

# **iFABRIC CORP.**

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

(In Canadian dollars, except as otherwise noted)

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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 September 30, 2025 and the audited consolidated financial statements and notes thereto for the fifteen months ended December 31, 2024 and the comparative year ended September 30, 2023. 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 November 11, 2025.

All references to dollars or "\$" are to Canadian dollars, the Company's presentation currency, unless otherwise noted. In the discussion that follows, "2025" refers to the annual fiscal period ended December 31, 2025, "2024" refers to the annual fiscal period ended December 31, 2024, "2023" refers to the fifteen month period ended December 31, 2023, "Q1" refers to the period of January 1 to March 31, "Q2" refers to the period of April 1 to June 30, "Q3" refers to the period of July 1 to September 30, and "Q4" refers to the period of September 1 to December 31.

### **FORWARD-LOOKING INFORMATION**

Forward-looking statements provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward looking statements. The use of any words such as "anticipate", "continue", "plans", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the extent and impact of health pandemic outbreaks on our business; general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; the actual results of the Company's future operations; competition; changes in legislation affecting the Company; the ability to obtain and maintain required permits and approvals, the timing and availability of external financing on acceptable terms; lack of qualified, skilled labour or loss of key individuals.

A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the section of this MD&A titled "Risks and Uncertainties", in the Company's annual information form dated March 28, 2025 and other filings with the Canadian securities regulators available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance, or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Any financial outlook or future oriented financial information in this MD&A, as defined by applicable securities legislation, has been approved by management of iFabric. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's reasonable expectations as to the anticipated results of its proposed business activities. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The Company assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or any other reason except as required by applicable securities laws

### **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 measures 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.

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**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 losses, 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 core 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" and traded on the OTC Markets under the trading symbol "IFABF". 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, medical apparel, and swimwear, 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 reversible bra, patented bandeaux bra and patented breast lift product. The division also distributes a range of apparel accessories. The Division is managed by Hylton Karon, President and CEO of iFabric.

The division utilizes contract warehouse facilities located in Houston, Texas which services its key United States ("US") market and, a Company-owned warehouse located in Markham, Ontario, serves as the distribution center for the Canadian and European markets. The Company's administrative workforce for both its operating divisions, comprising, management, designers, administrative, product sourcing and logistical staff, are housed in separate office premises close to its warehouse location. All product design for the Division is handled by the Markham, Ontario 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 plus 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 and other surfaces 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 Division is managed by Giancarlo Beevis, President and CEO of 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, 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 technology offerings include Protx2® and bioFRESH (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), Omega+ (joint and muscle recovery), TempTx (thermal regulator), Apollo (body odour neutralizer), DryTx (moisture-wicking technology), BioTX (metal free anti-stink solution), ecoPEL (fluorine-free durable water repellent), IMPRINT (logo exposing moisture-wicker) and DriForce (fabric interior moisture-wicker), amongst others. The Company anticipates that several new formulations and new generations of existing formulations will be added to its pipeline in the future.

All chemical formulations and finished apparel for customers, is produced or manufactured by the Division's supply chain in Asia. In addition, the Division has two key chemical distribution centers in Asia (namely China and Taiwan), which service the Asian market. As Asia comprises the main region for the manufacture of textile products supplied to North America and internationally, this region represents the Division's main market for the supply of its textile treatments. For the distribution of finished products to customers, a third-party warehouse facility in Houston, Texas in the US, serves as the distribution center for the US, Central and South American markets and, the Company-owned warehouse located in Markham, Ontario serves as the distribution center for the Canadian market. Technical support specialists in Asia

provide guidance and support to customers regarding the integration of the Company's chemical treatments in their products as well as the Division's own products, including the Division's own direct-to-consumer brand, VERZUS ALL, which was developed to showcase the dynamic range of the Company's class-leading fabric technologies, applied to premium and luxury fabrics.

The following describes the functionality of the division's current chemical 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 Influenza A tested on 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, subject to the completion and submission of a leaching study, which remains in process. In addition, IFTNA has been granted utility patents 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).

On July 21, 2022, Company announced the commencement of a clinical trial in respect of medical garments (i.e. "scrubs") treated with the Company's ProTX2 antimicrobial technology and ecoPEL (formerly RepelTX) water-repellent technology, 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 was to compare bacterial loads on the scrubs treated with the Company's technologies compared to the untreated scrubs and. 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.

On July 5, 2023, the Company announced that it had achieved a successful outcome with regard to its clinical trial. The summary of the trial findings was that both the PROTX2 and the PROTX2 with DWR treated scrubs demonstrated statistically significant reductions in bacterial loads on the surfaces of scrubs, as compared to untreated scrubs. The term statistically significant is used to describe a result that is highly unlikely to occur by chance alone in a natural environment. The results achieved in the study demonstrate that the Company's proprietary technologies were uniquely responsible for the reduction in bacterial loads witnessed throughout the trial. On August 19, 2025 the Company announced that the final phase of its clinical trial, comprising a peer review and publishing of the trial results by recognized medical journal,

had been completed following publication of the trial results in the Journal of Hospital Infection, the editorially independent scientific publication of the Healthcare Infection Society.

### 3) Community protection

The 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.

On, May 2, 2023, IFTNA received an EPA registration for PROTX2® as a “Continually Self-Sanitizing Textile”. This registration allows textiles treated with the PROTX2 technology, to make public health claims for use in non-apparel products, which includes, curtains, carpeting and home furnishing fabrics, amongst others.

The permitted public health claims pursuant to this registration are that PROTX treated textiles:

Kills 99.99% of bacteria in 10 mins, with nonstop disinfection for 24 hours;

Kills pathogenic bacteria;

Kills 99.99% of bacteria non-stop for 24 hours; and

Continuously disinfects bacteria after 24 hours of continuous use without washing.

The ability to make public health claims on non-apparel products are considered an important catalyst in attracting new customers representing significant market segments within home, office and healthcare settings.

#### **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.

#### **ecoPEL®**

ecoPEL, is a cutting-edge, C zero, PFC-Free Durable Water Repellent (DWR) technology designed to meet the apparel industry's demand for sustainability, without compromising on performance. As a class leading eco-friendly textile finish, ecoPEL provides superior water repellency, is easy to apply, and preserves fabric breathability, all while reducing environmental impact.

Laboratory testing has shown that ecoPEL maintains efficacy up to 30 washes, outperforming other non-fluorinated DWR finishes by up to three times. This ensures garments remain protected against rain and stains for the life of the garment.

ecoPEL offers superior performance across a variety of fabrics, whether applied to natural fibers like cotton or synthetic blends. Its compatibility with standard finishing processes ensures easy integration into existing production lines, which makes ecoPEL ideal for outdoor apparel, active wear, and everyday clothing.

A substantial body of testing carried out by the Company has shown that ProTX™ and ecoPEL work extremely well together. 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.

ecoPEL does not require regulatory approvals and is commercially available for sale.

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#### ***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.

#### ***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.

#### ***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.

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#### ***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.

#### **bioFRESH™**

bioFRESH is a revolutionary bio-based antimicrobial technology, which is registered with the EPA. Geared towards a growing trend for sustainable products, bioFRESH offers the opportunity to advance environmental stewardship, while still maintaining superior performance in antimicrobial protection. Accordingly, bioFRESH provides an effective and eco-friendly solution for a wide range of textile applications.

#### **PROTX2 S**

PROTX2 S, is a new hydrothermal mineral-based antimicrobial technology, which is EPA registered. This innovative addition expands the Company's product portfolio, offering customers a greater selection of antimicrobial solutions to meet their specific needs.

### **RECENT DEVELOPMENTS**

#### **US Tariffs**

In order to mitigate the risk of further cost increases pursuant to additional US tariff increases on goods imported from China into the US, which comprise the bulk of the Company's US market product offerings, the Company moved to the purchasing of goods from its Chinese suppliers on a landed duty paid ("LDP") basis. This meant that the Company agreed to pay a higher price for goods imported into the US from China, which essentially represented 50% of the current increased tariff cost, with the remaining 50% portion being borne by Chinese suppliers. However, purchasing LDP also means that any future tariff increases are fully borne by the supplier and that prices paid for goods would not increase further as a result of tariff increases. For the quarter ended September 30, 2025 it is estimated that increased US tariffs had a negative 5% impact on gross margins and for the nine months ended September 30, 2025, a negative 3% impact. However, as at the date of this MD&A it has been announced that the US and China had come to an agreement, which will result in the tariff rate on Chinese imports into the US being reduced by an amount of 10%. Accordingly, it is anticipated that gross margins will commence returning to historic levels after existing products brought into the US under the preexisting higher tariff rate have been sold through. The exact timing of such margin improvements is dependent on sell through rates and the timing of purchases of replenishment inventory at the new lower tariff rate.

#### **Publication of Clinical Trial**

On August 19, 2025 the Company announced that the results of its clinical trial, "Antimicrobial-treated fabric scrubs can prevent pathogen proliferation on scrubs", had been officially published in the Journal of Hospital Infection, the editorially independent scientific publication of the Healthcare Infection Society, following an independent peer review of the trial data. The aim of the Journal is to publish high quality research and information relating to infection prevention and control that is relevant to an international audience.

The study—conducted by subsidiary Intelligent Fabric Technologies (North America) Inc. "IFTNA" at MemorialCare Saddleback Medical Center in Southern California under the leadership of Cheryl Westlake, PhD, RN, ACNS-BC, FHFSA, FAHA, FAAN; Kathleen M. Young, MSN, RN, NPD-BC; Brandi Cassingham, MSN, RN; and Lisa Forsythe, MSN-Ed, RN, NPD-BC—marks the first successful antimicrobial textile trial of its kind to demonstrate statistically significant reductions in bacterial loads on scrubs worn in a real-world healthcare setting.

#### **First Major Retail Scrubs Program**

On October 15, 2025 the Company announced that IFTNA had begun the launch of Doctor's Choice® Next Generation scrubs with an initial rollout at a leading U.S. national big-box retailer. The first collections will integrate three of IFTNA's flagship textile technologies, combining PROTX2® (advanced antimicrobial) with ecoPEL® (CO PFC-free durable water repellent), and PROTX2® (advanced antimicrobial) with DryTX™ (moisture-management); delivering two performance scrub platforms designed for everyday clinical demands. These fabric treatments are targeted to provide scrubs that are cleaner, safer, and more comfortable, with these benefits expected to last through the life of the scrubs. The first collections will initially launch online, with instore availability at the end of October 2025. The launch underscores IFTNA's strategy to broaden adoption of its technologies across high-use uniform categories, pairing evidence-driven finishes with mass-market accessibility through the retailer's nationwide footprint.

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**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 periods.

For the period ending	Twelve months	Fifteen months	Twelve months	Twelve months	Twelve months
	December 31, 2024	December 31, 2023	September 30, 2022	September 30, 2021	September 30, 2020
<b>Income Statement Data</b>					
Revenue	27,327,390	28,398,742	19,743,008	19,763,672	11,521,676
Pre-tax earnings (loss) before non-recurring provisions	2,228,476	779,376	(207,481)	3,042,093	(709,399)
Non-recurring provision	-	(3,842,153)	-	-	-
Pre-tax earnings (loss) after non-recurring provisions	2,228,476	(3,062,777)	(207,481)	3,042,093	(709,399)
Net earnings (loss) attributable to common shareholders	1,632,614	(2,107,522)	(454,998)	2,369,698	(617,770)
Net earnings (loss) per common share					
Basic	0.054	(0.070)	(0.015)	0.084	(0.023)
Diluted	0.054	(0.070)	(0.015)	0.081	(0.023)
<b>Balance Sheet Data</b>					
Total assets	29,489,145	25,913,934	27,369,496	27,629,685	17,514,091
Total non-current financial liabilities	846,139	906,752	614,660	551,277	650,130
Cash dividends declared	-	-	-	-	-

**Note**

With effect from October 1, 2022 the Company changed its financial year end to December 31 of each year, from the prior September 30 of each year. As a result, the results for the 2023 financial period comprise a period of fifteen months compared to twelve months for the prior four fiscal periods.

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**RESULTS OF OPERATIONS – THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024**

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 September 30, 2025, and 2024

For the period ended September 30,	Three months		Nine months	
	2025	2024	2025	2024
<b>REVENUE</b>	<b>9,021,607</b>	4,280,564	<b>21,898,808</b>	16,831,408
<b>COST OF SALES</b>	<b>6,294,549</b>	2,523,834	<b>14,289,394</b>	9,697,438
<b>GROSS PROFIT</b>	<b>2,727,058</b>	1,756,730	<b>7,609,414</b>	7,133,970
<b>EXPENSES</b>				
General and administrative costs	1,557,878	1,304,709	4,873,079	4,530,770
Selling costs	536,058	437,342	1,876,326	1,696,445
Reduction in impairment provision - legal claim	-	-	-	(361,980)
Interest expense	71,060	23,882	162,544	75,537
Depreciation of property, plant and equipment and right-of-use assets	47,038	47,178	141,113	141,080
Amortization of deferred development costs	8,901	8,901	26,703	26,703
Share-based compensation	-	131,220	151,834	416,820
	<b>2,220,935</b>	1,953,232	<b>7,231,599</b>	6,525,375
<b>EARNINGS (LOSS) FROM OPERATIONS</b>	<b>506,123</b>	(196,502)	<b>377,815</b>	608,595
<b>OTHER EXPENSES (INCOME)</b>				
Loss (gain) on foreign exchange	(216,968)	16,405	(40,375)	58,264
Gain on disposal of capital assets	-	217	-	217
	<b>(216,968)</b>	16,622	<b>(40,375)</b>	58,481
<b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>	<b>723,091</b>	(213,124)	<b>418,190</b>	550,114
<b>PROVISION (RECOVERY OF) FOR INCOME TAXES</b>				
Current	-	(4,103)	142,633	31,195
Deferred	78,700	(103,000)	(166,600)	16,200
	<b>78,700</b>	(107,103)	<b>(23,967)</b>	47,395
<b>NET EARNINGS (LOSS)</b>	<b>644,391</b>	(106,021)	<b>442,157</b>	502,719
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>				
iFabric Corp. shareholders	543,802	(105,616)	442,157	501,083
Non-controlling interest	-	(405)	-	1,636
	<b>543,802</b>	(106,021)	<b>442,157</b>	502,719
<b>OTHER COMPREHENSIVE EARNINGS (LOSS)</b>				
Unrealized gain (loss) on translation of foreign operations	87,421	(73,354)	(186,934)	74,008
<b>TOTAL COMPREHENSIVE EARNINGS (LOSS)</b>	<b>631,223</b>	<b>(179,375)</b>	<b>255,223</b>	<b>576,727</b>
<b>EARNINGS (LOSS) PER SHARE</b>				
Basic	0.018	(0.003)	0.015	0.017
Diluted	0.018	(0.003)	0.015	0.017

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

(In Canadian dollars, except as otherwise noted)

**SELECTED OPERATING SEGMENT DATA**

<b>Nine months ended September 30, 2025</b>	Intimate Apparel	Intelligent Fabrics	Other Segments	Corporate Items and Eliminations	<b>Consolidated</b>
External Revenue	5,868,774	16,017,784	12,250	-	<b>21,898,808</b>
Earnings (loss) before income taxes	661,138	354,275	(107,612)	(489,611)	<b>418,190</b>

<b>Nine months ended September 30, 2024</b>	Intimate Apparel	Intelligent Fabrics	Other Segments	Items and Eliminations	<b>Consolidated</b>
External Revenue	6,089,478	10,734,930	7,000	-	<b>16,831,408</b>
Earnings (loss) before income taxes	312,886	1,123,377	8,923	(895,072)	<b>550,114</b>

<b>Nine months ended September 30,</b>	<b>2025</b>	2024
External sales revenue		
Canada	<b>6,290,200</b>	5,767,489
United States	<b>11,936,311</b>	6,746,179
United Kingdom	-	25,704
Southeast Asia and other	<b>3,672,297</b>	4,292,036
<b>Total</b>	<b>21,898,808</b>	16,831,408

**Q3 2025 FINANCIAL HIGHLIGHTS**

<b>Three months ended September 30,</b>	<b>2025</b>	2024
Revenue	<b>9,021,607</b>	4,280,564
Earnings (loss) from operations	<b>506,123</b>	(196,502)
Share based compensation	-	(131,220)
Adjusted EBITDA *(Note)	<b>850,090</b>	(1,943)
Net earnings (loss) before tax	<b>723,091</b>	(213,124)
Net earnings (loss) after tax attributable to shareholders	<b>543,802</b>	(105,616)
Other comprehensive earnings (loss)	<b>87,421</b>	(73,354)
Total comprehensive earnings (loss)	<b>631,223</b>	(179,375)
Net earnings (loss) per share		
Basic	<b>0.018</b>	(0.003)
Diluted	<b>0.018</b>	(0.003)

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

**DISCUSSION OF THE RESULTS OF OPERATIONS – THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024****Revenue**

Revenue increased by \$4,741,043 to \$9,021,607 in Q3 2025 compared to \$4,280,564 in 2024. With respect to the reportable operating segments of the Company, revenue increased by 22% or \$383,232 in its Intimate Apparel segment to \$2,089,409 in Q3 2025 from \$1,706,177 in 2024, and revenue increased by 170% or \$4,361,311 in its Intelligent Fabrics segment to \$6,930,448 in Q3 2025 from \$2,569,137 in 2024. Geographically, revenues decreased in Canada, the UK and Southeast Asia, while revenues in the US increased during Q3 2025 versus the comparative period in 2024.

Overall, revenue increased 111% during Q3 2025 in comparison to 2024. The increase both Intimate Apparel and Intelligent Fabric operating segment revenues in 2025 versus 2024, was primarily attributable to new apparel programs in the US with major retailers.

**Gross profit**

Gross profit as a percentage of revenue was 30% in Q3 2025 compared 41% in 2024. The decrease in gross profit percentage is primarily product mix related, with a higher proportion of lower margin and US market products being shipped during the current period. In particular reference to US market shipments, margins were impacted by increased tariffs on goods from China, which reduced overall margins by around 5% in the quarter. Gross profit dollars increased by 55% or \$970,328 to \$2,727,058 in Q3 2025 compared to \$1,756,730 in 2024.

**Selling, general and administrative costs**

Selling, general and administrative costs increased by \$351,8856 (or 20%) to \$2,093,936 in Q3 2025 compared to \$1,742,051 in 2024, mainly as a result of increased personnel, advertising and travel costs incurred to support future revenue growth, as well as costs associated with implementing the Company's new ERP system, which is scheduled to go live in January 2026.

**Interest Expense**

Interest expense during Q3 2025 was \$71,060 compared to \$23,882 in 2024, with the increase mainly attributable to a new mortgage of \$3,700,000, which closed in Q1 2025. The proceeds of this loan were utilized to acquire the balance of 25% of the Company's Markham warehouse property from the minority shareholders. Accordingly, the Company now owns 100% of this property.

**Depreciation and Amortization**

Depreciation of the Company's property, plant and equipment and amortization of deferred development costs totaled \$55,939 during Q3 2025 compared to \$56,079 during 2024.

**Share-based compensation**

There were no share-based compensation costs in Q3 2025 compared to \$131,220 in the comparable quarter of 2024, with the decrease attributable to the fact that there were no option grants in the current quarter.

**Loss (gain) on foreign exchange**

In Q3 2025, the Company's gain on foreign exchange was \$216,968 versus a loss of \$16,405 in 2024, as a result of the comparative strengthening of the US dollar against the Canadian dollar during the current quarter.

**Provision (recovery) of income taxes**

The Company's provision of income taxes in Q3 2025 was \$179,289, compared to a recovery of income taxes of \$107,103 in 2024. Differences in tax rates in China compared to Canada and, permanent differences in the amount expenses claimed for tax and accounting purposes, account for the change in the Company's effective income tax rate in 2025 compared to 2024.

**Net earnings (loss) and EBITDA**

The net earnings attributable to iFabric's shareholders during Q3 2025 was \$543,802 (\$0.018 per share, basic and diluted) compared to net loss of \$105,616 in 2024 (\$0.003 per share, basic and diluted). The increase in the attributable net earnings is primarily attributable to increased revenue, an increase in gross profit dollars and exchange gains during the period, as discussed above. Adjusted EBITDA for Q3 2025 amounted to \$850,090 compared to negative adjusted EBITDA of \$1,943 in 2024, representing an increase of \$852,033 for the same reasons.

**Other comprehensive earnings (loss)**

In Q3 2025, there was a gain of \$87,421 included in other comprehensive earnings compared to a loss of \$73,354 in 2024, in respect of unrealized gains and losses arising on currency translation of foreign operations. Total comprehensive earnings amounted to \$631,233 in Q3 2025 compared to a total comprehensive loss of \$179,375 in Q3 2024, representing an increase of \$810,598.

**DISCUSSION OF THE RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024****Revenue**

Revenue increased by \$5,067,400 to \$21,898,808 for the nine months ended September 30, 2025 compared to \$16,831,408 in 2024. With respect to the reportable operating segments of the Company, revenue decreased by 4% or \$220,704 in its Intimate Apparel segment to \$5,868,774 in 2025 from \$6,089,478 in 2024 and, revenue increased by 49% or \$5,282,854 in its Intelligent Fabrics segment to \$16,017,784 in 2025 from \$10,734,930 in 2024. Geographically, revenues increased in Canada and the US, while revenues in the UK and Southeast Asia decreased during 2025 versus the comparative period in 2024.

Overall, revenue increased 30% during the nine months ended September 30, 2025 in comparison to 2024. The decrease in Intimate Apparel operating segment revenue in 2025 versus 2024 was primarily attributable to decreased intimate apparel sales in the US resultant from the fact that new programs were of a lesser size in the current period compared to 2024. The increase in revenues in the Intelligent Fabrics segment is mainly resultant from increased apparel sales in Canada and the US, as a result of new programs in this segment. Both overall revenue and the revenue of the Intelligent Fabrics segment were reduced by brand advertising contributions of approximately \$350,000 in Q2 2025, which was deducted from revenue as required under IFRS. In the prior year comparative period, brand advertising contributions were not significant.

**Gross profit**

Gross profit as a percentage of revenue was 35% for the nine months ended September 30, 2025 compared to 42% in 2024. The decrease in the percentage gross margin is primarily due to the product mix for the nine months, with a higher proportion of lower margin and US market products being shipped during the current period compared to 2024, as well increased brand advertising contributions as discussed above. In particular reference to US market shipments, margins were impacted by increased tariffs on goods from China, which reduced overall margins by around 3% in the period. Gross profit in dollars increased by 7% or \$475,444 to \$7,609,414 in 2025 compared to \$7,133,970 in 2024, attributable to increased revenues.

**Selling, general and administrative costs**

For the nine months ended September 30, 2025, selling, general and administrative costs increased by \$522,190 (or 8%) to \$6,749,405 in 2025 compared to \$6,227,215 in 2024, mainly as a result of increased personnel, advertising and travel costs incurred to support future revenue growth, as well as costs associated with implementing the Company's new ERP system, which is scheduled to go live in January 2026.

**Reduction of impairment provision – legal claim**

The company is currently pursuing a court sanctioned process for the recovery of a court awarded legal claim in China, against which full impairment was recognized as at December 31, 2023. Refer note 4 to the unaudited interim financial statements for the three and nine months ended September 30, 2025 for full details. During 2024, the Company recovered the Canadian dollar equivalent amount of \$361,980 against its claim. Accordingly, the previously established impairment provision was reduced by this amount. The process to recover the balance of the Company's claim is ongoing.

**Interest Expense**

Interest expense during the nine months ended September 30, 2025 was \$162,544 compared to \$75,537 in 2024, with the increase mainly attributable to interest on a new mortgage loan, as discussed above, under quarterly results.

**Depreciation and Amortization**

Depreciation of the Company's property, plant and equipment and amortization of deferred development costs totaled \$167,816 during the nine months ended September 30, 2025 compared to \$167,783 during 2024.

**Share-based compensation**

Share-based compensation costs in the nine months ended September 30, 2025 amounted to \$151,834, compared to \$416,820 in the comparable period of 2024. The decrease is due to fewer options being granted in 2025 compared to 2024.

**Loss on foreign exchange**

In 2025, the Company's gain on foreign exchange for the nine months ended September 30, 2025 was \$40,375 versus a loss of \$58,264 in 2024.

**Provision (recovery) of income taxes**

The Company's recovery of income taxes in 2025 was \$23,967 for the nine months ended September 30, 2025, compared to a provision

## iFABRIC CORP.

### MANAGEMENT'S DISCUSSION & ANALYSIS

(In Canadian dollars, except as otherwise noted)

of \$47,395 in 2024. Differences in tax rates in China compared to Canada and, permanent differences in the amount expenses claimed for tax and accounting purposes, account for the change in the Company's effective income tax rate in 2025 compared to 2024.

#### Net earnings and EBITDA

The net earnings attributable to iFabric's shareholders during the nine months ended September 30, 2025 was \$442,157 (\$0.015 per share, basic and diluted) compared to net earnings of \$501,083 in 2024 (\$0.017 per share, basic and diluted). The decrease in the attributable net earnings is primarily attributable to a non-recurring reduction in an impairment provision amounting to \$361,980, that was recorded in 2024. Adjusted EBITDA for the nine months ended September 30, 2025 amounted to \$900,384 compared to adjusted EBITDA of \$1,210,254 in 2024, representing a decrease of \$309,870.

#### Other comprehensive earnings (loss)

For the nine months ended September 30, 2025, there was a loss of \$186,934 included in other comprehensive earnings compared to a gain of \$74,008 in 2024, in respect of unrealized gains and losses arising on currency translation of foreign operations. Total comprehensive earnings amounted to \$255,223 for the first nine months of 2025 compared to total comprehensive earnings of \$576,727 in 2024.

#### 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 2025	Q1	Q2	Q3	Q4	
Revenue	7,080,440	5,796,761	9,021,607		
Net earnings (loss) attributable to common shareholders	88,458	(190,103)	543,802		
Net earnings (loss) per common share					
Basic	0.003	(0.006)	0.018		
Diluted	0.003	(0.006)	0.018		
Fiscal 2024	Q1	Q2	Q3	Q4	
Revenue	6,754,624	5,796,220	4,280,564	10,495,982	
Net earnings (loss) attributable to common shareholders	550,596	56,103	(105,616)	1,131,531	
Net earnings (loss) per common share					
Basic	0.018	0.002	(0.003)	0.037	
Diluted	0.018	0.002	(0.003)	0.037	
Fiscal 2023	Q1	Q2	Q3	Q4	Q5
Revenue	4,916,365	6,642,563	5,278,331	4,805,502	6,755,981
Net earnings (loss) attributable to common shareholders	134,566	469,419	132,546	(139,545)	*(2,704,508)
Net earnings (loss) per common share					
Basic	0.005	0.015	0.005	(0.005)	(0.090)
Diluted	0.005	0.015	0.005	(0.005)	(0.090)

#### Note

With effect from October 1, 2022 the Company changed its financial year end to December 31 of each year, from the prior September 30 of each year. As a result, the 2023 fiscal period includes an additional quarter.

\*Included in net loss attributable to common shareholders in Fiscal 2023 Q5 is a non-recurring provision of \$3,842,153.

**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 September 30, 2025 and December 31, 2024:

As at	September 30, 2025	December 31, 2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	1,233,908	2,058,156
Accounts receivable (note 4)	8,934,270	10,811,834
Inventories (note 5)	8,529,737	10,163,536
Income taxes recoverable	30,768	20,439
Foreign exchange forward contracts (note 7)	106,325	219,285
Prepaid expenses and deposits (note 6)	6,380,059	1,058,147
<b>Total current assets</b>	<b>25,215,067</b>	<b>24,331,397</b>
<b>Non-current assets</b>		
Property, plant and equipment	3,293,969	3,122,705
Right-of-use assets	319,060	394,379
Deferred development costs	115,712	142,414
Deferred income taxes	1,559,700	1,443,200
Goodwill	55,050	55,050
<b>Total non-current assets</b>	<b>5,343,491</b>	<b>5,157,748</b>
<b>Total assets</b>	<b>30,558,558</b>	<b>29,489,145</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 9)	2,631,191	4,374,022
Customer deposits	28,371	66,450
Income taxes payable	199,190	24,847
Current portion of lease liability	106,033	101,929
Current portion due to related parties	701	143,535
Current portion of car loan payable	9,938	12,358
Operating credit line (note 8)	2,345,152	-
Bank loan payable (note 10)	3,670,832	779,639
<b>Total current liabilities</b>	<b>8,991,408</b>	<b>5,502,780</b>
<b>Non-current liabilities</b>		
Non-current portion of lease liability	270,602	350,698
Non-current portion of car loan payable	-	8,069
Due to related parties	-	487,372
<b>Total non-current liabilities</b>	<b>270,602</b>	<b>846,139</b>
<b>Total liabilities</b>	<b>9,262,010</b>	<b>6,348,919</b>
<b>Commitments (note 15)</b>		
<b>EQUITY</b>		
<b>Equity attributable to iFabric Corp. shareholders</b>		
Capital stock (note 13)	8,818,844	8,898,580
Reserves	7,172,107	9,185,631
Retained earnings	5,125,176	4,683,019
Accumulated other comprehensive earnings	180,421	367,355
<b>Total equity attributable to iFabric Corp. shareholders</b>	<b>21,296,548</b>	<b>23,134,585</b>
<b>Non-controlling interest</b>	<b>-</b>	<b>5,641</b>
<b>Total equity</b>	<b>21,296,548</b>	<b>23,140,226</b>
<b>Total liabilities and equity</b>	<b>30,558,558</b>	<b>29,489,145</b>

## iFABRIC CORP.

### MANAGEMENT'S DISCUSSION & ANALYSIS

(In Canadian dollars, except as otherwise noted)

#### OVERVIEW OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Company's cash balance decreased by \$824,248 to \$1,233,908 as at September 30, 2025 from \$2,058,156 as at December 31, 2024, mainly attributable to increased deposits against inventory orders for future delivery.

Total accounts receivable at the end of Q3 2025 was \$8,934,270 compared to \$10,811,834 as at December 31, 2024, representing a decrease of \$1,877,564, as a result of collections.

Total inventory decreased by \$1,633,799 to \$8,529,737 at the end of Q3 2025 from \$10,163,536 at the end of fiscal 2024. The reduction in inventory is mainly attributable to a refinement of inventory replenishment cycles, resultant from quicker shipping times from Asia.

Prepaid expenses and deposits increased by \$5,321,912 to \$6,380,059 as at September 30, 2025 from \$1,058,147 as at December 31, 2024 due to increased inventory orders for future delivery.

Property, plant and equipment at the end of Q3 2025 totaled \$3,293,969 compared to \$3,122,705 at the end of fiscal 2024, with the increase attributable to the investment in a new Enterprise Resource Planning (ERP) system.

Right-of-use assets decreased to \$319,060 at the end of Q3 2025 compared to \$394,379 at the end of fiscal 2024, with the difference attributable to depreciation.

Deferred development costs decreased to \$115,712 at the end of Q3 2025 from \$142,414 at the end of fiscal 2024, with the difference attributable to amortization.

Deferred income taxes increased to \$1,559,700 at the end of Q3 2025 from \$1,443,200 at the end of fiscal 2024 with the increase attributed to tax losses for the period.

Current liabilities excluding a mortgage loan amounting to \$3,670,832, classified as current as required under IFRS, but not requiring repayment in the next twelve months amounted to \$5,320,576 at September 30, 2025 compared to \$5,502,780 as at December 31, 2024 representing a decrease of \$182,204.

Non-current liabilities at the end of Q3 2025 were \$270,602 compared to \$846,139 at the end of fiscal 2024, as a result of the repayment during the period, of minority shareholder loans in the Company's real estate owning subsidiary, as a condition of acquiring the remaining minority interest in this company, as discussed above.

#### NON-GAAP PERFORMANCE MEASURES

The following tables reconcile Non-GAAP Performance Measures used by the Company in analyzing the core operational performance of the Company to their nearest IFRS measure, and should be read in conjunction with the Consolidated statement of comprehensive earnings (loss) and Consolidated statement of cash flows included in the Consolidated financial statements as of September 30, 2025 and 2024.

##### *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:

For the period ended September 30,	Three months		Nine months	
	2025	2024	2025	2024
Net earnings (loss) after tax attributable to shareholders	543,802	(105,616)	442,157	501,083
Add (deduct):				
Net earnings attributable to non-controlling interest	-	(405)	-	1,636
Provision (recovery) for income taxes	179,289	(107,103)	(23,967)	47,395
Share-based compensation	-	131,220	151,834	416,820
Amortization of deferred development costs	8,901	8,901	26,703	26,703
Depreciation of plant, property and equipment and right-of-use assets	47,038	47,178	141,113	141,080
Interest expense	71,060	23,882	162,544	75,537
<b>Adjusted EBITDA</b>	<b>850,090</b>	<b>(1,943)</b>	<b>900,384</b>	<b>1,210,254</b>
Add (deduct):				
Share-based compensation	-	(131,220)	(151,834)	(416,820)
<b>EBITDA</b>	<b>850,090</b>	<b>(133,163)</b>	<b>748,550</b>	<b>793,434</b>

## **iFABRIC CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS**

(In Canadian dollars, except as otherwise noted)

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The Company provides adjusted EBITDA for the purpose of providing investors, prospective investors and other users of the financial statements, the means to optimally assess the Company's operational performance, by excluding items such as share-based compensation non-recurring and irregular expense items, so as to provide a more normalized view of the Company's core operating performance.

#### **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 \$12,000,000 (December 31, 2024 - \$6,750,000), against which \$2,345,152 was outstanding as at September 30, 2025 (December 31, 2024 - \$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 \$11,850,000 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.

##### **Fixed Rate Term Loan**

One of the Company's subsidiaries has a fixed rate demand term loan, payable in monthly instalments of \$22,172 comprising principal and interest at a fixed interest rate of 5.25% per annum. The loan is amortized over a twenty-five-year period ending March 21, 2055, matures on March 21, 2029 and, is secured by a first-ranking all-indebtedness collateral mortgage in the amount of \$11,850,000 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. Management expects to pay the minimum monthly payments over the next 12 months.

##### **Working capital**

Working capital represents current assets less current liabilities. As at September 30, 2025, the Company's real working capital was \$19,894,491 compared to working capital of \$18,828,617 as at December 31, 2024, representing an increase of \$1,065,874. The increase is mainly attributable to the earnings for the period. The calculation of the amount of real working capital excludes the demand term loan of \$3,670,832 referenced above, which has been classified as a current liability as required by IFRS due to its demand nature, but does not require repayment in 2025.

##### **Operating activities**

Cash used in operating activities during the nine months ended September 30, 2025, amounted to \$2,683,350 compared to an amount of \$2,775,342 provided by operating activities during the nine months ended September 30, 2024, representing a decrease in cash inflow of \$5,458,692. The decrease is mainly attributable to the increased deposits on inventory orders for future delivery.

##### **Financing activities**

Cash provided by financing activities during the nine months ended September 30, 2025, amounted to \$2,283,094, compared to \$285,715 used in financing activities during the nine months ended September 30, 2024, representing an increased inflow of \$2,568,809, mainly attributable to the utilization of the Company's bank operating line.

##### **Investing activities**

\$237,058 was used in investing activities during the nine months ended September 30, 2025, compared to \$42,859 used in investing activities during the nine months ended September 30, 2024, representing an increase in cash outflow of \$194,199. The increase is mainly attributable to the investment in a new Enterprise Resource Planning (ERP) system.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements as of September 30, 2025.

#### **COMMITMENTS & CONTRACTUAL OBLIGATIONS**

During Q3 2025, there have been no significant changes in the contractual obligations from those disclosed in the Company's 2024 Annual Financial Statements and MD&A. These are:

- (a) The Company enters into foreign exchange forward contracts to manage the risks associated with exchange rate

fluctuations. For additional information refer to note 7 to the Q3 2025 financial statements.

- (b) 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, 2025 in U.S. dollar amount of \$240,000. 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, 2025.
- (c) In terms of a Canadian license agreement pursuant to which 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 10-12%. Minimum annual royalties have been established for the contract periods ending December 31, 2025 and 2026, in amounts of \$185,000 and \$200,000 respectively. The license term is in effect until December 31, 2026.
- (d) On October 16, 2023, the Company executed a lease agreement for the rental of 5,202 square feet of office space in Markham, Ontario, at a location in close proximity to its current warehouse location. After the move of management and all administrative staff to the new location, the Company's Markham owned building was fully repurposed as warehouse space, in order to accommodate the warehousing of products for new Canadian apparel programs. The lease agreement is for a period of 5 years commencing on April 1, 2024 and expiring March 31, 2029, with the option of renewal for a further period of 5 years. Basic rent payable is \$17.95 per square foot for years 1-3 of the lease amounting to \$93,376 per annum and \$18.95 per square foot for years 4-5, amounting to \$98,578 per annum. Additional rent will be calculated each year and, is estimated at \$17.96 per square foot for the first year of the lease, or \$93,428 per annum. A right of use asset and lease liability have been recognized in respect of this lease.

## **RELATED PARTY TRANSACTIONS**

During the nine-month period ended September 30, 2025, there have been no significant changes in the related party transactions from those disclosed in the Company's 2024 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 nine months ended September 30, 2025, from those described in the Company's audited annual consolidated financial statements for fiscal period ended December 31, 2024.

## **OUTSTANDING SHARE DATA**

As of the date of this MD&A, the Company had 30,299,467 common shares outstanding. Furthermore, the Company had 1,884,000 options issued and outstanding, of which 1,493,000 were exercisable.

## **RISKS & UNCERTAINTIES**

The Company is exposed to various operational risks and uncertainties which are described in the Company's 2024 annual MD&A and Annual Information Form. The risks and uncertainties disclosed in the 2024 annual MD&A and Annual Information Form 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.

No new risk factors were identified during the nine months ended September 30, 2025.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

This MD&A is based upon the Q3 2025 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 2025 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

## **iFABRIC CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS**

(In Canadian dollars, except as otherwise noted)

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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 2025, there were no significant changes to methods used to:

- Cost inventory or determine provisions for obsolete or slow-moving inventory
- Determine the amount of expected credit losses
- 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

For further details concerning the use of estimates, judgments and assumptions in the preparation of the Company's Q3 2025 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 period ended December 31, 2024.

#### **ACCOUNTING POLICY DEVELOPMENTS**

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended December 31, 2024 have been applied consistently in the preparation of the Q3 2025 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 September 30, 2025. Although the Company's disclosure controls and procedures were operating effectively as of September 30, 2025 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, 2025 and whether any material weaknesses relating to the design of the Company's ICFR were existing as at September 30, 2025. 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 September 30, 2025 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.sedarplus.ca](http://www.sedarplus.ca). Additional information can also be found on the Company's website at [www.ifabriccorp.com](http://www.ifabriccorp.com).