

REFINITIV

# DELTA REPORT

10-Q

PPSI - PIONEER POWER SOLUTIONS,  
10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	822
CHANGES	299
DELETIONS	214
ADDITIONS	309

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June** **September** 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-35212

**PIONEER POWER SOLUTIONS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**400 Kelby Street, 12th Floor**

**Fort Lee, New Jersey**

(Address of principal executive offices)

**27-1347616**

(I.R.S. Employer  
Identification No.)

**07024**

(Zip Code)

**(212 (212)) 867-0700**

(Registrant's telephone number, including area code code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	PPSI	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

The number of shares outstanding of the registrant's common stock, \$0.001 par value, as of **August 11, 2023** **November 13, 2023** was **10,009,545** **9,930,022**.

**PIONEER POWER SOLUTIONS, INC.**  
**Form 10-Q**  
**For the Quarterly Period Ended June 30, 2023 September 30, 2023**

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

	2023	2022 (Revised)	2023	2022 (Revised)	2023	2022	2023	2022
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022 (Revised)	2023	2022 (Revised)	2023	2022	2023	2022
Revenues	\$ 12,130	\$ 4,863	\$ 20,638	\$ 11,225	\$ 12,443	\$ 6,251	\$ 33,080	\$ 17,476
Cost of goods sold	9,419	4,800	15,714	10,239	8,732	5,390	24,445	15,629
Gross profit	2,711	63	4,924	986	3,711	861	8,635	1,847
Operating expenses								
Selling, general and administrative	3,089	2,585	5,246	4,331	2,758	2,305	8,004	6,636
Total operating expenses	3,089	2,585	5,246	4,331	2,758	2,305	8,004	6,636
Loss from operations	(378)	(2,522)	(322)	(3,345)				
Income (loss) from operations					953	(1,444)	631	(4,789)
Interest income	(79)	(104)	(132)	(206)	(60)	(116)	(192)	(322)
Other expense, net	20	117	7	129				
Loss before income taxes	(319)	(2,535)	(197)	(3,268)				
Other (income) expense, net					(11)	(17)	(4)	112
Income (loss) before income taxes					1,024	(1,311)	827	(4,579)
Income tax expense	-	-	-	7	-	-	-	7
Net loss	\$ (319)	\$ (2,535)	\$ (197)	\$ (3,275)				
Net income (loss)					\$ 1,024	\$ (1,311)	\$ 827	\$ (4,586)
Loss per share:								
Income (loss) per share:								
Basic	\$ (0.03)	\$ (0.26)	\$ (0.02)	\$ (0.34)	\$ 0.10	\$ (0.13)	\$ 0.08	\$ (0.47)
Diluted	\$ (0.03)	\$ (0.26)	\$ (0.02)	\$ (0.34)	\$ 0.10	\$ (0.13)	\$ 0.08	\$ (0.47)
Weighted average common shares outstanding:								
Basic	9,908,434	9,727,878	9,838,989	9,684,610	10,010,226	9,769,545	9,896,850	9,713,335
Diluted	9,908,434	9,727,878	9,838,989	9,684,610	10,250,099	9,769,545	10,049,009	9,713,335

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)

	2023	2022		
	June 30,	December 31,	September 30,	December 31,
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
<b>ASSETS</b>				
Current assets				
Cash	\$ 9,624	\$ 10,296	\$ 7,581	\$ 10,296
Accounts receivable, net	5,835	11,139	8,936	11,139
Inventories	8,457	8,748	8,280	8,748
Prepaid expenses and other current assets	2,625	2,853	5,518	2,853
Total current assets	26,541	33,036	30,315	33,036
Property and equipment, net	2,383	1,800	3,775	1,800
Operating lease right-of-use assets	1,110	1,450	936	1,450
Financing lease right-of-use assets	523	727	458	727
Deferred financing costs			195	-
Other assets	138	162	82	162
Total assets	\$ 30,695	\$ 37,175	\$ 35,761	\$ 37,175
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 6,791	\$ 7,239	\$ 9,772	\$ 7,239
Current portion of operating lease liabilities	733	703	704	703
Current portion of financing lease liabilities	192	355	157	355
Deferred revenue	4,462	10,665	5,980	10,665
Total current liabilities	12,178	18,962	16,613	18,962
Operating lease liabilities, non-current portion	423	797	276	797
Financing lease liabilities, non-current portion	353	418	320	418
Other long-term liabilities	57	65	53	65
Total liabilities	13,011	20,242	17,262	20,242
Stockholders' equity				
Preferred stock, \$0.001 par value, 5,000,000 shares authorized; none issued	-	-	-	-
Common stock, \$0.001 par value, 30,000,000 shares authorized; 9,994,545 and 9,644,545 shares issued and outstanding on June 30, 2023 and December 31, 2022, respectively	10	10		
Common stock, \$0.001 par value, 30,000,000 shares authorized; 9,930,022 and 9,644,545 shares issued and outstanding on September 30, 2023 and December 31, 2022, respectively			10	10
Additional paid-in capital	33,821	32,859	33,612	32,859
Accumulated other comprehensive income	-	14	-	14
Accumulated deficit	(16,147)	(15,950)	(15,123)	(15,950)
Total stockholders' equity	17,684	16,933	18,499	16,933
Total liabilities and stockholders' equity	\$ 30,695	\$ 37,175	\$ 35,761	\$ 37,175

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

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

	2023	2022 (Revised)	2023	2022
	Six Months Ended		Nine Months Ended	
	June 30,		September 30,	
	2023	2022 (Revised)	2023	2022
<b>Operating activities</b>				
Net loss	\$ (197)	\$ (3,275)		
Adjustments to reconcile net loss to net cash provided by/ (used in) operating activities:				
Net income (loss)			\$ 827	\$ (4,586)
Adjustments to reconcile net income (loss) to net cash used in operating activities:				
Depreciation	227	73	370	113
Amortization of right-of-use financing leases	205	124	269	177
Amortization of imputed interest	-	(214)	-	(321)
Amortization of right-of-use operating leases	340	328	514	495
Change in receivable reserves	44	(141)	80	(140)
Stock-based compensation	962	716	1,246	859
Other	(13)	-	(15)	-
Changes in current operating assets and liabilities:				
Accounts receivable	5,283	(2,642)	1,805	(1,253)
Inventories	291	(3,987)	468	(4,319)
Prepaid expenses and other assets	224	(67)	(2,990)	167
Income taxes	(4)	27	(4)	24
Accounts payable and accrued liabilities	(449)	1,796	2,407	1,141
Deferred revenue	(6,204)	5,966	(4,685)	4,198
Operating lease liabilities	(343)	(325)	(520)	(491)
Net cash provided by/ (used in) operating activities	366	(1,621)		
Net cash used in operating activities			(228)	(3,936)
<b>Investing activities</b>				
Purchases of property and equipment	(810)	(174)	(2,345)	(391)
Net cash used in investing activities	(810)	(174)	(2,345)	(391)
<b>Financing activities</b>				
Net proceeds from the exercise of options for common stock	-	17	50	17
Net proceeds from issuance of common stock			177	-
Payment of deferred financing costs			(73)	-
Principal repayments of financing leases	(228)	(136)	(296)	(179)
Net cash used in financing activities	(228)	(119)	(142)	(162)
Decrease in cash	(672)	(1,914)	(2,715)	(4,489)
Cash, beginning of period	10,296	11,699	10,296	11,699
Cash, end of period	\$ 9,624	\$ 9,785	\$ 7,581	\$ 7,210
<b>Non-cash investing and financing activities:</b>				
Acquisition of right-of-use assets and lease liabilities	\$ -	\$ 551	\$ -	\$ 551
Deferred financing costs included in accounts payable and accrued liabilities			122	-
Surrender and retirement of common stock			720	-

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)  
(Unaudited)

	Common Stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
<b>Balance - March 31, 2022 (revised)</b>	9,644,545	\$ 10	\$ 31,914	\$ 14	\$ (13,052)	\$ 18,886
Net loss	-	-	-	-	(2,535)	(2,535)
Stock-based compensation	-	-	659	-	-	659
<b>Balance - June 30, 2022 (revised)</b>	<u>9,644,545</u>	<u>\$ 10</u>	<u>\$ 32,573</u>	<u>\$ 14</u>	<u>\$ (15,587)</u>	<u>\$ 17,010</u>
<b>Balance - March 31, 2023</b>	9,769,545	\$ 10	\$ 33,002	\$ -	\$ (15,828)	\$ 17,184
Net loss	-	-	-	-	(319)	(319)
Stock-based compensation	225,000	-	819	-	-	819
<b>Balance - June 30, 2023</b>	<u>9,994,545</u>	<u>\$ 10</u>	<u>\$ 33,821</u>	<u>\$ -</u>	<u>\$ (16,147)</u>	<u>\$ 17,684</u>

	Common Stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
<b>Balance - June 30, 2022 (revised)</b>	9,644,545	\$ 10	\$ 32,573	\$ 14	\$ (15,587)	\$ 17,010
Net loss	-	-	-	-	(1,311)	(1,311)
Stock-based compensation	-	-	143	-	-	143
<b>Balance - September 30, 2022</b>	<u>9,644,545</u>	<u>\$ 10</u>	<u>\$ 32,716</u>	<u>\$ 14</u>	<u>\$ (16,898)</u>	<u>\$ 15,842</u>
<b>Balance - June 30, 2023</b>	9,994,545	\$ 10	\$ 33,821	\$ -	\$ (16,147)	\$ 17,684
Net income	-	-	-	-	1,024	1,024
Stock-based compensation	10,000	-	285	-	-	285
Exercise of stock options	15,000	-	50	-	-	50
Issuance of common stock, net of transaction costs	27,559	-	177	-	-	177
Surrender and retirement of common stock	(117,082)	-	(720)	-	-	(720)
<b>Balance - September 30, 2023</b>	<u>9,930,022</u>	<u>\$ 10</u>	<u>\$ 33,612</u>	<u>\$ -</u>	<u>\$ (15,123)</u>	<u>\$ 18,499</u>

	Accumulated						Accumulated			
	Common Stock		Additional paid-in capital	other comprehensive income	Accumulated deficit	Total stockholders' equity	Common Stock		Additional paid-in capital	other comprehensive income
	Shares	Amount					Shares	Amount		
<b>Balance - January 1, 2022</b>	9,640,545	\$ 10	\$ 31,840	\$ 14	\$ (12,312)	\$ 19,552	9,640,545	\$ 10	\$ 31,840	\$
Net loss	-	-	-	-	(3,275)	(3,275)	-	-	-	-
Stock-based compensation	-	-	716	-	-	716	-	-	859	-
Exercise of stock options	4,000	-	17	-	-	17	4,000	-	17	-
<b>Balance - June 30, 2022 (revised)</b>	<u>9,644,545</u>	<u>\$ 10</u>	<u>\$ 32,573</u>	<u>\$ 14</u>	<u>\$ (15,587)</u>	<u>\$ 17,010</u>				
<b>Balance - September 30, 2022</b>							<u>9,644,545</u>	<u>\$ 10</u>	<u>\$ 32,716</u>	<u>\$</u>

Balance - January 1, 2023	9,644,545	\$	10	\$	32,859	\$	14	\$	(15,950)	\$	16,933	9,644,545	\$	10	\$	32,859	\$
Balance	9,644,545	\$	10	\$	32,859	\$	14	\$	(15,950)	\$	16,933	9,644,545	\$	10	\$	32,859	\$
Net loss	-		-		-		-		(197)		(197)						
Net income												-		-		-	
Net income (loss)												-		-		-	
Stock-based compensation	350,000		-		962		-		-		962	360,000		-		1,246	
Exercise of stock options												15,000		-		50	
Issuance of common stock, net of transaction costs												27,559		-		177	
Surrender and retirement of common stock												(117,082)		-		(720)	
Other	-		-		-		(14)		-		(14)	-		-		-	
Balance - June 30, 2023	9,994,545	\$	10	\$	33,821	\$	-	\$	(16,147)	\$	17,684						
Balance - September 30, 2023												9,930,022	\$	10	\$	33,612	\$
Balance	9,994,545	\$	10	\$	33,821	\$	-	\$	(16,147)	\$	17,684	9,930,022	\$	10	\$	33,612	\$

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

**PIONEER POWER SOLUTIONS, INC.**  
**Notes to Unaudited Consolidated Financial Statements for the Quarterly Period Ended June 30, 2023 September 30, 2023**  
(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 subsidiaries (referred to herein as the "Company," "Pioneer," "we," "our" and "us") design, manufacture, integrate, refurbish, service, distribute and sell electric power systems, 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, electric, gas and water utilities, data center developers and owners, EV charging infrastructure developers and owners, and distributed energy developers. The Company is headquartered in Fort Lee, New Jersey and operates from three (3) additional locations in the U.S. for manufacturing, service and maintenance, engineering, sales and administration.

We have two reportable segments as defined in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on April 11, 2023: Transmission and Distribution Solutions ("T&D Solutions") and Critical Power Solutions ("Critical Power").

**Presentation**

The accompanying unaudited interim consolidated financial statements of the Company have been prepared pursuant to the rules of the SEC and reflect the accounts of the Company as of June 30, 2023 September 30, 2023. Certain information and footnote disclosures, normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), have been condensed or omitted pursuant to those rules and regulations. We believe 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 interim consolidated financial statements have been included. The results of operations for the interim period are not necessarily indicative of the results for the entire fiscal year. The year-end balance sheet data was derived from audited financial statements but this filing does not include all disclosures required by U.S. GAAP for a year-end balance sheet.

All dollar amounts (except share and per share data) presented in the notes to our unaudited interim consolidated financial statements are stated in thousands of dollars, unless otherwise noted. Amounts may not foot due to rounding. ASC 740-270 requires the use of an estimated annual effective tax rate to compute the tax provision during an interim period unless certain exceptions are met. We have used a discrete-period computation method to calculate taxes for the fiscal three and six-month nine-month period ended June 30, 2023 September 30, 2023. The Company anticipates that its annual effective tax rate will be 0% for the year ending December 31, 2023. As of June 30, 2023 September 30, 2023, the Company continues to provide a 100% valuation allowance against its net deferred tax assets since the Company believes it is more likely than not that its deferred tax assets will not be realized.

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

These unaudited interim consolidated financial statements should be read in conjunction with the risk factors under the heading "Part II - Item 1A. Risk Factors" and the risk factors and the audited consolidated financial statements and notes thereto of the Company and its subsidiaries included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

**Liquidity**

The accompanying financial statements have been prepared on a basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, as of June 30, 2023 September 30, 2023, the Company had \$9,624,758 of cash on hand and working capital of \$14,363,13,702. The cash on hand was generated primarily from the sale of common stock under the ATM Program (as defined below) during the year ended December 31, 2021 and, payment of all unpaid principal and interest from the two subordinated promissory notes we received in connection with the sale of the transformer business units in August 2019 for an aggregate principal amount of \$7,500 (the "Seller Notes") during the year ended December 31, 2022, and cash flows from operating activities. On October 20, 2020, we entered into an At the Market Sale Agreement with H.C. Wainwright & Co., LLC ("Wainwright"), pursuant to which we may offer and sell our shares of common stock from time to time through Wainwright, acting as sales agent or principal (the "ATM Program"). Since October 20, 2020, and through September 30, 2023, the Company sold an aggregate of 916,059 shares of common stock for aggregate gross proceeds of approximately \$9,183, before any sales agent fees and expenses payable by us under the ATM Program. During the three and nine months ended September 30, 2023, the Company sold an aggregate of 27,559 shares of common stock for an aggregate consideration of approximately \$184, before any sales agent fees and expenses payable by us.

We have historically met our cash needs through a combination of cash flows from operating activities and bank borrowings, the completion of the Equity Transaction, proceeds from the sale of the CleanSpark common stock and warrants to purchase CleanSpark common stock, sale of common stock under the ATM Program funding from the Payroll Protection Program and collecting all unpaid principal and interest from the Seller Notes. Our Historically, our cash requirements historically 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 our operating activities. We expect our cash requirements to be generally for operating activities, product development and capital improvements. The Company expects that its current cash balance is sufficient to fund operations for the next twelve months.

On December 13, 2021, we filed a prospectus supplement to a prospectus which forms a part of our registration statement on Form S-3 (File No. 333-249569) (the "Prior Shelf Registration Statement"), that was declared effective by the SEC on October 27, 2020 (the "Prior ATM Prospectus"), in connection with the offer and sale of up to an aggregate offering amount of \$8,600 of common stock that may be issued and sold under the ATM Program. We did not sell any Prior to the expiration of the Prior Shelf Registration Statement at the end of its three-year term, we sold an aggregate of 27,559 shares of common stock for an aggregate consideration of approximately \$184, before any sales agent fees and expenses payable by us, under the Prior ATM Prospectus. On August 30, 2023, we filed a new registration statement on Form S-3 (File No. 333-274266) to replace the Prior Shelf Registration Statement, including a base prospectus which covers the offering, issuance and sale of up to \$150,000 of common stock, preferred stock, warrants and/or units; and a sales agreement prospectus covering the offering, issuance and sale of up to a maximum aggregate offering price of \$75,000 of common stock that may be issued and sold under the ATM Program during (the "New ATM Prospectus"). The new registration statement was declared effective by the six months ended June 30, 2023 SEC on September 8, 2023. As of June 30, 2023 September 30, 2023, \$8,600 75,000 of common stock remained available for issuance under the New ATM Program Prospectus.

## Risks and Uncertainties

The World Health Organization determined that COVID-19 no longer fit the definition of a public health emergency and the U.S. government announced that the declaration of a public health emergency associated with COVID-19 expired on May 11, 2023. However, COVID-19 has remained and is expected to continue to remain as a serious endemic threat for an indefinite future period and may continue to adversely affect the global economy. The continuing impacts of the COVID-19 endemic, as well as rising interest rates, inflation, changes in foreign currency exchange rates and geopolitical developments, (including such as the war in Ukraine) ongoing conflict between Russia and Ukraine, and the ongoing conflict between Israel and Hamas, 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. 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 continuing impacts of the COVID-19 endemic and the extent of geopolitical disruption and their respective impacts 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. During the six nine months ended June 30, 2023 September 30, 2023, the Company was able to operate substantially at capacity.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's There have been no material changes to the significant accounting policies are described included in Note 2 to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022. There have been no significant changes, except as disclosed in the Company's accounting policies during the second quarter of 2023, this note.

### Recent Accounting Pronouncements

There have been no recent accounting pronouncements not yet adopted by the Company which would have a material impact on the Company's financial statements.

Accounting Standards Update ("ASU") 2023-03, "Presentation of Financial Statements (Topic 205), Income Statement - Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation - Stock Compensation (Topic 718): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 Emerging Issues Task Force ("EITF") Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280 - General Revision of Regulation S-X: Income or Loss Applicable to Common Stock." ASU 2023-03 amends the ASC for SEC updates pursuant to SEC Staff Accounting Bulletin No. 120; SEC Staff Announcement at the March 24, 2022 EITF Meeting; and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280 - General Revision of Regulation S-X: Income or Loss Applicable to Common Stock. These updates were immediately effective and did not have a significant impact on our financial statements.

### Accounts Receivable

On January 1, 2023, the Company adopted ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments," using a modified retrospective approach. The standard amends several aspects of the measurement of credit losses related to certain financial instruments, including the replacement of the existing incurred credit loss model and other models with the current expected credit losses model. The cumulative effect of adoption did not result in an adjustment to the allowance for credit loss, and accordingly, the Company's accumulated deficit as of January 1, 2023.

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 were no allowances for expected credit losses as of June 30, 2023 September 30, 2023 and December 31, 2022.

### Deferred Financing Costs

Certain legal, accounting and other third-party fees that are directly associated with equity financings are capitalized as deferred financing costs and included as a non-current asset on the balance sheet until such financings are consummated. After consummation of the equity financing, these costs will be recorded in the stockholders' equity section of the consolidated balance sheets as a reduction of additional paid-in capital generated as a result of the offering, to the extent there are sufficient proceeds. Should the equity financing no longer be considered probable of being consummated, all deferred financing costs would be charged to operating expenses in the consolidated statements of operations.

## 3. REVENUES

### Nature of our products and services

Our principal products and services include electric power systems, distributed energy resources, power generation equipment and mobile EV charging solutions.

#### Products

Our T&D Solutions business provides electric power systems and distributed energy resources that help customers effectively and efficiently protect, control, transfer, monitor and manage their electric energy requirements.

Our Critical Power business provides customers with our suite of mobile e-Boost electric vehicle charging solutions and power generation equipment.

#### Services

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.

Our principal source of revenue is derived from sales of products and fees for services. We measure revenue based upon the consideration specified in the customer arrangement, and revenue is recognized when the performance obligations in the customer arrangement are satisfied. 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 our 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 we expect to receive in exchange for those products or services.

During the three months ended June 30, 2023 September 30, 2023, the Company recognized \$2,467,891 of revenue over time and incurred costs of \$2,103,640. During the three months ended June 30, 2022 September 30, 2022, the Company recognized \$2,410,574 of revenue over time and incurred costs of \$2,100,592. Additionally, the Company recognized \$7,773,146 and \$2,432,178 of revenue at a point in time from the sale of our products during the three months ended June 30, 2023 September 30, 2023 and 2022, 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 \$1,890,206 and \$1,857,205 of service revenue during the three months ended June 30, 2023 September 30, 2023 and 2022, respectively.

During the six nine months ended June 30, 2023 September 30, 2023, the Company recognized \$3,128,18,963 of revenue over time and incurred costs of \$2,652. During the six months ended June 30, 2022, the Company recognized \$900 of revenue over time and incurred costs of \$13,195,870. During the nine months ended September 30, 2022, the Company recognized \$3,309 of revenue over time and incurred costs of \$2,881. Additionally, the Company recognized \$8,103,13,558 and \$8,723,6,934 of revenue at a point in time from the sale of our products during the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

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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 \$3,952,601 and \$5,443,391 of service revenue during the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

During the three months ended June 30, 2023 September 30, 2023, the Company recognized approximately \$3,285,256 of revenue that was classified as deferred revenue as of December 31, 2022, as compared to \$81 of revenue recognized during the three months ended September 30, 2022 that was classified as deferred revenue at December 31, 2021.

During the nine months ended September 30, 2023, the Company recognized approximately \$8,336 of revenue that was recognized as deferred revenue at December 31, 2022, as compared to \$214 of revenue during the three months ended June 30, 2022 that was recognized as deferred revenue at December 31, 2021.

During the six months ended June 30, 2023, the Company recognized approximately \$7,794 of revenue that was recognized as deferred revenue at December 31, 2022, as compared to \$2,056,213 of revenue during the six nine months ended June 30, 2022 September 30, 2022 that was recognized as deferred revenue at December 31, 2021.

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 of June 30, 2023 September 30, 2023, two three customers represented approximately 60 36%, 16% and 16 14% of the Company's accounts receivable. At December 31, 2022, three customers represented approximately 57%, 13% and 11% of the Company's accounts receivable.

For the three months ended June 30, 2023 September 30, 2023, one customer two customers represented approximately 63% 54% and 17% of the Company's revenue. For the three months ended June 30, 2022 September 30, 2022, two customers one customer represented approximately 35% 54 and 11% of the Company's revenue.

For the six nine months ended June 30, 2023 September 30, 2023, two customers represented approximately 57 42% and 10 22% of the Company's revenue. For the six nine months ended June 30, 2022 September 30, 2022, three two customers represented approximately 18 31%, 16% and 13 12% of the Company's revenue.

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 three and six nine months ended June 30, 2023 September 30, 2023 and 2022 were insignificant.

The following table presents our revenues disaggregated by revenue discipline:

	2023	2022 (Revised)	2023	2022 (Revised)	2023	2022	2023	2022
	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022 (Revised)	2023	2022 (Revised)	2023	2022	2023	2022
Products	\$ 10,240	\$ 3,006	\$ 16,686	\$ 7,834	\$ 10,380	\$ 4,198	\$ 27,066	\$ 12,032
Services	1,890	1,857	3,952	3,391	2,063	2,053	6,014	5,444
Total revenue	\$ 12,130	\$ 4,863	\$ 20,638	\$ 11,225	\$ 12,443	\$ 6,251	\$ 33,080	\$ 17,476

See "Note 10 9 - Business Segment and Geographic Information".

#### 4. REVISION OF PRIOR PERIOD FINANCIAL STATEMENTS

In connection with the preparation of our consolidated interim financial statements for the quarter ended September 30, 2022, we completed an analysis of one of our customer contracts under ASC 606 and, as a result, we determined that the performance obligations are satisfied over time. See "Note 3 – Revenues in Notes to Consolidated Financial Statements" in Part I of this Quarterly Report on Form 10-Q. As a result of the analysis, we identified additional revenues to be recognized of \$574 and \$900 related to the three and six months ended June 30, 2022, respectively, along with the additional related cost of revenues of \$592 and \$870, respectively.

The following tables reconcile the balances as previously reported in the Quarterly Reports on Form 10-Q as of and for the three and six months ended June 30, 2022 to the as revised balances:

For The Three Months Ended June 30, 2022			
Condensed Consolidated Statements of Operations (Unaudited)	As Reported	Adjustment	As Revised
Revenues	\$ 4,289	\$ 574	\$ 4,863
Cost of goods sold	\$ 4,208	\$ 592	\$ 4,800
Gross profit	\$ 81	\$ (18)	\$ 63
Net loss	\$ (2,517)	\$ (18)	\$ (2,535)
Loss per share - basic and diluted	\$ (0.26)	-	\$ (0.26)
Weighted average common shares outstanding - basic and diluted	9,728	-	9,728
For The Six Months Ended June 30, 2022			
Condensed Consolidated Statements of Operations (Unaudited)	As Reported	Adjustment	As Revised
Revenues	\$ 10,325	\$ 900	\$ 11,225
Cost of goods sold	\$ 9,369	\$ 870	\$ 10,239
Gross profit	\$ 956	\$ 30	\$ 986
Net loss	\$ (3,305)	\$ 30	\$ (3,275)
Loss per share - basic and diluted	\$ (0.34)	-	\$ (0.34)
Weighted average common shares outstanding - basic and diluted	9,685	-	9,685
June 30, 2022			
Condensed Consolidated Balance Sheet (Unaudited)	As Reported	Adjustment	As Revised
Total current assets	\$ 31,080	\$ (870)	\$ 30,210
Total assets	\$ 34,116	\$ (870)	\$ 33,246
Total current liabilities	\$ 15,696	\$ (900)	\$ 14,796
Total liabilities	\$ 17,136	\$ (900)	\$ 16,236
Total stockholders' equity	\$ 16,980	\$ 30	\$ 17,010
For The Six Months Ended June 30, 2022			
Cash Flows From Operating Activities (Unaudited)	As Reported	Adjustment	As Revised
Net loss	\$ (3,305)	\$ 30	\$ (3,275)
Changes in current operating assets and liabilities:			
Inventories	\$ (4,857)	\$ 870	\$ (3,987)
Deferred revenue	\$ 6,866	\$ (900)	\$ 5,966
Net cash used in operating activities	\$ (1,621)	\$ -	\$ (1,621)
For The Six Months Ended June 30, 2022			
Consolidated Statement of Stockholders' Equity (Unaudited)	As Reported	Adjustment	As Revised
Accumulated deficit	\$ (15,617)	\$ 30	\$ (15,587)
Total stockholders' equity	\$ 16,980	\$ 30	\$ 17,010

In accordance with SEC Staff Accounting Bulletin No. 108, we evaluated this revision based on an analysis of quantitative and qualitative factors as to whether it was material to the consolidated statements of operations for the three and six months ended June 30, 2022 and if amendments of previously filed financial statements with the SEC are required. We determined that the adjustment is neither quantitatively nor qualitatively material and, therefore, the revision does not have a material impact to the consolidated statements of operations for the three and six months ended June 30, 2022 or other prior periods.



5. INVENTORIES

The components of inventories are summarized below:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Raw materials	\$ 5,705	\$ 2,962	\$ 6,808	\$ 2,962
Work in process	2,752	5,786	1,472	5,786
Total inventories	\$ 8,457	\$ 8,748	\$ 8,280	\$ 8,748

Inventories are stated at the lower of cost or a net realizable value determined on a weighted average method.

## 6.5. PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized below:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Machinery, vehicles and equipment	\$ 2,765	\$ 2,308	\$ 3,209	\$ 2,308
Furniture and fixtures	208	208	208	208
Computer hardware and software	612	591	638	591
Leasehold improvements	368	368	368	368
Construction in progress	831	499	1,896	499
	4,784	3,974	6,319	3,974
Less: accumulated depreciation	(2,401)	(2,174)	(2,544)	(2,174)
Total property and equipment, net	\$ 2,383	\$ 1,800	\$ 3,775	\$ 1,800

Depreciation expense was \$97,143 and \$37,400 for the three months ended June 30, 2023 and September 30, 2023 and 2022, respectively.

Depreciation expense was \$227,370 and \$73,113 for the six months ended June 30, 2023 and September 30, 2023 and 2022, respectively.

## 7.6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Accounts payable	\$ 5,542	\$ 5,615	\$ 4,961	\$ 5,615
Accrued liabilities	1,249	1,624	4,811	1,624
Total accounts payable and accrued liabilities	\$ 6,791	\$ 7,239	\$ 9,772	\$ 7,239

Accrued liabilities primarily consist of accrued legal settlement costs, accrued sales commissions, accrued compensation and benefits, accrued sales and use taxes and accrued insurance. At June 30, 2023, accrued legal settlement costs were \$3,500 and \$0, respectively. See Note 10 for details. As of September 30, 2023 and December 31, 2022, accrued legal settlement costs were \$3,500 and \$0, respectively. As of September 30, 2023 and December 31, 2022, accrued sales commissions were \$250,366 and \$278, respectively. Accrued compensation and benefits at June 30, 2023 as of September 30, 2023 and December 31, 2022 were \$345,312 and \$213, respectively. Accrued sales and use taxes at June 30, 2023 as of September 30, 2023 and December 31, 2022 were \$108,30 and \$258, respectively, and there was \$157 no of accrued insurance at June 30, 2023 as of September 30, 2023 compared to \$559 at December 31, 2022. The remainder of accrued liabilities are comprised of several insignificant accruals in connection with normal business operations.

At June 30, 2023, one supplier represented approximately 15% As of the Company's accounts payable. At September 30, 2023 and December 31, 2022, none of the Company's suppliers represented more than 10% of the Company's accounts payable.

## 8. 7. STOCK-BASED COMPENSATION

### Stock-Based Compensation

A summary of stock option activity during the **six** **nine** months ended **June 30, 2023** **September 30, 2023** is as follows:

	<b>Stock Options</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual term</b>	<b>Aggregate intrinsic value</b>
Outstanding as of January 1, 2023	670,667	\$ 5.45		
Granted	97,500	5.80		
Exercised	(15,000)	3.31		
Forfeited	(35,000)	5.60		
Outstanding as of September 30, 2023	718,167	\$ 5.53	5.70	\$ 1,056
Exercisable as of September 30, 2023	623,167	\$ 5.50	5.10	\$ 983

  

	<b>Stock Options</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual term</b>	<b>Aggregate intrinsic value</b>
Outstanding as of January 1, 2023	670,667	\$ 5.45		
Granted	77,500	5.52		
Exercised	-	-		
Forfeited	(35,000)	5.60		
Outstanding as of June 30, 2023	713,167	\$ 5.45	5.90	\$ 2,216
Exercisable as of June 30, 2023	638,167	\$ 5.45	5.50	\$ 1,995

A summary of RSU activity during the six nine months ended June 30, 2023 September 30, 2023 is as follows:

					Weighted-average grant-date fair value per share	Weighted-average grant-date fair value
	Number of units	Weighted-average grant-date fair value per share	Weighted-average grant-date fair value	Number of units	share	fair value
Unvested restricted stock units as of January 1, 2023	250,000	\$ 4.35	\$ 1,087	250,000	\$ 4.35	\$ 1,087
Units granted	100,000	5.75	575	100,000	5.75	575
Units vested	(225,000)	4.97	(1,118)	(225,000)	4.97	(1,119)
Units forfeited	-	-	-	-	-	-
Unvested restricted stock units as of June 30, 2023	125,000	\$ 4.35	\$ 544	125,000	\$ 4.35	\$ 543

#### Unvested restricted stock units as of September 30, 2023

During the three and nine months ended September 30, 2023, the Company issued 10,000 shares of its common stock for consulting services with a fair value of \$64,900. During the nine months ended September 30, 2023, the Company issued 100,000 shares of common stock to its Chief Executive Officer ("CEO") in connection with the vesting of 100,000 restricted stock units ("RSU") on May 11, 2023. The fair value of the RSUs on the date of grant was \$575, which was recognized immediately. During the nine months ended September 30, 2023, the Company issued 250,000 shares of common stock to its Chief Financial Officer ("CFO") in connection with the vesting of 125,000 RSUs on May 1, 2022 and 125,000 RSUs on May 1, 2023. During the three and nine months ended September 30, 2023, the CEO and CFO each individually agreed to surrender shares of common stock to the Company, totaling an aggregate of 117,082 shares with a fair value of \$720 in connection with income and payroll tax obligations paid by the Company in connection with the vesting of the above mentioned RSUs. The shares were subsequently cancelled and retired by the Company.

Stock-based compensation expense recorded for the three and six nine months ended June 30, 2023 September 30, 2023 was approximately \$819,285 and \$962,124, respectively. Stock-based compensation expense recorded for the three and six nine months ended June 30, 2022 September 30, 2022 was approximately \$659,143 and \$716,859, respectively. At June 30, 2023 As of September 30, 2023, there was \$719,638 of stock-based compensation expense remaining to be recognized in the consolidated statements of operations over a weighted average remaining period of 0.9 1.1 years.

#### 9.8. BASIC AND DILUTED LOSS INCOME (LOSS) PER COMMON SHARE

Basic and diluted loss income (loss) per common share is calculated based on the weighted average number of vested shares outstanding during the period. The Company's employee and director equity awards, as well as incremental shares issuable upon exercise of warrants, are not considered in the calculations if the effect would be anti-dilutive. The following table sets forth the computation of basic and diluted income (loss) per share (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net income (loss)	\$ 1,024	\$ (1,311)	\$ 827	\$ (4,586)
Denominator:				
Weighted average basic shares outstanding	10,010,226	9,769,545	9,896,850	9,713,335
Effect of dilutive securities - equity based compensation plans	239,873	-	152,159	-
Weighted average diluted shares outstanding	10,250,099	9,769,545	10,049,009	9,713,335
Net income (loss) per common share:				
Basic	\$ 0.10	\$ (0.13)	\$ 0.08	\$ (0.47)
Diluted	\$ 0.10	\$ (0.13)	\$ 0.08	\$ (0.47)

As of June 30, 2023 September 30, 2023 and 2022, diluted loss income (loss) per share excludes potentially dilutive common shares related to 713,167 718,167 and 670,667 shares underlying stock options, respectively, and 125,000 and 250,000 shares underlying nonvested RSUs, respectively, as their effect was anti-dilutive.

## 10.9. BUSINESS SEGMENT AND GEOGRAPHIC INFORMATION

The Company follows ASC 280 - Segment Reporting in determining its reportable segments. The Company considered the way its management team, most notably its chief operating decision maker, makes operating decisions and assesses performance and considered which components of the Company's enterprise have discrete financial information available. As the Company makes decisions using a manufactured products vs. distributed products and services group focus, its analysis resulted in two reportable segments: T&D Solutions and Critical Power. The Critical Power reportable segment is the Company's Titan Energy Systems, Inc. business unit. The T&D Solutions reportable segment is the Company's Pioneer Custom Electrical Products Corp. business unit.

The T&D Solutions segment is involved in the design, manufacture and sale of circuit protection and controls equipment used primarily by large industrial and commercial operations to manage their electrical power distribution needs. The Critical Power 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 following tables present information about segment income and loss:

	2023	2022 (Revised)	2023	2022 (Revised)	2023	2022	2023	2022
	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022 (Revised)	2023	2022 (Revised)	2023	2022	2023	2022
Revenues								
T&D Solutions								
Power Systems	\$ 9,224	\$ 2,543	\$ 14,985	\$ 6,256	\$ 9,575	\$ 3,773	\$ 24,559	\$ 10,029
Service	-	-	-	10	75	-	75	10
	9,224	2,543	14,985	6,266	9,650	3,773	24,634	10,039
Critical Power Solutions								
Equipment	1,016	463	1,701	1,578	805	425	2,507	2,003
Service	1,890	1,857	3,952	3,381	1,988	2,053	5,939	5,434
	2,906	2,320	5,653	4,959	2,793	2,478	8,446	7,437
Consolidated	\$ 12,130	\$ 4,863	\$ 20,638	\$ 11,225	\$ 12,443	\$ 6,251	\$ 33,080	\$ 17,476

	2023	2022	2023	2022	2023	2022	2023	2022
	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Depreciation and amortization								
T&D Solutions	\$ 17	\$ 11	\$ 33	\$ 21	\$ 18	\$ 14	\$ 51	\$ 35
Critical Power Solutions	209	92	395	162	187	73	581	234
Unallocated corporate overhead expenses	2	7	4	14	2	7	7	21
Consolidated	\$ 228	\$ 110	\$ 432	\$ 197	\$ 207	\$ 94	\$ 639	\$ 290

	2023	2022 (Revised)	2023	2022 (Revised)	2023	2022	2023	2022
	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022 (Revised)	2023	2022 (Revised)	2023	2022	2023	2022
Operating income (loss)								
T&D Solutions	\$ 1,808	\$ (442)	\$ 3,050	\$ (353)	\$ 2,678	\$ 171	\$ 5,728	\$ (183)
Critical Power Solutions	(506)	(757)	(943)	(911)	(621)	(765)	(1,563)	(1,676)
Unallocated corporate overhead expenses	(1,680)	(1,323)	(2,429)	(2,081)	(1,104)	(850)	(3,534)	(2,930)

Consolidated	\$ (378)	\$ (2,522)	\$ (322)	\$ (3,345)	\$ 953	\$ (1,444)	\$ 631	\$ (4,789)
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Revenues are attributable to countries based on the location of the Company's customers:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022 (Revised)	2023	2022 (Revised)
Revenues				
United States	\$ 12,130	\$ 4,863	\$ 20,638	\$ 11,225

  

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues				
United States	\$ 12,443	\$ 6,251	\$ 33,080	\$ 17,476

## 10. COMMITMENTS AND CONTINGENCIES

### Litigation and Claims

From time to time, the Company is a defendant or plaintiff in various legal actions that arise in the normal course of business. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

On June 15, 2023, two individuals (the "Plaintiffs") filed a complaint in the U.S. District Court, District of Nebraska naming the Company, its wholly-owned subsidiary, Titan Energy Systems, Inc., and an individual acting in his capacity as an employee of the Company, collectively as defendants. Plaintiffs filed an amended complaint on July 7, 2023 alleging negligent driving, negligent entrustment, and negligent hiring, training and supervision, as a result of a car accident that occurred on September 9, 2019 involving the Plaintiffs and the individual. According to the amended complaint, the Plaintiffs are seeking special damages related to the injuries sustained by Plaintiffs. On July 27, 2023, the defendants filed an Answer to Plaintiffs Amended Complaint. On October 6, 2023, a mediation was held, but the parties did not reach a settlement. The parties are in the beginning stages of the discovery process and are working to schedule a settlement conference before the end of 2023. As of September 30, 2023, the Company recognized a liability of \$3,500 related to this matter, which was included within accounts payable and accrued liabilities, with a corresponding insurance receivable of \$3,500 related to the loss recovery, which was deemed to be probable and included within prepaid expenses and other current assets on the consolidated balance sheet.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying consolidated interim financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the Securities and Exchange Commission on April 11, 2023.*

*Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to the "Company," "Pioneer," "we," "our" and "us" refer to Pioneer Power Solutions, Inc. and its subsidiaries.*

*U.S. dollars are reported in thousands except for share and per share amounts.*

### Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q 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 construction market, but also in the power generation, industrial production, data center, oil and gas, marine 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.
- 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 income taxes, climate control initiatives, the timing or strength of an economic recovery in our markets and our ability to access capital markets.
- Material weaknesses in internal controls.
- 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, such as the global coronavirus pandemic, or similar public threat, or fear of such an event.
- Risks associated with litigation and claims, which could impact our financial results and condition.

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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 "Part II - Item 1A. Risk Factors" in this Quarterly Report on Form 10-Q and "Part I - Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of the foregoing and other risks that relate to our business and investing in shares of our common stock.

#### Business Overview

We design, manufacture, integrate, refurbish, service, distribute and sell electric power systems, 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, electric, gas and water utilities, data center developers and owners, EV charging infrastructure developers and owners, and distributed energy developers. We are headquartered in Fort Lee, New Jersey and operate from three (3) additional locations in the U.S. for manufacturing, service and maintenance, engineering, and sales and administration.

#### Description of Business Segments

We have two reportable segments: Transmission & Distribution Solutions ("T&D Solutions") and Critical Power Solutions ("Critical Power").

- Our T&D Solutions business provides equipment solutions that help customers effectively and efficiently protect, control, transfer, monitor and manage their electric energy requirements. These solutions are marketed principally through our Pioneer Custom Electrical Products Corp. ("PCEP") brand name.
- Our Critical Power business provides customers with our suite of mobile e-Boost® EV charging solutions, power generation equipment and all forms of service and maintenance on our customers' power generation equipment. These products and services are marketed by our operations headquartered in Minnesota, currently doing business under both the Titan Energy Systems Inc. ("Titan") and Pioneer Critical Power brand names.

#### Critical Accounting Policies and Estimates

Our financial statements have been prepared in accordance with U.S. GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the amounts and disclosures in the financial statements. Our estimates are based on our historical experience, knowledge of current events and actions we may undertake in the future, and on various other factors that we believe are reasonable under the circumstances. Our critical accounting policies and estimates are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies" in our Annual Report on Form 10-K filed with the SEC on April 11, 2023. There were no material changes to our accounting policies during the **six** **nine** months ended **June 30, 2023** **September 30, 2023**.

## RESULTS OF OPERATIONS

### Overview of the Three and Six Nine Months Results

Selected financial and operating data for our reportable business segments for the most recent reporting period is summarized below. This information, as well as the selected financial data provided in "Note 10.9 - Business Segment and Geographic Information" and in our unaudited Consolidated Financial Statements and related notes included in this Quarterly Report on Form 10-Q, should be referred to when reading our discussion and analysis of results of operations below.

Our summary of operating results during the three and six nine months ended June 30, 2023, September 30, 2023 and 2022 are as follows:

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022 (Revised)	2023	2022 (Revised)	2023	2022	2023	2022
Revenues								
T&D Solutions	\$ 9,224	\$ 2,543	\$ 14,985	\$ 6,266	\$ 9,650	\$ 3,773	\$ 24,634	\$ 10,039
Critical Power Solutions	2,906	2,320	5,653	4,959	2,793	2,478	8,446	7,437
Consolidated	12,130	4,863	20,638	11,225	12,443	6,251	33,080	17,476
Cost of goods sold								
T&D Solutions	6,999	2,722	11,238	6,021	6,378	3,291	17,614	9,312
Critical Power Solutions	2,420	2,078	4,476	4,218	2,354	2,099	6,831	6,317
Consolidated	9,419	4,800	15,714	10,239	8,732	5,390	24,445	15,629
Gross profit	2,711	63	4,924	986	3,711	861	8,635	1,847
Selling, general and administrative expenses	3,059	2,557	5,090	4,277	2,726	2,273	7,816	6,550
Depreciation and amortization expense	30	28	156	54	32	32	188	86
Total operating expenses	3,089	2,585	5,246	4,331	2,758	2,305	8,004	6,636
Operating loss from continuing operations	(378)	(2,522)	(322)	(3,345)				
<b>Operating income (loss) from continuing operations</b>					<b>953</b>	<b>(1,444)</b>	<b>631</b>	<b>(4,789)</b>
Interest income	(79)	(104)	(132)	(206)	(60)	(116)	(192)	(322)
Other expense	20	117	7	129				
Loss before income taxes	(319)	(2,535)	(197)	(3,268)				
<b>Other (income) expense</b>					<b>(11)</b>	<b>(17)</b>	<b>(4)</b>	<b>112</b>
<b>Income (loss) before income taxes</b>					<b>1,024</b>	<b>(1,311)</b>	<b>827</b>	<b>(4,579)</b>
Income tax expense	-	-	-	7	-	-	-	7
Net loss	\$ (319)	\$ (2,535)	\$ (197)	\$ (3,275)				
<b>Net income (loss)</b>					<b>\$ 1,024</b>	<b>\$ (1,311)</b>	<b>\$ 827</b>	<b>\$ (4,586)</b>

### Backlog

Our backlog is based on firm orders from our customers expected to be delivered in the future, most of which is expected to occur during the next twelve months. Backlog may vary significantly from reporting period to reporting period due to the timing of customer commitments. Backlog reflects the amount of revenue we expect to realize upon the shipment of customer orders for our products that are not yet complete or for which work has not yet begun. At June 30, 2023, As of September 30, 2023, backlog from our E-Bloc power systems solutions and related equipment was approximately \$15,300, \$13,771, or 46% 41% of the total backlog.

The following table represents the progression of our backlog, by reporting segment, as of the end of the last five quarters:

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022 (Revised)
T&D Solutions	\$ 26,425	\$ 29,198	\$ 30,871	\$ 22,689	\$ 19,118
Critical Power Solutions	7,146	7,845	6,284	5,207	5,141
Total order backlog	\$ 33,571	\$ 37,043	\$ 37,155	\$ 27,896	\$ 24,259
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
T&D Solutions	\$ 25,579	\$ 26,425	\$ 29,198	\$ 30,871	\$ 22,689
Critical Power Solutions	8,027	7,146	7,845	6,284	5,207
Total order backlog	\$ 33,606	\$ 33,571	\$ 37,043	\$ 37,155	\$ 27,896



## Revenue

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

									Three Months Ended				Nine Months Ended			
	Three Months Ended June 30,				Six Months Ended June 30,				September 30,				September 30,			
	2023	2022 (Revised)	Variance	%	2023	2022 (Revised)	Variance	%	2023	2022	Variance	%	2023	2022	Variance	%
T&D Solutions																
Power Systems	\$ 9,224	\$ 2,543	\$ 6,681	262.7	\$ 14,985	\$ 6,256	\$ 8,729	139.5	\$ 9,575	\$ 3,773	\$ 5,802	153.8	\$ 24,559	\$ 10,029	\$ 14,530	144.9
Service	-	-	-	-	-	10	(10)	(100.0)	75	-	75	-	75	10	65	650.0
	9,224	2,543	6,681	262.7	14,985	6,266	8,719	139.1	9,650	3,773	5,877	155.8	24,634	10,039	14,595	145.8
Critical Power Solutions																
Equipment	1,016	463	553	119.4	1,701	1,578	123	7.8	805	425	380	89.4	2,507	2,003	504	25.2
Service	1,890	1,857	33	1.8	3,952	3,381	571	16.9	1,988	2,053	(65)	(3.2)	5,939	5,434	505	9.3
	2,906	2,320	586	25.2	5,653	4,959	694	14.0	2,793	2,478	315	12.7	8,446	7,437	1,009	13.6
Total revenue	\$ 12,130	\$ 4,863	\$ 7,267	149.4	\$ 20,638	\$ 11,225	\$ 9,413	83.9	\$ 12,443	\$ 6,251	\$ 6,192	99.1	\$ 33,080	\$ 17,476	\$ 15,604	89.3

For the three months ended June 30, 2023 September 30, 2023, our consolidated revenue increased by \$7,267, \$6,192, or 149.4% 99.1%, to \$12,130, \$12,443, up from \$4,863, \$6,251 during the three months ended June 30, 2022 September 30, 2022, primarily due to an increase in sales of our power systems from our T&D Solutions segment and an increase in sales of our equipment from our Critical Power Solutions segment during the three months ended September 30, 2023.

For the six nine months ended June 30, 2023 September 30, 2023, our consolidated revenue increased by \$9,413, \$15,604, or 83.9% 89.3%, to \$20,638, \$33,080, up from \$11,225, \$17,476 during the three nine months ended June 30, 2022 September 30, 2022, primarily due to an increase in sales of our power systems from our T&D Solutions segment and an increase in equipment and service sales from our Critical Power Solutions segment during the nine months ended September 30, 2023.

**T&D Solutions.** During the three months ended June 30, 2023 September 30, 2023, revenue from our power systems product lines increased by \$6,681, \$5,802, or 262.7% 153.8%, as compared to the three months ended June 30, 2022 September 30, 2022, primarily due to increased sales of our E-Bloc power systems and medium and low voltage equipment during the three months ended September 30, 2023.

During the nine months ended September 30, 2023, revenue from our power systems product lines increased by \$14,530, or 144.9%, as compared to the nine months ended September 30, 2022, primarily due to increased sales of our E-Bloc power systems and automatic transfer switches, in addition to an increase in sales of our medium and low voltage power systems, equipment during the nine months ended September 30, 2023.

During the six months ended June 30, 2023, revenue from our power systems product lines increased by \$8,719, or 139.1%, as compared to the six months ended June 30, 2022, primarily due to increased sales of our E-Bloc power systems and automatic transfer switches, in addition to an increase in sales of our medium and low voltage power systems.

**Critical Power.** For the three months ended June 30, 2023 September 30, 2023, revenue for our Critical Power segment increased by \$586, \$315, or 25.2% 12.7%, as compared to the three months ended June 30, 2022 September 30, 2022, primarily due to an increase in sales of our new and refurbished generation equipment, equipment during the three months ended September 30, 2023.

For the six nine months ended June 30, 2023 September 30, 2023, revenue for our Critical Power segment increased by \$694, \$1,009, or 14.0% 13.6%, as compared to the six nine months ended June 30, 2022 September 30, 2022, primarily due to an increase in sales of our new and refurbished generation equipment and the cyclical nature of our preventative maintenance schedules, schedules during the nine months ended September 30, 2023.

## Gross Profit (Loss) and Margin

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

	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,		
	2023	2022 (Revised)	Variance	%	2023	2022 (Revised)	Variance	%	2023	2022	Variance	%	2023	2022	Variance
T&D Solutions															
Gross profit (loss)	\$ 2,225	\$ (179)	\$ 2,404	(1,343.0)	\$ 3,747	\$ 245	\$ 3,502	1,429.4							
<b>Gross profit</b>									<b>\$ 3,272</b>	<b>\$ 482</b>	<b>\$ 2,790</b>	<b>578.8</b>	<b>\$ 7,020</b>	<b>\$ 727</b>	<b>\$ 6,293</b>
Gross margin %	24.1	(7.0)	31.1		25.0	3.9	21.1		<b>33.9</b>	<b>12.8</b>	<b>21.1</b>		<b>28.5</b>	<b>7.2</b>	<b>21.3</b>
Critical Power Solutions															
Gross profit	486	242	244	100.8	1,177	741	436	58.8	<b>439</b>	<b>379</b>	<b>60</b>	<b>15.8</b>	<b>1,615</b>	<b>1,120</b>	<b>495</b>
Gross margin %	16.7	10.4	6.3		20.8	14.9	5.9		<b>15.7</b>	<b>15.3</b>	<b>0.4</b>		<b>19.1</b>	<b>15.1</b>	<b>4.0</b>
Consolidated gross profit	\$ 2,711	\$ 63	\$ 2,648	4,203.2	\$ 4,924	\$ 986	\$ 3,938	399.4	<b>\$ 3,711</b>	<b>\$ 861</b>	<b>\$ 2,850</b>	<b>331.0</b>	<b>\$ 8,635</b>	<b>\$ 1,847</b>	<b>\$ 6,788</b>
Consolidated gross margin %	22.3	1.3	21.0		23.9	8.8	15.1		<b>29.8</b>	<b>13.8</b>	<b>16.0</b>		<b>26.1</b>	<b>10.6</b>	<b>15.5</b>

For the three months ended **June 30, 2023** September 30, 2023, our consolidated gross margin increased to **22.3%** 29.8% of revenues, as compared to **1.3%** 13.8% during the three months ended **June 30, 2022** September 30, 2022.

For the **six** nine months ended **June 30, 2023** September 30, 2023, our consolidated gross margin increased to **23.9%** 26.1% of revenues, as compared to **8.8%** 10.6% during the **three** nine months ended **June 30, 2022** September 30, 2022.

**T&D Solutions.** For the three months ended **June 30, 2023** September 30, 2023, our gross margin percentage increased by **31.1%** 21.1%, from **(7.0)%** 12.8% to **24.1%** 33.9%, as compared to the three months ended **June 30, 2022** September 30, 2022. The increase was primarily due to the significant increase in sales our E-Bloc solution power systems and medium and low voltage power systems, equipment, a favorable sales mix reduction in input costs and improved productivity from our manufacturing facility, facility during the three months ended September 30, 2023.

For the **six** nine months ended **June 30, 2023** September 30, 2023, our gross margin percentage increased by **21.1%** 21.3%, from **3.9%** 7.2% to **25.0%** 28.5%, as compared to the **six** nine months ended **June 30, 2022** September 30, 2022. The increase was also primarily due to the significant increase growth in sales our E-Bloc solution power systems and medium and low voltage power systems, a favorable sales mix equipment, reduced input costs and improved productivity from our manufacturing facility, facility during the nine months ended September 30, 2023.

**Critical Power Solutions.** For the three months ended **June 30, 2023** September 30, 2023, our gross margin increased by **6.3%** 0.4%, to **16.7%** 15.7%, from **10.4%** 15.3% for the three months ended **June 30, 2022** September 30, 2022. The increase was predominately due to a favorable sales mix and the acceptance of price increases from our customers.

For the **six** nine months ended **June 30, 2023** September 30, 2023, our gross margin increased by **5.9%** 4.0%, to **20.8%** 19.1%, from **14.9%** 15.1% for the **six** nine months ended **June 30, 2022** September 30, 2022. The increase was also predominately primarily due to a favorable sales mix and the acceptance of price increases from our customers.

## Operating Expenses

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

	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,		
	2023	2022 (Revised)	Variance	%	2023	2022 (Revised)	Variance	%	2023	2022	Variance	%	2023	2022	Variance
T&D Solutions															
Selling, general and administrative expense	\$ 408	\$ 261	\$ 147	56.3	\$ 680	\$ 595	\$ 85	14.3	\$ 585	\$ 306	\$ 279	91.2	\$ 1,265	\$ 902	\$ 363
Depreciation and amortization expense	9	2	7	350.0	17	3	14	466.7	9	5	4	80.0	26	8	18
Segment operating expense	\$ 417	\$ 263	\$ 154	58.6	\$ 697	\$ 598	\$ 99	16.6	\$ 594	\$ 311	\$ 283	91.0	\$ 1,291	\$ 910	\$ 381
Critical Power Solutions															
Selling, general and administrative expense	\$ 973	\$ 980	\$ (7)	(0.7)	\$ 1,985	\$ 1,615	\$ 370	22.9	\$ 1,039	\$ 1,124	\$ (85)	(7.6)	\$ 3,024	\$ 2,739	\$ 285
Depreciation and amortization expense	19	19	-	-	135	37	98	264.9	21	20	1	5.0	155	57	98
Segment operating expense	\$ 992	\$ 999	\$ (7)	(0.7)	\$ 2,120	\$ 1,652	\$ 468	28.3	\$ 1,060	\$ 1,144	\$ (84)	(7.3)	\$ 3,179	\$ 2,796	\$ 383
Unallocated Corporate Overhead Expenses															
Selling, general and administrative expense	\$ 1,678	\$ 1,316	\$ 362	27.5	\$ 2,425	\$ 2,067	\$ 358	17.3	\$ 1,102	\$ 843	\$ 259	30.7	\$ 3,527	\$ 2,909	\$ 618
Depreciation and amortization expense	2	7	(5)	(71.4)	4	14	(10)	(71.4)	2	7	(5)	(71.4)	7	21	(14)
Segment operating expense	\$ 1,680	\$ 1,323	\$ 357	27.0	\$ 2,429	\$ 2,081	\$ 348	16.7	\$ 1,104	\$ 850	\$ 254	29.9	\$ 3,534	\$ 2,930	\$ 604
Consolidated															
Selling, general and administrative expense	\$ 3,059	\$ 2,557	\$ 502	19.6	\$ 5,090	\$ 4,277	\$ 813	19.0	\$ 2,726	\$ 2,273	\$ 453	19.9	\$ 7,816	\$ 6,550	\$ 1,266
Depreciation and amortization expense	30	28	2	7.1	156	54	102	188.9	32	32	-	-	188	86	102
Consolidated operating expense	\$ 3,089	\$ 2,585	\$ 504	19.5	\$ 5,246	\$ 4,331	\$ 915	21.1	\$ 2,758	\$ 2,305	\$ 453	19.7	\$ 8,004	\$ 6,636	\$ 1,368

*Selling, General and Administrative Expense.* For the three months ended June 30, 2023 September 30, 2023, consolidated selling, general and administrative expense, before depreciation and amortization, increased by approximately \$502, \$453, or 19.6% 19.9%, to \$3,059, \$2,726, as compared to \$2,273 during the three months ended September 30, 2022, primarily due to an increase in payroll related costs, including stock-based compensation, professional fees third party commissions and product development costs related to our e-Boost initiative, as compared to \$2,557 during the three months ended June 30, 2022, initiative. As a percentage of our consolidated revenue, selling, general and administrative expense, before depreciation and amortization, decreased to 25.2% 21.9% during the three months ended June 30, 2023 September 30, 2023, as compared to 52.6% 36.4% in the three months ended June 30, 2022 September 30, 2022.

For the six nine months ended June 30, 2023 September 30, 2023, consolidated selling, general and administrative expense, before depreciation and amortization, increased by approximately \$813, \$1,266, or 19.0% 19.3%, to \$5,090, \$7,816, as compared to \$6,550 during the nine months ended September 30, 2022, primarily due to an increase in payroll related costs, including stock-based compensation, professional fees travel related costs, third party commissions and product development costs related to our e-Boost initiative, as compared to \$4,277 during the six months ended June 30, 2022, initiative. As a percentage of our consolidated revenue, selling, general and administrative expense, before depreciation and amortization, decreased to 24.7% 23.6% during the six nine months ended June 30, 2023 September 30, 2023, as compared to 38.1% during 37.5% in the six nine months ended June 30, 2022 September 30, 2022.

*Depreciation and Amortization Expense.* Depreciation and amortization expense consists primarily of depreciation of fixed assets and amortization of right-of-use assets related to our finance leases, and excludes amounts included in cost of sales. For the three months ended June 30, 2023 September 30, 2023, consolidated depreciation and amortization expense increased by \$2, or 7.1%, remained the same at \$32, as compared to the three months ended June 30, 2022 September 30, 2022.

For the six nine months ended June 30, 2023 September 30, 2023, consolidated depreciation and amortization expense increased by \$102, or 188.9% 118.6%, as compared to the six nine months ended June 30, 2022 September 30, 2022, primarily due to an increase in depreciation as a result of placing certain e-Boost assets into service.

## Loss Income (Loss) From Operations

The following table represents our operating income (loss) by reportable segment for the periods indicated (in thousands, except percentages):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	Variance	%	2023	2022	Variance	%
T&D Solutions	\$ 2,678	\$ 171	\$ 2,507	1,466.1	\$ 5,729	\$ (183)	\$ 5,912	3,230.6
Critical Power Solutions	(621)	(765)	144	18.8	(1,564)	(1,676)	112	6.7
Unallocated corporate overhead expenses	(1,104)	(850)	(254)	(29.9)	(3,534)	(2,930)	(604)	(20.6)
Income (loss) from operations	\$ 953	\$ (1,444)	\$ 2,397	(166.0)	\$ 631	\$ (4,789)	\$ 5,420	113.2

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	2022 (Revised)	Variance	%	2023	2022 (Revised)	Variance	%
T&D Solutions	\$ 1,808	\$ (442)	\$ 2,250	509.0	\$ 3,050	\$ (353)	\$ 3,403	964.0
Critical Power Solutions	(506)	(757)	251	33.2	(943)	(911)	(32)	(3.5)
Unallocated corporate overhead expenses	(1,680)	(1,323)	(357)	(27.0)	(2,429)	(2,081)	(348)	(16.7)
Loss from operations	\$ (378)	\$ (2,522)	\$ 2,144	(85.0)	\$ (322)	\$ (3,345)	\$ 3,023	90.4

*T&D Solutions.* Operating income from our T&D Solutions segment increased by \$2,250, or 509.0%, \$2,507 during the three months ended June 30, 2023 September 30, 2023, as compared to the three months ended June 30, 2022 September 30, 2022, primarily due to the significant an increase in sales of our E-Bloc solution and medium and low voltage power systems a favorable sales mix equipment, reduced input costs and improved productivity from our manufacturing facility during the three months ended June 30, 2023 September 30, 2023.



Operating income from our T&D Solutions segment increased by \$3,403, or 964.0%, \$5,912 during the six nine months ended June 30, 2023 September 30, 2023, as compared to the six nine months ended June 30, 2022 September 30, 2022, primarily due an to the significant increase in sales of our power systems equipment, a favorable sales mix revenue, reduced input costs and improved productivity from our manufacturing facility during the six nine months ended June 30, 2023 September 30, 2023.

*Critical Power Solutions.* Operating loss for the from our Critical Power segment decreased by \$251, \$144, or 33.2% 18.8%, during the three months ended June 30, 2023 September 30, 2023, primarily due to a favorable sales mix and the acceptance of price increases from our customers during the three months ended June 30, 2023 September 30, 2023.

Operating loss for the from our Critical Power segment increased decreased by \$32, \$112, or 3.5% 6.7%, during the six nine months ended June 30, 2023 September 30, 2023, as compared to the six nine months ended June 30, 2022 September 30, 2022, primarily due to an increase in payroll related costs in addition to professional fees a favorable sales mix and depreciation expense related to the acceptance of price increases from our e-Boost initiative. customers during the nine months ended September 30, 2023.

*General Corporate Expense.* Our general corporate expenses consist primarily of executive management, corporate accounting and human resources personnel, corporate office expenses, financing and corporate development activities, payroll and benefits administration, treasury, tax compliance, legal, stock-based compensation, public reporting costs and costs not specifically allocated to reportable business segments.

During the three months ended June 30, 2023 September 30, 2023, our unallocated corporate overhead expense increased by \$357, \$254, or 27.0% 29.9%, as compared to the three months ended June 30, 2022 September 30, 2022, primarily due to an increase in payroll related costs, including stock-based compensation, professional fees and professional fees. costs related to investor relations.

During the three six nine months ended June 30, 2023 September 30, 2023, our unallocated corporate overhead expense increased by \$348, \$604, or 16.7% 20.6%, as compared to the six nine months ended June 30, 2022 September 30, 2022, primarily due to an increase in payroll related costs, including stock-based compensation, professional fees and professional fees. costs related to investor relations.

## Non-Operating (Income) Expense

**Interest Income.** For the three and six nine months ended June 30, 2023 September 30, 2023, we had interest income of approximately \$79 \$60 and \$132, \$192, respectively, as compared to interest income of approximately \$104 \$116 and \$206, respectively, \$322 during the three and six nine months ended June 30, 2022 September 30, 2022, respectively. We generated the majority of our interest income from our cash on hand, hand during the nine months ended September 30, 2023. During the six nine months ended June 30, 2022 September 30, 2022, we generated the majority of our interest income from the Seller Notes we received from the sale of the transformer business units, and which were paid off during the year ended December 31, 2022, in addition to our cash on hand.

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

For the three and six nine months ended June 30, 2023 September 30, 2023, other non-operating expense income was \$20 \$11 and \$7, \$4, respectively, as compared to other non-operating income of \$17 and other non-operating expense of \$117 and \$129, respectively, \$112 during the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

**Provision for Income Taxes.** Our effective income tax rate for the three months ended June 30, 2023 September 30, 2023 and 2022 was 0.0%.

Our provision reflects an effective tax rate on income before taxes of 0.0% for the six nine months ended June 30, 2023 September 30, 2023, as compared to (0.2)% for the six nine months ended June 30, 2022 September 30, 2022, as set forth below:

	Three Months Ended June 30,			Six Months Ended June 30,			Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022 (Revised)	Variance	2023	2022 (Revised)	Variance	2023	2022	Variance	2023	2022	Variance
Loss before income taxes	\$ (319)	\$ (2,535)	\$ 2,216	\$ (197)	\$ (3,268)	\$ 3,071						
<b>Income (loss) before income taxes</b>							<b>\$ 1,024</b>	<b>\$(1,311)</b>	<b>\$ 2,335</b>	<b>\$ 827</b>	<b>\$(4,579)</b>	<b>\$ 5,406</b>
Income tax expense	-	-	-	-	7	(7)	-	-	-	-	7	(7)
Effective income tax rate %	-	-	-	-	(0.2)	0.2	-	-	-	-	(0.2)	0.2

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### Net Loss Income (Loss) per Share

We generated a net loss income of \$319 \$1,024 during the three months ended June 30, 2023 September 30, 2023, as compared to a net loss of \$2,535 \$1,311 during the three months ended June 30, 2022 September 30, 2022.

Our net loss income per basic and diluted share for the three months ended June 30, 2023 September 30, 2023 was \$0.03, \$0.10, as compared to a net loss per basic and diluted share of \$0.26 \$0.13 for the three months ended June 30, 2022 September 30, 2022.

We generated a net loss income of \$197 \$827 during the six nine months ended June 30, 2023 September 30, 2023, as compared to a net loss of \$3,268 \$4,586 during the six nine months ended June 30, 2022 September 30, 2022.

Our net loss income per basic and diluted share for the six nine months ended June 30, 2023 September 30, 2023 was \$0.02, \$0.08, as compared to a net loss per basic and diluted share of \$0.34 \$0.47 for the six nine months ended June 30, 2022 September 30, 2022.

### LIQUIDITY AND CAPITAL RESOURCES

General. On October 20, 2020, we entered into an At the Market Sale Agreement with H.C. Wainwright & Co., LLC ("Wainwright"), pursuant to which we may offer and sell our shares of common stock preferred stock, warrants and/or units of up to \$25,000 from time to time through Wainwright, acting as sales agent or principal (the "ATM Program"). As of June 30, 2023 September 30, 2023, we had \$9,624 \$7,581 of cash on hand generated primarily from the sale of common stock under the ATM Program, during the year ended December 31, 2021, payment of all unpaid principal and interest from the Seller Notes during the year ended December 31, 2022, and cash flows from operating activities. We have met our cash needs Since October 20, 2020, and through a combination September 30, 2023, we sold an aggregate of cash flows from operating activities and bank borrowings, proceeds from the sale of the CleanSpark Common Stock and warrants to purchase CleanSpark Common Stock, the sale 916,059 shares of common stock for an aggregate gross proceeds of approximately \$8,904, before any sales agent fees and expenses payable by us under the ATM Program, funding from Program. During the Payroll Protection Program three and collecting all unpaid principal nine months ended September 30, 2023, we sold an aggregate of 27,559 shares of common stock for an aggregate consideration of approximately \$184, before any sales agent fees and interest from the Seller Notes. Our cash requirements historically were generally for operating activities, capital improvements and acquisitions, expenses payable by us.

On December 13, 2021, we filed a prospectus supplement to the prospectus which forms a part of our registration statement on Form S-3 (File No. 333-249569) (the "Prior Shelf Registration Statement"), that was declared effective by the SEC on October 27, 2020 (the "Prior ATM Prospectus"), in connection with the offer and sale of up to an aggregate offering amount of \$8,600 of common stock that may be issued and sold under the ATM Program. We did not sell any Prior to the expiration of the Prior Shelf Registration Statement at the end of its three-year term, we sold an aggregate of 27,559 shares of common stock for an aggregate consideration of approximately \$184, before any sales agent fees and expenses payable by us, under the Prior ATM Prospectus. On August 30, 2023, we filed a new registration statement on Form S-3 (File No. 333-274266) to replace the Prior Shelf Registration Statement, including a base prospectus which covers the offering, issuance and sale of up to \$150,000 of common stock, preferred stock, warrants and/or units; and a sales agreement prospectus covering the offering, issuance and sale of up to a maximum aggregate offering price of \$75,000 of common stock that may be issued and sold under the ATM Program during (the "New ATM Prospectus"). The new registration statement was declared effective by the three and six months ended June 30, 2023 SEC on September 8, 2023. As of June 30, 2023 September 30, 2023, \$8,600 \$75,000 of common stock remained available for issuance under the New ATM Program. Prospectus.

The World Health Organization determined that COVID-19 no longer fit the definition of a public health emergency and the U.S. government announced that the declaration of a public health emergency associated with COVID-19 expired on May 11, 2023. However, COVID-19 has remained and is expected to continue to remain as a serious endemic threat for an indefinite future period and may continue to adversely affect the global economy. The continuing impacts of the COVID-19 endemic, as well as rising interest rates, inflation, changes in foreign currency exchange rates and geopolitical developments, (including such as the war in Ukraine) ongoing conflict between Russia and Ukraine, and the ongoing conflict between Israel and Hamas, 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. 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 continuing impacts of the COVID-19 endemic and the extent of geopolitical disruption and their respective impacts 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. During the six nine months ended June 30, 2023 September 30, 2023, the Company was able to operate substantially at capacity.

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.

*Cash Provided by / (Used in) Used in Operating Activities.* Cash provided by used in our operating activities was \$366 \$228 during the six nine months ended June 30, 2023 September 30, 2023, as compared to \$3,936 during the nine months ended September 30, 2022. The decrease in cash used in operating activities of \$1,621 during the six months ended June 30, 2022. The increase in cash provided by operating activities is primarily due to the decrease in our net loss and working capital fluctuations.

*Cash Used in Investing Activities.* Cash used in our investing activities during the six nine months ended June 30, 2023 September 30, 2023 was \$810, \$2,345, as compared to \$174 \$391 during the six nine months ended June 30, 2022 September 30, 2022. Additions to property and equipment during the six nine months ended June 30, 2023 September 30, 2023 were \$810, \$2,345, as compared to \$174 \$391 of additions during the six nine months ended June 30, 2022 September 30, 2022.

*Cash Used in Financing Activities.* Cash used in our financing activities was \$228 \$142 during the six nine months ended June 30, 2023 September 30, 2023, as compared to \$119 \$162 during the six nine months ended June 30, 2022 September 30, 2022. The primary use of cash in financing activities for the six nine months ended June 30, 2023 September 30, 2023 and 2022 was repayments of financing leases.

*Working Capital.* As of June 30, 2023 September 30, 2023, we had working capital of \$14,363, \$13,702, including \$9,624 \$7,581 of cash on hand, compared to working capital of \$14,074, including \$10,296 of cash on hand at December 31, 2022.

*Assessment of Liquidity.* At June 30, 2023 September 30, 2023, we had \$9,624 \$7,581 of cash on hand generated primarily from the sale of common stock under the ATM Program, during the year ended December 31, 2021, payment of all unpaid principal and interest from the Seller Notes during the year ended December 31, 2022 and cash flows from operating activities. We have historically met our cash needs through a combination of cash flows from operating activities and bank borrowings, proceeds from the sale of the CleanSpark Common Stock and warrants to purchase CleanSpark Common Stock, sale of common stock under the ATM Program funding from the Payroll Protection Program and collecting all unpaid principal and interest from the Seller Notes. Our Historically, our cash requirements historically 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 our operating activities. 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.

As of June 30, 2023 September 30, 2023, 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

The Company had \$810 \$2,345 of additions to property and equipment during the six nine months ended June 30, 2023 September 30, 2023, as compared to \$174 \$391 of additions to property and equipment during the six nine months ended June 30, 2022 September 30, 2022.

### 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. The continuing impacts of the COVID-19 endemic are currently indeterminable, and has affected and may continue to affect the global economy. In addition, the consequences of the ongoing geopolitical conflicts, such as the ongoing conflict between Russia and Ukraine and the ongoing conflict between Israel and Hamas, 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. We predominately sell to customers in the industrial production and commercial construction 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 "Special Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q and "Part I - Item 1A. Risk Factors" in our Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK  
Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of **June 30, 2023** **September 30, 2023**. Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Based on this evaluation, and as a result of the material weakness described below, our CEO and CFO have concluded that our disclosure controls and procedures were not effective as of **June 30, 2023** **September 30, 2023**. In light of this determination, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weakness in our internal control over financial reporting, the unaudited interim condensed consolidated financial statements for the periods covered by and included in this Quarterly Report on Form 10-Q 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.

Material Weakness

As of December 31, 2022, we identified a material weakness in our internal control over financial reporting due to not having the appropriate controls in place over our revenue recognition process for nonroutine and complex revenue transactions in accordance with ASC 606, "Revenue from Contracts with Customers", which continued to exist as of **June 30, 2023** **September 30, 2023**.

In order to remediate this material weakness, management has expanded and improved our process for reviewing customer contracts and revenue recognition inputs, including through the engagement of third-party accounting professionals with expertise in evaluating customer contracts to obtain guidance on large and/or unique contracts in order to ensure that ASC 606 is accurately applied and documented.

Although we began implementing the enhancements described above at the end of 2022 and have been continuing our remediation efforts through **June 30, 2023** **September 30, 2023**, the material weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

Except as described above, there were no changes in our internal control over financial reporting during the three months ended **June 30, 2023** **September 30, 2023** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in lawsuits, investigations and claims that arise in the ordinary course of business.

On June 15, 2023, two individuals (the “Plaintiffs”) filed a complaint in the U.S. District Court, District of Nebraska naming the Company, its wholly-owned subsidiary, Titan Energy Systems, Inc., and an individual acting in his capacity as an employee of the Company, collectively as defendants. Plaintiffs filed an amended complaint on July 7, 2023 alleging negligent driving, negligent entrustment, and negligent hiring, training and supervision, as a result of a car accident that occurred on September 9, 2019 involving the Plaintiffs and the individual. According to the amended complaint, the Plaintiffs are seeking special damages related to the injuries sustained by Plaintiffs. On July 27, 2023, the defendants filed an Answer to Plaintiff's Amended Complaint. Initial Disclosures On October 6, 2023, a mediation was held, but the parties did not reach a settlement. The parties are due September 1, 2023 in the beginning stages of the discovery process and mediation has been scheduled for October 4, 2023, are working to schedule a settlement conference before the end of 2023.

As of the date hereof, we are not aware of or a party to any other legal proceedings to which we or any of our subsidiaries 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 other 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 1A. RISK FACTORS

A description of the risks associated with our business, financial condition and results of operations is set forth in “Item 1A. Risk Factors” of our annual report on Form 10-K for the fiscal year ended December 31, 2022, as filed with the Securities and Exchange Commission on April 11, 2023, and are supplemented with the following revised risk factor:

*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 are currently involved in a legal proceeding in which plaintiffs are alleging negligence claims and seeking special damages for personal injuries. See “Part II. Item 1 – Legal Proceedings.”

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, AND USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

None.

On August 22, 2023, the Company issued 10,000 shares of common stock to a vendor in exchange for consulting services with a fair value of \$64,900. The issuance of the shares of common stock as described above was not registered under the Securities Act, or the securities laws of any state, and the shares of common stock were issued in reliance on the exemption from registration under the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

None.

### ITEM 6. EXHIBITS

See the Exhibit Index following the signature page to this Quarterly Report on Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

## EXHIBIT INDEX

Exhibit No.	Description
10.1+	<a href="#">Letter Agreement, dated September 20, 2023, by and between Pioneer Power Solutions, Inc. and Walter Michalec (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Pioneer Power Solutions, Inc. filed with the Securities and Exchange Commission on September 22, 2023).</a>
10.2+	<a href="#">Letter Agreement, dated September 20, 2023, by and between Pioneer Power Solutions, Inc. and Nathan Mazurek (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Pioneer Power Solutions, Inc. filed with the Securities and Exchange Commission on September 22, 2023).</a>
10.3+*	<a href="#">First Amendment to Pioneer Power Solutions, Inc. 2021 Long-Term Incentive Plan.</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1**	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	
101.INS*	Inline XBRL Instance Document.
101.SCH*	
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

**+ Management contract or compensatory plan or arrangement**

**\* Filed herewith.**

**\*\* Furnished herewith**



## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### PIONEER POWER SOLUTIONS, INC.

Date: August 14, 2023 November 14, 2023

By: /s/ Nathan J. Mazurek  
Name: Nathan J. Mazurek  
Title: Chief Executive Officer  
(Principal Executive Officer duly authorized to sign on behalf of Registrant)

Date: August 14, 2023 November 14, 2023

/s/ Walter Michalec  
Name: Walter Michalec  
Title: Chief Financial Officer  
(Principal Financial Officer duly authorized to sign on behalf of Registrant)

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### Exhibit 10.3

#### FIRST AMENDMENT TO PIONEER POWER SOLUTIONS, INC. 2021 LONG-TERM INCENTIVE PLAN

This FIRST AMENDMENT TO PIONEER POWER SOLUTIONS, INC. LONG-TERM INCENTIVE PLAN (this "Amendment"), effective as of September 20, 2023, is made and entered into by Pioneer Power Solutions, Inc., a Delaware corporation (the "Company"). Terms used in this Amendment with initial capital letters that are not otherwise defined herein shall have the meanings ascribed to such terms in the Pioneer Power Solutions, Inc. Long-Term Incentive Plan (the "Incentive Plan").

WHEREAS, Article 9 of the Incentive Plan provides that the Board may amend the Incentive Plan at any time and from time to time without participants' consent, provided that the amendment does not adversely affect any rights of such participants under the Incentive Plan; and

WHEREAS, the Company desires to amend the Incentive Plan to add an additional method for plan participants to satisfy their tax withholding obligations in connection with the receipt, vesting, conversion, or exercise of Awards granted under the Incentive Plan.

NOW, THEREFORE, in accordance with Article 9 of the Incentive Plan, the Company hereby amends the Incentive Plan as follows:

(c): 1. Section 15.6 of Incentive Plan is hereby amended by deleting subclause (c) in said section in its entirety and replacing it with the following new subclause

(c) if the Company, in its sole discretion, so consents in writing, the Company's withholding of a number of shares to be delivered upon the receipt, vesting, conversion, or exercise of an Award, which shares so withheld have an aggregate Fair Market Value that equals (but does not exceed) the required tax withholding payment;

2. Except as expressly amended by this Amendment, the Incentive Plan shall continue in full force and effect in accordance with the provisions thereof.

[Remainder of Page Intentionally Left Blank;

Signature Page Follows.]

IN WITNESS WHEREOF, the Company has caused this Amendment to be duly executed as of the date first written above.

PIONEER POWER SOLUTIONS, INC.

By: /s/ Nathan Mazurek

Name: Nathan Mazurek

Title: CEO

EXHIBIT 31.1

#### CERTIFICATION

I, Nathan J. Mazurek, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Pioneer Power Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and;
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023 November 14, 2023

/s/ Nathan J. Mazurek

Nathan J. Mazurek

President, Chief Executive Officer and

Chairman of the Board of Directors (Principal Executive Officer duly authorized to sign on behalf of Registrant)

EXHIBIT 31.2

#### CERTIFICATION

I, Walter Michalec, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Pioneer Power Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and;
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023 November 14, 2023

/s/ Walter Michalec

Walter Michalec

Chief Financial Officer

(Principal Financial Officer duly authorized to sign on behalf of Registrant)

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EXHIBIT 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and accompanies the Quarterly Report on Form 10-Q (the "Form 10-Q") for the fiscal quarter ended June 30, 2023 September 30, 2023 of Pioneer Power Solutions, Inc. (the "Company"). I, Nathan J. Mazurek, the Chief Executive Officer of the Company, certify that, based on my knowledge:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in this report.

Date: August 14, 2023 November 14, 2023

By: /s/ Nathan J. Mazurek

Name: Nathan J. Mazurek

Title: Chief Executive Officer

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-Q for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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EXHIBIT 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and accompanies the Quarterly Report on Form 10-Q (the "Form 10-Q") for the fiscal quarter ended **June 30, 2023** **September 30, 2023** of Pioneer Power Solutions, Inc. (the "Company"). I, Walter Michalec, the Chief Financial Officer of the Company, certify that, based on my knowledge:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in this report.

Date: **August 14, 2023** **November 14, 2023**

By: /s/ Walter Michalec

Name: Walter Michalec

Title: Chief Financial Officer

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-Q for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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#### DISCLAIMER

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