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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenues	$ 5,058	$ 6,888	$ 14,343	$ 21,998
Cost of goods sold	3,889	6,248	11,609	19,896
Gross profit	1,169	640	2,734	2,102
Operating expenses				
Selling, general and administrative	2,572	1,976	7,845	6,878
Research and development	11	111	328	726
Impairment of software development costs	1,407	-	1,407	-
Total operating expenses	3,990	2,087	9,580	7,604
Operating loss from continuing operations	(2,821)	(1,447)	(6,846)	(5,502)
Interest income, net	96	184	303	615
Other income (expense), net	679	(438)	(70)	(118)
Loss before income taxes	(2,046)	(1,701)	(6,613)	(5,005)
Income tax expense	10	69	10	69
Net loss from continuing operations	(2,056)	(1,770)	(6,623)	(5,074)
(Loss) income from discontinued operations, net of income taxes	-	(580)	-	467
Net loss	$ (2,056)	$ (2,350)	$ (6,623)	$ (4,607)
Basic (loss) earnings per share:				
Loss from continuing operations	$ (0.19)	$ (0.16)	$ (0.60)	$ (0.46)
(Loss) earnings from discontinued operations	-	(0.05)	-	0.04
Basic loss per share	$ (0.19)	$ (0.21)	$ (0.60)	$ (0.42)
Diluted (loss) earnings per share:				
Loss from continuing operations	$ (0.19)	$ (0.16)	$ (0.60)	$ (0.46)
(Loss) earnings from discontinued operations	-	(0.05)	-	0.04
Diluted loss per share	$ (0.19)	$ (0.21)	$ (0.60)	$ (0.42)
Weighted average common shares outstanding:				
Basic	11,098,639	11,095,266	11,096,839	11,106,439
Diluted	11,098,639	11,095,266	11,096,839	11,106,439

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

	September 30, 2026	December 31, 2025
ASSETS		
Current assets		
Cash	$ 9,352	$ 14,959
Accounts receivable, net of allowance for credit losses of $139 and $23 as of September 30, 2026, and December 31, 2025, respectively	3,757	3,133
Inventories	8,838	6,315
Prepaid expenses and other current assets	1,338	1,134
Total current assets	23,285	25,541
Property and equipment, net	3,226	5,400
Operating lease right-of-use assets, net	962	1,144
Financing lease right-of-use assets, net	239	332
Investments	-	418
Lease receivable	2,388	2,576
Other assets	267	44
Total assets	$ 30,367	$ 35,455
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 4,595	$ 3,745
Current portion of operating lease liabilities, net	255	223
Current portion of financing lease liabilities, net	105	123
Deferred revenue	1,362	791
Total current liabilities	6,317	4,882
Operating lease liabilities, non-current portion, net	743	936
Financing lease liabilities, non-current portion, net	144	219
Other long-term liabilities	450	101
Total liabilities	7,654	6,138
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; 11,099,266 and 11,095,266 shares issued and outstanding as of September 30, 2026, and December 31, 2025, respectively	11	11
Additional paid-in capital	35,324	35,305
Accumulated deficit	(12,622)	(5,999)
Total stockholders' equity	22,713	29,317
Total liabilities and stockholders' equity	$ 30,367	$ 35,455

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

	For the Nine Months Ended September 30,	
	2026	**2025**
Operating activities		
Net loss	$ (6,623)	$ (4,607)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	769	753
Amortization of financing lease right-of-use assets	93	92
Non cash lease expense	182	177
Gain on change in consideration due to buyer	-	(1,147)
Selling profit on sales-type leases	-	(749)
Loss on disposal of property and equipment	13	183
Impairment of software development costs	1,407	-
Provision for credit losses	147	112
Stock-based compensation	12	25
Loss attributable to equity method investee, net of gain on redemption of preferred interests	78	198
Changes in current operating assets and liabilities:		
Accounts receivable, net	(722)	3,060
Inventories	(2,523)	(110)
Prepaid expenses and other assets	(111)	1,360
Accounts payable, accrued liabilities and other liabilities	792	(499)
Income taxes	-	(3,323)
Deferred revenue	571	(120)
Lease receivables	188	-
Operating lease liabilities and other long term liabilities	188	(185)
Net cash used in operating activities	(5,539)	(4,780)
Investing activities		
Purchase of property and equipment	(366)	(1,532)
Payment of consideration payable	-	(2,200)
Investment in equity method investee	(452)	-
Proceeds from redemption of preferred interests in equity method investee	792	-
Dividend received from equity method investee	-	981
Proceeds from sale of fixed assets	44	-
Net cash provided by (used in) investing activities	18	(2,751)
Financing activities		
Net proceeds from the exercise of options for common stock	7	-
Payment of cash dividend	-	(16,665)
Principal repayments of financing leases	(93)	(90)
Net cash used in financing activities	(86)	(16,755)
Net decrease in cash	(5,607)	(24,286)
Cash, beginning of period	14,959	41,622
Cash, end of period	$ 9,352	$ 17,336
Supplemental cash flow information:		
Interest paid	$ -	$ 8
Income taxes paid, net of refunds	-	3,924
Non-cash investing and financing activities:		
Surrender and retirement of common stock	-	148
Transfer from property and equipment to inventory	-	(602)
Sales-type lease origination	-	1,410
Derecognition of assets in exchange for net investment in sales-type lease	-	(661)
Property and equipment obtained in exchange for accounts payable and accrued liabilities	58	339
Sale of rental equipment in exchange for accounts receivable	49	-
Finance lease ROU assets obtained in exchange for financing lease liabilities	-	248

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
GAAP operating loss from continuing operations	$ (2,821)	$ (1,447)	$ (6,846)	$ (5,502)
Corporate overhead expenses	1,374	806	3,471	2,994
Research and development expenses	11	112	328	726
Depreciation and amortization expenses	279	263	862	845
Non-recurring costs and professional fees	1,478	70	2,170	250
Non-GAAP operating income (loss) from continuing operations	$ 321	$ (196)	$ (15)	$ (687)