

PIONEER POWER SOLUTIONS, INC.
Consolidated Statements of Operations
(In thousands, except for share and per share amounts)

	For the Year Ended	
	December 31,	
	2025	2024
Revenues	\$ 27,627	\$ 22,879
Cost of goods sold	24,201	17,365
Gross profit	3,426	5,514
Operating expenses		
Selling, general and administrative	9,146	9,712
Research and development	875	1,050
Total operating expenses	10,021	10,762
Operating loss from continuing operations	(6,595)	(5,248)
Interest income, net	739	431
Other (expense) income, net	(518)	50
Loss before income taxes	(6,374)	(4,767)
Income tax expense (benefit)	74	(1,418)
Net loss from continuing operations	(6,448)	(3,349)
Income from discontinued operations, net of income taxes	449	35,204
Net (loss) income	\$ (5,999)	\$ 31,855
Basic (loss) earnings per share:		
Loss from continuing operations	\$ (0.58)	\$ (0.31)
Earnings from discontinued operations	0.04	3.28
Basic (loss) earnings per share	\$ (0.54)	\$ 2.97
Diluted (loss) earnings per share:		
Loss from continuing operations	\$ (0.58)	\$ (0.31)
Earnings from discontinued operations	0.04	3.21
Diluted (loss) income per share	\$ (0.54)	\$ 2.90
Weighted average common shares outstanding:		
Basic	11,103,623	10,745,217
Diluted	11,187,868	10,953,861

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

	December 31,	
	2025	2024
ASSETS		
Current assets		
Cash	\$ 14,959	\$ 41,622
Accounts receivable, net of allowance for credit losses of \$23 and \$13 as of December 31, 2025, and 2024, respectively	3,133	7,826
Inventories	6,315	6,068
Prepaid expenses and other current assets	1,134	1,141
Total current assets	25,541	56,657
Property and equipment, net	5,400	6,503
Operating lease right-of-use assets, net	1,144	530
Financing lease right-of-use assets, net	332	221
Investments	418	2,000
Lease receivable	2,576	-
Other assets	44	40
Total assets	\$ 35,455	\$ 65,951
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,745	\$ 4,543
Current portion of operating lease liabilities, net	223	244
Current portion of financing lease liabilities, net	123	109
Deferred revenue	791	991
Consideration due to buyer	-	3,347
Income taxes payable	-	4,079
Dividend payable	-	16,665
Total current liabilities	4,882	29,978
Operating lease liabilities, non-current portion, net	936	301
Financing lease liabilities, non-current portion, net	219	121
Other long-term liabilities	101	122
Total liabilities	6,138	30,522
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; 11,095,266 and 11,120,266 shares issued and outstanding on December 31, 2025, and 2024, respectively	11	11
Additional paid-in capital	35,305	35,418
Accumulated deficit	(5,999)	-
Total stockholders' equity	29,317	35,429
Total liabilities and stockholders' equity	\$ 35,455	\$ 65,951

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

	For the Year Ended	
	December 31,	
	2025	2024
Operating activities		
Net (loss) income	\$ (5,999)	\$ 31,855
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation	1,027	716
Amortization of right-of-use financing leases	137	129
Non cash lease expense	228	224
Change in allowance for credit losses	120	35
Stock-based compensation	35	1,055
Gain on sale of PCEP business	-	(35,044)
Loss attributable to equity method investee	601	-
Write-off of costs related to contract settlement	238	-
Loss on disposal of property and equipment	112	177
Selling profit on sales-type leases	(1,335)	-
Gain on change in consideration due to buyer	(1,147)	-
Changes in current operating assets and liabilities:		
Accounts receivable, net	4,791	(10,360)
Inventories	193	(14,536)
Prepaid expenses and other assets	603	4,558
Assets held for sale	-	14,320
Liabilities held for sale	-	(9,468)
Accounts payable, accrued liabilities and other liabilities	(894)	11,609
Income taxes	(4,079)	(1,418)
Deferred revenue	(200)	684
Operating lease liabilities	(249)	(748)
Net cash used in operating activities	(5,818)	(6,212)
Investing activities		
Purchase of property and equipment	(2,677)	(3,759)
Proceeds from sale of PCEP business, net of transaction costs	-	42,635
Payment of consideration payable	(2,200)	-
Dividend received from equity method investee	981	-
Net cash (used in)/ provided by investing activities	(3,896)	38,876
Financing activities		
Net proceeds from the exercise of options for common stock	-	519
Net proceeds from issuance of common stock	-	4,986
Payment of cash dividend	(16,665)	-
Principal repayments of financing leases	(136)	(129)
Payments for tax withholding related to vesting of restricted stock units	(148)	-
Net cash (used in)/ provided by financing activities	(16,949)	5,376
(Decrease) increase in cash	(26,663)	38,040
Cash		
Cash, beginning of year	41,622	3,582
Cash, end of year	\$ 14,959	\$ 41,622

Supplemental cash flow information:

Interest paid	\$	8	\$	35
Income taxes paid, net of refunds		4,922		7

Non-cash investing and financing activities:

Surrender and retirement of common stock		-		344
Transfer from property and equipment to inventory		(440)		-
Sales-type lease origination		2,867		-
Derecognition of assets in exchange for net investment in sales-type lease		(1,532)		-
Property and equipment obtained in exchange for accounts payable and accrued liabilities		(96)		272
Finance lease ROU assets obtained in exchange for finance lease liabilities		248		-
Operating lease ROU assets obtained in exchange for operating lease liabilities		842		330
Cash dividend declared		-		16,665

PIONEER POWER SOLUTIONS, INC.
Reconciliation of Non-GAAP Measures
(In thousands)
(Unaudited)

	For the Three Months Ended		For the Year Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
GAAP operating loss from continuing operations	\$ (1,093)	\$ (1,073)	\$ (6,595)	\$ (5,248)
Corporate overhead expenses	1,106	2,109	4,100	5,324
Research and development expenses	149	345	875	1,050
Depreciation and amortization expenses	319	351	1,164	837
Non-recurring professional fees	108	209	358	515
Non-GAAP operating income (loss) from continuing operations	<u>\$ 589</u>	<u>\$ 1,941</u>	<u>\$ (98)</u>	<u>\$ 2,478</u>