



FAB-FORM INDUSTRIES LTD
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

FAB-FORM INDUSTRIES LTD
CONDENSED INTERIM FINANCIAL STATEMENTS

Table of Contents

Management's Report to Shareholders	3
Condensed Statements of Comprehensive Income	4
Condensed Statements of Financial Position	5
Condensed Statements of Changes in Equity	6
Condensed Statements of Cashflows	7
Selected notes to the Condensed Interim Financial Statements	8-9

FAB-FORM INDUSTRIES LTD
Management's Report to Shareholders

For the quarter ended 30 September 2022

The accompanying Condensed Interim Financial Statements are the responsibility of the management of Fab-Form Industries Ltd. The Condensed Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards including International Accounting Standard ("IAS") 34 – Interim Financial Reporting and, where appropriate, include management's best estimates and judgments.

The Company maintains an accounting system and related controls to provide management with reasonable assurance that transactions are executed and recorded in accordance with its authorizations, that assets are properly safeguarded and accounted for, and that financial records are reliable for preparation of financial statements.

The Board of Directors oversees management's responsibilities for the Condensed Interim Financial Statements primarily through the activities of its Audit Committee. The Audit Committee meets with management of the Company to review the Company's Condensed Interim Financial Statements and MD&A. The Audit Committee also reviews internal accounting controls, risk management and accounting principles and practices. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the Condensed Interim Financial Statements.

The Condensed Interim Financial Statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies of the Company.

The Company's independent auditors have neither reviewed nor audited these Condensed Interim Financial Statements.



.....
Director
Rick Fearn
President and CEO
22 November 2022



.....
Director
Don Russell
Chief Financial Officer
22 November 2022

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the quarters ended 30 September 2022, 2021, and year ended 31 December 2021

	Quarter ended		Period Ended		Year ended
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21	31-Dec-21
	\$	\$	\$	\$	\$
Revenue	2,115,097	1,619,631	5,127,353	3,621,123	4,424,045
Cost of sales	(1,329,953)	(995,662)	(3,156,544)	(2,292,299)	(2,855,681)
Gross profit	785,144	623,969	1,970,809	1,328,824	1,568,364
<i>Gross profit margin %</i>	<i>37%</i>	<i>39%</i>	<i>38%</i>	<i>37%</i>	<i>35%</i>
Other operating income	87,417	22,931	109,058	9,918	6,632
Expenses					
General and administration	(168,268)	(113,448)	(388,176)	(275,808)	(340,672)
Selling and marketing	(43,404)	(54,943)	(144,531)	(143,029)	(189,168)
Total expenses	(211,672)	(168,392)	(532,707)	(418,837)	(529,840)
Earnings from operations	660,889	478,509	1,547,160	919,905	1,045,156
Finance costs	(2,962)	(3,623)	(9,399)	(4,090)	(7,615)
Earnings before income taxes	657,927	474,886	1,537,761	915,815	1,037,541
Income taxes	(189,827)	(123,510)	(415,427)	(242,388)	(272,029)
Earnings for the quarter/year	468,100	351,376	1,122,334	673,427	765,512
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the quarter/year	468,100	351,376	1,122,334	673,427	765,512
Weighted average number of shares outstanding	9,084,036	9,084,036	9,084,036	9,084,036	8,867,991
Basic and diluted earnings per share	0.052	0.039	0.124	0.074	0.086

The accompanying notes are an integral part of these financial statements

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENTS OF FINANCIAL POSITION

As at 30 September 2022, 2021 and 31 December 2021

	30-Sep-22	30-Sep-21	31-Dec-21
	\$	\$	\$
ASSETS			
Current			
Cash and cash equivalents	2,876,918	2,006,709	1,515,792
Trade and other receivables	1,167,507	810,021	448,716
Inventories	613,484	348,562	801,420
	4,657,909	3,165,292	2,765,928
Non current assets			
Property, plant and equipment	106,181	65,816	71,107
Right of use assets	437,090	551,115	522,607
Deferred development	53,265	18,243	27,297
Patents	4,340	3,845	3,957
	600,876	639,019	624,968
Total Assets	5,258,785	3,804,311	3,390,896
LIABILITIES			
Current			
Trade and other payables	785,380	699,272	142,426
Lease liabilities	112,329	114,024	110,249
Corporate tax payable	186,115	71,350	1,085
	1,083,824	884,646	253,760
Non current liabilities			
Lease liabilities	333,878	437,091	418,387
	333,878	437,091	418,387
Total liabilities	1,417,702	1,321,737	672,147
EQUITY			
Share capital	1,264,965	1,120,875	1,264,965
Retained earnings	2,576,118	1,361,699	1,453,784
Total equity	3,841,083	2,482,574	2,718,749
Total equity and liabilities	5,258,785	3,804,311	3,390,896

Approved and authorized by the Board 22 November 2022

“Richard Fearn”

....., Director

“Don Russell”

....., Director

The accompanying notes are an integral part of these financial statements

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENTS OF CHANGES IN EQUITY

For the quarters ended 30 September 2022, and year ended 31 December 2021

	Issued Capital		Retained earnings	Total equity
	No of shares	Amount		
		\$	\$	\$
Balance, 1 January 2021	8,822,055	1,120,875	688,272	1,809,147
Issue of shares	261,981	144,090	-	144,090
Total comprehensive income	-	-	765,512	765,512
Balance, 31 December 2021	<u>9,084,036</u>	<u>1,264,965</u>	<u>1,453,784</u>	<u>2,718,749</u>
Balance, 1 January 2022	9,084,036	1,264,965	1,453,784	2,718,749
Total comprehensive income	-	-	1,122,334	1,122,334
Balance, 30 September 2022	<u>9,084,036</u>	<u>1,264,965</u>	<u>2,576,118</u>	<u>3,841,083</u>

The accompanying notes are an integral part of these financial statements

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENTS OF CASHFLOWS

For the quarters ended 30 September 2022, 2021, and year ended 31 December 2021

	Quarter ended		Period Ended		Year ended
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21	31-Dec-21
	\$	\$	\$	\$	\$
Cash flows form operating activities					
Earnings before income taxes	657,927	474,886	1,537,761	915,815	1,037,541
Items not involving use of cash					
Depreciation	5,152	3,573	14,777	9,927	14,911
Depreciation - Right of Use Assets	28,506	28,506	85,517	77,004	105,512
Profit on disposal of assets	-	-	-	-	-
Finance cost - lease liabilities	2,962	3,623	9,399	4,090	7,564
	694,547	510,588	1,647,454	1,006,836	1,165,528
Changes in working capital items					
Trade and other receivables	(294,900)	(105,078)	(718,791)	(578,820)	(245,453)
Inventories	24,941	(55,977)	187,936	198,480	(254,377)
Trade and other payables	244,677	157,133	642,954	362,069	(48,688)
Cash generated from operating activities	669,265	506,665	1,759,553	988,565	617,010
Income taxes paid	(50,333)	(105,000)	(230,396)	(65,944)	(261,255)
Net cash generated from operating activities	618,932	401,665	1,529,157	922,621	355,755
Cash flows from investing activities					
Purchase of property, plant and equipment	(1,972)	(4,968)	(49,451)	(2,938)	(13,955)
Deferred development	(13,283)	(1,492)	(26,313)	(7,778)	(17,206)
Patent	(439)	-	(439)	-	(196)
Net cash used in investing activities	(15,694)	(6,460)	(76,203)	(10,716)	(31,357)
Cash flows from financing activities					
Lease payments	(30,609)	(27,855)	(91,828)	(73,493)	(108,263)
Net cash used in financing activities	(30,609)	(27,855)	(91,828)	(73,493)	(108,263)
Net increase in cash and cash equivalents	572,629	367,350	1,361,126	707,056	216,139
Cash and cash equivalents at beginning of the quarter/year	2,304,289	1,639,359	1,515,792	1,299,653	1,299,653
Cash and cash equivalents at end of the quarter/year	2,876,918	2,006,709	2,876,918	2,006,709	1,515,792

The accompanying notes are an integral part of these financial statements

FAB-FORM INDUSTRIES LTD
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the quarter ended 30 September 2022

1 Reporting Entity

Fab-Form Industries Ltd. (the "Company" or "Fab-Form") is a company domiciled in Canada and incorporated under the Company Act of British Columbia. The address of the Company's head office is Unit 19, 1610 Derwent Way, Delta BC V3M 6W1. The Company develops, manufactures and distributes proprietary technology to form concrete footings, columns, foundations and walls for building structures. The Company also exclusively distributes Helix® micro rebar into the BC market and Nudura® insulating concrete form into the Lower Mainland of BC market. The Company has traded on the TSX Venture Exchange ("TSX-V" under the symbol FBF) since 2000.

2 Basis of presentation

a) Basis of preparation

These condensed interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB) and the interpretations issued by International Financial Reporting Interpretations Committee (IFRIC).

b) Basis of measurement

These condensed interim financial statements were prepared on the historical cost basis. The accounting policies of the company, and have been applied consistently to all periods presented in these financial statements.

c) Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, the Company's functional currency.

d) Use of significant estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which have the most significant effect on the amounts recognized in the financial statements:

• **Impairment of non-financial assets**

Impairment exists when the carrying value of a non-financial asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rates used.

• **Depreciation and amortization rates**

In calculating the depreciation and amortization expense, management is required to make estimates of the expected useful lives of property and equipment and intangible assets.

• **Taxes**

Deferred tax assets, if any, are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2 Basis of presentation (Continued)

d) Use of significant estimates and judgements (continued)

- **Credit losses**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Significant management judgement is required in developing segments and determining level of stratification. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

- **Provision for inventory obsolescence**

The Company determines its allowance for inventory obsolescence based upon expected inventory turnover, inventory aging and current and future expectations with respect to product offerings. The Company reviews future revenue trends and forecasts, expected inventory requirements and inventory composition necessary to support future revenues.

The estimate for the Company's allowance for inventory obsolescence could change from period to period due to changes in product offerings and customer acceptance of those products. If the inventory allowance was inadequate it would result in a charge to operations expense in the future.

- **Right of use assets and lease liability**

The Company applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs, the entity's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term applied if the lease is reasonably certain to be extended (or not terminated). The lease term for recognised leases is 5 years commencing from 01 Aug 2021. The Company also applied judgement in determining the incremental borrowing of 2.50% based on prime rate plus 0.05% as of the assessment date 31 July 2021.