hammond
POWER SOLUTIONS

For the nine months ended September 26, 2026

Q3 Report 2026

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CEO's Message to Shareholders



Dear Shareholders,

Hammond Power Solutions delivered an outstanding third quarter in 2026, achieving record transformer shipments, integrating AEG's portfolio into our business results, and advancing key initiatives that position the Company for continued growth.

Business activity for our power magnetics (transformer) business remained healthy throughout the quarter. We continue to see solid engagement from customers across industrial, infrastructure, energy and technology-related markets, and our diversified exposure across customers, channels and end markets remains a source of resilience. Quoting activity also remained robust, including in data center applications, providing confidence in the long-term demand outlook for our products and solutions.

One of the highlights of the quarter was the continued success of our Monterrey 4 facility. Now fully ramped, the operation contributed to record deliveries meeting critical customer project timelines. This additional capacity increased throughput across our manufacturing network, enabling higher shipment volumes, a more responsive approach to customer demand, and improved customer satisfaction.

During the quarter, we also announced plans for a new manufacturing facility in Fort Worth, Texas. Over the last three years, HPS has invested more than CAD $100 million in our Canadian and Mexican operations, and the approximately CAD $50 million investment in Fort Worth represents the next major step in expanding our manufacturing footprint. As shipment volumes grow and facilities operate at higher utilization rates, additional capacity is essential to maintaining the responsiveness and service levels our customers expect. We view this investment as the next phase of growth for our transformer business and an important step in meeting future customer demand across the region.

This quarter also marked our first full quarter with AEG as part of Hammond Power Solutions. While the ongoing conflict in the Middle East continues to create headwinds for portions of AEG's business in the region, we remain encouraged by opportunities emerging in North America and in sectors such as energy, utilities and data centers. The acquisition broadens our capabilities in power electronics and provides access to technologies, expertise and markets that complement our transformer business. We are working closely with AEG's engineering teams to develop additional solutions for customers and expand our participation in new markets. We believe AEG adds an important dimension to HPS and advances our strategy of broadening our participation across the electrical power ecosystem.

Looking ahead, our priorities remain straightforward: completing the integration of AEG, advancing the Fort Worth project and building on the investments we have made across our manufacturing network. We remain focused on serving customers as electrification trends drive continued investment in power infrastructure around the world.

I would like to thank our employees for their dedication, our customers for their trust, and our shareholders for their continued support.

Sincerely,

ADRIAN THOMAS
CHIEF EXECUTIVE OFFICER

Management's Discussion and Analysis

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

The following is Management's Discussion and Analysis ("MD&A") of the Company's consolidated financial position at September 26, 2026, and December 31, 2025, and performance for the three and nine months ended September 26, 2026, and September 27, 2025. This MD&A should be read in conjunction with the accompanying unaudited Condensed Interim Consolidated Financial Statements of the Company for the third quarter of fiscal 2026. This information is based on management of the Company's ("Management") knowledge as at October 29, 2026. The Company assumes that the reader of this MD&A has access to and has read the audited Annual Consolidated Financial Statements and MD&A of the Company, contained in our 2025 Annual Report and accordingly, the purpose of this document is to provide a third quarter update to the information contained in the fiscal 2025 MD&A. All amounts in this report are expressed in thousands of Canadian dollars unless otherwise noted. Additional information relating to the Company may be found on SEDAR+'s website at www.sedarplus.ca, or on the Company's website at www.hammondpowersolutions.com.

Caution regarding forward-looking information

This MD&A 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 "Company" 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, order bookings and the conversion of backlog into revenue, sales volumes, pricing, product and geographic mix, supply availability and input costs, integration risks and the realization of anticipated acquisition benefits, financing costs and indebtedness, foreign exchange rates and hedging activities, effective tax rates, product development and the Company's competitive position. Forward-looking statements can generally be identified by 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 Company 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: Trade, tariffs and export controls, including changes to tariff regimes and related impacts on costs, pricing, margins and supply availability; Geopolitical and macroeconomic risks, including global conflicts, terrorism, economic conditions, inflation, interest rate changes and related market uncertainty; Supply chain and commodity cost risks, including availability and pricing of key inputs (such as copper, aluminum and grain-oriented electrical steel) and logistics disruptions; Cybersecurity and information technology risks, including the risk of cyberattacks, ransomware, system disruptions and data incidents; Human capital risks, including attraction and retention of skilled talent, loss of key personnel, and labour relations or work stoppages; Order and backlog risks, including the risk that customer orders are cancelled, delayed or deferred and backlog is not converted into revenue as expected; Strategic execution and transaction risks, including the risk that acquisitions, divestitures, joint ventures or other strategic initiatives do not deliver anticipated benefits or take longer than expected; International operations, foreign exchange and tax risks, including compliance and operating risks across jurisdictions, currency volatility and changes in tax laws or audit outcomes; Business interruption and force majeure risks, including natural disasters, extreme weather, pandemics or other events that disrupt operations, suppliers or customers; Legal, regulatory and environmental compliance risks, including evolving environmental/ESG-related requirements and other regulatory obligations; Competitive and technological risks, including competitive pressures and the risk of technological change disrupting demand for certain products or requiring increased investment; Credit and customer risk, including the risk of uncollectible receivables arising from extending credit in the ordinary course; Product performance and liability risks, including litigation risk related to product defects, misuse, failures or alleged damages; Insurance risk, including the risk that insurance coverage is unavailable, insufficient, or becomes more costly. The Company 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 MD&A and such information should not be relied upon as representing our views as of any date subsequent to the date of this MD&A. 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.

Additional GAAP and Non-GAAP measures

This document uses the terms “earnings from operations” which represents earnings before finance and other costs/(income) and income taxes. “EBITDA” is also used and is defined as earnings before interest,

taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA adjusted for foreign exchange gain or loss, share-based compensation and non-recurring acquisition costs. Starting in 2025 adjusted earnings per share ("EPS") was disclosed which represents EPS adjusted for foreign exchange gain or loss, share-based compensation and non-recurring acquisition costs. Net cash or net indebtedness is defined as the bank operating lines of credit net of cash and cash equivalents. Net income taxes payable or receivable is defined as current income taxes receivable less current income taxes payable. Earnings from operations, EBITDA and Adjusted EBITDA are some of the measures the Company uses to evaluate operational profitability. Net cash or net indebtedness and net income taxes payable or receivable are measures the Company uses to evaluate balance sheet strength. The Company presents EBITDA to show its performance before interest, taxes, and depreciation and amortization. Management believes that HPS shareholders and potential investors in HPS use additional GAAP and non-GAAP financial measures, such as operating earnings, net cash or net indebtedness, net income taxes payable/receivable, EBITDA and Adjusted EBITDA in making investment decisions about the Company and to measure its operational results. A reconciliation of earnings from operations, EBITDA, adjusted EBITDA, adjusted EPS to net earnings for the quarters ending September 26, 2026, and September 27, 2025, is contained within this MD&A. Earnings from operations, EBITDA and adjusted EBITDA should not be construed as a substitute for net earnings determined in accordance with IFRS Accounting Standards.

"Order bookings" represent confirmed purchase orders for goods or services received from our customers. "Backlog" represents all unshipped customer orders. Customer orders in Order bookings and Backlog may not have confirmed ship dates, as the customer may not know the date at which it would like to take delivery at the time of placing the order. A significant percentage of Order bookings and Backlog could be cancelled by customers without penalty, provided HPS has not commenced purchasing or production for that order. "Book value per share" is the total shareholders' equity divided by the average outstanding shares. The terms "earnings from operations", "EBITDA", "adjusted EBITDA", "adjusted EPS", "order bookings", "backlog" and "book value per share" do not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies.

The Company's Quarter 3, 2026 consolidated financial statements, which comprise the consolidated statements of financial position as at September 26, 2026, and December 31, 2025, the consolidated statements of operations and comprehensive income for the three and nine months ended September 26, 2026, and September 27, 2025 , statement of changes in equity and cash flows for the nine months ended September 26, 2026 and September 27, 2025 and notes thereto, have been prepared under IAS 34, Interim Financial Reporting.

Overall Corporate Performance

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 principally comprises HPS' transformer and related magnetics operations, while IES principally comprises of the AEG business and other power electronics, including induction heating and active harmonic filters. The change reflects the way the Company's Chief Operating Decision Maker evaluates operating performance and allocates resources following the AEG acquisition.

The following discussion therefore considers both the Company's consolidated results and the operating performance of its two reportable segments, providing greater visibility into the factors affecting the performance of each business.

Q3 2026 Highlights

	Quarter 3, 2026	Quarter 3, 2025	$ Change	% Change
Sales	$ 446,263	$ 218,341	$ 227,922	104.4%
Gross margin	153,361	65,686	87,675	133.5%
Gross margin %	34.4%	30.1%	430 basis points	
Earnings from operations	71,638	24,928	46,710	187.4%
Net earnings	27,696	17,440	10,256	58.8%
Basic and fully diluted EPS	$ 2.33	$ 1.46	$ 0.87	59.6%
Adjusted EPS	$ 3.13	$ 1.56	$ 1.57	100.6%
EBITDA	$ 68,783	$ 28,746	$ 40,037	139.3%
Adjusted EBITDA	$ 84,045	$ 30,290	$ 53,755	177.5%

YTD 2026 Highlights

	Quarter 3, 2026	Quarter 3, 2025	$ Change	% Change
Sales	$ 1,035,905	$ 644,163	$ 391,742	60.8%
Gross margin	335,414	198,010	137,404	69.4%
Gross margin %	32.4%	30.7%	170 basis points	
Earnings from operations	123,873	82,057	41,816	51.0%
Net earnings	56,655	57,038	(383)	(0.7%)
Basic EPS and fully diluted EPS	$ 4.76	$ 4.79	$ (0.03)	(0.7%)
Adjusted EPS	$ 7.68	$ 4.88	$ 2.80	57.4%
EBITDA	$ 125,532	$ 93,163	$ 32,369	34.7%
Adjusted EBITDA	$ 178,333	$ 94,603	$ 83,730	88.5%

HPS delivered year-over-year growth in the third quarter of 2026, reflecting continued growth in Power Magnetics and the inclusion of the first quarter of contribution from AEG. 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. Year-to-date gross margin increased to $335,414 or 32.4% in 2026, compared to $198,010 or 30.7% in 2025, an increase of $137,404.

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. Both net earnings in the quarter and year-to-date reflect higher operating earnings, partially offset by higher interest expense, foreign exchange losses and acquisition-related costs associated with the acquisition of AEG.

The acquisition of AEG expands the Company's product offering, geographic presence and end-market exposure. AEG's products include AC and DC uninterruptible power supply systems, battery chargers, rectifiers and power conversion products used across industrial, infrastructure, transportation, energy and other critical applications. AEG has manufacturing facilities in Germany, Spain, China, and Singapore and sells its solutions primarily in Europe, the Middle East and Asia.

Power Magnetics

The Power Magnetics segment designs, manufactures and distributes dry-type, cast resin and liquid-filled power transformers, as well as related products and solutions serving utility, industrial, commercial and infrastructure markets. Key end user markets for power magnetics include commercial construction, industrial equipment, VFD's, data centres, infrastructure, utilities, oil & gas, mining, EV charging and renewables.

Sales

Geography	Q3, 2026	Q3, 2025	$ Change	% Change	YTD 2026	YTD 2025	$ Change	% Change
U.S. & 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%

* When stated in U.S. dollars, U.S. and Mexico sales have increased from $111,699 in 2025 to $206,421 in 2026, an increase of $94,722 or 84.8%. Year-to-date, when stated in U.S. dollars, sales have increased from $319,432 in 2025 to $537,894 in 2026, an increase of $218,462 or 68.4%.

The sales increase in Power Magnetics in the third quarter of 2026 versus the second quarter of 2026 was due to the timing of shipments for certain large projects and improved price realization. Effective capacity also increased as a result a favourable product mix and a significant process improvement program launched late in 2025.

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. Full

price realization of previously implemented price increases also resulted in higher sales.

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. While Quarter 3 showed improvement, the Company continues to observe general economic softness and increased competitiveness in the Canadian market.

India market sales for Quarter 3, 2026 were $9,159 in Quarter 3, 2026 which was comparable to the same quarter in 2025. Year-to-date sales were $28,429, an increase of $2,375 or 9.1% from the 2025 value of $26,054.

Shipments of custom products were close to 70% of product sales overall.

Quarter 3, 2026 sales stated by geographic segment were derived from U.S. sales of 81.2% (Quarter 3, 2025 – 71.8%) of total sales, Canadian sales of 16.2% (Quarter 3, 2025 – 24.0%) and Indian sales of 2.6% (Quarter 3, 2025 – 4.2%). Year-to-date sales by geographic segment were U.S. sales of 80.2% (2025 – 70.4%) of total sales, Canadian sales of 16.7% (2025 – 25.5%) and Indian sales of 3.1% (2025 – 4.1%).

Backlog

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. Increased production capacity and manufacturing efficiency improvements enabled the Company to convert orders into revenue at an accelerated pace, resulting in higher sales, shorter lead times, and a relative decrease in backlog. 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 backlog tenor is typically six to eight weeks for standard and configured product and six months for custom power products. Certain larger projects requiring custom power products may extend beyond one year. The weighted average tenor of the backlog is approximately two to three quarters. While a strong backlog can be viewed as a positive indicator of future business activity, extended lead times can limit backlog growth, as some customers may seek alternate suppliers when delivery times become excessive.

The backlog represents a customer's intent to purchase; however, not all orders in the backlog have firm ship dates and, where production and procurement activities have not commenced, many orders may be cancelled without penalty.

Gross margin

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.

The year-over-year improvement in gross margin reflects the continued realization of price increases implemented to offset the direct and indirect impact of tariffs on input costs, increased absorption due to higher throughput, favourable product mix and improved factory efficiency due to process improvement program launched at the end of 2025. Gross margin performance remains sensitive to fluctuations in selling prices, commodity costs, customer and product mix and geographic sales distribution. Margins also benefited from improved absorption of factory overhead

resulting from higher production volumes and a greater proportion of custom power products in the sales mix. These benefits are partially offset by lower margins in certain highly competitive product lines and geographic markets.

Key inputs to the Company's products include electrical steel, copper, aluminum, insulation, carbon steel, resin, fiberglass, labour and manufacturing overhead. While electrical steel pricing has remained relatively stable, copper and aluminum prices have increased in recent periods and continue to affect the cost of transformer coils production. To offset these and other cost increases, including tariffs, the Company implemented its annual price increase in the second quarter of 2026.

Integrated Electrical Solutions ("IES")

The IES segment designs, manufactures and distributes engineered electrical solutions and systems, including power quality products, custom-engineered solutions and related electrical equipment. The acquisition of AEG expanded HPS's offering to include AC and DC uninterruptible power supply systems, battery chargers, rectifiers and power conversion products serving industrial, infrastructure, transportation, energy and other critical applications. AEG's key end user markets include oil & gas, offshore wind, nuclear, industrial facilities, data centres, green hydrogen, utilities, BESS and transportation.

Third quarter 2026 represents the first full quarter in which AEG's results are included in HPS's consolidated results following completion of the acquisition on June 29, 2026. As this is the first quarter following the acquisition of AEG, year-over-year comparisons should be considered in the context of the significant change in the composition of the Company's operations.

Management continues to focus on the integration of AEG and opportunities to leverage the combined Company's broader product portfolio, geographic reach and customer relationships.

Sales

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 conflict in the Middle East has had a negative impact on IES sales throughout the year and this continued into the third quarter. This political situation has resulted in slower product and service order intakes, delays due to travel and shipping restrictions as well as margin rates being impacted by higher freight costs. Integration activities commenced in the third quarter and management has initiated plans to grow sales in North American markets, including broadening participation in data centre markets.

Quarter 3, 2026 sales stated by geographic segment were derived from European countries sales of 59.9% and remainder of the world sales of 40.1%.

Backlog

Service order intake was up 9% while product order intake was down 5% from prior year.

Gross Margin

The IES business achieved a gross margin rate of 39.5% for Quarter 3, 2026, excluding the impact of purchase amortization recognized on consolidation, compared with 49.7% in 2025. After including purchase accounting amortization, the reported gross margin rate was 34.7%. The decrease is due to the change in product and service mix due to the inclusion of the AEG business.

Key inputs to the Company's products include batteries, electrical subcomponents, labour and manufacturing overhead.

Consolidated Financial Performance

Gross Margin

Gross margin for the third quarter of 2026 was $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 was $335,414 or 32.4%, compared to $198,010 or 30.7% in the prior-year period, an increase of 170 basis points.

The increase in consolidated gross margin reflects the combined impact of the operating performance of Power Magnetics and the addition of IES following the acquisition of AEG. Within Power Magnetics, gross margin was influenced by pricing, product mix, volume and manufacturing utilization, while the addition of IES also changed the Company's consolidated product and geographic sales mix.

The Company continues to invest in initiatives designed to support long-term revenue growth and margin expansion. Gross margins are supported by disciplined pricing, strategic sourcing activities, engineering-driven cost reduction initiatives and continuous operational improvement programs. As sales volumes increase, the Company expects to benefit from improved factory overhead absorption. In addition, scale purchasing benefits, a continued focus on higher-margin products and solutions, and flexible manufacturing capabilities are expected to support the Company's ability to sustain and enhance margins over the long term.

Selling and distribution expenses

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. 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 remaining increase of $15,971 was primarily driven by higher Power Magnetics sales volumes and associated distribution costs required to support growth.

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. Without AEG the year-to-date percentage was 10.2%, which reflects a higher proportion of custom product sales, which generally carry lower selling costs.

General and administrative and share-based compensation expenses

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. The Company's lower closing share price during Quarter 3, 2026 resulted in a share-based compensation recovery of $3,186, compared to an expense of $1,487 in Quarter 3, 2025, a decrease of $4,673. Excluding share-based compensation, general and administrative expenses increased by $11,814, or 78.5%, compared to the prior-year quarter, while decreasing by 90 basis points as a percentage of sales. AEG contributed $8,636 of additional general and administrative expenses for the quarter.

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. Excluding share-based compensation, general and administrative expenses were $63,761 or 6.2% of sales, compared to $45,008 or 7.0% of sales in 2025, an increase of $18,753 while improving by

80 basis points as a percentage of sales. AEG contributed $8,636 of additional general and administrative expenses year-to-date.

Key drivers for the current quarter (and year-to-date) increase are as follows:

- Approximately $1,620 of additional expense related to strategic investments in people resources and development and incentive plans (year-to-date $4,833);
- Investments in technology and cloud-based software of $1,049 (year-to-date $1,901); and
- Higher estimated credit loss provisions of $9 associated with increased accounts receivable balances and customer exposure (year-to-date $1,211); and
- Investments in strategic projects to support business growth in the amount of $1,125 for the quarter (year-to-date $2,770).

Earnings from operations[1]

Quarter 3, 2026 earnings from operations were $71,638 compared to $24,928 for the same quarter of 2025, an increase of $46,710. The increase was primarily driven by higher sales volumes, improved gross margins, and the AEG acquisition partially offset by increased selling, distribution, general and administrative expenses.

Year-to-date, earnings from operations were $123,873, compared to $82,057 in prior-year, an increase of $41,816 or 51.0%. The increase primarily reflects higher sales volumes, improved gross margins and the AEG acquisition, partially offset by increased selling, distribution, general and administrative expenses.

Earnings from operations are calculated as outlined in the following table:

	Quarter 3, 2026	Quarter 3, 2025	YTD 2026	YTD 2025
Net earnings	$ 27,696	$ 17,440	$ 56,655	$ 57,038
Add:				
Income tax expense	16,485	6,265	29,311	20,884
Net interest expense	8,976	1,133	11,557	2,332
Foreign exchange loss	8,189	57	11,000	1,704
Acquisition costs	10,259	-	15,251	-
Other	33	33	99	99
Earnings from operations	$ 71,638	$ 24,928	$ 123,873	$ 82,057

Finance and other costs

Finance and other costs were $27,457 in Quarter 3, 2026, compared to $1,223 in Quarter 3, 2025, an increase of $26,234. Year-to-date net finance and other costs were $37,907 in 2026, compared to $4,135 in 2025, an increase of $33,772. The increase was primarily attributable to acquisition-related costs of $15,251 associated with the acquisition of AEG Power Solutions, higher interest expense resulting from increased debt related to the acquisition as well as elevated foreign exchange losses.

Interest expense for Quarter 3, 2026 was $8,976, compared to $1,133 in Quarter 3, 2025, an increase of $7,843.

[1] Refer to non-GAAP financial measures on page 3 of this quarterly report.

Year-to-date, net interest expense was $11,557, compared to $2,332 in the prior-year period, an increase of $9,225. Interest expense increased during both the quarter and year-to-date period primarily due to the increase in debt related to the acquisition. Interest expense includes bank fees and other borrowing costs. Interest expense is expected to remain above prior-year levels as a result of the new credit facilities and will vary based on outstanding borrowings and movements in the applicable floating benchmark rates.

Foreign exchange losses were $8,189 in Quarter 3, 2026, compared to $57 in Quarter 3, 2025, an increase of $8,132. Year-to-date, foreign exchange losses were $11,000, compared to $1,704 in the prior-year period, an increase of $9,296. A loss was generated resulting from the settlement of foreign exchange hedge contracts entered into to manage the currency risk associated with the acquisition. A portion of these losses relate to the revaluation of U.S. dollar-denominated trade receivables and payables. The increase compared to the prior year reflects greater volatility in foreign exchange rates, particularly fluctuations in the U.S. dollar relative to the Canadian dollar.

As at September 26, 2026, the Company had outstanding foreign exchange contracts totaling 17,200 EUR and $59,000 USD, which were entered into as economic hedges against foreign exchange gains and losses arising from intercompany loans and long-term debt. The Company also had outstanding forward foreign exchange contracts totaling $20,000 USD, which serve as economic hedges of U.S. dollar-denominated accounts payable within HPS Canada's operations.

Income tax expense

Income tax expense for Quarter 3, 2026 was $16,485, compared to $6,265 in Quarter 3, 2025, an increase of $10,220. Year-to-date income tax expense was $29,311 in 2026 compared to $20,884 in 2025, an increase of $8,427 or 40.4%.

The consolidated effective tax rate[1] for Quarter 3, 2026 was 37.3% compared to 26.4% in Quarter 3, 2025, an increase of 10.9 percentage points. On a year-to-date basis, the effective tax rate was 34.1% in 2026 compared to 26.8% in 2025, an increase of 7.3 percentage points. The higher effective tax rate in the quarter was primarily attributable to the non-deducibility of the acquisition-related costs incurred during the quarter. The remainder of the increase in the year-to-date rate is due to the non-deductibility of the settlement of foreign exchange hedges. Changes in the effective tax rate may also result from shifts in the Company's earnings mix, as income is generated across multiple tax jurisdictions that are subject to different tax rates and regulations.

The Company's deferred tax assets and liabilities primarily arise from temporary differences related to reserves and allowances that are not currently deductible for income tax purposes. Deferred taxes also arise from differences between the carrying values of property, plant and equipment and intangible assets for accounting purposes and their respective tax bases, including differences resulting from business combination accounting and the application of differing depreciation and amortization methods for tax purposes.

Net earnings

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%. The increase in quarterly net earnings was primarily attributable to higher sales and improved gross margins, offset by increased selling, distribution, general and administrative expenses, acquisition-related costs of $10,259, and higher interest and foreign exchange expenses. AEG contributed $1,714 of net earnings to Quarter 3, 2026.

[1] Effective tax rate is calculated as the income tax expense divided by the earnings before income taxes.

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 decrease 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.

Earnings per share

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 share[1], 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 increase in adjusted earnings per share reflects higher sales and improved operating performance, while reported earnings per share was impacted by higher foreign exchange losses and acquisition-related costs, offset by lower share-based compensation expenses incurred during the period.

Adjusted earnings per share are calculated as outlined in the following table:

	Quarter 3, 2026	Quarter 3, 2025	YTD 2026	YTD 2025
Net earnings before tax	$ 44,181	$ 23,705	$ 85,966	$ 77,922
Add (Subtract):				
Share-based compensation expense (recovery)	(3,186)	1,487	26,550	(264)
Foreign exchange loss	8,189	57	11,000	1,704
Acquisition costs	10,259	–	15,251	–
Adjusted net earnings before tax	$ 59,443	$ 25,249	$ 138,767	$ 79,362
Adjusted net earnings	37,263	18,576	91,453	58,092
Adjusted earnings per share	$ 3.13	1.56	7.68	4.88

[1] Refer to non-GAAP financial measures on page 3 of this quarterly report.

EBITDA[1]

EBITDA for Quarter 3, 2026 was $68,783, compared to $28,746 in Quarter 3, 2025, an increase of $40,037. Adjusted EBITDA, 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%.

The increase in EBITDA for both the quarter and year-to-date periods primarily reflects higher sales volumes, improved gross margins and stronger operating performance offset by higher share-based compensation expense, foreign exchange losses and acquisition costs incurred in 2026. The increase in adjusted EBITDA for both the quarter and year-to-date periods primarily reflects higher sales volumes, improved gross margins and stronger operating performance.

EBITDA and adjusted EBITDA are calculated as outlined in the following table:

	Quarter 3, 2026	Quarter 3, 2025	YTD 2026	YTD 2025
Net earnings	$ 27,696	$ 17,440	$ 56,655	$ 57,038
Add:				
Interest expense	8,976	1,133	11,557	2,332
Income tax expense	16,485	6,265	29,311	20,884
Depreciation and amortization	15,626	3,908	28,009	12,909
EBITDA	$ 68,783	$ 28,746	$ 125,532	$ 93,163
Add (Subtract):				
Share-based compensation (recovery) expense	(3,186)	1,487	26,550	(264)
Foreign exchange loss	8,189	57	11,000	1,704
Acquisition costs	10,259	–	15,251	–
Adjusted EBITDA	$ 84,045	$ 30,290	$ 178,333	$ 94,603

[1] Refer to non-GAAP financial measures on page 3 of this quarterly report.

Summary of quarterly financial information (unaudited)

Fiscal 2026 Quarters	Q1, 2026	Q2, 2026	Q3, 2026	YTD Total
Sales	$ 264,840	$ 324,802	$ 446,263	$ 1,035,905
Net earnings	$ 19,565	$ 9,394	$ 27,696	$ 56,655
Net earnings per share – basic	$ 1.64	$ 0.79	$ 2.33	$ 4.76
Net earnings per share – diluted	$ 1.64	$ 0.79	$ 2.33	$ 4.76
Average U.S. to Canadian exchange rate	$ 1.372	$ 1.382	$ 1.399	$ 1.384

Fiscal 2025 Quarters	Q1, 2025	Q2, 2025	Q3, 2025	Q4, 2025	Total
Sales	$ 201,403	$ 224,419	$ 218,341	$ 254,092	$ 898,255
Net earnings	$ 26,222	$ 13,376	$ 17,440	$ 15,203	$ 72,241
Net earnings per share – basic	$ 2.20	$ 1.12	$ 1.46	$ 1.28	$ 6.07
Net earnings per share – diluted	$ 2.20	$ 1.12	$ 1.46	$ 1.28	$ 6.07
Average U.S. to Canadian exchange rate	$ 1.436	$ 1.387	$ 1.376	$ 1.397	$ 1.399

Q3 2026 sales increased as a result of continued growth in Power Magnetics and the inclusion of AEG's first full quarter following the acquisition, which contributed $81,110 of sales. The traditional HPS business has experienced accelerating sales over the past number of quarters. Sales have generally trended upward over the past two years, reflecting a combination of higher sales volumes, pricing actions and contributions from capacity expansions in Mexico, the acquisition of Micron which began contributing in Quarter 4, 2024 and the acquisition of AEG that contributed to Quarter 3, 2026. Reported sales have also been influenced by fluctuations in the U.S. to Canadian dollar exchange rate, with a modest strengthening of the U.S. dollar providing a favourable impact on the translation of foreign-denominated sales in recent periods.

Gross margin rates have generally improved over the past several quarters, with the exception of Quarter 4, 2025. During that quarter, tariffs on imported products and certain raw materials negatively impacted margins, as pricing actions lagged the associated increase in costs. Margin performance improved in the first nine months of 2026 as the Company realized the benefits of pricing actions implemented to offset the direct and indirect impact of tariffs and other input cost increases. Gross margins also benefited from improved operating leverage and factory overhead absorption resulting from higher production volumes.

Capital resources and liquidity

The Company continued to focus on generating cash from operations, debt management, investment and liquidity.

Cash generated in operating activities for Quarter 3, 2026 was $76,087 versus cash used in operations of $2,137 in Quarter 3, 2025, a difference of $78,224. In Quarter 3, 2026, changes in non-cash working capital generated cash of

$22,685 compared to cash used of $20,199 for the same quarter last year. During the Quarter AEG generated cash of $5,854 and used cash of $1,367 to fund working capital.

Year-to-date cash generated by operating activities was $81,040, compared to cash used in operations of $5,103 in 2025, a difference of $86,143. In 2026, increases in working capital used cash of $45,547 compared to $73,558 for last year. In 2026, the change in non-cash working capital generated was driven primarily by higher accounts receivable due to high sales in September and increased inventory balances, offset by increases in accounts payable, accruals and deferred revenue.

Total cash generated by financing activities was $343,927 in the first nine months of 2026, compared to cash generated of $37,633 in the same period in 2025. The key driver of this change is the new long-term debt related to the AEG acquisition. AEG contributed $16,146 of cash generated by financing activities.

Year-to-date cash used in investing activities increased to $332,824 in 2026 from $27,048 in 2025. The purchase of AEG, net of cash acquired, was $309,370. Capital expenditures were $21,533 in 2026 compared to $27,048 in 2025. The acquisition cash outflow was presented net of $13,691 of cash acquired. AEG also incurred $2,450 of capital and intangible-asset expenditures during the post-acquisition period, resulting in a net $11,241 impact within investing activities attributable to AEG.

Bank operating lines of credit have increased from prior year levels finishing Quarter 3, 2026 at $82,390 compared to $66,807 at the end of Quarter 3, 2025, an increase of $15,583. The bank operating lines of credit have increased $26,457 since the year-end balance of $55,933. The increase in the bank operating lines of credit during Quarter 3, 2026 is due to working capital requirements.

The Company's overall net operating cash balance as of September 26, 2026 was $51,573[1], an increase of $66,596 from the net operating debt balance of $15,023[2] at December 31, 2025. The Quarter 3, 2025 net operating debt balance was $28,306[3], a change of $79,879 as of Quarter 3, 2026.

The Company's net debt balance (excluding capital leases) was $352,917 at September 26, 2026.

All bank covenants continue to be met as at September 26, 2026.

The Company will utilize its cash generated from operations combined with the existing available credit facilities to finance ongoing business operational cash requirements for working capital, capital expenditures and investment activities going forward.

New syndicated credit agreement

On June 29, 2026, concurrent with the acquisition of AEG Power Solutions, the Company entered into a syndicated secured credit agreement comprising term facilities and a $150,000 USD revolving credit facility. The term facilities consisted of $115,000 US and $120,000 borrowed by the Canadian borrower, $35,000 USD borrowed by the U.S. borrower and 50,000 EUR borrowed by HPS BV The proceeds of the term facilities were principally used to finance the acquisition and related transaction requirements.

At September 26, 2026, gross borrowings under the agreement were $496,859, comprising $412,780 of term loans and $84,079 of revolving borrowings. Borrowings are denominated in Canadian dollars, U.S. dollars and euros and bear interest at applicable floating benchmark rates, including Term SOFR, Term CORRA, EURIBOR, Canadian prime or alternate base rates, plus applicable margins under the credit agreement. At September 26, 2026, the

[1] Overall net operating cash balance is cash and cash equivalents balance of $133,963 net of the bank operating lines of credit of $82,390.
[2] Overall net operating debt balance is the bank operating lines of credit of $55,933 net of cash and cash equivalents balance of $40,910.
[3] Overall net operating debt balance is the bank operating lines of credit of $66,807 net of cash and cash equivalents balance of $38,501.

applicable all-in interest rates ranged from 4.317% to 5.844%. Accordingly, the Company's future interest expense and cash interest requirements will be affected by changes in benchmark interest rates, foreign exchange rates and the level of outstanding borrowings.

The facilities mature on June 29, 2030. Scheduled term-loan repayments are equal to 1.25% of the original term-loan principal each quarter through June 30, 2028 and 1.875% each quarter beginning September 30, 2028, with the remaining balance payable at maturity. The obligations are guaranteed by specified subsidiaries and secured by first-priority security interests over substantially all material assets of the borrowers and guarantors, subject to permitted liens and jurisdiction-specific limitations.

The credit agreement contains customary affirmative and negative covenants, including a minimum debt-service coverage ratio of 1.20 and maximum leverage ratios specified in the agreement. The Company was in compliance with all applicable financial covenants as at September 26, 2026. Management expects that cash generated from operations, together with available capacity under the revolving credit facility, will be sufficient to fund scheduled debt repayments, working capital requirements, capital expenditures and other expected operating and investment requirements.

Contractual obligations

The following table outlines payments due for each of the next 5 years and thereafter related to debt, lease, purchase and other long-term obligations.

	2026	2027	2028	2029	2030 & Thereafter	Total
Accounts payable and accrued liabilities	$ 258,330	3,515	6,464	4,136	–	$ 272,445
Capital expenditure purchase commitments	9,789	–	–	–	–	9,789
Bank operating lines	82,390	–	–	–	–	82,390
Lease liabilities	13,690	11,954	9,424	7,599	17,806	60,473
Term loans, including contractual interest payments	15,729	41,038	42,606	48,886	335,847	484,106
Reverse factoring liability	7,358	–	–	–	–	7,358
Contingent consideration	873	–	–	–	–	873
Total	$ 388,159	$ 56,507	$ 58,494	$ 60,621	$ 353,653	$ 917,434

Contingent liabilities

Management is not aware of any contingent liabilities.

Regular quarterly dividend

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.

Controls and procedures

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and for establishing and maintaining adequate internal controls over financial reporting. The control framework used in the design of disclosure controls and procedures and internal control over financial reporting is the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 COSO Framework"). Our internal control system was designed to provide reasonable assurance to our Management and Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with IFRS Accounting Standards. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Other than the matters arising from the ongoing integration of AEG described above, there were no changes in the Company's internal control over financial reporting during the quarter that materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting. The acquired operations have not yet been fully integrated into the Company's disclosure controls and procedures and Internal Control over Financial Reporting processes and, accordingly, management has not completed sufficient procedures to include the acquired operations within the scope of its design assessment as at September 26, 2026 pursuant to section 3.3(1)(b) of NI 52-109..

Summary financial information of the acquired operations included in the interim financial report for the period ended September 26, 2026 is as follows:

- Total assets of the acquired operations: $569.7 million, representing approximately 42.5% of consolidated total assets;
- Revenue of the acquired operations: $81.1 million, representing approximately 18.2% of consolidated revenue for the period; and
- Net income of the acquired operations: $1.7 million, prior to purchase accounting amortization, representing approximately 6.2% of consolidated net earnings for the period. Including purchase accounting amorization, the acquired operations had a net loss of $2.7 million.

HPS does carry out ongoing improvements to its internal controls over financial reporting, but nothing considered at a material level.

Acquisition

Share Purchase of AEG

On June 29, 2026, the Company completed the acquisition of 100% of the issued and outstanding shares of AEG for $323,061 in an all-cash transaction. AEG is a global provider of power supply and power conversion solutions for industrial and renewable applications. AEG designs and manufactures AC and DC uninterruptible power supply systems, battery chargers, rectifiers and power conversion products serving industrial, infrastructure, transportation, energy and other critical applications. The acquisition is structured as a share purchase through a newly created subsidiary, Hammond Power Solutions BV, which is 100% owned by Hammond Power Solutions Inc.

This acquisition is expected to strengthen the Company's portfolio, market reach, and long-term profile through:

- Product expansions - Integrated electrical solutions combining the Company's transformer and power magnetics strengths with AEG's industrial uninterruptible Power Supply ("UPS") and power conversion expertise.
- End-market expansion - increased exposure to high-growth markets including industrials, infrastructure, and energy transition applications.

- Geographic expansion - superior scale and global platform, supporting long-term diversified growth across multiple regions.
- Customer base expansion - Large installed base and global aftermarket services, increasing recurring revenue from service, maintenance, and upgrades.

The acquisition has been accounted for using the acquisition method. The preliminary allocation of the purchase price was based on a provisional assessment of the fair value of identifiable assets, including assets acquired and liabilities assumed at the effective date of the acquisition, with the excess of the purchase price over the fair value being allocated to goodwill. The Company engaged independent valuators to determine the fair value allocated to intangible assets. However, given the timing of the acquisition, Management continues to obtain information related to the valuation of acquired intangible assets, inventories and deferred tax balances. Allocation of the purchase price is based on the Company's best estimate and is currently considered preliminary and is subject to change once the final valuation of the identifiable assets acquired and liabilities assumed is completed.

Risks and uncertainties

The Company's goal is to proactively manage risks in a structured approach in conjunction with strategic planning, with the intent to preserve and enhance shareholder value. However, as with most businesses, HPS is subject to several marketplace, industry and economic-related business risks, which could cause our results to vary materially from anticipated future results.

In addition to the risk factors described in the Company's Annual Information Form dated March 23, 2026, there are a number of risks and uncertainties relevant to HPS during the current period, as described under the heading "Caution Regarding Forward Looking Information".

Such risks include the following:

Integrating acquired businesses and harmonizing systems and controls may create operational and compliance risks

Acquired businesses may operate with different systems, policies, procedures and operating practices. Integrating these businesses and establishing consistent oversight across entities and jurisdictions may be complex, require significant resources and take longer than anticipated. Differences in information systems, financial reporting, inventory management, contractual practices, delegated authorities and compliance controls may be difficult to identify or reconcile.

During and following integration, gaps or inconsistencies in controls, incomplete records, unclear responsibilities or inadequate visibility into contractual commitments may result in operational disruption, inaccurate or delayed reporting, unauthorized commitments, unidentified liabilities or non-compliance with applicable requirements. Connecting, migrating or integrating information technology systems may also introduce or expose cybersecurity vulnerabilities, including through legacy systems, differences in security standards and access controls, or previously undetected compromises. These vulnerabilities may expose acquired businesses and the Company's existing operations to unauthorized access, data breaches, ransomware or other cyber incidents. Identifying and remediating vulnerabilities and establishing consistent security controls may take time, and protective measures may not prevent all incidents or resulting losses. Efforts to harmonize systems and practices may themselves disrupt operations or divert management attention, and may not identify or remediate all inherited deficiencies. These risks could increase costs, delay anticipated benefits and materially adversely affect our business, financial condition, results of operations and cash flows.

Political instability, geopolitical conflict and war could disrupt global supply chains and increase costs.

Political instability, geopolitical conflict and war, including conflicts affecting energy-producing regions or key transportation corridors, can disrupt global supply chains and contribute to volatility in fuel, logistics and commodity costs. Such disruptions may result in delays in the production, transportation and delivery of the Company's products, increased operating and input costs, and reduced or delayed availability of key components. They may also restrict field-service travel and prevent service engineers from reaching customer sites, including in the Middle East; endanger employees located in or near conflict areas; and restrict access to or transfer of cash and other assets held in affected jurisdictions. In addition, heightened geopolitical uncertainty may negatively affect customer demand, purchasing behaviour or project timing, which could adversely impact the Company's operations, results of operations and financial condition.

Standards, system designs and regulatory requirements

Our products must comply with various standards, system designs, certification requirements and other regulatory requirements in the jurisdictions where we manufacture and sell, and compliance is often a condition to market, sell or install our products. These requirements may change, be reinterpreted, or be applied more stringently, which could require product redesigns, additional testing and certification, increased costs and longer lead times. If we are unable to comply on a timely basis, or if approvals or certifications are delayed, suspended or revoked, our ability to sell certain products could be reduced or eliminated, which could materially adversely affect our business, financial condition, results of operations and cash flows. Additionally, evolving power distribution architectures and infrastructure design standards within key end markets may reduce demand for, or alter the technical specifications applicable to, certain products and solutions offered by the Company.

Our products are integrated into complex systems, which creates design and specification risk

Many of our products are integrated into complex electrical systems used in large-scale projects and must meet project-specific designs and specifications. If our products are, or are alleged to be, improperly designed or configured for the system, this could contribute to equipment damage, commissioning issues or project delays, even where the underlying cause is not attributable to us. As a result, we may be subject to claims or litigation for rework, replacement, delay damages or other losses. Our contractual obligations may also expose us to warranty claims, liquidated damages or other penalties for delay or non-performance, and liabilities under indemnities or guarantees. Contractual limitations or exclusions of liability may be absent, subject to exceptions or unenforceable, potentially exposing us to substantial or unlimited liability, including for consequential losses. Such exposures may arise from contractual commitments or departures from standard terms that are not adequately identified, reviewed or authorized, and may not be covered by insurance. Even if we are not found liable, we could incur significant legal and other costs, and if we are found liable, the resulting damages could be significant, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Risk of cyber attack and information technology disruption

The Company relies on information technology systems and digital infrastructure to manage engineering and production processes, supply chain coordination, customer relationships, employee management, and financial reporting. Like many organizations, the Company is subject to outside cyberattacks and

viruses, including ransomware attacks, data breaches, phishing attempts, and other unauthorized access or disruption attempts targeting our systems. With the emergence of artificial intelligence, cyberattacks have become more sophisticated and more difficult for victims to identify. A successful cyber-attack could result in misappropriation of assets, cause interruptions to manufacturing and our ability to take orders, as well as impact our general productivity.

Our systems may also be disrupted by hardware or software failures, unsupported or outdated platforms, data corruption, human error, or unsuccessful system upgrades or migrations. Connecting or integrating the information technology systems of acquired businesses may introduce or expose cybersecurity vulnerabilities, including through differences in security standards, legacy systems, access controls and previously undetected compromises. Identifying and remediating these vulnerabilities and harmonizing security controls may take time, and our prevention, detection, response and recovery measures may not be effective in all circumstances.

Security incidents or system failures could also result in the loss or unauthorized disclosure of confidential, proprietary or personal information, significant remediation and recovery costs, and contractual claims or liability under privacy and data protection laws. Any such incident could result in regulatory scrutiny, penalties, reputational harm and loss of customers, and could materially adversely affect our business, financial condition, results of operations and cash flows.

Our industry is highly competitive, and increased competition could reduce sales and margins

Our industry is highly competitive, and competitive pressures could reduce our sales and margins. In particular, we compete with manufacturers located in non-market economies and/or manufacturers that benefit from government subsidies or other forms of state support. Such competitors may have structurally lower costs and may be willing or able to sell products at very low margins, or at little to no profit, for sustained periods in order to gain market share. If we are unable to compete effectively against such competitors, we may experience reduced sales, loss of market share and margin compression, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Failures in project execution or product quality could increase costs and disrupt deliveries.

Our ability to fulfil customer requirements depends on effective coordination of engineering, procurement, manufacturing, testing, delivery, installation and service activities, as applicable, both within our operations and with suppliers and subcontractors. Resource constraints, inadequate project planning or oversight, ineffective change management, deficiencies in testing or quality controls, and failures by third parties could result in products or services that do not meet required specifications, performance standards or delivery schedules.

We may have limited visibility into or control over the processes and performance of suppliers and subcontractors, and inspections, audits and other quality assurance measures may not identify all deficiencies before delivery or use. Failures in project execution or product quality could result in rework, repair or replacement costs, delayed customer acceptance or payment, reduced margins, contractual claims, and loss of customers or reputation. We may be unable to recover these losses from responsible third parties. Any of these developments could materially adversely affect our business, financial condition, results of operations and cash flows.

Certain significant projects depend on customer infrastructure architectures and design parameters, and changes to those requirements could disrupt demand and sales channels.

Large, complex projects may be specified around a customer's existing configurations and technical standards and may require engineering, qualification and procurement processes with long lead times. Industry shifts in infrastructure architectures, power-distribution standards or system design approaches may require customers to redesign or reconfigure their facilities and procurement requirements. If customers materially change architectures, standardize platforms, redesign requirements or shift procurement approaches, our products may require requalification, be delayed, be de-specified, or be cancelled, and certain routes to market for these projects may be disrupted. Any such developments could reduce bookings, delay backlog conversion and increase volatility in results, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Reliance on Distributors, Sales Agents and Other Intermediaries

We rely in part on distributors, sales agents and other intermediaries as channels to market for our products, and we may have limited visibility into, or control over, the activities, priorities and performance of these third parties. Disruption in these channels, whether from financial distress, loss of key relationships, changes in commercial terms, inventory management decisions, reputational issues, or operational challenges, could reduce demand for our products, delay order flow, or adversely affect customer service levels and our ability to reach end users.

In addition, consolidation among distributors or other intermediaries could increase their negotiating leverage, reduce the number of available routes to market, and heighten concentration risk, which may result in pricing and margin pressure, less favorable contractual terms, reduced market coverage, or loss of market access in certain regions or end markets. Any of these factors could materially adversely affect our business, financial condition, results of operations and cash flows.

Tariffs and export controls

Ongoing changes to tariffs and export controls impacting our products and supply chain represent a significant risk to HPS. The Company has a substantial manufacturing presence in Canada and Mexico, and as the importer of record in the U.S., is often responsible for remitting any tariffs implemented on our products by the U.S. government. Additionally, unless HPS is able to negotiate otherwise with its suppliers, it may be required to incur the cost of tariffs on raw materials imported into the U.S. to support U.S. manufacturing operations. The imposition of tariffs has had an impact on gross margins and working capital requirements. Tariffs and export controls may also generate a scarcity of raw materials that HPS relies on to support its operations, which may result in increased output costs, longer lead times, and reduced pricing predictability.

Our international activities are also subject to export controls, sanctions, embargoes and related licensing requirements, including restrictions applicable to products, software or technology capable of both civilian and military use. These requirements may differ across jurisdictions and change frequently, including through changes in interpretation, restricted-party lists and permitted destinations or end uses, making compliance complex and requiring ongoing updates to policies, systems and training. Gaps or inconsistencies in the implementation of controls across our operations or intermediaries, including product classification, restricted-party screening, end-use verification and licensing procedures, could result in non-compliance. Violations or alleged violations could lead to investigations, civil or criminal penalties, denial or revocation of licences, restrictions on business activities, shipment delays and reputational harm, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Cancellation or deferral of customer orders in backlog

Our business depends in part on our ability to convert customer orders in our backlog into revenue. Backlog is not necessarily indicative of future sales and may not be realized, in whole or in part, for a variety of reasons. Customers may cancel, defer, reduce, or reschedule orders, including for reasons beyond our control such as changes in their project schedules, funding constraints, permitting or regulatory delays, supply chain issues, design changes, shifts in demand, or broader economic conditions. In addition, certain customer purchasing arrangements may permit termination for convenience or provide only limited remedies in the event of cancellation. We may not have contractual recourse, or our recourse may be limited, for cancelled or deferred orders, including with respect to recovery of anticipated margins or costs incurred in connection with such orders (including materials, engineering, labour, production planning and capacity commitments). Even where contractual remedies exist, they may be difficult to enforce or may not adequately compensate us for losses incurred.

Significant cancellations or deferrals of backlog could result in reduced sales, lower capacity utilization, inventory write-downs, increased costs, and greater volatility in our results. Inventory may also become excess, slow-moving or obsolete independently of order cancellations, including due to changes in demand, product specifications or technology, forecasting inaccuracies, or the need to support a diverse range of current and legacy products. Our inventory management processes may not identify or address these exposures on a timely basis, and we may be unable to redeploy or sell affected inventory at its carrying value. Inventory accumulation, delayed backlog conversion and slower customer payments may increase working capital and financing requirements and constrain liquidity. As a result, we may be unable to achieve our financial targets, and our business, results of operations, financial condition, cash flows and prospects could be materially adversely affected.

Market supply and demand impact on commodity prices

HPS relies on a global supply chain to meet its manufacturing needs. The Company sources both raw materials and components from its own factories and third-party suppliers. Industry supply shortages including those caused by logistics disruptions and global conflicts, may interrupt manufacturing production and affect our ability to ship products to customers. In addition to transformer inputs such as grain-oriented electrical steel ("GOES"), copper and aluminum, the Company also depends on the availability of electronic components and batteries, some of which may be sourced from a limited number of suppliers or have extended lead times. GOES is produced in relatively few mills in the world and, as a result, HPS is heavily reliant on this foreign sourced product.

The cyclical effects and unprecedented rise of global commodity prices, including prices for copper, aluminum and electrical steel may put margins at risk. There is a risk in our ability to recoup the rapid escalating commodity costs through timely and effective selling price increases. Conversely, there is a risk that decreasing commodity costs will create competitive price pressure in our market, forcing prices down and reducing our gross margins. Such changes could materially adversely affect HPS' business, financial condition, results of operations, or cash flows.

We may not realize all of the anticipated benefits of our acquisitions, divestitures, joint ventures or strategic initiatives, or these benefits may take longer to realize than expected.

To grow profitably, the Company must successfully execute upon its strategic initiatives and effectively manage the resulting changes in its operations. HPS' strategic initiatives include acquisitions and joint ventures. The Company's assumptions underlying these strategic initiatives may involve significant

judgement and are subject to inherent uncertainty, the market may react negatively to these plans and HPS may not be able to successfully execute such plans. Even if successfully executed, the initiatives may be ineffective or may not lead to the anticipated benefits within the expected time frame. As part of the process, management conducts due diligence to identify valuation issues and potential loss contingencies, negotiates transaction terms, completes complex transactions and manages post-closing matters such as the integration of acquired startup businesses. Many times, management's due diligence reviews are subject to the completeness and accuracy of disclosures made by third parties. The Company may incur unanticipated costs or expenses following a completed acquisition, including post-closing asset impairment charges, expenses associated with eliminating duplicate facilities, and litigation or other liabilities.

In addition, the Company may be required to record goodwill or intangible asset impairment charges if acquired businesses do not perform as expected. Many of the factors that could have an adverse impact on the Company may be outside of management's control, including increased costs, a decrease in expected revenues or diversion of management's time and attention. Failure to implement our growth or acquisition strategy, including successfully integrating acquired businesses, taking longer for such integration to occur than initially anticipated, difficulties in entering and growing new markets or to meet adoption targets for new markets or projects, could also materially adversely affect our business, financial condition, results of operations and cash flows.

International business, currency, and tax

HPS does business in countries around the world. The majority of our sales are to customers outside of Canada. In addition, several of our manufacturing operations, suppliers and employees are located internationally. The future success of our business largely depends on growth in our sales in non-Canadian markets. Our global operations are subject to numerous financial, legal and operating risks, such as political and economic instability; prevalence of corruption in certain countries; enforcement of contract and intellectual property rights; and compliance with existing and future laws, regulations and policies, including those related to tariffs, investments, taxation, trade controls, product content and performance, employment and repatriation of earnings.

HPS' global footprint exposes the Company to currency fluctuations and volatility and, at times, has had a significant impact on the financial results of the Company. The Company's functional and reporting currency is the Canadian dollar, and the operating results and financial position of foreign operations are translated into Canadian dollars for consolidated reporting purposes. A significant portion of the Company's sales and material purchases are denominated in euros and U.S. dollars. A change in the value of the Canadian dollar against the U.S. dollar, the euro, or other relevant currencies will impact earnings, significantly at times. Generally, in the past, a lower value for the Canadian dollar compared to the U.S. dollar has had a beneficial impact on the Company's results, while a higher value for the Canadian dollar compared to the U.S. dollar has had a corresponding negative impact on the Company's profitability. Any changes in credit risks, interest rate risks and financing access risks may also materially impact results of the Company.

Warranty, service and long-term product support obligations may result in significant costs and liabilities

The Company may be required to provide warranties, repairs, replacement products, spare parts, maintenance or other support for its products and services, including for extended periods following delivery or the discontinuation of a product. The scope, duration and cost of these obligations may vary across products, customers and jurisdictions, and actual costs may exceed estimates or amounts recoverable from

suppliers or other third parties.

Our ability to fulfil these obligations depends in part on the continued availability of components, technical expertise, product documentation and service capacity. Component obsolescence, supplier discontinuations, changes in technology or product specifications, and the diversity of installed equipment may increase the cost or difficulty of supporting products, require redesign or alternative sourcing, or prevent timely fulfilment of our obligations. Failure to meet warranty, service or support obligations could result in additional costs, contractual claims, loss of customers and reputational harm. Any of these developments could materially adversely affect our business, financial condition, results of operations and cash flows.

Dependence on key facilities and business interruption

Our operations depend on the continued availability of certain key manufacturing, testing, warehousing and distribution facilities, including specialized equipment and personnel that may not be readily substitutable. The age, condition and structural integrity of facilities, equipment and infrastructure, together with maintenance requirements and the availability of capital for repairs, replacement or upgrades, may affect their reliability and safe operation. Deferred or inadequate maintenance or investment could increase the risk of failure, injury, regulatory action or shutdown and result in significant remediation or capital expenditures. If any of these facilities experiences a significant interruption or shutdown, whether due to fire, flood or other severe weather event, equipment failure, utility outage, labour disruption, cybersecurity incident, accident or other event, we may be unable to manufacture or deliver products on a timely basis.

A prolonged or repeated interruption could result in missed deliveries, loss of revenue, customer dissatisfaction, increased costs (including expedited freight, overtime, temporary labour, outsourcing and restart costs), inventory losses and potential contractual claims. While we maintain business continuity measures, such measures may not be effective in all circumstances and insurance may not fully cover all losses. Alternative facilities, suppliers or production capacity may not be available or capable of meeting required volumes, specifications or customer approvals within an acceptable timeframe. Any such disruption could materially adversely affect our business, results of operations, financial condition, cash flows and prospects.

Our business is highly sensitive to global and regional economic conditions in the industries we serve

Current global economic conditions and macro-economic factors influence the overall demand for the Company's products and financial performance. Persistent economic uncertainty, fluctuations in interest rates, inflationary pressures, and variability in public and private sector capital spending can have a direct impact on order volumes and customer project timelines. A slowdown in data center investment and construction, particularly in the United States, could reduce or defer demand for the Company's products and adversely affect its financial performance. Demand from energy-transition markets, including hydrogen, nuclear and offshore wind, may also depend materially on government policy, subsidies, permitting regimes and public investment. Delays, changes or reductions in such support, or a broader slowdown in these markets, may reduce or defer customer investment and orders.

For a comprehensive description of the material risk factors applicable to the Company, refer to the Company's Annual Information Form dated March 23, 2026 under the heading "Risk Factors", available on SEDAR+.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements other than bank guarantees and capital and lease commitments disclosed in Notes to the Consolidated

Financial Statements contained in our 2025 Annual Report.

Transactions with related parties

The Company had no transactions with related parties in 2026, other than transactions disclosed in Note 16 in the Condensed Notes to the Condensed Consolidated Interim Financial Statements contained in our Quarter 3, 2026 Report.

Proposed transactions

The Company has no proposed transactions as at September 26, 2026. The Company continues to evaluate potential business expansion initiatives in accordance with its long-term growth strategy.

Financial instruments

As at September 26, 2026, the Company had outstanding foreign exchange contracts in place for 17,200 EUR and $59,000 USD with both implemented as a hedge against translation gains and losses on inter-company loans as well as $20,000 USD to hedge the U.S. dollar denominated accounts payable in Canadian operations of HPS.

Critical accounting estimates

The preparation of the Company's condensed consolidated interim financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates are based upon Management's historical experience and various other assumptions that are believed by Management to be reasonable under the circumstances.

Such assumptions and estimates are evaluated on an ongoing basis and form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The Company conducts its annual impairment assessment of goodwill, intangible assets and property, plant and equipment in the fourth quarter of each year, which corresponds with its annual planning cycle, and whenever events or changes in circumstances indicate that the carrying amount of an asset or Cash Generating Unit ("CGU") may not be recoverable. The Company did not identify any triggering events during the course of Quarter 3, 2026 indicating that the carrying amount of its assets and CGUs may not be recoverable, which would require the performance of an impairment test for those CGUs which did not contain goodwill.

Business combinations require acquirers to recognize the identifiable assets acquired and liabilities assumed at fair value. The determination of fair value requires Management to make estimates around the value that an independent third party, under no compulsion to act, would pay for an asset acquired or liability assumed on a standalone basis. Where possible, Management engages third-party appraisers to assist in the determination of the fair value of real property acquired. The fair value of acquired intangible assets are generally determined using discounted cash flow models and involve the use of cash flow forecasts, market-based discount rates, and/or market-based royalty rates. The fair value of liabilities assumed is generally based on discounted cash flow models which involves the use of market-based discount rates. The development of cash flow forecasts involves the use of estimates, which may differ from actual cash flows realized. Assumptions are involved in the determination of discount rates and royalty rates.

The Company records a provision for warranties based on historical warranty claim information and anticipated warranty claims, based on a weighted probability of possible outcomes.

The key assumptions made by management in recording the provision are i) warranty cost, ii) probability of claim, and iii) quantum of units which may be subject to any warranty claim.

Quantifying provisions inherently involves judgement, and future events and conditions may

impact these assumptions. Differences in actual future experience from the assumptions utilized may result in a greater or lower warranty cost.

Outstanding share data

Details of the Company's outstanding share data as of September 26, 2026 are as follows:

9,126,624	Class A Shares
2,778,300	Class B Common Shares
11,904,924	Total Class A and B Shares

There have been no material changes to the outstanding share data as of the date of this report.

Strategic direction and outlook

HPS has a rich and extensive history of growth, innovation and resilience and continues to experience significant growth and progress. The Company has navigated through difficult and fluctuating economic times, increased globalization, adapted to changes in customers and markets and has experienced significant advances in technology. HPS has framed these challenges as opportunities and developed strategies to address these rapid changes.

The Company is confronting these challenges and continuously building our strategic advantage by focusing on:

- Developing our Customers and Markets by:
  - Driving organic growth by investing in capacity;
  - Building out the IES platform, which will broaden our end-user markets and the products and solutions we can offer them;
  - Strengthening our R&D and innovation capabilities to allow HPS to evolve with a changing electrical landscape; and
  - Growing through strategic acquisitions, with an emphasis on power quality and power electronics.
- Achieving Operational and Financial Excellence by:
  - Driving continuous improvement;
  - Improving efficiency by investing in equipment, people and technology; and
  - Optimizing the efficiency of our global manufacturing footprint.
- Developing our People and Culture by:
  - Enhancing our leadership capabilities for the future;
  - Developing our people to excel and thrive; and
  - Making HPS a preferred employer.
- Building a Sustainability Program by:
  - Designing energy efficient products;
  - Shrinking our ecological footprint; and
  - Energizing the world in a responsible way for the generations to come.

The Company will continue to grow in its existing channels by increasing its share of products by offering solutions that cater to the customer's specific needs. This will involve broadening the breadth of solutions that HPS offers, including power quality solutions.

With a focus on growth and advancement, HPS has invested and committed approximately $100,000 on capital expansion projects between 2023 and 2026. The Company recently announced its intention to invest a further $50,000 in a new facility based in Texas. These planned capital investments are focused on areas targeted to increase capacity and reduce lead times for low voltage distribution power, large power, power quality and induction heating products. We are also investing in business technology that will help us become more efficient and provide us with the data that we need to improve our business.

Early in Quarter 2, 2025, HPS was Certified by Great Place to Work™ at all Canada, U.S. and India locations. This accomplishment highlights the Company's focus on building talent and preserving our culture through our significant growth. This certification can also be a strong tool when recruiting future talent. HPS retained this certification in Quarter 2, 2026.

During August 2025, the Company determined that the expanded tariffs on steel and aluminum derivative

products applied to certain materials and components included in many of HPS' products. As expected, the tariffs had a relatively uniform impact across the industry and the Company worked collaboratively with its customers and suppliers to manage and offset the effect of these additional costs.

HPS was named to the TSX30 for the third consecutive year in 2026, following the inclusion in 2024 and 2025, including achieving the number one overall ranking in 2024.

On June 29, 2026, the Company completed the acquisition of 100% of the issued and outstanding shares of AEG Power Solutions ("AEG") for $323,061,000 in an all-cash transaction. AEG is a global provider of power supply and power conversion solutions for industrial and renewable applications. AEG designs and manufactures AC and DC uninterruptible power supply systems, battery chargers, rectifiers and power conversion products serving industrial, infrastructure, transportation, energy and other critical applications. The acquisition is structured as a share purchase through a newly created subsidiary, Hammond Power Solutions BV, which is 100% owned by Hammond Power Solutions Inc.

Concurrent with the closing of the transaction, the Company entered into a new syndicated secured credit facility consisting of up to $300 million USD of term debt and up to $150 million USD available under a revolving credit facility. The proceeds of the term facility were used to finance the acquisition. The credit agreement matures in 2030, unless terminated earlier in accordance with its terms.

The Company has provided shareholders with strong earnings per share, solid cash generation and quarterly dividends paid with an attractive yield. To continue this trend HPS is focused on sales development, continued distributor channel expansion, product development, and bringing quality and value to all that we produce. Our strategic initiatives and focused plans will continue to allow HPS to grow and expand.

The Company continues to have a strong reputation for being an industry leader and is both operationally and financially strong. HPS is well positioned to meet the evolving needs of our traditional markets while becoming a leading player in a growing number of other market sectors. We continue to focus on escalation of market share, improved sales growth from new product development, geographic diversification, productivity gains, cost reduction and capacity flexibility.

HPS' strategic vision and operational initiatives have supported our industry leadership, operational strength and financial stability. The combination of our resilience, drive, decades of experience, commitment, engineering expertise, solid supplier relationships and a broad and unique business perspective gained through our diverse products, customers and markets are all key success factors for HPS.

Selected Annual and Quarterly Information

(tabular amounts in thousands of dollars)

The information contained in the following table presents the historic audited annual financial information as at December 31 and the unaudited financial information for the previous eight quarters up to and including the Third Quarter of 2026.

Annual Information	2021	2022	2023	2024	2025
Sales	380,202	558,464	710,064	788,340	898,255
Earnings from operations	23,151	59,441	86,721	98,760	104,019
EBITDA	30,114	69,746	95,995	112,873	121,443
Adjusted EBITDA	30,675	69,650	117,229	130,484	133,330
Net earnings	15,176	44,828	63,399	71,531	72,241
Total assets	235,099	302,673	408,343	493,141	586,265
Non-current liabilities	7,104	8,101	12,500	17,620	19,925
Total liabilities	109,097	125,779	177,965	185,104	234,208
Total shareholders' equity attributable to equity holders of the Company	126,002	176,894	230,378	308,037	352,057
Operating debt, net of cash	1,638	21,972	34,120	21,102	(15,023)
Cash provided by operations	20,447	37,013	44,108	64,751	26,948
Basic earnings per share	1.29	3.79	5.33	6.01	6.07
Diluted earnings per share	1.28	3.77	5.33	6.01	6.07
Dividends declared and paid	4,009	4,556	6,548	11,607	13,095
Average exchange rate (USD$=CAD$)	1.253	1.301	1.350	1.369	1.399
Book value per share	10.69	15.00	19.54	25.87	29.57

	2024	2025				2026		
Quarterly Information	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	208,476	201,403	224,419	218,341	254,092	264,840	324,802	446,263
Earnings from operations	29,706	37,447	19,682	24,928	21,962	29,245	22,990	71,638
EBITDA	33,934	40,697	23,720	28,746	28,280	33,941	22,808	68,783
Adjusted EBITDA	32,548	30,916	33,396	30,290	38,727	41,041	53,247	84,045
Net earnings	23,678	26,222	13,376	17,440	15,203	19,565	9,394	27,696
Total assets	493,141	510,406	526,049	583,723	586,265	631,025	680,396	1,339,487
Non-current liabilities	17,620	16,390	17,341	20,223	19,925	19,107	18,411	483,602
Total liabilities	185,104	181,581	199,613	238,919	234,208	260,232	294,773	930,211
Total shareholders' equity attributable to equity holders of the Company	308,037	328,825	326,436	344,804	352,057	370,793	385,623	409,276
Operating cash (debt, net cash)	21,102	4,840	(13,419)	(28,306)	(15,023)	(18,094)	(36,478)	51,573
Cash (used in) provided by operations	22,413	(3,008)	42	(2,137)	32,051	11,353	(6,400)	76,087
Basic earnings per share	1.99	2.20	1.12	1.46	1.28	1.64	0.79	2.33
Diluted earnings per share	1.99	2.20	1.12	1.46	1.28	1.64	0.79	2.33
Adjusted earnings per share	1.91	1.60	1.72	1.56	1.98	2.08	2.76	3.13
Dividends declared and paid	3,274	3,274	3,273	3,274	3,274	3,274	3,274	3,452
Average exchange rate (USD$=CAD$)	1.396	1.436	1.387	1.376	1.397	1.372	1.382	1.399
Book value per share	25.87	27.62	27.42	28.96	29.57	31.15	32.39	34.38

Condensed Consolidated Statements of Financial Position

(unaudited) (in thousands of Canadian dollars)

	As at September 26, 2026	As at December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 133,963	$ 40,910
Accounts receivable	338,486	168,074
Inventories	256,580	172,381
Income taxes receivable	20,673	9,106
Prepaid expenses and other assets (note 4)	18,392	8,769
Asset held for sale (note 5)	1,579	–
Total current assets	769,673	399,240
Non-current assets		
Property, plant and equipment (note 6)	192,251	136,965
Investment in properties (note 7)	2,538	2,701
Investments (note 8)	6,326	6,326
Deferred tax assets	54,327	14,406
Intangible assets	200,012	11,633
Goodwill	114,360	14,994
Total non-current assets	569,814	187,025
Total assets	$ 1,339,487	$ 586,265
Liabilities		
Current liabilities		
Bank operating lines of credit (note 10)	$ 82,390	$ 55,933
Accounts payable and accrued liabilities	272,445	143,048
Deferred revenue (note 13)	35,206	5,946
Income tax payable	13,382	–
Provisions	3,998	2,333
Current portion of lease and other liabilities (note 9)	18,963	7,023
Current portion of long-term debt (note 10)	20,225	–
Total current liabilities	446,609	214,283
Non-current liabilities		
Provisions	5,493	536
Deferred tax liabilities	54,019	75
Long-term portion of lease and other liabilities (note 9)	39,825	19,314
Long-term portion of long-term debt (note 10)	384,265	–
Total non-current liabilities	483,602	19,925
Total liabilities	$ 930,211	$ 234,208
Shareholders' Equity		
Share capital	15,761	15,761
Contributed surplus	2,289	2,289
Accumulated other comprehensive income (note 12)	21,803	11,239
Retained earnings	369,423	322,768
Total shareholders' equity	$ 409,276	$ 352,057
Total liabilities and shareholders' equity	$ 1,339,487	$ 586,265

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Operations

(unaudited) (in thousands of Canadian dollars except for per share amounts)

	Three Months Ending		Nine Months Ending	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Sales (note 13)	$ 446,263	$ 218,341	$ 1,035,905	$ 644,163
Cost of sales	292,902	152,655	700,491	446,153
Gross margin	153,361	65,686	335,414	198,010
Research and development	968	–	968	–
Selling and distribution	57,080	24,224	120,262	71,209
General and administrative	26,861	15,047	63,761	45,008
Share-based compensation (note 11)	(3,186)	1,487	26,550	(264)
	81,723	40,758	211,541	115,953
Earnings from operations	71,638	24,928	123,873	82,057
Finance and other costs				
Interest expense (note 14)	8,976	1,133	11,557	2,332
Foreign exchange loss	8,189	57	11,000	1,704
Acquisition costs (note 19)	10,259	–	15,251	–
Other	33	33	99	99
Net finance and other costs	27,457	1,223	37,907	4,135
Earnings before income taxes	44,181	23,705	85,966	77,922
Income tax expense (recovery)	$ 16,485	$ 6,265	$ 29,311	$ 20,884
Net earnings	$ 27,696	$ 17,440	$ 56,655	$ 57,038
Earnings per share				
Basic earnings per share	$ 2.33	$ 1.46	$ 4.76	$ 4.79
Diluted earnings per share	$ 2.33	$ 1.46	$ 4.76	$ 4.79

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Comprehensive Income

(unaudited) (in thousands of Canadian dollars)

	Three Months Ending		Nine Months Ending	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Net earnings	$ 27,696	$ 17,440	$ 56,655	$ 57,038
Other comprehensive income (loss) income				
Item that will be recognized within profit and loss:				
Foreign currency translation differences for foreign operations (note 12)	(591)	4,202	10,564	(10,450)
Other comprehensive income (loss) income	(591)	4,202	10,564	(10,450)
Total comprehensive income	$ 27,105	$ 21,642	$ 67,219	$ 46,588

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

(unaudited) (in thousands of Canadian dollars) For the nine months ended September 26, 2026

	SHARE CAPITAL	CONTRIBUTED SURPLUS	AOCI*	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
Balance at January 1, 2026	$ 15,761	$ 2,289	$ 11,239	$ 322,768	$ 352,057
Total comprehensive income for the period					
Net earnings	–	–	–	56,655	56,655
Other comprehensive income					
Foreign currency translation differences (note 12)	–	–	10,564	–	10,564
Total other comprehensive income	–	–	10,564	–	10,564
Total comprehensive income for the period	–	–	10,564	56,655	67,219
Transactions with owners, recorded directly in equity					
Dividends declared to equity holders (note 11)	–	–	–	(10,000)	(10,000)
Total transactions with owners	–	–	–	(10,000)	(10,000)
Balance at September 26, 2026	$ 15,761	$ 2,289	$ 21,803	$ 369,423	$ 409,276

**AOCI – Accumulated other comprehensive income*

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

(unaudited) (in thousands of Canadian dollars) For the nine months ended September 27, 2025

	SHARE CAPITAL	CONTRIBUTED SURPLUS	AOCI*	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
Balance at January 1, 2025	$ 15,761	$ 2,289	$ 26,365	$ 263,622	$ 308,037
Total comprehensive income for the period					
Net earnings	–	–	–	57,038	57,038
Other comprehensive loss					
Foreign currency translation differences (note 12)	–	–	(10,450)	–	(10,450)
Total other comprehensive loss	–	–	(10,450)	–	(10,450)
Total comprehensive (loss) income for the period	–	–	(10,450)	57,038	46,588
Transactions with owners, recorded directly in equity					
Dividends declared to equity holders (note 11)	–	–	–	(9,821)	(9,821)
Total transactions with owners	–	–	–	(9,821)	(9,821)
Balance at September 27, 2025	$ 15,761	$ 2,289	$ 15,915	$ 310,839	$ 344,804

**AOCI – Accumulated other comprehensive income*

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

(unaudited) (in thousands of Canadian dollars)

	Nine Months Ending	
	September 26, 2026	September 27, 2025
Cash flows from operating activities		
Net earnings	$ 56,655	$ 57,038
Adjustments for:		
Depreciation of property, plant and equipment	25,714	11,893
Amortization of intangible assets	2,295	1,016
Amortization of deferred financing costs	1,798	–
Provisions	1,381	762
Interest expense	11,557	2,332
Income tax expense	29,311	20,884
Share-based compensation	26,550	(264)
Change in unrealized (gain) loss on derivatives included within other assets	(2,578)	288
	152,683	93,949
Change in non-cash working capital (note 17)	(45,547)	(73,558)
Cash generated by operating activities	107,136	20,391
Income tax paid	(26,096)	(25,494)
Net cash generated by (used in) operating activities	81,040	(5,103)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash (note 19)	(309,370)	–
Acquisition of intangible assets	(1,921)	–
Acquisition of property, plant and equipment (note 6)	(21,533)	(27,048)
Cash used in investing activities	(332,824)	(27,048)
Cash flows from financing activities		
Net advances of bank operating lines of credit	27,482	53,824
Advance of long-term debt	433,889	–
Financing costs (note 10)	(10,644)	–
Repayment of long-term debt	(77,950)	–
Change in obligation under receivable factoring	(122)	–
Change in obligation under reverse factoring	(3,256)	–
Payment of lease liabilities and interest (note 9)	(5,713)	(4,944)
Cash dividends paid (note 11)	(10,000)	(9,821)
Interest paid	(9,759)	(1,426)
Cash generated by financing activities	343,927	37,633
Foreign exchange on cash held in a foreign currency	910	(1,066)
Increase in cash	93,053	4,416
Cash and cash equivalents at beginning of period	40,910	34,085
Cash and cash equivalents at end of period	$ 133,963	$ 38,501

See accompanying notes to condensed consolidated interim financial statements.

The accompanying unaudited interim financial statements of Hammond Power Solutions Inc., ("HPS" or the "Company") have been prepared by and are the responsibility of the Company's Management.

1. Reporting entity

HPS is a company domiciled in Canada. The address of the Company's registered office is 595 Southgate Drive, Guelph, Ontario. The Company's Class A subordinate voting shares are listed on the Toronto Stock Exchange and trade under the symbol HPS.A.

The unaudited condensed consolidated Interim Financial Statements of the Company as at and for the third quarter ended September 26, 2026, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group 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.

On June 29, 2026, the Company completed the acquisition of 100% of the issued and outstanding shares of AEG Power Solutions ("AEG"). See note 19 for further details.

2. Basis of preparation

a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting and do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on October 29, 2026.

b) Use of estimates and judgements

The preparation of the unaudited condensed consolidated interim financial statements in conformity with IFRS requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

i) Critical judgements in applying accounting policies

Business combination

The Company completed the acquisition of AEG Power Solutions on June 29, 2026. In applying IFRS 3, Business Combinations, Management exercised significant judgement in determining the accounting treatment of the acquisition, including:

- identifying the assets acquired and liabilities assumed;
- determining whether acquired items meet the recognition criteria under IFRS 3;
- evaluating whether contractual arrangements, contingencies and obligations assumed as part of the transaction should be recognized separately from goodwill; and
- determining the appropriate level at which goodwill will be monitored for internal Management purposes and tested for impairment.

Identification of acquired intangible assets

Management exercised significant judgement in identifying and distinguishing separately identifiable intangible assets acquired as part of the acquisition from goodwill. This assessment included consideration of whether customer relationships, technology, trade names and other non-contractual assets met the separability and contractual-legal criteria prescribed by IFRS 3.

Reportable segments

Following the acquisition of AEG Power Solutions, Management reassessed the manner in which the Company's Chief Operating Decision Maker ("CODM") reviews operating performance and allocates resources. Significant judgement was exercised in identifying the Company's operating and reportable segments in accordance with IFRS 8, including the determination of the CODM, the level at which financial information is regularly reviewed, and the identification of the Company's reportable segments.

ii) Key sources of estimation uncertainty

Purchase price allocation

The allocation of the purchase price associated with the acquisition of AEG Power Solutions requires Management to estimate the fair values of the identifiable assets acquired and liabilities assumed at the acquisition date.

The determination of these fair values requires the use of significant assumptions and estimates, including projected future cash flows, discount rates, customer attrition rates, royalty rates, expected growth rates, useful lives of acquired intangible assets, market participant assumptions and estimates of future operating performance.

The purchase price allocation remains provisional as at September 26, 2026. Management continues to evaluate information relating to the valuation of acquired intangible assets, inventories, and deferred tax balances. Adjustments to provisional amounts may be recorded during the measurement period as additional information becomes available regarding facts and circumstances that existed at the acquisition date.

Changes in these estimates and assumptions could result in material adjustments to the carrying amounts of acquired assets, assumed liabilities, goodwill, amortization expense and deferred tax balances in future reporting periods.

In preparing these condensed consolidated interim financial statements, Management applied significant judgements in accounting for the acquisition of AEG Power Solutions completed on June 29, 2026, including the identification and valuation of assets acquired and liabilities assumed, the identification of separately recognizable

intangible assets, the determination of reportable operating segments under IFRS 8, and the assessment of the appropriate level at which goodwill will be monitored for impairment testing. Except for these matters arising from the acquisition, the significant judgements applied by Management are consistent with those described in the annual consolidated financial statements for the year ended December 31, 2025.

3. Summary of material accounting policies

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's 2025 annual audited financial statements, which are available on SEDAR+'s website at www.sedarplus.ca. The significant accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its Consolidated Financial Statements as at and for the year ended December 31, 2025, with the exception of items noted below:

Changes to accounting policies

IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments

The Company adopted the amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments, in its financial statements for the annual period beginning on January 1, 2026. The adoption of the amendments did not have a material impact on the condensed consolidated interim financial statements.

Revenue Recognition

In addition to the Group's existing revenue recognition policies, certain contracts acquired with AEG Power Solutions contain performance obligations that are satisfied over time. Revenue for these performance obligations is recognized using an input method based on costs incurred to date as a proportion of the total estimated costs required to satisfy the performance obligation. This measure of progress is applied to the transaction price allocated to the performance obligation. Estimates of total contract costs are reviewed at each reporting date and revised as necessary, with the cumulative effect of any change recognized in the period of the revision.

Future accounting policies:

IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") on April 9, 2024, to replace IAS 1 Presentation of Financial Statements and is effective for annual periods beginning on or after January 1, 2027. IFRS 18 introduces a defined structure for the presentation of the statement of income, including required totals and subtotals, as well as aggregating and disaggregating principles to categorize financial information.

The standard also requires all Management-defined performance measures to be disclosed in the notes to the financial statements. The Company is currently assessing the impact of this new standard.

4. Prepaid and other assets

	September 26, 2026	December 31, 2025
Prepaid expenses	$ 15,814	$ 8,769
Derivative asset	2,578	–
	$ 18,392	$ 8,769

As at September 26, 2026, the Group recognized a net unrealized recovery of $2,578,000 representing the fair value of forward foreign exchange contracts. As at December 31, 2025, the Group recognized a net unrealized expense of $1,747,000 representing the fair value of these forward foreign exchange contracts, comprised of a liability of $1,747,000 included within accounts payable and accrued liabilities. The statement of operations impact for both years has been recorded in foreign exchange gains and losses.

5. Asset held for sale

During Quarter 2, 2026 the Company committed to a plan to sell its manufacturing property used by the Mesta operations, located in North Huntingdon, PA, USA. Management has determined that the criteria for classification as held for sale under IFRS 5 were met as at June 27, 2026, as the asset is available for immediate sale in its present condition and the sale is considered highly probable within twelve months. Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation ceased upon classification as held for sale.

6. Property, plant and equipment

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property. Carrying amounts of owned and right-of-use assets are as follows:

	September 26, 2026	December 31, 2025
Property, plant and equipment owned	$ 143,217	$ 112,358
Right-of-use assets	49,034	24,607
	$ 192,251	$ 136,965

The Group acquired property, plant and equipment owned of $21,347,000 and right of use assets of $13,896,000 as part of the acquisition outlined in note 19.

Following the acquisition date, AEG incurred capital purchases in the amount of $568,000. Total additions to the Group's property, plant and equipment owned for the nine months ended September 26, 2026, in the amount of $21,533,000 – $16,287,000 of machinery and equipment, $3,321,000 of leasehold improvements and $1,925,000 of computer equipment (2025 – $27,048,000 – $1,353,000 of buildings, $20,418,000 of machinery and equipment, $3,955,000 of leasehold improvements and $1,322,000 of computer equipment).

Right of use assets

The Group leases many assets including buildings, vehicles and office equipment. Information about leases for which the Group is a lessee is presented below.

	Buildings	Vehicles	Equipment	Total
Balance at January 1, 2026	$ 24,024	$ 583	$ –	$ 24,607
Acquisitions (note 19)	11,375	2,505	16	13,896
Additions	15,238	821	–	16,059
Depreciation	(6,029)	(655)	(2)	(6,686)
Effect of movements in exchange rates	1,145	13	-	1,158
Balance at September 26, 2026	$ 45,753	$ 3,267	$ 14	$ 49,034

7. Investments in properties

	September 26, 2026	December 31, 2025
Glen Ewing Property	$ 1,044	$ 1,044
Marnate Property	1,494	1,657
	$ 2,538	$ 2,701

The Group has a 50% ownership interest in a property in Georgetown, Ontario. The property is carried at cost of $1,044,000. The estimated fair value of the property as at September 26, 2026 is $1,200,000. The fair value was determined based on independent available market evidence, with reference to comparable market transactions.

The Group owns a property in Marnate, Italy. The property is carried at cost of $4,113,000 (net of accumulated depreciation of $2,619,000, for a net book value $1,494,000). The estimated fair value of the property as at September 26, 2026 is 2,130,000 Euros (approximately $3,434,000). The fair value was determined based on independent available market evidence, based on comparable property sales, by an independent valuator.

8. Investments

	September 26, 2026	December 31, 2025
SmartD	$ 5,147	$ 5,147
Verdyn	1,179	1,179
	$ 6,326	$ 6,326

On March 22, 2024, HPS entered into a convertible debenture subscription agreement with SmartD Technologies Inc. (“SmartD”) under which it advanced $2,600,000 in convertible debt. SmartD produces advanced motor control products, most notably its Clean Power Variable Frequency DriveTM. SmartD’s products combine motor drives with harmonic mitigating technology that help businesses save energy, lower costs and minimize their carbon footprint.

In 2025, the Company entered into an agreement with SmartD to convert its existing debenture and accrued interest, valued at $3,022,000, into preferred shares of SmartD. In addition, the Company agreed to invest

a further $5,120,000 in exchange for preferred shares of SmartD, $2,120,000 of which was invested in 2025. A further $3,000,000 may be invested in or after 2026, contingent on SmartD meeting certain development milestones.

In November 2025, the Company entered into a secured convertible debenture transaction with Verdyn Inc. ("Verdyn"), pursuant to which it committed to advance up to $2,000,000 in tranches, subject to the satisfaction of specified milestones. As of December 31, 2025, $1,000,000 has been advanced, with any additional advances contingent upon Verdyn achieving certain operational and commercial milestones in accordance with the governing transaction documents. Verdyn specializes in developing power quality solutions for large industrial applications.

Both of these investments are included in Level 3 of the fair value hierarchy, measured at fair value through profit or loss. To determine the fair value of the investment, Management considered the progress of the development of the technology as well as the need to generate additional funding.

9. Lease and other long-term liabilities

	September 26, 2026	December 31, 2025
Lease liabilities	$ 50,557	$ 25,490
Contingent consideration	873	847
Reverse factoring liability	7,358	–
	$ 58,788	$ 26,337
Current	18,963	7,023
Non-Current	39,825	19,314

Lease liability maturity analysis – contractual undiscounted cash flows	**September 26, 2026**	December 31, 2025
Less than one year	$ 13,690	$ 7,540
One to five years	33,687	21,696
More than five years	13,096	529
Total undiscounted lease liabilities	$ 60,473	$ 29,765
Less: effect of discounting and foreign exchange	$ (9,916)	$ (4,275)
Lease liabilities included in the statement of financial position	$ 50,557	$ 25,490
Current	$ 10,732	$ 6,176
Non-current	$ 39,825	$ 19,314

Amounts recognized in statement of operations	Nine Months Ended **September 26, 2026**	September 27, 2025
Interest on lease liabilities	$ 1,372	$ 906

Amounts recognized in statement of cash flows	Nine Months Ended **September 26, 2026**	September 27, 2025
Payment of lease liabilities	$ 7,085	$ 4,944

10. Bank indebtedness and long-term debt

On June 29, 2026, concurrent with the acquisition of AEG Power Solutions (see note 19), the Company entered into a syndicated secured credit agreement. The legacy revolving facility in the principal amount of $72,525,000 plus accrued interest outstanding was legally settled and replaced with a draw of $72,764,000 under the new revolving facility. At September 26, 2026, gross borrowings were $496,859,000, comprising $412,780,000 of term loans and $84,079,000 of revolving borrowings. No swingline borrowing was outstanding at period end.

The credit agreement provides for borrowings denominated in Canadian dollars, U.S. dollars and euros. At September 26, 2026, the term facilities consisted of US$115,000,000 and $120,000,000 borrowed by the Canadian borrower, US$35,000,000 borrowed by the U.S. borrower, and €50,000,000 borrowed by HPS B.V. Revolving borrowings consisted of US$8,000,000 and $72,764,000.

Borrowings bear interest at applicable floating benchmark rates, including Term SOFR, Term CORRA, EURIBOR, Canadian prime or alternate base rates, plus applicable margins under the credit agreement. At September 26, 2026, the all-in interest rates ranged from 4.31700% to 5.84427%. The euro-denominated term loan bore interest at 4.31700%, Canadian-dollar term and revolving borrowings at 4.60755%, and U.S.-dollar term and revolving borrowings at approximately 5.84427%.

Carrying amounts

Directly attributable financing costs initially recognized were $10,644,000. Q3 2026 amortization recorded was $665,000 and included in interest expense. At September 26, 2026, unamortized financing costs were $9,979,000, resulting in an aggregate net debt carrying amount of $486,880,000. Financing costs were allocated to the funded facilities based on their relative Canadian-dollar principal balances and are amortized using the effective interest method and amortized over the four-year life of the debt.

	Gross Principal	Unamortized financing costs	Carrying amount
Terms Loans	$ 412,780	$ (8,290)	$ 404,490
Revolving borrowings	$ 84,079	$ (1,689)	$ 82,390
Total bank indebtedness and long-term debt	$ 496,859	$ (9,979)	$ 486,880
Current – Bank operating lines of credit	$ 84,079	$ (1,689)	$ 82,390
Current	$ 20,639	$ (414)	$ 20,225
Long-term portion	$ 392,141	$ (7,876)	$ 384,265

Term loans principal maturity analysis	September 26, 2026
Remainder of 2026	$ 10,320
2027	20,639
2028	23,219
2029	30,959
2030	327,643
Term loans in the statement of financial position	$ 412,780
Current	20,639
Long-term portion	$ 392,141

Financial covenants and security

The credit agreement requires the Company to maintain a debt service coverage ratio of at least 1.20 and provides for a maximum leverage ratio of 3.50 through June 2027, 3.25 through June 2028 and 3.00 thereafter, subject to specified acquisition-related step-up provisions. As at September 26, 2026, the Company was in compliance with all financial covenants.

The obligations under the credit agreement are guaranteed by specified subsidiaries and secured by first-priority security interests over substantially all of the assets of the borrowers and guarantors, subject to permitted liens and jurisdiction-specific limitations.

Principal repayments

The facilities mature on June 29, 2030. Term-loan principal is repayable quarterly at 1.25% of original principal through June 30, 2028 and at 1.875% from September 30, 2028, with the residual due at maturity. Borrowings may be prepaid subject to notice, accrued interest and applicable break-funding costs. The obligations are guaranteed by specified subsidiaries and secured by first-priority security interests over substantially all of the assets of the borrowers and guarantors, subject to permitted liens and jurisdiction-specific limitations.

11. Share capital

a) Dividends

The following dividends were declared and paid by the Company:

	Nine Months Ending	
	September 26, 2026	September 27, 2025
84 cents per Class A common share (2025: 82.5 cents)	$ 7,666	$ 7,529
84 cents per Class B common share (2025: 82.5 cents)	2,334	2,292
	$ 10,000	$ 9,821

b) Deferred Share Units

The Company maintains a deferred share unit plan in order to issue deferred share units ("DSUs") to non-employee directors and senior executives of HPS.

The movement in DSUs for the nine months ended September 26, 2026 and September 27, 2025 was as follows:

	Nine Months Ending	
	Number of DSUs	Closing Share Price
Balance at January 1, 2025	174,517	$ 128.04
DSUs issued	13,182	103.53
DSUs settled	(44,309)	84.56
Balance at September 27, 2025	143,390	$ 120.00

	Number of DSUs	Closing Share Price
Balance at January 1, 2026	145,441	$ 159.48
DSUs issued	2,861	279.22
DSUs settled	(49,074)	288.35
Balance at September 26, 2026	99,228	$ 279.22

A recovery of $4,448,000 for the three months ended September 26, 2026 and an expense of $18,662,000 for the nine months ended September 26, 2026 was recorded in share-based compensation expenses (three month ended an expense of September 27, 2025 - $435,000; nine months ended September 27, 2025 recovery of $956,000). The liability of $27,707,000 (December 31, 2025 - $23,195,000) related to these DSUs is included in accounts payable and accrued liabilities.

c) Long Term Incentive Plan

The Long Term Incentive Plan ("LTIP") consists of an annual grant made to the Chief Executive Officer and other executive officers of Performance Share Units ("PSU") and Restricted Share Units ("RSU").

The movement in PSUs and RSUs for the nine months ended September 26, 2026 and September 27, 2025 was as follows:

	Number of PSUs	Number of RSUs	Total Number of Units		Closing Share Price
Issued Balance at January 1, 2025	46,897	31,265	78,162		
Units issued	12,622	8,413	21,035		
Units settled	(17,028)	(11,352)	(28,380)		
Issued Balance at September 27, 2025	42,491	28,326	70,817	$	121.58

	Number of PSUs	Number of RSUs	Total Number of Units		Closing Share Price
Vested Balance at January 1, 2025	49,461	22,444	71,905		
Units vested	15,550	5,120	20,670		
Units settled	(25,543)	(11,352)	(36,895)		
Vested Balance at September 27, 2025	39,468	16,212	55,680	$	121.58

	Number of PSUs	Number of RSUs	Total Number of Units		Closing Share Price
Issued Balance at January 1, 2026	42,491	28,326	70,817		
Units issued	7,532	5,020	12,552		
Units settled	(23,637)	(15,757)	(39,394)		
Issued Balance at September 26, 2026	26,386	17,589	43,975	$	279.22

	Number of PSUs	Number of RSUs	Total Number of Units		Closing Share Price
Vested Balance at January 1, 2026	43,818	18,772	62,590		
Units vested	10,416	5,492	15,908		
Units settled	(35,457)	(15,757)	(51,214)		
Vested Balance at September 26, 2026	18,777	8,507	27,284	$	279.22

An expense of $1,262,000 for the three months ended September 26, 2026 and expense of $7,888,000 for the nine months ended September 26, 2026 was recorded in share-based compensation expenses (three months ended September 27, 2025 – expense of $1,052,000; nine months ended September 27, 2025 – expense of $692,000). The liability of $8,085,000 (December 31, 2025 - $10,567,000) related to these PSUs and RSUs is included in accounts payable and accrued liabilities.

12. Accumulated other comprehensive income

Changes to the accumulated other comprehensive income ("AOCI") balance include foreign currency translation differences relating to the net assets of foreign operations which have been determined to have functional currencies under IFRS that are their respective domestic currencies. Total other comprehensive loss for the three months ended September 26, 2026 was $591,000 and other comprehensive income for the nine months ended September 26, 2026 was $10,564,000 (three months ended September 27, 2025 – income of $4,202,000 and nine months ended September 27, 2025 was loss of $10,450,000) and relates to the translation of wholly-owned subsidiaries.

13. Sales and deferred revenue

a) Sales

	Three Months Ending		Nine Months Ending	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
United States and Mexico	$ 298,372	$ 158,015	$ 770,799	$ 456,502
Canada	57,622	51,395	155,567	161,607
Europe	54,375	–	54,375	–
India	9,159	8,931	28,429	26,054
Asia Pacific and Other Regions	26,735	–	26,735	–
	$ 446,263	$ 218,341	$ 1,035,905	$ 644,163

b) Deferred revenue

Movements in the Group's contract liabilities (deferred revenue) were as follows:

	September 26, 2026	December 31, 2025
Opening balance	$ 5,946	$ 4,277
Acquisition (note 19)	18,615	–
Revenue recognized	(5,946)	(4,277)
Increase in contract liabilities	16,591	5,946
Ending balance	$ 35,206	$ 5,946

14. Interest expense

	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Interest on long-term debt	$ 6,416	$ –	$ 6,416	$ –
Interest on lease liabilities	606	341	1,372	906
Amortization of deferred financing	1,798		1,798	–
Other	156	792	1,971	1,426
	$ 8,976	$ 1,133	$ 11,557	$ 2,332

15. Reportable Segments

Beginning in the third quarter of 2026, following the acquisition of AEG, HPS reports its results through two reportable operating segments: Power Magnetics and Integrated Electrical Solutions ("IES"). Power Magnetics principally comprises HPS's transformer and related magnetics operations, while IES comprises the Company's integrated electrical solutions and systems businesses, principally comprised of the AEG business. The change reflects the way the Company's Chief Operating Decision Maker evaluates operating performance and allocates resources following the acquisition.

The Company's Chief Operating Decision Maker ("CODM") allocates resources and assesses the performance of the Company's operations. Following the acquisition of AEG, Management reassessed the way operating results are reviewed by the CODM and the nature of the Company's products, services and operations. It was determined that the Company has two reportable operating segments:

Power Magnetics

The Power Magnetics segment designs, manufactures and distributes dry-type, cast resin and liquid-filled power transformers, as well as related products and solutions serving utility, industrial, commercial and infrastructure markets.

Integrated Electrical Solutions ("IES")

The IES segment designs, manufactures and distributes engineered electrical solutions and systems, including power quality products, custom-engineered solutions and related electrical equipment.

The accounting policies of the reportable segments are the same as those described in Note 3, Significant Accounting Policies. Segment performance is evaluated primarily based on earnings from operations, gross margin, and earnings before interest, taxes, depreciation and amortization (EBITDA). The CODM reviews all of these measures in assessing performance allocating resources.

There were no material inter-segment revenues during the period.

Global expenses used in the following segment tables are not a separate operating segment and are

presented solely to reconcile total segment results to the consolidated financial statements. These costs primarily consist of executive Management, treasury, legal, finance, information technology and other shared administrative functions that are not directly attributable to the operating segments.

Segmented Results	Power Magnetics	IES	Global Expenses & Reconciling Items	Consolidated
	3 months ended September 26, 2026			
Revenue	$ 355,509	$ 90,754	–	$ 446,263
Gross margin	121,872	31,489	–	153,361
Earnings from operations	65,856	4,722	1,060	71,638
Depreciation and amortization	6,727	8,899	–	15,626
Finance costs	262	1,760	6,954	8,976
Foreign exchange loss	1,207	765	6,217	8,189
EBITDA	66,783	11,199	(9,199)	68,783

Segmented Results	Power Magnetics	IES	Global Expenses & Reconciling Items	Consolidated
	3 months ended September 27, 2025			
Revenue	$ 214,025	$ 4,316	–	$ 218,341
Gross margin	63,542	2,144	–	65,686
Earnings from operations	26,260	1,837	(3,169)	24,928
Depreciation and amortization	3,769	139	–	3,908
Finance costs	1,101	32	–	1,133
Foreign exchange loss	57	–	–	57
EBITDA	30,217	1,698	(3,169)	28,746

	9 months ended September 26, 2026			
Segmented Results	Power Magnetics	IES	Global Expenses & Reconciling Items	Consolidated
Revenue	$ 929,345	$ 106,560	–	$ 1,035,905
Gross margin	295,893	39,521	–	335,414
Earnings from operations	144,535	12,442	(33,104)	123,873
Depreciation and amortization	18,693	9,316	–	28,009
Finance costs	2,776	1,827	6,954	11,557
Foreign exchange loss	4,018	765	6,217	11,000
EBITDA	155,385	18,502	(48,355)	125,532

	9 months ended September 27, 2025			
Segmented Results	Power Magnetics	IES	Global Expenses & Reconciling Items	Consolidated
Revenue	$ 634,179	$ 9,984	–	$ 644,163
Gross margin	193,078	4,932	–	198,010
Earnings from operations	82,473	3,905	(4,321)	82,057
Depreciation and amortization	12,561	348	–	12,909
Finance costs	2,233	99	–	2,332
Foreign exchange loss	1,704	–	–	1,704
EBITDA	93,927	3,557	(4,321)	93,163

Global & Reconciling Items

	3 months ended September 26, 2026	9 months ended September 26, 2026	3 months ended September 27, 2025	9 months ended September 27, 2025
Compensation	$ (1,733)	$ (5,179)	$ (1,396)	$ (3,513)
Investor relations expenses	(103)	(505)	(98)	(500)
Director fees	(94)	(281)	(88)	(267)
Legal fees	(196)	(589)	(100)	(305)
Share based compensation	3,186	(26,550)	(1,487)	264
Earnings from operations	$ 1,060	$ (33,104)	$ (3,169)	$ (4,321)
Acquisition costs	(10,259)	(15,251)	–	–
Finance costs	(6,954)	(6,954)	–	–
Total expenses	$ (16,153)	$ (55,309)	$ (3,169)	$ (4,321)
Less: Finance costs	6,954	6,954	–	–
EBITDA	$ (9,199)	$ (48,355)	$ (3,169)	$ (4,321)

Global and reconciling items include corporate costs not allocated to the reportable segments, acquisition-related costs, finance costs and other amounts required to reconcile segment measures to the consolidated financial statements.

	September 26, 2026	December 31, 2025
Property, plant and equipment and right-of-use assets		
Power Magnetics	$ 155,882	$ 134,669
IES	36,369	2,296
	$ 192,251	$ 136,965

	September 26, 2026	December 31, 2025
Investment Properties		
Power Magnetics	$ 2,538	$ 2,701
IES	–	–
	$ 2,538	$ 2,701

	September 26, 2026	December 31, 2025
Intangible assets		
Power Magnetics	$ 7,797	$ 8,375
IES	192,215	3,258
	$ 200,012	$ 11,633

Management reviewed the Company's customer concentration and concluded that no customer represented 10% or more of consolidated revenue during the period.

16. Related party transactions

Related parties

William G. Hammond, Chair of the Board, directly and indirectly, through Arathorn Investments Inc., beneficially owns 2,778,300 (December 31, 2025 – 2,778,300) Class B common shares of the Company, representing 100% of the issued and outstanding Class B common shares of the Company and 411,036 (December 31, 2025 – 424,636) Class A subordinate voting shares of the Company, representing approximately 4.5% (2025 – 4.7%) of the issued and outstanding Class A subordinate voting shares of the Company and as a result controls the Company. William G. Hammond, Chair of the Board, owns all of the issued and outstanding shares of Arathorn Investments Inc. Total dividends paid during the quarter, directly and indirectly to William G. Hammond were $925,000, year-to-date $2,687,000 (three months ended September 27, 2025 $881,000; nine months ended September 27, 2025 $2,454,000).

17. Change in non-cash operating working capital

The table below depicts the receipt of (use of) cash for working capital purposes by the Company:

	Nine Months Ending	
	September 26, 2026	September 27, 2025
Accounts receivable	$ (55,083)	$ (26,189)
Inventories	(30,847)	(35,023)
Prepaid expenses and other assets	1,117	2,171
Accounts payable and accrued liabilities	29,891	(6,869)
Deferred revenue	10,683	2,586
Provisions	(1,499)	(1,192)
Settlement of derivatives	(1,747)	1,447
Foreign exchange	1,938	(10,489)
	$ (45,547)	$ (73,558)

18. Financial instruments and risk management

Liquidity risk

The Company's liquidity risk has increased relative to December 31, 2025 as a result of the financing arrangements entered into in connection with the acquisition of AEG Power Solutions. Liquidity risk is managed through maintenance of operating cash flows, available borrowing capacity under the revolving credit facility and ongoing monitoring of forecast compliance with financial covenants.

The following are the carrying amounts and related anticipated contractual maturities of the Group's financial liabilities:

September 26, 2026	Carrying amount	Contractual cash flows	1 year or less	1 - 2 years	2 -5 years
Bank operating lines of credit	$ 82,390	$ 82,390	$ 82,390	$ –	$ –
Accounts payable and accrued liabilities	272,445	272,445	258,330	3,515	10,600
Contingent consideration	873	873	873	–	–
Reverse factoring liability	7,358	7,358	7,358		
Long-term loans	404,490	484,106	15,729	41,038	427,339
	$ 767,556	$ 847,172	$ 364,680	$ 44,553	$ 437,939

December 31, 2025	Carrying amount	Contractual cash flows	1 year or less	1 - 2 years	2 -5 years
Bank operating lines of credit	$ 55,933	$ 55,933	$ 55,933	$ –	$ –
Accounts payable and accrued liabilities	141,301	141,301	141,301	–	–
Contingent consideration	847	847	847	–	–
Derivative liabilities	1,747	1,747	1,747		
	$ 199,828	$ 199,828	$ 199,828	$ –	$ –

Interest rate risk

The Company's term and revolving borrowings bear interest at variable rates. As a result, the Company is exposed to cash flow interest rate risk. A 100-basis-point increase in interest rates would increase annual finance expense by approximately $3,529,000 (December 31, 2025 - $150,000).

Foreign currency risk

The Company is exposed to foreign exchange risk arising from borrowings denominated in U.S. dollars and Euros. A 5% strengthening of the Canadian dollar against the U.S. dollar would reduce the carrying value of U.S. dollar-denominated debt by approximately $10,608,000.

19. Acquisition

On June 29, 2026, the Company completed the acquisition of 100% of the issued and outstanding shares of AEG Power Solutions ("AEG") for $323,061,000 in an all-cash transaction ("Acquisition"). AEG is a global provider of power supply and power conversion solutions for industrial and renewable applications. AEG designs and manufactures AC and DC uninterruptible power supply systems, battery chargers, rectifiers and power conversion products serving industrial, infrastructure, transportation, energy and other critical applications. The acquisition is structured as a share purchase through a newly created subsidiary, Hammond Power Solutions BV, which is 100% owned by Hammond Power Solutions Inc.

This acquisition is expected to strengthen the Company's portfolio, market reach, and long-term profile through:

- Product expansions - Integrated electrical solutions combining the Company's transformer and power magnetics strengths with AEG's industrial uninterruptible Power Supply ("UPS") and power conversion expertise.
- End-market expansion - increased exposure to high-growth markets including industrials, infrastructure, and energy transition applications.
- Geographic expansion - superior scale and global platform, supporting long-term diversified growth across multiple regions.
- Customer base expansion - Large installed base and global aftermarket services, increasing recurring revenue from service, maintenance, and upgrades.

The acquisition has been accounted for using the acquisition method. The preliminary allocation of the purchase price was based on a provisional assessment of the fair value of identifiable assets, including assets acquired and liabilities assumed at the effective date of the acquisition, with the excess of the purchase price over the fair value being allocated to goodwill. The Company engaged independent valuators to determine the fair value allocated to intangible assets. However, given the timing of the acquisition, Management continues to evaluate information relating to the valuation of acquired intangible assets, inventories, and deferred tax balances,, and therefore the allocation of the purchase price is based on the Company's best estimate and is currently considered preliminary and is subject to change once the final valuation of the identifiable assets acquired and liabilities assumed is completed.

Goodwill arising on acquisition is attributable to the expected revenue synergies arising from cross-selling opportunities, expansion of the Company's product portfolio, increased participation in critical-power and energy-transition markets, enhanced geographic diversification, growth in recurring service revenues, and the combined engineering and technological capabilities of the two organizations. The goodwill recognized is anticipated to be fully deductible for income tax purposes.

The following is a preliminary fair value estimate of the identifiable assets acquired and liabilities assumed by the Company in connection with the transaction, reconciled to the purchase price:

Cash		13,691
Accounts receivable		115,791
Inventories and other assets		61,644
Property, plant and equipment		35,243
Deferred tax asset		40,256
Intangibles		194,478
Goodwill		99,682
Assets	$	560,785

Accounts payable and accrued liabilities	$	(76,823)
Deferred revenue		(18,615)
Provisions and other liabilities		(3,124)
Deferred tax liability		(55,914)
Net debt assumed		(69,352)
Lease liability assumed		(13,896)
Liabilities		(237,724)
Total purchase consideration	$	323,061

Cash paid	$	323,061

Acquired receivables

The acquisition-date fair value and gross contractual amounts receivable for the major classes of receivables acquired were as follows:

	Fair value	Gross contractual amount	Estimated cash flows not expected to be collected
Trade accounts receivable	$ 62,200	$ 64,418	$ 2,218
Accrued revenue	5,835	5,835	–
Other receivable	47,756	47,756	–
Total accounts receivable	$ 115,791	$ 118,009	$ 2,218

The acquisition costs incurred related to this transaction during the year were $15,251,000 which were included in acquisition costs on the statement of operations.

Included in the Group's consolidated results for the three months ended September 26, 2026, is revenue of $81,110,000 andnet income of $1,714,000 recognized by AEG from the date of acquisition to September 26, 2026. If the Company had acquired AEG effective January 1, 2026, the revenue of the consolidated group would have been approximately $1,181,606,000 and net income of the consolidated group would have been $47,729,000.

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Trading Symbol: HPS.A

Corporate Officers and Directors

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Chief Executive Officer
& Director



Richard Vollering
Chief Financial Officer



John Bailey
Chief Operations Officer



Paul Gaynor
Chief Information Officer



David Kinsella
Chief Commercial Officer



Kyle Kuepfer
Chief Legal Officer &
Corporate Secretary



Catherine McKeown
Chief People Officer



Norman Bates
EVP, Group Business
Development & President,
Power Quality Solutions

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William G. Hammond
Chair of the Board
& Audit Member



Frederick M. Jaques
Lead Director



Gervais Jacques
Board Member



Christopher R. Huether
Audit Member



Nathalie L. Pilon
Governance Member



Anne Marie Turnbull
Human Resources
& Compensation Chair



David Wood
Audit Chair



Gregory Yull
Human Resources
& Compensation Member

hammond
POWER SOLUTIONS

EVERY TIME YOU MOVE NEARER TO YOUR DESIRED DESTINATION,
NEW HORIZONS WILL BECOME CLEAR AND NEW OPPORTUNITIES WILL COME
INTO VIEW.