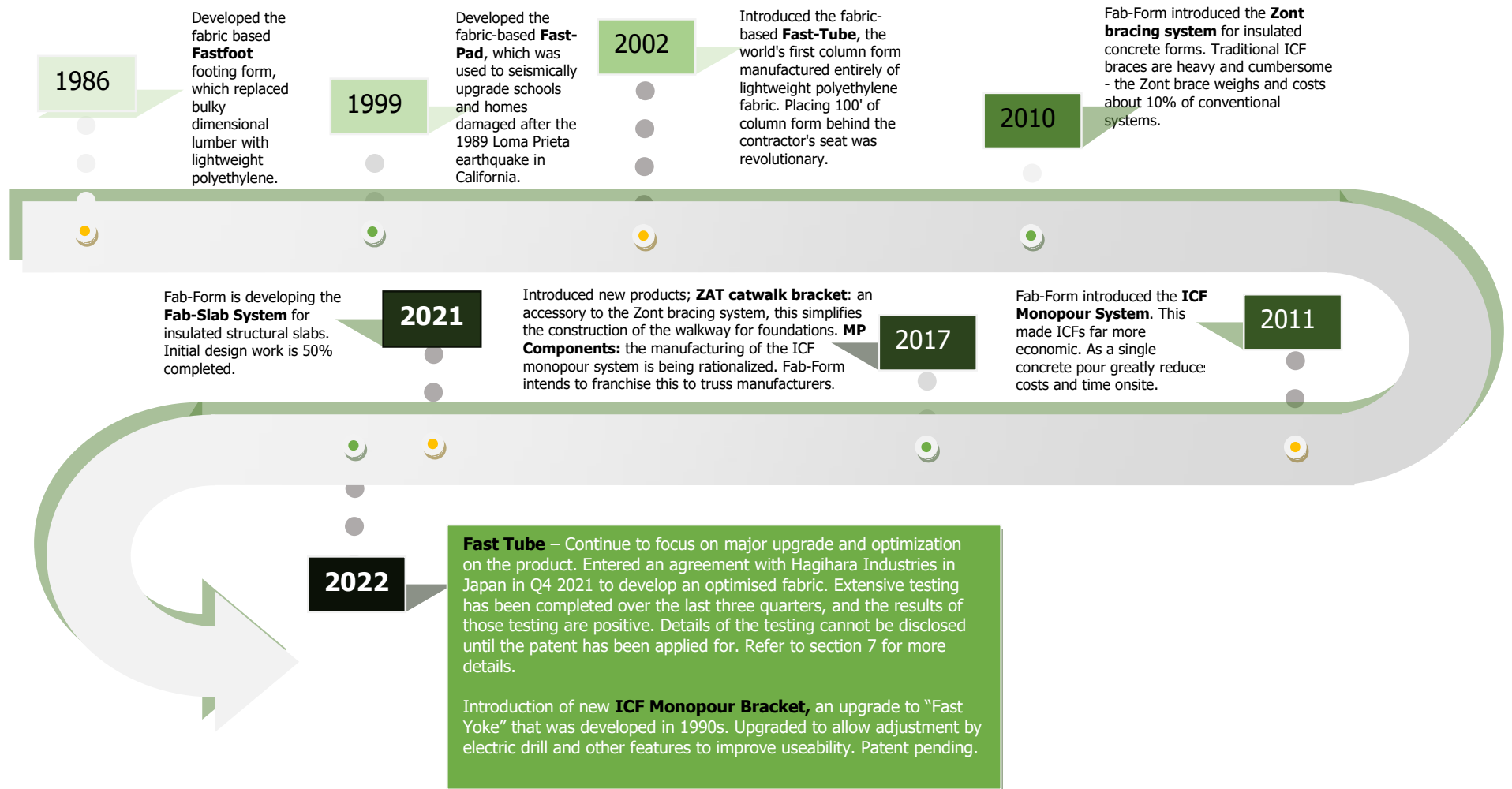


# ***FAB-FORM INDUSTRIES***



***YEAR END MD&A 2022***

## FAB-FORM'S KEY MILESTONES



## MANAGEMENT DISCUSSION & ANALYSIS

*For the year ended 31 December 2022*

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 the above page 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.

### HIGHLIGHTS 2022

<b>Profitability</b>	<p>\$492,492 increase in profits in 2022, a 64% increase.</p> <p>Total profit at the end of the year reached \$1.25Mn after taxation.</p>
<b>Operations</b>	<p>Reached \$6Mn turnover at the end of the year.</p> <p>Warehouse usage was further optimized during the year. Investment in assets increased by \$177,746, which includes purchase of new CRM software, investment in IP and product development costs.</p> <p>Filing of Patent for the Leveler, ICF Monopour Bracket, Fastfoot Leveler was completed in December, also FASTFOOT trademark registrations was finalized.</p>
<b>Liquidity</b>	<p>Cash generated from operation in 2022 was \$1.6Mn. Total liquid funds increased to \$2.8Mn from 1.5Mn in 2021. Excess funds were placed in short term investments, which will generate an \$80,000 interest income in 2023 (approximately).</p>

### SUMMARY

Fab-Form achieved a record \$6.1Mn in 2022, representing \$0.76mn revenue per employee. We believe the market for Fab-Form products is massive and Fab-Form will continue to exploit new markets around the world. Distribution channels will be developed in harmony with these sales.

Supply chain challenges were normalized, and lead time on inbound shipments were shortened to two weeks. However, we anticipate this will get back to four weeks when summer breaks in 2023. There was no reduction in LTL (less than a container load) costs and other modes of local transportation as inflation remains high despite increased interest rates.

No major price revisions were noted in key suppliers, therefore selling prices were maintained at the same level for most products.

Fab-Form remains focused on improving existing products in terms of their usability and quality. Research and development activities related to the development of new products continue to make good progress.

FASTFOOT trademark registration was filed in December 2022, and FAB-FORM and FAST-TUBE trademarks registrations were finalized subsequent to the year end.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 December 2022

**HIGHLIGHTS 2022**

**Investor relations**

Fab-Form Ranks Among Top 50 Performing Companies on the 2023 TSX Venture 50®

**SUMMARY**

The Venture 50 are the top ten companies listed on TSX Venture Exchange in each of five major industry sectors – mining, energy & energy services, clean technology & life sciences, diversified industries, and technology – based on a ranking formula with equal weighting given to market cap growth, trading volume amount and share price appreciation. All data was as of December 31, 2022.

Two training seminars were conducted during 2022, 100% attendance was easily reached, with attendees having to spill into 2023 events. This participation trend shows how the industry is now accepting the use of ICF and Fab-Form products.

We expect the demand for Fab-Form and ICF to continue to grow as new BC building codes, effective May 1<sup>st</sup> 2023, require all new construction in BC to be 20% more energy efficient than homes built in 2018.

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  
28 April 2023

Don Russell  
Chief Financial Officer  
28 April 2023

## MANAGEMENT DISCUSSION & ANALYSIS

*For the year ended 31 December 2022*

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 the year 2022 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.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

For the year ended 31 December 2022

## OPERATING RESULTS

	For the year ended 31 December				For the Quarter ended 31 December			
	2022	2021	Change	%	2022	2021	Change	%
Revenue	\$ 6,132,164	\$ 4,424,045	\$ 1,708,119	38.61	\$ 1,004,813	\$ 802,851	\$ 201,962	25.16
Cost of sales	(3,787,598)	(2,855,681)	(931,917)	32.63	(631,055)	(563,378)	(67,677)	12.01
<b>Gross profit</b>	<b>2,344,566</b>	<b>1,568,364</b>	<b>776,202</b>	<b>49.49</b>	<b>373,758</b>	<b>239,473</b>	<b>134,285</b>	<b>56.08</b>
Other operating income/(expenses)	94,539	6,632	87,907	1,325.50	(8,458)	(3,402)	(5,056)	148.65
<b>Expenses</b>								
General and administration	(512,208)	(340,672)	(171,536)	50.35	(124,769)	(64,916)	(59,853)	92.20
Selling and marketing	(196,975)	(189,168)	(7,807)	4.13	(52,208)	(46,139)	(6,069)	13.15
<b>Total expenses</b>	<b>(709,183)</b>	<b>(529,840)</b>	<b>(179,343)</b>	<b>33.85</b>	<b>(176,977)</b>	<b>(111,055)</b>	<b>(65,922)</b>	<b>59.36</b>
<b>Earnings from operations</b>	<b>1,729,922</b>	<b>1,045,156</b>	<b>684,766</b>	<b>65.52</b>	<b>188,322</b>	<b>125,023</b>	<b>63,309</b>	<b>50.64</b>
Finance cost	(6,811)	(7,615)	804	(10.56)	(2,789)	(3,474)	685	(19.72)
<b>Earnings before taxation</b>	<b>1,723,111</b>	<b>1,037,541</b>	<b>685,570</b>	<b>66.08</b>	<b>185,533</b>	<b>121,549</b>	<b>63,994</b>	<b>52.65</b>
<b>Income tax expense</b>	<b>(465,107)</b>	<b>(272,029)</b>	<b>(193,078)</b>	<b>70.98</b>	<b>(49,680)</b>	<b>(29,641)</b>	<b>(20,039)</b>	<b>67.61</b>
<b>Earnings</b>	<b>1,258,004</b>	<b>765,512</b>	<b>492,492</b>	<b>64.33</b>	<b>135,853</b>	<b>91,901</b>	<b>43,952</b>	<b>47.83</b>
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>1,258,004</b>	<b>765,512</b>	<b>492,492</b>	<b>64.33</b>	<b>135,853</b>	<b>91,901</b>	<b>43,952</b>	<b>47.83</b>

The Company generated a net profit of \$135,853 for the last quarter compared to a net profit of \$91,901 in the previous year, as a result of an increase in sales of 47.83% over the previous year's quarter. The total expenses were increased by \$59,853 for the quarter ended due to impairment charge of \$21,824 plus increase in other admin costs.

Sales for the year 2022 increased 38.61% over 2021 as a result of the industry continue to be shifting from wood framing to ICF. See section 1 for a detailed analysis of sales by product.

Earnings before income taxes and interest (EBIT) for the year 2022 increased 66.08% over the previous year. Net earnings for the year 2022 was \$1.25Mn compared to \$0.76Mn in the previous year, an increase of 64.33%. Net assets attributable to shareholders at year end 2022 increased 46% over 2021.

MANAGEMENT DISCUSSION & ANALYSIS

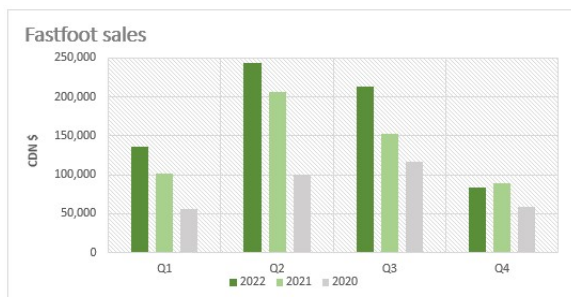
For the year ended 31 December 2022

1. Product performance

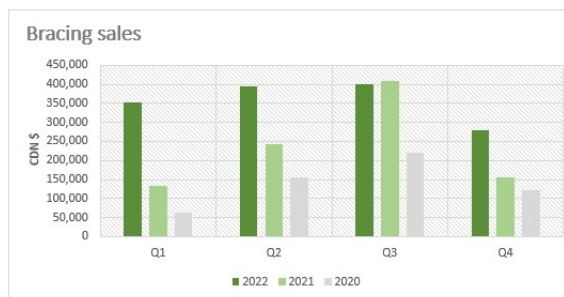
	For the year ended 31 December				For the Quarter ended 31 December			
	2022 \$	2021 \$	Change \$	%	2022 \$	2021 \$	Change \$	%
Bracing *	1,424,767	941,769	482,998	51.29	278,840	156,667	122,173	77.98
Fastfoot **	675,261	550,032	125,229	22.77	83,681	89,710	(6,029)	(6.72)
Fast-Pad	14,775	18,213	(3,438)	(18.88)	3,156	2,859	297	10.39
Fast-Tube	12,823	7,714	5,109	66.23	2,137	1,396	741	53.08
Helix	243,795	198,030	45,765	23.11	17,018	29,505	(12,487)	(42.32)
ICF accessories	185,947	145,825	40,122	27.51	31,878	21,077	10,801	51.25
Monopour	199,298	113,308	85,990	75.89	41,837	12,538	29,299	233.68
Nudura ***	3,197,224	2,341,450	855,774	36.55	507,058	461,823	45,235	9.79
Rentals	157,902	91,395	66,507	72.77	31,161	16,979	14,182	83.53
Used bracing & accessories	20,372	16,309	4,063	24.91	8,047	10,297	(2,250)	(21.85)
	6,132,164	4,424,045	1,708,119	38.61	1,004,813	802,851	201,962	25.16

Demand for all the product categories were strong during 2022. Overall, the demand is stronger during spring and summer where most of the construction activities take place. Nudura sales increased by 37%, while Bracing and Fastfoot were 51% and 23% respectively. Demand for the monopour system continued to increase, a 76% recorded increase in 2022 with the rapid increase in use of ICF across Canada and USA. The analysis below shows the sales growth for main product categories over the last three years. BC building step codes continue to change, forcing users to apply more energy saving products to their building envelopes. With the increased labor shortage in the industry, using efficient products is paramount, this will drive the demand for both ICF and Fab-Form products.

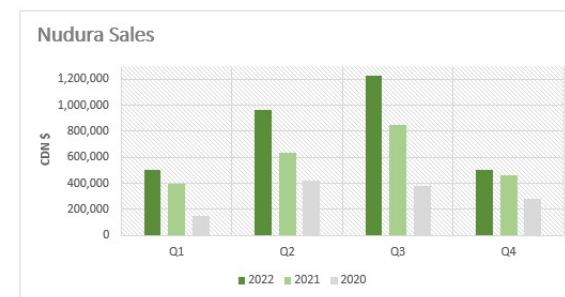
** Fastfoot sales	2022 (\$)	2021 (\$)	2020 (\$)
Q1	135,468	101,249	56,643
Q2	242,999	206,579	100,887
Q3	213,113	152,494	116,440
Q4	83,681	89,710	59,294
Total	675,261	550,032	333,264



* Bracing Sales	2022 (\$)	2021 (\$)	2020 (\$)
Q1	351,183	134,413	63,602
Q2	395,805	243,133	156,350
Q3	398,939	407,556	221,703
Q4	278,840	156,667	122,616
Total	1,424,767	941,769	564,271



*** Nudura Sales	2022 (\$)	2021 (\$)	2020 (\$)
Q1	500,904	398,721	146,640
Q2	963,893	633,400	421,842
Q3	1,225,369	847,506	382,082
Q4	507,058	461,823	281,445
Total	3,197,224	2,341,450	1,232,009



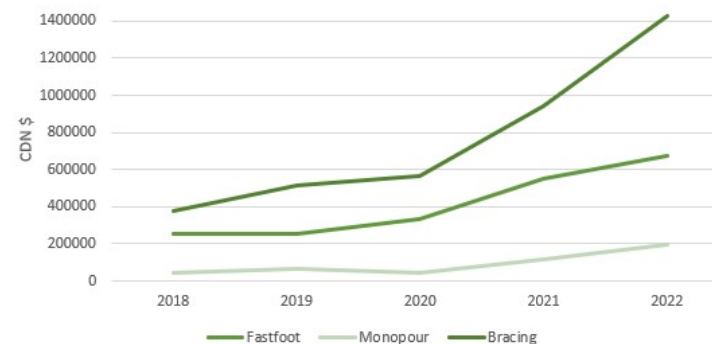
MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 December 2022

Yearly Sales of Proprietary Products

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
Bracing	1,424,767	941,769	564,272	514,308	377,299
Fastfoot	675,261	550,032	333,265	253,529	257,012
Fast-pad	14,775	18,213	9,862	11,118	5,760
Fast-Tube	12,823	7,714	15,175	19,506	11,572
Monopour	199,298	113,308	44,243	62,450	41,615

Bracing, Fastfoot, and Monopour sales



Growth in all three major lines over last five years highlights the growth perspectives of our products. Industry needs optimised and simple solutions while maintaining the compatibility with the related products and the regulations where applicable. All our products were designed and developed to provide a cost effective and sustainable industry. Demand for bracing increased by 277% since 2018, while Fastfoot and monopour were 162% and 378% respectively.

2. Analysis of cost of sales

	For the year ended 31 December				For the quarter ended 31 December			
	2022	2021	Change	%	2022	2021	Change	%
<b>Total direct product COGS</b>	\$ 3,711,758	\$ 2,786,697	\$ 925,061	33.20	\$ 614,307	\$ 543,037	\$ 71,270	13.12
<b>Indirect product COGS</b>								
Waste disposal	1,241	1,432	(191)	(13.34)	415	399	16	4.01
Packing materials	7,561	4,793	2,768	57.75	597	1905	(1,308)	(68.66)
Depreciation production equipment and tools	2,566	2,373	193	8.13	680	565	115	20.35
Warehouse lease rental	43,234	40,174	3,060	7.62	10,816	11,271	(455)	(4.04)
Variable overhead	21,238	20,212	1,026	5.08	4,240	6,201	(1,961)	(31.62)
<b>Total indirect product COGS</b>	75,840	68,984	6,856	9.94	16,748	20,341	(3,593)	(17.66)
<b>Total Cost of sales</b>	3,787,598	2,855,681	931,917	32.63	631,055	563,378	67,677	12.01

Cost of sales for the year ended 31 Dec 2022 increased by 32.63% compared to the previous year, which is more than what was expected due to increased shipping cost in 2022. This is in line with the increase in sales during the year by 38%.



## MANAGEMENT DISCUSSION &amp; ANALYSIS

For the year ended 31 December 2022

**3. Analysis of Administration Expenses**

	For the year ended 31 December				For the quarter ended 31 December			
	2022	2021	Change	%	2022	2021	Change	%
	\$	\$	\$		\$	\$	\$	
Amortization & depreciation	4,406	3,134	1,272	40.59	2,007	958	1,049	109.50
Impairment	21,824	-	21,824	100.00	21,824	-	21,824	100.00
Office rental amortisation	24,808	24,368	440	1.81	7,281	8,690	(1,409)	(16.21)
Patent & TM maintenance fees	7,351	569	6,782	1,191.92	3,851	356	3,495	981.74
Professional Fees	30,213	27,760	2,453	8.84	6,429	6,429	-	-
Pubco expenses	41,304	21,450	19,854	92.56	9,398	5,255	4,143	78.84
General expenses	19,917	18,993	924	4.86	4,979	4,749	230	4.84
Wages and benefits	294,999	191,288	103,711	54.22	51,713	32,169	19,544	60.75
Telecommunications & computers	22,620	17,564	5,056	28.79	7,800	5,849	1,951	33.36
Credit Card Processing fees	45,865	38,304	7,561	19.74	9,479	8,471	1,008	11.90
Provision/(reversal) for expected credit losses	(1,099)	(2,758)	1,659	(60.15)	8	(8,010)	8,018	(100.10)
<b>Total administrative expenses</b>	<b>512,208</b>	<b>340,672</b>	<b>171,536</b>	<b>50.35</b>	<b>124,769</b>	<b>64,916</b>	<b>59,853</b>	<b>92.20</b>

Administration expenses increase by 50% during 2022 as compared to 2021, primarily increase due to increase in the bonus paid to employees, an increase in directors' fees and an impairment expense of \$21,824.

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

	For the year ended 31 December				For the quarter ended 31 December			
	2022	2021	Change	%	2022	2021	Change	%
	\$	\$	\$		\$	\$	\$	
Bracing	51,149	66,404	(15,255)	(22.97)	14,468	14,201	267	1.88
Fastfoot	34,728	28,539	6,189	21.69	6,974	6,372	602	9.45
Fast-Pad	4,146	5,406	(1,260)	(23.31)	1,404	3,306	(1,902)	100.00
Fast-Tube	1,559	845	714	84.50	265	537	(272)	(50.65)
Helix	808	6,181	(5,373)	(86.93)	-	1,394	(1,394)	(100.00)
Monopour	13,990	7,521	6,469	86.01	5,670	2,598	3,072	118.24
Nudura	90,595	74,272	16,323	21.98	23,427	17,731	5,696	32.12
<b>Total selling &amp; marketing</b>	<b>196,975</b>	<b>189,168</b>	<b>7,807</b>	<b>4.13</b>	<b>52,208</b>	<b>46,139</b>	<b>6,069</b>	<b>13.15</b>

The selling and marketing expenses increased by 4% during the year compared to 2021. Overall, more weight was allocated on ICF sales, which increased 21% compared to 2021.

## MANAGEMENT DISCUSSION & ANALYSIS

*For the year ended 31 December 2022*

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

The Company generated \$1,636,005 from operating activities in 2022 compared to \$355,755 in 2021.

Cash and cash equivalents at year end reduced by \$683,897, with total cash and cash equivalents at the year ended 2022 of \$831,894, compared to \$1,515,792 at the end of 2021. The reduction in cash and cash equivalents was mainly due to a \$2,018,634 investment in short-term deposits.

Cash of \$177,746 was used in other investing activities, consisting of cash used in acquisition of property plant and equipment of \$52,901, investment in product development of \$39,533 and intangible assets of \$85,312.

Cash used in financing activities of \$122,437 consisted of lease payments for the offices and warehouses located in Delta BC.

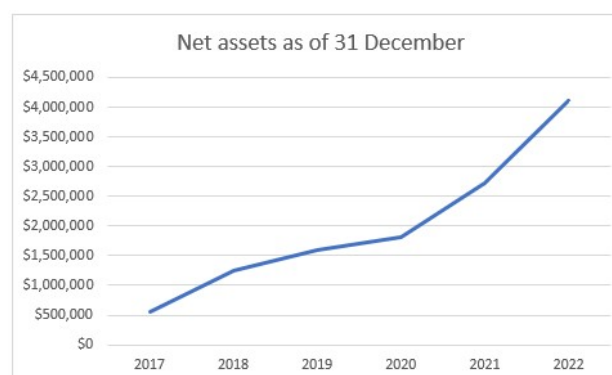
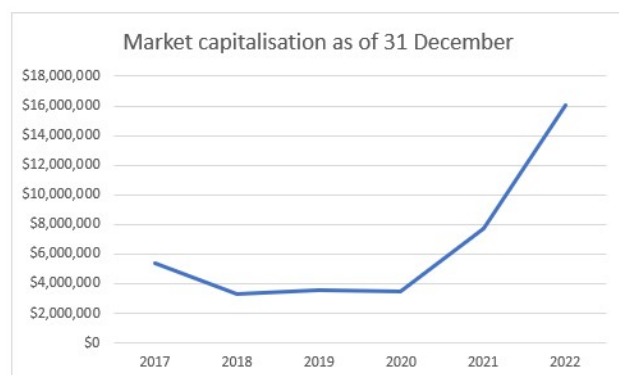
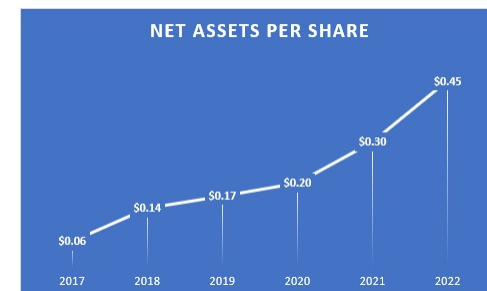
The Company is debt-free and has financial liquidity and flexibility.

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. Performance of Shares on TSX.V Exchange**

There was continued investor interest in the shares of the Company during the year, as shown by the table below:

	2022	2021	2020	2019	2018
<b>Share price over the last five years</b>					
• Highest price during the year	\$1.80	\$0.99	\$0.55	\$0.55	\$0.99
• Lowest price during the year	\$0.85	\$0.375	\$0.155	\$0.27	\$0.33
• Last traded Price	\$1.75	\$0.85	\$0.39	\$0.40	\$0.37
<b>Market capitalisation as of 31 December</b>	\$16,055,387	\$7,721,431	\$3,440,601	\$3,528,822	\$3,264,160
<b>Net assets as of 31 December</b>	\$4,099,793	\$2,717,538	\$1,809,147	\$1,588,998	\$1,242,461
<b>Net assets per share</b>	\$0.45	\$0.30	\$0.20	\$0.17	\$0.14
<b>Number of transactions on TSXV</b>	1089	855	145	151	192
<b>Number of shares traded</b>	1,147,547	1,662,880	1,127,302	1,120,311	1,411,106



Net asset attributable to common shareholders of the company increased 46% compared to 2021. Market capitalization increased to \$16.5Mn at the year end, an increase of 107% over 2021.

## 7. New Products Update

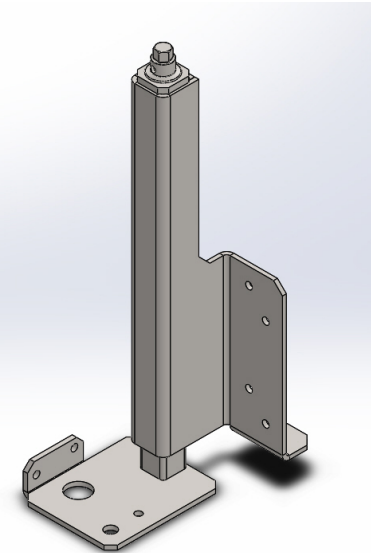
### Leveler

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 control the wear and tear. New prototypes will be available in 2023. Upon successful testing the product will be released to market.

Further, a patent application was submitted to secure the intellectual properties attached to the invention.



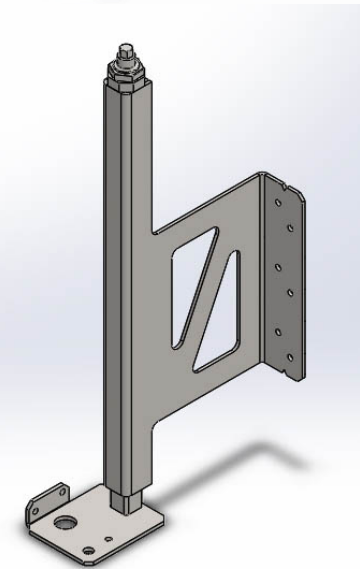
### ICF Monopour Bracket

The ability to monopour the foundation wall and footing in residential construction saves the contractor significant cost, materials, and time. We developed the MPSS product for this purpose, but the current MPSS is sacrificed in the concrete footing. The new 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.

Prototypes are currently being manufactured, and upon successful testing the product will be released to market.

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



## MANAGEMENT DISCUSSION & ANALYSIS

*For the year ended 31 December 2022*

### **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 upgrades, on 30<sup>th</sup> September 2021, the company signed a "Fabric Development Agreement" with Hagihara Industries Inc., Japan for this optimization. Since that date, the following progress has been made:

1. Misalignment distortions have been eliminated.
2. Elongation has been reduced by 65%.
3. Joining technology has been improved significantly.
4. Cost base has been reduced dramatically.
5. As the machine will be running 24/7, full automation is being introduced in the unwind, joining and rewind zones. Progress is well underway.

The Company will be taking out a joint patent with Hagihara to protect key features. Product introduction is expected in late 2023.



***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"

28 April 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".*

For additional information, please contact:

**Joey Fearn**  
Chief Operating Officer  
[joey@fab-form.com](mailto:joey@fab-form.com)

**Rick Fearn**  
President, CEO  
[rick@fab-form.com](mailto:rick@fab-form.com)

**Don Russell**  
Chief Financial Officer  
[don@fab-form.com](mailto:don@fab-form.com)

**Vishwanath Kumar**  
Corporate Secretary  
[vish@fab-form.com](mailto:vish@fab-form.com)

**FAB-FORM**  
INDUSTRIES LTD.  
Unit 19, 1610 Derwent Way  
Delta, BC V3W 6W1, Canada  
(604)596-3278  
Shareholders and interested investors should  
visit:  
[www.fab-form.com/investor/overview.php](http://www.fab-form.com/investor/overview.php)  
[www.vancouvericf.com](http://www.vancouvericf.com)  
[www.steelfiberswest.com](http://www.steelfiberswest.com)

