



## Hammond Power Solutions Reports First Quarter 2026 Financial Results

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

GUELPH, Ontario, May 05, 2026 -- 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 first quarter 2026.

### QUARTERLY HIGHLIGHTS:

- Record quarterly sales of \$265 million, a 31.5% increase versus Q1 2025;
- Gross margin improvement from the fourth quarter of 2025, from 29.2% to 30.1%
- Quarterly adjusted EBITDA of \$41 million, or 15.5% of sales;
- Quarterly adjusted earnings per share of \$2.08, an increase of 29.7% versus Q1 2025;
- Backlog is 94.6% higher than Q1 2025

"HPS delivered a strong first quarter, with record sales driven by continued strength in the U.S. and Mexico, particularly in custom product shipments and data centre-related activity," said Adrian Thomas, Chief Executive Officer of HPS. "Demand across our core end markets remained healthy, and even with our record shipments, we maintained backlog growth of 4.1% from year-end 2025, giving us continued visibility as we move through the balance of the year. The start-up of our newest factory in Mexico, which began shipping in the first quarter, is also an important step in supporting future growth and expanding our ability to serve customers across our markets."

"Profitability and working capital metrics also improved in the quarter," added Mr. Thomas. "We saw some recovery in our gross margin and adjusted EBITDA margin compared with the fourth quarter of 2025. While tariff-related input cost pressure remained a factor, the quarter reflected continued progress in converting demand into profitable growth and positions HPS to continue supporting customers as electrification and digital infrastructure investment drive demand for resilient and reliable power solutions."

Geography	Quarter 1, 2026	Quarter 1, 2025	\$ Change	% Change
US & Mexico*	199,736	140,906	58,830	41.8%
Canada	53,276	51,635	1,641	3.2%
India	11,828	8,862	2,966	33.5%
<b>Total</b>	<b>264,840</b>	<b>201,403</b>	<b>63,437</b>	<b>31.5%</b>

Sales in the U.S. market grew significantly year-over-year. January sales were unusually low due to fewer shipping days than normal while sales in February and March recovered to achieve record levels. Sales of custom product increased significantly in the first quarter driven by stronger sales to data centre applications. The increase in custom sales offset weakness in standard product sales in the quarter. The Canadian market shipped 3.2% more than the first quarter of 2025, but also slowed versus the fourth quarter of 2025, driven by the timing of some large custom projects. Canada is experiencing general softness and increasingly competitive pricing.

The Company's Quarter 1, 2026 backlog<sup>1</sup> increased by 94.6% as compared to Quarter 1, 2025, due to large projects largely driven by data centre activity. The Company's backlog has increased 4.1% from Quarter 4, 2025, for similar reasons. With ongoing capacity expansion in several locations coming into place, we continue to improve competitive lead times, improving our ability to meet our customers' needs.

The Company saw a slight decrease in its gross margin rate for Quarter 1, 2026 which was 30.1% compared to Quarter 1, 2025 margin rate of 31.5%, a decrease of 140 basis points. Quarter 1 represented an increase in the gross margin rate from 29.2% in Quarter 4, 2025. The decline in gross margin from prior year reflects the impact of tariffs, both direct and indirect, which affects input costs.

"Sales volumes increased versus the first quarter of 2025 due to significantly higher shipments of custom power transformers in the first quarter of 2026, as well as price increases. To a lesser degree, price realization also positively impacted sales versus the fourth quarter of 2025. As anticipated, shipments out of the new plant in Mexico began as scheduled and contributed to the volume increase. We saw an improvement of 90 basis points in the gross margin over the fourth quarter of 2025, growing from 29.2% to 30.1%. The improvement was the result of better price realization and improved factory overhead

absorption. We believe these positive sales and margin trajectories over the past two quarters represent a solid base as we move into the remaining quarters of 2026.”, said Richard Vollering, Chief Financial Officer of HPS, “Working capital increased in the quarter due to strong sales in March and the resulting accounts receivable balances. Our efforts to control inventory levels in the face of higher costs and sales resulted in a relatively small increase in the first quarter. As a result, working capital as a % of sales rose to 20.9% from 19.7% in the fourth quarter. Capital expenditures were \$8.7 million in the quarter, in line with our expectations.”

Total selling and distribution expenses were \$26,893 in Quarter 1, 2026 or 10.2% of sales versus \$22,320 in Quarter 1, 2025 or 11.1% of sales, an increase of \$4,573, which is mainly driven by higher sales volumes. The decrease of selling and distribution costs as a percentage of sales by 90 basis points is due to a higher proportion of custom sales in the quarter, which often have lower selling costs attributed to them.

General and administrative expenses and share based compensation were \$23,653 or 8.9% of sales for Quarter 1, 2026 compared to Quarter 1, 2025 expenses of \$3,745 or 1.9% of sales, an increase of \$19,908 or 7.1% of sales. The change is mainly due to an increase in share-based compensation costs, ongoing strategic investments in people and resources to support our growth strategies and higher levels of general business activity.

Net earnings for Quarter 1, 2026 finished at \$19,565 compared to net earnings of \$26,222 in Quarter 1, 2025, a decrease of \$6,657. The decrease in the quarterly earnings from operations is primarily a result of higher sales offset by lower gross margin rate, increased share-based compensation expenses, and higher selling, distribution, general and administrative expenses.

EBITDA for Quarter 1, 2026 was \$33,941 versus \$40,697 in Quarter 1, 2025, a decrease of \$6,756. Adjusted for foreign exchange loss/gain and share-based compensation expenses adjusted EBITDA for Quarter 1, 2026 was \$41,041 versus \$30,916 in Quarter 1, 2025, an increase of \$10,125 or 32.8%.

Basic earnings per share were \$1.64 for Quarter 1, 2026 versus \$2.20 in Quarter 1, 2025, a decrease of \$0.56. Adjusted for foreign exchange loss/gain and share-based compensation expenses adjusted earnings per share<sup>2</sup> were \$2.08 for Quarter 1, 2026 versus \$1.60 in Quarter 1, 2025, an increase of \$0.48.

The Board of Directors of HPS 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 March 27, 2026 to shareholders of record at the close of business on March 19, 2026. The ex-dividend date was March 19, 2026.

<sup>1</sup> Refer to “Additional GAAP and Non-GAAP Financial Measures” in the Company’s Q1 2026 Management’s Discussion & Analysis.

**THREE MONTHS ENDED:**  
(dollars in thousands)

	March 28, 2026	March 29, 2025	Change
Sales	\$ 264,840	\$ 201,403	\$ 63,437
Earnings from operations	\$ 29,245	\$ 37,447	\$ (8,202)
Exchange loss	\$ 1,336	\$ 1,075	\$ 261
Net earnings	\$ 19,565	\$ 26,222	\$ (6,657)
Earnings per share			
Basic	\$ 1.64	\$ 2.20	\$ (0.56)
Adjusted*	\$ 2.08	\$ 1.60	\$ 0.48
Diluted	\$ 1.64	\$ 2.20	\$ (0.56)
Cash generated by (used in) operations	\$ 11,353	\$ (3,088)	\$ 14,361
EBITDA	\$ 33,941	\$ 40,697	\$ (6,756)
Adjusted EBITDA*	\$ 41,041	\$ 30,916	\$ 10,125
Capital Spending	\$ 8,678	\$ 7,922	\$ 756

\* Adjusted for foreign exchange gain or loss and share based compensation

## 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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