

iFABRIC CORP REPORTS RESULTS FOR ITS SECOND QUARTER ENDED MARCH 31, 2018

Markham, Ontario, May 14, 2018 (GLOBE NEWSWIRE) -- iFabric Corp. (“iFabric” or the “Company”) (TSX: IFA.TO), today announced its financial results for its second quarter and six months ended March 31, 2018.

“Another solid quarter for iFabric,” said Hylton Karon, President and CEO of iFabric. “We have sustained profitability, and have further strengthened our balance sheet by both substantially increasing our cash balance and at the same time we have substantially reduced our liabilities. I am pleased to report that the first shipments of our chemically enhanced finished product programs for a major retailer, as referenced in our press release of April 24, is on schedule for Q3. Q3 will also see the launch of a unique intimates product that I believe will prove revolutionary in our industry. I would like to express my appreciation to our talented design team that developed this product, for which we have filed a patent. The long term growth potential of both divisions remains most encouraging,” concluded Hylton Karon.

Q2 2018 HIGHLIGHTS:

- Revenues were virtually unchanged at \$4,201,249 compared to \$4,255,192 in Q2 2017. Revenues in the Intimate Apparel division increased by 11% or \$343,026 to \$3,365,522 from \$3,022,496 in Q2 2017, whilst revenues in the Intelligent Fabrics division, decreased by 33% or \$396,967 to \$810,129 from \$1,207,096. The increase in Intimate Apparel revenue in Q2 2018 versus 2017 was achieved through increased seasonal sleepwear sales as well as improved demand for its core bras and accessories. This increase was offset by lower revenues in the Intelligent Fabrics division during the second quarter of 2018 compared to 2017, caused by timing differences in the production of certain major customers of the division, which will now take place in Q3 2018, approximately one month later than the comparatively similar programs in 2017, which commenced production in Q2 2017.
- Net earnings before tax of \$590,585 compared to net earnings of \$647,399 in 2017, representing a decrease of \$56,814. The decrease in earnings was mainly as a result of higher operating costs and share based compensation costs.
- Adjusted EBITDA of \$707,527 compared to adjusted EBITDA of \$755,269 in Q2 2017, a decrease of \$47,742 for the reasons discussed above.
- Gross profit was virtually unchanged at \$2,096,914 (50% of revenue) compared to \$2,082,915 (49% of revenue) in Q2 2017.
- Net earnings after tax attributable to shareholders was \$371,076 (\$0.014 per share basic and \$0.014 per share diluted) compared to net earnings attributable to shareholders of \$488,321 in Q2 2017 (\$0.019 per share basic and \$0.018 per share diluted). As a result of the increasing importance of US dollar denominated transactions in the operations of its two main operating divisions, these division changed their functional currency to US dollars with effect from October 1, 2017. The effect of this change, is that unrealized currency gains on translation to Canadian dollars (the presentation currency), that were previously considered as earnings are now recognized in other comprehensive earnings (see below). This is the primary reason for the decrease in earnings between Q2 2018 and Q2 2017.
- Other comprehensive earnings, being unrealized currency gains on the translation of foreign operations, amounted to \$165,254 compared to zero in Q2 2017. Total comprehensive earnings totaled \$535,314 in Q2 2018 compared to \$483,959 in 2017 representing an increase of \$51,355.
- Working capital (excluding a demand-term loan classified as current under IFRS) increased by \$372,362 to \$9,481,795 compared to \$9,109,433 at the end of the previous quarter ended December 31, 2017,

- *Cash increased by \$1,587,983 to \$4,352,233 compared to \$2,764,250 at the end of the previous quarter ended December 31, 2017.*
- *The Company's bank operating line was unutilized as at March 31, 2018. Following an accelerated payment of \$250,000 against the Company's demand term-loan the Company's operating line was increased from \$3,500,000 to \$3,750,000 during the quarter. Accordingly, the full amount of \$3,750,000 is available to finance future business of the Company.*
- *Total liabilities at the end of Q2 2018 were \$3,474,739 compared to \$4,633,613 at the end of the previous quarter, representing a decrease of \$1,158,874.*
- *Shareholder Equity attributable to common shareholders was \$11,344,477 compared to \$10,760,252 at the end of the previous financial quarter representing an increase of \$584,225.*

SIX MONTH HIGHLIGHTS:

- *Revenues increased by \$1,980,710 to \$9,338,021 compared to \$7,357,311 for the corresponding six months in 2017, representing an increase of 27%. With respect to its two operating divisions, Intimate Apparel revenues increased by 42% or \$2,036,882 while Intelligent Fabrics division revenues decreased by 2% or \$56,172.*
- *Gross profit for the six months ended March 31, 2018 increased by 45% or \$1,454,106 to \$4,684,107 (50% of revenues) from \$3,230,001 (44% of revenues) for the comparable six months of 2017. The increase in gross profit percentage for the six months was the result of a higher proportion of sales in the Intimate Apparel segment which carries higher margins than the Intelligent Fabrics segment, as well as improved margins in the Intelligent Fabrics segment resultant from improved pricing arrangements with its suppliers.*
- *The net earnings attributable to iFabric shareholders for the six months ended March 31, 2018 was \$1,231,556 (\$0.051 per share basic and \$0.048 per share diluted) compared to earnings of \$362,946 (\$0.014 per share basic and \$0.013 per share diluted) in the corresponding six months of 2017, representing an increase of \$868,610. This increase was mainly as a result of higher revenues and improved margins.*
- *Other comprehensive earnings, being unrealized gains on the translation of foreign operations, amounted to \$178,561 compared to zero for the six month ended March 31, 2017. Total comprehensive earnings totaled \$1,499,577 at the end of Q2 2018 compared to \$360,672 in 2017 representing an increase of \$1,138,905.*

Complete Financial Statements are available on www.sedar.com

FINANCIAL HIGHLIGHTS

	Quarter Ended March 31		Six Months Ended March 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue	4,201,249	4,255,192	9,338,021	7,357,311
Income (loss) from operations	660,362	654,955	1,887,693	515,070
Share based compensation	44,494	16,101	89,977	32,560
Adjusted EBITDA *(Note)	707,527	755,269	2,134,857	696,714
Net earnings (loss) before tax	590,585	647,399	1,889,478	495,460
Net income (loss) after tax attributable to shareholders	371,076	488,321	1,321,556	362,946
Other comprehensive earnings (loss)	165,254	-	178,561	-
Total comprehensive earnings (loss)	535,314	483,959	1,499,577	360,672
Net income (loss) per share - basic	0.014	0.019	0.051	0.014
Net income (loss) per share - diluted	0.014	0.018	0.048	0.013

**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 26.0 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.

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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