Q2 2020

BRAMPTON BRICK Limited

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Q2 INTERIM REPORT

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the three and six month interim periods ended June 30, 2020, should be read in conjunction with the condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2020, and with the audited 2019 annual consolidated financial statements and the 2019 annual MD&A included in the Company's 2019 Annual Report, and may be found on SEDAR at www.sedar.com. All amounts are stated in thousands of Canadian dollars, except per share amounts, unless otherwise indicated.

DISCUSSION OF OPERATIONS

Three months ended June 30, 2020

The Company recorded net income of $3,430, or $0.31 per share for the three months ended June 30, 2020 compared to net income of $5,289, or $0.48 per share for the corresponding quarter in 2019. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding for the second quarter of 2020 and 2019 were 11,009,054 and 11,006,363, respectively.

Revenues for the second quarter of 2020 were $36,697, compared to $42,604 for the same quarter of 2019. Shipments from both the Masonry Products and Landscape Products business segments decreased during the months of April and May 2020 following the COVID-19 shutdown of non-essential businesses, which impacted the Company's operations in Ontario and Quebec, as well as its U.S. operations in Indiana and Michigan. With the gradual lifting of the pandemic-related restrictions from mid-May 2020 and as the economy began to re-open in stages, residential and commercial construction activity started to resume, albeit under COVID-19 operating protocols. During the month of June 2020, shipments from both the Masonry Products and Landscape Products business segments increased over the corresponding month in 2019.

Cost of sales for the second quarter ended June 30, 2020 was $27,507, compared to $29,190 for the same quarter of 2019. Under the Canada Emergency Wage Subsidy ("CEWS") program, the Company recovered a total of $2,255 of personnel costs incurred during the shutdown period, of which $1,630 was credited to cost of sales. Excluding this amount, cost of sales was $29,137. Net of the CEWS credit, cost of sales was reduced due to lower shipments and lower freight and delivery expenses. However, scheduled reductions in production volumes to optimize inventory levels and to maintain liquidity requirements did result in higher per unit manufacturing costs.

Selling expenses for the second quarter of 2020 were $2,214, compared to $3,291 for the same quarter of 2019. Excluding the credit of $344 recognized under the CEWS program, selling expenses decreased to $2,558 during the current quarter from $3,291 for the corresponding period of 2019. This decrease was due to lower marketing expenses for promotional activities, partially offset by higher website maintenance costs.

General and administrative expenses for the quarter ended June 30, 2020 increased to $1,836 from $1,760 for the corresponding quarter of 2019. Excluding the credit of $281 recognized under the CEWS program, general and administrative expenses increased to $2,117 from $1,760 for the same quarter of 2019. The increase was due to a higher provision for share appreciation rights of $245 in the second quarter of 2020 and lower provisions for employee-related expenses incurred in the same quarter of 2019. Lower legal fees and a lower bad debt provision partially offset an increase in consulting fees related to the Company's ERP systems and operations' optimization projects.

Other expense for the three-month period ended June 30, 2020 was $244, compared to $148 for the corresponding quarter of 2019. This expense primarily relates to the loss on translation of foreign currency transactions as a result of currency exchange fluctuations attributed to the U.S. dollar during the period.

Operating income for the quarter ended June 30, 2020 was $4,896, compared to $7,295 for the comparative quarter of 2019, for the reasons noted above.

Finance expense for the three months ended June 30, 2020 was $385, compared to $409 for the same quarter of 2019. Excluding the change in the fair value of the interest rate swap, which amounted to an unrealized gain of $6 (2019 – $69 unrealized loss), net interest expense for the second quarter of 2020 increased to $391, compared to $340 for the same period of 2019. This increase was due to higher interest expense from the utilization of the $20,000 current account credit facility. To assure maximum financial liquidity and flexibility, the Company drew down $20,000 of the maximum $22,000 available under its operating credit facility. The increase in interest expense was partially offset by an increase in interest income on the short-term investment of $20,000, as well as from higher cash balances held during the period and lower interest expense on lower term loan balances outstanding under the Company's banking credit facilities. During the second half of 2019, scheduled repayments totaled $1,950 and an additional $1,000 was paid down in February 2020 on the Company's vendor take-back loan.

The provision of income taxes totaled $1,081 for the second quarter of 2020 compared to a provision of income taxes of $1,597 for the comparative quarter of 2019. The decrease in the provision of income taxes was due to a comparative decrease in the pre-tax income of the Company's Canadian operations. The Company has not recorded a deferred tax asset with respect to the potential deferred tax benefit pertaining to losses incurred by its U.S. operations in the current or any prior period.

Six months ended June 30, 2020

The Company recorded a net loss of $2,538, or $0.23 loss per share for the six months ended June 30, 2020 compared to net income of $791, or $0.07 per share for the corresponding period in 2019. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding for the first half of 2020 and 2019 were 11,007,488 and 10,985,389, respectively.

Revenues for the first six months of 2020 were $57,726, compared to $61,960 for the same period of 2019. Shipments from both the Masonry Products and Landscape Products business segments increased during the pre-COVID-19 months of January and February 2020, as well as in June 2020 with the gradual lifting of pandemic-related restrictions following the shutdown period. In early 2020, the increase in shipments compared to the corresponding months of the prior period was due to a carry-forward of residential construction from 2019 for masonry products and higher shipments under the winter booking program for landscape products. Shipments during the shutdown months from mid-March to mid-May 2020 decreased compared to the same period in 2019 due to restrictions on certain residential and commercial construction activity imposed under the ***Emergency Management and Civil Protection Act*** in the province of Ontario. Similar pandemic-related restrictions in Michigan, U.S. affected shipments from the Company's business operations in that state. With the re-opening of the economy, in stages, since mid-May 2020, residential and commercial construction activity have resumed, subject to COVID-19 protocols. As a result, shipments increased during the month of June 2020 compared to June 2019.

Cost of sales for the six-month period ended June 30, 2020 was $49,920, compared to $48,155 for the same period of 2019. As noted above, under the CEWS program, the Company recovered a total of $2,255 of personnel costs incurred during the shutdown period, of which $1,630 was credited to cost of sales. Excluding this amount, cost of sales increased to $51,550, compared to $48,155 for the corresponding period of 2019. The increase in costs of sales was due to higher per unit manufactur-

ing costs on lower production volumes, related to the COVID-19 shutdowns. The costs associated with the COVID-19 related market shutdowns and the Company's decision to adjust production to rationalize inventory levels and to maintain appropriate liquidity requirements were partially offset by lower shipments and lower freight and delivery expenses.

Selling expenses for the first six months of 2020 were $5,439, compared to $6,634 for the same period of 2019. As noted above, excluding the credit of $344 recognized under the CEWS program, selling expenses were $5,783 during the current period for the reasons noted under the section "Discussion of Operations" for the three months ended June 30, 2020.

General and administrative expenses for the six months ended June 30, 2020 decreased to $3,691 from $4,399 for the corresponding period of 2019. As noted above, excluding the credit of $281 recognized under the CEWS program, general and administrative expenses were $3,972 during the current period due to lower bad debt provisions, partially offset by higher consultancy fees related to the Company's on-going ERP systems and operations' optimization projects.

Other income for the six-month period ended June 30, 2020 was $161, compared to other expense of $280 for the corresponding period of 2019. This income primarily relates to the gain on translation of foreign currency transactions as a result of currency exchange fluctuations attributed to the U.S. dollar during the period.

The operating loss for the six months ended June 30, 2020 was $1,163, compared to an operating income of $2,166 for the comparative six months of 2019, for the reasons noted above.

Finance expense for the six months ended June 30, 2020 was $1,093, compared to $902 for the corresponding period of 2019. Excluding the change in the fair value of the interest rate swap, which amounted to an unrealized loss of $472 (2019 – $291 unrealized loss), net interest expense for the first half of 2020 increased to $621, compared to $611 for the corresponding period of 2019. The increase in interest expense was for the same reasons noted above under the "Discussion of Operations" for the three months ended June 30, 2020.

The provision of income taxes totaled $282 for the first six months of 2020 compared to a provision of income taxes of $473 for the comparative period of 2019. The decrease in the provision of income taxes was due to a comparative decrease in the pre-tax income of the Company's Canadian operations. The Company has not recorded a deferred tax asset with respect to the potential deferred tax benefit pertaining to losses incurred by its U.S. operations in the current or any prior period.

The following paragraphs explain each operating business segment in more detail.

MASONRY PRODUCTS

Revenues of the Masonry Products business segment were $21,968 for the second quarter of 2020, compared to $27,361 for the corresponding quarter of 2019. Shipments during the months of April and May 2020 decreased compared to the same months of 2019 due to COVID-19 restrictions on residential and commercial construction imposed in Ontario and Quebec from mid-March 2020. With the gradual re-opening of the economy, since mid-May 2020, construction and development activity have resumed. During the month of June 2020, masonry shipments increased over the same month in 2019.

Cost of sales for the second quarter of 2020 decreased to $17,482, compared to $20,409 for the corresponding quarter in 2019. Excluding the $1,287 credited to cost of sales under the CEWS program, cost of sales for the three-month period in 2020 was $18,769. The decrease in cost of sales on lower shipments during the current quarter was partially offset by an increase in per unit product costs due to a decrease in production capacity utilization, related to the COVID-19 shutdowns. As noted above, production volumes were adjusted to maintain appropriate inventory and liquidity levels. This increase in per unit cost above normal production cost levels for manufactured product held in inventory was charged to cost of sales.

Selling expenses decreased during the second quarter of 2020 to $1,453 compared to $2,181 for the same quarter of 2019. Excluding the $247 credited to selling expenses under the CEWS program, selling expenses were $1,700. This decrease in selling expenses was due to a decrease in promotional activities as described above in the "Discussion of Operations" for the three months ended June 30, 2020.

Operating income for the second quarter of 2020 was $1,896, compared to $2,702 for the corresponding quarter of 2019.

Revenues of the Masonry Products business segment were $41,012 for the six months of 2020, compared to $45,035 for the corresponding period of 2019. During the months of January and February 2020, masonry shipments increased due to a carry-forward of residential construction activity from 2019. In addition, increases in revenues from commercial activity and the favorable impact of shipments in January 2020 from the Cambridge, Ontario plant, acquired by the Company in February 2019, increased revenues during the period. Shipments decreased during the shutdown period from mid-March to mid-May 2020 due to certain pandemic-related restrictions imposed on residential and commercial developments. With the phased re-opening of the economy and the gradual lifting of restrictions, construction activity has resumed, comparatively increasing shipments in June 2020 over the same month in 2019.

Cost of sales for the first six months of 2020 was $35,863, compared to $35,925 for the corresponding quarter in 2019. Excluding the $1,287 credited to cost of sales under the CEWS program, cost of sales for the first half of 2020 was $37,150. The increase in costs of sales was due to higher per unit costs on lower production volumes, related to the COVID-19 shutdowns which were reduced for the reasons highlighted above.

Selling expenses decreased during the first six months of 2020 to $3,784 compared to $4,325 for the same period of 2019. Excluding the $247 credited to selling expenses under the CEWS program, selling expenses were $4,031. This decrease in selling expenses was due to a decrease in promotional activities as described above in the "Discussion of Operations" for the three months ended June 30, 2020.

General and administrative expenses decreased during the first six months of 2020 to $2,873 compared to $3,671 for the same period of 2019 for the same reasons described above under the section entitled "Discussion of Operations" for the six months ended June 30, 2020.

Operating loss for the first half of 2020 was $1,270, compared to an operating income of $728 for the corresponding six months of 2019.

LANDSCAPE PRODUCTS

Revenues of the Landscape Products business segment for the three months ended June 30, 2020 was $14,658, compared to $15,208 for the same quarter of 2019. Shipments during the months of April and May 2020 decreased from the same period in 2019 due to the pandemic-related restrictions imposed on construction activity during that period. With the gradual lifting of restrictions in Ontario and Quebec, as well as in the state of Michigan, residential construction and commercial development activity have resumed. Landscape product shipments in June 2020 increased significantly over the same month in 2019.

Cost of sales for the quarter ended June 30, 2020 was $9,690, compared to $8,648 for the corresponding quarter of 2019. Excluding the $343 credited to cost of sales under the CEWS program, cost of sales for the three-month period in 2020 was $10,033. The increase in cost of sales was due to an increase in per unit manufacturing costs related to production volume adjustments due to the COVID-19 shutdowns.

Selling expenses decreased during the second quarter of 2020 to $761 compared to $1,109 for the same quarter of 2019. Excluding the $97 credited to selling expenses under the CEWS program, selling expenses were $858. This decrease in selling expenses was due to a decrease in promotional activities as described above in the "Discussion of Operations" for the three months ended June 30, 2020.

General and administrative expenses increased during the second quarter of 2020 to $629 compared to $547 for the same quarter of 2019 for the same reasons described above under the section entitled "Discussion of Operations" for the six months ended June 30, 2020.

Operating income for the second quarter of 2020 decreased to $3,240 compared to $4,714 for the same quarter in 2019.

Revenues of the Landscape Products business segment for the six months ended June 30, 2020 were $16,582, compared to $16,855 for the same period of 2019. The increase in shipments during the months of January and February 2020 were due to a late start to the 2019-2020 dealer winter booking program and a comparatively milder winter during that period. Shipments decreased during the shutdown period of the pandemic from mid-March to mid-May 2020 due to certain restrictions on construction and development activity under the state of emergency imposed in Ontario and Quebec, as well as in the state of Michigan. With the phased re-opening of the economy, landscape shipments increased significantly during the month of June 2020 compared to shipments in June 2019.

Cost of sales for the period ended June 30, 2020 was $13,141, compared to $11,897 for the corresponding period of 2019. Excluding the $343 credited to cost of sales under the CEWS program, cost of sales for the six-month period in 2020 was $13,484. The increase in cost of sales was for the same reasons discussed above for the three-month period.

Selling expenses decreased during the six-month period of 2020 to $1,655 compared to $2,309 for the same period of 2019. Excluding the $97 credited to selling expenses under the CEWS program, selling expenses were $1,752. This decrease in selling expenses was due to a decrease in promotional activities as described above in the "Discussion of Operations" for the three months ended June 30, 2020.

Operating income for the six months of 2020 decreased to $878 compared to $1,696 for the same period of 2019.

CASH FLOWS

Cash used for operating activities decreased to $3,074 for the six months ended June 30, 2020 compared to $9,927 for the corresponding period in 2019. This reduction was primarily due to comparatively lower inventories held, higher collections of trade and other receivables and lower income tax instalment payments. This improvement was partially offset by lower operating results.

For the six months of 2020, cash utilized for purchases of property, plant and equipment ("PP&E") totaled $2,987, for payments towards PP&E purchases made in the current period, as well as in the prior period. For the same period of 2019, $4,671 was utilized for purchases of property, plant and equipment. During the first quarter of 2019, cash utilized for asset purchases included an initial cash payment of $2,083 for the acquisition of the concrete block manufacturing plant located in Cambridge, Ontario, for a total price consideration of $6,250, excluding inventory.

Capital expenditures for machinery and equipment totaled $2,280 for the six-month period of 2020, compared to $3,346 for the same period in 2019. There were no significant expenditures for land improvements and buildings in 2020 compared to $4,759 incurred for land and land improvements, and $500 incurred for buildings in 2019, which related to the business acquisition in February 2019 noted above.

FINANCIAL CONDITION

The Company's Masonry Products and Landscape Products business segments are seasonal in nature. The Landscape Products business segment is affected by seasonality to a greater degree than the Masonry Products business. As a result of this seasonality, operating results are impacted accordingly and cash requirements are generally expected to increase through the first half of the year and decline through the second half of the year.

Accounting Impact Related to COVID-19

Following the spread of the COVID-19 outbreak into a global pandemic, several community-based practices such as social distancing, restrictions on social gatherings and work-from-home measures were announced by the federal and provincial governments and local municipal bodies in an effort to mitigate the spread of the virus. The Company continues to implement preventative measures to ensure the continued health and safety of its employees, suppliers and customers.

The province-wide state of emergency invoked in March 2020 by the province of Ontario under the ***Emergency Management and Civil Protection Act*** was effective to July 29, 2020, however, new legislation has since been enacted enabling certain pandemic-related measures to remain in place over an extended period. Under this order, the Ontario economy has begun to re-open in stages. Accordingly, all the Company's operating facilities have resumed operations under strict COVID-19 protocols since mid-May 2020. In March 2020, the Company's Ontario operations were deemed essential businesses and accordingly were not substantially affected, although new residential construction had been halted until mid-May 2020. The Company's revenues from shipments to commercial developments were also affected during this period, as most infrastructure developments were deemed non-essential businesses during the first stage of the economic shutdown. As a result, production levels in the Company's production facilities were impacted from mid-March until mid-May. The Company continues to actively monitor this rapidly evolving situation.

In March 2020, the Company's operations at its Farmersburg, Indiana facility were deemed essential businesses by government officials and continued operating throughout the second quarter following the executive order issued under the state of Indiana's ***Emergency Management and Disaster Law*** to residents to shelter in place. The operations of the Company's U.S. landscape products manufacturing plant located in Wixom, Michigan were included in the state-wide shutdown of non-essential public spaces and shipments to construction sites under the ***Michigan Emergency Management Act***. Since early May 2020, residential and commercial construction businesses have re-opened in the state. Historically, landscape product shipments in the first and fourth quarters are lower than in the second and third quarter of the year.

As a result of these developments, management has reviewed the significant judgments, significant estimates and impact on liquidity and financial position affecting the Company's business.

Significant judgments, estimates and liquidity and financial position:

a) Expected credit losses:

As at June 30, 2020, trade and other receivables totaled $24,516 (December 31, 2019 - $16,520). Customer accounts totaling $153 (December 31, 2019 - $108) were considered to be impaired and were recorded in the allowance for doubtful accounts and charged to general and administrative expenses in the condensed interim consolidated statements of comprehensive income (loss). Allowance for doubtful accounts are recognized under the simplified approach for expected lifetime credit losses.

During the second quarter of 2020, with the partial re-opening of the Ontario economy, residential and commercial construction businesses have resumed operations, subject to COVID-19 protocols. Accordingly, an evaluation of customer credit risk did not indicate any significant potential payment deferrals or delinquencies due to the pandemic-related business restrictions experienced from mid-March to mid-May 2020. As at June 30, 2020, no additional allowance for doubtful accounts was recognized. The Company will continue to monitor changes to credit risk as the situation evolves

b) Impairment of non-financial assets:

As at June 30, 2020, property, plant and equipment totaled $158,240. Due to the impact of COVID-19, management has completed a preliminary assessment of the external and internal indicators of impairment, as per IAS 36, Impairment of Assets. Management is currently evaluating these changing business conditions. Based on a preliminary evaluation of the recent partial re-opening of the economy in Ontario and Quebec, Canada, as well as in Indiana and Michigan, U.S., business operations for the 2020 fiscal year are expected to be generally in line with the prior year, in spite of the pandemic-related restrictions. Accordingly, no additional impairment charge or reversal was recognized as at June 30, 2020.

An impairment charge totaling $9,094 was recognized as at December 31, 2019 on the Farmersburg, Indiana clay brick plant as a result of a slower than expected recovery in the Company's U.S. residential and commercial markets.

c) Liquidity and financial position:

As at June 30, 2020, cash and cash equivalents totaled $47,568, of which $20,000 was held in short term investments. The Company's operating credit facility provides for borrowings up to a maximum of $22,000 (December 31, 2019 - $22,000), of which $20,384 (December 31, 2019 – $368) was utilized and comprised of $20,000 (December 31, 2019 – Nil) from the current account credit facility and $384 (December 31, 2019 – $368) for letters of credit. To assure maximum financial liquidity and flexibility, the Company drew down $20,000 of the maximum $22,000 available under its operating credit facility. In addition, under the banking credit agreement, $3,250 was utilized (December 31, 2019 – Nil) under the committed capital expenditure credit facility which provides up to a maximum amount of $5,000 as at June 30, 2020.

The Company's credit facility is subject to certain financial covenants. On June 23, 2020, the Company secured a waiver of its Fixed Charge Coverage ratio for the fiscal quarters ended June 30, 2020 and September 30, 2020. This financial covenant was replaced with a liquidity requirement for each of the two fiscal quarters. Under the liquidity requirement, the cash and cash equivalents held in bank accounts with the lender plus the Company's borrowing base of the credit facility, which is based on a margin formulae for trade receivables and inventories less priority claims, less the amount outstanding on the credit facility must not be less than $20,000 at any time. As at June 30, 2020 and June 30, 2019, the Company was in compliance with all the financial covenants under its term financing agreement and operating credit facility and anticipates that it will maintain compliance throughout 2020.

As at June 30, 2020, the Company recognized $2,255 under the CEWS program, of which $1,630 was credited to Cost of sales, $344 was credited to Selling expenses and $281 was credited to General and administrative expenses. In addition, under the U.S. Paycheck Protection Program ("PPP"), a term loan of USD $892 was recognized as non-current debt. The Company's U.S. operations have utilized this amount in accordance with the terms of the loan and anticipate that the loans received under the PPP loan program will be forgiven. This amount was not taken to income during the second quarter of 2020 pending the filing and approval of the loan forgiveness application.

Consequently, the Company expects that future cash flows from operations, cash and cash equivalents on hand and the unutilized balance of its operating credit facility will be sufficient to satisfy its financial obligations as they become due.

As noted above bank operating advances outstanding as of June 30, 2020 was $20,000 (December 31, 2019 – Nil).

Trade payables totaled $15,651 at June 30, 2020 compared to $16,350 at December 31, 2019.

The ratio of total liabilities to shareholders' equity was 0.63:1 at June 30, 2020 compared to 0.48:1 at December 31, 2019. This increase in the ratio was primarily due to an increase in bank operating advances, the drawdown on the capital expenditure debt facility, the U.S. PPP loan and the decrease in operating results for the period. This increase was partially offset by the increase in accumulated other comprehensive income due to an increase in the value of the exchange rate of the U.S. dollar relative to the Canadian dollar at the end of June 30, 2020, from the year-end exchange rate as at December 31, 2019.

As at June 30, 2020, the Company's current ratio was 2.40:1, representing working capital of $62,162, compared to 3.57:1 and $59,900, respectively, as at December 31, 2019. The decrease in the ratio was due to an increase in bank operating advances and higher other liabilities partially offset by the increase in cash and cash equivalents and higher trade and other receivables. Cash and cash equivalents totaled $47,568 at June 30, 2020, compared to $30,953 at December 31, 2019.

The Company's demand operating facility provides for borrowings of up to $22,000 based on margin formulae for trade receivables, certain other qualified receivables and inventories, less priority claims. It is a demand facility secured by a general security agreement over all assets. The agreement also contains certain financial covenants.

As at June 30, 2020, the borrowing limit based on the margin formulae was $22,000, of which $20,384 was utilized (December 31, 2019 - $368) and comprises $20,000 (December 31, 2019 – Nil) bank operating advances and $384 (December 31, 2019 – $368) for outstanding letters of credit.

Information with respect to the Company's material off-balance sheet arrangements, which consist primarily of purchase commitments and natural gas supply and transportation contracts is disclosed in the table of contractual obligations in the Company's annual MD&A included with the Company's 2019 Annual Report and in Note 13 to the condensed interim consolidated financial statements.

With respect to contractual obligations outstanding as of June 30, 2020, changes during the period ended June 30, 2020 include scheduled principal and interest payments on debt and payments of lease obligations. Additional changes include reductions in the remaining 2020 balances of the Company's purchase obligations under its natural gas supply and transportation contracts. These are more fully described in Note 13 to the condensed interim consolidated financial statements.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected quarterly financial information for each of the eight most recently completed quarters (in thousands of dollars, except per share amounts):

TOTAL OPERATIONS	June 30		March 31		December 31		September 30	
	2020	2019	2020	2019	2019	2018	2019	2018
Revenues	$ 36,697	$ 42,604	$ 21,029	$ 19,356	$ 32,919	$ 34,244	$ 46,750	$ 49,832
Net income (loss)								
	$ 3,430	$ 5,289	$ (5,968)	$ (4,498)	$(11,006)	$ 991	$ 3,276	$ 5,359
Net income (loss) per share								
Basic	$ 0.31	$ 0.48	$ (0.54)	$ (0.41)	$ (1.00)	$ 0.09	$ 0.30	$ 0.49
Diluted	$ 0.31	$ 0.48	$ (0.54)	$ (0.41)	$ (1.00)	$ 0.09	$ 0.30	$ 0.48

Due to changes in the weighted average number of shares outstanding during the current period or due to rounding, the basic and diluted net income (loss) per share by quarter may not add up precisely to the year-to-date total for each period.

The quarterly financial information presented reflects the seasonal nature of the Company's Masonry Products and Landscape Products business segments. Historically, sales of these business segments are greater in the second and third quarters of each year than in the first and fourth quarters. Consequently, the results of operations and cash flows reported each quarter are not necessarily indicative of the results to be expected for the year and the financial condition of the Company at the end of each quarter reflects these seasonal fluctuations.

Major factors affecting the comparability of the quarterly results are described below:

QUARTERS ENDED JUNE 30

For the second quarter of 2020, revenues decreased in both the Masonry Products and Landscape Products business segments, compared to the same quarter of 2019. The decrease in shipments in the months of April and May 2020 was due to the pandemic-related restrictions on certain residential and commercial development activities during the first stage of the shutdown period, which affected production in the Company's production facilities during this period. With the gradual lifting of these restrictions and the re-opening of the economy since mid-May 2020, construction activity has resumed. Shipments in both the Masonry Products and Landscape Products business segments increased during the month of June 2020 compared to June 2019.

Costs of sales for the second quarter of 2020 decreased due to lower shipments, lower freight and delivery expenses and the favourable impact of the wage subsidy received under the CEWS program credited to cost of sales. These decreases were basically offset by higher per unit costs on lower production volumes.

Selling expenses decreased during the second quarter of 2020 compared to the same period of 2019. This decrease was due to comparatively lower promotional activities during the period. General and administrative expenses increased during the second quarter of 2020 due to higher provisions for share appreciation rights, as well as the lower provisions for personnel costs incurred in the corresponding quarter of 2019.

Loss on disposal of property, plant and equipment during the second quarter of 2019 was due to the disposal of certain production equipment at the Boisbriand, Quebec plant during the period.

As a result, net income for the quarter ended June 30, 2020 decreased to $3,430, compared to $5,289 for the same period in 2019.

QUARTERS ENDED MARCH 31

Revenues for January and February of 2020 were above the corresponding period of 2019 due to higher shipments in both the Masonry Products and Landscape Products business segments. This increase was due to a carry-forward of residential construction from 2019 and a delay in the commencement of the 2019-2020 dealer winter booking program. However, in March 2020, revenues declined from year-ago levels following the declaration of a state of emergency in the province of Ontario requiring the shutdown of certain residential and infrastructure construction sites deemed as non-essential businesses.

Cost of sales incurred during the first quarter of 2020 increased compared to the corresponding quarter of the prior period due to the increase in shipments and higher per unit costs on lower production levels in certain of the Company's facilities.

The operating loss for the first quarter of 2020 was favourably impacted by lower selling and general and administrative expenses incurred during the first quarter of 2020 compared to the corresponding period in 2019. This was primarily due to lower provisions for share appreciation rights in the current quarter and one-time employee severance expenses recognized in 2019. As well, finance expenses were higher in the first quarter because of an increase in the unrealized loss of the Company's interest rate swap.

As a result, the net loss for the first quarter of 2020 was $5,968, compared to a net loss of $4,498 for the corresponding prior quarter of 2019.

QUARTERS ENDED DECEMBER 31

Revenues for the fourth quarter of 2019 decreased compared to the corresponding quarter of the prior year. Unfavourable weather conditions and a late start to the dealer winter booking program in the Landscape Products business segment decreased revenues. In addition, the introduction of fiscal measures to moderate housing demand slowed the pace of residential construction in Ontario, Canada. Higher shipments of masonry concrete products from the concrete block plant acquired in 2019 partially offset this decrease in shipments. Cost of sales in the last quarter of 2019 increased compared to the corresponding prior quarter due to higher per unit costs of production on lower production volumes.

The significant decrease in net income for the fourth quarter of 2019 was due to the recognition of an asset impairment charge of $9,094 on the Farmersburg, Indiana clay brick plant. Excluding the impact of this non-recurring transaction, net loss for the fourth quarter of 2019 was $1,912, compared to net income of $991 for the corresponding quarter of 2018.

QUARTERS ENDED SEPTEMBER 30

Revenues in the third quarter of 2019 were below the comparative prior period in 2018 due to a slowdown in residential construction in Ontario. The decrease in masonry shipments for residential construction was partially offset by increases in demand from commercial and other developmental activity and shipments from the newly acquired plant in Cambridge, Ontario. Landscape shipments in the Company's Canadian market increased during the third quarter of 2019 over the same quarter of 2018. This increase was due to strong demand and supported by favourable weather conditions.

Costs of sales in the third quarter of 2019 were comparable to the same quarter of 2018. Although overall shipments were lower, higher per unit production costs on significantly lower production volumes increased costs of sales during the third quarter of 2019. This increase offset decreases in costs of sales on lower shipments, freight and delivery expenses, and repair and maintenance costs during the quarter. In addition, the increase in the value of the average U.S. dollar exchange rate during the third quarter of 2019 increased the overall Canadian dollar operating costs of the Company.

As a result, net income for the quarter ended September 30, 2019 decreased to $3,276, from $5,359 for the corresponding prior quarter.

UPDATES TO RISKS AND UNCERTAINTIES

A complete discussion of principal risks and uncertainties that could have a material effect on the Company's business operations can be found in the 2019 annual MD&A included in the Company's 2019 Annual Report.

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, social distancing and quarantines and a general reduction in consumer activity. While these effects are expected to be temporary, the Company cannot accurately predict the impact that COVID-19 will have on its operations and the ability of others to meet their obligations with the Company. Such uncertainties may relate to the spread of the virus, impact to the global supply chains and financial markets, the duration of the outbreak, and mobility restrictions imposed by governments.

At this time, while the Company has taken a variety of measures to reduce costs and increase liquidity, the extent to which COVID-19 may impact final results for 2020 is uncertain.

OTHER

Information with respect to accounting policies is contained in Note 2 to the 2019 annual consolidated financial statements included in the Company's 2019 Annual Report. The condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2020 have been prepared using the same accounting policies applied to the Company's annual consolidated financial statements for the year ended December 31, 2019.

Information with respect to critical accounting judgments and estimates is disclosed in the 2019 annual MD&A and in Note 3 to the 2019 annual consolidated financial statements included in the Company's 2019 Annual Report. As noted above under the heading entitled "Financial Condition" the Company has evaluated the accounting impact related to COVID-19 on its significant judgments, estimates and liquidity and financial position as at June 30, 2020.

Information with respect to transactions with related parties is disclosed: (a) for the year ended December 31, 2019 in Note 23 to the 2019 annual consolidated financial statements included in the Company's 2019 Annual Report; and (b) for the three and six months ended June 30, 2020, in Note 14 to the condensed interim consolidated financial statements.

The aggregate number of issued and outstanding Class A Subordinate Voting shares and Class B Multiple Voting shares as at June 30, 2020 is disclosed in Note 8 to the condensed interim consolidated financial statements. There have been no changes to the shares outstanding during the interim period from June 30, 2020 to the date of this MD&A.

Under the Company's current Normal Course Issuer Bid, which commenced September 9, 2019 and ends on September 8, 2020, 2,000 Class A Subordinate Voting shares were repurchased at an average market price of $6.43 and subsequently cancelled for the period ended December 31, 2019.

The aggregate number of outstanding stock options and share appreciation rights as at June 30, 2020 that were fully vested and exercisable by plan participants is disclosed in Note 9 to the condensed interim consolidated financial statements for the period ended June 30, 2020. On exercise, stock options are convertible to Class A Subordinate Voting shares, whereas share appreciation rights are settled in cash. There have been no changes to the number of stock options and share appreciation rights outstanding during the interim period from June 30, 2020 to the date of this MD&A.

Additional information relating to the Company includes the annual consolidated financial statements as at and for the year ended December 31, 2019 and the annual MD&A for the year ended December 31, 2019. These documents are included in the Company's Annual Report and may be found on SEDAR

www.sedar.com, along with the Annual Information Form for the year ended December 31, 2019 and the Management Information Circular issued in connection with the Annual General and Special Meeting of Shareholders held on June 30, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the three months ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTLOOK

The COVID-19 pandemic has had a significant impact on the Company's production and distribution capabilities through the first half of the year. At the time of this report, all manufacturing facilities are now back operating at pre-COVID-19 production levels after various closings from the middle of March into early May.

The Company continues to take the necessary precautions to assure the health and safety of all its employees. Contingency plans continue to evolve as required to enable the Company's operating and marketing plans to accommodate whatever the economic environment will be going forward. Importantly, the Company is in a much better financial and competitive position to address these issues and to take advantage of potential opportunities that could develop in the latter part of 2020.

The Company's Masonry Products and Landscape Products business segments are cyclical. Demand for masonry products fluctuates in accordance with the level of new residential construction as well as industrial, commercial and institutional construction activity. Demand for landscape products fluctuates in accordance with the level of industrial, commercial and institutional construction activity, as well as consumer spending patterns related to repair and remodeling expenditures.

Both business segments are seasonal, with the Landscape Products business affected to a greater degree than the Masonry Products business.

Q1 2020 saw a noticeable increase in construction of new homes in the Company's Canadian masonry markets, signaling a possible recovery from softer market conditions that existed from mid-2018 as a result of increased mortgage cost levels introduced by the government to slow the demand-related spike in housing prices in the Greater Toronto Metropolitan Area. The strong business momentum in this sector in Q1 was abruptly halted in mid-March with the economic shutdown related to COVID-19. Homes under construction were permitted to be completed, however any new starts were put on hold. The industry re-opened in early May with strict COVID-19 protocols, which has slowed down the re-opening process. Notwithstanding these COVID-19 disruptions to the industry, 2020 second quarter masonry business activity ended less than 10% behind 2019 results and is expected to remain at current sales levels for the balance of the year.

For 2020, business activity for landscape products across the Company's market regions was originally anticipated to increase from 2019 levels. While the COVID-19 shutdown into the beginning of spring delayed the start of the landscape season by approximately six weeks, the season thus far has yielded strong demand and sales as landscapers work to make up for lost time and homeowners prioritize their spending, curtailed by COVID-19, to upgrade their homes and backyards.

The challenge for the balance of the landscape season within the industry, and in particular for the Company, relates to inventory and the ability to supply the demand for these products. The COVID-19 shutdown period for the landscape plants has resulted in lower inventory levels than usual. Consequently, the Company's ability to operate with lower inventory levels, in an environment of high sales demand and plants already at close to maximum capacity will determine the business success of this segment for 2020.

In 2020, the Company's U.S. clay brick plant has and continues to operate at appropriate capacity utilization levels, to service its commercial and residential product segments. This has enabled the Company to improve its cost structure and overall unit costs. At the same time, the Company's results could still be impacted by historically low industry capacity utilization levels in its related market regions and any additional impact on demand due to the COVID-19 pandemic.

The assets of Universal Resource Recovery Inc. ("Universal") consist primarily of a 65-acre property containing two industrial buildings totaling approximately 600,000 square feet located in Welland, Ontario. The Company has secured a significant tenant for part of the larger building and is in the process of marketing the rest of the facility to other potential tenants.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein constitute "forward-looking statements". All statements that are not historical facts are forward-looking statements.

Other forward-looking statements include, among others: the expected impact of the COVID-19 pandemic on the Company's operations, the Company's plans in response to COVID-19, the future rental prospects for the Universal property; forecasts of sufficient cash flows from operations and other sources of financing; anticipated compliance with financial covenants under debt agreements; anticipated sales of masonry and landscape products; and other statements regarding future plans, objectives, production levels, costs, productivity, results, business outlook and financial performance, including the statements contained in the "Outlook" section of this MD&A. There can be no assurance that such forward-looking statements will prove to be accurate.

Such forward-looking statements are based on information currently available to management, and are based on assumptions and analyses made by management in light of its experience and its perception of historical trends, current conditions and expected future developments, including, among others, assumptions regarding pricing, weather and seasonal expectations, production efficiency, and there being no significant disruptions affecting operations or other material adverse changes.

Such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others: changes in economic conditions, including the demand for the Company's primary products and the level of new home, commercial and other construction; large fluctuations in production levels; fluctuations in energy prices and other production costs; changes in transportation costs; foreign currency exchange and interest rate fluctuations; legislative and regulatory developments; as well as those assumptions, risks, uncertainties and other factors identified and discussed under the section entitled "Risks and Uncertainties" in the 2019 annual MD&A, included in the Company's 2019 Annual Report, and those identified and reported in the Company's other public filings (including the Annual Information Form for the year ended December 31, 2019), which may be accessed at www.sedar.com.

The forward-looking information contained herein is made as of the date hereof. Other than as specifically required by law, the Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of an interim financial report, the interim financial report must be accompanied by a notice indicating that the interim financial report has not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management.

No auditor has performed a review of these condensed interim consolidated financial statements.

Jeffrey G. Kerbel
President and Chief Executive Officer

Trevor M. Sandler
Vice President, Finance and
Chief Financial Officer

Dated as of the 11th day of August, 2020.

Condensed Interim Consolidated Balance Sheets

(unaudited) (in thousands of Canadian dollars)	Notes	June 30, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		$ 47,568	$ 30,953
Trade and other receivables		24,516	16,520
Inventories		32,542	33,354
Other assets		1,275	1,018
Income tax recoverable		584	1,338
Current derivative financial instrument	7	-	21
		106,485	83,204
Non-current assets			
Property, plant and equipment	4	158,240	159,326
Non-current derivative financial instrument	7	-	19
Other assets		19	24
		158,259	159,369
Total assets	15	$ 264,744	$ 242,573
LIABILITIES			
Current liabilities			
Bank operating advances	5	$ 20,000	$ -
Trade payables		15,651	16,350
Current portion of debt	6, 12	3,655	3,223
Current derivative financial instrument	7	296	-
Current provision on share appreciation rights	9	532	492
Other liabilities		4,189	3,239
		44,323	23,304
Non-current liabilities			
Non-current portion of debt	6, 12	36,805	33,933
Non-current derivative financial instrument	7	136	-
Non-current provision on share appreciation rights	9	76	161
Decommissioning provisions		6,170	6,102
Deferred tax liabilities	10	15,232	15,713
		58,419	55,909
Total liabilities		$ 102,742	$ 79,213
EQUITY			
Share capital	8	$ 34,236	$ 34,130
Contributed surplus	9	3,168	3,204
Accumulated other comprehensive income		10,069	8,959
Retained earnings		114,529	117,067
Total equity		$ 162,002	$ 163,360
Total liabilities and equity		$ 264,744	$ 242,573

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(unaudited) (in thousands of Canadian dollars, except per share amounts)	Notes	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Revenues	14, 15, 16	**$ 36,697**	$ 42,604	**$ 57,726**	$ 61,960
Cost of sales		**27,507**	29,190	**49,920**	48,155
Selling expenses		**2,214**	3,291	**5,439**	6,634
General and administrative expenses		**1,836**	1,760	**3,691**	4,399
Loss on disposal of property, plant and equipment		**-**	920	**-**	899
Other expense (income)		**244**	148	**(161)**	280
Gain from bargain purchase of concrete block business		**-**	-	**-**	(573)
		31,801	35,309	**58,889**	59,794
Operating income (loss)	15	**4,896**	7,295	**(1,163)**	2,166
Finance expense	5, 6, 7	**(385)**	(409)	**(1,093)**	(902)
Income (loss) before income taxes		**4,511**	6,886	**(2,256)**	1,264
(Provision for) recovery of income taxes	10				
Current		**(1,174)**	(1,728)	**(764)**	(787)
Deferred		**93**	131	**482**	314
		(1,081)	(1,597)	**(282)**	(473)
Net income (loss) for the period		**$ 3,430**	$ 5,289	**$ (2,538)**	$ 791
Other comprehensive income (loss)					
Items that will be reclassified subsequently to profit or loss when specific conditions are met:					
Foreign currency translation (loss) gain		**$ (894)**	$ (714)	**$ 1,110**	$ (1,441)
Total comprehensive income (loss) for the period		**$ 2,536**	$ 4,575	**$ (1,428)**	$ (650)
Net income (loss) per Class A Subordinate Voting share and Class B Multiple Voting share					
Basic	11	**$ 0.31**	$ 0.48	**$ (0.23)**	$ 0.07
Diluted	11	**$ 0.31**	$ 0.48	**$ (0.23)**	$ 0.07

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Changes in Equity

(unaudited) (in thousands of Canadian dollars)	Notes	Share Captal	Contributed Surplus	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Total Equity
Balance - January 1, 2019		$ 33,909	$ 3,218	$ 10,947	$ 124,046	$ 172,120
Net income for the period					791	791
Other comprehensive loss (net of taxes, $nil)				(1,441)		(1,441)
Total comprehensive (loss) for the period		-	-	(1,441)	791	(650)
Stock options exercised	9	277	(39)			238
Share-based compensation	9		12			12
Repurchase of Class A Subordinate Voting shares	8	(41)			(28)	(69)
Balance -June 30, 2019		$ 34,145	$ 3,191	$ 9,506	$ 124,809	$ 171,651
Balance - January 1, 2020		$ 34,130	$ 3,204	$ 8,959	$ 117,067	$ 163,360
Net loss for the period					(2,538)	(2,538)
Other comprehensive income (net of taxes, $nil)				1,110		1,110
Total comprehensive income (loss) for the period		-	-	1,110	(2,538)	(1,428)
Stock options exercised	9	106	(19)			87
Share-based compensation	9		(17)			(17)
Balance - June 30, 2020		$ 34,236	$ 3,168	$ 10,069	$ 114,529	$ 162,002

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows

		Six months ended June 30	
(unaudited) (in thousands of Canadian dollars)	Notes	2020	2019
Cash provided by (used for)			
Operating activities			
Net (loss) income for the period		**$ (2,538)**	$ 791
Items not affecting cash and cash equivalents			
Depreciation	4	**4,533**	4,693
Current tax provision	10	**764**	787
Deferred tax recovery	10	**(482)**	(314)
Loss on disposal of property, plant and equipment		**-**	899
Unrealized foreign currency exchange (gain) loss		**(235)**	261
Gain from bargain purchase of concrete block business		**-**	(573)
Net interest expense	5, 6	**621**	611
Derivative financial instrument loss	7	**472**	291
Other	9	**(38)**	(34)
		3,097	7,412
Changes in non-cash items			
Trade and other receivables		**(7,920)**	(8,524)
Inventories		**1,327**	(8,021)
Other assets		**(237)**	(260)
Trade payables		**(405)**	172
Other liabilities		**1,074**	710
		(6,161)	(15,923)
Income tax payments		**(10)**	(1,416)
Cash used for operating activities		**(3,074)**	(9,927)
Investing activities			
Purchase of property, plant and equipment	4	**(2,987)**	(4,671)
Proceeds from repayments of loans receivable		**-**	39
Proceeds from disposal of property, plant and equipment		**-**	202
Cash used for investing activities		**(2,987)**	(4,430)
Financing activities			
Increase in bank operating advances	5	**20,000**	-
Proceeds from committed capital expenditure credit facility	6	**3,250**	-
Proceeds from the U.S. SBA Paycheck Protection Program	6	**1,254**	-
Payment of promissory notes	12	**(1,000)**	-
Interest paid	5, 6	**(722)**	(426)
Payments on obligations under leases	12	**(237)**	(360)
Proceeds from exercise of stock options	9	**87**	238
Repurchase of Class A Subordinate Voting shares	8	**–**	(69)
Cash provided by (used for) financing activities		**22,632**	(617)
Foreign exchange on cash held in foreign currency		**44**	(87)
Increase (decrease) in cash and cash equivalents		**16,615**	(15,061)
Cash and cash equivalents at the beginning of the period		**30,953**	27,043
Cash and cash equivalents at the end of the period		**$ 47,568**	$ 11,982

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. GENERAL INFORMATION

Brampton Brick Limited and its subsidiaries, together referred to as the ("Company"), primarily manufacture and sell masonry and landscape products. The Company has clay brick manufacturing plants located in Brampton, Ontario and in Farmersburg, Indiana. Facilities located in Markham, Hillsdale, Brampton, Cambridge and Brockville, Ontario, Boisbriand, Quebec and Wixom, Michigan manufacture and distribute concrete masonry and landscape products. The Company's property located at Welland, Ontario is held for commercial leasing.

Brampton Brick Limited is incorporated and domiciled in Canada. Its registered office address is 225 Wanless Drive, Brampton, Ontario L7A 1E9.

The Company's Class A Subordinate Voting shares trade on the Toronto Stock Exchange (the "TSX") under the ticker symbol "BBL.A". The Company's Class B Multiple Voting shares do not trade on any public market.

2. BASIS OF PREPARATION AND SUMMARY OF FUTURE ACCOUNTING STANDARDS AND AMENDMENTS

These condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2020 are unaudited and include all adjustments that management considers necessary for a fair presentation in accordance with IAS 34, Interim Financial Reporting. The Company's business is seasonal. Results for the three and six months ended June 30, 2020 are not necessarily indicative of results for the full fiscal year or any other future period.

These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's 2019 annual consolidated financial statements.

The condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2020 have been prepared using the same accounting policies applied to the Company's annual consolidated financial statements for the year ended December 31, 2019.

STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2020 have been prepared in accordance with IAS 34, Interim Financial Reporting.

These condensed interim consolidated financial statements were approved by the Board of Directors on August 11, 2020.

ACCOUNTING STANDARD AMENDMENTS ISSUED BUT NOT YET APPLIED

The following is a brief overview of accounting standard amendments that the Company will be required to adopt in future years.

AMENDMENT TO *IAS 1 PRESENTATION OF FINANCIAL STATEMENTS* is effective for annual periods beginning on or after January 1, 2022. The amendment clarifies the classification of liabilities as non-current where an entity has the right to defer settlement for at least twelve months after the reporting period end and complies with the related specific conditions at the end of the reporting period regardless of the timing of compliance testing. This amendment is not expected to have a significant impact on the consolidated financial statements.

3. ACCOUNTING IMPACT RELATED TO COVID-19

Following the spread of the COVID-19 outbreak into a global pandemic, several community-based practices such as social distancing, restrictions on social gatherings and work-from-home measures were announced by the federal and provincial governments and local municipal bodies in an effort to mitigate the spread of the virus. The Company continues to implement preventative measures to ensure the continued health and safety of its employees, suppliers and customers.

The province-wide state of emergency invoked in March 2020 by the province of Ontario under the ***Emergency Management and Civil Protection Act*** was effective to July 29, 2020, however, new legislation has since been enacted enabling certain pandemic-related measures to remain in place over an extended period. Under this order, the Ontario economy has begun to re-open in stages. Accordingly, all the Company's operating facilities have resumed operations under strict COVID-19 protocols since mid-May 2020. In March 2020, the Company's Ontario operations were deemed essential businesses and accordingly were not substantially affected, although new residential construction had been halted until mid-May 2020. The Company's revenues from shipments to commercial developments were also affected during this period, as most infrastructure developments were deemed non-essential businesses during the first stage of the economic shutdown. As a result, production levels in the Company's production facilities were impacted from mid-March until mid-May. The Company continues to actively monitor this rapidly evolving situation.

In March 2020, the Company's operations at its Farmersburg, Indiana facility were deemed essential businesses by government officials and continued operating throughout the shutdown period following the executive order issued under the state of Indiana's ***Emergency Management and Disaster Law*** to residents to shelter in place. The operations of the Company's U.S. landscape products manufacturing plant located in Wixom, Michigan were included in the state-wide shutdown of non-essential public spaces and shipments to construction sites under the ***Michigan Emergency Management Act***. Since early May 2020, residential and commercial construction businesses have re-opened in the state. Historically, landscape product shipments in the first and fourth quarters are lower than in the second and third quarter of the year.

As a result of these developments, management has reviewed the significant judgments, significant estimates and impact on liquidity and financial position affecting the Company's business.

SIGNIFICANT JUDGMENTS, ESTIMATES AND LIQUIDITY AND FINANCIAL POSITION:

a) Expected credit losses

As at June 30, 2020, trade and other receivables totaled $24,516 (December 31, 2019 - $16,520). Customer accounts totaling $153 (December 31, 2019 - $108) were considered to be impaired and were recorded in the allowance for doubtful accounts and charged to general and administrative expenses in the condensed interim consolidated statements of comprehensive income (loss). Allowance for doubtful accounts are recognized under the simplified approach for expected lifetime credit losses.

During the second quarter of 2020, with the partial re-opening of the Ontario economy, residential and commercial construction businesses have returned to full operations, subject to COVID-19 protocols. Accordingly, an evaluation of customer credit risk did not indicate any significant potential payment deferrals or delinquencies due to the pandemic-related business restrictions experienced from mid-March to mid-May 2020. As at June 30, 2020, no additional allowance for doubtful accounts was recognized. The Company will continue to monitor changes to credit risk as the situation evolves

b) Impairment of non-financial assets

As at June 30, 2020, property, plant and equipment totaled $158,240. Due to the impact of COVID-19, management has completed a preliminary assessment of the external and internal indicators of impairment, as per IAS 36, ***Impairment of Assets***. Management is currently evaluating these changing business conditions. Based on a preliminary evaluation of the recent partial re-opening of the economy in Ontario and Quebec, Canada, as well as in Indiana and Michigan, U.S., business operations for the 2020 fiscal year are expected to be generally in line with the prior year, in spite of the pandemic-related restrictions. Accordingly, no additional impairment charge or reversal was recognized as at June 30, 2020.

An impairment charge totaling $9,094 was recognized as at December 31, 2019 on the Farmersburg, Indiana clay brick plant as a result of a slower than expected recovery in the Company's U.S. residential and commercial markets.

c) Liquidity and financial position

As at June 30, 2020, cash and cash equivalents totaled $47,568, of which $20,000 was held in short term investments. The Company's operating credit facility provides for borrowings up to a maximum of $22,000 (December 31, 2019 - $22,000), of which $20,384 (December 31, 2019 – $368) was utilized and comprised of $20,000 (December 31, 2019 – Nil) from the current account credit facility and $384 (December 31, 2019 – $368) for letters of credit. To assure maximum financial liquidity and flexibility, the Company drew down $20,000 of the maximum $22,000 available under its operating credit facility. In addition, under the banking credit agreement, $3,250 was utilized (December 31, 2019 – Nil) under the committed capital expenditure credit facility which provides up to a maximum amount of $5,000 as at June 30, 2020. Refer to Note 6, "Debt".

The Company's credit facility is subject to certain financial covenants. On June 23, 2020, the Company secured a waiver of its Fixed Charge Coverage ratio for the fiscal quarters ended June 30, 2020 and September 30, 2020. This financial covenant was replaced with a liquidity requirement for each of the two fiscal quarters. Under the liquidity requirement, the cash and cash equivalents held in bank accounts with the lender plus the Company's borrowing base of the credit facility, which is based on a margin formulae for trade receivables and inventories less priority claims, less the amount outstanding on the credit facility must not be less than $20,000 at any time. As at June 30, 2020 and 2019, the Company was in compliance with all the financial covenants under its term financing agreement and operating credit facility and anticipates that it will maintain compliance throughout 2020.

As at June 30, 2020, the Company recognized $2,255 under the Canada Emergency Wage Subsidy ("CEWS") program, of which $1,630 was credited to Cost of sales, $344 was credited to Selling expenses and $281 was credited to General and administrative expenses. In addition, under the U.S. Paycheck Protection Program ("PPP"), a term loan of USD $892 was recognized as non-current debt. The Company's U.S. operations have utilized this amount in accordance with the terms of the loan and anticipate that the loans received under the PPP loan program will be forgiven. This amount was not taken to income during the second quarter of 2020 pending the filing and approval of the loan forgiveness application.

Consequently, the Company expects that future cash flows from operations, cash and cash equivalents on hand and the unutilized balance of its operating credit facility will be sufficient to satisfy its financial obligations as they become due.

4. PROPERTY, PLANT AND EQUIPMENT

	Land and Land Improvements $	Buildings $	Machinery and Equipment $	Mobile Equipment $	Total $
As at December 31, 2019					
Cost	96,904	46,378	166,370	9,303	318,955
Accumulated depreciation and impairment loss	(22,428)	(24,092)	(106,277)	(6,832)	(159,629)
Net book value	**74,476**	**22,286**	**60,093**	**2,471**	**159,326**
For the six months ended June, 2020					
Additions	75	-	2,280	297	2,652
Depreciation for the period	(166)	(702)	(3,107)	(558)	(4,533)
Exchange differences	130	123	515	27	795
	39	**(579)**	**(312)**	**(234)**	**(1,086)**
As at June 30, 2020					
Cost	97,543	47,009	171,390	9,705	325,647
Accumulated depreciation and impairment loss	(23,028)	(25,302)	(111,609)	(7,468)	(167,407)
Net book value	**74,515**	**21,707**	**59,781**	**2,237**	**158,240**

For the three and six months ended June 30, 2020, depreciation expense totaled $2,299 (2019 - $2,397) and $4,533 (2019 - $4,693), respectively, of which $2,249 (2019 - $2,311) and $4,423 (2019 - $4,521), respectively, were included in Cost of sales, $4 (2019 – $6) and $8 (2019 - $13), respectively, were included in Selling expenses and $46 (2019 - $80) and $102 (2019 - $159), respectively, were included in General and administrative expenses.

Mobile equipment and machinery and equipment includes the following amounts acquired by means of leases:

	June 30, 2020 $	December 31, 2019 $
Cost – Right-of-Use assets	1,818	1,802
Accumulated depreciation – Right-of-Use assets	(1,317)	(1,066)
Net book value – Right-of-Use Assets	**501**	**736**

Investment Property:

Universal Resource Recovery Inc. ("Universal") owns property located at Welland, Ontario which is held primarily to earn rental income and for capital appreciation. It is measured under the cost model and classified as an investment property. This property was reclassified as an investment property during the second quarter of 2020 with the signing of a significant tenant-occupancy agreement. Effective May 21, 2020, Universal entered into a ten-year agreement to lease a portion of its property to be used for the purpose of manufacturing, assembly and storage of offsite framing solutions. The assets comprise of land and buildings and are included in the Property, plant and equipment tabular information above. Buildings are depreciated on a straight line basis over their estimated life of 25 years.

	Land $	Buildings $	Total $
As at December 31, 2019			
Cost	2,500	10,500	13,000
Accumulated depreciation and impairment loss	-	(735)	(735)
Net book value	**2,500**	**9,765**	**12,265**
For the six months ended June 30, 2020			
Depreciation for the period	-	(210)	(210)
	-	**(210)**	**(210)**
As at June 30, 2020			
Cost	2,500	10,500	13,000
Accumulated depreciation and impairment loss	-	(945)	(945)
Net book value	**2,500**	**9,555**	**12,055**

Rental income recognized during the three and six-month periods ended June 30, 2020 was $71 and $132, respectively. Effective May 21, 2020, Universal entered into a ten-year agreement to lease a portion of its property to be used for the purpose of manufacturing, assembly and storage of offsite framing solutions. Direct operating expenses excluding depreciation incurred during the three and six-month periods ended June 30, 2020 were $231 and $706, respectively. The increase in direct operating expenses during the 2020 period primarily relates to repair and maintenance expenditure on the building. Contractual obligations for maintenance or enhancements of the property were $181 as at June 30, 2020.

5. BANK OPERATING ADVANCES

The Company's operating credit facility provides for borrowings up to a maximum of $22,000 (2019 - $22,000) based on margin formulae for trade receivables and inventories, less priority claims. It is a demand facility secured by a general security agreement over all assets. The agreement contains certain financial covenants. As at June 30, 2020 the Company was in compliance with all the financial covenants. Refer to Note 3 (c) above.

As at June 30, 2020, the borrowing limit available based on the margin formulae was at the maximum available amount of $22,000 (December 31, 2019 - $22,000), of which $20,384 (December 31, 2019 - $368 outstanding letters of credit) was utilized and comprises $20,000 (December 31, 2019 – Nil) from the current account credit facility and $384 (December 31, 2019 - $368) for outstanding letters of credit.

As at June 30, 2020, the rate of interest is based on the three-month Canadian bankers' acceptance rate plus a credit spread of 1.60%.

6. DEBT

Debt consists of the following:

		June 30, 2020 $	December 31, 2019 $
Committed term A credit facility – monthly instalments commenced July 2017 to November 2022, maturing January 29, 2023	(i)	**22,650**	22,650
Committed term B credit facility – monthly instalments commenced July 2017 to November 2022, maturing January 29, 2023	(ii)	**9,165**	9,165
Committed capital expenditure credit facility – monthly instalments commencing July 2020 to November 2022, maturing January 29, 2023	(iii)	**3,250**	-
	a	**35,065**	31,815
Non-interest bearing, promissory notes – annual payments commenced February 2020 to February 2024		**4,000**	5,000
Less: Unamortized imputed interest		**(326)**	(405)
	b	**3,674**	4,595
U.S. SBA Paycheck Protection Program loan (refer Note 3 (c))		**1,211**	-
Obligations under leases		**510**	746
		40,460	37,156
Less: Payments due within one year – current portion		**3,655**	3,223
Non-current portion of debt		**36,805**	33,933

a) The loans under the credit agreement are secured by a general security agreement over all assets and a first-priority mortgage over certain properties located in Canada. The debt includes the following credit facilities:

(i) The committed term A credit facility is a non-revolving term loan, which bears interest at the bankers' acceptance rate plus 1.60%. The term loan requires monthly interest payments for its duration and is to be repaid by way of principal repayments of $290 per month during the months of July to November from 2017 each year to maturity date.

The Company entered into a floating-to-fixed interest rate swap agreement to fix the interest rate on this term loan, as further described in Note 7, "Derivative Financial Instrument".

(ii) The committed term B credit facility is a non-revolving term loan, bearing interest at the bankers' acceptance rate plus 1.60%. The term loan requires monthly interest payments for its duration and is to be repaid by way of principal repayments of $100 per month during the months of July to November each year from 2017 to maturity date.

(iii) The committed capital expenditure credit is a revolving credit facility, bearing interest at the bankers' acceptance rate plus 1.60% and provides up to a maximum amount of $5,000, of which $3,250 was utilized at March 31, 2020. The term loan requires monthly interest payments for its duration and is to be repaid by way of principal repayments of $93 per month during the months of July to November commencing from 2020 to maturity.

The agreements for these loans contain certain financial covenants. Refer to Note 3 (c). As at June 30, 2020, the Company was in compliance with all the financial covenants.

b) On February 4, 2019, the Company acquired the business of a concrete block manufacturing plant. The purchase consideration included a vendor take-back loan, in the form of two non-interest bearing promissory notes totaling $5,000, payable annually in equal instalments over five years. The promissory notes are secured by a first ranking general security interest over the acquired assets.

7. DERIVATIVE FINANCIAL INSTRUMENT

The Company has a floating-to-fixed interest rate swap with a notional value of $22,650 as at June 30, 2020 (December 31, 2019, $22,650), to minimize its exposure to fluctuations in cash flows from changes in interest rates on term debt of the same amount. The swap notional value decreases proportionately with the outstanding balance of the underlying committed term A credit facility as scheduled repayments are made over its duration. As a result of this transaction, the Company's interest rate for the committed term A credit facility is fixed at 3.48%.

The Company has not applied hedge accounting for the period ended June 30, 2020 or in the prior periods. The change in fair value of the interest rate swap recognized in the line item "Finance expense" on the condensed interim consolidated statement of comprehensive income (loss) for the three and six months ended June 30, 2020 amounted to an unrealized gain of $6 (2019 – $69 unrealized loss) and an unrealized loss of $472 (2019 - $291 unrealized loss), respectively. The fair value of the interest rate swap derivative in the amounts of $296 (December 31, 2019 - $21, current derivative financial asset) and $136 (December 31, 2019 - $19, non-current derivative financial asset) were classified as a current derivative financial liability and a non-current derivative financial liability, respectively.

8. SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of Preference shares, Class A Subordinate Voting shares and Class B Multiple Voting shares. The Class B Multiple Voting shares are convertible into Class A Subordinate Voting shares on a share-for-share basis at any time. Class A Subordinate Voting shares may be converted into Class B Mutiple Voting shares in certain circumstances in connection with a takeover bid. Class A Subordinate Voting shareholders are entitled to one vote per share and Class B Multiple Voting shareholders are entitled to ten votes per share at any meeting of shareholders. The shares issued do not have a specified par value.

On September 5, 2019, the TSX accepted a notice of intention (the "Notice") filed by the Company to make a Normal Course Issuer Bid ("NCIB"). The Notice provided that the Company, could purchase on the TSX up to 462,871 Class A Subordinate Voting shares in total, being approximately 5% of the total number of Class A Subordinate Voting shares outstanding as of August 31, 2019, during the 12-month period, which commenced on September 9, 2019 and ends on September 8, 2020. Under this NCIB, 2,000 Class A Subordinate Voting shares were repurchased at an average market price of $6.43 and subsequently cancelled. During the six-month period ended June 30, 2019, 11,000 Class A Subordinate Voting shares were repurchased under the NCIB prevailing during the period at an average price of $6.13 and subsequently cancelled.

As at June 30, 2020, issued and outstanding share capital consisted of 9,270,423 Class A Subordinate Voting shares (December 31, 2019 – 9,255,423) and 1,738,631 Class B Multiple Voting shares (December 31, 2019 – 1,738,631).

Changes to the issued and outstanding share capital due to the exercise of stock options during the periods ended June 30, 2020 and June 30, 2019 are discussed in Note 9 below.

9. SHARE-BASED COMPENSATION

a) Equity-settled stock options:

Under the Brampton Brick Limited Stock Option Incentive Plan (the "Plan"), the Company may grant stock options to the officers, full-time employees and directors of the Company and its subsidiaries up to an aggregate of 1,680,965 (December 31, 2019 – 1,680,965) Class A Subordinate Voting shares. The exercise price of each stock option is equal to the volume-weighted average trading price of the Company's Class A Subordinate Voting shares for the five trading days immediately preceding the date of the grant and the maximum term of each option is ten years. As at June 30, 2020, a total of 327,565 (December 31, 2019 – 290,065) stock options were available for grant under the Plan. There were no stock options granted during the period ended June 30, 2020 or in the comparative period in 2019.

During the first quarter of 2020, 15,000 stock options were exercised at an average price of $5.76. Proceeds from the issue of an equal number of Class A Subordinate Voting shares amounted to $87. In addition, 16,700 stock options with an average exercise price of $5.76 were exercised and cash-settled in the amount of $7. Compensation cost previously recorded on these stock options totaled $23, of which $16 was credited to stock options compensation cost in the first quarter of 2020. During the 2020 period, a total of 37,500 stock options expired.

In the corresponding first quarter of 2019, 47,500 stock options were exercised at an average price of $4.99. Proceeds from the issue of an equal number of Class A Subordinate Voting shares amounted to $238. During the second quarter of 2019, a total of 29,000 stock options were forfeited and 6,000 expired.

For the three and six months ended June 30, 2020, the total share-based compensation cost with respect to all stock options granted was a credit of $1 (2019 – credit of $9) and a credit of $10 (2019 – expense of $12), respectively.

As at June 30, 2020, an aggregate of 815,400 (December 31, 2019 – 884,600) stock options were outstanding, all of which were fully vested and exercisable by the holders thereof (December 31, 2019 – 850,100) at a weighted average exercise price of $6.06 (December 31, 2019 - $5.96) per share.

b) Share appreciation rights:

Under the Brampton Brick Limited Share Appreciation Rights Plan (the "SARs Plan"), the Company may grant share appreciation rights to all executive officers, certain employees and to all non-management members of the Board of Directors of the Company. The base price of each share appreciation right is determined by the Board of Directors and cannot be less than the volume weighted average trading price ("VWAP") of the Company's Class A Subordinate Voting shares for the five trading days immediately preceding the effective date of the grant, and the maximum exercise term of a share appreciation right is ten years. Upon exercise of the share appreciation right, the excess of the FMV, being the five-day VWAP, as of the day preceding the date of exercise, over the base price will be payable to the participant.

The Company granted share appreciation rights to all executive officers, certain employees and to all non-management members of the Board of Directors of the Company during the first quarter of 2019. Share appreciation rights in each grant vest as follows: 20% on the date immediately following the date of the grant; and an additional 20% on each anniversary of the grant date thereof until fully vested. No share appreciation rights were granted in 2020.

No share appreciation rights were exercised during the three and six month periods ended June 30, 2020 and June 30, 2019, respectively.

Date of grant	March 27, 2019	March 28, 2018	March 31, 2017
Number of share appreciation rights granted	**196,500**	**207,500**	**205,500**
Base price	**$6.51**	**$8.48**	**$9.01**
Fair value of each share appreciation right as at June 30, 2020	**$1.77**	**$1.14**	**$1.05**
Assumptions:			
Risk-free interest rate	**0.43%**	**0.37%**	**0.38%**
Expected life	**6.3 years**	**4.8 years**	**5.0 years**
Volatility (determined by reference to historically observed prices of Class A Subordinate Voting Shares)	**35.7%**	**37.68%**	**36.68%**
Expected dividend yield	**0.0%**	**0.0%**	**0.0%**
Expected forfeitures	**Nil**	**Nil**	**Nil**

For the three and six months ended June 30, 2020, the change in fair value of the provision for share appreciation rights was an unrealized loss of $245 (2019 - $39 unrealized gain) and an unrealized gain of $45 (2019 – $46 unrealized gain), respectively. As at June 30, 2020, an aggregate of 571,500 (December 31, 2019 – 571,500) share appreciation rights were outstanding, of which 340,100 (December 31, 2019 – 225,800) were fully vested and exercisable. The fair value of the share appreciation rights recognized, in the amounts of $532 (December 31, 2019 – $492) and $76 (December 31, 2019 – $161), were classified as current and non-current provisions for share appreciation rights, respectively.

10. INCOME TAX

The Company computes an income tax (provision) recovery in each of the jurisdictions in which it operates. However, actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of the financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period. The operations in Canada and the United States are subject to income tax at the following rates 26.5% (2019 – 26.5%) in the Canadian jurisdictions and from 21.0% to 23.8% (2019 – 21.0% to 23.8%) in the U.S. jurisdictions.

In interim periods, the income tax (provision) recovery is based on actual earnings by jurisdiction. The Company has not recorded a deferred tax asset with respect to the potential future income tax benefit pertaining to the losses incurred by its U.S. operations in the current period or in prior years.

11. NET INCOME (LOSS) PER SHARE

Net income (loss) per share is calculated on the net income (loss) using the weighted average number of shares outstanding for the period. The diluted earnings (loss) per share is calculated to reflect the dilutive effect of the exercise of the outstanding stock options on net income (loss) per share.

The weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding utilized in the calculations of net income (loss) per share is as follows:

	Three months ended June 30					
	2020			2019		
Net income per share	**Net Income $**	**Shares (thousands)**	**Per share amount $**	**Net Income $**	**Shares (thousands)**	**Per share amount $**
Basic earnings per share	**3,430**	**11,009**	**0.31**	5,289	11,006	0.48
Dilutive effect of stock options		**40**	**-**		108	-
Diluted earnings per share		**11,049**	**0.31**		11,114	0.48

In determining the dilutive earnings per share 490,900 (2019 – 337,400) options to purchase Class A Subordinate Voting shares were considered anti-dilutive for the three-month periods ended June 30, 2020 and June 30, 2019.

	Six months ended June 30					
	2020			2019		
Net income (loss) per share	**Net Loss $**	**Shares (thousands)**	**Per share amount $**	**Net Income $**	**Shares (thousands)**	**Per share amount $**
Basic earnings (loss) per share	**(2,538)**	**11,007**	**(0.23)**	791	10,985	0.07
Dilutive effect of stock options		**-**	**-**		119	-
Diluted earnings (loss) per share		**11,007**	**(0.23)**		11,104	0.07

Dilutive employee stock options had no effect on the calculation of the diluted loss per share due to the loss incurred for the six-month period ended June 30, 2020. In determining the dilutive earnings per share for the six-month period ended June 30, 2019, 337,400 options to purchase Class A Subordinate Voting shares were considered anti-dilutive.

12. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

For the periods ended June 30, 2020 and June 30, 2019, cash provided by (used for) financing activities resulted in the following changes to the Company's financing liabilities.

	Bank operating advance	Term Loans		Leases	
	Current	Current	Non-current	Current	Non-current
Balance as at December 31, 2019	**$ -**	**$2,794**	**$33,616**	**$429**	**$317**
Cash flows:					
Increase in financial obligations	20,000	464	4,040	-	-
Payments during the period	-	(1,000)	-	(237)	-
Changes from cash flows	**20,000**	**(536)**	**4,040**	**(237)**	**-**
Non-cash changes:					
Impact of currency exchange rates		-	(43)	-	1
Unwinding of discount on promissory notes		79	-	-	-
Other non-cash movements		939	(939)	187	(187)
Non-cash changes		1,018	(982)	187	(186)
Balance as at June 30, 2020	**$ 20,000**	**$3,276**	**$36,674**	**$379**	**$131**

	Term Loans		Leases	
	Current	Non-current	Current	Non-current
Balance as at December 31, 2018	**$1,950**	**$31,815**	**$587**	**$570**
Cash flows:				
Payments during the period	-		(360)	
Changes from cash flows	**-**		**(360)**	
Non-cash changes:				
Net increase in financial obligations	814	3,612	13	84
Impact of currency exchange rates	-	-	(2)	1
Unwinding of discount on promissory notes	75	-	-	-
Other non-cash movements	(61)	61	210	(210)
Non-cash changes	**818**	**3,673**	**221**	**(125)**
Balance as at June 30, 2019	**$2,778**	**$35,488**	**$448**	**$445**

13. COMMITMENTS AND CONTINGENCIES

As at June 30, 2020, the Company had capital expenditure commitments with suppliers totaling $1,128.

The Company normally enters into supply and transportation contracts for natural gas to satisfy its future requirements. As at June 30, 2020, the Company had contracted for its estimated remaining 2020 Canadian natural gas supply requirements at an aggregate estimated cost of $433, none of which was at fixed prices, and for its estimated remaining 2020 Canadian transportation requirements at an aggregate estimated cost of $271, of which 73% was at fixed prices. The potential unrealized gain on the fixed price transportation contracts was Nil (2019 – approximately $24 unrealized gain). Such gain (loss) is not charged to income since these are supply contracts that will be charged to operations in the period the gas is consumed.

Letters of credit are issued by the Company's banker to provide security to certain service providers and in connection with certain governmental operating permits. The aggregate amount of letters of credit outstanding as at June 30, 2020 was $384 (December 31, 2019 - $368).

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position or liquidity.

14. RELATED PARTY TRANSACTIONS

The Company has determined which of its customers are related to the Company. These customers are controlled by common directors or significant shareholders. Sales to these customers are made under competitive terms and conditions. These customers accounted for 2.2% (2019 – 5.3%) and 2.1% (2019 – 6.2%) of revenues in aggregate for the three and six months ended June 30, 2020, respectively. As at June 30, 2020, the trade receivable balance outstanding from related customers was $37 (December 31, 2019 - $4).

Trade payables to related parties, including payables for rebates, totaled $65 as at June 30, 2020 (December 31, 2019 - $54).

All related party transactions are accounted for at the exchange amount which is the amount of consideration established and agreed to by the related parties.

15. OPERATING SEGMENTS

The Company considers that for purposes of operating decision making and assessing performance it operates within two dominant business segments: Masonry Products and Landscape Products. Although the Company operates several plants, the nature of products, production methods and type of customers for their products and services share similar economic characteristics within each segment.

MASONRY PRODUCTS

Manufacture of clay brick and a range of concrete masonry products including stone veneer, concrete brick and block for use in residential construction and institutional, commercial and industrial building projects.

LANDSCAPE PRODUCTS

Manufacture of concrete paving stones, retaining walls, garden walls and sales of accessory products for use in residential construction and institutional, commercial and industrial building projects.

OTHER

Other business operations and assets consist primarily of the Company's investment in Universal Resource Recovery Inc., which includes rental revenues, related costs and assets of this wholly-owned subsidiary.

Segmented information, with comparative information for 2019, is as follows:

	Three months ended June 30		Six months ended June 30	
i) Revenues	**2020 $**	2019 $	**2020 $**	2019 $
Masonry Products	**21,968**	27,361	**41,012**	45,035
Landscape Products	**14,658**	15,208	**16,582**	16,855
Other	**71**	35	**132**	70
Revenues	**36,697**	42,604	**57,726**	61,960
ii) Operating income (loss)				
Masonry Products	**1,896**	2,702	**(1,270)**	728
Landscape Products	**3,240**	4,714	**878**	1,696
Other	**(240)**	(121)	**(771)**	(258)
Operating Income (loss)	**4,896**	7,295	**(1,163)**	2,166
Finance expense	**(385)**	(409)	**(1,093)**	(902)
Provision for income taxes	**(1,081)**	(1,597)	**(282)**	(473)
Net Income (loss) for the period	**3,430**	5,289	**(2,538)**	791

iii) Total assets	**June 30, 2020 $**	December 31, 2019 $
Masonry and Landscape Products	**252,252**	229,761
Other	**12,492**	12,812
Total assets	**264,744**	242,573

Certain long-term assets are used for both the Masonry Products and Landscape Products business segments. Assets do not form part of management's evaluation of performance of individual business units and therefore are not reported on a segmented basis.

Geographical information is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020 Revenues $	**2019 Revenues $**	**2020 Revenues $**	**2019 Revenues $**
Canada	**31,119**	36,334	49,411	53,617
United States	**5,578**	6,270	8,315	8,343
	36,697	42,604	57,726	61,960

	June 30, 2020 Property, plant and equipment $	**December 31, 2019 Property, plant and equipment $**
Canada	**137,788**	139,630
United States	**20,452**	19,696
	158,240	159,326

16. SEASONAL FLUCTUATIONS

The Company's business is seasonal. Historically, sales and results are greater in the second and third quarters of each year than in the first and fourth quarters. The Landscape Products business segment is affected by seasonality to a greater degree than the Masonry Products business segment. Consequently, the results of operations and cash flows for the three and six months ended June 30, 2020 are not necessarily indicative of the results to be expected for the full year.

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