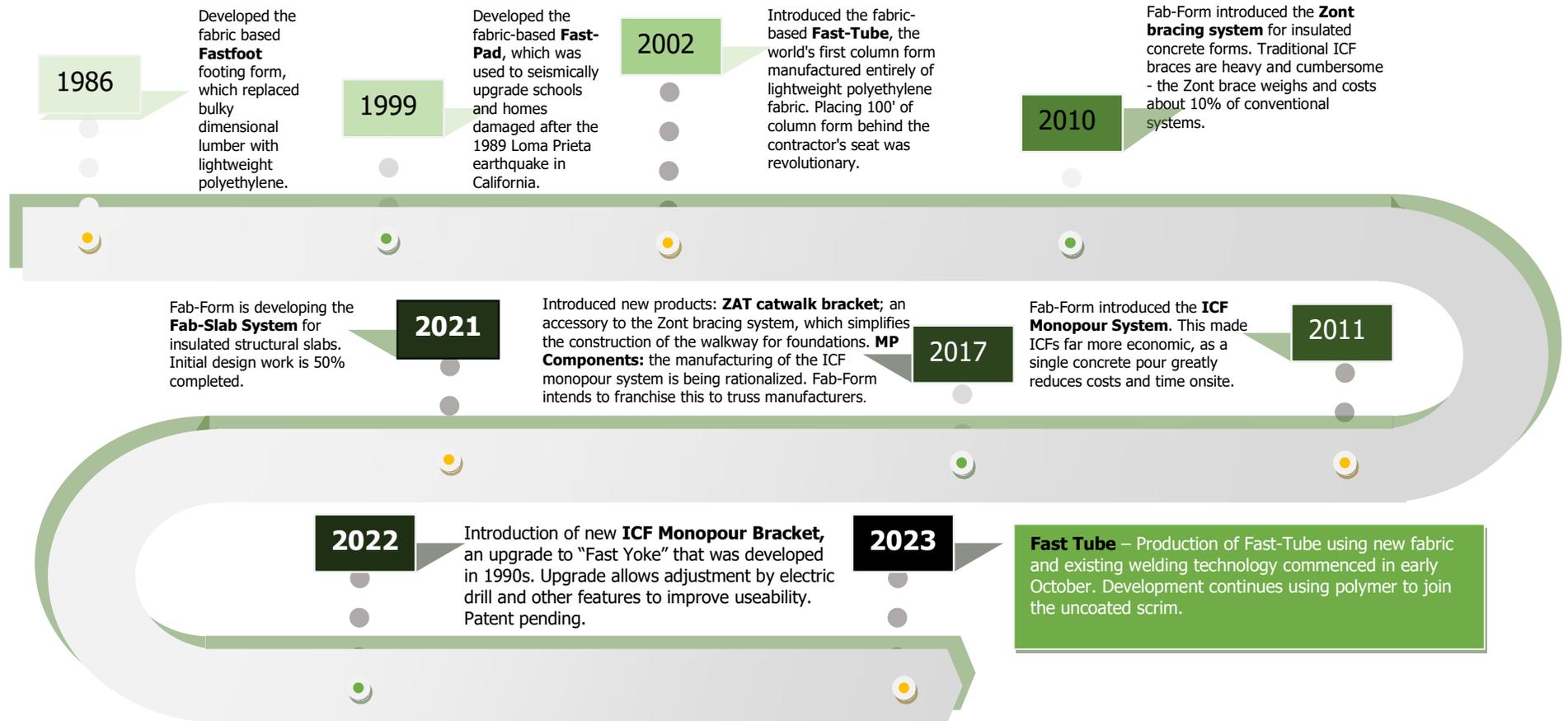


# ***FAB-FORM INDUSTRIES***



***MD&A SIX MONTHS ENDED  
JUNE 2023***

## FAB-FORM KEY MILESTONES



**OTHER INFORMATION**

Fab-Form Industries Ltd ("Fab-Form") is a leading environmentally 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 enable organic growth of the company. Fab-Form focuses on innovative solutions that have the lowest cost to the customer. Refer to key milestones shown on page 2 achieved by Fab-Form since its inception. As always, thank you, board members, shareholders, and progressive dealers and contractors for your continued support and commitment.

The Company changed its financial year end from December 31 to June 30. The change in financial year end was completed to better align Fab-Form's reporting calendar.

This management discussion and analysis ("MDA") covers the operations of Fab-Form Industries Ltd. ("Company") for the transitional period ended June 30, 2023, and should be read in conjunction with the audited financial statements for the period of six months ended June 30, 2023. The financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

**HIGHLIGHTS: PERIOD OF SIX MONTHS ENDED 30 JUNE 2023**

<b>Profitability</b>	Revenue: \$2,591,065 – A decrease of 13.98% compared to the previous year's first six months ended 30 June 2022. Gross Profit: \$1,070,338 – a 9.73% reduction compared to 2022. Operating Income: \$666,948 – a 25% decline compared to 2022. Net Profit: \$482,594 – a reduction of 26% over the previous year's period.	Gross margins improved to 41% due to cost-saving measures implemented throughout 2023. Fab-Form continues to reassess all the cost centers for further reduction opportunities, either through automation, or elimination.  Fab-Form continues to invest in improving the interface between the ground and the building structure.
<b>Operations</b>	Fast-Tube coated fabric from Hagihara was ordered in May 2023, and arrived in the facility in September 2023. Production of FT commenced in October using existing welding technology.	Designing machinery for the new FT polymer technology has made good progress over the last six months, with initial testing starting in November. Until then the Company will produce Fast Tube with the coated HDPE from Hagihara.  No major constraints were noted in respect of procuring the resources in all the lines of production.

OTHER INFORMATION

**HIGHLIGHTS: PERIOD OF SIX MONTHS ENDED 30 JUNE 2023**

<b>Liquidity</b>	Cash generated from operations in the period of the six months ended 30 June 2023 was \$345,804. Total liquid funds increased to \$3.05Mn from \$2.85Mn at the end of 31 December 2022	FAB-FORM and FAST-TUBE trademarks were registered in the USA during the period ended 30 June 2023.
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We look forward to working with all the stakeholders to reach our growth objectives. We continue to be thankful to all our shareholders for trust in our company and our products.

Sincerely



Richard Fearn  
President and CEO  
27 October 2023



Don Russell  
Chief Financial Officer  
27 October 2023

## OTHER INFORMATION

This discussion and analysis of the financial results of Fab-Form Industries Ltd. ("Fab-Form" or the "Company") should be read in conjunction with the audited financial statements for period of six months ended 30 June 2023 and accompanying notes. The results reported herein have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on the SEDAR (System for Electronic Document Analysis and Retrieval) website at [www.sedar.com](http://www.sedar.com).

### **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 company domiciled in Canada and incorporated under the Company Act of British Columbia. The address of the Company's head office is Unit 19, 1610 Derwent Way, Delta BC V3M 6W1. The Company develops, manufactures, and distributes proprietary technology to form concrete footings, columns, foundations, and walls for building structures. The Company also exclusively distributes Helix® micro rebar into the BC market and Nudura® insulating concrete form into the Lower Mainland market. The Company has traded on the TSX Venture Exchange ("TSXV" under the symbol FBF) since 1999.

## OTHER INFORMATION

## OPERATING RESULTS

	For the period of six months ended 30 June				For the Quarter ended 30 June			
	2023	2022	Change	%	2023	2022	Change	%
	\$	\$	\$		\$	\$	\$	
Revenue	2,591,065	3,012,256	(421,191)	(13.98)	1,883,990	1,874,547	9,443	0.50
Cost of sales	(1,520,727)	(1,826,592)	305,865	(16.75)	(1,092,382)	(1,156,563)	64,181	(5.55)
<b>Gross profit</b>	1,070,338	1,185,664	(115,326)	(9.73)	791,608	717,984	73,624	10.25
Other income	10,437	22,995	(12,558)	(54.61)	(14,215)	32,362	(46,577)	(143.92)
<b>Expenses</b>								
General and administration	(303,274)	(221,030)	(82,244)	37.21	(206,375)	(125,038)	(81,337)	65.05
Selling and marketing	(110,553)	(101,359)	(9,194)	9.07	(54,551)	(48,126)	(6,425)	13.35
<b>Total expenses</b>	(413,827)	(322,389)	(91,438)	28.36	(260,926)	(173,164)	(87,761)	50.68
<b>Earnings from operations</b>	666,948	886,270	(219,322)	(24.75)	516,467	577,182	(60,714)	(10.52)
Finance cost	(5,480)	(6,437)	957	(14.87)	(2,867)	(3,133)	266	(8.49)
<b>Earnings before taxation</b>	661,468	879,833	(218,365)	(24.82)	513,600	574,049	(60,448)	(10.53)
<b>Income tax expense</b>	(178,874)	(225,601)	46,727	(20.71)	(142,928)	(142,846)	(82)	0.06
<b>Earnings after taxation</b>	482,594	654,232	(171,638)	(26.24)	370,672	431,203	(60,530)	(14.04)
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>482,594</b>	<b>654,232</b>	<b>(171,638)</b>	<b>(26.23)</b>	<b>370,672</b>	<b>431,203</b>	<b>(60,530)</b>	<b>(14.04)</b>

In the last quarter, the Company posted a net profit of \$370,672, a decrease from the previous year's \$431,203, due to an increase in administration costs and unrealized exchange losses due to a depreciation of the Canadian Dollar against the US Dollar. Overall gross margins were increased by 3% to 4% as a result of decrease in cost of sales in the quarter ended 30 June 2023.

Sales in quarter ended on 30 June 2023 increased compared to quarter ended on 30 June 2022. Earnings before income taxes and interest (EBIT) for the period of six months ended 30 June 2023 declined by 25% compared with same period in 2022. Net earnings for the six months ended 30 June 2023 were \$482,594, a 26% decrease from \$654,232 in six months ended 30 June 2022.

Net assets attributable to shareholders at end of 30 June 2023 showed a growth of 11.7% from 31 December 2022.

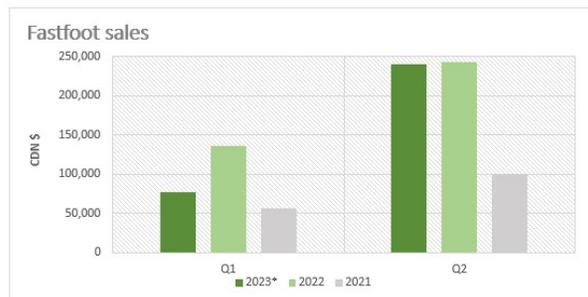
OTHER INFORMATION

1. Product performance

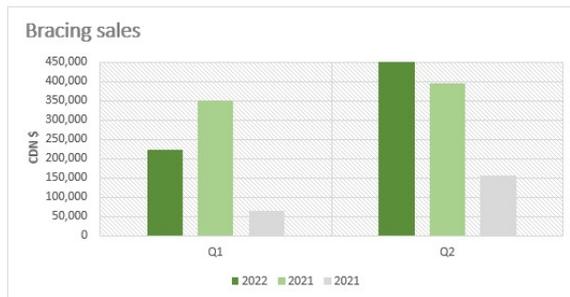
	For the period of six months ended 30 June				For the Quarter ended 30 June			
	2023	2022	Change	%	2023	2022	Change	%
	\$	\$	\$		\$	\$	\$	
Bracing *	702,478	746,988	(44,510)	(5.96)	477,951	395,805	82,146	20.75
Fastfoot **	317,131	378,467	(61,336)	(16.21)	239,489	242,999	(3,510)	(1.44)
Fast-Pad	5,797	8,149	(2,352)	(28.86)	4,367	3,570	797	22.32
Fast-Tube	22,637	2,906	19,731	678.97	1,793	1,676	117	6.98
Helix	63,798	148,892	(85,094)	(57.15)	31,124	108,029	(76,905)	(71.19)
ICF accessories	78,468	80,946	(2,478)	(3.06)	58,784	46,776	12,008	25.67
Monopour	91,577	106,051	(14,474)	(13.65)	60,831	65,023	(4,192)	(6.45)
Nudura ***	1,210,048	1,464,797	(254,749)	(17.39)	944,236	963,893	(19,657)	(2.04)
Rentals	95,847	68,447	27,400	40.03	65,342	44,071	21,271	48.27
Used bracing & accessories	3,284	6,613	(3,329)	(50.34)	73	2,705	(2,632)	(97.30)
	2,591,065	3,012,256	(421,191)	(13.98)	1,883,990	1,874,547	9,443	0.50

Reduction of ICF sales primarily resulted from reduction in housing construction in the first quarter of 2023 due to higher interest rates and associated uncertainty. Demand picked up in the second quarter showing a 0.50% increase over 2022. Total sales in the six months ended 30 June 2023 dropped by 13.98% over 2022.

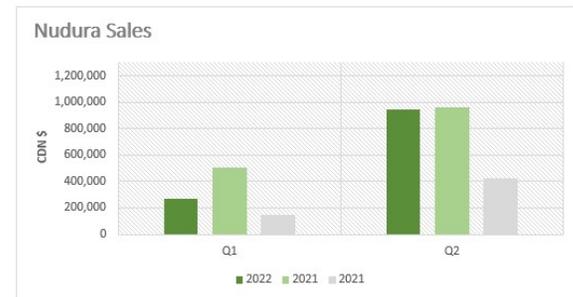
** Fastfoot sales	2023 (\$)	2022 (\$)	2021 (\$)
Q1	77,642	135,468	101,249
Q2	239,489	242,999	206,579
Total	317,131	378,467	307,828



* Bracing Sales	2023 (\$)	2022 (\$)	2021 (\$)
Q1	224,527	351,183	134,413
Q2	477,951	395,805	243,133
Total	702,478	746,988	377,546



*** Nudura Sales	2023 (\$)	2022 (\$)	2021 (\$)
Q1	265,812	500,904	398,721
Q2	944,236	963,893	633,400
Total	1,210,048	1,464,797	1,032,121



## OTHER INFORMATION

## 2. Analysis of cost of sales

	For the period of six months ended 30 June				For the Quarter ended 30 June			
	2023	2022	Change	%	2023	2022	Change	%
	\$	\$	\$		\$	\$	\$	
<b>Total direct product COGS</b>	1,481,109	1,786,270	(305,161)	(17.08)	1,072,192	1,133,620	(61,428)	(5.42)
<b>Indirect product COGS</b>								
Waste disposal	767	623	144	23.11	284	281	3	1.07
Packing materials	3,569	4,166	(597)	(14.33)	3237	3365	(128)	(3.80)
Depreciation production equipment and tools	1,214	1,187	27	2.27	597	675	(78)	(11.56)
Warehouse lease rental	21,631	21,602	29	0.13	10,815	10,815	-	-
Variable overhead	12,437	12,744	(307)	(2.41)	5,257	7,807	(2,550)	(32.66)
<b>Total indirect product COGS</b>	39,618	40,322	(704)	(1.75)	20,190	22,943	(2,753)	(12.00)
<b>Total Cost of sales</b>	1,520,727	1,826,592	(305,865)	(16.75)	1,092,382	1,156,563	(64,181)	(5.55)

Cost of sales for the period of six months decreased by 16.75% compared to same period in the previous year.

## 3. Analysis of Administration Expenses

	For the period of six months ended 30 June				For the Quarter ended 30 June			
	2023	2022	Change	%	2023	2022	Change	%
	\$	\$	\$		\$	\$	\$	
Amortization & depreciation	12,769	1,705	11,064	648.91	7,388	689	6,699	972.28
Impairment	1,122	-	1,122	100.00	-	-	-	100.00
Office rental amortisation	10,314	11,225	(911)	(8.12)	5,470	5,514	(44)	(0.80)
Patent & TM maintenance fees	1,876	-	1,876	100.00	896	-	896	(100.00)
Professional Fees	46,086	15,740	30,346	192.80	38,588	9,311	29,277	314.43
Pubco expenses	23,633	8,359	15,274	182.73	18,530	4,973	13,557	272.61
General expenses	13,732	9,957	3,775	37.91	8,239	4,979	3,260	65.47
Wages and benefits	147,542	138,800	8,742	6.30	96,891	79,530	17,361	21.83
Telecommunications & computers	11,217	9,589	1,628	16.98	5,889	5,105	784	15.36
Credit Card Processing fees	26,297	25,655	642	2.50	15,829	14,937	892	5.97
Provision/(reversal) for expected credit losses	8,686	-	8,686	100.00	8,655	-	8,655	100.00
<b>Total administrative expenses</b>	303,274	221,030	82,244	37.21	206,375	125,038	81,337	65.05

Administration expenses increase by 37.21% during the period of six months ended 30 June 2023 as compared to 2022, primarily due to increase in the professional fees, pubco expenses and amortization and depreciation expenses.

## OTHER INFORMATION

**4. Analysis of Selling and Marketing Expenses**

	For the period of six months ended 30 June				For the Quarter ended 30 June			
	2023	2022	Change	%	2023	2022	Change	%
	\$	\$	\$		\$	\$	\$	
Bracing	24,429	27,118	(2,689)	(9.92)	13,847	8,189	5,658	69.09
Fastfoot	22,239	19,347	2,892	14.95	16,885	7,494	9,391	125.31
Fast-Pad	948	1422	(474)	(33.33)	237	711	(474)	100.00
Fast-Tube	900	339	561	165.49	417	-	417	(100.00)
Helix	1,382	631	751	119.02	33	314	(281)	(89.49)
Monopour	7,592	5,984	1,608	26.87	4354	2,678	1,676	62.58
Nudura	53,063	46,518	6,545	14.07	18,778	28,740	(9,962)	(34.66)
<b>Total selling &amp; marketing</b>	<b>110,553</b>	<b>101,359</b>	<b>9,194</b>	<b>9.07</b>	<b>54,551</b>	<b>48,126</b>	<b>6,425</b>	<b>13.35</b>

The selling and marketing expenses increased by 9% during the period of six months ended 30 June 2023 compared to 2022, primarily due to wage adjustments in May 2023

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

The Company generated \$345,804 from operating activities in the period of six months ended 30 June 2023 compared to \$1,634,919 during the year ended 31 December 2022.

Cash and cash equivalents at the end of June 30,2023 increased by \$180,132, with total cash and cash equivalents at the end of 30 June 2023 of \$1,012,026, compared to \$831,894 at the end of 31 December 2022.

Cash of \$104,453 was used in other investing activities, consisting of cash used in acquisition of property plant and equipment of \$34,392, investment in product development of \$8,056 and intangible assets of \$37,307.

Cash used in financing activities of \$61,220 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.

OTHER INFORMATION

**6. New Products Update**

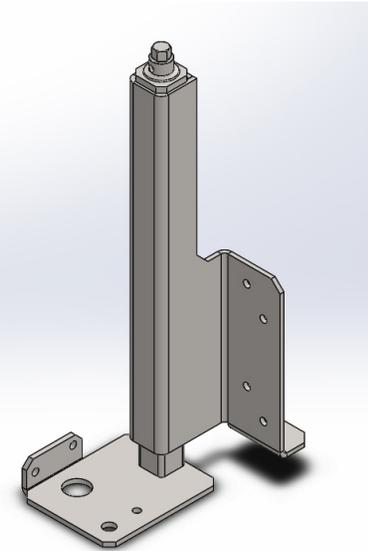
**Leveler**

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 is being upgraded to allow adjustment by electric drill and other features to improve useability. This product is expected to sell well for the following reasons:

1. Integrates perfectly with our existing customer base.
2. Can accommodate different lumber sizes up to 2 x 12.
3. Can function with and without Fastfoot, thereby capturing a dramatically larger market potential.
4. As jobsite labour costs are very high, Leveler will reduce footing forming costs significantly.

In 2022, initial prototypes were tested, and further improvements were added to reduce wear and tear. New prototypes will be available in October 2023. Upon successful testing the product will be released to the market.

A patent application was filed to the USPTO to secure the intellectual properties attached to the invention.



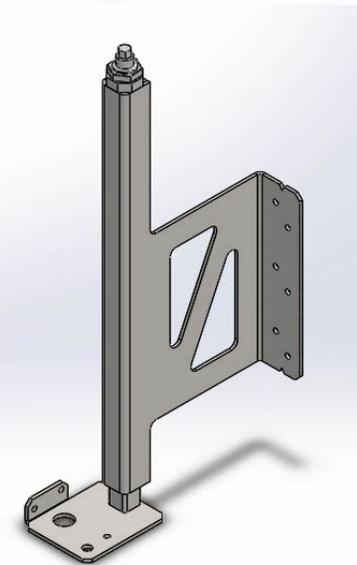
**ICF Monopour Bracket**

The ability to monopour the foundation wall and footing in residential construction saves the contractor significant cost, materials, and time. The Company developed the MPSS product for this purpose, as the current MPSS is sacrificed in the concrete footing. The ICF Monopour Bracket is not sacrificed to the concrete as it lies outside the ICF wall and footing. It will sell well for the following reasons:

1. Integrates perfectly with our existing customer base.
2. Can form many different footing sizes.
3. Can be rented out by ICF dealers to their contractors.

Manufacturing of Prototypes is complete, and testing will be done during the month of October.

A patent application was filed with the USPTO to secure the intellectual properties attached to the invention.



## OTHER INFORMATION

### Fast Tube

The company is performing a major upgrade and optimization on the product with the following objectives:

1. Eliminate distortions in the form due to misalignment of the weft tapes.
2. Reduce elongation in the tube due to higher concrete pressure in the base rather than at the top of the column form.
3. Improve the joining technology of forming the tube so that failures cannot occur on the jobsite.
4. Reduce the cost base of the tube to improve margins.

To achieve these objectives, on 30<sup>th</sup> September 2021, the company signed a "Fabric Development Agreement" with Hagihara Industries Inc., Japan to develop a new fabric. It is expected that the production machine will be running 24/7 and full automation in production will be required in the unwind, joining and rewind zones. Machinery design is underway.

The Company expects to take out a joint patent with Hagihara on the new fabric. Product introduction is expected in 2024.



***BUILDING GREEN from the ground up***

Additional financial information on the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Approved: "Board of Directors"

27 October 2023

FAB-FORM INDUSTRIES LTD.  
OTHER INFORMATION

*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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