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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

April 23, 2021

UFAB $4.02 — (NYSE MKT)

	2019A	2020A	2021E	2022E
Revenues (millions)	$152.5	$120.2	$145.0	$155.0
Earnings (loss) per share*	$(0.93)	$(0.58)	$0.04	$0.50

52-Week range	$7.51 – $2.54	Fiscal year ends:	December
Common shares out a/o 3/29/21	9.8 million	Revenue per share (TTM)	$12.29
Approximate float	7.1 million	Price/Sales (TTM)	0.3X
Market capitalization	$39 million	Price/Sales (FY2022)E	0.3X
Tangible book value/share	$0.42	Price/Earnings (TTM)	NMF
Price/tangible book value	9.6X	Price/Earnings (FY2022)E	8.0X

**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 and maintaining our twelve-month price target of $5.50 per share.

The outbreak and subsequent spread of COVID-19 had an adverse impact on the outlook for North American vehicle production with most vehicle manufacturers having had some form of a shutdown at their facilities in 2020. According to LMC Automotive, North American production decreased to 13 million in 2020 from approximately 16.2 million in 2019. As COVID-19 conditions ease, projections are for North American vehicle production to begin growing in 2021, reaching 17 million by 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.

For 2021, we project a 20.6% increase in revenue to $145 million and EPS of $0.04. While our revenue forecast is unchanged from our previous forecast, our EPS projection is down from $0.39 previously due to lower gross margins than originally projected stemming from additional costs associated with the COVID-19 pandemic, primarily in 1H21.

For 2022, we project a 6.9% increase in revenue to $155 million and EPS of $0.50 driven primarily by growth in North American vehicle production.

UFAB reported (on 4/20/21) a 4Q20 loss of $(0.01) per share on a 1.6% decrease in revenue to $35 million. The company reported break even earnings in 4Q19. We projected 4Q20 revenue of $34 million and EPS of $0.04.

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

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Recommendation and Valuation

Reiterating Speculative Buy rating on Unique Fabricating, Inc. and maintaining our twelve-month price target of $5.50 per share.

The company's product sales and programs are highly correlated with new vehicle production in North America. The outbreak and subsequent spread of COVID-19 had an adverse impact on the outlook for North American vehicle production with most vehicle manufacturers having had some form of a shutdown at their facilities in 2020. According to LMC Automotive, North American production decreased to 13 million in 2020 from approximately 16.2 million in 2019. As COVID-19 conditions ease, projections are for North American vehicle production to begin growing in 2021, reaching 17 million by 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 0.3X. Company peers trade at a multiple of 0.4X trailing twelve-month sales. We believe UFAB'S valuation should improve as pandemic conditions ease and sales growth resumes. We applied a multiple of 0.4X (unchanged) to our FY22 sales projection of $15.85 per share, discounted to account for execution risk, to obtain a year-ahead value of approximately $5.50 per share.

Business

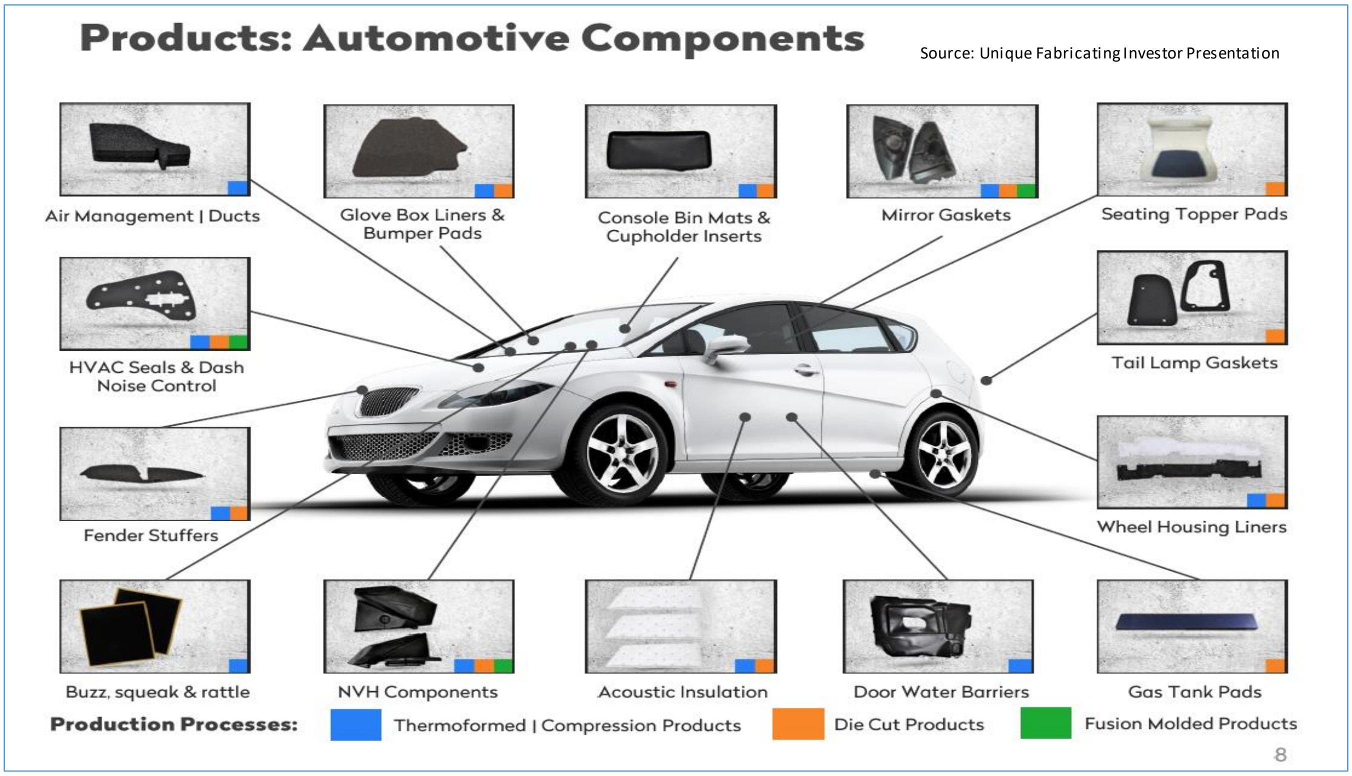
Headquartered in Auburn Hills, MI, Unique Fabricating (UFAB) is engaged in the engineering and manufacturing of components for use in the transportation, appliance, medical, and consumer markets. The company's products are comprised of multi-material foam, rubber, and plastic components and are used 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 vehicle production decreased to 13 million in 2020 from approximately 16.2 million in 2019. As COVID-19 conditions ease, projections are for North American vehicle production to begin growing in 2021, reaching 17 million in 2024.

Rubber Products Manufacturing
The rubber products manufacturing industry is estimated to generate sales of approximately $17.3 billion in 2020 (according to IBISWorld), down 10.7% from 2019 as a result of the COVID-19 pandemic. Approximately 27.8% or $4.8 billion of industry revenue is from the automotive segment. IBISWorld projects overall industry revenue growth at an annualized rate of 2.6% reaching $19.7 billion over the five years to 2025. 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 is projected to decline in 2020 as a result of lower new car sales and the value of construction falling from COVID-19. IBISWorld projects the plastic products manufacturing industry to generate approximately $87.2 billion in sales in 2020, down 15.5% from 2019. The overall industry is projected to grow at an annualized rate of 5% to $111.4 billion in 2025 as the economy recovers and demand is restored.

Automotive manufacturers are the industry's second-largest market segment (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 54.5 miles per gallon by 2025 could increase the usage of plastic materials instead of steel in vehicle production.

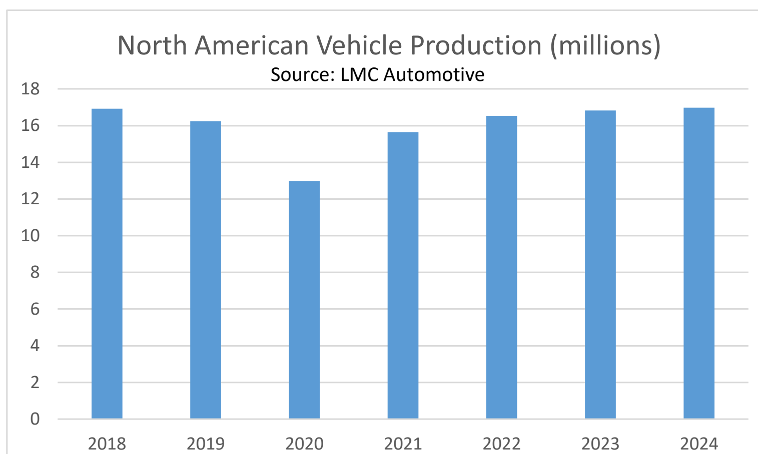
Primary End Market

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. North American production decreased to 13 million in 2020 from approximately 16.2 million in 2019. As COVID-19 conditions ease, projections for North American vehicle production are 17 million by 2024 (see chart at right).



4Q20 and FY20 Financial Results

<u>4Q20</u> – The net loss was $82,000 or $(0.01) per share on a 1.6% decrease in revenue to $35 million. UFAB reported breakeven earnings in 4Q19. The net loss for 4Q19 included $937,000 or $(0.10) per share of restructuring expenses. We projected 4Q20 revenue of $34 million and net income of $429,000 or $0.04 per share.

Gross profit decreased to $5 million from $7.8 million with gross margins decreasing to 14.4% from 22%. SG&A expenses increased 24.6% to $6.9 million from $5.5 million. The operating loss (excluding restructuring charges) was $1.8 million versus operating income of $2.3 million in 4Q19. Interest expense decreased to $608,000 from $707,000. The company received a $2.3 million tax benefit versus paying income tax of $635,000 in 4Q19.

FY20 – The net loss was $5.7 million or $(0.58) per share on a 21.2% decrease in revenue to $120.2 million. The net loss in 2019 was $9.1 million or $(0.93) per share. The net loss for 2020 included $1.2 million or $(0.13) per share of restructuring expenses. The net loss for 2019 included $6.8 million or $(0.69) per share of impairment expenses and $2.8 million or $(0.28) per share of restructuring expenses.

The decrease in revenue was primarily driven by customer shutdowns related to the COVID-19 pandemic and the end of certain customer transportation programs.

Gross profit decreased to $20.7 million from $31.5 million with gross margins decreasing to 17.2% from 20.7%. SG&A expenses decreased 4.7% to $25.5 million from $26.8 million. The decrease in gross margins was primarily due to reduced manufacturing overhead coverage. The operating loss (excluding restructuring and impairment charges) was $4.8 million versus operating income of $4.8 million in 2019. Interest expense decreased to $3.6 million from $4.3 million due primarily to lower interest rates. The company received an income tax benefit of $3.8 million compared to an expense of $37,000 in 2019.

Liquidity - As of December 31, 2020, the company had $760,000 cash, a current ratio of 0.7, $50.4 million of debt (of which $47.4 million is current) for a debt/equity ratio of 1.5X, and approximately 30% of assets covered by equity.

In 2020, cash used in operations was approximately $1.4 million consisting of cash earnings of $1.7 million and a $3 million increase in working capital. The increase in working capital was primarily due to an increase in prepaid expenses offset in part by an increase in payables and accruals. Cash used in investing activities of $1.5 million consisted of capital expenditures offset in part by proceeds from the sale of property, plant, and equipment. Cash provided by financing of $3 million consisted primarily of a net increase in debt. Cash increased by $110,000 to $760,000 at December 31, 2020.

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 December 31, 2020 was 5.25%.

In response to the anticipated impact of COVID-19, on April 24, 2020, Unique Fabricating entered into a Promissory Note for approximately $6 million with Citizens Bank, NA pursuant to the US Small Business Administration Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress and signed into law on March 27, 2020. The note is unsecured, bears interest at an annual rate of 1% with principal and interest payments deferred for the first six months, and matures in two years. The PPP note may be forgiven subject to the terms of the program.

As of December 31, 2020, UFAB was in violation of certain financial covenants and has entered into a forbearance agreement. The agreement commenced on April 9, 2021 and through and including June 15, 2021, the company will be able to borrow on its revolver. However, entering into a forbearance agreement will not alleviate the substantial doubt about the company's ability to continue as a going concern. UFAB intends to use the forbearance period to continue negotiations with the lenders to enter into an amendment and waiver to cure the default. As a result of the default, all debt subject to the credit agreement has been classified as current maturities of long-term debt as of December 31, 2020.

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 April 2021, the International Monetary Fund (IMF) revised its global economic growth estimates to an increase of 6% for 2021 and 4.4% for 2022. In January 2021, the IMF predicted GDP growth of 5.5% for 2021 and 4.2% for 2022. The 2021 upward revision primarily reflects additional fiscal policy support in a few large economies and an anticipated vaccine-powered recovery in 2H21.

The IMF revised its economic growth estimate for the US to an increase of 6.4% for 2021 and 3.5% for 2022. In January 2021, the IMF projected US economic growth of 5.1% for 2021 and 2.5% for 2022.

The third estimate of US GDP growth (released on March 25, 2021) showed the US economy increased at an annual rate of 4.3% in 4Q20, down from the 33.4% increase reported in 3Q20. The 4Q20 US GDP estimate primarily reflects increases in exports, business investment, consumer spending, housing investment and inventory investment, partially offset by a decrease in government spending.

Projections

The company's product sales and programs are highly correlated with new vehicle production in North America. The outbreak and subsequent spread of COVID-19 had an adverse impact on the outlook for North American vehicle production with most vehicle manufacturers having had some form of a shutdown at their facilities in 2020.

UFAB's supply chain has been adversely affected by the COVID-19 outbreak. Throughout 2020, the company worked with its supply chain to minimize the impact to its customers by improving their suppliers' visibility of UFAB's future demand requirements, utilizing substitutions when possible, and incurring additional freight costs to expedite the delivery of materials from supplier and product to its customers. These additional costs are not always passed on to the company's customers. Supply chain disruptions have continued into 2021 which has adversely impacted the North American transportation market.

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 13 million in 2020 from approximately 16.2 million in 2019. As COVID-19 conditions ease, projections are for North American vehicle production to begin growing in 2021, reaching 17 million by 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.

FY21 - We project a 20.6% increase in revenue to $145 million and net income of $411,000 or $0.04 per share. While our revenue forecast is unchanged, our net income projection is down from $3.8 million or $0.39 per share projected previously. The reduction in our earnings forecast is primarily due to lower gross margins than originally projected stemming from the additional costs associated with the COVID-19 pandemic, primarily in 1H21.

We project gross profit increasing 38% to $28.5 million due primarily to the increase in revenue and gross margin expansion to 19.7% from 17.2% on greater overhead coverage.

SG&A expenses should remain relatively flat at $25.4 million as the company focuses on managing costs. SG&A margins should decrease to 17.5% from 21.2%. Operating income is projected to increase to $3.1 million from an operating loss of $4.8 million in 2020 (excludes a $1.2 million restructuring charge).

We project interest expense decreasing to $2.6 million from $3.6 million as the company reduces its debt levels. Our tax rate estimate is 26%.

We project UFAB will generate $6 million cash from operations primarily from cash earnings. Cash from operations should cover projected capital expenditures and repayment of debt, increasing cash by $19,000 to $779,000 at December 31, 2021.

FY22 - We project a 6.9% increase in revenue to $155 million and net income of $4.9 million $0.50 per share driven primarily by growth in North American vehicle production.

We project gross profit increasing 25% to $35.7 million due primarily to the increase in revenue and gross margin expansion to 23% from 19.7% on greater overhead coverage.

SG&A expenses are projected to increase 5.1% to $26.7 million to support sales growth. SG&A margins should decrease to 17.2% from 17.5%. Operating income is projected to increase to $9 million from $3.1 million in 2021.

We project interest expense decreasing to $2.4 million from $2.6 million as the company reduces its debt levels. Our tax rate estimate is 26%.

We project UFAB will generate $7.6 million cash from operations from cash earnings of $9.3 million and a $1.7 million increase in working capital. The increase in working capital should be due primarily to an increase in receivables. Cash from operations is unlikely to cover projected capital expenditures and repayment of debt, decreasing cash by $61,000 to $717,000 at December 31, 2022.

Risks

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

Substantial debt level, going concern - As of December 31, 2020, UFAB had approximately $50.4 million of debt outstanding and was in violation of a number of its loan covenants. Absent an amendment and waiver, failure to be in compliance with the company's financial covenants would constitute a default which, if not waived, would allow the lenders to accelerate the maturity of the debt, making it due and payable at that time. If the maturity of the debt were accelerated, UFAB would not have sufficient available liquidity to repay such debt within one year after the date that the financial statements are issued. This condition raises substantial doubt about the company's ability to continue as a going concern.

The company is negotiating with its lenders to amend or receive a waiver regarding the non-compliance of its loan covenants.

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 December 31, 2020, 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 7.1 million shares in the float and the average daily volume is approximately 13,000 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	FY21E	FY22E
Cash	1,410	650	760	779	717
Accounts receivable	30,831	24,701	23,759	24,569	26,264
Inventory	16,285	13,047	11,951	12,661	12,972
Prepaid expenses and other	3,495	4,160	9,670	9,670	9,670
Total current assets	52,021	42,558	46,140	47,679	49,623
Property, plant and equipment	25,078	23,415	22,383	22,364	22,348
Goodwill	28,871	22,111	22,111	22,111	22,111
Intangible assets	15,568	11,625	7,605	5,149	3,844
Other assets	1,749	1,959	12,941	12,941	12,941
Total assets	**123,287**	**101,668**	**111,180**	**110,244**	**110,867**
Accounts payable	11,465	9,324	10,892	12,619	12,929
Current portion of long-term debt	3,350	2,847	35,864	32,864	31,164
Income taxes payable	41	-	204	-	-
Revolver - current portion	-	-	11,494	11,494	11,494
Accrued compensation	2,848	1,225	792	792	792
Other accrued liabilites	1,432	1,979	4,551	4,551	4,551
Total current liabilities	19,136	15,375	63,797	62,320	60,930
Long-term debt	34,668	33,220	2,999	2,999	-
Line of credit	17,905	11,418	-	-	-
Other liabilities	2,690	2,195	10,519	10,519	10,519
Total liabilities	**74,399**	**62,208**	**77,315**	**75,838**	**71,449**
Total stockholders' equity	**48,888**	**39,460**	**33,865**	**34,406**	**39,419**
Total liabilities & stockholders' equity	**123,287**	**101,668**	**111,180**	**110,244**	**110,867**

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	145,000	155,000
Cost of sales	135,575	120,981	99,543	116,480	119,341
Gross profit	39,335	31,507	20,671	28,520	35,659
Selling, general, and administrative	29,781	26,751	25,484	25,400	26,700
Restructuring / impairment expenses	1,156	9,512	1,230	-	-
Operating income	8,398	(4,755)	(6,043)	3,120	8,959
Other income (expense)	(59)	11	157	-	-
Interest expense	(3,778)	(4,287)	(3,608)	(2,565)	(2,360)
Income before income taxes	4,561	(9,031)	(9,494)	555	6,599
Income tax (benefit)	862	37	(3,784)	144	1,716
Net income	3,699	(9,068)	(5,710)	411	4,883
EPS	0.37	(0.93)	(0.58)	0.04	0.50
Shares Outstanding	9,909	9,779	9,780	9,780	9,780
EBITDA	14,969	2,119	1,199	8,595	13,280
Margin Analysis					
Gross margin	22.5%	20.7%	17.2%	19.7%	23.0%
SG&A	17.0%	17.5%	21.2%	17.5%	17.2%
Operating margin	4.8%	(3.1)%	(5.0)%	2.2%	5.8%
Tax rate	18.9%	(0.4)%	39.9%	26.0%	26.0%
Net margin	2.1%	(5.9)%	(4.7)%	0.3%	3.2%
Year / Year Growth					
Total Revenues	(0.2)%	(12.8)%	(21.2)%	20.6%	6.9%

*Restated as of April 15, 2021

Source: Company filings and Taglich Brothers' estimates

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

	3/20A*	6/20A*	9/20A*	12/20A	2020A	3/21E	6/21E	9/21E	12/21E	2021E	3/22E	6/22E	9/22E	12/22E	2022E
Sales	34,661	14,975	35,550	35,028	120,214	34,500	35,000	37,500	38,000	145,000	38,000	38,500	39,000	39,500	155,000
Cost of sales	29,070	13,134	27,342	29,997	99,543	29,153	28,438	29,250	29,640	116,480	29,450	29,741	29,933	30,218	119,341
Gross profit	5,591	1,841	8,208	5,031	20,671	5,348	6,563	8,250	8,360	28,520	8,550	8,759	9,068	9,283	35,659
Selling, general, and administrative	5,884	6,343	6,381	6,876	25,484	6,100	6,200	6,500	6,600	25,400	6,600	6,650	6,700	6,750	26,700
Restructuring / impairment expenses	920	273	-	37	1,230	-	-	-	-	-	-	-	-	-	-
Operating income	(1,213)	(4,775)	1,827	(1,882)	(6,043)	(753)	363	1,750	1,760	3,120	1,950	2,109	2,368	2,533	8,959
Other income (expense)	(24)	18	32	131	157	-	-	-	-	-	-	-	-	-	-
Interest expense	(1,666)	(623)	(711)	(608)	(3,608)	(665)	(645)	(630)	(625)	(2,565)	(620)	(600)	(580)	(560)	(2,360)
Income before income taxes	(2,903)	(5,380)	1,148	(2,359)	(9,494)	(1,418)	(283)	1,120	1,135	555	1,330	1,509	1,788	1,973	6,599
Income tax (benefit)	(601)	(1,058)	152	(2,277)	(3,784)	(369)	(73)	291	295	144	346	392	465	513	1,716
Net income	(2,302)	(4,322)	996	(82)	(5,710)	(1,049)	(209)	829	840	411	984	1,116	1,323	1,460	4,883
EPS	(0.24)	(0.44)	0.10	(0.01)	(0.58)	(0.11)	(0.02)	0.08	0.09	0.04	0.10	0.11	0.14	0.15	0.50
Shares Outstanding	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780
EBITDA					1,199					8,595					13,280
Margin Analysis															
Gross margin	16.1%	12.3%	23.1%	14.4%	17.2%	15.5%	18.8%	22.0%	22.0%	19.7%	22.5%	22.8%	23.3%	23.5%	23.0%
SG&A	17.0%	42.4%	17.9%	19.6%	21.2%	17.7%	17.7%	17.3%	17.4%	17.5%	17.4%	19.8%	17.2%	17.1%	17.2%
Operating margin	(3.5)%	(31.9)%	5.1%	(5.4)%	(5.0)%	(2.2)%	1.0%	4.7%	4.6%	2.2%	5.1%	5.5%	6.1%	6.4%	5.8%
Tax rate	20.7%	19.7%	13.2%	96.5%	39.9%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Net margin	(6.6)%	(28.9)%	2.8%	(0.2)%	(4.7)%	(3.0)%	(0.6)%	2.2%	2.2%	0.3%	2.6%	2.9%	3.4%	3.7%	3.2%
Year / Year Growth															
Total Revenues	(12.2)%	(61.5)%	(7.8)%	(1.6)%	(21.2)%	(0.5)%	133.7%	5.5%	8.5%	20.6%	10.1%	10.0%	4.0%	3.9%	6.9%

*Restated as of April 15, 2021

Source: Company filings and Taglich Brothers' estimates

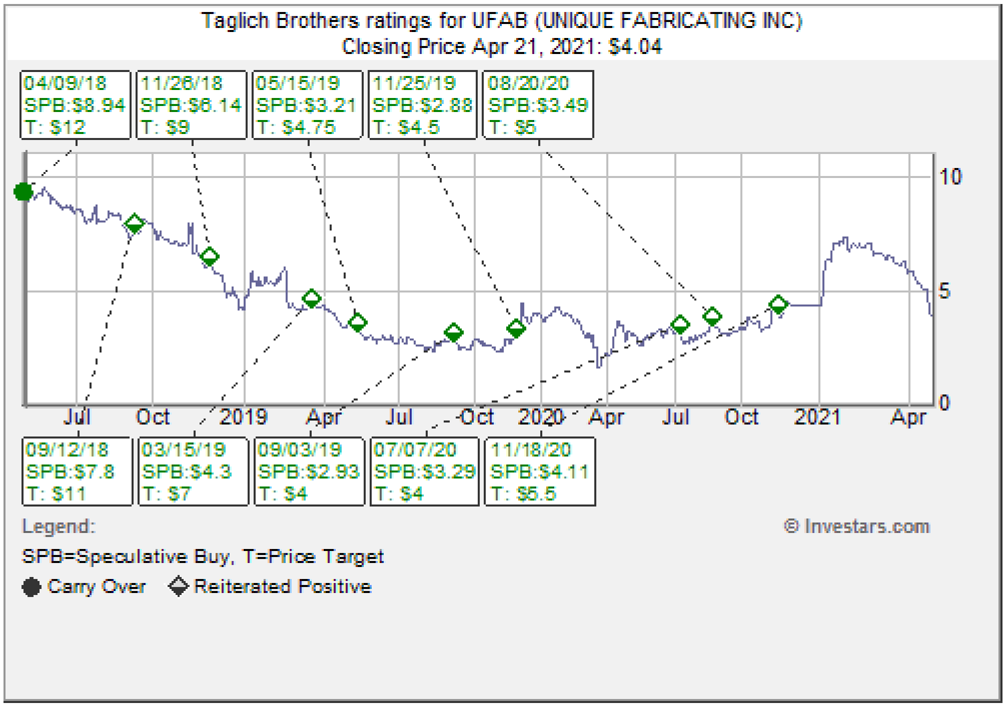
Unique Fabricating, Inc.

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

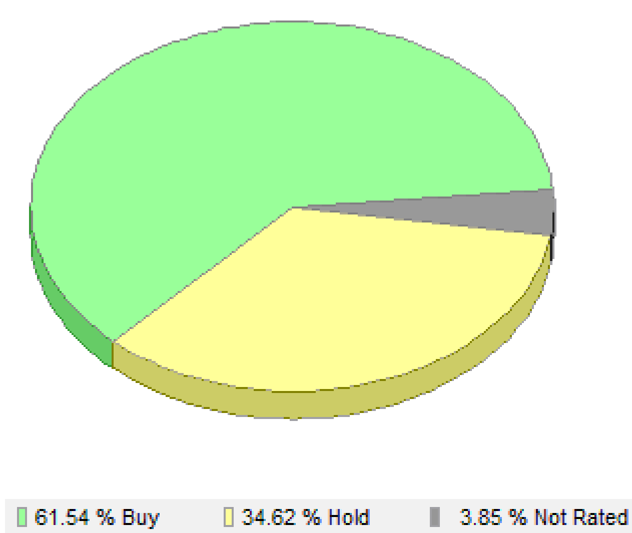
	FY18A	FY19A	FY20A	**FY21E**	**FY22E**
Net income (loss)	3,699	(9,068)	(5,710)	**411**	**4,883**
Impairment of goodwill	-	6,760	-	-	-
Inventory allowance	-	1,742	-	-	-
Depreciation and amortization	6,630	6,863	7,085	**5,475**	**4,321**
Amortization of debt issuance costs	147	177	189	**189**	**189**
(Gain) loss on sale of assets	(138)	68	464	-	-
Loss on extinguishment of debt	59	-	-	-	-
Bad debt adjustment	13	243	740	**740**	**740**
Loss (gain) on derivative instruments	452	578	329	-	-
Stock option expense	131	130	115	**130**	**130**
Deferred taxes	(291)	(1,153)	(1,539)	**(1,132)**	**(930)**
Cash earnings (loss)	10,702	6,340	1,673	**5,813**	**9,333**
Changes in assets and liabilities					
Accounts receivable	(3,641)	5,888	202	**(810)**	**(1,694)**
Inventory	45	2,584	1,096	**(710)**	**(311)**
Prepaid expenses and other assets	1,212	(570)	(6,864)	-	-
Accounts payable	1,008	(1,104)	1,236	**1,727**	**310**
Accrued and other liabilities	104	(1,117)	1,287	-	-
(Increase) decrease in working capital	(1,272)	5,681	(3,043)	**206**	**(1,695)**
Net cash provided by (used in) operations	**9,430**	**12,021**	**(1,370)**	**6,019**	**7,638**
Purchase of property and equipment	(5,394)	(2,759)	(2,425)	**(3,000)**	**(3,000)**
Proceeds from sale of property and equipment	904	119	889	-	-
Net cash provided by (used in) investing	**(4,490)**	**(2,640)**	**(1,536)**	**(3,000)**	**(3,000)**
Net change in bank overdraft	(1,251)	(1,036)	332	-	-
Proceeds from debt	10,132	1,300	-	-	-
Payments on term loans	(2,962)	(3,350)	(3,161)	**(3,000)**	**(4,699)**
Proceeds from (payments on) revolving facilities	(4,422)	(6,565)	(3)	-	-
Debt issuance costs	(634)	-	(151)	-	-
Proceeds from exercise of stock options and warrants	38	-	-	-	-
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**	**(3,000)**	**(4,699)**
Net change in cash	**(21)**	**(760)**	**110**	**19**	**(61)**
Cash - beginning of period	**1,431**	**1,410**	**650**	**760**	**779**
Cash - end of period	**1,410**	**650**	**760**	**779**	**717**

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	**3**	**16**
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 329,313 shares of UFAB common stock and 285,900 shares of UFAB restricted stock. Robert Taglich, Managing Director of Taglich Brothers, Inc., owns or has a controlling interest in 417,516 shares of UFAB common stock and 24,000 shares of UFAB restricted stock. Doug Hailey, Managing Director – Investment Banking at Taglich Brothers, Inc. owns or has a controlling interest in 24,821 shares of UFAB common stock. William Cook, Vice President – Investment Banking at Taglich Brothers, Inc. and a Director at Unique Fabricating, owns or has a controlling interest in 45,142 shares of UFAB restricted stock. Robert Schroeder, Vice President – Investment Banking at Taglich Brothers, Inc. owns or has a controlling interest in 16,353 shares of UFAB common stock. Richard Oh, Managing Director at Taglich Brothers, Inc. owns or has a controlling interest in 51,600 shares of UFAB common stock. Other employees at Taglich Brothers, Inc. own or have controlling interests in 1,800 shares of UFAB common 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.

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.

General Disclosures

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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.