



***FAB-FORM***  
***MD&A***  
***1st Quarter 2019***

## MD&A TO OUR SHAREHOLDERS

The cover is a photo of a Nudura foundation located in the fast growing city of Pemberton, just north of Whistler BC. The contractor Dustin Winstanley, owner of Current Construction, has three homes under construction. The entire development will be using our forming technology. As of today, we have twelve projects using the Nudura block, Zont bracing and Fastfoot forms in the Pemberton area. For a discussion of changes to the BC building code (STEP code) and how our products perform under current and future codes, please read the note to this MD&A.

As always, thank you Board Members, Shareholders, and progressive Dealers and Contractors for your continued support and commitment.

**The Company's independent auditors have neither reviewed nor audited these Consolidated Financial Statements.**

Sincerely



Richard Fearn  
President and CEO  
30 May 2019



Don Russell  
Chief Financial Officer  
30 May 2019

## MANAGEMENT DISCUSSION & ANALYSIS

*First Quarter 2019*

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 consolidated audited financial statements for the year 2018 and accompanying notes. The results reported therein 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; they are not guarantees 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. All 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 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 market. The Company has traded on the TSX Venture Exchange ("TSX-V" under the symbol FBF) since 2000.

### INTERIM MD&A REPORTING

The reader should refer to our interim consolidated financial statements for the three-month period ended 31 March 2019 and our consolidated financial statements for the year ended 31 December 2018 while reading this discussion. The reader should also refer to the MD&A in our 2018 Annual Report as any MD&A information that has not changed materially since year end is not repeated here.

FAB-FORM INDUSTRIES LTD.  
MANAGEMENT DISCUSSION & ANALYSIS  
*First Quarter 2019*

OPERATING RESULTS

**1. First Quarter Profit & Loss**

	Jan - Mar 19	Jan - Mar 18	Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>Sales</b>	<b>371,379</b>	509,541	-138,162	-27.1%
<b>Total Income</b>	<b>371,379</b>	509,541	-138,162	-27.1%
<b>Cost of Goods Sold</b>				
<b>Direct Product COGS</b>	<b>266,621</b>	343,324	-76,703	-22.3%
<b>Indirect Product COGS</b>	<b>14,614</b>	22,750	-8,136	-35.8%
<b>Total COGS</b>	<b>281,235</b>	366,074	-84,839	-23.2%
<b>Gross Profit</b>	<b>90,144</b>	143,467	-53,323	-37.2%
<b>Expense</b>				
<b>Admin Expenses</b>	<b>49,900</b>	50,679	-779	-1.5%
<b>Interest Expense</b>	<b>2,939</b>	783	2,156	275.1%
<b>Selling &amp; Marketing</b>	<b>29,252</b>	43,465	-14,213	-32.7%
<b>Total Expense</b>	<b>82,091</b>	94,927	-12,836	-13.5%
<b>Net Ordinary Income</b>	<b>8,053</b>	48,540	-40,487	-83.4%
<b>Other Income/Expense</b>				
<b>Other Expense</b>				
<b>Forex (gain) loss</b>	<b>-991</b>	-2,331	1,340	57.5%
<b>Inventory Write-off</b>	<b>0</b>	1,053	-1,053	-100.0%
<b>Provision for corporate tax</b>	<b>2,400</b>	16,093	-13,693	-85.1%
<b>Total Other Expense</b>	<b>1,409</b>	14,815	-13,406	-90.5%
<b>Net Other Income</b>	<b>-1,409</b>	-14,815	13,406	90.5%
<b>Net Income</b>	<b>6,644</b>	33,725	-27,081	-80.3%

Sales in the first quarter of 2019 dropped 27.1% compared with 2018. This was due to extremely cold weather across North America as well as the housing slowdown in the Greater Vancouver region. Sales in April and May-to-date have rebounded, with sales to the middle of May 2019 in line with 2018.

Gross profits decreased 37.2% for the quarter over 2018 due to higher direct product COGS. Total expenses dropped 13.5% reflecting fixed expenses that vary minimally with changes in sales.

Net income for the first quarter of 2019 was \$6,644, an 80.3% decrease over 2018's \$33,725. The decrease was due the drop in sales of 27.1% as well as fixed expenses.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

First Quarter 2019

**2. Product Sales**

	Jan - Mar 19	Jan - Mar 18	Change	% Change
<b>Fastfoot</b>	28,223	43,979	-15,755	-35.8%
<b>Fast-Tube</b>	3,130	936	2,194	234.5%
<b>Helix</b>	32,318	57,584	-25,266	-43.9%
<b>Sundry Income</b>	628	185	443	239.4%
<b>Monopour</b>	10,653	4,632	6,021	130.0%
<b>Nudura</b>	192,328	306,588	-114,260	-37.3%
<b>Rentals</b>	10,181	5,918	4,263	72.0%
<b>Bracing</b>	71,262	55,634	15,628	28.1%
<b>ICF Accessories</b>	16,108	26,452	-10,344	-39.1%
<b>Used bracing &amp; accessories</b>	6,547	7,635	-1,088	-14.2%
<b>Total Sales</b>	371,379	509,541	-138,162	-27.1%

Most of the sales drop can be attributed to a drop in Nudura sales of \$114,260 or 37.3% over the previous year's quarter due cold weather as well as the housing slowdown in the Vancouver market. Fastfoot dropped 35.8% due to freezing conditions in most of our North American markets over the first quarter of 2018. Fast-Tube sales increased 234.5% due to new sales in Mexico. Bracing sales across North America increased 28.1% over the first quarter of 2018. The new ZAT catwalk bracket is selling well.

**3. Cost of Sales**

	Jan - Mar 19	Jan - Mar 18	Change	% Change
<b>Total Direct Product COGS</b>	266,621	343,324	-76,703	-22.3%
<b>Indirect Product COGS</b>				
<b>Packing materials</b>	262	540	-278	-51.4%
<b>Amortization production equip.</b>	2,160	2,449	-289	-11.8%
<b>Production tools</b>	276	485	-209	-43.2%
<b>Production rental</b>	9,453	7,379	2,075	28.1%
<b>Variable Overhead</b>	2,463	1,629	834	51.2%
<b>Wages not allocated</b>	0	5,205	-5,205	-100.0%
<b>Indirect Product COGS - Other</b>	0	5,063	-5,063	-100.0%
<b>Total Indirect Product COGS</b>	14,614	22,750	-8,136	-35.8%
<b>Total COGS</b>	281,235	366,074	-84,839	-23.2%

Total direct product cost of goods sold decreased slightly less than the rate of sales drop. Indirect product cost of goods sold dropped 35.8% over the previous year's quarter. As can be seen in 2019, all direct wages are allocated by product to enable us to determine the gross contribution by product.

**4. General and Administration**

	Jan - Mar 19	Jan - Mar 18	Change	% Change
<b>Amortization &amp; Depreciation</b>	771	-2,532	3,303	130.5%
<b>Occupancy</b>	5,167	3,397	1,771	52.1%
<b>Patent &amp; TM Maintenance Fees</b>	71	122	-51	-41.7%
<b>Professional Fees</b>	6,716	5,343	1,373	25.7%
<b>Pubco</b>	2,483	3,211	-728	-22.7%
<b>Wages and benefits</b>	23,074	27,839	-4,764	-17.1%
<b>General expenses</b>	5,105	6,500	-1,395	-21.5%
<b>Telecommunications &amp; computers</b>	6,511	6,799	-287	-4.2%
<b>Total Admin Expenses</b>	49,900	50,679	-779	-1.5%

General and administration expenses dropped marginally by 1.5%. Most of these expenses are fixed in nature.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

First Quarter 2019

**5. Selling and Marketing**

	Jan - Mar 19	Jan - Mar 18	Change	% Change
<b>Fastfoot</b>	4,165	7,462	-3,297	-44.2%
<b>Monopour</b>	293	2,339	-2,047	-87.5%
<b>Bracing</b>	8,581	9,700	-1,119	-11.5%
<b>Helix</b>	699	514	184	35.8%
<b>Nadura</b>	13,319	22,552	-9,233	-40.9%
<b>Fast-Tube</b>	2,196	897	1,299	144.8%
<b>Total Selling &amp; Marketing</b>	29,252	43,465	-14,213	-32.7%

Selling and marketing expenses dropped 32.7% in the first quarter of 2019 due to lower use of traditional marketing methods (conventional magazine advertising). The marketing department has found excellent performance by using social media with enables immediate feedback on performance. As well social media can target market sectors and territories, allowing for better performance.

**6. Greening of the Building Code**

The housing industry is going through a greening revolution. The BC Government has committed to taking incremental steps to increase energy-efficiency requirements in the BC Building Code to make buildings **net-zero energy** ready by 2032. The BC Energy Step Code--a part of the BC Building Code--supports that effort.

The BC Energy Step Code is a voluntary provincial standard enacted in April 2017 that provides an incremental and consistent approach to achieving more energy-efficient buildings that go beyond the requirements of the base BC Building Code. It does so by establishing a series of measurable, performance-based energy-efficiency requirements for construction that builders can choose to build to, and communities may voluntarily choose to adopt in bylaws and policies.

Fab-Form's products are all on the right side of this greening revolution. As more and more housing agencies introduce more stringent energy requirements, our products will receive greater acceptance by the housing industry. Nothing drives sales like changes in the building code. As the green revolution picks up more momentum, code changes can be expected to follow suit.

**7. Selected Quarterly Financial Summary**

The following table provides selected quarterly financial information derived from the Company's financial statements for each of the eight recently completed quarters.

	2019		2018		2017			
	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr
Revenues	371,379	608,663	780,534	921,266	509,541	617,345	650,546	758,441
Net Income (loss)	6,644	117,805	115,122	122,638	31,931	-54,159	123,089	104,019
Shares outstanding (diluted)	8,822,065	8,822,065	8,822,065	8,822,065	8,822,065	8,822,065	7,797,988	7,797,988
Income (loss) per diluted share	0.001	0.0134	0.0130	0.0139	0.0036	(0.0061)	0.0158	0.0133

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

Approved

"Board of Directors"

30 May 2017

FAB-FORM INDUSTRIES LTD.  
FURTHER 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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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)

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