

each exchange on which registered Common Stock, par value \$0.001 per share. PPSI is listed on the 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, emerging growth company in Rule 12b-2 of the Exchange Act. Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company 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 September 9, 2024, was 10,917,038.

PIONEERPOWER SOLUTIONS, INC. Form 10-Q For the Quarterly Period Ended March 31, 2024

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

PIONEERPOWER SOLUTIONS, INC.

Consolidated Statements of Operations (In thousands, except for share and per share amounts) (Unaudited) for the Three Months Ended March 31, 2024 and 2023 (Restated)

2024 **2023**

Revenues \$8,590 **\$9,555**

Cost of goods sold 6,862 **6,722**

Gross profit 1,728 **2,833**

Operating expenses 2,623 **2,158**

Selling, general and administrative 2,623 **2,158**

Research and development 211 **-**

Total operating expenses 2,834 **2,158**

(Loss) income from operations (1,106) **675**

Interest income (31) **(54)**

Other income, net (40) **(13)**

(Loss) income before income taxes (1,035) **742**

Income tax expense (40) **(13)**

Net (loss) income \$(1,035) **\$742**

Income per share: Basic \$(0.10) **\$0.07**

Diluted \$(0.10) **\$0.07**

Weighted average common shares outstanding: Basic 10,112,310 **9,769,545**

Diluted 10,112,310 **9,769,565**

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

ASSETS

Current assets \$6,227 **\$3,582**

Accounts receivable, net of allowance for credit losses of \$146 and \$97 as of March 31, 2024 and December 31, 2023, respectively 11,195 **9,010**

Inventories 9,590 **7,579**

Prepaid expenses and other current assets 7,302 **7,512**

Total current assets 34,314 **27,683**

Property and equipment, net 3,990 **3,899**

Operating lease right-of-use assets 581 **760**

Financing lease right-of-use assets 340 **403**

Deferred financing costs 64 **195**

Other assets 75 **82**

Total assets \$39,306 **\$33,022**

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities **Accounts payable and accrued liabilities** \$12,317 **\$12,609**

Current portion of operating lease liabilities 443 **582**

Current portion of financing lease liabilities 125 **139**

Deferred revenue 7,921 **4,932**

Total current liabilities 20,806 **18,262**

Operating lease liabilities, non-current portion 169 **215**

Financing lease liabilities, non-current portion 227 **278**

Other long-term liabilities 45 **49**

Total liabilities 21,247 **18,804**

Stockholders' equity \$18,059 **\$14,218**

Preferred stock, \$0.001 par value, 5,000,000 shares authorized; none issued **Common stock, \$0.001 par value, 30,000,000 shares authorized; 10,821,860 and 9,930,022 shares issued and outstanding on March 31, 2024 and December 31, 2023, respectively** **Additional paid-in capital** 38,712 **33,837**

Accumulated deficit (20,664) **(19,629)**

Total stockholders' equity 18,059 **14,218**

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

Item 2. FINANCIAL STATEMENTS

PIONEERPOWER SOLUTIONS, INC.

Consolidated Statements of Cash Flows (In thousands) (Unaudited) for the Three Months Ended March 31, 2024 and 2023 (Restated)

2024 **2023**

Operating activities \$(1,035) **\$742**

Adjustments to reconcile net loss to net cash used in operating activities: **Depreciation** 122 **130**

Amortization of right-of-use financing leases 32 **73**

Amortization of right-of-use operating leases 179 **169**

Change in allowance for credit losses 49 **13**

Stock-based compensation 225 **143**

Other (14) **(2,235)**

Changes in current operating assets and liabilities: **Accounts receivable** (2,308) **(2,011)**

Inventories (412) **(2,011)**

Prepaid expenses and other assets 217 **(57)**

Income taxes (2,989) **(750)**

Deferred revenue 2,989 **(652)**

Operating lease liabilities (186) **(170)**

Net cash (used in) provided by operating activities (1,950) **1,525**

Investing activities **Purchases of property and equipment** (213) **(194)**

Net cash used in investing activities (213) **(194)**

Financing activities **Principal repayments of financing leases** (33) **(71)**

Net cash provided by (used in) financing activities (4,808) **(71)**

Increase in cash 2,645 **1,260**

Cash, beginning of period 3,582 **10,296**

Cash, end of period \$6,227 **\$11,556**

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

Item 3. FINANCIAL STATEMENTS

PIONEERPOWER SOLUTIONS, INC.

Consolidated Statements of Changes in Stockholders' Equity (In thousands, except for share amounts) (Unaudited)

Accumulated **Additional** **Other**

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 extent of geopolitical disruption and its impact on the Company's clients, partners, industry, and employees, all of which are uncertain at this time and cannot be accurately predicted. The Company continues to monitor the effects of these macroeconomic factors and intends to take steps deemed appropriate to limit the impact on its business. During the three months ended March 31, 2024, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to the significant accounting policies included in Note 3 to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, except as disclosed in 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 consolidated 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 consolidated financial statements.

Revenue Recognition

Revenue is recognized when (1) a contract with a customer exists, (2) performance obligations promised in a contract are identified based on the products or services that will be transferred to the customer, (3) the transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring products or services to the customer, (4) the transaction price is allocated to the performance obligations in the contract and (5) the Company satisfies its performance obligation. The Company satisfies its performance obligations and, therefore, recognizes revenue, either over time or at a point in time, which is when the customer has obtained control of the good or service. Revenue from the sale of the Company's electric power systems under its Electrical Infrastructure segment is recognized either over time or at a point in time and substantially all of the Company's revenue from the sale of power generation equipment under its Critical Power segment is recognized at a point in time. Certain sales of highly customized electrical equipment under the Company's Electrical Infrastructure segment are recognized over time when such equipment has no alternative use and the Company has an enforceable right to payment for performance completed to date. The Company's measure of progress for such contracts is evaluated under the input method based on direct labor hours incurred relative to the estimated total direct labor hours required in order to complete the project. Any anticipated losses on contracts are fully recognized in the period in which the losses become evident. Service revenues include maintenance contracts that are recognized over time based on the contract term and repair services that are recognized as services are delivered.

Contract Estimates

Revenue from over time contracts is recognized proportionally over the term of the contract using an input method based on the proportion of labor hours incurred as compared to the total estimated labor hours for the fixed-fee contract performance obligations, which the Company considers the best available indicator of the pattern and timing in which contract performance obligations are fulfilled and control transfers to the customer. This percentage is multiplied by the contracted dollar amount of the project to determine the amount of revenue to recognize in an accounting period.

There are situations where the number of hours to complete projects may exceed the original estimate as a result of an increase in project scope or unforeseen events. The related impact on income is recognized using the cumulative catch-up method, which the Company recognizes in the current period.

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

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

Cost of Goods Sold

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

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 \$146 and \$97 of reserves for expected credit losses as of March 31, 2024, and December 31, 2023, respectively.

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.

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** The Company's products and services The Company's principal products and services include electric power systems and equipment, distributed energy resources, power generation equipment and mobile EV charging solutions. Products The Company's Electrical Infrastructure business provides electric power systems and equipment and distributed energy resources that help customers effectively and efficiently protect, control, transfer, monitor and manage their electric energy needs. The Company's Critical Power business provides customers with power generation equipment and the Company's suite of mobile e-Booster electric vehicle charging solutions. Services Power generation systems represent considerable investments that require proper maintenance and service in order to operate reliably during a time of emergency. The Company's power maintenance programs provide preventative maintenance, repair and support service for the Company's customers' power generation systems. The timing of revenue recognition, customer billings and cash collections results in accounts receivable, contract assets and deferred revenue at the end of each reporting period. Contract assets include unbilled amounts typically resulting from revenue recognized exceeding amounts billed to customers for contracts utilizing an input method based on the proportion of labor hours incurred as compared to the total estimated labor hours for the fixed-fee contract performance obligations. The Company bills customers as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals, upon achievement of contractual milestones or upon deliveries. The Company's principal source of revenue is derived from sales of products and fees for services. The Company measures revenue based upon the consideration specified in the customer arrangement, and revenue is recognized when the performance obligations in the customer arrangement are satisfied. Changes in deferred revenue are generally as a result of the Company's normal operating cycle and the effect of cumulative catch-up adjustments arising from a change in the measure of progress or a contract modification identified at each reporting period. A performance obligation is a promise in a contract to transfer a distinct product or service to the customer. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the customer receives the benefit of the performance obligation. Customers typically receive the benefit of the Company's products when the risk of loss or control for the product transfers to the customer and for services as they are performed. Under ASC 606, revenue is recognized when a customer obtains control of promised products or services in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To achieve this core principle, the Company applies the following five steps: **1) Identify the contract with a customer** A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the products or services to be transferred and identifies the payment terms related to these products or services, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for products or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer. **2) Identify the performance obligations in the contract** Performance obligations promised in a contract are identified based on the products or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the product or service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the products or services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised products or services, the Company must apply judgment to determine whether promised products or services are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised products or services are accounted for as a combined performance obligation. **3) Determine the transaction price** The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring products or services to the customer. The customer payments are generally due in 30 days. **4) Allocate the transaction price to performance obligations in the contract** If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations. **5) Recognize revenue when or as the Company satisfies a performance obligation** The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised product or service to a customer. During the three months ended March 31, 2024, the Company recognized \$4,157 of revenue over time, as compared to \$6,315 during the three months ended March 31, 2023. Additionally, the Company recognized \$4,433 and \$3,240 of revenue at a point in time from the sale of our products during the three months ended March 31, 2024, and 2023, 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 \$1,988 and \$2,062 of service revenue during the three months ended March 31, 2024, and 2023, respectively. During the three months ended March 31, 2024, the Company recognized approximately \$2,370 of revenue that was classified as deferred revenue as of December 31, 2023, as compared to \$2,632 of revenue recognized during the three months ended March 31, 2023, that was classified as deferred revenue as of December 31, 2022, resulting primarily from the progress made on the various active contracts during the respective reporting periods. 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 March 31, 2024, one customer represented approximately 10% of the Company's accounts receivable. As of December 31, 2023, one customer represented approximately 23% of the Company's accounts receivable. For the three months ended March 31, 2024, two customers represented approximately 27% and 12% of the Company's revenue. For the three months ended March 31, 2023, two customers represented approximately 54% and 14% of the Company's revenue.

revenue. A 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 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 nine months ended March 31, 2024, and 2023 were insignificant. A 9 A The following table presents our revenues disaggregated by revenue discipline:

SCHEDULE OF REVENUE DISAGGREGATED	
2024	2023 (Restated)
Three Months Ended	March 31, 2024
Products	\$6,602
Services	\$7,493
Total revenue	\$8,590
	\$9,555

See Note 9 - Business Segment and Geographic Information. A 4. INVENTORIES The components of inventories are summarized below:

SCHEDULE OF INVENTORIES	
March 31, 2024	December 31, 2023
Raw materials	\$7,885
Work in process	\$5,316
Total inventories	\$1,705
	\$2,263
Total inventories	\$9,590
	\$7,579

Inventories are stated at the lower of cost or a net realizable value determined on a weighted average method. A 5. PROPERTY AND EQUIPMENT, NET Property and equipment are summarized below:

SCHEDULE OF PROPERTY AND EQUIPMENT	
March 31, 2024	December 31, 2023
Machinery, vehicles and equipment	\$4,444
Furniture and fixtures	\$3,220
Computer hardware and software	\$733
Leasehold improvements	\$650
Construction in progress	\$368
Property and equipment, gross	\$6,683
Less: accumulated depreciation	\$6,470
Total property and equipment, net	\$2,204

Property and equipment, gross A 6,683 A 6,470 Less: accumulated depreciation A (2,693) A (2,571) Total property and equipment, net A \$3,990 A \$3,899 A Depreciation expense was \$122 and \$130 for the three months ended March 31, 2024, and 2023, respectively. A 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES The components of accounts payable and accrued liabilities are summarized below:

SCHEDULE OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES																																																																																				
March 31, 2024	December 31, 2023																																																																																			
Accounts payable	\$5,628																																																																																			
Accrued liabilities	\$5,396																																																																																			
Total accounts payable and accrued liabilities	\$12,317																																																																																			
Accrued liabilities primarily consist of accrued legal settlement costs, accrued sales commissions, accrued compensation and benefits, accrued sales and use taxes and accrued insurance. Accrued legal settlement costs as of March 31, 2024, and December 31, 2023, were 5,000. See Note 10 for details. As of March 31, 2024, and December 31, 2023, accrued sales commissions were \$550 and \$442, respectively. Accrued compensation and benefits as of March 31, 2024, and December 31, 2023, were \$208 and \$294, respectively. Accrued sales and use taxes as of March 31, 2024, and December 31, 2023, were \$149 and \$67, respectively, and there was \$485 accrued insurance as of March 31, 2024, compared to \$795 as of December 31, 2023. The remainder of accrued liabilities are comprised of several insignificant accruals in connection with normal business operations. A 10 A As of March 31, 2024, two of the Company's suppliers represented 33% of the Company's accounts payable. As of December 31, 2023, one of the Company's suppliers represented 18% of the Company's accounts payable. A 7. STOCK-BASED COMPENSATION Stock-Based Compensation A A summary of stock option activity during the three months ended March 31, 2024, is as follows: <table border="1"> <thead> <tr> <th colspan="2">SCHEDULE OF STOCK OPTION ACTIVITY</th> </tr> </thead> <tbody> <tr> <td>Stock Options</td> <td>Weighted average exercise price</td> </tr> <tr> <td>Weighted average remaining contractual term</td> <td>Aggregate intrinsic value</td> </tr> <tr> <td>Outstanding as of January 1, 2024</td> <td>\$5.49</td> </tr> <tr> <td>Granted</td> <td>\$706,167</td> </tr> <tr> <td>Exercised</td> <td>\$49,167</td> </tr> <tr> <td>Forfeited/expired</td> <td>\$57,000</td> </tr> <tr> <td>Outstanding as of March 31, 2024</td> <td>\$10.21</td> </tr> <tr> <td>Exercisable as of March 31, 2024</td> <td>\$554,167</td> </tr> <tr> <td></td> <td>\$4.96</td> </tr> <tr> <td></td> <td>\$5.20</td> </tr> <tr> <td></td> <td>\$813</td> </tr> </tbody> </table> <p>A A summary of RSU activity during the three months ended March 31, 2024, is as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">SCHEDULE OF RESTRICTED STOCK UNITS</th> </tr> </thead> <tbody> <tr> <td>Weighted-average grant-date</td> <td>Weighted-average grant-date</td> </tr> <tr> <td>Number of units</td> <td>fair value per share</td> </tr> <tr> <td>fair value</td> <td>Unvested restricted stock units as of January 1, 2024</td> </tr> <tr> <td>\$4.35</td> <td>\$125,000</td> </tr> <tr> <td>\$543</td> <td>Units granted</td> </tr> <tr> <td>Units vested</td> <td>\$4.35</td> </tr> <tr> <td>Units forfeited</td> <td>\$543</td> </tr> <tr> <td>Unvested restricted stock units as of March 31, 2024</td> <td>\$125,000</td> </tr> <tr> <td>Stock-based compensation expense recorded for the three months ended March 31, 2024, and 2023</td> <td>\$4.35</td> </tr> <tr> <td>was approximately \$225 and \$143, respectively. As of March 31, 2024, there was \$189 of stock-based compensation expense remaining to be recognized in the consolidated statements of operations over a weighted average remaining period of 1.5 years. A 11 A 8. BASIC AND DILUTED (LOSS) INCOME PER COMMON SHARE Basic and diluted (loss) income 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 (loss) income per share (in thousands, except per share data): <table border="1"> <thead> <tr> <th colspan="2">SCHEDULE OF BASIC AND DILUTED LOSS PER SHARE</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>2023 (Restated)</td> </tr> <tr> <td>Three Months Ended</td> <td>March 31, 2024</td> </tr> <tr> <td>2023 (As Restated)</td> <td>March 31, 2023</td> </tr> <tr> <td>Numerator</td> <td>Net (loss) income</td> </tr> <tr> <td>\$1,035</td> <td>\$1,035</td> </tr> <tr> <td>\$742</td> <td>\$742</td> </tr> <tr> <td>Denominator</td> <td>Weighted average basic shares outstanding</td> </tr> <tr> <td>10,112,310</td> <td>10,112,310</td> </tr> <tr> <td>9,769,545</td> <td>9,769,545</td> </tr> <tr> <td>Effect of dilutive securities - equity based compensation plans</td> <td>20</td> </tr> <tr> <td>Weighted average diluted shares outstanding</td> <td>10,112,310</td> </tr> <tr> <td>Net (loss) income per common share</td> <td>\$0.10</td> </tr> <tr> <td>Basic</td> <td>\$0.07</td> </tr> <tr> <td>Diluted</td> <td>\$0.07</td> </tr> <tr> <td>As of March 31, 2024, and 2023, diluted (loss) income per share excludes potentially dilutive common shares related to 649,167 and 585,667 shares underlying stock options, respectively, and 125,000 and 250,000 shares underlying nonvested RSUs, respectively, as their effect was anti-dilutive. A 12 A 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: Electrical Infrastructure and Critical Power. The Critical Power reportable segment is the Company's Titan Energy Systems, Inc. business unit. The Electrical Infrastructure reportable segment is the Company's Pioneer Custom Electrical Products Corp. business unit. A The Electrical Infrastructure 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. A The following tables present information about segment loss and income: <table border="1"> <thead> <tr> <th colspan="2">SCHEDULE OF SEGMENT INCOME LOSS</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>2023 (Restated)</td> </tr> <tr> <td>Three Months Ended</td> <td>March 31, 2024</td> </tr> <tr> <td>2023 (As Restated)</td> <td>March 31, 2023</td> </tr> </tbody> </table> </td></tr></tbody></table></td></tr></tbody></table>	SCHEDULE OF STOCK OPTION ACTIVITY		Stock Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value	Outstanding as of January 1, 2024	\$5.49	Granted	\$706,167	Exercised	\$49,167	Forfeited/expired	\$57,000	Outstanding as of March 31, 2024	\$10.21	Exercisable as of March 31, 2024	\$554,167		\$4.96		\$5.20		\$813	SCHEDULE OF RESTRICTED STOCK UNITS		Weighted-average grant-date	Weighted-average grant-date	Number of units	fair value per share	fair value	Unvested restricted stock units as of January 1, 2024	\$4.35	\$125,000	\$543	Units granted	Units vested	\$4.35	Units forfeited	\$543	Unvested restricted stock units as of March 31, 2024	\$125,000	Stock-based compensation expense recorded for the three months ended March 31, 2024, and 2023	\$4.35	was approximately \$225 and \$143, respectively. As of March 31, 2024, there was \$189 of stock-based compensation expense remaining to be recognized in the consolidated statements of operations over a weighted average remaining period of 1.5 years. A 11 A 8. BASIC AND DILUTED (LOSS) INCOME PER COMMON SHARE Basic and diluted (loss) income 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. 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Â 10.COMMITMENTS AND CONTINGENCIESÂ Litigation and ClaimsÂ 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.Â On June 15, 2023, Terrence and Kay Mimick (the â€œPlaintiffsâ€) filed a complaint in the U.S. District Court, District of Nebraska naming the Company, its wholly-owned subsidiary, Pioneer Critical Power, 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, and seeking special damages related to the injuries allegedly sustained by Plaintiffs. The amended complaint also named Titan Energy Systems, Inc. as a defendant instead of Pioneer Critical Power, Inc. On July 27, 2023, the defendants filed an Answer to Plaintiffâ€™s Amended Complaint. On October 6, 2023, a mediation was held, but the parties did not reach a settlement. In June 2024, another mediation was held and the parties reached a settlement for all of the Plaintiffsâ€™ claims. As of March 31, 2024, the Company recognized a liability of \$5,000 related to this matter, which was included within accounts payable and accrued liabilities, with a corresponding insurance receivable of \$5,000 related to the loss recovery, which was deemed to be probable and included within prepaid expenses and other current assets on the consolidated balance sheets.Â The Company is not aware of any material proceedings in which any of its directors, officers or affiliates or any registered or beneficial shareholder of more than 5% of the Companyâ€™s common stock is an adverse party or has a material interest adverse to the Companyâ€™s interest.Â 14 Â ITEM 2. MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.Â The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying unaudited 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, 2023, which was filed with the Securities and Exchange Commission on July 26, 2024.Â Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to the â€œCompany,â€ â€œPioneer,â€ â€œwe,â€ â€œourâ€ and â€œusâ€ refer to Pioneer Power Solutions, Inc. and its subsidiaries.Â U.S. dollars are reported in thousands except for share and per share amounts.Â Special Note Regarding Forward-Looking StatementsÂ This Quarterly Report on Form 10-Q contains â€œforward-looking statements,â€ which include information relating to future events, future financial performance, financial projections, strategies, expectations, competitive environment and regulation. Words such as â€œmay,â€ â€œshould,â€ â€œcould,â€ â€œwould,â€ â€œpredicts,â€ â€œpotential,â€ â€œcontinue,â€ â€œexpects,â€ â€œanticipates,â€ â€œfuture,â€ â€œintends,â€ â€œplans,â€ â€œbelieves,â€ â€œestimates,â€ 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 managementâ€™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:Â —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 and infrastructure industries.Â —The effects of fluctuations in sales on our business, revenues, expenses, net income (loss), income (loss) per share, margins and profitability.Â —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.Â —The potential loss or departure of key personnel, including Nathan J. Mazurek, our chairman, president and chief executive officer.Â —Our ability to generate internal growth, maintain market acceptance of our existing products and gain acceptance for our new products.Â —Unanticipated increases in raw material prices or disruptions in supply could increase production costs and adversely affect our profitability.Â —Our ability to realize revenue reported in our backlog.Â —Our ability to remediate the material weaknesses identified in our internal control over financial reporting in our Annual Report on Form 10-K for the year ended December 31, 2023, or inability to otherwise maintain an effective system of internal control.Â —The effect that the restatement of the prior financial statements could have on investor confidence in us and raise reputational risk.Â —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.Â —Strikes or labor disputes with our employees may adversely affect our ability to conduct our business.Â —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.Â —Material weaknesses in internal controls.Â —Future sales of large blocks of our common stock may adversely impact our stock price.Â —The liquidity and trading volume of our common stock.Â —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.Â —Risks associated with litigation and claims, which could impact our financial results and condition.Â 15 Â 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, 2023, 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 United States for manufacturing, service and maintenance, engineering, and sales and administration. **Description of Business Segments** We have two reportable segments: Electrical Infrastructure Equipment ("Electrical Infrastructure") and Critical Power Solutions ("Critical Power"). **Electrical Infrastructure** Our Electrical Infrastructure business provides equipment solutions that allow customers to effectively and efficiently protect, control, transfer, monitor and manage their electric energy usage and requirements. These solutions are marketed principally through our Pioneer Custom Electrical Products Corp. ("PCEP") brand name. **Critical Power** Our Critical Power business provides customers with our suite of mobile e-Boost® EV charging solutions, power generation equipment and all forms of preventative maintenance, repairs, remote monitoring and other equipment service on our customers' equipment. These products and services are marketed by our operations headquartered in Minnesota, currently doing business under our Pioneer eMobility ("e-Boost"), Titan Energy Systems Inc. ("Titan") and Pioneer Critical Power brand names. **Critical Accounting Estimates** Our consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the amounts and disclosures in the consolidated 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 Securities and Exchange Commission (the "SEC") on July 26, 2024. There were no material changes to our accounting policies during the three months ended March 31, 2024. **RESULTS OF OPERATIONS** Overview of the Three 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 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 months ended March 31, 2024, and 2023 are as follows: **Three Months Ended March 31, 2024** **Revenues** \$5,275 \$6,809 **Critical Power Solutions** \$3,315 \$2,746 **Consolidated** \$8,590 \$9,555 **Cost of goods sold** \$2,056 **Electrical Infrastructure** \$2,780 \$4,082 **Critical Power Solutions** \$2,056 **Consolidated** \$6,862 \$6,722 **Gross profit** \$1,728 \$2,833 **Selling, general and administrative** \$2,607 \$2,033 **Depreciation and amortization** \$16 \$125 **Research and development** \$211 **Total operating expenses** \$2,834 \$2,158 **Operating (loss) income from continuing operations** \$(1,106) \$675 **Interest income** \$(31) \$(54) **Other income** \$(40) \$(13) **(Loss) income before income taxes** \$(1,035) \$742 **Income tax expense** \$- \$- **Net (loss) income** \$(1,035) \$742 **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. As of March 31, 2024, backlog from our E-Bloc power systems and related equipment was approximately \$11,347, or 25% 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: **March 31, December 31, September 30, June 30, March 31, 2024** **2023 (As Restated)** **Electrical Infrastructure** \$30,889 \$28,497 \$25,368 \$25,225 \$28,150 **Critical Power Solutions** \$15,022 \$16,668 \$8,027 \$7,146 \$7,845 **Total order backlog** \$45,911 \$45,165 \$33,395 \$32,371 \$35,995 **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 March 31, 2024** **2023 (As Restated)** **Variance** **Electrical Infrastructure** \$5,275 \$6,809 \$(1,534) **(22.5%)** **Service** \$- \$- **Critical Power Solutions** \$1,327 \$684 \$643 \$94.0 **Service** \$1,988 \$2,062 \$(74) **(3.6%)** **Equipment** \$3,315 \$2,746 \$569 \$20.7 **Total revenue** \$8,590 \$9,555 \$(965) **(10.1%)** For the three months ended March 31, 2024, our consolidated revenue decreased by \$965, or 10.1%, to \$8,590, down from \$9,555 during the three months ended March 31, 2023, primarily due to a decrease in sales of equipment from our Electrical Infrastructure segment during the three months ended March 31, 2024. **Electrical Infrastructure** During the three months ended March 31, 2024, revenue from equipment sales decreased by \$1,534, or 22.5%, to \$5,275, down from \$6,809 during the three months ended March 31, 2023, primarily due to a decrease in revenue recognized over time from our equipment sales during the three months ended March 31, 2024. **Critical Power** For the three months ended March 31, 2024, revenue for our Critical Power segment increased by \$569, or 20.7%, to \$3,315, up from \$2,746 during the three months ended March 31, 2023, primarily due to an increase in sales of our e-Boost equipment from our Pioneer eMobility business during the three months ended March 31, 2024. **Gross Profit and Margin** The following table represents our gross profit by reporting segment for the periods indicated (in thousands, except percentages): **Three Months Ended March 31, 2024** **2023 (As Restated)** **Variance** **Electrical Infrastructure** \$5,275 \$6,809 \$(1,534) **(22.6%)** **Gross profit** \$1,193 \$2,143 \$(950) **(44.3%)** **Gross margin %** 22.6% 31.5% \$(8.9) **(26.4%)** **Critical Power Solutions** \$1,327 \$684 \$643 \$94.0 **Gross profit** \$535 \$690 \$(155) **(22.1%)** **Critical Power Solutions** \$1,327 \$684 \$643 \$94.0 **Gross profit** \$535 \$690 \$(155) **(22.1%)**

Â (22.5) Gross margin %Â Â 16.1Â Â Â 25.1Â Â Â (9.0)Â Consolidated gross profitÂ \$1,728Â Â \$2,833Â Â \$(1,105)Â Â (39.0) Consolidated gross margin %Â Â 20.1Â Â Â 29.6Â Â Â (9.5)Â Â Â Â For the three months ended March 31, 2024, our consolidated gross margin decreased to 20.1% of revenues, as compared to 29.6% during the three months ended March 31, 2023.Â Electrical Infrastructure. For the three months ended March 31, 2024, our gross margin percentage decreased by 8.9%, from 31.5% to 22.6%, as compared to the three months ended March 31, 2023. The decrease was primarily due to the decrease in sales of our E-Bloc power systems and medium and low voltage equipment.Â Critical Power Solutions. For the three months ended March 31, 2024, our gross margin decreased by 9.0%, from 25.1% to 16.1%, for the three months ended March 31, 2023. The decrease was primarily due to an unfavorable sales mix.Â 18 Â Â Operating ExpensesÂ The following table represents our operating expenses by reportable segment for the periods indicated (in thousands, except percentages):Â Â Â Three Months EndedÂ Â March 31,Â Â 2024Â Â 2023Â Â VarianceÂ Â %Â Electrical InfrastructureÂ Â Â Â Â Â Â Â Selling, general and administrativeÂ \$560Â Â \$273Â Â \$287Â Â 105.1Â Depreciation and amortizationÂ 14Â Â 8Â Â 6Â Â 75.0Â Segment operating expenseÂ \$574Â Â \$281Â Â \$293Â Â 104.3Â Â Â Â Â Â Â Â Â Â Â Â Â Â Critical Power SolutionsÂ Â Â Â Â Â Â Â Â Â Selling, general and administrativeÂ \$884Â Â \$1,012Â Â \$(128)Â Â (12.6) Depreciation and amortizationÂ 115Â Â 115Â Â (115)Â Â (100.0) Research and developmentÂ 211Â Â 211Â Â Segment operating expenseÂ \$1,095Â Â \$1,127Â Â \$(32)Â Â (113)Â Â Â Â Â Â Â Â Â Â Unallocated Corporate Overhead ExpensesÂ Â Â Â Â Â Â Â Â Â Selling, general and administrativeÂ \$1,163Â Â \$748Â Â \$415Â Â 55.5Â Depreciation and amortizationÂ 2Â Â 2Â Â 2Â Â -Â Â Segment operating expenseÂ \$1,165Â Â \$750Â Â \$415Â Â 55.3Â Â Â Â Â Â Â Â Â Â Â Â Â Â ConsolidatedÂ Â Â Â Â Â Â Â Selling, general and administrativeÂ \$2,607Â Â \$2,033Â Â \$574Â Â 28.2Â Depreciation and amortizationÂ 16Â Â 125Â Â (109)Â Â (87.2) Research and developmentÂ 211Â Â 211Â Â 211Â Â -Â Â Consolidated operating expenseÂ \$2,834Â Â \$2,158Â Â \$676Â Â 31.3Â Â Selling, General and Administrative Expense. For the three months ended March 31, 2024, consolidated selling, general and administrative expense, before depreciation and amortization, increased by approximately \$574, or 28.2%, to \$2,607, as compared to \$2,033 during the three months ended March 31, 2023, primarily due to an increase in payroll related costs, including stock-based compensation. As a percentage of our consolidated revenue, selling, general and administrative expense, before depreciation and amortization, increased to 30.3% during the three months ended March 31, 2024, as compared to 21.3% in the three months ended March 31, 2023.Â 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 March 31, 2024, consolidated depreciation and amortization expense decreased by \$109, or 87.2%, to \$16, as compared to \$125 during the three months ended March 31, 2023.Â (Loss) Income from OperationsÂ The following table represents our operating (loss) income by reportable segment for the periods indicated (in thousands, except percentages):Â Â Â Three Months EndedÂ Â March 31,Â Â 2024Â Â 2023 (As Restated)Â Â VarianceÂ Â %Â Electrical InfrastructureÂ \$619Â Â \$1,862Â Â \$(1,243)Â Â (66.8) Critical Power SolutionsÂ Â (560)Â Â (437)Â Â (123)Â Â (28.1) Unallocated corporate overhead expensesÂ Â (1,165)Â Â (750)Â Â (415)Â Â (55.3) (Loss) income from operationsÂ \$(1,106)Â Â \$675Â Â \$(1,781)Â Â 263.9Â Â 19Â Â Electrical Infrastructure. Operating income from our Electrical Infrastructure segment decreased by \$1,243 during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to a decrease in sales of our electrical infrastructure equipment and an increase in selling, general and administrative expense.Â Critical Power Solutions. Operating loss from our Critical Power segment increased by \$123 during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to an unfavorable sales mix in the service business.Â 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.Â During the three months ended March 31, 2024, our unallocated corporate overhead expense increased by \$415, or 55.3%, as compared to the three months ended March 31, 2023, primarily due to an increase in payroll related costs, including stock-based compensation, professional fees and costs related to investor relations.Â Non-Operating IncomeÂ Interest Income. For the three months ended March 31, 2024, we had interest income of approximately \$31, as compared to interest income of approximately \$54 during the three months ended March 31, 2023. We generated the majority of our interest income from our cash on hand during the three months ended March 31, 2024, and 2023.Â Other Income. Other income in the consolidated statements of operations reports certain gains and losses associated with activities not directly related to our core operations.Â For the three months ended March 31, 2024, other non-operating income was \$40, as compared to other non-operating income of \$13 during the three months ended March 31, 2023.Â Provision for Income Taxes. Our effective income tax rate for the three months ended March 31, 2024, and 2023 was 0.0%.Â Net (Loss) Income per ShareÂ We generated a net loss of \$1,035 during the three months ended March 31, 2024, as compared to a net income of \$742 during the three months ended March 31, 2023.Â Our net loss per basic and diluted share for the three months ended March 31, 2024, was \$0.10, as compared to net income per basic and diluted share of \$0.07 for the three months ended March 31, 2023.Â LIQUIDITY AND CAPITAL RESOURCESÂ General. On October 20, 2020, we entered into an At the Market Sale Agreement with H.C. Wainwright & Co., LLC (â€œWainwrightâ€), 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 â€œATM Programâ€). As of March 31, 2024, we had \$6,227 of cash on hand generated primarily from the sale of common stock under the ATM Program. Since October 20, 2020, and through March 31, 2024, we sold an aggregate of 1,807,897 shares of common stock for aggregate gross proceeds of approximately \$13,901, before any sales agent fees and expenses payable by us under the ATM Program. During the three months ended March 31, 2024, we sold an aggregate of 891,838 shares of common stock for an aggregate consideration of approximately \$4,997, before any sales agent fees and expenses payable by us. As of March 31, 2024, \$70,003 of common stock remained available for issuance under the ATM Program.Â 20 Â Â The continuing impacts of the rising interest rates, inflation, changes in foreign currency exchange rates and geopolitical developments, such as the ongoing conflict between Russia and Ukraine, and the ongoing conflict 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 our 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, we are unable to predict the potential size and duration of the impact on our

revenue and our results of operations, if any. The extent of the potential impact of these macroeconomic factors on our operational and financial performance will depend on a variety of factors, including the extent of geopolitical disruption and its impact on our clients, partners, industry, and employees, all of which are uncertain at this time and cannot be accurately predicted. We continue to monitor the effects of these macroeconomic factors and intend to take steps deemed appropriate to limit the impact on our business. During the three months ended March 31, 2024, we were able to operate substantially at capacity. There can be no assurance that precautionary measures, whether adopted by us or imposed by others, will be effective, and such measures could negatively affect our sales, marketing, and client service efforts, delay and lengthen our sales cycles, decrease our employees' productivity, clients' or partners' productivity, or create operational or other challenges, any of which could harm our business and results of operations. **Cash(Used in)/ Provided by Operating Activities.** Cash used in our operating activities was \$1,950 during the three months ended March 31, 2024, as compared to cash provided by \$1,525 during the three months ended March 31, 2023. The increase in cash used in operating activities is primarily due to the increase in our net loss and working capital fluctuations. **CashUsed in Investing Activities.** Cash used in our investing activities during the three months ended March 31, 2024, was \$213, as compared to \$194 during the three months ended March 31, 2023. Additions to property and equipment during the three months ended March 31, 2024, were \$213, as compared to \$194 of additions during the three months ended March 31, 2023. **CashProvided by/ (Used in) Financing Activities.** Cash provided by our financing activities was \$4,808 during the three months ended March 31, 2024, as compared to cash used in our financing activities of \$71 during the three months ended March 31, 2023. The increase in cash provided by financing activities is primarily due to the sale of common stock under the ATM Program. **Working Capital.** As of March 31, 2024, we had working capital of \$13,508, including \$6,227 of cash on hand, compared to working capital of \$9,421, including \$3,582 of cash on hand as of December 31, 2023. **Assessment of Liquidity.** As of March 31, 2024, we had \$6,227 of cash on hand generated primarily from the sale of common stock under the ATM Program. We have historically met our cash needs through a combination of cash flows from operating activities and bank borrowings, the completion of the sale of the transformer business units in August 2019, sale of common stock under the ATM Program and collecting all unpaid principal and interest from the Seller Notes. Historically, our cash requirements were generally for operating activities, debt repayment, capital improvements and acquisitions. **We expect to meet our cash needs with our working capital and cash flows from operating activities.** We expect our cash requirements to be generally for operating activities, capital improvements and product development. We expect that product development and promotional activities related to our new initiatives will continue in the near future and we expect to continue to incur costs related to such activities. We expect that our cash balance is sufficient to fund operations for the next twelve months from the date our unaudited consolidated financial statements are issued. **As of March 31, 2024, 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 \$213 of additions to property and equipment during the three months ended March 31, 2024, as compared to \$194 of additions to property and equipment during the three months ended March 31, 2023. **Known Trends, Events, Uncertainties and Factors That May Affect Future Operations.** We believe that our future operating results will continue to be subject to quarterly variations based upon a wide variety of factors, including the cyclical nature of the electrical equipment industry and the markets for our products and services. Our operating results could also be impacted by changing customer requirements and exposure to fluctuations in prices of important raw supplies, such as copper, steel and aluminum. We have various insurance policies, including cybersecurity, covering risks in amounts that we consider adequate. In addition to these measures, we attempt to recover other cost increases through improvements to our manufacturing efficiency and through increases in prices where competitively feasible. Lastly, other economic conditions we cannot foresee may affect customer demand. In addition, the consequences of the ongoing geopolitical conflicts, such as the ongoing conflict between Russia and Ukraine and the ongoing conflict 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 predominantly 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 March 31, 2024. 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 weaknesses described below, our CEO and CFO have concluded that our disclosure controls and procedures were not effective as of March 31, 2024. 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 Weaknesses in Internal Control over Financial Reporting.** A material weakness, as defined in the standards established by Sarbanes-Oxley, is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. The following material weaknesses in our internal control over financial reporting were present as of December 31, 2023,

and continued to exist as of March 31, 2024. The Company did not maintain effective controls over the revenue recognition of over-time contracts and associated costs. The Company's underlying estimates of total labor hours required to complete over-time contracts were materially different from the actual labor hours required, which was determined to represent an error, and, as a result, the percentage of completion used to recognize revenue was materially different from the percentage of completion using actual labor hours incurred. Additionally, the Company did not properly account for recognition of costs incurred by contract. This material weakness resulted in the restatement of the Company's consolidated financial statements for the year ended December 31, 2022, as well as its interim consolidated financial statements for the three months ended March 31, 2022, and 2023, the three and six months ended June 30, 2022, and 2023 and the three and nine months ended September 30, 2022, and 2023. The Company did not design and maintain effective controls over the accounting for inventory and related cost of sales, primarily due to the lack of an automated tracking system and the manual nature of its current processes and controls surrounding inventory. Specifically, we did not design and maintain effective controls over (1) complete and accurate inventory costing, including recording inventoriable costs at the lower of cost and net realizable value, (2) cycle count procedures and inventory system changes, which occur without proper review and documentation and (3) proper segregation of duties. The Company has a lack of sufficient accounting personnel with the necessary skills, knowledge, and expertise. This deficiency impacts our ability to ensure appropriate segregation of duties, and to accurately and timely close, consolidate and prepare financial statements as required to maintain compliance with reporting deadlines under applicable SEC regulations. Management's Plan to Remediate the Material Weaknesses The Company is implementing enhancements to its internal controls to remediate the identified material weaknesses in its internal control over financial reporting. Specifically, the Company has: engaged external third parties for assistance as needed; initiated a review and update of significant accounting policies, procedures, and controls; and begun additional training for its accounting and financial reporting personnel. Additionally, the Company plans to hire additional accounting and finance personnel with the requisite skills, knowledge and expertise to address identified control deficiencies. The Company is committed to maintaining a strong internal control environment and believes these remediation efforts will represent significant improvements in its controls over the control environment. These steps will take time to be fully implemented and confirmed to be effective and sustainable. Additional controls may also be required over time. While the Company believes that these efforts will improve its internal control over financial reporting, the Company will not be able to conclude whether the steps the Company is taking will remediate the material weaknesses in internal control over financial reporting until a sufficient period of time has passed to allow management to test the design and operational effectiveness of the new and enhanced controls. Until the remediation steps set forth above are fully implemented and tested, the material weaknesses described above will continue to exist. Changes in Internal Control over Financial Reporting Other than described above, there have been no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2024, that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting. 22. 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, Terrence and Kay Mimick (the "Plaintiffs") filed a complaint in the U.S. District Court, District of Nebraska naming the Company, its wholly-owned subsidiary, Pioneer Critical Power, 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, and seeking special damages related to the injuries allegedly sustained by Plaintiffs. The amended complaint also named Titan Energy Systems, Inc. as a defendant instead of Pioneer Critical Power, Inc. On July 27, 2023, the defendants filed an Answer to Plaintiff's Amended Complaint. On October 6, 2023, a mediation was held, but the parties did not reach a settlement. In June 2024, another mediation was held and the parties reached a settlement for all of the Plaintiffs' claims. On May 26, 2023, the Company filed a complaint against PowerSecure, Inc. ("PowerSecure") in Minnesota state court, which was subsequently removed to U.S. District Court, District of Minnesota on June 20, 2023, alleging breach of contract, unjust enrichment and tortious interference (the "PowerSecure Action"). Thereafter, in the fourth quarter of 2023, the Company entered into a Settlement Agreement and Release with PowerSecure. On January 4, 2024, the Company and PowerSecure stipulated to a voluntary dismissal of the PowerSecure Action with prejudice, and as a result, the PowerSecure Action was dismissed with prejudice on January 5, 2024. 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, 2023, as filed with the Securities and Exchange Commission on July 26, 2024, and are supplemented with the following revised risk factor: We may not meet the continued listing requirements of Nasdaq, which could result in a delisting of our common stock. As previously disclosed, on April 18, 2024, we received a notice (the "10-K Notice") from the Listing Qualifications staff of Nasdaq notifying us that as we had not yet filed our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K"), we no longer complied with Listing Rule 5250(c)(1) for continued listing on Nasdaq (the "Listing Rule"). On May 24, 2024, we received an additional notice from Nasdaq notifying us that as we had not yet filed our Form 10-Q for the quarter ended March 31, 2024 (the "Q1 10-Q"), and because we remained delinquent in filing the Form 10-K, we did not comply with the Listing Rule. On July 26, 2024, we filed the Form 10-K with the SEC and are now in compliance with such filing. On August 21, 2024, we received a notice from Nasdaq notifying us that as we had not yet filed our Form 10-Q for the quarter ended June 30, 2024 (the "Q2 10-Q"), and together with the Q1 10-Q, the "Delinquent Filings"), we were not in compliance with the Listing Rule. We previously submitted a plan to Nasdaq (the "Plan") on June 17, 2024, to regain compliance with respect to the Delinquent Filings and Nasdaq granted an exception until September 20, 2024, to file the Delinquent Filings. Pursuant to the notice we received on August 21, 2024, we were required to submit an update to the Plan to Nasdaq by September 5, 2024, to regain compliance. We submitted an update to the Plan to Nasdaq on September 5, 2024. Nasdaq may grant us an additional exception of up to a maximum

of 180 calendar days from the prescribed filing due date of the Form 10-K to file the Delinquent Filings, or until October 14, 2024, to regain compliance. Although we expect to take actions intended to restore our compliance with the listing requirements, we can provide no assurance that any action taken by us would be successful. If our common stock is delisted from the Nasdaq Capital Market, we expect that our common stock would begin trading on the over-the-countermarkets. The delisting of our common stock could result in a reduction in our trading price and would substantially limit the liquidity of our common stock. In addition, delisting could materially adversely impact our ability to raise capital or pursue strategic restructuring, refinancing or other transactions. Delisting from the Nasdaq Capital Market could also have other negative results, including the potential loss of confidence by institutional investors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS None.

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.

23 INDEX TO EXHIBITS Exhibit No. Description 31.1* Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 31.2* Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 32.1** Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 32.2** Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 101.INS* Inline XBRL Instance Document. 101.SCH* Inline XBRL Taxonomy Extension Schema Document. 101.CAL* Inline XBRL Taxonomy Extension Calculation Linkbase Document. 101.DEF* Inline XBRL Taxonomy Extension Definition Linkbase Document. 101.LAB* Inline XBRL Taxonomy Extension Labels Linkbase Document. 101.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document. 104* Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed herewith. ** Furnished herewith.

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.

PIONEERPOWER SOLUTIONS, INC. Date: September 10, 2024

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: September 10, 2024 /s/ Walter Michalec Name: Walter Michalec Title: Chief Financial Officer (Principal Financial Officer duly authorized to sign on behalf of Registrant) EXHIBIT 31.1 CERTIFICATION I, Nathan J. Mazurek, certify that:

- I have reviewed this Quarterly Report on Form 10-Q of Pioneer Power Solutions, Inc.;
- 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;
- 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;
- 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:

- 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;
- 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;
- 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
- 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):

- 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
- 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: September 10, 2024 /s/ Nathan J. Mazurek Name: 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:

- I have reviewed this Quarterly Report on Form 10-Q of Pioneer Power Solutions, Inc.;
- 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;
- 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;
- 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:

- 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;
- 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;
- 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

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: September 10, 2024 /s/ Walter Michalec Walter Michalec Chief Financial Officer (Principal Financial Officer duly authorized to sign on behalf of Registrant) EXHIBIT32.1 CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 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 March 31, 2024, 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: September 10, 2024 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. EXHIBIT32.2 CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 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 March 31, 2024, 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: September 10, 2024 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.