



**ZEVELER™
BRACKET**

FAB-FORM
MD&A
2019 Year End

MD&A TO OUR SHAREHOLDERS

On the cover of this report is a picture of the new product, Zeveler. This was introduced in April 2020 and has received an excellent reception in the ICF market place. Read more details in the new products section of this report, or go to www.fab-form.com/zontBracing/zeveler.php.

The auditors have found nothing to report about misstatement of the MD&A information.

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

Sincerely



Richard Fearn
President and CEO
30 April 2020



Don Russell
Chief Financial Officer
30 April 2020

MANAGEMENT DISCUSSION & ANALYSIS

2019 Year End Report

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 2019 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.

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.

FAB-FORM INDUSTRIES LTD.
MANAGEMENT DISCUSSION & ANALYSIS
2019 Year End Report

OPERATING RESULTS

1. Fourth Quarter Income Analysis

	Oct - Dec 19	Oct - Dec 18	Change	% Change
Ordinary Income/Expense				
Income				
Sales	554,701	608,663	-53,962	-8.9%
Total Income	554,701	608,663	-53,962	-8.9%
Cost of Goods Sold				
Direct Product COGS	318,950	377,058	-58,108	-15.4%
Indirect Product COGS	19,583	16,319	3,264	20.0%
Total COGS	338,533	393,377	-54,844	-13.9%
Gross Profit	216,168	215,286	883	0.4%
<i>Gross margin</i>	<i>39.0%</i>	<i>35.4%</i>		
Expense				
Admin Expenses	61,972	82,016	-20,043	-24.4%
Interest Expense	7,073	7,866	-793	-10.1%
Selling & Marketing	48,711	31,637	17,073	54.0%
Total Expense	117,755	121,519	-3,763	-3.1%
Net Ordinary Income	98,413	93,767	4,646	5.0%
Other Income/Expense				
Other Income				
Recovery of Duties USA	0	4,221	-4,221	-100.0%
Recovery of duties Canada	0	3,349	-3,349	-100.0%
Total Other Income	0	7,570	-7,570	-100.0%
Other Expense				
Bad Debt Expense	248	3,930	-3,681	-93.7%
Forex (gain) loss	3,886	-8,698	12,584	144.7%
Inventory adjustment	0	41,928	-41,928	-100.0%
Provision for corporate tax	8,300	343	7,957	2317.3%
Total Other Expense	12,434	37,504	-25,070	-66.8%
Net Other Income	-12,434	-29,934	17,500	58.5%
Net Income	85,979	63,833	22,146	34.7%

Fourth quarter sales dropped 8.9% from the previous year's fourth quarter, due to poor weather in the Vancouver market negatively affecting Nudura sales (down 24.3%). Gross margins increased from 35.4% in 2018 to 39.0% in 2019 due to higher sales of proprietary products. Net ordinary income increased 5.0% in the final quarter of 2019 over the previous year due to higher margins.

Net income in the fourth quarter of 2019 increased from \$63,833 in 2018 to \$85,979 due to higher gross margins and lower other expenses, a positive increase of 34.7%.

MANAGEMENT DISCUSSION & ANALYSIS

2019 Year End Report

i) Product Sales, 4th Quarter

	<u>Oct - Dec 19</u>	<u>Oct - Dec 18</u>	<u>Change</u>	<u>% Change</u>
Fastfoot	69,019	66,450	2,569	3.9%
Fast-Tube	1,685	2,451	-767	-31.3%
Helix	26,694	50,977	-24,283	-47.6%
Sundry Income	1,965	1,917	48	2.5%
Monopour	12,398	9,510	2,888	30.4%
Nudura	272,725	360,074	-87,349	-24.3%
Rentals	16,536	40,889	-24,353	-59.6%
Bracing	110,650	67,839	42,811	63.1%
ICF Accessories	37,803	28,556	9,247	32.4%
Used bracing & accessories	5,226	-20,000	25,226	126.1%
Total Sales	<u>554,701</u>	<u>608,663</u>	<u>-53,962</u>	<u>-8.9%</u>

Fab-Form proprietary products (Fastfoot, Monopour and bracing) all showed excellent growth over the last quarter in 2018. Nudura sales dropped 24.3% due to poor weather in Vancouver.

ii) Cost of goods sold, 4th Quarter

	<u>Oct - Dec 19</u>	<u>Oct - Dec 18</u>	<u>Change</u>	<u>% Change</u>
Direct Product COGS	318,950	377,058	-58,108	-15.4%
Indirect Product COGS				
Inventory adjustment account	1,841	970	871	89.8%
Waste disposal	224	0	224	100.0%
GS1 charges	327	0	327	100.0%
COGS	350	0	350	100.0%
Packing materials	86	860	-775	-90.1%
Amortization production equip.	3,557	1,827	1,730	94.7%
Production tools	345	659	-314	-47.6%
Production rental	9,461	9,453	8	0.1%
Variable Overhead	3,391	2,550	842	33.0%
Total Indirect Product COGS	<u>19,583</u>	<u>16,319</u>	<u>3,264</u>	<u>20.0%</u>
Total COGS	<u>338,533</u>	<u>393,377</u>	<u>-54,844</u>	<u>-13.9%</u>

Direct product COGS decrease of 15.4% was due to a greater volume of proprietary products with higher gross margins. Indirect product COGS was in excess of the direct cost of goods sold due to higher amortization and variable overheads.

iii) General and administrative expenses, 4th Quarter

	<u>Oct - Dec 19</u>	<u>Oct - Dec 18</u>	<u>Change</u>	<u>% Change</u>
Amortization & Depreciation	1,035	5,095	-4,060	-79.7%
Occupancy	5,239	5,405	-166	-3.1%
Patent & TM Maintenance Fees	71	0	71	100.0%
Professional Fees	5,782	5,625	157	2.8%
Pubco	17,608	14,460	3,148	21.8%
General expenses	12,761	3,880	8,880	228.8%
Wages and benefits	14,654	39,507	-24,853	-62.9%
Telecommunications & computers	4,823	8,044	-3,221	-40.0%
Total Admin Expenses	<u>61,972</u>	<u>82,016</u>	<u>-20,043</u>	<u>-24.4%</u>

MANAGEMENT DISCUSSION & ANALYSIS

2019 Year End Report

Wages shown are administrative wages as well as health benefits for all staff. In 2019 most wages are allocated to specific products, either cost of goods sold or selling expenses. This enables the determination of profit by product line.

iv) Marketing and selling expenses, 4th Quarter

	<u>Oct - Dec 19</u>	<u>Oct - Dec 18</u>	<u>Change</u>	<u>% Change</u>
World of Concrete	0	-194	194	100.0%
Fastfoot	5,974	4,885	1,088	22.3%
Monopour	1,298	-954	2,252	236.1%
Fast-Tube	4,515	-336	4,851	1,445.6%
Bracing	12,809	4,694	8,115	172.9%
Zote	2,026	0	2,026	100.0%
Nadura	21,953	18,594	3,360	18.1%
Helix	135	1,569	-1,434	-91.4%
Other	0	3,378	-3,378	-100.0%
Total Selling & Marketing	48,711	31,637	17,073	54.0%

Marketing and selling expenses increased 54.0% in the final quarter of 2019 over 2018. Fast-Tube expenses were the result of a sales trip to Mexico which occurred in the fourth quarter of 2019, which is expected to be an excellent market for the Fast-Tube. Monopour higher selling expenses were due to goodwill discounts to US customers to partially offset the Trump 25% tariff on Chinese steel products. Increased bracing selling expenses were attributable to amortization of IBS 2019 show as well as the goodwill adjustment to partially offset the 25% tariff.

v) Net income, 4th Quarter

The company's net income for the fourth quarter in 2019 was \$85,979 compared to \$63,833 in the fourth quarter of 2018. This was substantially due to an \$41,928 inventory error correction in 2018. decrease in cost of goods sold and an 70.9% reduction in other expenses. Net income before other income and expenses showed a 5.0% increase.

MANAGEMENT DISCUSSION & ANALYSIS

2019 Year End Report

2. Profit and Loss Analysis for the full year

	<u>Jan - Dec 19</u>	<u>Jan - Dec 18</u>	<u>Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
Sales	2,891,711	2,820,024	71,687	2.5%
Total Income	2,891,711	2,820,024	71,687	2.5%
Cost of Goods Sold				
Direct Product COGS	1,942,158	1,922,236	19,922	1.0%
Indirect Product COGS	61,719	67,018	-5,299	-7.9%
Total COGS	2,003,877	1,989,254	14,623	0.7%
Gross Profit	887,834	830,770	57,064	6.9%
<i>Gross margin</i>	30.7	29.5		
Expense				
Admin Expenses	229,543	244,969	-15,426	-6.3%
Interest Expense	26,375	18,920	7,455	39.4%
Selling & Marketing	170,921	163,983	6,938	4.2%
Total Expense	426,838	427,872	-1,033	-0.2%
Net Ordinary Income	460,996	402,898	58,097	14.4%
Other Income/Expense				
Other Income				
Adjustment of Duties USA	-3,349	4,221	-7,570	-179.3%
Recovery of duties Canada	0	3,349	-3,349	-100.0%
Total Other Income	-3,349	7,570	-10,919	-144.2%
Other Expense				
Bad Debt Expense	248	3,930	-3,681	-93.7%
Forex (gain) loss	6,683	-12,123	18,806	155.1%
Inventory error correction	0	41,928	-41,928	-100.0%
Inventory write-off	0	-14,091	14,091	100.0%
Provision for corporate tax	104,178	53,500	50,678	94.7%
Total Other Expense	111,110	73,145	37,965	51.9%
Net Other Income	-114,459	-65,575	-48,884	-74.5%
Net Income	346,537	337,324	9,214	2.7%

Sales for 2019 increased a modest 2.5% over 2018, with COGS increasing slightly less at 0.7%. This led to an increase in gross profit of \$887,834 over 2018's \$830,770, an increase of 6.9%. Gross margins improved, 30.7% over 29.5% in 2018.

Total expenses remained approximately the same over the two years. Net ordinary income of \$460,996 in 2019 showed a 14.4% increase over 2018's \$402,898.

Total other expenses increased 51.9% in 2019 over the previous year. This was substantially due to an increase in the provision of corporate tax from \$53,500 in 2018 to \$104,178 in 2019.

Net income in 2019 was \$346,537 compared with \$337,324 in 2018, an increase of 2.7%.

MANAGEMENT DISCUSSION & ANALYSIS

2019 Year End Report

i) Product Sales for the full year

	<u>Jan - Dec 19</u>	<u>Jan - Dec 18</u>	<u>Change</u>	<u>% Change</u>
Fastbag	475	0	475	100.0%
Fastfoot	264,173	262,772	1,401	0.5%
Fast-Tube	19,505	11,572	7,933	68.6%
Helix	233,473	275,358	-41,886	-15.2%
Sundry Income	3,490	2,328	1,162	49.9%
Monopour	62,698	42,299	20,399	48.2%
Nudura	1,554,413	1,626,934	-72,520	-4.5%
Rentals	83,165	88,497	-5,332	-6.0%
Bracing	514,061	376,615	137,445	36.5%
ICF Accessories	138,717	139,542	-824	-0.6%
Used bracing & accessories	17,540	-5,894	23,434	397.6%
Total Sales	<u>2,891,711</u>	<u>2,820,024</u>	<u>71,687</u>	<u>2.5%</u>

Sales for the year increased 2.5% over 2018. The Zont bracing product showed exceptional growth of 36.5% or \$137,445 over 2018. The Monopour product also experienced excellent growth at 48.2%. Nudura (and associated products of ICF Accessories and Rentals) were down due to malaise in the local housing market.

ii) Cost of sales, full year

	<u>Jan - Dec 19</u>	<u>Jan - Dec 18</u>	<u>Change</u>	<u>% Change</u>
Total Direct Product COGS	1,942,508	1,922,236	20,272	1.1%
Indirect Product COGS				
Inventory adjustment account	1,890	970	920	94.9%
Waste disposal	251	0	251	100.0%
GS1 product labeling	654	0	654	100.0%
COGS	0	78	-78	-100.0%
Packing materials	1,694	2,705	-1,011	-37.4%
Depreciation production equip.	8,983	8,573	410	4.8%
Production tools	649	1,359	-710	-52.2%
Production rental	37,820	33,929	3,892	11.5%
Variable Overhead	9,352	10,446	-1,094	-10.5%
Wages not allocated	75	4,692	-4,617	-98.4%
Product testing	0	-798	798	100.0%
Other	0	5,063	-5,063	-100.0%
Total Indirect Product COGS	<u>61,369</u>	<u>67,018</u>	<u>-5,648</u>	<u>-8.4%</u>
Total COGS	<u>2,003,877</u>	<u>1,989,254</u>	<u>14,623</u>	<u>0.7%</u>

Direct product COGS increased 1.1% in 2019, slightly less than the sales increase of 2.5%. Total indirect product COGS decreased by 8.4%.

MANAGEMENT DISCUSSION & ANALYSIS

2019 Year End Report

iii) General and administrative expenses

	<u>Jan - Dec 19</u>	<u>Jan - Dec 18</u>	<u>Change</u>	<u>% Change</u>
Amortization & Depreciation	3,544	5,830	-2,286	-39.2%
Occupancy	21,022	17,030	3,992	23.4%
Patent & TM Maintenance Fees	665	122	542	444.2%
Professional Fees	26,668	24,695	1,973	8.0%
Pubco	28,487	28,581	-94	-0.3%
General expenses	32,666	20,334	12,332	60.6%
Wages and benefits	95,160	122,178	-27,018	-22.1%
Telecommunications & computers	21,332	26,199	-4,867	-18.6%
Total Admin Expenses	229,543	244,969	-15,426	-6.3%

General and administrative expenses for 2019 decreased 6.3% over 2018. Wages dropped due to the allocation of wages to specific products to enable the determination of gross margins for each product. General expenses increased \$12,332 due to the higher accounting wages.

iv) Selling and marketing expenses

	<u>Jan - Dec 19</u>	<u>Jan - Dec 18</u>	<u>Change</u>	<u>% Change</u>
World of Concrete	0	6,499	-6,499	-100.0%
Fastfoot	20,088	28,533	-8,445	-29.6%
Monopour	4,268	3,364	905	26.9%
Fast-Tube	9,946	5,033	4,913	97.6%
Bracing	45,906	28,644	17,262	60.3%
Zote	2,679	0	2,679	100.0%
Nudura	85,518	78,555	6,963	8.9%
Helix	1,215	8,373	-7,158	-85.5%
Other	1,300	4,982	-3,682	-73.9%
Total Selling & Marketing	170,921	163,983	6,938	4.2%

Selling and marketing expenses increased 4.2% to \$170,921 from \$163,983 in 2018, slightly in excess of product sales of 2.5%. Bracing selling expense increased from \$28,644 in 2018 to \$45,906 in 2019 a 60.3% increase. This was primarily a goodwill adjustment of \$11,970 to help offset the Trump tariff of 25% on steel imports from China. The World of Concrete charge in 2018 is now being allocated to specific products so that margins per product can be evaluated after selling expenses.

v) Net Income

The company's net income was \$346,537, an 2.5% increase over the prior year's net income of \$337,324, in line with the gross sales increase of 2.5%.

MANAGEMENT DISCUSSION & ANALYSIS

2019 Year End Report

DISCUSSION OF OTHER ITEMS

1. Selling expense program evaluation

Selling campaigns are a major expense (\$170,921 in 2019) and it has always been a challenge to determine the effectiveness of advertising and trade shows. The company has recently introduced variance accounts tied into each selling program. The debit entries to the account are the amortized program expense; the credit entries are the gross contribution of each new sale that can be attributed to that campaign. At the end of each month it is now possible to measure the effectiveness of each campaign. As of report date, it would appear that conventional trade shows and print media do not influence new purchases. Social media (Google AdWords, Instagram, etc.) are showing a positive balance in each variance account.

2. New Products

In 2019 the Company introduced the following products:

- i) **OSHA revised ZAT waler bracket:** A fast and cost effective method of providing a catwalk for foundation forms. ZAT sales for 2019 were \$88,246, an excellent level of sales for this revision.
- ii) **Zote and Lo Zote:** These steel bins are ideal for moving Zonts, Zuckles and Zevelers around the jobsite. Sales in 2019 were \$8,345 and expected to increase going forward.

In 2020 the Company has or will be introducing the following products:

- iii) **Zeveler wall adjuster:** A fast and cost effective method of providing a level wall on an uneven footing. This product was introduced in April 2019, and as of report date has achieved sales of \$3,212. The response of the email announcing this product was exceptional.
- iv) **Fast-Pad:** The company is re-introducing the "Fastbag" product line under the new name "Fast-Pad". In the past this product was expensive to market given the high cost of conventional marketing. However with the low cost of social media, Fast-Pad will be an excellent contributor to profits.

OPERATING RISK AND UNCERTAINTIES

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business.

Production and distribution operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of developing and producing of products, there are risks that the products being produced do not meet specifications. Risk of product failure on the jobsite must be considered. Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

The operating risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to, and other risks may apply.

1. Product Development

Product development is a speculative business, characterized by significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover operating problems with a product, but also from poor acceptance in the market.

Upon discovery of a patentable product, several stages of development and assessment are required before its economic viability can be determined. Development of the product will follow only if favourable results are determined at each stage of assessment.

There is no assurance that the Company's current product development activities will result in commercially viable products. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its new product development programs.

The development of new products carries the risk of non-acceptance by the forming contractor and the distribution channel. High marketing costs of innovative products risk reducing profit levels even though gross margins for the product may exceed industry standards.

MANAGEMENT DISCUSSION & ANALYSIS

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2. Commodity price risk

The manufacturing industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of products produced even if a viable market for the product is discovered. Factors beyond the control of the Company may affect the marketability of products. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns for concrete formwork. There is no assurance that the selling price of a product will have sufficient margin to contribute to the operating viability of the Company.

3. Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

4. Conflict of Interest

The Directors and Officers of the Company are not in conflict of interest with any other companies. While the Company is engaged in the business of product development, such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to uphold the best interest of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict must disclose his interest and abstain from voting on such matter. In determining whether the Company will participate in any product or opportunity, the directors, will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

5. Economic conditions risk

Current and future unfavourable economic conditions could negatively impact the Company's financial viability. Unfavourable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets, and negatively impact any of the availability of credit facilities to the Company.

6. Currency risks

As the Company sells to the USA and purchases raw materials from other countries that price their goods in US dollars, the Company is exposed to considerable currency risk. The Company does not hedge any of this foreign currency exposure.

7. Environmental Regulations, Safety, Permits and Licenses

The Company's products are subject to various laws and building codes governing the protection of the environment, safety in construction, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation may provide restrictions and prohibitions on concrete spills which would result in environmental pollution. Fab-Form has taken out liability insurance which is normal for a manufacturer. The Company intends to fully comply with all environmental regulations.

MANAGEMENT DISCUSSION & ANALYSIS

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CONTROLS AND PROCEDURES CERTIFICATION

1. Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure.

The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be known to them, and by others, within those entities.

The Company has a Disclosure Policy in place to mitigate risks associated with the disclosure of inaccurate or incomplete information, or failure to disclose required information. The Disclosure Policy sets out accountabilities, authorized spokespersons, and the Company's approach to the determination, preparation, and dissemination of material information. The policy also defines restrictions on insider trading and the handling of confidential information.

2. Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. There has been no change in the design of the Company's internal control over financial reporting during the year ended 31 December 2018 that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

While the officers of the Company have designed the Company's disclosure controls and procedures and internal control over financial reporting, they are aware that these controls and procedures may not prevent all errors and fraud.

3. Evaluation of Effectiveness

As required by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109) issued by the Canadian Securities regulatory authorities, an evaluation of the design and testing of the effectiveness of the operation of the Company's disclosure controls and procedures and internal control over financial reporting were conducted as of 31 December 2018, by and under the supervision of management, including the CEO and CFO. In making the assessment of the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework. The evaluation included documentation review, enquiries, testing, and other procedures considered by management to be appropriate in the circumstances.

Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures and internal control over financial reporting were effective as of 31 December 2018.

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DISCUSSION OF NON-FINANCIAL ITEMS

1. Off balance sheet arrangements

None

2. COVID-19

The long term effects of the COVID lock-down to the housing industry is uncertain at this time. Three factors must be considered to evaluate the risk to Fab-Form (US figures provided, date of this report):

a) Damage of lock-down to the housing sector

The 26.5 million unemployed will have a significant negative impact on housing demand. This will lead to a decline in housing pricing and a fall in new housing starts. This is negative for Fab-Form sales.

b) Covid-19 stimulus package

The US Government recently approved a stimulus package which will increase the deficit spending in 2020 to \$3.8 trillion (\$38,000 per working person). This will have a positive influence on housing starts and Fab-Form sales.

c) Quantitative easing program

Over the past 30 years, central banks around the world have used quantitative easing as a means of avoiding recessions. This policy has increased capital and financial asset prices (including the housing stock). As today's asset pricing structure is based on extremely low interest rates (US 10 year treasuries now yield 0.6%), further easing (including the \$3.8 trillion deficit) will tend to reduce the positive impact on housing starts.

Fab-Form COVID-19 strategy

On balance, these three factors will have a high probability of a negative impact on housing starts and Fab-Form sales.

The Company has been very concerned with 30 years of quantitative easing and has prudently managed cash and debt. As of the report date the Company has a cash balance of approximately \$1.1 million and no debt (exclusive of lease liabilities).

The Company continues to focus on the development of propriety products that interface the gap between the ground and manufactured housing components.

SELECTED QUARTERLY FINANCIAL SUMMARY

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

	2019				2018			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Revenues	554,701	945,004	1,020,627	371,379	608,663	780,534	921,266	509,541
Net Income	85,979	131,153	121,921	6,644	117,805	115,122	122,638	31,931
Shares outstanding (diluted)	8,822,055	8,822,055	8,822,055	8,822,055	8,822,055	8,822,055	8,822,055	8,822,055
Income per diluted share	0.0097	0.0149	0.0138	0.0008	0.0134	0.0130	0.0139	0.0036

MANAGEMENT DISCUSSION & ANALYSIS

2019 Year End Report

SELECTED ANNUAL FINANCIAL SUMMARY

The following table sets out selected annual financial information of Fab-Form. The Company's annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and are expressed in Canadian dollars.

<i>Year ended</i>	2019	<i>2018</i>	<i>2017</i>	<i>2016</i>
Revenues	\$ 2,891,711	\$ 2,820,024	\$ 2,410,042	\$ 1,697,029
Cost of sales	2,003,877	\$ 1,989,254	\$ 1,689,065	\$ 1,211,366
Gross profit	887,834	\$ 830,770	\$ 720,977	\$ 485,663
% gross profit	30.7%	29.4%	29.90%	28.60%
Expenses	426,838	\$ 427,872	\$ 374,391	\$ 279,737
Net income after other items	346,537	\$ 337,323	\$ 211,916	\$ 200,355
Shares outstanding	8,822,055	8,822,055	8,822,055	8,822,055
Income per diluted share	0.039	\$ 0.038	\$ 0.024	\$ 0.023
Total assets	1,945,707	\$ 1,409,909	\$ 1,085,088	\$ 696,133
Long term debt (excluding current portion)	-	\$ -	\$ -	\$ -
Cash dividends declared	-	\$ None	\$ None	\$ None

Additional financial information on the Company can be found on SEDAR at www.sedar.com.

Approved

"Board of Directors"

30 April 2020

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
www.vancouvericf.com
www.steelfiberswest.com
www.icf-expo.com