ONE

2020

BRAMPTON BRICK Limited

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Q1 INTERIM REPORT

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the three-month interim period ended March 31, 2020, should be read in conjunction with the condensed interim consolidated financial statements as at and for the three months ended March 31, 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 March 31, 2020

The Company recorded a net loss of $5,968, or $0.54 per share for the three months ended March 31, 2020 compared to a net loss of $4,498, or $0.41 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 first quarter of 2020 and 2019 were 11,005,922 and 10,964,182, respectively.

Revenues for the first quarter of 2020 were $21,029, compared to $19,356 for the same quarter of 2019. Shipments from both the Masonry Products and Landscape Products business segments increased during the months of January and February 2020 compared to the corresponding months of the prior period due to a carry-forward of residential construction from 2019 for masonry products and higher shipments under the winter booking program for landscape products.

In March 2020, following the spread of the COVID-19 outbreak into a global pandemic, the province of Ontario invoked a province-wide state of emergency under the ***Emergency Management and Civil Protection Act*** ordering the closure of non-essential businesses until April 14, 2020. In April 2020, the state of emergency was extended to May 12, 2020.

The Company's operations in Ontario and its Farmersburg, Indiana operations were deemed essential businesses by government officials and permitted to continue operating under the respective province-wide and state-wide orders requiring closure of certain business establishments. In Ontario, certain residential construction sites with footing permits granted prior to the state of emergency declaration, were permitted to continue operations, while new residential construction was halted. As a result, revenues from shipments in the Masonry Products business segment were negatively affected in March 2020.

In comparison, revenues from shipments of the Landscape Products business segment in March 2020 were above the corresponding month of the prior period.

Additionally, revenues were favourably impacted by the strength in the average U.S. dollar exchange rate during the first quarter of 2020.

Cost of sales for the first quarter ended March 31, 2020 was $22,412, compared to $18,965 for the same quarter of 2019. The increase in costs of sales due to higher shipments was partially offset by lower per unit manufacturing costs on higher production volumes, as well as initiatives to optimize inventory levels and related working capital requirements. The strength in the average U.S. dollar exchange rate during the current period also increased costs of sales of the U.S. operations.

In April 2020, the Canadian federal government announced the Canada Emergency Wage Subsidy ("CEWS") program effective for the period March 15 – June 6, 2020. The Company has applied for the wage subsidy under this program. Payments under this program are expected to commence beginning in early May 2020. No recovery was recognized as at March 31, 2020. This program and the Paycheck Protection Program announced in the USA are discussed in more detail under the heading entitled "Financial Condition".

Selling expenses for the first quarter of 2020 were $3,225, compared to $3,343 for the same quarter of 2019 as a result of one-time costs relating to employee severances incurred during the first quarter of 2019. The decrease in expenses were partially offset by an increase in marketing and promotional expenses and the timing of their accounting recognition during the first quarter of 2020.

General and administrative expenses for the quarter ended March 31, 2020 decreased to $1,854 from $2,639 for the corresponding quarter of the prior period. The decrease was due to lower provisions required for share appreciation rights and lower personnel costs. This decrease was partially offset by an increase in consulting fees related to the Company's ERP systems and operations' optimization projects.

Other income for the three-month period ended March 31, 2020 was $403, compared to other expense of $132 for the corresponding quarter 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 quarter ended March 31, 2020 was $6,059, compared to $5,129 for the comparative quarter of 2019, for the reasons noted above.

Finance expense for the three months ended March 31, 2020 was $708, compared to $493 for the same quarter of 2019. Excluding the change in the fair value of the interest rate swap, which amounted to an unrealized loss of $478 (2019 – $222 unrealized loss), net interest expense for the first quarter of 2020 decreased to $230, compared to $271 for the same period of 2019. This decrease was due to an increase in interest income on higher cash and cash equivalents 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 recovery of income taxes totaled $799 for the first quarter of 2020 compared to a recovery of income taxes of $1,124 for the comparative quarter of 2019. The decrease in the recovery of income taxes was due to a comparative decrease in the pre-tax loss 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 $19,044 for the first quarter of 2020, compared to $17,677 for the corresponding quarter of 2019. The increase in shipments during the months of January and February 2020 compared to the same period in 2019 was due to a carry-forward of residential construction 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.

In March 2020, as noted above under the heading "Discussion of Operations for the three months ended March 31, 2020", the state of emergency declared in the province of Ontario deemed certain establishments to be non-essential businesses. While new residential construction was halted, construction sites with footing permits granted prior to the order were permitted to continue operating. In addition, most infrastructure construction was deemed non-essential. Shipments to these sites were affected and as a result overall revenues of the Masonry Products business segment decreased during March 2020.

Revenues from the Company's U.S. operations increased during the first quarter of 2020 on higher shipments. The Farmerburg, Indiana clay brick plant was deemed an essential business under the state-wide lockdown of certain business establishments enabling it to continue operating. Shipments to residential construction sites were less affected in some of the Company's U.S. markets that were deemed essential businesses, and as well, the introduction of new products helped to increase revenues in these markets.

The comparative strength in the average U.S. dollar exchange rate during the period also contributed to the increase in first-quarter revenues.

Cost of sales for the first quarter of 2020 increased to $18,381, compared to $15,473 for the corresponding quarter in 2019. The increase in costs of sales was due to the increase in shipments and from higher per unit costs on lower production volumes in the masonry concrete product plants. These increases were partially offset by initiatives to moderate inventory levels, as well as to conserve working capital, and by lower per unit costs on higher production volumes in other masonry product manufacturing plants. As noted above, the Company has applied for the wage subsidy announced by the Canadian federal government. Payments under this program are expected to commence in early May 2020. No recovery was recognized for reporting purposes as at March 31, 2020.

General and administrative expenses decreased during the first quarter of 2020 compared to the same quarter of 2019 for the same reasons described above under the section entitled "Discussion of Operations".

Operating loss for the first quarter of 2020 was $3,166, compared to $1,929 for the corresponding quarter of 2019.

LANDSCAPE PRODUCTS

Revenues of the Landscape Products business segment for the three months ended March 31, 2020 increased to $1,924, compared to $1,644 for the same quarter of 2019. A late start to the 2019-2020 dealer winter booking program and a comparatively milder winter contributed to the increase in shipments of landscape products. Historically, shipments in the first quarter of the year are the lowest of the year's four quarters.

Cost of sales for the quarter ended March 31, 2020 was $3,451, compared to $3,291 for the corresponding quarter of 2019 due to higher shipments partially offset by lower per unit costs on higher production volumes.

The operating loss for the first quarter of 2020 decreased to $2,362 compared to $3,063 for the same quarter in 2019.

CASH FLOWS

Cash used for operating activities decreased to $4,608 for the three months ended March 31, 2020 compared to $14,207 for the corresponding period in 2019, primarily due to comparatively lower inventories held, lower disbursements of trade payables and lower income tax instalment payments. This improvement was partially offset by lower operating results.

Cash utilized for purchases of property, plant and equipment totaled $1,215 for the three months of 2020 compared to $3,399 for the same period of 2019. In the first quarter of 2019, cash utilized for asset purchases included an initial cash payment of $2,083 towards the business acquisition of the concrete block manufacturing plant located in Cambridge, Ontario, for a price consideration of $6,250, excluding inventory.

Capital expenditures for machinery and equipment totaled $722, compared to $2,272 for the same period in 2019. There were no significant expenditures for land improvements and buildings in 2020 compared to $500 incurred for buildings in 2019.

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 have been announced by the federal and provincial governments and local municipal bodies in an effort to mitigate the spread of the virus. In this regard, the Company has implemented a number of measures to ensure the health and safety of its employees, suppliers and customers.

In March 2020, the province of Ontario invoked a province-wide emergency under the ***Emergency Management and Civil Protection Act*** ordering the closure of non-essential businesses until April 14, 2020. In April 2020, the state of emergency was extended to May 12, 2020. In March 2020, the state of Indiana issued an executive order to residents to shelter in place under Indiana's ***Emergency Management & Disaster Law***. These orders were extended to May 1, 2020.

The Company is actively monitoring this rapidly evolving situation.

The Company's operations in Ontario and its Farmersburg, Indiana operations were deemed essential businesses and permitted to continue operating under the respective province-wide and state-wide orders requiring closure of certain business establishments. The operations of the Company's U.S. landscape products manufacturing plant located in Wixom, Michigan was included in the state-wide closure of non-essential public spaces and shipments to construction sites. From May 7, 2020, residential and commercial construction businesses were re-opened in the state. Historically, landscape product shipments in the first and fourth quarters of each year are lower than in the second and third quarter of the year.

As at March 31, 2020, the Company's supply chains did not indicate any potential disruption. Residential construction with footing permits, granted prior to the non-essential business closure announcement by the province of Ontario, continue to be deemed essential businesses and accordingly these operations have not been substantially affected, although new residential construction was halted. The Company's revenues from shipments to commercial developments were affected in the month of March 2020, as most infrastructure developments were deemed non-essential businesses. As a result, production levels in the Company's production facilities were impacted in March and this has continued into May.

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

Significant judgments, estimates and liquidity and financial position:

a) Expected credit losses:

As at March 31, 2020, trade and other receivables totaled $16,126 (December 31, 2019 - $16,520). Customer accounts totaling $120 (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. Allowance for doubtful accounts are recognized under the simplified approach for expected lifetime credit losses, regardless of changes in credit risk.

As at March 31, 2020, customer credit risk was evaluated for any indication of potential stress due to the announced non-essential business closures. The timing and amount of collections from trade and other receivables in March 2020 did not indicate any potential concerns. In addition, the carry-forward of existing residential construction did not signal any significant impact on collectability of trade receivables from customers. Accordingly, as at March 31, 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 March 31, 2020, property, plant and equipment totaled $159,304. 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 analysis of the operational outlook for the remainder of the fiscal year, no impairment charge was recognized as at March 31, 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.

As at March 31, 2020, shipments from the Indiana clay brick plant increased compared to the prior period in 2019 with no slowdown experienced to date. Based on a preliminary assessment, no significant change to the fair value was expected. Accordingly, no additional impairment charge or reversal was recorded on the Indiana clay brick plant.

c) Liquidity and financial position:

As of March 31, 2020, cash and cash equivalents totaled $46,997. To assure maximum financial liquidity and flexibility, the Company drew down $20,000 of the maximum $22,000 available under its operating credit facility. No amount was drawn down in 2019. In addition, under the banking credit agreement, $3,250 was drawn down (December 31, 2019 – Nil) under the committed capital expenditure credit facility which provides up to a maximum amount of $5,000 as at March 31, 2020.

As noted above as at March 31, 2020, there was no indication of stress from collections of trade and other receivables. In addition, the CEWS launched by the Canadian federal government and the Small Business Administration ("SBA") - Paycheck Protection Program announced by the U.S. federal government will provide additional liquidity.

The wage subsidy under the CEWS program is available if the Company has experienced an eligible reduction in gross revenues in each prescribed period. Under this twelve-week program effective from March 15, 2020 to June 6, 2020, 75% of an employee's weekly remuneration up to a maximum stipulated amount is subsidized. The Company has applied for the wage subsidy under this program. Accordingly, amounts received under the program will be taken into income to offset wages and salaries already paid. Payments under this program are expected to commence in early May 2020.

On April 13, 2020, the Company applied for loans under the SBA Paycheck Protection Program in relation to its Farmersburg, Indiana clay brick plant and its Wixom, Michigan landscape products plant in the amounts of U.S. $522 and U.S. $370, respectively. These loan amounts were received on April 16, 2020 and bear interest at a fixed rate of 1% per annum. The Company can obtain loan forgiveness on eligible amounts incurred for payroll costs, utility expenses etc., during the eight-week period following the disbursement received under this program. The forgiven amount reduces the principal loan balance outstanding. In addition, any accrued interest on the forgiven principal amount is forgiven. The remaining unutilized amount of the loan must be repaid on a monthly basis, beginning in October 2020 and matures on April 13, 2022.

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

Trade payables totaled $19,081 at March 31, 2020 compared to $16,350 at December 31, 2019.

The ratio of total liabilities to shareholders' equity was 0.65:1 at March 31, 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, an increase in trade payables outstanding 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 at the end of March 31, 2020, from the year-end exchange rate as at December 31, 2019.

As at March 31, 2020, the Company's current ratio was 2.23:1, representing working capital of $57,500, 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 an increase in trade payables, partially offset by the increase in cash and cash equivalents and higher inventory balances held. Cash and cash equivalents totaled $46,997 at March 31, 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 March 31, 2020, the borrowing limit based on the margin formulae was $22,000, of which $20,398 was utilized (December 31, 2019 - $386) and comprises $20,000 bank operating advances and $398 in 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 March 31, 2020, changes during the period ended March 31, 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	March 31		December 31		September 30		June 30	
	2020	2019	2019	2018	2019	2018	2019	2018
Revenues	$21,029	$19,356	$ 32,919	$34,244	$46,750	$49,832	$42,604	$50,852
Net income (loss)								
	$ (5,968)	$ (4,498)	$(11,006)	$ 991	$ 3,276	$ 5,359	$ 5,289	$ 8,043
Net income (loss) per share								
Basic	$ (0.54)	$ (0.41)	$ (1.00)	$ 0.09	$ 0.30	$ 0.49	$ 0.48	$ 0.73
Diluted	$ (0.54)	$ (0.41)	$ (1.00)	$ 0.09	$ 0.30	$ 0.48	$ 0.48	$ 0.72

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 MARCH 31

Revenues for the first quarter of 2020 were above the corresponding quarter of 2019 due to higher shipments in both the Masonry Products and Landscape Products business segments. The increase due to a carry-forward of residential construction from 2019 and a delay in the commencement of the 2019-2020 dealer winter booking program was partially offset by lower revenues in March 2020 following declaration of a state of emergency in the province of Ontario requiring the closure of certain residential and infrastructural construction sites deemed as non-essential businesses noted above.

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, higher per unit costs on lower production levels in certain of the Company's facilities to optimize inventory levels and working capital.

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. 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 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 favourable weather conducive to construction following unsuitable conditions for most of the second quarter of 2019, which is historically a period of higher seasonal sales.

Costs of sales in the third quarter of 2019 were comparable to the same quarter of 2018. Although 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.

QUARTERS ENDED JUNE 30

For the second quarter of 2019, revenues decreased in both the Masonry Products and Landscape Products business segments, compared to the same quarter of 2018. The decrease in shipments was due to unfavourable weather conditions and lower single-family housing starts following fiscal measures implemented to moderate price appreciation in the Ontario housing market. These decreases were partially offset by additional masonry concrete revenues from the newly acquired concrete block plant, noted above, as well as from strength in commercial and other development activity.

Costs of sales for the second quarter of 2019 decreased due to lower shipments, lower freight and delivery expenses, lower repairs and maintenance, and the favourable impact of higher landscape production volumes to meet anticipated seasonal demand. These decreases were partially offset by higher per unit costs on lower masonry production volumes, as well as by production costs incurred at the newly acquired concrete block plant.

General and administrative costs decreased during the second quarter of 2019 compared to the same period of 2018. This decrease was due to comparatively lower employee severance expenses and lower provisions for share appreciation rights. Offsetting factors included higher provisions for trade receivables and legal expenses related to the business acquisition of a concrete block plant located at Cambridge, Ontario.

Loss on disposal of property, plant and equipment increased during the second quarter 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, 2019 decreased to $5,289, compared to $8,043 for the same period in 2018.

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 months ended March 31, 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 March 31, 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 months ended March 31, 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 March 31, 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 March 31, 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 March 31, 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 March 31, 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 March 31, 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 to be 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 March 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTLOOK

The COVID-19 worldwide pandemic has had a significant impact on the Company's production and distribution capabilities. At the time of this report, all production facilities have ceased operations, except for the clay brick facilities located in Brampton, Ontario and Farmersburg, Indiana.

The Wixom, Michigan facility had on March 24, 2020 ceased production and all product shipments, pursuant to the Michigan state-wide order closing non-essential public spaces. Wixom shipments resumed in the last week of April, but the plant's production remains closed. The Company's other locations continue to ship product to customers who remain open for business within Ontario and regional markets served by our facility located in Farmersburg, Indiana.

We are taking all the necessary precautions to assure the health and safety of all of our employees, suppliers and customers. Contingency plans have been put in place to enable the Company's operating and marketing plans to accommodate whatever the economic environment will be going forward. Importantly, Brampton Brick is in a much better financial and competitive position to address these issues and to take advantage of potential opportunities that could develop in 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.

The start of 2020 saw a noticeable increase in the initiation of construction of new homes in the Company's Canadian masonry markets. This represented an uptick from the softer market conditions that existed from mid-2018 through most of 2019.

Revenues related to Masonry products increased in the first part of the quarter but were directly impacted by the COVID-19 required shutdowns in March. Masonry products are still being delivered to new home projects that are in the process of being completed. However, new home construction projects that have not yet received footing permits have been excluded from the most recent definition of essential services under Ontario's ***Emergency Management and Civil Protection Act***. As a consequence, most masonry business activity in Ontario is expected to slow until the economy is opened post-COVID-19.

For 2020, business activity for landscape products across the Company's market regions was originally anticipated to increase from 2019 levels. The related COVID-19 required shutdown which has occurred at the beginning of the landscape construction season, will negatively impact the 2020 outlook for this business segment. The timing of when Ontario, Quebec and Michigan open for business will determine the business results for this segment in 2020.

For 2020, the Company's U.S. clay brick plant will operate at the appropriate capacity utilization levels to service its commercial and residential product markets. However, it is still too early to determine what the COVID-19 impact will be on overall demand for the full year.

The assets of Universal Resource Recovery Inc. consist primarily of a 65-acre property containing two industrial buildings totaling approximately 600,000 square feet located in Welland, Ontario. The Company is in the process of marketing the facility as a rental property.

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 12th day of May, 2020.

Condensed Interim Consolidated Balance Sheets

(unaudited) (in thousands of Canadian dollars)	Notes	March 31, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		$ 46,997	$ 30,953
Trade and other receivables		16,126	16,520
Inventories		38,170	33,354
Other assets		1,365	1,018
Income tax recoverable		1,758	1,338
Current derivative financial instrument	7	-	21
		104,416	83,204
Non-current assets			
Property, plant and equipment	4	159,304	159,326
Non-current derivative financial instrument	7	-	19
Other assets		21	24
		159,325	159,369
Total assets	15	$ 263,741	$ 242,573
LIABILITIES			
Current liabilities			
Bank operating advances	5	$ 20,000	$ -
Trade payables		19,081	16,350
Current portion of debt	6, 12	3,670	3,223
Current derivative financial instrument	7	260	-
Current provision on share appreciation rights	9	321	492
Other liabilities		3,584	3,239
		46,916	23,304
Non-current liabilities			
Non-current portion of debt	6, 12	35,655	33,933
Non-current derivative financial instrument	7	178	-
Non-current provision on share appreciation rights	9	42	161
Decommissioning provisions		6,158	6,102
Deferred tax liabilities	10	15,326	15,713
		57,359	55,909
Total liabilities		$ 104,275	$ 79,213
EQUITY			
Share capital	8	$ 34,236	$ 34,130
Contributed surplus	9	3,169	3,204
Accumulated other comprehensive income		10,962	8,959
Retained earnings		111,099	117,067
Total equity		$ 159,466	$ 163,360
Total liabilities and equity		$ 263,741	$ 242,573

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

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

		Three months ended March 31,	
(unaudited) (in thousands of Canadian dollars, except per share amounts)	Notes	2020	2019
Revenues	14,15, 16	$ 21,029	$ 19,356
Cost of sales		22,412	18,965
Selling expenses		3,225	3,343
General and administrative expenses		1,854	2,639
Gain on disposal of property, plant and equipment		-	(21)
Other (income) expense		(403)	132
Gain from bargain purchase of concrete block business		-	(573)
		27,088	24,485
Operating loss	15	(6,059)	(5,129)
Finance expense	5, 6, 7	(708)	(493)
Loss before income taxes		(6,767)	(5,622)
Recovery of income taxes	10		
Current		410	941
Deferred		389	183
		799	1,124
Net loss for the period		$ (5,968)	$ (4,498)
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Foreign currency translation gain (loss)		$ 2,003	$ (727)
Total comprehensive loss for the period		$ (3,965)	$ (5,225)
Net loss per Class A Subordinate Voting share and Class B Multiple Voting share			
Basic	11	$ (0.54)	$ (0.41)
Diluted	11	$ (0.54)	$ (0.41)

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 loss for the period					(4,498)	(4,498)
Other comprehensive loss (net of taxes, $nil)				(727)		(727)
Total comprehensive loss for the period		-	-	(727)	(4,498)	(5,225)
Stock options exercised	9	277	(39)			238
Share-based compensation	9		21			21
Balance - March 31, 2019		**$ 34,186**	**$ 3,200**	**$ 10,220**	**$ 119,548**	**$ 167,154**
Balance - January 1, 2020		**$ 34,130**	**$ 3,204**	**$ 8,959**	**$ 117,067**	**$ 163,360**
Net loss for the period					(5,968)	(5,968)
Other comprehensive income (net of taxes, $nil)				2,003		2,003
Total comprehensive income (loss) for the period		**-**	**-**	**2,003**	**(5,968)**	**(3,965)**
Stock options exercised	9	106	(19)			87
Share-based compensation	9		(16)			(16)
Balance - March 31, 2020		**$ 34,236**	**$ 3,169**	**$ 10,962**	**$ 111,099**	**$ 159,466**

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

Condensed Interim Consolidated Statements of Changes in Equity

		Three months ended March 31	
(unaudited) (in thousands of Canadian dollars)	Notes	2020	2019
Cash provided by (used for)			
Operating activities			
Net loss for the period		**$ (5,968)**	$ (4,498)
Items not affecting cash and cash equivalents			
Depreciation	4	**2,234**	2,296
Current tax recovery	10	**(410)**	(941)
Deferred tax recovery	10	**(389)**	(183)
Gain on disposal of property, plant and equipment		**-**	(21)
Unrealized foreign currency exchange (gain) loss		**(490)**	132
Gain from bargain purchase of concrete block business		**-**	(573)
Net interest expense	5, 6	**230**	271
Derivative financial instrument loss	7	**478**	222
Other	9	**(299)**	14
		(4,614)	(3,281)
Changes in non-cash items			
Trade and other receivables		**590**	338
Inventories		**(3,868)**	(5,943)
Other assets		**(326)**	(170)
Trade payables		**3,092**	(4,274)
Other liabilities		**528**	19
		16	(10,030)
Income tax payments		**(10)**	(896)
Cash used for operating activities		**(4,608)**	(14,207)
Investing activities			
Purchase of property, plant and equipment	4	**(1,215)**	(3,399)
Proceeds from repayments of loans receivable		**-**	19
Proceeds from disposal of property, plant and equipment		**-**	21
Cash used for investing activities		**(1,215)**	(3,359)
Financing activities			
Increase in bank operating advances	5	**20,000**	-
Proceeds from committed capital expenditure credit facility	6	**3,250**	-
Payment of promissory notes	12	**(1,000)**	-
Interest paid	5, 6	**(465)**	(181)
Payments on obligations under leases	12	**(123)**	(132)
Proceeds from exercise of stock options	9	**87**	238
Cash provided by (used for) financing activities		**21,749**	(75)
Foreign exchange on cash held in foreign currency		**118**	(57)
Increase (decrease) in cash and cash equivalents		**16,044**	(17,698)
Cash and cash equivalents at the beginning of the period		**30,953**	27,043
Cash and cash equivalents at the end of the period		**$ 46,997**	$ 9,345

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 is in the process of marketing its property located at Welland, Ontario as a rental property.

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 months ended March 31, 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 months ended March 31, 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 months ended March 31, 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 months ended March 31, 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 May 12, 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 have been announced by the federal and provincial governments and local municipal bodies in an effort to mitigate the spread of the virus. The Company has implemented a number of measures to ensure the health and safety of its employees.

In March 2020, the province of Ontario invoked a province-wide state of emergency under the ***Emergency Management and Civil Protection Act*** ordering the closure of non-essential businesses until April 14, 2020. In April 2020, the state of emergency was extended to May 12, 2020. In March 2020, the state of Indiana issued an executive order to residents to shelter in place under Indiana's ***Emergency Management & Disaster Law***. These orders were extended to May 1, 2020. The Company is actively monitoring this rapidly evolving situation.

The Company's operations in Ontario and its Farmersburg, Indiana operations were deemed essential businesses by government officials and permitted to continue operating under the respective province-wide and state-wide orders requiring closure of certain business establishments. The operations of the Company's U.S. landscape products manufacturing plant located in Wixom, Michigan are included in the state-wide closure of non-essential public spaces and shipments to construction sites. From May 7, 2020, residential and commercial construction businesses were 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 at March 31, 2020, the Company's supply chains did not indicate any potential disruption. Residential construction with footing permits, granted prior to the non-essential business closure announcement by the province of Ontario, continue to be deemed essential businesses and accordingly these operations have not been substantially affected, although new residential constructions were halted. The Company's revenues from shipments to commercial developments were affected in the month of March 2020, as most infrastructure developments were deemed non-essential businesses.

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 March 31, 2020, trade and other receivables totaled $16,126 (December 31, 2019 – $16,520). Customer accounts totaling $120 (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, regardless of changes in credit risk.

As at March 31, 2020, customer credit risk was evaluated for any indication of potential stress due to the announced non-essential business closures. The timing and amount of collections from trade and other receivables in March 2020 did not indicate any potential concerns. In addition, the carry-forward of existing residential construction

did not signal any significant impact on collectability of trade receivables from customers. Accordingly, as at March 31, 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 March 31, 2020, property, plant and equipment totaled $159,304. Due to the impact of COVID-19, management completed a peliminary 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 analysis of the operational outlook for the remainder of the fiscal year, no impairment charge was recognized as at March 31, 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.

As at March 31, 2020, shipments from the Indiana clay brick plant increased compared to the prior period with no slowdown experienced to date. Based on a preliminary assessment, no significant change to the fair value was expected. Accordingly, no additional impairment charge or reversal was recorded on the Indiana clay brick plant.

c) Liquidity and financial position

As at March 31, 2020, cash and cash equivalents totaled $46,997, 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 (2019 - $22,000), of which $20,000 (2019 – Nil) was utilized. 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 March 31, 2020. Refer Note 6, "Debt".

As noted above as at March 31, 2020, there was no indication of stress from collections of trade and other receivables. In addition, the Canada Emergency Wage Subsidy program ("CEWS") launched by the Canadian federal government and the Paycheck Protection Program announced by the U.S. federal government will provide additional financing to support the Company's operations and assist in subsidizing employee wage and certain facility-related costs.

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 at March 31, 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.

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 three months ended March 31, 2020					
Additions	13	-	722	9	744
Depreciation for the period	(82)	(350)	(1,518)	(284)	(2,234)
Exchange differences	240	222	964	42	1,468
	171	**(128)**	**168**	**(233)**	**(22)**
As at March 31, 2020					
Cost	97,956	47,538	172,167	9,506	327,167
Accumulated depreciation and impairment loss	(23,309)	(25,380)	(111,906)	(7,268)	(167,863)
Net book value	**74,647**	**22,158**	**60,261**	**2,238**	**159,304**

For the three months ended March 31, 2020, depreciation expense totaled $2,234 (2019 - $2,296), of which $2,174 (2019 - $2,210) was included in Cost of sales, $4 (2019 – $7) was included in Selling expenses and $56 (2019 - $79) was included in General and administrative expenses.

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

	March 31, 2020 $	December 31, 2019 $
Cost – Right-of-Use assets	1,832	1,802
Accumulated depreciation – Right-of-Use assets	(1,218)	(1,066)
Net book value – Right-of-Use Assets	**614**	**736**

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 March 31, 2020 the Company was in compliance with all the financial covenants.

As at March 31, 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 $20,398 (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 $398 (December 31, 2019 - $368) in outstanding letters of credit.

As at March 31, 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:

		March 31, 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		**(364)**	(405)
	b	**3,636**	4,595
Obligations under leases		**624**	746
		39,325	37,156
Less: Payments due within one year – current portion		**3,670**	3,223
Non-current portion of debt		**35,655**	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. As at March 31, 2020, the Company is 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 March 31, 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 March 31, 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 months ended March 31, 2020 amounted to an unrealized loss of $478 (2019 - $222 unrealized loss). The fair value of the interest rate swap derivative in the amounts of $260 (December 31, 2019 - $21, current derivative financial asset) and $178 (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.

As at March 31, 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 March 31, 2020 and March 31, 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 March 31, 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 March 31, 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.

In the corresponding period 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 2020 period, a total of 37,500 stock options expired (2019 - Nil).

For the three months ended March 31, 2020, the total share-based compensation cost with respect to all stock options granted was a credit of $9 (2019 – $21).

As at March 31, 2020, an aggregate of 815,400 (December 31, 2019 – 884,600) stock options were outstanding, of which 780,900 (December 31, 2019 – 850,100) were fully vested and exercisable by the holders thereof at a weighted average exercise price of $5.97 (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. 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 during the first quarter of 2020.

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 March 31, 2020	**$1.27**	**$0.65**	**$0.60**
Assumptions:			
Risk-free interest rate	**0.63%**	**0.60%**	**0.60%**
Expected life	**6.5 years**	**5.0 years**	**5.3 years**
Volatility (determined by reference to historically observed prices of Class A Subordinate Voting Shares)	**33.10%**	**32.24%**	**31.93%**
Expected dividend yield	**0.0%**	**0.0%**	**0.0%**
Expected forfeitures	**Nil**	**Nil**	**Nil**

No share appreciation rights were exercised during the three-month periods ended March 31, 2020 and March 31, 2019, respectively.

For the three months ended March 31, 2020, the change in fair value of the provision for share appreciation rights was an unrealized gain of $290 (2019 – $7 unrealized gain). As at March 31, 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 $321 (December 31, 2019 – $492) and $42 (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 LOSS PER SHARE

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

	Three months ended March 31					
	2020			2019		
Loss per share	**Net loss $**	**Shares (thousands)**	**Per share amount $**	**Net loss $**	**Shares (thousands)**	**Per share amount $**
Basic and diluted loss per share	**(5,968)**	**11,006**	**(0.54)**	(4,498)	10,964	(0.41)

Dilutive employee stock options have no effect on the calculation of the diluted loss per share due to the loss incurred for the periods ended March 31, 2020 and March 31, 2019.

12. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

For the periods ended March 31, 2020 and March 31, 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**	**$317**
Cash flows:					
Increase in financial obligations	20,000	464	2,786	-	-
Payments during the period	-	(1,000)	-	(123)	-
Changes from cash flows	**20,000**	**(536)**	**2,786**	**(123)**	**-**
Non-cash changes:					
Impact of currency exchange rates		-	-	1	-
Unwinding of discount on promissory notes		41	-	-	-
Other non-cash movements		968	(968)	96	(96)
Non-cash changes		1,009	(968)	97	(96)
Balance as at March 31, 2020	**$ 20,000**	**$3,267**	**$35,434**	**$403**	**$221**

	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	-		(132)	
Changes from cash flows	**-**		**(132)**	
Non-cash changes:				
Net increase in financial obligations	814	3,612	-	-
Impact of currency exchange rates	-	-	(2)	1
Unwinding of discount on promissory notes	29	-	-	-
Other non-cash movements	(24)	24	108	(108)
Non-cash changes	**819**	**3,636**	**106**	**(107)**
Balance as at March 31, 2019	**$2,769**	**$35,451**	**$561**	**$463**

13. COMMITMENTS AND CONTINGENCIES

As at March 31, 2020, the Company had capital expenditure commitments with suppliers totaling $2,508.

The Company normally enters into supply and transportation contracts for natural gas to satisfy its future requirements. As at March 31, 2020, the Company had contracted for its estimated remaining 2020 Canadian natural gas supply requirements at an aggregate estimated cost of $608, none of which was at fixed prices, and for its estimated remaining 2020 Canadian transportation requirements at an aggregate estimated cost of $425, of which 81% was at fixed prices. The potential unrealized gain on the fixed price transportation contracts was Nil (2019 – approximately $41 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 March 31, 2020 was $398 (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 1.9% (2019 – 8.3%) of revenues in aggregate for the three months ended March 31, 2020. As at March 31, 2020, there was no trade receivable balance outstanding from related customers (December 31, 2019 - $4).

Trade payables to related parties, including payables for rebates, totaled $33 as at March 31, 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 March 31	
i) Revenues	**2020 $**	2019 $
Masonry Products	**19,044**	17,677
Landscape Products	**1,924**	1,644
Other	**61**	35
Revenues	**21,029**	19,356
ii) Operating income (loss)		
Masonry Products	**(3,166)**	(1,929)
Landscape Products	**(2,362)**	(3,063)
Other	**(531)**	(137)
Operating loss	**(6,059)**	(5,129)
Finance expense	**(708)**	(493)
Recovery of income taxes	**799**	1,124
Net loss for the period	**(5,968)**	(4,498)
iii) Total assets	**March 31, 2020 $**	December 31, 2019 $
Masonry and Landscape Products	**251,073**	229,761
Other	**12,668**	12,812
Total assets	**263,741**	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 March 31,	
	2020 Revenues $	2019 Revenues $
Canada	18,292	17,283
United States	2,737	2,073
	21,029	19,356

	March 31, 2020 Property, plant and equipment $	December 31, 2019 Property, plant and equipment $
Canada	138,341	139,630
United States	20,963	19,696
	159,304	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 months ended March 31, 2020 are not necessarily indicative of the results to be expected for the full year.

17. SUBSEQUENT EVENTS

On April 1, 2020, the Canadian federal government announced the CEWS program. Under this twelve-week program effective from March 15, 2020 to June 6, 2020, Canadian employers eligible to receive the wage subsidy of 75% of an employee's weekly remuneration, up to a maximum stipulated amount, must have experienced an eligible reduction in gross revenues in each prescribed period. The Company has applied for the wage subsidy under this program. Amounts received under the program will be taken to income to offset wages and salaries. Payments under this program are expected to commence from early May 2020. No recovery was recognized as at March 31, 2020.

On April 13, 2020, the Company applied for loans from the U.S. Small Business Administration, under the Paycheck Protection Program in relation to its Farmersburg, Indiana clay brick plant and its Wixom, Michigan landscape products plant in the amounts of U.S. $522 and U.S. $370, respectively. These loan amounts were received on April 16, 2020 and bear interest at a fixed rate of 1% per annum. The Company can obtain loan forgiveness on eligible amounts incurred for payroll costs, utility expenses etc., during the eight-week period following the disbursement received under this program. The forgiven amount reduces the principal loan balance outstanding. In addition, any accrued interest on the forgiven principal amount is forgiven. The remaining amount must be repaid on a monthly basis, beginning in October 2020 and matures on April 13, 2022.

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