PIONEER
POWER SOLUTIONS

PIONEER POWER SOLUTIONS, INC.



ANNUAL REPORT TO STOCKHOLDERS

2025

PIONEER POWER SOLUTIONS, INC.

Form 10-K

For the Fiscal Year Ended December 31, 2025

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements," which include information relating to future events, future financial performance, financial projections, strategies, expectations, competitive environment and regulation. Words such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and may not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- General economic conditions and their effect on demand for electrical equipment, particularly in the commercial market, but also in the power generation, industrial production and infrastructure industries.
- The effects of fluctuations in sales on our business, revenues, expenses, net income (loss), income (loss) per share, margins and profitability.
- Many of our competitors are better established and have significantly greater resources and may subsidize their competitive offerings with other products and services, which may make it difficult for us to attract and retain customers.
- The potential loss or departure of key personnel, including Nathan J. Mazurek, our chairman, president and chief executive officer.
- Our ability to generate internal growth, maintain market acceptance of our existing products and gain acceptance for our new products.
- Unanticipated increases in raw material prices or disruptions in supply could increase production costs and adversely affect our profitability.
- Our ability to realize revenue reported in our backlog.
- Our ability to remediate the ongoing material weaknesses identified in our internal control over financial reporting, or inability to otherwise maintain an effective system of internal control.
- The effect that the identified material weaknesses and failure to establish and maintain effective internal control over financial reporting could have on investor confidence in us and raise reputational risk.
- Operating margin risk due to competitive pricing and operating efficiencies, supply chain risk, material, labor or overhead cost increases, interest rate risk and commodity risk.
- Strikes or labor disputes with our employees may adversely affect our ability to conduct our business.
- The impact of geopolitical activity on the economy, changes in government regulations such as tariff policies and regulations, income taxes, climate control initiatives, the timing or strength of an economic recovery in our markets and our ability to access capital markets.
- Future sales of large blocks of our common stock may adversely impact our stock price.
- The liquidity and trading volume of our common stock.
- Our business could be adversely affected by an outbreak of disease, epidemic or pandemic, or similar public threat, or fear of such an event.

- Our ability to maintain compliance with the continued listing standards of the Nasdaq Capital Market.

- Risks associated with litigation and claims, which could impact our financial results and condition.

The foregoing does not represent an exhaustive list of matters that may be covered by the forward-looking statements contained herein or risk factors that we are faced with that may cause our actual results to differ from those anticipated in our forward-looking statements. Moreover, new risks regularly emerge, and it is not possible for us to predict or articulate all risks we face, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. Except to the extent required by applicable laws or rules, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. You should review carefully the risks and uncertainties described under the heading "Item 1A. Risk Factors" in this Annual Report on Form 10-K for a discussion of the foregoing and other risks that relate to our business and investing in shares of our common stock.

PART I

ITEM 1. BUSINESS.

Overview

Pioneer Power Solutions, Inc. and its wholly owned subsidiary (referred to herein as the "Company," "Pioneer," "Pioneer Power," "we," "our" and "us") design, manufacture, integrate, service, and sell distributed energy resources, on site and mobile power generation equipment and a platform of mobile electric vehicle ("EV") charging solutions. Our products and services are sold to a broad range of customers in the utility, industrial and commercial markets. Our customers include, but are not limited to, Federal and State government entities, package delivery businesses, school bus fleet operators, EV charging infrastructure developers and owners, and distributed energy developers. We are headquartered in Fort Lee, New Jersey and operate from two (2) additional locations in the United States for manufacturing, service and maintenance, engineering, and sales and administration.

U.S. dollars are reported in thousands, except for share and per share amounts (unless otherwise noted).

Description of Business Segment

In October 2024, we sold our Pioneer Custom Electrical Products Corp. ("PCEP") business unit to a buyer (the "PCEP Sale") as a result of a strategic change to the operations of our business.

Following the PCEP Sale, we currently have one reportable segment - Critical Power Solutions ("Critical Power").

- Our Critical Power business provides customers with our suite of mobile EV charging solutions, power generation equipment and all forms of services, including but not limited to, preventative maintenance, repairs, fuel polishing, and remote monitoring. These products and services are marketed by our operations headquartered in Minnesota, currently doing business under our Pioneer eMobility (e-Boost) and Pioneer Critical Power (Titan) brand names.

Our Critical Power business designs, manufactures and sells mobile EV charging solutions under our e-Boost suite of products, in addition to distributing new power generation equipment, refurbishing and reselling used power generation equipment, and performing service and maintenance on our customers' existing equipment. Many of these systems are used to maintain reliable, primary, peak shaving or emergency standby power at facilities where it is required or where the potential consequences of a power outage make it necessary, such as at major national retailers, hospitals, data centers, communications facilities, factories, military sites, office complexes and other critical operations.

In December of 2025, the Company launched two new product platforms:

1. PRYMUS - a new, mobile on-site power system concentrating on customers with requirements of 1-10 megawatts of mobile power to supplement their current energy profile,

2. PowerCore - a residential and small commercial based primary generator system integrating a DC fast charger into one solution.

Summary of Critical Power Segment Product Offerings

Product Category	Solutions
Suite of e-Boost Products	● e-Boost G.O.A.T. (Generator on a Truck) is a truck-mounted option that brings on-demand, high-capacity charging to EV truck and car owners at any convenient location. ● e-Boost Mobile is a trailer-mounted solution that provides multiple options for towing and can be available at specific businesses, large sports and cultural events and can be relocated with minimal effort on short notice. ● e-Boost Pod is a stationary EV charging solution with customizable higher capacity that can also service other power needs especially in emergency situations, such as a power outage, serving as a back-up power source with convenient power connectors and outlets available on board.

Product Category	Solutions
Power Generation Equipment	● Engine-generator sets: power generation equipment with up to 2 MW of power output per genset, sourced from several manufacturers and available for install by our expert, licensed technicians. ● Available individually or in multi-unit paralleled configurations. Fuel options include liquid propane, natural gas, diesel and bi-fuel. ● Uninterruptible Power Supply ("UPS") systems.
Service	● Scheduled preventative maintenance and 24/7 repair and support services provided for all makes and models of power generation equipment under one- to five-year contracts. ● Regional service and maintenance: provided by our technicians in the Midwest and Florida. ● National service and maintenance: provided by our technicians and a network of field service providers throughout the United States for multi-site, multi-state power generation equipment owners. ● UPS systems from major manufacturers.

Power generation systems represent considerable investments that require proper maintenance and service in order to operate reliably during a time of emergency. Our power maintenance programs provide preventative maintenance, repair and support service for our customers' power generation systems. To support our customers in managing their critical infrastructure, we maintain inventories of repair parts, a fleet of service vehicles and a staff of certified field service technicians in the Midwest and Florida. To complete our geographic coverage, we maintain a network of field service partners located in other regions, enabling us to provide quick-response, 24/7 service capabilities that can effectively repair and maintain any make and model of back-up power equipment. Our field service organization services more than 5,900 generators owned by more than 850 customers located throughout the United States and its territories, including for multi-site, multi-state customers.

We recognize discrete revenue streams from service contracts, sales, installation, maintenance and repair services, and we offer service contracts to all owners of power generation and related equipment, whether or not the equipment was originally sold by us. Our service agreements have terms ranging from one to five years in duration, providing the Company with a recurring revenue stream.

Business Strategy

We believe we have established a stable platform from which to develop and grow our business lines, revenue, profitability and shareholder value. We are focused on internal growth through operating efficiencies, new product development, customer focus and broadening and deepening our market penetration.

We intend to build our revenue and net income through internal growth initiatives. Accomplishing these financial goals will be dependent on a number of factors, including our ability to execute the following strategies and actions:

- Establishing a scalable organizational infrastructure to support our expected growth;
- Investing in our capabilities to provide progressively more advanced equipment and service solutions;
- Continuously applying our manufacturing and service resources to their highest and best uses;
- Combining and streamlining our business unit supply chains and administrative functions; and
- Improving business processes to deliver consistency, quality and value to our customers.

Within our Critical Power business, we are actively marketing our preventive maintenance services to new national accounts including: major national retailers, telecommunications companies, data centers, banks, hospitals and health care facilities, educational institutions and property management companies. Since November 2021, we have been aggressively marketing our e-Boost mobile EV charging products to electric bus and truck manufacturers, fleet management companies, municipalities and EV infrastructure providers.

Our Industry

The market for Electrical Infrastructure equipment and Critical Power solutions is very fragmented due to the range of equipment types, electrical and mechanical properties, technological standards and service parameters required by different categories of end users for their specific applications. Many orders are custom-engineered and tend to be time-sensitive since other critical work is frequently being coordinated around the customer's electrical equipment installation. The vast majority of North American demand for the types of solutions we provide is satisfied by thousands of producers and service companies in the United States.

We believe that several of the key industry trends supporting future growth in our industry are as follows:

- ***Aging and Overburdened North American Power Grid*** — The aging and overburdened North American power grid is expected to require significant capital expenditures to upgrade the existing infrastructure over the next several years to maintain adequate levels of reliability and efficiency. Significant capital investment will be required to relieve congestion, meet growing demand, achieve targets for efficiency, emissions and use of renewable sources, and to replace components of the U.S. power grid operating at, near or past their planned service lives.

- ***Increasing Long-Term Demand for Electricity and Reliable Power*** — The Department of Energy's Energy Information Administration, or EIA, forecasts that total electricity use in the United States will increase by approximately 28% from 2011 to 2040. This increase is driven by anticipated population growth, economic expansion, increasing dependence on computing power throughout the economy and the increased use of electrical devices in the home. In order to meet growing demand for electricity in North America, substantial investment in increased electrical grid capacity and efficiency will be required, as well as the addition of specialized equipment to help ensure the reliability and quality of electricity for critical applications. In response to these challenges, there is an increasing trend among commercial and industrial companies to invest in on-site power sources, both for standby purposes in the event of a catastrophic power outage, or to reduce the amount of electricity they draw from the utility grid during peak periods.

- ***Autonomous Vehicle Infrastructure and Rapid EV Deployment*** — While the broader mobile EV charging market has experienced a period of stabilization, the autonomous vehicle ("AV") sector is entering a phase of rapid acceleration. AV charging depots require hyper-efficient deployment timelines to match the scaling of autonomous fleets. Our e-Boost solution is uniquely positioned to bridge the gap between fleet readiness and traditional utility connectivity, which can often take 12 to 24 months for high-capacity grid upgrades. The U.S. electric vehicle charging station market is projected to grow at a CAGR of 29.1% through 2030, with the fastest growth occurring in high-power DC fast charging segments (>250 kW) necessary for commercial and autonomous operations.

- ***Edge AI, Data Centers, and Sustainable Microgrids*** — The explosion of Generative Artificial Intelligence ("AI") and Edge Computing has created an unprecedented demand for localized, "behind-the-meter" power. Global electricity demand for data centers is projected to double by 2030, with AI-optimized servers expected to account for 44% of total data center power consumption by that time. To meet this need, our PRYMUS mobile microgrid provides 1 MW to 10 MW blocks of onsite power with a 6-month deployment lead time, significantly faster than traditional infrastructure. This aligns with a broader industry shift toward decentralized energy; the global microgrid market is forecast to reach $24.44 billion by 2026, driven specifically by a 20.1% CAGR in the 5–10 MW segment often utilized for industrial and data center optimization.

- ***Residential Resilience and Premium Power Solutions*** — Consumer demand for energy independence is intensifying as the North American power grid faces increasing reliability challenges. This has created a high-value niche for "prime power" residential products. Our PowerCore system addresses this by offering 24/7/365 whole-home resiliency with integrated Level 2 and Level 3 charging. This caters to the growing segment of homeowners who view their residences as long-term financial assets and are increasingly seeking bidirectional (V2H) charging capabilities. With Level 2 infrastructure expected to see an incremental growth of over 5 million units by 2026, providing an all-in-one resiliency and high-speed charging solution captures a critical convergence of the residential and transportation energy markets.

Customers

A substantial portion of the products and services we offer are sold directly to customers by our marketing and sales personnel operating from our office locations in the United States. Our direct sales force and authorized representatives market our products and services to end users and third parties, such as original equipment manufacturers and their dealers, state and local governments, fleet management companies, school bus operators and various intermediary selling groups.

For the year ended December 31, 2025, 99% of our sales were to U.S. customers and 1% were to Canadian customers, compared to 87% of our sales were to U.S. customers and 13% were to Canadian customers for the year ended December 31, 2024. This was largely driven by companies involved in distributed generation, regulated and non-regulated utilities, and the industrial and wholesale sectors. During the years ended December 31, 2025, and 2024, we sold our electrical equipment and services to over 879 individual customers, and our 20 largest customers represented approximately 71% and 74% of our consolidated revenue, respectively.

Approximately 24% and 13% of our sales during the year ended December 31, 2025, were made to Eneridge, Inc. and SparkCharge, respectively. Approximately 22% and 13% of our sales during the year ended December 31, 2024, were made to INF Associates, LLC and British Columbia Hydro and Power Authority, respectively. Most of our sales to customers were made pursuant to specific contract terms and conditions for each project.

Revenue Backlog

Revenue backlog, which consists of purchase orders and contracts from customers that we believe to be firm, reflects the amount of revenue that we expect to realize in the future upon the satisfaction of customer orders for our products or services that are not yet complete or for which work has not yet begun. Our revenue backlog as of December 31, 2025, was approximately $12,617, as compared to $19,762 as of December 31, 2024. The decrease in our revenue backlog was primarily attributable to the fulfillment of orders for our mobile EV charging solutions that were included in backlog as of December 31, 2024 and recognized as revenue during the year ended December 31, 2025, without comparable new orders from our mobile EV charging solutions entering backlog as of December 31, 2025.

Competition

We experience intense competition from generator manufacturers and from distributors and servicers of such equipment. The number and size of our competitors varies considerably by product line and service category, with many of our competitors tending to be small, highly specialized or focused on a certain geographic market area or customer. A representative list of our direct competitors includes Xos Inc., Energy Vault, Inc., HM Cragg Co., and Interstate Power Systems, Inc.

Raw Materials and Suppliers

The principal materials purchased by us are certain electrical and engine components such as generators, transfer switches, electric vehicle chargers and related parts from a variety of suppliers. These components are available from and supplied by numerous sources at competitive prices. Unanticipated increases in component prices or disruptions in supply could increase production costs and adversely affect our profitability. Our largest suppliers during the year ended December 31, 2025, included Taylor Power Systems, Inc., Gillette Generators Inc. and Winco, Inc.

Research and Development

Because the industries in which we compete are characterized by rapid technological advances, our ability to compete successfully depends heavily upon our ability to ensure a continual and timely flow of competitive products, services and technologies to the marketplace. We continue to develop new technologies to enhance existing products and services, and to expand the range of our offerings through research and development ("R&D"), licensing of intellectual property and acquisition of third-party businesses and technology. During the years ended December 31, 2025, and 2024, we incurred $875 and $1,050, respectively, of R&D costs related to our mobile EV charging solutions, e-Boost.

Employees

As of December 31, 2025, we had 58 full-time employees.

Environmental

We are subject to numerous environmental laws and regulations concerning, among other areas, air emissions, discharges into waterways and the generation, handling, storing, transportation, treatment and disposal of waste materials. These laws and regulations are constantly changing and it is impossible to predict with accuracy the effect they may have on us in the future. Like many other industrial enterprises, our manufacturing operations entail the risk of noncompliance, which may result in fines, penalties and remediation costs, and there can be no assurance that such costs will be insignificant. To our knowledge, we are in substantial compliance with all federal, state, provincial and local environmental protection provisions, and believe that the future compliance cost should not have a material adverse effect on our capital expenditures, net income or competitive position. However, legal and regulatory requirements in these areas have been increasing and there can be no assurance that significant costs and liabilities will not be incurred in the future due to regulatory noncompliance.

Corporate History

We were originally formed in the State of Nevada in 2008. On November 30, 2009, we merged with and into Pioneer Power Solutions, Inc., a Delaware corporation, for the sole purpose of changing our state of incorporation from Nevada to Delaware and changing our name to "Pioneer Power Solutions, Inc". On September 24, 2013, we completed an underwritten public offering, and our common stock began trading on the Nasdaq Capital Market under the symbol "PPSI".

Available Information

Our corporate website is located at www.pioneerpowersolutions.com. On the investor relations section of our website, we make available, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we electronically file them with or furnish them to the Securities and Exchange Commission ("SEC"). The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers, such as us, that file electronically with the SEC at www.sec.gov.

Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events and press and earnings releases as part of the investor relations section of our website. The contents of and the information on or accessible through our corporate website, including the investor relations portion of our website, are not a part of, and are not intended to be incorporated into, this report or any other report or document we file with or furnish to the SEC, and any references to our website are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. Before investing in our common stock, you should carefully consider the following risks, together with the financial and other information contained in this Annual Report on Form 10–K for the year ended December 31, 2025, and our other periodic filings with the SEC. Additional risks and uncertainties that we are unaware of may become important factors that affect us. If any of the following events occur, our business, financial conditions and operating results may be materially and adversely affected. In that event, the trading price of our common stock may decline, and you could lose all or part of your investment.

Summary of Risk Factors

Below is a summary of the principal factors that make an investment in our common stock speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the heading "Risk Factors" and should be carefully considered, together with other information in this Form 10-K and our other filings with the SEC, before making an investment decision regarding our common stock.

- We have identified material weaknesses in our internal control over financial reporting which could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner, which may adversely affect investor confidence in our company and, as a result, the value of our common stock;

- Failure to establish and maintain effective internal control over financial reporting may result in us not being able to accurately report our financial results, which could result in a loss of investor confidence and adversely affect the market price of our common stock;

- Our operating results may vary significantly from quarter to quarter, which makes our operating results difficult to predict and can cause our operating results in any particular period to be less than comparable quarters and expectations from time to time;

- Our industry is highly competitive;

- A significant portion of our revenues have historically been concentrated and derived from a few customers. Material or significant loss of business from these customers could have an adverse effect on our business, financial condition and operating results;

- Certain of our business units have historically generated operating losses and negative cash flows, which may result in the usage of our cash;

- Our operations have been curtailed following the PCEP Sale, and we have limited sources of revenue following such sale, which may negatively impact the value and liquidity of our common stock;

- The departure or loss of key personnel could disrupt our business;

- Fluctuations in the price and supply of materials used to manufacture our products may reduce our profits;

- We may not be able to fully realize the revenue value reported in our backlog;

- We are subject to pricing pressure from our larger customers;

- Deterioration in the credit quality of several major customers could have a material adverse effect on our operating results and financial condition;

- We rely on third parties for key elements of our business whose operations are outside our control;

- Supply chain and shipping disruptions may result in shipping delays, a significant increase in shipping costs, and could increase product costs and result in lost sales and reputational damage, which may have a material adverse effect on our business, operating results and financial condition;

- Our business may face cybersecurity risk generally associated with our information technology systems which could materially affect our business, and our results of operations could be materially affected if our information technology systems (or third-party systems we rely on) are interrupted, damaged by unforeseen events, or fail for any extended period of time;

- Our business requires skilled labor, and we may be unable to attract and retain qualified employees;

- Delaware law and our corporate charter and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable;

- Our stock price may be volatile, which could result in substantial losses for investors;

- Our risk management activities may leave us exposed to unidentified or unanticipated risks;

- Regulatory, environmental, monetary and other governmental policies could have a material adverse effect on our profitability;

- Global, market and economic conditions may negatively impact our business, financial condition and stock price;

- We face risks associated with litigation and claims, which could impact our financial results and condition;

- Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline;

- We are subject to financial reporting and other requirements for which our accounting, internal audit and other management systems and resources may not be adequately prepared;

- There are inherent limitations in all control systems, and misstatements due to error or fraud may occur and not be detected;

- Any acquisitions that we have completed, or may complete in the future, may not perform as planned and could disrupt our business and harm our financial condition and operations;

- The success of our business depends on achieving our strategic objectives, including dispositions;

- If we do not conduct an adequate due diligence investigation of a target business that we acquire, we may be required subsequently to take write downs or write-offs, restructuring, and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and our stock price, which could cause you to lose some or all of your investment;

- We may be unable to generate internal growth; and

- In the event that we fail to satisfy any of the listing requirements of the Nasdaq Capital Market, our common stock may be delisted, which could affect our market price and liquidity.

Risks Relating to Our Business and Industry

We have identified material weaknesses in our internal control over financial reporting which could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that public companies evaluate and report on their systems of internal control over financial reporting. As disclosed in Part II, Item 9A, Controls and Procedures of this Annual Report on Form 10-K, our management, including our Chief Executive Officer and our Chief Financial Officer, has determined that we have two material weaknesses in our internal control over financial reporting as of December 31, 2025, a material weakness related to the lack of sufficient accounting personnel with the requisite skills, knowledge and expertise which negatively impacted the Company's ability to maintain appropriate segregation of duties and effective controls, as well as a material weakness around information technology general controls related to user access and privileged access within systems supporting the Company's accounting and financial reporting processes which allowed certain individuals to have elevated access to systems inconsistent with such individuals' business needs. As a result of these material weaknesses, the Company's management, under the supervision of the Audit Committee and with participation of the Company's Chief Executive Officer and Chief Financial Officer, concluded that the Company's internal control over financial reporting was not effective as of December 31, 2025.

Although we are working to remedy the material weaknesses and ineffectiveness of the Company's internal control over financial reporting and disclosure controls and procedures, there can be no assurance as to when the remediation plan will be fully developed and implemented or the outcome of such remediation efforts, or that in the future, additional material weaknesses will not exist, reoccur or otherwise be discovered, a risk that is significantly increased in light of the complexity of our business. Until our remediation plan is fully implemented, our management will continue to devote significant time, attention and financial resources to these efforts. If we do not complete our remediation in a timely fashion, or at all, or if our remediation plan is inadequate, there will continue to be an increased risk that our future consolidated financial statements could contain errors that will be undetected. If we continue to have these existing material weaknesses, other material weaknesses or significant deficiencies in the future, it could create a perception that our financial results do not fairly state our financial condition or results of operations. See "*Part II. Item 9A – Controls and Procedures.*" These material weaknesses could adversely affect our business, reputation, revenues, results of operations, financial condition, and liquidity. This could also adversely affect our ability to timely file periodic reports under the Exchange Act, and limit our ability to access the capital markets through equity or debt issuances. Additional impacts could include a decline in our stock price, suspension of trading or delisting of our common stock by the Nasdaq Capital Market. Any of the foregoing could have an adverse effect on the value of our stock. For more information relating to the Company's internal control over financial reporting, the material weaknesses that existed as of December 31, 2025, and the remediation activities undertaken by us, see Part II, Item 9A, Controls and Procedures of this Annual Report on Form 10-K. See also "*—Failure to establish and maintain effective internal control over financial reporting may result in us not being able to accurately report our financial results, which could result in a loss of investor confidence and adversely affect the market price of our common stock.*"

Failure to establish and maintain effective internal control over financial reporting may result in us not being able to accurately report our financial results, which could result in a loss of investor confidence and adversely affect the market price of our common stock.

We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP (as defined below). Because we are continuing to implement remedial actions to strengthen our financial control and management systems, our internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the price of our common stock and harm our ability to raise capital in the future.

If our management is unable to certify the effectiveness of our internal controls or if material weaknesses or significant deficiencies in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our business and cause a decline in the price of our common stock. As disclosed under "Item 9A. Controls and Procedures" in this Annual Report on Form 10-K, in connection with preparing our financial statements for the year ended December 31, 2025, management concluded that two material weaknesses existed in our internal control over financial reporting related to the lack of sufficient accounting personnel with the requisite skills, knowledge and expertise which negatively impacted the Company's ability to maintain appropriate segregation of duties and effective controls, as well as a material weakness in our information technology general controls related to user access and privileged access within systems supporting the Company's accounting and financial reporting processes which allowed certain individuals to have elevated access to systems inconsistent with such individuals' business needs. In addition, due to the same material weaknesses, we determined that our disclosure controls and procedures were not effective as of December 31, 2025. See "*—We have identified two material weaknesses in our internal control over financial reporting which could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner, which may adversely affect investor confidence in our company and, as a result, the value of our common stock."*

In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in the price of our common stock and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the Nasdaq Capital Market. Delisting of our common stock on any exchange would reduce the liquidity of the market for our common stock, which would reduce the price of, and increase the volatility of, our common stock.

We do not expect that our disclosure controls and procedures and internal control over financial reporting will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization will be detected. The inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. See also "—General Risk Factors— *There are inherent limitations in all control systems, and misstatements due to error or fraud may occur and not be detected*." If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in our reported financial information, which in turn could result in a reduction in the price of our common stock.

In addition, acquisitions can pose challenges in implementing the required processes, procedures and controls in the new operations. Companies that are acquired by us may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by the securities laws that currently apply to us.

Our operating results may vary significantly from quarter to quarter, which makes our operating results difficult to predict and can cause our operating results in any particular period to be less than comparable quarters and expectations from time to time.

Our quarterly results may fluctuate significantly from quarter to quarter due to a variety of factors, many of which are outside our control and have the potential to materially and adversely affect our results. Factors that affect our operating results include the following:

- the size, timing and terms of sales and orders, especially large customer orders;
- variations caused by customers delaying, deferring or canceling purchase orders or making smaller purchases than expected;
- the timing and volume of work under new agreements;
- the spending patterns of customers;
- customer orders received;
- a change in the mix of our products having different margins;
- a change in the mix of our customers, contracts and business;
- increases in design and manufacturing costs;
- the length of our sales cycles;
- the rates at which customers renew their contracts with us;
- changes in pricing by us or our competitors, or the need to provide discounts to win business;
- a change in the demand or production of our products caused by severe weather conditions;
- our ability to control costs, including operating expenses;
- losses experienced in our operations not otherwise covered by insurance;
- the ability and willingness of customers to pay amounts owed to us;
- the timing of significant investments in the growth of our business, as the revenue and profit we hope to generate from those expenses may lag behind the timing of expenditures;
- costs related to the acquisition and integration of companies or assets;
- general economic trends, including changes in equipment spending or national or geopolitical events such as economic crises, wars or incidents of terrorism; and
- future accounting pronouncements and changes in accounting policies.

Accordingly, our operating results in any particular quarter may not be indicative of the results that you can expect for any other quarter or for an entire year.

Our industry is highly competitive.

The electrical equipment manufacturing industry is highly competitive and barriers to entry to manufacture similar systems to the ones the Company sells is easily imitated. On the service side of the Company's business, we already compete with many other companies offering similar services. Many of these companies have a larger geographic footprint than Pioneer and substantially greater financial resources.

A significant portion of our revenues have historically been and continue to be concentrated and derived from a few customers. Material or significant loss of business from customers could have an adverse effect on our business, financial condition and operating results.

We historically have depended, and expect to continue to depend on a small number of customers for a large portion of our business each quarter, due to the scope of certain projects. Any change in the level of orders from customers could have a significant impact on our results of operations, and a loss of business from customers could have an adverse effect on our business, financial condition and operating results. Approximately 24% and 13% of our sales during the year ended December 31, 2025, were made to Eneridge, Inc. and SparkCharge, respectively. As of December 31, 2025, one customer represented 100% of the Company's lease receivable balance. The majority of our sales to these customers and other customers in the past were made pursuant to contract terms and conditions for each project and it is expected that future sales will similarly be made pursuant to the relevant contract terms and conditions for future projects. See "Item 1. Business - Customers".

Our Critical Power business has historically generated operating losses and negative cash flows, which may result in the usage of our cash.

We currently have one business unit (Critical Power), which has been unable to earn positive income and generate positive cash flow in its recent history. With $14,959 of cash on hand as of December 31, 2025, any such losses will negatively impact our cash balance.

Our operations have been curtailed following the PCEP Sale, and we have limited sources of revenue following such sale, which may negatively impact the value and liquidity of our common stock.

The PCEP Sale has reduced the size of our business operations, and our sources of revenue are limited to our Critical Power segment following the closing of the PCEP Sale. Although our board of directors may use a portion of the proceeds from the PCEP Sale to support the business operations remaining following the PCEP Sale, there can be no assurance that we will be successful at carrying out the operations of our remaining businesses, or that we will be successful at generating revenue. A failure by us to secure additional sources of revenue following the closing of the PCEP Sale could negatively impact the value and liquidity of our common stock.

The departure or loss of key personnel could disrupt our business.

We depend heavily on the continued efforts of Nathan J. Mazurek, our principal executive officer, and on other senior officers who are responsible for the day-to-day management of our operating subsidiary. In addition, we rely on our current electrical and mechanical design engineers, many of whom are important to our operations and would be difficult to replace. We cannot be certain that any of these individuals will continue in their respective capacities for any particular period of time. The departure or loss of key personnel, or the inability to hire and retain qualified employees, could negatively impact our ability to manage our business.

Fluctuations in the price and supply of materials used to manufacture our products may reduce our profits.

The principal materials purchased by us are certain electrical and engine components such as generators, transfer switches, electric vehicle chargers and related parts from a variety of suppliers. These components are available from, and supplied by, numerous sources at competitive prices. Unanticipated increases in component prices or disruptions in supply could increase production costs and adversely affect our profitability. We cannot provide any assurances that we will not experience difficulties sourcing our materials in the future.

We may not be able to fully realize the revenue value reported in our backlog.

We routinely have a backlog of work to be completed on contracts representing a significant portion of our annual sales. As of December 31, 2025, our order backlog was $12,617. Orders included in our backlog are represented by customer purchase orders and service contracts that we believe to be firm. Backlog consists of customer orders that either (1) have not yet been started or (2) are in progress and are not yet completed. In the latter case, the revenue value reported in backlog is the remaining value associated with work that has not yet been billed and recognized as revenue. From time to time, customer orders are canceled that appeared to have a high certainty of going forward at the time they were recorded as new business taken. In the event of a customer order cancellation, we may be reimbursed for certain costs but typically have no contractual right to the total revenue reflected in our backlog. In addition to us being unable to recover certain direct costs, canceled customer orders may also result in additional unrecoverable costs due to the resulting underutilization of our assets.

We are subject to pricing pressure from our larger customers.

We face significant pricing pressures in our business segment from our larger customers. Because of their purchasing size, our larger customers can influence market participants to compete on price terms. Such customers also use their buying power to negotiate lower prices. If we are not able to offset pricing reductions resulting from these pressures by improved operating efficiencies and reduced expenditures, those price reductions may have an adverse impact on our financial results.

Deterioration in the credit quality of several major customers could have a material adverse effect on our operating results and financial condition.

Significant assets included in our working capital are accounts receivable and lease receivable from customers. If customers responsible for a significant amount of accounts receivable and lease receivable become insolvent or are otherwise unable to pay for products and services, or become unwilling or unable to make payments in a timely manner, our operating results and financial condition could be adversely affected. A significant deterioration in the economy could have an adverse effect on these accounts receivable and lease receivable, which could result in longer payment cycles, increased collection costs and defaults in excess of management's expectations. Deterioration in the credit quality of our major customers could have a material adverse effect on our operating results and financial condition.

We rely on third parties for key elements of our business whose operations are outside our control.

We rely on arrangements with third-party shippers and carriers such as independent shipping companies for timely delivery of our products to our customers. As a result, we may be subject to carrier disruptions and increased costs due to factors that are beyond our control, including labor strikes, inclement weather, natural disasters and rapidly increasing fuel costs. If the services of any of these third parties become unsatisfactory, we may experience delays in meeting our customers' product demands and we may not be able to find a suitable replacement on a timely basis or on commercially reasonable terms. Any failure to deliver products to our customers in a timely and accurate manner may damage our reputation and could cause us to lose customers.

We also utilize third-party distributors to sell, install and service certain of our products. While we are selective in whom we choose to represent us, it is difficult for us to ensure that our distributors consistently act in accordance with the standards we set for them. To the extent any of our end-customers have negative experiences with any of our distributors or manufacturer's representatives; it could reflect poorly on us and damage our reputation, thereby negatively impacting our financial results.

Supply chain and shipping disruptions may result in shipping delays, a significant increase in shipping costs, and could increase product costs and result in lost sales and reputational damage, which may have a material adverse effect on our business, operating results and financial condition.

Our third-party manufacturers and suppliers have experienced, and expect to continue to experience, supply chain disruption and shipping disruptions, including disruptions or delays in loading container cargo in ports of origin or off-loading cargo at ports of destination, congestion in port terminal facilities, labor supply and shipping container shortages, inadequate equipment and persons to load, dock and offload container vessels and for other reasons. These disruptions may impact our ability to receive materials and products from our manufacturers and suppliers, to distribute our products to our customers in a cost-effective and timely manner and to meet customer demand, all of which could have an adverse effect on our financial condition and results of operations. There can be no assurance that further unforeseen events impacting the supply chain will not have a material adverse effect on us in the future. Additionally, the impacts that supply chain disruptions have on our third-party manufacturers and suppliers are not within our control. It is not currently possible to predict how long it will take for these supply chain disruptions to cease or ease. Prolonged supply chain disruptions that may impact us or our manufacturers and suppliers could interrupt product manufacturing, increase raw material and product lead times, increase raw material and product costs, impact our ability to meet customer demand and result in lost sales and reputational damage, all of which could have a material adverse effect on our business, financial condition and results of operations.

Our business may face cybersecurity risk generally associated with our information technology systems which could materially affect our business, and our results of operations could be materially affected if our information technology systems (or third-party systems we rely on) are interrupted, damaged by unforeseen events, or fail for any extended period of time.

We rely on information systems ("IS") in our business to obtain, rapidly process, analyze, manage and store data to among other things:

- receive, process and ship orders on a timely basis; and
- manage the accurate billing and collections from our customers.

IS risks have generally increased in recent years, and a cyberattack that bypasses our IS security systems causing an IS security breach may lead to a material disruption of our business operations and/or the loss of business information resulting in a material effect on our business.

In addition, we develop products and provide services to our customers that are technology-based, and a cyberattack that bypasses the IS security systems of our products or services causing a security breach and/or perceived security vulnerabilities in our products or services could also cause significant reputational harm, and actual or perceived vulnerabilities may lead to claims against us by our customers. Perceived or actual security vulnerabilities in our products or services, or the perceived or actual failure by us or our customers who use our products to comply with applicable legal requirements, may not only cause us significant reputational harm, but may also lead to claims against us by our customers and involve fines and penalties, costs for remediation, and settlement expenses.

Our IS utilize certain third-party service organizations that manage a portion of our information systems, and our business may be materially affected if these third-party service organizations are subject to an IS security breach. Risks associated with these and other IS security breaches may include, among other things:

- future results could be materially affected due to theft, destruction, loss, misappropriation or release of confidential data or intellectual property;
- operational or business delays resulting from the disruption of information systems and subsequent clean-up and mitigation activities;
- we may incur claims, fines and penalties, and costs for remediation, or substantial defense and settlement expenses; and
- negative publicity resulting in reputation or brand damage with our customers, partners or industry peers.

We have various insurance policies, covering risks in amounts that we consider adequate. There can be no assurance that the insurance coverage we maintain is sufficient or will be available in adequate amounts or at a reasonable cost. Successful claims for misappropriation or release of confidential or personal data brought against us in excess of available insurance or fines or other penalties assessed or any claim that results in significant adverse publicity against us could have a material adverse effect on our business and our reputation.

Our business requires skilled labor, and we may be unable to attract and retain qualified employees.

Our ability to maintain our productivity and profitability will be limited by our ability to employ, train and retain skilled personnel necessary to meet our requirements. We may experience shortages of qualified personnel. We cannot be certain that we will be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy or that our labor expenses will not increase as a result of a shortage in the supply of skilled personnel. Labor shortages, increased labor costs or loss of our most skilled workers could impair our ability to deliver on time to our customers (thereby creating a risk that we lose our customers to competition) and would inhibit our ability to maintain our business or grow our revenues, and may adversely impact our profitability.

An overall tightening and increasingly competitive labor market has been observed in the United States. A sustained labor shortage or increased turnover rates within our employee base could lead to increased costs, such as increased wage rates to attract and retain employees, and could negatively affect our ability to efficiently operate our manufacturing facilities and overall business. If we are unable to hire and retain employees capable of performing at a high-level, or if mitigation measures we may take to respond to a decrease in labor availability, such as overtime and third-party outsourcing, have unintended negative effects, our business could be adversely affected. An overall labor shortage, lack of skilled labor, increased turnover or labor inflation could have a material adverse impact on our operations, results of operations, liquidity or cash flows.

Demand for Edge AI infrastructure, data centers, and distributed energy solutions may not develop as expected or increase demand for our solutions.

The projections regarding the anticipated expansion of generative AI, Edge Computing and data center infrastructure and the global electricity demand from data centers are subject to significant uncertainty and may not materialize within the expected timeframes, or at all. Factors such as slower adoption of AI or Edge Computing technologies, improvements in data center energy efficiency, changes in regulatory or utility frameworks, or broader economic conditions could reduce or delay infrastructure investment and related power demand. Our PRYMUS mobile microgrid platform is designed to provide scalable onsite power solutions in 1 MW to 10 MW blocks with relatively rapid deployment timelines. However, our ability to generate revenue from this platform depends in part on continued growth in demand for decentralized energy systems serving data centers and similar industrial applications. If demand for such solutions develops more slowly than anticipated, if customers adopt alternative energy or infrastructure solutions, or if centralized grid capacity expands more quickly than expected demand for our products and services could be materially reduced. In addition, industry projections regarding the growth of the global microgrid market, including estimates of market size and compound annual growth rates for certain capacity segments, are based on third-party data and assumptions that may prove inaccurate. If the microgrid market does not grow as forecast, or if competing technologies or market developments reduce the need for distributed power generation, our business, financial condition, and results of operations could be materially and adversely affected.

Risks Relating to Our Organization

Delaware law and our corporate charter and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Our board of directors is authorized to issue shares of preferred stock in one or more series and to fix the voting powers, preferences and other rights and limitations of the preferred stock. Accordingly, we may issue shares of preferred stock with a preference over our common stock with respect to dividends or distributions on liquidation or dissolution, or that may otherwise adversely affect the voting or other rights of the holders of common stock. Issuances of preferred stock, depending upon the rights, preferences and designations of the preferred stock, may have the effect of delaying, deterring or preventing a change of control, even if that change of control might benefit our stockholders. In addition, we are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless (i) prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (ii) the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers and (b) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (iii) on or subsequent to the date of the transaction, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 of the Delaware General Corporation Law could delay or prohibit mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

General Risk Factors

Our stock price may be volatile, which could result in substantial losses for investors.

The market price of our common stock is highly volatile and could fluctuate widely in response to various factors, many of which are beyond our control, including the following:

- technological innovations or new products and services by us or our competitors;
- additions or departures of key personnel, including Nathan J. Mazurek, our chairman, president and chief executive officer;
- sales of our common stock, including management shares;
- limited availability of freely-tradable "unrestricted" shares of our common stock to satisfy purchase orders and demand;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- industry developments;
- economic and other external factors;
- our ability to manage the costs of maintaining adequate internal financial controls and procedures in connection with the acquisition of additional businesses;
- period-to-period fluctuations in our financial results; and
- announcements of acquisitions.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also significantly affect the market price of our common stock.

Our risk management activities may leave us exposed to unidentified or unanticipated risks.

Although we maintain insurance policies for our business, these policies contain deductibles and limits of coverage. We estimate our liabilities for known claims and unpaid claims and expenses based on information available as well as projections for claims incurred but not reported. However, insurance liabilities are difficult to estimate due to various factors and we may be unable to effectively anticipate or measure potential risks to our company. If we suffer unexpected or uncovered losses, any of our insurance policies or programs are terminated for any reason or are not effective in mitigating our risks, we may incur losses that are not covered by our insurance policies or that exceed our accruals or that exceed our coverage limits and could adversely impact our consolidated results of operations, cash flows and financial position.

Regulatory, environmental, monetary and other governmental policies could have a material adverse effect on our profitability.

We are subject to international, federal, provincial, state and local laws and regulations governing environmental matters, including emissions to air, discharge to waters and the generation and handling of waste. We are also subject to laws relating to occupational health and safety. The operation of manufacturing plants involves a high level of susceptibility in these areas, and there is no assurance that we will not incur material environmental or occupational health and safety liabilities in the future. Moreover, expectations of remediation expenses could be affected by, and potentially significant expenditures could be required to comply with, environmental regulations and health and safety laws that may be adopted or imposed in the future. Future remediation technology advances could adversely impact expectations of remediation expenses. We can give no

assurance that any lawsuits or claims brought in the future will not have an adverse effect on our financial condition, liquidity or operating results. Types of potential litigation cases include product liability, contract, employment-related, labor relations, personal injury or property damage, intellectual property, stockholder claims and claims arising from any injury or damage to persons, property or the environment from hazardous substances used, generated or disposed of in the conduct of our business. Adverse outcomes in some or all of these claims may result in significant monetary damages that could adversely affect our ability to conduct our business.

Global, market and economic conditions may negatively impact our business, financial condition and stock price.

Concerns over inflation, geopolitical issues, the U.S. financial markets, capital and exchange controls, unstable global credit markets and financial conditions, have led to periods of significant economic instability, declines in consumer confidence and discretionary spending, diminished expectations for the global economy and expectations of slower global economic growth going forward, and increased unemployment rates. Our general business strategy may be adversely affected by any such economic downturns, volatile business environments and continued unstable or unpredictable economic and market conditions. If these conditions continue to deteriorate or do not improve, it may make any necessary debt or equity financing more difficult to complete, more costly, and more dilutive. In addition, there is a risk that one or more of our current or future service providers, manufacturers, suppliers, our third-party payors, and other partners could be negatively affected by difficult economic times, which could adversely affect our ability to attain our operating goals on schedule and on budget or meet our business and financial objectives.

In addition, we face several risks associated with international business and are subject to global events beyond our control, including war, public health crises, such as pandemics and epidemics, trade disputes, economic sanctions, trade wars and their collateral impacts and other international events. Any of these changes could have a material adverse effect on our reputation, business, financial condition or results of operations. There may be changes to our business if there is instability, disruption or destruction in a significant geographic region, regardless of cause, including war, terrorism, riot, civil insurrection or social unrest; and natural or man-made disasters, including famine, flood, fire, earthquake, storm or disease. In addition, the consequences of the ongoing conflict between Russia and Ukraine, and the ongoing conflict in the Middle East, including related sanctions and countermeasures, and the effects of rising global inflation, are difficult to predict, and could adversely impact geopolitical and macroeconomic conditions, the global economy, and contribute to increased market volatility, which may in turn adversely affect our business and operations.

Additionally, since the start of the Trump Administration in 2025, U.S. policy changes have been implemented at a rapid pace and additional changes are likely. Changes to U.S. policy implemented by the U.S. Congress, the Trump administration or any new administration have impacted and may in the future impact, among other things, the U.S. and global economy, international trade relations, unemployment, immigration, healthcare, taxation, the U.S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business. Until we know what policy changes are made, whether those policy changes are challenged and subsequently upheld by the court system and how those changes impact our business and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or be negatively affected by them.

We face risks associated with litigation and claims, which could impact our financial results and condition.

Our business, results of operations and financial condition could be affected by significant litigation or claims adverse to us. Types of potential litigation cases include product liability, contract, employment-related, labor relations, personal injury or property damage, intellectual property, trade secret or unfair competition claims, stockholder claims and claims arising from any injury or damage to persons, property or the environment from hazardous substances used, generated or disposed of in the conduct of our business. We have been involved in the past and may in the future be involved in legal proceedings.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock and make it more difficult for us to raise funds through future offerings of common stock. Our stockholders and the holders of our options and warrants may sell substantial amounts of our common stock in the public market. The availability of these shares of our common stock for resale in the public market has the potential to cause the supply of our common stock to exceed investor demand, thereby decreasing the price of our common stock.

In addition, the fact that our stockholders, option holders and warrant holders can sell substantial amounts of our common stock in the public market, whether or not sales have occurred or are occurring, could make it more difficult for us to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

We are subject to financial reporting and other requirements for which our accounting, internal audit and other management systems and resources may not be adequately prepared.

We are subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including the requirements of Section 404 of the Sarbanes-Oxley Act. Section 404 requires us to conduct an annual management assessment of the effectiveness of our internal controls over financial reporting. These reporting and other obligations place significant demands on our management, administrative, operational, internal audit and accounting resources. Any failure to maintain effective internal controls could have a material adverse effect on our business, operating results and stock price.

In addition, our internal controls will also include those of any company or business that we may acquire in the future. Acquired companies or businesses are likely to have different standards, controls, contracts, procedures and policies, making it more difficult to implement and harmonize company-wide financial, accounting, information and other systems. As a result, our internal controls may become more complex and we may require significantly more resources to ensure they remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, either in our existing business or in businesses that we may acquire, could harm our operating results or cause us to fail to meet our reporting obligations.

There are inherent limitations in all control systems, and misstatements due to error or fraud may occur and not be detected.

The ongoing internal control provisions of Section 404 of the Sarbanes-Oxley Act of 2002 require us to identify material weaknesses in internal control over financial reporting, which is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Our management, including our chief executive officer and chief financial officer, does not expect that our internal controls and disclosure controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, in our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions, such as growth of the company or increased transaction volume, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

In addition, discovery and disclosure of a material weakness, including the material weaknesses identified in our internal control over financial reporting as of December 31, 2025, by definition, could have a material adverse impact on our consolidated financial statements. Such an occurrence could discourage certain customers or suppliers from doing business with us and adversely affect how our stock trades. This could in turn negatively affect our ability to access equity markets for capital.

Any acquisitions that we have completed, or may complete in the future, may not perform as planned and could disrupt our business and harm our financial condition and operations.

In an effort to effectively compete in the specialty electrical equipment manufacturing and service businesses, where increasing competition and industry consolidation prevail, we have sought to acquire complementary businesses in the past and will continue to do so in the future. In the event of any future acquisitions, we could:

- issue additional securities that would dilute our current stockholders' percentage ownership or provide the purchasers of the additional securities with certain preferences over those of common stockholders, such as dividend or liquidation preferences;

- incur debt and assume liabilities; and

- incur large and immediate write-offs of intangible assets, accounts receivable or other assets.

These events could result in significant expenses and decreased revenue, which could adversely affect the market price of our common stock. In addition, integrating acquired businesses and completing any future acquisitions involve numerous operational and financial risks. These risks include difficulty in assimilating acquired operations, diversion of management's attention, and the potential loss of key employees or customers of acquired operations. Furthermore, companies acquired by us may not generate financial results consistent with our management's plans at the time of acquisition.

The success of our business depends on achieving our strategic objectives, including dispositions.

We continue to evaluate the potential disposition of assets and businesses that may no longer help us meet our objectives. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or executing alternative exit strategies on acceptable terms in a timely manner, which could delay the accomplishment of our strategic objectives. Alternatively, we may dispose of a business at a price or on terms that are less than we had anticipated, or with the exclusion of assets that must be divested separately. After reaching an agreement with a buyer for the disposition of a business, the transaction remains subject to the satisfaction of pre-closing conditions, which may prevent us from completing the transaction. Dispositions may also involve continued financial involvement in the divested business, such as through continuing equity ownership, transition service agreements, guarantees, indemnities or other current or contingent financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside our control could affect our future financial results.

If we do not conduct an adequate due diligence investigation of a target business that we acquire, we may be required subsequently to take write downs or write-offs, restructuring, and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and our stock price, which could cause you to lose some or all of your investment.

As part of our acquisition strategy, we will need to conduct a due diligence investigation of one or more target businesses. Intensive due diligence is time consuming and expensive due to the operations, accounting, finance and legal professionals who must be involved in the due diligence process. We may have limited time to conduct such due diligence. Even if we conduct extensive due diligence on a target business that we acquire, we cannot assure you that this diligence will uncover all material issues relating to a particular target business, or that factors outside of the target business and outside of our control will not later arise. If our diligence fails to identify issues specific to a target business or the environment in which the target business operates, we may be forced to write-down or write-off assets, restructure our operations, or incur impairment or other charges that could result in us reporting losses. Even though these charges may be non-cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our common stock. In addition, charges of this nature may cause us to violate net worth or other covenants that we may be subject to as a result of assuming pre-existing debt held by a target business or by virtue of our obtaining post-combination debt financing.

We may be unable to generate internal growth.

Our ability to generate internal growth will be affected by, among other factors, our ability to attract new customers, increases or decreases in the number or size of orders received from existing customers, hiring and retaining skilled employees and increasing volume utilizing our existing facilities. Many of the factors affecting our ability to generate internal growth may be beyond our control, and we cannot be certain that our strategies will be implemented with positive results or that we will be able to generate cash flow sufficient to fund our operations and to support internal growth. If we do not achieve internal growth, our results of operations will suffer and we will likely not be able to expand our operations or grow our business.

In the event that we fail to satisfy any of the listing requirements of the Nasdaq Capital Market, our common stock may be delisted, which could affect our market price and liquidity.

Our common stock is listed on the Nasdaq Capital Market. For continued listing on the Nasdaq Capital Market, we will be required to comply with the continued listing requirements, including the minimum market capitalization standard, the minimum stockholders' equity requirement, the corporate governance requirements and the minimum closing bid price requirement, among other requirements. In the event that we fail to satisfy any of the listing requirements of the Nasdaq Capital Market, our common stock may be delisted. If our securities are delisted from trading on the Nasdaq Capital Market, and we are not able to list our securities on another exchange or to have them quoted on the Nasdaq Capital Market, our securities could be quoted on the OTC Markets. As a result, we could face significant adverse consequences including:

- a limited availability of market quotations for our securities;
- a determination that our common stock is a "penny stock," which would require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities (including pursuant to short-form registration statements on Form S-3 or obtain additional financing in the future).

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 1C. CYBERSECURITY

We operate in the industrial sector, which is subject to various cybersecurity risks that could adversely affect our business, financial condition, and results of operations, including intellectual property theft; fraud; extortion; harm to employees or customers; violation of privacy laws and other litigation and legal risk; and reputational risk. We recognize the critical importance of developing, implementing, and maintaining robust cybersecurity measures to safeguard our information systems and protect the confidentiality, integrity, and availability of our data. We currently have security measures in place to protect our employees, customers, and corporate data and prevent data loss and other security breaches, including a cybersecurity risk assessment program. Both management and our board of directors are actively involved in the continuous assessment of risks from cybersecurity threats, including prevention, mitigation, detection, and remediation of cybersecurity incidents.

Our current cybersecurity risk assessment program consists of not only real-time monitoring of things from patching policies to mandatory multi-factor authentication, but also policies in place for encryption of data both in transmission and at rest. The program outlines governance, policies and procedures, and technology we use to oversee and identify risks from cybersecurity threats and is informed by previous cybersecurity incidents we have observed in our company, in our industry, and as reported by our cybersecurity partner CCS Business Solutions, Inc.

Management, along with CCS Business Solutions, Inc., are responsible for day-to-day assessment and management of risks from cybersecurity threats, including the prevention, mitigation, detection, and remediation of cybersecurity incidents. The individuals currently serving in these roles are the Chief Financial Officer as the representative of our management, and the CEO of CCS Business Solutions, Inc. The CEO of CCS Business Solutions, Inc. has over 20 years of experience in the technology industry, with most of that experience being specifically in cybersecurity. He also has formal education with a degree in Computer Science with a concentration in Artificial Intelligence, mainly involving self-learning algorithms.

The board of directors is responsible for oversight of risks from cybersecurity threats in conjunction with our senior management team and CCS Business Solutions, Inc. This includes receiving reports and updates from our outside partner CCS Business Solutions, Inc. with respect to the management of risks from cybersecurity threats. Such reports cover our information technology security program, including its current status, capabilities, objectives and plans, as well as the evolving cybersecurity threat landscape. Additionally, the board of directors considers risks from cybersecurity threats as part of its oversight of our business strategy and risk management.

We routinely undertake activities to prevent, detect, and minimize the effects of cybersecurity incidents, including assessments of our data access in the form of user audits, real-time monitoring of risk on a per system level as it pertains to AV completeness, system vulnerabilities, and third-party patching. In addition to this, we actively monitor and practice disaster recovery and business continuity plans in the event that any risk is able to circumvent the controls we have in place.

We leverage the advice of third-party consultants and auditors to help us assess and identify risks from cybersecurity threats, including the threat of a cybersecurity incident, and manage our risk assessment program. Among other things, these providers perform an audit of the datacenter from the top down annually, to ensure that controls are effective, still implemented to the fullest, and are meeting industry standards.

We also have policies and procedures to oversee and identify the risks from cybersecurity threats associated with our use of third-party service providers. Our primary technology service provider undergoes annual evaluation through our Sarbanes-Oxley audit procedures, which provides insight into its internal operations and includes review of its SSAE-18 report.

To date, no cybersecurity incident (or aggregation of incidents) or cybersecurity threat has materially affected our results of operations or financial condition. However, an actual or perceived breach of our security could damage our reputation, or subject us to third-party lawsuits, regulatory fines or other actions or liabilities, any of which could adversely affect our business, operating results or financial condition. It is for this reason we are constantly reevaluating our cybersecurity stance, posturing against industry standards to try and effectively mitigate our risk.

ITEM 2. PROPERTIES.

Location	Description	Approximate square footage	Owned or lease expiration date
Champlin, Minnesota	Manufacturing, sales, service and warehouse	16,000	March 2031
Miami, Florida	Sales, service and warehouse	3,600	December 2029
Fort Lee, New Jersey	Corporate management and sales office	2,700	January 2029

We believe our facilities are well maintained, in proper condition to operate at higher than current levels and are adequately insured. We do not anticipate significant difficulty in renewing or extending existing leases as they expire, or in replacing them with equivalent facilities or office locations.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may become involved in lawsuits, investigations and claims that arise in the ordinary course of business. As of the date hereof, we are not aware of or a party to any legal proceedings to which we or our subsidiary is a party or to which any of our property is subject, nor are we aware of any such threatened or pending litigation or any such proceedings known to be contemplated by governmental authorities that we believe could have a material adverse effect on our business, financial condition or operating results.

We can give no assurance that any lawsuits or claims brought in the future will not have an adverse effect on our financial condition, liquidity or operating results.

We are not aware of any material proceedings in which any of our directors, officers or affiliates or any registered or beneficial shareholder of more than 5% of our common stock is an adverse party or has a material interest adverse to our interest.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock has been listed on the Nasdaq Capital Market under the symbol "PPSI" since September 19, 2013. Prior to that time, it was quoted on the OTCQB. The last reported sales price of our common stock on the Nasdaq Capital Market on April 7, 2026, was $3.25 per share. As of April 7, 2026, there were 37 holders of record of our common stock.

U.S. dollars are reported in thousands, except for share and per share amounts (unless otherwise noted).

Dividend Policy

We have previously paid dividends to our stockholders, and on January 7, 2025, we paid a one-time special cash dividend of an aggregate of $16,665. We currently do not expect that comparable cash dividends will continue to be paid in the future.

ITEM 6. [RESERVED].

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."

Overview

We design, manufacture, integrate, service and sell distributed energy resources, on site power generation equipment and mobile EV charging solutions. Our products and services are sold to a broad range of customers in the utility, industrial and commercial markets. Our customers include, but are not limited to, Federal and State government entities, package delivery businesses, school bus fleet operators, EV charging infrastructure developers and owners, and distributed energy developers. We are headquartered in Fort Lee, New Jersey and operate from two (2) additional locations in the United States for manufacturing, service and maintenance, engineering, and sales and administration.

We intend to grow our business through continued internal investments in product development and expansion of our manufacturing, engineering, sales and marketing personnel.

Following the sale of our PCEP business unit in October 2024, we currently have one reportable segment: Critical Power. Our Critical Power business provides customers with our suite of mobile e-Boost© EV charging solutions, power generation equipment and all forms of preventative maintenance, repairs, remote monitoring and other service on our customers' equipment. These products and services are marketed by our operations headquartered in Minnesota, currently doing business under the Titan, Pioneer eMobility and Pioneer Critical Power brand names.

U.S. dollars are reported in thousands, except for share and per share amounts (unless otherwise noted).

Critical Accounting Estimates

The preparation of consolidated financial statements and related disclosures are in conformity with U.S. GAAP. These accounting principles require us to make estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expense during the periods presented. We believe that the estimates and judgments upon which we rely are reasonable based upon information available to us at the time that we make these estimates and judgments. To the extent that there are material differences between these estimates and actual results, our financial results will be affected.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Lessor Accounting — Sales-Type Leases

We enter into lease and rental arrangements with customers for our mobile EV charging equipment and related power generation equipment. At lease commencement, we evaluate each arrangement under ASC 842, Leases, to determine the appropriate lease classification. Leases that meet any one of the five classification criteria under ASC 842-10-25-2 are classified as sales-type leases, for which we derecognize the underlying asset, recognize a net investment in the lease (comprised of the lease receivable and the unguaranteed residual asset), and recognize any selling profit or loss at commencement. Interest income on the net investment is recognized over the lease term using the effective interest method.

This accounting requires judgment in several areas. Lease classification depends on management's estimates of the economic life and fair value of the underlying equipment, which we determine based on historical experience, expected technological obsolescence, and anticipated usage. Changes in these estimates can shift a classification, significantly altering the timing of revenue recognition. We also estimate unguaranteed residual values based on expected equipment fair value at lease expiration, considering anticipated market demand, remaining useful life, and technological changes in the mobile EV charging market. Because this market is still developing, limited historical resale data is available and residual value estimates are subject to greater uncertainty than for more established equipment categories. In addition, the rate implicit in the lease, which incorporates the credit standing of the lessee, fair value of the asset, and expected residual value, affects the measurement of the net investment and the allocation of income over the lease term.

Changes in the above estimates could materially affect revenue, cost of revenue, and the carrying value of our net investment in sales-type leases. A decrease in fair values of the underlying asset would reduce the net investment and selling profit recognized at commencement. A reclassification from sales-type to operating would shift revenue from the commencement period to recognition ratably over the lease term.

In addition, there are other items within our consolidated financial statements that require estimation but are not deemed critical, as defined above. Changes in estimates used in these and other items could have a material impact on our consolidated financial statements.

Our significant accounting policies are more fully described in Note 2 – Summary of Significant Accounting Policies, in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

RESULTS OF OPERATIONS

Overview of December 31, 2025, and 2024, Operating Results

Selected financial and operating data for our reportable business segment for the most recent two years is summarized below. This information, as well as the selected financial data provided in Note 13 to our Consolidated Financial Statements and related notes included in this Annual Report on Form 10-K, should be referred to when reading our discussion and analysis of results of operations below. Our summary of operating results during the years ended December 31, 2025, and 2024, are as follows (in thousands):

	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
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

Backlog. Revenue backlog, which consists of purchase orders and contracts from customers that we believe to be firm, reflects the amount of revenue that we expect to realize in the future upon the satisfaction of customer orders for our products or services that are not yet complete or for which work has not yet begun. Backlog may vary significantly from reporting period to reporting period due to the timing of customer commitments.

Our revenue backlog as of December 31, 2025, from our Critical Power business was $12,617, a decrease of $7,145, or 36.2%, when compared to $19,762 as of December 31, 2024. The following table represents the progression of our backlog as of December 31, 2025, and 2024 (in thousands):

	December 31,	
	2025	2024
Critical Power Solutions	$ 12,617	$ 19,762
Total order backlog	$ 12,617	$ 19,762

Revenue

The following table represents our revenues by major product category for the periods indicated (in thousands, except percentages):

	For the Year Ended December 31,			
	2025	2024	Variance	%
Critical Power Solutions				
Equipment	$ 18,185	$ 12,262	$ 5,923	48.3
Service	9,442	10,617	(1,175)	(11.1)
Total revenue	$ 27,627	$ 22,879	$ 4,748	20.8

For the year ended December 31, 2025, our revenue from our Critical Power segment increased by $4,748, or 20.8% to $27,627, up from $22,879 during the year ended December 31, 2024, primarily due to an increase in sales and rentals of our suite of mobile EV charging solutions, e-Boost, partially offset by a decrease in service sales.

Gross Profit and Margin

The following table represents our gross profit for the periods indicated (in thousands, except percentages):

	For the Year Ended December 31,			
	2025	2024	Variance	%
Critical Power Solutions				
Gross profit	$ 3,426	$ 5,514	$ (2,088)	(37.9)
Gross margin %	12.4	24.1	(11.7)	

For the year ended December 31, 2025, our gross margin from our Critical Power segment decreased to 12.4% of revenues, as compared to 24.1% during the year ended December 31, 2024. The decrease was primarily attributable to an unfavorable sales mix, in addition to a contract with a customer in our Pioneer eMobility business which generated lower margins on the initial units due to higher costs incurred during the early stages of production as we refined our manufacturing processes and optimized build efficiency.

Operating Expenses

The following table represents our operating expenses for the periods indicated (in thousands, except percentages):

	For the Year Ended December 31,			
	2025	2024	Variance	%
Selling, general and administrative	$ 9,146	$ 9,712	$ (566)	(5.8)
Research and development	875	1,050	(175)	(16.7)
Total operating expense	$ 10,021	$ 10,762	$ (741)	(6.9)

Selling, General and Administrative Expense. For the year ended December 31, 2025, consolidated selling, general and administrative expense decreased by approximately $566, or 5.8%, to $9,146, as compared to $9,712 during the year ended December 31, 2024, primarily due to a decrease in stock-based compensation expense and professional fees, partially offset by an increase in information technology costs and insurance expense. As a percentage of our consolidated revenue, selling, general and administrative expense decreased to 33.1% during the year ended December 31, 2025, as compared to 42.4% during the year ended December 31, 2024, primarily due to the increase in total revenue during the year ended December 31, 2025.

R&D Expenses. Research and development expenses in our Critical Power segment consists of costs incurred in performing research and development activities, including salaries, benefits, overhead costs, contract services and other related costs. During the year ended December 31, 2025, we incurred $875 of R&D expenses related to developing our mobile e-Boost EV charging solutions as compared to $1,050 during the year ended December 31, 2024.

Operating Loss from Continuing Operations

The following table represents our operating loss for the periods indicated (in thousands):

	For the Year Ended December 31,			
	2025	**2024**	**Variance**	**%**
Operating loss from continuing operations	$ (6,595)	$ (5,248)	$ (1,347)	(25.7)

During the year ended December 31, 2025, our operating loss from continuing operations increased by approximately $1,347, or 25.7%, to $6,595, as compared to $5,248 during the year ended December 31, 2024, primarily due to an increase in cost of goods sold resulting in a lower gross profit.

Non-Operating Income (Expense) from Continuing Operations

Interest Income. For the year ended December 31, 2025, we had interest income of approximately $739, as compared to interest income of approximately $431 during the year ended December 31, 2024. We generated most of our interest income from our cash on hand during the year ended December 31, 2025.

Other (Expense) Income. Other (expense) income in the consolidated statements of operations reports certain gains and losses associated with activities not directly related to our core operations.

For the year ended December 31, 2025, other non-operating expense was $518, as compared to other non-operating income of $50 during the year ended December 31, 2024, primarily due to the loss on our equity method investment.

Provision for Income Taxes. Our provision for income taxes reflects an effective tax rate on loss before taxes of (1.2)% for the year ended December 31, 2025, as compared to 29.7% for the year ended December 31, 2024, as set forth below (in thousands):

	For the Year Ended December 31,		
	2025	**2024**	**Variance**
Loss before income taxes	$ (6,374)	$ (4,767)	$ (1,607)
Income tax expense (benefit)	74	(1,418)	1,492
Effective income tax rate %	(1.2)	29.7	(30.9)

Net (Loss) Earnings per Share from Continuing Operations

We generated a net loss from continuing operations of $6,448 for the year ended December 31, 2025, as compared to $3,349 during the year ended December 31, 2024.

Our net loss from continuing operations per basic and diluted share for the year ended December 31, 2025, was $0.58, compared to a net loss from continuing operations per basic and diluted share of $0.31 for the year ended December 31, 2024.

Income from Discontinued Operations, Net of Income Taxes

Income from discontinued operations, net of tax was $449 during the year ended December 31, 2025, as compared to $35,204 during the year ended December 31, 2024. The decrease was primarily attributable to the completion of the PCEP Sale on October 29, 2024. Income from discontinued operations during 2024 included a $35,044 gain recognized on the sale of PCEP as well as the operating results of PCEP through the closing date. Income from discontinued operations during 2025 was primarily attributable to a net working capital adjustment with the buyer of the PCEP sale, net of tax.

LIQUIDITY AND CAPITAL RESOURCES

General. As of December 31, 2025, we had $14,959 of cash on hand generated primarily from the PCEP Sale. On October 29, 2024, we closed on the PCEP Sale for gross cash proceeds of $48,000 and $2,000 in equity. On January 7, 2025, we paid a one-time special cash dividend of an aggregate of $16,665. As of December 31, 2024, we recorded a consideration due to the buyer of the PCEP Sale of $3,347 related to a net working capital adjustment. On April 16, 2025, we and the buyer from the PCEP Sale finalized the net working capital adjustment and as a result, we recorded a $1,147 adjustment to the consideration due to the buyer of the PCEP Sale. During the year ended December 31, 2025, we paid the $2,200 consideration to the buyer of the PCEP Sale.

The continuing impacts of the rising interest rates, inflation, changes in foreign currency exchange rates and geopolitical developments, such as the ongoing conflict between Russia and Ukraine, and the ongoing conflict in the Middle East, have resulted, and may continue to result, in a global slowdown of economic activity, which may decrease demand for a broad variety of goods and services, including those provided by our clients, while also disrupting supply channels, sales channels and advertising and marketing activities for an unknown period of time. Additionally, the shutdown of the U.S. federal government, recent changes to U.S. policy implemented by the U.S. Congress, the Trump administration or any new administration have impacted and may in the future impact, among other things, the U.S. and global economy, tariff policies and regulations, international trade relations, unemployment, immigration, healthcare, taxation, the U.S. regulatory environment, inflation and other areas. As a result of the current uncertainty in economic activity, we are unable to predict the potential size and duration of the impact on our revenue and our results of operations, if any. The extent of the potential impact of these macroeconomic factors on our operational and financial performance will depend on a variety of factors, including the extent of geopolitical disruption and its impact on our clients, partners, industry, and employees, all of which are uncertain at this time and cannot be accurately predicted. We continue to monitor the effects of these macroeconomic factors and intend to take steps deemed appropriate to limit the impact on our business. During the year ended December 31, 2025, we were able to operate substantially at capacity.

There can be no assurance that precautionary measures, whether adopted by us or imposed by others, will be effective, and such measures could negatively affect our sales, marketing, and client service efforts, delay and lengthen our sales cycles, decrease our employees', clients', or partners' productivity, or create operational or other challenges, any of which could harm our business and results of operations.

The cash flows related to the discontinued operations have not been segregated and are included in the consolidated statements of cash flows.

Cash Used in Operating Activities. Cash used in our operating activities was $5,818 during the year ended December 31, 2025, as compared to cash used in our operating activities of $6,212 during the year ended December 31, 2024. The decrease in cash used in operating activities is primarily due to working capital fluctuations and the payment of federal and state income taxes.

Cash Used in/ Provided by Investing Activities. Cash used in investing activities during the year ended December 31, 2025, was $3,896, as compared to cash provided by our investing activities of $38,876 during the year ended December 31, 2024. The increase in cash used in investing activities is primarily due to the payment of the $2,200 consideration to the buyer of the PCEP Sale during the year ended December 31, 2025. During the year ended December 31, 2025, and 2024, additions to our property and equipment were $2,677 and $3,759, respectively.

During the year ended December 31, 2025, we received a cash dividend of $981 from our equity method investee. We elected to apply the cumulative earnings approach to classify distributions received from equity method investments in our consolidated statements of cash flows. Under this method, distributions received from equity method investees are included in our consolidated statements of cash flows as operating activities, unless the cumulative distributions exceed our share of cumulative equity in the investee's net income (loss). In such cases, the excess distributions are considered returns of investment and are classified as investing activities. As of December 31, 2025, our cumulative distributions were $981, and our share of cumulative equity in the investee's net loss was $601. As such, the cash distribution received during the year ended December 31, 2025, was classified as investing activity in the consolidated statements of cash flows.

Cash Used in/ Provided by Financing Activities. Cash used in our financing activities was $16,949 during the year ended December 31, 2025, as compared to cash provided by our financing activities $5,376 during the year ended December 31, 2024. The increase in cash used in financing activities is primarily due to the payment of a one-time special cash dividend.

Working Capital. As of December 31, 2025, we had working capital of $20,659, including $14,959 of cash, compared to working capital of $26,679, including $41,622 of cash on hand as of December 31, 2024.

Assessment of Liquidity. As of December 31, 2025, we had $14,959 of cash on hand generated primarily from the PCEP Sale. We have historically met our cash needs through a combination of cash flows from operating activities and bank borrowings, the completion of the sale of the transformer business units in August 2019, the completion of the PCEP Sale in October 2024 and the sale of common stock. Historically, our cash requirements were generally for operating activities, debt repayment, capital improvements and acquisitions.

We expect to meet our cash needs with our working capital and cash flows from operating activities in the long-term. We expect our cash requirements to be generally for operating activities, capital improvements and product development. We expect that product development and promotional activities related to our new initiatives will continue in the near future and we expect to continue to incur costs related to such activities. We expect that our cash balance is sufficient to fund operations for the next twelve months from the date our consolidated financial statements are issued.

As of December 31, 2025, we had no off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons that had, or that may have, a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Capital Expenditures

Our additions to property and equipment were $2,677 during the year ended December 31, 2025, as compared to $3,759 of additions during the year ended December 31, 2024.

Known Trends, Events, Uncertainties and Factors That May Affect Future Operations

We believe that our future operating results will continue to be subject to quarterly variations based upon a wide variety of factors, including the cyclical nature of the electrical equipment industry and the markets for our products and services. Our operating results could also be impacted by changing customer requirements and exposure to fluctuations in prices of important raw supplies, such as copper, steel and aluminum. We have various insurance policies, including cybersecurity, covering risks in amounts that we consider adequate. In addition to these measures, we attempt to recover other cost increases through improvements to our manufacturing efficiency and through increases in prices where competitively feasible. Lastly, other economic conditions we cannot foresee may affect customer demand. In addition, the consequences of the ongoing geopolitical conflicts, such as the ongoing conflict between Russia and Ukraine, and the ongoing conflict in the Middle East, including related sanctions and countermeasures, and the effects of rising global inflation, are difficult to predict, and could adversely impact geopolitical and macroeconomic conditions, the global economy, and contribute to increased market volatility, which may in turn adversely affect our business and operations. Additionally, recent changes to U.S. policy implemented by the U.S. Congress, the Trump administration or any new administration have impacted and may in the future impact, among other things, the U.S. and global economy, international trade relations, unemployment, immigration, healthcare, taxation, the U.S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business. We predominately sell to customers in the industrial production markets. Accordingly, changes in the condition of any of our customers may have a greater impact than if our sales were more evenly distributed between different end markets. For a further discussion of factors that may affect future operating results see the sections entitled “Risk Factors” and “Special Note Regarding Forward-Looking Statements.”

New Accounting Pronouncements

The information required by this Item is provided in “Note 2 - Summary of Significant Accounting Policies” to our consolidated financial statements for the year ended December 31, 2025, included in this Annual Report on Form 10-K.

Recent Accounting Pronouncements

There have been no recent accounting pronouncements not yet adopted by us which would have a material impact on our consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors
Pioneer Power Solutions, Inc.
Fort Lee, New Jersey

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Pioneer Power Solutions, Inc. (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the Audit Committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Transactions – Products and Services

As described in Notes 2 and 3 to the consolidated financial statements, the Company's principal source of revenue from contracts with customers is derived from sales of products and fees for services. The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised product or service to a customer. Total revenues from products and services for the year ended December 31, 2025 were approximately $23.4 million.

We identified the auditing of the accuracy and existence of revenue transactions as a critical audit matter. Auditing the accuracy and existence of revenue transactions was especially challenging due to the significant audit effort involved in performing procedures, given the significance of net sales and the large volume of transactions.

The primary procedures we performed to address this critical audit matter included:

- Obtaining a sample of contracts and evaluating the key terms included in those contracts.

- Evaluating the accuracy and existence of revenue transactions, on a sample basis, by agreeing invoices to shipping documents, inspecting and verifying service reports, examining cash receipts and/or confirming with customers, where applicable.

Sales-type Leases

As described in Notes 2 and 3 to the consolidated financial statements, as a lessor, when a lease meets certain criteria indicating that the Company has effectively transferred control of the underlying asset to the customer, the lease is classified as a sales-type lease. Total revenues from sales-type leases for the year ended December 31, 2025 were approximately $2.9 million. The net investment in sales-type leases consisted of lease receivables of $2.8 million as of December 31, 2025.

We identified estimating the fair value of the underlying assets at lease commencement as a critical audit matter. The principal consideration for our determination was management's judgments and subjectivity required in assessing the fair value. Auditing these assumptions and judgments involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to address these matters, including the involvement of professionals with specialized skills or knowledge.

The primary procedures we performed to address this critical audit matter included:

- Reviewing the executed agreements related to the sales-type leases, and relevant terms and details.

- Utilizing professionals with specialized skills and knowledge in valuation to assist in evaluating the reasonableness of the fair value of the underlying assets at lease commencement.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2024.

New York, New York

April 8, 2026

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

The accompanying notes are an integral part of these consolidated financial statements.

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

The accompanying notes are an integral part of these consolidated financial statements.

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

The accompanying notes are an integral part of these consolidated financial statements.

PIONEER POWER SOLUTIONS, INC.
Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except for share amounts)

	Common Stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount			
Balance - January 1, 2024	9,930,022	$ 10	$ 33,837	$ (19,629)	$ 14,218
Net income	-	-	-	31,855	31,855
Stock-based compensation	185,000	-	1,055	-	1,055
Exercise of stock options	162,837	-	519	-	519
Issuance of common stock, net of transaction costs	919,557	1	4,790	-	4,791
Surrender and retirement of common stock	(77,150)	-	(344)	-	(344)
Cash dividend declared	-	-	(4,439)	(12,226)	(16,665)
Balance - December 31, 2024	11,120,266	$ 11	$ 35,418	$ -	$ 35,429
Balance - January 1, 2025	11,120,266	$ 11	$ 35,418	$ -	$ 35,429
Net loss	-	-	-	(5,999)	(5,999)
Stock-based compensation	-	-	35	-	35
Surrender and retirement of common stock	(25,000)	-	(148)	-	(148)
Balance - December 31, 2025	11,095,266	$ 11	$ 35,305	$ (5,999)	$ 29,317

The accompanying notes are an integral part of these consolidated financial statements.

PIONEER POWER SOLUTIONS, INC.
Notes to the Consolidated Financial Statements
(in thousands, except for share and per share amounts)

1. BUSINESS ORGANIZATION, NATURE OF OPERATIONS, RISKS AND UNCERTAINTIES

Pioneer Power Solutions, Inc. and its wholly owned subsidiary (referred to herein as the "Company" or "Pioneer") design, manufacture, service and integrate distributed energy resources, power generation equipment and mobile electric vehicle ("EV") charging solutions. Our products and services are sold to a broad range of customers in the utility, industrial and commercial markets. Our customers include, but are not limited to, federal and state government entities, package delivery businesses, school bus fleet operations, EV charging infrastructure developers and owners, and distributed energy developers. We are headquartered in Fort Lee, New Jersey and operate from two (2) additional locations in the United States for manufacturing, service and maintenance, engineering, and sales and administration.

Segments

In determining operating and reportable segments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 280, Segment Reporting ("ASC 280"), the Company concluded that it has one reportable segment: Critical Power Solutions ("Critical Power"). Financial information about the Company's segment is presented in Note 13 - Business Segment, Geographic and Customer Information.

Basis of Presentation

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The Company believes that the disclosures made are adequate to make the information presented not misleading to the reader. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the financial position, results of operations and cash flows with respect to the consolidated financial statements have been included.

These consolidated financial statements include the accounts of Pioneer and its wholly owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Risks and Uncertainties

The continuing impacts of the rising interest rates, inflation, changes in foreign currency exchange rates and geopolitical developments, such as the ongoing conflict between Russia and Ukraine, and the ongoing conflict in the Middle East, have resulted, and may continue to result, in a global slowdown of economic activity, which may decrease demand for a broad variety of goods and services, including those provided by the Company's clients, while also disrupting supply channels, sales channels and advertising and marketing activities for an unknown period of time. Additionally, recent changes to U.S. policy implemented by the U.S. Congress, the Trump administration or any new administration have impacted and may in the future impact, among other things, the U.S. and global economy, international trade relations, unemployment, immigration, healthcare, taxation, the U.S. regulatory environment, inflation and other areas. As a result of the current uncertainty in economic activity, the Company is unable to predict the potential size and duration of the impact on its revenue and its results of operations, if any. The extent of the potential impact of these macroeconomic factors on the Company's operational and financial performance will depend on a variety of factors, including the extent of geopolitical disruption and its impact on the Company's clients, partners, industry, and employees, all of which are uncertain at this time and cannot be accurately predicted. The Company continues to monitor the effects of these macroeconomic factors and intends to take steps deemed appropriate to limit the impact on its business.

There can be no assurance that precautionary measures, whether adopted by the Company or imposed by others, will be effective, and such measures could negatively affect its sales, marketing, and client service efforts, delay and lengthen its sales cycles, decrease its employees', clients', or partners' productivity, or create operational or other challenges, any of which could harm its business and results of operations.

Rounding

All dollar amounts (except share and per share data) presented are stated in thousands of dollars, unless otherwise noted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The consolidated financial statements include estimates based on currently available information and management's judgment as to the outcome of future conditions and circumstances. Significant estimates in these consolidated financial statements include, but are not limited to, measurement of revenue for contracts accounted for over time, revenue recognition of and the net investment in sales-type leases, allowance for expected credit losses, inventory valuation, useful lives and impairment of long-lived assets, equity-method investment, consideration to buyer, stock-based compensation and the valuation allowance related to the Company's deferred tax assets. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the consolidated financial statements and actual results could differ from the estimates and assumptions.

Revenue Recognition from Contracts with Customers

Revenue is recognized when (1) a contract with a customer exists, (2) performance obligations promised in a contract are identified based on the products or services that will be transferred to the customer, (3) the transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring products or services to the customer, (4) the transaction price is allocated to the performance obligations in the contract and (5) the Company satisfies its performance obligation. The Company satisfies its performance obligations and, therefore, recognizes revenue, either over time or at a point in time, which is when the customer has obtained control of the good or service.

The Company's principal source of revenue from contracts with customers is derived from sales of products and fees for services. The Company measures revenue based upon the consideration specified in the customer arrangement, and revenue is recognized when the performance obligations in the customer arrangement are satisfied. Changes in deferred revenue are generally as a result of the Company's normal operating cycle and the effect of cumulative catch-up adjustments arising from a change in the measure of progress or a contract modification identified at each reporting period.

A performance obligation is a promise in a contract to transfer a distinct product or service to the customer. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the customer receives the benefit of the performance obligation. Customers typically receive the benefit of the Company's products when the risk of loss or control for the product transfers to the customer and for services as they are performed. Under ASC 606, revenue is recognized when a customer obtains control of promised products or services in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To achieve this core principle, the Company applies the following five steps:

1) *Identify the contract with a customer*

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the products or services to be transferred and identifies the payment terms related to these products or services, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for products or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

2) *Identify the performance obligations in the contract*

Performance obligations promised in a contract are identified based on the products or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the product or service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the products or services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised products or services, the Company must apply judgment to determine whether promised products or services are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised products or services are accounted for as a combined performance obligation.

3) *Determine the transaction price*

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring products or services to the customer. The customer payments are generally due in 30 days.

4) *Allocate the transaction price to performance obligations in the contract*

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

5) *Recognize revenue when or as the Company satisfies a performance obligation*

The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised product or service to a customer.

Shipping and handling costs incurred after control of a product has transferred to the customer are treated as fulfillment costs and, therefore, are not accounted for as separate performance obligations.

Certain sales of highly customized electrical equipment under the Company's Electrical Infrastructure segment (included in discontinued operations; see Note 11 – Discontinued Operations for details) were recognized over time when such equipment had no alternative use and the Company had an enforceable right to payment for performance completed to date. The Company's measure of progress for such contracts was evaluated under the input method based on direct labor hours incurred relative to the estimated total direct labor hours required in order to complete the project. Any anticipated losses on contracts were fully recognized in the period in which the losses become evident. Service revenues include maintenance contracts that are recognized over time based on the contract term and repair services that are recognized as services are delivered.

Contract Estimates (discontinued operations)

Revenue from over time contracts for the Company's Electrical Infrastructure segment (included in discontinued operations; see Note 11 – Discontinued Operations for details) was recognized proportionally over the term of the contract using an input method based on the proportion of labor hours incurred as compared to the total estimated labor hours for the fixed-fee contract performance obligations, which the Company considered the best available indicator of the pattern and timing in which contract performance obligations were fulfilled and control transferred to the customer. This percentage was multiplied by the contracted dollar amount of the project to determine the amount of revenue to recognize in an accounting period.

There were situations where the number of hours to complete projects may have exceeded the original estimate as a result of an increase in project scope or unforeseen events. The related impact on income was recognized using the cumulative catch-up method in an accounting period.

Recognition of revenue on a contract requires estimates of the total labor hours at completion and the measurement of progress towards completion. Due to the long-term nature of many of the Company's contracts, developing the estimated total labor hours at completion often requires judgment. Factors that must be considered in estimating the total labor hours to be completed include the nature and complexity of the work to be performed and the risk and impact of delayed performance.

At the outset of each contract, the Company gauges its complexity and perceived risks and establish an estimated total number of labor hours at completion in line with these expectations. The Company follows a standard contract review process in which the Company reviews the progress and performance on its ongoing contracts at least quarterly.

Bill and Hold Arrangements

From time to time, the Company enters into bill and hold arrangements, whereby the Company sells mobile EV charging equipment and the equipment is warehoused at a Company or third party location pursuant to directions received from the Company's customer. Even though the equipment is not physically in the customer's possession, a sale is recognized at the point in time when the customer obtains control of the product. Control is transferred to the customer in a bill and hold arrangement when: customer acceptance specifications have been met, legal title has transferred, the customer has a present obligation to pay for the product and the risk and rewards of ownership have transferred to the customer.

Additionally, all the following bill and hold criteria must be met in order for control to be transferred to the customer: the reason for the bill and hold arrangement is substantive, the customer has requested the product be warehoused, the product has been identified as separately belonging to the customer, the product is currently ready for physical transfer to the customer, and the Company does not have the ability to use the product or direct it to another customer.

Cost of Goods Sold

Cost of goods sold primarily includes charges for materials, direct labor and related benefits, freight (inbound and outbound), direct supplies and tools, depreciation and amortization, purchasing and receiving costs, inspection costs, internal transfer costs, warehousing costs and utilities related to production facilities and, where appropriate, an allocation of overhead. Cost of goods sold also includes indirect labor and infrastructure cost related to the provision of field services.

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured using inputs in one of the following three categories:

Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation of these items does not entail a significant amount of judgment.

Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.

Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The Company's financial instruments consist primarily of cash, accounts receivable, the net investment in sales-type leases, accounts payable and accrued liabilities. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities approximate their respective fair values due to the relatively short period of time between their origination and their expected realization or payment.

Non-Recurring Fair Value Measurements

Certain financial and nonfinancial assets and liabilities are measured at fair value on a nonrecurring basis and are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment.

The Company's net investment in sales-type leases is initially recorded at the estimated fair value of the underlying assets as of the respective lease commencement dates. Fair value is estimated using a cost-plus-margin approach, corroborated by the contractual pricing established in negotiations with the lessee. After initial recognition, the net investment is subsequently measured at amortized cost using the effective interest method. The fair value measurement at commencement is classified within Level 3 of the fair value hierarchy, as the inputs to the valuation are unobservable, including:

- The cost of the underlying assets of the Company;
- The margin applied to estimated cost to arrive at fair value; and
- The contractual pricing established in negotiations with the lessee used to corroborate the fair value estimate.

As of December 31, 2025, the Company's sales-type lease portfolio consisted of nine units leased to a single lessee under two agreements with original terms of ten years. Five units commenced during the second quarter of 2025, with an aggregate fair value at the measurement date of approximately $1,410. Four units commenced during the fourth quarter of 2025, with an aggregate fair value at the measurement date of approximately $1,460. The rates implicit in the leases range from approximately 2.2% to 5.9% per annum. As of December 31, 2025, the aggregate carrying amount of the net investment in sales-type leases was $2,843, of which $268 was attributable to sales-type lease arrangements in accounts receivable and $2,576 was included in lease receivable on the consolidated balance sheet. There is no active secondary market for these instruments.

The Company estimates that the carrying value of the net investment in sales-type leases approximates fair value as of December 31, 2025, as all leases were originated during the year ended December 31, 2025, and limited time has elapsed between the respective commencement dates and the reporting date, during which period there have been no significant changes in the credit profile of the lessee or in prevailing market conditions that would cause a material divergence between the carrying amount and fair value.

See Note 3 – Revenues for the components of the net investment in sales-type leases and the maturity analysis of lease receivables.

Concentrations

The Company manages its accounts receivable credit risk by performing credit evaluations and monitoring amounts due from the Company's customers. The Company had certain customers whose revenue individually represented 10% or more of the Company's total revenue, or whose accounts receivable balances individually represented 10% or more of the Company's total accounts receivable, as follows:

As of December 31, 2025, one customer represented approximately 25% of the Company's total accounts receivable. As of December 31, 2024, one customer represented approximately 72% of the Company's total accounts receivable.

For the year ended December 31, 2025, two customers represented approximately 24% and 13% of the Company's revenue. For the year ended December 31, 2024, two customers represented approximately 22% and 13% of the Company's revenue.

As of December 31, 2025, one customer represented 100% of the Company's lease receivable balance.

As of December 31, 2025, one of the Company's vendors represented approximately 10% of the Company's accounts payable. As of December 31, 2024, one of the Company's vendors represented approximately 25% of the Company's accounts payable.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents in the consolidated financial statements. As of December 31, 2025, and 2024, the Company did not have any cash equivalents. The Company has cash on deposits in one financial institution which may be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. As of December 31, 2025, and 2024, the Company had balances of $14,709 and $41,372 in excess of the FDIC insured limits, respectively. The Company reduces exposure to credit risk by maintaining cash deposits with major financial institutions. The Company has not experienced losses in such accounts and periodically evaluates the creditworthiness of its financial institutions. The Company reduces its credit risk by placing its cash and cash equivalents with major financial institutions.

Accounts Receivable

The Company accounts for trade receivables at original invoice amount less an estimate made for expected credit losses. The Company's allowance for expected credit losses on accounts receivable reflects management's estimate of credit losses over the remaining expected life of such assets, measured primarily using historical experience, as well as current conditions and forecasts that affect the collectability of the reported amount. There was $23 of reserves for expected credit losses as of December 31, 2025, as compared to $13 of reserves for expected credit losses as of December 31, 2024.

The Company's operating lease receivables are not within the scope of ASC 326. The Company assesses the collectability of operating lease payments in accordance with ASC 842. At lease commencement and on an ongoing basis, the Company evaluates whether it is probable that the Company will collect the lease payments due over the lease term. If collectability is not considered probable, lease income recognition is constrained to the lesser of the straight-line lease income or lease payments received. As of December 31, 2025, no reserve has been established against operating lease receivables as all amounts are considered collectible based on the Company's assessment of lessee payment history and creditworthiness.

As of December 31, 2025, accounts receivable included $268 of amounts due under sales-type lease arrangements and $2,865 from contracts with customers within the scope of ASC 606. As of December 31, 2024, and January 1, 2024, the Company had no sales-type lease arrangements, and the entire accounts receivable balance of $7,826 and $9,010, respectively, was attributable to contracts with customers within the scope of ASC 606.

Long-Lived Assets

Depreciation and amortization for property and equipment is computed and included in cost of goods sold and in selling and administrative expense, as appropriate. Long-lived assets, consisting primarily of property and equipment, are stated at cost less accumulated depreciation. Property and equipment are depreciated using the straight-line method, based on the estimated useful lives of the assets (buildings - 25 years, machinery and equipment - 5 to 15 years, computer hardware and software - 3 to 5 years, furniture & fixtures - 5 to 7 years, leasehold improvements – term of lease). Depreciation commences in the year the assets are ready for their intended use.

The Company reviews all long-lived assets such as property and equipment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability of the assets that are held and used is measured by a comparison of the carrying amount of an asset to the estimated future cash flows expected to be generated by the asset or asset group. Impairment is measured by the amount by which the carrying value of the asset(s) exceed the fair value. There were no triggering events that would indicate impairment of long-lived assets as of December 31, 2025, and 2024.

Held for Sale and Discontinued Operations

The Company classifies assets and liabilities to be sold (disposal group) as held for sale in the period when all of the applicable criteria are met, including: (i) management commits to a plan to sell, (ii) the disposal group is available to sell in its present condition, (iii) there is an active program to locate a buyer, (iv) the disposal group is being actively marketed at a reasonable price in relation to its fair value, (v) significant changes to the plan to sell are unlikely, and (vi) the sale of the disposal group is generally probable of being completed within one year. Management performs an assessment at least quarterly or when events or changes in business circumstances indicate that a change in classification may be necessary.

Assets and liabilities held for sale are presented separately within the consolidated balance sheets with any adjustments necessary to measure the disposal group at the lower of its carrying value or fair value less costs to sell. Depreciation of property and equipment and amortization of right-of-use assets are not recorded while these assets are classified as held for sale. For each period the disposal group remains classified as held for sale, its recoverability is reassessed and any necessary adjustments are made to its carrying value.

The Company reports the results of operations of a business as discontinued operations if a disposal represents a strategic shift that will have a major effect on its operations and financial results. The results of discontinued operations are reported as income or loss from discontinued operations, net of tax in the consolidated statements of operations for the current and prior periods commencing in the period in which the held for sale criteria are met. Income or loss from discontinued operations, net of tax includes direct costs attributable to the divested business and excludes any cost allocations associated with any shared or corporate functions unless otherwise dedicated to the divested business. Income or loss from discontinued operations, net of tax will include any gain or loss recognized upon disposition or from adjustment of the carrying amount to fair value less costs to sell while classified as held for sale.

Transactions between the businesses held for sale and businesses held for use that are expected to continue after the disposal are not eliminated in order to appropriately reflect the continuing operations as well as the activity to be disposed of.

Equity-Method Investments

The Company accounts for investments in LLCs in which the Company has more than virtually no influence, but does not control, under the equity method of accounting. Under the equity method of accounting, the Company's initial investment in Pioneer Investment LLC was recorded at fair value in accordance with ASC 810-10-40-5 as its equity method investment arose from a deconsolidation event. See Note 11- Discontinued Operations and Note 12 – Equity Method Investment.

The carrying amount is adjusted for the Company's share of the earnings or losses, and dividends received from the investee. When the Company's share of losses in an investee equals or exceeds the carrying value of the investment plus any advances, no further losses are recognized unless the Company has guaranteed obligations of the investee or is otherwise committed to provide further financial support for the investee.

The Company periodically assesses if impairment indicators exist at equity method investments. When an impairment indicator is observed, any excess of the carrying amount over its estimated fair value is recognized as impairment expense when the loss in value is deemed other-than-temporary and included in income or loss from equity method investments in the consolidated statements of operations.

In relation to the Company's investment in the Pioneer Investment LLC, the Company elected to recognize its proportional share of the income or loss from the equity method investment on a financial reporting lag of one fiscal quarter due to the timing and availability of financial information.

Leases

Lessee Accounting

The Company leases offices, facilities and equipment under operating and financing leases. The Company determines whether an arrangement is, or contains, a lease at contract inception. An arrangement contains a lease if the Company has the right to direct the use of and obtain substantially all of the economic benefits of an identified asset. Right-of-use assets and lease liabilities are recognized at lease commencement based on the present value of lease payments over the lease term. Leases with an initial term of 12 months or less are not recognized on the balance sheet and are recorded as short-term lease expense. The discount rate used to calculate present value is the Company's incremental borrowing rate based on the lease term and the economic environment of the applicable country or region.

Certain leases contain renewal options or options to terminate prior to lease expiration, which are included in the measurement of right-of-use assets and lease liabilities when it is reasonably certain they will be exercised. The Company has elected to account for lease and non-lease components as a single lease component for its offices and manufacturing facilities. Some lease arrangements include payments that are adjusted periodically based on actual charges incurred for common area maintenance, utilities, taxes and insurance, or changes in an index or rate referenced in the lease. The fixed portion of these payments is included in the measurement of right-of-use assets and lease liabilities at lease commencement, while the variable portion is recorded as variable lease expense. The Company's leases typically do not contain material residual value guarantees or restrictive covenants.

Lessor Accounting

The Company determines whether an arrangement is or contains a lease at inception. The Company leases generators and mobile EV charging equipment to certain of its customers. As a lessor, when a lease meets certain criteria indicating that the Company has effectively transferred control of the underlying asset to the customer, the lease is classified as a sales-type lease. When a lease does not meet the criteria for a sales-type lease but meets the criteria of a direct financing lease, the lease is classified as a direct financing lease. When none of the required criteria for sales-type lease or direct-financing lease are met, the lease is classified as an operating lease.

Sales-type leases are recognized as a net investment in the lease on the consolidated balance sheets. The net investment comprises the lease receivable including any unguaranteed residual value of the underlying asset. For sales-type leases, product revenue is generally recognized upon lease commencement. The discounted unguaranteed residual value of the underlying leased assets is not material to the net investment in the lease balance. The Company monitors the performance of customers who leased equipment and are subject to ongoing payments. No allowance has been recorded for the receivables under the leasing arrangements.

The determination of whether the Company's contracts contain leases generally does not require significant assumptions or judgments. However, the Company exercises judgment in estimating the fair value of the underlying assets at lease commencement. Fair value is estimated using a cost-plus-margin approach, corroborated by the contractual pricing established in negotiations with the lessee. Refer to the Fair Value of Financial Instruments note for further discussion of the inputs and assumptions used in estimating fair value at lease commencement.

Leasing revenues do not include material amounts of variable payments. Lessees do not provide residual value guarantees on rented equipment.

Income Taxes

The Company accounts for income taxes under the asset and liability method, based on the income tax laws and rates in the countries in which operations are conducted and income is earned. For the year ended December 31, 2025, and 2024, the Company operated primarily in the United States. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Developing the provision for income taxes requires significant judgment and expertise in federal, international and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and, if necessary, any valuation allowances that may be required for deferred tax assets. The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. Accordingly, as of December 31, 2025, and 2024, the Company recorded a full valuation allowance against its deferred tax assets for both periods, resulting in a net deferred tax asset of zero. If the Company was to subsequently determine that it would be able to realize deferred tax assets in the future, an adjustment to the valuation allowance would increase net income for the period in which such determination was made. The Company will continue to assess the adequacy of the valuation allowance on a quarterly basis. The Company's tax filings are subject to audit by various taxing authorities.

The objective of accounting for income taxes is to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences or events that have been recognized in the Company's consolidated financial statements or tax returns. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position (see "Unrecognized Tax Benefits" below).

Income tax related interest and penalties are grouped with interest expense on the consolidated statement of operations.

Unrecognized Tax Benefits

The Company accounts for unrecognized tax benefits in accordance with FASB ASC "Income Taxes" ("ASC 740"). ASC 740 prescribes a recognition threshold that a tax position is required to meet before being recognized in the consolidated financial statements and provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues. ASC 740 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon ultimate settlement with a taxing authority, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

Additionally, ASC 740 requires the Company to accrue interest and related penalties, if applicable, on all tax positions for which reserves have been established consistent with jurisdictional tax laws.

Advertising and Promotional Costs

We expense advertising and promotional costs as incurred. Total advertising and promotional expenses were $437 and $311 for the years ended December 31, 2025, and 2024, respectively.

Share-Based Payments

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. The fair value of the award is measured on the grant date. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period, using the straight-line attribution approach. Upon the exercise of an award, the Company issues new shares of common stock out of its authorized shares.

The Company computes the fair value of stock options granted using the Black-Scholes option pricing model. Award forfeitures are accounted for at the time of occurrence. The expected term used for options is the estimated period of time that options granted are expected to be outstanding. The Company utilizes the "simplified" method under ASC 718 to develop an estimate of the expected term of "plain vanilla" option grants. The Company does not currently have a sufficient trading history to fully support its historical volatility calculations. Accordingly, the Company is utilizing an expected volatility figure based on a review of the historical volatility on a blended basis of its own stock as well as of comparable entities over a period of time equivalent to the expected life of the instrument being valued. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

Inventory

Inventory is stated at the lower of cost or net realizable value using a weighted average cost method and includes the cost of materials, labor and manufacturing overhead. The Company uses estimates in determining the level of reserves required to state inventory at the lower of cost or net realizable value. The Company estimates are based on market activity levels, production requirements, the physical condition of products and technological innovation. Changes in any of these factors may result in adjustments to the carrying value of inventory.

Income (Loss) Per Share

Basic income (loss) per share is computed by dividing the income or loss for the period by the weighted average number of vested common shares outstanding during the period. Diluted income (loss) per share is computed by dividing the income or loss for the period by the weighted average number of vested common shares outstanding, plus the number of additional common shares that would have been outstanding if the common share equivalents had been issued (computed using the treasury stock or if converted method), if dilutive.

Research and Development

Research and development include expenses incurred by the Company's Critical Power segment related to developing the Company's mobile e-Boost electric vehicle charging solutions. Research and development expenses are charged to operations as incurred. During the years ended December 31, 2025, and 2024, the Company incurred $875 and $1,050, respectively, of research and development expenses.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" related to improvements to income tax disclosures. The amendments in this update require enhanced jurisdictional and other disaggregated disclosures for the effective tax rate reconciliation and income taxes paid. The amendments in this update were adopted for the year ended December 31, 2025 on a retrospective basis and were effective for fiscal years beginning after December 15, 2024. These updates did not have a significant impact on the Company's consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03 "Disaggregation of Income Statement Expenses", which requires public business entities to disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The amendments in ASU 2024-03 are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently assessing the impact that adoption of this new accounting guidance will have on its consolidated financial statements and footnote disclosures.

In September 2025, the FASB issued ASU 2025-06, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software." This ASU modernizes the accounting guidance for internal-use software by eliminating the previous project-stage model and replacing it with a "probable-to-complete" threshold. It also relocates and supersedes the guidance for website development costs (previously in Subtopic 350-50) into Subtopic 350-40, and requires entities to apply the presentation and disclosure requirements in Subtopic 360-10 to capitalized internal-use software costs regardless of how those costs are presented in the financial statements. The amendments are effective for all entities for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those fiscal years, with early adoption permitted (provided the entity's financial statements for that interim or annual period have not yet been issued or made available for issuance). The Company is currently assessing the impact that adoption of this new accounting guidance will have on its consolidated financial statements and footnote disclosures.

In December 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements." This ASU clarifies and reorganizes interim reporting disclosure requirements by introducing a disclosure principle that requires entities to disclose significant events and changes in circumstances that occur during interim periods. The amendments are intended to improve the consistency, usefulness, and understandability of interim financial reporting by focusing disclosures on matters that are material to an understanding of the entity's financial position, cash flows, and results of operations. The amendments in this ASU are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact that adoption of this ASU will have on its consolidated financial statements and related disclosures.

3. REVENUES

Nature of the Company's products and services

The Company's principal products and services include electric power systems and equipment, distributed energy resources, power generation equipment and mobile electric vehicle charging solutions. The Company's principal products and services are primarily sold in the United States. See Note 13 – Business Segment, Geographic and Customer Information, for additional information.

Products

The Company's Electrical Infrastructure business (included in discontinued operations; see Note 11 – Discontinued Operations for details) provided electric power systems and equipment and distributed energy resources that helped customers effectively and efficiently protect, control, transfer, monitor and manage their electric energy needs.

The Company's Critical Power business provides customers with power generation equipment and the Company's suite of mobile e-Boost electric vehicle charging solutions.

Services

Power generation systems represent considerable investments that require proper maintenance and service in order to operate reliably during a time of emergency. The Company's power maintenance programs provide preventative maintenance, repair and support service for the Company's customers' power generation systems.

The timing of revenue recognition, customer billings and cash collections results in accounts receivable and deferred revenue at the end of each reporting period. Contract assets include unbilled amounts typically resulting from revenue recognized exceeding amounts billed to customers for contracts utilizing an input method based on the proportion of labor hours incurred as compared to the total estimated labor hours for the fixed-fee contract performance obligations. The Company bills customers as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals, upon achievement of contractual milestones or upon deliveries.

Revenue Recognition

During the years ended December 31, 2025, and 2024, the Company recognized $221 and $558 of equipment revenue over time, respectively, from its Critical Power segment. Additionally, the Company recognized $13,693 and $11,704 of revenue at a point in time from the sale of its products, which is typically recognized upon delivery, from its Critical Power segment during the years ended December 31, 2025, and 2024, respectively.

Service revenues include maintenance contracts that are recognized over time based on the contract term and repair services which are recognized as services are delivered. The Company recognized $9,442 and $8,690 of service revenue during the years ended December 31, 2025, and 2024, respectively. Under its continuing operations, the Company recognizes revenue as services are provided. Amounts billed and due from customers, as well as the value of unbilled account receivables, are generally classified within current assets in the consolidated balance sheets. The customer payments are generally due in 30 days.

Under certain contracts, the Company may be entitled to invoice the customer and receive payments in advance of performing the related contract work. In those instances, the Company recognizes a liability for advance billings in excess of revenue recognized, which is referred to as deferred revenue. Payments received from customers in advance of revenue recognition are not considered a significant financing component because they are utilized to pay for contract costs within a one-year period or are requested by the Company to ensure the customers meet their payment obligations.

The change in deferred revenue as of December 31, 2025, was driven primarily by ordinary course contract activity. As of January 1, 2024, the Company had a deferred revenue balance of $307. For the years ended December 31, 2025, and 2024, the Company recognized revenue of $603 and $162, respectively, related to amounts that were included in deferred revenue as of December 31, 2024, and 2023, respectively, resulting primarily from the progress made on the various active contracts during the respective reporting periods. As of December 31, 2025, the Company had $791 related to contract liabilities where performance obligations have not yet been satisfied, which has been included within deferred revenue on the consolidated balance sheet.

Unbilled receivables include amounts for work performed for which the Company has an unconditional right to receive payment and that are not subject to the completion of any other specific task, other than the billing itself.

Concentration of Risk

For the year ended December 31, 2025, the Company derived 24% and 13% of its revenue from two customers. For the year ended December 31, 2024, the Company derived 22% and 13% of its revenue from two customers. As of December 31, 2025, one customer's outstanding receivable balance equaled 25% of the total outstanding receivable balance. As of December 31, 2024, one customer's outstanding receivable balance equaled 72% of the total outstanding receivable balance.

As of December 31, 2025, one customer represented 100% of the Company's lease receivable balance.

Return of a product requires that the buyer obtain permission in writing from the Company. When the buyer requests authorization to return material for reasons of their own, the buyer will be charged for placing the returned goods in saleable condition, restocking charges and for any outgoing and incoming transportation paid by the Company. The Company warrants title to the products, and also warrants the products on date of shipment to the buyer, to be of the kind and quality described in the contract, merchantable, and free of defects in workmanship and material. Returns and warranties during the year ended December 31, 2025, were $653. Returns and warranties during the year ended December 31, 2024, were $295.

Disaggregated Revenue

The following table presents the Company's revenues disaggregated by revenue discipline:

	For the Year Ended December 31,	
	2025	**2024**
Revenues - ASC 606		
Products	$ 13,914	$ 12,262
Services	9,442	8,690
Total revenues - ASC 606	23,356	20,952
Revenues - ASC 842		
Sales-type lease revenue	2,860	-
Operating lease revenue	1,411	1,927
Total revenues - ASC 842	**4,271**	1,927
Total revenue	$ 27,627	$ 22,879

The following table presents future sales-type lease payments to be received as of December 31, 2025:

For the Years Ending December 31,	**Total**
2026	$ 349
2027	349
2028	349
2029	349
2030	349
Thereafter	1,650
Total undiscounted lease payments	3,395
Less: imputed interest	(578)
Net investment in sales-type leases	$ 2,817

Lease Revenues

The Company's sales-type lease portfolio as of December 31, 2025 consisted of nine mobile EV charging and power generation units leased to a single customer under two separate agreements, each with original terms of ten years. The leases do not contain renewal or early termination options.

There were no leasing revenues arising from variable lease payments during the years ended December 31, 2025, and 2024.

The following table presents future undiscounted operating lease payments to be received as of December 31, 2025:

For the Years Ending December 31,	**Total**
2026	$ 308
2027	200
2028	200
2029	142
Total	$ 850

The net investment in sales-type leases consisted entirely of lease receivables of $2,843 as of December 31, 2025. There were no unguaranteed residual assets or deferred selling profit included in the net investment as of December 31, 2025. Lessees do not provide residual value guarantees on leased equipment. The Company manages residual value risk by monitoring technological developments and anticipated market demand for its mobile EV charging and power generation equipment. The Company evaluates its net investment in sales-type leases for credit losses in accordance with ASC 326, considering the creditworthiness of its lessees, historical payment experience, current economic conditions, and reasonable and supportable forecasts.

As of December 31, 2025, one customer represented 100% of the Company's lease receivable balance. Based on its assessment, including consideration of the lessee's financial condition and payment history, the Company determined that no material allowance for credit losses was necessary as of December 31, 2025.

4. INVENTORIES

The components of inventories are summarized below:

	December 31,	
	2025	2024
Raw materials	$ 5,613	$ 4,899
Work in process	702	1,169
Total inventories	$ 6,315	$ 6,068

Raw materials primarily consist of generators, electrical equipment, and components and parts used in the assembly and service of the Company's mobile EV charging solutions and power generation equipment.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized below:

	December 31,	
	2025	2024
Machinery, vehicles and equipment	$ 3,468	$ 2,293
Machinery, vehicles and equipment under operating leases	2,153	3,649
Furniture and fixtures	184	160
Computer hardware and software	538	311
Leasehold improvements	152	103
Construction in progress	1,644	2,180
	8,139	8,696
Less: accumulated depreciation [(1)]	(2,739)	(2,193)
Total property and equipment, net	$ 5,400	$ 6,503

(1) Includes $664 and $706 lessor operating lease accumulated depreciation for the years ended December 31, 2025, and 2024, respectively.

Depreciation expense was $1,027 and $716 for the years ended December 31, 2025, and 2024, respectively.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The components of accounts payable and accrued liabilities are summarized below:

	December 31,	
	2025	2024
Accounts payable	$ 2,249	$ 3,054
Accrued liabilities	1,496	1,489
Total accounts payable and accrued liabilities	$ 3,745	$ 4,543

Accrued liabilities primarily consist of accrued insurance, accrued compensation and benefits, and accrued warranty costs. As of December 31, 2025, and 2024, accrued insurance was $495 and $462, respectively. Accrued compensation and benefits as of December 31, 2025, and 2024 were $392 and $453, respectively. Accrued warranty costs as of December 31, 2025, and 2024, were $249 and $117, respectively. The remainder of accrued liabilities are comprised of several insignificant accruals in connection with normal business operations.

7. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases certain offices, facilities and equipment under operating and financing leases. The Company's leases have remaining terms ranging from less than 1 year to 5 years, some of which contain options to extend up to 3 years. As of December 31, 2025, and 2024, assets recorded under finance leases were $643 and $455, respectively, and accumulated amortization associated with finance leases were $311 and $234, respectively.

As of December 31, 2025, and 2024, assets recorded under operating leases were $1,273 and $995, respectively, and accumulated amortization associated with operating leases were $129 and $465, respectively.

During the year ended December 31, 2025, the Company executed a third amendment to its operating lease for its corporate offices in Fort Lee, New Jersey, extending the lease term through January 2029. The Company accounted for the lease extension as a modification in which the modified lease classification remained an operating lease. The related right-of-use asset and lease liability were remeasured as a result of the lease modification, for which the Company recorded an increase of approximately $265 in right-of-use assets and $265 in lease liabilities.

Additionally, during the year ended December 31, 2025, the Company executed a first amendment to its operating lease for its facility in Champlin, Minnesota, extending the lease term through March 2031. The Company accounted for the lease extension as a modification in which the modified lease classification remained an operating lease. The related right-of-use asset and lease liability were remeasured as a result of the lease modification, for which the Company recorded an increase of approximately $577 in right-of-use assets and $577 in lease liabilities. The components of the lease expense were as follows:

	For the Year Ended December 31,	
	2025	**2024**
Operating lease cost	$ 270	$ 247
Financing lease cost		
Amortization of right-of-use asset	$ 137	$ 129
Interest on lease liabilities	31	25
Total financing lease cost	$ 168	$ 154

Other information related to leases was as follows:

Supplemental cash flows information:

	For the Year Ended December 31,	
	2025	**2024**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flow payments for operating leases	$ 270	$ 260
Operating cash flow payments for financing leases	31	25
Financing cash flow payments for financing leases	136	129
Right-of-use assets obtained in exchange for lease obligations		
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

Weighted average remaining lease term:

	December 31,	
	2025	**2024**
Operating leases	4 years	3 years
Financing leases	3 years	2 years

Weighted average discount rate:

	December 31,	
	2025	**2024**
Operating leases	5.97%	5.50%
Financing leases	9.15%	6.94%

Future minimum lease payments under non-cancellable leases as of December 31, 2025, were as follows:

	Operating Leases	Financing Leases
2026	$ 287	$ 150
2027	310	104
2028	317	63
2029	233	83
Thereafter	184	-
Total future minimum lease payments	1,331	400
Less imputed interest	(172)	(58)
Total future minimum lease payments	$ 1,159	$ 342

Reported as of December 31, 2025:

	Operating Leases	Financing Leases
Right-of-use assets	$ 1,144	$ 332

	Operating Leases	Financing Leases
Current portion of lease liabilities	$ 223	$ 123
Lease liabilities, non-current portion	936	219
Total	$ 1,159	$ 342

Litigation and Claims

From time to time, we may become involved in lawsuits, investigations and claims that arise in the ordinary course of business. As of the date hereof, we are not aware of or a party to any legal proceedings to which we or our subsidiary is a party or to which any of our property is subject, nor are we aware of any such threatened or pending litigation or any such proceedings known to be contemplated by governmental authorities that we believe could have a material adverse effect on our business, financial condition or operating results.

We can give no assurance that any lawsuits or claims brought in the future will not have an adverse effect on our financial condition, liquidity or operating results.

8. STOCKHOLDERS' EQUITY

Common Stock

The Company had 11,095,266 and 11,120,266 shares of common stock, $0.001 par value per share, outstanding as of December 31, 2025, and 2024, respectively.

On November 12, 2024, the board of directors declared a one-time special cash dividend of $1.50 per share, or $16,665 in the aggregate, to shareholders of record as of December 17, 2024. The dividend was paid on January 7, 2025.

Preferred Stock

The board of directors is authorized, subject to any limitations prescribed by law, without further vote or action by the shareholders, to issue from time to time up to 5,000,000 shares of preferred stock, $0.001 par value, in one or more series. Each such series of preferred stock shall have such number of shares, designations, preferences, voting powers, qualifications, and special or relative rights or privileges as shall be determined by the board of directors, which may include, among others, dividend rights, voting rights, liquidation preferences, conversion rights and preemptive rights.

9. STOCK-BASED COMPENSATION

Stock-Based Compensation

On October 13, 2021, the Company's board of directors adopted the 2021 Long-Term Incentive Plan (the "2021 Plan"), subject to stockholder approval, which was obtained on November 11, 2021. The 2021 Plan supplemented the 2011 Long-Term Incentive Plan ("2011 Plan"), which expired on May 11, 2021, and which replaced and superseded the 2009 Equity Incentive Plan ("2009 Plan"), as noted above. The Company's outside directors and its employees, including the principal executive officer, principal financial officer and other named executive officers, and certain contractors are all eligible to participate in the 2021 Plan. The 2021 Plan allows for the granting of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, dividend equivalent rights, and other awards, which may be granted singly, in combination, or in tandem, and upon such terms as are determined by the Board or a committee of the board that is designated to administer the 2021 Plan. Subject to certain adjustments, the maximum number of shares of the Company's

common stock that may be delivered pursuant to awards under the 2021 Plan is 900,000 shares plus any increase by any Prior Plan Awards (as defined in the 2021 Plan) eligible for reuse (700,000 shares) as of December 31, 2025, of which one hundred percent (100%) may be delivered pursuant to incentive stock options. As of December 31, 2025, there were 306,663 shares available for future grants under the Company's 2021 Plan. The 2021 Plan was initially administered by the Company's board of directors, but it has been administered by the compensation committee following the creation of such committee in the first quarter of 2022.

The fair value of the stock options granted was measured using the Black-Scholes valuation model with the following assumptions:

	For the Years Ended December 31,	
	2025	2024
Expected term (years)	N/A	5.0 - 6.0
Risk-free interest rate	N/A	4.1% - 4.5%
Expected volatility	N/A	112.3% - 125.7%
Expected dividends	N/A	0.0%

A summary of stock option activity for the year ended December 31, 2025, is presented below:

	Stock Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding as of January 1, 2025	561,476	$ 4.22		
Granted	-	-		
Exercised	-	-		
Forfeited/expired	(27,309)	3.95		
Outstanding as of December 31, 2025	534,167	4.24	4.26	$ 535
Exercisable as of December 31, 2025	527,498	4.22	4.22	534

A summary of the weighted-average grant-date fair value of options, total intrinsic value of options exercised, and cash receipts from options exercised is shown below:

	For the Years Ended December 31,	
	2025	2024
Weighted-average fair value of options granted (per share)	N/A	$ 1.48
Intrinsic value gain of options exercised	N/A	453
Cash receipts from exercise of options	N/A	519

The following table presents information related to stock options as of December 31, 2025:

Options outstanding			Options exercisable	
Exercise price (1)	Outstanding number of options	Weighted average remaining life in years	Exercisable number of options
$ 0.18	10,000	4.3	10,000
$ 1.67	11,000	6.4	11,000
$ 1.81	129,667	5.4	129,667
$ 2.18	1,000	0.2	1,000
$ 3.75	50,000	7.4	50,000
$ 4.10	4,000	2.3	4,000
$ 4.42	70,000	8.9	70,000
$ 4.60	10,000	7.7	6,666
$ 5.75	5,000	7.6	3,333
$ 5.80	236,000	1.3	236,000
$ 5.99	2,500	7.5	2,500
$ 6.77	5,000	7.5	3,332
	534,167		527,498

(1) Exercise prices have been reduced by $1.50 per share as a result of the modification in connection with the special cash dividend declared for all common shareholders of record as of December 17, 2024.

A summary of restricted stock unit ("RSU") activity during the year ended December 31, 2025, and 2024, is as follows:

	Number of units	Weighted-average grant-date fair value per share	Weighted-average grant-date fair value
Unvested restricted stock units as of January 1, 2024	125,000	$ 4.35	$ 543
Units granted	50,000	5.92	296
Units vested	(175,000)	4.80	(839)
Units forfeited	-	-	-
Unvested restricted stock units as of December 31, 2024	-	-	-
Units granted	-	-	-
Units vested	-	-	-
Units forfeited	-	-	-
Unvested restricted stock units as of December 31, 2025	-	-	$ -

During the years ended December 31, 2025, and 2024, RSUs vested with an aggregate vest date fair value of $0 and $780, respectively.

2025

During the year ended December 31, 2025, the CFO agreed to surrender shares of common stock to the Company, totaling an aggregate of 25,000 shares on May 2, 2025, with a fair value of $148 in connection with income and payroll tax obligations paid by the Company in connection with the exercising of options and vesting of RSUs. The shares were cancelled and retired by the Company.

Stock based compensation expense recorded for the years ended December 31, 2025, and 2024, was approximately $35 and $1,055, respectively. As of December 31, 2025, there was $23 of stock-based compensation expense remaining to be recognized in the consolidated statements of operations over a weighted average remaining period of 0.6 years.

2024

During the year ended December 31, 2024, the Company issued 10,000 shares of its common stock for consulting services with a fair value of $59.

During the year ended December 31, 2024, the Company issued 175,000 shares of common stock to its Chief Financial Officer ("CFO") in connection with the vesting of 125,000 RSUs on May 1, 2024, and 50,000 RSUs on December 5, 2024.

During the year ended December 31, 2024, the CFO agreed to surrender shares of common stock to the Company, totaling an aggregate of 62,281 shares (57,541 shares on June 7, 2024, with a fair value of $220 and 4,740 shares on October 22, 2024, with a fair value of $29) in connection with income and payroll tax obligations paid by the Company in connection with the exercising of options and vesting of RSUs. The shares were cancelled and retired by the Company.

On November 12, 2024, the board of directors declared a one-time special cash dividend of $1.50 per share to shareholders of record as of December 17, 2024. All stock options that were outstanding as of the record date were modified to reduce the exercise price pursuant to the nondiscretionary anti-dilution provisions in the Company's 2021 Plan. There was no incremental compensation expense related to the modification.

10. INCOME TAXES

The components of loss before income taxes related to continuing operations are summarized below:

	For the Year Ended December 31,	
	2025	2024
Loss before income taxes		
U.S. operations	$ (6,374)	$ (4,767)
Loss from continuing operations	$ (6,374)	$ (4,767)

The components of the income tax expense (benefit) related to continuing operations were as follows:

	For the Year Ended December 31,	
	2025	2024
Current		
Federal	$ 69	$ (1,128)
State	5	(290)
Income tax expense (benefit)	$ 74	$ (1,418)

A reconciliation from the statutory U.S. income tax rate and the Company's effective income tax rate for continuing operations, as computed on loss before taxes, is as follows:

	For the Year Ended December 31,			
	2025		2024	
Federal income tax at statutory rate	(1,338)	21.0%	(1,001)	21.0%
State and local income tax, net	172	(2.8)%	(214)	4.5%
Non-deductible executive compensation	-	-	85	(1.8)%
Other permanent items	72	(1.1)%	36	(0.8)%
Expired foreign tax credits	135	(2.1)%	652	(13.7)%
Valuation Allowance	878	(13.8)%	(1,025)	21.5%
True-up	153	(2.4)%	49	(1.0)%
Other	2	-	-	-
Total	74	(1.2)%	(1,418)	29.7%

The Company's provision for income taxes reflects an effective tax rate on loss before income taxes of (1.2)% in 2025, as compared to 29.7% in 2024. The decrease in the Company's effective tax rate during 2025 primarily reflects the increase in valuation allowance and net operating losses.

On July 4, 2025, the President signed into law the One Big Beautiful Bill Act ("OBBBA"), which makes several significant changes to U.S. federal income tax law. Key provisions include:

- Extension of 100% bonus depreciation under Internal Revenue Code ("IRC") Section 168(k) for qualified property acquired after January 19, 2025.
- Expensing of domestic research and experimental expenditures under new IRC Section 174A, applicable for tax years beginning after December 31, 2024, with acceleration options for expenditures incurred between January 1, 2022, and December 31, 2024.
- Modification to the business interest expense limitation under IRC Section 163(j), reinstating EBITDA-based adjustable taxable income (ATI) for tax years beginning after December 31, 2024.

The Company has recognized the effects of the OBBBA provisions in its financial results to the extent they are applicable to the year ended December 31, 2025.

The net deferred income tax asset (liability) was comprised of the following:

	For the Year Ended December 31,	
	2025	2024
Noncurrent deferred income taxes		
Total assets	$ 786	$ 749
Total liabilities	(786)	(749)
Net noncurrent deferred income tax asset	-	-
Net deferred income tax asset	$ -	$ -

The tax effect of temporary differences between GAAP accounting and federal income tax accounting creating deferred income tax assets and liabilities were as follows:

	For the Year Ended December 31,	
	2025	2024
Deferred tax assets		
U.S. net operating loss carry forward	$ 3,304	$ 1,051
Non-deductible reserves	798	830
Tax credits	3,446	3,581
Intangibles	690	1,294
Total deferred tax assets	8,238	6,756
Valuation allowance	(7,452)	(6,007)
Net deferred tax assets	786	749
Deferred tax liabilities		
Fixed assets	(468)	(749)
Installment sales	(318)	-
Total deferred tax liabilities	(786)	(749)
Deferred asset, net	$ -	$ -

As of December 31, 2025, The Company had $8,238 of deferred tax assets on which it is taking a $7,452 valuation allowance. The total valuation allowance of $7,452 as of December 31, 2025, represents an increase of $1,445 from December 31, 2024.

A valuation allowance is established when it is determined that it is more likely than not that the deferred tax assets will not be realized. In evaluating the need for a valuation allowance, management assessed all available positive and negative evidence, including historical operating results, cumulative losses, projections of future taxable income, and sources of taxable income such as future reversals of existing taxable temporary differences and tax-planning strategies. Significant judgment is required in assessing the weight of both positive and negative evidence, particularly in determining the likelihood and timing of future taxable income.

Considering the significant judgment required in assessing the likelihood, timing, and magnitude of future taxable income, and given the relative weight and persuasiveness of the available evidence, management concluded that the negative evidence continues to outweigh the positive evidence. As a result, the Company has determined that the continuation of a full valuation allowance remains appropriate as of December 31, 2025. This includes a full valuation allowance for the Company's foreign tax credits ("FTCs") as the Company does not anticipate generating any foreign source income to realize this benefit. As of December 31, 2025, the remaining balance of the Company's FTCs was $3,446. If not utilized, the FTCs will expire between 2026 and 2027.

The Company has federal and state net operating loss ("NOLs") carryforwards of approximately $7,267 and $21,227, respectively, as of December 31, 2025. The federal NOLs were generated in taxable years ending after December 31, 2017, and therefore may be carried forward indefinitely. However, the utilization of such federal NOLs is generally limited to 80% of federal taxable income in any taxable year. Certain state NOLs are subject to annual limitations under applicable tax law. If not utilized, a portion of these losses will expire in varying amounts between 2028 and 2046.

Internal Revenue Code Section 382 imposes an annual limitation on the utilization of net operating loss (NOL) carryforwards and certain other tax attributes following a change in ownership. An ownership change generally occurs if the percentage of stock owned by 5-percent shareholders increases by more than 50 percentage points during a rolling three-year period. As of December 31, 2025, the Company determined that no ownership change occurred during the year under Section 382. Therefore, there is no annual limitation imposed on the utilization of the Company's federal NOL carryforwards. The Company has also evaluated the implications of Section 382 limitations at the state level. Given that state conformity to federal Section 382 provisions varies significantly, additional state-specific considerations may apply. The Company will continue to monitor any future ownership changes, legislative updates, or interpretive guidance related to Section 382, as such changes could impact the Company's ability to realize these deferred tax assets.

The following table summarizes the Company's state losses by jurisdiction, as well as the expiration date:

	December 31, 2025	Oldest Remaining NOL	Carry Forward Years	Expiration Start Date	Expiration End Date
California	$ 14,749	2015	23	2038	2046
Florida	1,869	2013	20	2035	Indefinitely
Illinois	354	2018	20	2038	2045
Iowa	723	2018	20	2038	Indefinitely
Maryland	7	2025	Indefinitely	Indefinitely	Indefinitely
Minnesota	2,358	2013	15	2028	2040
Montana	29	2025	10	2035	2035
Nebraska	242	2021	20	2041	2045
New Jersey	183	2025	20	2045	2045
New York	202	2020	20	2040	2045
North Carolina	130	2017	15	2032	2032
North Dakota	162	2015	20	2035	Indefinitely
Wisconsin	219	2021	20	2041	2045
Total	$ 21,227				

Cash paid for income taxes, net of refunds, were as follows:

	For the Year Ended December 31,	
	2025	2024
Federal	$ 3,010	$ -
California	1,697	-
Other states	215	7
Total cash paid for income taxes, net of refunds	$ 4,922	$ 7

The Company has determined there are no uncertain tax positions requiring recognition or disclosure, including positions related to the sale of PCEP. The Company regularly assesses the adequacy of its provisions for income tax contingencies in accordance with ASC 740-10. As a result, the Company may adjust the reserves for unrecognized tax benefits for the impact of new facts and developments, such as changes to interpretations of relevant tax law, assessments from taxing authorities, settlements with taxing authorities, and lapses of statutes of limitations. Management has concluded that the current reserves are appropriate. The Company continues to monitor and evaluate uncertain tax positions that may arise from future developments in tax law interpretations, regulations, or audit outcomes. The Company's tax returns remain subject to examination by the U.S. Internal Revenue Service and most state jurisdictions include the years 2022 and forward.

11. DISCONTINUED OPERATIONS

Sale of Electrical Infrastructure Segment

On October 29, 2024, the Company entered into an Equity Contribution and Purchase Agreement (the "Equity Purchase Agreement"), by and among the Company, PCEP, Voltaris Power LLC (the "Buyer") and Pioneer Investment LLC ("Investment"). Pursuant to the terms of the Equity Purchase Agreement, the Company agreed to:

(i) contribute 4% of all of the issued and outstanding equity interests of PCEP to Investment (the "Rollover Interests") in exchange for Investment issuing $2,000 of common units (representing approximately 6% of Investment's issued and outstanding common units on the Closing Date (as defined below)) (the "Rollover Units") to the Company; and

(ii) sell all of the issued and outstanding equity interests of PCEP other than the Rollover Interests to the Buyer ((i) and (ii) being, the "Equity Transaction").

The Equity Transaction included total consideration of (i) $48,000 in cash, subject to adjustment pursuant to the terms of the Equity Purchase Agreement, and (ii) $2,000 in equity pursuant to Investment's issuance of the Rollover Units to the Company. Following the execution of the Equity Purchase Agreement, the Equity Transaction was consummated on October 29, 2024 (the "Closing Date"). PCEP represented the entirety of the Company's Electrical Infrastructure segment. As of December 31, 2024, the Company recorded a consideration due to the Buyer of $3,347 related to a net working capital adjustment.

On April 16, 2025, the Company and the Buyer finalized the net working capital adjustment and as a result, the Company recorded a $1,147 reduction in the consideration due to the Buyer, which is included as a component of discontinued operations during the year ended December 31, 2025. During the year ended December 31, 2025, the Company paid the remaining $2,200 consideration to the Buyer.

The results of operations of PCEP, as well as the gains realized on the sale of $449 and $35,044, respectively, have been presented under the caption "Income from discontinued operations, net of tax" in the consolidated statements of operations for the years ended December 31, 2025, and 2024.

Summarized Held for Sale and Discontinued Operation Financial Information

The income tax (benefit/expense) associated with discontinued operations primarily reflects the tax effects of the 2024 disposal gains along with the utilization of previously unrecognized tax attributes and valuation allowance reversals. The previous valuation allowance established on these deferred tax assets was reversed when the Company entered into a definitive sale agreement in 2024. The closing of the transaction provided certainty related to the amounts realized and the resulting gain for tax purposes allowed the Company to utilize the deferred tax assets. The determination whether it was more likely than not that the deferred tax assets were not going to be realized was no longer applicable.

Income tax expense associated with discontinued operations totaled $702 in 2025, and $5,497 in 2024, reflecting tax disposal gains, offset by utilization of tax attributes and related valuation allowance reversals.

The following table summarizes the results from discontinued operations, net of tax included in the consolidated statements of operations for the years ended December 31, 2025, and 2024:

	For the Year Ended December 31,	
	2025	**2024**
Revenues	$ -	$ 12,962
Cost of goods sold	-	10,521
Gross profit	-	2,441
Operating expenses		
Selling, general and administrative	-	2,278
Total operating expenses	-	2,278
Operating income from discontinued operations	-	163
Interest expense	-	2
Gain on sale of business, net of taxes	(449)	(35,044)
Other expense	-	1
Net income from discontinued operations	$ 449	$ 35,204

The cash flows related to the discontinued operations have not been segregated and are included in the consolidated statements of cash flows.

Furthermore, the below table illustrates certain cash flows from discontinued operations:

	For the Year Ended December 31,	
	2025	**2024**
Operating activities		
Depreciation	$ -	$ 77

Continuing Involvement

As a result of the Company's investment in Rollover Units of Investment, which is accounted for as an equity method investment (see Note 2 - Summary of Significant Accounting Policies – Equity-Method Investment), the Company determined that it has continuing involvement with the discontinued operation, which is expected to continue for as long as the Company retains its investment in Rollover Units. There are no revenues or expenses presented in continuing operations after the disposal transaction that before the disposal transaction were eliminated in the Company's consolidated financial statements as intra-entity transactions. Prior to the disposal transaction, the Company owned 100% of the discontinued operation, PCEP.

In connection with the Equity Transaction, the Company and the Buyer entered into a Transition Services Agreement ("TSA"), pursuant to which the Company agreed to provide the Buyer with certain transition services, including treasury and cash management support, payroll, benefits and human resources administration, technology and ERP transition support, infrastructure and desktop services, communications and data transfer, product hosting services, and knowledge transfer (collectively, the "Transition Services"), for various service periods ranging from 30 days to 12 months following the Closing Date. In addition, the Buyer agreed to provide the Company with the services of one human resources employee in California through October 31, 2025. Either party could terminate individual services upon 30 days' prior written notice, subject to certain exceptions for payroll and benefits-related services.

Fees for the Transition Services are based on reimbursable costs incurred by the Company. The Company records amounts billed for reimbursable Transition Services in prepaid expenses and other current assets and records the related costs in selling, general and administrative expenses. The Buyer provided human resources services to the Company at no cost. As of December 31, 2025, and 2024, amounts due from the Buyer related to reimbursable Transition Services of $14 and $171, respectively, were included in prepaid expenses and other current assets. The TSA has since been completed, and no further obligations remain as of December 31, 2025.

12. EQUITY-METHOD INVESTMENT

As disclosed in Note 11 – Discontinued Operations, on October 29, 2024, the Company deconsolidated its subsidiary, PCEP. As part of the transaction, the Company retained an equity interest of approximately 6% in Pioneer Investment LLC via the issuance of Rollover Units. The Company estimated the fair value of the retained equity interest on the date of deconsolidation, which was determined to be $2,000 based on the Company's proportionate share of Investment, which was calculated using the market approach based on the Equity Transaction. During the year ended December 31, 2025, the Company recorded a loss from equity method investee of $601, which is included in other expense on the consolidated statement of operations.

During the year ended December 31, 2025, the Company received a cash dividend of $981 from the equity method investee which has been recorded as a reduction in the investment account. The Company applies the cumulative earnings approach to classify distributions received from equity method investments in its consolidated statements of cash flows. Under this method, distributions received from equity method investees are included in the Company's consolidated statements of cash flows as operating activities, unless the cumulative distributions exceed the Company's share of cumulative equity in the investee's net earnings. In such cases, the excess distributions are considered returns of investment and are classified as investing activities. As of December 31, 2025, the Company's cumulative distributions were $981, and the Company did not have cumulative equity in the investee's net earnings. As such, the cash distribution received during the year ended December 31, 2025, was classified as investing activity in the consolidated statements of cash flows.

13. BUSINESS SEGMENT, GEOGRAPHIC AND CUSTOMER INFORMATION

The CEO, as the Chief Operating Decision Maker ("CODM"), organizes the Company, manages resource allocations and measures performance of the Company's single operating segment, Critical Power Solutions. The Critical Power Solutions reportable segment is the Company's Titan Energy Systems, Inc. business unit. The Critical Power Solutions segment provides mobile high capacity charging equipment, power generation equipment and aftermarket field-services in order to help customers secure fast vehicle charging where fixed charging infrastructure does not exist, and additionally to ensure smooth, uninterrupted power to operations during times of emergency.

The CODM assesses the Company's performance and decides how to allocate resources based on consolidated net income (loss) in the consolidated statements of operations, which is assessed to be the segment measure of profit or loss. This measure is used to monitor actual results to evaluate the performance of the segment versus the forecasted targets. The segment assets are equal to total assets presented in the consolidated balance sheets.

The significant expenses that are regularly provided to the CODM, which include costs of goods sold, selling, general and administrative expenses and research and development expenses, are disclosed in the consolidated statements of operations as a part of the consolidated net income (loss). Other segment items regularly provided to the CODM include interest income, net and other income (expense), each of which is disclosed as a separate line item in the consolidated statements of operations.

On October 29, 2024, the Company sold its Electrical Infrastructure segment to the Buyer. Prior to the sale of the Electrical Infrastructure segment, the Company's CODM assessed performance and allocated resources amongst its two reportable segments. See Note 11- Discontinued Operations for additional information.

Revenues are attributable to countries based on the location of the Company's customers:

	For the Year Ended December 31,	
	2025	2024
Revenues		
United States	$ 27,500	$ 19,909
Canada	127	2,970
Total	$ 27,627	$ 22,879

Approximately 24% and 13% of the Company's revenues during the year ended December 31, 2025, were made to Eneridge, Inc. and SparkCharge, respectively. Approximately 22% and 13% of the Company's revenues during the year ended December 31, 2024, were made to INF Associates, LLC and British Columbia Hydro and Power Authority, respectively.

The distribution of the Company's property and equipment by geographic location is approximately as follows:

	December 31,	
	2025	2024
Property and equipment		
United States	$ 5,400	$ 6,503

14. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share data for each period presented is computed using the weighted average number of shares of common stock outstanding during each such period. Diluted (loss) earnings per share data is computed using the weighted average number of common and dilutive common equivalent shares outstanding during each period. Dilutive common equivalent shares consist of shares that would be issued upon the exercise of stock options and vesting of restricted stock units, computed using the treasury stock method.

A reconciliation of basic and diluted (loss) earnings per share is as follows (in thousands, except per share data):

	For the Year Ended December 31,	
	2025	2024
Numerator:		
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
Denominator:		
Weighted average common shares outstanding – basic	11,103,623	10,745,217
Effect of dilutive securities:		
Stock options	84,245	186,958
Restricted stock units	-	21,686
Weighted average common shares outstanding – diluted	11,187,868	10,953,861
Basic (loss) earnings per share:		
Loss per share from continuing operations	$ (0.58)	$ (0.31)
Earnings per share from discontinued operations	0.04	3.28
Basic (loss) earnings per share	$ (0.54)	$ 2.97
Diluted (loss) earnings per share:		
Loss per share from continuing operations	$ (0.58)	$ (0.31)
Earnings per share from discontinued operations	0.04	3.21
Diluted (loss) earnings per share	$ (0.54)	$ 2.90

The following securities were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive:

	For the Year Ended December 31,	
	2025	2024
Stock options	534,167	339,500
Total	534,167	339,500

15. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the financial statements were issued. Based on this review, the Company concluded that no events occurred during the period subsequent to the balance sheet date that would require recognition in or disclosure within the accompanying consolidated financial statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Management's Conclusions Regarding Effectiveness of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of our "disclosure controls and procedures", as defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of December 31, 2025, the end of the period covered by this Annual Report on Form 10-K. The disclosure controls and procedures evaluation was done in conjunction with an independent consultant and consulting firm and under the supervision and with the participation of management, including our chief executive officer and chief financial officer. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. As of December 31, 2025, based on the evaluation of these disclosure controls and procedures, and in light of the material weaknesses found in our internal controls over financial reporting, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were not effective. In light of this determination, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weaknesses in our internal control over financial reporting, the consolidated financial statements for the periods covered by and included in this Annual Report on Form 10-K fairly state, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate over time.

Management, including our chief executive officer and our chief financial officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2025. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. In our assessment of the effectiveness of internal control over financial reporting as of December 31, 2025, we determined that the Company's internal control over financial reporting was not effective as of December 31, 2025, due to material weaknesses related to i) a lack of sufficient accounting personnel with the requisite skills, knowledge and expertise resulting in an inability to maintain proper segregation of duties and effective controls and ii) information technology general controls related to user access and privileged access within systems supporting the Company's accounting and financial reporting processes which allowed certain individuals to have elevated access to systems inconsistent with such individuals' business needs.

Management's Plan to Remediate the Material Weaknesses

The Company is executing a comprehensive remediation plan centered on implementing a new enterprise resource planning ("ERP") system designed to enhance automation, improve process consistency and strengthen the reliability of financial reporting. The new ERP replaces multiple legacy systems and manual workflows with a single integrated platform containing embedded controls and standardized processes.

During the year ended December 31, 2025, the Company completed major stages of the implementation, including process design, system configuration, and initial deployment. As part of this effort, management is refining key process-level controls, enhancing IT general controls, including strengthening controls related to system security and user access, implementing additional automated monitoring activities and providing additional training as needed to relevant personnel. Internal audit and external specialists continue to support the assessment of the new control framework.

The Company remains committed to completing the remaining ERP implementation phases and dedicating the resources necessary to strengthen its control environment.

Additionally, the Company plans to hire additional accounting and finance personnel with the requisite skills, knowledge and expertise to address identified control deficiencies.

The Company is committed to maintaining a strong internal control environment and believes these remediation efforts will represent significant improvements in its controls over the control environment. Additional controls may also be required over time. While the Company believes that these efforts will improve its internal control over financial reporting, the Company will not be able to conclude whether the steps the Company is taking will remediate the material weaknesses in internal control over financial reporting until a sufficient period of time has passed to allow management to test the design and operational effectiveness of the new and enhanced controls. Until the remediation steps set forth above are fully implemented and tested, the material weaknesses described above will continue to exist.

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting, as permitted by the rules of the SEC.

Changes in Internal Control over Financial Reporting

As of November 1, 2025, the Company completed the initial implementation of a new ERP system designed to enhance the integration and automation of its financial and operational processes. The implementation of the ERP system resulted in changes to internal controls over financial reporting, including updates to certain processes, transaction workflows, system based controls and data interfaces. These changes were part of a planned system upgrade intended to strengthen the overall control environment.

In connection with the ERP implementation, management performed additional testing and monitoring activities to validate the design and operating effectiveness of affected controls. These activities included user training, parallel processing, reconciliation procedures, and enhanced supervision during the transition period. As of December 31, 2025, management is still in the process of enhancing and refining controls and system configurations.

Other than described above, there have been no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2025, that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Executive Officers and Directors

The following table sets forth the name, age and positions of our executive officers and the members of our board of directors:

Name	Age	Position with the Company
Nathan J. Mazurek	64	President, Chief Executive Officer and Chairman of the Board of Directors
Walter Michalec	37	Chief Financial Officer, Secretary and Treasurer
Yossi Cohn	47	Director
Ian Ross	82	Director
David Tesler	52	Director
Jonathan Tulkoff	64	Director
Thomas Klink	63	Director
Kytchener Whyte	73	Director

The board of directors currently consists of seven members.

Our directors hold office until the earlier of their death, resignation or removal by stockholders or until their successors have been qualified. Our directors serve a term of office to expire at the annual meeting of stockholders in 2026. Pursuant to an amendment to our bylaws, effective September 21, 2023, elected directors shall hold office until the next annual meeting of the stockholders, or until their successors shall be duly elected and qualified.

Our officers hold office until the earlier of their death, resignation or removal by our board of directors or until their successors have been selected. They serve at the pleasure of our board of directors.

Nathan J. Mazurek. Mr. Mazurek has served as our chief executive officer, president and chairman of the board of directors since December 2, 2009. From December 2, 2009, through August 12, 2010, Mr. Mazurek also served as our chief financial officer, secretary and treasurer. Mr. Mazurek has over 25 years of experience in the electrical equipment and components industry. Mr. Mazurek has served as the chief executive officer, president, vice president, sales and marketing and chairman of the board of directors of Pioneer Transformers Ltd. since 1995. Mr. Mazurek has served as the president of American Circuit Breaker Corp., a former manufacturer and distributor of circuit breakers, since 1988. From 1999 through 2017, Mr. Mazurek served as director of Empire Resources, Inc., a distributor of semi-finished aluminum and steel products. From 2002 through 2007, Mr. Mazurek served as president of Aerovox, Inc., a manufacturer of AC film capacitors. Mr. Mazurek received his BA from Yeshiva College in 1983 and his JD from Georgetown University Law Center in 1986. Mr. Mazurek brings to the board of directors extensive experience with our company and in our industry. Since he is responsible for, and familiar with, our day-to-day operations and implementation of our strategy, his insights into our performance and into the electrical equipment and components industry are critical to board discussions and to our success.

Walter Michalec. Mr. Michalec was appointed by our board of directors to act as the interim Chief Financial Officer of the Company, effective as of April 15, 2020, replacing Mr. Klink after his resignation as Chief Financial Officer. On May 13, 2021, our board of directors assigned Mr. Michalec the title of Chief Financial Officer of the Company and removed the title of Interim Chief Financial Officer, effective May 16, 2021. Mr. Michalec also serves as the Company's principal accounting officer, principal financial officer, treasurer and secretary. Mr. Michalec has served various positions at the Company, most recently as its corporate controller from August 2019 to April 2020. Before becoming the corporate controller, Mr. Michalec served as the Company's operations controller from March 2016 to August 2019, reporting to the Chief Financial Officer, and as the Company's senior accountant from May 2012 to February 2016, reporting to the Company's corporate controller. Prior to working for the Company, Mr. Michalec served as a public accountant for Mendonca & Partners Certified Public Accountants, LLC in Union, NJ. Mr. Michalec received his Bachelor of Science in Accounting and a Minor in Criminal Justice from Kean University in 2011.

Yossi Cohn. Mr. Cohn has served as a director since December 2, 2009. Mr. Cohn founded EastSky Properties, LLC in June 2019 and L3C Capital Partners, LLC in June 2009, both an investor in multi-family residential properties, and serves as a partner in both firms. Mr. Cohn served as a director of investor relations at IDT Corporation, a NYSE-listed telecommunications company, from September 2005 through May 2007. Prior to joining IDT Corporation, Mr. Cohn was a director of research at SAGEN Asset Management, an asset manager of funds of hedge funds, from January 2005 through May 2005. Mr. Cohn began

his career as an analyst in the funds-of-funds investment group of Millburn Ridgefield Corporation, where he worked from 2001 through January 2005. Our board believes Mr. Cohn's background at these and other companies, particularly in areas of capital markets, financial, strategic and investment management experience, makes him an effective member of our board of directors.

Ian Ross. Mr. Ross has served as a director since March 24, 2011. In 2000, Mr. Ross co-founded and served as president of Omniverter Inc., a company specializing in electrical power quality solutions for industrial producers and electrical utilities in the United States and Canada, until his retirement in December 2025. He has also served as the president of KIR Resources Inc. and KIR Technologies Inc. since 1999, companies engaged in management consulting and import/export activities in the electrical equipment industry, respectively. Mr. Ross previously held positions in Canada as vice president technology with Schneider Canada, a specialist in energy management, and vice president of the distribution products business at Federal Pioneer Ltd., now part of Schneider Canada. Previously, Mr. Ross held a number of successive board level positions in UK engineering companies, culminating in five years as managing director, Federal Electric, Ltd., before moving to Canada in 1986 at the request of Federal Pioneer Ltd. He received an MA in mechanical sciences (electrical and mechanical engineering) from Cambridge University and subsequently qualified as an accountant ACMA. Our board of directors believes that Mr. Ross' relationships and broad experience in the electrical transmission and distribution equipment industry will assist us in continuing to grow our business and realizing our strategic goals.

David Tesler. Mr. Tesler has served as a director since December 2, 2009. Mr. Tesler is President of LeaseProbe, LLC, a provider of lease abstracting services, since he founded the company in 2004. In 2008, LeaseProbe, LLC acquired Real Diligence, LLC, a provider of financial due diligence services. The combined company does business as Real Diligence and operates as an integrated outsourced provider of legal and commercial due diligence services for the commercial real estate industry. Mr. Tesler also owns and operates a recycling company and is active as an investor and strategic advisor in the water purification industry, with a focus on environmental and industrial applications. Prior to 2004, Mr. Tesler practiced law at Skadden, Arps, Slate, Meagher & Flom LLP and at Jenkens & Gilchrist, Parker Chapin LLP. Mr. Tesler received his BA from Yeshiva College, an MA in medieval history from Bernard Revel Graduate School and a JD from Benjamin N. Cardozo School of Law. Mr. Tesler brings extensive legal, strategic, environmental and executive leadership experience to our board of directors.

Jonathan Tulkoff. Mr. Tulkoff has served as director since December 2, 2009. Mr. Tulkoff began his career as a currency trader at Marc Rich & Co, he then joined Forest City enterprises, a publicly traded real estate development company, and was a VP in the acquisition and development division. In 2016, Mr. Tulkoff founded Commodity Asset Management, an industrial materials investment fund. For the last twenty years, Mr. Tulkoff has been involved in trading, marketing and financing of physical commodities, with distinct expertise in ferrous metals. Mr. Tulkoff is Series 3 licensed. Our board of directors believes Mr. Tulkoff's extensive strategic, international and executive leadership experience, particularly in commodity markets for metal products which represent one of the largest components of our company's cost of manufacture, make him an effective member of our board of directors.

Thomas Klink. Mr. Klink has served as a director since April 30, 2010, and has been employed as a consultant since January 1, 2024. Mr. Klink served as our chief financial officer, secretary and treasurer from January 7, 2016, until April 15, 2020. Since 1996, he has served in various positions at Jefferson Electric, Inc., including as its chief executive officer, chief financial officer, vice president, treasurer, secretary and chairman of the board of directors. Previously, from 1994 to 1996, Mr. Klink served as a division controller at MagneTek, Inc., a company listed on Nasdaq at that time, reporting to the corporate controller. Mr. Klink also previously served as a controller for U.S. Music Corporation, a manufacturer of musical instruments from 1990 through 1994. Mr. Klink received his BBA in Accounting from the University of Wisconsin - Milwaukee in 1984. Mr. Klink brings extensive industry and leadership experience to our board, including over 25 years of experience in the electrical equipment industry. Mr. Klink is currently employed as a consultant for several businesses, supporting their accounting and integration programs.

Kytchener Whyte. Mr. Whyte has served as a director since November 17, 2022. Mr. Whyte has over 45 years of extensive experience in the Electrical Power Distribution & Controls industries with an emphasis on manufacturing, sales and marketing. From July 31, 2015, to October 29, 2024, Mr. Whyte was a consultant for the Company and served as President of PCEP. Since January 2016, Mr. Whyte has been President of Blue Mountain Industries, Inc., a consulting, electrical engineering and marketing consultancy firm concentrating on the electrical utility, petrochemical and marine markets. From 1999 to 2015, Mr. Whyte was the President and owner of Pacific, based in Southern California. Pacific manufactured electrical power distribution and control products such as its trailblazing IPC units for applications in the petroleum, refining, electric transit and utility industries. Mr. Whyte served as General Manager for CGI, Inc., a manufacturer of Electrical Power Distribution and Controls products from 1993 to 1999. Prior to his time at CGI, Inc., Mr. Whyte was the Vice President for Electrical Power Products

between 1985 and 1993. A native of Jamaica, Mr. Whyte is a graduate of Prospect College in St. Mary, Jamaica, and a graduate of Los Angeles Trade Technical College. Mr. Whyte is a United States Air Force Vietnam era veteran, a private pilot and the builder of experimental aircrafts. With his many years of experience in manufacturing, sales, marketing, product design and implementation, Mr. Whyte brings to the board invaluable insights and expertise, and the ability to turn problems into opportunities.

The board of directors believes that the overall experience and knowledge of the members of the board of directors will contribute to the overall success of our business.

Family Relationships

There are no family relationships among any of our directors and executive officers. Mr. Mazurek is a party to a certain agreement related to his service as an executive officer and director described in the "Agreements with Executive Officers" section of Item 11. Mr. Michalec is a party to a certain agreement related to his service as an executive officer described in the "Agreements with Executive Officers" section of Item 11.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and officers, and persons who own more than ten percent of our common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Directors, officers and persons who own more than ten percent of our common stock are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us, during the fiscal year ended December 31, 2025, each of our directors, officers and greater than ten percent stockholders complied with all Section 16(a) filing requirements applicable to our directors, officers and greater than ten percent stockholders.

Board Committees

Our board of directors currently has three standing committees: the audit committee, the nominating and corporate governance committee, and the compensation committee, each of which is described below. All standing committees operate under a charter that has been approved by the board of directors.

Audit Committee. Our board of directors established an audit committee on March 24, 2011, which has the composition and responsibilities described below.

The audit committee consists of Messrs. Cohn, Ross and Tulkoff, each of whom our board of directors has determined to be financially literate and qualify as an independent director under Section 5605(a)(2) of the rules of the Nasdaq Stock Market. In addition, Mr. Ross is the chairman of the audit committee and has been determined by our board of directors to be a financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. The audit committee's duties are to recommend to our board of directors the engagement of independent auditors to audit our consolidated financial statements and to review our accounting and auditing principles. The audit committee reviews the scope, timing and fees for the annual audit and the results of audit examinations performed by internal auditors and independent public accountants, including their recommendations to improve the system of accounting and internal controls. The audit committee held a total of four meetings during the fiscal year ended December 31, 2025.

The audit committee operates under a formal charter adopted by the board of directors that governs its duties and conduct. Copies of the charter can be obtained free of charge from the Company's web site, www.pioneerpowersolutions.com, by contacting the Company by mail at the address appearing on the first page of this Annual Report on Form 10-K to the attention of Investor Relations, or by telephone at (212) 867-0700.

Compensation Committee. On January 18, 2022, the board of directors designated a compensation committee (the "compensation committee"). Our compensation committee is composed of Messrs. Tesler and Cohn, each of whom our board of directors has determined to qualify as an independent director under Section 5605(a)(2) of the rules of the Nasdaq Stock Market. Pursuant to its charter, the compensation committee shall be comprised of at least two (2) "independent" members of the board of directors who shall also satisfy such other criteria imposed on members of the compensation committee pursuant to the federal securities laws and the rules and regulations of the SEC and the Nasdaq Stock Market. The compensation committee's duties are to discharge the responsibilities of the board of directors relating to compensation of the Company's

directors and executive officers, to assist the board of directors in establishing appropriate incentive compensation and equity-based plans and to administer such plans, to oversee the annual process of evaluation of the performance of the Company's management, and to perform such other duties and responsibilities as enumerated in and consistent with its charter. The compensation committee may designate one or more subcommittees, each subcommittee to consist of at least two members of the compensation committee. Any such subcommittee, to the extent provided in the resolutions of the compensation committee and to the extent not limited by applicable law, shall have and may exercise all the powers and authority of the compensation committee. The compensation committee has authority to retain or obtain the advice of compensation consultants, legal counsel, experts and other advisors as the compensation committee may deem appropriate in its sole discretion. The compensation committee is directly responsible for the appointment, compensation and oversight of its consultants, legal counsel, experts and advisors and has sole authority to approve their fees and retention terms, and the Company will provide funding for such fees and related expenses. Our compensation committee has not retained the services of any compensation consultants. The compensation committee held a total of two meetings during the fiscal year ended December 31, 2025.

The compensation committee operates under a formal charter adopted by the board of directors that governs its duties and conduct. Copies of the charter can be obtained free of charge by contacting the Company by mail at the address appearing on the first page of this Annual Report on Form 10-K to the attention of Investor Relations, or by telephone at (212) 867-0700.

Nominating Committee. On January 18, 2022, the board of directors designated a nominating and corporate governance committee (the "nominating committee"). Our nominating committee is composed of Messrs. Tesler and Tulkoff, each of whom our board of directors has determined to qualify as an independent director under Section 5605(a)(2) of the rules of the Nasdaq Stock Market. Pursuant to its charter, the nominating committee shall be comprised of at least two (2) "independent" members of the board of directors who shall also satisfy such other criteria imposed on members of the nominating committee pursuant to the federal securities laws and the rules and regulations of the SEC and the Nasdaq Stock Market. The nominating committee's duties are to assist the board of directors by identifying potential qualified nominees for director and recommend to the board of directors for nomination candidates for the board of directors, developing the Company's corporate governance guidelines and additional corporate governance policies, exercising such other powers and authority as are set forth in the charter of the nominating committee and exercising such other powers and authority as shall from time to time be assigned to such committee by resolution of the board of directors. The nominating committee held a total of two meetings during the fiscal year ended December 31, 2025.

The nominating committee operates under a formal charter adopted by the board of directors that governs its duties and conduct. Copies of the charter can be obtained free of charge by contacting the Company by mail at the address appearing on the first page of this Annual Report on Form 10-K to the attention of Investor Relations, or by telephone at (212) 867-0700.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to our directors, officers, and employees, including our principal executive officer and principal financial and accounting officer, which is posted on our website at www.pioneerpowersolutions.com. We intend to disclose future amendments to certain provisions of the code of ethics, or waivers of such provisions granted to executive officers and directors, on this website within four business days following the date of such amendment or waiver.

Insider Trading Policy

We maintain an insider trading policy that applies to our officers, directors and employees that prohibits trading our securities during certain established periods and when in possession of material non-public information. It also prohibits, unless approved in advance in limited circumstances by the policy administrator, the hedging of our securities, including short sales or purchases or sales of derivative securities based on our securities, and the use of our securities to secure a margin or other loan. Since the adoption of our insider trading policy, the policy administrator has not granted any such exemptions to the policy's general prohibition on hedging or pledging. A copy of our Insider Trading Policy is included as Exhibit 19.1 to this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Philosophy and Process

Since January 18, 2022, the responsibility for establishing, administering and interpreting our policies governing the compensation and benefits for our executive officers lies with our compensation committee. Our compensation committee has not retained the services of any compensation consultants.

The goals of our executive compensation program are to attract, motivate and retain individuals with the skills and qualities necessary to support and develop our business within the framework of our size and available resources. In 2018, we designed our executive compensation program to achieve the following objectives:

- attract and retain executives experienced in developing and delivering products such as our own;
- motivate and reward executives whose experience and skills are critical to our success;
- reward performance; and
- align the interests of our executive officers and other key employees with those of our stockholders by motivating our executive officers and other key employees to increase stockholder value.

We appointed a compensation committee in January 2022 when we no longer qualified as a "controlled company" under the corporate governance rules of the Nasdaq Stock Market. We did not engage any compensation consultants to determine or recommend the amount and form of executive and director compensation during and for the year ended December 31, 2025. At this time, our compensation committee has, and previously our board of directors had, determined that the financial and administrative burden of engaging compensation consultants is not justified in light of our Company's size, its resources and our relatively small number of executive officers and directors. Rather, beginning in the year ended December 31, 2022, we anticipate that the recommended level, components and rationale for our compensation program will be developed and presented each year by our compensation committee to the board of directors for its consideration and approval.

We adopted a Clawback Policy on November 9, 2023, as an additional safeguard to mitigate compensation risks. The Clawback Policy is incorporated by reference as Exhibit 97.1 to this Annual Report.

All dollar amounts (except tables, share and per share data) presented are stated in thousands of dollars.

Summary Compensation Table

The following table summarizes, for each of the last two fiscal years ended December 31, 2025, and 2024, the compensation paid to (i) Nathan J. Mazurek, our chief executive officer, president and chairman of the board of directors, and (ii) Walter Michalec, our chief financial officer, secretary and treasurer, whom we refer to collectively herein as the "named executive officers."

Name and principal position	Years	Salary ($)	Bonus ($)	Stock awards [1] ($)	Option awards [1] ($)	All other compensation ($)	Total ($)
Nathan J. Mazurek (i)	2025	675,500	-	-	-	12,000(2)	687,500
President, Chief Executive Officer, Chairman of the Board of Directors	2024	650,500	2,000,000	-	50,660	21,000(2)	2,722,160
Walter Michalec (ii).....	2025	325,000	28,000	-	-	-	353,000
Chief Financial Officer, Secretary, and Treasurer	2024	300,000	164,000	296,000	-	-	760,000

(1) Amounts represent the aggregate grant date fair value, as determined in accordance with FASB ASC Topic 718, with the exception that the amounts shown assume no forfeitures. The assumptions used to calculate the value of share-based awards are set forth in "Item 8. Financial Statements and Supplementary Data – Note 9. Stock-Based Compensation" contained in this Annual Report. These amounts do not represent the actual value that may be realized by our named executive officers, as that is dependent on the long-term appreciation in our common stock.

(2) Comprised of board of directors meeting fees.

Agreements with Executive Officers

Nathan J. Mazurek

We entered into an employment agreement with Mr. Mazurek, dated as of December 2, 2009, pursuant to which Mr. Mazurek was to serve as our chief executive officer for a term of three years. Pursuant to this employment agreement, Mr. Mazurek was entitled to receive an annual base salary of $250 from December 2, 2009 through December 2, 2010, which was increased to $275 on December 2, 2010 and to $300 on December 2, 2011. Mr. Mazurek was entitled to receive an annual cash bonus at the discretion of our board of directors, or a committee thereof, of up to 50% of his annual base salary, which percentage was permitted to be increased in the discretion of the board.

This agreement prohibited Mr. Mazurek from competing with us for a period of four years following the date of termination, unless he was terminated without cause or due to disability or he voluntarily resigned following a breach by us of this agreement, in which case he was prohibited from competing with us for a period of only two years.

We entered into a new employment agreement with Mr. Mazurek, dated as of March 30, 2012, pursuant to which Mr. Mazurek will serve as our chief executive officer for a three year term ending on March 31, 2015. Pursuant to this new employment agreement, Mr. Mazurek was entitled to receive an annual base salary of $350 during the remainder of the 2012 calendar year, which increased to $365 during the 2013 calendar year and then to $380 for the remainder of his employment term. The other material terms of the new employment agreement are substantially similar to those under his previous agreement, except that Mr. Mazurek has agreed not to compete with us for a period of one year following the termination of his employment for any reason.

On November 11, 2014, we entered into a first amendment to our employment agreement with Mr. Mazurek, pursuant to which the term of the employment agreement was extended by a period of three years ending on March 31, 2018. In addition, pursuant to this employment agreement, as amended, Mr. Mazurek became entitled to receive an annual base salary of $410 beginning on the amendment effective date and ending on December 31, 2015, which increased to $425 during the 2016 calendar year.

On June 30, 2016, we entered into a second amendment to our employment agreement with Mr. Mazurek, pursuant to which the term of the employment agreement was extended by a period of five years ending on March 31, 2021. In addition, pursuant to this employment agreement, as amended, Mr. Mazurek became entitled to receive an annual base salary of $425 for the period beginning on January 1, 2016 and ending on December 31, 2016, $440, for the period beginning on January 1, 2017 and ending on December 31, 2017, $465, for the period beginning on January 1, 2018 and ending on December 31, 2018, $490, for the period beginning on January 1, 2019 and ending on December 31, 2019, and $515 per annum, for the period beginning on January 1, 2020 and ending on March 31, 2021.

On March 30, 2020, the Company and Mr. Mazurek entered into a third amendment in order to (i) extend the termination date of the agreement from December 31, 2020, to March 31, 2023, and (ii) set Mr. Mazurek's annual base salary at $415 for the period beginning on April 1, 2020 and ending on March 31, 2021; $436, for the period beginning on April 1, 2021 and ending on March 31, 2022; and $458, for the period beginning on April 1, 2022 and ending on March 31, 2023.

On April 25, 2022, the Company and Mr. Mazurek entered into a fourth amendment in order to (i) extend the termination date of the agreement from March 31, 2023, to December 31, 2024, and (ii) adjust Mr. Mazurek's annual base salary at $536, for the period beginning on January 1, 2022 and ending on December 31, 2022, $563, for the period beginning on January 1, 2023 and ending on December 31, 2023, and $591, for the period beginning on January 1, 2024 and ending on December 31, 2024.

On December 26, 2023, the Company and Mr. Mazurek entered into a fifth amendment in order to (i) extend the termination date of the agreement from December 31, 2024 to December 31, 2026, and (ii) adjust Mr. Mazurek's annual base salary at $651, for the period beginning on January 1, 2024 and ending on December 31, 2024, $676, for the period beginning on January 1, 2025 and ending on December 31, 2025, and $701, for the period beginning on January 1, 2026 and ending on December 31, 2026.

If Mr. Mazurek is terminated without cause, he is entitled to receive (i) any unpaid base salary accrued through the date of his termination, (ii) any unreimbursed expenses properly incurred prior to the date of his termination, and (iii) severance pay equal to the base salary that would have been payable to Mr. Mazurek for the remainder of the term of his executive employment agreement, which expires on December 31, 2026, less applicable withholdings and taxes. As a precondition to receiving severance pay, Mr. Mazurek is required to execute and deliver within sixty (60) days following his termination a general release of claims against the us and our subsidiaries and affiliates that may have arisen on or before the date of the release.

For purposes of Mr. Mazurek's executive employment agreement, "cause" generally means termination because of: (i) an act or acts of willful or material misrepresentation, fraud or willful dishonesty by Mr. Mazurek; (ii) any willful misconduct by Mr. Mazurek with regard to the Company; (iii) any violation by Mr. Mazurek of any fiduciary duties owed by him to the Company; (iv) Mr. Mazurek's conviction of, or pleading nolo contendere or guilty to, a felony (other than a traffic infraction) or (v) any other material breach by Mr. Mazurek of the executive employment agreement that is not cured by him within twenty (20) days after his receipt of a written notice from the Company of such breach specifying the details thereof.

Walter Michalec

Mr. Michalec was appointed by our board of directors to act as the Interim Chief Financial Officer of us, effective as of April 15, 2020, replacing Mr. Klink after his resignation as Chief Financial Officer. On May 13, 2021, our board of directors assigned Mr. Michalec the title of Chief Financial Officer and removed the title of Interim Chief Financial Officer, effective May 16, 2021. Mr. Michalec also serves as our principal accounting officer, principal financial officer, treasurer and secretary.

On April 25, 2022, we and Mr. Michalec entered into an employment agreement under which we agreed to employ Mr. Michalec as its Chief Financial Officer, Secretary and Treasurer for a term of three (3) years, commencing on January 1, 2022 and ending on December 31, 2025, unless such employment is terminated earlier in accordance with the agreement. Mr. Michalec is entitled to an annualized base salary at a rate of $200 per annum for the period of January 1, 2022 through December 31, 2022, $220 per annum for the period of January 1, 2023 through December 31, 2023, and $240 per annum for the period of January 1, 2024 through the end of the employment period. Mr. Michalec's employment may be terminated upon his death or disability, upon the occurrence of certain events that constitute "cause," and without cause. If terminated without cause, Mr. Michalec will be entitled to receive as severance an amount equal to his base salary for the remainder of the employment period under the agreement.

On December 26, 2023, the Company and Mr. Michalec entered into a first amendment in order to (i) extend the termination date of the agreement from December 31, 2023 to December 31, 2026, and (ii) adjust Mr. Michalec's annual base salary at $300, for the period beginning on January 1, 2024 and ending on December 31, 2024, $325, for the period beginning on January 1, 2025 and ending on December 31, 2025, and $350, for the period beginning on January 1, 2026 and ending on December 31, 2026.

In connection with the employment agreement entered into between the Company and Mr. Michalec, effective April 25, 2022, the Company granted Mr. Michalec an award of RSUs under the 2021 Plan pursuant to that certain Restricted Stock Unit Award Agreement (the "RSU Award") covering 375,000 shares of the Company's common stock, vesting in three equal installments on each of May 1st of 2022, 2023, and 2024. In connection with the vesting of the RSUs, we paid on Mr. Michalec's behalf an aggregate amount of $481 to satisfy his income and payroll tax obligations, to be reimbursed from payroll withholding, and the Company had been reimbursed $34 from payroll withholding as of September 20, 2023. On September 20, 2023, we and Mr. Michalec entered into a letter agreement pursuant to which Mr. Michalec agreed to surrender and cancel 72,719 shares of common stock issued to him upon settlement of his vested RSUs, in order to reimburse us for the remaining amount of the tax payment we made on his behalf. Upon the surrender and cancellation of the shares, we were fully reimbursed. See "*Part III. Item 13 - Certain Related Transactions and Relationships*".

In addition, on September 20, 2023, Mr. Michalec's RSU Award was amended to provide that his future tax withholding obligations in connection with the RSU Award can be satisfied, among others, by us withholding the shares to be delivered upon conversion of the RSUs having an aggregate fair market value that equals the required tax withholding payment, in our sole discretion.

During the year ended December 31, 2025, Mr. Michalec agreed to surrender 25,000 shares of common stock to the Company in connection with income and payroll tax obligations paid by the Company in connection with the vesting of RSUs. The shares were cancelled and retired by the Company. See "*Part III. Item 13 - Certain Related Transactions and Relationships*".

Outstanding Equity Awards at Fiscal Year End

The following table provides information on stock options previously awarded to each of the named executive officers and which remained outstanding as of December 31, 2025. This table includes unexercised and unvested options awards. Each outstanding stock option award is shown separately for each named executive officer.

	Option awards				
Name	Date of grant	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Adjusted option exercise price [4] ($)	Option expiration date
Nathan J. Mazurek.....	3/10/2016	1,000[3]	-	2.18	3/10/2026
	3/30/2017	130,000[2]	-	5.80	3/30/2027
	3/30/2017	1,000[3]	-	5.80	3/30/2027
	4/3/2018	1,000[3]	-	4.10	4/3/2028
	3/31/2020	10,000[3]	-	0.18	3/31/2030
	5/13/2021	10,000[3]	-	1.81	5/13/2031
	5/13/2021	51,667[2]	-	1.81	5/13/2031
	5/13/2022	1,500[3]	-	1.67	5/13/2032
	5/13/2022	5,000[2]	-	1.67	5/13/2032
	5/16/2023	10,000[3]	-	3.75	5/16/2033
	12/5/2024	10,000[1]	-	4.42	12/5/2034
Walter Michalec	5/13/2021	43,000[2]	-	1.81	5/13/2031

(1) Non-qualified stock options granted for service as a director. Vests on the grant date.
(2) Non-qualified stock options granted for service as an executive officer. Vests on the first anniversary of the grant date.
(3) Non-qualified stock options granted for service as a director. Vests on the first anniversary of the grant date.
(4) Exercise prices have been reduced as a result of the special cash dividend declared for all common shareholders of record as of December 17, 2024.

There were no unvested stock option awards held by our named executive officers as of December 31, 2025.

Stock Awards

There were no unvested stock awards held by our named executive officers as of December 31, 2025.

Option and Warrant Exercises

During the year ended December 31, 2025, the Company's chief executive officer and chief financial officer did not exercise any options.

Change of Control Agreements

We do not currently have plans providing for the payment of retirement benefits to our officers or directors, other than as described under "Agreements with Executive Officers" above.

We do not currently have any change-of-control or severance agreements with any of our executive officers or directors, other than as described under "Agreements with Executive Officers" above. In the event of the termination of employment of the named executive officers, any and all unexercised stock options shall expire and no longer be exercisable after a specified time following the date of the termination, other than as described under "Agreements with Executive Officers" above.

2021 Long-Term Incentive Plan

On October 13, 2021, our board of directors adopted the 2021 Plan, subject to stockholder approval, which was obtained on November 11, 2021. The 2021 Plan supplemented the 2011 Plan, which expired on May 11, 2021, and which replaced and superseded the 2009 Plan, as noted above. Our outside directors and our employees, including the principal executive officer, principal financial officer and other named executive officers, and certain contractors are all eligible to participate in the 2021 Plan. The 2021 Plan allows for the granting of incentive stock options, non-qualified stock options, stock appreciation rights,

restricted stock, restricted stock units, performance awards, dividend equivalent rights, and other awards, which may be granted singly, in combination, or in tandem, and upon such terms as are determined by the Board or a committee of the board that is designated to administer the 2021 Plan. Subject to certain adjustments, the maximum number of shares of the Company's common stock that may be delivered pursuant to awards under the 2021 Plan is 900,000 shares plus any increase by any Prior Plan Awards (as defined in the 2021 Plan) eligible for reuse, of which one hundred percent (100%) may be delivered pursuant to incentive stock options. As of December 31, 2025, there were 306,663 shares available for future grants under the Company's 2021 Plan. The 2021 Plan was initially administered by our board of directors, but it has been administered by the compensation committee following the creation of such committee in the first quarter of 2022.

Equity Compensation Plan Information

The following table provides certain information as of December 31, 2025, with respect to our equity compensation plans under which our equity securities are authorized for issuance:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	534,167	$ 4.24	306,663
Equity compensation plans not approved by security holders	-	-	-
Total	534,167	$ 4.24	306,663

Director Compensation

The following table provides compensation information for the one-year period ended December 31, 2025, for each non-employee member of our board of directors:

Name	Fees earned or paid in cash ($)	Total ($)
Yossi Cohn [7]	19,000[4]	19,000
Thomas Klink [6]	12,000[2]	12,000
Ian Ross [8]	17,000[1]	17,000
David Tesler [9]	20,000[3]	20,000
Jonathan Tulkoff [10]	24,000[5]	24,000
Kytchener Whyte [11]	12,000[2]	12,000

(1) Comprised of board of directors and audit committee meeting fees.
(2) Comprised of board of directors meeting fees.
(3) Comprised of board of directors, compensation and nominating and governance committee meeting fees.
(4) Comprised of board of directors, audit and compensation committee meeting fees.
(5) Comprised of board of directors, audit and nominating and governance committee meeting fees.
(6) As of December 31, 2025, Mr. Klink had outstanding options representing the right to purchase 111,000 shares of our common stock.
(7) As of December 31, 2025, Mr. Cohn had outstanding options representing the right to purchase 22,000 shares of our common stock.
(8) As of December 31, 2025, Mr. Ross had outstanding options representing the right to purchase 22,000 shares of our common stock.
(9) As of December 31, 2025, Mr. Tesler had outstanding options representing the right to purchase 33,500 shares of our common stock.
(10) As of December 31, 2025, Mr. Tulkoff had outstanding options representing the right to purchase 11,000 shares of our common stock.
(11) As of December 31, 2025, Mr. Whyte had outstanding options representing the right to purchase 35,000 shares of our common stock.

All of our directors, including our employee director, are paid cash compensation in connection with their attendance at the meetings of the board of directors. Our directors are also reimbursed for reasonable out-of-pocket expenses incurred in connection with their attendance at such meetings. For the year ended December 31, 2025, our directors and chief financial officer were paid cash compensation of $3 per meeting for attendance. The members of our audit committee and our chief financial officer received a fee of $2 per meeting for attendance at a meeting of our audit committee for the year ended December 31, 2025. Additionally, our chief financial officer and the members of our nominating and governance committee and compensation committee received a fee of $2 per meeting for attendance at a meeting of our nominating and governance committee and compensation committee for the year ended December 31, 2025.

Mr. Whyte, a current director, entered into a consulting agreement with PCEP as the sole stockholder and president of Pacific, pursuant to which he agreed to provide service and consultation with respect to the business and operations of PCEP and its affiliates, as may be requested from time to time by PCEP. See "*Part III. Item 13 - Certain Related Transactions and Relationships*".

Mr. Klink, a current director, entered into a consulting agreement with the Company as the president of TDK Holdings, Ltd., a Wisconsin corporation ("TDK"), pursuant to which he agreed to provide service and consultation with respect to the business and operations of the Company and its affiliates, as may be requested from time to time by the Company. See "*Part III. Item 13 - Certain Related Transactions and Relationships*".

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth information with respect to the beneficial ownership of our common stock as of April 7, 2026 by:

- each person known by us to beneficially own more than 5.0% of our common stock;
- each of our directors;
- each of the named executive officers; and
- all of our directors and executive officers as a group.

The percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. Except as indicated in the footnotes to this table, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned and each person's address, unless otherwise specified in the notes below, is c/o Pioneer Power Solutions, Inc., 400 Kelby Street, 12th Floor, Fort Lee, New Jersey 07024. As of April 7, 2026, we had 11,096,266 shares outstanding.

Name of beneficial owner	Number of shares beneficially owned (1)	Percentage beneficially owned (1)
Named Executive Officers and Directors		
Nathan J. Mazurek	2,207,663[2]	19.5%
Walter Michalec	318,000[4]	2.9%
Thomas Klink	248,500[3]	2.2%
Jonathan Tulkoff	55,500[5]	*
David Tesler	49,250[6]	*
Yossi Cohn	45,500[7]	*
Ian Ross	44,500[8]	*
Kytchener Whyte	35,000[9]	*
All directors and executive officers as a group (8 persons)	3,003,913	26.6%

* represents ownership of less than 1%.

(1) Shares of common stock beneficially owned and the respective percentages of beneficial ownership of common stock assumes the exercise of all options, warrants and other securities convertible into common stock beneficially owned by such person or entity currently exercisable or exercisable within 60 days of April 7, 2026. Shares issuable pursuant to the exercise of stock options and warrants exercisable within 60 days are deemed outstanding and held by the holder of such options or warrants for computing the percentage of outstanding common stock beneficially owned by such person, but are not deemed outstanding for computing the percentage of outstanding common stock beneficially owned by any other person.

(2) Includes 1,977,496 shares of common stock and 230,167 shares subject to stock options which are exercisable within 60 days of April 7, 2026.

(3) Includes 137,500 shares of common stock and 111,000 shares subject to stock options which are exercisable within 60 days of April 7, 2026.

(4) Includes 275,000 shares of common stock and 43,000 shares subject to stock options which are exercisable within 60 days of April 7, 2026.

(5) Includes 44,500 shares of common stock and 11,000 shares subject to stock options which are exercisable within 60 days of April 7, 2026.

(6) Includes 15,750 shares of common stock and 33,500 shares subject to stock options which are exercisable within 60 days of April 7, 2026.

(7) Includes 23,500 shares of common stock and 22,000 shares subject to stock options which are exercisable within 60 days of April 7, 2026.

(8) Includes 22,500 shares of common stock and 22,000 shares subject to stock options which are exercisable within 60 days of April 7, 2026.

(9) Includes 35,000 shares subject to stock options which are exercisable within 60 days of April 7, 2026.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Certain Related Transactions and Relationships

Generally, we do not enter into related party transactions unless the members of the board who do not have an interest in the potential transaction have reviewed the transaction and determined that (i) we would not be able to obtain better terms by engaging in a transaction with a non-related party and (ii) the transaction is in our best interest. This policy applies generally to any transaction in which we are to be a participant and the amount involved exceeds the lesser of $120 or 1% of the average of our total assets at year end for the previous two completed fiscal years, and in which any related person had or will have a direct or indirect material interest. This policy is not currently in writing. In addition, our audit committee, which was established on March 24, 2011, is required to pre-approve any related party transactions pursuant to its charter.

On June 7, 2024, Mr. Michalec, the Chief Financial Officer of the Company, surrendered 57,541 shares of common stock issued to him upon settlement of his vested RSUs to satisfy tax withholding obligations. On May 2, 2025, Mr. Michalec surrendered 25,000 shares of common stock issued to him upon settlement of his vested RSUs to satisfy tax withholding obligations. In each case, the shares were cancelled and retired by the Company.

On July 31, 2015, Pacific and PCEP entered into an Asset Purchase Agreement for the purchase and sale of substantially all of the assets of Pacific (the "Transaction"). In connection with the Transaction, Kytchener Whyte, a current director, entered into a consulting agreement with PCEP as the sole stockholder and president of Pacific, pursuant to which he agreed to provide service and consultation with respect to the business and operations of PCEP and its affiliates, as may be requested from time to time by PCEP (the "Whyte Consulting Agreement"). Mr. Whyte has remained a consultant of PCEP since July 31, 2015. The initial term ended on July 31, 2017, and has been renewed annually thereafter. In consideration for the consulting services Mr. Whyte performs as a consultant of PCEP, he originally received a monthly consulting fee of $17, as well as a 4% commission payment for product sales generated by new customer accounts solicited by him, through his solely owned personal business Blue Mountain Industries, Inc. Effective January 1, 2023, Mr. Whyte's monthly consulting fee was reduced to $5 with a 2% commission payment. Pursuant to the Whyte Consulting Agreement, for the fiscal year ended December 31, 2024, the Company paid Blue Mountain Industries, Inc. an aggregate amount of $91. During the fiscal year ended December 31, 2025, Blue Mountain Industries, Inc. received an additional $12 for board of directors meeting fees.

On January 1, 2024, TDK and the Company entered into a consulting agreement (the "TDK Consulting Agreement"). In connection with the TDK Consulting Agreement, Thomas Klink, a current director, entered into the TDK Consulting Agreement with the Company as the president of TDK, pursuant to which he agreed to provide service and consultation with respect to the business and operations of the Company and its affiliates, as may be requested from time to time by the Company. In consideration for the consulting services Mr. Klink performs as a consultant of the Company, he receives an hourly fee of $250 per hour. TDK received an additional $25 for board of director meeting fees during the fiscal year ended December 31, 2024 and $12 for board of directors meeting fees during the fiscal year ended December 31, 2025.

During the year ended December 31, 2025, the Company paid $410 to Vini Villa III Corp., dba EXP-KNOW-HOW, for services provided, including market feasibility, technology and regulatory research, concept and prototype design and rendering, pre-market entry analysis and promotional planning for the prospective introduction of new products to the Company's eMobility's line of business. Geo Murickan is the owner of Vini Villa III Corp. and the president of the Company's eMobility division.

During the year ended December 31, 2025, the Company sold a refurbished generator to Voltaris Power LLC ("Voltaris"), a related party. The Company recognized revenue of approximately $47 and cost of revenue of approximately $38 in connection with this transaction. The terms of the sale, including pricing, were consistent with those offered to unrelated third-party customers for similar goods. As of December 31, 2025, accounts receivable included approximately $52 due from Voltaris related to this transaction.

Director Independence

Our board of directors has determined that each of Yossi Cohn, Ian Ross, David Tesler and Jonathan Tulkoff satisfy the requirements for independence set out in Section 5605(a)(2) of the Nasdaq Stock Market Rules and that each of these directors has no material relationship with us (other than being a director and/or a stockholder). In making its independence determinations, the board of directors sought to identify and analyze all of the facts and circumstances relating to any relationship between a director, his immediate family or affiliates and our company and our affiliates and did not rely on categorical standards other than those contained in the Nasdaq Stock Market rule referenced above.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

BDO USA, P.C. served as our independent registered public accounting firm for the fiscal years ended December 31, 2025. On November 20, 2024, the audit committee of our board of directors approved the dismissal of Marcum LLP as the Company's independent registered public accounting firm, effective as of November 14, 2024, and informed Marcum LLP of such dismissal on the date thereof. On November 26, 2024, the Company entered into an engagement agreement with BDO USA, P.C., in which BDO USA, P.C. agreed to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2024.

The following table presents aggregate fees for professional services rendered by BDO USA, P.C. during the fiscal year ended December 31, 2025, and BDO USA, P.C. and Marcum LLP during the fiscal year ended December 31, 2024 (in thousands):

For the Years Ended December 31,	Audit fees [1] ($)	Audit-related fees [2] ($)	Tax fees [3] ($)	All other fees [4] ($)	Total fees ($)
2025					
BDO USA, P.C.	575	-	57	-	632
2024					
BDO USA, P.C.	436	-	156	-	592
Marcum LLP	718	-	-	26	744

(1) Audit fees consisted primarily of fees for the annual audit of our consolidated financial statements, the interim reviews of the quarterly consolidated financial statements and review of a registration statement.

(2) The Company did not incur any audit-related fees for the years ended December 31, 2025, and 2024.

(3) Tax fees consisted primarily of fees related to tax compliance.

(4) Other fees primarily consisted of charges for providing the successor auditor with access to the predecessor auditor's working papers.

Pre-Approval of Independent Registered Public Accounting Firm Fees and Services Policy

Our audit committee pre-approves all auditing and permitted non-audit services to be performed for us by our independent auditor against estimates submitted by the auditor, except for de minimis non-audit services that are approved by the audit committee prior to the completion of the audit. The audit committee has pre-established limits that require audit committee approval in advance of any additional funds that may be required in excess of the auditor's estimate. The audit committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services. The audit committee pre-approved all of the fees set forth in the table above.

CORPORATE INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS

Nathan J. Mazurek
President, Chief Executive Officer and Chairman of the Board of Directors

Walter Michalec
Chief Financial Officer, Treasurer and Secretary

Thomas Klink
Director
President and Chief Financial Officer, TDK Holdings LTD

Yossi Cohn
Director
Founder and Partner, EastSky Properties, LLC
Founder and Partner, L3C Capital Partners, LLC

Ian Ross
Director
Co-Founder, Omniverter Inc.
President, KIR Resources Inc. and KIR Technologies Inc.

David Tesler
Director
President, LeaseProbe Real Diligence

Jonathan Tulkoff
Director
Founder, Game Creek Inc.

Kytchener Whyte
Director
President, Blue Mountain Industries, Inc.

CORPORATE HEADQUARTERS

400 Kelby Street, 12th Floor
Fort Lee, New Jersey 07024
Telephone: (212) 867-0700

STOCK LISTING

NASDAQ: PPSI

INDEPENDENT AUDITOR FOR FISCAL YEAR ENDED DECEMBER 31, 2025

BDO USA, P.C.
200 Park Avenue, 38th Floor
New York, NY 10166

TRANSFER AGENT AND REGISTRAR

Securities Transfer Corporation
2901 N. Dallas Parkway, Suite 380
Plano, TX 75093

ANNUAL STOCKHOLDERS MEETING

The 2026 Annual Meeting of Stockholders will be held at 12:30 p.m. Eastern Time on November 12, 2026, at our office, located at 400 Kelby Street, 12th Floor, Fort Lee, New Jersey 07024. Shareholders of record on September 18, 2026, are entitled to notice of and to vote at the Annual Meeting.

COMPANY WEBSITE

Please visit Pioneer Power Solutions, Inc. on the Internet at: www.pioneerpowersolutions.com