

IFABRIC CORP. REPORTS FOURTH QUARTER AND ANNUAL REVENUE AND EARNINGS FOR ITS FINANCIAL YEAR ENDED SEPTEMBER 30, 2019.

Markham, Ontario, December 24, 2019. IFabric Corp. (“iFabric” or the “Company”) (IFA.TO), today announced its results for its 4th quarter and fiscal year ended September 30, 2019.

Q4 ENDED SEPTEMBER 30, 2019 HIGHLIGHTS:

- Revenues of \$3,175,167 compared to \$2,491,691 in Q4 2018, representing an increase of \$683,476 or 27%.*
- Revenues for the Intelligent Fabrics Division were \$1,249,117 compared to \$1,019,193 in Q4 2018, representing an increase of \$229,924 or 23%.*
- Revenues for the Apparel Division were \$1,870,417 compared to \$1,446,897 in Q4 2018, representing an increase of \$423,520 or 29%.*
- Gross profit increased by 60% or \$526,931 to \$1,409,559 from \$882,628 in Q4 2018, attributable to higher revenues and higher gross margins.*
- Gross profit margins increased from 35% in Q4 2018 to 44% in Q4 2019. This increase was mainly as a result of increased chemical margins as well as the Intimate Apparel Division accounting for a higher proportion of revenues at higher margins in 2019 compared to 2018.*
- Adjusted EBITDA amounted to \$383,096 compared to negative Adjusted EBITDA of \$467,219 for 2018 representing an improvement of \$850,315.*
- The net earnings after tax attributable to shareholders was \$285,866 (or \$0.011 per share basic and diluted) compared to net loss after tax of \$221,106 (or \$0.009 per share basic and diluted), in the same quarter of 2018 representing an increase of \$506,972.*

“I am very pleased with Q4’s positive turnaround, with both divisions contributing to the bottom line,” stated Hylton Karon, President and CEO of iFabric.

YEAR ENDED SEPTEMBER 30, 2019 HIGHLIGHTS:

- Total revenues of \$10,435,348 compared to \$15,121,370 in 2018 representing a decrease of \$4,686,022 or 31%.*
- Apparel Division revenue decreased from \$10,909,112 in 2018 to \$5,926,805 in 2019, representing a decrease of \$4,982,307 or 46%. In comparison, for the 2019 financial year, Intelligent Fabric Division revenue increased to \$4,393,723 from \$4,109,857 in 2018, representing an increase of \$283,866 or 7%. In the Intimate Apparel Division, most of the decreased revenue in 2019 versus 2018, was as a result of the discontinuance of sleepwear. In the Company’s Intelligent Fabrics Division most of the increase in revenue was as a result of increased chemical sales.*
- Gross profit of \$3,747,696 (or 36%) for the year ended September 30, 2019 compared to \$7,103,456 (or 47%) in 2018, representing a decrease of \$3,355,760 or 47%. The decrease in gross margins is primarily due to a major packaging refresh during the year and the clearance of residual sleepwear in the Intimate Apparel Division.*
- Adjusted negative EBITDA of \$1,339,227 in 2019 compared to Adjusted EBITDA of \$1,783,260 for 2018.*
- Net loss attributable to shareholders was \$1,299,863 (or \$0.050 per share basic and diluted) compared to net earnings attributable to shareholders of \$924,743 (or \$0.035 per share basic and \$0.034 per share diluted) for the year ended September 30, 2018. The decrease in net earnings is mainly attributable to the decrease in gross profit contribution resultant from lower revenues as well as lower margins as discussed above.*
- Working capital (excluding the demand term loan referred to below, now classified as current) amounted to \$7,033,084 in 2019 compared to \$8,922,041 at September 30, 2018, representing a decrease of \$1,888,957. The decrease in working capital is mainly attributable the loss for the year, as well as the acquisition of an additional 15% interest in its Markham property from the minority*

shareholders in December 2018, for cash consideration of \$400,000. After the acquisition, the Company's interest in this property increased to 75% and the non-controlling interest decreased to 25%. This property was appraised by an independent appraiser in an amount of \$6,800,000 on September 30, 2019, representing an increase of approximately \$4,000,000 over the carrying value of this asset in the financial statements.

- Shareholders' equity decreased by \$1,772,728 from \$11,029,367 in 2018 to \$9,256,639 at September 30, 2019. This decrease is mainly attributable to the factors discussed above as well as a transition adjustment of \$154,857 following from the adoption of a new IFRS Revenue standard.
- Long term debt relating to the building owned by the Company decreased by \$1,341,910 as a result of a demand term loan of \$1,258,352 being reclassified as current due to its short-term maturity. Management anticipates renegotiating this loan prior to the maturity date.
- Cash decreased to \$2,287,548 compared to \$3,542,899 in 2018, mainly as a result of the increased investment in a subsidiary and the loss for the year as discussed above.
- The Company's bank operating line was unutilized at both September 30, 2019 and 2018, leaving the full line of \$3,750,000 available to finance future business.

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

BUSINESS OUTLOOK:

Hylton Karon, President and CEO of iFabric provided the following brief summary of major developments during the year and prospects for the ensuing year:

Intelligent Fabrics

"The Intelligent Fabrics Division is maturing into a multi-faceted business. Responses to our stand-alone class leading technologies as well as our finished product design and manufacturing capabilities has caught the attention of major retailers and brands.

RepelTX has been adopted by several leading brands and now stands to join ProTX2 as a flagship technology.

New patents have been filed for innovative new apparel designs in both the USA and Canada.

The clinical trial for Protx2 has passed all required development phases, which has allowed the health care facilities to confirm a starting slot for official commencement towards the end of March 2020.

With new major apparel programs commencing around the middle of 2020, this division is expected to become the main revenue generator of the Company by the end of the next financial year. This will be a milestone for the Division."

Intimate Apparel and Accessories

"A major packaging refresh and the launch of new products earlier in the year have shown immediate benefits, as is evidenced by the improved Q4 results. With a number of new customers recently added, a steady increase in online sales, new patent registrations, and new products launching in 2020, I feel confident that this division is on its way back to returning to be a positive contributor to iFabric's bottom line."

FINANCIAL HIGHLIGHTS

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

ABOUT iFABRIC CORP:

Headquartered in Markham, Ontario, iFabric Corp www.ifabriccorp.com currently has 26.2 million shares issued and outstanding. Through its wholly-owned subsidiaries, Intelligent Fabric Technologies (North America) Inc. ("IFTNA") and Coconut Grove Pads Inc. ("Coconut Grove"), the Company offers a variety of products and services in both of its strategic divisions:

IFTNA is focused on performance apparel as well as proprietary chemical formulations that render fabrics, foams, plastics and numerous other surfaces intelligent, thereby improving the safety and well-being of the consumer.

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. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the company's products.

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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