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Research Report – Update

Investors should consider this report as only a single factor in making their investment decision.

Unique Fabricating, Inc.

Speculative Buy

John Nobile

November 22, 2021

UFAB $2.50 — (NYSE)

	2019A	2020A	2021E	2022E
Revenues (millions)	$152.5	$120.2	$125.6	$150.2
Earnings (loss) per share*	$(0.93)	$(0.58)	$(0.70)	$0.10

52-Week range	$7.51 – $2.31	Fiscal year ends:	December
Common shares out a/o 10/2921	11.7 million	Revenue per share (TTM)	$13.29
Approximate float	9 million	Price/Sales (TTM)	0.2X
Market capitalization	$29 million	Price/Sales (FY2022)E	0.2X
Tangible book value/share	$0.85	Price/Earnings (TTM)	NMF
Price/tangible book value	2.9X	Price/Earnings (FY2022)E	25X

**2019 includes an estimated $(0.69) per share restructuring/impairment charge. 2020 includes an estimated $(0.09) per share restructuring charge.*

Headquartered in Auburn Hills, MI, Unique Fabricating (UFAB) is engaged in the engineering and manufacturing of components for use in the transportation, appliance, medical, and consumer markets. The company's products are comprised of multi-material foam, rubber, and plastic components and are used for noise, vibration and harshness management, and water and air sealing.

Key investment considerations:

Reiterating Speculative Buy rating but lowering our twelve-month price target to $4.50 per share from $5.00 due primarily to our lowered 2022 sales projection.

After a slowdown in 1H20, an unexpected surge in demand and vehicle production schedules in 2H20 led to a worldwide semiconductor supply shortage in early 2021. This shortage continued through 3Q21 and resulted in decreased demand for the company's products as automotive OEMs have canceled or reduced planned production.

According to LMC Automotive, North American vehicle production decreased to 12.9 million in 2020 from 16.2 million in 2019. North American annual production should reach 13.3 million in 2021 and grow to approximately 16.8 million in 2024. Growing vehicle production along with the trend of reducing a vehicle's weight and increasing passenger comfort should result in significant sales growth for UFAB through our forecast horizon.

For 2021, we project a 4.5% increase in revenue to $125.6 million and a loss of $(0.70) per share. We previously forecast revenue of $130.7 million and a loss of $(0.05) per share. Our reduced forecast reflects 3Q21 results, reduced North American vehicle production, and a $(0.51) per share impairment charge.

For 2022, we project a 19.6% increase in revenue to $150.2 million and EPS of $0.10. We previously forecast revenue of $160 million and EPS of $0.46 per share. Our reduced projections reflect lower vehicle production than originally projected.

UFAB reported (on 11/15/21) a loss of $(0.19) per share on a 15.9% decrease in revenue to $29.9 million. The loss in 3Q21 included a $0.59 per share gain on the forgiveness of PPP loans and a $(0.50) per share goodwill impairment charge. Excluding these items, the company would have reported a 3Q21 loss of $(0.28) per share. We projected 3Q21 revenue of $31 million and EPS of $0.32 that included a $0.60 per share gain on the forgiveness of PPP loans. Excluding this item, we projected a loss of $(0.28) per share.

****Please view our disclosures on pages 13 - 15.***

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Recommendation and Valuation

Reiterating Speculative Buy rating on Unique Fabricating, Inc. but lowering our twelve-month price target to $4.50 per share from $5.00 due primarily to our lowered 2022 sales projection.

The adverse impacts of the COVID-19 pandemic led to a significant slowdown in North American vehicle production in 2020 as many automotive companies idled their facilities or reduced production. Increased consumer demand and vehicle production schedules in the second half of 2020 was unexpected in certain areas of the automotive supply chain. This surge in demand, as well as a significant increase in consumer demand for personal electronics led to a worldwide semiconductor supply shortage in early 2021 that continued through 3Q21 and resulted in decreased demand for the company's products as automotive OEMs canceled or reduced planned production.

According to LMC Automotive, North American vehicle production decreased to 12.9 million in 2020 from approximately 16.2 million in 2019. North American vehicle production is projected to reach 13.3 million in 2021 and grow to approximately 16.8 million in 2024.

Growing North American vehicle production along with the trend of reducing a vehicle's weight and increasing passenger comfort should result in significant sales growth for UFAB through our forecast horizon.

UFAB currently trades at a trailing twelve-month P/S multiple of 0.2X. Company peers trade at a multiple of 0.4X (unchanged) trailing twelve-month sales. We believe UFAB'S valuation should improve as sales growth resumes. We applied a multiple of 0.4X (unchanged) to our FY22 sales projection of $12.80 per share ($13.64 per share previously), discounted to account for execution risk, to obtain a year-ahead value of approximately $4.50 per share.

Business

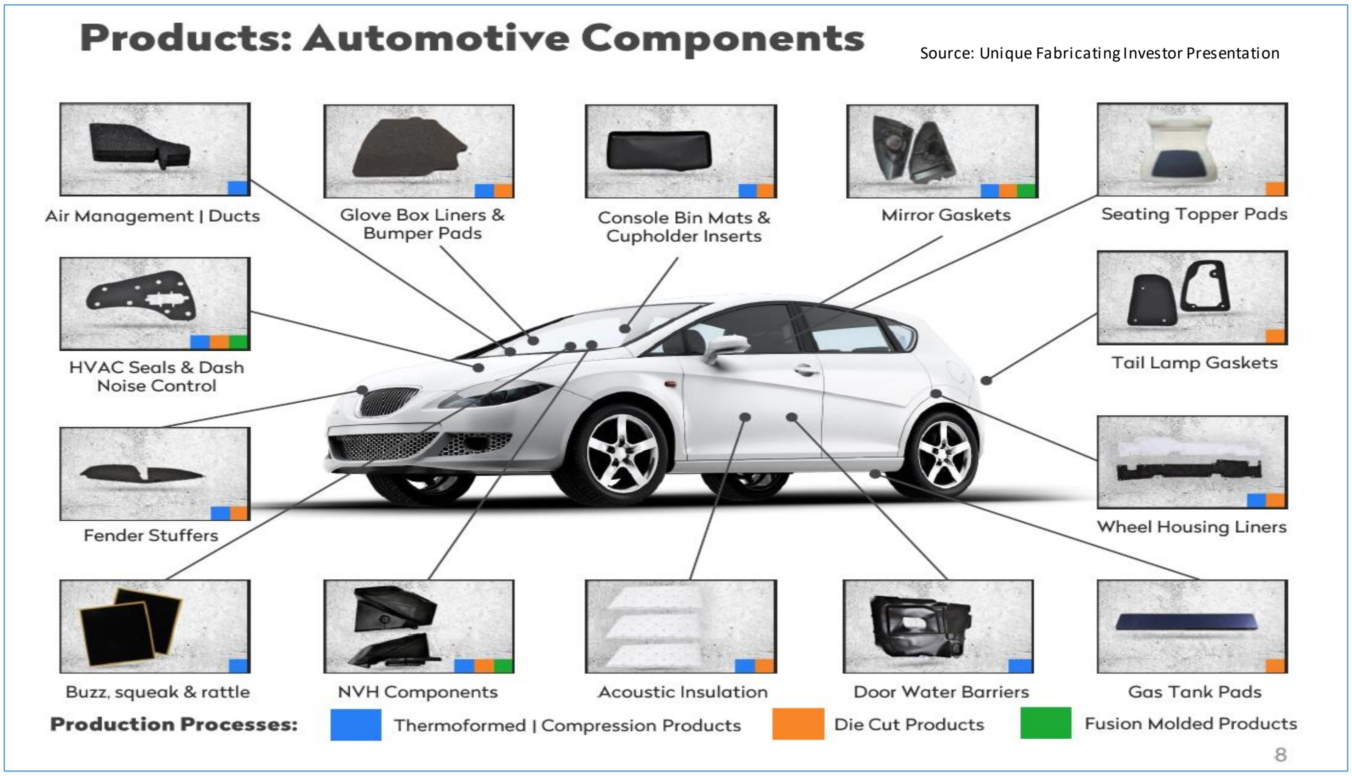
Headquartered in Auburn Hills, MI, Unique Fabricating (UFAB) is engaged in the engineering and manufacturing of components for use in the transportation, appliance, medical, and consumer markets. The company's products are comprised of multi-material foam, rubber, and plastic components and are used for noise, vibration and harshness management, acoustical management, water and air sealing, decorative and other functional applications.

Unique manufactures air management products, heating ventilating and air conditioning (HVAC) products, seals, fender stuffers, air ducts, acoustical insulation, door water shields, gas tank pads, light gaskets, topper pads, mirror gaskets, glove box liners, personal protection equipment, and packaging.

UFAB's products are sold mainly to the North American transportation market (approximately 88% of total sales in 2020), which includes automotive and heavy-duty trucks. The company also serves the appliance, medical, and consumer markets.

By sealing out air, noise and water intrusion, and by providing sound absorption and blocking, Unique's products improve the interior comfort of a vehicle. Unique's products perform similar functions for appliances, water heaters and HVAC systems, improving thermal characteristics, reducing noise and prolonging equipment life.

Pictured at the top on the next page are UFAB's products used by automotive customers.



Industry

UFAB engineers and manufactures multi-material foam, rubber, and plastic components.

Urethane Foam Products Manufacturing
Products made with this type of foam are used to insulate objects, reduce shock in packaging, seat cushioning, carpet cushioning, car interiors, fluid filtration systems, and anti-noise and vibration systems.

The Urethane Foam Manufacturing industry is expected to fall annually by 2.2% to $10.4 billion in 2020 from 2015. This projection includes an estimated decrease of 11.5% in 2020 as the COVID-19 pandemic has disrupted key downstream markets. IBISWorld projects average annual revenue growth of 4.1% to $12.7 billion in 2025. With automotive at 11.9% of the total market, this would equate to a $1.5 billion market for automotive and automotive parts manufacturers by 2025 assuming the current percentages hold.

The state of the US automotive industry, including domestic production volumes, affects demand for foam products. The automotive industry uses polyurethane foam in car seats and insulation applications with demand directly correlated to automobile production levels. When more vehicles are manufactured, more foam products will be purchased by the automotive industry for inputs into their vehicles and their components. A greater focus on fuel efficiency will result in more prevalent use of foam in automobile production, given its light weight. LMC Automotive estimated North American production decreased to 12.9 million in 2020 from approximately 16.2 million in 2019. Projections are for North American annual vehicle production to reaching 13.3 million in 2021 and approximately 16.8 million in 2024.

Rubber Products Manufacturing
The rubber products manufacturing industry generated sales of approximately $18.5 billion in 2020 (according to IBISWorld), down 3.6% from 2019 as a result of the COVID-19 pandemic. Approximately 25.2% or $4.7 billion of industry revenue is from the automotive segment. IBISWorld projects overall industry revenue growth at an annualized rate of 1.1% reaching $21.4 billion over the five years to 2026. Increased demand for rubber products from key markets and consumers, likely heightened in 2021 and 2022 due to pent-up demand following the

economic slowdown caused by the COVID-19 pandemic, are expected to drive industry growth with the construction and automotive markets expected to rebound and help overall industry growth.

Plastic Products Manufacturing
Revenue for the Plastic Products Miscellaneous Manufacturing industry declined 12.4% to $93.9 billion in 2020 as a result of lower new car sales and the value of construction falling due to COVID-19. IBISWorld projects the overall industry to grow at an annualized rate of 0.9% to $108 billion in 2026 driven by rising demand from the domestic construction and automobile manufacturing markets.

Automotive manufacturers are the industry's largest market segment at 23.3%. Plastic offers automobile manufacturers an inexpensive, lightweight and corrosive-free material that can be used inside and outside the vehicle. While the overall segment has declined over the five years to 2020, plastic product usage in automobiles has expanded as manufacturers have increasingly sought to improve vehicle fuel efficiency.

Federal regulations requiring cars to have an average fuel economy of 40.4 miles per gallon by 2026 could increase the usage of plastic materials instead of steel in vehicle production.

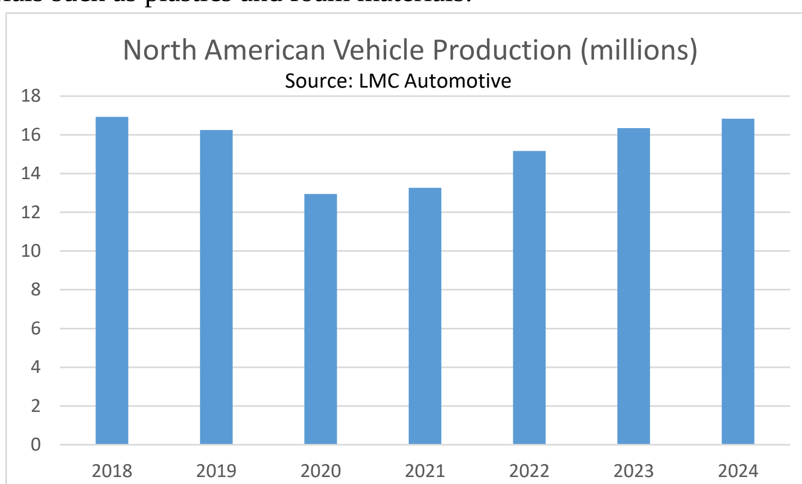
Primary End Market

The automotive parts industry provides components, systems, subsystems and modules to OEMs for the manufacture of new vehicles. Within the automotive parts industry, North America is UFAB's core market.

Demand for automotive parts in the OEM market is generally a function of the number of new vehicles produced. Although OEM demand is tied to actual vehicle production, participants in the automotive parts industry also have the opportunity to grow through increasing product content per vehicle. We believe that the current trend of increasing fuel efficiency and lowering vehicle weight should help drive increased usage of parts produced by UFAB.

The evolution of materials utilized in vehicles is moving away from conventional steel and is expected to be increasingly replaced by lighter weight materials such as plastics and foam materials.

The outbreak and subsequent spread of COVID-19 has had an adverse impact on the outlook for North American vehicle production in the short- to mid-term with most vehicle manufacturers having had some form of a shutdown at their facilities. According to LMC Automotive, North American production decreased to 12.9 million in 2020 from approximately 16.2 million in 2019. Projections are for North American annual vehicle production of 13.3 million in 2021 which should grow to approximately 16.8 million in 2024 (see chart at right).



3Q and Nine-Months 2021 Financial Results

3Q21 – The net loss was $1.9 million or $(0.19) per share on a 15.9% decrease in revenue to $29.9 million. UFAB reported net income of $996,000 or $0.10 per share on revenue of $35.6 million in 3Q20. The loss in 3Q21 included a $6 million or $0.59 per share gain on the forgiveness of PPP loans and a $5.1 million or $(0.50) per share goodwill impairment charge. Excluding these items, the company would have reported a 3Q21 net loss of $2.8 million or $(0.28) per share. We projected 3Q21 revenue of $31 million and net income of $3.2 million or

$0.32 per share that included a $6.1 million or $0.60 per share gain on the forgiveness of PPP loans. Excluding this item, we projected a loss of $2.9 million or $(0.28) per share.

The decrease in revenue was driven by the adverse impact COVID-19 had on the supply chain and semiconductor supply shortages, which resulted in canceled or reduced planned production schedules by UFAB's customers in the North American automotive market.

Gross profit decreased to $3.3 million from $8.2 million with gross margins decreasing to 11% from 23.1%. The decrease in gross margins was primarily due to operating inefficiencies as a result of supply chain constraints and semiconductor chip shortages, as well as higher input costs including raw material, freight, and labor costs.

SG&A expenses decreased 10% to $5.7 million from $6.4 million due primarily to a reduction in amortization expense compared to 3Q20 due to certain intangible assets becoming fully amortized in 1Q21. Salaries and related taxes and benefits also decreased when compared to 3Q20 as efforts to reduce headcount and increase efficiencies were implemented. The operating loss was $7.6 million versus operating income of $1.8 million in 3Q20.

Interest expense increased to $843,000 from $711,000 due to increased borrowing and higher interest rates. The company received a $522,000 tax benefit versus paying taxes of $152,000 in 3Q20.

Nine-months 2021 – The net loss was $5.4 million or $(0.55) per share on a 12.2% increase in revenue to $95.6 million. UFAB reported a loss of $5.6 million or $(0.58) per share in the comparable period in 2020. The loss in 2021 included a $6.1 million or $0.62 per share gain on the forgiveness of PPP loans and a $5.1 million or $(0.52) per share goodwill impairment charge. Excluding these items, the company would have reported a net loss of $6.4 million or $(0.65) per share.

Gross profit decreased to $13.8 million from $15.6 million with gross margins decreasing to 14.4% from 18.4%. The decrease in gross margins was primarily due to supply chain constraints and semiconductor chip shortages, as well as higher material and labor costs.

SG&A expenses decreased 5.2% to $17.6 million from $18.6 million due primarily to lower amortization expense related to intangible assets that were fully amortized in 1Q21. The operating loss was $9 million versus $4.2 million in the same period in 2020 (included $1.2 million of restructuring expenses). Interest expense decreased to $2.3 million from $3 million due primarily to reduced mark-to-market adjustments on the company's interest rate swap partially offset by increased borrowings and higher interest rates. The company paid $216,000 in taxes versus a $1.5 million tax benefit in the same period in 2020.

9 Months Ended (in thousands $)	9/21A	9/20A
Sales	95,603	85,186
Cost of sales	81,845	69,546
Gross profit	13,758	15,640
Selling, general, and administrative	17,636	18,608
Restructuring / impairment expenses	5,115	1,193
Operating income (loss)	(8,993)	(4,161)
Other income (expense)	6,080	26
Interest expense	(2,305)	(3,000)
Income before income taxes	(5,218)	(7,135)
Income tax (benefit)	216	(1,507)
Net income	(5,434)	(5,628)
EPS	(0.55)	(0.58)
Shares Outstanding	9,844	9,779
Margin Analysis		
Gross margin	14.4%	18.4%
SG&A	18.4%	21.8%
Operating margin	(9.4)%	(4.9)%
Tax rate	4.1%	21.1%
Net margin	(5.7)%	(6.6)%
Year / Year Growth		
Total Revenues	12.2%	
Net Income	NMF	
EPS	NMF	
Source: Company filings		

Liquidity - As of September 30, 2021, the company had $1.1 million cash, a current ratio of 0.8, $47.5 million of debt (of which is all current) for a debt/equity ratio of 1.5X, and approximately 30% of assets covered by equity.

In the first nine months of 2021, cash used in operations was $3.6 million consisting of a cash loss of $2.8 million and a $770,000 increase in working capital. The increase in working capital was primarily due to an increase in receivables and inventory, offset in part by a decrease in prepaid expenses and an increase in payables. Cash used in investing activities of $2.3 million consisted primarily of capital expenditures. Cash provided by financing of $6.3 million consisted primarily of a net increase in debt and proceeds from the issuance of common stock and warrants. Cash increased by $386,000 to $1.1 million at September 30, 2021.

The company has a $73 million credit agreement with Citizens Bank, NA. The credit agreement consists of a revolving line of credit of up to $30 million, term loans totaling $38 million, and a two year $5 million line of credit dedicated to capital expenditures. The revolver and term loans mature on November 7, 2023 and bear interest at the greater of the prime rate or the federal funds rate plus a margin ranging from 1.75% to 3.25%, or LIBOR plus a margin ranging from 2.75% to 4.25%, based on senior leverage ratio thresholds measured quarterly. The effective interest rate as of September 30, 2021 was 5.5%.

On September 21, 2021, UFAB announced it raised approximately $4.4 million through a private offering and sale of public equity of nearly 2 million shares of common stock at a price of $2.25 per share. Taglich Brothers, Inc. acted as placement agent for the offering. The company received net proceeds of approximately $4 million after payment of selling commissions and expenses. Taglich Brothers also received warrants to purchase 156,320 shares of common stock, exercisable for five years at a price per share of $3.12.

On September 21, 2021, the company entered into a second amendment to its forbearance agreement that, among other things, revises the financial covenants contained within the agreement and revises the revolving credit commitment from $30 million to $27 million. The revised financial covenants are reflective of the anticipated impact of the ongoing semiconductor shortage and its impact on demand for the company's products from its automotive customers.

As of September 30, 2021, the company was not in compliance with its financial covenants. Failure to be in compliance with the company’s financial covenants constitutes an event of default. As a result of the default, all debt subject to the credit agreement has been classified as current as of September 30, 2021. Although UFAB has continued to borrow under the revolving line of credit, there can be no assurance that it will continue to borrow.

Economic Outlook

As Unique’s customers are principally engaged in the North American automotive industry (approximately 88% of 2020 sales), the economic outlook for this region should have a direct influence on its sales.

In October 2021, the International Monetary Fund (IMF) revised its global economic growth estimates to an increase of 5.9% for 2021 and 4.9% for 2022. While the IMF’s growth projection for 2022 is unchanged from its earlier projection (July 2021), the 2021 projection is down from 6%. The 2021 downward revision primarily reflects supply disruptions and worsening pandemic dynamics.

The IMF revised its economic growth estimate for the US to an increase of 6% for 2021 and 5.2% for 2022. In July 2021, the IMF projected US economic growth of 7% and 4.9% for 2021 and 2022, respectively.

The advance estimate of US GDP growth (released on October 28, 2021) showed the US economy increased at an annual rate of 2% in 3Q21, down from the 6.7% increase reported in 2Q21. The 3Q21 US GDP estimate primarily reflects increases in inventory investment, consumer spending, state and local government spending, and business investment, partially offset by decreases in housing investment, federal government spending, and exports.

Projections

The company’s product sales and programs are highly correlated with new vehicle production in North America.

The adverse impacts of the COVID-19 pandemic led to a significant slowdown in North American vehicle production in 2020 as many automotive companies idled their facilities or reduced production. Increased consumer demand and vehicle production schedules in the second half of 2020 was unexpected in certain areas of the automotive supply chain. This surge in demand, as well as a significant increase in consumer demand for personal electronics led to a worldwide semiconductor supply shortage in early 2021 that continued through 3Q21 and resulted in decreased demand for the company's products as automotive OEMs have canceled or reduced planned production.

UFAB has experienced longer lead-times, higher costs, and delays in procuring raw materials due to shortages because of extreme weather patterns in 2021 that impacted petroleum refining operations in Texas. As a result, the company is currently experiencing incremental costs relating to these supply chain related disruptions and is continuing to work closely with its suppliers and customers in order to minimize the potential adverse impact.

In response to the unprecedented uncertainty related to the impact the COVID-19 pandemic is having on the global automotive industry, UFAB has taken actions to reduce costs and increase financial flexibility which include actively managing costs, capital expenditures, and working capital.

According to LMC Automotive, North American production decreased to 12.9 million in 2020 from approximately 16.2 million in 2019. North American annual vehicle production is projected to reach 13.3 million in 2021 and grow to approximately 16.8 million in 2024. Growing North American vehicle production along with the trend of reducing a vehicle's weight and increasing passenger comfort should result in sales growth for UFAB through our forecast horizon.

FY21 - We project a 4.5% increase in revenue to $125.6 million and a net loss of $7.2 million or $(0.70) per share. We previously forecast revenue of $130.7 million and a net loss of $545,000 or $(0.05) per share. The reduction in our forecast primarily reflects 3Q21 results, a reduction in forecasted North American vehicle production rates for 2021, and recognition of a $5.1 million impairment charge.

We project gross profit decreasing 13.9% to $17.8 million due primarily to the decrease in revenue and gross margin contraction to 14.2% from 17.2% due to higher material costs.

SG&A expenses should decrease to $23.2 million from $25.5 million as the company focuses on managing costs combined with lower amortization expense related to certain intangible assets that were fully amortized in 1Q21. SG&A margins should decrease to 18.5% from 21.2%. The operating loss is projected to increase to $5.4 million (excludes $5.1 million impairment charge) from $4.8 million in 2020 (excludes a $1.2 million restructuring charge).

We project interest expense decreasing to $3.1 million from $3.6 million due primarily to reduced mark-to-market adjustments on the company's interest rate swap compared to 2020.

We project UFAB will use $4.1 million cash from operations from a cash loss of $3 million and a $1.1 million increase in working capital. Cash used in operations and projected capital expenditures should be more than offset by proceeds from the sale of common stock and a net increase in borrowings on UFAB'S credit revolver, increasing cash by $141,000 to $900,000 at December 31, 2021.

FY22 - We project a 19.6% increase in revenue to $150.2 million and net income of $1.2 million $0.10 per share driven primarily by growth in North American vehicle production. We previously forecast revenue of $160 million and net income of $5.4 million or $0.46 per share. Our reduced projections reflect lower vehicle production growth than originally projected.

We project gross profit increasing 52.6% to $27.2 million due primarily to revenue growth and gross margin expansion to 18.1% from 14.2% on greater overhead coverage.

SG&A expenses are projected to decrease to $22.6 million from $23.2 million as the company continues to cut costs. SG&A margins should decrease to 15% from 18.5%. Operating income is projected to increase to $4.6 million from a loss of $5.4 million in 2021 (excludes $5.1 million impairment charge).

We project interest expense decreasing to $2.9 million from $3.1 million as the company pays down debt. Our tax rate estimate is 26%.

We project UFAB should generate $7 million cash from operations on cash earnings of $6 million and a $973,000 decrease in working capital. Cash from operations is unlikely to cover projected capital expenditures and repayment of debt, reducing cash by $201,000 to $699 at December 31, 2022.

Risks

In our view, these are the principal risks underlying the stock.

Substantial debt level, going concern - As of September 30, 2021, UFAB had approximately $47.5 million of debt outstanding and was in violation of certain financial covenants. These events and conditions raise substantial doubt about the company's ability to continue as a going concern.

Pandemic concerns – The ongoing outbreak of COVID-19 has had, and could continue to have, a material adverse effect on UFAB's business, financial condition and results of operations.

Major customers may exert significant influence - The vehicle component supply industry is highly fragmented and serves a limited number of large OEMs that have a significant amount of leverage over their suppliers. The company's contracts with major OEM and Tier 1 customers frequently provide for annual productivity cost reductions which UFAB has been able to offset through product design changes, increased productivity and similar programs with its suppliers. If UFAB is unable to generate sufficient production cost savings to offset price reductions, its gross margins and profitability would be adversely affected.

Competition – The vehicle component supply industry is highly competitive. UFAB'S products primarily compete on the basis of price, breadth of product offerings, product quality, technical expertise and development capability, product delivery and product service. Increased competition may lead to price reductions resulting in reduced gross margins and loss of market share.

Exchange rate risks – UFAB has two manufacturing facilities in Mexico and one in Canada. Because a portion of the company's manufacturing costs are incurred in Mexican pesos and Canadian dollars, fluctuations in the US dollar/Mexican peso, and US dollar/Canadian dollar exchange rates, may have a material effect on profitability, cash flows, and financial position.

Cyclical nature of business - The demand for the company's products is largely dependent on North American production of automobiles. UFAB's business is cyclical in nature as new vehicle demand is dependent on, among other things, consumer spending, which is closely tied to the overall strength of the economy. A weakening economy would likely lead to declines in vehicle production and adversely impact the company's financial condition. A potential disruption of US economic conditions lies in the global spread of the coronavirus that is likely to cause supply chain and demand issues which could adversely impact corporate operating results.

Material weaknesses in internal control over financial reporting – As of September 30, 2021, the company identified a material weakness, primarily related to limited finance staffing levels that are not commensurate with its financial accounting and reporting requirements. If UFAB is unable to successfully remediate this material weakness, its financial statements could contain material misstatements.

Liquidity risk - Shares of Unique Fabricating have risks common to those of the microcap segment of the market. Often these risks cause microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume and can lead to large spreads and high volatility in stock price. There are 9 million shares in the float and the average daily volume is approximately 960,000 shares.

Miscellaneous risk - The company's ability to maintain its dividend and its financial results and equity values are subject to other risks and uncertainties including competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

Consolidated Balance Sheets
(in thousands $)

	FY18A	FY19A	FY20A	9/21A	FY21E	FY22E
Cash	1,410	650	760	1,146	900	699
Accounts receivable	30,831	24,701	23,759	25,582	25,818	26,285
Inventory	16,285	13,047	11,951	16,982	17,110	17,575
Prepaid expenses and other	3,495	4,160	9,670	7,077	7,077	7,077
Total current assets	52,021	42,558	46,140	50,787	50,906	51,636
Property, plant and equipment	25,078	23,415	22,383	22,393	22,516	22,458
Goodwill	28,871	22,111	22,111	16,996	16,996	16,996
Intangible assets	15,568	11,625	7,605	5,668	5,149	3,844
Other assets	1,749	1,959	12,941	13,550	13,550	13,550
Total assets	**123,287**	**101,668**	**111,180**	**109,394**	**109,117**	**108,484**
Accounts payable	11,465	9,324	10,892	13,306	13,474	15,378
Current portion of long-term debt	3,350	2,847	35,864	30,373	29,573	25,373
Income taxes payable	41	-	204	421	421	421
Revolver - current portion	-	-	11,494	17,156	18,956	18,956
Accrued compensation	2,848	1,225	792	1,263	1,263	1,263
Other accrued liabilites	1,432	1,979	4,551	4,288	4,288	4,288
Total current liabilities	19,136	15,375	63,797	66,807	67,975	65,679
Long-term debt	34,668	33,220	2,999	-	-	-
Line of credit	17,905	11,418	-	-	-	-
Other liabilities	2,690	2,195	10,519	9,987	9,987	9,987
Total liabilities	**74,399**	**62,208**	**77,315**	**76,794**	**77,962**	**75,666**
Total stockholders' equity	**48,888**	**39,460**	**33,865**	**32,600**	**31,155**	**32,818**
Total liabilities & stockholders' equity	**123,287**	**101,668**	**111,180**	**109,394**	**109,117**	**108,484**

Source: Company filings and Taglich Brothers' estimates

Income Statements for the Fiscal Years Ended
(in thousands $)

	2018A	2019A	2020A	2021E	2022E
Sales	174,910	152,489	120,214	125,603	150,200
Cost of sales	135,575	120,981	99,543	107,795	123,022
Gross profit	39,335	31,507	20,671	17,808	27,178
Selling, general, and administrative	29,781	26,751	25,484	23,236	22,600
Restructuring / impairment expenses	1,156	9,512	1,230	5,115	-
Operating income (loss)	8,398	(4,755)	(6,043)	(10,543)	4,578
Other income (expense)	(59)	11	157	6,080	-
Interest expense	(3,778)	(4,287)	(3,608)	(3,145)	(2,940)
Income before income taxes	4,561	(9,031)	(9,494)	(7,608)	1,638
Income tax (benefit)	862	37	(3,784)	(405)	426
Net income	3,699	(9,068)	(5,710)	(7,203)	1,212
EPS	0.37	(0.93)	(0.58)	(0.70)	0.10
Shares Outstanding	9,909	9,779	9,780	10,316	11,733
EBITDA	14,969	2,119	1,199	1,060	8,941
Margin Analysis					
Gross margin	22.5%	20.7%	17.2%	14.2%	18.1%
SG&A	17.0%	17.5%	21.2%	18.5%	15.0%
Operating margin	4.8%	(3.1)%	(5.0)%	(8.4)%	3.0%
Tax rate	18.9%	(0.4)%	39.9%	NMF	26.0%
Net margin	2.1%	(5.9)%	(4.7)%	(5.7)%	0.8%
Year / Year Growth					
Total Revenues	(0.2)%	(12.8)%	(21.2)%	4.5%	19.6%

Source: Company filings and Taglich Brothers' estimates

Quarterly Income Statement 2020A to 2022E
(in thousands $)

	3/20A	6/20A	9/20A	12/20A	2020A	3/21A	6/21A	9/21A	12/21E	2021E	3/22E	6/22E	9/22E	12/22E	2022E
Sales	34,661	14,975	35,550	35,028	120,214	34,798	30,896	29,909	30,000	125,603	33,200	36,000	39,500	41,500	150,200
Cost of sales	29,070	13,134	27,342	29,997	99,543	28,936	26,280	26,629	25,950	107,795	27,722	29,700	32,193	33,408	123,022
Gross profit	5,591	1,841	8,208	5,031	20,671	5,862	4,616	3,280	4,050	17,808	5,478	6,300	7,308	8,093	27,178
Selling, general, and administrative	5,884	6,343	6,381	6,876	25,484	5,814	6,081	5,741	5,600	23,236	5,500	5,600	5,700	5,800	22,600
Restructuring / impairment expenses	920	273	-	37	1,230	-	-	5,115	-	5,115	-	-	-	-	-
Operating income (loss)	(1,213)	(4,775)	1,827	(1,882)	(6,043)	48	(1,465)	(7,576)	(1,550)	(10,543)	(22)	700	1,608	2,293	4,578
Other income (expense)	(24)	18	32	131	157	18	21	6,041	-	6,080	-	-	-	-	-
Interest expense	(1,666)	(623)	(711)	(608)	(3,608)	(693)	(769)	(843)	(840)	(3,145)	(780)	(750)	(720)	(690)	(2,940)
Income before income taxes	(2,903)	(5,380)	1,148	(2,359)	(9,494)	(627)	(2,213)	(2,378)	(2,390)	(7,608)	(802)	(50)	888	1,603	1,638
Income tax (benefit)	(601)	(1,058)	152	(2,277)	(3,784)	442	296	(522)	(621)	(405)	(209)	(13)	231	417	426
Net income	(2,302)	(4,322)	996	(82)	(5,710)	(1,069)	(2,509)	(1,856)	(1,769)	(7,203)	(593)	(37)	657	1,186	1,212
EPS	(0.24)	(0.44)	0.10	(0.01)	(0.58)	(0.11)	(0.26)	(0.19)	(0.15)	(0.70)	(0.05)	(0.00)	0.06	0.10	0.10
Shares Outstanding	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,970	11,733	10,316	11,733	11,733	11,733	11,733	11,733
EBITDA					1,199					1,060					8,941
Margin Analysis															
Gross margin	16.1%	12.3%	23.1%	14.4%	17.2%	16.8%	14.9%	11.0%	13.5%	14.2%	16.5%	17.5%	18.5%	19.5%	18.1%
SG&A	17.0%	42.4%	17.9%	19.6%	21.2%	16.7%	19.7%	19.2%	18.7%	18.5%	16.6%	19.8%	14.4%	14.0%	15.0%
Operating margin	(3.5)%	(31.9)%	5.1%	(5.4)%	(5.0)%	0.1%	(4.7)%	(25.3)%	(5.2)%	(8.4)%	(0.1)%	1.9%	4.1%	5.5%	3.0%
Tax rate	20.7%	19.7%	13.2%	96.5%	39.9%	(70.5)%	(13.4)%	22.0%	26.0%	NMF	26.0%	26.0%	26.0%	26.0%	26.0%
Net margin	(6.6)%	(28.9)%	2.8%	(0.2)%	(4.7)%	(3.1)%	(8.1)%	(6.2)%	(5.9)%	(5.7)%	(1.8)%	-0.1%	1.7%	2.9%	0.8%
Year / Year Growth															
Total Revenues	(12.2)%	(61.5)%	(7.8)%	(1.6)%	(21.2)%	0.4%	106.3%	(15.9)%	(14.4)%	4.5%	(4.6)%	16.5%	32.1%	38.3%	19.6%

Source: Company filings and Taglich Brothers' estimates

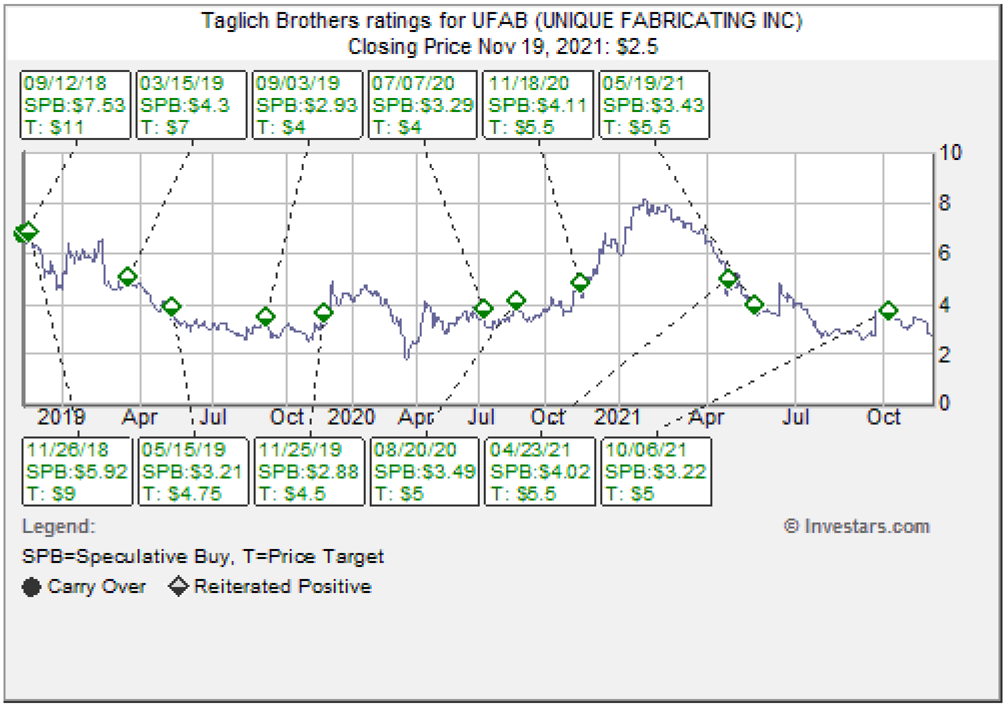
Unique Fabricating, Inc.

Statement of Cash Flows for the Periods Ended
(in thousands $)

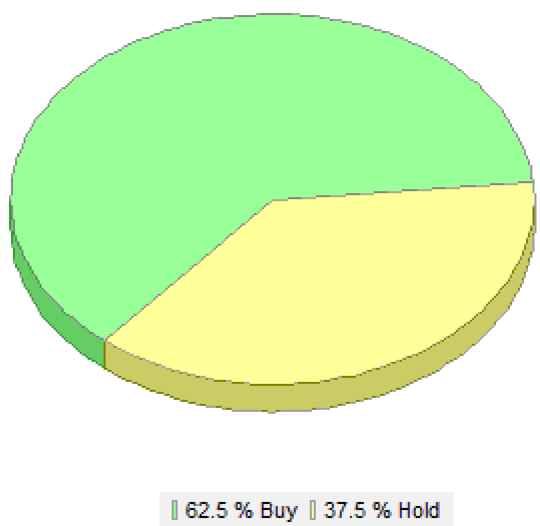
	FY18A	FY19A	FY20A	9M21A	FY21E	FY22E
Net income (loss)	3,699	(9,068)	(5,710)	(5,434)	(7,203)	1,212
Impairment of goodwill	-	6,760	-	5,115	5,115	-
Inventory allowance	-	1,742	-	-	-	-
Depreciation and amortization	6,630	6,863	7,085	4,271	5,523	4,363
Amortization of debt issuance costs	147	177	189	158	210	210
(Gain) loss on sale of assets	(138)	68	464	(12)	(12)	-
Loss on extinguishment of debt	59	-	-	-	-	-
Bad debt adjustment	13	243	740	(197)	(197)	-
Loss (gain) on derivative instruments	452	578	329	(412)	(412)	-
Gain on foregiveness of debt	-	-	-	(6,000)	(6,000)	
Stock option expense	131	130	115	332	450	450
Accrued in-kind interest on long-term debt	-	-	-	25	25	-
Deferred taxes	(291)	(1,153)	(1,539)	(679)	(457)	(209)
Cash earnings (loss)	10,702	6,340	1,673	(2,833)	(2,958)	6,026
Changes in assets and liabilities						
Accounts receivable	(3,641)	5,888	202	(1,626)	(2,059)	(467)
Inventory	45	2,584	1,096	(5,031)	(5,159)	(464)
Prepaid expenses and other assets	1,212	(570)	(6,864)	2,608	2,593	-
Accounts payable	1,008	(1,104)	1,236	3,125	3,032	1,903
Accrued and other liabilities	104	(1,117)	1,287	154	471	-
(Increase) decrease in working capital	(1,272)	5,681	(3,043)	(770)	(1,123)	973
Net cash provided by (used in) operations	**9,430**	**12,021**	**(1,370)**	**(3,603)**	**(4,080)**	**6,999**
Purchase of property and equipment	(5,394)	(2,759)	(2,425)	(2,432)	(3,200)	(3,000)
Proceeds from sale of property and equipment	904	119	889	100	100	-
Net cash provided by (used in) investing	**(4,490)**	**(2,640)**	**(1,536)**	**(2,332)**	**(3,100)**	**(3,000)**
Net change in bank overdraft	(1,251)	(1,036)	332	(710)	(710)	-
Proceeds from debt	10,132	1,300	-	-	-	-
Payments on term loans	(2,962)	(3,350)	(3,161)	(2,597)	(3,397)	(4,200)
Proceeds from (payments on) revolving facilities	(4,422)	(6,565)	(3)	5,584	7,384	-
Debt issuance costs	(634)	-	(151)	-	-	-
Proceeds from the issuance of stock and warrants	38	-	-	4,044	4,044	-
Proceeds from PPP loan	-	-	5,999	-	-	-
Distribution of cash dividends	(5,862)	(490)	-	-	-	-
Net cash provided by (used in) financing	**(4,961)**	**(10,141)**	**3,016**	**6,321**	**7,321**	**(4,200)**
Net change in cash	**(21)**	**(760)**	**110**	**386**	**141**	**(201)**
Cash - beginning of period	**1,431**	**1,410**	**650**	**760**	**760**	**900**
Cash - end of period	**1,410**	**650**	**760**	**1,146**	**900**	**699**

Source: Company filings and Taglich Brothers' estimates

Price Chart



Taglich Brothers' Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months

Rating	#	%
Buy	**4**	**19**
Hold		
Sell		
Not Rated		

Important Disclosures

As of the date of this report, Taglich Brothers, Inc. and/or its affiliates, own more than 1% of UFAB common stock. Michael Taglich, President of Taglich Brothers, Inc., owns or has a controlling interest in 931,860 shares of UFAB common stock (includes restricted stock). Robert Taglich, Managing Director of Taglich Brothers, Inc., owns or has a controlling interest in 637,070 shares of UFAB common stock (includes restricted stock). Doug Hailey, Managing Director – Investment Banking at Taglich Brothers, Inc. owns or has a controlling interest in 269,869 shares of UFAB common stock (includes restricted stock). William Cook, Vice President – Investment Banking at Taglich Brothers, Inc. and a Director at Unique Fabricating, owns or has a controlling interest in 70,442 shares of UFAB common stock (includes restricted stock). Richard Oh, Managing Director at Taglich Brothers, Inc. owns or has a controlling interest in 51,600 shares of UFAB common stock (includes restricted stock). Other employees at Taglich Brothers, Inc. own or have controlling interests in 14,650 shares of UFAB common stock (includes restricted stock). Taglich Brothers, Inc. had an investment banking relationship with the company mentioned in this report. In March 2013, Taglich Brothers, Inc. arranged the equity financing for the Management Buyout of Unique Fabricating, Inc. In December 2013, Taglich Brothers, Inc. arranged the equity financing for UFAB's acquisition of Prescotech Industries, Inc. In July 2015, Taglich Brothers, Inc. served as the Joint Book Running Manager in the Initial Public Offering of common stock for the company. In September 2021, Taglich Brothers, Inc. acted as placement agent for a private offering of common stock for the company.

All research issued by Taglich Brothers, Inc. is based on public information. Unique Fabricating, Inc. does not pay Taglich Brothers, Inc. for the creation and dissemination of research reports.

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Analyst Certification

I, John Nobile, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be, directly, or indirectly, related to the specific recommendations or views contained in this report.

Public companies mentioned in this report:

Fiat Chrysler Automobiles (NYSE: FCAU)
Ford Motor Company (NYSE: F)
General Motors, Inc. (NYSE: GM)

Meaning of Ratings

Buy – The growth prospects, degree of investment risk, and valuation make the stock attractive relative to the general market or comparable stocks.

Speculative Buy – Long term prospects of the company are promising but investment risk is significantly higher than it is in our BUY-rated stocks. Risk-reward considerations justify purchase mainly by high risk-tolerant accounts. In the short run, the stock may be subject to high volatility and could continue to trade at a discount to its market.

Neutral – Based on our outlook the stock is adequately valued. If investment risks are within acceptable parameters, this equity could remain a holding if already owned.

Sell – Based on our outlook the stock is significantly overvalued. A weak company or sector outlook and a high degree of investment risk make it likely that the stock will underperform relative to the general market.

Discontinued – Research coverage discontinued due to the acquisition of the company, termination of research services (includes non-payment for such services), diminished investor interest, or departure of the analyst.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.