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 audited consolidated financial statements and notes thereto for the year ended September 30, 2017 and the comparative year ended September 30, 2016. The audited consolidated financial statements and accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using the accounting policies described therein. This MD&A is dated December 21, 2017.

All references to dollars or "$" are to Canadian dollars, the Company's functional and presentation currency, unless otherwise noted. In the discussion that follows, "2017" refers to the annual fiscal period ended September 30, 2017, "2016" refers to the annual fiscal period ended September 30, 2016, "2015" refers to the annual fiscal period ended September 30, 2015, "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.

Certain comparative figures in this MD&A have been reclassified to conform to the presentation used in the Company's most recent audited consolidated financial statements. For more information, please see note 27 of the 2017 audited consolidated financial statements.

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking information 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 information is 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 information 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 information. Such factors include, but are not limited to, the factors discussed in the section entitled "Risk Factors". 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 information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is reflected as at the date of the MD&A. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on the forward-looking information. The Company does not undertake to update any forward-looking information except as required by applicable securities laws.

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, sleepwear 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. 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 commenced operations in 1992 and 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 as well as sleepwear.

The division utilizes contract warehouse facilities located in Los Angeles, California and Manchester, England in order to service its key U.S. and European markets 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 centre for the Canadian market.

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 94-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

A second strategic division commenced operations in 2010 when the Company obtained exclusive North American distribution rights for new generations of intelligent textile technologies which can kill bacteria, repel insects, absorb odours, repel and wick moisture, block ultraviolet light and help encourage a healthy skin environment, amongst others. North American distribution rights were subsequently expanded to worldwide distribution rights. Management anticipates that the Intelligent Fabrics division will be the main driving force of the Company's future growth and expansion. 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 specialty textiles as well as chemicals suitable for application to textiles. 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 repellant technology), Dreamskin® (skin polymer), UVtx (ultraviolet light blocker), FreshTx (odour-absorbing technology), RepelTX (durable water repellant) and DryTx (moisture-wicking technology). The Company anticipates that several new products will be added to its pipeline in the future.

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

Protx2® Anti-Microbial Technologies

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-Associated Infections ("HAI"), including MRSA, C-Difficile, VRE, and H1N1, and by their application may assist in preventing the spread of such infections.

The Company is currently targeting two key markets with regard to the distribution of Protx2®:

a) 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. market as well as most international markets.

b) Medical

Protx2® formulations impart anti-microbial and/or anti-viral powers to fibers, plastic, paint and paper treated with these formulations and is suitable for application to many areas of a hospital environment, including, scrubs, bedding, curtaining, carpeting, walls, air filters and numerous plastic components amongst others.

The Protx2® range of products is dedicated to combating hospital acquired bacterial infections, including MRSA, Clostridium Difficile, VRE, Klebsiella Pneumonia, and by their application may greatly assist in reducing such infections. In addition, Protx2® is also a strong antiviral agent effective against, Norovirus and H1N1.

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.

By providing a surface that is free from skin irritants such as laundry detergent residue and dust, Dreamskin® treated fabrics provide for a luxurious wearing experience without irritation or dryness.

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.

A further targeted market for Dreamskin® is as a device to aid sufferers of eczema, psoriasis and other types of irritating skin disorders. The friction caused by clothing is currently a major source of irritation for sufferers of such disorders and the ability of Dreamskin® to substantially reduce the amount of friction serves as a useful tool to alleviate irritation.

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.

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.

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 is effective even when wet.

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.

RepelTX™

RepelTX™ is an environmentally friendly coating that is resistant to moisture. The RepelTX™ coating can be used on various surfaces including electronics and fabrics, which are then protected against moisture absorption.

RepelTX™ offers 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. It features a hydrocarbon polymer which is both more ecologically friendly and economically smart compared to competing technologies. The result is a market leading performance, liquid repellency that is breathable, durable and fast drying.

A substantial body of testing carried out by the Company have shown that RepelTX™ and Protx2® work extremely well in conjunction with each other. Particularly in health care environments, the combination of water repellency and an antimicrobial allows for garments that repel liquids (for example, blood) and at the same time can kill bacteria. These combined attributes are optimal for the healthcare industry. The additional benefit to iFabric is the increased revenue from every sale involving a multiple of chemicals.

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,	**2017**	2016	2015	2014	2013
Income Statement Data					
Revenue	**18,856,477**	13,570,365	13,074,848	13,021,482	8,165,983
Net earnings (loss) attributable to common shareholders	**1,597,070**	(373,977)	(109,837)	542,214	(144,556)
Net earnings (loss) per common share					
Basic	**0.061**	(0.014)	(0.004)	0.021	(0.006)
Diluted	**0.059**	(0.014)	(0.004)	0.020	(0.006)
Balance Sheet Data					
Total assets	**14,724,528**	12,296,093	11,928,359	11,559,443	9,154,711
Total non-current financial liabilities	**586,544**	1,893,809	1,408,893	1,952,287	2,084,741
Cash dividends declared	**-**	-	-	-	-

Three Year Overview

A discussion of the significant factors which have caused variations in the results of operations over the three most recently completed fiscal years is set out below. The selected financial information set out in this MD&A is not exhaustive and should be read in conjunction with the Company's 2017 audited consolidated financial statements and notes thereto.

Revenue

The amount of revenue reported in 2017 increased by 39%, as opposed to a 4% increase in 2016, and a nominal increase in 2015, as compared to each of the immediately preceding fiscal years.

Revenue increased overall by $5,286,112 in 2017 versus 2016. The primary source of the increase in revenue in fiscal 2017 was higher sales in each of the Company's primary operating segments. In the Company's Intelligent Fabrics operating segment, revenues increased from $2,181,527 in 2016 to $4,772,590 in 2017, representing an increase of $2,591,063 or 119%. The majority of the increase in revenue in this segment occurred in as a result of the division integrating its products into full-scale manufacturing with key clients. In the Intimate Apparel operating segment, revenue increased by 24% from $11,272,334 in 2016 to $13,981,487 in 2017, with most of the increased revenue generated in the third and fourth quarters of fiscal 2017. The Company's Intimate Apparel operating segment increased its sales in Canada and the U.S. by 51% and 30%, respectively, and decreased its sales in the UK by 30% from fiscal 2016 to fiscal 2017.

Revenue increased overall by $495,517 in 2016 versus 2015. The primary source of the increase in revenue in fiscal 2016 was higher sales in the Company's Intelligent Fabrics operating segment, which saw revenues increase from $679,298 in 2015 to $2,181,527 in 2016, representing an increase of $1,502,229 or 221%. The majority of the increase in revenue in this segment occurred in the fourth quarter of 2016 as a result of the division integrating its products into full-scale manufacturing with key clients. The overall increase in consolidated revenue in 2016 was offset by lower revenues in the Intimate Apparel segment. The Company's Intimate Apparel operating segment decreased its sales in Canada, the U.S., and the U.K. by 34%, 15%, and 8% respectively, when expressed in their transactional currencies. However, as the majority of the Company's revenues are transacted in U.S. dollars, a weakened Canadian dollar vis-à-vis the U.S. dollar in 2016 largely offset lower sales in the United States, relative to 2015.

Revenue remained relatively unchanged in 2015 in comparison to 2014. However, there are a number of variables, both internal and external, which have contributed to 2015 revenue remaining relatively unchanged from the prior year. The Company's Intimate Apparel operating segment increased its sales in Canada by approximately 26%, but sales in both the United States and United Kingdom decreased, when expressed in their transactional currencies, by approximately 10% in the U.S and 9% in the U.K. A weakened Canadian dollar vis-à-vis the U.S. dollar and the British pound sterling in 2015 largely offset lower sales in foreign currencies, relative to 2014. During 2015, the Intelligent Fabrics division remained in a bulk trial phase, in terms of integrating its products into production cycles for its client base, and accordingly, revenues in this operating segment represented approximately 5% of the Company's overall consolidated revenues.

Net Earnings (Loss)

Net earnings attributable to common shareholders of the Company was $1,597,070 in 2017, compared to a net loss of $373,977 in 2016 and a net loss of $109,837 in 2015.

The primary reasons for the increase in net earnings in 2017, from a net loss in 2016, were an increase in total revenue, an increase gross profit dollars, and a decrease in selling, general and administrative costs. Revenue increased in both of the Company's primary operating segments, Intimate Apparel and Intelligent Fabrics. The intimate apparel division substantially increased revenue with its Sleepwear line of products, particularly in Q3 and Q4 2017 compared to the same quarters in 2016. The Intelligent Fabrics division had most of its increase in revenue come from sales in Southeast Asia to major mills that have fully integrated the division's products into their manufacturing processes in 2017 compared to bulk trials in 2016. While gross profit as a percentage decreased by 1% from 2016 to 2017, the overall increase in revenue generated more gross profit in dollars, year over year. In 2017, selling, general, and administrative costs decreased compared to 2016, largely due to savings from the Intimate Apparel division closing its New York design office.

There are a number of variables that contributed to the Company's increase in net loss from 2015 to 2016. While revenue overall increased by 4% in 2016 versus 2015, gross profit percentage and gross profit dollars decreased. The primary reasons for the decrease in gross profit was the product sales mix, with heavier emphasis on textile finishing products in the Intelligent Fabrics segment than sleepwear and accessories in the Intimate Apparel segment. Another primary reason was higher inventory costs from a weakening Canadian dollar relative to the U.S. dollar. The larger net loss in 2016 was also attributable to foreign exchange losses in the amount of $122,534 in 2016 as opposed to gains of $397,243 in 2015, which were largely the result of the British Pound Sterling weakening after the U.K.'s departure from the European Union. Another major factor in the increase in net loss from 2015 to 2016 was a non-recurring impairment loss of $126,710 recorded in 2016 with respect to deposits paid to a supplier of the Company.

While revenues in 2015 remained relatively consistent overall compared to 2014, there was a reduction in gross profit percentage and gross profit dollars, mainly due to changes in product sales mix and increased clearances of older seasonal goods, at lower margins, during the year in the Company's Intimate Apparel business segment. As discussed above, the relatively unchanged revenues and decreased gross profits were largely offset by a weakened Canadian dollar in 2015 relative to 2014. The reduction in net earnings in 2015 was also the result of increased selling, general and administrative costs in both the Intimate Apparel and Intelligent Fabrics operating segments. Within the Intimate Apparel segment, the Company increased its staffing costs for the purposes of developing and supporting a new line of sleepwear products. In the Intelligent Fabrics segment, the Company increased its travel, regulatory and testing costs to facilitate future growth of existing products, as well as the launch of new products. During 2015, share-based compensation costs increased by $164,677 compared to 2014. The reduced sales transacted in foreign currencies, lower gross profits and increased selling, general and administrative costs have been largely offset by gains on foreign currency translation that the Company recorded with respect to its financial assets and liabilities held in foreign currencies.

Key factors which have caused variations in the Company's financial position over the three most recently completed fiscal years include:

- **Changes in working capital**

  During fiscal 2017, the Intimate Apparel segment had a substantial amount of sales occur during Q4. The resulting sales increased the Company's total accounts receivable as at September 30, 2017 to $5,695,362 compared to $2,830,179 as at September 30, 2016. During fiscal 2016, the company substantially reduced its total inventories due to streamlining its product offerings and improving inventory control, resulting in a total inventories amount of $3,531,402 as at September 30, 2016 versus $4,706,426 as at September 30, 2015.

- **Changes in property, plant, and equipment**

  During fiscal 2016, the Company increased its secured loan by $560,000 to finance the retrofitting and renovation of its head office in Markham, Ontario. This was the primary reason for the property, plant, and equipment totals increasing to $2,938,651 as at September 30, 2016 versus $2,487,880 as at September 30, 2015.

- **Changes in non-current financial liabilities**

  During fiscal 2017, the Company increased its bank loan payable by $350,000 for the purposes of financing working capital. During fiscal 2016, the Company increased its bank loan payable by securing a readvancement of $560,000 with the existing lender to renovate and retrofit its head office premises. During fiscal 2017, the company replaced a previous bank loan with a new demand term loan, which is classified as current, while the prior loan was classified as non-current. This is the primary reason for the decrease in non-current liabilities from 2016 to 2017.

(In Canadian dollars, except as otherwise noted)

RESULTS OF OPERATIONS

The following table sets forth the Company's consolidated statements of earnings (loss) and comprehensive earnings (loss):

For the year ended September 30,	2017	2016
REVENUE	**18,856,477**	13,570,365
COST OF SALES	**10,374,982**	7,264,692
GROSS PROFIT	**8,481,495**	6,305,673
EXPENSES		
Selling, general and administrative costs	**5,258,592**	6,097,935
Interest on operating line	**33,588**	28,116
Interest on bank loan	**72,733**	42,451
Amortization of property, plant and equipment	**73,803**	56,597
Amortization of deferred development costs	**161,465**	161,465
	5,600,181	6,386,564
EARNINGS (LOSS) FROM OPERATIONS	**2,881,314**	(80,891)
OTHER EXPENSES (INCOME)		
Share-based compensation	**447,402**	118,402
Loss (gain) on foreign exchange	**98,773**	122,534
Impairment loss	**-**	126,710
	546,175	367,646
EARNINGS (LOSS) BEFORE INCOME TAXES	**2,335,139**	(448,537)
PROVISION FOR (RECOVERY OF) INCOME TAXES		
Current	**682,617**	21,342
Deferred	**62,600**	(99,717)
	745,217	(78,375)
NET EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)	**1,589,922**	(370,162)
NET EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS) ATTRIBUTABLE TO:		
iFabric Corp. shareholders	**1,597,070**	(373,977)
Non-controlling interest	**(7,148)**	3,815
	1,589,922	(370,162)
EARNINGS (LOSS) PER SHARE		
Basic	**0.061**	(0.014)
Diluted	**0.059**	(0.014)

(In Canadian dollars, except as otherwise noted)

SELECTED OPERATING SEGMENT DATA

Operating Segments 2017	Intimate Apparel	Intelligent Fabrics	Other Segments	Corporate Items and Eliminations	Consolidated
External revenues	13,981,487	4,772,590	102,400	-	**18,856,477**
Earnings (loss) before income taxes	2,542,215	220,747	(20,336)	(407,487)	**2,335,139**

Operating Segments 2016	Intimate Apparel	Intelligent Fabrics	Other Segments	Corporate Items and Eliminations	Consolidated
External revenues	11,272,334	2,181,527	116,504	-	**13,570,365**
Earnings (loss) before income taxes	57,876	(628,617)	16,881	105,323	**(448,537)**

Revenue

Revenue increased by $5,286,112 to $18,856,477 in 2017 from $13,570,365 in 2016. With respect to reportable operating segments of the Company, revenue increased by $2,591,063 or 119% in its Intelligent Fabrics segment and revenue increased by $2,709,153 or 24% in its Intimate Apparel segment.

Revenue increased by 39% on a consolidated basis from 2016 to 2017. In the Company's Intelligent Fabrics operating segment, the majority of the increase in revenue occurred as a result of the division integrating its products into full-scale manufacturing with key clients. In the Intimate Apparel operating segment, most of the increased revenue in 2017 versus 2016 was generated in the third and fourth quarters of fiscal 2017, largely attributable to sales of its sleepwear line of products. The Intimate Apparel operating segment increased its sales in Canada and the U.S. by 51% and 30%, respectively, and decreased its sales in the UK by 30% from fiscal 2016 to fiscal 2017.

Gross profit

Gross profit as a percentage of revenue decreased to 45% in 2017 from 46% in 2016. The decrease in gross profit percentage is primarily due to the sales mix of products. In the Intimate Apparel segment, the sales mix featured a higher proportion of seasonal intimate apparel and sleepwear, which typically carry lower margins than accessories. The consolidated sales mix also changed in 2016, as there was a higher proportion of textile finishing products sold within the Intelligent Fabric segment, which currently carry lower margins than products in the Intimate Apparel segment. The decrease in gross profit percentage was partially offset by reduce margin guarantee provisions in the Intimate Apparel segment in 2017 versus 2016. Gross profit in dollars increased by 35% or $2,175,822 to $8,481,495 in 2017 from $6,305,673 in 2016. The increase in gross profit dollars is largely attributable an increase in revenue, for the reasons discussed under the section above titled "Revenue". The increase in gross profit dollars due to the increase in revenue was partially offset by a decrease in gross profit percentage from 2016 to 2017.

Selling, general and administrative costs

In 2017, selling, general and administrative costs decreased by 14% or $839,343 to $5,258,592 in 2017 from $6,097,935 in 2016. In the Intimate Apparel operating segment, the Company decreased its overall selling, general, and administrative costs as it transferred a large portion of its New York selling and design team costs to its Head Office in Canada. In the Intelligent Fabrics segment, the Company increased its travel, regulatory and testing costs to facilitate growth of existing products, as well as the launch of new products.

Interest Expense

Interest expense during 2017 totaled $106,321 compared to $70,567 during 2016. The Company's interest expense on its bank loan was higher in 2017 than in 2016, as it carried a higher average principal balance for the year. Interest costs on the Company's operating line of credit were higher in 2017 than in 2016 due to a higher average bank indebtedness balance.

Amortization

Amortization of the Company's property, plant and equipment and deferred development costs totaled $235,268 during 2017 compared to $218,062 during 2016. The increase is attributable to the Company investing in capital assets at its head office during 2016 and recording amortization expense on these new capital assets over a full fiscal year in 2017.

Share-based compensation

Share-based compensation costs in 2017 were $329,000 higher than in 2016. The increase in share-based compensation costs is mostly attributable to a grant of stock options to employees and directors in 2017, half of which vested immediately, and were expensed in accordance with the Company's accounting policies on share-based payments.

Loss (gain) on foreign exchange

In 2017, the Company's loss on foreign exchange was $98,773 versus a loss of $122,534 in 2016. This change is the result of a significant weakening of the British pound sterling against the Canadian dollar during 2016. While the U.S. dollar did strengthen against the Canadian dollar during the first half of fiscal 2016, it generally weakened in the second half, negating much of the effect that the U.S dollar's exchange rate against the Canadian dollar had on the Company's financial statements. Foreign exchange rates relevant to the Company were generally more stable in 2017 than in 2016.

Provision for (recovery of) income taxes

The Company's total provision for income taxes in 2017 was $745,217, compared to a recovery of income taxes of $78,375 in 2016. Included in the earnings before income taxes for 2017 and 2016 are certain non-deductible items for tax purposes. Specifically, an increase in 2017 from 2016 in share-based compensation by $329,000 is the main reason for the change in the Company's effective income tax rate.

Net earnings (loss)

Net earnings attributable to iFabric's shareholders during 2017 was $1,597,070 ($0.061 per share, basic and $0.059 per share, diluted) compared to net loss of $373,977 in 2016 ($0.014 per share, basic and diluted). The increase in net earnings in 2017 from a net loss in 2016 is mostly attributable to an increase in revenue of $5,286,112, an increase in gross profit dollars of $2,175,822, and a decrease in selling, general, and administrative costs of $839,343. The impact of these changes was partially offset by higher share based compensation costs in 2017 versus 2016.

(In Canadian dollars, except as otherwise noted)

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. All quarterly results and figures, and their related discussion topics, are unaudited.

SUMMARY OF QUARTERLY RESULTS

Fiscal 2017	Q1	Q2	Q3	Q4
Revenue	3,102,120	4,255,192	4,888,400	6,610,765
Net earnings (loss) attributable to common shareholders	(125,375)	488,321	264,213	969,911
Net earnings (loss) per common share				
Basic	(0.005)	0.019	0.010	0.037
Diluted	(0.005)	0.018	0.010	0.036

Fiscal 2016	Q1	Q2	Q3	Q4
Revenue	3,329,010	3,072,027	2,999,317	4,170,011
Net earnings (loss) attributable to common shareholders	39,588	(324,657)	(121,653)	32,745
Net earnings (loss) per common share				
Basic	0.002	(0.013)	(0.005)	0.001
Diluted	0.001	(0.013)	(0.005)	0.001

2017 FOURTH QUARTER RESULTS COMPARED WITH 2016 FOURTH QUARTER RESULTS

Revenue

Revenue during Q4 2017 increased by 59% or $2,440,754 to $6,610,765 from $4,170,011 during Q4 2016. The increase in revenue is largely attributable to full large-scale shipments of product offerings in the Intelligent Fabrics segments to some of its key clients. In addition, revenue in the Intimate Apparel operating segment increased in Q4 2017 versus Q4 2016 largely due to sales occurring near the end of the 2017 fiscal year to major clients in its sleepwear product line.

Gross profit

Gross profit as a percentage of revenue during Q4 2017 increase to 42% from 38% in Q4 2016. The increase in gross profit percentage is mostly attributable to the product sales mix in Q4 2017, which had a greater proportion of Intimate Apparel sales compared to Q4 2016. During Q4 2017, sales of sleepwear and apparel products in the Intimate Apparel segment carried higher margins than sales of textile finishing products in the Intelligent Fabrics segment, resulting in higher gross profit as a percentage compared to Q4 2016. Gross profit in dollars during Q4 2017 increased by 75% or $1,201,064 to $2,801,745 from $1,600,681 in Q4 2016. The increase in gross profit in dollars is attributable to increased revenue and increased gross profit percentage, as discussed above.

Selling, general and administrative costs

Selling, general and administrative costs during Q4 2017 decreased by $16,476, or 1%, to $1,336,807 from $1,353,283 in Q4 2016. Increases in professional fees, commissions, and advertising and promotional costs were fully offset by lower royalty costs in Q4 2017 versus Q4 2016.

Interest expense

Interest expense during Q4 2017 was $23,540 compared to $26,337 during Q4 2016. The decrease was mainly attributable to the Company carrying a lower operating bank loan balance during Q4 2017 than Q4 2016.

Amortization

Amortization of the Company's property, plant and equipment and deferred development costs totaled $75,420 during Q4 2017 compared to $58,369 during Q4 2016. The increase is attributable to the Company recording higher amortization costs of its property, plant, and equipment in Q4 2017 versus Q4 2016.

Net earnings

Net earnings attributable to iFabric's shareholders during Q4 2017 was $969,911 ($0.037 per share, basic and $0.036, diluted) compared to net earnings of $32,745 ($0.001 per share, basic and diluted) during Q4 2016.

OVERVIEW OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Company's cash balance decreased to $668,425 as at September 30, 2017 from $1,260,213 as at September 30, 2016. The decrease in cash is mainly attributable to the Company increasing its accounts receivable. The Company had a high level of sales near the end of the fiscal year in 2017, which resulted in a higher ending accounts receivable balance in compared to the prior year. The cash outflows associated with a higher amount of accounts receivable were partially offset by cash provided by total comprehensive earnings during 2017.

Total accounts receivable at the end of 2017 was $5,695,362 compared to $2,830,179 at the end of 2016.

Total inventories increased by $378,405 to $3,909,807 at the end of 2017 from $3,531,402 at the end of 2016. The increase is largely attributable to additional stock levels of sleepwear products in the Intimate Apparel segment at the end of the 2017 fiscal year, which were subsequently sold shortly after the year-end.

Property, plant and equipment at the end of 2017 totaled $2,873,632 compared to $2,938,651 at the end of 2016. The Company's investments in property, plant, and equipment totaled $8,784 in 2017, and the remainder of the change is the result of amortization of existing assets. The Company did not dispose of property, plant and equipment in 2017.

Deferred development costs decreased to $275,241 at the end of 2017 from $436,706 at the end of 2016. The decrease is attributed to amortization of deferred development costs for products commercially available for sale during 2017.

Deferred income taxes decreased to $757,400 at the end of 2017 from $820,000 at the end of 2016. The increase is mostly attributable to the utilization of non-capital losses in the Company's Intelligent Fabrics operating segment during the 2017 fiscal year.

Total liabilities at the end of 2017 were $322,611 higher than at the end of 2016. The Company increased its liabilities mainly with respect to deferred revenue, income taxes payable, and bank loan payable. The increase in total liabilities was partially offset by a decrease in accounts payable and accrued liabilities, and its bank operating line.

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, 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 $3,500,000, against which $774,908 was outstanding as at September 30, 2017 (September 30, 2016 – $889,903). 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.

Bank Loan

In February 2017, the company refinanced its bank loan payable, replacing a previous bank loan.

The previous bank loan details are as follows:

Bank loan, payable in monthly principal payments of $10,000 plus interest, bearing interest at the bank's prime rate plus 1.25%, due September 1, 2028 and secured by a first readvanceable mortgage on the land and building described in note 9, a general security agreement over all assets of a wholly-owned subsidiary of the Company subject to priority on inventories and accounts receivable to the lender described in note 12, a general assignment of rents, and a guarantee from another wholly-owned subsidiary of the Company.

The new bank loan details are as follows:

Non-revolving demand term loan, payable in monthly principal payments of $9,722 plus interest, bearing interest at the bank's prime rate plus 0.75%, 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. As part of the debt refinancing, the Company increased its loan payable by $350,000 for the purpose of financing working capital.

Notwithstanding the fact that this is a demand loan, and classified as a current liability, management expects to repay solely the minimum monthly principal payments, totaling $116,667 over the next twelve months.

As at September 30, 2017, the total amount of this loan outstanding was $1,681,944 (2016 - $1,450,000 outstanding on the previous loan).

Working capital

Working capital represents current assets less current liabilities. As at September 30, 2017, the Company's working capital was $6,264,710 compared to working capital of $5,300,067 as at September 30, 2016, representing an increase of $964,643 or 18%.

Operating activities

Cash used in operating activities totaled $612,020 in 2017, compared to an amount of $384,203 used in operating activities during 2016, representing an increase in cash outflow of $227,817. The increase in operational cash outflow can be largely attributed to changes in non-cash operating working capital items, particularly accounts receivable, inventories, and accounts payable and accrued liabilities. The reduced operational cash flow was partially offset by increased cash flow from total comprehensive earnings in 2017.

Financing activities

Cash provided by financing activities during 2017 amounted to $29,016, compared to $1,299,768 provided by financing activities during 2016, representing a decrease of $1,270,752 in financing cash flow. The difference can be mostly attributed to the repayment of the Company's bank operating line during 2017, as opposed to the utilization of the bank operating line during 2016.

Investing activities

Cash used in investing activities totaled $8,784 in 2017 compared to an amount of $507,368 used in investing activities during 2016. The change in investing cash flow is mainly the result of the Company purchasing equipment during 2016 to retrofit its head office.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as of September 30, 2017, with the exception of the operating leases as noted in the "Commitments & Contractual Obligations" section below.

COMMITMENTS & CONTRACTUAL OBLIGATIONS

The following details the Company's contractual obligations, under various operating lease agreements as at September 30, 2017:

	Payments due by fiscal year ended					
Contractual obligations	2018	2019	2020	2021	Subsequent years	**Total**
Operating leases	103,945	34,558	27,816	3,070	-	**169,389**

The Company's other commitments are outlined below:

- The Company enters into foreign exchange forward contracts to manage the risks associated with exchange rate fluctuations. See note 7 of the Company's 2017 annual consolidated financial statements for more information.
- 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 4-10%. Minimum annual royalties have been established for the balance of the contract periods ending December 31, 2017, and 2018 in U.S. dollar amounts of $288,000, and $368,000, 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 Company is also required to pay an administration fee for the last remaining year of the contract, due January 1, 2018, in the amount of $20,500 USD. The license term is in effect until December 31, 2018.

(In Canadian dollars, except as otherwise noted)

RELATED PARTY TRANSACTIONS

(a) Key management personnel of the Company are those individuals having authority and responsibility for planning, directing, and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the Company's Board of Directors, which includes three executive officers of the Company.

Remuneration of key management personnel of the Company was as follows:

	2017	2016
Salaries, management and professional fees, directors' fees, and short-term benefits	**658,485**	607,682
Share-based compensation	**654,500**	-
	1,312,985	607,682

Further information about the remuneration of certain individual executive officers and members of the Board of Directors will be provided in the Company's Management Information Circular, to be filed in respect of its fiscal 2017 shareholders' meeting.

(b) Included in selling, general and administrative costs are management fees in the amount of nil (2016 - $13,200) paid to a company controlled by a director of one of the Company's subsidiaries.

(c) Included in revenue is rental income earned in the amount of $48,284 (2016 - $45,505) from a company controlled by a director of one of the Company's subsidiaries.

(d) Included in accounts payable and accrued liabilities is an amount of $15,000 (2016 - $15,000) due to directors and key management personnel of the Company in respect of unpaid fees.

(e) Included in selling, general and administrative costs is an amount of $63,737 (2016 - $52,729) paid to the spouse of an executive officer of the Company for marketing and administrative services rendered.

FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company routinely assesses the financial strength of its customers to mitigate its exposure to credit risk.

In order to mitigate its credit risk, the Company insures its trade accounts receivable with Chartis Insurance Company of Canada based on specific or discretionary credit limits, dependant on the level of amounts outstanding from individual customers at that time. At the financial year end, a claim in the amount of $10,996 was still pending under this policy.

The Company's maximum exposure to credit risk is $5,695,362 (2016 - $2,830,179). Included in selling, general and administrative costs are bad debts of $34,845 (2016 - $10,887) expensed during the year.

The aging of trade accounts receivable is as follows:

	September 30, 2017	September 30, 2016
Trade receivables not past due	**5,331,108**	2,171,681
Trade receivables past due and not impaired		
Under 31 days	**351,951**	410,568
31 - 60 days	**14,131**	228,527
61 - 90 days	**2,817**	4,290
Over 90 days	**3,002**	79,033
Trade receivables, net of allowance for doubtful accounts	**5,703,009**	2,894,099

Economic dependence

Approximately 52% of the Company's total sales were to two customers (2016 - 33% of sales were to two customers). At September 30, 2017, two customers accounted for 79% (September 30, 2016 - two customers accounted for 56%) of the Company's accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations associated with its financial liabilities. The Company is exposed to this risk mainly with respect to its accounts payable and accrued liabilities, income taxes payable, related party loans, and bank loan payable. The Company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains an adequate line of credit to pay trade creditors and repays its bank loan interest and principal as it becomes due using cash generated from operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is exposed to currency risk and interest rate risk.

Currency risk

The Company conducts certain of its operations in U.S. Dollars ("USD"), British Pounds Sterling ("GBP"), and New Taiwanese Dollars ("TWD"). The Company manages its currency risk with foreign exchange forward contracts (see note 7 of the Company's 2017 Consolidated Financial Statements). The following balances were included in the financial statements:

USD	**September 30, 2017**	Septe6ber 30, 2016
Cash	**273,050**	762,172
Accounts receivable	**4,033,745**	1,947,209
Accounts payable and accrued liabilities	**(632,472)**	(837,100)
Prepaid expenses and deposits	**104,976**	195,228
Foreign exchange forward contract margin deposit	**60,000**	60,000
	3,839,299	2,127,509

GBP	**September 30, 2017**	September 30, 2016
Cash	**38,952**	119,999
Accounts receivable	**123,539**	136,315
Accounts payable and accrued liabilities	**(21,579)**	(47,491)
	140,912	208,823

TWD	**September 30, 2017**	September 30, 2016
Cash	**6,083,150**	-
Accounts receivable	**7,406,796**	-
Accounts payable and accrued liabilities	**(229,431)**	-
	13,260,515	-

The Company has performed a sensitivity analysis on its foreign currency denominated financial instruments. The effect of a 5% strengthening (weakening) of the USD against the Canadian Dollar as at September 30, 2017, in relation to the net amount of USD-denominated currency balances, would have resulted in an increase (decrease) of approximately $130,000 to net earnings (loss) for 2017, all other variables held constant. The effect of a 5% strengthening (weakening) of the GBP against the Canadian Dollar as at September 30, 2017, in relation to the net amount of GBP-denominated currency balances, would have resulted in an increase (decrease) of approximately $6,000 to net earnings (loss) for 2017, all other variables held constant. The effect of a 5% strengthening (weakening) of the TWD against the Canadian Dollar as at September 30, 2017, in relation to the net amount of TWD-denominated currency balances, would have resulted in an increase (decrease) of approximately $20,000 to net earnings (loss) for 2017, all other variables held constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its secured bank loan and its bank operating line, which bear interest at floating rates, since changes in market rates can cause fluctuations in cash flows.

The Company has performed a sensitivity analysis on its interest rate risk. The effect of a 1% decrease (increase) in the average interest rate paid during the year would have resulted in a gain (loss) of approximately $19,000 recognized in net earnings (loss) for 2017, all other variables held constant.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 26,161,000 common shares outstanding. Furthermore, as of the date of this MD&A, the Company had 2,058,750 options issued and outstanding, of which 1,758,750 were exercisable, as well as 203,625 warrants outstanding.

RISKS & UNCERTAINTIES

Financial

The Company may require additional financing to fund future expansion initiatives. There can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of development of certain of the Company's business, and therefore affect its future cash flows, earnings, results of operations and financial condition.

Competition

The Company faces significant competition in almost every aspect of its business, particularly from other companies that:

- Design, manufacture and distribute intimate apparel, sleepwear and accessories;
- Sell sprays, topical liquids and creams that repel biting insects;
- Sell sprays, liquids, creams, chemicals and textiles which have the ability to kill bacteria;
- Sell sprays, topical liquids, creams and oral medication that assist with the healing of skin and the control of skin irritations; and
- Distribute chemicals that can be applied to textiles in order to kill bacteria.

Licensing Arrangements

The Company will be reliant on a number of key licensing and distribution agreements and its future performance could be materially affected by a termination of one or more of such agreements. Termination could arise as a result of any of the following:

- Failure to pay royalties or advertising contributions;
- Failure to meet minimum purchase obligations;
- Failure to achieve minimum sales targets;
- The breach of a material covenant;
- Failure to ship licensed products to authorized customers;
- Failure to give notice of intention to renew within the stipulated time period

Key Personnel

The senior officers of the Company are critical to its success. In the event of the departure of a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Company grows is critical to its success. As the Company's business activities grow, it will require additional key financial, administrative and technical personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Technological Advancements

The chemical industry is subject to significant technological advancements, changing industry standards, market trends, customer preferences and competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The success of the Company will depend on its ability to secure technological superiority in its products and maintain such superiority in the face of new technologies. No assurance can be given that further modification of product offerings of the Company will not be required in order to meet demands or to remain competitive.

Intellectual Property

The success of the Company will depend, in part, on its ability to maintain proprietary protection over its intellectual property and operate without infringing the proprietary rights of third parties. Despite precautions, it may be possible for a third party to copy or otherwise obtain and use the Company's technologies without authorization. There can be no assurance that any steps taken by the Company will prevent misappropriation of its technologies.

Government Regulation and Regulatory Approvals

Future changes in government regulation could adversely affect the industries in jurisdictions in which the Company operates or intends to operate.

With regard to its Intelligent Fabrics operating segment, the Company is dependent on regulatory approvals or registrations and the legal systems in the markets in which it operates, such as the U.S. Environmental Protection Agency ("EPA") and Health Canada. The Company currently has certain EPA registrations and is in process of securing additional approvals from both the EPA and Health Canada. There is no certainty that such approvals will be granted and regulators could, even after granting such approvals, be stringent on non-compliance with regulatory requirements or change such requirements, which could have a material adverse effect on the Company's business and result in adverse publicity.

Customer Adoption

The Company's revenue in its Intelligent Fabrics division is highly dependent on the willingness of consumers to purchase products based upon their awareness of the benefits of such products. Different markets will require differing marketing strategies and the adoption of the Company's products may be slower than anticipated.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of these 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 and that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Valuation of inventories

Provisions for non-saleable inventories are prepared by management based on their knowledge of sales history.

Recoverability of deferred development costs

Management deems all such costs as recoverable based on the expectation of realizing future economic benefits through the profitable commercialization of the relevant products under development.

Benefits of deferred income tax assets

The recognition of deferred income tax assets is based on the Company's judgment. The assessment of the probability of future taxable income in which the deferred income tax assets can be utilized is based on management's best estimate of future taxable income that the Company expects to achieve based on its internal projections. The estimate is adjusted for significant non-taxable income and expenses and for specific limits to the use of any unused tax loss or credit. Deferred income tax assets are recognized to the extent it is probable that estimated taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized.

Estimated useful life of property, plant and equipment

Management makes this estimate based on past experience with similar assets and future business plans.

Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield of the share option and forfeiture rate.

Actual results could differ from these estimates and may require a material adjustment to the carrying amount of affected assets and liabilities, or on the reported results of revenues, expenses, gains or losses.

ACCOUNTING POLICY DEVELOPMENTS

(a) Adoption of new or amended accounting standards

During the year ended September 30, 2017, the Company did not amend any of its accounting policies as the result of new or revised accounting standards which became effective for the annual reporting period commencing on October 1, 2016. The following amendments and improvements to existing standards were adopted by the Company effective October 1, 2016:

i) Amendments to IAS 1, 'Presentation of Financial Statements', was issued by the IASB in December 2014, as part of its major initiative to improve presentation and disclosure in financial reports. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. There was no impact or adjustments necessary as a result of applying the revised rules.

ii) 'Annual Improvements to IFRSs 2012-2014 Cycle' was approved by the IASB in September 2014. These improvements included amendments to a number of IFRSs as a result of the annual improvements project. The revised rules are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. There was no impact or adjustments necessary as a result of applying the revised rules.

(b) Future changes in accounting standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2018 or later periods. The standards impacted that are applicable to the Company are as follows:

i) IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2018, with early adoption permitted. The IASB amended IFRS 9 in November 2013 to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The standard is not expected to have a significant impact on the Company's accounting for financial instruments.

ii) IFRS 15, 'Revenue From Contracts With Customers' was issued in May 2014. The standard provides a comprehensive framework for recognition, measurement, and disclosure of revenue from contracts with customers except for those that fall within the scope of IAS 17, 'Leases' or other applicable IFRS. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The adoption of IFRS 15 is not expected to have a significant impact on the Company's accounting for revenue and the Company is currently assessing when to adopt IFRS 15.

iii) IFRS 16, 'Leases', was published in January 2016, replacing IAS 17, 'Leases', and related interpretations. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors continue to classify leases as finance and operating leases. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted if IFRS 15 has been adopted. The Company is currently assessing the impact of the new standard on its consolidated 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 September 30, 2017. Although the Company's disclosure controls and procedures were operating effectively as of September 30, 2017, 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 September 30, 2017 and whether any material weaknesses relating to the design of the Company's ICFR were existing as at September 30, 2017. 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 year ended September 30, 2017 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, is available on SEDAR at www.sedar.com. Additional information can also be found on the Company's website at www.ifabriccorp.com.