BRAMPTON BRICK Limited

FOR IMMEDIATE RELEASE

BRAMPTON BRICK REPORTS RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2020

(All amounts are stated in thousands of Canadian dollars, except per share amounts.)

BRAMPTON, ONTARIO, August 12, 2020 – Brampton Brick Limited (TSX:BBL.A) today reported 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.

DISCUSSION OF OPERATIONS

Three months ended June 30, 2020

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 business-es, 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, ship-ments 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 re-quirements 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 manufacturing 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 pe-

riod 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.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein constitute "forward-looking statements". All statements that are not historical facts are forward-looking statements, including, among others, statements regarding the expected impact of the COVID-19 pandemic on the Company's operations, the Company's plans in response to COVID-19, the future development plans 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. 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 "Risks and Uncertainties" in the 2019 annual MD&A, included in the Company's 2019 Annual Report, and in the MD&A for the six-month period ended June 30, 2020, as well as 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.

Brampton Brick Limited is Canada's second largest manufacturer of clay brick, serving markets in Ontario, Quebec and the Northeast and Midwestern United States from its brick manufacturing plants located in Brampton, Ontario and Farmersburg, Indiana. To complement the clay brick product line, the Company also manufactures a range of concrete masonry products, including concrete brick and block as well as stone veneer products. Concrete interlocking paving stones, retaining walls, garden walls and enviro products are manufactured and distributed from facilities in Markham, Hillsdale, Brockville, Cambridge and Brampton, Ontario, in Boisbriand, Quebec and in Wixom, Michigan and sold to markets in Ontario, Quebec, Michigan, New York, Pennsylvania, Ohio, Kentucky, Illinois and Indiana under the Oaks™ and Boehmers™ trade names. The Company's products are used for residential construction and for industrial, commercial, and institutional building projects.

ONE Trusted Source

SELECTED FINANCIAL INFORMATION

(unaudited)(in thousands of Canadian dollars)

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS	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	**-**	21
	106,485	83,204
Non-current assets		
Property, plant and equipment	**158,240**	159,326
Non-current derivative financial instrument	**-**	19
Other assets	**19**	24
	158,259	159,369
Total assets	**$ 264,744**	$ 242,573
LIABILITIES		
Current liabilities		
Bank operating advances	**$ 20,000**	$ -
Trade payables	**15,651**	16,350
Current portion of debt	**3,655**	3,223
Current derivative financial instrument	**296**	-
Current provision on share appreciation rights	**532**	492
Other liabilities	**4,189**	3,239
	44,323	23,304
Non-current liabilities		
Non-current portion of debt	**36,805**	33,933
Non-current derivative financial instrument	**136**	-
Non-current provision on share appreciation rights	**76**	161
Decommissioning provisions	**6,170**	6,102
Deferred tax liabilities	**15,232**	15,713
	58,419	55,909
Total liabilities	**$ 102,742**	$ 79,213
EQUITY		
Share capital	**$ 34,236**	$ 34,130
Contributed surplus	**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

SELECTED FINANCIAL INFORMATION

(unaudited)(in thousands of Canadian dollars, except per share amounts)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Revenues	**$ 36,697**	$ 42,604	**$ 57,726**	$ 61,690
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)	**4,896**	7,295	**(1,163)**	2,166
Finance expense	**(385)**	(409)	**(1,093)**	(902)
Income (loss) before income taxes	**4,511**	6,886	**(2,256)**	1,264
(Provision for) recovery of income taxes				
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:	**$ (894)**	$ (714)	**$ 1,100**	$ (1,441)
Foreign currency translation (loss) gain				
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	**$ 0.31**	$ 0.48	**$ (0.23)**	$ 0.07
Weighted average Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding (000's)	**11,009**	11,006	**11,007**	10,985

SELECTED FINANCIAL INFORMATION

(unaudited)(in thousands of Canadian dollars)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS	Six months ended June 30 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	**4,533**	4,693
Current taxes provision	**764**	787
Deferred taxes recovery	**(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	**621**	611
Derivative financial instrument loss	**472**	291
Other	**(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	**(2,987)**	(4,671)
Proceeds from repayments of loans receivable	**-**	39
Proceeds from disposal of property, plant and equipment	**-**	202
Cash used for investment activities	**(2,987)**	(4,430)
Financing activities		
Increase in bank operating advances	**20,000**	-
Proceeds from committed capital expenditure credit facility	**3,250**	-
Proceeds from the U.S. SBA Paycheck Protection Program	**1,254**	-
Payment of promissory notes	**(1,000)**	-
Interest paid	**(722)**	(426)
Payments on obligations under leases	**(237)**	(360)
Proceeds from exercise of stock options	**87**	238
Repurchase of Class A Subordinate Voting shares	**-**	(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

SELECTED FINANCIAL INFORMATION

(unaudited)(in thousands of Canadian dollars)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY					
	Share Capital	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, $nil)	-	-	(1,441)	-	(1,441)
Total comprehensive (loss) income for the period	**-**	**-**	**(1,441)**	**791**	**(650)**
Stock options exercise	277	(39)	-	-	238
Share-based compensation	-	12	-	-	12
Repurchase of Class A Subordinate Voting shares	(41)	-	-	(28)	(69)
Balance - June 30, 2019	**$ 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, $nil)	-	-	1,110	-	1,110
Total comprehensive income (loss) for the period	**-**	**-**	**1,110**	**(2,538)**	**(1,428)**
Stock options exercised	106	(19)	-	-	87
Share-based compensation	-	(17)	-	-	(17)
Balance - June 30, 2020	**$ 34,236**	**$ 3,168**	**$ 10,069**	**$ 114,529**	**$ 162,002**

For more information please contact:

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