

# NASDAQ:PPSI Q2 2025 Earnings Call Transcript

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## Operator:

Greetings and welcome to the Pioneer Power Second Quarter 2025 Earnings Conference Call. At this time all participants are in a listen-only mode. A question and answer session will follow the formal presentation. If anyone requires operator assistance, please press star and then zero on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Rick Maas of Hayden Investor Relations.

## Rick Maas | Hayden Investor Relations:

Please

## Operator:

come ahead.

## Rick Maas | Hayden Investor Relations:

Thank you, operator. The call today will be hosted by Nathan Mazurek, Chairman and Chief Executive Officer, Walter Michalik, Chief Financial Officer and Geo Morrigan, President of Pioneer E-Mobility.

## Rick Maas | Hayden Investor Relations:

Following this

## Rick Maas | Hayden Investor Relations:

discussion, there will be a Q&A session open to participants on the call. We appreciate the opportunity to review the second quarter financial results and recent business highlights. Before we get started, let me remind you this call is being recorded in webcast. During this call, management may make forward-looking statements. These statements are based on current expectations and assumptions and are subject to risks and uncertainties that could cause actual results to differ materially. Please refer to the cautionary text regarding forward-looking statements containing the earnings released issued earlier today, Thursday, August 14th, which applies to the content of the call. I would now like to turn the call over to Nathan Mazurek, Chairman and CEO. Nathan, please go ahead.

## Nathan Mazurek | Chairman and Chief Executive Officer:

Thank you, Brett. Good afternoon and thank you all for joining us today. I am pleased to report that we delivered strong financial results for the second quarter of 2025, continuing a trend that really began mid-year last year, 2024. Specifically, revenue increased 150% year over year to \$8.4 million, and our non-GAAP operating income from continuing operations was a positive \$218,000. A significant driver of the second quarter revenue growth and profitability improvement was continued execution on the 25-unit eBoost order for

one of the largest public school districts in the United States. This landmark project, to date the largest RFP ever awarded for a mobile charging system, which directly supports charging the school district's initial fleet of 200 electric school buses. After delivering the initial 10 units in the first quarter, we delivered the majority of the balance during the second quarter. While the early units carried higher costs due to the complexity of ramping up a project of this scale, our operations team achieved meaningful gains in productivity and cost optimization as the build-out progressed. As a result, gross profit on these units more than doubled in the second quarter. Additionally, this particular school district is scheduled to receive another 600 electric school buses over the next two years, and we expect to provide additional eBoost units to support this ongoing program. In the second quarter, we also delivered initial units under our agreement with our channel partner, Spark Charge. The Spark Charge deal, potentially worth up to \$10 million, is a direct result of Pioneer's collaborative relationship with this customer, and more importantly reflects the increasing demand for mobile, clean, and rapidly deployable EV charging solutions. Strategically, we continue to be highly encouraged by the breadth and quality of the opportunities ahead. We are actively quoting and designing solutions for a host of government-type agencies, transit authorities, robo-taxi enterprises, shipping ports, and several major national package delivery providers, as they all advance their commitment to electrifying their own fleet operations. The electric school bus market in particular continues to show strong momentum and remains a key focus area for us. These end customers are fully committed to a zero-emission future and typically have already ordered and received a significant number of either buses, vans, and other fleet vehicles, making a return to traditional vehicles highly unlikely. We also see immediate and long-term growth potential in autonomous mobility, particularly the burgeoning robo-taxi segment, which is essentially an all-electric market. As the adoption of robo-taxis accelerates, the demand for flexible, scalable charging infrastructure is growing in parallel. We believe Pioneer's mobile charging platform is uniquely suited to meet the needs of this market, offering an ideal solution for decentralized, on-demand EV charging. Simply put, the growth of robo-taxis aligns directly with Pioneer's growth. At the end of the second quarter, our total backlog was approximately \$18 million, representing a decline of 23% compared to the prior quarter, primarily due to the fulfillment of several larger orders that contributed to our strong revenue growth year to date. Beyond the current backlog, we are seeing continued momentum in our growing sales pipeline. We are actively engaged in discussions with dozens of municipalities, transit authorities, shipping ports, autonomous driving enterprises, and several major national package delivery providers. In addition to our core eBoost platform, we are preparing to launch our residential and commercial power system, HomeBoost, in the second half of 2025. HomeBoost integrates a prime-rated natural gas engine with optional DC fast charging, giving homeowners and small facility owners the ability to generate 100% of their energy and charging needs 24-7, if desired or needed. HomeBoost essentially functions as a private power plant, operating independently or alongside the grid and is ideally suited for both residential and critical commercial loads, such as medical facilities and small-scale manufacturers. Early feedback from prospective customers and partners has been overwhelmingly positive, and we believe this innovative product will be a key growth driver for 2026 and beyond. The introduction of HomeBoost is a significant expansion of our addressable market and product scope. In contrast to eBoost, where eBoost's charging features lead the value proposition to the customer, HomeBoost's delivery of pure, resilient power leads HomeBoost's value proposition. Fast DC charging is an additional feature of the unit. In summary, the second quarter marked another meaningful step towards a step forward in our growth trajectory and path to profitability. Our performance reflects not only strong execution and increasing operational efficiency, but also the accelerating demand for innovative off-grid power solutions across multiple sectors. Looking ahead, we remain focused on scaling our core business, delivering on our backlog, and planning the launch of HomeBoost. Our strong performance in the first half of the year, combined with increasing visibility into the second half, reinforces our confidence in both the strength of our business and the demand environment. With that, I will turn the call over to Walter.

## **Walter Michalik | Chief Financial Officer:**

Thank you, Nathan, and good afternoon, everyone. Please be advised that we have included a non-GAAP financial measure of operating income from continuing operations, which excludes corporate overhead expenses, research and development costs, depreciation and amortization expense, and non-recurring professional fees. Please refer to our press release issued earlier today, August 14, 2025, for further information, including a reconciliation between GAAP and non-GAAP financial measures. The press release can be found on our website at [pioneerpowersolutions.com slash investors slash newsroom](https://pioneerpowersolutions.com/investors/newsroom). Such non-GAAP measures should not be used as a substitute or alternative to any measure of financial performance calculated and presented in accordance with U.S. GAAP. Instead, we believe this non-GAAP measure should be used to supplement our financial measures derived in accordance with U.S. GAAP in order to provide a more complete understanding of the trends affecting the business. Second quarter revenue was \$8.4 million compared to \$3.4 million in the year-ago quarter, an increase of approximately 150%. The increase was primarily due to a significant increase in sales and rentals of our mobile EV charging platform, eBoost. Second quarter gross profit was \$1.3 million, or a gross margin of approximately 16% compared to a gross profit of \$641,000, or a gross margin of approximately 19% in the second quarter of last year. The increase in gross profit was primarily due to the significant increase in sales and rentals of the company's eBoost equipment, along with improved profitability from the delivery of most of the remaining units in the 25-unit eBoost order for one of the largest public school districts in the United States. These gains were supported by enhanced productivity and cost optimizations achieved by our operations team as the buildout advanced. During the second quarter of 2025, Pioneer incurred an operating loss from continuing operations of \$1.7 million, unchanged from the \$1.7 million operating loss from continuing operations recorded during the second quarter of last year. During the second quarter of 2025, Pioneer generated non-GAAP operating income from continuing operations of \$218,000, which again excludes corporate overhead expenses, R&D expense, depreciation and amortization, and non-recurring professional fees. As compared to a non-GAAP operating loss from continuing operations of \$137,000 for the same quarter in 2024, a -over-year improvement of \$355,000. Net loss from continuing operations for the second quarter of 2025 was \$1.2 million compared to a net loss from continuing operations of \$1.7 million during the second quarter of 2024, an improvement of approximately \$500,000. Taking a look at our balance sheet, as of June 30, 2025, we had cash on hand of \$18 million, zero bank debt and working capital of approximately \$24 million compared to \$41.6 million of cash on hand, zero bank debt and working capital of \$26.7 million as of December 31, 2024. The cash on hand as of June 30, 2025, represents cash per share of approximately \$1.62. The decrease in our cash on hand during the first half of the year is primarily due to the payment of the one-time special cash dividend of an aggregate of \$16.7 million in January and the payment of federal and state income taxes totaling approximately \$4 million during the second quarter. Today, we are reaffirming our guidance for revenue of \$27 million to \$29 million for the This concludes my remarks. I will now turn the call back over to Nathan. Thank

## **Nathan Mazurek | Chairman and Chief Executive Officer:**

you, Walter. Operator, you can open the lines for questions.

## **Operator:**

Thank you. Ladies and gentlemen, we will now be conducting the question and answer session. If you would like to ask a question, please key in star and then one on your telephone keypad. Confirmation turn will indicate that your line is in the question queue. You may key in star and then two to leave the question queue. For participants making use of speaker equipment, it may be necessary to pick up your handset before pressing the star keys. Our first question comes from Rob Brown of Lake Street Capital. Please come ahead.

**Rob Brown | Analyst, Lake Street Capital:**

Good afternoon and congratulations on all the progress.

**Nathan Mazurek | Chairman and Chief Executive Officer:**

Yeah, thank you, Rob.

**Rob Brown | Analyst, Lake Street Capital:**

First questions on the key boost order with the charging services company. I think you said it could be up to 10 million. A little color on kind of how that rolls out and what are the variables on the sizing?

**Nathan Mazurek | Chairman and Chief Executive Officer:**

The real variables are, you know, what sizes they want, when they want them. It covers there's a certain opening that they have. There's a window where we fixed pricing for buying, we fixed pricing for leasing, and we're holding certain inventory for them. So without disclosing too much, that's kind of how that works. Together we tried to get a fix on what they think they'll be using over, call it a 24-month period, and locking everybody into certain parameters. Okay, perfect.

**Rob Brown | Analyst, Lake Street Capital:**

Thank you. Then on the pipeline, I think there were several markets that were quite active. You said dozens of potential municipalities, but just a sense of how that pipeline matures, the timing on it, and how does that sort of build for orders that give you visibility in

**Nathan Mazurek | Chairman and Chief Executive Officer:**

the next year? Yeah, I mean, you know, we'll be making announcements, you know, as things happen of significance, so that will help guide, you know, let's say in the next couple of months. You know, government agencies or government themselves, whether it be state or local, you know, work at different paces. Everybody's different. They're almost like people. So that's kind of a slower pace. Usually the good is that they've made a commitment or they're halfway through a deep-seated commitment to going all electric and are trying now to come up with the best solutions or mixture of solutions to support their charging. That's a wide market, a very slow-moving market. Private business, however they're traded, whether they're privately held or they're publicly traded businesses, you know, are motivated differently. You know, some of that helps us, some of it doesn't, but the speed of those markets are much quicker. So it's kind of, it's like what we're, you know, what we're doing every day. It's a blend. You know, the large school district is obviously, that's part of a large metro city on the west coast of the United States. Spark Charge is a privately held business that is mostly serving, you know, private businesses, non-government type businesses. The robo-taxi market, which if you would have asked me three months ago, I would have said it's all talk, talk, talk, talk, and we don't see anything. But, you know, they're way down the road in spending money and providing solutions and rolling out, you know, in a competitive way with each other, which is, which makes it a much more significant market for us going forward and frankly, probably the fastest as far as response time now to POs, it will be the fastest market for us.

**Rob Brown | Analyst, Lake Street Capital:**

Okay, thank you. And then I guess in the Home Boost product, you're talking about a launch here in the second half. Can you give us a sense of some of the, you know, milestones you expect with the rollout and how you see that launch at this

**Nathan Mazurek | Chairman and Chief Executive Officer:**

point? Yeah, so, you know, the launch has been a little bit delayed. I really, we wanted to kind of roll out in July. All the delay is on me. We've been experimenting or me primarily experimenting with it mechanically and electrically to both make sure it's fit and form is super functional, attractive, and not too big and easily transportable and made some electrical changes to make things a little bit easier and more cost effective for everybody. But we're not factoring in any revenue for 25. That would be happen in 2025, accelerating in the first quarter of 2026, and then hope it's a meaningful part of our revenue for 2026.

**Rick Maas | Hayden Investor Relations:**

Okay, great. Thank you. I'll turn it over. Thank you, Rob.

**Operator:**

Our next question comes from Amit Dale of HC Wynright. Please go ahead.

**Amit Dale | Analyst, H.C. Wainwright:**

Thank you. Good afternoon, everyone. Nathan, congrats on another strong quarter. Good to see the margins bounce back. You know, on that front, should we expect margins to stay at these levels and maybe move higher given that initial, you know, buildup costs are now out of the way?

**Nathan Mazurek | Chairman and Chief Executive Officer:**

Yeah, I think that, you know, we're always trying to improve the margins. So I think that the margin, the margin, the brute margins themselves should do no less than where they are and hopefully improve in the third quarter of which, you know, we're halfway through call it and improve, continuing to improve in the fourth quarter. How much is, you know, is really on us, but that's, there should be no more margin erosion.

**Amit Dale | Analyst, H.C. Wainwright:**

Okay, understood. Thank you for that. And then, you know, it looks like your pipeline is really solid, Nathan. I mean, lots of opportunities from new avenues that you probably were not anticipating earlier, like you said, the robot taxi stuff. You know, on the other side of it, you know, how are we going to manage, you know, this level of interest with the capacity we have? I'm just trying to get a sense of, you know, with setup now or today, you know, how much revenues can the company support with the available capacity, etc. And how are you thinking of managing that part of the business going forward?

### **Nathan Mazurek | Chairman and Chief Executive Officer:**

Yeah, so that's a discussion that we're having all the time in response to what we believe we can do. And then of course, we have to respond in real time. So, you know, for the large order out the 25 unit order, we primarily for 22 out of those 22 out of 25 units, you know, we used a contract manufacturer right there in Los Angeles, we would not have been able to deliver, you know, definitely not on time or not that amount in our current facility in Minneapolis. For the balance of the year, we believe that we can deliver the balance of the orders in the year, they're again, the mix helps its larger units with higher ticket prices. And we're able to do that in a, I guess, a balanced and deliberate fashion. We will not be manufacturing this we decided a while ago, we won't be manufacturing the home boost unit ourselves. We're dealing 100% with one contract manufacturer in Minnesota. So really, I think that would be the majority of the growth in 2026. Hopefully, it's going to come from the home boost product. We kind of have that covered what you're addressing is kind of the middle, you know, we get another 25 unit type order. Is it all the same? Not all the same? And how we handle that will probably do the same, we'll handle with a mix of doing it internally and or using contract manufacturers, there's no plan to expand the capacity in Minneapolis. And there's no reason to fix from a regional point of view on somebody yet.

### **Amit Dale | Analyst, H.C. Wainwright:**

Okay, well, that's understandable. From a revenue concentration perspective, is majority of the revenues right now coming from like states like California? And how do you expect this to evolve as you know, home boost comes to the market and maybe other solutions you bring to the market?

### **Nathan Mazurek | Chairman and Chief Executive Officer:**

Yeah, thank you. That's a great yeah, right now, it's definitely the you know, California definitely is number one. And I don't see that really changing. The market is just too big, too strong, and there's too much incentive for the users to go electric and therefore helps with our solutions. Listen, success of home boost would be the greatest avenue for us diversifies the market. It's really as I, as I said in the prepared remarks, it's leading with the power solution charging is, is a is an important but a feature. It's not necessary for the user to actually need the charging. And you really touched on something because, again, we don't trumpet it yet, because we haven't done enough, but we're doing more and more or guiding to expanding the business to address more pure power type applications, bespoke distributed generation, where we can help with our expertise and in the generator part of the business, so that we're less, I guess, less relying, relying on, on, on incentives to fuel the business. No pun intended.

### **Amit Dale | Analyst, H.C. Wainwright:**

Also along those lines, Nathan. So you're not going to be sort of constrained by these federal budget cuts, etc. Because most of your customers are local municipal, state, level from, you know, for folks in that segment, the rest of them are, you know, private or public companies. Is that how we should look at it?

### **Nathan Mazurek | Chairman and Chief Executive Officer:**

I would look at it with yes, with a caveat that, you know, federal budget cuts or whatever you would call it, that abandoning certain incentives that doesn't help. You know, even even states as rich as you know, are strong as California and other states, you know, everybody likes, likes when the federal government helps them out. Now that they've got to do all these incentives on their own, and they are committed. Yes, that's true. But, you know, any in any market, you take your foot off the pedal a little bit. It's not a it's not a positive for that particular market. So that's that's the caveat to what you're saying. Yeah, California is committed.

Washington's committed. Oregon's committed. You know, Arizona's committed in deep seated ways. It's it's them on their own.

**Amit Dale | Analyst, H.C. Wainwright:**

Okay, that's all I have, Nathan. I'll

**Rick Maas | Hayden Investor Relations:**

take my other questions offline. Thank you. You're very welcome.

**Operator:**

Ladies and gentlemen, just a reminder, if you'd like to ask a question, please key in one, apologies, please key in star and then one on your telephone keypad. Our next question comes from Howard Root, who's a private investor. Please go ahead.

**Howard Root | Private Investor:**

Good afternoon. Thanks for taking my question and congratulations on the great growth in the quarter. Very impressive. Thank you.

**Nathan Mazurek | Chairman and Chief Executive Officer:**

Thank you, Howard.

**Howard Root | Private Investor:**

Great. A couple of little questions first on for me on the gross margin. I'm impressed of going from 2% to 16% one quarter. But as you look forward, I see that you answered the prior question that should take up hopefully. But when you bring home boost on, will that be a temporary drag on gross margins as you or is that going to improve it longer term? How do you see the two products matching?

**Nathan Mazurek | Chairman and Chief Executive Officer:**

Yeah, home boost, you know, because we're not I mean, we have obviously, you know, engineering and design and, you know, one time sunken costs and very little maintenance costs, but we're not going to be manufacturing the product. So we pretty other than the SG&A associated with it, we have a very fixed idea of what it's going to cost us. We're going to be pricing at a level that is going to be a consistent should should move especially with more volume should move the gross margins up.

**Howard Root | Private Investor:**

Okay, great. Is there a target gross margin you see with your overall business? Are you too much to ask in your product line?

**Nathan Mazurek | Chairman and Chief Executive Officer:**

Yeah, so if you take the full mix of the business, it really would depend on the success of home boost. 25% is not too much, you know, internally, you know, longer term, we're asking for more, we're asking for 30 plus because as the e-boost continues to grow in for the most part when we want to, you know, we're taking on service for those you know, as well and the service business is right there and it's becoming a more significant piece of what we're doing. So plus 30 is really the more medium term goals for us.

**Howard Root | Private Investor:**

Great, great. And then I noticed a \$1.4 million cash usage kind of listed as a sales type lease for Rich Nation. Could you explain what that was? Is that a one time item or is that ongoing?

**Nathan Mazurek | Chairman and Chief Executive Officer:**

That was with the customer, we did a capital lease with them. So that's the use for it. That's how we booked it.

**Howard Root | Private Investor:**

Okay, is that a customary thing going forward or is that just a one off?

**Nathan Mazurek | Chairman and Chief Executive Officer:**

We're taking leasing opportunities kind of on a step by step basis. Now that you mentioned, I mean, I'll say, you know, we have X and I don't even remember off the top of my head, you know, what we're expecting to do in lease or rental revenue for this year. But it is something that we would like to grow with the right customers, you know, under the right circumstances, you know, if you have a good counterparty, leasing is a much more profitable business for us. It's a

**Howard Root | Private Investor:**

And then in terms of guidance, now in the first half, you've done a little over 15 million and you're guiding to 27 to 29 million for the year,

**Rick Maas | Hayden Investor Relations:**

right, which

**Howard Root | Private Investor:**

would mean a little bit less than the second half. And I can kind of guess at that based on that large order and lumpiness as you're ramping up. But could you, you know, just give a little bit more color on how you get to the second half guidance being down from the first half?

**Nathan Mazurek | Chairman and Chief Executive Officer:**

Yeah, yeah, the real flip was that there some units that we were able to get out in really in June that I didn't expect that we'd be able to, you know, we don't the one thing we don't the many things that we don't do. But one of those is, you know, we don't stand back yet, you know, we could invoice that we did it that it did it make the revenue a little higher this quarter. It would be nice if it was, you know, a perfect form up through 25. Yeah, but I mean, if we can do it, then we're applying the labor and material to it and customers ready to take it, we invoice it. So it's just, I mean, we're so small that that, you know, \$2 million makes a big difference.

**Howard Root | Private Investor:**

Okay, that's what I thought. And then in terms of backlog at 18 million is all of that \$10 million order in your backlog? No, how do you how do you define it? No, that defines backlog differently.

**Nathan Mazurek | Chairman and Chief Executive Officer:**

But yeah, so so we define it the same way for at least 10 years, you know, it's it's actually noncancellable purchase orders that we expect to deliver in less than 12 months. So it's still the same.

**Howard Root | Private Investor:**

Okay, all right. And then finally, on the competitive side, just general terms, is there anything new in the competition on either the eBoost or the home boost product lines that you see out there? Or how do you see you're stacking up against the competition now?

**Nathan Mazurek | Chairman and Chief Executive Officer:**

Yeah, eBoost, if anything, there's less, you know, charging has been tough. Some of the people who've started or tried to imitate whether it's us or somebody else or use a battery solution or even diesel type solution, whatever it was, it doesn't really make a difference. You know, there's not enough air in the tank for everybody to keep going. So that's been actually unfortunate for those people, the employees and investors and some of those businesses. But that's been a benefit, a benefit to us. On the home boost, we don't see anything yet, we're trying to be a little bit stealthy with it and not come out full force until we are actually ready to be full on it because we want to get the advantage of a first mover. But not really, you know, any competition to eBoost is, I don't want to say all the time, but you know, 99% of the time is around the battery type product, which we don't really compete with that. You know, we're not, that's low power, low power density, much more expensive. And, you know, we, I don't want to say in a dismissive way, you know, we can do that too and are contemplating even offering those solutions for those customers who really, really want that as part of their solution just to keep people out of this business.

**Howard Root | Private Investor:**

Well, great, great. Congrats on the excellent quarter. Thank you, Howard. Great work.

**Rick Maas | Hayden Investor Relations:**

Thanks. Thank you, Howard.

**Operator:**

Thank you. Our next question comes from Bruce Geller of Geller Ventures. Please go ahead.

**Bruce Geller | Investor, Geller Ventures:**

Hi, good afternoon. Hey, good afternoon, Bruce. Oh, hi. Do you see any potential application for your products to provide backup power to the data center market?

**Nathan Mazurek | Chairman and Chief Executive Officer:**

Yeah, so that's a big question. And I don't want to launch into a, you know, I don't know, a soliloquy on data centers today and power and so forth. But right now, pure backup power for a data center, you know, these units are too small. You know, even the largest unit that we do is, you know, that would be data centers, you know, 1992. That's the level you're talking. Seriously, you know, through our old, through the Volterra's business, you know, the switch gear business that we sold, you know, we're intimately involved in that business. We were and, you know, continue to monitor that business because we have an equity stake in it. You know, the amount of power that they're sucking and the amount, you know, per node of what backup is, you know, the bottom is one megawatt already. And it's 99% at a time still diesel sets, monster diesel reciprocating engines.

**Bruce Geller | Investor, Geller Ventures:**

Gotcha. To the point you just made, what's the company's remaining equity stake in that business?

**Nathan Mazurek | Chairman and Chief Executive Officer:**

It's about 6% in that platform. And, you know, it's doing, the business is doing extremely well. And, you know, we hope to benefit, you know, one day from, you know, from a value there.

**Rick Maas | Hayden Investor Relations:**

Great. Thank you. You're welcome.

**Operator:**

Our next question comes from Chris Boczowski, who's a private investor. Please go ahead.

**Chris Boczowski | Private Investor:**

Hello. Congratulations on the great results from me as well. My question was already asked and answered. I also had the data center question. So thank you for addressing that. So I would just like to say good luck to us all.

**Nathan Mazurek | Chairman and Chief Executive Officer:**

Thank you,

**Rick Maas | Hayden Investor Relations:**

Chris. Thank you for calling in. No problem.

**Operator:**

Thank you. Ladies and gentlemen, with no further questions in the question queue, I will now hand over for closing remarks.

**Nathan Mazurek | Chairman and Chief Executive Officer:**

Thank you, operator. With the robust sales pipeline, expanding market opportunities and a clear path towards profitability, we believe Pioneer is exceptionally well positioned to lead in the rapidly evolving power and electric mobility landscape. Thank you all for joining. Thank you all for your continued support. And we look forward to updating you all on our next earnings call.

**Operator:**

Thank you. Ladies and gentlemen, that concludes this event. Thank you for attending.