

FAB-FORM

MD&A
For the quarter ended 31 March 2021



MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 31 March 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.

An increase in demand, coupled with a deep freeze in Texas in March 2021 caused a major disruption in the ICF supply chain, which has now returned to normal. However, management anticipates the supply constraints will continue to impact the business due to the high levels of single family housing starts.

With escalating lumber prices, builders are now changing their plans to use ICFs to the roof. Fab-Form expects the number of houses built using ICF to the roof will increase significantly in the balance of 2021.

The first quarter of 2021 has been the busiest and most profitable in the Company's history. Profits in the first quarter increased by 170% over 2020. Refer to sales by product for a detailed analysis of this growth.

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

Sincerely



Richard Fearn
President and CEO
20 May 2021



Don Russell
Chief Financial Officer
20 May 2021



1986

Developed the fabric based **Fastfoot** footing form, which replaced bulky dimensional lumber with lightweight polyethylene.

2002

Fab-Form introduced the fabric-based **Fast-Tube**, the world's first column form manufactured entirely of lightweight polyethylene fabric. Placing 100' of column form behind the contractor's seat was revolutionary.

2011

Fab-Form introduced the **ICF Monopour System** for insulated concrete forms. This product made ICFs far more sustainable and economic as a single concrete pour could complete the footing and foundation wall.

2021

Fab-Form is developing the **Fab-Slab System** for insulated structural slabs. This product will lower foundation costs as well as providing higher thermal performance.

1999

Developed the fabric-based **Fast-Pad**, which was used to seismically upgrade schools and home damaged after the 1989 Loma Prieta earthquake in Northern California.

2010

Fab-Form introduced the **Zont bracing system** for insulated concrete forms. Traditional ICF braces are heavy and cumbersome - the Zont brace weighs and costs about 10% of conventional.

2017

Introduced new products: **ZAT catwalk bracket**: an accessory to the Zont bracing system, this simplifies the construction of the walkway for foundations. **MP Components**: the manufacturing of the ICF monopour system is being rationalized. Fab-Form intends to franchise this to truss manufacturers.

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 31 March 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 31 March 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.

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 & ANALYSIS

For the quarter ended 31 March 2021

OPERATING RESULTS

	For the Quarter ended 31 March			
	2021	2020	Change	%
	\$	\$	\$	
Revenue	721,940	310,986	410,954	132
Cost of sales	(488,886)	(221,942)	(266,944)	120
Gross profit	233,054	89,044	144,010	162
Other operating income/(expenses)	(5,159)	42,103	(47,262)	(112)
Expenses				
General and administration	(68,478)	(52,078)	(16,400)	31
Selling and marketing	(40,867)	(47,888)	7,021	(15)
Total expenses	(109,345)	(99,966)	(9,379)	9
Earnings from operations	118,550	31,181	87,369	280
Finance cost	(311)	-	(311)	100
Earnings before taxation	118,239	31,181	87,058	279
Income tax expense	(33,995)	-	(33,995)	100
Earnings for the quarter	84,244	31,181	53,063	170
Other comprehensive income	-	-	-	-
Total comprehensive income	84,244	31,181	53,063	170



From new normal to new future – ICF to the roof

Performance of the first quarter of 2021 far exceeded 2020. Resumption of suspended constructions, increase demand for single-detached houses and the increase in lumber prices enabled this improvement. A net profit of \$84,244 for the quarter was achieved compared to \$31,181 in the previous year, a rise of 170%. Earnings from operations increased 280% over the previous year's quarter.

Total sales for the quarter increased 132% over 2020, driven mainly by ICFs and accessory products.

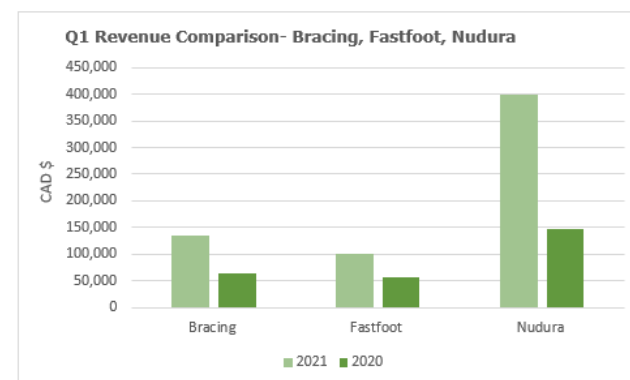
Net assets attributable to shareholders increased by 4.65% at the end of the first quarter in 2021.

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 31 March 2021

1. Analysis of Revenue by Product

	For the quarter ended 31 March			
	2021	2020	Change	%
	\$	\$	\$	
Bracing	134,413	63,602	70,811	111
Fastfoot	101,249	56,643	44,606	79
Fast-Pad	7,438	1,869	5,569	298
Fast-Tube	1,768	3,545	(1,777)	(50)
Helix	16,126	10,494	5,632	54
ICF accessories	24,448	11,809	12,639	107
Monopour	17,814	4,283	13,531	316
Nudura	398,721	146,640	252,081	172
Rentals	14,950	8,878	6,072	68
Used bracing & accessories	5,013	3,223	1,790	56
	721,940	310,986	410,954	132



The total sales increased 132% compared to the same quarter in 2020 with healthy growth in all product lines. Bracing increased 111%, Fastfoot 79% and Monopour 316%. Nudura increased by 172%, this is an exceptional increase in March 2021 due to 18.5% cost surcharge introduced by the manufacturer effective from 1st of April. Despite this surcharge, the use of ICF blocks still remains economic and convenient for the builder.

2. Analysis of Cost of Sales

	For the quarter ended 31 March			
	2021	2020	Change	%
	\$	\$	\$	
Total direct product COGS	473,218	206,449	266,769	129
Indirect product COGS				
Waste disposal	325	146	179	123
Packing materials	493	-	493	100
Depreciation - production equipment and tools	619	2,416	(1,797)	(74)
Warehouse lease rental	9,793	9,461	332	4
Variable overhead	4,438	3,470	968	28
Total indirect product COGS	15,668	15,493	175	1
	488,886	221,942	266,944	120

The cost of sales increase of \$266,769 of this year's quarter over 2020 was in line with the increase in sales. Total indirect costs remained constant between the two years quarters.

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 31 March 2021

3. Analysis of Administration Expenses

	For the quarter ended 31 March			
	2021	2020	Change	%
	\$	\$	\$	
Amortization & depreciation	593	824	(231)	(28)
Office rental amortisation	5,213	5,459	(246)	(5)
Patent & TM maintenance fees	71	71	-	-
Professional Fees	6,664	5,782	882	15
Pubco expenses	6,761	3,342	3,419	102
General expenses	4,557	5,370	(813)	(15)
Wages and benefits	33,818	23,195	10,623	46
Telecommunications & computers	3,683	5,165	(1,482)	(29)
Credit card processing fees	6,529	2,870	3,659	127
Provision for expected credit losses	589	-	589	100
Total administrative expenses	68,478	52,078	16,400	31

Administration expenses were increased by 31% during the first quarter of this year compared to 2020. The increase was substantially due to the administrative wage increase given in Q3 of 2020 as well as the annual inflation adjustment for 2021. Credit card processing fees increased by 127%, in line with the sales increase. The pubco increase of \$3,419 was due to a higher allocation of management wages to preparing the financial statements.

4. Analysis of Selling and Marketing Expenses

	For the quarter ended 31 March			
	2021	2020	Change	%
	\$	\$	\$	
Bracing	11,914	16,932	(5,018)	(30)
Fastfoot	8,234	11,915	(3,681)	(31)
Fast-Pad	-	1,818	(1,818)	(100)
Fast-Tube	163	2,408	(2,245)	(93)
Helix	1,148	158	990	627
Monopolar	2,058	616	1,442	234
Nadura	17,350	14,041	3,309	24
Total selling & marketing	40,867	47,888	(7,021)	(15)

During the first quarter of 2020, the company incurred significant amortized marketing costs for attending International Builders Show. New marketing tools such as social media and Adwords have replaced conventional marketing methods resulting in an overall reduction of 15% in selling and marketing expenses in 2021 over 2020.

5. Liquidity, Cash Flow Position, and Going Concern

The Company generated \$9,467 from operating activities in the first quarter of 2021 compared with \$68,414 in 2020.

Cash and cash equivalents at the quarter end decreased by \$17,262 substantially due to an increase of \$148,851 in working capital at the end of the quarter. Total cash and cash equivalents at the quarter end was \$1,282,391 compared to \$933,408 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.

Approved

"Board of Directors"

20 May 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