

iFABRIC CORP ANNOUNCES Q1 2020 FINANCIAL RESULTS AND EPA FILING

Markham, Ontario, February 13, 2020 -- iFabric Corp. (“iFabric” or the “Company”) (TSX: IFA.TO), today announced its results for its first quarter ended December 31, 2019.

“This quarter reflects the continued strength of our Intelligent Fabrics Division which has now become the major revenue generator for iFabric. Following the success of the initial performance apparel programs for a major Canadian retailer which have all been renewed, I am pleased to advise that the anticipated additional new programs for our Intelligent Fabrics Division have now been confirmed, with initial deliveries commencing around the end of the third quarter and continuing into 2021 as these are replenishment programs. Based on current commitments, this will result in record revenues for this division. I also take pleasure in advising that our first applications for EPA public health claims have been filed and based on our test results, I am optimistic about a positive outcome for the approval of these. As can be seen with the current Coronavirus pandemic, technologies that can assist with the combat and control of infectious diseases have reached all-time importance. With clinical trials approaching and additional agreements under negotiation, 2020 should see the achievement of some significant milestones for iFabric,” stated Hylton Karon, President and CEO of iFabric.

HIGHLIGHTS FOR FIRST QUARTER ENDED DECEMBER 31, 2019 (Q1 2020):

- Total revenues of \$2,596,841 in Q1 2020 compared to \$2,471,881 in Q1 2019, representing an increase of \$124,960 or 5%.
- Revenues for the Intelligent Fabrics Division were \$1,435,051 in Q1 2020 compared to \$1,141,959 in Q1 2019, representing an increase of \$293,092 or 26%. This increase was mainly attributable to increased chemical sales in Asia.
- Revenues for the Apparel Division were \$1,129,707 in Q1 2020 compared to \$1,304,322 in Q1 2019, representing a decrease of \$174,615 or 13%. The decrease in revenue for this operating segment was mainly attributable to seasonal fluctuations as well as a reduction in clearances of end of season merchandize in 2020 compared to 2019.
- Gross profit dollars increased by 24% or \$210,611 to \$1,092,219 from \$881,608 in Q1 2019, mainly as a result of increased chemical margins as well as a reduction in end of season merchandize clearances at low or negative margins.
- Gross profit margins increased from 36% in Q1 2019 to 42% in Q1 2020 for the reasons stated above.
- Adjusted EBITDA amounted to \$124,420 compared to negative Adjusted EBITDA of \$513,235 for the same quarter last year representing an increase of \$637,655.
- Net earnings attributable to iFabric’s shareholders during Q1 2020 was \$53,810 (\$0.002 per share basic and diluted) compared to a net loss of \$557,122 in Q1 2019 (\$0.021 per share basic and diluted). The increase of \$610,932 in net earnings in Q1 2020 versus Q1 2019 is largely attributable increased revenues, increased gross margins and gross profit dollars, exchange gains and a reduction in expenses.
- Other comprehensive losses, being unrealized losses on the translation of foreign operations amounted to \$226,781 in Q1 2020 compared to other comprehensive earnings \$125,085 in Q1 2019. The primary reason for this increase was the strengthening of the Canadian dollar during Q1 2020.
- Working capital as at December 31, 2019 was \$6,750,133 compared to working capital of \$7,033,084 as at September 30, 2019, representing a decrease of \$282,951. This decrease was partly attributable to transitional adjustments resulting from the adoption of IFRS 16 with effect from October 1, 2019, whereby liabilities are now recognized in respect of right of use assets in the form of vehicles and equipment which are now being capitalized and depreciated as opposed to the previous treatment as lease expense. Cash expended on capitalized development costs for the medical market was a further contributing factor to the reduction in working capital. The calculation of working capital excludes a term loan of \$1,238,268 (\$1,258,351 at September 30, 2019) previously classified as long-term and now classified as current due to its short-term maturity. This loan was utilized for the purposed of acquiring the Company’s Markham property and management anticipates that the loan will be extended for a much longer term. The Markham property was independently appraised at a value of \$6.8 million at September 30, 2019, representing an increase in value of approximately \$4 million over the carrying value of this asset in the financial statements.

- *Income tax recoveries and improved efficiencies in the collection of accounts receivable were the main contributors to a \$655,800 increase in the Company's cash balance, from \$2,287,548 as at September 30, 2019 to \$2,943,348 as at December 31, 2019. The Company's bank operating line was unutilized as at December 31, 2019, leaving the full operating line of \$3,750,000 available to fund future growth and expansion.*
- *Shareholders' Equity attributable to common shareholders was \$9,095,407 as at December 31, 2019 compared to \$9,256,639 at d September 30, 2019 representing a decrease of \$161,232. The decrease in shareholders' equity is mainly attributable to unrealized currency losses arising on the conversion of foreign subsidiaries, which has been included in other comprehensive earnings (loss).*

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

FINANCIAL HIGHLIGHTS:

Three months ended December 31,	2019	2018
Revenue	2,596,841	2,471,881
Earnings (loss) from operations	(161,096)	(489,166)
Share based compensation	(11,739)	(73,378)
Adjusted EBITDA *(Note)	124,420	(513,235)
Net earnings (loss) after tax	56,224	(556,863)
Net earnings (loss) after tax attributable to shareholders	53,810	(557,122)
Other comprehensive earnings (loss)	(226,781)	125,085
Total comprehensive earnings (loss)	(170,557)	(431,778)
Net earnings (loss) per share		
Basic	0.002	(0.021)
Diluted	0.002	(0.021)

**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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