

## iFABRIC CORP ANNOUNCES Q1 2019 FINANCIAL RESULTS & PROVIDES OUTLOOK

**Markham, Ontario, February 13, 2019 (NEWSFILE CORP.)** -- iFabric Corp. ("iFabric" or the "Company") (TSX: IFA.TO), today announced its results for its first quarter ended December 31, 2018.

"We are now in the execution phase of our strategy for longer term growth. Our first target was to eliminate less profitable and low future potential products. This quarter shows the effect of our discontinuance of sleepwear. Our move to focus on the higher potential products such as performance apparel has resulted in the addition of a major US retailer to our customer portfolio. Programs for this customer are expected to add approximately \$10 million in annual revenues, with the first products anticipated to commence shipping around the end of our third quarter. Negotiations with several other retailers are ongoing and I am confident that our portfolio of customers for performance apparel will expand. In addition, the previously advised clinical trials for our Protx2 antibacterial technology have been confirmed for the summer. A positive outcome for these trials should result in additional Protx2 licenses being concluded in the medical space," stated Hylton Karon, President and CEO of iFabric.

"I remain convinced that the new path that we have placed the Company on, will result in our achieving the long-term objectives that we have set for iFabric and will impact positively on future revenue and earnings," concluded Hylton Karon.

### HIGHLIGHTS FOR FIRST QUARTER ENDED DECEMBER 31, 2018 (Q1 2019):

- Total revenues of \$2,471,881 in Q1 2019 compared to \$5,136,771 in Q1 2018, representing a decrease of \$2,664,890 or 52%. This decrease is mainly attributable to the discontinuance of sleepwear in the Apparel Division.
- Revenues for the Intelligent Fabrics Division were \$1,141,959 in Q1 2019 compared to \$1,631,376 in Q1 2018, representing a decrease of \$489,417 or 30%. The decrease is mainly attributable to no milestone license receipts in Q1 2019 compared to \$320,000 received in Q1 2018. The next series of milestone payments are receivable when the Company secures EPA approval for public health claims.
- Revenues for the Apparel Division were \$1,304,322 in Q1 2019 compared to \$3,479,795 in Q1 2018, representing a decrease of \$2,175,473 or 63%. The decrease in revenue for this operating segment was mainly attributable to the discontinuance of sleepwear products, which were fully phased out prior to the commencement of the current quarter.
- Gross profit dollars decreased by 66% or \$1,705,586 to \$881,608 from \$2,587,194 in Q1 2018, as a result of the decrease in revenue in Q1 2019 compared to 2018, as well as reduced margins as discussed below.
- Gross profit margins decreased from 50% in Q1 2018 to 36% in Q1 2019. The decrease in gross profit percentage is due to a number of factors. In Q1 2018, the Intelligent Fabrics received milestone license revenue of \$320,000 against which there was no cost of sales. There was no corresponding license revenue receipt in Q1 2019. Additional reasons for the reduction in the overall gross margin percentage include there being a higher proportion of Intelligent Fabric Division sales at lower margins in Q1 2019 versus Q1 2018, as well as incentives provided to a major customer in the this Division, in respect of initial finished performance apparel programs.
- Adjusted EBITDA was negative \$513,235 compared to Adjusted EBITDA of \$1,427,328 for the same quarter last year.
- Net loss attributable to iFabric's shareholders during Q1 2019 was \$557,122 (\$0.021 per share basic and diluted) compared to net earnings of \$950,480 in Q1 2018 (\$0.036 per share basic and \$0.035 per share diluted). The decrease in net earnings in Q1 2019 versus Q1 2018 is largely attributable the decrease in revenues, reduced gross margins and decreased gross profit dollars, for the reasons discussed above.
- Other comprehensive earnings, being unrealized gains on the translation of foreign operations amounted to \$125,085 in Q1 2019 compared to \$13,307 in Q1 2018. The primary reason for this increase was the continued weakening of the Canadian dollar during Q1 2019. Total comprehensive loss for Q1 2019 was \$431,778 compared to total comprehensive earnings of \$964,262 in the same quarter of 2018.
- Working capital as at December 31, 2018 was \$8,087,950 compared to working capital of \$8,922,041 as at September 30, 2018, representing a decrease of \$834,091. Portion of this decrease was as a result of the acquisition on November 13, 2018, of

an additional 15% of the common shares in 2074160 Ontario Inc. from the non-controlling shareholders for cash consideration of \$400,000, resulting in the Company's shareholding in 2074160 Ontario Inc. increasing to 75% and the non-controlling interest decreasing to 25%. 2074160 Ontario Inc. owns the land and buildings occupied by the Company as offices and a warehouse. An independent valuation of the land and buildings received at the date of the transaction, reflected an appraised market value of \$5,000,000, representing an increase in value of \$2,269,519 over the book value of \$2,730,481 as at December 31, 2018.

- The Company's cash balance decreased to \$3,413,219 as at December 31, 2018 from \$3,542,899 as at September 30, 2018 representing a decrease of \$129,680. The Company's bank operating line was fully repaid and carried a zero balance as at December 31, 2018, leaving the full operating line of \$3,750,000 available to fund future growth and expansion.
- Shareholders' Equity attributable to common shareholders was \$10,275,966 compared to \$11,029,367 at d September 30, 2018 representing a decrease of \$753,401. The decrease in shareholders' equity is attributable to the loss for the quarter as well as an amount of \$400,000 which was charged to equity in respect of the share acquisition detailed above, as required by IFRS.

Complete Financial Statements are available on [www.sedar.com](http://www.sedar.com) and the company's website [www.ifabriccorp.com](http://www.ifabriccorp.com).

#### FINANCIAL HIGHLIGHTS:

Three months ended December 31,	2018	2017
Revenue	2,471,881	5,136,771
Earnings (loss) from operations	(489,166)	1,227,331
Share based compensation	(73,378)	(45,483)
Adjusted EBITDA *(Note)	(513,235)	1,427,328
Net earnings (loss) after tax	(556,863)	950,955
Net earnings (loss) after tax attributable to shareholders	(557,122)	950,480
Other comprehensive earnings (loss)	125,085	13,307
Total comprehensive earnings (loss)	(431,778)	964,262
Net earnings (loss) per share		
Basic	(0.021)	0.036
Diluted	(0.021)	0.035

\*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](http://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.

### 131 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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