

IFABRIC CORP ANNOUNCES Q1 2022 FINANCIAL RESULTS

Markham, Ontario, February 14, 2022 -- iFabric Corp. ("iFabric" or the "Company") (TSX: IFA.TO, OTCQX: IFABF), today announced its financial results for its first quarter of fiscal 2022 ended December 31, 2021.

"iFabric's core business remains strong and growing, despite the challenge of prolonged shipment times for goods coming from Asia," said Hylton Karon, President and CEO of iFabric. "Our balance sheet and liquidity remain robust, and in my opinion are sufficient to support the accelerating revenue growth anticipated during the second half of fiscal 2022 and beyond," concluded Mr. Karon.

HIGHLIGHTS FOR FIRST QUARTER ENDED DECEMBER 31, 2021 (Q1 2022):

- Total revenues of \$4,993,871 in Q1 2022 compared to \$7,520,901 in Q1 2021, representing a decrease of \$2,527,030 or 34%. However, revenue from core products increased by 35% in Q1 2022 compared to Q1 2021 when a one-off emergency-use N95 mask order of \$3,812,302 completed in Q1 2021 is excluded.
- Revenues for the Intelligent Fabrics Division were \$3,316,499 in Q1 2022 compared to \$6,880,019 in Q1 2021, representing a decrease of \$3,563,520 or 52%. Excluding the mask order referred to above, core sales increased 8% over Q1 2021 \$3,017,717 in what is traditionally the softest quarter of iFabric's fiscal year.
- Revenues for the Intimate Apparel Division were \$1,649,401 in Q1 2022 compared to \$612,911 in Q1 2021, representing an increase of \$1,036,490 or 169%, primarily attributable to the relaxing of COVID-19 restrictions in the United States and Canada and the consequent reopening of retail stores.
- Gross profit margins decreased by 2% to 37% in Q1 2022 from 39% in Q1 2021, attributable to unprecedented increases in shipping costs that are the result of a severe shortage of shipping capacity from Asia.
- Gross profit dollars decreased by 36% or \$1,054,735 to \$1,849,500 in Q1 2022 from \$2,904,235 in Q1 2021, attributable to the lack of one-time revenues in Q1 2022 and the shipping-related decrease in gross margins, as discussed above.
- Selling, general and administrative costs increased to \$1,433,744 in Q1 2022 from \$1,096,694 in Q1 2021. The increase of \$337,050 in expenses is mainly attributable to increased personnel costs, professional fees, commissions, royalties and advertising, the bulk of which has been incurred to support future anticipated growth.
- Adjusted EBITDA* amounted to \$394,526 in Q1 2022 compared to Adjusted EBITDA of \$2,015,386 in Q1 2021, representing a decrease of \$1,620,860, largely attributable to a decrease in one-time revenues and margin contribution, and increases in expenses as discussed above.
- Net earnings after tax attributable to iFabric's shareholders during Q1 2022 was \$167,960 (\$0.006 per share basic and diluted) compared to \$1,602,282 (\$0.060 per share basic and \$0.058 per share diluted) in Q1 2021, representing a decrease of \$1,434,322, attributable to the factors discussed above, as well as a higher effective tax rate caused by timing differences in the deductibility of certain expenses for accounting and tax purposes.
- Working capital (excluding a demand loan classified as current, but not requiring repayment in 2022) amounted to \$19,645,802 at the end of Q1 2021 compared to \$19,608,580 as at September 30, 2021. Calculated on that basis, iFabric's current ratio (current assets over current liabilities) remains very strong – at 5.8.
- Cash decreased to \$7,994,659 at the end of Q1 2021 compared \$8,901,718 at the end of the previous quarter, representing a decrease of \$907,059. This decrease was mainly attributable to increased inventory purchasing and deposits for inventory on order.
- The Company's bank operating line was unutilized at both December 31, 2021 and at the end of the previous quarter, leaving the full line of \$3,750,000 available to finance future business.
- Shareholders' Equity attributable to common shareholders was \$22,440,716 as at December 31, 2021 compared to \$22,266,894 at September 30, 2020 representing an increase of \$173,822.

FINANCIAL HIGHLIGHTS:

Three months ended December 31,	2021	2020
	\$	\$
Revenue	4,993,871	7,520,901
Earnings from operations	373,081	1,758,856
Share based compensation	(2,998)	(6,745)
Adjusted EBITDA *(Note)	394,526	2,015,386
Net earnings before tax	351,851	1,966,701
Net earnings after tax attributable to shareholders	167,960	1,602,282
Other comprehensive earnings (loss)	2,864	(271,871)
Total comprehensive earnings (loss)	176,281	1,336,392
Net earnings per share		
Basic	0.006	0.060
Diluted	0.006	0.058

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

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

ABOUT iFABRIC CORP:

Headquartered in Markham, Ontario, iFabric, www.ifabriccorp.com, is listed on the TSX and currently has 29.6 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.

***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:

Three months ended December 31,	2021	2020
Net earnings after tax attributable to shareholders	167,960	1,602,282
Add (deduct):		
Net earnings attributable to non-controlling interest	5,457	5,981
Provision for income taxes	178,434	358,438
Share-based compensation	2,998	6,745
Amortization of deferred development costs	6,705	6,705
Depreciation of plant, property and equipment and right-of-use assets	22,327	20,990
Interest expense	10,645	14,245
Adjusted EBITDA	394,526	2,015,386
Add (deduct):		
Share-based compensation	(2,998)	(6,745)
EBITDA	391,528	2,008,641

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. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the company's products and its current or future sales or earnings results.

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.

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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