

**PIONEER POWER SOLUTIONS, INC.**  
**Consolidated Balance Sheets**  
(In thousands, except share data)

	September 30, 2018 (Unaudited)	December 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 659	\$ 218
Accounts receivable, net	14,956	13,432
Inventories, net	26,010	23,192
Income taxes receivable	447	743
Prepaid expenses and other current assets	2,688	2,803
Current assets of discontinued operations	6,066	7,073
Total current assets	50,826	47,461
Property, plant and equipment, net	5,889	6,335
Deferred income taxes	3,047	2,729
Other assets	5,204	4,281
Intangible assets, net	3,913	4,922
Goodwill	8,527	8,527
Total assets	\$ 77,406	\$ 74,255
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Bank overdrafts	\$ 2,600	\$ 833
Revolving credit facilities	19,580	17,814
Short term borrowings	3,170	5,430
Accounts payable and accrued liabilities	20,882	16,873
Current maturities of long-term debt and capital lease obligations	1,316	782
Income taxes payable	900	1,164
Current liabilities of discontinued operations	3,791	3,856
Total current liabilities	52,239	46,752
Long-term debt, net of current maturities	3,127	4,153
Pension deficit	291	283
Other long-term liabilities	3,946	3,853
Deferred income taxes	1,575	1,665
Total liabilities	61,178	56,706
<b>Stockholders' equity</b>		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized; none issued	-	-
Common stock, \$0.001 par value, 30,000,000 shares authorized; 8,726,045 shares issued and outstanding on September 30, 2018 and December 31, 2017	9	9
Additional paid-in capital	23,961	23,801
Accumulated other comprehensive loss	(5,967)	(5,798)
Accumulated deficit	(1,775)	(463)
Total stockholders' equity	16,228	17,549
Total liabilities and stockholders' equity	\$ 77,406	\$ 74,255

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues	\$ 25,956	\$ 25,494	\$ 74,024	\$ 77,835
Cost of goods sold				
Cost of goods sold	20,815	19,609	59,253	60,559
Restructuring and integration	-	873	-	873
Total cost of goods sold	20,815	20,482	59,253	61,432
Gross profit	5,141	5,012	14,771	16,403
Operating expenses				
Selling, general and administrative	4,081	4,151	12,426	12,676
Restructuring and integration	-	-	-	156
Foreign exchange gain	(889)	(194)	(617)	(465)
Total operating expenses	3,192	3,957	11,809	12,367
Income from continuing operations	1,949	1,055	2,962	4,036
Interest expense	727	632	2,126	1,792
Other expense	19	112	158	165
Income before taxes	1,203	311	678	2,079
Income tax expense	415	530	550	396
Net income (loss) from continuing operations	788	(219)	128	1,683
Loss from discontinued operations, net of income taxes	(730)	(576)	(1,440)	(1,084)
Net income (loss)	\$ 58	\$ (795)	\$ (1,312)	\$ 599
Earnings (loss) per share:				
Basic and diluted				
Income (loss) from continuing operations	\$ 0.09	\$ (0.03)	\$ 0.01	\$ 0.19
Loss from discontinued operations	(0.08)	(0.06)	(0.17)	(0.11)
Net income (loss)	\$ 0.01	\$ (0.09)	\$ (0.16)	\$ 0.08
Diluted				
Income (loss) from continuing operations	\$ 0.09	\$ (0.03)	\$ 0.01	\$ 0.19
Loss from discontinued operations	(0.08)	(0.06)	(0.17)	(0.11)
Net income (loss)	\$ 0.01	\$ (0.09)	\$ (0.16)	\$ 0.08
Weighted average common shares outstanding:				
Basic	8,726	8,725	8,726	8,713
Diluted	8,734	8,725	8,726	8,727

**PIONEER POWER SOLUTIONS, INC.**  
**Reconciliation of GAAP Measures to Non-GAAP Measures**  
**(In thousands, except per share data)**  
**(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
<b>Reconciliation to Adjusted EBITDA and EPS</b>				
Net earnings / (loss) (GAAP measure)	\$ 58	\$ (795)	\$ (1,312)	\$ 599
Addbacks:				
Loss from discontinued operations, net of income taxes	730	576	1,440	1,084
Interest expense	727	632	2,126	1,792
Income tax expense	415	530	550	396
Depreciation and amortization	699	942	2,150	2,481
Restructuring and integration	-	-	-	156
Non-recurring expenses from strategic changes	-	873	-	873
Corp OH allocated to discontinued operations	297	308	776	888
Stock-based compensation	14	148	160	319
Other non-operating expenses	19	112	158	165
Adjusted EBITDA (Non-GAAP measure)	2,959	3,326	6,048	8,753
Tax effects - 21% rate	(621)	(698)	(1,270)	(1,838)
Non-GAAP net earnings	\$ 2,338	\$ 2,628	\$ 4,778	\$ 6,915
Non-GAAP net earnings per diluted share	\$ 0.27	\$ 0.30	\$ 0.55	\$ 0.79
Weighted average diluted shares outstanding	8,734	8,725	8,726	8,727

Tax Rate changed to 21% pursuant to US Tax Reform enacted in December 2017

*Note: Pioneer has presented non-GAAP measures such as non-GAAP net earnings and Adjusted EBITDA because many of our investors use these non-GAAP measures to monitor the Company's performance. These non-GAAP measures should not be considered an alternative to GAAP measures as an indicator of the Company's operating performance.*

*Non-GAAP net earnings is defined by the Company as net earnings before interest, income tax expense, depreciation and amortization, non-cash compensation and non-recurring acquisition costs and reorganization expenses and other non-recurring or non-cash items and any tax effects related to these items. The Company defines Adjusted EBITDA as net earnings before interest, income tax expense, depreciation and amortization, non-cash compensation and non-recurring acquisition costs and reorganization expenses and other non-recurring or non-cash items.*

*Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures included in this release, however, should be considered in addition to, and not as a substitute for or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP. A reconciliation of non-GAAP to GAAP net earnings is set forth in the table above.*

*Amounts may not foot due to rounding.*