



**FAB-FORM INDUSTRIES LTD  
CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2021**

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

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**FAB-FORM INDUSTRIES LTD**  
**Management's Report to Shareholders**

For the quarter ended 30 September 2021

The accompanying Condensed Interim Financial Statements are the responsibility of the management of Fab-Form Industries Ltd. The Condensed Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards including International Accounting Standard ("IAS") 34 – Interim Financial Reporting and, where appropriate, include management's best estimates and judgments.

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 financial statements.

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 MD&A. The Audit Committee also reviews internal accounting controls, risk management and accounting principles and practices. 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 Condensed Interim Financial Statements.

The Condensed Interim Financial Statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies of the Company.

The Company's independent auditors have neither reviewed nor audited these Condensed Interim Financial Statements.



.....  
**Director**  
**Rick Fearn**  
**President and CEO**  
**24 November 2021**



.....  
**Director**  
**Don Russell**  
**Chief Financial Officer**  
**24 November 2021**

**FAB-FORM INDUSTRIES LTD**
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

For the quarters and periods ended 30 September 2021, 2020, and year ended 31 December 2020

	Quarter ended		Period ended		Year ended
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20	31-Dec-20
	\$	\$	\$	\$	\$
Revenue	1,619,631	872,305	3,621,123	2,060,575	2,634,852
Cost of sales	(995,662)	(555,585)	(2,292,299)	(1,393,670)	(1,794,776)
<b>Gross profit</b>	<b>623,969</b>	<b>316,720</b>	<b>1,328,824</b>	<b>666,905</b>	<b>840,076</b>
<i>Gross profit margin %</i>	<i>39%</i>	<i>36%</i>	<i>37%</i>	<i>32%</i>	<i>32%</i>
<b>Other operating income/(expenses)</b>	22,931	(6,489)	9,918	29,987	15,678
<b>Expenses</b>					
General and administration	(113,448)	(109,814)	(275,808)	(219,592)	(381,529)
Selling and marketing	(54,943)	(37,312)	(143,029)	(137,052)	(173,086)
<b>Total expenses</b>	<b>(168,392)</b>	<b>(147,126)</b>	<b>(418,837)</b>	<b>(356,644)</b>	<b>(554,615)</b>
<b>Earnings from operations</b>	<b>478,509</b>	<b>163,105</b>	<b>919,905</b>	<b>340,248</b>	<b>301,139</b>
Finance costs	(3,623)	(510)	(4,090)	(316)	436
<b>Earnings before income taxes</b>	<b>474,886</b>	<b>162,595</b>	<b>915,815</b>	<b>339,932</b>	<b>301,575</b>
<b>Income taxes</b>	<b>(123,510)</b>	<b>(43,859)</b>	<b>(242,388)</b>	<b>(91,782)</b>	<b>(81,426)</b>
<b>Earnings for the quarter/year</b>	<b>351,376</b>	<b>118,736</b>	<b>673,427</b>	<b>248,150</b>	<b>220,149</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the quarter/period/year</b>	<b>351,376</b>	<b>118,736</b>	<b>673,427</b>	<b>248,150</b>	<b>220,149</b>
Weighted average number of shares	9,084,036	9,084,036	9,084,036	9,084,036	9,084,036
<b>Basic and diluted earnings per share</b>	<b>0.039</b>	<b>0.013</b>	<b>0.074</b>	<b>0.027</b>	<b>0.024</b>

The accompanying notes are an integral part of these financial statements

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

As at 30 September 2021, 2020 and 31 December 2020

	<b>30-Sep-21</b>	<b>30-Sep-20</b>	<b>31-Dec-20</b>
	\$	\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	2,006,709	1,178,615	1,299,653
Trade and other receivables	810,021	446,861	212,953
Inventories	348,562	428,743	547,043
	<b>3,165,292</b>	<b>2,054,219</b>	<b>2,059,649</b>
<b>Non current assets</b>			
Property, plant and equipment	65,816	70,199	70,349
Right of use assets	551,115	543,089	518,841
Deferred development	18,243	10,906	11,471
Patents	3,845	4,181	4,097
	<b>639,019</b>	<b>628,375</b>	<b>604,758</b>
<b>Total Assets</b>	<b>3,804,311</b>	<b>2,682,594</b>	<b>2,664,407</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	699,272	256,905	335,203
Lease liabilities	114,024	96,492	94,155
Corporate tax payable	71,350	43,859	-
	<b>884,646</b>	<b>397,256</b>	<b>429,358</b>
<b>Non current liabilities</b>			
Lease liabilities	437,091	448,190	425,902
	<b>437,091</b>	<b>448,190</b>	<b>425,902</b>
<b>Total liabilities</b>	<b>1,321,737</b>	<b>845,446</b>	<b>855,260</b>
<b>EQUITY</b>			
Share capital	1,120,875	1,120,875	1,120,875
Retained earnings	1,361,699	716,273	688,272
<b>Total equity</b>	<b>2,482,574</b>	<b>1,837,148</b>	<b>1,809,147</b>
<b>Total equity and liabilities</b>	<b>3,804,311</b>	<b>2,682,594</b>	<b>2,664,407</b>

Approved and authorized by the Board 24 November 2021

*“Richard Fearn”*  
....., Director

*“Don Russell”*  
....., Director

The accompanying notes are an integral part of these financial statements

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

For the period ended 30 September 2021, and year ended 31 December 2020

	<b>Issued Capital</b>		<b>Retained earnings</b>	<b>Total equity</b>
	<b>No of shares</b>	<b>Amount</b>		
		\$	\$	\$
Balance, 1 January 2020	8,822,055	1,120,875	468,123	1,588,998
Total comprehensive income			220,149	220,149
Balance, 31 December 2020	8,822,055	1,120,875	688,272	1,809,147
Balance, 1 January 2021	8,822,055	1,120,875	688,272	1,809,147
Total comprehensive income			673,427	673,427
Balance, 30 September 2021	8,822,055	1,120,875	1,361,699	2,482,574

The accompanying notes are an integral part of these financial statements

**FAB-FORM INDUSTRIES LTD**  
**CONDENSED STATEMENTS OF CASHFLOWS**

For the quarters and periods ended 30 September 2021, 2020, and year ended 31 December 2020

	Quarter ended		Period ended		Year ended
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20	31-Dec-20
	\$	\$	\$	\$	\$
<b>Cash flows form operating activities</b>					
Earnings before income taxes	474,886	162,595	915,815	339,932	301,575
<b>Items not involving use of cash</b>					
Depreciation	3,573	3,341	9,927	11,108	9,903
Depreciation - Right of Use Assets	28,506	19,260	77,004	69,162	98,217
Profit on disposal of assets	-	-	-	(7,705)	(8,101)
Finance cost - lease liabilities	3,623	618	4,090	618	1,083
	<b>510,588</b>	<b>185,815</b>	<b>1,006,836</b>	<b>413,116</b>	<b>402,677</b>
<b>Changes in working capital items</b>					
Trade and other receivables	(105,078)	95,147	(578,820)	(41,248)	77,830
Inventories	(55,977)	(100,275)	198,480	99,206	(19,094)
Trade and other payables	157,133	13,751	362,069	(70,507)	132,310
<b>Cash generated from operating activities</b>	<b>506,665</b>	<b>194,437</b>	<b>988,564</b>	<b>400,566</b>	<b>593,723</b>
Income taxes paid	(105,000)	(47,923)	(197,299)	(31,923)	(75,116)
<b>Net cash generated from operating activities</b>	<b>401,665</b>	<b>146,514</b>	<b>791,265</b>	<b>368,642</b>	<b>518,606</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(4,968)	(483)	(2,938)	(11,178)	(14,500)
Proceeds from sales of assets	-	-	-	18,696	19,092
Deferred development	(1,492)	(252)	(7,778)	(2,706)	(3,616)
<b>Net cash used in investing activities</b>	<b>(6,460)</b>	<b>(735)</b>	<b>(10,716)</b>	<b>4,812</b>	<b>976</b>
<b>Cash flows from financing activities</b>					
Lease payments	(27,855)	(25,091)	(73,493)	(72,994)	(98,084)
<b>Net cash used in financing activities</b>	<b>(27,855)</b>	<b>(25,091)</b>	<b>(73,493)</b>	<b>(72,994)</b>	<b>(98,084)</b>
Net increase in cash and cash equivalents	367,350	120,688	707,056	300,461	421,499
Cash and cash equivalents at beginning of the quarter/year	1,639,359	1,057,927	1,299,653	878,154	878,154
<b>Cash and cash equivalents at end of the quarter/period/year</b>	<b>2,006,709</b>	<b>1,178,615</b>	<b>2,006,709</b>	<b>1,178,615</b>	<b>1,299,653</b>

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 ended 30 September 2021

**1 Reporting Entity**

Fab-Form Industries Ltd. (the "Company" or "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 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 (IFRS), as issued by the International Accounting Standard Board (IASB) and the interpretations issued by International Financial Reporting Interpretations Committee (IFRIC).

**b) Basis of measurement**

These condensed interim financial statements were prepared on the historical cost basis. The accounting policies of the company, and have been applied consistently to all periods presented in these financial statements.

**c) Functional and presentation currency**

These condensed interim financial statements are presented in Canadian dollars, the Company's functional currency.

**d) Use of significant estimates and judgements**

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

• **Impairment of non-financial assets**

Impairment exists when the carrying value of a non-financial asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rates used.

• **Depreciation and amortization rates**

In calculating the depreciation and amortization expense, management is required to make estimates of the expected useful lives of property and equipment and intangible assets.

• **Taxes**

Deferred tax assets, if any, are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.



**FAB-FORM INDUSTRIES LTD**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the quarter ended 30 September 2021

**2 Basis of presentation (Continued)**

**d) Use of significant estimates and judgements (continued)**

• **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. The Company 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.

• **Provision for inventory obsolescence**

The Company determines its allowance for inventory obsolescence based upon expected inventory turnover, inventory aging and current and future expectations with respect to product offerings. The Company reviews future revenue trends and forecasts, expected inventory requirements and inventory composition necessary to support future revenues.

The estimate for the Company's allowance for inventory obsolescence could change from period to period due to changes in product offerings and customer acceptance of those products. If the inventory allowance was inadequate it would result in a charge to operations expense in the future.

• **Right of use assets and lease liability**

The Company 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 Company also applied judgement in determining the incremental borrowing of 2.50% based on prime rate plus 0.05% as of the assessment date.

**3) Credit risk - Accounts receivable**

The following table presents an analysis of the age of customer accounts receivable not allowed for as at the dates of the statements of financial position.

**30-Sep-21**

	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables (CAD customers)	313,806	90,162	43,121	30,576	477,665
Trade receivables (US Dollar customers)	58,018	12,693	277	16,904	87,891
<b>Total</b>	<b>371,824</b>	<b>102,855</b>	<b>43,398</b>	<b>47,480</b>	<b>565,556</b>
Loss allowance %	1.6%	2.6%	6.2%	46.8%	6.0%
Expected credit losses	(6,127)	(2,668)	(2,673)	(22,228)	(33,696)
<b>Net receivables</b>	<b>365,697</b>	<b>100,187</b>	<b>40,725</b>	<b>25,252</b>	<b>531,860</b>

**31-Dec-20**

	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables (CAD customers)	88,603	25	4,286	13,742	106,656
Trade receivables (US Dollar customers)	12,998	6,516	2,084	11,500	33,098
<b>Total</b>	<b>101,601</b>	<b>6,541</b>	<b>6,370</b>	<b>25,241</b>	<b>139,754</b>
Loss allowance %	4.1%	0.7%	24.3%	89.0%	20.2%
Expected credit losses	(4,206)	(48)	(1,545)	(22,453)	(28,252)
<b>Net receivables</b>	<b>97,395</b>	<b>6,493</b>	<b>4,825</b>	<b>2,788</b>	<b>111,501</b>

**FAB-FORM INDUSTRIES LTD**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the quarter ended 30 September 2021

**3) Credit risk - Accounts receivable (Continued)**

	<b>Quarter ended</b> <hr/> <b>30-Sep-21</b> <b>\$</b>
<p>The loss allowances for trade receivables as at 30 September reconciled to the opening loss allowances as follows:</p>	
Opening loss allowance at 1 July	34,558
Decrease in loss allowance recognised in profit or loss during the quarter	(862)
Closing balance at 30 September	<hr/> <b>33,696</b>

The Company has a credit risk as a result of its trade accounts receivable. Trade accounts receivable 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 receivable balance at September 30, 2021, only four customers represented greater than 5% of the balance amounting to \$158,817.

**4) Subsequent events**

**a) Shares for Debts settlement**

On 28th October 2021, Fab-Form has completed shares for debt settlement of \$144,089.55 by issuing 261,981 common shares at a deemed price of \$0.55 per share. The securities issued are subject to a four-months hold period expiring on 28 February 2022.

Insiders purchased 127,111 shares and, accordingly, the shares for debt settlement is a "related party transaction" within the meaning of Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions ("Regulation 61-101"). The Insiders' participation is exempt from the formal valuation and minority shareholder approval requirements provided under Regulation 61-101 in accordance with sections 5.5(a), 5.6 and 5.7(1)(a) of Regulation 61-101.

Earnings per share presented on the face of the income statement was calculated in consideration of increase in weighted average of number shares resulting from the above event. This is a non adjusting event, and has no impact to the balances and transactions reported at the quarter end.

**b) Entering into an agreement with Hagihara Industries in Japan**

On 17 November 2021, Fab-Form achieved a key milestone by entering into a Fabric Development Agreement with Hagihara Industries Inc, a company situated in Japan. This Agreement will enable both companies to research, test, and develop a unique fabric optimized for the Fast-Tube fabric column form. Concrete pressures in the fabric form induce tensile force in the weft direction only, not in the warp direction. Refer to SEDAR for the news release published on 24 November 2021

There is no impact to the balances and transactions reported at the end of reporting period as a result of this event.