

FAB-FORM INDUSTRIES



Second quarter MD&A 2022

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 30 June 2022

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

Second quarter profitability increased by 81% leading to a 14.66% increase of net assets. Refer to operational results on page 3 for more details.

LEVELER prototypes have been developed during the quarter and on-site testing currently being performed. Once the test results are out and depending on the outcome the management will determine the product release date after aligning the production.

Development of optimized **FAST-TUBE** is progressing as expected. Visit of Hagihara's representative from Japan was instrumental and fast tracked the development of optimized fabric. Currently waiting for samples of optimized fabric to produce prototype Fast-Tube for testing purposes. The management is expecting complete testing by end of fall 2022.

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

Sincerely

Richard Fearn
President and CEO
23 August 2022

Don Russell
Chief Financial Officer
23 August 2022

1986
Developed the fabric based **Fastfoot** footing form, which replaced bulky dimensional lumber with lightweight polyethylene.

1999
Developed the fabric-based **Fast-Pad**, which was used to seismically upgrade schools and home damaged after the 1989 Loma Prieta earthquake in California.

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.

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 systems.

2011
Fab-Form introduced the **ICF Monopour System**. This made ICFs far more economic. As a single concrete pour greatly reduces costs, and time onsite.

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.

2021
Fab-Form is developing the **Fab-Slab System** for insulated structural slabs. Initial design work is 50% completed.

2022
Fast Tube - company was doing a major upgrade and optimization on the product. Work in progress and expected in late 2022, early 2023 subject to testing.

Introduction of new **Leveler**, an upgrade to "Fast Yoke" that was developed in 1990s. Upgraded to allow adjustment by electric drill and other features to improve useability. Product will be released in fall **2022**

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 30 June 2022

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 June 2022, 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 30 June 2022

OPERATING RESULTS

	For the year ended 30 June 2022				For the period ended 30 June 2022			
	2022	2021	Change	%	2022	2021	Change	%
	\$	\$	\$		\$	\$	\$	
Revenue	1,874,547	1,279,623	594,924	46.49	3,012,256	2,001,507	1,010,749	50.50
Cost of sales	(1,156,563)	(807,789)	(348,774)	43.18	(1,826,592)	(1,296,638)	(529,954)	40.87
Gross profit	717,984	471,834	246,150	52.17	1,185,664	704,869	480,795	68.21
Other operating income/(expenses)	32,362	(7,739)	40,101	(518.17)	22,996	(12,898)	35,894	(278.29)
Expenses								
General and administration	(125,038)	(93,884)	(31,154)	33.18	(221,030)	(162,360)	(58,670)	36.14
Selling and marketing	(48,126)	(47,219)	(907)	1.92	(101,359)	(88,085)	(13,274)	15.07
Total expenses	(173,164)	(141,103)	(32,061)	22.72	(322,389)	(250,445)	(71,944)	28.73
Earnings from operations	577,182	322,992	254,190	78.70	886,271	441,526	444,745	100.73
Finance cost	(3,133)	(156)	(2,977)	1,908.33	(6,437)	(467)	(5,970)	1,278.37
Earnings before taxation	574,049	322,836	251,213	77.81	879,834	441,059	438,775	99.48
Income tax expense	(142,846)	(84,883)	(57,963)	68.29	(225,601)	(118,879)	(106,722)	89.77
Earnings	431,203	237,953	193,250	81.21	654,233	322,180	332,053	103.06
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	431,203	237,953	193,250	81.21	654,233	322,180	332,053	103.06

Total earnings for the second quarter increased by 81% compared to quarter ended in 2021. The total earnings for the six months ended 30 June 2022 increased to \$654,233, an increase of \$332,053 (103%) over 2021.

Total sales for the quarter increased by \$594,924 over 2021, recording a 46% increase QOQ basis. Total sales recorded for the period ended 30 June 2022 was \$3,012,256, marking 50% increase over 2021.

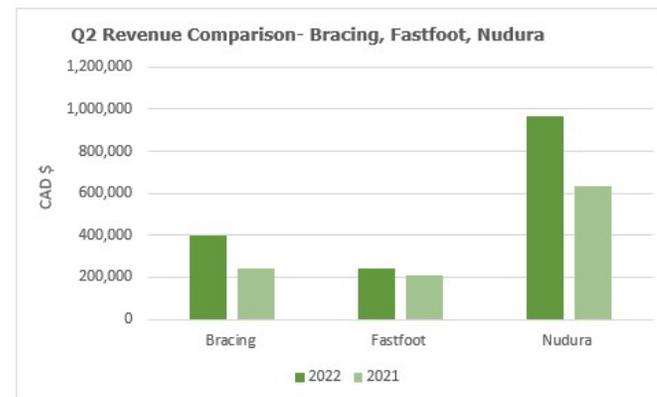
Annualized return on investment was 48.13%, as a result of an increase in net assets attributable to shareholders of only 14.66% at the end of the second quarter in 2022.

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 30 June 2022

1. Analysis of Revenue by Product

	For the quarter ended 30 June 2022			
	2022	2021	Change	%
	\$	\$	\$	
Bracing	395,805	243,133	152,672	62.79
Fastfoot	242,999	206,579	36,420	17.63
Fast-Pad	3,570	1,914	1,656	86.52
Fast-Tube	1,676	2,219	(543)	(24.47)
Helix	108,029	85,842	22,187	25.85
ICF accessories	46,776	49,615	(2,839)	(5.72)
Monopour	65,023	26,334	38,689	146.92
Nudura	963,893	633,400	330,493	52.18
Rentals	44,071	30,121	13,950	46.31
Used bracing & accessories	2,705	466	2,239	480.47
	1,874,547	1,279,623	594,924	46.49



Total sales in the second quarter increased 46% compared to 2021. Bracing sales increased 63%, Fastfoot 18% and Monopour 147%. Nudura increased by 52%. An expansion in ICF market during the quarter led to an increased demand for Zont bracing. Monopour demand was increased beyond the budgeted figures during the quarter, with production doubled to meet the increase in demand.

2. Analysis of Cost of Sales

	For the quarter ended 30 June 2022			
	2022	2021	Change	%
	\$	\$	\$	
Total direct product COGS	1,133,620	792,155	341,465	43.11
Indirect product COGS				
Waste disposal	281	325	(44)	(13.54)
Packing materials	3,365	1264	2,101	166.22
Depreciation - production equipment and tools	675	620	55	8.87
Warehouse lease rental	10,815	9,144	1,671	18.27
Variable overhead	7,807	4,281	3,526	82.36
Total indirect product COGS	22,943	15,634	7,309	46.75
	1,156,563	807,789	348,774	43.18

The cost of sales increase of \$348,774 (43.18%) for this year's quarter over 2021 was in line with the increase in sales of 46.49%.

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 30 June 2022

3. Analysis of Administration Expenses

	For the quarter ended 30 June 2022			
	2022	2021	Change	%
	\$	\$	\$	
Amortization & depreciation	689	875	(186)	(21.26)
Office rental amortisation	5,514	5,531	(17)	(0.31)
Patent & TM maintenance fees	-	71	(71)	(100.00)
Professional Fees	9,311	8,238	1,073	13.03
Pubco expenses	4,973	2,747	2,226	81.03
General expenses	4,979	4,749	230	4.84
Wages and benefits	79,530	52,532	26,998	51.39
Telecommunications & computers	5,105	4,024	1,081	26.86
Credit card processing fees	14,937	9,400	5,537	58.90
Provision for expected credit losses	-	5,717	(5,717)	(100.00)
Total administrative expenses	125,038	93,884	31,154	33.18

Administration expenses were increased by 51% during the second quarter of this year compared to 2021. The increase was substantially due to the provision for employee bonuses. Credit card processing fees increased by 59%, in line with the sales increase.

4. Analysis of Selling and Marketing Expenses

	For the quarter ended 30 June 2022			
	2022	2021	Change	%
	\$	\$	\$	
Bracing	8,189	15,648	(7,459)	(47.67)
Fastfoot	7,494	6,532	962	14.73
Fast-Pad	711	624	87	100.00
Fast-Tube	-	23	(23)	(100.00)
Helix	314	2,373	(2,059)	(86.77)
Monopour	2,678	1,192	1,486	124.66
Nudura	28,740	20,827	7,913	37.99
Total selling & marketing	48,126	47,219	907	1.92

Total selling & marketing expenses remain flat over quarter ended in 2021, resulted from an increase in sales and marketing wages offset against the reduction in goodwill credits granted to customers during the quarter.

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended 30 June 2022

5. Liquidity, Cash Flow Position, and Going Concern

The Company generated \$494,823 from operating activities in the second quarter of 2022 compared with \$386,974 in 2021.

Cash and cash equivalents at the quarter end increased by \$439,339. Total cash and cash equivalents at the quarter end was \$2,304,289 compared to \$1,639,539 in 2021. 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"

23 August 2022

FAB-FORM INDUSTRIES LTD.
OTHER 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".

For additional information, please contact:

Joey Fearn
Chief Operating Officer
joey@fab-form.com

Rick Fearn
President, CEO
rick@fab-form.com

Don Russell
Chief Financial Officer
don@fab-form.com

Vishwanath Kumar
Corporate Secretary
vish@fab-form.com

FAB-FORM
INDUSTRIES LTD.
Unit 19, 1610 Derwent Way
Delta, BC V3W 6W1, Canada
(604)596-3278
Shareholders and interested investors should
visit:
www.fab-form.com/investor/overview.php
www.vancouvericf.com
www.steelfiberswest.com

