# FAB-FORM INDUSTRIES


## YEAR END MD&A JUNE 2024

## FAB-FORM KEY MILESTONES

### 1986

**Fastfoot®**

Developed the fabric based Fastfoot footing form, which replaced bulky dimensional lumber with lightweight polyethylene. **Fastfoot Trademarked in January 2024**

### 1999

**Fast-Pad**

Developed the fabric-based Fast-Pad, which was used to seismically upgrade schools and homes damaged after the 1989 Loma Prieta earthquake in California.

### 2002

**Fast-Tube®**

Introduced the fabric-based Fast-Tube, the world's first column form manufactured entirely of lightweight polyethylene fabric. Placing 100' of column form behind the contractor's seat was revolutionary.

### 2010

**Zont Bracing**

Fab-Form introduced the Zont bracing system (Patent [9,045,912] for insulated concrete forms. Traditional ICF braces are heavy and cumbersome - the Zont brace weighs and costs about 10% of conventional systems.

### 2011

**Monopour System**

Fab-Form introduced the ICF Monopour System (Patent [8,286,398]. This made ICFs far more economic, as a single concrete pour greatly reduces costs and time onsite.

### 2017

**ZAT Bracket**

Introduced new ZAT catwalk bracket; an accessory to the Zont bracing system, which simplifies the construction of the walkway for foundations.

### 2021

**Fab-Slab**

Fab-Form is developing the Fab-Slab System for insulated structural slabs. Initial design work is 50% completed. . **The project is on hold until the completion of the Fast-Tube 3.0.**

### 2022

**Level-R® & Monopour HD**

Development begins on new Level-R and Monopour HD. Upgrades to the Fast Yoke product that was developed in the 1990s. Upgraded design allows for drill adjustment and thread protection from concrete. **Patent Application published on 18 Jan 2024. Initial batch order placed on 18 October 2024**

### 2023

**Fast-Tube® 2.0**

Production of Fast-Tube 2.0 using fabric from Hagihara in Japan was started in early October. Production and initial testing at the sites are successful.
**Fast-Tube Trademarked in January 2024**

### 2024

**Fast-Tube online store**

Successfully launched online store for Fast-Tube, first online order received on March 8th 2024. Store will be expanded to all products later this year

**Fast-Tube® 3.0**

In progress - Innovative new fabric design will lead to significant reduction in manufacturing costs. Other benefits to end user to be announced.

New Product **SPACE-R®**

The SPACE-R addresses three challenges in creating reinforced concrete columns. Firstly, it replaces the traditional horizontal steel stirrup with a lightweight fiberglass component, significantly reducing shipping costs and eliminating corrosion issues. Secondly, it utilizes polypropylene clips to connect vertical rebar to the horizontal stirrup, reducing onsite labor and eliminating human error. Thirdly, it features polypropylene fins on the outside to ensure the reinforcement is correctly positioned within the column, a task typically accomplished with rebar wheels in the industry.

### 2025

**World of Concrete Las Vegas Global Markets**

(In Canadian Dollars rounded to nearest dollar)

Fab-Form Industries Ltd. ("Fab-Form" or the "Company") is a leading enviromentally conscious concrete formwork manufacturer located in Vancouver, BC Canada. Since its inception in 1986, the Company has invented, developed, and commercialized foundation products that are more sustainable for the building industry.

The history of the Company shows a continuous effort to develop new products that invoke the Company's growth. Fab-Form focuses on innovative solutions that provide the lowest cost to the contractor. See key new product milestones on page 2.

As always, thank you, board members, shareholders, and progressive dealers and contractors for your continued support and commitment.

This management discussion and analysis ("MD&A") covers the operations of Fab-Form Industries Ltd. for the year ended June 30, 2024. The audited financial statements for the year ended 30 June 2024 together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

**HIGHLIGHTS: YEAR ENDED 30 JUNE 2024**

| | | |
|---|---|---|
| **Profitability** | Revenue: $4,681,956 – A decrease of 18% compared to the previous year ended 30 June 2023. Gross Profit: $1,694,408 – a 24% reduction compared to 2023. Operating Income: $887,466, a 38% decline compared to 2023. Net Profit: $771,875, a 29% reduction compared to the previous year ended 30 June 2023. | Higher interest rates led to a dramatic slowdown in the housing sector, which is reflected in a fall in sales and profitability. A 25-basis point reduction occurred in June 2024 with further reductions of 25 points, July 24th, and September 4th, 25 points. It is anticipated that these three reductions should have a favorable effect on Canadian sales. A similar interest rate environment is occurring in the USA.<br><br>Gross margins were reduced to 36% due to lower sales of high margin products. Fab-Form continues to focus on minimizing costs on all products, either through production automation or material efficiencies. |
| **Operations** | Several changes have been planned for the production of Fast-Tube during Q4 ending June 2024. The design and development team commenced their work on automation of Fast-Tube cutting machine to reduce the machine run time. Also, substantive work has been completed on FT polymer machine. | During the fiscal year, Fab-Form re-focused its marketing efforts on the improved Fast-Tube® to target the retail customer across North America. Fast-Tube® is now available in 12-foot sections with diameters of 8", 10", 12", 14", and 16". The first online sale was made March 8, 2024, with a new Fast-Tube® website launched at the end of February. Using social media as the main marketing tool allowed FBF to reach a large customer base in a shorter time period. As a result, Fast-Tube® sales in Q4 increased by 120%, a harbinger of significant market potential. |

(In Canadian Dollars rounded to nearest dollar)

## HIGHLIGHTS: YEAR ENDED 30 JUNE 2024

| | | |
|---|---|---|
| **Liquidity** | Cash generated from operations during the year ended 30 June 2024 was $1,371,410. Total liquid funds increased to $4,104,629 from $3,055,358 at the end of 30 June 2023 | The cash flow position remains healthy, with 67% of the total assets representing cash and cash equivalents and short-term investments. The Company continues to invest the excess cash flows in interest-bearing instruments.<br><br>The Company is committed to improving the usability and quality of all products. Ongoing research and development of new products is a very high priority. |

## SELECTED ANNUAL INFORMATION

The following table presents selected financial information for each of the most recent four fiscal years

| | **30 June 2024**<br>**$** | **30 June 2023**<br>**$** | **30 June 2022**<br>**$** | **30 June 2021**<br>**$** |
|---|---|---|---|---|
| Revenue | 4,681,956 | 5,710,975 | 5,434,743 | 3,448,075 |
| Net earnings | 771,875 | 1,086,547 | 1,097,411 | 412,794 |
| Basic and diluted earning per common share | 0.084 | 0.122 | 0.121 | 0.047 |
| Total assets | 6,057,534 | 5,204,367 | 4,434,162 | 3,292,127 |
| Long-term debt | - | - | - | - |
| Dividend | - | - | - | - |

## SELECTED QUARTERLY INFORMATION

The following table presents selected financial information for each of the most recent eight quarters:

| **For the periods ending** | **30 June 2024**<br>**$** | **31 March 2024**<br>**$** | **31 December 2023**<br>**$** | **30 September 2023**<br>**$** |
|---|---|---|---|---|
| Revenue | 1,372,664 | 748,002 | 1,020,614 | 1,540,676 |
| Net earnings | 222,348 | 85,157 | 107,372 | 356,998 |
| Basic and diluted earning per common share | 0.024 | 0.009 | 0.012 | 0.039 |
| Total assets | 6,057,534 | 5,848,486 | 5,671,498 | 5,727,761 |
| Long-term debt | - | - | - | - |
| Dividend | - | - | - | - |

| **For the periods ending** | **30 June 2023 $** | **31 March 2023 $** | **31 December 2022 $** | **30 September 2022 $** |
|---|---|---|---|---|
| Revenue | 1,883,990 | 707,075 | 1,004,813 | 2,115,097 |
| Net earnings | 370,672 | 111,922 | 135,853 | 468,100 |
| Basic and diluted earning per common share | 0.040 | 0.012 | 0.015 | 0.052 |
| Total assets | 5,204,367 | 4,847,278 | 4,759,632 | 5,258,785 |
| Long-term debt | - | - | - | - |
| Dividend | - | - | - | - |

We look forward to working with all the stakeholders to reach our growth objectives. We continue to thank all our shareholders, employees for their trust in our Company and products.

Sincerely

**Sgd**

Joseph Fearn

President and CEO

25 October 2024

**Sgd**

Vishwanath Kumar

Chief Financial Officer

25 October 2024

This MD&A of the financial results of the Company should be read in conjunction with the audited financial statements for the year ended 30 June 2024 and accompanying notes. The results reported herein have been prepared in accordance with IFRS Accounting Standards and are presented in Canadian dollars unless otherwise stated. MD&A has been prepared with reference to National Instrument ("NI") 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators. The following information prepared as at 25 October 2024. Additional information relating to the Company can be found on the Sedarplus (System for Electronic Document Analysis and Retrieval) website at www.sedarplus.ca.

## FORWARD-LOOKING STATEMENTS

Some statements contained in this MD&A constitute "forward-looking statements" as is defined in applicable securities laws. These statements include, without limitation, the success of developing, manufacturing, and distributing new products and other similar statements concerning anticipated future events, conditions, or results that are not historical in nature, and reflect management's current estimates, beliefs, intentions, and expectations. These statements are not guaranteeing of future performance. The Company cautions that all forward-looking information is inherently uncertain, and that actual performance may be affected by several material factors, many of which are beyond the Company's control. Such factors include, among others, risks and uncertainties relating to product development; the ability of the Company to obtain additional financing; the Company's limited operating history; the need to comply with environmental and governmental regulations; potential defects in product performance; fluctuations in currency exchange rates; fluctuating prices of commodities; operating hazards and risks; competition; the uncertainty of capturing market share and other risks and uncertainties. Accordingly, actual future events, conditions, and results may differ materially from the estimates, beliefs, intentions, and expectations expressed or implied in the forward-looking information. These statements are made as of the Report Date and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

## COMPANY DESCRIPTION

Fab-Form is a public 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 BC and Washington. The Company has traded on the TSX Venture Exchange ("TSXV" under the symbol FBF) since 1999.

MD&A is presented in Canadian dollars, the Company's functional currency (rounded to nearest dollar).

(In Canadian Dollars rounded to nearest dollar)

## OPERATING RESULTS

| | For the year ended 30 June | | | | For the quarter ended 30 June | | | |
|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **Change** | **%** | **2024** | **2023** | **Change** | **%** |
| | **$** | **$** | **$** | | **$** | **$** | **$** | |
| Revenue | 4,681,956 | 5,710,975 | (1,029,019) | (18.02) | 1,372,664 | 1,883,990 | (511,326) | (27.14) |
| Cost of sales | (2,987,548) | (3,481,740) | 494,192 | (14.19) | (858,933) | (1,092,382) | 233,449 | (21.37) |
| **Gross profit** | 1,694,408 | 2,229,235 | (534,827) | (23.99) | 513,731 | 791,608 | (277,877) | (35.10) |
| **Expenses** | | | | | | | | |
| General and administration | (607,628) | (595,230) | (12,398) | 2.08 | (190,429) | (206,375) | 15,946 | (7.73) |
| Selling and marketing | (199,314) | (206,166) | 6,852 | (3.32) | (51,775) | (54,551) | 2,776 | (5.09) |
| **Total expenses** | (806,942) | (801,396) | (5,546) | 0.69 | (242,204) | (260,926) | 18,722 | (7.18) |
| **Earnings from operations** | 887,466 | 1,427,839 | (540,373) | (37.85) | 271,527 | 530,682 | (259,155) | (48.83) |
| Finance cost | (8,973) | (11,844) | 2,871 | (24.24) | (1,729) | (2,867) | 1,138 | (39.69) |
| Other income | 189,267 | 88,933 | 100,334 | 112.82 | 47,552 | (14,215) | 61,767 | (434.52) |
| **Earnings before taxation** | 1,067,760 | 1,504,928 | (437,168) | (29.05) | 317,350 | 513,600 | (196,250) | (38.21) |
| **Income tax expense** | (295,885) | (418,381) | 122,496 | (29.28) | (95,002) | (142,928) | 47,926 | (33.53) |
| **Earnings for the period/year ended and total comprehensive income** | **771,875** | **1,086,547** | **(314,672)** | **(28.96)** | **222,348** | **370,672** | **(148,324)** | **(40.01)** |

The Company experienced a decline in revenue both annually and quarterly. The annual revenue decreased by 18%, while the quarterly revenue saw a sharper decline of 27%, attributable to reduction in housing starts due to higher interest rates, which started to being easing from June 2024.

Total expenses were relatively inelastic between the two years but showed some elasticity in the quarter figures. The Company managed to control its selling and marketing expenses, but general and administration expenses increased due to increases in IT related expenses, research and development professional fees.

Despite the increase in other income, the overall earnings before taxation decreased by 29%. Tax expenses relatively reduced as a result of reduction of income. Deferred taxes were recognized for the first time in year ended 30 June 2024.

Despite the drop in sales revenue of 18% for the year, the Company showed an exceptional return on shareholders' equity of 16.8%.

(In Canadian Dollars rounded to nearest dollar)

## 1. Product performance

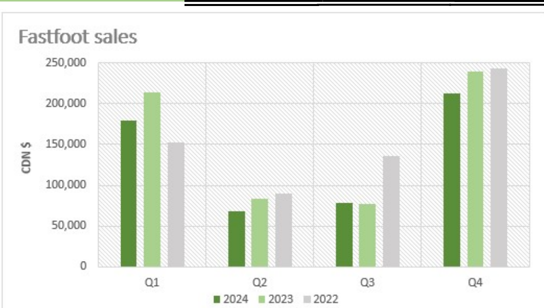
| | For the year ended 30 June | | | | For the quarter ended 30 June | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 $ | 2023 $ | Change $ | % | 2024 $ | 2023 $ | Change $ | % |
| Bracing * | 1,181,227 | 1,379,782 | (198,555) | (14.39) | 365,684 | 477,478 | (111,794) | (23.41) |
| Fastfoot ** | 536,610 | 613,926 | (77,316) | (12.59) | 212,150 | 239,489 | (27,339) | (11.42) |
| Fast-Pad | 5,825 | 12,423 | (6,598) | (53.11) | 1,380 | 4,367 | (2,987) | (68.41) |
| Fast-Tube | 72,009 | 32,554 | 39,455 | 121.20 | 50,609 | 1,793 | 48,816 | 2,722.08 |
| Helix | 163,630 | 158,699 | 4,931 | 3.11 | 36,717 | 31,124 | 5,593 | 17.97 |
| ICF accessories | 187,864 | 190,940 | (3,076) | (1.61) | 58,766 | 66,255 | (7,489) | (11.30) |
| Monopour | 172,570 | 184,824 | (12,254) | (6.63) | 51,292 | 60,831 | (9,539) | (15.68) |
| Nudura ICF *** | 2,218,011 | 2,935,478 | (717,467) | (24.44) | 562,052 | 937,238 | (375,186) | (40.03) |
| Rentals | 119,619 | 185,303 | (65,684) | (35.45) | 20,275 | 65,342 | (45,067) | (68.97) |
| Used bracing & accessories | 24,591 | 17,046 | 7,545 | 44.26 | 13,739 | 73 | 13,666 | 18,813.78 |
| | 4,681,956 | 5,710,975 | (1,029,019) | (18.02) | 1,372,664 | 1,883,990 | (511,326) | (27.14) |

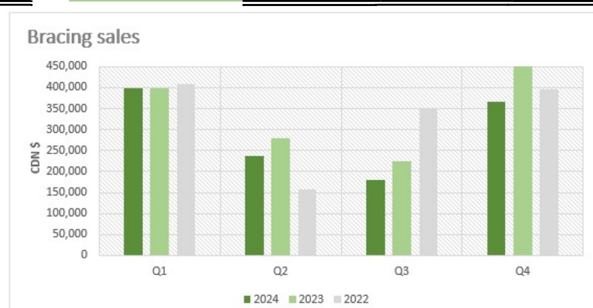
Bracing, a significant revenue contributor, showed an annual decline of 14.39% and a quarterly decline of 23.41%. This reflects the housing decline both in Canada and the USA. Fastfoot® showed more modest declines. Fast-Tube® showed exceptional growth, particularly in the last quarter as a result of the renewed marketing campaign featuring social media. A dedicated website for Fast-Tube®, www.fast-tube.com in early March as well as an online store targeting world markets assisted in this growth. Nudura, an ICF form, is the Company's largest revenue source, has suffered from the housing slump. The drop of 40.03% in the last quarter demonstrates the severity of the housing decline.

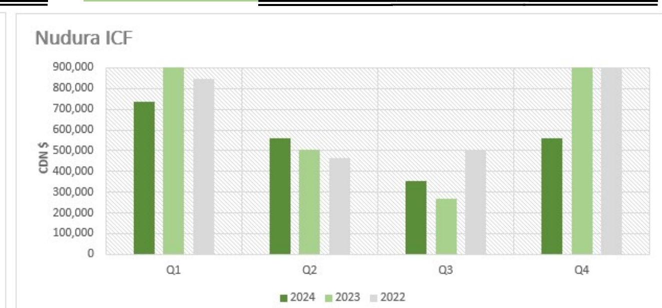
| ** Fastfoot sales | 2024 ($) | 2023 ($) | 2022($) |
|---|---|---|---|
| Q1 | 178,542 | 213,103 | 152,494 |
| Q2 | 67,823 | 83,681 | 89,711 |
| Q3 | 78,094 | 77,642 | 135,467 |
| Q4 | 212,151 | 239,489 | 242,998 |
| Total | 536,610 | 613,915 | 620,670 |

| * Bracing Sales | 2024 ($) | 2023 ($) | 2022($) |
|---|---|---|---|
| Q1 | 398,283 | 398,938 | 407,556 |
| Q2 | 236,858 | 278,841 | 156,666 |
| Q3 | 180,302 | 224,525 | 351,183 |
| Q4 | 365,684 | 477,478 | 395,805 |
| Total | 1,181,227 | 1,379,782 | 1,311,210 |

| *** Nudura ICF | 2024 ($) | 2023 ($) | 2022($) |
|---|---|---|---|
| Q1 | 738,334 | 1,225,370 | 847,506 |
| Q2 | 561,675 | 507,058 | 461,823 |
| Q3 | 355,950 | 265,812 | 500,904 |
| Q4 | 562,052 | 937,238 | 963,893 |
| Total | 2,218,011 | 2,935,478 | 2,774,126 |



(In Canadian Dollars rounded to nearest dollar)

## 2. Analysis of cost of sales

| | For the year ended 30 June | | | | For the quarter ended 30 June | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | Change | % | 2024 | 2023 | Change | % |
| | $ | $ | $ | | $ | $ | $ | |
| **Total direct product COGS** | 2,876,791 | 3,406,714 | (529,923) | (15.56) | 817,435 | 1,072,112 | (254,677) | (23.75) |
| **Indirect product COGS** | | | | | | | | |
| Waste disposal | 1,643 | 1,384 | 259 | 18.71 | 350 | 284 | 66 | 23.33 |
| Packing materials | 7,403 | 6,964 | 439 | 6.31 | 3,242 | 3,237 | 5 | 0.14 |
| Depreciation production equipment and tools | 3,150 | 2,593 | 557 | 21.47 | 789 | 597 | 192 | 32.20 |
| Warehouse lease rental | 54,550 | 43,263 | 11,287 | 26.09 | 22,873 | 10,815 | 12,058 | 111.49 |
| Variable overhead | 44,011 | 20,822 | 23,189 | 111.38 | 14,244 | 5,337 | 8,907 | 166.93 |
| **Total indirect product COGS** | 110,757 | 75,026 | 35,731 | 47.63 | 41,498 | 20,270 | 21,228 | 104.73 |
| **Total Cost of sales** | 2,987,548 | 3,481,740 | (494,192) | (14.19) | 858,933 | 1,092,382 | (233,449) | (21.37) |

The reduction in direct product COGS is in line with the decline in revenue, as shown in the operating results in the section above. Indirect product COGS were unacceptably high, increasing 47.63% annually, 104.73% in the last quarter. The increase in lease rental expenses attributable to settlement of additional property taxes. Increase in variable overhead is attributable to additional staff cost of in warehouse due to increased time in management of stocks, as well as additional production staff.

## 3. Analysis of General and Administration Expenses

| | For the year ended 30 June | | | | For the quarter ended 30 June | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | Change | % | 2024 | 2023 | Change | % |
| | $ | $ | $ | | $ | $ | $ | |
| Amortization & depreciation | 6,328 | 26,294 | (19,966) | (75.94) | 1,045 | 1,500 | (455) | (30.32) |
| Research and development expenses | 13,137 | 1,725 | 11,412 | 661.59 | 3,041 | 690 | 2,351 | 340.79 |
| Office rental and occupancy costs | 29,001 | 23,697 | 5,304 | 22.38 | 11,942 | 5,470 | 6,472 | 118.31 |
| Patent & TM maintenance fees | 18,473 | 9,227 | 9,246 | 100.21 | 10,979 | 896 | 10,083 | 1,125.86 |
| Professional fees | 64,218 | 60,560 | 3,658 | 6.04 | 26,217 | 38,588 | (12,371) | (32.06) |
| Pubco expenses | 30,383 | 20,579 | 9,804 | 47.64 | 4,882 | 6,530 | (1,648) | (25.23) |
| General expenses | 38,766 | 22,369 | 16,397 | 73.31 | 11,177 | 8,238 | 2,939 | 35.68 |
| Wages and benefits | 312,232 | 339,743 | (27,511) | (8.10) | 87,783 | 108,891 | (21,108) | (19.38) |
| Telecommunications & computers | 52,139 | 34,891 | 17,248 | 49.43 | 18,391 | 11,087 | 7,304 | 65.88 |
| Credit card processing fees | 42,124 | 47,437 | (5,313) | (11.20) | 14,952 | 15,830 | (878) | (5.55) |
| Provision/(reversal) for expected credit losses | 827 | 8,708 | (7,881) | (90.50) | 20 | 8,655 | (8,635) | (99.77) |
| **Total administrative expenses** | 607,628 | 595,230 | 12,398 | 2.08 | 190,429 | 206,375 | (15,946) | (7.73) |

The total administrative expenses increased slightly on an annual basis but decreased in the last quarter compared to the same quarter in the previous year, mainly because of reduction of overall bonuses linked to profits.

(In Canadian Dollars rounded to nearest dollar)

## 4. Analysis of Selling and Marketing Expenses

| | For the year ended 30 June | | | | For the quarter ended 30 June | | | |
|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **Change** | **%** | **2024** | **2023** | **Change** | **%** |
| | **$** | **$** | **$** | | **$** | **$** | **$** | |
| Bracing | 41,686 | 48,393 | (6,707) | (0.14) | 7,549 | 13,847 | (6,298) | (0.45) |
| Fastfoot | 24,234 | 37,684 | (13,450) | (0.36) | 4,174 | 16,412 | (12,238) | (0.75) |
| Fast-Pad | 2,186 | 3,671 | (1,485) | (0.40) | 2,187 | 237 | 1,950 | 8.23 |
| Fast-Tube | 47,415 | 2,121 | 45,294 | 21.36 | 19,058 | 417 | 18,641 | 44.67 |
| Helix | 234 | 1,560 | (1,326) | (0.85) | - | 33 | (33) | (1.00) |
| Monopour | 9,778 | 15,598 | (5,820) | (0.37) | 701 | 4,354 | (3,653) | (0.84) |
| Nudura | 73,781 | 97,139 | (23,358) | (0.24) | 18,106 | 19,251 | (1,145) | (0.06) |
| **Total selling & marketing** | 199,314 | 206,166 | (6,852) | (3.32) | 51,775 | 54,551 | (2,776) | (5.09) |

The Company significantly increased marketing spends on Fast-Tube, resulting in substantial sales growth, whereas selling expenses for Fastfoot have decreased more than sales, resulting in a lower expense ratio. This indicates improved marketing efficiency and overall reduction in promotional activities. The selling and marketing expenses for Bracing have decreased proportionally with sales. The expense as a percentage of sales remains relatively consistent annually, indicating stable marketing efficiency.

## 5. Liquidity, Cash Flow Position and Going Concern

The cash flow statement for the year ended 30 June 2024 reflects a strong financial position, with significant cash generated from operating activities amounting to $1,371,410 and a solid cash and cash equivalent balance at the end of the period $1,547,112. Short-Term investments of $2,557,517 ensure that the funds allocated to short-term investments yield satisfactory returns and remain accessible for operational needs. Throughout the year, exposure to the US Dollar was significantly reduced by converting US-denominated cash and cash equivalents to Canadian Dollars when the exchange rates were at their peak. This strategy enabled the Company to realize exchange gains and reinvest the converted funds in short-term investments.

Cash of $243,334 was used in other investing activities, consisting of cash used in acquisition of property plant and equipment of $140,426, investment in product development of $21,846 and intangible assets of $81,062 consists of an internally developed website for Fast-Tube amounting to 42,031 and developments in ERP system.

Cash used in financing activities of $122,437 consisted of lease payments for the offices and warehouses located in Delta BC. The Company is debt-free except for lease liability and has financial liquidity and flexibility.

The financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations, and commitments will occur in the ordinary course of business of the Company.

(In Canadian Dollars rounded to nearest dollar)

## 6. Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the year of the change if the change affects that year only, or in the year of the change and future years if the change affects both.

Refer to the note 1 (e) of the financial statements in conjunction with notes 14 - Right-of-Use of assets, 15 – Deferred development costs and 23.3 - Credit Risk of the financial statements.

## 7. Off-Balance sheet arrangements

The Company has not engaged in any off-balance sheet arrangements, such as obligations under guaranteed contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments, or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

## 8. Events subsequent to 30 June 2024

None

## 9. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include the directors, chief executive officer (“CEO”) and chief financial officer (“CFO”), who have the authority and responsibility for planning, directing and controlling the activities of the Company.

These amounts of key management compensation are included in the amounts shown in profit or loss for the following period/years.

| | **Year ended 30 June 2024** | **Year ended 30-June 2023** |
|---|---|---|
| **Key management compensation** | | |
| Management remuneration | 315,585 | 235,360 |
| Directors' fees | 24,000 | 24,000 |

(In Canadian Dollars rounded to nearest dollar)

## 10. Risk Management

### Management of Capital

The Company considers its capital to consist of all components of its shareholders' equity of $5,354,263 (30 June 2023: $4,582,388, 31 December 2022: $4,099,794).

The Company's objectives for managing capital are to safeguard its ability to continue as a going concern in order to pursue the design, development and marketing of new products to service the concrete forming industry. There were no changes in the Company's approach to capital management during the year ended 30 June 2024 and the Company does not have any externally imposed capital restrictions.

The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Throughout the year, exposure to the US Dollar (USD) was significantly reduced by converting US-denominated cash and cash equivalents to Canadian Dollars when the exchange rates were at their peak. This strategy enabled the Company to realize exchange gains and reinvest the converted funds in income-generating instruments.

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

| | |
|---|---|
| **Level 1** | Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. |
| **Level 2** | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| **Level 3** | Unobservable inputs for the asset or liability, relying on the entity's own assumptions about market participant pricing. |

The following table sets forth the Company’s financial asset measured at fair value by level within the fair value hierarchy:

| **30 June 2024** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Cash & cash equivalent | $1,547,112 | - | - | $1,547,112 |
| Short-term investments | $2,557,517 | - | - | $2,557,517 |
| | **$4,104,629** | | | **$4,104,629** |

| **30 June 2023** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Cash & cash equivalent | $1,012,026 | - | - | $1,012,026 |
| Short-term investments | $2,043,332 | - | - | $2,043,332 |
| | **$3,055,358** | | | **$3,055,358** |

There were no changes to the Company's risk exposures during the year ended 30 June 2024. The Company has exposure to the following risks from its use of financial instruments:

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages its credit risk on by holding cash and cash equivalent and short-term deposits in high credit quality banking institutions in Canada. The Company also has credit risk as a result of its trade receivables and supplier rebates. Trade receivables and supplier rebates consists of a large number of customers, spread across diverse industries. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. As such, the Company does not anticipate any significant credit losses.

**b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company achieves this by maintaining sufficient cash. As at 30 June 2024, the Company had cash and cash equivalents of $1,547,112 (30 June 2023: $1,012,026). The Company's financial liabilities, based on contractual undiscounted payments at 30 June 2024, were $603,291 (At 30 June 2023: $577,992). Management believes that future cash flows from operations will be adequate to support the financial liabilities. Trade payables are non-interest bearing and are normally settled on 30-day term.

**c) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) *Currency risk* – Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to USD, and if the USD exchange rate had fluctuated by 10% the net earnings would have had an impact of $93,406 (30 June 2023: $205,501). The management has taken necessary steps to minimize the effect from subsequent valuation by reducing the overall exposure to USD.

ii) *Interest rate risk* – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any short- or long-term borrowings or deposits that are directly exposed to interest rate risk.

iii) *Other price risk* – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to significant other price risk.

(In Canadian Dollars rounded to nearest dollar)

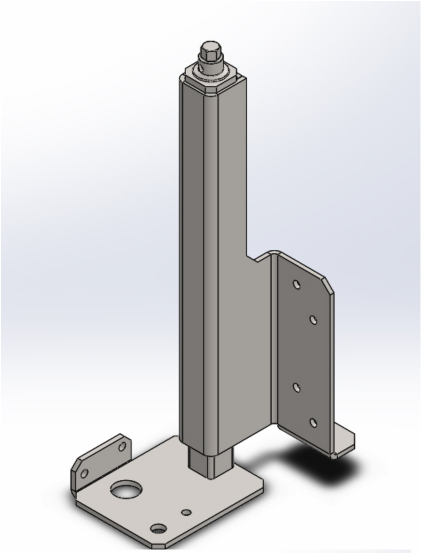
## 11. Outstanding share data

The Company had the following securities issued and outstanding:

| | 25-Oct-24 | 30-Jun-24 | 30-Jun-23 | 30-Jun-22 | 30-Jun-21 |
|---|---|---|---|---|---|
| **Common shares** | 9,174,507 | 9,174,507 | 9,174,507 | 9,084,036 | 8,822,055 |
| **Fully and diluted shares** | 9,174,507 | 9,174,507 | 9,174,507 | 9,084,036 | 8,822,055 |

## 12. New Products Update

### Level-R®



In the 1990s the Company developed and sold the product 'Fast-Yoke' which was used to hold the 2x4 screed boards in place to hold Fastfoot. This product has been upgraded to allow adjustment by electric drill and other features to improve useability. Level-R® is expected to sell well for the following reasons:

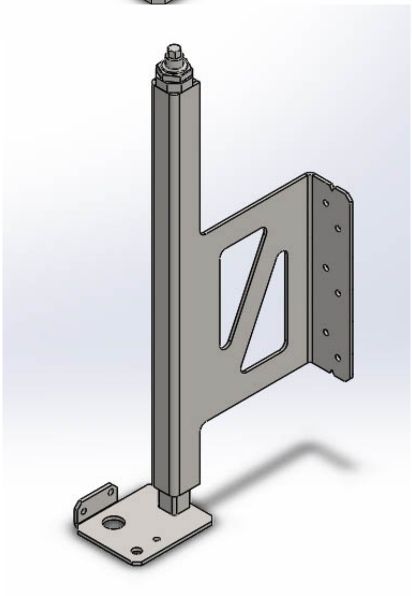
1. Integrates well with existing customer base, hence marketing costs are minimized.
2. Accommodates different lumber sizes up to 2 x 4 up to 2 x 12.
3. Functions with or without Fastfoot, thereby capturing a larger market.
4. Reduces footing forming labour significantly.

In 2022, initial prototypes were manufactured and tested, with further improvements made to increase wearability and useability. New prototypes were received in September 2024. Manufacturing has now commenced with delivery expected later this year.

Patent application was filed with the USPTO on 08 December 2022

Fab-Form will be showing Level-R® at the World of Concrete in Las Vegas, Nevada, January 2025.

### Monopour HD® Bracket



The Company developed the Monopour HD® bracket to enhance the profitability of the ICF contractor when pouring footings and walls for the concrete foundation. Fab-Form® also manufacturers the MPSS (monopour side support), however it is sacrificed during the concrete pour. Monopour HD® is reuseable as it lies outside the concrete wall and footing.

Advantages to the contractor:

1. Fast installation.
2. Eliminates double concrete delivery and double concrete pump.
3. Stronger foundation with the monolithic footing and wall.
4. Cost effective.

In 2022, initial prototypes were manufactured and tested, with further improvements made to increase wearability and useability. New prototypes were received in September 2024. Manufacturing has now commenced with delivery expected later this year.

Patent application was filed with the USPTO on 08 December 2022

Fab-Form will be showing Monopour HD® at the World of Concrete in Las Vegas, Nevada, January 2025.

## Fast Tube® 2.0

On 30th September 2021, the company signed a "Fabric Development Agreement" with Hagihara Industries Inc., of Japan, to develop a new fabric for the fabric column form, with higher tensile strength and lower elongation. The objectives of the new fabric are:

1. Eliminate distortions in the form due to misalignment of weft tapes.
2. Reduce stretching in the tube from concrete pressure.
3. Reduce material costs of the coated scrim.

Since that time, Fab-Form has been re-designing and building the production machinery to enable full automation, with double turret unwinding, triple tension zones, and automated rewinding. The purpose of the automation is to reduce production costs so as to be cost effective around the world.

Fab-Form will be showing the Fast-Tube® Coated at the World of Concrete in Los Vegas, Nevada, January 2025.

## Fast Tube® 3.0

As approximately 40% of the coated scrim weight and value is in the coating itself, the Company is working with Hagihara to develop a new uncoated fabric to dramatically lower production costs. This product is challenging to manufacture because of the joining technology. Excellent progress, however, is being made with Hagihara.

It is expected that a joint patent with Hagihara will result from these efforts.

The company is using its best efforts to complete a prototype for the World of Concrete in January 2025.

## SPACE- R®

On the 11th July 2024, the company applied for a US patent for an innovative product, now trademarked as SPACE-R®. Aligning vertical rebar in concrete columns is a challenge, and this invention achieves three objectives:

- Holds vertical column rebar in an exact position, using injection moulded rebar slots (50A, B, C, D)
- Provides sufficient tensile and shear strength to the concrete, using glass fiber reinforcing.
- Provides spacers to ensure there is adequate concrete cover over the steel rebar, using injection moulded spacers (52A, B, C).

The company is developing the technology to manufacture Space-R and will be showing prototypes at the World of Concrete in Las Vegas, January 2025.

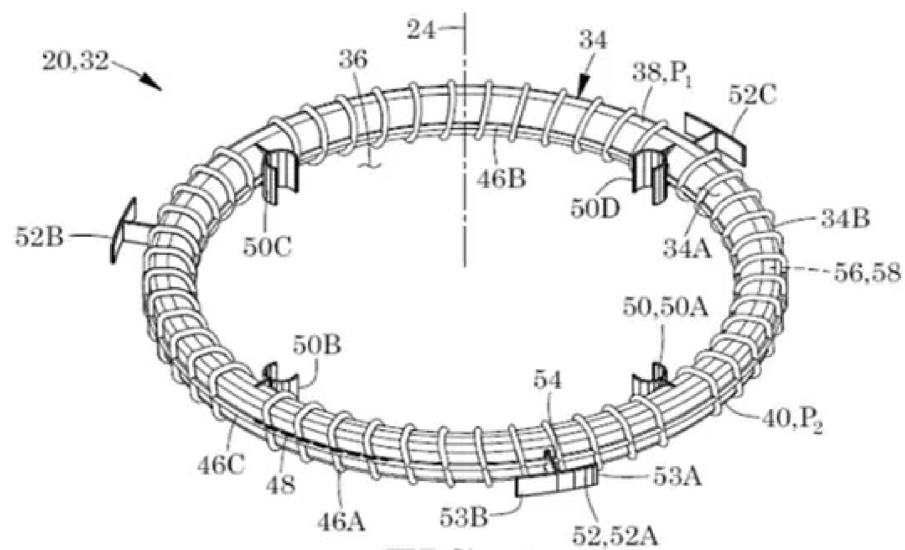



FIG. 4

FAB-FORM INDUSTRIES LTD.

Management Discussion and Analysis
For the year ended 30 June 2024
*(In Canadian Dollars rounded to nearest dollar)*

Additional financial information on the Company can be found on SEDAR at www.sedar.com.

Approved: *"Board of Directors"*

25 October 2024

*FAB-FORM INDUSTRIES LTD., headquartered in Delta BC, is a manufacturer and distributor of green and cost-effective concrete forming products for the building industry. Its common shares trade on the Toronto Venture Exchange under the symbol "FBF".*

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www.vancouvericf.com
www.steelfiberswest.com