

# PIONEER POWER SOLUTIONS, INC.

## Consolidated Statements of Operations

(In thousands, except per share data)

(Unaudited)

	Three Months Ended	
	March 31,	
	2018	2017
Revenues	\$ 23,475	\$ 25,057
Cost of goods sold	19,047	19,490
Gross profit	4,428	5,567
Operating expenses		
Selling, general and administrative	4,198	4,340
Restructuring and integration	-	155
Foreign exchange loss (gain)	74	(61)
Total operating expenses	4,272	4,434
Income from continuing operations	156	1,133
Interest expense	649	549
Other expense	116	98
(Loss) income before taxes	(609)	486
Income tax (benefit) expense	(28)	280
Net (loss) income from continuing operations	(581)	206
Income (loss) from discontinued operations, net of income taxes	7	(97)
Net (loss) income	\$ (574)	\$ 109
Earnings per share (loss) income:		
Basic and diluted		
(Loss) income from continuing operations	\$ (0.07)	\$ 0.02
Income (loss) from discontinued operations	0.00	(0.01)
Net (loss) income	\$ (0.07)	\$ 0.01
Diluted		
(Loss) income from continuing operations	\$ (0.07)	\$ 0.02
Income (loss) from discontinued operations	0.00	(0.01)
Net (loss) income	\$ (0.07)	\$ 0.01
Weighted average common shares outstanding:		
Basic	8,726	8,702
Diluted	8,726	8,737

# PIONEER POWER SOLUTIONS, INC.

## Consolidated Balance Sheets

(In thousands)

	March 31, 2018 (Unaudited)	December 31, 2017
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 268	\$ 218
Accounts receivable, net	13,536	13,432
Inventories, net	24,570	23,192
Income taxes receivable	876	743
Prepaid expenses and other current assets	3,121	2,803
Current assets of discontinued operations	6,291	7,073
Total current assets	48,662	47,461
Property, plant and equipment, net	6,175	6,335
Deferred income taxes	2,895	2,729
Other assets	4,632	4,281
Intangible assets, net	4,569	4,922
Goodwill	8,527	8,527
Total assets	\$ 75,460	\$ 74,255
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Bank overdrafts	\$ 936	\$ 833
Revolving credit facilities	19,318	17,814
Short term borrowings	3,385	5,430
Accounts payable and accrued liabilities	20,794	16,873
Current maturities of long-term debt and capital lease obligations	1,040	782
Income taxes payable	1,289	1,164
Current liabilities of discontinued operations	2,380	3,856
Total current liabilities	49,142	46,752
Long-term debt, net of current maturities	3,817	4,153
Pension deficit	298	283
Other long-term liabilities	3,617	3,853
Noncurrent deferred income taxes	1,644	1,665
Total liabilities	58,518	56,706
Stockholders' equity		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized; none issued	-	-
Common stock, \$0.001 par value, 30,000,000 shares authorized; 8,726,045 shares issued and outstanding on March 31, 2018 and December 31, 2017	9	9
Additional paid-in capital	23,949	23,801
Accumulated other comprehensive loss	(5,979)	(5,798)
Accumulated deficit	(1,037)	(463)
Total stockholders' equity	16,942	17,549
Total liabilities and stockholders' equity	\$ 75,460	\$ 74,255

## PIIONEER POWER SOLUTIONS, INC.

### Reconciliation of GAAP Measures to Non-GAAP Measures

(In thousands, except per share data)

(Unaudited)

	Three Months Ended	
	March 31,	
	2018	2017
<b>Reconciliation to Adjusted EBITDA and EPS</b>		
Net (loss) / earnings (GAAP measure)	\$ (574)	\$ 109
Addbacks:		
(Income) loss from discontinued operations, net of income taxes	(7)	97
Interest expense	649	549
Income tax (benefit) expense	(28)	280
Depreciation and amortization	737	753
Restructuring and integration	-	155
Corporate overhead allocated to discontinued operations	271	303
Stock-based compensation	148	30
Other non-operating expenses	116	98
Adjusted EBITDA (Non-GAAP measure)	1,312	2,374
Tax effects - 21% rate	(276)	(499)
Non-GAAP net earnings	\$ 1,036	\$ 1,875
Non-GAAP net earnings per diluted share	\$ 0.12	\$ 0.21
Weighted average diluted shares outstanding	8,726	8,737

Tax Rate changed to 21% pursuant to US Tax Reform enacted in December 2017

*Note: Pioneer has presented non-GAAP measures such as non-GAAP net earnings and Adjusted EBITDA because many of our investors use these non-GAAP measures to monitor the Company's performance. These non-GAAP measures should not be considered an alternative to GAAP measures as an indicator of the Company's operating performance.*

*Non-GAAP net earnings is defined by the Company as net earnings before interest, income tax expense, depreciation and amortization, non-cash compensation and non-recurring acquisition costs and reorganization expenses and other non-recurring or non-cash items and any tax effects related to these items. The Company defines Adjusted EBITDA as net earnings before interest, income tax expense, depreciation and amortization, non-cash compensation and non-recurring acquisition costs and reorganization expenses and other non-recurring or non-cash items.*

*Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures included in this release, however, should be considered in addition to, and not as a substitute for or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP. A reconciliation of non-GAAP to GAAP net earnings is set forth in the table above.*