

iFABRIC CORP REPORTS RESULTS FOR ITS THIRD QUARTER AND NINE MONTHS ENDED JUNE 30, 2021

Markham, Ontario, August 12, 2021 -- iFabric Corp. ("iFabric" or the "Company") (TSX: IFA, OTC: IFABF), today announced its financial results for its third quarter and nine months ended June 30, 2021.

"I am pleased to report that our Intimate Apparel Division returned to profitability in the third quarter and with both our operating divisions now profitable, we saw a significant turnaround in earnings during the quarter," said Hylton Karon President and CEO of iFabric. "The upturn in purchasing by our customers is most encouraging. I am extremely pleased with these results and our current financial strength, as well the strategies we are putting in place to grow iFabric," concluded Hylton Karon.

Q3 2021 HIGHLIGHTS:

- Revenues in Q3 2021 amounted to \$4,155,829 compared to \$3,214,465 in Q3 2020, representing an increase of \$941,364 or 29%.
- Revenues in the Intimate Apparel Division increased by 468% or \$1,478,710 to \$1,794,529 from \$315,819 in Q3 2020. The increase in Intimate Apparel revenue in 2021 versus 2020 was primarily attributable to the normalization of retail store operations in the United States following the lifting of COVID-19 restrictions.
- Revenues in the Intelligent Fabrics Division, decreased by 18% or \$506,220 to \$2,333,329 from \$2,839,549 in 2020, attributable to the elimination of high volume, low margin protective mask sales, due to a saturation of the mask market. Low margin mask sales have to a large extent now been replaced by high margin chemical sales, resulting in a substantial improvement in gross margins as discussed below.
- Gross profit as a percentage of revenue was 48% in Q3 2021, compared to 30% in Q3 2020. The increase in gross profit percentage is mainly attributable to the product mix for the quarter, with a higher proportion of intimate apparel sales at higher margins, as well as the replacement of low margin mask sales with high margin chemical sales.
- Gross profit dollars increased by 111% or \$1,059,010 to \$2,013,708 from \$954,698 in Q3 2020, attributable to increased revenues and improved margins.
- Net earnings before tax of \$854,556 compared to a loss before tax of \$634,859 in 2020, representing a turnaround of \$1,489,415. The increase in net earnings in Q3 2021 versus Q3 2020 is largely attributable to increased revenue of \$941,364, an increase in gross profit dollars of \$1,059,010, and a reduction in share-based compensation of \$496,602.
- Adjusted EBITDA of \$900,721 compared to negative adjusted EBITDA of \$93,205 in Q3 2020 representing an increase of \$993,926.
- The net earnings after tax attributable to iFabric's shareholders during Q3 2021 was \$705,406 (\$0.024 per share, basic and \$0.023 per share diluted) compared to a net loss of \$546,926 in Q3 2020 (\$0.021 per share, basic and diluted), an increase of \$1,252,332.
- Other comprehensive loss, being unrealized currency differences on the translation of foreign operations, amounted to \$68,795 compared to \$177,399 in 2020. Total comprehensive earnings amounted to \$643,445 in Q3 2021 compared to a comprehensive loss of \$721,793 in 2020.
- Working capital increased by \$593,048 as at June 30, 2021, to \$19,588,172 compared to \$18,995,124 at the end of the previous quarter ended March 31, 2021, as a result of the net earnings for the quarter.

The calculation of working capital excludes a demand term loan of \$1,237,507, which is shown as a current liability as required under International Financial Reporting Standards, but matures in 2032.

- *Cash decreased by \$344,002 to \$9,283,718 compared to \$9,627,720 at the end of the previous quarter ended March 31, 2020, as a result of payments for new inventory.*
- *The Company's bank operating line was unutilized as at June 30, 2021, leaving the full amount of \$3,750,000 available to finance future business of the Company.*
- *Shareholder Equity attributable to common shareholders was \$21,617,783 as at June 30, 2021 compared to \$20,975,519 at the end of the previous quarter, representing an increase of \$642,264 as a result of the net earnings for the quarter.*

NINE MONTH HIGHLIGHTS:

- *Revenues for the nine months ended June 30, 2021 were \$14,559,390 compared to \$8,063,396 for the comparable period in 2020, representing an increase of \$6,495,994 or 81%. With respect to the reportable operating segments of the Company, revenue increased by 12% or \$294,499 in its Intimate Apparel segment to \$2,723,326 in 2021 from \$2,428,827 in 2020 and, revenue increased by 113% or \$6,240,844 in its Intelligent Fabrics segment to \$11,752,151 in 2021 from \$5,511,307 in 2020. Increased Intimate Apparel revenue was mainly due to the lifting COVID-19 restrictions in the United States and the resultant normalization of retail store operations. The higher revenues in the Intelligent Fabrics segment during the first nine months of 2021 compared to 2020 was primarily due to the fulfillment of a PPE contract, which was previously delayed due to supplier constraints in China, increased chemical sales and new finished apparel programs.*
- *Gross profit for the nine months ended June 30, 2021 increased by 111% or \$3,204,206 to \$6,092,746 (42%) for the year to date in 2021 from \$2,888,540 (36%) in the same period of 2020. The increase in gross profit dollars was primarily as a result of the increase in revenues and the increase in gross margins.*
- *Adjusted EBITDA for the nine months amounted to \$2,880,114 compared to negative adjusted EBITDA of \$451,138 in 2020, an increase of \$3,331,252.*
- *Net earnings after tax attributable to iFabric's shareholders during the nine months ended June 30, 2021 was \$2,166,533 (\$0.078 per share, basic and \$0.075 per share, diluted) compared to a net loss of \$974,861 (\$0.037 per share, basic and diluted) for the nine months ended June 30, 2020, an increase of \$3,141,394.*
- *For the nine months ended June 30, 2021 an amount of \$386,045 was expensed to other comprehensive earnings, in respect of the accumulated unrealized loss arising on the currency translation of foreign operations, compared to \$2,322 in 2020. The total comprehensive earnings totaled \$1,799,231 for the current nine months, compared to a loss of \$969,928 in 2020.*

Complete Financial Statements are available on www.sedar.com

Hylton Karon, President and CEO of iFabric, provided the following video discussion on the results for the quarter and nine months ended June 30, 2021. This can be accessed via the link below:

https://youtu.be/Gyh_rmi91w4

*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.

FINANCIAL HIGHLIGHTS

	Quarter Ended June 30		Nine Months Ended June 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revenue	4,155,829	3,214,465	14,559,390	8,063,396
Earnings (loss) from operations	759,275	(603,724)	2,342,131	(1,250,921)
Share based compensation	5,653	502,255	18,996	525,605
Adjusted EBITDA *(Note)	900,721	(93,205)	2,880,114	(451,138)
Net earnings (loss) before tax	854,556	(634,859)	2,734,178	(1,097,584)
Net earnings (loss) after tax attributable to shareholders	705,406	(546,926)	2,166,533	(974,861)
Other comprehensive (loss)	(68,795)	(177,399)	(386,045)	(2,322)
Total comprehensive earnings (loss)	643,445	(721,793)	1,799,231	(969,928)
Net income (loss) per share - basic	0.024	(0.021)	0.078	(0.037)
Net income (loss) per share - diluted	0.023	(0.021)	0.075	(0.037)

*Note: Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization and share based compensation. The disclosure of EBITDA is not a requirement under International Financial Reporting Standards (IFRS).

ABOUT iFABRIC CORP:

Headquartered in Markham, Ontario, iFabric Corp www.ifabriccorp.com currently has 29.6 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, medical protective apparel, consumer protective 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, 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 resulting ongoing uncertainty, there can be no assurances regarding: (a) the COVID-19 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

Tina Byers – Investor Relations
Tel: 905.330.3275
Email: tina@adcap.ca

Website: www.ifabriccorp.com

Neither the TSX Exchange nor its Regulations Services Provider (as that term is defined in the policies of the TSX Exchange) accepts responsibility for the adequacy or accuracy of this press release.