$11,558,928 for the six months ended March 31, 2023 compared to of \$8,471,158 in 2022, representing an increase of \$3,087,770 or 36%, attributable new swimwear programs and increased intimate apparel sales in Canada.
- Gross profit as a percentage of revenue increased to 40% for the six months ended March 31, 2023 from 36% in the same period of 2022, as a result of lower shipping costs from Asia and the repricing of a number of products.
- The net after tax earnings attributable to iFabric's shareholders during the six months ended March 31, 2023 was \$603,985 (\$0.020 per share basic and diluted), compared to a net loss attributable to shareholders of \$503,720 for the six months ended March 31, 2022 (\$0.017 per share, basic and diluted), representing an increase of \$1,107,705. Adjusted EBITDA for the six months ended March 31, 2023 amounted to \$845,470 compared to negative adjusted EBITDA of \$8,525 for the comparable period in 2022.

Complete Financial Statements are available on www.sedar.com

FINANCIAL HIGHLIGHTS

	Quarter Ended March 31		Six Months Ended March 31	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue	6,642,563	3,477,287	11,558,928	8,471,158
Earnings (loss) from operations	573,899	(578,132)	683,717	(205,051)
Share based compensation	-	(327,433)	-	(330,431)
Adjusted EBITDA *(Note)	655,693	(403,051)	845,470	(8,525)
Net earnings (loss) before tax	598,975	(771,714)	733,877	(494,888)
Net earnings (loss) after tax attributable to shareholders	469,419	(671,680)	603,985	(503,720)
Other comprehensive earnings (loss)	(11,343)	85,413	(81,974)	88,277
Total comprehensive earnings (loss)	459,284	(582,892)	520,514	(406,611)
Net earnings (loss) per share				
Basic	0.015	(0.023)	0.020	(0.017)
Diluted	0.015	(0.023)	0.020	(0.017)

*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 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 ended March 31,	Three months		Six months	
	2023	2022	2023	2022
Net earnings (loss) after tax attributable to shareholders	469,419	(671,680)	603,985	(503,720)
Add (deduct):				
Net earnings attributable to non-controlling interest	1,208	3,375	(1,497)	8,832
Provision for income taxes	128,348	(103,409)	131,389	75,025
Share-based compensation	-	327,433	-	330,431
Amortization of deferred development costs	6,705	6,705	13,410	13,410
Depreciation of plant, property and equipment and right-of-use assets	29,108	23,610	57,641	45,937
Interest expense	20,905	10,915	40,542	21,560
Adjusted EBITDA	655,693	(403,051)	845,470	(8,525)
Add (deduct):				
Share-based compensation	-	(327,433)	-	(330,431)
EBITDA	655,693	(730,484)	845,470	(338,956)

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.

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