

**PIONEER POWER SOLUTIONS, INC.**

**Consolidated Balance Sheets  
(In thousands, except share data)**

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 9,924	\$ 7,567
Restricted cash	1,775	-
Notes receivable	5,778	-
Accounts receivable, net	2,429	2,587
Insurance receivable	-	95
Inventories, net	4,160	2,403
Income taxes receivable	-	407
Prepaid expenses and other current assets	1,069	897
<b>Total current assets</b>	<b>25,135</b>	<b>13,956</b>
Property, plant and equipment, net	516	433
Right-of-use assets	2,237	1,504
Notes receivable	-	5,350
Other assets	39	44
<b>Total assets</b>	<b>\$ 27,927</b>	<b>\$ 21,287</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,159	\$ 4,027
Deferred revenue	2,423	714
Current maturities of long-term debt	-	780
Income taxes payable	-	17
<b>Total current liabilities</b>	<b>6,582</b>	<b>5,538</b>
Long-term debt	-	633
Other long-term liabilities	1,793	1,257
<b>Total liabilities</b>	<b>8,375</b>	<b>7,428</b>
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; 9,640,545 and 8,726,045 shares issued and outstanding on December 31, 2021 and 2020, respectively	10	9
Additional paid-in capital	31,840	23,981
Accumulated other comprehensive income	14	14
Accumulated deficit	(12,312)	(10,145)
<b>Total stockholders' equity</b>	<b>19,552</b>	<b>13,859</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 27,927</b>	<b>\$ 21,287</b>

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

	December 31,		December 31,	
	2021	2020	2021	2020
Revenues	\$ 3,498	\$ 5,352	\$ 18,311	\$ 19,490
Cost of goods sold				
Cost of goods sold	3,473	5,089	16,918	18,063
Write down of inventory	-	-	-	546
Total cost of goods sold	3,473	5,089	16,918	18,609
Gross profit	25	263	1,393	881
Operating expenses				
Selling, general and administrative	1,518	1,164	5,255	5,165
Total operating expenses	1,518	1,164	5,255	5,165
Loss from continuing operations	(1,493)	(901)	(3,862)	(4,284)
Interest income	(99)	(92)	(387)	(334)
Other income	1	(65)	(1,292)	(969)
Loss before taxes	(1,395)	(744)	(2,183)	(2,981)
Income tax (benefit) expense	3	-	(16)	5
Net loss	\$ (1,398)	\$ (744)	\$ (2,167)	\$ (2,986)
Loss per share:				
Basic	\$ (0.16)	\$ (0.09)	\$ (0.24)	\$ (0.34)
Diluted	\$ (0.16)	\$ (0.09)	\$ (0.24)	\$ (0.34)
Weighted average common shares outstanding:				
Basic	8,858	8,726	8,858	8,726
Diluted	8,858	8,726	8,858	8,726

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

	For the Year Ended December 31,	
	2021	2020
<b>Operating activities</b>		
Net loss	\$ (2,167)	\$ (2,986)
Depreciation	153	203
Amortization of right-of-use assets	285	261
Amortization of imputed interest	(428)	(448)
Interest expense from PPP Loan	4	9
Gain on forgiveness of PPP Loan	(1,417)	-
Non-cash cost of operating leases	580	622
Change in receivable reserves	71	(57)
Change in inventory reserves	127	(535)
Write down of inventory	-	546
Change in long term payables	-	4
Proceeds from insurance receivable	95	1,705
Gain on investments	-	(968)
Stock-based compensation	186	3
Other	-	3
Changes in current operating assets and liabilities:		
Accounts receivable	115	1,158
Inventories	(1,883)	2,139
Prepaid expenses and other assets	(195)	(692)
Income taxes	397	(501)
Accounts payable and accrued liabilities	27	(3,352)
Deferred revenue	1,709	(727)
Net cash used in operating activities	(2,341)	(3,613)
<b>Investing activities</b>		
Additions to property, plant and equipment	(237)	-
Proceeds from sale of investments	-	2,436
Change in notes receivable	-	194
Net cash (used in) / provided by investing activities	(237)	2,630
<b>Financing activities</b>		
Bank overdrafts	-	(374)
Funding from PPP Loan	-	1,404
Payment of deferred purchase price	-	(397)
Payment of deferred payroll taxes	(100)	-
Net proceeds from the exercise of options for common stock	58	-
Net proceeds from issuance of common stock	8,663	-
Dividend paid to shareholders	(1,047)	-
Principal repayments of financing leases	(864)	(296)
Net cash provided by financing activities	6,710	337
Increase / (decrease) in cash and restricted cash	4,132	(646)
Cash, and restricted cash, beginning of year	7,567	8,213
Cash, and restricted cash, end of period	\$ 11,699	\$ 7,567
<b>Supplemental cash flow information:</b>		
Interest paid	3	28
Income taxes paid, net of refunds	(395)	507
<b>Non-cash investing and financing activities:</b>		
Acquisition of right-of-use assets	1,598	-