Unaudited Condensed Consolidated Interim Financial Statements of

HAMMOND MANUFACTURING COMPANY LIMITED

Nine months ended September 24, 2021 and September 25, 2020

Quarter 3, 2021 Report

MANAGEMENT'S COMMENTS ON UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of Hammond Manufacturing Company Limited (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements are prepared in accordance with accounting principles generally accepted in Canada (these statements are prepared under International Financial Reporting Standards (IFRS)) and reflect management's best estimates and judgment based on information currently available. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

HAMMOND MANUFACTURING COMPANY LIMITED

Condensed Consolidated Statements of Financial Position
Unaudited
(in thousands of Canadian dollars)

	Note	September 24, 2021	December 31, 2020
Assets			
Current assets:			
Cash		$ 630	$ 2,785
Trade and other receivables	4	26,284	20,541
Inventories	5	42,521	42,062
Prepaid expenses		1,357	1,857
Total current assets		70,792	67,245
Non-current assets:			
Property, plant and equipment	6	37,907	33,637
Intangible assets and goodwill	7	365	349
Right-of-use assets	8	15,270	17,116
Investment property	9	1,044	1,044
Equity investment		864	864
Total non-current assets	18	55,450	53,010
Total assets		**$ 126,242**	**$ 120,255**
Liabilities			
Current liabilities:			
Bank indebtedness	10	$ 2,930	$ 2,689
Trade and other payables	13	21,626	17,117
Income taxes payable		858	1,303
Current portion of provisions	14	148	164
Current portion of employee future benefits	15	64	63
Current portion of long-term debt	11	14,136	15,086
Current portion of lease liabilities	8	2,940	2,805
Total current liabilities		42,702	39,227
Non-current liabilities:			
Employee future benefits	15	171	152
Long-term debt	11	1,400	1,856
Lease liabilities	8	11,292	13,279
Provisions	14	145	145
Deferred tax liabilities		4,059	4,054
Total non-current liabilities		17,067	19,486
Total liabilities		**59,769**	**58,713**
Equity:			
Share capital		10,249	10,249
Contributed surplus		290	290
Accumulated other comprehensive income		1,903	1,982
Retained earnings		54,031	49,021
Total equity		66,473	61,542
Total liabilities and equity		**$ 126,242**	**$ 120,255**

The notes on pages 7 to 18 are an integral part of these condensed consolidated interim financial statements.

HAMMOND MANUFACTURING COMPANY LIMITED

Condensed Consolidated Statements of Comprehensive Income
Unaudited
(in thousands of Canadian dollars, except earnings per share)

		Nine Months Ended:		Three Months Ended:	
	Note	Sept 24, 2021	Sept 25, 2020	Sept 24, 2021	Sept 25, 2020
Net product sales	18	$ 134,788	$ 109,359	$ 46,146	$ 35,581
Cost of sales		94,264	74,830	32,410	24,992
Gross profit		40,524	34,529	13,736	10,589
Selling and distribution		27,803	24,253	9,694	7,974
General and administrative		4,210	4,032	1,443	1,281
Loss (gain) on disposal of property, plant and equipment		(15)	42	2	20
Income from operating activities		8,526	6,202	2,597	1,314
Interest expense	12	(601)	(661)	(196)	(204)
Interest expense leases	12	(496)	(522)	(163)	(170)
Foreign exchange gain (loss)		0	(502)	(472)	329
Net finance expense		(1,097)	(1,685)	(831)	(45)
Share of expenses from investment property	9	(85)	(80)	(29)	(31)
Income before income tax		7,344	4,437	1,737	1,238
Income tax expense		1,880	1,136	447	317
Net income for the period		**$ 5,464**	**$ 3,301**	**$ 1,290**	**$ 921**
Other comprehensive gain (loss):					
Foreign currency translation differences for foreign operations		(79)	581	683	(417)
Other comprehensive income (loss) for the period, net of income tax		(79)	581	683	(417)
Total comprehensive income for the period		**$ 5,385**	**$ 3,882**	**$ 1,973**	**$ 504**
Earnings per share					
Basic earnings per share	16	$ 0.48	$ 0.29	$ 0.11	$ 0.08
Diluted earnings per share	16	$ 0.48	$ 0.29	$ 0.11	$ 0.08

The notes on pages 7 to 18 are an integral part of these condensed consolidated interim financial statements.

HAMMOND MANUFACTURING COMPANY LIMITED

Unaudited Condensed Consolidated Statements of Changes in Equity
For the nine months ended September 24, 2021
(in thousands of Canadian dollars)

	Attributable to equity holders of the Company				
	Share Capital	**Contributed Surplus**	**AOCI****	**Retained earnings**	**Total equity**
Balance at January 1, 2021	$ 10,249	$ 290	$ 1,982	$ 49,021	$ 61,542
Net income for the nine months ended September 24, 2021		-	-	5,464	5,464
Other comprehensive loss:					
Foreign currency translation differences	-	-	(79)	-	(79)
Total comprehensive income (loss) for the period	-	-	(79)	5,464	5,385
Transactions with owners, recorded directly in equity:					
Dividends to equity holders	-	-	-	(454)	(454)
Balance at September 24, 2021	$ 10,249	$ 290	$ 1,903	$ 54,031	$ 66,473

** Accumulated other comprehensive income (loss)

HAMMOND MANUFACTURING COMPANY LIMITED

Unaudited Condensed Consolidated Statements of Changes in Equity
For the nine months ended September 25, 2020
(in thousands of Canadian dollars)

	Attributable to equity holders of the Company				
	Share Capital	**Contributed Surplus**	**AOCI****	**Retained earnings**	**Total equity**
Balance at January 1, 2020	$ 10,249	$ 290	$ 2,441	$ 41,750	$ 54,730
Net income for the nine months ended September 25, 2020		-	-	3,301	3,301
Other comprehensive income:					
Foreign currency translation differences	-	-	581	-	581
Total comprehensive income (loss) for the period	-	-	581	3,301	3,882
Transactions with owners, recorded directly in equity:					
Dividends to equity holders	-	-	-	(454)	(454)
Balance at September 25, 2020	$ 10,249	$ 290	$ 3,022	$ 44,597	$ 58,158

** Accumulated other comprehensive income (loss)

The notes on pages 7 to 18 are an integral part of these condensed consolidated interim financial statements.

HAMMOND MANUFACTURING COMPANY LIMITED

Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands of Canadian dollars)

	Nine Months Ended: Sept 24, 2021	Nine Months Ended: Sept 25, 2020	Three Months Ended: Sept 24, 2021	Three Months Ended: Sept 25, 2020
Cash flows from operating activities				
Net income for the period	$ 5,464	$ 3,301	$ 1,290	$ 921
Adjustments for:				
Depreciation of property, plant and equipment	2,797	2,586	977	877
Amortization of intangible assets	28	29	9	9
Depreciation of leased assets	2,103	2,096	688	702
Interest expense	601	661	196	204
Interest expense on leases	496	522	163	169
Income tax expense	1,880	1,136	447	317
Loss (Gain) on disposal of property, plant and equipment	(15)	42	2	20
	13,354	10,373	3,772	3,219
Change in non-cash working capital:				
Inventories	(475)	(326)	(2,753)	829
Trade and other receivables	(5,713)	(847)	(487)	(156)
Prepaid expenses	498	631	81	268
Trade and other payables	4,474	(1,033)	3,210	868
Cash generated (used) from operating activities	12,138	8,798	3,823	5,028
Interest paid	(1,008)	(1,148)	(327)	(376)
Income tax paid	(2,317)	(452)	(261)	(244)
Net cash generated (used) from operating activities	**8,813**	**7,198**	**3,235**	**4,408**
Cash flows from financing activities				
Bank indebtedness	240	(628)	1,158	(1,483)
Payment of long-term debt	(2,070)	(1,825)	(614)	(693)
Payment of lease liabilities	(1,485)	(1,149)	(490)	(155)
Payment of dividends	(453)	(453)	(227)	(226)
Net cash generated (used) from financing activities	(3,768)	(4,055)	(173)	(2,557)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	19	-	-	-
Acquisition of of property, plant and equipment	(7,073)	(2,908)	(3,443)	(966)
Intangible asset additions	(45)	(16)	(29)	(5)
Net cash used in investing activities	(7,099)	(2,924)	(3,472)	(971)
Net increase (decrease) in cash	**(2,054)**	**219**	**(410)**	**880**
Cash at beginning of period	2,785	719	744	678
Foreign exchange gain (loss) on cash and cash equivalents in a foreign currency	(101)	139	296	(481)
Cash at end of period	$ 630	$ 1,077	$ 630	$ 1,077

The notes on pages 7 to 18 are an integral part of these condensed consolidated interim financial statements.

1. **Introduction:**

   a) **Reporting entity:**

   Hammond Manufacturing Company Limited (“HMCL”or the“Company”) is a public company traded on the Toronto Stock Exchange under the symbol “HMM.A” and is incorporated under the Ontario Business Corporations Act. The address of the Company’s registered office is 394 Edinburgh Road North, Guelph, Ontario. The unaudited condensed consolidated interim financial statements of the Company as at and for the period ended September 24, 2021 include the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities. The Group primarily is involved in the design, manufacture and sale of electrical and electronic components. Facilities are located in Canada, the USA, the UK, the Netherlands, Taiwan and Australia, with agents and distributors located worldwide. The Company also maintains a 40% ownership share of RITEC Enclosures Inc. (RITEC) located in Taiwan. RITEC produces plastic and die-cast enclosures for sale through the Company’s sales network and its own existing market channels.

   b) **COVID-19 Pandemic:**

   In early 2020, COVID-19 quickly spread in multiple countries and was declared a pandemic by the World Health Organization in Mid-March of 2020. The pandemic and resulting economic contraction made an impact in all markets. The Company’s products are considered essential and we have not seen any significant decline in our market activity. The Company took quick action with our COVID-19 Global Task Force and Action Response Plan. Public and private sector regulations included setting policies, and other measures aimed at reducing the transmission of COVID-19, travel restrictions, the promotion of social distancing, and the adoption of work-from-home and online continuity plans by companies and various institutions. Globally, various governments have provided assistance to those affected including individuals and businesses through a number of taxation deferral, subsidy, and other relief programs. The full extent and impact of the COVID-19 pandemic is unknown and at this stage it is very difficult to project what will occur. Potential adverse impacts of the pandemic include, but are not limited to: the risk of material reduction in demand for our products, a delay in collection of accounts receivables which may lead to increased allowance provisions; the risk of suppliers and/or customers having financial difficulties up to and including entering restructuring proceedings, insolvency proceedings and/or ceasing operations, difficulties in delivering products to customers due to supply chain disruptions; and higher capital costs for servicing or paying debt as it comes due.

2. **Basis of preparation:**

   (a) Statement of compliance:

   These unaudited condensed consolidated interim financial statements have been prepared in accordance with requirements of IAS 34, International Financial Reporting Standards (IFRS) and do not include all of the information required for full annual financial statements. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020. These condensed consolidated interim financial statements and the notes thereto have not been reviewed by the Company's external auditors pursuant to a review engagement applying review standards set out in the Canadian Institute of Chartered Accountants handbook.

The Board of Directors approved these unaudited condensed consolidated interim financial statements on October 25, 2021.

(b) Basis of measurement:

The unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis.

(c) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgments in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set-out in Note 2 of the Company's annual financial statements for the year ended December 31, 2020.

3. Summary of significant accounting policies:

The Company has prepared these unaudited condensed consolidated interim financial statements using the same accounting policies and methods as those used in the Company's audited consolidated annual financial statements for the year ended December 31, 2020 except for the following.

New standards and interpretations adopted:

Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

On August 27, 2020, the IASB finalized its response to the ongoing reform of inter-bank offered rates and other interest rate benchmarks by issuing a package of amendments to IFRS Standards.

The amendments are effective for annual periods beginning on or after January 1, 2021. Earlier application is permitted. The impact of adoption of these amendments did not have an impact on the business.

(tabular amounts in thousands of Canadian dollars)

4. Trade and other receivables:

	September 24, 2021	December 31, 2020
Trade receivables	$ 25,681	$ 17,707
Employee receivables	9	18
Other receivables	777	2,987
	26,467	20,712
Estimated credit losses	(183)	(171)
Trade and other receivables	$ 26,284	$ 20,541

The following table reflects the aging of trade receivable as at September 24, 2021 and December 31, 2020:

	September 24, 2021			December 31, 2020		
	Gross	Impairment	Carrying value	Gross	Impairment	Carrying value
Aging of trade receivables:						
1 – 30 days	$ 14,307	$ -	$ 14,307	$ 9,230	$ -	$ 9,230
31 – 60 days	8,551	-	8,551	6,746	-	6,746
61 – 90 days	2,474	-	2,474	1,490	-	1,490
Over 90 days	349	183	166	241	171	70
Trade receivables	$ 25,681	$ 183	$ 25,498	$ 17,707	$ 171	$ 17,536

The following table provides the roll forward of the allowance for doubtful accounts:

	September 24, 2021	December 31, 2020
Allowance for doubtful accounts, beginning of year	$ 171	$ 225
Accounts provided for in the period	12	(13)
Amounts written off during the period		(41)
Allowance for doubtful accounts	$ 183	$ 171
Allowance for doubtful accounts as % of net trade receivable	0.7%	1.0%

5. Inventories:

	September 24, 2021	December 31, 2020
Raw materials and work-in-process	$ 16,358	$ 12,632
Finished goods	26,163	29,430
Inventories	$ 42,521	$ 42,062

(tabular amounts in thousands of Canadian dollars)

6. Property plant and equipment:

Cost

	Land and buildings	Machinery and equipment	Tooling	Office equipment	Total
Balance at December 31, 2019	$ 22,130	$ 46,257	$ 10,438	$ 2,375	$ 81,200
Additions	$ 273	$ 4,412	$ 759	$ 56	$ 5,500
Disposals	(41)	(1,192)	(70)	(6)	(1,309)
Effect of movements in exchange rates	1	(13)	(18)	(2)	(32)
Balance at December 31, 2020	$ 22,363	$ 49,464	$ 11,109	$ 2,423	$ 85,359
Additions	$ 2,024	$ 4,532	$ 409	$ 108	$ 7,073
Disposals	(6)	(664)	-	(25)	(695)
Effect of movements in exchange rates	2	(3)	(6)	(2)	(9)
Balance at September 24, 2021	$ 24,383	$ 53,329	$ 11,512	$ 2,504	$ 91,728

Accumulated depreciation

	Land and buildings	Machinery and equipment	Tooling	Office equipment	Total
Balance at December 31, 2019	$ 7,364	$ 32,756	$ 7,695	$ 1,673	$ 49,488
Depreciation for the period	$ 718	$ 2,263	$ 317	$ 204	$ 3,502
Disposals	(41)	(1,114)	(70)	(6)	(1,231)
Effect of movements in exchange rates	1	(23)	(14)	(1)	(37)
Balance at December 31, 2020	$ 8,042	$ 33,882	$ 7,928	$ 1,870	$ 51,722
Depreciation for the period	$ 541	$ 1,841	$ 266	$ 149	$ 2,797
Disposals	(4)	(662)	-	(25)	(691)
Effect of movements in exchange rates	-	-	(6)	(1)	(7)
Balance at September 24, 2021	$ 8,579	$ 35,061	$ 8,188	$ 1,993	$ 53,821

Carrying amounts

	Land and buildings	Machinery and equipment	Tooling	Office equipment	Total
At December 31, 2019	$ 14,766	$ 13,501	$ 2,743	$ 702	$ 31,712
At December 31, 2020	$ 14,321	$ 15,582	$ 3,181	$ 553	$ 33,637
At September 24, 2021	$ 15,804	$ 18,268	$ 3,324	$ 511	$ 37,907

(tabular amounts in thousands of Canadian dollars)

7. Intangible assets:

Cost

	Goodwill	Computer software	Development costs	Total
Balance at December 31, 2019	$ 114	$ 983	$ 334	$ 1,431
Additions	$ -	$ 44	$ 27	$ 71
Disposal	-	(16)	-	(16)
Effect of movement in exchange rates	2	(1)	-	1
Balance at December 31, 2020	$ 116	$ 1,010	$ 361	$ 1,487
Additions	$ -	$ 37	$ 8	$ 45
Effect of movement in exchange rates	(1)	(1)	-	(2)
Balance at September 24, 2021	$ 115	$ 1,046	$ 369	$ 1,530

Amortization

	Goodwill	Computer software	Development costs	Total
Balance at December 31, 2019	$ -	$ 865	$ 252	$ 1,117
Amortization for the period	$ -	$ 11	$ 27	$ 38
Disposal	-	(16)	-	(16)
Effect of movement in exchange rates	-	(1)	-	(1)
Balance at December 31, 2020	$ -	$ 859	$ 279	$ 1,138
Amortization for the period	$ -	$ 6	$ 22	$ 28
Effect of movement in exchange rates	-	(1)		(1)
Balance at September 24, 2021	$ -	$ 864	$ 301	$ 1,165

Carrying amounts

	Goodwill	Computer software	Development costs	Total
At December 31, 2019	$ 114	$ 118	$ 82	$ 314
At December 31, 2020	$ 116	$ 151	$ 82	$ 349
At September 24, 2021	$ 115	$ 182	$ 68	$ 365

(tabular amounts in thousands of Canadian dollars)

8. Leases:

Right-of-use assets

	Buildings	Machinery and equipment	Tooling	Office equipment	Trucks and Vehicles	Total
Balance at December 31, 2019	$ 10,582	$ 6,136	$ 221	$ 76	$ 1,458	$ 18,473
Additions for the period	$ 4,751	$ -	$ -	$ 19	$ 765	$ 5,535
Disposals	-	-	-	-	(332)	(332)
Effect of movements in exchange rates	(30)	6	-	-	(3)	(27)
Balance at December 31, 2020	$ 15,303	$ 6,142	$ 221	$ 95	$ 1,888	$ 23,649
Additions for the period	$ -	$ -	$ -	$ 9	$ 259	$ 268
Disposals	-	-	-	(87)	(138)	(225)
Effect of movements in exchange rates	(17)	(1)	-	-	(3)	(21)
Balance at September 24, 2021	$ 15,286	$ 6,141	$ 221	$ 17	$ 2,006	$ 23,671

Accumulated depreciation

	Buildings	Machinery and equipment	Tooling	Office equipment	Trucks and Vehicles	Total
Balance at December 31, 2019	$ 1,479	$ 1,900	$ 170	$ 43	$ 447	$ 4,039
Depreciation for the period	$ 1,734	$ 541	$ 46	$ 42	$ 473	$ 2,836
Disposals	-	-	-	-	(332)	(332)
Effect of movements in exchange rates	(11)	2	-	-	(1)	(10)
Balance at December 31, 2020	$ 3,202	$ 2,443	$ 216	$ 85	$ 587	$ 6,533
Depreciation for the period	$ 1,299	$ 406	$ 5	$ 9	$ 384	$ 2,103
Disposals	$ -	$ -	$ -	$ (87)	$ (147)	$ (234)
Effect of movements in exchange rates	$ -	$ -	$ -	$ -	$ (1)	$ (1)
Balance at September 24, 2021	$ 4,501	$ 2,849	$ 221	$ 7	$ 823	$ 8,401

Carrying amounts

	Buildings	Machinery and equipment	Tooling	Office equipment	Trucks and Vehicles	Total
At December 31, 2019	$ 9,103	$ 4,236	$ 51	$ 33	$ 1,011	$ 14,434
At December 31, 2020	$ 12,101	$ 3,699	$ 5	$ 10	$ 1,301	$ 17,116
At September 24, 2021	$ 10,785	$ 3,292	$ -	$ 10	$ 1,183	$ 15,270

(tabular amounts in thousands of Canadian dollars)

The lease liabilities are secured by related underlying assets. Future minimum payments at September 24, 2021 were as follows:

	Minimum lease payments due						
	Current	**1-2 Years**	**2-3 Years**	**3-4 Years**	**4-5 Years**	**After 5 Years**	**Total**
September 24, 2021							
Lease Payments	$ 3,515	$ 2,975	$ 2,327	$ 2,244	$ 1,803	$ 3,675	$ 16,539
Finance Charge	(575)	(459)	(367)	(283)	(201)	(422)	(2,307)
Net Present Value	**$ 2,940**	**$ 2,516**	**$ 1,960**	**$ 1,961**	**$ 1,602**	**$ 3,253**	**$ 14,232**

	Current	**1-2 Years**	**2-3 Years**	**3-4 Years**	**4-5 Years**	**After 5 Years**	**Total**
December 31, 2020							
Lease Payments	$ 3,479	$ 3,350	$ 2,667	$ 2,252	$ 2,249	$ 5,027	$ 19,024
Finance Charge	(674)	(558)	(449)	(364)	(282)	(613)	(2,940)
Net Present Value	**$ 2,805**	**$ 2,792**	**$ 2,218**	**$ 1,888**	**$ 1,967**	**$ 4,414**	**$ 16,084**

Lease payments not recognized as a liability:

The group has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expenses relating to payments not included in the measurement of lease liability is as follows:

Year to date	September 24, 2021	December 31, 2020
Short Term leases	$ 181	$ 241
Leases of low values	-	7
Variable lease payments	60	83
Total	$ 241	$ 331

9. Investment property:

The Company's direct operating expenses in the first nine months of 2021 related to the property were $85,000 (2020 - $80,000).

10. Bank indebtedness:

Bank indebtedness is due on demand and secured by inventories, a general assignment of book debts and a charge on specific assets of the Company. The Company has established operating lines for the entities in Canada, the US and the UK. The following chart depicts the amount utilized in each of the entities lines of credit.

		September 24, 2021		December 31, 2020	
		Local currency	CAD	Local currency	CAD
Canadian entities	CAD	$ 2,817	$ 2,817	$ 2,500	$ 2,500
UK entity	GBP	£ 65	113	£ 109	189
Bank indebtedness			$ 2,930		$ 2,689

Interest is payable at the rate of bank prime plus 25 basis points (2020 - bank prime plus 25 basis points).

(tabular amounts in thousands of Canadian dollars)

11. Long-term debt:

	September 24, 2021	December 31, 2020
Demand term loan amortized over 25 years drawn in USD funds at a fixed interest rate of 5.30% through March 2026, secured by the assets of HMCL. Monthly blended installments of $9 USD.	$ 1,714	$ 1,762
Demand term loan amortized over 25 years drawn in CAD funds at a fixed interest rate of 5.20% through March 2026, secured by the assets of HMCL. Monthly blended installments of $9 CAD.	1,344	1,378
Demand term loan amortized over 25 years drawn in CAD funds at a fixed interest rate of 4.1% through December 2023, secured by the assets of HMCL. Monthly blended installments of $37 CAD.	6,082	6,245
Demand term loan amortized over 7 years drawn in CAD funds at a fixed interest rate of 4.43% through December 2025, secured by the assets of HMCL. Monthly blended installments of $70 CAD.	3,160	3,690
Demand term loan amortized over 7 years drawn in CAD funds at a fixed interest rate of 4.0% through December 2025, secured by the assets of HMCL. Monthly blended installments of $26 CAD.	1,232	1,431
Interest free term loan of $385 CAD made in 2015, $1,150 CAD in 2016, $958 CAD in 2017, $624 CAD in 2018 and $346 CAD in 2019 through the Federal Economic Development Agency for Southern Ontario. Repayment will be over 60 equal monthly installments starting January 1, 2020. Value represents the present value of the stream of payments to repay utilizing a 5.2% discount factor.	2,004	2,436
Subtotal	$ 15,536	$ 16,942
Less current portion of long-term debt	14,136	15,086
Non-current long-term debt	$ 1,400	$ 1,856

12. Interest expense:

Interest expense is comprised as follows:

	Nine Months Ended: September 24, 2021	Nine Months Ended: September 25, 2020	Three Months Ended: September 24, 2021	Three Months Ended: September 25, 2020
Long Term debt, excluding lease liabilities	$ 556	$ 543	$ 181	$ 172
Bank indebtedness	45	118	15	32
Interest expense	$ 601	$ 661	$ 196	$ 204
Interest expense leases	$ 496	$ 522	$ 163	$ 170
Total Interest and Lease interest expense	$ 1,097	$ 1,183	$ 359	$ 374

(tabular amounts in thousands of Canadian dollars)

13. Trade and other payables:

	September 24, 2021	December 31, 2020
Trade payables	$ 8,457	$ 6,996
Non-trade payables and accrued expenses	9,904	10,121
	$ 21,626	$ 17,117

14. Provisions:

	Environmental remediation	Sales returns	Total
Balance at December 31, 2019	$ 170	$ 75	$ 245
Provisions made during the year	103	868	971
Provisions used during the year	(48)	(859)	(907)
Balance at December 31, 2020	$ 225	$ 84	$ 309
Provisions made during the period	29	401	290
Provisions used during the period	(29)	(417)	(306)
Balance at September 24, 2021	$ 225	$ 68	$ 293
Non-current	145	-	145
Current	80	68	148
Balance at September 24, 2021	$ 225	$ 68	$ 293

The provision for environmental remediation is based on the estimated costs to setup and extract any free flowing contamination from the Glen Ewing Property. The anticipated costs are based on an external consultant's remediation plan, discounted for expected timing of expenditures. The current estimate assumes the containment plan will be completed by 2024.

The provision for sales returns is based on estimates from historical returns of product. The provision reflects the estimated profit margin of the anticipated returns.

15. Employee future benefits:

	September 24, 2021	December 31, 2020
Post employment health benefits	$ 11	$ 15
Employee health benefits while on disability	224	200
Total employee future benefits	$ 215	$ 215

Employee future benefits continued:

	Post employment health benefits	Employee health benefits while on disability	Total
Balance at December 31, 2019	$ 25	$ 240	$ 265
Provisions made during the year	-	40	40
Provisions used during the year	(10)	(80)	(90)
Balance at December 31, 2020	$ 15	$ 200	$ 215
Provisions made during the period	-	67	67
Provisions used during the period	(4)	(43)	(47)
Balance at September 24, 2021	$ 11	$ 224	$ 235
Non-current	8	163	171
Current	3	61	64
Balance at September 24, 2021	$ 11	$ 224	$ 235

16. Earnings per share:

The computations for basic and diluted earnings per share are as follows:

(in thousands of Canadian dollars, except earnings per share data)

	Nine Months Ended: September 24, 2021	Nine Months Ended: September 25, 2020	Three Months Ended: September 24, 2021	Three Months Ended: September 25, 2020
Net income for the year	$ 5,448	$ 3,301	$ 1,274	$ 921
Average number of common shares outstanding:				
Basic and Diluted	11,344	11,344	11,344	11,344
Earnings per share:				
Basic	$ 0.48	$ 0.29	$ 0.11	$ 0.08
Diluted	$ 0.48	$ 0.29	$ 0.11	$ 0.08

No share options to purchase common shares were outstanding as at September 24, 2021 or September 25, 2020.

(tabular amounts in thousands of Canadian dollars)

17. Personnel expenses:

	Nine Months Ended:		Three Months Ended:	
	Sept 24, 2021	Sept 25, 2020	Sept 24, 2021	Sept 25, 2020
Wages and salaries	$ 37,416	$ 32,720	$ 13,214	$ 10,528
Health benefit plans	3,825	3,536	1,245	1,249
Canada Pension Plan and Employment Insurance	2,448	2,078	838	638
Contributions to defined contribution plans	1,167	1,042	388	370
	$ 44,856	$ 39,376	$ 15,685	$ 12,785

	Sept 24, 2021	Sept 25, 2020	Sept 24, 2021	Sept 25, 2020
Cost of sales	$ 33,635	$ 28,698	$ 11,874	$ 9,197
Selling and distribution	8,734	8,164	2,979	2,731
General and administrative	2,296	2,378	767	811
Research and development	191	136	65	46
	$ 44,856	$ 39,376	$ 15,685	$ 12,785

18. Segment disclosures:

The continuing operations of the Company are in one operating segment, electrical and electronic components.

The Company and its subsidiaries operate in Canada, the United States, the United Kingdom, the Netherlands, Australia and Taiwan.

Geographic segments	**Nine Months Ended:**		**Three Months Ended:**	
	September 24, 2021	**September 25, 2020**	**September 24, 2021**	**September 25, 2020**
Net product sales:				
Canada:				
Sales to customers	$ 51,987	$ 40,005	$ 17,707	$ 13,737
US:				
Sales to customers	71,252	60,551	24,663	19,085
All other countries:				
Sales to customers	11,549	8,803	3,776	2,759
Net product sales	**$ 134,788**	**$ 109,359**	**$ 46,146**	**$ 35,581**
Non-current assets:				
Canada:				
Non-current assets	$ 49,069	$ 44,119		
US:				
Non-current assets	2,539	1,739		
All other countries:				
Non-current assets	3,842	3,955		
Total Non-current assets	**$ 55,450**	**$ 49,813**		

(tabular amounts in thousands of Canadian dollars)

19. Related party transactions:

(a) Key management includes the Company's directors and members of the executive management team. Compensation awarded to key management included:

	Nine Months Ended: Sept 24, 2021	Nine Months Ended: Sept 25, 2020	Three Months Ended: Sept 24, 2021	Three Months Ended: Sept 25, 2020
Salaries and short-term employee benefits	$ 647	$ 625	$ 246	$ 237

(b) The Company purchased $1,939,438 of product from RITEC in the nine months ended September 24, 2021 ($1,787,000 in nine months ended September 25, 2020). These transactions were made in the normal course of business and have been recorded at the exchange amounts, being the amount agreed to by the two parties.
All outstanding trade balances with related parties are to be settled in cash within 6 months of the reporting date. None of the balances are secured. Trade receivable as at September 24, 2021 was $210,400 (December 31, 2020 – $1,000) while trade payable was $36,100 (December 31, 2020 – $40,300).

The Chairman of the Corporation, Robert Frederick Hammond, through direct and indirect ownership of Class A and Class B voting shares effectively controls the Company.

20. Certain figures:

Certain comparative figures have been reclassified to conform to the current period's presentation.