

PIONEER POWER SOLUTIONS, INC.

Consolidated Balance Sheets
(In thousands, except share data)

	<u>September 30,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2020</u>
ASSETS		
Current assets		
Cash	\$ 3,372	\$ 7,567
Restricted cash	1,775	-
Accounts receivable, net	3,304	2,587
Insurance receivable	-	95
Inventories, net	3,500	2,403
Income taxes receivable	-	407
Prepaid expenses and other current assets	646	897
Total current assets	12,597	13,956
Property, plant and equipment, net	478	433
Right-of-use assets	2,283	1,504
Notes receivable	5,671	5,350
Other assets	22	44
Total assets	<u>\$ 21,051</u>	<u>\$ 21,287</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,673	\$ 4,027
Deferred revenue	2,263	714
Current maturities of long-term debt	-	780
Income taxes payable	-	17
Total current liabilities	6,936	5,538
Long-term debt	-	633
Other long-term liabilities	1,943	1,257
Total liabilities	8,879	7,428
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 September 30, 2021 and December 31, 2020	9	9
Additional paid-in capital	23,063	23,981
Accumulated other comprehensive income	14	14
Accumulated deficit	(10,914)	(10,145)
Total stockholders' equity	12,172	13,859
Total liabilities and stockholders' equity	<u>\$ 21,051</u>	<u>\$ 21,287</u>

PIONEER POWER SOLUTIONS, INC.
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues	\$ 5,685	\$ 4,051	\$ 14,813	\$ 14,138
Cost of goods sold				
Cost of goods sold	4,972	3,312	13,445	12,974
Write down of inventory	-	-	-	546
Total cost of goods sold	4,972	3,312	13,445	13,520
Gross profit	713	739	1,368	618
Operating expenses				
Selling, general and administrative	1,231	1,190	3,738	4,001
Total operating expenses	1,231	1,190	3,738	4,001
Loss from continuing operations	(518)	(451)	(2,370)	(3,383)
Interest income	(99)	(55)	(288)	(242)
Other expense (income)	13	(1,735)	(1,294)	(904)
(Loss) income before taxes	(432)	1,339	(788)	(2,237)
Income tax expense (benefit)	2	-	(19)	5
Net (loss) income	\$ (434)	\$ 1,339	\$ (769)	\$ (2,242)
 (Loss) income per share:				
Basic	\$ (0.05)	\$ 0.15	\$ (0.09)	\$ (0.26)
Diluted	\$ (0.05)	\$ 0.15	\$ (0.09)	\$ (0.26)
 Weighted average common shares outstanding:				
Basic	8,726	8,726	8,726	8,726
Diluted	8,726	8,726	8,726	8,726

PIONEER POWER SOLUTIONS, INC.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2021	2020
Operating activities		
Net loss	\$ (769)	\$ (2,242)
Depreciation	110	164
Amortization of right-of-use assets	219	196
Amortization of imputed interest	(321)	(341)
Interest expense from PPP Loan	4	6
Non-cash cost of operating leases	421	320
Change in receivable reserves	68	(61)
Change in inventory reserves	61	258
Change in long term payables	-	(102)
Proceeds from insurance receivable	95	1,767
Loss on investments	-	(968)
Stock-based compensation	129	3
Payroll tax deferral	-	139
Changes in current operating assets and liabilities:		
Accounts receivable	(758)	1,412
Inventories	(1,158)	313
Prepaid expenses and other assets	247	48
Income taxes	401	(512)
Accounts payable and accrued liabilities	541	(2,599)
Deferred revenue	1,549	871
Net cash provided by / (used in) operating activities	839	(1,328)
Investing activities		
Additions to property, plant and equipment	(156)	-
Proceeds from sale of investments	-	2,436
Change in notes receivable	-	194
Net cash (used in) / provided by investing activities	(156)	2,630
Financing activities		
Bank overdrafts	-	(374)
Funding from PPP Loan	-	1,404
Payment of deferred purchase price	-	(397)
Dividend paid to shareholders	(1,047)	-
Gain on forgiveness of PPP Loan	(1,417)	-
Principal repayments of financing leases	(639)	(517)
Net cash (used in) / provided by financing activities	(3,103)	116
(Decrease) / increase in cash and restricted cash	(2,420)	1,418
Cash, and restricted cash, beginning of year	7,567	8,213
Cash, and restricted cash, end of period	\$ 5,147	\$ 9,631
Non-cash investing and financing activities:		
Acquisition of right-of-use assets	1,418	-