



Hammond Power Solutions Reports Third Quarter 2025 Financial Results

GUELPH, Ontario, Oct. 23, 2025 -- 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 third quarter 2025.

QUARTERLY HIGHLIGHTS:

- Sales of \$218 million in the quarter, a 13.7% increase vs quarter 3, 2024;
- Adjusted EBITDA of \$30 million, or 13.9% of sales;
- Gross margin of \$66 million or 30.1% of sales;
- Net earnings of \$17.4 million;
- Adjusted earnings per share of \$1.56. Earnings per share of \$1.46;
- Backlog is 27.7% higher than the beginning of the year;
- Significant data centre project orders booked subsequent to quarter-end.

"HPS delivered another strong quarter in Q3 2025, generating \$218 million in revenue, our second highest quarter for shipments ever. The U.S. market delivered strong distribution and private label sales, offsetting a softer Canadian market," said Adrian Thomas, CEO of Hammond Power Solutions. "While material cost inflation and overhead costs relating to our new facilities in Mexico have pressured margins, recent sales developments give us confidence in the quarters ahead. Data centre activity accelerated in the quarter, and we are pleased to note that substantial orders were received shortly after its close, amounting to 53% of the Q3 closing backlog. These orders are expected to be shipped primarily in 2026 and from our new facilities in Mexico, which will be reconfigured with additional equipment to support this new volume."

Geography	Quarter 3, 2025	Quarter 3, 2024	\$ Change	% Change	YTD 2025	YTD 2024	\$ Change	% Change
U.S. & Mexico*	158,015	130,086	27,919	21.5%	456,502	393,994	62,508	15.9%
Canada	51,395	52,916	(1,521)	(2.9%)	161,607	157,070	4,537	2.9%
India	8,931	8,970	(39)	(0.4%)	26,054	28,800	(2,746)	(9.5%)
Total	218,341	191,972	26,369	13.7%	644,163	579,864	64,299	11.1%

Year-over-year, HPS's sales in the U.S. market grew by 15.9%. In the third quarter of 2025, U.S. market sales grew by 21.5% versus the same quarter of 2024. 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 center market.

As of the close of the quarter, the Company's Quarter 3, 2025 backlog increased by 22.4% as compared to Quarter 3, 2024. The Company's backlog increased 27.7% from the beginning of the year, and 17.6% from Quarter 2, 2025. Orders received after the close of the quarter were valued at 53% of the closing backlog.

"The third quarter followed many of the trends we saw in the second quarter, including continued strength in the U.S. market, and higher costs resulting from inflation. The implementation of additional tariffs in late August had a negative impact on margins but we expect that pricing actions implemented in September and continued supplier discussions will offset this impact moving forward," said Richard Vollering, Chief Financial Officer of HPS. "Working capital grew primarily due to increased inventory arising from shipping delays, requirements for certain large ongoing projects, and the additional cost of tariffs. Capital expenditures continued according to plan in the third quarter. We expect that our capital requirements will increase in the next two quarters as we add equipment and make production shifts to support incoming data centre orders."

The Company saw a decrease in its gross margin rate for the three months of Quarter 3, 2025 which was 30.1% compared to the Quarter 3, 2024 record-high of 33.8%. The year-to-date gross margin rate decreased from 32.8% in 2024 to 30.7% in 2025, a decrease of 210 basis points. The decline in gross margin is mainly the result of higher material costs related to commodity volatility, supply chain inflation, and tariffs.

Total selling and distribution expenses were \$24,224 in Quarter 3, 2025 (11.1% of sales) versus \$20,252 in Quarter 3, 2024 (10.5% of sales), an increase of \$3,972 or an increase of 60 basis points. Year-to-date selling and distribution expenses were \$71,209 (11.1% of sales) in 2025 compared to \$61,910 (10.7% of sales) in 2024, an increase of \$9,299 or 40 basis points. 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 as investments in people and technology to support growth.

General and administrative expenses were \$16,534 (7.6% of sales) for Quarter 3, 2025 compared to Quarter 3, 2024 expenses of \$21,024 (11.0% of sales), a decrease of \$4,490 or 340 basis points. Year-to-date general and administration expenses were \$44,744 (6.9% of sales) in 2025 compared to \$59,225 (10.2% of sales) in 2024, a decrease of \$14,481 or 330 basis points. 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 Quarter 3, 2025 finished at \$17,440 compared to net earnings of \$16,311 in Quarter 3, 2024, an increase of \$1,129. Year-to-date net earnings for 2025 finished at \$57,038 compared to net earnings of \$47,853 in 2024, an increase of \$9,185.

EBITDA for Quarter 3, 2025 was \$28,746 versus \$27,229 in Quarter 3, 2024, an increase of \$1,517 or 5.6%. Adjusted for foreign exchange loss/gain and share-based compensation expenses adjusted EBITDA for Quarter 3, 2025 was \$30,290 versus \$34,377 in Quarter 3, 2024, a decrease of \$4,087 or 11.9%. Year-to-date EBITDA was \$93,163 in 2025 and \$78,939 in 2024, an increase of \$14,224 or 18.0%. Year-to-date adjusted EBITDA was \$94,603 in 2025 and \$97,936 in 2024, a decrease of \$3,333 or 3.4%.

Basic earnings per share were \$1.46 for Quarter 3, 2025 versus \$1.37 in Quarter 3, 2024, an increase of \$0.09. Year-to-date the basic earnings per share were \$4.79 in 2025 compared to \$4.02 in 2024, an increase of \$0.77. Adjusted for foreign exchange losses and share-based compensation expenses adjusted earnings per share were \$1.56 for Quarter 3, 2025 versus \$1.80 for Quarter 3, 2024. Year-to-date adjusted earnings per share were \$4.88 for 2025 compared to \$5.16 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 September 25, 2025. Year-to-date the Company has paid a cash dividend of eighty-two and a half cents (\$0.825) per Class A Subordinate Voting Share and of eighty-two and a half cents (\$0.825) per Class B Shares.

THREE MONTHS ENDED:

(dollars in thousands)

	September 27, 2025	September 28, 2024	Change
Sales	\$ 218,341	\$ 191,972	\$ 26,369
Earnings from operations	\$ 24,928	\$ 23,665	\$ 1,263
Exchange loss	\$ 1,133	\$ 400	\$ 733
Net earnings	\$ 17,440	\$ 16,311	\$ 1,129
Earnings per share			
Basic	\$ 1.46	\$ 1.37	\$ 0.09
Adjusted	\$ 1.56	\$ 1.80	\$ (0.24)
Diluted	\$ 1.46	\$ 1.37	\$ 0.09
Cash (used in) generated by operations	\$ (2,137)	\$ 17,397	\$ (19,534)
EBITDA	\$ 28,746	\$ 27,229	\$ 1,517
Adjusted EBITDA*	\$ 30,290	\$ 34,377	\$ (4,087)
Capital Spending	\$ 7,366	\$ 13,531	\$ (6,165)

NINE MONTHS ENDED:

(dollars in thousands)

	September 27, 2025	September 28, 2024	Change
Sales	\$ 644,163	\$ 579,864	\$ 64,299
Earnings from operations	\$ 82,057	\$ 69,054	\$ 13,003
Exchange loss	\$ 1,704	\$ 1,442	\$ 262
Net earnings	\$ 57,038	\$ 47,853	\$ 9,185
Earnings per share			
Basic	\$ 4.79	\$ 4.02	\$ 0.77
Adjusted	\$ 4.88	\$ 5.16	\$ (0.28)
Diluted	\$ 4.79	\$ 4.02	\$ 0.77
Cash (used in) generated by operations	\$ (5,103)	\$ 42,338	\$ (47,441)
EBITDA	\$ 93,163	\$ 78,939	\$ 14,224
Adjusted EBITDA*	\$ 94,603	\$ 97,936	\$ (3,333)

Capital Spending	\$	27,048	\$	30,886	\$	3,838
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* EBITDA 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.

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