

iFABRIC CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

(In Canadian dollars, except as otherwise noted)

The following Management's Discussion and Analysis ("MD&A") of iFabric Corp. and its subsidiaries ("iFabric" or the "Company") is based upon and should be read in conjunction with the Company's unaudited condensed consolidated interim statements as at and for the period ended June 30, 2022 and the audited consolidated financial statements and notes thereto for the year ended September 30, 2021 and the comparative year ended September 30, 2020. All financial information in this MD&A and the unaudited condensed consolidated interim financial statements and accompanying notes thereto were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A is dated August 11, 2022.

All references to dollars or "\$" are to Canadian dollars, the Company's presentation currency, unless otherwise noted. In the discussion that follows, "2022" refers to the annual fiscal period ended September 30, 2022, "2021" refers to the annual fiscal period ended September 30, 2021, "2020" refers to the annual fiscal period ended September 30, 2020, "Q1" refers to the period of October 1 to December 31, "Q2" refers to the period of January 1 to March 31, "Q3" refers to the period of April 1 to June 30, and "Q4" refers to the period of July 1 to September 30.

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" and "forward-looking statements" which may include, but are not limited to, statements with respect to the future financial or operating performance of iFabric. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results that "may", "could", "would", "might" or "will" be taken, to occur or to be achieved. Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section entitled "Risks and Uncertainties" and should be considered carefully by readers. If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information.

Given the impacts of COVID-19 and the war in Ukraine, and resulting ongoing uncertainty, there can be no assurances regarding: (a) the COVID-19 and war in Ukraine related impacts on the Company's business, operations and performance, (b) the Company's ability to mitigate such impacts; (c) credit, market, currency, operational, and liquidity risks generally; and (d) other risks inherent to the Company's business and/or factors beyond its control which could have a material adverse effect on the Company.

Although the Company has attempted to identify important factors that could cause actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of this MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements. The Company does not undertake to update any forward-looking statements except as required by applicable securities laws.

NON-GAAP FINANCIAL MEASURES

Certain measures in this MD&A do not have any standardized meaning as prescribed by IFRS and, therefore, are not considered generally accepted accounting principles ("GAAP") measures. Where non-GAAP measures or terms are used, definitions are provided. In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

This MD&A and certain of the Company's press releases include references to the Company's adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), adjusted EBITDA per share is a non-GAAP measure. These measure should not be considered an alternative to net earnings (loss) attributable to the owners of the Company or other measures of financial performance calculated in accordance with IFRS. Rather, this measure is provided to complement IFRS measures in the analysis of iFabric's results since the Company believes that the presentation of this measure will enhance an investor's understanding of iFabric's operating performance. For reconciliations of this non-GAAP measure to its nearest IFRS measure, refer to the Non-GAAP Performance Measure section below for a reconciliation of consolidated net earnings (loss) attributable to the owners of the Company reported under IFRS to reported adjusted EBITDA and adjusted EBITDA per share.

Adjusted EBITDA

The Company uses Adjusted EBITDA to assess its operating performance without the effects of (as applicable): current and deferred tax expense, finance costs, interest income, depreciation and amortization of plant assets, other gains and losses, impairment loss, share-based compensation and other non-recurring items. The Company adjusts for these factors as they may be non-cash or unusual in nature and may not optimally present its operating performance. Adjusted EBITDA is not intended to be representative of net earnings from operations or an alternative measure to cash provided by operating activities determined in accordance with IFRS.

BUSINESS OVERVIEW

General

iFabric is a Canadian public company, incorporated under the Alberta Business Corporations Act and is domiciled in Canada. The Company is listed on the Toronto Stock Exchange ("TSX") under the trading symbol "IFA". The head office is located at 525 Denison Street, Unit 1, Markham, Ontario, Canada.

The Company's business activities are divided into three reportable operating segments, which offer different products and services, and are managed separately because they require different marketing strategies and resource allocations. The following summarizes the operations of each segment:

- **Intimate Apparel:** Includes the design and distribution of women's intimate apparel and accessories.
- **Intelligent Fabrics:** Includes the development and distribution of innovative products and treatments that are suitable for application to textiles, plastics, liquids, and hard surfaces as well as finished performance apparel which integrate one or more such treatments. These products are designed to provide added benefits to the user.
- **Other:** Includes leasing of property to group companies, related parties and third parties.

NATURE OF OPERATIONS

Intimate Apparel

The Intimate Apparel division currently operates under the trade name Coconut Grove Intimates. Its business comprises the design, purchasing, and distribution of intimate apparel and, in particular, a range of specialty bras including the division's patented backless, strapless underwire bra. The division also distributes a range of apparel accessories.

The division utilizes contract warehouse facilities located in Houston, Texas which services its key U.S. market and Company-owned premises located in Markham, Ontario house the bulk of the division's workforce which comprises, management, designers, administrative, product sourcing and logistical staff. The Markham premises also includes warehouse space which serves as the distribution center for the Canadian and European markets. All product design is handled by the Markham design team and, currently over 95% of the division's inventory production is outsourced to factories in China.

In the past several years, the Company has positioned the division's product strategy by way of leveraging a key license agreement in order to sell products under various Maidenform® brands. The Maidenform® brand was founded in 1922 and during its 100-year history has grown to become one of the most recognizable and respected brands in the intimate apparel industry. In addition, the division develops and supplies products for sale under the private label brands of certain major retailers as well as the Company's own brand. Products are sold internationally to the division's customer base, which includes a number of major retailers as well as specialty boutiques.

Intelligent Fabrics

The Intelligent Fabrics Division currently enjoys exclusive worldwide distribution rights in respect of a number of proprietary chemical formulations that can be applied to textiles in order to kill bacteria and viruses, repel insects, absorb odours, repel and wick moisture, block ultraviolet light and help encourage a healthy skin environment, amongst others. The Intelligent Fabrics Division operates under the name Intelligent Fabric Technologies (North America) Inc. ("IFTNA").

The business of the Intelligent Fabrics Division includes the development, testing and distribution of chemicals suitable for application to textiles as well as finished performance apparel, medical apparel and protective products, and swimwear, which integrate one or more chemical enhancements, in order to achieve the performance characteristics demanded by the customer or consumer. The current focus is on technologies that improve the safety and well-being of the wearer. The division's current product offerings include Protx2® (anti-microbial and anti-viral formulations) Enguard® (insect repellent technology), Dreamskin® (skin polymer), UVtx (ultraviolet light blocker), FreshTx (odour-absorbing technology), RepelTX (durable water repellent) and DryTx (moisture-wicking technology), amongst others. The Company anticipates that several new formulations and new generations of existing formulations will be added to its pipeline in the future.

The Division has two key supply centers in Asia (namely China and Taiwan) which service the Asian market. This market represents the main production region for manufactured textiles supplied to North America and internationally and is the Company's main market area for the distribution of intelligent textile technologies. Technical support specialists in Asia provide guidance and support to customers regarding the integration of the Company's chemical formulations in their products. The Division also leverages the Company's textile expertise in order to supply finished products or fabrics treated with one or more of the Division's market leading formulations to customers and consumers. In addition, the Division produces performance and protective apparel under its own brands. All chemical formulations and apparel, is produced or manufactured at various facilities in Asia.

The following describes the functionality of the division's current product portfolio:

Protx2® Anti-Microbial and Anti-Viral Technologies

Protx2® represents IFTNA's flagship technology.

Protx2® formulations impart anti-microbial and/or anti-viral powers to fibers, plastic, paint and paper treated with these formulations. Numerous laboratory tests have shown that treated products inhibit the growth of a wide variety of infectious agents associated with healthcare and community infections, and by their application may assist in preventing the spread of such infections.

The Company is currently targeting three key markets with regard to the distribution of Protx2® chemicals or treated finished products:

1) Sports apparel, outerwear and footwear

There is an increasing trend amongst major sports apparel, outerwear and footwear manufacturers to offer technologically-enhanced products. With the ability of Protx2® to combat odor causing bacteria, the Company is able to provide manufacturers with the ability to produce apparel and footwear that stays fresher longer without the need for repeated washing or cleaning. Innovative application methodology developed by the Company over a number of years allows for Protx2® to be integrated into almost any fabric as well as all the components of footwear including foam, rubber, and plastics. With its current Environmental Protection Agency ("EPA") and European regulatory registrations, the Company can distribute Protx2® for use in all sportswear and footwear for distribution in the U.S., European and Canadian markets as well as most other international markets.

2) Medical

Protx2® is suitable for application to many areas of a hospital environment, including, scrubs, bedding, curtaining, carpeting, walls (paint), air filters, and plastic components, amongst others.

The Protx2® range of products is dedicated to combating healthcare acquired bacterial infections ("HAI's"), including *Methicillin-resistant Staphylococcus aureus* ("MRSA"), *Clostridium difficile*, *Vancomycin-resistant enterococci* ("VRE") and *Klebsiella pneumoniae* amongst others and, by their application may greatly assist in reducing such infections. In addition, Protx2® is also laboratory proven to be a strong antiviral agent effective against the SARS-CoV-2 virus (which causes the COVID-19 disease), the Human Corona Virus (229E), Norovirus and H1N1.

In order to enter the medical market in the United States in respect of Protx2® treated products, the Company is in the process of securing a second and higher level of EPA registrations, termed public health claims, that, if granted, will allow it to make applicable claims in connection with the efficacy of Protx2® treated fabrics, against both bacteria and viruses ("kill claims"). The final submissions to the EPA have been made as at the date of this MD&A and approvals are currently pending. IFTNA has also filed utility patent applications in both the United States and Canada in respect of the Company's antiviral treatment of textiles (ProTX2 AV) and its stand-alone laundry additive (AVguard).

3) Community protection

The current COVID-19 pandemic has underscored the need for individuals to protect themselves when entering closed environments such as aircraft, shopping malls, hotels, and even ones residence, as well as close proximity environments such as sports arenas, movie houses etc. With future pandemics being predicted by experts, management believes that the supply of equipment, apparel, washes and sanitizers, that can deactivate infectious bacteria and viruses, is set to become one of the fastest growing market segments. With its Protx2® technologies, iFabric is well positioned to capitalize on the opportunity to supply its chemical treatments, finished personal protection equipment and apparel, as well as a laundry additive that can be utilized during a normal household laundry cycle.

DryTx™

DryTx™ moisture wicking technology provides treated apparel with the ability to quickly draw moisture away from the skin and disperse perspiration across the fabric surface for faster evaporation. The main attributes of DryTx™ are its abilities to:

- Wick moisture away from the skin;
- Provide for garments that will not feel heavy or damp even during periods of high exertion by the wearer;
- Provide for garments that create less skin chafe compared to wet fabrics;
- Provide for garments that dry quicker, thereby assisting the wearer in maintaining a more even body temperature;
- Allow for fabrics to retain their natural softness.

An additional significant attribute of DryTx™ is its ability to be integrated into apparel in combination with the division's other product offerings, resulting in unique garments that provide superior performance characteristics for athletic apparel. DryTx™ does not require regulatory approvals and is commercially available for sale.

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RepelTX™

RepelTX™ is the next generation in water repellency performance. RepelTX™ modifies fabric at the molecular level by permanently attaching hydrophobic 'hairs' to individual fibers that lift liquids, causing them to bead and roll right off the fabric surface with high durability.

Benefits:

- Repels rains, sleet and snow
- Outperforms conventional fabric treatments
- Provides long-lasting protection
- Prevents fabric stains, saves time, dries quicker & saves energy
- Preserves the quality, hand & appearance of textiles

A substantial body of testing carried out by the Company has shown that RepelTX™ and Protx2® work extremely well in conjunction with each other. Particularly in health care environments, the combination of water repellency and antimicrobial properties allows for garments that repel liquids and at the same time are able to kill bacteria. These combined attributes are optimal for the healthcare industry. The enhanced commercial benefit is increased revenue from sales involving a multiple of chemicals. RepelTX™ does not require regulatory approvals and is commercially available for sale.

Dreamskin®

Fabrics treated with the Dreamskin® polymer are designed to encourage a healthy skin environment because of its ability to control both moisture and friction. Dreamskin® is effective during both summer and winter months as both high and low moisture environments are known causes of discomfort and irritation. In particular, athletic apparel has two key areas that can cause skin irritation, namely friction and excessive moisture. Dreamskin® targets both of these to help prevent irritation during sporting activities. Dreamskin® does not require regulatory approvals and is commercially available for sale.

Enguard® Insect Repellent Fabric

Applying Enguard® to fabrics results in a highly effective and durable insect repellent. A major strength of Enguard® is that it is safe for children. Testing carried out by the London School of Hygiene and Tropical Medicine show Enguard® to have repelling power comparable to high-concentration DEET and significantly greater than any other natural insect repellents.

The Company requires regulatory approvals in order to distribute Enguard® treated products in the United States and Canada. The Company intends to pursue regulatory approvals for Enguard® with the EPA after the receipt of the Protx2® approvals referenced above.

UVtx™

Textiles infused with UVtx™ provides apparel with a built in ultraviolet ("UV") light blocker. The UVtx™ formulation contains both UV reflecting and UV absorption elements, giving apparel treated with UVtx™ the ultraviolet protection factor ("UPF") strength of up to UPF 60. This allows the wearer of UVtx™ treated apparel to enjoy permanent sun protection without the need to apply sprays or lotions to the area covered by the garment. Testing has shown that UVtx™ treated textiles never lose efficacy. UVtx™ does not require regulatory approvals and is commercially available for sale.

FreshTx™

FreshTx™ is a state of the art odour-absorbing technology, which is easily infused into textile products. FreshTx™ offers permanent protection against odours without the need to use sprays or perfumes. FreshTx™ uses naturally-occurring elements for effective results that are non-toxic and safe. Extremely durable, once applied, the properties of FreshTx™ are renewed with each wash, and FreshTx™ is effective even when wet. FreshTx™ does not require regulatory approvals and is commercially available for sale.

Apollo

Apollo is the ultimate treatment for combating odour. With the use of antimicrobial + neutralization combined it not only smells fresher but also combats odour causing bacteria in order to extend textile life. Apollo does not require regulatory approvals and is commercially available for sale.

TempTX

TempTX is offered in two variants:

Cool: TempTX COOL utilizes unique chemical composites in order to decrease skin surface temperature, allowing for maximum performance in the hottest conditions.

Thermo: TempTX THERMO uses an innovative thermo-conductive inner coating to absorb and retain body heat. TempTX does not require regulatory approvals and is commercially available for sale.

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BioTX

BioTX is a revolutionary durable anti-stink solution that does not use traditional heavy metals. BioTX uses a proprietary microencapsulation process that stores the active ingredient in a coated shell that is embedded into the fabric, allowing for sustained long term release, when needed. BioTX does not require regulatory approvals and is commercially available for sale.

RepelTX Eco Plus

RepelTX Eco Plus is the next generation in fluorine-free liquid repellency. A safer CO technology removes PFCs (perfluorochemicals) from the repellency equation without compromising on performance while staying sustainable and safe. RepelTX Eco Plus does not require regulatory approvals and is commercially available for sale.

OMEGA+

OMEGA+ is a natural, safe, and proprietary ingredient used to increase the level of Far Infrared ("FIR") emissions (soft heat) from a broad range of medical, textile, personal care and household products. It effectively emits a mild FIR energy directly to the area of discomfort and at the same time provides comfort, support and relief in minutes. OMEGA+ does not require regulatory approvals and is commercially available for sale.

IMPRINT

IMPRINT wicks moisture away from the skin utilizing gateways in the fabric exposing logos and patterns. This allows designers to create unique and interactive textiles by adding additional product features not found on ordinary garments. As soon as the fabric absorbs and wicks away moisture from the skin, it instantly reveals unique patterns, graphics and/or logos. IMPRINT does not require regulatory approvals and is commercially available for sale.

DriForce

DriForce works by absorbing and spreading moisture out across the fabric to enhance the evaporative drying rate on the inside whilst utilizing a revolutionary polymer on the outside that doesn't allow perspiration to pull moisture through the textile. DriForce is designed to transport moisture away from the skin on the inside of a garment, so that embarrassing perspiration stains are not shown on the outside of a garment. DriForce does not require regulatory approvals and is commercially available for sale.

MAJOR DEVELOPMENTS DURING THE QUARTER

During the quarter, the Company completed the move of its United States based inventory from its contract warehouse located in Los Angeles, California to a new contract warehouse located just outside of Houston, Texas. The move was motivated by a number of factors and in the main, the extreme port congestion in Los Angeles, rising costs in California, which substantially exceed the average for most other US states, as well as an increasingly hostile business environment in California on a political level. As a result of the move, the company anticipates achieving savings in warehouse costs of around 50%, with a resultant improvement of around 5% in US gross margins over time.

On May 31, 2022, the Company announced the execution of a license agreement between Roots Corporation ("Roots") and the Company's wholly-owned subsidiary IFTNA. The license provides IFTNA with the right to use Roots trademarks in connection with the manufacture and distribution of men's, women's, and children's swimwear, to retailers and distribution channels approved by Roots, including Roots stores. Products designed, manufactured, and distributed utilizing Roots trademarks are expected to bolster revenues in the Company's second and third quarters, which are traditionally weaker quarters for the Company.

On July 5, 2022, the Company announced that its wholly owned subsidiary company IFTNA had signed a new license agreement with The North Face® ("TNF"), a division of VF Outdoor LLC. The agreement provides TNF with a license to use RepelTX ecoPEL in outdoor apparel, footwear and equipment manufactured and distributed by TNF. Accordingly, TNF becomes the first major customer to adopt the use of RepelTX ecoPEL in a wide range of their products.

On July 21, 2022, Company announced that phase one of its trial in respect of medical garments (i.e. "scrubs") treated with the Company's ProTX2 antimicrobial and RepelTX water-repellent technologies had been completed. The trial was conducted at MemorialCare Medical Group – Irvine, in the United States and comprised scrubs supplied in three forms: One treated with ProTX2 antimicrobial technology, another with a combination of ProTX2 and RepelTX (durable water-repellant technology), and a third (control) group of untreated scrubs. The trial comprised 125 nurses recruited for 3 shifts per nurse, equating to a total of 375 regular staff-shifts. At the start of each shift, nurses were provided new and unmarked scrubs from one of the three groups, which were swabbed twice, once prior to the commencement of the shift and a second time at the end of the shift. The principal endpoint of the trial is to compare bacterial loads on the scrubs treated with the Company's technologies compared to the untreated scrubs. A pathogen load reduction is key to enhancing the protection of the wearer and those with which they encounter during their workday. The spread of infection from surface contact is a major concern in the healthcare industry.

The trial now moves to its second, laboratory-based phase, which involves testing for bacterial loads. Once all the laboratory testing is completed, the third step will be to analyze the data under a set of criteria established prior to the trial. The fourth and final step will be

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providing the analyses to a recognized medical journal for peer review and publishing.

SELECTED ANNUAL INFORMATION

The following table sets forth selected annual consolidated statement of earnings (loss) information and balance sheet data for each of the last five fiscal years.

| For the year ended and as at September 30, | 2021 | 2019 | 2018 | 2017 | 2016 |
|---|------------|------------|-------------|------------|------------|
| Income Statement Data | | | | | |
| Revenue | 19,763,672 | 11,521,676 | 10,435,348 | 15,121,370 | 18,856,477 |
| Net earnings (loss) attributable to common shareholders | 2,369,698 | (617,770) | (1,299,863) | 924,743 | 1,597,070 |
| Net earnings (loss) per common share | | | | | |
| Basic | 0.084 | (0.023) | (0.050) | 0.035 | 0.061 |
| Diluted | 0.081 | (0.023) | (0.050) | 0.034 | 0.059 |
| Balance Sheet Data | | | | | |
| Total assets | 27,629,685 | 17,514,091 | 11,983,802 | 14,179,359 | 14,724,528 |
| Total non-current financial liabilities | 551,277 | 650,130 | 476,747 | 1,818,657 | 586,544 |
| Cash dividends declared | - | - | - | - | - |

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(In Canadian dollars, except as otherwise noted)

RESULTS OF OPERATIONS – THREE AND NINE MONTHS ENDED JUNE 30, 2022 AND 2021

The following table sets forth the Company's unaudited condensed consolidated statements of earnings (loss) and comprehensive earnings (loss) for the three and nine months ended June 30, 2022 and 2021:

| For the period ended June 30, | Three months | | Nine months | |
|---|------------------|----------------|-------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| REVENUE | 5,238,900 | 4,155,829 | 13,710,058 | 14,559,390 |
| COST OF SALES | 3,155,998 | 2,142,121 | 8,537,889 | 8,466,644 |
| GROSS PROFIT | 2,082,902 | 2,013,708 | 5,172,169 | 6,092,746 |
| EXPENSES | | | | |
| General and administrative costs | 1,310,629 | 989,300 | 3,623,152 | 2,952,100 |
| Selling costs | 308,860 | 218,968 | 879,317 | 652,579 |
| Interest expense | 12,711 | 12,223 | 34,271 | 43,260 |
| Depreciation of property, plant and equipment and right-of-use assets | 30,629 | 21,584 | 76,566 | 63,565 |
| Amortization of deferred development costs | 6,705 | 6,705 | 20,115 | 20,115 |
| Share-based compensation | 2,150 | 5,653 | 332,581 | 18,996 |
| | 1,671,684 | 1,254,433 | 4,966,002 | 3,750,615 |
| EARNINGS FROM OPERATIONS | 411,218 | 759,275 | 206,167 | 2,342,131 |
| OTHER EXPENSES (INCOME) | | | | |
| (Gain) loss on foreign exchange | (54,146) | (9,775) | 175,522 | (110,391) |
| Gain on disposal of capital assets | (17,500) | - | (17,500) | - |
| Government Grants | (1,519) | (85,506) | (16,375) | (281,656) |
| | (73,165) | (95,281) | 141,647 | (392,047) |
| EARNINGS BEFORE INCOME TAXES | 484,383 | 854,556 | 64,520 | 2,734,178 |
| PROVISION (RECOVERY OF) FOR INCOME TAXES | | | | |
| Current | 105,246 | 182,016 | 347,887 | 156,502 |
| Deferred | 32,800 | (39,700) | (134,816) | 392,400 |
| | 138,046 | 142,316 | 213,071 | 548,902 |
| NET EARNINGS (LOSS) | 346,337 | 712,240 | (148,551) | 2,185,276 |
| NET EARNINGS (LOSS) ATTRIBUTABLE TO: | | | | |
| iFabric Corp. shareholders | 344,805 | 705,406 | (158,915) | 2,166,533 |
| Non-controlling interest | 1,532 | 6,834 | 10,364 | 18,743 |
| | 346,337 | 712,240 | (148,551) | 2,185,276 |
| OTHER COMPREHENSIVE EARNINGS (LOSS) | | | | |
| Unrealized gain (loss) on translation of foreign operations | 14,132 | (68,795) | 102,409 | (386,045) |
| TOTAL COMPREHENSIVE EARNINGS (LOSS) | 360,469 | 643,445 | (46,142) | 1,799,231 |
| EARNINGS (LOSS) PER SHARE | | | | |
| Basic | 0.012 | 0.024 | (0.005) | 0.078 |
| Diluted | 0.012 | 0.023 | (0.005) | 0.075 |

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SELECTED OPERATING SEGMENT DATA

| Nine months ended June 30, 2022 | Intimate Apparel | Intelligent Fabrics | Other Segments | Corporate Items and Eliminations | Consolidated |
|--|---------------------|------------------------|-------------------|--|---------------------|
| External Revenue | 5,046,057 | 8,583,024 | 80,977 | - | 13,710,058 |
| Earnings (loss) before income taxes | (194,743) | 783,721 | 57,401 | (581,859) | 64,520 |

| Nine months ended June 30, 2021 | Apparel | Fabrics | Segments | Items and | Consolidated |
|--|-----------|------------|----------|-----------|---------------------|
| External Revenue | 2,723,326 | 11,752,151 | 83,913 | - | 14,559,390 |
| Earnings (loss) before income taxes | 138,483 | 2,743,905 | 98,637 | (246,847) | 2,734,178 |

| Nine months ended June 30, | 2022 | 2021 |
|----------------------------|-------------------|------------|
| External sales revenue | | |
| Canada | 3,811,681 | 3,278,289 |
| United States | 4,179,126 | 6,417,976 |
| United Kingdom | 287,020 | 35,229 |
| Southeast Asia and other | 5,432,231 | 4,827,896 |
| Total | 13,710,058 | 14,559,390 |

Q3 2022 FINANCIAL HIGHLIGHTS

| Three months ended June 30, | 2022 | 2021 |
|--|------------------|-----------|
| Revenue | 5,238,900 | 4,155,829 |
| Earnings from operations | 411,218 | 759,275 |
| Share based compensation | (2,150) | (5,653) |
| Adjusted EBITDA *(Note) | 536,578 | 900,721 |
| Net earnings before tax | 484,383 | 854,556 |
| Net earnings after tax attributable to shareholders | 344,805 | 705,406 |
| Other comprehensive earnings (loss) | 14,132 | (68,795) |
| Total comprehensive earnings | 360,469 | 643,445 |
| Net earnings per share | | |
| Basic | 0.012 | 0.024 |
| Diluted | 0.012 | 0.023 |

*Note: Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization and share based compensation

DISCUSSION OF THE RESULTS OF OPERATIONS – THREE MONTHS ENDED JUNE 30, 2022 AND 2021**Revenue**

Revenue increased by \$1,083,071 to \$5,238,900 in Q3 2022 compared to \$4,155,829 in Q3 2021. With respect to the reportable operating segments of the Company, revenue increased by 19% or \$341,974 in its Intimate Apparel segment and revenue increased by 32% or \$742,565 in its Intelligent Fabrics segment. Geographically, revenues increased in Canada, the UK and Asia, while revenues in the US decreased during Q3 2022 versus Q3 2021.

Overall, revenue increased 26% during Q3 2022 in comparison to Q3 2021. The increase in Intimate Apparel operating segment revenue in 2022 versus 2021 was primarily attributable to the lifting of COVID-19 restrictions in the US and Canada and the reopening of retail stores. The increase in revenues in the Intelligent Fabrics segment is mainly resultant from a new apparel program for a major retailer, which commenced shipping in the quarter.

Gross profit

Gross profit as a percentage of revenue was 40% in Q3 2022, compared to 48% in Q3 2021. The decrease in gross profit percentage is resultant from increases in freight costs due to heightened demand for goods from China and a shortage of shipping vessels, as well as inventory write-downs and the product mix in the quarter. Gross profit in dollars increased by 3% or \$69,194 to \$2,082,902 in Q3 2022 compared to \$2,013,708 in Q3 2021 and is attributable to increased revenues.

Selling, general and administrative costs

Selling, general and administrative costs increased to \$1,619,489 in Q3 2022 compared to \$1,208,268 in Q3 2021, mainly as a result of increased personnel costs in respect of new hires made for the purpose of meeting the Company's future growth objectives, and increased insurance coverage for increased inventory on hand.

Interest Expense

Interest expense during Q3 2022 was \$12,711 compared to \$12,223 in Q3 2021.

Depreciation and Amortization

Depreciation of the Company's property, plant and equipment and amortization of deferred development costs totaled \$37,334 during Q3 2022 compared to \$28,289 during Q3 2021.

Share-based compensation

Share-based compensation costs in Q3 2022 amounted to \$2,150, compared to \$5,653 in the comparable quarter of 2021.

Loss (gain) on foreign exchange

In Q3 2022, the Company's gain on foreign exchange was \$54,146 versus a gain of \$9,775 in Q3 2021. The increase in exchange gains is due to the average weakening of the Canadian dollar in Q3 2022 compared to Q3 2021.

Provision (recovery) of income taxes

The Company's provision for income taxes in Q3 2022 was \$138,046, compared to a provision of income taxes of \$142,316 in Q3 2021. The decrease is due to decreased earnings in certain subsidiaries. Included in the earnings (loss) before income taxes are certain non-deductible items for tax purposes. Differences in the amounts of non-deductible expenses is the primary reason for the change in the Company's effective income tax rate in Q3 2022 compared to Q3 2021.

Net earnings (loss) and EBITDA.

Net earnings attributable to iFabric's shareholders during Q3 2022 was \$344,805 (\$0.012 per share, basic and diluted) compared to net earnings of \$705,406 in Q3 2021 (\$0.024 and \$0.023 per share, basic and diluted respectively). The decrease in the attributable net earnings of \$360,601 in Q3 2022 versus Q3 2021 is primarily attributable to increased selling, general and administrative costs as discussed above. Adjusted EBITDA for Q3 2022 amounted to \$536,578 compared to adjusted EBITDA of \$900,721 in Q3 2021, representing a decrease of \$364,143 for the same reason.

Other comprehensive earnings (loss)

In Q3 2022, there was a gain of \$14,132 included in other comprehensive earnings compared to a loss of \$68,795 in Q3 2021, in respect of unrealized gains and losses arising on currency translation of foreign operations. The main reason for this increase was the weakening of the Canadian dollar during Q3 2022 compared to Q3 2021. Total comprehensive earnings amounted to \$360,469 in Q3 2022 compared to comprehensive earnings of \$643,445 in Q3 2021, representing a decrease of \$282,976.

DISCUSSION OF THE RESULTS OF OPERATIONS – NINE MONTHS ENDED JUNE 30, 2021 AND 2020**Revenue**

Revenue decreased by \$849,332 to \$13,710,058 for the nine months ended June 30, 2022 from \$14,559,390 for the comparable period in 2021. With respect to the reportable operating segments of the Company, revenue increased by 85% or \$2,322,731 in its Intimate Apparel segment and revenue decreased by 27% or \$3,169,127 in its Intelligent Fabrics segment. Geographically, for the first three quarters to date in 2022, revenue in Canada, the UK and Southeast Asia increased whereas revenue in the US decreased compared to 2021.

Overall, revenue decreased 6% during the nine months ended June 30, 2022 in comparison to 2021. As discussed earlier, the Intimate Apparel operating segment recorded an increase in revenues in 2022 versus 2021 due to the lifting COVID-19 restrictions in the US and Canada and the reopening of retail stores. The decrease in revenues in the Intelligent Fabrics segment during the first nine months of 2022 compared to 2021 was attributable to the fulfillment of a contract for the delivery of KN95 masks which generated additional revenue of \$3,812,302 in 2021 and, which did not reoccur in 2022.

Gross profit

Gross profit as a percentage of revenue decreased to 38% for the nine months ended June 30, 2022 from 42% in the same period of 2021. The decrease in gross profit margins is primarily attributable to increases in freight costs as a result of heightened demand for goods from China and a shortage of shipping vessels, as well as inventory write-downs and the product mix during the period. Gross profit dollars decreased by 15% or \$920,577 to \$5,172,169 for the year to date in 2022 from \$6,092,746 in the same period of 2021. The decrease in gross profit dollars was primarily as a result of the decrease in revenues and the decrease in gross margins for the reasons stated above.

Selling, general and administrative costs

For the nine months ended June 30, 2022, selling, general and administrative costs increased by 25% or \$897,790 to \$4,502,469 from \$3,604,679 for the nine months ended June 30, 2021. Increased personnel costs in respect of new hires made for the purpose of meeting the Company's future growth objectives, and increased insurance coverage for larger amounts of inventory, was the main reason for the increase.

Interest Expense

Interest expense during the nine months ended June 30, 2022, was \$34,271 compared to \$43,260 during the same period in 2021. The decrease is due to the temporary use of the Company's bank operating line of credit in 2021.

Depreciation and Amortization

Depreciation of the Company's property, plant and equipment and amortization of deferred development costs totaled \$96,681 during the nine months ended June 30, 2022 compared \$83,680 during the same period in 2021.

Share-based compensation

Share-based compensation costs for the nine months ended June 30, 2022, were \$313,585 higher than for the same period in 2021. The increase in share-based compensation costs is due to the grant of stock options in 2022 to an existing director and a newly appointed director, which vested immediately.

Loss (gain) on foreign exchange

For the nine months ended June 30, 2022, the Company's loss on foreign exchange was \$175,522 versus a gain of \$110,391 in the same period of 2021. The increase in the amount of exchange loss was primarily caused by the strengthening in the Canadian dollar through the nine months ended June 30, 2022, relative to 2021.

Provision (recovery) of income taxes

The Company's provision for income taxes was \$213,071 for the year to date in 2022, compared to provision of income taxes of \$548,902 for the same period in 2021. The decrease is due to decreased earnings in certain subsidiaries. Included in the earnings before income taxes are certain non-deductible items for tax purposes, for example share based compensation. Differences in the amounts of non-deductible expenses is the primary reason for the change in the Company's effective income tax rate in 2022 compared to 2021.

iFABRIC CORP.**MANAGEMENT'S DISCUSSION & ANALYSIS**

(In Canadian dollars, except as otherwise noted)

Net earnings (loss) and EBITDA

Net loss attributable to iFabric's shareholders during the nine months ended June 30, 2022, was \$158,915 (\$0.005 per share, basic and diluted) compared to net earnings attributable to shareholders of \$2,166,533 for the nine months ended June 30, 2021 (\$0.078 and \$0.075 per share, basic and diluted, respectively). This is resultant from lower revenues and gross profit dollars and, increased administrative and selling expenses as discussed above. Adjusted EBITDA for the nine months ended June 30, 2022, amounted to \$528,053 compared to adjusted EBITDA of \$2,880,114 for the comparable period in 2021, representing an increase of \$2,352,061 for the same reasons.

Other comprehensive earnings (loss)

For the nine months ended June 30, 2022, the Company recorded an amount of \$102,409 in other comprehensive earnings, in respect of the accumulated unrealized gains arising on the currency translation of foreign operations, compared to a charge of \$386,045 included for the same period in 2021 in respect of unrealized losses. The main reason for the increase was the strengthening of the Canadian dollar in 2022 compared to 2021. Total comprehensive loss for the nine months ended June 30, 2022, amounted to \$46,142 compared to comprehensive earnings of \$1,799,231 in 2021, representing a decrease of \$1,844,373 for the reasons stated above.

SEASONALITY AND QUARTERLY FLUCTUATIONS

The Company's business is seasonal and results of operations for any interim period are not necessarily indicative of results of operations for the full fiscal year.

SUMMARY OF QUARTERLY RESULTS

| Fiscal 2022 | Q1 | Q2 | Q3 | Q4 |
|---|-----------|-----------|-----------|-----------|
| Revenue | 4,993,871 | 3,477,287 | 5,238,900 | |
| Net earnings (loss) attributable to common shareholders | 167,960 | (671,680) | 344,805 | |
| Net earnings (loss) per common share | | | | |
| Basic | 0.006 | (0.023) | 0.012 | |
| Diluted | 0.006 | (0.023) | 0.012 | |
| Fiscal 2021 | Q1 | Q2 | Q3 | Q4 |
| Revenue | 7,520,901 | 2,882,660 | 4,155,829 | 5,204,282 |
| Net earnings (loss) attributable to common shareholders | 1,602,282 | (141,155) | 705,406 | 203,165 |
| Net earnings (loss) per common share | | | | |
| Basic | 0.060 | (0.006) | 0.024 | 0.006 |
| Diluted | 0.058 | (0.006) | 0.023 | 0.006 |
| Fiscal 2020 | Q1 | Q2 | Q3 | Q4 |
| Revenue | 2,596,841 | 2,252,090 | 3,057,712 | 3,615,033 |
| Net earnings (loss) attributable to common shareholders | 53,810 | (481,746) | (546,926) | 357,092 |
| Net earnings (loss) per common share | | | | |
| Basic | 0.002 | (0.018) | (0.021) | 0.014 |
| Diluted | 0.002 | (0.018) | (0.021) | 0.014 |

iFABRIC CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS

(In Canadian dollars, except as otherwise noted)

The following table sets forth the Company's unaudited condensed consolidated statements of financial position as at June 30, 2022 and September 30, 2021:

| As at | June 30, 2022 | September 30, 2021 |
|--|-------------------|-----------------------|
| ASSETS | | |
| Current assets | | |
| Cash | 2,608,493 | 8,901,718 |
| Accounts receivable | 5,960,094 | 6,452,896 |
| Inventories | 10,792,400 | 3,015,010 |
| Income taxes recoverable | 22,219 | 90,521 |
| Prepaid expenses and deposits | 4,734,741 | 4,734,352 |
| Total current assets | 24,117,947 | 23,194,497 |
| Non-current assets | | |
| Due from related parties | 87,248 | 131,404 |
| Property, plant and equipment | 3,132,808 | 2,942,104 |
| Right-of-use assets | 57,350 | 54,168 |
| Deferred development costs | 396,256 | 231,658 |
| Deferred income taxes | 1,155,800 | 1,020,984 |
| Goodwill | 55,050 | 55,050 |
| Total non-current assets | 4,884,512 | 4,435,368 |
| Total assets | 29,002,459 | 27,629,865 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 4,283,454 | 2,941,445 |
| Customer deposits | 80,216 | 151,315 |
| Income taxes payable | 213,210 | 256,426 |
| Deferred revenue | 14,610 | 25,609 |
| Current portion of contract liability | 20,535 | 180,509 |
| Current portion of lease liability | 19,208 | 30,613 |
| Current portion due to related parties | 59 | - |
| Current portion of car loan payable | 12,792 | - |
| Current portion of bank loan payable | 1,150,250 | 1,215,464 |
| Total current liabilities | 5,794,334 | 4,801,381 |
| Non-current liabilities | | |
| Non-current portion of lease liability | 38,142 | 20,855 |
| Non-current portion of car loan payable | 35,915 | - |
| Due to related parties | 530,422 | 530,422 |
| Total non-current liabilities | 604,479 | 551,277 |
| Total liabilities | 6,398,813 | 5,352,658 |
| Commitments | | |
| EQUITY | | |
| Equity attributable to iFabric Corp. shareholders | | |
| Capital stock | 13,656,894 | 13,585,774 |
| Reserves | 3,566,207 | 3,264,746 |
| Retained earnings | 5,454,010 | 5,612,925 |
| Accumulated other comprehensive earnings | (94,142) | (196,551) |
| Total equity attributable to iFabric Corp. shareholders | 22,582,969 | 22,266,894 |
| Non-controlling interest | 20,677 | 10,313 |
| Total equity | 22,603,646 | 22,277,207 |
| Total liabilities and equity | 29,002,459 | 27,629,865 |

OVERVIEW OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Company's cash balance decreased by \$6,293,225 to \$2,608,493 as at June 30, 2022 from \$8,901,718 as at September 30, 2021, mainly as a result of increased inventory.

Total accounts receivable at the end of Q3 2022 was \$5,960,094 compared to \$6,452,896 as at September 30, 2021, representing a decrease of \$492,802.

Total inventory increased by \$7,777,390 to \$10,792,400 at the end of Q3 2022 from \$3,015,010 at the end of fiscal 2021. The boost in the amount of inventory on hand is pursuant a management decision to bring in inventory early, ahead of normal purchasing cycles, to guard against ongoing shipping issues from China, as well as any potential further lockdowns due to COVID-19. Accordingly, the company is in a strong position to meet its commitments on confirmed customer programs in Q4, as well as with regard to the Company's own brand launch scheduled for Q4, with the goal of achieving record revenues in fiscal 2022.

Prepaid expenses and deposits decreased by \$389 to \$4,734,741 as at June 30, 2022 from \$4,734,352 as at September 30, 2021.

Property, plant and equipment at the end of Q3 2022 totaled \$3,132,808 compared to \$2,942,104 at the end of fiscal 2021, with the difference attributable to renovations to the Company's Markham warehouse, in order to increase the amount of available warehouse space.

Right-of-use assets increased to \$57,350 in Q3 2022 compared to \$54,168 at the end of fiscal 2021 as the result of the signing of a new operating lease in the current quarter.

Deferred development costs increased to \$396,256 at the end of Q3 2022 from \$231,658 at the end of fiscal 2021, with the difference attributable to costs related to a clinical trial that commenced running in the current quarter.

Deferred income taxes increased to \$1,155,800 at the end of Q3 2022 from \$1,020,984 at the end of fiscal 2021. The increase is mostly attributable to losses incurred in the Intelligent Fabric operating segment in its Canadian operation.

Current liabilities amounted to \$5,794,334 at June 30, 2022 compared to \$4,801,381 as at September 30, 2021 representing an increase of \$992,953, mainly as a result of increased trade payables related to the abovementioned clinical trial and inventory purchases. Included in current liabilities is a demand loan of \$1,150,250 related to the purchase of the Company's Markham property, which is shown as current as required by IFRS, but does not require repayment in the next 12 months.

Non-current liabilities at the end of Q3 2022 were \$604,479 compared to \$551,277. The increase is attributable to an additional loan in respect of a vehicle acquired in the quarter.

NON-GAAP PERFORMANCE MEASURES

The following tables reconcile Non-GAAP Performance Measures used by the Company in analyzing the operational performance of the Company to their nearest IFRS measure, and should be read in conjunction with the Consolidated statement of operations and comprehensive earnings (loss) and Consolidated statement of cash flows included in the Consolidated financial statements as of June 30, 2022 and 2021.

EBITDA and Adjusted EBITDA

The following table reconciles net earnings and comprehensive earnings (loss) attributable to owners of the Company to our Non-GAAP Performance Measure, Adjusted EBITDA:

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(In Canadian dollars, except as otherwise noted)

| For the period ended June 30, | Three months | | Nine months | |
|---|----------------|----------------|----------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net earnings (loss) after tax attributable to shareholders | 344,805 | 705,406 | (158,915) | 2,166,533 |
| Add (deduct): | | | | |
| Net earnings attributable to non-controlling interest | 1,532 | 6,834 | 10,364 | 18,743 |
| Provision for income taxes | 138,046 | 142,316 | 213,071 | 548,902 |
| Share-based compensation | 2,150 | 5,653 | 332,581 | 18,996 |
| Amortization of deferred development costs | 6,705 | 6,705 | 20,115 | 20,115 |
| Depreciation of plant, property and equipment and right-of-use assets | 30,629 | 21,584 | 76,566 | 63,565 |
| Interest expense | 12,711 | 12,223 | 34,271 | 43,260 |
| Adjusted EBITDA | 536,578 | 900,721 | 528,053 | 2,880,114 |
| Add (deduct): | | | | |
| Share-based compensation | (2,150) | (5,653) | (332,581) | (18,996) |
| EBITDA | 534,428 | 895,068 | 195,472 | 2,861,118 |

The Company provides adjusted EBITDA for the purpose of providing investors, prospective investors and other users of the financial statements, the means to fully assess the Company's operational performance, by excluding items such as share-based compensation and other expense items which, are not are not considered operational in nature.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

The Company is subject to risks including, but not limited to, the potential inability to raise additional funds through debt and/or equity financing to support the Company's development and continued operations, and to meet the Company's liabilities and commitments as they come due.

The Company's capital resources include a bank operating line, a secured bank loan, and equity attributable to the Company's shareholders.

Bank Operating Line

Two of the Company's subsidiaries share a demand operating loan with a tier one Canadian bank available to a maximum of \$3,750,000, against which \$0 was outstanding as at June 30, 2022 (September 30, 2021 - \$0). The loan facility bears interest at either the bank's prime lending rate or USD base rate, as applicable, plus 0.75%. The purpose of the credit facility is to provide for ongoing operating requirements including the financing of accounts receivable and inventories. The facility is secured by a first-ranking all-indebtedness collateral mortgage in the amount of \$3,000,000 on land and buildings, a general security agreement, an assignment of rents, as well as guarantees from the Company and two of its subsidiary companies.

Variable Rate Demand Loan

One of the Company's subsidiaries has a variable rate demand loan, payable in monthly payments of \$10,331 comprising principal and interest at a prime interest rate plus 0.75% per annum, amortized over a fifteen-year period ending February 28, 2032, and secured by a first-ranking all-indebtedness collateral mortgage in the amount of \$3,000,000 on land and buildings, a general security agreement, an assignment of rents, as well as guarantees from the Company and three of its subsidiary companies. This loan is an obligation of a subsidiary of the Company with a 25% non-controlling interest. Management expects to pay only the minimum monthly payments during the next twelve months.

Two of the Company's subsidiaries has a \$60,000 loan each for a total of \$120,000, which was funded by the Canada Emergency Business Account ("CEBA"). CEBA is interest free until December 31, 2022 with one third of the balance forgiven if two thirds of the balance is repaid by December 31, 2022. Management expects to pay the two thirds of the balance of \$120,000 of CEBA within the next 12 months.

Working capital

Working capital represents current assets less current liabilities. As at June 30, 2022, the Company's working capital was \$18,323,613 compared to working capital of \$18,393,116 as at September 30, 2021, representing a decrease of \$69,503. The decrease is resultant from the loss for the period.

Operating activities

Cash used in operating activities during the nine months ended June 30, 2022, amounted to \$5,967,850 compared to an amount of \$1,916,242

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used in operating activities during the nine months ended June 30, 2021, representing an increase in cash outflow of \$4,051,608. The increase in operational cash outflow can be largely attributable to increased inventory and deposits for products on order.

Financing activities

Cash used in financing activities during the nine months ended June 30, 2022, amounted to \$316, compared to \$10,431,559 provided by financing activities during the nine months ended June 30, 2021, representing a decrease of \$10,431,875 in financing cash inflow. The difference can be mostly attributed to the net proceeds from a private placement of equity in 2021.

Investing activities

\$427,468 was used in investing activities during the nine months ended June 30, 2022, compared to \$5,982 used in investing activities during the nine months ended June 30, 2021, in respect to renovations for increasing available warehouse space at the Company's Markham location, as well as costs incurred in respect of the aforementioned clinical trial.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as of June 30, 2022, with the exception of the operating leases as noted in the "Commitments & Contractual Obligations" section below.

COMMITMENTS & CONTRACTUAL OBLIGATIONS

During Q3 2022, there have been no significant changes in the contractual obligations from those disclosed in the Company's 2021 Annual Financial Statements and MD&A.

In terms of a worldwide license agreement, the Company has the right to use trademarks in connection with the manufacture, marketing, sale and distribution of certain licensed products. During the license term, the Company is required to pay a quarterly royalty on its net sales as defined in the agreement, on all products sold under the licensed marks. The effective royalty rates vary depending on the distribution channel and range from 0%-10%. Minimum annual royalties have been established for the balance of the contract period ending December 31, 2022 and 2023 in U.S. dollar amount of \$160,000 and \$200,000 respectively. In addition, the Company is required to pay an advertising fee of 1%-2%, depending on the distribution channel, payable quarterly, on its net sales as defined in the agreement, for promotion of the licensed products. The license term is in effect until December 31, 2023.

RELATED PARTY TRANSACTIONS

During the three and nine month periods ended June 30, 2022, there have been no significant changes in the related party transactions from those disclosed in the Company's 2021 audited consolidated financial statements.

FINANCIAL RISK MANAGEMENT

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no significant changes in the Company's risk exposures during the three and nine months ended June 30, 2022, from those described in the Company's audited annual consolidated financial statements for the year ended September 30, 2021.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 29,824,467 common shares outstanding. Furthermore, as of the date of this MD&A, the Company had 1,729,000 options issued and outstanding, of which 1,729,000 were exercisable, as well as 2,948,717 common share purchase warrants and 176,923 compensation options issued pursuant to an equity offering which, closed on February 22, 2021.

RISKS & UNCERTAINTIES

The Company is exposed to various operational risks and uncertainties which are described in the Company's 2021 annual MD&A. The risks and uncertainties disclosed in the 2021 annual MD&A are not exhaustive. New risk factors may emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business, performance, condition, results, operations or strategies and plans. The following additional risk factors were identified during the quarter and nine months

ended June 30, 2022:

Current and future global economic and political volatility and uncertainty may negatively impact our financial performance and results of operations as well as our ability to predict future spending requirements and growth, if any.

Current and future global economic, political and social conditions remain volatile and uncertain, especially due to the continuing impacts and uncertainties as a result of the COVID-19 pandemic, particularly in certain parts of the world. Further, acts of terrorism, labor activism or unrest, and other geopolitical unrest, including global events such as the Russian invasion of Ukraine, could cause disruptions in our business or the businesses of our partners or the economy as a whole. If any of the following international business risks were to materialize or become worse, they could have a material adverse effect on our business, financial condition and results of operations:

- social and political instability and, potential terrorist attacks, in a number of countries around the world, including continued hostilities and civil unrest in the Middle East and Ukraine. This instability may have a negative effect on our business, financial condition and operations via our customers and global supply chain;
- epidemics and pandemics, such as the coronavirus outbreak, which may adversely affect our workforce, as well as our suppliers and customers;
- adverse changes in government policies, especially those affecting trade and investment; and
- volatility in foreign currency exchange rates, in particular with respect to the U.S. dollar, and transfer restrictions, particularly in China.

As a result, it is difficult to estimate the level of growth or contraction for the global economy as a whole. It is even more difficult to estimate economic growth or contraction in various sectors and regions, including the markets in which we operate. Because all components of our budgeting and forecasting are dependent upon estimates of growth or contraction in the markets we serve and the demand for our products and services, the prevailing economic uncertainties render estimates of future income and expenditures very difficult to make. Adverse changes may occur as a result of the impact of the COVID-19 pandemic or the continued prevalence of public health crises, wavering consumer confidence, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, stagnant economic conditions, increasing nationalism and protectionism, trade tensions and tariff uncertainty, political deadlock, war, financial and trade sanctions, social unrest or other factors affecting economic conditions generally. These changes may negatively impact our ability to meet our targets for revenue, Adjusted EBITDA and cash from operating activities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based upon the Q3 2022 unaudited condensed consolidated interim financial statements, which have been prepared in accordance with IFRS and IAS 34, "Interim Financial Reporting". The preparation of the Q3 2022 unaudited condensed consolidated interim financial statements requires management to select appropriate accounting policies and to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities at the end of the reporting period. The estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis of making assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Significant assumptions about the future that management has made could result in a material adjustment to the carrying amounts of assets and liabilities, or on the reported results of revenues, expenses, gains, or losses, in the event that actual results differ from assumptions made. The methods used to calculate critical accounting estimates are consistent with prior periods.

During Q3 2022, there were no significant changes to methods used to:

- Cost inventory or determine provisions for obsolete or slow-moving inventory
- Determine impairment of deferred development costs
- Determine impairment of deferred income tax assets
- Determine impairment or estimated useful lives of property, plant and equipment
- Determine the fair value of share-based payment transactions

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(In Canadian dollars, except as otherwise noted)

For further details concerning the use of estimates, judgments and assumptions in the preparation of the Company's Q3 2022 unaudited condensed consolidated interim financial statements, along with details of the significant accounting policies used in the preparation of such interim financial statements, specific reference should be made to note 3 of the Company's audited annual consolidated financial statements for the fiscal year ended September 30, 2021.

ACCOUNTING POLICY DEVELOPMENTS

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended September 30, 2021 have been applied consistently in the preparation of the Q3 2022 unaudited condensed consolidated interim financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer (the "Certifying Officers") by others on a timely basis so that appropriate decisions can be made regarding public disclosure within the time periods required by applicable securities laws. The Certifying Officers are responsible for establishing and maintaining the Company's disclosure controls and procedures. Based on an evaluation of the Company's disclosure controls and procedures, the Company's Certifying Officers have concluded that these controls are appropriately designed and were operating effectively as of June 30, 2022. Although the Company's disclosure controls and procedures were operating effectively as of June 30, 2022 there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be set forth in the annual regulatory filings.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting ("ICFR") is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in accordance with IFRS. The Certifying Officers are responsible for establishing and maintaining adequate ICFR for the Company. The Certifying Officers have evaluated the effectiveness of the Company's ICFR as at June 30, 2022 and whether any material weaknesses relating to the design of the Company's ICFR were existing as at June 30, 2022. Based on that evaluation, the Certifying Officers concluded that the ICFR, as defined by National Instrument 52-109 – Certification of Disclosure on Issuers' Annual and Interim Filings, are appropriately designed and were operating effectively and that no material weaknesses were identified through their evaluation. The Certifying Officers have evaluated whether there were any changes in the Company's ICFR that occurred during the fiscal period ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, its ICFR. No such changes were identified through their evaluation.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's Annual Information Form, consolidated audited annual financial statements, and unaudited condensed consolidated interim financial statements, is available on SEDAR at www.sedar.com. Additional information can also be found on the Company's website at www.ifabriccorp.com.