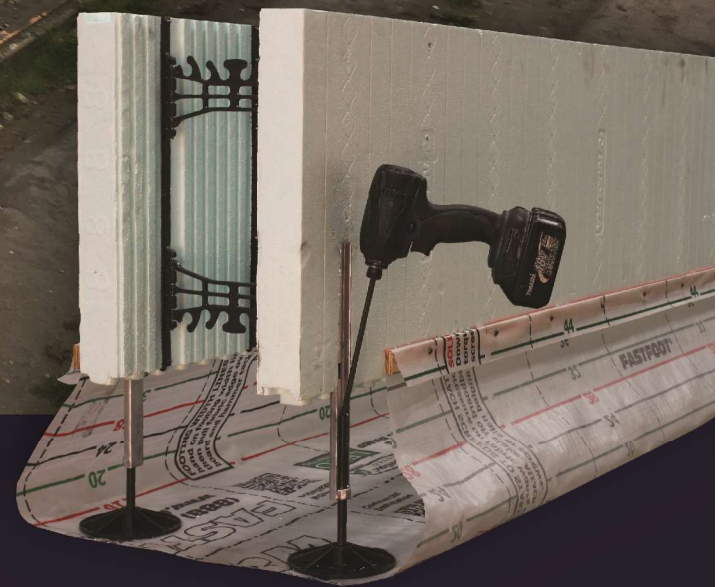


# ***FAB-FORM INDUSTRIES***



***3rd Quarter MD&A 2021***

## MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 30 September 2021



Fab-Form Industries Ltd ("Fab-Form") is a leading eco-friendly concrete forming products manufacturer located in Vancouver, BC Canada. Since its inception in 1986, the Company has invented, developed, and commercialized foundation products that are greener and 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. Refer to key milestones shown on the right achieved by Fab-Form since its inception.

Fab-Form had another exceptional quarter with a robust increase in sales and profits. We are confident that the ICF market will continue to grow in the next few years.

There was dramatic growth of 218% for the Monopour in the third quarter over 2021. We have designed and are currently manufacturing new production machinery that will increase output by 300%.

Subsequent to the quarter-end the Company completed an issuance of shares for debt settlement, which completed on 28 October 2021. The Company issued 261,981 shares at \$0.55 per share to settle creditors balance of \$144,089.55. Insiders have participated in this transaction with 127,111 shares issued to them. Refer to SEDAR for the news release published on 28 October 2021.

On 17 November 2021, Fab-Form achieved a key milestone by entering into a Fabric Development Agreement with Hagihara Industries Inc, a company domiciled 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.

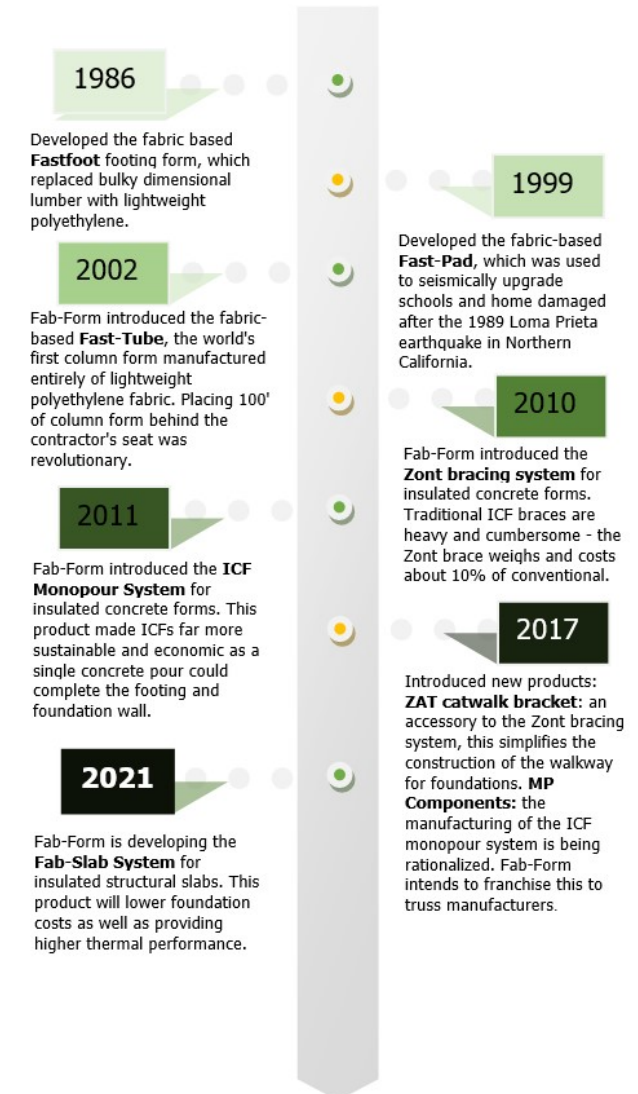
Provisional designs for the Fast-Slab system have been completed subsequent to the quarter-end, and drawings for the patent application are in progress. We expect to complete the process during the winter.

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

Sincerely

Richard Fearn  
President and CEO  
24 November 2021

Don Russell  
Chief Financial Officer  
24 November 2021



## MANAGEMENT DISCUSSION & ANALYSIS

*For the quarter ended 30 September 2021*

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 condensed interim financial statements for the quarter ended 30 September 2021, 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 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 &amp; ANALYSIS

For the quarter ended 30 September 2021

## OPERATING RESULTS

	For the quarter ended 30 September				For the period ended 30 September			
	2021	2020	Change	%	2021	2020	Change	%
	\$	\$	\$		\$	\$	\$	
Revenue	1,619,631	872,305	747,326	85.67	3,621,123	2,060,575	1,560,548	75.73
Cost of sales	(995,662)	(555,585)	(440,077)	79.21	(2,292,299)	(1,393,670)	(898,629)	64.48
<b>Gross profit</b>	<b>623,969</b>	<b>316,720</b>	<b>307,249</b>	<b>97.01</b>	<b>1,328,824</b>	<b>666,905</b>	<b>661,919</b>	<b>99.25</b>
Other operating income/(expenses)	22,931	(6,489)	29,420	(453.38)	9,918	29,987	(20,069)	(66.93)
<b>Expenses</b>								
General and administration	(113,448)	(109,814)	(3,634)	3.31	(275,808)	(219,592)	(56,216)	25.60
Selling and marketing	(54,943)	(37,312)	(17,631)	47.25	(143,029)	(137,052)	(5,977)	4.36
<b>Total expenses</b>	<b>(168,391)</b>	<b>(147,126)</b>	<b>(21,265)</b>	<b>14.45</b>	<b>(418,837)</b>	<b>(356,644)</b>	<b>(62,193)</b>	<b>17.44</b>
<b>Earnings from operations</b>	<b>478,509</b>	<b>163,105</b>	<b>315,404</b>	<b>193.37</b>	<b>919,905</b>	<b>340,248</b>	<b>579,657</b>	<b>170.36</b>
Finance cost	(3,623)	(510)	(3,113)	610.39	(4,090)	(316)	(3,774)	1,194.30
<b>Earnings before taxation</b>	<b>474,886</b>	<b>162,595</b>	<b>312,291</b>	<b>192.07</b>	<b>915,815</b>	<b>339,932</b>	<b>575,883</b>	<b>169.41</b>
<b>Income tax expense</b>	<b>(123,510)</b>	<b>(43,859)</b>	<b>(79,651)</b>	<b>181.61</b>	<b>(242,388)</b>	<b>(91,782)</b>	<b>(150,606)</b>	<b>164.09</b>
<b>Earnings for the quarter</b>	<b>351,376</b>	<b>118,736</b>	<b>232,640</b>	<b>195.93</b>	<b>673,427</b>	<b>248,150</b>	<b>425,277</b>	<b>171.38</b>
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>351,376</b>	<b>118,736</b>	<b>232,640</b>	<b>195.93</b>	<b>673,427</b>	<b>248,150</b>	<b>425,277</b>	<b>171.38</b>

Third quarter net profit was increased to \$351,376, a 196% growth in net profits as compared corresponding quarter ended 30 September 2020. It was an exceptional quarter with recorded sales of \$1,619,631, an 86% increase for the quarter and largely contributed by increase in volume of goods sold.

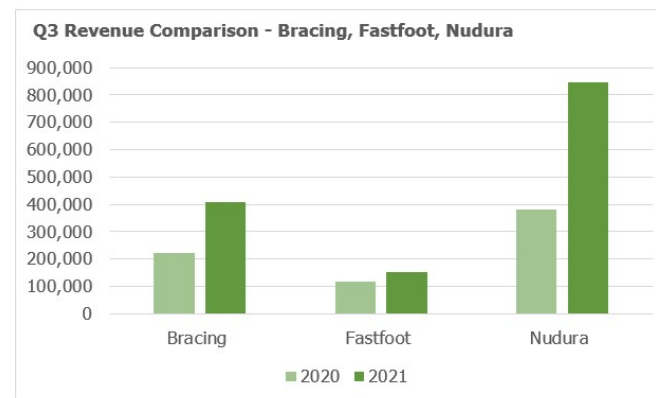
Third quarter performance represented a 19% return on the total capital employed.

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 30 September 2021

**1. Analysis of Revenue by Product**

	For the quarter ended 30 September			
	2021	2020	Change	%
	\$	\$	\$	
Bracing	407,556	221,703	185,853	83.83
Fastfoot	152,494	116,440	36,054	30.96
Fast-Pad	6,002	2,110	3,892	184.45
Fast-Tube	2,331	6,935	(4,604)	(66.39)
Helix	66,557	56,880	9,677	17.01
ICF accessories	50,685	36,441	14,244	39.09
Monopour	56,622	17,764	38,858	218.75
Nudura	847,506	382,082	465,424	121.81
Rentals	29,345	23,314	6,031	25.87
Used bracing & accessories	533	8,636	(8,103)	(93.83)
	<b>1,619,631</b>	<b>872,305</b>	<b>747,326</b>	<b>85.67</b>



Demand for all products has increased in the third quarter compared to 2020. Bracing, Fastfoot and ICF sales have increased by 84%, 31% and 39% respectively. Demand for the Monopour was exceptionally high during the quarter, with an increase of 219% as compared to 2020.

**2. Analysis of Cost of Sales**

	For the quarter ended 30 September			
	2021	2020	Change	%
	\$	\$	\$	
<b>Total direct product COGS</b>	<b>978,299</b>	<b>537,683</b>	<b>440,616</b>	<b>81.95</b>
<b>Indirect product COGS</b>				
Waste disposal	383	283	100	35.34
Packing materials	1,132	810	322	39.75
Depreciation production equipment and tools	648	2,601	(1,953)	(75.09)
Warehouse lease rental	9,966	9,636	330	3.42
Variable overhead	5,234	4,572	662	14.48
<b>Total indirect product COGS</b>	<b>17,363</b>	<b>17,902</b>	<b>(539)</b>	<b>(3.01)</b>
	<b>995,662</b>	<b>555,585</b>	<b>440,077</b>	<b>79.21</b>

The cost of sales increase of \$440,077 of the quarter over 2020 was in line with the increase in sales. There was no significant change in the indirect costs during the quarter as compared to 2020.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

For the quarter ended 30 September 2021

**3. Analysis of Administration Expenses**

	For the quarter ended 30 September			
	2021	2020	Change	%
	\$	\$	\$	
Amortization & depreciation	711	204	507	248.53
Office rental expenses	4,934	5,456	(522)	(9.57)
Patent & TM maintenance fees	71	71	-	-
Professional Fees	6,429	8,184	(1,755)	(21.44)
Pubco expenses	10,528	2,579	7,949	308.22
General expenses	4,749	4,650	99	2.13
Wages and benefits	68,927	54,848	14,079	25.67
Telecommunications & computer expenses	4,007	5,003	(996)	(19.91)
Credit Card Processing fees	13,954	10,323	3,631	35.17
Provision/(Reversal) for expected credit losses	(862)	18,496	(19,358)	(104.66)
<b>Total administrative expenses</b>	<b>113,448</b>	<b>109,814</b>	<b>3,634</b>	<b>3.31</b>

There are no significant changes to total administrative expenses for the quarter as compared to quarter in 2020. Pubco expenses increased due to accrual of directors' fees for the period ended 30 September 2021, an increase in salaries and wages in line with the employee bonus policy and expenses related to the debt settlement.

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

	For the quarter ended 30 September			
	2021	2020	Change	%
	\$	\$	\$	
Bracing	24,640	14,000	10,640	76.00
Fastfoot	7,402	8,089	(687)	(8.49)
Fast-Pad	1,475	909	566	62.27
Fast-Tube	122	1,321	(1,199)	(90.76)
Helix	1,266	290	976	336.55
Monopour	1,674	622	1,052	169.13
Nudura	18,364	12,081	6,283	52.01
<b>Total selling &amp; marketing</b>	<b>54,943</b>	<b>37,312</b>	<b>17,631</b>	<b>47.25</b>

Selling and marketing expenses increased by 47% over the corresponding quarter in 2020. This increase is in line with the increase in sales.

## MANAGEMENT DISCUSSION & ANALYSIS

*For the quarter ended 30 September 2021*

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

The Company generated \$401,665 from operating activities in the third quarter of 2021 compared with \$146,514 in 2020.

Cash and cash equivalents at quarter end increased by \$367,350. Total cash and cash equivalents at the quarter end was \$2,006,709 compared to \$1,178,615 in 2020. 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.



***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"*

24 November 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](http://www.fab-form.com/investor/overview.php)  
[www.vancouvericf.com](http://www.vancouvericf.com)  
[www.steelfiberswest.com](http://www.steelfiberswest.com)