

iFABRIC CORP REPORTS RECORD FOURTH QUARTER REVENUE AND FINANCIAL RESULTS FOR ITS 2016 FINANCIAL YEAR ENDED SEPTEMBER 30th, 2016.

Markham, Ontario, December 22, 2016. *iFabric Corp. (“IFA”), hereinafter referred to as “iFabric” or the “Company”, today announced its results for the 4th quarter and its fiscal year ended September 30th 2016.*

Q4 ENDED SEPTEMBER 30th 2016 HIGHLIGHTS:

- *Revenues of \$4,170,011 compared to \$3,080,464 in Q4 2015, representing an increase of \$1,089,547 or 35%. This represents a record revenue quarter for iFabric.*
- *Revenues for the Intelligent Fabrics Division were \$1,257,166 compared to \$89,555 in Q4 2015, representing an increase of \$1,167,611. Apparel Division revenues of \$2,887,215 compared to \$2,966,280 in Q4 2015, representing a decrease of \$79,065 or 3%.*
- *Gross profit increased by 30% or \$372,740 to \$1,600,681 from \$1,227,941 in Q4 2015.*
- *Net Earnings attributable to shareholders was \$32,745 (or \$0.001 per share basic and diluted) compared to a net loss \$282,071 in the same quarter of 2015 (or \$0.011 per share basic and diluted), representing an increase in net earnings of \$314,816 or 112%.*

“I am extremely pleased with our revenue performance in Q4 of fiscal 2016 as two important milestones were achieved. Firstly, total revenue of \$4.17 million represents a record for iFabric and secondly, and more importantly, our Intelligent Fabrics division recorded its first quarter of sales of more than one million dollars. I am confident that sales in this division will continue to grow as our industry leading proprietary technologies, like PROTX2[®], are adopted across broader ranges of products by the global brands and industry leaders that purchase these technologies from us,” stated Mr. Hylton Karon, President and CEO.

YEAR ENDED SEPTEMBER 30, 2016 HIGHLIGHTS:

- *Total 2016 revenues of \$13,570,365 compared to \$13,074,848 in 2015 representing an increase of \$495,517 or 4%.*
- *Apparel Division revenue decreased from \$12,298,361 in 2015 to \$11,272,334 in 2016, representing a decrease of \$1,026,027 or 8%. By contrast, Intelligent Fabric Division revenue increased to \$2,181,527 from \$679,298 in 2015, representing an increase of \$1,502,229 or 221%.*
- *The loss from operations in 2016 amounted to \$80,891 compared to income from operations of \$168,351 in 2015. The main reasons for this decrease is a decrease in gross margin contribution of approximately \$165,000 resulting from the clearance of end of season Apparel Division merchandise at lower margins and the product mix for the year, as well as increased expenses of \$84,000 in 2016 compared to 2015.*
- *Gross profit of \$6,305,673 for the year ended September 30, 2016 (or 46%) compared to \$6,470,580 (or 49%) in 2015 representing a decrease of \$165,157 or 3%. The lower gross profit for the year was mainly attributable to a higher proportion of Intelligent Fabric sales which carry lower margins than apparel sales.*
- *Net loss attributable to shareholders was \$373,977 (or \$0.014 per share basic and diluted) compared to a net loss attributable to shareholders of \$109,837 (or \$0.004 per share basic and diluted) for the year ended September 30, 2015. The increase in net loss is mainly attributable to a decrease in gross profit of \$165,157, increased foreign exchange losses of \$519,777 and an impairment loss of \$126,710 in 2016. The impact of these changes was partially offset by lower share based compensation costs of \$374,949 in 2016 versus 2015.*
- *Working capital amounted to \$5,300,067 compared to \$5,419,934 at September 30, 2015, a decrease of \$119,867.*
- *Shareholder equity attributable to shareholders decreased by \$219,575 from \$7,857,585 in 2015 to \$7,638,010 at September 30, 2016. This was mainly attributable to the loss for the year.*
- *Long term debt relating to the building owned by the Company increased by \$484,916 attributable to capital improvements and infrastructure expansion, from \$1,408,893 at September 30, 2015 to \$1,893,809 as at September 30, 2016. At the same time property, plant and equipment increased by an amount of \$450,771 from \$2,487,880 in 2015 to \$2,938,651 in 2016 mainly in respect of expenditures on*

building renovations that were made to house the additional staff that will be required to service the projected growth in both of iFabric's Divisions in 2017 and beyond.

- *The Company's land and buildings have been appraised by independent appraiser in an amount of \$4,400,000 representing an increase of \$1,621,411 over the carrying value of this asset.*
- *Cash at year end was \$1,260,213.*
- *Bank operating debt line at year end was \$889,903 leaving \$1,110,097 of unutilized bank operating line available to the Company.*

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

BUSINESS OUTLOOK:

Hylton Karon, President and CEO of iFabric, provided the following comments regarding the business outlook for iFabric and financial performance for the fourth quarter of fiscal 2016 and the 2016 fiscal year:

"Our Intelligent Fabrics division has secured a strong customer base across all segments of our target markets, including medical scrubs, hospital curtains, bedding, sportswear, yoga wear, outerwear, travel luggage and accessories, plastics and footwear amongst others. Our product offerings have been adopted by some of the world's leading brands. We will be working with these customers to integrate our technologies in more and more of their future product offerings. In addition, we anticipate adding several additional key customers during fiscal 2017.

Whilst we have seen some slippage in Apparel sales because of currency challenges and the phase out of Splendid® branded products, the official market launch of Maidenform® branded sleepwear has been set for the spring 2017 season with initial shipments to commence in January 2017. We completed a small test of Maidenform® sleepwear in the first quarter of 2017 (October to December 2016) and the sell through at retail has been beyond our expectations. For this reason, we have high expectations for the potential for growth in this program. In addition, we have developed several new products to be added to our core bra and accessory ranges and will also be launching these during fiscal 2017. Accordingly, I am confident that we will see reasonable sales growth in our apparel division in 2017 and significant growth in 2018 and beyond."

ABOUT PROTX2®

PROTX2® provides long-term, effective control of microorganisms. Its efficacy and safety has been documented in numerous peer reviewed publications, trade articles and certified tests. It is durable to deterioration through repeated washing and is clinically proven to kill bacteria associated with hospital acquired infections. Medical facility uses for PROTX2™ include bedding, curtaining, air filters, scrubs, masks, plastic components and most other surfaces.

ABOUT iFABRIC CORP:

Headquartered in Markham, Ontario, iFabric Corp www.ifabriccorp.com currently has 25.9 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 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, accessories and sleepwear.

FINANCIAL HIGHLIGHTS

	Year Ended September 30		Quarter ended September 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue	13,570,365	13,074,848	4,170,011	3,080,464
Income (loss) from operations	(80,891)	168,351	162,693	(483,693)
EBITDA	(159,908)	341,915	158,315	(312,079)
Net earning (loss) before tax	(448,537)	81,789	73,609	(372,522)
Net earnings(loss) after tax	(370,162)	(107,207)	34,271	(283,461)
Net earnings (loss) attributable to shareholders	(373,977)	(109,837)	32,745	(282,071)
Net earnings (loss) per share				
Basic	(0.014)	(0.004)	0.001	(0.011)
Diluted	(0.014)	(0.004)	0.001	(0.011)

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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