

FAB-FORM

MD&A
For the year ended 31 December 2020



FASTFOOT®

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 December 2020

Construction budgets in 2020 changed dramatically due to an increase in lumber prices of over 130%. Housing demand also increased at the end of the year as a result of low interest rates, suspended construction activities due to Covid-19 were resumed in 2021. These change will be very positive for our products:

- Nudura ICF wall forms are now more cost effective than traditional plywood wall forms;
- Fastfoot is dramatically less expensive than dimensional lumber footing forms;
- Fast-Tube is significantly less expensive than cardboard based column forms.

Demand for our proprietary products, especially Fastfoot® and Bracing increased by 31% and 10% respectively in 2020. Fastfoot increased due to contractors substituting the lower cost fabric over dimensional lumber. Our bracing increased due to builders switching to ICFs, discovering our cost effective bracing system. See section 1, for a detailed analysis of sales by product. This increase is very promising for 2021 given the quantitative easing induced by central banks, and the shift of housing demand to single family construction, both due to Covid-19.

Management believes strongly in the development of new products to grow the business. Section 8 details innovative eco-friendly products that are in the pipeline.

Lease agreements for premises leased in 2013 expire in July 2021. Management believes these will be renewed for a further five years. Accordingly, an addition to Right of Use Assets and Lease Liabilities of \$463,240 is recognised on the balance sheet in accordance with IFRS 16.

As always, thank you, board members, shareholders, and progressive dealers and contractors for your continued support and commitment.

Sincerely



Richard Fearn
President and CEO
26 April 2021



Don Russell
Chief Financial Officer
26 April 2021

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 December 2020

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 2020 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.

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 2000.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 December 2020

OPERATING RESULTS

	For the year ended 31 December				For the Quarter ended 31 December			
	2020	2019	Change	%	2020	2019	Change	%
Revenue	\$ 2,634,852	\$ 2,891,711	\$(256,859)	(8.88)	\$ 574,278	\$ 554,701	\$ 19,577	3.53
Cost of sales	(1,794,776)	(2,003,877)	209,101	(10.43)	(401,107)	(338,533)	(62,574)	18.48
Gross profit	840,076	887,834	(47,758)	(5.38)	173,171	216,168	(42,997)	(19.89)
Other operating income/(expenses)	15,678	(10,280)	25,958	(252.51)	(14,312)	(3,886)	(10,426)	268%
Expenses								
General and administration	(381,529)	(255,918)	(125,611)	49.08	(161,773)	(69,295)	(92,479)	133.46
Selling and marketing	(173,086)	(170,921)	(2,165)	1.27	(36,028)	(48,711)	12,683	(26.04)
Total expenses	(554,615)	(426,839)	(127,776)	29.94	(197,801)	(118,006)	(79,796)	67.62
Earnings from operations	301,139	450,715	(149,576)	(33.19)	(38,942)	94,276	(133,218)	(141.31)
Finance cost	436	-	436	100.00	588	-	588	100.00
Earnings before taxation	301,575	450,715	(149,140)	(33.09)	(38,354)	94,276	(132,630)	(140.68)
Income tax expense	(81,426)	(104,178)	22,752	(21.84)	10,355	(8,300)	18,655	(224.76)
Earnings	220,149	346,537	(126,388)	(36.47)	(27,999)	85,976	(113,975)	(132.57)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	220,149	346,537	(126,388)	(36.47)	(27,999)	85,976	(113,975)	(132.57)

The Company made a net loss of \$27,999 for the quarter ended compared to net profit of \$85,978 in the previous year. Rebate income earned during the last quarter was reduced by \$50,484 compared to 2019 and total administrative expenses increased due to payroll-related expenses. Other operating income during the year 2020 includes profit of \$7,395 from sales of motor vehicles and unrealized exchange gains as compared to unrealized exchange losses in 2019.

Total sales for 2020 declined by 8.8% compared to 2019, primarily because of reduction or delaying projects due to economic conditions. (See section 1, for a detailed analysis of sales by product.

Earnings before income taxes and interest (EBIT) decreased by 33% compared to the year ended 31 Dec 2019. Net earnings for the year ended 31 Dec 2020 was \$220,149 compared to \$346,537 the previous year, a drop of 36.5%. Net assets attributable to shareholders increased by 13.8% at the year-end.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 December 2020

1. Analysis of Revenue by Product

	For the year ended 31 December				For the Quarter ended 31 December			
	2020	2019	Change	%	2020	2019	Change	%
	\$	\$	\$		\$	\$	\$	
Bracing *	564,272	514,308	49,964	9.71	122,616	110,611	12,005	10.9
Fastfoot **	333,265	253,529	79,736	31.45	59,294	61,423	(2,129)	(3.5)
Fast-Pad	9,862	11,118	(1,257)	(11.30)	2,466	7,596	(5,130)	(67.5)
Fast-Tube	15,175	19,506	(4,331)	(22.20)	2,835	1,685	1,150	68.2
Helix	222,610	233,472	(10,862)	(4.65%)	47,578	26,694	20,884	78.2
ICF accessories	116,521	138,718	(22,195)	(16.00)	30,596	37,803	(7,207)	(19.1)
Monopour	44,243	62,450	(18,207)	(29.15)	7,353	12,437	(5,084)	(40.9)
Nudura ***	1,232,010	1,554,414	(322,404)	(20.74)	281,445	272,725	8,720	3.2
Rentals	75,656	83,166	(7,510)	(9.03)	18,865	16,536	2,329	14.1
Sundry income	-	3,490	(3,490)	(100.00)	-	1,965	(1,965)	(100.0)
Used bracing & accessories	21,238	17,540	3,698	21.08	1,230	5,226	(3,996)	(76.5)
	2,634,852	2,891,711	(256,859)	(8.88)	574,278	554,701	19,577	3.5

The drop in annual sales of \$256,859 can be attributed substantially to the decrease in Nudura sales of \$322,404 (21%). Proprietary product sales increased during the year by \$127,810 over 2019.

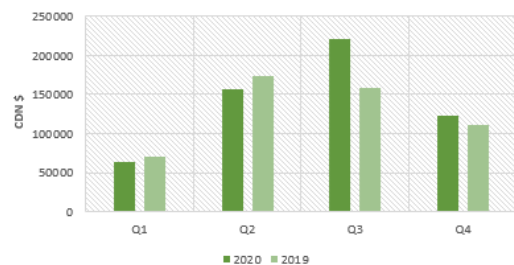
The fourth quarter sales in 2020, including Nudura, were similar to the corresponding quarter in 2019.

*Bracing Sales	2020 (\$)	2019 (\$)
Q1	63,602	71,262
Q2	156,350	173,545
Q3	221,704	158,890
Q4	122,616	110,611
Total	564,272	514,308

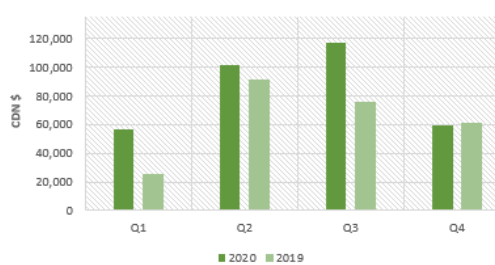
**Fastfoot sales	2020 (\$)	2019 (\$)
Q1	56,643	25,176
Q2	100,887	91,212
Q3	116,441	75,718
Q4	59,294	61,423
Total	333,265	253,529

***Nudura Sales	2020 (\$)	2019 (\$)
Q1	146,640	192,328
Q2	421,843	571,197
Q3	382,082	518,164
Q4	281,445	272,725
Total	1,232,010	1,554,414

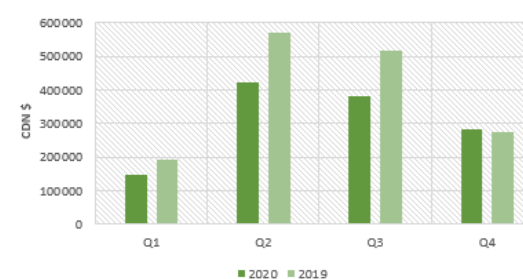
Bracing sales



Fastfoot sales



Nudura Sales



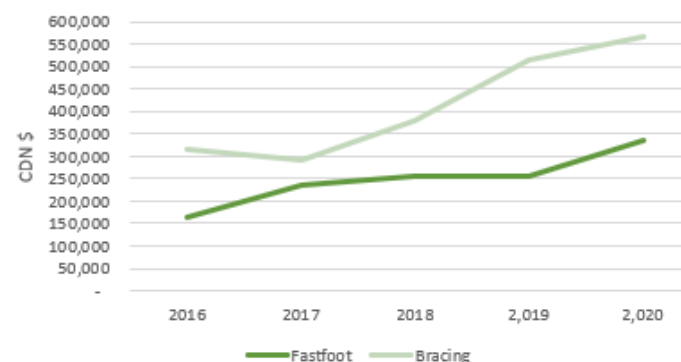
MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 December 2020

Yearly Sales of Fab-Form Products

	2020 \$	2019 \$	2018 \$	2017 \$	2016 \$
Bracing	564,272	514,308	377,299	293,116	313,745
Fastfoot	333,265	253,529	257,012	235,780	163,812
Fast-pad	9,862	11,118	5,760	12,734	11,325
Fast-Tube	15,175	19,506	11,572	12,647	14,072
Monopour	44,243	62,450	41,615	67,384	40,915

Bracing and Fastfoot sales



Over the last five years, sales of Fab-Form products have increased significantly as shown in the table above. It is anticipated that this trend will continue as the construction industry becomes more eco-conscious.

2. Analysis of cost of sales

	For the year ended 31 December				For the quarter ended 31 December			
	2020 \$	2019 \$	Change \$	%	2020 \$	2019 \$	Change \$	%
Total direct product COGS	1,731,117	1,944,399	(213,282)	(10.97)	386,277	321,141	65,136	20.28
Indirect product COGS								
Waste disposal	933	251	682	271.71	313	224	89	39.73
Packing materials	2,818	1,694	1,124	66.41	439	86	353	410.47
Depreciation production equipment and tools	7,350	9,632	(2,282)	(23.69)	387	3,902	(3,515)	(90.08)
Warehouse lease rental	37,694	37,820	(126)	(0.33)	9,144	9,461	(317)	(3.35)
Variable overhead	14,864	10,081	4,783	47.45	4,547	3,718	829	22.29
Total indirect product COGS	63,659	59,478	4,181	7.03	14,830	17,391	(2,561)	(14.72)
	1,794,776	2,003,877	(209,101)	(10.43)	401,107	338,533	62,574	18.48

Cost of sales for the year ended 31 Dec 2020 decreased by 10.43% compared to the year ended 31 Dec 2019, due to the drop in sales.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 December 2020

3. Analysis of Administration Expenses

	For the year ended 31 December				For the quarter ended 31 December			
	2020	2019	Change	%	2020	2019	Change	%
	\$	\$	\$		\$	\$	\$	
Amortization & depreciation	2,164	3,544	(1,380)	(38.94)	577	1,035	(458)	(44.25)
Office rental amortisation	21,409	21,022	387	1.84	5,395	5,239	156	2.98
Patent & TM maintenance fees	285	665	(380)	(57.14)	71	71	-	-
Professional Fees	30,330	26,667	3,663	13.74	8,662	5,782	2,880	49.81
Pubco expenses	23,504	28,487	(4,983)	(17.49)	13,348	17,608	(4,260)	(24.19)
General expenses	20,443	13,729	6,714	48.90	5,931	4,838	1,093	22.59
Wages and benefits	224,343	110,079	114,264	103.80	121,640	22,577	99,063	438.78
Telecommunications & computers	19,771	21,332	(1,561)	(7.32)	4,952	4,823	129	2.67
Credit Card Processing fees	24,894	26,375	(1,481)	(5.62)	5,306	7,074	(1,768)	(25.00)
Provision/(reversal) for expected credit losses	14,387	4,018	10,369	258.06	(4,109)	248	4,357	1,757
Total administrative expenses	381,529	255,918	125,611	49.08	161,773	69,295	92,478	133.46

Administration expenses increased by 49% during the year compared to 2019. The increase was due to recruitment of additional staff to finance and administration department and additional compensation to Chief Executive Officer.

4. Analysis of Selling and Marketing Expenses

	For the year ended 31 December				For the quarter ended 31 December			
	2020	2019	Change	%	2020	2019	Change	%
	\$	\$	\$		\$	\$	\$	
Bracing	57,764	48,585	9,179	18.89	8,679	14,834	(6,155)	(41.49)
Fastfoot	37,820	20,088	17,732	88.27	7,776	5,974	1,802	30.16
Fast-Pad	5,453	-	5,453	100.00	-	-	-	100.00
Fast-Tube	7,440	9,946	(2,506)	(25.20)	482	4,515	(4,033)	(89.32)
Helix	1,094	1,215	(121)	(9.96)	419	135	284	210.37
Monopour	2,599	4,268	(1,669)	(39.10)	702	1,298	(596)	(45.92)
Nadura	60,916	85,519	(24,603)	(28.77)	17,970	21,955	(3,985)	(18.14)
Other	-	1,300	(1,300)	(100.00)	-	-	-	-
Total selling & marketing	173,086	170,921	2,165	1.26%	36,028	48,711	(12,683)	(26.04)

The marketing budget was shifted from Nadura to Fastfoot and Bracing products to improve the marketing effectiveness. Vancouver ICF website was made mobile friendly as well as an improved menu to highlight the ICF-related content, especially installation and training.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 December 2020

5. Liquidity, Cash Flow Position and Going Concern

The Company generated \$518,606p from operating activities in 2020 compared to \$515,759 in 2019. There were no material cashflows from investing activities during the year and cash outflow from financing activities remained flat over 2019.

Cash and cash equivalents at year end increased by \$421,499. Total cash and cash equivalents at the year end was \$1,299,653 compared to \$878,154 at the end of 2019. 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.

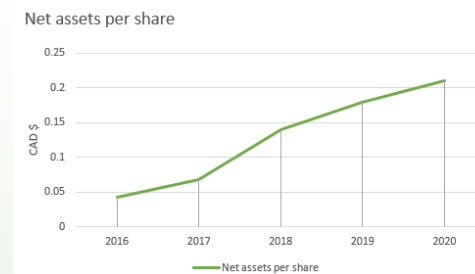


6. Performance of Shares on TSXV Exchange

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

	2020	2019	2018	2017	2016
Share price over the last five years					
• Highest price during the year	\$0.55	\$0.55	\$0.99	\$0.69	\$0.42
• Lowest price during the year	\$0.155	\$0.27	\$0.33	\$0.215	\$0.06
• Last traded Price	\$0.39	\$0.40	\$0.37	\$0.61	\$0.20
Market capitalisation as of 31 December	\$3,440,601	\$3,528,822	\$3,264,160	\$5,381,454	\$1,764,411
Net assets as of 31 December	\$1,809,147	\$1,588,998	\$1,242,461	\$558,692	\$340,170
Net assets per share *	\$0.21	\$0.18	\$0.14	\$0.068	\$0.042
Number of transactions	145	151	192	208	111
Number of shares traded	1,127,302	1,120,311	1,411,106	2,712,699	2,196,607

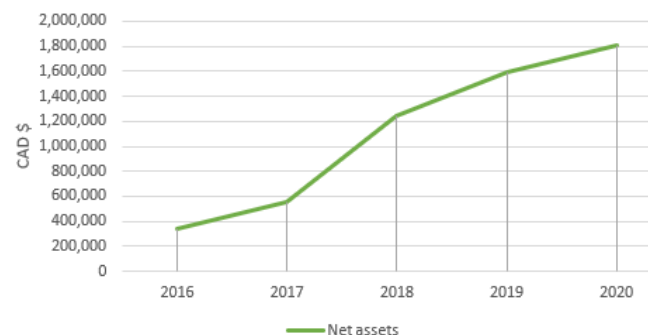
* adjusted for private placement in 2018.



Market Capitalisation at 31 December



Net assets at December



Net asset attributable to common shareholders of the company has increased by 13.8% compared to corresponding net assets in 2019.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 December 2020

7. Corporate Social Responsibilities

Federal and provincial governments introduced several programs, grants, and subsidies to support those who have been significantly impacted by the pandemic. The construction industry was impacted by lower housing starts. Despite the challenges, management made the decision to not seek any form of financial assistance from the government. It was Fab-Form's contribution to those in society suffering from the pandemic.

Fastfoot was designed to reduce lumber usage, protect against ground water penetration into the concrete, and prevents cement contamination of the ground water. Builders and developers use our products to enact positive change to the environment.

8. Introduction of Eco-friendly Products

The technical team is currently developing a new product called "Fab-Slab". The management expects to release this product at the end of 2021 or 2022 assuming all testing and development activities have been successfully concluded.

Management is currently improving the Fast-Tube fabric so that stretching and twisting is minimized. Management believes Fast-Tube is the future of forming concrete columns around the world.



BUILDING GREEN from the ground up

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

Approved

"Board of Directors"

26 April 2021

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