

IFABRIC CORP REPORTS A 21% REVENUE INCREASE IN ITS SECOND QUARTER ENDED MARCH 31, 2022

Markham, Ontario, May 12, 2022 -- *iFabric Corp. (“iFabric” or the “Company”)* (TSX: IFA, OTCQX: IFABF), today announced its financial results for its second quarter and six months ended March 31, 2022.

“I am pleased to report the results for Q2, 2022. Our Lingerie Division’s impressive rebound to pre-pandemic numbers continues. Had it not been for a large new program delayed by retail customer of our Intelligent Fabrics Division, both divisions would have recorded growth in the quarter. Fortunately, this delayed program has now commenced shipping. The added cost associated with the hiring of new staff in both our sales and product development teams, along with high non-operational costs, impacted the bottom line results of the quarter. The additional staff’s benefit to results will be seen as we move forward to new highs,” said Hylton Karon, President and CEO of iFabric.

“Due to the global logistics challenges, we also took the decision to bring in much larger quantities of inventory than normal, well ahead of our usual purchasing cycles. This will allow us to maintain our exceptional fulfilment record and make timely deliveries to our customers. With firm customer commitments in hand for the second half of fiscal 2022, this is shaping up to be another record setting year for iFabric,” concluded Mr. Karon.

Q2 2022 HIGHLIGHTS:

- Revenues of \$3,477,287 compared \$2,882,660 in Q2 2021, representing an increase of \$594,627 or 21%.
- Revenues in the Intelligent Fabrics Division, decreased by 14% or \$348,172 to \$2,190,631 from \$2,538,803 in 2021, attributable to a major retail customer placing a shipping hold on products for a new program, as a result of other vendors of the retailer failing to meet their delivery timelines. The hold has since been lifted and these products have commenced shipping as at the date hereof.
- Revenues in the Intimate Apparel Division increased by 299% or \$944,267, to \$1,260,153 from \$315,886 in Q2 2021. The increase in Intimate Apparel revenue in 2022 versus 2021 was primarily attributable to the reopening of retail stores.
- Gross profit as a percentage of revenue decreased to 36% in Q2 2022, from 41% in Q2 2021, as a result of higher shipping costs from China and inventory write downs in the quarter, associated with the relocation of our US warehousing.
- Gross profit dollars increased by 6% or \$64,964 to \$1,239,767 in Q2 2022, compared to \$1,174,803 in Q2 2021, as a result of increased revenues.
- Adjusted negative EBITDA of \$403,051 compared to adjusted negative EBITDA of \$35,993 in Q2 2021.
- Net loss after tax attributable to shareholders was \$671,680 (\$0.023 per share basic and diluted) compared to a net after tax loss of \$141,155 (\$0.005 per share basic and diluted) in Q2 2021. Share-based compensation costs of \$327,433 attributable the issuance of stock options to a new director and an existing director, as well as exchange losses of \$195,103 due to the strengthening of the Canadian dollar were the main contributors to the increased loss.
- Other comprehensive earnings, being unrealized currency gains on the translation of foreign operations, amounted to \$85,413 in Q2 2022, compared to other comprehensive losses of \$45,379 in Q2 2021. Total comprehensive losses amounted \$582,892 in Q2 2022 compared to \$180,606 in 2021.
- Working capital (excluding a demand loan classified as current, but not requiring repayment in 2022) amounted to \$19,271,840 at the end of Q2 2022 compared to \$19,645,802 at the end of the previous quarter. iFabric’s current ratio improved to 8.9:1 in the current quarter, from 5.8:1 at the end of the previous quarter.

- Cash decreased to \$4,999,871 at the end of Q1 2021 compared \$7,994,659 at the end of the previous quarter. The decrease was attributable to increased inventory of \$2,718,573 for the purposes of meeting commitments on confirmed existing and new programs during the latter half of fiscal 2022, as well as a reduction in liabilities of \$1,685,039.
- The Company's bank operating line was unutilized at both March 31, 2022 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 \$22,181,882 as at March 31, 2022 compared to \$22,440,716 at the end of the previous quarter.

SIX MONTH HIGHLIGHTS:

- Total revenues of \$8,471,158 for the six months ended March 31, 2022 compared to \$10,403,561 in 2021, representing a decrease of \$1,932,403 or 19%. However, revenue from core products and programs increased by \$2,149,899 or 33% 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.
- Gross profit as a percentage of revenue decreased to 36% for the six months ended March 31, 2022 from 39% in the same period of 2021. The decrease in gross profit percentage is mainly as a result of higher shipping costs from China and inventory write downs in the current quarter.
- The net loss attributable to iFabric's shareholders during the six months ended March 31, 2022 was \$503,720 (\$0.017 per share basic and diluted) compared to net earnings attributable to shareholders of \$1,461,127 for the six months ended March 31, 2021 (\$0.055 per share, basic and \$0.053 per share diluted). Negative adjusted EBITDA for six months ended March 31, 2022 amounted to \$8,525 compared to EBITDA of \$1,979,393 for the comparable period in 2021.

Complete Financial Statements are available on www.sedar.com

FINANCIAL HIGHLIGHTS

	Quarter Ended March 31		Six Months Ended March 31	
	2022	2021	2022	2021
	\$	\$	\$	\$
Revenue	3,477,287	2,882,660	8,471,158	10,403,561
Earnings (loss) from operations	(578,132)	(176,000)	(205,051)	1,582,856
Share based compensation	(327,433)	(6,598)	(330,431)	(13,343)
Adjusted EBITDA *(Note)	(403,051)	(35,993)	(8,525)	1,979,393
Net earnings (loss) before tax	(771,714)	(87,079)	(494,888)	1,879,622
Net earnings (loss) after tax attributable to shareholders	(671,680)	(141,155)	(503,720)	1,461,127
Other comprehensive earnings (loss)	85,413	(45,379)	88,277	(317,250)
Total comprehensive earnings (loss)	(582,892)	(180,606)	(406,611)	1,155,786
Net earnings (loss) per share				
Basic	(0.023)	(0.005)	(0.017)	0.055
Diluted	(0.023)	(0.005)	(0.017)	0.053

*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 March 31,	Three months		Six months	
	2022	2021	2022	2021
Net earnings (loss) after tax attributable to shareholders	(671,680)	(141,155)	(503,720)	1,461,127
Add (deduct):				
Net earnings attributable to non-controlling interest	3,375	5,928	8,832	11,909
Provision for income taxes	(103,409)	48,148	75,025	406,586
Share-based compensation	327,433	6,598	330,431	13,343
Amortization of deferred development costs	6,705	6,705	13,410	13,410
Depreciation of plant, property and equipment and right-of-use assets	23,610	20,991	45,937	41,981
Interest expense	10,915	16,792	21,560	31,037
Adjusted EBITDA	(403,051)	(35,993)	(8,525)	1,979,393
Add (deduct):				
Share-based compensation	(327,433)	(6,598)	(330,431)	(13,343)
EBITDA	(730,484)	(42,591)	(338,956)	1,966,050

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.

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 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

Investor relations:
Renmark Financial Services
Steve Hosein
Tel: 514.939.3989
Email: shosein@renmarkfinancial.com

Website: www.ifabriccorp.com

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