

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,	
	2023	2022	2023	2022
Revenues	\$ 12,443	\$ 6,251	\$ 33,080	\$ 17,476
Cost of goods sold	8,732	5,390	24,445	15,629
Gross profit	3,711	861	8,635	1,847
Operating expenses				
Selling, general and administrative	2,758	2,305	8,004	6,636
Total operating expenses	2,758	2,305	8,004	6,636
Income (loss) from operations	953	(1,444)	631	(4,789)
Interest income	(60)	(116)	(192)	(322)
Other (income) expense, net	(11)	(17)	(4)	112
Income (loss) before income taxes	1,024	(1,311)	827	(4,579)
Income tax expense	-	-	-	7
Net income (loss)	\$ 1,024	\$ (1,311)	\$ 827	\$ (4,586)
Income (loss) per share:				
Basic	\$ 0.10	\$ (0.13)	\$ 0.08	\$ (0.47)
Diluted	\$ 0.10	\$ (0.13)	\$ 0.08	\$ (0.47)
Weighted average common shares outstanding:				
Basic	10,010,226	9,769,545	9,896,850	9,713,335
Diluted	10,250,099	9,769,545	10,049,009	9,713,335

PIONEER POWER SOLUTIONS, INC.

Consolidated Balance Sheets

(In thousands)

	September 30, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Current assets		
Cash	\$ 7,581	\$ 10,296
Accounts receivable, net	8,936	11,139
Inventories	8,280	8,748
Prepaid expenses and other current assets	5,518	2,853
Total current assets	30,315	33,036
Property and equipment, net	3,775	1,800
Operating lease right-of-use assets	936	1,450
Financing lease right-of-use assets	458	727
Deferred financing costs	195	-
Other assets	82	162
Total assets	\$ 35,761	\$ 37,175
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,772	\$ 7,239
Current portion of operating lease liabilities	704	703
Current portion of financing lease liabilities	157	355
Deferred revenue	5,980	10,665
Total current liabilities	16,613	18,962
Operating lease liabilities, non-current portion	276	797
Financing lease liabilities, non-current portion	320	418
Other long-term liabilities	53	65
Total liabilities	17,262	20,242
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; 9,930,022 and 9,644,545 shares issued and outstanding on September 30, 2023 and December 31, 2022, respectively	10	10
Additional paid-in capital	33,612	32,859
Accumulated other comprehensive income	-	14
Accumulated deficit	(15,123)	(15,950)
Total stockholders' equity	18,499	16,933
Total liabilities and stockholders' equity	\$ 35,761	\$ 37,175

PIONEER POWER SOLUTIONS, INC.

Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Nine Months Ended	
	September 30,	
	2023	2022
Operating activities		
Net income (loss)	\$ 827	\$ (4,586)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	370	113
Amortization of right-of-use financing leases	269	177
Amortization of imputed interest	-	(321)
Amortization of right-of-use operating leases	514	495
Change in receivable reserves	80	(140)
Stock-based compensation	1,246	859
Other	(15)	-
Changes in current operating assets and liabilities:		
Accounts receivable	1,805	(1,253)
Inventories	468	(4,319)
Prepaid expenses and other assets	(2,990)	167
Income taxes	(4)	24
Accounts payable and accrued liabilities	2,407	1,141
Deferred revenue	(4,685)	4,198
Operating lease liabilities	(520)	(491)
Net cash used in operating activities	<u>(228)</u>	<u>(3,936)</u>
Investing activities		
Purchases of property and equipment	(2,345)	(391)
Net cash used in investing activities	<u>(2,345)</u>	<u>(391)</u>
Financing activities		
Net proceeds from the exercise of options for common stock	50	17
Net proceeds from issuance of common stock	177	-
Payment of deferred financing costs	(73)	-
Principal repayments of financing leases	(296)	(179)
Net cash used in financing activities	<u>(142)</u>	<u>(162)</u>
Decrease in cash	(2,715)	(4,489)
Cash, beginning of period	10,296	11,699
Cash, end of period	<u>\$ 7,581</u>	<u>\$ 7,210</u>
Non-cash investing and financing activities:		
Acquisition of right-of-use assets and lease liabilities	\$ -	\$ 551
Deferred financing costs included in accounts payable and accrued liabilities	122	-
Surrender and retirement of common stock	720	-