



**FAB-FORM INDUSTRIES LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS**

QUARTER ENDED 31 DECEMBER 2024

(In Canadian Dollars rounded to nearest dollar)

FAB-FORM INDUSTRIES LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
For the quarter ended 31 December 2024
(Canadian Dollars rounded to nearest dollar)

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 | 8-15 |

FAB-FORM INDUSTRIES LTD.
MANAGEMENT'S REPORT TO SHAREHOLDERS
For the quarter ended 31 December 2024

The accompanying Condensed Interim Financial Statements for the quarter ended 31 December 2024 are the responsibility of the management of Fab-Form Industries Ltd. The Condensed Interim Financial Statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") and, where appropriate, include management's best estimates and judgements.

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 Condensed Interim Financial Statements.

The Company's external auditor has not performed a review of the Condensed Interim Financial Statements for the quarter ended 31 December 2024.

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 Management Discussion and Analysis (MD&A). The Audit Committee also reviews internal accounting controls, risk management and accounting principles and practices. The Audit Committee reports its findings to the Board of Directors, and recommends approval of the Condensed Interim Financial Statements. 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 financial statements.



.....
Director (President and CEO)
Joseph Fearn
28 February 2025



.....
Director
Don Russell
28 February 2025

FAB-FORM INDUSTRIES LTD.
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the quarter/period ended 31 December 2024, 31 December 2023, and year ended 30 June 2024

(Canadian Dollars rounded to nearest dollar)

| | Notes | Quarter Ended | | Period Ended | | Year ended |
|--|-------|------------------|------------------|------------------|------------------|------------------|
| | | 31-Dec-24 | 31-Dec-23 | 31-Dec-24 | 31-Dec-23 | 30-Jun-24 |
| | | \$ | \$ | \$ | \$ | \$ |
| | | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (audited) |
| Revenue | 4 | 1,030,927 | 1,020,614 | 2,464,747 | 2,561,290 | 4,681,956 |
| Cost of sales | 5 | (686,193) | (677,243) | (1,590,668) | (1,620,845) | (2,987,548) |
| Gross profit | | 344,734 | 343,371 | 874,079 | 940,445 | 1,694,408 |
| Gross profit margin % | | 33% | 34% | 35% | 37% | 36% |
| Expenses | | | | | | |
| General and administration | | (192,190) | (156,644) | (358,582) | (288,421) | (607,628) |
| Selling and marketing | | (70,324) | (46,865) | (117,071) | (94,763) | (199,314) |
| Total expenses | 5 | (262,514) | (203,509) | (475,653) | (383,184) | (806,942) |
| Earnings from operations | | 82,220 | 139,862 | 398,426 | 557,261 | 887,466 |
| Finance cost | | (1,367) | (2,087) | (2,916) | (4,350) | (8,973) |
| Other income | 6 | 76,428 | 9,066 | 118,939 | 77,698 | 189,267 |
| Earnings before income taxes | | 157,281 | 146,841 | 514,449 | 630,609 | 1,067,760 |
| Income taxes | 7 | (39,888) | (39,469) | (118,233) | (166,239) | (295,885) |
| Net earnings for the period/year ended and total comprehensive income | | 117,393 | 107,372 | 396,216 | 464,370 | 771,875 |
| Weighted average number of shares outstanding | | 9,174,507 | 9,174,507 | 9,174,507 | 9,174,507 | 9,174,507 |
| Basic and diluted earnings per share | | 0.0128 | 0.0117 | 0.0432 | 0.0506 | 0.0841 |

FAB-FORM INDUSTRIES LTD.**CONDENSED STATEMENTS OF FINANCIAL POSITION**

As at 31 December 2024, 31 December 2023, and 30 June 2024

(Canadian Dollars rounded to nearest dollar)

| | 31-Dec-24 \$ (unaudited) | 31-Dec-23 \$ (unaudited) | 30-Jun-24 \$ (audited) |
|-------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | 1,733,822 | 2,247,178 | 1,547,112 |
| Short-term investments | 2,537,624 | 1,509,708 | 2,557,517 |
| Trade and other receivables | 691,398 | 540,545 | 527,655 |
| Inventories | 701,384 | 674,962 | 700,300 |
| | 5,664,228 | 4,972,393 | 5,332,584 |
| Non current assets | | | |
| Property and equipment | 294,714 | 178,123 | 232,420 |
| Right-of-use assets | 180,535 | 294,560 | 237,547 |
| Deferred development costs | 115,565 | 89,428 | 81,249 |
| Intangible assets | 233,870 | 136,994 | 173,734 |
| | 824,684 | 699,105 | 724,950 |
| Total Assets | 6,488,912 | 5,671,498 | 6,057,534 |
| LIABILITIES | | | |
| Current | | | |
| Trade and other payables | 455,963 | 241,229 | 361,248 |
| Lease liabilities | 118,808 | 115,884 | 117,337 |
| Corporate tax payable | 33,600 | 78,156 | 52,985 |
| | 608,371 | 435,269 | 531,570 |
| Non current liabilities | | | |
| Lease liabilities | 70,663 | 189,471 | 130,436 |
| Deferred tax liability | 59,399 | - | 41,265 |
| | 130,062 | 189,471 | 171,701 |
| Total liabilities | 738,433 | 624,740 | 703,271 |
| EQUITY | | | |
| Share capital | 1,388,006 | 1,388,006 | 1,388,006 |
| Retained earnings | 4,362,473 | 3,658,752 | 3,966,257 |
| Total equity | 5,750,479 | 5,046,758 | 5,354,263 |
| Total equity and liabilities | 6,488,912 | 5,671,498 | 6,057,534 |

Approved and authorized by the Board 28 February 2025

"Joseph Fearn"

....., Director

"Vishwanath Kumar"

....., CFO

The accompanying notes are an integral part of these financial statements

FAB-FORM INDUSTRIES LTD.**CONDENSED STATEMENTS OF CHANGES IN EQUITY**

For the quarter ended 31 December 2024 and year ended 30 June 2024

(Canadian Dollars rounded to nearest dollar)

| | Issued Capital | | Retained | Total equity |
|---|-----------------------|----------------|-----------------|---------------------|
| | No of shares | Amount' | earnings | |
| | | \$ | \$ | \$ |
| <i>(audited)</i> | | | | |
| Balance, 1 July 2023 | 9,174,507 | 1,388,006 | 3,194,382 | 4,582,388 |
| Total net earnings and total comprehensive income | | - | 771,875 | 771,875 |
| Balance, 30 June 2024 | 9,174,507 | 1,388,006 | 3,966,257 | 5,354,263 |
| <i>(unaudited)</i> | | | | |
| Balance, 1 July 2024 | 9,174,507 | 1,388,006 | 3,966,257 | 5,354,263 |
| Total net earnings and total comprehensive income | - | - | 396,216 | 396,216 |
| Balance, 31 December 2024 | 9,174,507 | 1,388,006 | 4,362,473 | 5,750,479 |

The accompanying notes are an integral part of these financial statements

FAB-FORM INDUSTRIES LTD.
CONDENSED STATEMENTS OF CASH FLOWS

For the quarter/period ended 31 December 2024, 31 December 2023, and year ended 30 June 2024
(Canadian Dollars rounded to nearest dollar)

| | Quarter ended | | Period ended | | Year ended |
|---|-------------------|-------------------|-------------------|-------------------|------------------|
| | 31-Dec-24 | 31-Dec-23 | 31-Dec-24 | 31-Dec-23 | 30-June-24 |
| | \$ (unaudited) | \$ (unaudited) | \$ (unaudited) | \$ (unaudited) | \$ (audited) |
| Cash flows from operating activities | | | | | |
| Net earnings for the period/year | 117,393 | 107,372 | 396,216 | 464,370 | 771,875 |
| Items not involving use of cash | | | | | |
| Amortization and depreciation | 17,082 | 16,344 | 30,852 | 16,790 | 40,280 |
| Loss on disposal of assets | - | - | - | - | 11,401 |
| Depreciation - right-of-use assets | 28,506 | 28,506 | 57,012 | 57,012 | 114,024 |
| Exchange gains | (29,197) | (17,347) | (26,732) | 25,049 | (43,632) |
| Income taxes | 39,888 | 39,469 | 118,233 | 166,239 | 295,885 |
| Finance cost - lease liabilities | 1,367 | 2,087 | 2,916 | 4,350 | 7,987 |
| | 175,039 | 176,431 | 578,497 | 733,810 | 1,197,820 |
| Changes in working capital items | | | | | |
| Trade and other receivables | (46,156) | 274,272 | (163,743) | 335,171 | 348,060 |
| Inventories | (47,931) | (128,379) | (1,084) | (48,990) | (74,328) |
| Trade and other payables | (25,444) | (124,582) | 94,717 | (6,610) | 113,411 |
| Cash generated from operating activities | 55,509 | 197,742 | 508,387 | 1,013,381 | 1,584,963 |
| Income taxes paid | - | (50,000) | (119,484) | (100,000) | (213,553) |
| Net cash generated from operating activities | 55,509 | 147,742 | 388,903 | 913,381 | 1,371,410 |
| Cash flows from investing activities | | | | | |
| Short-term investments | 53,358 | 199,387 | 19,893 | 533,624 | (514,185) |
| Purchase of property and equipment | (41,456) | (60,201) | (71,077) | (95,883) | (140,426) |
| Deferred development costs | (26,928) | (749) | (35,729) | 704 | (21,846) |
| Intangible assets | (13,299) | (18,038) | (80,791) | (30,407) | (81,062) |
| Net cash used in investing activities | (28,325) | 120,399 | (167,704) | 408,038 | (757,519) |
| Cash flows from financing activities | | | | | |
| Lease payments | (30,609) | (30,609) | (61,218) | (61,218) | (122,437) |
| Net cash used in financing activities | (30,609) | (30,609) | (61,218) | (61,218) | (122,437) |
| Net increase in cash and cash equivalents | (3,425) | 237,532 | 159,981 | 1,260,201 | 491,454 |
| Cash and cash equivalents at beginning of the period/year | 1,708,050 | 1,992,299 | 1,547,109 | 1,012,026 | 1,012,026 |
| Effects of exchange rate changes on cash and cash equivalents | 29,197 | 17,347 | 26,732 | (25,049) | 43,632 |
| Cash and cash equivalents at end of the period/year | 1,733,822 | 2,247,178 | 1,733,822 | 2,247,178 | 1,547,112 |

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/period ended 31 December 2024, 31 December 2023, and year ended 30 June 2024

(Canadian Dollars rounded to nearest dollar)

1 Reporting Entity

Fab-Form Industries Ltd. (the "Company" or "Fab-Form") is a company domiciled in Canada and incorporated under the Business Corporations 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 distributes Helix® micro rebar into the BC market and Nudura® insulating concrete forms (ICF), especially 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 as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"), collectively IFRS Accounting Standards ("IFRS").

b) Basis of measurement

These financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value through profit or loss. The accounting policies have been applied consistently to all periods presented in these financial statements. Refer to audited financial statements for the year ended 30 June 2024 for material accounting policies.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, the Company's functional currency (rounded to nearest dollar).

d) New and revised standards and interpretations issued but not yet effective

The Company has performed an assessment of new and revised standards issued by the IASB that are not yet effective:

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements. This standard sets out significant new requirements for how financial statements are presented. The focus is particularly on the statement of profit or loss, including requirements for mandatory sub-totals to be presented, aggregation and disaggregation of information, as well as disclosures related to management-defined performance measures. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its financial statements.

e) Use of significant estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, 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 judgements, which have the most significant effect on the amounts recognized in the financial statements:

Estimates**• 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. Management 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.

FAB-FORM INDUSTRIES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the quarter/period ended 31 December 2024, 31 December 2023, and year ended 30 June 2024
(Canadian Dollars rounded to nearest dollar)

2 Basis of presentation (continued)**e) Use of significant estimates and judgements (continued)****Significant judgements****• Capitalization of Intangible (including Development costs)**

Management applies its judgement in determining the capitalization of intangible assets (which includes product deferred development costs) that create economic benefits in the future from either sale of those products being developed or use of the asset. A significant judgement is required in assessing the future economic benefits expected to be derived from selling the development products and also economic benefits derived from use of assets being capitalized. The Company ensures it has control over the products through gaining patent rights that restrict others from accessing the same benefit.

• Right-of-use assets and lease liability

Management 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 recognized leases is 5 years commencing from 1 Aug 2021.

3 Material accounting policies**a) Financial Instruments****Financial Assets**

The Company classifies its financial assets in the following categories at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

- Financial assets at FVTPL: Financial assets carried at FVTPL are initially, recorded at fair value and transaction costs are expenses in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in profit or loss.
- Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income as they arise.
- Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.
- Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.
- The Company has designated its cash and cash equivalents and short term investments as FVTPL. Trade receivables are classified at amortized cost.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss — This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.
- Other financial liabilities - This category includes accounts payable and accrued liabilities, accounts payable to related parties, secured convertible debentures and flow-through obligations, all of which are recognized at amortized cost using the effective interest rate (EIR) method, which calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period.
- Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in profit or loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

As at 31 December 2024, the Company does not have any derivative financial liabilities.

FAB-FORM INDUSTRIES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the quarter/period ended 31 December 2024, 31 December 2023, and year ended 30 June 2024

(Canadian Dollars rounded to nearest dollar)

| | Quarter ended | | Period ended | | Year ended |
|---|-------------------|-------------------|-------------------|-------------------|------------------|
| | 31-Dec-24 | 31-Dec-23 | 31-Dec-24 | 31-Dec-23 | 30-Jun-24 |
| | \$ (unaudited) | \$ (unaudited) | \$ (unaudited) | \$ (unaudited) | \$ (audited) |
| 4 Revenue | | | | | |
| Sale of goods and services | 1,007,488 | 990,043 | 2,407,041 | 2,492,649 | 4,562,337 |
| Rental income | 23,439 | 30,571 | 57,706 | 68,641 | 119,619 |
| | <u>1,030,927</u> | <u>1,020,614</u> | <u>2,464,747</u> | <u>2,561,290</u> | <u>4,681,956</u> |
| The Company recorded revenue from the transfer of goods and services at a point-in-time and over time in the following lines of business: | | | | | |
| Point-in-time | | | | | |
| New bracing equipment | 212,940 | 270,184 | 578,660 | 724,642 | 1,353,700 |
| Used bracing equipment | 1,191 | 1,250 | 3,952 | 7,428 | 24,686 |
| Building and concrete forming materials | 788,666 | 718,609 | 1,819,738 | 1,760,579 | 3,177,118 |
| Training | 4,691 | - | 4,691 | - | 6,833 |
| | <u>1,007,488</u> | <u>990,043</u> | <u>2,407,041</u> | <u>2,492,649</u> | <u>4,562,337</u> |
| Over time | | | | | |
| Equipment rental | 23,439 | 30,571 | 57,706 | 68,641 | 119,619 |
| | <u>23,439</u> | <u>30,571</u> | <u>57,706</u> | <u>68,641</u> | <u>119,619</u> |
| Contracts with customers are short-term, goods or services transferred and payment terms are within 30 days. | | | | | |
| 5 Breakdown of expenses by nature | | | | | |
| Amortization of deferred developments | 1,779 | 690 | 1,413 | 1,380 | 2,760 |
| Amortization of right-of-use of assets | 28,506 | 28,506 | 57,012 | 57,012 | 114,024 |
| Cost of goods sold | 573,004 | 568,605 | 1,364,637 | 1,399,985 | 2,523,034 |
| Depreciation | 2,403 | 1,990 | 8,784 | 3,379 | 15,818 |
| Directors' fee (Note 9) | 5,000 | 6,000 | 8,250 | 12,000 | 24,000 |
| Expected credit loss allowance / (reversal) | (3,636) | 1,416 | (3,008) | 518 | 828 |
| Management remuneration (Note 9) | 85,641 | 78,282 | 172,613 | 174,827 | 315,585 |
| Other expenses | 72,796 | 70,725 | 153,040 | 122,263 | 389,330 |
| Patent and maintenance expenses | 945 | 3,220 | 1,491 | 4,636 | 18,473 |
| Professional fees | 39,158 | 25,500 | 55,616 | 25,500 | 64,218 |
| Salaries and payroll related expenses | 143,111 | 95,798 | 246,473 | 202,510 | 326,420 |
| Total cost of goods sold, distribution costs and administrative expenses | <u>948,707</u> | <u>880,732</u> | <u>2,066,321</u> | <u>2,004,010</u> | <u>3,794,490</u> |
| Represented by: | | | | | |
| Cost of sales | 686,193 | 677,225 | 1,590,668 | 1,620,828 | 2,987,548 |
| General and administration | 192,190 | 156,644 | 358,582 | 288,421 | 607,628 |
| Selling and marketing | 70,324 | 46,863 | 117,071 | 94,761 | 199,314 |
| | <u>948,707</u> | <u>880,732</u> | <u>2,066,321</u> | <u>2,004,010</u> | <u>3,794,490</u> |
| 6 Other income | | | | | |
| Interest income | 37,611 | 22,595 | 76,810 | 44,286 | 105,451 |
| Exchange gains / (losses) | 37,899 | (15,383) | 34,861 | 31,418 | 73,521 |
| Miscellaneous income | 918 | 1,854 | 7,268 | 1,994 | 10,295 |
| | <u>76,428</u> | <u>9,066</u> | <u>118,939</u> | <u>77,698</u> | <u>189,267</u> |

Interest income for the quarter ended 31 December 2024 includes \$34,681 (Quarter ended 31 December 2024: \$21,609, year ended 30 June 2024:\$69,077) interest receivable from short-term investments which is included in short-term investments.

FAB-FORM INDUSTRIES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the quarter/period ended 31 December 2024, 31 December 2023, and year ended 30 June 2024

(Canadian Dollars rounded to nearest dollar)

7 Income taxes

A reconciliation of income tax at statutory rates at the reporting date with the reported taxes is shown in the table below. Income tax expense differs from the amount calculated by applying the enacted federal and provincial rates as follows:

Current tax

Current tax on profits for the year

Total current tax expenses

Deferred income tax

Increase in deferred tax liabilities

(Increase) / decrease in deferred tax assets

Total deferred tax expense

Income taxes

Earnings before income taxes

Tax using statutory tax rate of 25.64% (31 December 2023:

25.80%, 30 June 2024: 25.55%)

Tax effect of amounts which are not deductible (taxable) in calculated taxable income

Unrealized exchange gains

Temporary differences arising from tangible assets

Temporary differences arising from intangible assets

Product development resource reduction

Recognition of deferred tax

Unrecognized deferred taxes

Other

Income taxes

| | Quarter ended | | Period ended | | Year ended |
|--|----------------------|--------------------|---------------------|--------------------|-------------------|
| | 31-Dec-24 | 31-Dec-23 | 31-Dec-24 | 31-Dec-23 | 30-Jun-24 |
| | \$ | \$ | \$ | \$ | \$ |
| | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(audited)</i> |
| | | | | | |
| | 35,534 | 39,469 | 100,099 | 166,239 | 254,620 |
| | 35,534 | 39,469 | 100,099 | 166,239 | 254,620 |
| | | | | | |
| | 4,354 | - | 10,247 | - | 106,768 |
| | - | - | 7,887 | - | (65,503) |
| | 4,354 | - | 18,134 | - | 41,265 |
| | 39,888 | 39,469 | 118,233 | 166,239 | 295,885 |
| | | | | | |
| | 157,281 | 146,841 | 514,449 | 630,609 | 1,067,760 |
| | | | | | |
| | 40,324 | 37,885 | 131,905 | 162,697 | 272,826 |
| | - | - | - | - | (18,806) |
| | (9,123) | - | (10,728) | - | (8,236) |
| | 9,424 | - | (2,751) | - | 3,941 |
| | - | - | - | - | 1,973 |
| | - | - | - | - | 41,265 |
| | - | 1,584 | - | 3,542 | - |
| | (737) | - | (193) | - | 2,922 |
| | 39,888 | 39,469 | 118,233 | 166,239 | 295,885 |

8 Deferred tax liability
Deferred tax assets

The balance comprises temporary differences attributable to:

Contractual liabilities - Lease

Resource deduction

Total deferred tax assets

Deferred tax liabilities

The balance comprises temporary differences attributable to:

Property and equipment

Right-of-use of assets

Intangible assets

Total deferred tax liabilities

Net deferred tax liabilities

| | Period ended | | Year ended |
|--|---------------------|------------------|-------------------|
| | 31-Dec-24 | 31-Dec-23 | 30-Jun-24 |
| | | | |
| | 48,578 | - | 63,309 |
| | 1,541 | - | 2,193 |
| | 50,119 | - | 65,502 |
| | | | |
| | 23,449 | - | 21,890 |
| | 46,287 | - | 60,696 |
| | 39,782 | - | 24,181 |
| | 109,518 | - | 106,767 |
| | 59,399 | - | 41,265 |

FAB-FORM INDUSTRIES LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the quarter/period ended 31 December 2024, 31 December 2023, and year ended 30 June 2024
(Canadian Dollars rounded to nearest dollar)

| | | Quarter ended | | Period ended | | Year ended |
|-------------|---|---------------|-------------|--------------|-------------|------------|
| | | 31-Dec-24 | 31-Dec-23 | 31-Dec-24 | 31-Dec-23 | 30-Jun-24 |
| | | | | \$ | \$ | \$ |
| | | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (audited) |
| 9 | Related party transactions | | | | | |
| | Related parties include Key management personnel. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include Directors, the President, Vice-President and Chief Financial | | | | | |
| | Related party payable | 36,812 | 20,079 | 36,812 | 20,079 | 29,596 |
| | (Related party payables are payable on demand without interest). | | | | | |
| | Management remuneration (Note 5) | 85,641 | 78,282 | 172,613 | 174,827 | 315,585 |
| | Directors' fees (Note 5) | 5,000 | 6,000 | 8,250 | 12,000 | 24,000 |
| | Related party transactions | | | | | |
| | Consultancy fees | | | | | |
| | Related party | | | | | |
| | Shape Energy Inc. | 428 | | 1,402 | - | |
| 10 | Commitments | | | | | |
| | Commitments for purchase of raw material and finished goods in the ordinary course of business. | 278,212 | 46,860 | 278,212 | 46,860 | 248,852 |
| | Commitments for capital expenditure | | | - | - | - |
| | | 278,212 | 46,860 | 278,212 | 46,860 | 248,852 |
| | Commitments includes orders placed at the end of the reporting period/year but products not delivered. | | | | | |
| 11 | Financial instruments and financial risk management | | | | | |
| 11.1 | Management of Capital | | | | | |
| | The Company considers its capital to consist of all components of its shareholders' equity of \$5,750,479 (31 December 2023: \$5,046,758, 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 31 December 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. | | | | | |
| 11.2 | Fair value of financial instruments | | | | | |
| | The Company's financial instruments consist of cash and cash equivalents, short term investments, trade receivables, trade and other payables. | | | | | |
| | The fair values of cash and cash equivalents (classified FVTPL - level 1), short term investments (classified FVTPL - level 1), trade receivables, trade and other payables approximate their carrying values due to the short-term maturities of those instruments. | | | | | |
| | Fair value hierarchy | | | | | |
| | The fair value hierarchy classifies inputs used in valuation techniques into three levels: | | | | | |
| | 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. | | | | | |
| 11.3 | Financial risk management | | | | | |
| | Exposure to counterparty credit risk and foreign currency risk arises in the normal course of the Company's business. | | | | | |
| | The Company currently does not enter into derivative financial instruments to reduce exposure to fluctuations in any of the risks impacting the Company's operations. | | | | | |

FAB-FORM INDUSTRIES LTD.**NOTES TO THE FINANCIAL STATEMENTS**

For the quarter/period ended 31 December 2024, 31 December 2023, and year ended 30 June 2024
(Canadian Dollars rounded to nearest dollar)

11 Financial instruments and financial risk management (continued)**11.3 Financial risk management (continued)****Credit risk**

Credit risk refers to 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's maximum exposure to credit risk, which is a worst case scenario and does not reflect results expected by the Company, is as follows:

| | Quarter ended | | As at year ended |
|--|----------------------|--------------------|-------------------------|
| | 31-Dec-24 | 31-Dec-23 | 30-Jun-24 |
| | \$ | \$ | \$ |
| | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(audited)</i> |
| Cash and Cash Equivalents | 1,733,822 | 2,247,178 | 1,547,112 |
| Short-Term investments | 2,537,624 | 1,509,705 | 2,557,517 |
| Trade receivables and supplier rebates | 450,306 | 504,880 | 474,903 |
| Total | 4,721,752 | 4,261,763 | 4,579,532 |

The credit risk on cash and short-term investments are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company 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. Of the trade receivables and supplier rebates balance at 31 December 2024, no customers represented greater than 10% of the total receivable balance. There were no significant changes to the credit risk management during the year.

The following table presents an analysis of the age of customer trade receivables.

As at year ended 31 December 2024

| <i>(unaudited)</i> | 0-30 Days | 31-60 Days | 61-90 Days | Over 90 Days | Total |
|-----------------------------------|------------------|-------------------|-------------------|---------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Trade receivables (CAD customers) | 186,427 | 53,228 | 58,031 | 98,147 | 395,833 |
| Trade receivables (USD customers) | 52,815 | 5,662 | 1,961 | 1,244 | 61,682 |
| Supplier rebates | 6,629 | - | - | - | 6,629 |
| Total | 245,871 | 58,890 | 59,992 | 99,391 | 464,144 |
| Loss allowance % | 0.3% | 2.6% | 0.9% | 11.0% | 3.0% |
| Expected credit losses | (807) | (1,510) | (543) | (10,978) | (13,838) |
| Net receivables | 245,064 | 57,380 | 59,449 | 88,413 | 450,306 |

As at year ended 31 December 2023

| <i>(unaudited)</i> | 0-30 Days | 31-60 Days | 61-90 Days | Over 90 Days | Total |
|-----------------------------------|------------------|-------------------|-------------------|---------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Trade receivables (CAD customers) | 155,567 | 112,487 | 55,713 | 127,221 | 450,988 |
| Trade receivables (USD customers) | 19,504 | 3,717 | 8,137 | 1,526 | 32,883 |
| Supplier rebates | 34,251 | - | - | - | 34,251 |
| Total | 209,322 | 116,203 | 63,851 | 128,746 | 518,122 |
| Loss allowance % | 0.4% | 1.3% | 0.9% | 8.1% | 2.6% |
| Expected credit losses | (807) | (1,510) | (543) | (10,382) | (13,242) |
| Net receivables | 208,515 | 126,324 | 51,714 | 33,507 | 504,880 |

As at year ended 30 June 2024

| <i>(audited)</i> | 0-30 Days | 31-60 Days | 61-90 Days | Over 90 Days | Total |
|-----------------------------------|------------------|-------------------|-------------------|---------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Trade receivables (CAD customers) | 167,576 | 96,734 | 15,783 | 156,196 | 436,289 |
| Trade receivables (USD customers) | 36,170 | 11,633 | 1,689 | 326 | 49,818 |
| Supplier rebates | 2,038 | - | - | - | 2,038 |
| Total | 205,784 | 108,367 | 17,472 | 156,522 | 488,145 |
| Loss allowance % | 0.4% | 1.4% | 3.1% | 6.6% | 2.7% |
| Expected credit losses | (807) | (1,510) | (543) | (10,382) | (13,242) |
| Net receivables | 204,977 | 106,857 | 16,929 | 146,140 | 474,903 |

FAB-FORM INDUSTRIES LTD.**NOTES TO THE FINANCIAL STATEMENTS**

For the quarter/period ended 31 December 2024, 31 December 2023, and year ended 30 June 2024

(Canadian Dollars rounded to nearest dollar)

11 Financial instruments and financial risk management (continued)**11.3 Financial risk management (continued)****Credit risk (continued)**

| | Quarter ended | | Year ended |
|---|-------------------|-------------------|-----------------|
| | 31-Dec-24 | 31-Dec-23 | 30-Jun-24 |
| | \$ (unaudited) | \$ (unaudited) | \$ (audited) |
| The loss allowances for trade receivables reconciled to the opening loss allowances as follows: | | | |
| Balance at beginning of the quarter/year | 13,242 | 14,434 | 14,434 |
| Increase in loss allowance recognized in profit or loss | 647 | - | 828 |
| Write offs | (51) | - | (2,020) |
| Balance at end of quarter/year | 13,838 | 14,434 | 13,242 |

Trade receivables are non-interest bearing and are generally on 30 day terms.

In determining the expected credit loss amount, the Company considers the client's financial position, service and payment history and economic conditions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents or short term investments and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash, as well as through the availability of funding from committed credit facilities. As at 31 December 2024, the Company had cash and cash equivalents of \$1,733,822 (31 December 2023: \$2,247,178, 30 June 2024 : \$1,547,112).

The Company's financial liabilities, based on contractual undiscounted payments at 31 December 2024, were 628,393 (31 December 2023: \$557,524, 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.

The tables below analyze the Company's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities.

| (unaudited) | Total | Less than 6 months | 6-12 months | Between 1-2 years | Between 3-4 years | More than 5 years |
|-------------------------------|---------|-----------------------|----------------|----------------------|----------------------|----------------------|
| As at 31 December 2024 | \$ | \$ | \$ | \$ | \$ | \$ |
| Trade and other payables | 434,535 | 434,535 | - | - | - | - |
| Lease liabilities | 193,858 | 61,218 | 61,218 | 71,422 | - | - |
| | 628,393 | 495,753 | 61,218 | 71,422 | - | - |

| (unaudited) | Total | Less than 6 months | 6-12 months | Between 1-2 years | Between 3-4 years | More than 5 years |
|-------------------------------|---------|-----------------------|----------------|----------------------|----------------------|----------------------|
| As at 31 December 2023 | \$ | \$ | \$ | \$ | \$ | \$ |
| Trade and other payables | 241,229 | 241,229 | - | - | - | - |
| Lease liabilities | 316,295 | 61,218 | 61,218 | 122,436 | 71,423 | - |
| | 557,524 | 302,447 | 61,218 | 122,436 | 71,423 | - |

| (audited) | Total | Less than 6 months | 6-12 months | Between 1-2 years | Between 3-4 years | More than 5 years |
|---------------------------|---------|-----------------------|----------------|----------------------|----------------------|----------------------|
| As at 30 June 2024 | \$ | \$ | \$ | \$ | \$ | \$ |
| Trade and other payables | 348,215 | 348,215 | - | - | - | - |
| Lease liabilities | 255,076 | 61,218 | 61,218 | 132,640 | - | - |
| | 603,291 | 409,433 | 61,218 | 132,640 | - | - |

FAB-FORM INDUSTRIES LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the quarter/period ended 31 December 2024, 31 December 2023, and year ended 30 June 2024
(Canadian Dollars rounded to nearest dollar)

11 Financial instruments and financial risk management (continued)

11.3 Financial risk management (continued)

Market risk

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

(a) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and is exposed to currency risk, primarily the USD. Currency risk arises from future commercial transactions, and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Company's exposure to USD at the end of the year, expressed in CAD , was as follows.

| | Quarter ended | | Year ended |
|--|----------------------|--------------------|-------------------|
| | 31-Dec-24 | 31-Dec-23 | 30-Jun-24 |
| | \$ | \$ | \$ |
| | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(audited)</i> |
| Accounts receivable | 61,682 | 32,883 | 49,818 |
| Cash and cash equivalents | 371,920 | 1,512,643 | 906,551 |
| Short-term investments | - | - | - |
| | <u>433,602</u> | <u>1,545,526</u> | <u>956,369</u> |
| Accounts payable | <u>(81,712)</u> | <u>(16,848)</u> | <u>(22,309)</u> |
| Net Exposure | <u>351,890</u> | <u>1,528,678</u> | <u>934,060</u> |
| Impact on net earnings from a change in USD/CAD exchange rate by 10% | <u>35,189</u> | <u>152,868</u> | <u>93,406</u> |

(b) 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 exposed to other price risk on their cash and cash equivalents and short term investments classified as FVTPL. However, the risk is not significant due to the short term maturities of these instruments.

(c) 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.

12 Segmented information

The Company operates in one reportable segment being the manufacture and distribution of concrete forming products. The enterprise-wide disclosures are as follows:

| | | Quarter ended | | Quarter ended | | Year ended | |
|---------------------|--------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
| | | 31 December 2024 | | 31 December 2023 | | 30 June 2024 | |
| | | \$ | | \$ | | \$ | |
| | | <i>(unaudited)</i> | | <i>(unaudited)</i> | | <i>(audited)</i> | |
| Gross Sales | Canada | 584,715 | 56.7% | 484,096 | 47.4% | 3,228,019 | 68.9% |
| | USA | 446,212 | 43.3% | 536,518 | 52.6% | 1,453,937 | 31.1% |
| | Total | <u>1,030,927</u> | <u>100.0%</u> | <u>1,020,614</u> | <u>100.0%</u> | <u>4,681,956</u> | <u>100.0%</u> |
| Total assets | Canada | 6,306,958 | 97.2% | 5,386,679 | 95.0% | 5,665,509 | 93.5% |
| | USA | 181,954 | 2.8% | 284,819 | 5.0% | 392,025 | 6.5% |
| | Total | <u>6,488,912</u> | <u>100.0%</u> | <u>5,671,498</u> | <u>100.0%</u> | <u>6,057,534</u> | <u>100.0%</u> |
| Capital expenditure | Canada | 81,683 | 100.0% | 78,988 | 100.0% | 243,334 | 100.0% |
| | USA | - | - | - | - | - | - |
| | Total | <u>81,683</u> | <u>100.0%</u> | <u>78,988</u> | <u>100.0%</u> | <u>243,334</u> | <u>100.0%</u> |

Capital expenditure refers to purchases of property and equipment, deferred development costs and intangible assets. All non-current assets are located in Canada.