



*Source: Hammond Power Solutions Inc*

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# CORRECTION – Hammond Power Solutions Reports Fourth Quarter 2025 Financial Results

(Dollar amounts are in thousands, in Canadian currency unless otherwise specified)

GUELPH, Ontario, March 19, 2026 (GLOBE NEWSWIRE) -- In a release issued under the same headline earlier today by Hammond Power Solutions Inc. (TSX: HPS.A), please note that the Quarterly adjusted EBITDA should be 15.2% of sales, not 13.5% as previously stated. The corrected release follows:

Hammond Power Solutions Inc. ("HPS" or the "Company") (TSX: HPS.A) a leading manufacturer of dry-type transformers, power quality products and related magnetics, today announced its financial results for the fourth quarter 2025.

## **QUARTERLY HIGHLIGHTS:**

- **Record annual sales of \$898 million, a 13.9% increase versus 2024;**
- **Quarterly adjusted EBITDA of \$38.7 million, or 15.2% of sales;**
- **Record annual adjusted EBITDA of \$133.3 million, or 14.8% of sales;**
- **Quarterly adjusted earnings per share of \$1.98. Earnings per share of \$1.28;**
- **Annual adjusted earnings per share of \$6.81. Earnings per share of \$6.07;**
- **Backlog is 122% higher than Q4 2024**

"HPS delivered a strong finish to 2025, with fourth quarter sales of \$254.1 million and record annual sales of \$898.3 million, an increase of 13.9% over 2024," said Adrian Thomas, Chief Executive Officer of Hammond Power Solutions. "Growth was driven by continued strength in the U.S., particularly in private label and custom-engineered solutions supporting data centre expansion, infrastructure investment and industrial electrification. Custom and higher-value solutions continued to outpace standard products, reflecting sustained demand for resilient power systems."

"Our backlog at December 31, 2025 increased 122% year over year and 74% sequentially, providing meaningful revenue visibility entering 2026. With expanded capacity in Mexico and operational improvements across our footprint, we are positioned to convert this demand efficiently. These investments strengthen our ability to support customers across electrification and digital infrastructure markets as they continue to scale."

Geography	Quarter		\$	%	YTD	YTD	\$	%
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	2025	2024						
U.S. & Mexico*	175,419	140,894	34,525	24.5%	631,921	534,888	97,033	18.1%
Canada	72,374	58,324	14,050	24.1%	233,981	215,394	18,587	8.6%
India	6,299	9,258	(2,959)	(32.0%)	32,353	38,058	(5,705)	(15.0%)
<b>Total</b>	<b>254,092</b>	<b>\$208,476</b>	<b>45,616</b>	<b>21.9%</b>	<b>898,255</b>	<b>788,340</b>	<b>109,915</b>	<b>13.9%</b>

Year-to-date, the U.S. market experienced its strongest growth in the private label channel and steady growth in the distribution channel, with strong sales into data centres, switchgear manufacturers, motor control and mining. While sales of stocked standard products have grown, they have been outpaced by higher sales of custom products, primarily sold into the data centre market. General economic conditions in the U.S. deteriorated through 2025 resulting in slower industrial and commercial construction markets. The Canadian market was very strong in the year, despite economic headwinds. It continued to achieve year-over-year growth through distribution channels in both stock and flow product and large projects in commercial construction, data centres, public infrastructure, mining and utilities.

The Company's December 31, 2025 backlog<sup>1</sup> delivered a strong 122% increase as compared to December 31, 2024 and has increased 74% from Quarter 3, 2025. Ongoing capacity expansions across key locations are driving improvements in lead times, enhancing our ability to respond to customer demand with greater speed and efficiency.

The consolidated gross margin in 2025 decreased to 30.3% versus 32.8% in 2024, a decrease of 250 basis points. Margins in the fourth quarter of 29.2% were lower than the previous three quarters and full year margin of 30.3%. The reduction in the gross margin is primarily the result unabsorbed overhead costs on our new factory, higher material costs related to commodity volatility, inflation and tariffs in the supply chain for raw material purchases and tariffs on product imports.

"We delivered a strong quarter to complete the year. EBITDA margins recovered in the quarter versus the third quarter primarily due to the record revenue recorded," said Richard Vollerling, Chief Financial Officer of HPS. "Working capital improved during the quarter, and as a result, so did our net cash position. Capital spending during the year was \$35 million, which was at the low end of our projected range, and we completed some key capacity initiatives that will allow us to begin shipping large projects in the first quarter of 2026."

Total selling and distribution expenses were \$100,537 for 2025 versus \$83,412 in 2024, an increase of \$17,125 or 20.5%. On a percentage-of-sales basis, total selling and distribution expenses increased to 11.2% of sales for 2025 from 10.6% in 2024. The increase in selling and distribution expenses is a result of higher variable freight and commission expenses attributed to the increase in sales as well investments in people and technology to support growth.

General and administrative expenses in 2025 were \$67,763 compared to \$76,106 for 2024, a decrease of \$8,343 or 11.0%. On a percentage-of-sales basis these costs have decreased from 9.7% in 2024 to 7.5% in 2025. The change is mainly due to a decrease in share-based compensation costs, offset by ongoing strategic investments in people and resources to support our growth strategies and higher levels of general business activity.

Net earnings for 2025 finished at \$72,241 compared to net earnings of \$71,531 in 2024, an increase of \$710 or 1.0%. The main contributors to the higher current year net earnings were higher sales, additional gross margin dollars, lower general and administrative expenses and a lower effective tax rate. These gains were offset by increases in selling and distribution expenses and higher foreign exchange losses.

EBITDA for the year-ended December 31, 2025 was \$121,443 versus \$112,873 in 2024 – an increase of \$8,570 or 7.6%. Adjusted for foreign exchange loss/gain and share based compensation expenses adjusted EBITDA for 2025 was \$133,330 versus \$130,484 in 2024 – an increase of \$2,846 or 2.2%. Adjusted EBITDA excludes foreign exchange loss/gain and share-based compensation expenses.

Basic earnings per share were \$1.28 for Quarter 4, 2025 versus \$1.99 in Quarter 4, 2024, a decrease of \$0.71. Year-to-date the basic earnings per share were \$6.07 in 2025 compared to \$6.01 in 2024, an increase of \$0.06. Adjusted for foreign exchange losses and share-based compensation expenses adjusted earnings per share<sup>2</sup> were \$1.98 for Quarter 4, 2025 versus \$1.90 for Quarter 4, 2024. Year-to-date adjusted earnings per share were \$6.81 for 2025 compared to \$7.10 in 2024.

The Company's Board of Directors declared a quarterly cash dividend of twenty-seven and a half cents (\$0.275) per Class A Subordinate Voting Share of HPS and a quarterly cash dividend of twenty-seven and a half cents (\$0.275) per Class B Common Share of HPS paid on December 11, 2025. Year-to-date the Company has paid a cash dividend of one dollar and ten cents (\$1.10) per Class A Subordinate Voting Share and of one dollar and ten cents (\$1.10) per Class B Shares.

<sup>1</sup> Refer to "Additional GAAP and Non-GAAP Financial Measures" in the Company's 2025 Management's Discussion & Analysis.

<sup>2</sup> Refer to "Additional GAAP and Non-GAAP Financial Measures" in the Company's 2025 Management's Discussion & Analysis.

### THREE MONTHS ENDED:

(dollars in thousands)

	<b>December 31, 2025</b>	<b>December 31, 2024</b>	<b>Change</b>
Sales	\$ 254,092	\$ 208,476	\$ 45,616
Earnings from operations	\$ 52,347	\$ 38,383	\$ 13,964
Exchange loss (gain)	\$ 1,405	\$ (923)	\$ 2,328
Net earnings	\$ 15,203	\$ 23,678	\$ (8,475)
Earnings per share			
Basic	\$ 1.28	\$ 1.99	\$ (0.71)
Adjusted*	\$ 1.98	\$ 1.90	\$ 0.08
Diluted	\$ 1.28	\$ 1.99	\$ (0.71)
Cash generated by operations	\$ 32,051	\$ 22,413	\$ 9,638
EBITDA	\$ 28,280	\$ 34,365	\$ (6,085)
Adjusted EBITDA*	\$ 38,727	\$ 32,979	\$ 5,748
Capital Spending	\$ 8,508	\$ 9,747	\$ (1,239)

### TWELVE MONTHS ENDED:

(dollars in thousands)

	<b>December 31, 2025</b>	<b>December 31, 2024</b>	<b>Change</b>
Sales	\$ 898,255	\$ 788,340	\$ 109,915
Earnings from operations	\$ 104,019	\$ 98,760	\$ 5,259
Exchange loss	\$ 3,109	\$ 519	\$ 2,590
Net earnings	\$ 72,241	\$ 71,531	\$ 710
Earnings per share			
Basic	\$ 6.07	\$ 6.01	\$ 0.06
Adjusted*	\$ 6.81	\$ 7.10	\$ (0.29)
Diluted	\$ 6.07	\$ 6.01	\$ 0.06
Cash generated by operations	\$ 26,948	\$ 64,751	\$ (37,803)
EBITDA	\$ 121,443	\$ 112,873	\$ 8,570
Adjusted EBITDA*	\$ 133,330	\$ 130,484	\$ 2,846
Capital Spending	\$ 35,556	\$ 40,633	\$ (5,077)

## Caution Regarding Forward-Looking Information

This press release contains forward-looking statements that involve a number of risks and uncertainties, including statements that relate to among other things, HPS's strategies, intentions, plans, beliefs, expectations and estimates, in connection with general economic and business outlook, prospects and trends of the industry, expected demand for products and services, product development and the Corporation's competitive position. Forward-looking statements can generally be identified, but not limited to, 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 the Corporation 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 risks related to foreign currency fluctuations, changing interest rates, and the availability of external capital); risks associated with the Corporation's business environment (such as risks associated with the financial condition of the oil and gas, mining and infrastructure project business); geopolitical risks; climate related risks; changes in laws and regulations; operational risks (such as risks related to existing and developing new products and services; doing business with partners and suppliers; product sales and performance; legal and regulatory proceedings; dependence on certain customers and suppliers; costs associated with raw materials, products and services; human resources; and the ability to execute strategic plans.) The Corporation 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.

This forward-looking information represents our views as of the date of this press release and such information should not be relied upon as representing our views as of any date subsequent to the date of this press release. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimated, expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations.

**There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.**

## ABOUT HAMMOND POWER SOLUTIONS INC.

HPS enables electrification through its broad range of dry-type transformers, power quality products and related magnetics. HPS' standard and custom-designed products are essential and ubiquitous in electrical distribution networks through an extensive range of end-user applications. The Company has manufacturing plants in Canada, the United States, Mexico and India and sells its products around the globe. HPS shares are listed on the Toronto Stock Exchange and trade under the symbol HPS.A.

Hammond Power Solutions – Energizing Our World

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