BRAMPTON BRICK Limited

# FOR IMMEDIATE RELEASE

## BRAMPTON BRICK REPORTS RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2019

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

**BRAMPTON, ONTARIO, November 7, 2019** – Brampton Brick Limited (TSX:BBL.A) today reported net income of $3,276, or $0.30 per share, for the three months ended September 30, 2019, compared to net income of $5,359, or $0.49 per share, for the corresponding quarter in 2018. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding for the third quarter of 2019 and 2018 were 10,997,054 and 10,966,602, respectively.

## DISCUSSION OF OPERATIONS

### Three months ended September 30, 2019

Revenues for the third quarter of 2019 were $46,750 compared to $49,832 for the same quarter of 2018. Overall revenues of the Masonry Products business segment decreased due to legislation introduced at the provincial and federal levels which has impacted residential construction in Ontario. However, masonry product shipments for commercial and other developmental construction did increase during the quarter. Shipments in the Company's U.S. markets during the third quarter of 2019 were affected by unfavourable weather conditions, however, revenues were favourably impacted by the strength in the average U.S. dollar exchange rate during the third quarter of 2019. The decrease in revenues in the 2019 period was partially offset by an increase in shipments in the Landscape Products business segment.

Cost of sales for the third quarter ended September 30, 2019 was $37,493 compared to $37,472 for the same quarter of 2018. Higher per unit costs of manufacturing due to lower production volumes during the three-month period in 2019 offset decreases in costs of sales on lower shipments, freight and delivery expenses, and repair and maintenance costs during the third quarter of 2019.

Selling expenses for the third quarter of 2019 was $3,144 compared to $3,192 for the same quarter of 2018. During the third quarter of 2019, decreases in personnel expenses were offset by higher marketing expenses, and enhancements to customer relationship management applications.

General and administrative expenses for the quarter ended September 30, 2019 decreased to $1,487 from $2,199 for the same period of 2018. The decrease was due to lower provisions required for share appreciation rights and lower reserves needed for potential bad debt expense. Partial offsets to these reductions were costs incurred for consulting fees related to new projects evaluating the company's ERP systems and operations' optimization models.

Other income was $128 for the three-month period ended September 30, 2019 compared to other expense of $33 for the corresponding quarter of 2018. 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.

Operating income for the quarter ended September 30, 2019 decreased to $4,769 from $7,029 for the same quarter in 2018, for the reasons noted above.

Finance expense for the three months ended September 30, 2019 was $252 compared to $144 for the corresponding quarter in 2018. Excluding the change in the fair value of the interest rate swap, which amounted to an unrealized gain of $51 (2018 – $141), net interest expense for the third quarter of 2019 increased to $303 compared to $285 for the same period of 2018. This increase during the period was due to imputed interest related to the promissory notes acquired on the settlement of the business acquisition discussed below in the section entitled "Discussion of Operations" for the nine-month period ended September 30, 2019. This increase was partially offset by lower interest expense on lower term loan balances outstanding under the Company's banking credit facilities, as a result of scheduled repayments amounting to $1,950 made during the third quarter of 2019 and the last quarter of 2018.

The provision for income taxes totaled $1,241 for the third quarter of 2019 compared to a provision for income taxes of $1,526 for the same quarter of 2018. The decreased provision for income taxes was due to lower operating results. The provisions for income taxes in both periods are related to 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.

## Nine months ended September 30, 2019

The Company recorded net income of $4,067, or $0.37 per share, for the nine-month period ended September 30, 2019, compared to net income of $12,453, or $1.14 per share, for the corresponding period in 2018. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding for the periods ended September 30, 2019 and September 30, 2018 was 10,989,320 and 10,970,955, respectively.

Revenues for the nine-month period ended September 30, 2019 were $108,710 compared to $125,641 for the corresponding period in 2018, due to lower shipments in both the Masonry Products and Landscape Products business segments. Unfavourable weather conditions in the Company's markets in Canada during the first half of 2019 and the negative impact on residential construction of legislation introduced at the provincial and federal levels affected shipments during the nine months of 2019. Revenues in the Company's U.S. markets for the period ended September 30, 2019 were favourably impacted by the strength in the average U.S. dollar exchange rate, however shipments were lower due to harsh weather conditions experienced in certain markets during periods of historically higher seasonal sales. The favourable impact of shipments from the recently acquired concrete products plant located in Cambridge, Ontario offset, in part, some of these decreases.

During the nine-month period of 2018, revenues were comparatively higher due to the carry-forward of construction projects from 2017 and the deferral of landscape shipments from 2017 to the first quarter of 2018 under the 2017 – 2018 dealer winter booking program.

Cost of sales for the nine months ended September 30, 2019 decreased to $85,648 from $93,284 for the corresponding period in 2018. Costs of sales decreased due to lower shipments, lower trucking and delivery expenses and a decrease in repair and maintenance expense during the 2019 period. This decrease was offset, in part, by higher per unit costs on production of lower volumes. The comparative strength in the average U.S. dollar exchange rate during the 2019 period also increased cost of sales of the U.S. operations.

Selling expenses for the nine months ended September 30, 2019 were $9,778 compared to $9,677 for the same period in 2018. The increase in selling expenses was due to one-time employee severance costs incurred during the first quarter of 2019, which was partially

offset by lower sales commissions. Higher costs to upgrade software for the Company's customer relationship management application were also incurred.

General and administrative expenses for the nine-month period ended September 30, 2019 decreased to $5,886 from $6,331 for the corresponding period of 2018. This decrease in expense is described in the section entitled "Discussion of Operations" for the three months ended September 30, 2019. Additionally, an increase in legal expenses related to the acquisition noted below partially offset this decrease.

Loss on disposal of property, plant and equipment for the period ended September 30, 2019, was $884 compared to a gain of $21 for the same period in 2018. The loss in the 2019 period relates primarily to the Boisbriand, Quebec concrete products plant. In order to optimize efficiencies in the Company's overall concrete plant network, this plant now operates exclusively for product finishing activities. As a result, certain surplus production equipment at this plant was disposed of for proceeds of $150 during the second quarter of 2019.

Other expense was $152 for the nine-month period ended September 30, 2019, compared to other income of $79 for the corresponding period of 2018. This 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.

On February 4, 2019, the Company acquired the business of a concrete block manufacturing plant located in Cambridge, Ontario. Assets acquired at fair value totaled $7,500 and included land, building, production equipment and inventory.

The purchase consideration was settled by a cash payment of $2,500 and a vendor take-back loan in the form of two non-interest bearing promissory notes totaling $5,000, payable in equal instalments over five years. On the date of acquisition, the fair value of the business acquired exceeded the acquisition-date fair value of the purchase consideration due to the non-interest bearing, deferred settlement terms on the vendor take-back loan recognized at present value. Accordingly, a gain of $573 was recognized from the bargain purchase of this concrete block business in the Consolidated Statement of Comprehensive Income (Loss) in the first quarter of 2019.

Operating income for the nine months ended September 30, 2019 decreased to $6,935 from $17,211 for the same period in 2018, for the reasons noted above.

Finance expense for the nine months ended September 30, 2019 was $1,154 compared to $613 for the corresponding period in 2018. Excluding the change in the fair value of the interest rate swap, which amounted to an unrealized loss of $240 (2018 – unrealized gain of $252), net interest expense increased to $914 for the 2019 period from $865 for same period of 2018. The reasons for this increase are noted above under the section entitled "Discussion of Operations" for the three months ended September 30, 2019. Higher interest income on cash balances held partially offset the increase in overall finance expenses.

Provision for income taxes decreased to $1,714 for the nine-month period of 2019 on lower operating results, compared to a provision for income taxes of $4,145 for the same period of 2018. The provision for income taxes in both periods related to 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 $28,473 for the quarter ended September 30, 2019, compared to $32,962 for the corresponding quarter of 2018. Lower shipments of masonry products in the Company's Canadian market, due to the continuing slow pace in residential construction during the third quarter of 2019, were partially offset by an increase in revenues from commercial and other construction activity and the favourable impact of shipments from the Cambridge, Ontario plant acquired in the first quarter of 2019. In the Company's U.S. markets shipments were impacted by unfavourable weather conditions experienced during periods of higher seasonal demand. The comparative strength in the average U.S. dollar exchange rate during the third quarter of 2019 partially offset this decrease.

Cost of sales for the third quarter of 2019 decreased to $24,090 compared to $24,292 for the corresponding quarter in 2018. Costs of sales on lower shipments, lower freight and delivery expenses and lower repair and maintenance expenses incurred during the current quarter were largely offset by higher per unit costs on lower production volumes and production costs incurred at the newly acquired concrete block business.

General and administrative expenses for the third quarter of 2019 decreased to $842 from $1,429 for the same reasons described above under the section entitled "Discussion of Operations" for the three-month period ended September 30, 2019.

Operating income for the third quarter of 2019 was $1,629 compared to $5,299 for the same quarter of 2018.

For the nine months ended September 30, 2019, revenues of the Masonry Products business segment were $73,508, compared to $89,244 for the corresponding period of 2018. This decrease was primarily due to unfavourable weather conditions in the first half of 2019 and the slowdown in residential construction following the implementation of fiscal measures to contain price appreciation in the Ontario housing market. Revenues from the newly acquired concrete block plant and higher demand from commercial and other construction activity offset some of the reduced revenue from a decrease in shipments during the nine-month period of 2019. The decrease in shipments in the Company's U.S. markets is described above under the section entitled "Masonry Products" for the three months ended September 30, 2019. Revenues in the Company's Canadian markets in the 2018 period were favourably impacted by a carry-forward of construction projects from 2017.

Cost of sales for the nine-month period of 2019 decreased to $60,015 compared to $64,447 for the corresponding period of 2018, due primarily to lower shipments, lower labour costs and lower natural gas and electricity costs. This comparative decrease was partially offset by higher per unit costs on lower production volumes, initiatives to optimize inventory levels and production costs incurred at the newly acquired concrete block plant, as well as an increase in the average U.S. dollar exchange rate during the 2019 period.

Loss on disposal of property, plant and equipment totaled $896 for the nine months of 2019 compared to a gain of $14 for the corresponding period of 2018 for the reasons noted under the section entitled "Discussion of Operations" for the nine months ended September 30, 2019.

The gain from the bargain purchase of a concrete block business in Cambridge, Ontario totaling $573 was recognized during the first quarter of 2019 and is described in more detail under the section entitled "Discussion of Operations" for the nine months ended September 30, 2019.

Operating income for the nine months of 2019 was $2,356 compared to $13,846 for the corresponding period of 2018.

## LANDSCAPE PRODUCTS

Revenues of the Landscape Products business segment for the three months ended September 30, 2019 increased to $18,231 compared to $16,836 for the corresponding quarter of 2018. Landscape shipments were favourably impacted by weather conditions conducive to exterior renovations in the third quarter of 2019, following comparatively unfavourable weather in the second quarter of 2019, a period of historically higher sales. During the corresponding third quarter of 2018, fiscal measures to contain rising prices affected the momentum in the housing market in Ontario, which slowed customer demand for home exterior upgrades, affecting shipments in that period.

Cost of sales for the quarter ended September 30, 2019 was $13,195 compared to $13,002 for the corresponding quarter of 2018 due to higher shipments as well as higher per unit costs on lower production volumes, which comparatively increased costs of sales for the current quarter. Cost of sales in the 2018 period was affected by higher inter-plant freight costs for product transfers to meet customer demand.

Operating income for the third quarter of 2019 increased to $3,437 compared to $1,945 for the same quarter in 2018.

Revenues of the Landscape Products business segment for the nine months ended September 30, 2019 were $35,086, compared to $36,329 for the corresponding period of 2018. As noted above, higher third quarter shipments in 2019 helped to offset some of the decrease in shipments during the first half of the year. In the first three quarters of 2018, revenues were favourably impacted due to shipments made in the first quarter of 2018 that were deferred from the latter part of 2017 because of capacity constraints in the company's landscape products facilities during that period.

Cost of sales for the nine months ended September 30, 2019 decreased to $25,092 from $28,495 for the corresponding period of 2018. Costs of sales during the 2019 period decreased due to lower shipments, which were partially offset by the effects of higher per unit costs on lower production volumes. Costs of sales in the comparative period of 2018 were higher due to increased shipment volumes, on the deferral of 2017 shipments to the first quarter of 2018 as noted above. In addition, costs of sales were higher in the 2018 period due to higher trucking expenses for product transfers to facilitate customer delivery.

Operating income for the first nine months of 2019 increased to $5,134 compared to $3,032 for the same period of 2018.

## CASH FLOWS

Cash provided by operating activities decreased to $3,597 for the nine months ended September 30, 2019 compared to $10,174 for the corresponding period in 2018, primarily due to a decrease in operating results. This year-over-year decrease in cash provided by operating activities was offset, in part, by a decrease in income tax instalment payments.

Cash utilized for purchases of property, plant and equipment totaled $5,479 for the nine-month period of 2019 compared to $3,928 for the same period of 2018. Assets acquired from the business acquisition of the concrete block manufacturing plant located in Cambridge, Ontario, totaled $6,250, excluding inventory. Of the initial cash payment of $2,500 on acquisition of this business, the cash payment allocated to property, plant and equipment was $2,083, with the remainder for inventory on hand.

Capital expenditures for machinery and equipment totaled $2,775 (2018 - $3,088), with $904 (2018 - $1,215) for mobile equipment, of which $169 (2018 – $449) was financed by leases and $275 (2018 - $454) and $6 (2018 – $23) for land improvements and buildings, respectively. Cash utilized for capital expenditures during the period ended September 30, 2019 totaled $3,396 (2018 - $3,878), excluding the assets acquired from the business acquisition.

## 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.

There were no bank operating advances outstanding as of September 30, 2019 and as of December 31, 2018.

Trade payables totaled $17,358 at September 30, 2019 compared to $17,429 at December 31, 2018.

The ratio of total liabilities to shareholders' equity was 0.48:1 at September 30, 2019 compared to 0.46:1 both at January 1, 2019 and at December 31, 2018. This increase in the ratio was primarily due to an increase in debt for the acquisition of the concrete block business discussed above, and an increase in other liabilities resulting from timing differences in sales tax remittances for the period. Additionally, a decrease in accumulated other comprehensive income due to a decrease in the value of the exchange rate of the U.S. dollar at the end of September 30, 2019, from the year-end exchange rate as at December 31, 2018 also increased the ratio.

As at September 30, 2019, the Company's current ratio was 3.32:1, representing working capital of $61,826, compared to 3.32:1 and $57,428, respectively, as at January 1, 2019 and 3.33:1 and $57,547, respectively, as at December 31, 2018. There was basically no change in the current ratio from January 1, 2019 to September 30, 2019. Increases to the ratio from increases in trade and other receivables and other assets were offset by a decrease in cash and cash equivalents, as well as an increase in other liabilities and an increase in the current portion of debt due to the acquisition of the concrete block business noted above. Cash and cash equivalents totaled $23,235 at September 30, 2019, compared to $27,043 at December 31, 2018.

The change in balances in the January 1, 2019 balance sheet from December 31, 2018 is due to the adoption of the new accounting standard, IFRS 16, *Leases*, on January 1, 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 September 30, 2019, the borrowing limit based on the margin formulae was $22,000, of which $375 (December 31, 2018 - $386) in outstanding letters of credit was utilized.

The Company was in compliance with all financial covenants under its term financing agreement and operating credit facility as at September 30, 2019, and anticipates that it will maintain compliance throughout the year.

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 obligations as they become due

## 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 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. 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 2018 annual MD&A, included in the Company's 2018 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, 2018), 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.

# SELECTED FINANCIAL INFORMATION

*(unaudited)(in thousands of Canadian dollars)*

| CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS | September 30, 2019 | January 1, 2019 | December 31, 2018 |
|---|---|---|---|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | $ 23,235 | $ 27,043 | $ 27,043 |
| Trade and other receivables | 26,886 | 18,137 | 18,137 |
| Inventories | 36,103 | 35,583 | 35,583 |
| Other assets | 1,854 | 1,210 | 1,210 |
| Income tax recoverable | 392 | 119 | 119 |
| Loan receivable | - | 64 | 64 |
| Current derivative financial instrument | 5 | 77 | 77 |
| | 88,475 | 82,233 | 82,233 |
| Non-current assets | | | |
| Property, plant and equipment | 170,672 | 169,338 | 169,075 |
| Non-current derivative financial instrument | - | 129 | 129 |
| Other assets | 27 | 79 | 79 |
| | 170,699 | 169,546 | 169,283 |
| Total assets | $ 259,174 | $ 251,779 | $ 251,516 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade payables | $ 17,358 | $ 17,429 | $ 17,429 |
| Current portion of debt | 3,233 | 2,537 | 2,418 |
| Current provision on share appreciation rights | 364 | 402 | 402 |
| Other liabilities | 5,694 | 4,437 | 4,437 |
| | 26,649 | 24,805 | 24,686 |
| Non-current liabilities | | | |
| Non-current portion of debt | 34,744 | 32,385 | 32,241 |
| Non-current derivative financial instrument | 39 | - | - |
| Non-current provision on share appreciation rights | 100 | 161 | 161 |
| Decommissioning provisions | 7,087 | 6,974 | 6,974 |
| Deferred tax liabilities | 15,215 | 15,334 | 15,334 |
| | 57,185 | 54,854 | 54,710 |
| Total liabilities | $ 83,834 | $ 79,659 | $ 79,396 |
| EQUITY | | | |
| Share capital | $ 34,134 | $ 33,909 | $ 33,909 |
| Contributed surplus | 3,197 | 3,218 | 3,218 |
| Accumulated other comprehensive income | 9,933 | 10,947 | 10,947 |
| Retained earnings | 128,076 | 124,046 | 124,046 |
| Total equity | $ 175,340 | $ 172,120 | $ 172,120 |
| Total liabilities and equity | $ 259,174 | $ 251,779 | $ 251,516 |

# SELECTED FINANCIAL INFORMATION

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

| CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) | Three months ended September 30, 2019 | Three months ended September 30, 2018 | Nine months ended September 30, 2019 | Nine months ended September 30, 2018 |
|---|---|---|---|---|
| Revenues | $ 46,750 | $ 49,832 | $ 108,710 | $ 125,641 |
| Cost of sales | 37,493 | 37,472 | 85,648 | 93,284 |
| Selling expenses | 3,144 | 3,192 | 9,778 | 9,677 |
| General and administrative expenses | 1,487 | 2,199 | 5,886 | 6,331 |
| (Gain) loss on disposal of property, plant and equipment | (15) | (93) | 884 | (21) |
| Share of income from joint venture interest in Universal | - | - | - | (762) |
| Other (income) expense | (128) | 33 | 152 | (79) |
| Gain from bargain purchase of concrete block business | - | - | (573) | - |
| | 41,981 | 42,803 | 101,775 | 108,430 |
| Operating income | 4,769 | 7,029 | 6,935 | 17,211 |
| Finance expense | (252) | (144) | (1,154) | (613) |
| Income before income taxes | 4,517 | 6,885 | 5,781 | 16,598 |
| (Provision for) recovery of income taxes | | | | |
| Current | (1,045) | (1,606) | (1,832) | (4,511) |
| Deferred | (196) | 80 | 118 | 366 |
| | (1,241) | (1,526) | (1,714) | (4,145) |
| Net income for the period | $ 3,276 | $ 5,359 | $ 4,067 | $ 12,453 |
| Other comprehensive income (loss) | | | | |
| Items that will be reclassified subsequently to profit or loss when specific conditions are met: | | | | |
| Foreign currency translation gain (loss) | $ 427 | $ (706) | $ (1,014) | $ 836 |
| Total comprehensive income for the period | $ 3,703 | $ 4,653 | $ 3,053 | $ 13,289 |
| Net income per Class A Subordinate Voting share and Class B Multiple Voting share | $ 0.30 | $ 0.49 | $ 0.37 | $ 1.14 |
| Weighted average Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding (000's) | 10,997 | 10,967 | 10,989 | 10,971 |

# SELECTED FINANCIAL INFORMATION

*(unaudited)(in thousands of Canadian dollars)*

| CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS | Nine months ended September 30, 2019 | 2018 |
|---|---|---|
| Cash provided by (used for) | | |
| Operating activities | | |
| Net income for the period | $ 4,067 | $ 12,453 |
| Items not affecting cash and cash equivalents | | |
| Depreciation | 6,885 | 7,104 |
| Current taxes provision | 1,832 | 4,511 |
| Deferred taxes recovery | (118) | (366) |
| Loss (gain) on disposal of property, plant and equipment | 884 | (21) |
| Share of income from joint venture investment in Universal | - | (762) |
| Unrealized foreign currency exchange loss (gain) | 215 | (188) |
| Gain from bargain purchase of concrete block business | (573) | - |
| Net interest expense | 914 | 865 |
| Derivative financial instrument loss (gain) | 240 | (252) |
| Other | (81) | 349 |
| | 14,265 | 23,693 |
| Changes in non-cash items | | |
| Trade and other receivables | (8,830) | (8,943) |
| Inventories | (38) | 228 |
| Other assets | (599) | (767) |
| Trade payables | (253) | (156) |
| Other liabilities | 1,157 | 983 |
| | (8,563) | (8,655) |
| Income tax payments | (2,105) | (4,864) |
| Cash provided by operating activities | 3,597 | 10,174 |
| Investing activities | | |
| Purchase of property, plant and equipment | (5,479) | (3,928) |
| Purchase of investment in Universal | - | (6,500) |
| Cash acquired on purchase of investment in Universal | - | 769 |
| Proceeds from repayments of loans receivable | 64 | 65 |
| Proceeds from disposal of property, plant and equipment | 217 | 192 |
| Cash used for investment activities | (5,198) | (9,402) |
| Financing activities | | |
| Payment of term loans | (1,170) | (1,178) |
| Interest paid | (658) | (864) |
| Payments on obligations under leases | (482) | (169) |
| Proceeds from exercise of stock options | 238 | - |
| Repurchase of Class A Subordinate Voting shares | (89) | (96) |
| Cash used for financing activities | (2,161) | (2,307) |
| Foreign exchange on cash held in foreign currency | (45) | (23) |
| Decrease in cash and cash equivalents | (3,807) | (1,558) |
| Cash and cash equivalents at the beginning of the period | 27,043 | 22,010 |
| Cash and cash equivalents at the end of the period | $ 23,235 | $ 20,452 |

# 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, 2018 | $ 33,915 | $ 3,146 | $ 8,240 | $ 110,689 | $ 155,990 |
| Net income for the period | - | - | - | 12,453 | 12,453 |
| Other comprehensive income (net of taxes, $nil) | - | - | 836 | - | 836 |
| Total comprehensive income for the period | - | - | 836 | 12,453 | 13,289 |
| Share-based compensation | - | 67 | - | - | 67 |
| Repurchase of Class A Subordinate Voting shares | (42) | - | - | (54) | (96) |
| Balance - September 30, 2018 | $ 33,873 | $ 3,213 | $ 9,076 | $ 123,088 | $ 169,250 |
| Balance - January 1, 2019 | $ 33,909 | $ 3,218 | $ 10,947 | $ 124,046 | $ 172,120 |
| Net income for the period | - | - | - | 4,067 | 4,067 |
| Other comprehensive loss (net of taxes, $nil) | - | - | (1,014) | - | (1,014) |
| Total comprehensive (loss) income for the period | - | - | (1,014) | 4,067 | 3,053 |
| Stock options exercised | 277 | (39) | - | - | 238 |
| Share-based compensation | - | 18 | - | - | 18 |
| Repurchase of Class A Subordinate Voting shares | (52) | - | - | (37) | (89) |
| Balance - September 30, 2019 | $ 34,134 | $ 3,197 | $ 9,933 | $ 128,076 | $ 175,340 |

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