

PIONEER POWER SOLUTIONS, INC.
Consolidated Balance Sheets
(In thousands, except share data)

| | <u>June 30,</u> <u>2022</u> | <u>December 31,</u> <u>2021</u> |
|---|--------------------------------|------------------------------------|
| | (Unaudited) | |
| ASSETS | | |
| Current assets | | |
| Cash | \$ 9,785 | \$ 9,924 |
| Restricted cash | - | 1,775 |
| Notes receivable and accrued interest | 5,993 | 5,778 |
| Accounts receivable, net | 5,211 | 2,429 |
| Inventories | 9,017 | 4,160 |
| Prepaid expenses and other current assets | 1,074 | 1,069 |
| Total current assets | <u>31,080</u> | <u>25,135</u> |
| Property and equipment, net | 619 | 516 |
| Right-of-use assets | 2,337 | 2,237 |
| Other assets | 80 | 39 |
| Total assets | <u>\$ 34,116</u> | <u>\$ 27,927</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 6,407 | \$ 4,159 |
| Deferred revenue | 9,289 | 2,423 |
| Total current liabilities | <u>15,696</u> | <u>6,582</u> |
| Other long-term liabilities | 1,440 | 1,793 |
| Total liabilities | <u>17,136</u> | <u>8,375</u> |
| Commitments | | |
| 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; 9,644,545 and 9,640,545 shares issued and outstanding on June 30, 2022 and December 31, 2021, respectively | 10 | 10 |
| Additional paid-in capital | 32,573 | 31,840 |
| Accumulated other comprehensive income | 14 | 14 |
| Accumulated deficit | (15,617) | (12,312) |
| Total stockholders' equity | <u>16,980</u> | <u>19,552</u> |
| Total liabilities and stockholders' equity | <u>\$ 34,116</u> | <u>\$ 27,927</u> |

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

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------|------------------|-----------|
| | June 30, | | June 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Revenues | \$ 4,289 | \$ 5,625 | \$ 10,325 | \$ 9,127 |
| Cost of goods sold | 4,208 | 5,130 | 9,369 | 8,473 |
| Gross profit | 81 | 495 | 956 | 654 |
| Operating expenses | | | | |
| Selling, general and administrative | 2,585 | 1,240 | 4,331 | 2,506 |
| Total operating expenses | 2,585 | 1,240 | 4,331 | 2,506 |
| Loss from operations | (2,504) | (745) | (3,375) | (1,852) |
| Interest income | (104) | (95) | (206) | (189) |
| Other expense (income), net | 117 | 36 | 129 | (1,307) |
| Loss before taxes | (2,517) | (686) | (3,298) | (356) |
| Income tax expense (benefit) | - | - | 7 | (21) |
| Net loss | \$ (2,517) | \$ (686) | \$ (3,305) | \$ (335) |
| Loss per share: | | | | |
| Basic | \$ (0.26) | \$ (0.08) | \$ (0.34) | \$ (0.04) |
| Diluted | \$ (0.26) | \$ (0.08) | \$ (0.34) | \$ (0.04) |
| Weighted average common shares outstanding: | | | | |
| Basic | 9,728 | 8,726 | 9,685 | 8,726 |
| Diluted | 9,728 | 8,726 | 9,685 | 8,726 |

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

| | Six Months Ended | |
|--|------------------|----------|
| | June 30, | |
| | 2022 | 2021 |
| Operating activities | | |
| Net loss | \$ (3,305) | \$ (335) |
| Depreciation | 73 | 74 |
| Amortization of right-of-use finance leases | 124 | 156 |
| Amortization of imputed interest | (214) | (214) |
| Interest expense from PPP Loan | - | 4 |
| Gain on forgiveness of PPP Loan | - | (1,417) |
| Amortization of right-of-use operating leases | 328 | 262 |
| Change in receivable reserves | (141) | 43 |
| Proceeds from insurance receivable | - | 95 |
| Stock-based compensation | 716 | 71 |
| Changes in current operating assets and liabilities: | | |
| Accounts receivable | (2,642) | (1,423) |
| Inventories | (4,857) | (910) |
| Prepaid expenses and other assets | (67) | 118 |
| Income taxes | 27 | 403 |
| Accounts payable and accrued liabilities | 1,796 | 1,053 |
| Deferred revenue | 6,866 | 1,839 |
| Principal repayments of operating leases | (325) | (252) |
| Net cash used in operating activities | (1,621) | (433) |
| Investing activities | | |
| Additions to property and equipment | (174) | (62) |
| Net cash used in investing activities | (174) | (62) |
| Financing activities | | |
| Net proceeds from the exercise of options for common stock | 17 | - |
| Principal repayments of financing leases | (136) | (163) |
| Net cash used in financing activities | (119) | (163) |
| Decrease in cash and restricted cash | (1,914) | (658) |
| Cash, and restricted cash, beginning of year | 11,699 | 7,567 |
| Cash, and restricted cash, end of period | \$ 9,785 | \$ 6,909 |
| Non-cash investing and financing activities: | | |
| Acquisition of right-of-use assets and lease liabilities | 551 | - |
| Declared dividend unpaid | - | 1,047 |