

NASDAQ:PPSI Q3 2025 Earnings Call Transcript

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Claudia | Operator:

and welcome to the Pioneer Power Third 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 should require 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, Corbyn Woodall of Hayden HR. Thank you, and you may begin.

Corbyn Woodall | Head of Investor Relations, Hayden HR:

Thank you, Claudia. The call today will be hosted by Nathan Maznarek, Chairman and Chief Executive Officer, Walter Miklik, Chief Financial Officer, and Gio Murican, President of Pioneer E-Mobility. On the call today, we will review the third quarter financial results and recent business highlights. Following this, there will be a Q&A session open to participants on the call. Before we get started, I would like to remind participants this call is being recorded. 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 contained in the earnings release issued earlier today, Thursday, November 13th, which applies to the content of this call. I would now like to turn the call over to Nathan Masaryk, Chairman and CEO. Nathan, please go ahead.

Nathan Maznarek | Chairman and Chief Executive Officer:

Thank you, Corbin. Good afternoon, everyone, and thank you for joining us today. The third quarter was a highly successful period for Pioneer, highlighted by key equipment deliveries, strong order momentum, and significant penetration into the distributed power space. These achievements, combined with a robust project pipeline and Pioneer's continued investment in product development, position us to realize our full-year 2025 growth objectives and position us for accelerated growth in 2026. For the third quarter, we generated revenue of \$6.9 million, an increase of 7.4% year over year, driven primarily by an increase in service sales from our critical power business. Year to date, revenue reached \$22 million, up 68% compared to the same nine-month period last year, driven primarily by demand for our e-boost mobile charging solutions. These results reflect our ongoing success in expanding our product scope, broadening our customer base, and capitalizing on large new vertical markets. Specifically, in the third quarter, we completed delivery of the last five e-boost units of a 25-unit order for a landmark school district project totaling \$1.3 million. This project represents one of the largest school bus fleet electrification initiatives in the country and underscores our ability to deliver turnkey mobile charging solutions for heavy duty, high utilization electric vehicles. This milestone strengthens our position as a leader in fleet electrification, and highlights the growing demand for mobile, high-capacity energy solutions in the public sector. In the broader fleet electrification market, we delivered our eBoost Mobile Open Flex unit to the city of Portland. This 175-kilowatt multifunctional unit features a level three fast charger, multiple level two chargers, and a grid tie transfer switch. Pioneer's ability to design and implement a power-dense, flexible mobile power system further solidifies our reputation as a trusted vendor of complex, resilient, distributed power. Also in Q3, we received a \$725,000 order from the City of Long Beach, California for an e-boost mobile stretch unit, a specialized 250 kilowatt, off-grid EV charging system, which is scheduled to shift before year end. Securing this project also highlights Pioneer's ability to craft custom, complicated, and value-driven power-slash-charging solutions. The last-mile delivery

market continues to represent strong demand for eBoost equipment. Following a successful pilot during the peak holiday shopping season last year, One of the world's largest online retailers placed a follow-up order for new e-boost units, which were delivered in the third quarter and indeed confirms the success of the initial pilot last year. Based on current discussions with this retailer, we expect additional e-boost units to be deployed at many of its depots and distribution centers in 2026. Also, shortly after quarter end, our strategic partner, Spark Charge, placed an additional order for four new eBOOST Pure Energy 275-kilowatt units valued at \$1.6 million as part of a multi-year purchase plan, reinforcing eBOOST's critical role in supporting rideshare and autonomous vehicle electrification. These units are also expected to be delivered by year end. More importantly, Q3 marks the actualization of Pioneer's two most impactful growth initiatives. First, our natural expansion into the distributed power market, and second, the technical completion of our residential power slash charging unit, originally known as HomeBoost, now rebranded as PowerCore. Pioneer's expansion into the distributed power market was validated in Q3 with over \$700,000 in product deliveries and an additional \$750,000 in new purchase orders. The expertise gained in designing and integrating complex mobile power solutions with the original launch and evolution of the eBoost platform enabled us to smoothly transition to a pure custom distributed power suite of solutions. Indeed, Q3 deliveries of our distributed power solutions cut across a swath of verticals, including a large shopping center, a large condominium tower, and a solid waste processing facility. The new \$750,000 distributed power order we received is from one of the largest fitness chains in the United States for a peak shaving application at its flagship facility. Together, these wins underscore the increasing demand across various sectors for fast, deployable, flexible power solutions. Building on this early success, we are expanding our focus to serve the broader distributed power market and are excited to introduce a pre-engineered, scalable power block system designed to meet the increasing energy requirements of large data centers, industrials, universities, and hospitals. Our 1.25 megawatt natural gas fired resilient and modular power solution is engineered to provide reliable, redundant, efficient power for critical needs and the new surge in demand for on-premise compute power needs. We anticipate launching this innovative system by the end of 2025. exponentially expanding our ability to address the overall distributed power space. Secondly, within the broadened product portfolio, our home boost power unit power product is being rebranded as PowerCore and is on track to launch later this year on December 17th at a scheduled event hosted by Pioneer at our Miami, Florida facility. We initially introduced HomeBoost as a residential product that seamlessly integrates distributed generation with EV charging. In its original form, HomeBoost offered homeowners the ability to combine prime power generation, natural gas or propane, with advanced fast EV charging and an automatic transfer switch to manage utility outages or go into island mode during extended grid outages. With the transition to the power core branding, the solution is positioned as a scalable, always-on power platform that integrates natural gas power generation and, at the user's discretion, combines fast DC charging into a single system architecture. This elevated design is not just aimed at the residential segment. but indeed also at light commercial and other resilience demanding markets where continuous reliable onsite power and EV charging are critical, but not easily available. This offering essentially provides the user with their own natural gas powered power plant. We continue to receive positive feedback from early customer demonstrations, and we believe that PowerCore will be a key growth driver for Pioneer in 2026 and beyond. Pyrocor materially expands Pioneer's addressable market, moving us beyond large fleets and municipal deployments to permanent high value installations that demand both power generation and or high capacity EV charging. This product represents the next chapter in our evolution toward providing fully resilient distributed power solutions. Finally, there are several countries around the world that are currently experiencing a high EV growth market supported by policies and incentives similar to U.S. policies back in 2021. Pioneers actively engaging with several charging businesses in these thriving international EV markets through an e-boost franchise type model. where we are able to leverage our existing engineering and development expertise to help local partners achieve similar success. These strategic alliances will enable faster adoption of EVs in those markets and provide Pioneer with an additional stream of revenue from licensing, technology transfer, and revenue share models. In summary, The third quarter reflects both continued operational execution and important strategic progress. We are expanding our reach, diversifying our revenue mix, and strengthening our foundation for long-term growth. Based on the momentum we have built and our visibility into the pipeline, we are reaffirming our full year 2025 revenue guidance of \$27 to \$29 million, representing approximately 20% year-over-year growth. With that, I'll turn the call over to Walter for a

detailed review of our financial results.

Walter Miklik | 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 or loss 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, November 13th, 2025, for further information, including the reconciliation between GAAP and non-GAAP financial measures. The press release can be found on our website at pioneerpowersolutions.com slash investors slash 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. Third quarter revenue was \$6.9 million, compared to \$6.4 million in the year-ago quarter, an increase of approximately 7%. The increase was primarily due to an increase in service sales from our critical power solutions business. Third quarter gross profit was \$640,000, or a gross margin of approximately 9%, compared to a gross profit of \$1.5 million, or a gross margin of approximately 20% in the third quarter of last year. The decrease in gross profit was primarily attributable to an unfavorable sales mix. During the third quarter of 2025, Pioneer incurred an operating loss from continuing operations of 1.4 million, compared to an operating loss from continuing operations of 714,000 in the third quarter of last year. Additionally, during the third quarter of 2025, Pioneer incurred a non-GAAP operating loss from continuing operations of \$196,000, which excludes corporate overhead expenses, R&D expense, depreciation and amortization, and non-recurring professional fees, compared to a non-GAAP operating income from continuing operations of \$865,000 for the same quarter in 2024. Net loss from continuing operations for the third quarter of 2025 was \$1.8 million, compared to a net loss from continuing operations of \$738,000 during the third quarter of 2024. Taking a look at our balance sheet, as of September 30, 2025, we had cash on hand of \$17.3 million, zero bank debt, and working capital of approximately \$22.8 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 September 30, 2025 represents cash per share of approximately \$1.56. The decrease in our cash on hand compared to the prior year end is primarily due to the payment of a 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 full year of 2025, which represents year-over-year growth of approximately 20%. This concludes my remarks, and I will now turn the call back over to Nathan.

Nathan Maznarek | Chairman and Chief Executive Officer:

Operator, you can open the lines for questions.

Claudia | Operator:

Thank you very much. At this time, we will be conducting a question-and-answer session. If you would like to ask a question, please press star and then 1 on your telephone keypad. The confirmation tone will indicate your line is in the question queue. You may press star and then two if you would like to remove your question from the queue. Please limit your questions to one question and one follow-up question. For participants using speaker equipment, it may be necessary for you to pick up your handset before pressing the star key. One moment, please, while we call for questions. First question comes from Amit Dayal from HC Wainwright. Please proceed with your questions, Amit.

Amit Dayal | Analyst, HC Wainwright:

Thank you. Good afternoon, everyone. Thank you for taking my questions. So Nathan, looks like another strong quarter. You know, what's interesting is your end markets are getting increasingly diverse. I'm just wondering, you know, how you are creating your marketing awareness to reach across, you know, multiple segments that you are now playing in?

Nathan Maznarek | Chairman and Chief Executive Officer:

So excellent question. So, I mean, We started turning our attention to it because so many of the applications that we've been working on end up, the heart of the expertise is really delivering this power. Adding a charger is an expertise or a series of chargers, but not as complicated all the time. To date, we've been doing it almost in a haphazard way. People, either we're being recommended from others based on other projects that we've done or the same contractor or the same engineering firm. And then we had some significant success already in the third quarter, which really means that we need to put together a very, very focused team to focus on certain verticals. And that's what we plan on doing. One on the industrial side and the other really focused on the larger sort of modular edge computing type data center where a 1.4 power block under the right circumstances that's quickly deployable, you know, we should be benefiting from and offering some sort of a value proposition there. Interesting.

Amit Dayal | Analyst, HC Wainwright:

Thank you for that, Nathan. Then just one on the gross margin side, you attributed the softness this quarter to the sales mix. Do you expect some bounce back in the next quarter?

Nathan Maznarek | Chairman and Chief Executive Officer:

Yeah. So, I mean, we, you know, we're already experiencing it, but yes, we expect to bounce back, you know, and you're right. You know, the, the, the issue was the gross margin, the last five units for the, uh, for the large school district that we did were, were not good. Um, not good for us even below what we'd experienced earlier in the year for whatever those reasons were. And it's not important to discuss openly here, but that, that hurt. City of Portland did achieve more or less the margins that we had set out for it, a little bit less, again, some execution issue, but overall okay, but not enough to command the gross margins that we did the other quarter. Fourth quarter, the mix is much more favorable to us, and we expect them to bounce back.

Amit Dayal | Analyst, HC Wainwright:

Okay. Thank you, Nathan. I'll get back in queue.

Claudia | Operator:

Thank you. Ladies and gentlemen, just a reminder, if you'd like to ask a question, please press star and then one. If you'd like to ask a question, please press star and then one. The next question comes from Rob Brown from Lake Street Capital. Please proceed with your questions, Rob.

Rob Brown | Analyst, Lake Street Capital:

Good afternoon.

Nathan Maznarek | Chairman and Chief Executive Officer:

Hey, Rob.

Rob Brown | Analyst, Lake Street Capital:

Hi. My first question is on the online retailer platform. project and the expansion there. You talked sort of some opportunity in 26. Could you kind of outline the scale of that relative to sort of what you've done or maybe the planning steps that need to happen here and how that might look next year?

Nathan Maznarek | Chairman and Chief Executive Officer:

Yeah. I mean, to date, what we've been doing with them is short-term rentals. You know, we did a short-term and 90-day rental last year at the end of the year for the holiday period to help them with that and let them sort of prove it out under the more intense part of their year. This year, it's a six-month rental, so the revenue is relatively small. And the discussions are pending, again, that these units work as we planned, as the initial one did. They're talking about probably 5 to 20 units next year for a purchase.

Rob Brown | Analyst, Lake Street Capital:

Okay, and she's moving from a rental to a purchase model. Yeah. Okay, great. Great. And then on the modular sort of data center project, you talked a little bit about here, but that's – how do you kind of see that opportunity? What's sort of the ideal application there? And I guess sort of that larger megawatt unit is, I would assume, a fairly large ASP on that, but can you give us a sense of sort of the range of what those units sell for?

Nathan Maznarek | Chairman and Chief Executive Officer:

Yeah, so we're going to do a formal kind of unveiling of this before the end of the year, you know, with the team around it and its own sort of cachet. But I'll let Gio give you a little, I don't know, give Rob a little, you know, a concise, teasing view of it now, if you can, in 90 seconds.

Gio Murican | President of Pioneer E-Mobility:

Yeah, thank you, Nathan. Rob, so the... um what we have uh in the market engagement we've done we have seen um in the data center market the move to ai compute applications and one of the more immediate needs has been the need to test the ai compute loads because they are they have a very variant use compared to normal cloud compute load that data centers have today so in order to test these they need a lot of smaller systems on data center premises that are behind the meter powered and can be actuated in a four to six month time frame in order for them to scale and plan for the bigger data center cycles beyond that there are also industrials who are adding critical power applications across different retail sectors. So those are some of the markets that we are addressing in the next one to three years.

Amit Dayal | Analyst, HC Wainwright:

Okay, excellent. Thank you. I'll turn it over.

Claudia | Operator:

Thank you so much. Ladies and gentlemen, we have reached the end of the question and answer session, and now I'd like to turn the call back to Nathan Masaryk for closing remarks. Thank you, sir.

Nathan Maznarek | Chairman and Chief Executive Officer:

Thank you, Claudia. This quarter's results reflect strong execution and meaningful progress in expanding into new markets, including distributed power. With a robust pipeline, strategic product launches like PowerCore, and continued operational momentum, we are well positioned to drive growth and achieve our full year 2025 objectives. Thank you for your continued support. We look forward to updating you on our next earnings call. Thank you.

Claudia | Operator:

Thank you very much. Ladies and gentlemen, that does conclude today's call. Thank you very much for joining us. You may now disconnect your lines.