

# Pioneer Completes Sale of Pioneer Critical Power, Inc to Cleanspark Inc.

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Retains Ownership of and Continues to Evaluate Strategic Alternatives Related to Switchgear Business

FORT LEE, N.J., Jan. 28, 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 had completed the sale of its wholly owned subsidiary, Pioneer Critical Power, Inc. (PCPI) to CleanSpark, Inc. (OTC: CLSK), a microgrid company with advanced engineering, software and controls for innovative distributed energy resource management systems.

PCPI's primary assets are a series of UL (Underwriters Laboratories) safety files, representing vetted and certified designs for low voltage switchgear and automatic transfer switches. These UL files were purchased by Pioneer in March 2013 as part of its acquisition of Power Systems Solutions Inc. ("PSSI"). These files enable CleanSpark to manufacture and market industry certified designs related to critical low voltage power equipment that enhance CleanSpark's existing microgrid business and accelerate its efforts to capture market share in this fast growing and dynamic market. PCPI is completely unrelated to Pioneer's business which sells and services standby engine generators, headquartered in Minneapolis, Minnesota operating under the same "Pioneer Critical Power" name. Pioneer will retain and continue to operate its engine generator business as Pioneer Critical Power and CleanSpark will legally change the name of the acquired corporation no later than February 21, 2019.

Nathan Mazurek, Pioneer's Chairman and Chief Executive Officer, said, "The sale of these assets, primarily intellectual property, represents another step in our efforts to create incremental value from our assets. Our core business continues to perform well, and we are actively engaged in discussions to sell our switchgear business to further streamline our portfolio and unlock shareholder value."

The sale of PCPI was effective January 22, 2019 in an all equity transaction valued at approximately \$4.4 million.

Under the terms of the agreement, Pioneer received:

- 1.75 million shares of newly issued CleanSpark common stock;
- A five-year warrant to purchase 500,000 shares of CleanSpark common stock at an exercise price of \$1.60 per share; and
- A five-year warrant to purchase 500,000 shares of CleanSpark common stock at an exercise price of \$2.00 per share.

The Company expects to record a gain on the sale of PCPI in excess of \$4 million during the period ending March 31, 2019.

"We believe that CleanSpark will be able to derive significant incremental value from these intellectual property assets, beyond what Pioneer has generated, and the receipt of CleanSpark equity represents an attractive upside opportunity for Pioneer and its shareholders," added Mr. Mazurek. "Subject to market, tax, securities law limitations and other considerations, we expect to distribute this equity to our shareholders as soon as practicable."

As part of this transaction, the prior definitive agreement, wherein CleanSpark agreed to buy certain assets related to Pioneer's PCEP switchgear business, signed initially on May 2, 2018, was terminated by mutual agreement.

## About CleanSpark, Inc.

CleanSpark provides advanced energy software and control technology that enables a plug-and-play enterprise solution to modern energy challenges. Our services consist of intelligent energy monitoring and controls, microgrid design and engineering, microgrid consulting services, and turn-key microgrid implementation services.

CleanSpark's software allows energy users to obtain resiliency and economic optimization. Its software is capable of enabling a microgrid to be scaled to the user's specific needs and can be widely implemented across commercial, industrial, military, agricultural and municipal, deployment.

For more information on CleanSpark, please visit <https://www.cleanspark.com>.

## 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 engineered electrical transformers, 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. Pioneer is headquartered in Fort Lee, New Jersey and operates from 12 additional locations in the U.S., Canada and Mexico for manufacturing,

centralized distribution, engineering, sales, service and administration. To learn more about Pioneer, please visit its website at [www.pioneerpowersolutions.com](http://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 Company's ability to expand its business through strategic acquisitions, (ii) the fact that many of the Company's competitors are better established and have significantly greater resources, and may subsidize their competitive offerings, (iii) the Company's dependence on a few large customers for a material portion of its sales, (iv) the potential loss or departure of key personnel, (v) the fact that fluctuations between the U.S. dollar and the Canadian dollar will impact the Company's results, (vi) market acceptance of existing and new products, (vii) restrictive loan covenants or the Company's ability to repay or refinance debt under its credit facilities that could limit the Company's future financing options and liquidity position and may limit the Company's ability to grow its business, (viii) general economic and market conditions, (ix) unanticipated increases in raw material prices or disruptions in supply, (x) 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, (xi) reported material weaknesses in the Company's internal control over financial reporting, and (xii) 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](http://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.

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