Hammond Power Solutions Reports Second Quarter 2026 Financial Results

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

GUELPH, Ontario, July 30, 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 second quarter 2026.

QUARTERLY HIGHLIGHTS:

- **Record quarterly sales of $325 million, a 44.7% increase versus Q2 2025;**
- **Gross margin improvement from the first quarter of 2026, from 30.1% to 31.5%;**
- **Quarterly adjusted EBITDA of $53 million, or 16.4% of sales. Year-to-date adjusted EBITDA of $94 million or 16.0% of sales;**
- **Quarterly adjusted earnings per share of $2.76. Earnings per share of $0.79. Year-to-date adjusted earnings per share of $4.81 and earnings per share of $2.43;**
- **Backlog is 96.9% higher than Q2 2025.**

“The second quarter was an outstanding quarter for HPS, with record sales, improved margins and strong execution across our operations,” said Adrian Thomas, Chief Executive Officer. “Demand in the U.S. market continues to be driven by data centre investment, electrification and power infrastructure spending, and our expanded manufacturing footprint is allowing us to support that growth more effectively.

Despite record shipments, our backlog remains at historic levels and supports continued utilization of our capacity investments. We also saw positive margin uplifts from higher custom product mix, flow through of previous pricing actions and operational improvements.”

Geography	Quarter 2, 2026	Quarter 2, 2025	$ Change	% Change	YTD 2026	YTD 2025	$ Change	% Change
US & Mexico*	272,691	157,581	115,110	73.0%	472,427	298,487	173,940	58.3%
Canada	44,669	58,577	(13,908)	(23.7%)	97,945	110,212	(12,267)	(11.1%)
India	7,442	8,261	(819)	(9.9%)	19,270	17,123	2,147	12.5%
Total	**324,802**	**224,419**	**100,383**	**44.7%**	**589,642**	**425,822**	**163,820**	**38.5%**

Sales in the U.S. market in the second quarter grew significantly year-over-year, driven by increases in data centre shipments, along with modest improvements in industrial markets versus the first quarter of 2026 and 2025. Improving price realization also resulted in higher sales. The Canadian market declined 23.7% in the quarter and 11.1% year-to-date. Some of this decline is driven by the timing of some large custom projects but Canada is experiencing general softness and increasingly competitive pricing.

The Company’s Quarter 2, 2026 backlog increased by 96.9% as compared to Quarter 2, 2025, primarily due to large project orders driven by data centre activity. Backlog decreased 3.1% from Quarter 4, 2025 and 6.9% from Quarter 1, 2026, as shipments exceeded new order bookings during the period. Despite these sequential declines, backlog remains at a significant level, supporting utilization of the Company’s expanded manufacturing capacity while enabling continued improvements in competitive lead times and responsiveness to customer demand.

The Company saw an increase in its gross margin rate for Quarter 2, 2026 which was 31.5% compared to 30.7% in Quarter 2, 2025, representing an increase of 80 basis points. Gross margin also improved by 140 basis points from the Quarter 1, 2026 rate of 30.1%. On a year-to-date basis, gross margin was 30.9% in 2026, compared to 31.1% in the prior year, a decrease of 20 basis points. The improvement in gross margin compared to previous quarter reflects the realization of price increases implemented to offset the direct and indirect impact of tariffs on input costs

“The second quarter reflected exceptional revenue growth and improving margins, building on the improvements we experienced in the first quarter,” said Richard Vollering, Chief Financial Officer of Hammond Power Solutions. “Performance was supported by improved operating leverage from our new Mexican facility, price realization, and a higher proportion of custom sales, which contributed to stronger adjusted EBITDA margins. Sales in the U.S. continued to strengthen, driven by data centre demand and recovering industrial investment, while sales in Canada softened due to weaker market conditions and increased competition. Adjusted EBITDA increased to $53 million, or 16.4% of sales. “Higher sales, increased tariff costs and a stronger U.S. dollar contributed to higher working capital requirements. However, working capital as a percentage of sales decreased to 17.7%, reflecting progress from our working capital reduction initiatives. Capital expenditures were $6.2 million in the quarter, and we continue to anticipate full-year spending of between $35 million and $40 million.”

“The AEG transaction closed on June 29; accordingly, no associated revenue or operating costs are included in these second quarter results. The third quarter will include a full quarter of AEG results, along with the remaining closing costs and associated debt. As we move into the second half of the year, our focus will be on sustaining operating momentum, managing working capital with discipline and maintaining a strong financial foundation as we begin integrating AEG.”

Total selling and distribution expenses were $36,289 in Quarter 2, 2026, representing 11.2% of sales, compared to $24,665 or 11.0% of sales, in Quarter 2, 2025, an increase of $11,624. The increase was primarily driven by higher sales volumes and associated distribution costs required to support growth. Year-to-date selling and distribution expenses were $63,182, or 10.7% in sales, compared to $46,985, or 11.0% of sales, in the prior period. The 30 basis point improvement as a percentage of sales reflects a higher proportion of custom product sales, which generally carry lower selling costs.

General and administrative and share-based compensation expenses were $42,983, or 13.2% of sales, in Quarter 2, 2026 compared to $24,465, or 10.9% of sales, in Quarter 2, 2025, an increase of $18,518. Year-to-date general and administration expenses were $66,636 or 11.3% of sales, compared to $28,210 or 6.6% of sales in the prior-year period. 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 2, 2026 were $9,394, compared to $13,376 in Quarter 2, 2025, a decrease of $3,982, or 29.8%. Year-to-date, net earnings were $28,959 in 2026, compared to $39,598 in the prior-year period, a decrease of $10,639, or 26.9%. The decrease was primarily driven by higher share-based compensation expenses, increased selling, distribution, general and administrative expenses, and acquisition-related costs of $4,992, partially offset by higher sales and increased gross margin dollars.

EBITDA for Quarter 2, 2026 was $22,808, compared to$23,720 in Quarter 2, 2025, a decrease of $912, or 3.8%. Adjusted EBITDA, which excludes foreign exchange losses, share-based compensation expenses and acquisition-related costs, was $53,247 for Quarter 2, 2026, compared to $33,396 in Quarter 2, 2025, an increase of $19,851 or 59.4%. Year-to-date EBITDA was $56,749 in 2026, compared to $64,417 in 2025, a decrease of $7,668 or 11.9%. Year-to-date adjusted EBITDA was $94,288 in 2026 and $64,312 in 2025, an increase of $29,976 or 46.6%.

Basic earnings per share for Quarter 2, 2026 were $0.79, compared to $1.12 in Quarter 2, 2025, a decrease of $0.33. Year-to-date the basic earnings per share were $2.43 in 2026, compared to $3.33 in 2025, a decrease of $0.90. Adjusted earnings per share[1], which excludes the impact of foreign exchange losses, share-based compensation expense and acquisition-related costs, were $2.76 for Quarter 2, 2026, compared to $1.72 in Quarter 2, 2025, an increase of $1.04. Year-to-date adjusted earnings per share were $4.81 in 2026, compared to $3.32 in 2025, an increase of $1.49.

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 June 17, 2026 to shareholders of record at the close of business on June 10, 2026. The ex-dividend date was June 10, 2026. Year-to-date the Company has paid a cash dividend of fifty-five cents ($0.55) per Class A Subordinate Voting Share and of fifty-five cents ($0.55) per Class B Shares.

1 Refer to “Additional GAAP and Non-GAAP measures” in the Company's Q2 2026 Management's Discussion & Analysis.

THREE MONTHS ENDED:
(dollars in thousands)

	June 27, 2026	June 26, 2025	Change
Sales	$ 324,802	$ 224,419	$ 100,383
Earnings from operations	$ 22,990	$ 19,682	$ 3,308
Exchange loss	$ 1,475	$ 572	$ 903
Net earnings	$ 9,394	$ 13,376	$ (3,982)
Earnings per share			
Basic	$ 0.79	$ 1.12	$ (0.33)
Adjusted*	$ 2.76	$ 1.72	$ 1.04
Diluted	$ 0.79	$ 1.12	$ (0.33)
Cash (used in) generated by operations	$ (6,400)	$ 42	$ (6,442)
EBITDA	$ 22,808	$ 23,720	$ (912)
Adjusted EBITDA*	$ 53,247	$ 33,396	$ 19,851
Capital Spending	$ 6,217	$ 11,760	$ (5,543)

SIX MONTHS ENDED:
(dollars in thousands)

	June 27, 2026	June 26, 2025	Change

Sales	$ 589,642	$ 425,822	$ 163,820
Earnings from operations	$ 52,235	$ 57,129	$ (4,894)
Exchange loss	$ 2,811	$ 1,647	$ 1,164
Net earnings	$ 28,959	$ 39,598	$ (10,639)
Earnings per share			
Basic	$ 2.43	$ 3.33	$ (0.90)
Adjusted*	$ 4.81	$ 3.32	$ 1.49
Diluted	$ 2.43	$ 3.33	$ (0.90)
Cash generated by (used in) operations	4,953	$ (2,966)	$ 7,919
EBITDA	$ 56,749	$ 64,417	$ (7,668)
Adjusted EBITDA*	$ 94,288	$ 64,312	$ 29,976
Capital Spending	$ 14,895	$ 19,682	$ (4,787)

***** Adjusted for foreign exchange gain or loss, share-based compensation and acquisition costs

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.

Hammond Power Solutions Inc. ("HPS" or the "Company") enables electrification through its broad range of dry-type transformers, power quality products, related magnetics and power conversion systems. 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 North America, Europe and Asia 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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