

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

	December 31,	
	2022	2021
ASSETS		
Current assets		
Cash	\$ 10,296	\$ 9,924
Restricted cash	-	1,775
Notes receivable and accrued interest	-	5,778
Accounts receivable, net	11,139	2,429
Inventories	8,748	4,160
Prepaid expenses and other current assets	2,853	1,069
Total current assets	33,036	25,135
Property and equipment, net	1,800	516
Right-of-use assets	2,177	2,237
Other assets	162	39
Total assets	\$ 37,175	\$ 27,927
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,297	\$ 4,159
Deferred revenue	10,665	2,423
Total current liabilities	18,962	6,582
Other long-term liabilities including the non-current portion of lease liabilities of \$1,215 and \$1,519	1,280	1,793
Total liabilities	20,242	8,375
Commitments and contingencies		
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 December 31, 2022 and 2021, respectively	10	10
Additional paid-in capital	32,859	31,840
Accumulated other comprehensive income	14	14
Accumulated deficit	(15,950)	(12,312)
Total stockholders' equity	16,933	19,552
Total liabilities and stockholders' equity	\$ 37,175	\$ 27,927

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Revenues	\$ 9,524	\$ 3,498	\$ 27,000	\$ 18,311
Cost of goods sold	6,764	3,473	22,393	16,918
Gross profit	2,760	25	4,607	1,393
Operating expenses				
Selling, general and administrative	2,000	1,518	8,636	5,255
Total operating expenses	2,000	1,518	8,636	5,255
Income (loss) from operations	760	(1,493)	(4,029)	(3,862)
Interest income	(144)	(99)	(465)	(387)
Other (income) expense, net	(44)	1	67	(1,292)
Income (loss) before taxes	948	(1,395)	(3,631)	(2,183)
Income tax expense (benefit)	-	3	7	(16)
Net income (loss)	\$ 948	\$ (1,398)	\$ (3,638)	\$ (2,167)
Earnings (loss) per share:				
Basic	\$ 0.10	\$ (0.16)	\$ (0.37)	\$ (0.24)
Diluted	\$ 0.10	\$ (0.16)	\$ (0.37)	\$ (0.24)
Weighted average common shares outstanding:				
Basic	9,770	8,858	9,728	8,858
Diluted	9,791	8,858	9,728	8,858

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

	Year Ended December 31,	
	2022	2021
Operating activities		
Net loss	\$ (3,638)	\$ (2,167)
Depreciation	228	153
Amortization of right-of-use finance leases	238	285
Amortization of imputed interest	(455)	(428)
Interest expense from PPP Loan	-	4
Gain on forgiveness of PPP Loan	-	(1,417)
Amortization of right-of-use operating leases	663	580
Change in receivable reserves	(140)	71
Proceeds from insurance receivable	-	95
Stock-based compensation	1,002	186
Changes in current operating assets and liabilities:		
Accounts receivable	(8,570)	115
Inventories	(4,589)	(1,756)
Prepaid expenses and other assets	(1,799)	(195)
Income taxes	28	397
Accounts payable and accrued liabilities	3,782	27
Deferred revenue	8,243	1,709
Operating lease liabilities	(639)	(752)
Net cash used in operating activities	(5,646)	(3,093)
Investing activities		
Purchases of property and equipment	(1,512)	(237)
Collection of notes receivable	6,234	-
Net cash provided by/ (used in) investing activities	4,722	(237)
Financing activities		
Payment of deferred payroll taxes	(112)	(100)
Net proceeds from the exercise of options for common stock	17	58
Net proceeds from issuance of common stock	-	8,663
Payment to affiliates	(129)	-
Dividend paid to shareholders	-	(1,047)
Principal repayments of financing leases	(255)	(112)
Net cash (used in)/ provided by financing activities	(479)	7,462
(Decrease) increase in cash and restricted cash	(1,403)	4,132
Cash, and restricted cash, beginning of year	11,699	7,567
Cash, and restricted cash, end of period	\$ 10,296	\$ 11,699
Supplemental cash flow information:		
Interest paid	4	3
Income taxes paid, net of refunds	(20)	(395)
Non-cash investing and financing activities:		
Acquisition of right-of-use assets and lease liabilities	841	1,598