

IFABRIC CORP. REPORTS FOURTH QUARTER AND ANNUAL REVENUE AND EARNINGS FOR ITS FINANCIAL YEAR ENDED SEPTEMBER 30, 2018.

Markham, Ontario, December 24, 2018. IFabric Corp. (“iFabric” or the “Company”) (IFA.TO), today announced its results for its 4th quarter and fiscal year ended September 30, 2018.

Q4 ENDED SEPTEMBER 30, 2018 HIGHLIGHTS:

- Revenues of \$2,491,691 compared to \$6,610,766 in Q4 2017, representing a decrease of \$4,119,075 or 62%.*
- Revenues for the Intelligent Fabrics Division were \$1,019,193 compared to \$896,839 in Q4 2017, representing an increase of \$122,354 or 14%.*
- Revenues for the Apparel Division were \$1,446,897 compared to \$5,677,077 in Q4 2017, representing a decrease of \$4,230,180 or 75%.*
- Gross profit decreased by 68% or \$1,919,117 to \$882,628 from \$2,801,745 in Q4 2017.*
- Gross profit margins decreased from 42% in Q4 2017 to 35% in Q4 2018. This decrease was mainly as a result of the Intelligent Fabrics Division accounting for a higher proportion of revenues at lower margins in 2018 compared to 2017.*
- The net loss after tax attributable to shareholders was \$221,106 (or \$0.009 per share basic and diluted) compared to net earnings after tax of \$969,911 (or \$0.037 per share basic and \$0.036 diluted), in the same quarter of 2017.*

“2018 represents a transition year for iFabric, as we saw an expected decrease in revenues, especially in the fourth quarter, resultant from the previously announced phase out of our sleepwear offerings and some delays in shipping chemicals to a major customer, which was not of our making,” stated Hylton Karon, President and CEO of iFabric. “We have exited the sleepwear business well ahead of a curve that shows extremely bad fundamentals for the sleepwear market in terms of future profitability. On a positive note, I am pleased to report that we have locked in our sleepwear profits and have been able to convert the bulk of our sleepwear assets back into cash. We currently have a very strong balance sheet, with excellent liquidity and we are well positioned to capitalize on new opportunities in far larger markets, which I have discussed under the business outlook provided below,” concluded Hylton Karon.

YEAR ENDED SEPTEMBER 30, 2018 HIGHLIGHTS:

- Total 2018 revenues of \$15,121,370 compared to \$18,856,477 in 2017 representing a decrease of \$3,735,107 or 20%.*
- Apparel Division revenue decreased from \$13,981,487 in 2017 to \$10,909,112 in 2018, representing a decrease of \$3,072,375 or 22%. By way of comparison, for the 2018 financial year, Intelligent Fabric Division revenue decreased to \$4,109,857 from \$4,772,590 in 2017, representing a decrease of \$662,733 or 14%. In the Company’s Intelligent Fabrics Division most of the decrease in revenue was as a result of a major customer in Southeast Asia reorganizing its supply chain, which caused a delay in chemical deliveries for its 2018/2019 production. In the Intimate Apparel Division, most of the decreased revenue in 2018 versus 2017, was as a result of the phase out of sleepwear sales ahead of the Company’s strategic initiatives to focus future product development into its core specialty bra and accessories business, as well as new opportunities in its Intelligent Fabrics Division, to supply finished performance apparel.*
- Gross profit of \$7,103,456 (or 47%) for the year ended September 30, 2018 compared to \$8,481,495 (or 45%) in 2017, representing a decrease of \$1,378,039 or 16%. The lower gross profit for the year was attributable to the decrease in revenues for the year.*
- Adjusted EBITDA amounted to \$1,783,260 compared to Adjusted EBITDA of \$3,124,130 for 2017 representing a decrease of \$1,340,870.*

- *Net earnings attributable to shareholders was \$924,743 (or \$0.035 per share basic and \$0.034 per share diluted) compared to net earnings attributable to shareholders of \$1,597,070 (or \$0.061 per share basic and \$0.059 per share diluted) for the year ended September 30, 2017. The decrease in net earnings is mainly attributable to the decrease in gross profit contribution resultant from lower revenues as discussed above. This was partially offset by lower share based compensation costs of \$295,563 in 2018 versus 2017.*
- *Working capital (excluding the demand term loan referred to below) amounted to \$8,922,041 in 2018 compared to \$7,946,654 at September 30, 2017, representing an increase of \$975,387.*
- *Shareholders' equity increased by \$1,278,385 from \$9,750,982 in 2017 to \$11,029,367 at September 30, 2018.*
- *Long term debt relating to the building owned by the Company increased by \$1,258,289 as a result of refinancing the previous demand term loan and replacing this with a fixed term loan. The previous demand term loan amounted to \$1,681,944 as at September 30, 2017 and was reflected as a current liability in 2017. Prior to refinancing the loan the Company made an accelerated payment of \$250,000 against the loan.*
- *Subsequent to the year end the Company acquired an additional 15% interest in its Markham property for cash consideration of \$400,000. After the acquisition, the Company's interest in this property increased to 75% and the non-controlling interest reduced to 25%. This property was appraised by independent appraiser in an amount of \$5,000,000 prior to the closing of the transaction, representing an increase of \$2,260,120 over the carrying value of this asset in the financial statements.*
- *Cash at year end was \$3,542,899 compared to \$668,425 in 2017 representing an increase of \$2,874,474.*
- *Bank operating line at September 30, 2018 was \$0 compared to \$774,908 in 2017, leaving \$3,750,000 of unutilized bank operating line available to finance future business.*

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

BUSINESS OUTLOOK:

Hylton Karon, President and CEO of iFabric provided comments regarding the Company's business focus and outlook for the ensuing year:

Performance Apparel

"As previously advised, the first of our performance apparel programs for a major Canadian retailer commenced shipping at the end of our third quarter. I am pleased to report that the retail sell through of these products to date has been exceptional. As a result, we will be meeting with the retailer early in the New Year to renew these programs and add additional programs. I am also pleased to report that bulk trials of similar products for a major US retailer will commence the New Year and if successful would lead to substantial areas of new business for iFabric. I believe that our textile expertise, market leading textile technologies and the ability to produce high quality performance apparel at very competitive prices, is showing that we are in a unique position to exploit one of the largest segments of the apparel market.

Finally, in addition to the medical EPA regulatory initiative discussed below, we are pursuing a further EPA initiative for the performance apparel market."

Medical

“We completed a substantial body of testing during the 2018 fiscal year. Based on the test results, I am optimistic that our goal of securing higher level claims from the EPA for the medical market is now attainable within a reasonable time frame. As a result, we will be conducting clinical trials at the medical facilities of a major healthcare group in the US, in conjunction with one of our Protx2 customers, who will be supplying products as well as funding for the trials. Based on our projected timelines to produce the necessary products and establish the trial monitoring systems, we expect the trials to commence during the summer of 2019. I will provide further information in this regard once the final timetable has been confirmed.”

Intimate Apparel and Accessories

“As mentioned in prior releases, we are limiting our intimate apparel focus to our core bra and accessories business. Portion of the resources freed up from our exit of the sleepwear market have been allocated to increasing our sales force, marketing and design teams, as well as substantially increasing our expertise in selling online. We have designed a number of unique new products in this segment and will be launching these to the market in a phased roll out over the course of the next 12 to 18 months. Our core business remains solid with good margins and I believe that the contribution from this area of our business will continue to cover the bulk of our overheads as we complete the process of transforming iFabric into a market leading performance apparel and medical textile supplier.”

Revenues

“As is reflected in the current quarter, there will be some short term sacrifice of revenues in order to achieve our new objectives. Sleepwear was significant revenue, accounting for around \$4.4 million in annual sales. However, based on current programs we have been invited to bid on I see solid momentum in new business areas building in early 2019, but it could take a few quarters before new revenues fully replace and begin to exceed sleepwear sales,” concluded Hylton Karon.

FINANCIAL HIGHLIGHTS

	Year Ended September 30		Quarter ended September 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue	15,121,370	18,856,477	2,491,691	6,610,766
Income (loss) from operations	1,418,264	2,881,314	(583,405)	1,365,977
Share based compensation	151,839	447,402	22,987	45,483
Adjusted EBITDA *(Note)	1,783,260	3,124,130	(467,219)	1,472,081
Net income (loss) after tax	927,257	1,589,922	(222,058)	960,096
Net income (loss) after tax attributable to shareholders	924,743	1,597,070	(221,106)	969,911
Other comprehensive earnings (loss)	182,403	-	(122,906)	-
Total comprehensive earnings (loss)	1,109,660	1,589,922	(344,964)	-
Net earnings (loss) per share				
Basic	0.035	0.061	(0.009)	0.037
Diluted	0.034	0.059	(0.009)	0.036

*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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