



Hammond Power Solutions Reports Second Quarter 2025 Financial Results

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

GUELPH, Ontario, July 24, 2025 -- Hammond Power Solutions Inc. ("HPS") (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 2025.

HIGHLIGHTS

- **Record sales of \$224 million in the quarter, a 13.8% increase vs quarter 2, 2024.**
- **Adjusted EBITDA of \$33 million in the quarter, or 14.9% of sales.**
- **Gross margin was \$68 million or 30.7% of sales.**
- **Net earnings of \$13.4 million in the quarter, significantly impacted by share-based compensation.**
- **Adjusted earnings per share of \$1.72. Earnings per share of \$1.12.**
- **Due to record sales, backlog is lower by 8% vs the first quarter of 2025 but remains 9% higher vs the end of 2024.**

We are pleased to share that HPS delivered another strong quarter in Q2 2025, achieving record sales and solid profits despite navigating some cost headwinds. Our quarterly revenue reached approximately \$224 million, marking a new record quarter with 14% growth compared to Q2 2024. Our gross margin was slightly lower than the previous year due to rising input costs and further investments in our manufacturing footprint.", said Adrian Thomas, CEO of Hammond Power Solutions. "Our new production facility in Mexico is complete and we will start shipments later this year. We are also proud to announce that we were awarded Great Place to Work for all of our facilities globally. This honour means a lot to us and reaffirms our belief that our employees are at the core of our success."

Geography	Quarter 2, 2025	Quarter 2, 2024	\$ Change	% Change	YTD 2025	YTD 2024	\$ Change	% Change
U.S. & Mexico*	157,581	133,176	24,405	18.3%	298,487	263,908	34,579	13.1%
Canada	58,577	55,858	2,719	4.9%	110,212	104,154	6,058	5.8%
India	8,261	8,178	83	1.0%	17,123	19,830	(2,707)	(13.7%)
Total	224,419	\$ 197,212	27,207	13.8%	425,822	387,892	37,930	9.8%

Year-to-date, the U.S. market experienced its strongest growth in the private label channel and steady growth in the distribution channel. The Company continued to grow both the number of new customers, as well as sales within existing customers. The Original Equipment Manufacturer ("OEM") channel and private labels channels have increased in the quarter versus prior year, with relatively more business shifting to private label. The two channels have also increased on a year-to-date basis with strong sales to switchgear manufacturers, motor control, mining, and data centres. The Canadian market continued to grow through the distribution channel in both stock and flow product and large projects in commercial construction, electric vehicle ("EV") charging, data centres, public infrastructure, oil and gas, mining, utilities and motor control.

The Company's Quarter 2, 2025 backlog increased by 8.4% as compared to Quarter 2, 2024. The Company's backlog decreased 8.0% from Quarter 1, 2025.

"The second quarter was notable in the heightened level of uncertainty in our supply chain and our customer markets. However, the impact of that uncertainty proved to be relatively small, although gross margins did decline below our expectations. Some of this was due to under absorbed overheads in our new Mexico factories as they ramp up, and some to due inflation we are seeing in our supply chain. Adjusted EBITDA margins, while still above 15% on a YTD basis, dropped in the quarter as a result of the lower gross margin", said Richard Vollerling, CFO of Hammond Power Solutions. "As sales increased to record levels, working capital requirements increased. This, combined with high capital expenditures associated with our capital expansion plan, resulted in a net cash outflow, which we expect will begin to reverse in the third quarter."

The Company saw a decrease in its gross margin rate for the three months of Quarter 2, 2025 which was 30.7% compared to Quarter 2, 2024 margin rate of 32.8%, a decrease of 210 basis points. The year-to-date gross margin rate has decreased from 32.3% in 2024 to 31.1% in 2025, a decrease of 120 basis points. The decline in gross margin is mainly the result of higher material costs related to commodity volatility and inflation in the supply chain.

Total selling and distribution expenses were \$24,665 in Quarter 2, 2025 or 11.0% of sales versus \$20,591 in Quarter 2, 2024 or 10.4% of sales, an increase of \$4,074 or an increase of 60 basis points. Year-to-date selling and distribution expenses were \$46,985 or 11.0% of sales in 2025 compared to \$41,658 or 10.7% of sales in 2024, an increase of \$5,327 or 30 basis points. The quarter and year-to-date increase in selling and distribution expenses is a result of higher variable freight and commission

expenses attributed to the increase in sales.

General and administrative expenses were \$24,465 or 10.9% of sales for Quarter 2, 2025 compared to Quarter 2, 2024 expenses of \$9,062 or 4.6% of sales, an increase of \$15,403 or 170 basis points. Year-to-date general and administration expenses were \$28,210 or 6.6% of sales in 2025 compared to \$38,201 or 9.8% of sales in 2024, a decrease of \$9,991 or 320 basis points. The increase is mainly due to an increase in share-based compensation costs, ongoing strategic investments in people and resources to support our growth strategies as well as supporting higher levels of general business activity.

Net earnings for Quarter 2, 2025 finished at \$13,376 compared to net earnings of \$23,590 in Quarter 2, 2024, a decrease of \$10,214. Year-to-date net earnings for 2025 finished at \$39,598 compared to net earnings of \$31,542 in Quarter 2, 2024, an increase of \$8,056.

EBITDA for Quarter 2, 2025 was \$23,720 versus \$36,711 in Quarter 2, 2024, a decrease of \$12,991 or 35.4%. Adjusted for foreign exchange loss/gain and share-based compensation expenses adjusted EBITDA⁽¹⁾ for Quarter 2, 2025 was \$33,396 versus \$32,587 in Quarter 2, 2024, an increase of \$809 or 2.5%. Year-to-date EBITDA was \$64,417 in 2025 and \$51,710 in 2024, an increase of \$12,707 or 24.6%. Year-to-date adjusted EBITDA was \$64,312 in 2025 and \$63,559 in 2024, an increase of \$753 or 1.2%.

Basic earnings per share were \$1.12 for Quarter 2, 2025 versus \$1.98 in Quarter 2, 2024, a decrease of \$0.86. Year-to-date the basic earnings per share were \$3.33 in 2025 compared to \$2.65 in 2024, an increase of \$0.68. Adjusted¹ for foreign exchange losses and share-based compensation expenses adjusted earnings per share were \$1.72 for Quarter 2, 2025 versus \$1.73 for Quarter 2, 2024. Year-to-date adjusted earnings per share were \$3.32 for 2025 compared to \$3.37 in 2024.

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 27, 2025. 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.

THREE MONTHS ENDED:

(dollars in thousands)

	June 28, 2025	June 29, 2024	Change
Sales	\$ 224,419	\$ 197,212	\$ 27,207
Earnings from operations	\$ 19,682	\$ 35,090	\$ (15,408)
Exchange loss	\$ 572	\$ 1,903	\$ (1,331)
Net earnings	\$ 13,376	\$ 23,590	\$ (10,214)
Earnings per share			
Basic	\$ 1.12	\$ 1.98	\$ (0.86)
Adjusted	\$ 1.72	\$ 1.73	\$ (0.01)
Diluted	\$ 1.12	\$ 1.98	\$ (0.86)
Cash generated by operations	\$ 42	\$ 18,656	\$ (18,614)
EBITDA	\$ 23,720	\$ 36,711	\$ (12,991)
Adjusted EBITDA*	\$ 33,396	\$ 32,587	\$ 809
Capital Spending	\$ 11,760	\$ 9,868	\$ 1,892

SIX MONTHS ENDED:

(dollars in thousands)

	June 28, 2025	June 29, 2024	Change
Sales	\$ 425,822	\$ 387,892	\$ 37,930
Earnings from operations	\$ 57,129	\$ 45,389	\$ 11,740
Exchange loss	\$ 1,647	\$ 1,205	\$ 442
Net earnings	\$ 39,598	\$ 31,542	\$ 8,056
Earnings per share			
Basic	\$ 3.33	\$ 2.65	\$ 0.68
Adjusted	\$ 3.32	\$ 3.37	\$ (0.05)
Diluted	\$ 3.33	\$ 2.65	\$ 0.68
Cash (used in) generated by operations	\$ (2,966)	\$ 24,941	\$ (27,907)
EBITDA	\$ 64,417	\$ 51,710	\$ 12,707
Adjusted EBITDA*	\$ 64,312	\$ 63,559	\$ 753
Capital Spending	\$ 19,682	\$ 17,355	\$ 2,327

* 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, Hammond Power Solutions Inc.'s (the "**Corporation**" or "**HPS**") 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 and changing interest rates); 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 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 (U.S.), 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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¹ Refer to Non-GAAP financial measures on page 3 of this quarterly report