

**HAMMOND MANUFACTURING COMPANY LIMITED****ANNUAL INFORMATION FORM****For the year ended December 31, 2024****Prepared as of March 4, 2025**

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## CORPORATE STRUCTURE

The Company was founded in 1917 under the name of O.S. Hammond and Son and was incorporated as Hammond Manufacturing Company Limited ("Hammond" or the "Company") in 1944 by letters patent under the laws of Ontario, Canada, incorporated under the *Business Corporations Act (Ontario)*, and continued through amalgamations, the last of which occurred on January 1, 1999, and a re-organization on January 1, 2001.

The 2001 re-organization was implemented through a Plan of Arrangement, which was approved by the shareholders of Hammond at a Special Meeting on December 8, 2000. Under the Plan of Arrangement, the dry-type transformer business has been spun-off into Hammond Power Solutions Inc. (HPSI), a new public company. The business of Moloney was also spun-off into a separate company, Moloney Electric Inc. ("MEI"), which was owned by HPSI and Hammond (45% each) with the pre-spin-off Moloney senior management owning the remaining 10% of the shares. Effective January 9, 2008 HPSI & Hammond sold their interest in MEI to Universal Power Transformer Private Limited.

Hammond continues its operations related to the enclosure, rack, small case, electronic transformer, and surge suppressors businesses.

Hammond's principal and registered office is located at:

394 Edinburgh Road North, Guelph, Ontario, N1H 1E5

Phone: # (519) 822-2960

fax: # (519) 822-7289

email: [ir@hammfg.com](mailto:ir@hammfg.com)

Websites: [www.hammfg.com](http://www.hammfg.com)

[www.hammondmfg.com](http://www.hammondmfg.com)

## FORWARD LOOKING STATEMENTS

Advisory – Certain information in this Annual Information Form (AIF) is forward-looking and is subject to important risks and uncertainties. This AIF contains forward-looking statements that involve a number of risks and uncertainties, including statements that relate to among other things, Hammond strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as “may”, “will”, “could”, “should”, “would”, “likely”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “objective” and “continue” and words and expressions of similar import. Although Hammond believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from expectations include but are not limited to: general business and economic conditions (including but not limited to currency rates); changes in laws and regulations; legal and regulatory proceedings; and the ability to execute strategic plans. Hammond does not undertake any obligation to update publicly or to revise any of the forward looking statements contained in this document, whether as a result of new information, future events or otherwise, except as required by law.

## **INTERCORPORATE RELATIONSHIPS**

### **Wholly owned subsidiaries of Hammond**

#### **Canada**

- Hammond Manufacturing (Quebec) Inc.  
Incorporated in Quebec

#### **USA**

- Hammond Manufacturing Company Inc.  
Incorporated in New York

#### **UK**

- Hammond Electronics Limited  
Registered in England

#### **Europe**

- Hammond Electronics B.V.  
Registered in the Netherlands

#### **ASIA**

- Hammond Electronics Asia Limited  
Registered in Republic of China

#### **Australia**

- Hammond Electronics Pty. Ltd.  
Registered in Australia

### **Other investments of Hammond**

- RITEC Enclosures Inc. (“RITEC”), Taipei, Taiwan  
40% equity investment
- Glen Ewing, Georgetown property, Ontario, Canada  
50% co-tenancy with Hammond Power Solutions Inc. (HPSI)

## **GENERAL BUSINESS DESCRIPTION**

Hammond manufactures a broad range of products for the electronic and electrical products industry, consisting of metallic and non-metallic enclosures, racks, plastic and die-cast small cases, surge suppressors and transformers. The Company is also a reseller of auxiliary and complimentary purchased products.

Electrical enclosures and racks are designed and manufactured at our facilities in Guelph, Ontario. These plants also offer full design and modification manufacturing capabilities for customer applications.

Racks, rack cabinets, and accessories have been designed for such markets as Voice/Data, Security, Audio/Visual, Data Center and Test/M Measurement. We have over 3,000 unique rack mounting solutions available.

The electrical enclosure industry is comprised of manufacturers and suppliers of enclosures to equipment manufacturers and contractors. Cabinetry is typically designed to perform a number of functions including physical protection, provision for air movement, appearance and shielding

from electrical interference, dust, oil, water and heat. Examples in the electrical industry include control panels and consoles for industrial equipment.

The majority of enclosures are constructed from steel, stainless steel and aluminum which have been fabricated through laser cutting, punching, folding, welding and painting operations. Participants in the industry are diverse and include small, owner-operated businesses, divisions of large integrated companies and electrical OEMs who supply their own needs.

Electronic products (plastic and metal small cases, racks, surge suppressors and transformers) are manufactured at facilities based in Waterloo and Guelph, Ontario, a facility located in Cheektowaga, New York (plastic small cases), at our U.K facility and at RITEC. These products share common distributor channels and customer bases within the electronic and electro-mechanical marketplace. The products are sold worldwide through a network of agents and distributors and are featured in the leading electronic global catalogues. The Company is also a reseller of products, supplied by companies from Canada, the US, the UK, China, Germany, Taiwan, Portugal and other global sources.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

The following describes the general development of the business over the last three years.

The Company's investments and market conditions have helped grow Net product sales 8% from \$225,922,000 in 2022 to \$244,898,000 in 2024.

The focus in the last three years has been on getting the most out of existing capacity and adding capacity where we can. In June of 2021 the Company announced its plans to expand operations with the addition of a 96,000 square foot facility. This is a brand-new building and it came on line in June of 2023. This facility houses a paint line and metal fabrication. The total invest for land, building and equipment was a \$28 million.

The new facility has introduced additional capacity for our contractor product line and opened up capacity at our existing facilities. In Q4 of 2024 a new EML was installed in this facility to help to reduce costs and improve efficiency. The existing facilities remain close to full capacity we continue with projects to stream line activities and improve efficiencies.

In August of 2024 the company secured a 11.49-acre industrial site in Fergus Ontario. This site will allow for future expansion and growth when the time is right.

Financing for our projects has been primarily through the Companies banking facilities. Other than noted above there have been no other significant acquisitions, dispositions, or changes in trends over this period.

The Company's Guelph area work force employee association agreement was valid until November 27, 2023. Due to changes in the leadership of the association the agreement negotiation was delayed into the first half of 2024. The agreement was ratified in May of 2024 and will run until November of 2026.

## **SALES AND MARKETING**

Hammond employs a direct sales force and uses independent sales agencies. Sales are made to wholesale distributors, and OEMs (original equipment manufacturers).

Hammond's sales are spread broadly among many markets and industries. In 2024 approximately 62% (2023 - 60%) of sales were in the United States, 32% (2023 - 34%) in Canada, and 6% (2023 - 6%) in international markets.

## **MANUFACTURING METHODS**

Manufacturing of metal enclosure products primarily involves shearing, laser cutting, punching, folding, welding, painting and gasketing processes. Hammond employs a number of advanced processes in order to maintain its production efficiency including state-of-the-art laser cutting technology, computer numerically controlled ("CNC") presses, programmable gauging for shears and press brakes, automated welding and grinding, pour in place gasketing and paint lines. Non-metallic enclosure products are manufactured using injection-molding machines, with additional equipment to enable product modifications.

Hammond employs engineers and technicians to ensure that its products are technologically current and to engineer modified and customized products. To differentiate itself in the marketplace and to improve manufacturing efficiencies, Hammond has invested in staff development and equipment employing the latest technologies. These investments allow the Company to compete for contracts which other industry participants may not be able to perform.

## **RAW MATERIALS**

Raw materials for the Company's products consist primarily of metal products (aluminum and steel) of various types, shapes and sizes, plastics for molded products, copper wire for transformers, and other manufactured components. The Company purchases its raw materials from many suppliers and is not dependent on any single supplier for any of its raw materials.

Some of the raw materials used by the Company such as, steel, copper and aluminum, are subject to market price fluctuations. The Company is not committed to, nor does it have rights under, any long-term supply contracts for these materials.

## **FACILITIES**

Hammond operates fifteen manufacturing and/or sales and distribution facilities of which eleven are located in Canada, one in the US, one in the UK, and one in Australia. The Company's manufacturing and corporate services facilities contain a total of approximately 848,000 square feet of space of which approximately 337,000 square feet are leased.

The Company owns five of the facilities occupied by the Company for use in its operations; the remaining facilities are leased.

## COMPETITIVE CONDITIONS

Competitors of Hammond include large companies, such as, nVent / Hoffman, Rittal and others, some of who have substantially greater resources than the Company. In addition, the Company believes that there are many companies in North America competing in some segment of Hammond's business.

The Company competes primarily on the basis of price, quality, service, availability, reliability and engineering expertise.

## TRADEMARKS AND LICENSES

The Company markets substantially all its products under the registered trade name "Hammond Manufacturing" and "Hammond Electronics" which the Company believes is significant in the marketing of its products.

## EMPLOYEES

At the end of the year the Company had approximately 968 employees (936 - 2023) consisting of approximately 20% salaried staff (20% - 2023) and 80% hourly workers (80% - 2023). The majority of the Corporation's employees are in Canada with the remainder in other facilities in the United States and the UK.

The majority of the Company's Guelph plant hourly workers are members of a certified employee association.

Management characterizes the Company's labour relations as excellent and there has not been a work stoppage at any of Hammond's continuing operations.

## SELECTED CONSOLIDATED FINANCIAL DATA (see Appendix A)

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis commenting on the consolidated financial condition and results of operations of the Company is included on pages 5 to 23 of Hammond Manufacturing Company Limited's 2024 Annual Report to Shareholders. The 2024 Annual Report and the Management Discussion and Analysis, which includes comments on the outlook and risks of the Company, can be found under the Company's SEDAR profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## RISK FACTORS

For information regarding risk factors relating to the Company and its business, see the discussion under the "RISKS AND UNCERTAINTIES" in the Management Discussion and Analysis starting on page 19 of the Company's 2024 Annual report, which is available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

**DIVIDENDS AND DISTRIBUTIONS**

The Company does not currently have a dividend policy. The Company is required to have written consent of its principal banker, RBC Royal Bank, prior to issuing a dividend if the dividend is in excess of net profit after tax. The following chart depicts dividend activity in the last 3 years. Dividends were all considered cash dividends and declared and paid on both Class A Subordinate Voting Shares and Class B Common shares (not listed on the TSX).

<b>Declared</b>	<b>Paid</b>	<b>Dividend per share</b>	<b>Total Paid</b>
March 4, 2025	April 4, 2025	\$ 0.03	\$ 340,000
July 30, 2024	August 23, 2024	\$ 0.03	\$ 340,000
March 5, 2024	April 4, 2024	\$ 0.03	\$ 340,000
August 1, 2023	August 25, 2023	\$ 0.03	\$ 340,000
March 7, 2023	April 6, 2023	\$ 0.03	\$ 340,000
August 3, 2022	August 26, 2022	\$ 0.03	\$ 340,000
March 7, 2022	April 7, 2022	\$ 0.03	\$ 340,000

**DESCRIPTION OF CAPITAL STRUCTURE**

The Corporation has an authorized capital of an unlimited number of Class A Subordinate Voting Shares and an unlimited number of Class B Common Shares, each without par value. As at the date hereof there were issued and outstanding 8,556,000 Class A Subordinate Voting Shares and 2,778,300 Class B Common Shares. The holders of the Class A Subordinate Voting Shares and the holders of the Class B Common Shares are entitled to receive notice of and to attend any meeting of the shareholders of the Corporation except for a meeting of the holders of shares of any other class, as such, or a meeting of the holders of shares of a particular series. Each Class A Subordinate Voting Share carries the right to one vote. Each Class B Common Share carries the right to four votes. All Class B Common shareholders and Class A Subordinate voting shareholders of record on the books of the Corporation at the time of holding of the Meeting will be entitled to attend and to vote the Class B Common Shares and/or the Class A Subordinate Voting Shares registered in their respective names at the Meeting if present in person or by proxy duly completed and delivered to the Corporation in accordance with the instructions of the instrument of proxy.

**MARKET FOR SECURITIES**

The Company's Class A Subordinate Voting Shares are listed on the Toronto Stock Exchange (the "TSX") and traded under TSX symbol **HMM.A**. 3,931,462 (2023 – 1,934,757) Class A Subordinate Voting Shares were traded in 2024 for a total value of \$42,241,571 (2023 - \$14,758,945 yielding an average share price of \$10.74 per share in 2024 (2023 - \$7.63).

The monthly price ranges and volume traded in 2024 is shown in the following table:

<b>MONTH</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
Jan	\$ 11.95	\$ 8.16	404,946
Feb	\$ 13.98	\$ 11.46	637,295
Mar	\$ 13.18	\$ 10.21	474,373
Apr	\$ 12.35	\$ 9.80	532,329
May	\$ 11.90	\$ 10.23	241,080
Jun	\$ 10.49	\$ 9.40	245,312
Jul	\$ 10.66	\$ 9.62	191,400
Aug	\$ 10.11	\$ 8.80	342,967
Sep	\$ 9.96	\$ 8.50	190,808
Oct	\$ 10.30	\$ 8.87	304,495
Nov	\$ 10.51	\$ 9.49	196,097
Dec	\$ 11.31	\$ 10.27	170,360

**DIRECTORS AND OFFICERS****DIRECTORS:**

Name / Residence / Principal Occupation/Employment or Business Past 5 Years	Director Since
<b>ROBERT FREDERICK HAMMOND</b> Guelph, Ontario, Canada Chief Executive Officer and Chairman of the Corporation since 1978 Non-independent Director	June 1972
<b>EDWARD SEHL</b> Guelph, Ontario, Canada Principal - Sehl Consulting <u>Previous positions:</u> Chief Financial Officer at Odd Burger Corporation Director - Odd Burger Corporation Director - Guelph General Hospital Independent Director	May 2007
<b>PAUL QUIGLEY</b> Waterloo, Ontario, Canada President of Quigley Group Inc. <u>Previous positions:</u> Director / Consultant - Stinson Equipment Ltd. President & General Manager - Cut Above Natural Stone Independent Director	September 2010



Name / Residence / Principal Occupation/Employment or Business Past 5 Years	Director Since
<b>SHEILA HAMMOND</b> B.A, B.Ed, M.Sc. Guelph, Ontario, Canada Registered Individual, Couple and Family Therapist (Retired) Officer and Director of Eramosa Group Ltd. Non-independent Director	May 2013
<b>MICHAEL FRICKER</b> North York, Ontario, Canada Chief Financial Officer at Sarku Japan Director of the Tippet Foundation Director of Odd Burger Corporation <u>Previous position:</u> Chief Financial Officer at Qvella Corporation Director of Edjar International Inc. Independent Director	May 2017
<b>SARAH HANSEN</b> Calgary, Alberta, Canada Western Regional Sales Manager of Hammond Manufacturing Company Limited Director of Eramosa Group Ltd. Director of DKH Engineering Services Inc. <u>Previous position:</u> Profit Centre Manager for Riptide Fulfillment Corporation in Calgary Operations Manager of Emco Corporation in Calgary Director of Canadian Institute of Plumbing and Heating, Calgary Chapter Non-independent Director	May 2017
<b>BLAINE WITT</b> Buffalo, New York, USA Vice President - Senior Consultant of Witt Holding Company, Inc. <u>Previous positions:</u> Chief Sales Officer of Pfannenberger Group Holdings President of Pfannenberger Inc. Independent Director	May 2022

## ADDITIONAL DISCLOSURE RELATING TO DIRECTORS

All independent directors of the Company are members of the Audit Committee and Compensation Committee.

No proposed director of Hammond Manufacturing Company Limited is, or within the ten years prior to the date of this Annual Information Form has been, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; (ii) was subject to a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days that was issued after the

proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (iii) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. No proposed director has, within the ten years prior to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

The Audit Committee currently consists of four members, Michael Fricker, Edward Sehl, Paul Quigley and Blaine Witt who are independent, non-management directors of the company. All four current members of the Audit Committee are financially literate. The Audit Committee's mandate and relevant experience of its members are further described in the Audit Committee Charter included as Appendix B to this Annual Information Form.

## EXTERNAL AUDITOR SERVICE FEES

The following summarizes the professional services rendered by KPMG LLP to the Company for the years ended December 31, 2024, and December 31, 2023:

Professional Service	2024	2023
<b>Audit Fees (1)</b>		
Audit Fees	\$ 241,833	\$ 172,973
Pension Plan Audit	\$ 10,165	\$ 9,630
<b>Tax Fees (2)</b>		
Compliance Services	\$ 68,355	\$ 45,796
Tax handling of US Director	\$ 4,173	\$ 4,710

### Notes

- (1) Audit Fees reflect the aggregate fees billed for audit services of the Company's consolidated financial statements as well as the audit of our Canadian Pension Plan.
- (2) Tax Fees reflect the aggregate fees billed for tax compliance, tax advice, and tax planning services.

**OTHER OFFICERS/ SENIOR MANAGEMENT:**

Name / Residence / Title	Date of Hire
<b>Ross Hammond</b> Waterloo, Ontario Assistant Secretary & Business Development Manager	Feb 1996
<b>Alexander Stirling</b> Kitchener, Ontario Secretary & Executive VP	Sep 2007
<b>Mike Hobbs</b> Wallenstein, Ontario CFO	Feb 2024

The Company has employed all of the above officers for over ten years except for Mike Hobbs who joined as the CFO in February of 2024.

**MANAGEMENT SHARE OPTION PLAN**

In 1986 Hammond introduced a management share option plan (“MSOP”) providing for the granting to directors, officers and key employees of options to purchase up to an aggregate of 10% of the Class A Subordinate Voting Shares of the Company outstanding from time to time. The exercise price of the options may not be less than 100% of the market price of the Class A Subordinate Voting Shares at the date the option is granted. In 1996 the plan was amended to comply with the Toronto Stock Exchange regulations, defining a specific number of shares available for issuance under the terms of the plan. 540,000 Class A Subordinate Voting Shares were approved as issuable under the plan. As at the date hereof, the number of shares remaining available for issuance was 458,000 Class A Subordinate Voting Shares, 82,000 shares having been exercised since the inception of the plan. Individuals eligible to be granted options under the Plan are limited to selected officers, employees, including directors of the Corporation and its subsidiaries as approved by the Board of Directors. The size of the options granted to individual participants may vary, as determined by the Board of Directors. As of December 31, 2024, no share options were outstanding. Subsequent to year-end no options were granted or exercised.

**NOTES OF SHAREHOLDINGS OF DIRECTORS AND OFFICERS (as at the date hereof)**

As at the date thereof Robert Frederick Hammond owns all the shares of Eramosa Group Limited. Eramosa Group Limited beneficially owns 848,365 Class A Subordinate Voting Shares and 2,778,300 Class B Common Shares of the Corporation directly. Robert Frederick Hammond owns 847,108 Class A Subordinate Voting Shares of the Corporation directly.

The non-management directors and senior officers beneficially own 73,682 Class A subordinate Voting Shares of the Corporation, representing approximately 0.9% of the issued and outstanding Class A Subordinate Voting Shares of the Corporation.

**ENVIRONMENTAL ISSUES AND LEGAL PROCEEDINGS**

The Company has one site for which there are environmental issues. This site is currently being remediated to contain any contamination to surrounding properties. This site is further described in note 9 and note 15 of the financial statements in the Company's 2024 Annual report, and also described in the Management Discussion and Analysis of the Company's 2024 Annual report, which is available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

A third party statement of claim was issued on March 6, 2019, against the Company with respect to an adjacent property to one of our Waterloo facilities. The claim alleges that contaminants originating from our property have migrated to the adjoining property owned by the claimants. The amount of the claim is estimated at \$160,000 to \$670,000. Our records do not show any spills of chemicals at this location and management is unable to reasonably estimate any liability that may arise as a result of this claim. As such, no amount has been recorded in these condensed consolidated financial statements.

From time to time the Company is exposed to various legal claims in the normal course of operations. The Company's insurance coverage will respond to these claims.

There are no other claims outstanding at this time.

**INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Management is not aware of any interest of insiders in material transactions with the Company.

**TRANSFER AGENT AND REGISTRAR**

The Company's transfer agent and registrar is:

Computershare Investor Services Inc.

100 University Avenue, 8<sup>th</sup> Floor, North Tower

Toronto, Ontario, M5J 2Y1

Tel: 1-800-564-6253 (toll free in Canada and the United States)

Or 514-982-7555 (International direct dial)

**MATERIAL CONTRACTS**

The Company did not enter into any material contracts in 2024, other than contracts entered into in the ordinary course of business.

**INTERESTS OF EXPERTS**

The auditors of the Company are KPMG. The Company believes that KPMG does not hold any interests in the securities of Hammond Manufacturing Company Limited.

**ADDITIONAL INFORMATION**

Additional information, including director's and officer's remuneration and indebtedness, principal holders of the securities, options to purchase securities and interests of insiders in material transactions is contained in the Information Circular for the Annual Meeting of shareholders to be held on April 29, 2025. Additional financial information is provided in the comparative statements as well as the MD&A for the 2024 financial year and a copy of such documents may be obtained upon request from the Secretary, or may be found under the Company's SEDAR profile at [www.sedarplus.ca](http://www.sedarplus.ca).

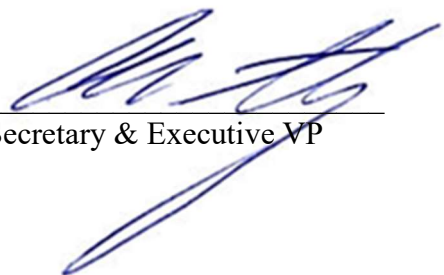
The foregoing, together with any information incorporated by reference, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated herein in accordance with the requirements of this Annual Information Form or that is necessary to make a statement contained herein not misleading in light of the circumstances in which it was made.

Robert F. Hammond



Chairman & CEO

Alexander Stirling



Secretary & Executive VP

MARCH 4, 2025  
AIF 2024

**APPENDIX A****SELECTED CONSOLIDATED FINANCIAL DATA**

The following selected financial data of the company, as it relates to each of the three years ended December 31, 2024, is derived from the audited consolidated financial statements of the Company.

**Three year financial summary:**

For the years ended December 31,  
(In thousands except per share amounts)

<b>Consolidated Statements of Comprehensive Income</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Net product sales	\$ 244,898	\$ 238,285	\$ 225,922
Income from operating activities	27,600	28,088	19,442
Net income for the year	18,374	18,761	12,003
Per share - basic & fully diluted net earnings for the year	\$1.62	\$1.66	\$1.06
<b>Consolidated Statement of Financial Position</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Total assets	\$ 214,789	\$ 189,758	\$ 168,005
Total funded debt and lease liabilities	56,728	56,451	48,392
Working capital	56,044	43,075	32,665
Net cash generated from operating activities	33,665	16,935	4,824
Dividends declared and paid	680	680	680
Shareholders' equity	\$ 119,535	\$ 98,999	\$ 81,545

MARCH 4, 2025  
AIF 2024

**APPENDIX B**

**The Charter of the Audit Committee  
of the Board of Directors  
of Hammond Manufacturing Company Limited**

1. The Audit Committee (the “**Committee**”) shall consist of a minimum of three directors who are independent of the Corporation and of any shareholder holding a sufficient number of shares to exert influence on the Board of Directors. The Committee is currently comprised of Michael Fricker (Chairman of the Committee), Edward Sehl, Paul Quigley and Blaine Witt.
2. All members of the Committee are considered by the Board of Directors to be “financially literate” within the meaning ascribed from the Multilateral Instrument 52-110 (Audit Committees). The following is a table of the relevant education and experience of each member of the Committee as at December 31, 2024:

<b>Name</b>	<b>Relevant Education and Experience</b>
Edward Sehl	A graduate of the Chartered Director's program at McMaster's DeGroote School of Business, graduate of Wilfrid Laurier University with an Honours B.B.A and a M.B.A from York University, Toronto. A chartered accountant with over 30 years of experience in financial positions.
Paul Quigley	Over 35 years in senior business management positions. Paul is currently the President of Quigley Group Inc.. Paul was previously Director / Process Architect for Just Fix It Inc., Director / Consultant at Stinson Equipment Ltd. And President and General Manager of Cut Above Natural Stone.
Michael Fricker	A CPA (CA) and CFA charter holder with over 25 years of experience in financial positions. Michael has a BA in Economics from Queen's University, and a diploma in accounting from Wilfred Laurier. Michael is currently Chief Financial Officer for Edjar International Inc. (dba Sarku Japan) and serves on the Board of Directors of the Tippet Foundation, and Odd Burger Corporation.
Blaine Witt	Blaine Witt graduated from the Industrial Distribution program at Clarkson University in 1989. Blaine Witt has over 35 years of industrial B2B Sales and Top Level Management experience. Currently Blaine is Vice President of Witt Holding Company, Inc. Blaine retired from Pfannenberger Group Holdings in 2021 where he held the position of Chief Sales Officer. Prior to this Blaine was President of Pfannenberger Inc.

3. The mandate of the Audit Committee consists of the following objectives:

- (a) The Committee will review the financial statements and related disclosures; including reports to shareholders, MD&A, Annual Information Form, Management Information Circular, annual and interim earnings press releases, and other related communications and make recommendations to the Board of Directors for their release.
  - (b) The Committee will periodically assess the adequacy of procedures in place related to the review of public disclosure of information derived from the financial statements, other than the public disclosure described in (a) above.
  - (c) The Committee shall review the process relating to and the certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Company's quarterly and annual consolidated financial statements
  - (d) The Committee will recommend to the Board of Directors the external independent auditor to be nominated to perform the annual audit and issue an auditor's report.
  - (e) The Committee will review the external auditor's audit process, including the scope, fees and timing of the audit and recommend to the Board of Directors the compensation of the external auditor.
  - (f) The Committee will provide oversight to the audit process and facilitate resolution of disagreements that may arise between management and the external auditor regarding financial reporting. In addition, the Committee will monitor the independence of the external auditor.
  - (g) The Committee will review and discuss with management and the external auditors the adequacy of the Company's internal controls and financial reporting controls
  - (h) The Committee will review and discuss with management and the external auditors the accounting policies which may be viewed as critical, and review and discuss any significant changes in the accounting policies of the Company that may have a significant impact on the Company's financial reports.
  - (i) The Committee will review and provide approval for non-audit services to be provided by the external auditor.
  - (j) The Committee will ensure that a procedure is in place for the receipt, retention and treatment of complaints received by the Corporation regarding fraud or illegal acts, and provide a system for the confidential and anonymous submission by employees of the Corporation of issues and concerns related to questionable accounting or auditing matters.
4. The Committee shall convene meetings as deemed necessary to fulfill the objectives of its mandate. Generally four times per year.
5. Unless the Committee otherwise specifies, the Secretary of the Corporation shall act as Secretary of all meetings of the Committee.
6. The Committee will hold meetings in private with the external auditor as deemed necessary to fulfill the objectives of its mandate.
7. A copy of the minutes of each meeting of the Committee shall be provided to all Directors of the Corporation in a timely fashion.



8. The Committee shall have the authority to conduct or authorize investigations into any matters within its scope of responsibilities with full access to all books, records, facilities, and personnel and shall have the authority to retain outside counsel, experts and other advisors as it determines appropriate to assist it in the conduct of any investigation.
9. The Committee will review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
10. The Committee will review financial and accounting personnel succession planning within the company.
11. Establish and monitor the Company's Whistleblower policy.
12. Review and approve periodically management's risk management program and policies.
13. Annually review the adequacy of the insurance coverage for directors, officers, Board committee chairs and committee members.
14. The Committee will review and update this Charter on a periodic basis for approval by the Board of Directors.