



Hammond Power Solutions Reports Record Third Quarter 2026 Financial Results

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

GUELPH, Ontario, Oct. 29, 2026 -- Hammond Power Solutions Inc. ("HPS" or the "Company") (TSX: HPS.A) a leading provider of magnetic and power electronic solutions, today announced its financial results for the third quarter 2026.

QUARTERLY HIGHLIGHTS:

- Record quarterly sales of \$446 million, a 104.4% increase versus Q3 2025. Gross margin improvement to 34.4%;
- Quarterly adjusted EBITDA of \$84 million, or 18.8% of sales, an increase of 177.5% from Q3 2025. Year-to-date adjusted EBITDA of \$178.3 million or 17.2% of sales, an increase of 88.5% from 2025;
- Quarterly adjusted earnings per share of \$3.13. Earnings per share of \$2.33. Year-to-date adjusted earnings per share of \$7.68 and earnings per share of \$4.76;
- Power Magnetics Backlog is 61.1% higher than Q3 2025;
- Cash generated from operations at \$76 million in the quarter;
- Third quarter 2026 represents the first full quarter in which AEG's results are included in HPS's consolidated results.

"We delivered an outstanding quarter across every key financial measure, with record revenue, strong margin expansion and exceptional cash generation. These results reflect robust customer demand and disciplined execution by our teams across the business," said Adrian Thomas, CEO. "While the integration of AEG is still in its early stages, we are increasingly excited by the opportunities ahead. We remain focused on realizing its full potential while continuing to drive disciplined, profitable growth."

Overall Corporate Performance

Sales for the third quarter were \$446,263, compared to \$218,341 in the third quarter of 2025, an increase of \$227,922 or 104.4%. Year-to-date sales were \$1,035,905, compared to \$644,163 in 2025, an increase of \$391,742 or 60.8%.

Gross margin increased to \$153,361, or 34.4% of sales, compared to \$65,686, or approximately 30.1% of sales, in the third quarter of 2025, an improvement of approximately 430 basis points. Year-to-date gross margin increased to \$335,414 or 32.4% in 2026 compared to \$198,010 or 30.7% in the prior-year period, an increase of 170 basis points.

Earnings from operations increased to \$71,638, compared to \$24,928 in the prior-year quarter. Year-to-date earnings from operations were \$123,873 in 2026, an increase of \$41,816 or 51.0% from the 2025 value of \$82,057.

Net earnings for the quarter were \$27,696, or \$2.33 earnings per share, compared to \$17,440, or \$1.46 earnings per share in the third quarter of 2025. Year-to-date net earnings were \$56,655 or \$4.76 earnings per share in 2026 compared to \$57,038 or \$4.79 per share in 2025.

Beginning in the third quarter of 2026, following the acquisition of AEG Power Solutions ("AEG") on June 29, 2026, HPS began reporting its results through two reportable operating segments: Power Magnetics and Integrated Electrical Solutions ("IES").

Power Magnetics

Geography	Quarter 3, 2026	Quarter 3, 2025	\$ Change	% Change	YTD 2026	YTD 2025	\$ Change	% Change
US & Mexico*	288,728	153,699	135,029	87.9%	745,349	446,518	298,831	66.9%
Canada	57,622	51,395	6,227	12.1%	155,567	161,607	(6,040)	(3.7%)
India	9,159	8,931	228	2.6%	28,429	26,054	2,375	9.1%
Total	355,509	214,025	141,484	66.1%	929,345	634,179	295,166	46.5%

Power Magnetics sales in the U.S. market were \$288,728 in the third quarter of 2026, increasing 87.9% from \$153,699 in the third quarter of 2025. The U.S. market continued to drive significant year-over-year growth, driven by increases in data centre shipments, along with modest improvements in industrial markets versus the prior year. The Canadian market sales increased in Quarter 3 to \$57,622 as certain large custom project orders were completed. The quarter increase reduced the year-to-date decline to \$6,040 or 3.7% from prior year.

The Company's Quarter 3, 2026 Power Magnetics backlog increased by 61.1% as compared to Quarter 3, 2025, primarily due

to large project orders driven by data centre activity. Backlog decreased 3.8% from Quarter 2, 2026. While Quarter 3 2026 bookings were higher than in Quarter 2 2026, shipments (excluding AEG) were also higher by 12%, driving a decrease in backlog.

The Company saw an increase in its Power Magnetics gross margin rate for Quarter 3, 2026 which was 34.3% compared to 29.7% in Quarter 3, 2025, representing an increase of 460 basis points. On a year-to-date basis, gross margin was 31.8% in 2026, compared to 30.4% in the prior year, an increase of 140 basis points.

“Our third-quarter was strong in many key aspects. Sales of \$446.3 million were up 104% from last year, adjusted EBITDA nearly tripled to \$84.0 million, and adjusted earnings per share doubled to \$3.13. Gross margin reached 34.4%, up from 30.1% a year ago, as pricing actions, higher factory output, more custom products and better efficiency helped us offset tariffs and rising copper and aluminum costs. Reported earnings of \$2.33 per share include one-time costs tied to the AEG acquisition, foreign exchange losses on acquisition hedges and higher interest on acquisition debt, while adjusted earnings, at \$3.13, give a clearer picture of how well the underlying business performed”, said Richard Vollerling, CFO of Hammond Power Solutions. “Cash conversion was high in the quarter, with cash generated from operations at \$76.0 million in the quarter, compared with a small outflow a year ago, and we ended the quarter with a net operating cash position of \$51.6 million, an improvement of more than \$88 million since the end of June. As we move into the fourth quarter, our focus will be on maintaining tight operating discipline, continuing to generate cash, complete a successful integration of AEG and invest in the growth ahead”.

Integrated Electrical Solutions

IES sales were \$90,754 for the quarter made up of a mixture of end markets including oil and gas, power generation, and offshore wind. Other emerging markets with notable shipments in the quarter include nuclear and data centres. The IES business achieved a gross margin rate of 39.5% for Quarter 3, 2026, excluding the impact of purchase accounting amortization recorded on consolidation, compared to 49.7% in 2025. The decrease is due to the change in product and service mix due to the inclusion of the AEG business.

Consolidated Financial Performance

Total selling and distribution expenses were \$57,080 in Quarter 3, 2026, representing 12.8% of sales, compared to \$24,224 or 11.1% of sales, in Quarter 3, 2025, an increase of \$32,856. Year-to-date selling and distribution expenses were \$120,262, or 11.6% of sales, compared to \$71,209, or 11.1% of sales, in the prior period. AEG's underlying operations contributed \$15,041 of selling and distribution expenses, while purchase accounting amortization associated with acquired customer relationships contributed a further \$1,844. The increase was primarily driven by higher Power Magnetics sales volumes and associated distribution costs required to support growth.

General and administrative and share-based compensation expenses were \$23,675, or 5.3% of sales, in Quarter 3, 2026 compared to \$16,534, or 7.6% of sales, in Quarter 3, 2025, an increase of \$7,141. Year-to-date general and administrative expenses were \$90,311 or 8.7% of sales, compared to \$44,744 or 6.9% of sales in the prior-year period. The change is mainly due to 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 3, 2026 were \$27,696, compared to \$17,440 in Quarter 3, 2025, an increase of \$10,256, or 58.8%. Year-to-date, net earnings were \$56,655 in 2026, compared to \$57,038 in the prior-year period, a decrease of \$383, or 0.7%. The change was primarily driven by higher share-based compensation expenses, increased selling, distribution, general and administrative expenses, acquisition-related costs, and higher interest and foreign exchange expenses partially offset by higher sales and increased gross margin dollars

EBITDA for Quarter 3, 2026 was \$68,783, compared to \$28,746 in Quarter 3, 2025, an increase of \$40,037. Adjusted EBITDA¹, which excludes foreign exchange losses, share-based compensation expenses and acquisition-related costs, was \$84,045 for Quarter 3, 2026, compared to \$30,290 in Quarter 3, 2025, an increase of \$53,755. Year-to-date EBITDA was \$125,532 in 2026, compared to \$93,163 in 2025, an increase of \$32,369 or 34.7%. Year-to-date adjusted EBITDA was \$178,333 in 2026 and \$94,603 in 2025, an increase of \$83,730 or 88.5%.

Basic earnings per share for Quarter 3, 2026 were \$2.33, compared to \$1.46 in Quarter 3, 2025, an increase of \$0.87. Year-to-date the basic earnings per share were \$4.76 in 2026, compared to \$4.79 in 2025, a decrease of \$0.03. Adjusted earnings per share¹, which excludes the impact of foreign exchange losses, share-based compensation expense and acquisition-related costs, were \$3.13 for Quarter 3, 2026, compared to \$1.56 in Quarter 3, 2025, an increase of \$1.57. Year-to-date adjusted earnings per share were \$7.68 in 2026, compared to \$4.88 in 2025, an increase of \$2.80.

The Board of Directors of HPS declared a quarterly cash dividend of twenty-nine cents (\$0.29) per Class A Subordinate Voting Share of HPS and a quarterly cash dividend of twenty-nine cents (\$0.29) per Class B Common Share of HPS paid on September 24, 2026 to shareholders of record at the close of business on September 17, 2026. The ex-dividend date was September 17, 2026. Year-to-date the Company has paid a cash dividend of eighty-four cents (\$0.84) per Class A Subordinate Voting Share and of eighty-four cents (\$0.84) per Class B Shares.

¹ Refer to “Additional GAAP and Non-GAAP measures” in the Company’s Q3 2026 Management’s Discussion and Analysis

	September 26, 2026	September 27, 2025	Change
Sales	\$ 446,263	\$ 218,341	\$ 227,922
Earnings from operations	\$ 71,638	\$ 24,928	\$ 46,710
Exchange loss	\$ 8,189	\$ 57	\$ 8,132
Net earnings	\$ 27,696	\$ 17,440	\$ 10,256
Earnings per share			
Basic	\$ 2.33	\$ 1.46	\$ 0.87
Adjusted*	\$ 3.13	\$ 1.56	\$ 1.57
Diluted	\$ 2.33	\$ 1.46	\$ 0.87
Cash (used in) generated by operations	\$ 76,087	\$ (2,137)	\$ 78,224
EBITDA	\$ 68,783	\$ 28,746	\$ 40,037
Adjusted EBITDA*	\$ 84,045	\$ 30,290	\$ 53,755
Capital Spending	\$ 6,638	\$ 7,366	\$ (728)

NINE MONTHS ENDED:

(dollars in thousands)

	September 26, 2026	September 27, 2025	Change
Sales	\$ 1,035,905	\$ 644,163	\$ 391,742
Earnings from operations	\$ 123,873	\$ 82,057	\$ 41,816
Exchange loss	\$ 11,000	\$ 1,704	\$ 9,296
Net earnings	\$ 56,655	\$ 57,038	\$ (383)
Earnings per share			
Basic	\$ 4.76	\$ 4.79	\$ (0.03)
Adjusted*	\$ 7.68	\$ 4.88	\$ 2.80
Diluted	\$ 4.76	\$ 4.79	\$ (0.03)
Cash generated by (used in) operations	\$ 81,040	\$ (5,103)	\$ 86,143
EBITDA	\$ 125,532	\$ 93,163	\$ 32,369
Adjusted EBITDA*	\$ 178,333	\$ 94,603	\$ 83,730
Capital Spending	\$ 21,533	\$ 27,048	\$ (5,515)

* 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.

HPS enables electrification through its portfolio of power conversion, power distribution and power quality solutions, including dry-type transformers, power electronics and related products used across critical electrical infrastructure and industrial 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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