

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2026**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-37960

**POLAR POWER, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**33-0479020**

(I.R.S. Employer  
Identification Number)

**249 E. Gardena Blvd., Gardena, California**

(Address of principal executive offices)

**90248**

(Zip Code)

**(310) 830-9153**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                        | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------------------|-------------------|-------------------------------------------|
| Common Stock, par value \$0.0001 per share | POLA              | The NASDAQ Stock Market, LLC              |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.05 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐

Non-Accelerated Filer ☒

Accelerated Filer ☐

Smaller Reporting Company ☒

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the Registrant's common stock, \$0.0001 par value, as of August 17, 2026 was 3,851,684.

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## FORWARD LOOKING AND CAUTIONARY STATEMENTS

*All statements included or incorporated by reference in this Quarterly Report on Form 10-Q, other than statements or characterizations of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Examples of forward-looking statements include, but are not limited to, statements concerning projected net sales, costs and expenses and gross margins; our accounting estimates, assumptions and judgments; the demand for our products; the effect and consequences a pandemic and recovery on matters including U.S., local and foreign economies, wars and international conflicts including the current military actions involving the Iran and Israel, our business operations, the ability of financing and the health and productivity of our employees; the competitive nature of and anticipated growth in our industry; production capacity and goals; our ability to consummate acquisitions and integrate their operations successfully; and our prospective needs for additional capital. These forward-looking statements are based on our current expectations, estimates, approximations and projections about our industry and business, management's beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "may," "will," "should," "would," "could," "potential," "continue," "ongoing," similar expressions and variations or negatives of these words. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors, some of which are listed under "Risk Factors" in Part II, Item 1A, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I, Item 2 of this Quarterly Report on Form 10-Q. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to revise or update publicly any forward-looking statement for any reason, except as otherwise required by law.*

*References in this Quarterly Report on Form 10-Q to "Polar," the "Company," "we," "us," and "our" refer to Polar Power, Inc., a Delaware corporation, and its consolidated subsidiaries.*

## FINANCIAL PRESENTATION

*All dollar amounts in this Quarterly Report on Form 10-Q are presented in thousands, except share and per share data and where otherwise noted. Share and per share data have been retroactively adjusted to reflect the decreased number of shares resulting from a 1 for 7 reverse stock split which took effect on November 18, 2024.*

PART I – FINANCIAL INFORMATION

ITEM 1. Condensed Financial Statements

**POLAR POWER, INC.**  
**CONDENSED BALANCE SHEETS**  
(in thousands, except share and per share data)

|                                                                                                                                                                                                                              | <u>June 30, 2026</u> | <u>December 31, 2025</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|
|                                                                                                                                                                                                                              | <u>(Unaudited)</u>   |                          |
| <b>ASSETS</b>                                                                                                                                                                                                                |                      |                          |
| Current assets                                                                                                                                                                                                               |                      |                          |
| Cash and cash equivalents                                                                                                                                                                                                    | \$ 183               | \$ 200                   |
| Accounts receivable                                                                                                                                                                                                          | 566                  | 330                      |
| Inventories                                                                                                                                                                                                                  | 9,232                | 9,425                    |
| Prepaid expenses                                                                                                                                                                                                             | 60                   | 76                       |
| Total current assets                                                                                                                                                                                                         | <u>10,041</u>        | <u>10,031</u>            |
| Other assets:                                                                                                                                                                                                                |                      |                          |
| Operating lease right-of-use assets                                                                                                                                                                                          | 66                   | 278                      |
| Property and equipment, net                                                                                                                                                                                                  | <u>96</u>            | <u>128</u>               |
| Deposits                                                                                                                                                                                                                     |                      |                          |
| Total assets                                                                                                                                                                                                                 | <u>\$ 10,203</u>     | <u>\$ 10,437</u>         |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                                                                                                  |                      |                          |
| Current liabilities                                                                                                                                                                                                          |                      |                          |
| Accounts payable                                                                                                                                                                                                             | \$ 2,465             | \$ 2,506                 |
| Customer deposits                                                                                                                                                                                                            | 1,096                | 764                      |
| Accrued liabilities and other current liabilities                                                                                                                                                                            | 1,080                | 1,462                    |
| Line of credit                                                                                                                                                                                                               | 2,730                | 4,036                    |
| Notes payable-related party                                                                                                                                                                                                  | 771                  | 612                      |
| Notes payable, current                                                                                                                                                                                                       | 179                  | 438                      |
| Convertible notes payable, net of discount                                                                                                                                                                                   | 186                  | —                        |
| Derivative liabilities                                                                                                                                                                                                       | 763                  |                          |
| Operating lease liabilities                                                                                                                                                                                                  | 76                   | 475                      |
| Total liabilities                                                                                                                                                                                                            | <u>9,346</u>         | <u>10,293</u>            |
| Commitments and Contingencies                                                                                                                                                                                                |                      |                          |
| Stockholders' Equity                                                                                                                                                                                                         |                      |                          |
| Preferred stock, \$0.0001 par value, 5,000,000 shares authorized, no shares issued and outstanding                                                                                                                           | —                    | —                        |
| Common stock, \$0.0001 par value, 50,000,000 shares authorized, 3,814,181 shares issued and 3,811,684 shares outstanding on June 30, 2026, and 2,680,156 shares issued and 2,677,659 shares outstanding on December 31, 2025 | —                    | —                        |
| Additional paid-in capital                                                                                                                                                                                                   | 42,375               | 39,653                   |
| Accumulated deficit                                                                                                                                                                                                          | (41,478)             | (39,469)                 |
| Treasury Stock, at cost (2,497 shares)                                                                                                                                                                                       | (40)                 | (40)                     |
| Total stockholders' equity                                                                                                                                                                                                   | <u>857</u>           | <u>144</u>               |
| Total liabilities and stockholders' equity                                                                                                                                                                                   | <u>\$ 10,203</u>     | <u>\$ 10,437</u>         |

See Accompanying Notes to the Condensed Financial Statements

**POLAR POWER, INC.**  
**UNAUDITED CONDENSED STATEMENTS OF OPERATIONS**  
(in thousands, except share and per share data)

|                                                        | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |            |
|--------------------------------------------------------|--------------------------------|-----------|------------------------------|------------|
|                                                        | 2026                           | 2025      | 2026                         | 2025       |
| <b>Net Sales</b>                                       | \$ 1,019                       | \$ 2,708  | \$ 2,747                     | \$ 4,431   |
| <b>Cost of Sales</b>                                   | 1,356                          | 1,778     | 1,948                        | 3,183      |
| <b>Gross profit (loss)</b>                             | (337)                          | 930       | 799                          | 1,248      |
| <b>Operating Expenses</b>                              |                                |           |                              |            |
| Sales and marketing                                    | 126                            | 184       | 285                          | 443        |
| Research and development                               | 128                            | 146       | 297                          | 305        |
| General and administrative                             | 1,080                          | 710       | 1,863                        | 1,711      |
| <b>Total operating expenses</b>                        | 1,334                          | 1,040     | 2,445                        | 2,459      |
| <b>Loss from operations</b>                            | (1,671)                        | (110)     | (1,646)                      | (1,211)    |
| Other income (expenses)                                |                                |           |                              |            |
| Interest expense and finance costs                     | (447)                          | (171)     | (650)                        | (335)      |
| Change in derivative liability valuation               | 287                            | —         | 287                          | —          |
| Other Income                                           | —                              | 10        | —                            | 10         |
| <b>Total other income (expenses), net</b>              | (160)                          | (161)     | (363)                        | (325)      |
| <b>Net loss</b>                                        | \$ (1,831)                     | \$ (271)  | \$ (2,009)                   | \$ (1,536) |
| Net loss per share – basic and diluted                 | \$ (0.49)                      | \$ (0.11) | \$ (0.56)                    | \$ (0.61)  |
| Weighted average shares outstanding, basic and diluted | 3,721,209                      | 2,511,103 | 3,580,977                    | 2,511,103  |

See Accompanying Notes to the Condensed Financial Statements

**POLAR POWER, INC.**  
**UNAUDITED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands, except share data)

**Three months Ended June 30, 2026**

|                                                               | <b>Common Stock</b> |               | <b>Additional<br/>paid-in<br/>capital</b> | <b>(Accumulated<br/>Deficit)</b> | <b>Treasury<br/>Stock</b> | <b>Total<br/>Stockholders'<br/>Equity</b> |
|---------------------------------------------------------------|---------------------|---------------|-------------------------------------------|----------------------------------|---------------------------|-------------------------------------------|
|                                                               | <b>Number</b>       | <b>Amount</b> |                                           |                                  |                           |                                           |
| Balance, March 31, 2026<br>(unaudited)                        | 3,642,656           | \$ —          | \$ 42,077                                 | \$ (39,647)                      | \$ (40)                   | \$ 2,390                                  |
| Issuance of common stock<br>for compensation to<br>consultant | 171,525             | —             | 298                                       | —                                | —                         | 298                                       |
| Net loss                                                      | —                   | —             | —                                         | (1,831)                          | —                         | (1,831)                                   |
| Balance, June 30, 2026<br>(unaudited)                         | <u>3,814,181</u>    | <u>\$ —</u>   | <u>\$ 42,375</u>                          | <u>\$ (41,478)</u>               | <u>\$ (40)</u>            | <u>\$ 857</u>                             |

**Six months ended June 30, 2026**

|                                                                     | <b>Common Stock</b> |               | <b>Additional<br/>paid-in<br/>capital</b> | <b>(Accumulated<br/>Deficit)</b> | <b>Treasury<br/>Stock</b> | <b>Total<br/>Stockholders'<br/>Equity</b> |
|---------------------------------------------------------------------|---------------------|---------------|-------------------------------------------|----------------------------------|---------------------------|-------------------------------------------|
|                                                                     | <b>Number</b>       | <b>Amount</b> |                                           |                                  |                           |                                           |
| Balance, December 31,<br>2025                                       | 2,680,156           | \$ —          | \$ 39,653                                 | \$ (39,469)                      | \$ (40)                   | \$ 144                                    |
| Shares of common stock<br>issued for cash, net of<br>offering costs | 962,500             | —             | 2,424                                     | —                                | —                         | 2,424                                     |
| Issuance of common stock<br>for compensation to<br>consultant       | 171,525             | —             | 298                                       | —                                | —                         | 298                                       |
| Net loss                                                            | —                   | —             | —                                         | (2,009)                          | —                         | (2,009)                                   |
| Balance, June 30, 2026<br>(unaudited)                               | <u>3,814,181</u>    | <u>\$ —</u>   | <u>\$ 42,375</u>                          | <u>\$ (41,478)</u>               | <u>\$ (40)</u>            | <u>\$ 857</u>                             |

**Three months Ended June 30, 2025**

|                                        | <b>Common Stock</b> |               | <b>Additional<br/>paid-in<br/>capital</b> | <b>(Accumulated<br/>Deficit)</b> | <b>Treasury<br/>Stock</b> | <b>Total<br/>Stockholders'<br/>Equity</b> |
|----------------------------------------|---------------------|---------------|-------------------------------------------|----------------------------------|---------------------------|-------------------------------------------|
|                                        | <b>Number</b>       | <b>Amount</b> |                                           |                                  |                           |                                           |
| Balance, March 31, 2025<br>(unaudited) | 2,514,029           | \$ —          | \$ 38,896                                 | \$ (31,601)                      | \$ (40)                   | \$ 7,255                                  |
| Net loss                               | —                   | —             | —                                         | (271)                            | —                         | (271)                                     |
| Balance, June 30, 2025<br>(unaudited)  | <u>2,514,029</u>    | <u>\$ —</u>   | <u>\$ 38,896</u>                          | <u>\$ (31,872)</u>               | <u>\$ (40)</u>            | <u>\$ 6,984</u>                           |

**Six months ended June 30, 2025**

|                                                          | <b>Common Stock</b> |               | <b>Additional<br/>paid-in<br/>Capital</b> | <b>(Accumulated<br/>Deficit)</b> | <b>Treasury<br/>Stock</b> | <b>Total<br/>Stockholders'<br/>Equity</b> |
|----------------------------------------------------------|---------------------|---------------|-------------------------------------------|----------------------------------|---------------------------|-------------------------------------------|
|                                                          | <b>Number</b>       | <b>Amount</b> |                                           |                                  |                           |                                           |
| Balance, December 31,<br>2024                            | 2,511,350           | \$ 2          | \$ 38,886                                 | \$ (30,336)                      | \$ (40)                   | \$ 8,512                                  |
| Adjustment of common<br>stock for reverse stock split    | —                   | (2)           | 2                                         | —                                | —                         | —                                         |
| Issuance of common stock<br>to director for accrued fees | 2,679               | —             | 8                                         | —                                | —                         | 8                                         |
| Net loss                                                 | —                   | —             | —                                         | (1,536)                          | —                         | (1,536)                                   |
| Balance, June 30, 2025<br>(unaudited)                    | <u>2,514,029</u>    | <u>\$ —</u>   | <u>\$ 38,896</u>                          | <u>\$ (31,872)</u>               | <u>\$ (40)</u>            | <u>\$ 6,984</u>                           |

See Accompanying Notes to the Condensed Financial Statements

**POLAR POWER, INC.**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOW**  
(in thousands)

|                                                                                                                                                    | Six Months Ended<br>June 30, |               |
|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------|
|                                                                                                                                                    | 2026                         | 2025          |
| <b>Cash flows from operating activities:</b>                                                                                                       |                              |               |
| Net loss                                                                                                                                           | \$ (2,009)                   | \$ (1,536)    |
| Adjustments to reconcile net loss to net cash used in operating activities:                                                                        |                              |               |
| Depreciation and amortization                                                                                                                      | 32                           | 34            |
| Issuance of common stock as compensation for services                                                                                              | 298                          | —             |
| Changes in warranty reserve                                                                                                                        | (450)                        | —             |
| Amortization of debt discount of convertible notes                                                                                                 | 100                          | —             |
| Change in fair value of derivative liabilities                                                                                                     | (287)                        | —             |
| Changes in operating assets and liabilities                                                                                                        |                              |               |
| Accounts receivable                                                                                                                                | (236)                        | 122           |
| Inventories                                                                                                                                        | 193                          | (99)          |
| Prepaid expenses                                                                                                                                   | 16                           | 11            |
| Operating lease right-of-use asset                                                                                                                 | 212                          | 609           |
| Accounts payable                                                                                                                                   | (41)                         | 458           |
| Accrued interest added to notes payable-related party                                                                                              | —                            | 7             |
| Customer deposits                                                                                                                                  | 332                          | 31            |
| Accrued expenses and other current liabilities                                                                                                     | 68                           | 39            |
| Operating lease liability                                                                                                                          | (399)                        | (664)         |
| Net cash provided by (used in) operating activities                                                                                                | (2,171)                      | (988)         |
| <b>Cash flows from financing activities:</b>                                                                                                       |                              |               |
| Net proceeds from issuance of common stock under ATM facility                                                                                      | 2,424                        | —             |
| Proceeds from advances from credit facility                                                                                                        | —                            | 505           |
| Proceeds from notes payable-related party                                                                                                          | 159                          | 160           |
| Proceeds from convertible notes payable, net of original issue discounts                                                                           | 1,136                        | —             |
| Repayment of credit facility                                                                                                                       | (1,306)                      | —             |
| Repayment of notes payable                                                                                                                         | (259)                        | —             |
| Net cash provided by financing activities                                                                                                          | 2,154                        | 665           |
| Net decrease in cash and cash equivalents                                                                                                          | (17)                         | (323)         |
| Cash and cash equivalents, beginning of period                                                                                                     | 200                          | 498           |
| <b>Cash and cash equivalents, end of period</b>                                                                                                    | <b>\$ 183</b>                | <b>\$ 175</b> |
| <b>Supplemental Cash Flow Information:</b>                                                                                                         |                              |               |
| Interest paid                                                                                                                                      | \$ 650                       | \$ 381        |
| <b>Supplemental non-cash investing and financing activities:</b>                                                                                   |                              |               |
| Issuance of common stock to director for accrued fees                                                                                              | \$ —                         | \$ 8          |
| Fair value of embedded conversion feature recognized as derivative liabilities with corresponding debt discount upon issuance of convertible notes | \$ 1,050                     | —             |

See Accompanying Notes to the Condensed Financial Statements

**POLAR POWER, INC.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025**  
**(In thousands, except for share and per share data and where otherwise noted)**  
**(UNAUDITED)**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The Company**

Polar Power, Inc. was incorporated in the State of Washington as Polar Products, Inc. and in 1991 reincorporated in the State of California under the name Polar Power, Inc. In December 2016, Polar Power, Inc. reincorporated in the State of Delaware (the “Company”, “we” or “us”). The Company designs, manufactures and sells direct current, or DC, power systems to supply reliable and low-cost energy to off-grid, bad-grid and backup power, electric vehicle (“EV”) charging, and nano-grid applications. The Company’s products integrate DC generator, proprietary electronic control systems, lithium batteries and solar photovoltaic (“PV”) technologies to provide low operating cost and emissions for telecommunications, Defense, automotive, nano-grid, EV charging and industrial markets.

**Going concern**

The accompanying financial statements have been prepared under the assumption that the Company will continue as a going concern. In accordance with Accounting Standards Codification (“ASC”) 205-40, *Going Concern*, the Company’s management has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date the accompanying financial statements were issued. For the six months ended June 30, 2026, the Company recorded a net loss of \$2,009 and used cash in operations of \$2,171. In addition, our independent registered public accounting firm, in its audit report to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025, expressed substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company manufactures and assembles its DC power systems at two production facilities located in Gardena, California. It is currently delinquent in rent payments to its landlords for its headquarters and warehouse facilities. The landlord for its headquarters facility at 249 E. Gardena Blvd., Gardena, California filed a summons for eviction on October 24, 2025. On February 23, 2026, the landlord stopped the actions for eviction and continued discussions with the Company to resolve the delinquent rents and expired lease agreement. The landlord for the other warehouse for which the Company is delinquent on rent, has not served the Company any legal documents. However, they may do so in the future.

On May 11, 2026, the Company entered into a Settlement Agreement with the landlord for each of its headquarters facility and its warehouse facility that became effective as of May 7, 2026. The Settlement Agreement addressed the matter of delinquent rents and an expired lease. Regarding the Company’s headquarters facility, the Company agreed to make immediate payment of \$400 towards past due rents, and the landlord agreed to cease eviction procedures. The landlord also agreed to extend the property lease commencing June 1, 2026, to April 1, 2027, and reduce the monthly rent from \$84 to \$55. Regarding the warehouse facility, the Company agreed to vacate the facility by August 31, 2026 and leave the premises in the condition required by the relevant lease agreement; in exchange, the landlord agreed to waive rents for the months of June, July, and August 2026. Each landlord reserved the right to charge for any waived rents or continue with eviction action should the Company fail to meet the requirements listed in the Settlement Agreement. The Company also may have to pay liquidated damages if it fails to vacate the properties in the event either or both landlords decide to exercise their rights for eviction.

As of May 19, 2026, the Company had not made a payment per the Settlement Agreement, and on May 19, 2026, the landlord for the Company’s headquarters facility evicted the Company from that facility.

On May 22, 2026, the Company entered into a new settlement agreement under which the Company paid the landlords a combined \$755 and regained access to its headquarters facility. The new settlement agreement provides for a schedule of monthly payments through April 2027 in exchange for the landlord’s agreement not to seek to evict us from the headquarters facility through June 30, 2027, and the Company continued its agreement to vacate the warehouse facility by August 31, 2026 in exchange for a waiver of June, July and August 2026 rents. If the Company fails to satisfy the conditions of the new settlement agreement, the landlords may resume eviction proceedings and the Company may be liable for liquidated damages and previously waived rents. The Company made timely rent payments in July and August 2026 and is in compliance with the new settlement agreement.

As of June 30, 2026, the Company was delinquent in \$654 of rent to its headquarters landlord and other leases which are included in accounts payable.



Effective September 30, 2020, the Company entered into a loan agreement (the “Loan Agreement”) with Pinnacle Bank (“Pinnacle”) which will expire on September 30, 2026. The Loan Agreement, as amended, provides for a revolving credit facility under which Pinnacle may, in its sole discretion upon the Company’s request, make advances to us up to \$7,500, subject to certain limitations and adjustments. The Loan Agreement contains certain affirmative and negative covenants. At June 30, 2026, and December 31, 2025, the Company was not in compliance with the affirmative covenant requiring the Company to attain a minimum effective tangible net worth greater than \$6,000. On March 10, 2026, the Company and Pinnacle executed a Notice of Additional Defaults and Forbearance Agreement (the “Forbearance Agreement”), in which Pinnacle agrees to forbear from exercising certain rights and remedies under the Loan Agreement and related documents (the “Loan Documents”) arising from the Specified Existing Defaults (as defined by the Forbearance Agreement) for the period commencing March 10, 2026 (the “Effective Date”), to July 31, 2026 (the “Forbearance Termination Date”), considering the Company 1) on or prior to the Effective Date, pays Pinnacle the amount of \$250, 2) on or prior to the Effective Date, assigns to Pinnacle new Eligible Accounts in the aggregate amount of at least \$185, with 85% of the Net Face Amount (as defined by the Forbearance Agreement) of such new Eligible Accounts (as defined by the Forbearance Agreement) to be applied to reduce the loan obligations, 3) within forty-five (45) days of the Effective Date, reduce the loan obligations by the aggregate amount of \$225, which reduction can result from a cash payment or the assignment of sufficient new Eligible Accounts, with 85% of the Net Face Amount of such new Eligible Accounts to be applied towards such reduction amount, 4) does not create any new events of default, 5) pays in full all obligations to Pinnacle by the Termination Date. If the Company timely complies with all terms listed above, and so long as the Forbearance Termination Date has not occurred, Pinnacle agrees that it will re-commence making Advances to the Company in the amount equal to 42.5% of the Net Face Amount of the thereafter arising Eligible Accounts, with the remaining 42.5% of the Net Face Amount of such Eligible Accounts to be applied to reduce the then outstanding obligations. In March 2026, the Company paid \$250 to Pinnacle and timely complied with the requirements under the Forbearance Agreement and commenced taking advances at 42.5% of the Net Face Amount of Eligible Accounts on March 12, 2026. While the Company expected to stay in compliance and pay the full obligation to Pinnacle by July 31, 2026, it was unable to do so. The Company is in discussions with Pinnacle bank with the purpose to secure an extension on the Forbearance Agreement, and if the Company is unable to secure a payment extension or pay the full obligation within time satisfactory to Pinnacle Bank, Pinnacle may immediately enforce its claims, rights, liens, and security interests under the Forbearance Agreement and the Loan Documents, including but not limited to, taking possession of its collateral, or any portion thereof, and foreclosing upon its collateral, or any portion thereof, in accordance with the Loan Documents and applicable law.

On July 31, 2026, Pinnacle Bank provided to the Company a Notice of Additional Events and Defaults and Modifications to Forbearance Agreement and Loan Documents, the “Forbearance Modification Agreement”, for the purpose of granting a time extension to the Forbearance Agreement executed on March 10, 2026. The Forbearance Modification Agreement would extend the July 31, 2026 deadline for the Company to repay the full balance on the credit facility to August 31, 2026, with an automatic extension to September 30, 2026, if the Company complies to certain payment plan and the terms and conditions on the Forbearance Modification Agreement. The agreement has not been signed by either party as of this date of this report.

On May 1, 2026, the Company received a letter from the Nasdaq staff notifying it that the Company was not in compliance with the \$2.5 million minimum stockholders’ equity requirement for continued listing under Nasdaq Listing Rule 5550(b)(1), based on the approximately \$0.1 million of stockholders’ equity reported in our Annual Report on Form 10-K for the year ended December 31, 2025. The Company’s Common Stock continues to trade on the Nasdaq Capital Market under the symbol “POLA.” On June 29, 2026, the Company received a letter from the Staff granted us an extension of time to regain compliance with the Rule. The terms of the extension are as follows: on or before October 28, 2026, it must opt for one of the two following alternatives to evidence compliance with the Rule: (A) the Company must furnish to the SEC and Nasdaq a publicly available report (e.g., a Form 8-K or Form 6-K) including: (1) a disclosure of Staff’s deficiency letter and the specific deficiency(ies) cited; (2) a description of the completed transaction or event that enabled the Company to satisfy the stockholders’ equity requirement for continued listing; (3) an affirmative statement that, as of the date of the report, it believes it has regained compliance with the stockholders’ equity requirement based upon the specific transaction or event referenced in Step 2; and (4) a disclosure stating that Nasdaq will continue to monitor the Company’s ongoing compliance with the stockholders’ equity requirement and, if at the time of its next periodic report the Company does not evidence compliance, that it may be subject to delisting, or (B) the Company must furnish to the SEC and Nasdaq a publicly available report including: (1) steps 1 & 2 set forth above; (2) a balance sheet no older than 60 days with pro forma adjustments for any significant transactions or event occurring on or before the report date. The pro forma balance sheet must evidence compliance with the stockholders’ equity requirement; and (3) a disclosure that the Company believes it also satisfies the stockholders’ equity requirement as of the report date and that Nasdaq will continue to monitor the Company’s ongoing compliance with the stockholders’ equity requirement and, if at the time of its next periodic report the Company does not evidence compliance, that it may be subject to delisting.

As discussed in Note 11, subsequent to June 30, 2026, the Company sold 1,611 shares of the Company's Series A Convertible Preferred Stock, (the "Series A Preferred"), having an aggregate stated value of \$1,611, of which the Company received net proceeds of \$1,300. In addition, the Company has sold 21,727 of its Common Stock, \$0.0001 par value, under its committed equity facility (the "ELOC") agreement with Roth Capital Partners.

Furthermore, the Company's ability to secure future financing is uncertain. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing, grow and diversify our revenue, improve operational efficiency, reduce overhead and fixed costs, and to create a profitable operation. Its ability to obtain additional financing in the debt and equity capital markets is subject to several factors, including market and economic conditions, its performance and investor sentiment with respect to the Company and its industry. The Company has taken action to diversify sales to consume existing inventory, increase higher margin aftermarket parts revenue, to fund operations. In the event that the Company does not generate sufficient cash flows from operations and is unable to obtain funding, the Company will be forced to delay, reduce, or eliminate some or all of its discretionary spending, which could adversely affect the Company's business prospects, ability to meet long-term liquidity needs or ability to continue operations.

#### **Impact of inflation**

The impact of inflation and changing prices during the three and six months ended June 30, 2026 has had modest effect on the financial condition or results of operations of the Company. Rapid changes in the global economy may cause significant spikes in inflation which may have an impact in our financial condition during 2026 and beyond. Because some of our contracts are at a fixed price, we face the risk that cost overruns or inflation may exceed, erode or eliminate our expected profit margin, or cause us to record a loss on certain projects. We are taking actions to manage the potential impacts of these matters and we will continue to assess the actual and expected impacts and the need for further action.

#### **Basis of Presentation of Unaudited Financial Information**

The unaudited condensed financial statements of the Company for the three and six months ended June 30, 2026 and 2025 have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-K for scaled disclosures for smaller reporting companies. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. However, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for the fair presentation of the Company's financial position and results of operations. Results shown for interim periods are not necessarily indicative of the results to be obtained for a full fiscal year. The balance sheet information as of December 31, 2025 was derived from the audited financial statements included in the Company's financial statements as of and for the years ended December 31, 2025 and 2024 contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on May 20, 2026. These financial statements should be read in conjunction with that report.

## Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Material estimates relate to the assumptions made in determining estimates for credit loss reserves for accounts receivable, assumptions used in valuing inventories at net realizable value, impairment testing of recorded long-term assets, the realizability of deferred tax assets and the related valuation allowance, accruals for warranty reserves, accruals for potential liabilities, assumptions made in valuing stock instruments issued for services, and assumptions used in the determination of the Company's liquidity. Actual results may differ from those estimates.

## Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606"). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contract(s), which includes (1) identifying the contract(s) or agreement(s) with a customer, (2) identifying the Company's performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied.

Substantially all of the Company's revenue is derived from product sales. Product revenue is recognized when performance obligations under the terms of a contract are satisfied, which occurs for the Company upon shipment or delivery of products or services to its customers based on written sales terms, which is also when control is transferred. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring the products or services to a customer. The Company determines whether delivery has occurred based on when title transfers and the risks and rewards of ownership have transferred to the customer, which usually occurs when the Company places the product with the customer's carrier or delivers assured. the product to a customer's location. The Company regularly reviews its customers' financial positions to ensure that collectability is reasonably

The Company also recognizes revenues from engineering services, technical support, and sale of accessories that support the Company's direct current, or DC, power systems. Revenue is recognized when transfer of control to the customer has been made and the Company's performance obligation has been fulfilled. The Company's revenue from engineering services, technical support services, and product accessories are clearly defined in each transaction with its customers and have not been significant to date.

The Company also recognizes revenues from the rental of equipment. The Company's rental revenues have not been significant to date and were \$nil for the three months and six months ended June 30, 2026 and 2025. The Company's rental contracts are fixed price contracts for fixed durations of time and include freight and delivery charges and are recognized on a straight-line basis over the rental period.

Disaggregation of Net Sales

The following table shows the Company's disaggregated net sales by product type:

|                                     | Three months ended<br>June 30, |                     |
|-------------------------------------|--------------------------------|---------------------|
|                                     | 2026<br>(Unaudited)            | 2025<br>(Unaudited) |
| DC power systems                    | \$ 748                         | \$ 1,989            |
| Engineering & Tech Support Services | 21                             | 135                 |
| Accessories                         | 250                            | 584                 |
| Total net sales                     | <u>\$ 1,019</u>                | <u>\$ 2,708</u>     |

  

|                                     | Six months ended<br>June 30, |                     |
|-------------------------------------|------------------------------|---------------------|
|                                     | 2026<br>(Unaudited)          | 2025<br>(Unaudited) |
| DC power systems                    | \$ 2,259                     | \$ 3,219            |
| Engineering & Tech Support Services | 44                           | 134                 |
| Accessories                         | 444                          | 1,078               |
| Total net sales                     | <u>\$ 2,747</u>              | <u>\$ 4,431</u>     |

The following table shows the Company's disaggregated net sales by customer type:

|                                               | Three months ended<br>June 30, |                     |
|-----------------------------------------------|--------------------------------|---------------------|
|                                               | 2026<br>(Unaudited)            | 2025<br>(Unaudited) |
| Telecom                                       | \$ 899                         | \$ 2,481            |
| Government/Military                           | 33                             | 154                 |
| Marine                                        | 60                             | 38                  |
| Other (backup DC power to various industries) | 27                             | 35                  |
| Total net sales                               | <u>\$ 1,019</u>                | <u>\$ 2,708</u>     |

  

|                                               | Six months ended<br>June 30, |                     |
|-----------------------------------------------|------------------------------|---------------------|
|                                               | 2026<br>(Unaudited)          | 2025<br>(Unaudited) |
| Telecommunications                            | \$ 2,558                     | \$ 3,900            |
| Government/Military                           | 82                           | 448                 |
| Marine                                        | 62                           | 45                  |
| Other (backup DC power to various industries) | 45                           | 38                  |
| Total net sales                               | <u>\$ 2,747</u>              | <u>\$ 4,431</u>     |

The following tables shows the Company's net sales by the respective geographical regions of our customers:

|                        | Three months ended<br>June 30, |                     |
|------------------------|--------------------------------|---------------------|
|                        | 2026<br>(Unaudited)            | 2025<br>(Unaudited) |
| United States          | \$ 755                         | \$ 2,624            |
| Canada                 | —                              | 32                  |
| South Pacific Islands  | 11                             | 49                  |
| Europe and Middle East | 186                            | —                   |
| South America          | 67                             | —                   |
| Japan                  | —                              | 3                   |
| Total net sales        | <u>\$ 1,019</u>                | <u>\$ 2,708</u>     |

  

|                        | Six months ended<br>June 30, |                     |
|------------------------|------------------------------|---------------------|
|                        | 2026<br>(Unaudited)          | 2025<br>(Unaudited) |
| United States          | \$ 2,405                     | \$ 4,045            |
| Canada                 | 3                            | 33                  |
| South Pacific Islands  | 72                           | 55                  |
| Japan                  | —                            | 3                   |
| Europe and Middle East | 200                          | 295                 |
| South America          | 67                           | —                   |
| Total net sales        | <u>\$ 2,747</u>              | <u>\$ 4,431</u>     |

For the three months ended June 30, 2026 and 2025, international sales totaled \$264 and \$84 respectively. For the six-months ended June 30, 2026 and 2025, international sales totaled \$342 and \$386 respectively.

## Inventories

Inventories are stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out (“FIFO”) basis. The Company records adjustments to its inventory based on an estimated forecast of the inventory demand, taking into consideration, among others, inventory turnover, inventory quantities on hand, unfilled customer order quantities, forecasted demand, current prices, competitive pricing, and trends and performance of similar products. If the estimated net realizable value is determined to be less than the recorded cost of the inventory, the difference is recognized as a loss in the period in which it occurs. Once inventory has been written down, it creates a new cost basis for inventory that may not be subsequently written up. There were no write downs of inventory for the three months and six months ended June 30, 2026.

As of June 30, 2026 and December 31, 2025, inventories consisted of the following:

|                   | June 30, 2026<br>(unaudited) | December 31,<br>2025 |
|-------------------|------------------------------|----------------------|
| Raw materials     | \$ 8,361                     | \$ 8,704             |
| Finished goods    | 871                          | 721                  |
| Total Inventories | <u>\$ 9,232</u>              | <u>\$ 9,425</u>      |

## Product Warranties

The Company provides limited warranties for parts and labor at no cost to its customers within a specified time period after the sale. As of December 31, 2025, the Company had a warranty reserve of \$600. In March 2026, the Company adjusted the warranty reserve to \$150 after conducting a reserve study of warranty expense over the previous three years. The results of the study indicate warranty expense has decreased as a result of a diminishing number of products sold with warranty over the last four years and an increase in sold products with warranty falling off the warranty period. As of June 30, 2026, and December 31, 2025, the Company had accrued a liability for warranty reserve of \$150 and \$600, respectively, which are included in other accrued liabilities in the accompanying condensed balance sheets. The following is a tabular reconciliation of the product warranty liability, excluding the deferred revenue related to the Company’s warranty coverage:

|                                     | June 30, 2026<br>(unaudited) | December 31,<br>2025 |
|-------------------------------------|------------------------------|----------------------|
| Changes in estimates for warranties |                              |                      |
| Balance at beginning of the period  | \$ 600                       | \$ 600               |
| Payments                            | (41)                         | (67)                 |
| Provision for warranties            | 41                           | 67                   |
| Changes in warranty reserve         | (450)                        | -                    |
| Balance at end of the period        | <u>\$ 150</u>                | <u>\$ 600</u>        |

## Stock-Based Compensation

The Company periodically issues stock-based compensation to officers, directors, and consultants for services rendered. Such issuances vest and expire according to terms established at the issuance date.

Stock-based payments to employees, directors, and for acquiring goods and services from nonemployees, which include grants of employee stock options, are recognized in the financial statements based on their grant date fair values in accordance with ASC 718, *Compensation-Stock Compensation*. Stock option grants to employees, which are generally time vested, are measured at the grant date fair value and depending on the conditions associated with the vesting of the award, compensation cost is recognized on a straight-line or graded basis over the vesting period. Recognition of compensation expense for non-employees is in the same period and manner as if the Company had paid cash for the services. The fair value of stock options granted is estimated using the Black-Scholes option-pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life, and future dividends. The assumptions used in the Black-Scholes option pricing model could materially affect compensation expense recorded in future periods.

## Convertible Notes

The Company accounts for its convertible notes in accordance with ASC 470-20, *Debt with Conversion and Other Options*, and ASC 815-15, *Derivatives and Hedging — Embedded Derivatives*. The Company evaluates the embedded conversion feature to determine whether it is clearly and closely related to the debt host and would separately meet the definition of a derivative. Embedded conversion features that are not indexed to the Company's own stock, or that otherwise fail to meet the scope exception under ASC 815-10-15-74, are bifurcated and recorded as a derivative liability at fair value, with subsequent changes in fair value recognized in earnings each reporting period. Conversion features that are indexed to the Company's own stock and meet the conditions for equity classification are not bifurcated; such notes are further evaluated for a beneficial conversion feature under ASC 470-20, with any resulting discount recognized as a reduction to the carrying value of the notes and amortized to interest expense over the term of the notes using the effective interest method.

## Financial Assets and Liabilities Measured at Fair Value

The Company uses various inputs in determining the fair value of its financial assets and liabilities. Financial assets recorded at fair value in the balance sheets are categorized by the level of objectivity associated with the inputs used to measure their fair value.

Authoritative guidance provided by the Financial Accounting Standards Board ("FASB") defines the following levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these financial assets:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs, other than the quoted prices in active markets, that is observable either directly or indirectly.

Level 3 Unobservable inputs based on the Company's assumptions.

The carrying amounts of certain financial assets and liabilities, such as cash and cash equivalents, accounts receivable and accounts payable, approximate their fair values because of the short maturity of these instruments. The carrying values of the line of credit and notes payable approximate their fair values since the interest rates on these obligations are based on prevailing market interest rates.

The fair values of the Company's derivative liabilities are considered Level 3 liabilities. See Note 7.

Segments

Under ASC 280, *Segment Reporting*, operating segments are defined as components of an enterprise where discrete financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), in deciding how to allocate resources and in assessing performance. The Company’s operating segment consists of one component, and the Company’s Chief Executive Officer, who is also the CODM, makes decisions and manages the Company’s operations as a single operating segment.

Concentrations

*Revenues.* For the three months ended June 30, 2026 and 2025, sales to telecommunications customers accounted for 88% and 92% of total revenues, respectively. Sales to international customers accounted for 26% and 3% of total revenues, respectively. The Company’s largest customers during the three months ended June 30, 2026, generated 29%, 14%, 12%, and 11% of total revenues, as compared to the largest customer during the three months ended June 30, 2025 generating 69% of total net revenues. There was no other revenue from customers in excess of 10% of revenues in either period.

For the six months ended June 30, 2026 and 2025, sales to telecommunications customers accounted for 93% and 88% of total revenues, respectively. For the six months ended June 30, 2026 and 2025, sales to international customers accounted for 12% and 9% of total revenue, respectively. For the six months ended June 30, 2026, the Company’s largest customer generated 56% of total revenues, as compared to the largest customer during the same period in 2025 generating 70% of total revenues. There was no other revenue from customers in excess of 10% of revenues in either period.

*Accounts receivable.* At June 30, 2026, the three largest accounts receivable account from the Company’s customers represented 52%, 21%, and 12% of the Company’s total accounts receivable. At December 31, 2025, the Company’s two largest receivable accounts represented 59% and 18% of the Company’s total accounts receivable. There was no other customer that accounted for more than 10% of the Company’s accounts receivable as of June 30, 2026 or December 31, 2025.

*Accounts payable.* At June 30, 2026, accounts payable to the Company’s three largest vendors represented 13%, 10% and 8%, of the Company’s accounts payable. On December 31, 2025, the three largest accounts payable accounts to the Company’s vendors represented 21%, 7%, and 7%, respectively.

Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding for the period. Diluted earnings per share is computed by dividing the net income applicable to common stockholders by the weighted average number of shares of common stock outstanding plus the number of additional shares of common stock that would have been outstanding if all dilutive potential shares of common stock had been issued using the treasury stock method. Potential shares of common stock are excluded from the computation when their effect is antidilutive. The dilutive effect of potentially dilutive securities is reflected in diluted net income per share if the exercise prices were lower than the average fair market value of shares of common stock during the reporting period.

The following potentially dilutive shares were excluded from the shares used to calculate diluted earnings per share as their inclusion would be anti-dilutive:

|         | June 30,<br>2026<br>(Unaudited) | June 30,<br>2025<br>(Unaudited) |
|---------|---------------------------------|---------------------------------|
| Options | 12,858                          | 12,858                          |

## Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board (FASB) issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* which includes amendments that require disclosure in the notes to financial statements of specified information about certain costs and expenses, including purchases of inventory; employee compensation; and depreciation, amortization and depletion expenses for each caption on the income statement where such expenses are included. The amendments are effective for the Company's annual periods beginning January 1, 2027, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is in the process of evaluating this ASU to determine its impact on the Company's disclosures.

The Company's management has evaluated all other recently issued, but not yet effective, accounting standards and guidance that have been issued or proposed by the FASB or other standards-setting bodies through the filing date of these financial statements and does not believe the future adoption of any such pronouncements will have a material effect on the Company's financial position and results of operations.

## NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

|                                                          | June 30, 2026<br>(Unaudited) | December 31,<br>2025 |
|----------------------------------------------------------|------------------------------|----------------------|
| Production and shop equipment and machinery and fixtures | \$ 3,654                     | \$ 3,654             |
| Vehicles                                                 | 177                          | 177                  |
| Leasehold improvements                                   | 390                          | 390                  |
| Computer software and office equipment                   | 291                          | 291                  |
| Total property and equipment, cost                       | 4,512                        | 4,512                |
| Less: accumulated depreciation and amortization          | (4,416)                      | (4,384)              |
| Property and equipment, net                              | 96                           | 128                  |

Depreciation and amortization expense on property and equipment for the three months ended June 30, 2026 and 2025 was \$16 and \$17, respectively. During the three months ended June 30, 2026 and 2025, \$15 and \$16, respectively, of the depreciation expense was included in cost of sales.

Depreciation and amortization expense on property and equipment for the six months ended June 30, 2026 and 2025 was \$32 and \$34, respectively. During the six months ended June 30, 2026 and 2025, \$31 and \$33, respectively, of the depreciation expense was included in cost of sales.

## NOTE 3 – NOTES PAYABLE, RELATED PARTY

During 2023, the Company's Chief Executive Officer made three loans to the Company for aggregate principal amount of \$260 pursuant to terms of the note agreements. During 2025, the Company's Chief Executive Officer made three additional loans to the Company for aggregate principal amount of \$330 pursuant to terms of the note agreements. On April 10, 2026, the Company's Chief Executive Officer made an additional loan to the Company for a principal amount of \$150 pursuant to the terms of the note agreement. The notes have relatively similar terms, are unsecured, and accrue interest at 3.5% per annum, except for the note from April 2026 which accrues interest at 18% per annum. As of June 30, 2026, the aggregate outstanding balance of the loans including accrued interest is \$771, with \$72 due in August 2026, \$72 due in September 2026, \$102 due in October 2026, \$30 due in November, \$167 due in March 2027, \$154 due in April 2027, and \$174 due in May 2027.



#### NOTE 4 – LINE OF CREDIT

##### Credit Facility

Effective September 30, 2020, the Company entered into the Loan Agreement with Pinnacle. The Loan Agreement, as amended, provides for a revolving credit facility under which Pinnacle may, in its sole discretion upon our request, make advances to the Company up to \$7,500, subject to certain limitations and adjustments, of up to \$7,500, subject to certain limitations and adjustments. The Loan Agreement contains certain affirmative and negative covenants.

Borrowings based on receivables bears an interest on the daily balance at a rate of 1.25% above the prime rate, but in no event less than 3.75% per annum (8.0% at June 30, 2026 and 8.0% at December 31, 2025). Interest on the portion of the daily balance consisting of advances against inventory accrues interest at a rate of 2.25% above the prime rate, but in no event less than 4.75% per annum (9.0% at June 30, 2026 and 9.0% at December 31, 2025).

Pursuant to the Loan Agreement, as amended, the standards of eligible accounts receivable include AT&T accounts receivable up to 120 days of invoice date, and eligible accounts receivable with other customers have up to 90 days of invoice date. Customer accounts with eligible accounts receivable cannot exceed a concentration percentage which is a customer's total obligations to the Company as a percentage of eligible accounts receivable from all customers. The concentration percentage applicable to certain Tier-1 telecommunications customers is 75% of all eligible accounts receivable, and the concentration percentage applicable to all other customer is 25% of all eligible accounts.

Pinnacle may terminate the Loan Agreement at any time upon ninety days prior written notice and immediately upon the occurrence of an event of default. Under the Loan Agreement, the Company granted Pinnacle a security interest in all presently existing and thereafter acquired or arising assets of the Company.

At June 30, 2026, and December 31, 2025, the Company was not in compliance with the affirmative covenant requiring the Company to attain a minimum effective tangible net worth greater than \$6,000. On March 10, 2026, the Company and Pinnacle executed the Forbearance Agreement, in which Pinnacle agrees to forbear from exercising certain rights and remedies under the Loan Documents arising from the Specified Existing Defaults for the period commencing March 10, 2026, the Effective Date, to July 31, 2026, the Forbearance Termination Date, considering the Company 1) on or prior to the Effective Date, pays Pinnacle the amount of \$250, 2) on or prior to the Effective Date, assigns to Pinnacle new Eligible Accounts in the aggregate amount of at least \$185, with 85% of the Net Face Amount of such new Eligible Accounts to be applied to reduce the loan obligations, 3) within forty-five (45) days of the Effective Date, reduce the loan obligations by the aggregate amount of \$225, which reduction can result from a cash payment or the assignment of sufficient new Eligible Accounts, with 85% of the Net Face Amount of such new Eligible Accounts to be applied towards such reduction amount, 4) does not create any new events of default, 5) pays in full all obligations to Pinnacle by the Termination Date. If the Company timely complies with all terms listed above, and so long as the Forbearance Termination Date has not occurred, Pinnacle agrees that it will re-commence making Advances to the Company in the amount equal to 42.5% of the Net Face Amount of the thereafter arising Eligible Accounts, with the remaining 42.5% of the Net Face Amount of such Eligible Accounts to be applied to reduce the then outstanding obligations. In March 2026, the Company paid \$250 to Pinnacle and timely complied with the requirements under the Forbearance Agreement and commenced taking advances at 42.5% of the Net Face Amount of Eligible Accounts on March 12, 2026. While the Company expected to stay in compliance and pay the full obligation to Pinnacle by July 31, 2026, it was unable to do so. The Company is in discussions with Pinnacle bank with the purpose to secure an extension on the Forbearance Agreement, and if the Company is unable to secure a payment extension or pay the full obligation within time satisfactory to Pinnacle Bank, Pinnacle may immediately enforce its claims, rights, liens, and security interests under the Forbearance Agreement and the Loan Documents, including but not limited to, taking possession of its collateral, or any portion thereof, and foreclosing upon its collateral, or any portion thereof, in accordance with the Loan Documents and applicable law. On July 31, 2026, Pinnacle Bank provided to the Company a Notice of Additional Events and Defaults and Modifications to Forbearance Agreement and Loan Documents, the "Forbearance Modification Agreement", for the purpose of granting a time extension to the Forbearance Agreement executed on March 10, 2026. The Forbearance Modification Agreement would extend the July 31, 2026 deadline for the Company to repay the full balance on the credit facility to August 31, 2026, with an automatic extension to September 30, 2026, if the Company complies to certain payment plan and the terms and conditions on the Forbearance Modification Agreement. The agreement has not been signed by either party as of this date of this report.

The balance of the loan agreement at December 31, 2025 was \$4,036. During 2026, the Company repaid a net of \$1,306 to reduce the Loan. At June 30, 2026, the outstanding balance under the line of credit was \$2,730 which includes interest, fees and financing costs (see below), and \$566 of the Company's accounts receivable is held as collateral under the credit facility.

The total interest expense, fees, and financing costs incurred under the Loan Agreement for the three-month periods ended June 30, 2026 and 2025 were \$139 and \$168, respectively. Of these amounts, \$7 in 2026 and \$1 in 2025 were recorded under general and administrative expenses, while \$132 in 2026 and \$167 in 2025 were recorded under interest expense and finance costs in the accompanying statements of operations.

The total interest expense, fees, and financing costs incurred under the Loan Agreement for the six-month periods ended June 30, 2026 and 2025 were \$271 and \$329, respectively. Of these amounts, \$14 in 2026 and \$1 in 2025 were recorded under general and administrative expenses, while \$257 in 2026 and \$327 in 2025 were recorded under interest expense and finance costs in the accompanying statements of operations.

## NOTE 5 – NOTES PAYABLE

On December 23 2025, the Company entered into the WWCM Loan Agreement with WWCM, pursuant to which the Company borrowed net proceeds of \$399, after deducting fees as outlined in the WWCM Loan Agreement.

The loan amount is \$500, with a loan origination fee of \$20, providing for an advance amount of \$480. The loan is to be paid in 48 weekly payments of \$13 with the first six payments paid in advance and deducted from the initial funding. Net proceeds of \$399 were received by the Company on December 26, 2025. The total repayment obligation of the Company is \$640 resulting in an effective rate of approximately 74%. As of June 30, 2026, the outstanding loan balance was \$179.

## NOTE 6 – CONVERTIBLE NOTES PAYABLE

From May 21, 2026 to June 30, 2026, the Company issued three Convertible Redeemable Note (the “Notes”) with aggregate face amount of \$1,245, of which \$970 matures on May 21, 2027 and \$275 matures December 31, 2027. The Notes were issued with a \$110 original issue discount, resulting in net cash proceeds to the Company of \$1,136. The Notes bear interest at stated rates ranging from 6% - 10% per annum.

Beginning on the six-month anniversary of issuance, the holders may convert all or a portion of the outstanding principal and accrued interest into shares of the Company’s common stock at a conversion prices ranging from 80% -90% of the lowest daily volume-weighted average price (“VWAP”) of the Company’s common stock during the ten trading days preceding conversion, subject to adjustment to 70% in the event of any trading restriction imposed by the Depository Trust Company, a DTC “chill”, on the Company’s shares and to 65% in the event the Company’s shares are delisted from Nasdaq, among other adjustments, including a most-favored-nation provision and standard anti-dilution protections.

The Company evaluated the conversion feature embedded in the Notes in accordance with ASC 815, Derivatives and Hedging, and determined that the conversion feature is not clearly and closely related to the debt host and does not qualify for the scope exception for contracts indexed to and settled in the Company’s own stock under ASC 815-40, Contracts in Entity’s Own Equity, due to the variable, discount-to-market pricing mechanism and the additional contingent adjustments described above. Accordingly, the conversion features were bifurcated from the Notes and are separately accounted for as a derivative liability, initially and subsequently measured at fair value, with changes in fair value recognized in earnings each reporting period. (See discussion below).

The derivative liability was initially recorded as a valuation discount at its estimated fair value of \$1,050 on the issuance date. The resulting debt discount of \$1,050 is being amortized to interest expense over the term of the Note using the effective interest method. During the period, the Company recognized \$100 of discount amortization. As of June 30, 2026, the face value of the notes payable was \$1,245 with an unamortized note discount of \$ 1,059 resulting in a net carrying value of the Notes of \$186.

## NOTE 7 – DERIVATIVE LIABILITIES

As discussed in Note 6 the Company issued convertible promissory notes to certain investors that are convertible at the option of the holder into shares of the Company’s common stock subject to variable conversion features and certain other adjustments. The Company evaluated the conversion feature embedded in the Notes in accordance with ASC 815-15, *Derivatives and Hedging — Embedded Derivatives*, to determine whether it requires bifurcation and separate accounting as a derivative liability. Bifurcation is required when all of the following criteria are met: (i) the economic characteristics and risks of the embedded feature are not clearly and closely related to those of the host contract (the debt instrument); (ii) a separate instrument with the same terms as the embedded feature would meet the definition of a derivative; and (iii) the hybrid instrument is not remeasured at fair value with changes recognized in earnings.

At issuance, the Company recorded the embedded derivative liability at its estimated fair value of \$1,050 determined using an options pricing model.

The resulting debt discount of \$1,050 is being amortized to interest expense using the effective interest method over the term of the Notes. As of June 30, 2026, the derivative liability was remeasured at fair value of \$763, resulting in a gain of \$287, recorded within other income in the accompanying condensed consolidated statements of operations. The following table summarizes the key assumptions at issuance date and at remeasurement date on June 30, 2026:

| Assumption              | At Issuance |       | At June 30, 2026 |        |
|-------------------------|-------------|-------|------------------|--------|
| Stock price             | \$          | 2.40  | \$               | 1.81   |
| Conversion price        | \$          | 1.50  | \$               | 1.38   |
| Expected volatility     |             | 95%   |                  | 91.68% |
| Risk-free interest rate |             | 4.40% |                  | 3.62%  |
| Expected term (years)   |             | 1.5   |                  | 1.1    |
| Dividend yield          |             | 0%    |                  | 0%     |

The changes in the Derivative liabilities are during the period are as follows: (in thousands)

|                                        |    |       |
|----------------------------------------|----|-------|
| Balance, January 1, 2026               | \$ | —     |
| Fair value of liability at issuance    | \$ | 1,050 |
| Change in fair value during the period | \$ | (287) |
| Balance, June 30, 2026                 | \$ | 763   |

## NOTE 8 – OPERATING LEASES

The Company manufactures and assembles its DC power systems at its two production facilities located in Gardena, California under two operating lease agreements that expire in 2026, requiring aggregate monthly payments of \$125. During 2025 the Company became delinquent in its rent payments to its landlords for its office and warehouse facilities. The landlord for its headquarters facility at 249 E. Gardena Blvd., Gardena, California filed a summons for eviction on October 24, 2025. On February 23, 2026, the landlord stopped the actions for eviction and continued discussions with the Company to resolve the delinquent rents and expired lease agreement. On May 11, 2026, the Company entered into settlement agreements with the landlords of its headquarters and one of the warehouse facilities. On May 19, 2026, the landlord of the Company's headquarters facility evicted the Company from that facility for failing to make payment per the settlement agreement. On May 22, 2026, the Company entered into a new settlement agreement under which it paid the landlords a combined \$755 and regained access to its headquarters facility. The new settlement agreement provides for a schedule of monthly payments through April 2027 in exchange for the landlord's agreement not to seek to evict the Company from the headquarters facility through June 30, 2027, and provides for the Company to vacate the warehouse facility by August 31, 2026 in exchange for a waiver of June, July and August 2026 rents. If the Company fails to satisfy the conditions of the new settlement agreement, the landlords may resume eviction proceedings and we may be liable for liquidated damages and previously waived rents. The Company made timely rent payments in July 2026 and August 2026 and is in compliance with the new settlement agreement as of the filing date. However, it is possible that the Company will be forced to vacate from any or all facilities in the event it fails to keep up with the terms of the settlement agreement, and if that happens, it might have difficulty locating a new headquarters, or new manufacturing or warehouse facilities that are adequate, in a timely manner. The Company's production could be significantly delayed, access to its inventory could be impaired, and its operations could halt for a significant period of time.

Due to the circumstances described above, during 2025 the Company recorded total impairment charges of \$455, which included \$347 related to right-of-use asset on its headquarters and manufacturing facility, and \$108 related to lease deposits. These charges were recorded in impairment of lease right-of-use assets and lease deposits in the Company's Statements of Operations as of December 31, 2025. Right of use assets as of June 30, 2026 of \$66 on the accompanying balance sheet represents the remaining right of use asset under its other facility which the Company expects to utilize until August 2026. As of June 30, 2026, the remaining lease obligation for both leases is \$76 plus \$364 in past due lease payments that is included in accounts payable.

The Company also has a third lease on a month-to-month basis and is charged \$25 per month. As of June 30, 2026, \$290 is delinquent and owed on the lease which is included in accounts payable.

The components of rent expense and supplemental cash flow information related to leases for the period are as follows:

|                                                                                                                                                                                                                                                                     | Six Months<br>Ended<br>June 30, 2026 | Six Months<br>Ended<br>June 30, 2025 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Lease Cost</b>                                                                                                                                                                                                                                                   |                                      |                                      |
| Operating lease cost (of which \$43 is included in general and administration and \$173 is included in cost of sales in the Company's statement of operations for the six months ended June 30, 2026, and \$92 and \$612 for the same period in 2025, respectively) | \$ 216                               | \$ 704                               |
| <b>Other Information</b>                                                                                                                                                                                                                                            |                                      |                                      |
| Weighted average remaining lease term – operating leases (in years)                                                                                                                                                                                                 | 0.1                                  | 0.9                                  |
| Average discount rate – operating leases                                                                                                                                                                                                                            | 6.13%                                | 6.13%                                |

The supplemental balance sheet information related to leases for the period is as follows:

|                                                                                                               | At<br>June 30, 2026 | At<br>December 31, 2025 |
|---------------------------------------------------------------------------------------------------------------|---------------------|-------------------------|
| <b>Operating leases</b>                                                                                       |                     |                         |
| Long-term operating right-of-use assets, net of accumulated amortization of \$2,540 and \$1,338, respectively | \$ 66               | \$ 624                  |
| Impairment charge                                                                                             | —                   | (346)                   |
| <b>Net right-of-use asset</b>                                                                                 | <b>\$ 66</b>        | <b>\$ 278</b>           |
| <b>Current portion of operating lease liabilities</b>                                                         | <b>\$ 76</b>        | <b>\$ 475</b>           |

Rent expense for the three months ended June 30, 2026 and 2025 was \$337 and \$325, respectively. Rent expense for the six months ended June 30, 2026 and 2025 was \$697 and \$630, respectively.

## NOTE 9 – STOCKHOLDERS' EQUITY

### Common Stock

- Issuance of common stock for services under Restructuring and Management Services Agreement

On May 21, 2026, the Company signed a Restructuring, Implementation and Management Services Agreement (the “Services Agreement”) with Mammoth Crest Capital, LLC. (“MCC”), effective as of May 19, 2026. Pursuant to the Services Agreement, MCC shall lead, manage, drive and implement the operational, organizational, governance, financial and capital-structure initiatives described in the Scope of Work attached to the Services Agreement. The agreement also states that no later than 30 days following May 19, 2026, the effective date of the Services Agreement, the Company shall cause its board of directors (the “Board”) to consist of seven directors, and appoint Barrett Evans and Michael Hill as directors who are designated by MCC, and that Arthur D. Sams will remain as the chairman of the Board and Michael Fields will remain on the Board. MCC shall, in consultation with the Company’s Chief Executive Officer, propose candidates to fill the remaining Board seats. These changes affecting the number or members of the board of directors have not taken place as of the date of this report.

In consideration, the Company shall pay to MCC \$500 in two installments: (a) \$100 on the effective date as a non-refundable retainer; and (b) \$400 (the “Balance”) upon MCC’s delivery of the Deliverables and Milestones as defined by the Services Agreement. MCC agrees to defer collection of the Balance until the Company has consummated debt or equity financing(s) yielding aggregate gross proceeds to the Company of at \$5,000. Commencing on the first day of the month calendar immediately after MCC’s delivery of the Deliverables and Milestones, the Company shall pay to MCC a monthly cash retainer of \$25.

On the effective date, the Company shall issue to MCC (or its designee) a number of shares of the Company’s Common Stock (the “Shares”) such that, after giving effect to the issuance of the Shares, the Shares represent 4.5% of the issued and outstanding shares of common stock of the Company on the Effective Date. As such, on May 19, 2026, the Company issued 171,525 shares of Common Stock with a fair value of \$298 to MCC as compensation for services and recorded the expense in the amount general and administrative expenses in the Company’s statement of operations for the three and six months ended June 30, 2026.

The Company shall include the Shares for resale registration in the next registration statement filed by the Company (other than a registration statement on Form S-4 or S-8 or in respect of a primary offering by the Company that excludes selling stockholders). The Services Agreement has a 12-month term beginning from the effective date, unless terminated earlier (the “Initial Term”). Upon expiration of the Initial Term, the term shall be renewed and extended automatically for additional, consecutive periods of three months each. The Services Agreement also contains other customary terms and conditions.

### Common Stock

- Issuance of common stock under ATM facility

On October 6, 2025, the Company entered into the Sales Agreement with ThinkEquity LLC, pursuant to which the Company may sell and issue, subject to the limitations in the Sales Agreement, shares up to \$2,382 of Common Stock from time to time in the ATM Offering. Under the Sales Agreement, ThinkEquity LLC is entitled to compensation of 3.0% of the gross offering proceeds of all shares of Common Stock sold through it pursuant to the Sales Agreement.

As of December 31, 2025, the Company has sold 166,127 shares of Common Stock in the ATM Offering at a weighted-average price of \$4.70 per share, for net proceeds of \$757, after deducting commissions to the sales agent and other ATM Offering related expenses of \$23.

On December 12, 2025, the Company filed a prospectus supplement to its registration statement on Form S-3 (File No. 333-276705) to increase the amount of shares of Common Stock that the Company may offer and sell under the Sales Agreement and applicable registration statement to an aggregate offering price of up to \$2,500, which amount does not include the shares of Common Stock having an aggregate gross sales price of approximately \$757 that were sold under the ATM Offering through December 11, 2025, in accordance with the limitations set forth in Instruction I.B.6 of Form S-3. In January 2026, the Company sold 962,500 shares of Common Stock in the ATM Offering at a weighted-average price of \$2.60 per share, for net proceeds of \$2,424, after deducting commissions to the sales agent and other ATM Offering related expenses of \$75. On July 23, 2026, the Company delivered a written notice terminating the Sales Agreement to ThinkEquity LLC. The termination of the Sales Agreement was effective July 23, 2026, as acknowledged by ThinkEquity LLC. No termination fee or penalty is payable by the Company in connection with such termination.

At June 30, 2026 and December 31, 2025, the Company had 2,497 shares of Common Stock held as treasury stock at a cost of \$40.

## NOTE 10 – STOCK OPTIONS

The following table summarizes stock options:

|                                        | Number of<br>Options | Weighted Average<br>Exercise Price |
|----------------------------------------|----------------------|------------------------------------|
| Outstanding, December 31, 2025         | 12,858               | \$ 37.42                           |
| Granted                                | —                    | —                                  |
| Exercised/Forfeited/Expired            | —                    | —                                  |
| Outstanding, June 30, 2026 (unaudited) | 12,858               | \$ 37.42                           |
| Exercisable, June 30, 2026 (unaudited) | 12,858               | \$ 37.42                           |

Effective July 8, 2016, the Company’s board of directors approved the Polar Power 2016 Omnibus Incentive Plan (the “2016 Plan”), authorizing the issuance of up to 250,627 shares of Common Stock as incentives to employees and consultants to the Company with awards limited to a maximum of 50,125 shares to any one participant in any calendar year.

At December 31, 2025, the Company had total outstanding options of 12,858, which were carried forward to June 30, 2026. These options are fully vested, exercise prices ranging from \$33.88 to \$39.20, and with 1,429 option shares set to expire in December 2027 and the remaining 11,429 option shares set to expire in April 2028.

The outstanding options had no intrinsic value at June 30, 2026.

On November 13, 2025, the Company’s Board of Directors, at the recommendation of the compensation committee, approved the 2026 Equity Incentive Plan (the “2026 Plan”), subject to approval by its stockholders at the stockholders meeting. On December 15, 2025, at the stockholders meeting, the 2026 Plan was passed and became effective January 1, 2026. The Company has not made any grants under the 2026 Plan yet.

## NOTE 11 – SUBSEQUENT EVENTS

On July 16, 2026, the Company issued 40,000 restricted shares of Common Stock, par value \$0.0001, to ConnectM Technology Solutions, Inc. as compensation for advisory and management consulting services rendered under an engagement letter dated April 24, 2026 that provides for a monthly grant of 20,000 shares of Common Stock (subject to a review of value versus services after three months), with the shares issued valued at \$1.61 per share. The shares were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. As of June 30, 2026, the Company included an aggregate value of \$64 in accounts payable in the accompanying condensed balance sheet.

On or about July 20, 2026, the Company entered into a Common Stock Purchase Agreement and a related Registration Rights Agreement with an affiliate of Roth Capital Partners establishing a committed equity facility (the “ELOC”) that provides for the sale, from time to time and at the Company’s option, of up to \$25,000 of Common Stock, subject to the effectiveness of a resale registration statement and to volume, 4.99% beneficial-ownership and 19.99% Nasdaq exchange-cap limitations and the pricing/Base Price mechanics of that agreement. The Company filed a registration statement on Form S-1 (File No. 333-297749) covering the resale of shares issuable under the ELOC.

On July 21, 2026, the Company issued and sold to LU2 Holdings LLC, in a private placement, 500 shares of its Series A Convertible Preferred Stock, par value \$0.0001 per share (the “Series A Preferred”), having an aggregate stated value of \$500, together with warrants to purchase an aggregate of 150,915 and 83,841 shares of Common Stock at an exercise price of \$1.64 per share, to LU2 Holdings LLC and Mayers, respectively. The Series A Preferred has a stated value of \$1,000 per share, accrues a 10% payment-in-kind dividend, is perpetual, ranks senior to our Common Stock, and is convertible into Common Stock at a price equal to 90% of the lowest VWAP over the seven consecutive trading days immediately preceding the applicable conversion date, but not less than the floor price. The shares of Common Stock issuable upon conversion of the Series A Preferred and upon exercise of those warrants are not registered by this prospectus and are expected to be registered pursuant to a separate registration statement.

On July 29, 2026, the Company entered into a series of agreements with each of CL Investment Group LLC (“CL Investment”) and LU2 Holdings LLC (“LU2” and, together with CL Investment, the “Investors” and each an “Investor”), providing for the issuance and sale to the Investors of shares of the Company’s Series A Convertible Preferred Stock and warrants to purchase shares of the Company’s common stock, par value \$0.0001 per share (the “Common Stock”). By their terms, the agreements became effective, and the closing thereunder was consummated, on the date that each of the closing conditions had been satisfied, which occurred on August 5, 2026 (the “Closing”). The transactions constitute a subsequent closing under the Company’s previously designated Series A Convertible Preferred Stock, following the initial closings previously disclosed by the Company.

On July 29, 2026, the Company entered into a Securities Purchase Agreement with CL Investment (the “CL Purchase Agreement”) and a separate Securities Purchase Agreement with LU2 (the “LU2 Purchase Agreement,” and together with the CL Purchase Agreement, the “Purchase Agreements”), in each case for the issuance and sale of shares of the Company’s Series A Convertible Preferred Stock, par value \$0.0001 per share (the “Convertible Preferred”), and certain common stock purchase warrants (the “Warrants”).

The Convertible Preferred was previously established as a series of the Company’s preferred stock pursuant to the Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock (the “COD”), which, the Company filed with the Secretary of State of the State of Delaware on July 10, 2026, and which was corrected by a Certificate of Correction filed on July 24, 2026. The COD designates 25,000 shares of Convertible Preferred, having a stated value of \$1,000 per share (the “Stated Value”). Immediately prior to the transactions described herein, 500 shares of Convertible Preferred were issued and outstanding. Pursuant to the COD, the Convertible Preferred bears a dividend that accrues monthly at a rate of 10% per annum and is convertible into shares of Common Stock (the “Preferred Conversion Shares”) at the Market Conversion Price. The “Market Conversion Price” is equal to 90% of the lowest volume-weighted average price of the Common Stock for the seven consecutive trading days immediately preceding the applicable conversion date, but not less than the floor price set forth in the COD.

Pursuant to the CL Purchase Agreement, the Company agreed to issue and sell to CL Investment, and CL Investment agreed to purchase from the Company, 833 shares of Convertible Preferred (representing an aggregate Stated Value of \$833) at a purchase price equal to 90% of the Stated Value, for an aggregate subscription amount of \$749. Pursuant to the LU2 Purchase Agreement, the Company agreed to issue and sell to LU2, and LU2 agreed to purchase from the Company, 278 shares of Convertible Preferred (representing an aggregate Stated Value of \$278) at a purchase price equal to approximately 90% of the Stated Value, for an aggregate subscription amount of \$250. At the Closing on August 5, 2026, the Company issued an aggregate of 1,111 shares of Convertible Preferred to the Investors, for aggregate gross proceeds to the Company of \$1,000, before deducting fees and expenses. After giving effect to these issuances, 1,611 shares of Convertible Preferred were issued and outstanding.

On July 31, 2026, Pinnacle Bank provided to the Company a Notice of Additional Events and Defaults and Modifications to Forbearance Agreement and Loan Documents, the “Forbearance Modification Agreement”, for the purpose of granting a time extension to the Forbearance Agreement executed on March 10, 2026. The Forbearance Modification Agreement would extend the July 31, 2026 deadline for the Company to repay the full balance on the credit facility to August 31, 2026, with an automatic extension to September 30, 2026, if the Company complies to certain payment plan and the terms and conditions on the Forbearance Modification Agreement. The agreement has not been signed by either party as of this date of this report.

On August 16, 2026, the Company terminated the Restructuring, Implementation and Management Services Agreement with MCC. (See Note 9.)

## NOTE 12. SEGMENT INFORMATION

The Company operates and manages its business as one reportable and operating segment. The Company designs, manufactures, and sells DC power systems for applications that do not have access to the utility grid (i.e., prime power and mobile applications) or have critical power needs and cannot be without power in the event of utility grid failure (i.e., back-up power applications). The measure of segment assets is reported on the balance sheet as total assets. In addition, the Company generates revenue primarily from the sale of its DC power systems, and to a lesser extent from the sale of parts and services to support its DC power systems. The Company manages the business activities on a consolidated basis.

The Company’s chief operating decision maker (“CODM”), Arthur D. Sams, reviews financial information presented on a consolidated basis and decides how to allocate resources based on net income (loss). Consolidated net income (loss) is used for evaluating financial performance and in establishing management’s compensation.

Significant segment expenses include research and development, salaries, insurance, and stock-based compensation. Operating expenses include all remaining costs necessary to operate our business, which primarily include external professional services and other administrative expenses. The following table presents the significant segment expenses and other segment items regularly reviewed by our CODM:

|                                  | Three Months Ended June 30, |          |
|----------------------------------|-----------------------------|----------|
|                                  | 2026                        | 2025     |
| Revenue                          | \$ 1,019                    | \$ 2,708 |
| Cost of goods sold               | (1,356)                     | (1,778)  |
| Compensation                     | (441)                       | (501)    |
| Consulting and professional fees | (550)                       | (140)    |
| Other operating expenses         | (343)                       | (399)    |
| Other income (expenses), net     | (160)                       | (161)    |
| Net loss                         | \$ (1,831)                  | \$ (271) |

  

|         | Six Months Ended June 30, |          |
|---------|---------------------------|----------|
|         | 2026                      | 2025     |
| Revenue | \$ 2,747                  | \$ 4,431 |

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Cost of goods sold               | (1,948)           | (3,183)           |
| Compensation                     | (954)             | (1,078)           |
| Consulting and professional fees | (806)             | (490)             |
| Other operating expenses         | (685)             | (891)             |
| Other income (expenses), net     | (363)             | (325)             |
| Net loss                         | <u>\$ (2,009)</u> | <u>\$ (1,536)</u> |

## ITEM 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations

*You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" and elsewhere in this report. Our historical results are not necessarily indicative of the results to be expected for any future period, and results for any interim period are not necessarily indicative of the results to be expected for the full year.*

*All dollar amounts are presented in thousands, except share and per-share data and where otherwise noted. Share and per share data have been retroactively adjusted to reflect the decreased number of shares resulting from a 1 for 7 reverse stock split which took effect on November 18, 2024.*

### Overview

We design, manufacture, and sell DC power generators, renewable energy and cooling systems for applications primarily in the telecommunications market and, to a lesser extent, in other markets, including military, electric vehicle charging, marine and industrial. We are continuously diversifying our customer base and are selling our products into non-telecommunication markets and applications at an increasing rate.

Within the various markets we service, our DC power systems provide reliable and low-cost DC power to service applications that do not have access to the utility grid (i.e., prime power applications and mobile applications) or have critical power needs and cannot be without power in the event of utility grid failure (i.e., back-up power applications) or charge batteries of various chemistries to be used in electric vehicle or renewable storage applications.

Serving these various markets, we offer the following configurations of our DC power systems, with output power ranging from 5 kW to 50 kW:

- **Base power systems.** These stationary systems integrate a DC generator with automated controls and remote monitoring, contained within an environmentally regulated enclosure.
- **Hybrid power systems.** These systems incorporate lithium-ion batteries (or other advanced battery chemistries) storage and our standard DC power systems to provide power in both bad and off-grid applications.
- **DC solar hybrid power systems.** These stationary systems incorporate photovoltaic and other sources of renewable energy into our DC hybrid power systems.
- **Mobile power systems.** These are very light weight and compact power systems used for EV charging, robotics, communications and security.

Our DC power systems are available in diesel, natural gas, LPG / propane and renewable formats, with diesel, natural gas and propane gas being the predominate formats.

During the three months ended June 30, 2026 and 2025, 88% and 92%, respectively, of our total net sales were within the telecommunications market. During the three months ended June 30, 2026 and 2025, sales to international customers accounted for 26 and 3% of total net sales, respectively; sales to military customers accounted for 3% and 6% of total net sales, respectively; and sales to other customers accounted for 3% and 2% of total net sales, respectively.

During the six months ended June 30, 2026 and 2025, 93% and 88%, respectively, of our total net sales were within the telecommunications market. During the six months ended June 30, 2026 and 2025, sales to international customers accounted for 12 and 9% of total net sales, respectively; sales to military customers accounted for 3% and 10% of total net sales, respectively; and sales to other customers accounted for 2% and 1% of total net sales, respectively.



During 2024, we launched our prime power DC generators incorporating the Toyota 1KS engines optimized for propane, natural gas, and extremely long operational life. We believe that with the increasing installation restrictions on small diesel engines along with their limited availability due to stringent EPA regulations will force a change to natural gas and propane (LPG) generators. LPG and natural gas are lower in cost than diesel fuel in many areas throughout the world. Our new LPG and natural gas generators will provide strong opportunities for growth and diversification in line with our long-term plan.

At the international level, we have several telecommunications customers in the south pacific region purchasing our DC generators to develop the telecommunications infrastructure in this region. We believe the implementation and ongoing development of 5G networks along with programs to develop the telecommunications infrastructure in rural and underdeveloped countries will continue to fuel our growth in the telecommunications market over the next five to ten years.

We are expanding our mobile offerings by upgrading our mobile CHAdeMO EV chargers to the universal combined charging system standard to reach the mobile EV charging market. Mobile EV chargers are used for emergency roadside service providing a fast-charging solution for EVs that have run out of charge before reaching a stationary charging facility. During the second half of 2024, we successfully tested our demonstrator model on several platforms and made appropriate improvements and changes. We believe this configuration of remote mobile electric vehicle charger is just an initial model and based on power and fuel needs will result in various additional configurations.

We also continue to market our DC generators for the military, advanced mobility and marine markets as part of our ongoing customer diversification strategy. The military's increasing use of robotics, drones, and computerization in the field is driving the demand for battery charging with DC generators. Military sales are advantageous because of their long-term contracts and they tend to cover the cost of product development.

We expect that opportunities in the bad-grid (i.e., areas where wireless towers are connected to an electrical grid that loses power for more than eight hours), and off-grid (i.e., areas where wireless towers are not connected to an electrical grid) applications, which include telecommunications towers, commercial and residential backup power, electric vehicle charging, "mini-grid" and various other power applications, will help to expand the market for our natural gas/LPG (propane) product lines domestically and internationally. In 2024, we demonstrated a microgrid product that can provide 24/7 electric power to a commercial facility. This project was funded by United Nations High Commissioner for Refugees ("UNHCR"), a United Nations organization. The product included a DC generator, battery storage, AC inverter, solar charge controller and remote monitoring in a single container which can be delivered to any remote location to provide power. We believe this product in its current configuration can serve mid-level micro grid needs in residential and commercial areas. We plan to develop new configurations of DC power system, battery storage and solar products to optimize the match between our solutions and various application needs.

#### **Effects of Inflation**

The impact of inflation and rapidly changing prices has not impacted our operations during the three and six months ended June 30, 2026. Rapid changes in the global economy may cause significant spikes in inflation which may have an impact in our financial condition during 2026 and beyond. Very small portion of our sales is a result of fixed contracts thereby resulting in negligible impact on our gross profits.

#### **Recent Business Events**

Our sales backlog as of June 30, 2026 was \$3,668, of which our telecommunications customers accounted for 77%, customers in the military market accounted for 22%, and customers in other markets accounted for 1%.

## **Critical Accounting Policies and Estimates**

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Some of those judgments can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates. Significant estimates include those related to assumptions used in reserves for uncollectible receivables, inventory reserves and returns, impairment analysis of long-term assets, valuation allowance on deferred tax assets, income tax accruals, accruals for potential liabilities and warrant reserves and assumptions made in valuing equity instruments issued for services. There were no changes to our critical accounting policies described in the financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, that impacted our condensed financial statements and related notes included herein.

## **Impact of New Accounting Pronouncements**

See "Note 1 – Organization and Summary of Significant Accounting Policies – Recent Accounting Pronouncements" of the Notes to our condensed financial statements.

## **Financial Performance Summary and Outlook**

Our net sales for the three months ended June 30, 2026 were \$1,019, which represents a 62% decrease in net sales as compared to \$2,708 for the three months ended June 30, 2025. Our net sales for the six months ended June 30, 2026 were \$2,747, which represents a 38% decrease in net sales as compared to \$4,431 for the same period in 2025.

We experienced delays sourcing components and third-party services which affected our production during the three months period ending June 30, 2026.

During the second half of 2026, we plan to increase our inventory of key components used in the productions of our power systems. We also plan to hire sales and marketing staff to continue to market our products globally and expand our customer base in all market segments. We also plan to continue to be proactive in managing our operations and mitigate the financial impacts of higher costs, supply chain issues, and geopolitical factors.

See "Risk Factors" commencing on page 27 of this Quarterly Report on Form 10-Q for additional considerations.

## Results of Operations

The tables presented below, which compare our results of operations from one period to another, present the results for each period, the change in those results from one period to another in both dollars and percentage change, and the results for each period as a percentage of net revenues. The columns present the following:

- The first two data columns in each table show the absolute results for each period presented.
- The columns entitled “Dollar Variance” and “Percentage Variance” shows the change in results, both in dollars and percentages. These two columns show favorable changes as a positive and unfavorable changes as negative. For example, when our net revenues increase from one period to the next, that change is shown as a positive number in both columns. Conversely, when expenses increase from one period to the next, that change is shown as a negative in both columns.
- The last two columns in each table show the results for each period as a percentage of net revenues.

### Three Months Ended June 30, 2026 Compared to the Three Months Ended June 30, 2025

|                                     | Three Months Ended<br>June 30, |                     | Dollar<br>Variance<br>Favorable<br>(Unfavorable) | Percentage<br>Variance<br>Favorable<br>(Unfavorable) | Results as a<br>Percentage<br>of Net Sales for<br>the Period Ended<br>June 30, |                |
|-------------------------------------|--------------------------------|---------------------|--------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------|----------------|
|                                     | 2026<br>(unaudited)            | 2025<br>(unaudited) |                                                  |                                                      | 2026                                                                           | 2025           |
| Net sales                           | \$ 1,019                       | \$ 2,708            | \$ (1,689)                                       | (62)%                                                | 100.0%                                                                         | 100.0%         |
| Cost of sales                       | 1,356                          | 1,778               | 422                                              | 24%                                                  | 133.1%                                                                         | 65.7%          |
| <b>Gross profit (loss)</b>          | <b>(337)</b>                   | <b>930</b>          | <b>(1,267)</b>                                   | <b>(136)%</b>                                        | <b>(33.1)%</b>                                                                 | <b>34.3%</b>   |
| Sales and marketing expenses        | 126                            | 184                 | 58                                               | 32%                                                  | 12.4%                                                                          | 6.8%           |
| Research and development expenses   | 128                            | 146                 | 18                                               | 12%                                                  | 12.6%                                                                          | 5.4%           |
| General and Administrative expenses | 1,080                          | 710                 | (370)                                            | (52)%                                                | 106.0%                                                                         | 26.2%          |
| <b>Total operating expenses</b>     | <b>1,334</b>                   | <b>1,040</b>        | <b>(294)</b>                                     | <b>(28)%</b>                                         | <b>130.9%</b>                                                                  | <b>38.4%</b>   |
| <b>Loss from operations</b>         | <b>(1,671)</b>                 | <b>(110)</b>        | <b>(1,561)</b>                                   | <b>(1,419)%</b>                                      | <b>(164.0)%</b>                                                                | <b>(4.1)%</b>  |
| Interest and finance costs          | (447)                          | (171)               | (276)                                            | (161)%                                               | (43.9)%                                                                        | (6.3)%         |
| Other income                        | —                              | 10                  | (10)                                             | —%                                                   | 0.4%                                                                           | 0.4%           |
| Change in derivative liabilities    | 287                            | —                   | 287                                              | —%                                                   | 28.2%                                                                          | 0.0%           |
| <b>Net loss</b>                     | <b>\$ (1,831)</b>              | <b>\$ (271)</b>     | <b>\$ (1,560)</b>                                | <b>(576)%</b>                                        | <b>(179.7)%</b>                                                                | <b>(10.0)%</b> |

*Net Sales.* Net sales decreased \$1,689, or 62%, to \$1,019 for the three months ended June 30, 2026, as compared to \$2,708 for the same period in 2025. The decrease in sales was primarily attributed to a shortage of components in the production of our DC power systems.

For the three months ended June 30, 2026, sales to our largest telecommunication customers in the U.S. accounted for 29%, 14%, 12%, and 11% of our total net sales. For the same period in 2025, 69% of our total net sales were generated from our largest U.S. telecommunications customer. There was no other revenue from customers in excess of 10% of total net sales in either period.

Net sales to customers in the U.S. accounted for 88% of our total net sales for the three months ended June 30, 2026, as compared to 92% for the same period in 2025. Our international sales represented 26% of our net sales for the three months ended June 30, 2026, as compared to 3% in international sales in the same period in 2025.

*Cost of Sales.* Cost of sales during the three months ended June 30, 2026 decreased by \$422, or 24%, to \$1,356, as compared to \$1,778 during the same period in 2025. Cost of sales as a percentage of net sales during the three months ended June 30, 2026 increased to 133.1% as compared to 65.7% in the same period in 2025 primarily as a result of an increase in factory overhead absorption as compared to the same period in 2025.

*Gross Profit (Loss).* We had a gross loss of \$337 for the three months ended June 30, 2026, which is a decrease of \$1,267 or 136%, as compared to gross profit of \$930 during the same period in 2025. The decrease in gross profit for the three months ended June 30, 2026 was primarily a result of diminished revenue, which was insufficient to absorb fixed factory overhead costs compared with the same period in 2025. Our gross loss as a percentage of net sales was (33.1)% for the quarter ended June 30, 2026, as compared to a gross profit as a percentage of net sales of 34.3% in the same period in 2025.

*Sales and Marketing Expenses.* During the three months ended June 30, 2026, sales and marketing expenses decreased by \$58, or 32%, to \$126, as compared to \$184 during the same period in 2025. The decrease was attributable to a decrease in sales support staff and travel related expenses during the quarter as compared to the same period in 2025.

*Research and Development Expenses.* During the three months ended June 30, 2026, research and development expenses decreased by \$18, or 12%, to \$128, as compared to \$146 during the same period in 2025. The decrease was primarily due to a decrease in research and development support staff and consulting services during the three months ended June 30, 2026 as compared to the same period in 2025. We plan to recruit additional engineers during 2026 to support new product developments and our customer diversification efforts.

*General and Administrative Expenses.* General and administrative expenses increased by \$370, or 52%, to \$1,080 during the three months ended June 30, 2026, as compared to \$710 during same period in 2025. The increase in general and administrative expenses during the three months ended June 30, 2026 was primarily due to an increase in consulting services.

*Interest and Finance Costs.* Interest expense for the three months ended June 30, 2026 was \$447, as compared to \$171 during the same period in 2025. The interest expense is primarily from an interest on amount borrowed from our line of credit with Pinnacle Bank.

*Net Loss.* As a result of the factors identified above, we reported net loss of \$1,831, or \$(0.49) per basic and diluted share, for the three months ended June 30, 2026, as compared to net loss of \$271, or \$(0.11) per basic and diluted share, for the same period in 2025.

*Six Months Ended June 30, 2026 Compared to the Six Months Ended June 30, 2025*

|                                     | Six Months Ended<br>June 30, |                     | Dollar<br>Variance<br>Favorable<br>(Unfavorable) | Percentage<br>Variance<br>Favorable<br>(Unfavorable) | Results as a<br>Percentage<br>of Net Sales for<br>the Period Ended<br>June 30, |                |
|-------------------------------------|------------------------------|---------------------|--------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------|----------------|
|                                     | 2026<br>(unaudited)          | 2025<br>(unaudited) |                                                  |                                                      | 2026                                                                           | 2025           |
| Net sales                           | \$ 2,747                     | \$ 4,431            | \$ (1,684)                                       | (38)%                                                | 100.0%                                                                         | 100.0%         |
| Cost of sales                       | 1,948                        | 3,183               | 1,235                                            | 39%                                                  | 70.9%                                                                          | 71.8%          |
| <b>Gross profit</b>                 | <b>799</b>                   | <b>1,248</b>        | <b>(449)</b>                                     | <b>(36)%</b>                                         | <b>29.1%</b>                                                                   | <b>28.2%</b>   |
| Sales and marketing expenses        | 285                          | 443                 | 158                                              | 36%                                                  | 10.4%                                                                          | 10.0%          |
| Research and development expenses   | 297                          | 305                 | 8                                                | 3%                                                   | 10.8%                                                                          | 6.9%           |
| General and Administrative expenses | 1,863                        | 1,711               | (152)                                            | (9)%                                                 | 67.8%                                                                          | 38.6%          |
| <b>Total operating expenses</b>     | <b>2,445</b>                 | <b>2,459</b>        | <b>14</b>                                        | <b>1%</b>                                            | <b>89.0%</b>                                                                   | <b>55.5%</b>   |
| <b>Loss from operations</b>         | <b>(1,646)</b>               | <b>(1,211)</b>      | <b>(435)</b>                                     | <b>(36)%</b>                                         | <b>(59.9)%</b>                                                                 | <b>(27.3)%</b> |
| Interest and finance costs          | (650)                        | (335)               | (315)                                            | (94)%                                                | (23.7)%                                                                        | (7.6)%         |
| Other Income                        | —                            | 10                  | (10)                                             | —%                                                   | 0.0%                                                                           | 0.2%           |
| Change in derivative liabilities    | 287                          | —                   | 287                                              | —%                                                   | 10.4%                                                                          | —              |
| <b>Net loss</b>                     | <b>\$ (2,009)</b>            | <b>\$ (1,536)</b>   | <b>\$ (473)</b>                                  | <b>(31)%</b>                                         | <b>(73.1)%</b>                                                                 | <b>(34.7)%</b> |

*Net Sales.* Net sales decreased \$1,684, or 38%, to \$2,747 for the six months ended June 30, 2026, as compared to \$4,431 for the same period in 2025. The decrease in sales was primarily attributed to a decrease in shipments of our DC power systems during the three months ended June 30, 2026, due to parts shortages affecting production on our DC power systems.

For the six months ended June 30, 2026, sales to our largest telecommunication customer accounted for 56% of our total net sales. For the six months ended June 30, 2025, sales to our largest telecommunication customer accounted for 70% of our total net sales. There was no other revenue from customers in excess of 10% of total net sales in either period.

Our international sales represented 12% of our net sales for the six months ended June 30, 2026, as compared to 9% in international sales in the same period in 2025. Sales to customers in the military market represented 3% of our net sales for the six months ended June 30, 2026, compared to 10% in the same period in 2025.

*Cost of Sales.* Cost of sales during the six months ended June 30, 2026 decreased by \$1,235, or 39%, to \$1,948, as compared to \$3,183 during the same period in 2025. Cost of sales as a percentage of net sales during the six months ended June 30, 2026 decreased to 70.9%, as compared to 71.8% in the same period in 2025.

*Gross Profit.* Gross profit during the six months ended June 30, 2026 decreased by \$449, or 36%, to gross profit of \$799, as compared to gross profit of \$1,248 during the same period in 2025. Our gross profit as a percentage of net sales was 29.1% for the six months ended June 30, 2026, as compared to 28.2% in the same period in 2025.

*Sales and Marketing Expenses.* During the six months ended June 30, 2026, sales and marketing expenses decreased by \$158, or 36%, to \$285, as compared to \$443 during the same period in 2025. The decrease was attributable to a decrease in sales support staff and travel related expenses. We plan to expand our marketing efforts by adding staff and product demonstrations to support our diversification strategy and expand our customer base in all market segments.

*Research and Development Expenses.* During the six months ended June 30, 2026, research and development expenses decreased by \$8, or 3%, to \$297, as compared to \$305 during the same period in 2025. The decrease was primarily due to a decrease in research and development support staff and consulting services during the six months ended June 30, 2026, as compared to the same period in 2025. We plan to recruit additional engineers during the second half of 2026 to support growth and our customer diversification efforts.

*General and Administrative Expenses.* General and administrative expenses increased by \$152, or 9.0%, to \$1,863 during the six months ended June 30, 2026, as compared to \$1,711 during same period in 2025. The increase in general and administrative expenses during the six months ended June 30, 2026 was primarily due to an increase in consulting services primarily during the second quarter of 2026.

*Interest and Finance Costs.* Interest expense for the six months ended June 30, 2026 was \$650, as compared to \$335 during the same period in 2025. The interest expense is primarily from an interest on amount borrowed from our line of credit with Pinnacle Bank.

*Net Loss.* For the six months ended June 30, 2026, we incurred net loss of \$2,009, or \$(0.56) per basic and diluted share, as compared to net loss of \$1,536, or \$(0.61) per basic and diluted share for the six months ended June 30, 2025.

## Liquidity and Capital Resources

### Going concern

The accompanying financial statements have been prepared under the assumption that the Company will continue as a going concern. In accordance with Accounting Standards Codification (“ASC”) 205-40, *Going Concern*, the Company’s management has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date the accompanying financial statements were issued. For the three and six months ended June 30, 2026, the Company recorded a net loss of \$1,831, and \$2,009, respectively, and used cash in operations of \$2,171. In addition, our independent registered public accounting firm, in its audit report to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025, expressed substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

### Sources of Liquidity

During the six months ended June 30, 2026, we funded our operations primarily from cash on hand. As of June 30, 2026, we had working capital of \$695, as compared to working capital deficit of (\$262) at December 31, 2025. This \$957 increase in working capital is primarily attributable to \$17 decrease in cash and cash equivalents resulting from net cash of \$2,171 used in operating activities, and net cash of \$nil used in investing activities, and net cash of \$2,154 from financing activities.

On June 30, 2026 and December 31, 2025, our net trade receivables totaled \$566 and \$330, respectively. On June 30, 2026, \$294 (52%), and \$119 (21%) represented the two largest open customer account balances, while \$196 (59%) and \$58 (18%) represented the two largest open customer account balances on December 31, 2025.

Our available capital resources on June 30, 2026 consisted primarily of \$183 in cash and cash equivalents, as compared to \$200 as of December 31, 2025. We expect our future capital resources will consist primarily of cash on hand, cash generated by operations, if any, drawdowns on our credit facility with Pinnacle Bank and future debt or equity financings, if any.

#### Credit Facility

Effective September 30, 2020, the Company entered into the Loan Agreement with Pinnacle. The Loan Agreement, as amended, provides for a revolving credit facility under which Pinnacle may, in its sole discretion upon our request, make advances to the Company up to \$7,500, subject to certain limitations and adjustments, of up to \$7,500, subject to certain limitations and adjustments. The Loan Agreement contains certain affirmative and negative covenants.

Borrowings based on receivables bears an interest on the daily balance at a rate of 1.25% above the prime rate, but in no event less than 3.75% per annum (8.0% at June 30, 2026 and 8.0% at December 31, 2025). Interest on the portion of the daily balance consisting of advances against inventory accrues interest at a rate of 2.25% above the prime rate, but in no event less than 4.75% per annum (9.0% at June 30, 2026 and 9.0% at December 31, 2025).

Pursuant to the Loan Agreement, as amended, the standards of eligible accounts receivable include AT&T accounts receivable up to 120 days of invoice date, and eligible accounts receivable with other customers have up to 90 days of invoice date. Customer accounts with eligible accounts receivable cannot exceed a concentration percentage which is a customer’s total obligations to the Company as a percentage of eligible accounts receivable from all customers. The concentration percentage applicable to certain Tier-1 telecommunications customers is 75% of all eligible accounts receivable, and the concentration percentage applicable to all other customer is 25% of all eligible accounts.

Pinnacle may terminate the Loan Agreement at any time upon ninety days prior written notice and immediately upon the occurrence of an event of default. Under the Loan Agreement, the Company granted Pinnacle a security interest in all presently existing and thereafter acquired or arising assets of the Company.

At June 30, 2026, and December 31, 2025, the Company was not in compliance with the affirmative covenant requiring the Company to attain a minimum effective tangible net worth greater than \$6,000. On March 10, 2026, the Company and Pinnacle executed the Forbearance Agreement, in which Pinnacle agrees to forbear from exercising certain rights and remedies under the Loan Documents arising from the Specified Existing Defaults for the period commencing March 10, 2026, the Effective Date, to July 31, 2026, the Forbearance Termination Date, considering the Company 1) on or prior to the Effective Date, pays Pinnacle the amount of \$250, 2) on or prior to the Effective Date, assigns to Pinnacle new Eligible Accounts in the aggregate amount of at least \$185, with 85% of the Net Face Amount of such new Eligible Accounts to be applied to reduce the loan obligations, 3) within forty-five (45) days of the Effective Date, reduce the loan obligations by the aggregate amount of \$225, which reduction can result from a cash payment or the assignment of sufficient new Eligible Accounts, with 85% of the Net Face Amount of such new Eligible Accounts to be applied towards such reduction amount, 4) does not create any new events of default, 5) pays in full all obligations to Pinnacle by the Termination Date. If the Company timely complies with all terms listed above, and so long as the Forbearance Termination Date has not occurred, Pinnacle agrees that it will re-commence making Advances to the Company in the amount equal to 42.5% of the Net Face Amount of the thereafter arising Eligible Accounts, with the remaining 42.5% of the Net Face Amount of such Eligible Accounts to be applied to reduce the then outstanding obligations. In March 2026, the Company paid \$250 to Pinnacle and timely complied with the requirements under the Forbearance Agreement and commenced taking advances at 42.5% of the Net Face Amount of Eligible Accounts on March 12, 2026. While the Company expected to stay in compliance and pay the full obligation to Pinnacle by July 31, 2026, it was unable to do so. The Company is in discussions with Pinnacle with the purpose to secure an extension on the Forbearance Agreement, and if the Company is unable to secure a payment extension or pay the full obligation within time satisfactory to Pinnacle, Pinnacle may immediately enforce its claims, rights, liens, and security interests under the Forbearance Agreement, and the Loan Documents, including, but not limited to, taking possession of its collateral, or any portion thereof, and foreclosing upon its collateral, or any portion thereof, in accordance with the Loan Documents and applicable law.

On July 31, 2026, Pinnacle Bank provided to the Company a Notice of Additional Events and Defaults and Modifications to Forbearance Agreement and Loan Documents, the “Forbearance Modification Agreement”, for the purpose of granting a time extension to the Forbearance Agreement executed on March 10, 2026. The Forbearance Modification Agreement would extend the July 31, 2026 deadline for the Company to repay the full balance on the credit facility to August 31, 2026, with an automatic extension to September 30, 2026, if the Company complies to certain payment plan and the terms and conditions on the Forbearance Modification Agreement. The agreement has not been signed by either party as of this date of this report.

The balance of the loan agreement at December 31, 2025 was \$4,036. During 2026, the Company repaid a net of \$1,306 to reduce the Loan. At June 30, 2026, the outstanding balance under the line of credit was \$2,730 which includes interest, fees and financing costs (see below), and \$566 of the Company’s accounts receivable is held as collateral under the credit facility.

The total interest expense, fees, and financing costs incurred under the Loan Agreement for the three-month periods ended June 30, 2026 and 2025 were \$139 and \$168, respectively. Of these amounts, \$7 in 2026 and \$1 in 2025 were recorded under general and administrative expenses, while \$132 in 2026 and \$167 in 2025 were recorded under interest expense and finance costs in the accompanying statements of operations.

The total interest expense, fees, and financing costs incurred under the Loan Agreement for the six-month periods ended June 30, 2026 and 2025 were \$271 and \$329, respectively. Of these amounts, \$14 in 2026 and \$1 in 2025 were recorded under general and administrative expenses, while \$257 in 2026 and \$327 in 2025 were recorded

under interest expense and finance costs in the accompanying statements of operations.

## *Leases*

The Company manufactures and assembles its DC power systems at two production facilities located in Gardena, California. It is currently delinquent in rent payments to its landlords for its headquarters and warehouse facilities. The landlord for its headquarters facility at 249 E. Gardena Blvd., Gardena, California filed a summons for eviction on October 24, 2025. On February 23, 2026, the landlord stopped the actions for eviction and continued discussions with the Company to resolve the delinquent rents and expired lease agreement. The landlord for the other warehouse for which the Company is delinquent on rent, has not served the Company any legal documents. However, they may do so in the future.

On May 11, 2026, the Company entered into a Settlement Agreement with the landlord for each of its headquarters facility and its warehouse facility that became effective as of May 7, 2026. The Settlement Agreement addressed the matter of delinquent rents and an expired lease. Regarding the Company's headquarters facility, the Company agreed to make immediate payment of \$400 towards past due rents, and the landlord agreed to cease eviction procedures. The landlord also agreed to extend the property lease commencing June 1, 2026, to April 1, 2027, and reduce the monthly rent from \$84 to \$55. Regarding the warehouse facility, the Company agreed to vacate the facility by August 31, 2026 and leave the premises in the condition required by the relevant lease agreement; in exchange, the landlord agreed to waive rents for the months of June, July, and August 2026. Each landlord reserved the right to charge for any waived rents or continue with eviction action should the Company fail to meet the requirements listed in the Settlement Agreement. The Company also may have to pay liquidated damages if it fails to vacate the properties in the event either or both landlords decide to exercise their rights for eviction.

As of May 19, 2026, the Company had not made a payment per the Settlement Agreement, and on May 19, 2026, the landlord for the Company's headquarters facility evicted the Company from that facility.

On May 22, 2026, the Company entered into a new settlement agreement under which the Company paid the landlords a combined \$755 and regained access to its headquarters facility. The new settlement agreement provides for a schedule of monthly payments through April 2027 in exchange for the landlord's agreement not to seek to evict us from the headquarters facility through June 30, 2027, and the Company continued its agreement to vacate the warehouse facility by August 31, 2026 in exchange for a waiver of June, July and August 2026 rents. If the Company fails to satisfy the conditions of the new settlement agreement, the landlords may resume eviction proceedings and the Company may be liable for liquidated damages and previously waived rents. The Company made timely rent payments in July and August 2026 and is in compliance with the new settlement agreement.

As of June 30, 2026, the Company was delinquent in \$654 of rent to its headquarters landlord and other leases which are included in accounts payable.

## *Nasdaq*

On May 1, 2026, the Company received a letter from the Nasdaq staff notifying it that the Company was not in compliance with the \$2.5 million minimum stockholders' equity requirement for continued listing under Nasdaq Listing Rule 5550(b)(1), based on the approximately \$0.1 million of stockholders' equity reported in our Annual Report on Form 10-K for the year ended December 31, 2025. The Company's Common Stock continues to trade on the Nasdaq Capital Market under the symbol "POLA." On June 29, 2026, the Company received a letter from the Staff granted us an extension of time to regain compliance with the Rule. The terms of the extension are as follows: on or before October 28, 2026, it must opt for one of the two following alternatives to evidence compliance with the Rule: (A) the Company must furnish to the SEC and Nasdaq a publicly available report (e.g., a Form 8-K or Form 6-K) including: (1) a disclosure of Staff's deficiency letter and the specific deficiency(ies) cited; (2) a description of the completed transaction or event that enabled the Company to satisfy the stockholders' equity requirement for continued listing; (3) an affirmative statement that, as of the date of the report, it believes it has regained compliance with the stockholders' equity requirement based upon the specific transaction or event referenced in Step 2; and (4) a disclosure stating that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of its next periodic report the Company does not evidence compliance, that it may be subject to delisting, or (B) the Company must furnish to the SEC and Nasdaq a publicly available report including: (1) steps 1 & 2 set forth above; (2) a balance sheet no older than 60 days with pro forma adjustments for any significant transactions or event occurring on or before the report date. The pro forma balance sheet must evidence compliance with the stockholders' equity requirement; and (3) a disclosure that the Company believes it also satisfies the stockholders' equity requirement as of the report date and that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of its next periodic report the Company does not evidence compliance, that it may be subject to delisting.

On May 14, 2026, Keith Albrecht and Katherine Koster, two of the Company's independent directors, resigned as members of the Board of the Company, effective May 19, 2026. On May 18, 2026, Keith Albrecht rescinded his resignation as a director, and the Board approved the rescinding of Keith Albrecht's resignation, effective immediately.

## *Convertible Notes*

On May 21, 2026, the Company entered into a Securities Purchase Agreement (the "CFI SPA") with CFI Capital LLC ("CFI"). Pursuant to the CFI SPA, on May 21, 2026 (the "Issue Date"), the Company issued to CFI a 6% convertible redeemable note in the aggregate principal amount of \$600 (the "CFI Note"). The purchase price of the CFI Note was \$546, and the Company received net proceeds of \$500, after deducting \$10 to cover CFI's legal fees and a \$36 payment to Craft Capital Management, LLC ("Craft") as a broker/placement agent fee. The CFI Note has an interest rate of 6% per annum, and the maturity date is 12 months from the Issue Date. The CFI SPA and CFI Note also contain other customary terms and conditions.

On or following six months from the Issue Date, CFI has the right to convert the outstanding and unpaid principal amount and interest into the Company's shares of common stock, \$0.0001 par value per share (the "Common Stock"). The conversion price equals 80% of the lowest daily VWAP of the Company's Common Stock for the last 10 trading days prior to conversion; provided, that if the Company is delisted from NASDAQ, then the conversion discount shall increase to 65% of the lowest trading price and the lookback shall be for the last 20 trading days. The Company granted to CFI piggy-back registration rights for the shares of Common Stock issuable upon conversion of the CFI Note. The Company has instructed its transfer agent to reserve 1,206,434 shares of Common Stock for the conversion.

On May 21, 2026, the Company entered into a Securities Purchase Agreement (the "Monroe SPA") with Monroe Street Capital Partners, LP ("Monroe"). Pursuant to the Monroe SPA, on May 21, 2026 (the "Issue Date"), the Company issued to Monroe a 6% convertible redeemable note in the aggregate principal amount of \$370 (the "Monroe Note"). The purchase price of the Monroe Note was \$340, and the Company received net proceeds of \$307, after deducting \$12 to cover Monroe's legal fees and a \$20 payment to Craft. The Monroe Note has an interest rate of 6% per annum, and the maturity date is 12 months from the Issue Date. The Monroe SPA and Monroe Note also contain other customary terms and conditions.

On or following six months from the Issue Date, Monroe has the right to convert the outstanding and unpaid principal amount and interest into the Company's shares of Common Stock. The conversion price equals to 80% of the lowest daily VWAP of the Company's Common Stock for the last 10 trading days prior to conversion; provided, that if the Company is delisted from NASDAQ, then the conversion discount shall increase to 65% of the lowest trading price and the lookback shall be for the last 20 trading days. The Company granted to Monroe piggy-back registration rights for the shares of Common Stock issuable upon conversion of the Monroe Note. The Company has instructed its transfer agent to reserve 1,000,000 shares of Common Stock for the conversion.

## *Cash Flow*

The following table sets forth the significant sources and uses of cash for the six-month periods set forth below:

|                                 | June 30,<br>2026<br>(Unaudited) | June 30,<br>2025<br>(Unaudited) |
|---------------------------------|---------------------------------|---------------------------------|
| Net Cash Provided By (Used In)  |                                 |                                 |
| Operating Activities            | \$ (2,171)                      | \$ (988)                        |
| Investing Activities            | —                               | —                               |
| Financing Activities            | 2,154                           | 665                             |
| Net increase (decrease) in cash | <u>\$ (17)</u>                  | <u>\$ (323)</u>                 |



### *Operating Activities*

Net cash used in operating activities for the six months ended June 30, 2026 was \$2,171 as compared to net cash used by operating activities of \$988 for the same period in 2025. This change in net cash used in the six months ended June 30, 2026 was primarily due to a net loss of \$2,009, an increase in accounts receivable of \$236, and a decrease in accounts payable of \$41.

### *Investing Activities*

We did not have any investing activities for the three and six months ended June 30, 2026, and June 30, 2025.

### *Financing Activities*

Net cash provided by financing activities totaled \$2,154 for the six months ended June 30, 2026, as compared to \$665 provided by financing activities during the same period in 2025. This cash provided was primarily net proceeds of \$2,424 from shares sold under the ATM facility, convertible notes payable of \$1,136, coupled with repayment of advances from the credit facility of \$1,306.

### **Backlog**

Our sales backlog as of June 30, 2026 was \$3,668, of which our telecommunications customers accounted for 77%, customers in the military market accounted for 22%, and customers in other markets accounted for 1%. We believe the majority of our backlog will be shipped within the next three months.

### **ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

### **ITEM 4. Controls and Procedures**

#### *Evaluation of Disclosure Controls and Procedures*

Our management, with the participation of our principal executive officer and our principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer have concluded that as of June 30, 2026, our disclosure controls and procedures were effective at the reasonable assurance level. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

#### *Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three and six months ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. Legal Proceedings

From time to time, we may be involved in general commercial disputes arising in the ordinary course of our business. We are not currently involved in legal proceedings that could reasonably be expected to have material adverse effect on our business, prospects, financial condition or results of our operation.

### ITEM 1A. Risk Factors

*Before deciding to purchase, hold or sell our common stock, you should carefully consider the risks described below in addition to the other information contained in this Quarterly Report on Form 10-Q and in our other filings with the SEC, including subsequent reports on Forms 10-Q and 8-K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occurs with material adverse effects on us, our business, financial condition, results of operations and/or liquidity could be seriously harmed. In that event, the market price for our common stock will likely decline, and you may lose all or part of your investment.*

#### Risks Related to Our Business and Industry

***Rising inflation in the economies in which we operate may adversely affect our operating margins and our results of operation.***

In general, we believe that our results of operations are not dependent on moderate changes in the inflation rate. Historically, we have been able to manage the impacts of more significant changes in inflation rates through our customer relationships, customer agreements that may provide for price increases and continued focus on improvements of operational productivity. However, the current inflationary environment, we believe, has impacted the Company's business in 2025 and 2026, including as a result of increased energy costs, increase materials costs due to higher tariffs on key components which may not be able to pass to customers as well as increasing wages in the labor markets in which we compete. Inflation could continue to pressure our margins in future periods. Adverse economic conditions resulting from inflationary pressures, U.S. Federal Reserve actions, geopolitical issues or otherwise are difficult to predict and may have a material adverse impact on our business, results of operations and financial condition.

***Terrorist attacks and threats of war may impact all aspects of our operations, revenues, costs and stock price in unpredictable ways.***

The impacts of war and other geopolitical events, including but not limited to Russia's invasion of Ukraine and the military conflicts between U.S., Israel, and Iran, are difficult to predict. The resulting geopolitical uncertainty are likely to have a significant impact on the European Union, the United Kingdom and other countries, including the U.S. The threat that these military operations may expand beyond Ukraine, Israel, and the Gaza Strip may have a negative impact as well. Significant increases in the price of oil and natural gas have occurred and are likely to continue putting additional inflationary pressures on central banks, including Federal Reserve System (the "FRB"). It is possible that interest rate hikes by the FRB will continue to occur in 2026, but the amount, timing, and frequency of such increases are not fully known at this time. As a result of these conflicts, the threat of cyberattacks has increased which could affect banks in the U.S. and their customers. Additionally, the United States and European nations have imposed very significant financial sanctions on the Russian Federation, including targeted sanctions on Russian banks and wealthy individuals as well as halting certification of the Nord Stream 2 gas pipeline. They have denied Russian banks access the Society for Worldwide Interbank Financial Telecommunications or SWIFT which is expected to slow international trade and make such transactions costlier to accomplish which could also negatively affect banks in the U.S. and their customers. In response to the Russian military actions, many businesses headquartered in the Eurozone and the United States have stopped doing business with Russia, which may negatively affect the profitability of those companies. The international turmoil has already had and may continue to have a negative impact on the stock market generally and, in turn, on our stock price.

The continuation or escalation of events like the U.S.-Israel-Iran conflict may also disrupt business operations of our suppliers and/or customers, causing supply chain constraints or delayed spending by our customers. The full impact of such events are not known at this time, but they could have a material adverse impact on our business, financial condition, results of operations, and stock price.

***We have incurred significant losses in the past and we may incur losses in the future, which may hamper our operations and impede us from expanding our business.***

We have incurred significant losses in the past. For the years ended December 31, 2025 and 2024, we incurred net losses of approximately \$9.1 million and \$4.6 million, respectively. For the three- and six-months end June 30, 2026, we incurred net losses of \$1,831, and \$2,009, respectively. We may incur net and gross losses in the future. We expect to rely on cash on hand, cash, if any, generated from our operations, borrowing availability under our line of credit and proceeds from our future financing activities, if any, to fund all of the cash requirements of our business. Additional losses may hamper our operations and impede us from expanding our business.

***We are dependent on, and derive substantially all of our revenue from, sales of our DC base power systems to one customer within the U.S. telecommunications market. Our efforts to expand our customer base, our product portfolio or markets within which we operate may not succeed and may reduce our revenue growth rate.***

We derive substantially all our revenues from sales of our DC base power systems to one Tier-1 customer within the telecommunications market. The volume of sales to them may vary significantly from year to year. Any factor adversely affecting sales of these power systems to this customer or to other customers within this market, including market acceptance, product competition, performance and reliability, reputation, price competition and economic and market conditions, could adversely affect our business and results of operations.

In addition, any unfavorable change in our business relationship with our Tier-1 telecommunications wireless carrier customers, or delays in customer implementation and deployment of our products, could have a material adverse effect on our results of operation and financial condition. Our plans to invest in the development of electric vehicle chargers, residential and commercial power products and higher capacity DC hybrid solar systems may not result in an anticipated growth in sales and may reduce our revenue growth rate.

***Many of our DC power systems involve long design and sales cycles, which could have an adverse impact on our results of operations and financial performance.***

The design and sales cycle for our DC power systems, from initial contact with our potential customer to the shipments of our product, may be lengthy. Customers generally consider a wide range of factors before making a purchase decision. Prior to purchasing our products, many of our customers often require a significant technical review, tests and evaluations over long periods of time (i.e., three to twenty-four months), assessments of competitive products and approval at a number of management levels within their organization. During the time our customers are evaluating our products, we may incur substantial sales and service, engineering and research and development expenses to customize our products to meet customer's application needs. We may also expend significant management efforts, increase manufacturing capacity, order long-lead-time components or purchase significant amounts of components and other inventory prior to receiving an order. Even after this evaluation process, a potential customer may not purchase our products.

The product development time before a customer agrees to purchase our DC power systems can be considerable. Our process for developing an integrated solution may require use of significant engineering resources, including design, prototyping, modeling, testing and application engineering. The length of this cycle is influenced by many factors, including the difficulty of the technical specification and complexity of the design and the customer's procurement processes. A significant period may elapse between our investment of time and resources in designing and developing a product for a customer and receipt of revenue from sales of that product. The length of this process, combined with unanticipated delays in the development cycles and the effects of the COVID-19 pandemic and recovery on our ability to demonstrate our products to current and potential customers could materially affect our results of operations and financial conditions.

***We do not have long-term commitments for significant revenues with most of our customers and may be unable to retain existing customers, attract new customers or replace departing customers with new customers that can provide comparable revenues and profits.***

Because we generally do not obtain firm, long-term volume purchase commitments from our customers, most of our sales are derived from individual purchase orders. We remain dependent upon securing new purchase orders in the future in order to sustain and grow our revenues. Accordingly, there is no assurance that our revenues and business will grow in the future. Our failure to maintain and expand our customer relationships could materially and adversely affect our business and results of operations.

***The current high concentration of our sales within the telecommunications market could result in a significant reduction in sales and negatively affect our profitability if demand for our DC power systems declines within this market before we are able to make significant inroads with our diversification of markets and customers.***

Currently, we are predominately focused on the manufacturing, marketing and sales of DC power systems to telecommunications companies. We may be unable to shift our business focus away from these activities to other potential markets for our products. Accordingly, the emergence of new competing DC power products or lower-cost alternative technologies within the telecommunications market may reduce the demand for our products. A downturn in the demand for our DC power systems within this market could materially and adversely affect our sales and results of operations.

***We face inventory risk and may be required to write-off inventory in the future.***

We value inventories at the lower of cost or net realizable value. If the estimated net realizable value is determined to be less than the recorded cost of the inventory, a provision is made to reduce the carrying amount of the inventory item to the lower net realizable value determination. Determination of the net realizable value may be complex, and therefore, requires management to make assumptions and to apply a high degree of judgment. In order for management to make the appropriate determination of net realizable value, the following items are commonly considered: inventory turnover statistics, inventory quantities on hand in our facilities, unfilled customer order quantities, forecasted consumer demand, current prices, competitive pricing, seasonality factors, consumer trends and performance of similar products or accessories. Subsequent changes in facts or circumstances do not result in the reversal of previously recorded write-downs.

If our estimates regarding net realizable value are inaccurate, including our estimates regarding our inventory, or changes in customer demand for our products in an unforeseen manner, we may experience additional write-downs of our inventory.

***The unavailability or shortage, or increase in the cost, of raw materials and components could have an adverse effect on our sales and profitability.***

Our operations require raw materials, such as aluminum, copper, engines, electronics, and permanent magnets. Commodities such as aluminum and copper are known to have significant price volatility based on global economic conditions. An increase in global economic outlook may result in significant price increases in the cost of our raw materials. In addition, we use Neodymium permanent magnets in our alternators, for which there are a limited number of global suppliers that can meet our standards. Increase in manufacturing of electric vehicles worldwide can have an adverse effect on the cost or supply of these magnets. At our current production volumes, we are unable to secure large quantities of these commodities at fixed prices; however, we do have multiple sources of supply for our raw materials to meet our near term forecasted needs. Various factors could reduce the availability of raw materials and components and shortages may occur from time to time in the future. An increase in lead times for the supply of raw materials due to a global increase in demand for commodities or other reasons may significantly increase the timing of receipt of such materials and/or increase the material costs of our products. For example, if production was interrupted due to unavailability or shortage of raw materials and we were not able to find alternate third-party suppliers or re-engineer our products to accommodate different components or materials, we could experience disruptions in manufacturing and operations including product shortages, higher freight costs and re-engineering costs. If our supply of raw materials or components are disrupted or our lead times extended, our business, results of operations or financial condition could be materially adversely affected.

***The markets within which we compete are highly competitive. Many of our competitors have greater financial and other resources than we do and one or more of these competitors could use their greater financial and other resources to gain market share at our expense.***

If our business continues to develop as expected, we anticipate that we will grow our revenues in the near future. If, due to capital constraints or otherwise, we are unable to fulfill our existing backlog in a timely manner and/or procure and timely fulfill our anticipated future backlog, our customers and potential customers may decide to use competing DC power systems or continue the use of AC power systems. If we are unable to fulfill the demand for products and services in a timely manner, our customers and potential customers may choose to purchase products from our competitors. Some of our larger competitors may be willing to reduce prices and accept lower margins in order to compete with us. In addition, we could face new competition from large international or domestic companies with established industrial brands and distribution networks that enter our end markets. Demand for our products may also be affected by our ability to respond to changes in design and functionality, to respond to downward pricing pressure, and to provide shorter lead times for our products than our competitors. If we are unable to respond successfully to these competitive pressures, we could lose market share, which could have an adverse impact on our results. We cannot assure that we will be able to compete successfully in our markets or compete effectively against current and new competitors as our industry continues to evolve.

***Rapid technological changes may prevent us from remaining current with our technological resources and maintaining competitive product and service offerings.***

The markets in which we and our customers operate are characterized by rapid technological change, especially within the telecommunications market. Significant technological changes could render our existing and potential new products, services and technology obsolete. Our future success will depend, in large part, upon our ability to:

- effectively identify and develop leading energy efficient technologies;
- continue to develop our technical expertise;
- enhance our current products and services with new, improved and competitive technology; and
- respond to technological changes in a cost-effective and timely manner.

If we are unable to successfully respond to technological change or if we do not respond to it in a cost-effective and timely manner, then our business will be materially and adversely affected. We cannot assure you that we will be successful in responding to changing technology. In addition, technologies developed by others may render our products, services and technology uncompetitive or obsolete. Even if we do successfully respond to technological advances, the integration of new technology may require substantial time and expense, and we cannot assure you that we will succeed in adapting our products, services and technology in a timely and cost-effective manner.

***If we are unable to continue to develop new and enhanced products and services that achieve market acceptance in a timely manner, our competitive position and operating results could be harmed.***

Our future success will depend on our ability to continue to develop new and enhanced DC power systems and related products and services that achieve market acceptance in a timely and cost-effective manner. The markets in which we and our customers operate are characterized by frequent introductions of new and enhanced products and services, evolving industry standards and regulatory requirements, government incentives and changes in customer needs. The successful development and market acceptance of our products and services depends on a number of factors, including:

- the impact of a global crisis such as the COVID-19 pandemic on the global markets;
- the changing requirements and preferences of the potential customers in our markets;
- the accurate prediction of market requirements, including regulatory issues;
- the timely completion and introduction of new products and services to avoid obsolescence;
- the quality, price and performance of new products and services;
- the availability, quality, price and performance of competing products and services;
- our customer service and support capabilities and responsiveness;
- the successful development of our relationships with existing and potential customers; and
- changes in industry standards.

We may experience financial or technical difficulties or limitations that could prevent us from introducing new or enhanced products or services. Furthermore, any of these new or enhanced products and services could contain problems that are discovered after they are introduced. We may need to significantly modify the design of these products and services to correct problems. Rapidly changing industry standards and customer preferences and requirements may impede market acceptance of our products and services.

Development and enhancement of our products and services will require significant additional investment and could strain our management, financial and operational resources. The lack of market acceptance of our products or services or our inability to generate sufficient revenues from this development or enhancement to offset their development costs could have a material adverse effect on our business. In addition, we may experience delays or other problems in releasing new products and services and enhancements, and any such delays or problems may cause customers to forego purchases of our products and services and to purchase those of our competitors.

We cannot provide assurance that products and services that we have recently developed or that we develop in the future will achieve market acceptance. If our new products and services fail to achieve market acceptance, or if we fail to develop new or enhanced products and services that achieve market acceptance, our growth prospects, operating results and competitive position could be adversely affected.

***Natural disasters and other events beyond our control could materially adversely affect us.***

Natural disasters or other catastrophic events, including the COVID-19 pandemic and recovery, may cause damage or disruption to our operations, international commerce and the global economy, and thus could have a strong negative effect on us. Our business operations are subject to interruption by natural disasters, fire, power shortages, pandemics and other events beyond our control. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our services to our customers and could decrease demand for our services.

***We are dependent on relationships with our key material suppliers, and the partial or complete loss of one of these key suppliers, or the failure to find replacement suppliers or manufacturers in a timely manner, could adversely affect our business.***

We have established relationships with third-party engine suppliers and other key suppliers from which we source components for our power systems. We purchase standard configurations of engines for our DC power systems and are substantially dependent on timely supply from our key engine suppliers, Yanmar Engines Company (“Yanmar”), Toyota Corporation (“Toyota”), and Engine Distributors Inc. (for “Ford” engines). Engines from Yanmar, Toyota, and Ford represented approximately 100%, nil%, and nil% of our total engines sold as a component of our DC power systems during the three months ended June 30, 2026, respectively, and represented approximately 67%, 11%, and 22% of our total engines sold as components of our DC power systems during the three months ended June 30, 2025, respectively. Engines from Yanmar, Toyota, and Ford represented approximately 80%, 1%, and 16% of our total engines sold as a component of our DC power systems during the six months ended June 30, 2026, respectively, and represented approximately 77%, 6%, and 12% of our total engines sold as components of our DC power systems during the three months ended June 30, 2025, respectively. We also use engines from Perkins, Isuzu, Kubota and, to a lesser extent, Volvo Penta. We do not have any long-term contracts or commitments with any of these suppliers or other key suppliers from which we source components for our power systems. We currently have past due accounts with many of our key suppliers. If any of these engine suppliers or key component suppliers were to fail to provide qualified engines or components in a timely manner or fail to supply engines or components that meet our quality, quantity or cost requirements, or were to discontinue manufacturing any engines or components we source from them or discontinue providing any of these engines or components to us, or the supply chain is interrupted or delayed as a result of a pandemic or unprecedented event, or if suppliers decide stop supplying engines or components due to past due accounts if we do not bring these accounts current or negotiate a payment plan in a timely manner, and we were unable to obtain substitute sources in a timely manner or on terms acceptable to us, our ability to manufacture our products could be materially adversely affected.

***Price increases in some of the key components in our DC power systems could materially and adversely affect our operating results and cash flows.***

The prices of some of the key components of our DC power systems are subject to fluctuation due to market forces beyond our control, including changes in the costs of raw materials incorporated into these components. Such price increases occur from time to time due to spot shortages of commodities, increases in labor costs or longer-term shortages due to market forces. In particular, the prices of engines can fluctuate frequently and often significantly. We do not have any long-term contracts or commitments with our two key engine suppliers. Substantial increases in the prices of raw materials used in components which we source from our suppliers may result in increased prices charged by our suppliers. If we incur price increases from our suppliers for key components in our DC power systems, our production costs will increase. Given competitive market conditions, we may not be able to pass all or any of those cost increases on to our customers in the form of higher sales prices. To the extent our competitors do not suffer comparable component cost increases, we may have even greater difficulty passing along price increases and our competitive position may be harmed. As a result, increases in costs of key components may adversely affect our margins and otherwise adversely affect our operating results and cash flows.

***A portion of our key components are sourced in foreign countries, exposing us to additional risks that may not exist in the U.S.***

A portion of our key components, such as engines, magnets and cooling systems, are purchased from suppliers located overseas, primarily in Asia. Our international sourcing subjects us to a number of potential risks in addition to the risks associated with third-party sourcing generally. These risks include:

- inflation or changes in political and economic conditions;
- unstable regulatory environments;
- changes in import and export duties;
- currency rate fluctuations;
- trade restrictions;
- labor unrest;
- logistical and communications challenges; and
- other restraints and burdensome taxes.

These factors may have an adverse effect on our ability to source our purchased components overseas. In particular, if the U.S. dollar were to depreciate significantly against the currencies in which we purchase raw materials from foreign suppliers, our cost of goods sold could increase materially, which would adversely affect our results of operations.

***The unavailability or shortage, or increase in the cost, of raw materials and components could have an adverse effect on our sales and profitability.***

Our operations require raw materials, such as aluminum, copper and permanent magnets. Commodities such as aluminum and copper are known to have significant price volatility based on global economic conditions. An increase in global economic outlook may result in significant price increases in the cost of our raw materials. In addition, we use Neodymium permanent magnets in our alternators, for which there are a limited number of global suppliers that can meet our standards. Increase in manufacturing of electric vehicles worldwide can have an adverse effect on the cost or supply of these magnets. At our current production volumes, we are unable to secure large quantities of these commodities at fixed prices; however, we do have multiple sources of supply for our raw materials to meet our near term forecasted needs. Various factors could reduce the availability of raw materials and components and shortages may occur from time to time in the future. An increase in lead times for the supply of raw materials due to a global increase in demand for commodities outlined may significantly increase material costs of our products. If production was interrupted due to unavailability or shortage of raw materials and we were not able to find alternate third-party suppliers or re-engineer our products to accommodate different components or materials, we could experience disruptions in manufacturing and operations including product shortages, higher freight costs and re-engineering costs. If our supply of raw materials or components is disrupted or our lead times extended, our business, results of operations or financial condition could be materially adversely affected.

***We manufacture and assemble a majority of our products at two facilities. Any prolonged disruption in the operations of this facility would result in a decline in our sales and profitability.***

We manufacture and assemble our DC power systems at our two production facilities located in Gardena, California. Any prolonged disruption in the operations of our manufacturing and assembly facilities, whether due to the COVID-19 pandemic and recovery, equipment or information technology infrastructure failure, labor difficulties, destruction of or damage to one or both of these facilities as a result of an earthquake, fire, flood, other catastrophes, and other operational problems would result in a decline in our sales and profitability. In the event of a business interruption at our facilities, we may be unable to shift manufacturing and assembly capabilities to alternate locations, accept materials from suppliers or meet customer shipment needs, among other severe consequences. Such an event could have a material and adverse impact on our financial condition and results of our operations.

***Our business operations are subject to substantial government regulation.***

Our business operations are subject to certain federal, state, local and foreign laws and regulations. For example, our products, services and technologies are subject to regulations relating to building codes, public safety, electrical connections, security protocols, and local and state licensing requirements. The regulations to which we are subject may change, additional regulations may be imposed, or existing regulations may be applied in a manner that creates special requirements for the implementation and operation of our products or services that may significantly impact or even eliminate some of our revenues or markets. In addition, we may incur material costs or liabilities in complying with any such regulations. Furthermore, some of our customers must comply with numerous laws and regulations, which may affect their willingness and ability to purchase our products, services and technologies.

The modification of existing laws and regulations or interpretations thereof or the adoption of future laws and regulations could adversely affect our business, cause us to modify or alter our methods of operations and increase our costs and the price of our products, services and technology. In addition, we cannot provide any assurance that we will be able, for financial or other reasons, to comply with all applicable laws and regulations. If we fail to comply with these laws and regulations, we could become subject to substantial penalties or restrictions that could materially and adversely affect our business.

***Certain of our products are used in critical communications networks which may subject us to significant liability claims.***

Because certain of our products for customers in the telecommunications industry are used in critical communications networks, we may be subject to significant liability claims if our products do not work properly. We warrant to our customers that our products will operate in accordance with our product specifications. If our products fail to conform to these specifications, our customers could require us to remedy the failure or could assert claims for damages. The provisions in our agreements with customers that are intended to limit our exposure to liability claims may not preclude all potential claims. In addition, any insurance policies we have may not adequately limit our exposure with respect to such claims. Liability claims could require us to spend significant time and money in litigation or to pay significant damages. Any such claims, whether or not successful, would be costly and time-consuming to defend, and could divert management's attention and seriously damage our reputation and our business.

***We could be adversely affected by our failure to comply with the laws applicable to our foreign activities, including the U.S. Foreign Corrupt Practices Act and other similar worldwide anti-bribery laws.***

The U.S. Foreign Corrupt Practices Act, or the FCPA, and similar anti-bribery laws in other jurisdictions prohibit U.S.-based companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We may pursue opportunities in certain parts of the world that experience government corruption, and in certain circumstances, compliance with anti-bribery laws may conflict with local customs and practices. Our policies mandate compliance with all applicable anti-bribery laws. Further, we require our partners, subcontractors, agents and others who work for us or on our behalf to comply with the FCPA and other anti-bribery laws. Although we have policies and procedures, and have conducted training, designed to ensure that we, our employees, our agents and others who work with us in foreign countries comply with the FCPA and other anti-bribery laws, there is no assurance that such policies, procedures or training will protect us against liability under the FCPA or other laws for actions taken by our agents, employees and intermediaries. If we are found to be liable for FCPA violations (either due to our own acts or inadvertence, or due to the acts or inadvertence of others), we could suffer from severe criminal or civil penalties or other sanctions, which could have a material adverse effect on our reputation, business, results of operations or cash flows. In addition, detecting, investigating and resolving actual or alleged FCPA violations is expensive and could consume significant time and attention of our senior management.



*We are exposed to risks related to our international sales, and the failure to manage these risks could harm our business. If we fail to expand our business into international markets, our revenues and results of operations may be adversely affected.*

In addition to our sales to customers within the U.S., we may become increasingly dependent on sales to customers outside the U.S. as we pursue expanding our business with customers worldwide. During the three months ended June 30, 2026 and 2025, our sales to international customers accounted for 26% and 3%, respectively, of total revenue. During the six months ended June 30, 2026 and 2025, our sales to international customers accounted for 12% and 9%, respectively, of total revenue. We continue to expect that a significant portion of our future revenues will be from international sales to customers in less developed or developing countries. As a result, the occurrence of any international, political, economic, or geographic event including changes in trade policy, tariffs, and/or export/import laws and regulations could result in a significant increase in the cost of materials used in our production and/or a significant decline in revenue.

During 2025, the U.S. government imposed tariffs on many products imported from many countries, which many of these countries have imposed retaliatory tariffs or threatened to impose tariffs on goods they import from the U.S. While we obtain most of our raw materials from domestic sources, many of our suppliers source materials from various countries and may pass tariffs they pay on to us. As of the date of this report, we have not been materially affected by tariffs, but it is difficult to determine the impact of these tariffs on our business for the rest of 2026 and beyond.

There are significant risks associated with conducting operations internationally, requiring significant financial commitments to support such operations. These operations present a number of challenges including oversight of daily operating practices in each location, handling employee benefits and employee behavior. In addition, compliance with complex foreign and U.S. laws and regulations that apply to our international operations increases our cost of doing business in international jurisdictions. These numerous and sometimes conflicting laws and regulations include internal control and disclosure rules, data privacy and filtering requirements, anti-corruption laws, such as the FCPA, and other local laws prohibiting corrupt payments to governmental officials, and anti-competition regulations, among others.

Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries, and could also materially affect our brand, our international expansion efforts, our ability to attract and retain employees, our business, and our operating results. Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our employees, contractors, or agents will not violate our policies.

Some of the risks and challenges of conducting business internationally include:

- the impact of an unprecedented event, such as a natural disaster or a global pandemic, on the global markets and the power generation market with the international telecommunications markets;
- requirements or preferences for domestic products or solutions, which could reduce demand for our products;
- unexpected changes in regulatory requirements;
- imposition of tariffs and other barriers and restrictions;
- restrictions on the import or export of critical technology;
- management communication and integration problems resulting from cultural and geographic dispersion;
- the burden of complying with a variety of laws and regulations in various countries;
- difficulties in enforcing contracts;
- the uncertainty of protection for intellectual property rights in some countries;
- application of the income tax laws and regulations of multiple jurisdictions, including relatively low-rate and relatively high-rate jurisdictions, to our sales and other transactions, which results in additional complexity and uncertainty;
- tariffs and trade barriers, export regulations and other regulatory and contractual limitations on our ability to sell products;
- greater risk of a failure of foreign employees to comply with both U.S. and foreign laws, including export and antitrust regulations, the FCPA and any trade regulations ensuring fair trade practices;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements;
- potentially adverse tax consequences, including multiple and possibly overlapping tax structures;
- general economic and geopolitical conditions, including war and acts of terrorism;
- lack of the availability of qualified third-party financing; and
- currency exchange controls.

While these factors and the impacts of these factors are difficult to predict, any one or more of them could adversely affect our business, financial condition and results of operations in the future.

***Cyberattacks through security vulnerabilities could lead to disruption of business, reduced revenue, increased costs, liability claims, or harm to our reputation or competitive position.***

Security vulnerabilities may arise from our hardware, software, employees, contractors or policies we have deployed. Security vulnerabilities may arise from our hardware, software, employees, contractors or policies we have deployed, which may result in external parties gaining access to our networks, data centers, cloud data centers, corporate computers, manufacturing systems, and/or access to accounts we have at our suppliers, vendors, and customers. External parties may gain access to our data or our customers' data, or attack the networks causing denial of service or attempt to hold our data or systems in ransom. The vulnerability could be caused by inadequate account security practices such as failure to timely remove employee access when terminated. To mitigate these security issues, we have implemented measures throughout our organization, including firewalls, backups, encryption, employee information technology policies and user account policies. However, there can be no assurance these measures will be sufficient to avoid cyberattacks. If any of these types of security breaches were to occur and we were unable to protect sensitive data, our relationships with our business partners and customers could be materially damaged, our reputation could be materially harmed, and we could be exposed to a risk of litigation and possible significant liability.

Further, if we fail to adequately maintain our information technology infrastructure, we may have outages and data loss. Excessive outages may affect our ability to timely and efficiently deliver products to customers or develop new products. Such disruptions and data loss may adversely impact our ability to fulfill orders and interrupt other processes. Delayed sales or lost customers resulting from these disruptions could adversely affect our financial results, stock price and reputation.

The State of California enacted the California Consumer Privacy Act of 2018, or CCPA, effective on January 1, 2020. Our and our business partners' or contractors' failure to fully comply with the CCPA and other laws could lead to significant fines and require onerous corrective action. In addition, data security breaches experienced by us or our business partners or contractors could result in the loss of trade secrets or other intellectual property, public disclosure of sensitive commercial data, and the exposure of personally identifiable information (including sensitive personal information) of our employees, customers, suppliers, contractors and others.

Unauthorized use or disclosure of, or access to, any personal information maintained by us or on our behalf, whether through breach of our systems, breach of the systems of our suppliers or vendors by an unauthorized party, or through employee or contractor error, theft or misuse, or otherwise, could harm our business. If any such unauthorized use or disclosure of, or access to, such personal information was to occur, our operations could be seriously disrupted, and we could be subject to demands, claims and litigation by private parties, and investigations, related actions, and penalties by regulatory authorities. In addition, we could incur significant costs in notifying affected persons and entities and otherwise complying with the multitude of foreign, federal, state and local laws and regulations relating to the unauthorized access to, or use or disclosure of, personal information. Finally, any perceived or actual unauthorized access to, or use or disclosure of, such information could harm our reputation, substantially impair our ability to attract and retain customers and have an adverse impact on our business, financial condition and results of operations.

#### **Risks Related to Our Intellectual Property**

***If we fail to adequately protect our intellectual property rights, we could lose important proprietary technology, which could materially and adversely affect our business.***

Our success and ability to compete depends, in substantial part, upon our ability to develop and protect our proprietary technology and intellectual property rights to distinguish our products, services and technology from those of our competitors. The unauthorized use of our intellectual property rights and proprietary technology by others could materially harm our business.

Historically, we have relied primarily on a combination of trademark, copyright and trade secret laws, along with non-competition and confidentiality agreements, contractual provisions, licensing arrangements and proprietary software and manufacturing processes, to establish and protect our intellectual property rights. Although we hold several unregistered copyrights in our business, we believe that the success of our business depends more upon our proprietary technology, information, processes and know-how than on patents or trademark registrations. In addition, much of our proprietary information and technology may not be patentable; if we decided to apply for patents and/or trademarks in the future, we might not be successful in obtaining any such future patents or in registering any marks.

Despite our efforts to protect our intellectual property rights, existing laws afford only limited protection, and our actions may be inadequate to protect our rights or to prevent others from claiming violations of their proprietary rights. Unauthorized third parties may attempt to copy, reverse engineer or otherwise obtain, use or exploit aspects of our products and services, develop similar technology independently, or otherwise obtain and use information that we regard as proprietary. We cannot assure you that our competitors will not independently develop technology similar or superior to our technology or design around our intellectual property. In addition, the laws of some foreign countries may not protect our proprietary rights as fully or in the same manner as the laws of the U.S.

We may need to resort to litigation to enforce our intellectual property rights, to protect our trade secrets, and to determine the validity and scope of other companies' proprietary rights in the future. However, litigation could result in significant costs and in the diversion of management and financial resources. We cannot assure you that any such litigation will be successful or that we will prevail over counterclaims against us. Our failure to protect any of our important intellectual property rights or any litigation that we resort to in order to enforce those rights could materially and adversely affect our business.

***If we face claims of intellectual property infringement by third parties, we could encounter expensive litigation, be liable for significant damages or incur restrictions on our ability to sell our products and services.***

Although we are not aware of any present infringement of our products, services or technology on the intellectual property rights of others, we cannot be certain that our products, services and technologies do not or in the future will not infringe on the valid intellectual property rights held by third parties. In addition, we cannot assure you that third parties will not claim that we have infringed their intellectual property rights.

In recent years, there has been a significant amount of litigation in the U.S. involving patents and other intellectual property rights. In the future, we may be a party to litigation as a result of an alleged infringement of others' intellectual property. Successful infringement claims against us could result in substantial monetary liability, require us to enter into royalty or licensing arrangements, or otherwise materially disrupt the conduct of our business. In addition, even if we prevail on these claims, this litigation could be time-consuming and expensive to defend or settle and could result in the diversion of our time and attention and of operational resources, which could materially and adversely affect our business. Any potential intellectual property litigation also could force us to do one or more of the following:

- stop selling, incorporating or using our products and services that use the infringed intellectual property;
- obtain from the owner of the infringed intellectual property right a license to sell or use the relevant technology, which license may not be available on commercially reasonable terms, or at all; or
- redesign the products and services that use the technology.

If we are forced to take any of these actions, our business may be seriously harmed. Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed.

#### **Risks Related to Our Common Stock**

***Our operating results can fluctuate significantly from period to period, which makes our operating results difficult to predict and can cause our operating results in any particular period to be less than comparable periods and expectations from time to time.***

Our operating results have fluctuated significantly from quarter-to-quarter, period-to-period and year-to-year during our operating history and are likely to continue to fluctuate in the future due to a variety of factors, many of which are outside of our control. Certain factors that may affect our operating results include, without limitation, those set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies" in this Quarterly Report on Form 10-Q.

Because we have little or no control over many of these factors, our operating results are difficult to predict. Any adverse change in any of these factors could negatively affect our business and results of operations.

Our revenues, net income and other operating results are heavily dependent upon the size and timing of customer orders and projects, and the timing of the completion of those projects. The timing of our receipt of large individual orders, and of project completion, is difficult for us to predict. Because our operating expenses are based on anticipated revenues over the mid- and long-term and because a high percentage of our operating expenses are relatively fixed, a shortfall or delay in recognizing revenues can cause our operating results to vary significantly from quarter-to-quarter and can result in significant operating losses or declines in profit margins in any particular quarter. If our revenues fall below our expectations in any particular quarter, we may not be able, or it may not be prudent for us, to reduce our expenses rapidly in response to the revenue shortfall, which can result in us suffering significant operating losses or declines in profit margins in that quarter.

Due to these factors and the other risks discussed in this Quarterly Report on Form 10-Q, you should not rely on quarter-to-quarter, period-to-period or year-to-year comparisons of our results of operations as an indication of our future performance. Quarterly, period and annual comparisons of our operating results are not necessarily meaningful or indicative of future performance. As a result, it is likely that, from time to time, our results of operations or our revenue backlog could fall below historical levels or the expectations of public market analysts and investors, which could cause the trading price of our common stock to decline significantly.

***Our Chairman, President and Chief Executive Officer owns a significant percentage of our common stock and will exercise significant influence over matters requiring stockholder approval, regardless of the wishes of other stockholders.***

Our Chairman, President, Chief Executive Officer and Secretary, Arthur D. Sams, beneficially owns approximately 21% of our outstanding shares of common stock. Mr. Sams therefore has significant influence over management and significant control over matters requiring stockholder approval, including the annual election of directors and significant corporate transactions, such as a merger or other sale of our company or our assets, for the foreseeable future. This concentrated control may limit stockholders' ability to influence corporate matters and, as a result, we may take actions that our stockholders do not view as beneficial. As a result, the market price of our common stock could be adversely affected.

***The price of our shares of common stock is volatile, and you could lose all or part of your investment.***

The trading price of our shares of common stock is volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control, including limited trading volume. In addition to the factors discussed in the "Risk Factors" section and elsewhere in this Quarterly Report on Form 10-Q, these factors include, without limitation:

- competition from existing technologies and products or new technologies and products that may emerge;
- the loss of significant customers, including AT&T and Verizon Wireless;
- actual or anticipated variations in our quarterly operating results;

- failure to meet the estimates and projections of the investment community or that we may otherwise provide to the public;
- our cash position;
- announcement or expectation of additional financing efforts;
- issuances of debt or equity securities;
- our inability to successfully enter new markets or develop additional products;
- actual or anticipated fluctuations in our competitors' operating results or changes in their respective growth rates;
- sales of our shares of common stock by us, or our stockholders in the future;
- trading volume of our shares of common stock on The Nasdaq Capital Market;
- market conditions in our industry;
- overall performance of the equity markets and general political and economic conditions;
- introduction of new products or services by us or our competitors;
- additions or departures of key management, engineering or other personnel;
- publication of research reports about us or our industry or positive or negative recommendations or withdrawal of research coverage by securities or industry analysts;
- changes in the market valuation of similar companies;
- disputes or other developments related to intellectual property and other proprietary rights;
- changes in accounting practices;
- significant lawsuits, including stockholder litigation; and
- other events or factors, many of which are beyond our control.

Furthermore, the public equity markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our shares of common stock.

***A decline in the price of our common stock could affect our ability to raise further working capital, which could adversely impact our ability to continue operations.***

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. We may attempt to acquire a significant portion of the funds we need in order to conduct our planned operations through the sale of equity securities; thus, a decline in the price of our common stock could be detrimental to our liquidity and our operations because the decline may adversely affect investors' desire to invest in our securities. If we are unable to raise the funds we require for all of our planned operations, we may be forced to reallocate funds from other planned uses and may suffer a significant negative effect on our business plan and operations, including our ability to develop new products or services and continue our current operations. As a result, our business may suffer, and we may be forced to reduce or discontinue operations. We also might not be able to meet our financial obligations if we cannot raise enough funds through the sale of our common stock and we may be forced to reduce or discontinue operations.

***We do not anticipate paying cash dividends, and accordingly, stockholders must rely on stock appreciation for any return on their investment.***

We have never declared or paid cash dividends on our capital stock. We intend to retain a significant portion of our future earnings, if any, to finance the operations, development and growth of our business. Any future determination to declare dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions and other factors that our board of directors may deem relevant. As a result, only appreciation of the price of our common stock, which may never occur, will provide a return to stockholders.

***Our failure to satisfy certain listing requirements may result in our common stock being delisted from The Nasdaq Capital Market, which may make it more difficult for our shareholders to sell shares of our common stock.***

Our common stock is listed on Nasdaq. Nasdaq has several quantitative and qualitative requirements companies must comply with to maintain this listing, including a \$1.00 minimum bid price per share (the “Bid Price Rule”). On November 24, 2023, we received a deficiency letter from the Listing Qualifications Department of The Nasdaq Stock Market (“Nasdaq”) indicating that our common stock is subject to potential delisting from the Nasdaq because for a period of 30 consecutive business days, the bid price of our common stock has closed below the minimum \$1.00 per share requirement for continued inclusion under Nasdaq Marketplace Rule 5550(a)(2) (the “Bid Price Rule”).

On November 18, 2024, the Company effected a 1:7 Reverse Stock Split of its shares of common stock. On December 23, 2024, the Company received a letter from Nasdaq informing the Company that the Company regained compliance with the Bid Price Rule and that the Company is therefore in compliance with the Nasdaq’s listing requirements. Our common stock continues to trade on The Nasdaq Capital Market under the symbol “POLA” at this time.

While we have been back in compliance with Nasdaq Listing Rules, there can be no assurance that we will continue to be in compliance with Nasdaq Listing Rules. If the stock is delisted, we may trade on the over-the-counter market, or even in the pink sheets, which would significantly decrease the liquidity of an investment in our common stock.

***If securities or industry analysts do not publish research or reports or publish inaccurate or unfavorable research or reports about our business, our share price and trading volume could decline.***

The trading market for our shares of common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If no securities or industry analysts undertake coverage of our company, the trading price for our shares of common stock may be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our shares of common stock, changes their opinion of our shares or publishes inaccurate or unfavorable research about our business, our share price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our shares of common stock could decrease and we could lose visibility in the financial markets, which could cause our share price and trading volume to decline.

***We are not subject to the provisions of Section 203 of the Delaware General Corporation Law, which could negatively affect your investment.***

We elected in our certificate of incorporation, as amended (the “certificate of incorporation”) to not be subject to the provisions of Section 203 of the Delaware General Corporation Law, or Section 203. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder. An “interested stockholder” is a person who, together with affiliates and associates, owns (or, in certain cases, within three years prior, did own) 15% or more of the corporation’s voting stock. Our decision not to be subject to Section 203 will allow, for example, Arthur D. Sams, our Chairman, President, Chief Executive Officer and Secretary (who beneficially owns approximately 22% of our common stock) to transfer shares in excess of 15% of our voting stock to a third-party free of the restrictions imposed by Section 203. This may make us more vulnerable to takeovers that are completed without the approval of our board of directors and/or without giving us the ability to prohibit or delay such takeovers as effectively.

***Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.***

Provisions in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders. These provisions include:

- a requirement that special meetings of stockholders be called only by the board of directors, the president or the chief executive officer;
- advance notice requirements for stockholder proposals and nominations for election to our board of directors; and
- the authority of the board of directors to issue preferred stock on terms determined by the board of directors without stockholder approval and which preferred stock may include rights superior to the rights of the holders of common stock.

These anti-takeover provisions and other provisions in our certificate of incorporation and bylaws could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by the then-current board of directors and could also delay or impede a merger, tender offer or proxy contest involving us. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing or cause us to take other corporate actions you desire. Any delay or prevention of a change of control transaction or changes in our board of directors could cause the market price of our common stock to decline.

***Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.***

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us governed by the internal affairs doctrine.

For the avoidance of doubt, the exclusive forum provision described above does not apply to any claims arising under the Securities Act or the Exchange Act. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder, and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

The choice of forum provision in our bylaws may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders. The applicable courts may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. With respect to the provision making the Delaware Court of Chancery the sole and exclusive forum for certain types of actions, stockholders who do bring a claim in the Delaware Court of Chancery could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. Finally, if a court were to find this provision of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could have a material adverse effect on us.

***If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.***

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

We are required to disclose changes made in our internal controls and procedures on a quarterly basis and our management is required to assess the effectiveness of these controls annually. However, for as long as we are a “non-accelerated filer” under SEC rules, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404. An independent assessment of the effectiveness of our internal controls could detect problems that our management’s assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

***We incur significant costs as a result of operating as a public company and our management expects to devote substantial time to public company compliance programs.***

As a public company, we incur significant legal, accounting and other expenses due to our compliance with regulations and disclosure obligations applicable to us, including compliance with the Sarbanes-Oxley Act as well as rules implemented by the SEC and Nasdaq. The SEC and other regulators have continued to adopt new rules and regulations and make additional changes to existing regulations that require our compliance. In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, was enacted. There are significant corporate governance and executive compensation related provisions in the Dodd-Frank Act that have required the SEC to adopt additional rules and regulations in these areas. Stockholder activism, the current political environment, and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact, in ways we cannot currently anticipate, the manner in which we operate our business. Our management and other personnel devote a substantial amount of time to these compliance programs and monitoring of public company reporting obligations and, as a result of the new corporate governance and executive compensation related rules, regulations, and guidelines prompted by the Dodd-Frank Act and further regulations and disclosure obligations expected in the future, we will likely need to devote additional time and costs to comply with such compliance programs and rules. These rules and regulations cause us to incur significant legal and financial compliance costs and make some activities more time-consuming and costly.

To comply with the requirements of being a public company, we may need to undertake various activities, including implementing new internal controls and procedures and hiring new accounting or internal audit staff. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed in reports under the Exchange Act, is accumulated and communicated to our principal executive and financial officers. Our current controls and any new controls that we develop may become inadequate and weaknesses in our internal control over financial reporting may be discovered in the future.

Any failure to develop or maintain effective controls could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting which we may be required to include in our periodic reports we will file with the SEC under Section 404 of the Sarbanes-Oxley Act, harm our operating results, cause us to fail to meet our reporting obligations, or result in a restatement of our prior period financial statements. In the event that we are not able to demonstrate compliance with the Sarbanes-Oxley Act, that our internal control over financial reporting is perceived as inadequate or that we are unable to produce timely or accurate financial statements, investors may lose confidence in our operating results and the price of our common stock could decline. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Capital Market.

We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act, and are therefore not yet required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. However, we are required to comply with certain of these rules, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our next annual report. This assessment will need to include the disclosure of any material weaknesses in our internal control over financial reporting identified by our management or our independent registered public accounting firm. We are just beginning the costly and challenging process of compiling the system and processing documentation needed to comply with such requirements. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective.



***Raising additional capital, including through future sales and issuances of our common stock, the exercise of warrants or the exercise of rights to purchase common stock pursuant to our equity incentive plan could result in additional dilution of the percentage ownership of our stockholders, could cause our share price to fall and could restrict our operations.***

We expect that significant additional capital will be needed in the future to continue our planned operations, including any potential acquisitions, purchasing of capital equipment, hiring new personnel, and continuing activities as an operating public company. To the extent we seek additional capital through a combination of public and private equity offerings and debt financings, our stockholders may experience substantial dilution. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our existing stockholders may be diluted, and the terms may include liquidation or other preferences that adversely affect the rights of our stockholders. Debt and receivables financings may be coupled with an equity component, such as warrants to purchase shares of our common stock, which could also result in dilution of our existing stockholders' ownership. The incurrence of indebtedness would result in increased fixed payment obligations and could also result in certain restrictive covenants, such as limitations on our ability to incur additional debt and other operating restrictions that could adversely impact our ability to conduct our business. A failure to obtain adequate funds may cause us to curtail certain operational activities, including sales and marketing, in order to reduce costs and sustain the business, and would have a material adverse effect on our business and financial condition.

Under our 2016 Omnibus Stock Incentive Plan, as amended, or 2016 Plan, we may grant equity awards covering up to 250,627 shares of our common stock. As of June 30, 2026, we had granted options to purchase an aggregate of 20,002 shares of common stock, among which 7,144 options had terminated, and issued 25,729 shares of common stock as stock-based compensation to officers, employees and consultants under the 2016 Plan. Sales of shares issued upon exercise of options or granted under our 2016 Plan may result in material dilution to our existing stockholders, which could cause our share price to fall.

***Our issuance of shares of preferred stock could adversely affect the market value of our common stock, dilute the voting power of common stockholders and delay or prevent a change of control.***

Our board of directors has the authority to cause us to issue, without any further vote or action by the stockholders, up to 5,000,000 shares of preferred stock in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. For example, investors in the common stock may not wish to purchase common stock at a price above the conversion price of a series of convertible preferred stock because the holders of the preferred stock would effectively be entitled to purchase common stock at the lower conversion price causing economic dilution to the holders of common stock.

Further, the issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our other classes of voting stock. The issuance of shares of preferred stock may also have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares.

**ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Except below and as previously reported on the Company's Current Reports on Form 8-K, the information required by this Item regarding unregistered sales of equity securities during the quarter ended June 30, 2026 (including the shares of Common Stock issued to Mammoth Crest Capital, LLC and the convertible notes issued to CFI Capital LLC and Monroe Street Capital Partners, LP) is set forth in Note 6 and Note 9 to the condensed financial statements and is incorporated herein by reference.

On April 28, 2026, the Company entered into a management consulting and advisory services agreement with ConnectM Technology Solutions, Inc. ("ConnectM"), pursuant to which the Company issued 40,000 shares of common stock to ConnectM on July 16, 2026 as partial consideration of the services being provided by ConnectM.

**ITEM 3. Defaults Upon Senior Securities**

Not applicable.

**ITEM 4. Mine Safety Disclosure.**

Not applicable.

**ITEM 5. Other Information**

During the quarter ended June 30, 2026, none of the Company's directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

**ITEM 6. Exhibits**

Reference is made to the exhibits listed on the Index to Exhibits.

**INDEX TO EXHIBITS**

| <b>Exhibit Number</b> | <b>Description</b>                                                                                                                                                                                   |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31.1                  | <a href="#"><u>Certification Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>             |
| 31.2                  | <a href="#"><u>Certification Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>             |
| 32.1                  | <a href="#"><u>Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a> |
| 101.INS               | Inline XBRL Instance Document                                                                                                                                                                        |
| 101.SCH               | Inline XBRL Taxonomy Extension Schema                                                                                                                                                                |
| 101.CAL               | Inline XBRL Taxonomy Extension Calculation Linkbase                                                                                                                                                  |
| 101.DEF               | Inline XBRL Taxonomy Extension Definition Linkbase                                                                                                                                                   |
| 101.LAB               | Inline XBRL Taxonomy Extension Label Linkbase                                                                                                                                                        |
| 101.PRE               | Inline XBRL Taxonomy Extension Presentation Linkbase                                                                                                                                                 |
| 104                   | Cover Page Interactive Data File (embedded within the Inline XBRL document)                                                                                                                          |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 17, 2026

**POLAR POWER, INC.**

By: /s/ Arthur D. Sams

Arthur D. Sams

President, Chief Executive Officer and Secretary

## CERTIFICATION

I, Arthur D. Sams, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Polar Power, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 17, 2026

/s/ Arthur D. Sams

Arthur D. Sams  
President, Chief Executive Officer and Secretary  
(Principal Executive Officer)

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## CERTIFICATION

I, Luis Zavala, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Polar Power, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 17, 2026

/s/ Luis Zavala

Luis Zavala  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Polar Power, Inc. (the “Company”) for the quarterly period ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certify in their capacities as the Chief Executive Officer and the Chief Financial Officer of the Company, respectively, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 17, 2026

*/s/ Arthur D. Sams*

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Arthur D. Sams  
President and Chief Executive Officer  
(Principal Executive Officer)

*/s/ Luis Zavala*

\_\_\_\_\_  
Luis Zavala  
Chief Financial Officer  
(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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