

Markham, Ontario, December 29, 2022, iFabric Corp. (“iFabric” or the “Company”) (TSX: IFA, OTCQX: IFABF), today announced its results for its fourth quarter and fiscal year ended September 30, 2022 (“2022”).

“I am pleased to report that iFabric matched the record revenue achieved in fiscal 2021 without the benefit of the non-recurring revenue the Company booked during fiscal 2021. If not for the ongoing disruptions impacting global supply chains that resulted in supplier shipping delays during the year that were outside of our control, fiscal 2022 would have been another record sales year for iFabric,” stated Hylton Karon, President and CEO of iFabric. “With a solid fiscal 2022 now behind us, we have entered into our new fiscal year 2023 with the largest starting order book for both our intelligent fabrics and intimate apparel divisions in the Company’s history. To prepare for this revenue growth and additional new business growth in calendar 2023 and beyond, we made a significant investment in marketing expenses during 2022 for the launch of our new Company owned-brand as well as to build a strong team and infrastructure to support and sustain growth in all areas of our business.

We likewise anticipate the resources and investment we’ve made in our pathogen-inactivation clinical trials have the potential to generate valuable real-world evidence and performance validation of our ProTX2 and RepelTX technologies, thus providing us with an important tool to further expand our reach in the medical market,” continued Hylton Karon. “We are also happy to report that the first deliveries of our new swimwear programs are on track and set to commence in Q2, 2023. Additionally, we are in active negotiations on several new business opportunities and retailer partnered programs that we believe have a high probability of closing during 2023, thus preparations have commenced to insure we can fully exploit these opportunities, including securing a \$3 million increase in our credit line to fund future business expansions. Accordingly, I am anticipating a substantial increase in topline revenues, bottom line profitability and an overall record year for the Company in 2023,” concluded Hylton Karon.

YEAR ENDED SEPTEMBER 30, 2022, HIGHLIGHTS:

- *Total revenues were virtually unchanged at \$19,743,008 in 2022 compared to \$19,763,672 in 2021, however 2022 revenues did not include the benefit of non recurring revenue business booked in 2021.*
- *Intelligent Fabric Division revenue decreased by 19% or \$3,013,562 to \$12,658,907 in 2022 from \$15,672,469 in 2021, as a result of the fulfilment of a personal protective equipment contract, which generated additional revenue of \$3,812,302 in 2021 and, which did not reoccur in 2022. For the Intimate Apparel Division, revenue increased by 75% or \$2,997,302 to \$6,976,621 in 2022 from \$3,979,319 in 2021, as a result of the re-opening of retail stores in the United States and Canada following the relaxation of COVID-19 restrictions.*
- *Gross profit of \$7,026,276 (36% margin) for the year ended September 30, 2022, compared \$7,760,888 (39% margin) in 2021, representing a decrease in gross profit dollars of \$734,612 or 9%, attributable to substantial [significant?] pandemic related increases in freight costs as a result of a shortage of shipping vessel capacity, as well as inventory write-downs and the product mix for the year.*
- *Selling, general and administrative costs increased by 27% or \$1,375,674 to \$6,440,518 in 2022 compared to \$5,064,844 in 2021, primarily due to laboratory and other fees amounting to \$209,278 incurred in respect of ProTX2 and RepelTX pathogen-inactivation clinical trials, as well as increased personnel costs in respect of new hires made for the purposes of meeting the Company’s future growth objectives and an increase in the allowance for doubtful accounts.*
- *Adjusted EBITDA of \$445,861 in 2022 compared to \$3,234,404 in 2021, as a result of the decrease in gross profit dollars, the addition of clinical trial costs and the increase in operating expenses, as discussed above.*
- *Increased taxes in certain foreign subsidiaries and share based compensation costs of \$445,861 were additional contributors to the net loss attributable to shareholders in 2022 amounting to \$454,998 (or*

\$0.015 per share basic and diluted), compared to net earnings attributable to shareholders of \$2,369,698 (or \$0.084 per share basic and \$0.081 per share diluted) for the prior year.

- Working capital, (excluding a demand term loan classified as current under IFRS, but not requiring repayment in 2022) amounted to \$19,843,615 in 2022 compared to \$19,608,580 at September 30, 2021, representing an increase of \$235,035. This increase is attributable to the net earnings for the year adjusted for non-cash items.*
- Shareholders' equity increased by \$486,216 to \$22,753,110 in 2022 from \$22,266,894 in 2021.*
- Long term debt was \$614,660 in 2022 compared to \$551,277 in 2021.*
- Cash amounted to \$944,725 compared \$8,901,718 in 2021, representing a decrease of \$7,956,993, mainly as a result of an increase of \$6,338,190 invested into inventories. This increase in inventories is pursuant to a management decision to acquire inventories for committed programs early in order to guard against shortages of vessels or further lockdowns in China that could disrupt production. Accordingly, the Company, is in a position to meet all its delivery commitments covering the next two quarters.*
- The Company's bank credit line has been increased to an amount of \$6,750,000 from \$3,750,000 in 2021 to provide for further working capital if required. The line was unutilized at both September 30, 2022, and 2021, leaving the full line of \$6,750,000 available to finance future business [or any interim cash needs?].*

Q4 ENDED SEPTEMBER 30, 2022, HIGHLIGHTS:

- Revenues of \$6,032,950 in Q4 2022 compared to \$5,204,282 in Q4 2021, representing an increase of \$828,668 or 16%.*
- Revenues for the Intelligent Fabrics Division were \$4,075,883 compared to \$3,920,318 in Q4 2021, representing an increase of \$155,565 or 4%, as a result new performance apparel programs for a major Canadian retailer.*
- Revenues for the Intimate Apparel Division increased to \$1,930,564 in Q4 2022 compared to \$1,255,993 in Q4 2021, representing an increase of \$674,571 or 54%, following the re-opening in retail stores in North America.*
- Gross profit dollars in the current quarter, increased by 11% or \$185,965 to \$1,854,107 from \$1,668,142 in Q4 2021, attributable to higher revenues.*
- Gross profit margins decreased to 31% in Q4 2022 from 32% in Q4 2021.*
- Selling, general and administrative costs during Q4 2022 increased by \$477,884 or 33%, to \$1,938,049 from \$1,460,165 in Q4 2021, mainly attributable to laboratory fees related to ProTX2 and RepelTX clinical trials, as well as increased personnel costs, freight, advertising and royalties.*
- Adjusted negative EBITDA amounted to \$82,192 compared to Adjusted EBITDA of \$354,290 for 2021, representing a decrease of \$436,482, as a result of increased operating expenses.*
- Net loss after tax attributable to iFabric's shareholders during Q4 2022 was \$296,083 (\$0.010 per share, basic and diluted) compared to net earnings of \$203,165 (\$0.006 per share, basic and diluted) during Q4 2021, with the decrease attributable to the factors discussed above.*

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

FINANCIAL HIGHLIGHTS

	Year Ended September 30		Quarter ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Revenue	19,743,008	19,763,672	6,032,950	5,204,282
Income (loss) from operations	(67,584)	2,503,733	(273,751)	161,602
Share based compensation	472,952	21,994	(140,371)	2,998
Adjusted EBITDA *(Note)	445,861	3,234,404	(82,192)	354,290
Net earning (loss) before tax	(207,481)	3,042,093	(272,001)	307,915
Net income (loss) after tax attributable to shareholders	(454,998)	2,369,698	(296,083)	203,165
Other comprehensive earnings (loss)	455,662	(242,697)	353,253	143,348
Total comprehensive earnings (loss)	3,206	2,132,309	49,348	333,078
Net earnings (loss) per share				
Basic	(0.015)	0.084	(0.010)	0.006
Diluted	(0.015)	0.081	(0.010)	0.006

*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 September 30,	Three months		Twelve months	
	2022	2021	2022	2021
Net earnings (loss) after tax attributable to shareholders	(296,083)	203,165	(454,998)	2,369,698
Add (deduct):				
Net earnings attributable to non-controlling interest	(7,822)	(13,435)	2,542	5,308
Provision for income taxes	31,904	118,185	244,975	667,087
Share-based compensation	140,371	2,998	472,952	21,994
Amortization of deferred development costs	6,705	6,705	26,820	26,820
Depreciation of plant, property and equipment and right-of-use assets	27,281	26,530	103,847	90,095
Interest expense	15,452	10,142	49,723	53,402
Adjusted EBITDA	(82,192)	354,290	445,861	3,234,404
Add (deduct):				
Share-based compensation	(140,371)	(2,998)	(472,952)	(21,994)
EBITDA	(222,563)	351,292	(27,091)	3,212,410

ABOUT iFABRIC CORP:

Headquartered in Markham, Ontario, iFabric, www.ifabriccorp.com, is listed on the TSX and, currently has 29.8 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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