



Hammond Power Solutions Reports First Quarter 2025 Financial Results

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

GUELPH, Ontario, May 01, 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 first quarter 2025.

HIGHLIGHTS

- Sales of \$201 million in the quarter, a 5.6% increase versus Quarter 1, 2024.
- Adjusted EBITDA of \$30,916 in the quarter, or 15.4% of sales.
- Gross margin was \$63.5 million or 31.5% of sales in Quarter 1, 2025, versus \$60.5 million or 31.7% in Quarter 1, 2024.
- Net earnings of \$26.2 million in the quarter, significantly impacted by share-based compensation.
- Earnings per share of \$2.20. Adjusted earnings per share of \$1.60.
- Backlog at the end of the quarter increased by 17.7% versus December 31, 2024.

"We are pleased to report that same-quarter sales grew 5.6% to \$201 million, underscoring the resilience of our business in a period marked by trade-tariff uncertainty," said Adrian Thomas, CEO of Hammond Power Solutions. "While we experienced lower custom shipments this quarter, we continue to see strong demand in certain markets and we finished with a 17.7% increase in backlog over Q4 2024. When combined with our new factory coming online faster than planned, we can anticipate a favorable shift towards more custom product shipments in the latter half of the year."

Geography	Q1 2025	Q1 2024	\$ Change	% Change
U.S. & Mexico	\$ 140,906	\$ 130,732	10,174	7.8%
Canada	51,635	48,296	3,338	6.9%
India	8,862	11,656	(2,790)	(23.9%)
Total	\$ 201,403	\$ 190,680	10,723	5.6%

Sales in the U.S. market grew slightly year-over-year but slowed in the first quarter of 2025 versus the fourth quarter of 2024, mainly due to lower induction heating ("IHI"), Latam, and OEM sales. January sales were unusually low, while sales in February and March recovered to expected levels. Sales of stock products grew versus the fourth quarter, while sales of custom products declined, primarily due to the shipment timing. Private label sales grew considerably year-over-year, with growth led by stronger sales to data centre applications. The Canadian market shipped 6.9% more than the first quarter of 2024, but also slowed versus the fourth quarter of 2024, also driven by the timing of some large custom projects.

The Company's Quarter 1, 2025 backlog increased by 18.9% as compared to Quarter 1, 2024, due to large projects driven mostly by data centre activity. The Company's backlog has increased 17.7% from Quarter 4, 2024, for similar reasons.

"While January started off slow, sales momentum picked up in February and March, notably driven by increasing standard product shipments. The quarterly gross margin was lower than Quarter 4, 2024 at 31.5% and consequently the adjusted EBITDA margin was 15.4%," said Richard Vollering, CFO of Hammond Power Solutions. "Working capital requirements increased in the quarter mainly as a result of a build-up of raw materials to meet upcoming project delivery requirements, as well as typically higher first quarter accrual disbursements."

The Company saw a slight decrease in its gross margin rate for Quarter 1, 2025 which was 31.5% compared to Quarter 1, 2024 margin rate of 31.7%, a decrease of 20 basis points. The decline in gross margin reflects increased material and labour costs, and a shift in product mix to relatively more standard products. The company announced a price increase in February, which began to take effect for catalogue-based products in April of 2025, which should offset these higher costs.

Total selling and distribution expenses were \$22,320 in Quarter 1, 2025 or 11.1% of sales versus \$21,067 in Quarter 1, 2024 or 11.0% of sales, an increase of \$1,253 or 0.1% of sales. The year-over-year increase in selling and distribution expenses is a result of higher variable freight and commission expenses attributed to the large increase in sales.

General and administrative expenses were \$3,745 or 1.9% of sales for Quarter 1, 2025 compared to Quarter 1, 2024 expenses of \$29,139 or 15.3% of sales, a decrease of \$25,394 or 13.4% of sales. The decrease is mainly due to recovery of share-based compensation costs offset by 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 1, 2025 finished at \$26,222 compared to net earnings of \$7,952 in Quarter 1, 2024, an increase of \$18,270. The increase in the quarterly earnings from operations is primarily a result of higher sales offset by a lower gross margin rate, and a recovery of share-based compensation expenses offset by higher selling, distribution, general and administrative expenses.

EBITDA for Quarter 1, 2025 was \$40,697 versus \$14,999 in Quarter 1, 2024, an increase of \$25,698. Adjusted for foreign exchange loss/gain and share-based compensation expenses adjusted EBITDA for Quarter 1, 2025 was \$30,916 versus \$30,972 in Quarter 1, 2024, a decrease of \$56 or 0.2%.

Basic earnings per share were \$2.20 for Quarter 1, 2025 versus \$0.67 in Quarter 1, 2024. Adjusted for foreign exchange loss/gain and share-based compensation expenses adjusted earnings per share were \$1.60 for Quarter 1, 2025 versus \$1.66 in Quarter 1, 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 March 28, 2025.

THREE MONTHS ENDED:

(dollars in thousands)

	March 29, 2025	March 30, 2024	Change
Sales	\$ 201,403	\$ 190,680	\$ 10,723
Earnings from operations	\$ 37,447	\$ 10,299	\$ 27,148
Exchange loss (gain)	\$ 1,075	\$ (698)	\$ 1,773
Net earnings	\$ 26,222	\$ 7,952	\$ 18,270
Earnings per share			
Basic	\$ 2.20	\$ 0.67	\$ 1.53
Adjusted	\$ 1.60	\$ 1.66	\$ (0.06)
Diluted	\$ 2.20	\$ 0.67	\$ 1.53
Cash (used in) generated by operations	\$ (3,008)	\$ 6,285	\$ (9,293)
EBITDA	\$ 40,697	\$ 14,999	\$ 25,698
Adjusted EBITDA*	\$ 30,916	\$ 30,972	\$ (56)
Capital Spending	\$ 7,922	\$ 7,487	\$ 678

* 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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