



FAB-FORM INDUSTRIES

FIRST QUARTER MD&A 2025

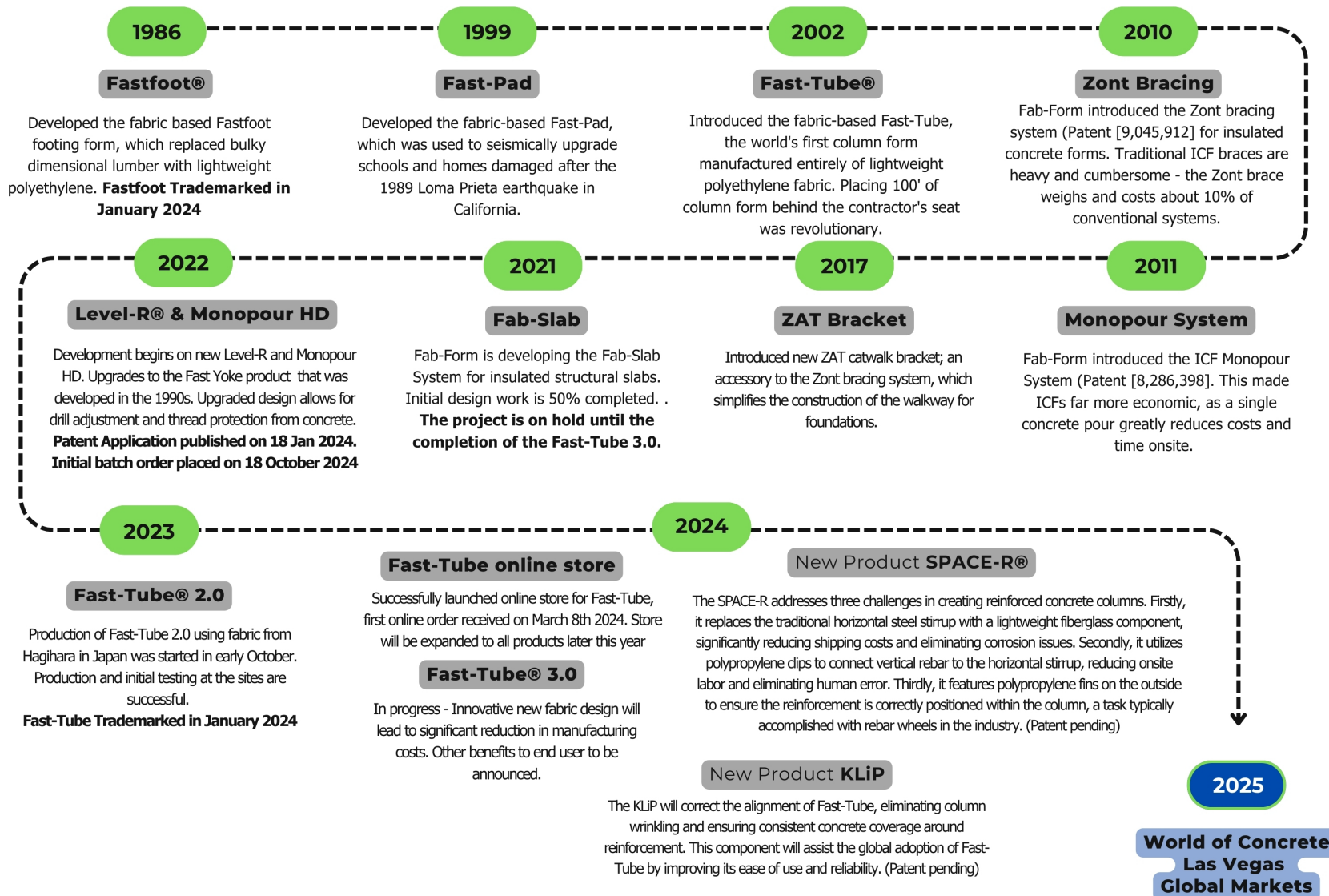
FAB-FORM INDUSTRIES LTD.

Management Discussion and Analysis

For the quarter ended 30 September 2024

(In Canadian Dollars rounded to nearest dollar)

FAB-FORM KEY MILESTONES



FAB-FORM INDUSTRIES LTD.

Management Discussion and Analysis

For the quarter ended 30 September 2024

(In Canadian Dollars rounded to nearest dollar)

Fab-Form Industries Ltd. ("Fab-Form" or the "Company") is a leading 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 and that provide contractors with cost competitive solutions. See key new product milestones on page 2.

This Management Discussion and Analysis ("MD&A") covers the operations of Fab-Form Industries Ltd. for the quarter ended June 30, 2024. The financial statements for the year ended 30 September 2024 together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company. The interim financial statements and the accompanying notes should be read in conjunction with the annual financial statements and the accompanying notes contained in our audited financial statement for the year ended 30 June 2024.

The interim financial statements and the accompanying notes have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for a fair statement of the results of operations for the periods presented. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year or for any other future years or interim periods.

HIGHLIGHTS: QUARTER ENDED 30 SEPTEMBER 2024

Profitability	Revenue: \$1,433,820 – A decrease of 6.9% compared to the previous year's quarter. Gross Profit: \$529,344 – a 4% reduction compared to 2023. Operating Income: \$316,365, a 24% decline compared to 2023. Net Profit: \$278,836, a 21% reduction compared to the previous quarter ended 30 September 2023.	The combination of high housing prices and increased mortgage rates has strained affordability, leading to a significant decrease in housing demand and a slowdown in housing starts. Increased costs for materials and labor have made new housing projects more expensive, leading to a slowdown in construction activities. Developers are facing challenges in maintaining profitability amid these conditions over last year.
Operations	<p>The Company is focused on the implementation of a new ERP system to integrate website sales, customer contacts and manufacturing information. Two new engineers have been hired for the development of new products including SPACE-R and the full automation of existing production machines.</p> <p>Nudura has removed ICF exclusivity in territories, enabling the Company to expand into Washington, USA and the rest of BC.</p>	<p>The Company is increasing sales of existing products by selling globally and obtaining patent protection on ancillary products such as the KLiP (used to align Fast-Tube®). New products such as SPACE-R™ glass fiber stirrup, Level-R™ footing form height adjuster and Monopour HD™ ICF forming bracket are all being introduced at the World of Concrete in January 2025.</p> <p>Vancouver ICF, the operating division of Fab-Form will be duplicating this model to a new website called Washington ICF. All the current sales and marketing techniques will be mimicked in the new territory.</p>

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HIGHLIGHTS: QUARTER ENDED 30 SEPTEMBER 2024

Liquidity	Cash generated from operations during the quarter ended 30 September 2024 was \$333,605. Total liquid funds increased to \$4,299.032 from \$4,104,629 on the 30 June 2024.	Cash flow remains very healthy with 67% of corporate assets being liquid assets. Excess cash continues to be invested in interest-bearing instruments.
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SELECTED ANNUAL INFORMATION

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

	30 June 2024	30 June 2023	30 June 2022	30 June 2021
	\$	\$	\$	\$
Annual 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 tables presents selected financial information for each of the most recent eight quarters:

For the quarter ending	30 Sep 2024	30 June 2024	31 Mar 2024	31 Dec 2023
	\$	\$	\$	\$
Quarterly revenue	1,433,820	1,372,664	748,002	1,020,614
Net earnings	278,836	222,348	85,157	107,372
Basic and diluted earning per common share	0.030	0.024	0.009	0.012
Total assets	6,388,251	6,057,534	5,848,486	5,671,498
Long-term debt	-	-	-	-
Dividend	-	-	-	-

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For the quarter ending	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
	\$	\$	\$	\$
Revenue	1,540,676	1,883,990	707,075	1,004,813
Net earnings	356,998	370,672	111,922	135,853
Basic and diluted earning per common share	0.039	0.040	0.012	0.015
Total assets	5,727,761	5,204,367	4,847,278	4,759,632
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

28 November 2024

Sgd

Vishwanath Kumar

Chief Financial Officer

28 November 2024

FAB-FORM INDUSTRIES LTD.

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(In Canadian Dollars rounded to nearest dollar)

This MD&A of the interim financial results of the Company should be read in conjunction with the interim financial statements for the quarter ended 30 September 2024 and 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 28 November 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).

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(In Canadian Dollars rounded to nearest dollar)

OPERATING RESULTS

	For the year ended 30 September			
	2024	2023	Change	%
	\$	\$	\$	
	(Unaudited)	(Unaudited)		
Revenue	1,433,820	1,540,676	(106,856)	(6.94)
Cost of sales	(904,476)	(943,602)	39,126	(4.15)
Gross profit	529,344	597,074	(67,730)	(11.34)
Expenses				
General and administration	(166,232)	(131,777)	(34,455)	26.15
Selling and marketing	(46,747)	(47,898)	1,151	(2.40)
Total expenses	(212,979)	(179,675)	(33,303)	18.54
Earnings from operations	316,365	417,399	(101,033)	(24.21)
Finance cost	(1,695)	(2,263)	568	(25.10)
Other income	42,511	68,632	(26,121)	(38.06)
Earnings before taxation	357,181	483,768	(126,586)	(26.17)
Income tax expense	(78,345)	(126,770)	48,425	(38.20)
Earnings for the period/year ended and total comprehensive income	278,836	356,998	(78,161)	(21.89)

Quarterly revenue declined by 6%, primarily due to a reduction in housing starts caused by higher interest rates. Although interest rates have eased, the number of housing starts remains low compared to the previous year.

Total administrative expenses increased, driven by higher IT-related costs and an increase in professional fees. However, the company maintained its selling and marketing expenses level for the quarter. The labor force grew during the quarter, with the R&D team expanding with the recruitment of two new engineers to accelerate the development of new products for market release in 2025.

Earnings before taxation fell by 22%, while tax expenses decreased proportionately. The annualized return on total capital employed during the quarter was 20.83%.

Management Discussion and Analysis
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(In Canadian Dollars rounded to nearest dollar)

1. Product performance

	For the year ended 30 September			
	2024	2023	Change	%
	\$	\$	\$	
	(Unaudited)	(Unaudited)		
Bracing	316,144	398,290	(82,146)	(20.62)
Fastfoot	177,492	178,543	(1,051)	(0.59)
Fast-Pad	4,534	1,763	2,771	157.12
Fast-Tube	26,016	437	25,579	5,857
Helix	55,953	53,855	2,098	3.90
ICF accessories	57,417	69,035	(11,618)	(16.83)
Monopour	49,572	56,171	(6,599)	(11.75)
Nudura ICF	709,663	738,334	(28,671)	(3.88)
Rentals	34,267	38,070	(3,803)	(9.99)
Used bracing & accessories	2,761	6,178	(3,417)	(55.31)
	1,433,820	1,540,676	(106,856)	(6.94)

Bracing sales showed a decline of 20.6% while Fastfoot® performance was flat over same period in 2023. Fast-Tube® showed an exceptional growth of 5,857% as the company has been focusing on this innovative product. Nudura sales remained flat as the housing slump continues.

2. Analysis of cost of sales

	For the year ended 30 September			
	2024	2023	Change	%
	\$	\$	\$	
	(Unaudited)	(Unaudited)		
Total direct product COGS	879,953	924,064	(44,111)	(4.77)
Indirect product COGS				
Waste disposal	467	495	(28)	(5.66)
Packing materials	227	359	(132)	(36.77)
Depreciation production equipment and tools	760	720	40	5.56
Warehouse lease rental	11,808	10,816	992	9.17
Variable overhead	11,261	7,148	4,113	57.54
Total indirect product COGS	24,523	19,538	4,985	25.51
Total Cost of sales	904,476	943,602	(39,126)	(4.15)

The reduction in direct product COGS is in line with the decline in revenue. The increase in lease rental expense was attributable to the landlord not accruing city property taxes.

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3. Analysis of General and Administration Expenses

	For the year ended 30 September			
	2024	2023	Change	%
	\$	\$	\$	
	(Unaudited)	(Unaudited)		
Amortization & depreciation	1,871	1,389	482	34.70
Research and development expenses	2,912	690	2,222	322.03
Office rental and occupancy costs	7,156	5,125	2,031	39.63
Patent & TM maintenance fees	546	1,416	(870)	(61.44)
Pubco expenses	24,122	10,207	13,915	136.33
General expenses	8,810	8,866	(56)	(0.63)
Wages and benefits	89,558	83,329	6,229	7.48
Telecommunications & computers	16,526	6,842	9,684	141.54
Credit card processing fees	14,103	14,811	(708)	(4.78)
Provision/(reversal) for expected credit losses	628	(898)	1,526	(169.93)
Total administrative expenses	166,232	131,777	34,455	26.15

The increase in Pubco expenses was due to the increase in audit related fees. The increase in R&D was due to the hiring to two new engineers. IT expenses increased due to new hirings. The overall administrative expenses increased by 26%.

4. Analysis of Selling and Marketing Expenses

	For the year ended 30 September			
	2024	2023	Change	%
	\$	\$	\$	
	(Unaudited)	(Unaudited)		
Bracing	9,216	12,614	(3,398)	(0.27)
Fastfoot	5,186	10,005	(4,819)	(0.48)
Fast-Pad	1,915	-	1,915	100.00
Fast-Tube	9,062	1,976	7,086	3.59
Helix	-	8	(8)	(1.00)
Monopour	1,296	3,044	(1,748)	(0.57)
Nudura	20,072	20,251	(179)	(0.01)
Total selling & marketing	46,747	47,898	(1,151)	(2.40)

Marketing expenses for the quarter ended 30 September 2024 remained flat over quarter ended in 2023. Marketing expenses will increase substantially in the coming year due to new sales staff to service global markets and the state of Washington.

5. Liquidity, Cash Flow Position and Going Concern

The cash flow statement for the quarter ended 30 September 2024 reflects a strong financial position, with cash generated from operating activities amounting to \$333,605 and a solid cash and cash equivalent balance at the end of the period \$1,708,050. Short-Term investments of \$2,590,982 ensure that the funds allocated to short-term investments yield satisfactory returns and remain accessible for operational needs.

Cash of \$105,916 was used in other investing activities, consisting of cash used in acquisition of property plant and equipment of \$29,623, investment in product development of \$8,801 and intangible assets of \$67,492 for two patent application and new SolidWorks licenses for the engineering team.

Cash used in financing activities of \$30,609 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.

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.

7. Off-Balance sheet arrangements

The Company has not engaged in any off-balance sheet arrangements: no obligations under guaranteed contracts, no retained or contingent interest in assets transferred to an unconsolidated entity, no obligations under derivative instruments, no obligations under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company and no engagement in leasing or hedging services with the Company.

8. Events subsequent to 30 September 2024

None

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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.

	Quarter ended 30 September 2024	Quarter ended 30 September 2023	Year ended 30- June 2024
	\$ (Unaudited)	\$ (Unaudited)	\$ (audited)
Key management compensation			
Management remuneration	83,749	43,667	315,585
Directors' fees	3,250	6,000	24,000
Related party transactions			
Shape Energy Inc. – Consultancy Fees	974	-	-

10. Risk Management

Management of Capital

The Company considers its capital to consist of all components of its shareholders' equity of \$5,633,099 (30 September 2023: \$4,939,386, 30 June 2024: \$5,354,263).

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 quarter ended 30 September 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.

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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:

	Level 1	Level 2	Level 3	Total
30 September 2024				
Cash & cash equivalent	\$1,708,050	-	-	\$1,708,050
Short-term investments	\$2,590,982	-	-	\$2,590,982
	\$4,299,032			\$4,299,032
30 September 2023				
Cash & cash equivalent	\$1,992,299	-	-	\$1,992,299
Short-term investments	\$1,709,095	-	-	\$1,709,095
	\$3,701,394			\$3,701,394
30 June 2024				
Cash & cash equivalent	\$1,547,112	-	-	\$1,547,112
Short-term investments	\$2,557,517	-	-	\$2,557,517
	\$4,104,629			\$4,104,629

There were no changes to the Company's risk exposures during the quarter ended 30 September 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 September 2024, the Company had cash and cash equivalents of \$1,708,050 (30 September 2023: \$1,992,299, 30 June 2024: \$1,547,112). The Company's financial liabilities, based on contractual undiscounted payments at 30 September 2024, were \$685,408 (30 September 2023: \$783,900, 30 June 2024: \$603,291). 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. As of 30 September 2024, 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 \$61,287 (30 September 2023: \$220,616, 30 June 2024: \$93,406). 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.

11. Common Shares

The Company had the following securities issued and outstanding:

	28-Nov-24	30-Sep-24	30-Jun-24	30-Jun-23	30-Jun-22	30-Jun-21
Common shares	9,174,507	9,174,507	9,174,507	9,174,507	9,084,036	8,822,055
Fully and diluted shares	9,174,507	9,174,507	9,174,507	9,174,507	9,084,036	8,822,055

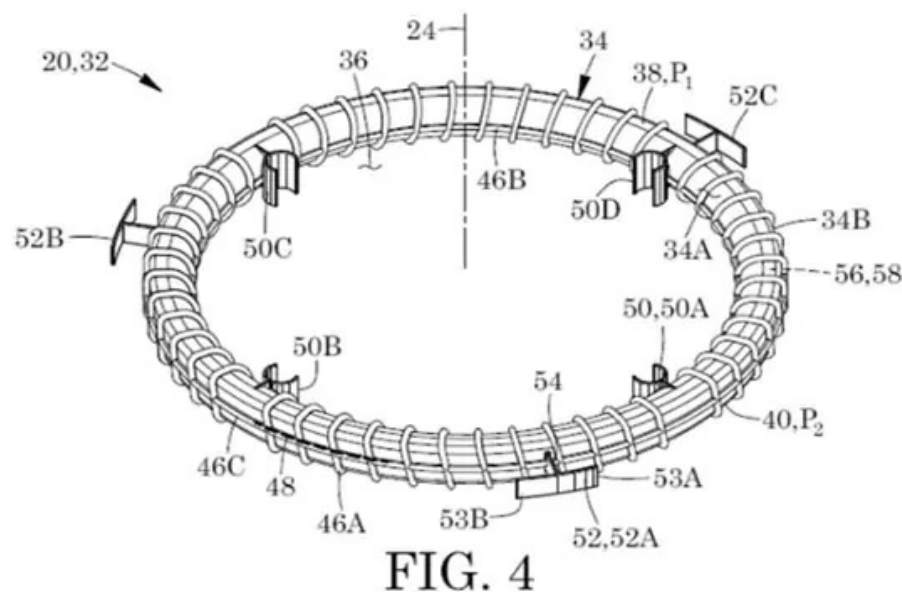
12. New Products Update

a) SPACE- R®

On the 11 July 2024, the company applied for a US patent on the fiberglass stirrup, now trademarked as SPACE-R®. This product achieves three functions:

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



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

Approved: "Board of Directors"

28 November 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".

For additional information, please contact:

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Shareholders and interested investors should visit:

www.fab-form.com/investor/overview.php

www.vancouvericf.com

www.steelfiberswest.com

