CLEANSPARK

NEWS RELEASE

Pioneer Closes Sale of Transformer Business

2019-08-22

FORT LEE, N.J., Aug. 22, 2019 /PRNewswire/ -- Pioneer Power Solutions, Inc. (Nasdaq: PPSI) ("Pioneer" or the "Company"), a company engaged in the manufacture, sale and service of electrical transmission, distribution and on-site power generation equipment, today announced that it has completed the sale of its liquid filled and dry type transformer businesses to Mill Point Capital, a middle-market private equity firm, for a base purchase price of $68 million. The purchase price consisted of $60.5 million of cash and the issuance of two subordinated promissory notes to Pioneer Power in the aggregate principal amount of $7.5 million. The purchase price is subject to customary post-closing adjustments, such as working capital.

Pursuant to the transaction, Pioneer sold all of Pioneer Transformers Ltd. and the companies comprising its Dry Type Transformer Group, which included Jefferson Electric, Inc., Bemag Transformer Inc. and Harmonics Limited LLC.

Nathan Mazurek, Pioneer's Chairman and Chief Executive Officer, said, "Selling this portion of our business for approximately 1.5 times our current market capitalization is an important step in creating shareholder value. We are evaluating various options for the proceeds, including returning capital to shareholders and strategic M&A. We also continue to hold two viable businesses, and we expect to take steps to improve financial performance of these two entities in the near-term. In addition, we retain our Nasdaq listing and a sizeable position of 1.75 million shares and warrants to purchase an additional 1 million shares of CleanSpark, Inc. (OTC: CLSK)."

Pioneer retains:

- Pioneer Critical Power, a provider of generators, specialized enclosures, automatic transfer switches, uninterruptible power supplies, batteries, remote monitoring solutions, and RICE/NESHAP modifications, as well as a full suite of engine generator maintenance services. Service customers include several national retailers and cellular service providers.

- Pioneer Custom Electrical Products, a supplier of highly specified and engineered solutions for the electrical power generation industry with special focus on the distributed generation and data center markets.

About Pioneer Power Solutions, Inc.

Pioneer Power Solutions, Inc. manufactures, sells and services a broad range of specialty electrical transmission, distribution and on-site power generation equipment for applications in the utility, industrial, commercial and backup power markets. The Company's principal products and services include custom low and medium voltage switchgear and engine-generator sets and controls, complemented by a national field-service organization to maintain and repair power generation assets. To learn more about Pioneer, please visit its website at **www.pioneerpowersolutions.com**.

Safe Harbor Statement:

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Such statements may be preceded by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential" or similar words. Forward-looking statements are not guarantees of future performance, are based on certain assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's control, and cannot be predicted or quantified and consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, risks and uncertainties associated with (i) the success of the Company's allocation of the proceeds from the sale of its transformer business, (ii) the Company's ability to expand its business through strategic acquisitions, (iii) the fact that many of the Company's competitors are better established and have significantly greater resources, and may subsidize their competitive offerings, (iv) the Company's dependence on a few large customers for a material portion of its sales, (v) the potential loss or departure of key personnel, (vi) market acceptance of existing and new products, (vii) general economic and market conditions, (viii) unanticipated increases in raw material prices or disruptions in supply, (ix) the fact that the Company's Chairman controls a majority of the Company's combined voting power, and may have, or may develop in the future, interests that may diverge from yours, (x) reported material weaknesses in the Company's internal control over financial reporting, and (xi) the fact that future sales of large blocks of the Company's common stock may adversely impact the Company's stock price. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the Securities and Exchange Commission, including the Company's Annual and Quarterly Reports on Form 10-K and Form 10-Q. Investors and security holders are urged to read these documents free of charge on the SEC's web site at **www.sec.gov**. The Company assumes no obligation to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise.

Contact:
Brett Maas, Managing Partner
Hayden IR
(646) 536-7331
brett@haydenir.com

View original content to download multimedia:**https://www.prnewswire.com/news-releases/pioneer-closes-sale-of-transformer-business-300905514.html**

SOURCE Pioneer Power Solutions, Inc.

News Provided by PR Newswire via QuoteMedia