

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



FORM 10-K/A
Amendment No. 1

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

For the fiscal year ended December 31, 2021
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 001-35944

POWER SOLUTIONS INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

33-0963637
(I.R.S. Employer
Identification No.)

201 Mittel Drive, Wood Dale, IL
(Address of Principal Executive Offices)

60191
(Zip Code)

(630) 350-9400

(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
None	—	—

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, par value \$0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 and Section 15(d) of the Act. YES NO

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 the 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting 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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

The aggregate market value of 5,378,337 shares of Common Stock held by non-affiliates of the registrant as of June 30, 2021 was \$32.8 million based on the last reported sale price on the over-the-counter ("OTC") market on June 30, 2021 (although the total market capitalization of the registrant as of such date was approximately \$139.2 million.) Shares of the registrant's Common Stock held by each executive officer and director and by each person who holds 10% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of April 21, 2022, there were 22,926,875 outstanding shares of the Common Stock of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Auditor Name:

BDO USA, LLP

Auditor Location:

Chicago, IL

Auditor Firm ID:

#243

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EXPLANATORY NOTE

This Amendment No. 1 (this “Amendment”) on Form 10-K/A amends the Annual Report on Form 10-K for the year ended December 31, 2021 of Power Solutions International, Inc. (“PSI” or the “Company”) filed with the Securities and Exchange Commission (the “SEC”) on March 31, 2022 (the “Original 10-K”) to include the information required by Items 10 through 14 of Part III (the “Part III Disclosure”) of the Original 10-K. This information was previously omitted from the Original 10-K in reliance on General Instruction G(3) to Form 10-K, which permits the information in the above referenced items to be incorporated in the Form 10-K by reference to the Company’s definitive proxy statement if such statement is filed no later than 120 days after the Company’s fiscal year-end.

The information included herein as required by the Part III Disclosure is more limited than what is required to be included in the definitive proxy statement to be filed in connection with PSI’s 2022 Annual Meeting of Stockholders. Accordingly, the definitive proxy statement to be filed at a later date will include additional information related to the topics herein and additional information not required by the Part III Disclosure.

Pursuant to the SEC rules, Part IV, Item 15 has also been amended to contain the currently dated certificates from the Company’s principal executive and financial officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. The certificates of the Company’s principal executive and financial officers are attached to this Amendment as Exhibits 31.3 and 31.4. Because no financial statements have been included in this Amendment and this Amendment does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4 and 5 of the certifications have been omitted. Additionally, PSI is not including the certificate under Section 906 of the Sarbanes-Oxley Act of 2002 as no financial statements are being filed with this Amendment.

Except for the information described above, the Company has not modified or updated disclosures provided in the Original 10-K in this Amendment. Accordingly, this Amendment does not reflect events occurring after the filing of the Original 10-K or modify or update those disclosures affected by subsequent events. Information not affected by this Amendment is unchanged and reflects the disclosures made at the time the Original 10-K was filed.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Amendment to the Annual Report on Form 10-K (“2021 Annual Report”) that are not historical facts are intended to constitute “forward-looking statements” entitled to the safe-harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements may involve risks and uncertainties. These statements often include words such as “anticipate,” “believe,” “budgeted,” “contemplate,” “estimate,” “expect,” “forecast,” “guidance,” “may,” “outlook,” “plan,” “projection,” “should,” “target,” “will,” “would” or similar expressions, but these words are not the exclusive means for identifying such statements. These forward-looking statements include statements are subject to a number of risks, uncertainties and assumptions that may cause actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements.

The Company cautions that the risks, uncertainties and other factors that could cause its actual results to differ materially from those expressed in, or implied by, the forward-looking statements include, without limitation; the factors discussed in Item 1A. Risk Factors in the Original 10-Ks; the impact of the ongoing COVID-19 pandemic could have on the Company’s business and financial results; the Company’s ability to continue as a going concern; the Company’s ability to raise additional capital when needed and its liquidity; uncertainties around the Company’s ability to meet funding conditions under its financing arrangements and access to capital thereunder; the potential acceleration of the maturity at any time of the loans under the Company’s uncommitted senior secured revolving credit facility through the exercise by Standard Chartered Bank of its demand right; the timing of completion of steps to address, and the inability to address and remedy, material weaknesses; the identification of additional material weaknesses or significant deficiencies; risks related to complying with the terms and conditions of the settlements with the SEC and the United States Attorney’s Office for the Northern District of Illinois (the “USAO”); variances in non-recurring expenses; risks relating to the substantial costs and diversion of personnel’s attention and resources deployed to address the internal control matters; the Company’s obligations to indemnify past and present directors and officers and certain current and former employees with respect to the investigations conducted by the SEC and the criminal division of the USAO, which will be funded by the Company with its existing cash resources due to the exhaustion of its historical primary directors’ and officers’ insurance coverage; the ability of the Company to accurately forecast sales, and the extent to which sales result in recorded revenues; changes in customer demand for the Company’s products; volatility in oil and gas prices; the impact of U.S. tariffs on imports from China on the Company’s supply chain; the impact on the global economy of the war in Ukraine; the impact of supply chain interruptions and raw material shortages; the impact of increasing warranty costs and the Company’s ability to mitigate such costs; any delays and challenges in recruiting and retaining key employees consistent with the Company’s plans; any negative impacts from delisting of the Company’s common stock par value \$0.001 (the “Common Stock”) from the NASDAQ Stock Market (“NASDAQ”) and any delays and challenges in obtaining a re-listing on a stock exchange.

The Company’s forward-looking statements are presented as of the date hereof. Except as required by law, the Company expressly disclaims any intention or obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 10. Directors, Executive Officers and Corporate Governance.**DIRECTORS AND EXECUTIVE OFFICERS****Directors**

The following table and biographical summaries set forth, with respect to each member of the Board of Directors for the Company (the “Board”) as of April 21, 2022, his committee membership, his or her age, the year in which he or she first became a director of the Company, and whether or not Weichai America Corp., a wholly-owned subsidiary of Weichai Power Co., Ltd (herein collectively referred to as “Weichai”) designated such director to serve on the Board pursuant to the Investor Rights Agreement (as described in the “Related Person Transactions” section in this Amendment) entered into by the Company and Weichai:

<u>Name</u>	<u>Position</u>	<u>Committee</u>	<u>Age</u>	<u>Director Since</u>	<u>Weichai Designee</u>
Fabrizio Mozzi	Chairman of the Board	Nominating; Executive (Chair)	42	2021	Yes
Shaojun Sun, Ph.D.	Vice Chairman of the Board	Compensation; Nominating (Chair)	56	2017	Yes
Sidong Shao	Director	Executive	41	2020	Yes
Kenneth W. Landini	Director	Audit	65	2001	No
Frank P. Simpkins	Director	Audit (Chair); Nominating	59	2017	No
Hong He	Director	Audit; Compensation	53	2019	No
Lei Lei	Director	Compensation (Chair); Executive	39	2021	Yes

Fabrizio Mozzi Age: 42 Chairman of the Board
 PSI Committees:
 • Nominating
 • Executive Committee

Biography: Mr. Mozzi has served as the Company’s Chairman of the Board since December 7, 2021. In addition, he is a member of the Nominating and Governance Committee (the “Nominating Committee”) and Chair of the Executive Committee.

Mr. Mozzi has served since 2016, as President and Managing Director of Moteurs Baudouin (“Baudouin”), a Weichai Power Co., Ltd. (“Weichai Power”) company, and the European hub for production, servicing and sales of diesel and gas engines for marine, industrial and power generation applications. As president and managing director, Mr. Mozzi has been instrumental in successfully reorganizing and redefining Baudouin’s strategies to support both growth and improved profitability. From 2006 until 2016, Mr. Mozzi held various positions at Cummins Inc., a publicly traded company on the NYSE that designs, manufactures, distributes and services a broad portfolio of power solutions, most recently serving as the Director, Power Generation Business – International Commercial & Industrial from 2014 until 2016. Prior to this, Mr. Mozzi served in sales, account management, and marketing roles at various organizations.

Mr. Mozzi graduated with honors in economics and business management from Luiss Guido Carli in Italy in 2003 and earned an MBA from Indiana University’s Kelley School of Business in 2010. Mr. Mozzi serves on the Board as a Weichai designee.

Mr. Mozzi brings to the Board extensive and effective leadership experience demonstrated through his executive and management roles at leading engine manufacturers.

Shaojun Sun, Ph.D. Age: 56 Vice Chairman of the Board
 PSI Committees:
 • Compensation
 • Nominating (Chair)

Biography: Dr. Sun has served as the Company’s Vice Chairman of the Board since December 7, 2021 and previously served as Chairman of the Board from April 1, 2017 to December 7, 2021. In addition, he serves as Chair of the Nominating Committee and as a member of the Compensation Committee.

Dr. Sun is currently a Director of Weichai Group Holdings Limited (the “Weichai Group”), a multi-field and multi-industry international group which owns six business segments of powertrain, intelligent logistics, automotive, construction machinery, luxury yacht, and finance & after-services (“Weichai Group”). Dr. Sun has been an Executive Director since December 2002 and was an Executive

President from October 2007 to Nov. 2021 of Weichai Power, a publicly traded company on the Hong Kong and the Shenzhen Stock Exchange and leading global designer and manufacturer of diesel engines, as well as Chairman of Shandong Weichai Import and Export Co., Ltd., a wholesale distributor of industrial machinery and equipment. Mr. Sun is also Vice President of Shandong Heavy Industry Group Co., Ltd., a heavy machinery and automotive manufacturing company. On January 1, 2019, Dr. Sun was appointed a Director of Ballard Power Systems Inc., a publicly-traded company on the NASDAQ and Toronto Stock Exchanges that builds fuel cell products. Dr. Sun joined Weifang Diesel Engine Factory in 1988 and held various supervisory positions as a Chief Engineer of Weifang Diesel Engine Factory, and Director of Torch Automobile Group Co., Ltd.

Dr. Sun holds a Master's degree from Beihang University and a Doctorate degree in Engineering from Tianjin University. Dr. Sun serves on the Board as a Weichai designee.

Dr. Sun brings to the Board extensive managerial experience and leadership gained through his executive roles at leading engine manufacturers.

Sidong Shao Age: 41 PSI Committees:
• Executive Committee

Biography: Mr. Shao has served as a director of the Company since 2020. In addition, Mr. Shao is a member of the Executive Committee.

Mr. Shao is the President and Chairman of the Board of Directors of Weichai America Corp. ("Weichai America"), which focuses on researching, developing and manufacturing a full line of off-road natural gas engines and engine components. Weichai America is a wholly owned subsidiary of Weichai Power Co., Ltd., a publicly traded company on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange. From May 2012 to April 2018, Mr. Shao was President of Weichai Westport Inc., a joint venture between Weichai Power and Westport Fuel Systems Inc., a publicly traded company on the NASDAQ and Toronto Stock Exchanges, that manufactures and sells alternative-fuel engines for automobiles, heavy-duty trucks, power generation and shipping applications.

He has a Bachelor's degree in Industrial Energy and Power Engineering from Shandong University. Mr. Shao also holds a Master's degree in Power Engineering from Tianjin University and a Masters of Business Administration degree from Missouri State University. Mr. Shao serves on the Board as a Weichai designee.

Mr. Shao brings to the Board in-depth executive leadership experience in manufacturing engines.

Kenneth W. Landini Age: 65 PSI Committees:
• Audit

Biography: Mr. Landini has served as a director of the Company since 2001 and assisted in the development and growth of the business of the Company since 1985. Mr. Landini is a member of the Audit Committee. From August 7, 2017 to January 19, 2021, Mr. Landini was the Chair of the Compensation Committee. He also served as a member of the Nominating Committee from April 2017 to January 19, 2021.

Mr. Landini previously served as the Vice President of Finance for the Company's subsidiary, Power Great Lakes, Inc., from December 1985 to March 1988 and assisted the Company in establishing distributor relationships and expanding the territories into which the Company provides its power systems. Mr. Landini is a Partner and Co-founder of Landini, Reed & Dawson, P.C., a certified public accounting and consulting firm in southeastern Michigan, which was established in 1988.

He holds a Bachelor of Arts degree from Albion College and is a licensed Certified Public Accountant in the state of Michigan. Mr. Landini qualifies as an "Audit Committee Financial Expert" under applicable SEC regulations and has substantial audit experience gained from his tenure as a partner at a certified public accounting and consulting firm.

Mr. Landini brings to the Board an in-depth knowledge and understanding of the Company's business and operations, having served as Vice President of Finance for one of the Company's subsidiaries.

Frank P. Simpkins Age: 59 PSI Committees:
• Audit (Chair)
• Nominating

Biography: Mr. Simpkins has served as a director of the Company since July 13, 2017. Since January 19, 2021, he has been the Chair of the Audit Committee. Mr. Simpkins is also a member of the Nominating Committee.

Executive Officers

The following table sets forth certain information with respect to the Company's executive officers as of April 21, 2022.

<u>Name</u>	<u>Age</u>	<u>Executive Officer Since</u>	<u>Present Position with the Company</u>
Lance Arnett	51	2021	Chief Executive Officer
Matthew Thomas	36	2022	Interim Chief Financial Officer
C. (Dino) Xykis	63	2021	Chief Technical Officer

The narrative descriptions below set forth the employment and position with the Company, principal occupation and education for each of the Company's three current executive officers.

Lance Arnett was appointed as the Company's Chief Executive Officer and President effective February 15, 2021.

Mr. Arnett previously served as the Company's Chief Commercial Officer since November 18, 2019. Prior to joining the Company, from January 2009 to November 2019, he worked at Cummins Inc., a publicly traded company on the NYSE that designs, manufactures, distributes and services a broad portfolio of power solutions. During his tenure, he served in various capacities for Cummins Central Region in Minnesota, most recently serving as Director and Chief of Staff of their North American OEM Performance Cell. In this capacity, he oversaw direct strategy for their North American business including sales, engineering, assembly and upfit, pricing, marketing, and customer support. His previous roles at Cummins Central Region include serving as Interim President, Vice President of OEM business, Vice President of OEM and Customer Care and Executive Director of Operational Effectiveness. Prior thereto, from 2006 to 2009, he worked as Business Development Manager for PreVisor, Inc. and, from 2001 to 2006, he served as Director, Franchise Sales and Development at Mighty Distributing System of America (Mighty Auto Parts). Earlier in his career, he served in management and sales roles within the staffing industry.

Mr. Arnett received a Bachelor's degree in Economics from The Ohio State University and a Master's in Business Administration from the University of St. Thomas.

Matthew Thomas was appointed as the Interim Chief Financial Officer on April 8, 2022. Mr. Thomas possesses over 12 years of experience in the areas of accounting and finance and served as PSI's corporate controller from May 2021 to April 2022 with responsibilities for leading the accounting, internal/external reporting, and treasury areas. Mr. Thomas originally joined the Company as director of accounting in March 2018 and served in this capacity until June 2019. From June 2019 until May 2021, he served as the Company's assistant controller. Prior to joining PSI, from November 2014 through March 2018, he served as senior manager, accounting at Akorn Inc., which was a publicly traded specialty pharmaceuticals company. Prior to that role, from July 2009 to November 2014, he was an audit supervisor with accounting firm Miller Cooper & Co., Ltd.

Mr. Thomas holds a Bachelor of Science degree in Accountancy from Northern Illinois University and is a registered CPA.

C. (Dino) Xykis was appointed as the Chief Technical Officer on March 15, 2021. Mr. Xykis is responsible for the oversight of the Company's advanced product development, engineering design and analysis, on-highway engineering, applied engineering, emissions and certification, Waterford, Michigan engineering operations, program management and product strategic planning. Since joining the Company in 2010 and until his appointment as Chief Technical Officer in March 2021, Mr. Xykis served as Vice President of Engineering for the Company. He has more than 30 years of professional experience in multi-disciplined engineering areas including senior management and executive positions at various companies including Cummins Inc., an NYSE-listed company, and Generac Power Systems, an NYSE-listed company. Mr. Xykis also served as Adjunct Professor of Mechanical Engineering and Mechanics at the Milwaukee School of Engineering and previously served on the audit and compensation committees of the Board of Directors of Image Sensing Systems, a publicly traded company on NASDAQ, from 1996 to 2001. Mr. Xykis has also served on the advisory board of CECE, College of Science and Engineering, University of Minnesota for the past eight years.

Mr. Xykis holds a Bachelor's degree in Structural Engineering, a Master's degree in Vibration/Dynamics, and a PhD. in Structural/Applied Mechanics from the University of Minnesota, Minneapolis.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of the Company's common stock and other equity securities. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish PSI with copies of all Section 16(a) forms they file.

To the Company's knowledge, including PSI's review of the copies of such reports furnished to the Company and written representations that no other reports were required during 2021, all Section 16(a) filing requirements were satisfied on a timely basis, except the following reports for Gary Winemaster: one Form 4 filed in January 2021 (reporting one transaction), one Form 4 filed in May 2021 (reporting one transaction), one Form 4 filed in June 2021 (reporting two transactions), one Form 4 filed in July 2021 (reporting three transactions), one Form 4 filed in August 2021 (reporting one transaction), one Form 4 filed in September 2021 (reporting two late transactions), one Form 4 filed in October 2021 (reporting two transactions), one Form 4 filed in November 2021 (reporting three transactions) and one Form 4 filed in December 2021 (reporting three late transactions); for Lance Arnett: one Form 4 filed in March 2022 (reporting one transaction); for C. (Dino) Xykis: one Form 4 filed in March 2021 (reporting one transaction); for Hong He: one Form 4 filed in July 2021 (reporting one transaction) and one Form 4 filed in February 2022 (reporting one transaction); for Frank Simpkins: one Form 4 filed in July 2021 (reporting one transaction) and one Form 4 filed in February 2022 (reporting one transaction); for Fabrizio Mozzi: one Form 4 filed in January 2022 (reporting one transaction) and one Form 3 filed in January 2022; for Lei Lei: one Form 3 filed in January 2022; for Kenneth Landini: one Form 4 filed in July 2021 (reporting one transaction) and one Form 4 filed in February 2022 (reporting one transaction); and for Guogang Wu: one Form 3 filed in July 2021, one Form 4 filed in July 2021 (reporting one transaction) and one Form 4 filed in February 2022 (reporting one transaction). No reasons were given for Mr. Winemaster's late filings. Each late filing for Messrs. Arnett, Xykis, He, Simpkins, Landini, Mozzi, Wu and Ms. Lei were due to an internal administrative error by the Company.

CORPORATE GOVERNANCE

Audit Committee

The Company has a separately designated Audit Committee. Each member of the Audit Committee is financially literate and the Board has determined that each of Mr. Simpkins, the Chair of the Audit Committee, and Mr. He and Mr. Landini qualify as an "Audit Committee Financial Expert" as defined in applicable SEC rules because each meets the requirement for past employment experience in finance or accounting, requisite professional certification in accounting or comparable experience. The Board has determined that each of Mr. Simpkins, Mr. Landini and Mr. He meets the independence requirements for audit committee members under NASDAQ rules.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics (the "Code of Ethics") that applies to all of PSI's employees, officers and directors, including those officers responsible for financial reporting. The Code of Ethics is available on the Company's website at www.psiengines.com under "Investors" and then "Governance."

Item 11. Executive Compensation.

EXECUTIVE COMPENSATION

The named executive officers for the year ended December 31, 2021 were:

- Lance M. Arnett, Chief Executive Officer and President, Former Chief Commercial Officer;
- C. (Dino) Xykis, Chief Technical Officer;
- Kenneth J. Winemaster, Former Executive Vice President; and
- John P. Miller, Former Chief Executive Officer and President.

Executive Team Transitions

Chief Executive Officer Transition

As previously disclosed, effective February 15, 2021 (the "Retirement Date"), Mr. Miller retired as Chief Executive Officer and President and Lance Arnett, who previously served as the Company's Chief Commercial Officer, was promoted to Chief Executive Officer as his successor. In connection with Mr. Miller's retirement from the Company, Mr. Miller and the Company entered into a Separation Agreement and Release, effective the Retirement Date (the "Separation Agreement"). Pursuant to the Separation Agreement and the retirement of Mr. Miller, he received (a) a lump-sum cash severance payment of \$360,000, (b) subject to his election to receive continued group health plan coverage under COBRA, continued coverage at active-employee rates for up to 12 months after the Retirement Date, and (c) a cash payment of \$36,000 under the long-term incentive plan ("LTI") at the same time other LTI participants were paid.

Mr. Miller continued in a transition support role on an as-needed basis until May 15, 2021. Based on his compliance with the terms of the Separation Agreement, Mr. Miller received a total transition fee of \$90,000 for the three month transition period. The Separation Agreement contains a release of the Company by Mr. Miller and mutual non-disparagement provisions. Mr. Miller also agreed that the confidentiality, non-competition and non-solicitation provisions in his employment agreement with the Company would remain in effect. Finally, Mr. Miller agreed to cooperate with, and make himself reasonably available to, the Company for a period ending twelve months following termination of the transition period in order to assist with the transition of his duties at a rate of \$250 per hour plus expenses.

Executive Vice President Transition

Effective January 1, 2022 (the “Winemaster Retirement Date”), Mr. Winemaster retired as Executive Vice President. In connection with Mr. Winemaster’s retirement from the Company, Mr. Winemaster and the Company entered into a Retirement Agreement and Release (the “Retirement Agreement”), effective the Winemaster Retirement Date. Pursuant to the Retirement Agreement and the retirement of Mr. Winemaster, he is entitled to receive (a) cash severance payments of (i) \$348,070 in 12 equal monthly installments of approximately \$29,006, and (ii) 16,737 representing the payback of the 10% reduction in salary for Mr. Winemaster from July 2021 through December 31, 2021, (b) \$32,500 under the 2019 Long Term Incentive (LTI) plan, to be paid on January 1, 2023 as long as paid to other executive LTI participants for the 2021 LTI plan year, as full and complete payment under the LTI plan, (c) maintenance of his preferred airline status throughout the current term and for one additional term, to the extent the Company continues to participate in such program, and (d) subject to his election to receive continued group health plan coverage under COBRA, continued coverage at active-employee rates for 13 months after the Winemaster Retirement Date. The Company previously inadvertently disclosed that the Retirement Agreement provided for the cash severance payment of \$337,000.

The Retirement Agreement contains a release of the Company by Mr. Winemaster and mutual non-disparagement provisions. Mr. Winemaster also agreed that the confidentiality, non-competition and non-solicitation provisions in his employment agreement with the Company would remain in effect. Mr. Winemaster also agreed to cooperate with, and make himself reasonably available to, the Company in order to assist with the transition of his duties as requested by the Company at a rate of \$250 per hour plus expenses.

Summary Compensation Table

The table below summarizes our named executive officers' compensation for the services rendered to the Company, in all capacities, for the years ended December 31, 2021 and 2020.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u>	<u>Bonus⁽¹⁾</u>	<u>Option/SAR Awards⁽²⁾</u>	<u>All Other Compensation⁽³⁾</u>	<u>Total</u>
Lance M. Arnett ⁽⁴⁾	2021	\$401,250	\$40,125	\$ 307,508	\$ 17,470	\$766,353
<i>Chief Executive Officer and Former Chief Commercial Officer</i>	2020	287,542	33,500	164,000	414	\$485,456
C. (Dino) Xykis ⁽⁵⁾	2021	331,933	33,193	109,619	54,679	529,424
<i>Chief Technical Officer</i>						
Kenneth J. Winemaster ⁽⁶⁾	2021	330,904	32,500	—	362,164	725,568
<i>Former Executive Vice President</i>	2020	278,958	32,500	—	14,094	325,552
John P. Miller ⁽⁴⁾	2021	45,000	—	—	450,149	495,149
<i>Former Chief Executive Officer and President</i>	2020	283,500	36,000	—	1,188	320,688

- (1) The amounts reported for Messrs. Arnett, Xykis and Winemaster in this column for 2021 represent their 2021 Long-Term Incentive ("LTI") Plan amounts. A description of the Company's LTI Plan is below under "Long-Term Incentive Plan."
- (2) The amount reported in the "Option/SAR Awards" column for 2021 for Messrs. Arnett and Xykis, respectively, reflects the grant date fair value of (i) an award of 80,000 stock appreciation rights ("SARs") granted to Mr. Arnett, effective February 24, 2021, and (ii) an award of 25,000 SARs granted to Mr. Xykis, effective March 12, 2021, each calculated in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 718. The fair value of the SARs granted to Mr. Arnett was \$3.85 and Mr. Xykis was \$4.38, which was determined using the Black-Scholes-Merton valuation model with the following assumptions: (i) market closing price of the Company's common stock on the date of grant (\$6.00 for Mr. Arnett and \$6.82 for Mr. Xykis); (ii) exercise price (\$6.00 for Mr. Arnett and \$6.82 for Mr. Xykis); (iii) risk-free interest rate (0.62% for Mr. Arnett and 0.85% for Mr. Xykis); (iv) estimated price volatility (81.00% for Mr. Arnett and 81.04% for Mr. Xykis); (v) expected term (5 years for Mr. Arnett and Mr. Xykis); and (vi) dividend yield 0.0% for Mr. Arnett and Mr. Xykis). The Company used rates on the grant date of zero-coupon government bonds with maturities over periods covering the term of the awards. The Company considered the historical volatility of its stock price over a term similar to the expected life of the awards in determining expected volatility. The expected term is the period that the awards granted are expected to remain outstanding. The Company has never declared or paid a cash dividend on its common stock and has no plans to pay cash dividends in the foreseeable future.
- (3) The reported amounts for 2021 in the "All Other Compensation" column include (i) for Mr. Arnett: \$12,600 for automobile-related payments, \$414 for life insurance premiums and \$4,456 for 401(k) matching contributions; (ii) for Mr. Xykis: (a) \$1,188 for life insurance premiums, (b) \$44,700 for automobile and commuting-related expenses (including an automobile allowance and gas allowance), (c) \$740 for reimbursement of car insurance premiums and gross up of taxes related to the reimbursement, and (d) \$8,052 for 401(k) matching contributions; (iii) for Mr. Winemaster: (a) \$13,320 for automobile-related payments, (b) \$774 for life insurance premiums, and (c) \$348,070 in severance payments; and (iv) for Mr. Miller: (a) \$149 for life insurance premiums, (b) \$360,000 in severance payments, and (c) \$90,000 for transition services. Item (c) for Mr. Winemaster and items (b) and (c) for Mr. Miller are described in more detail above under "Executive Team Transitions."
- (4) Mr. Miller retired from his position as Chief Executive Officer and President and Mr. Arnett was promoted from Chief Commercial Officer to Chief Executive Officer, each effective February 15, 2021.
- (5) Because Mr. Xykis was not a Named Executive Officer before 2021, only his 2021 compensation is reported in the table.
- (6) Mr. Winemaster retired from his position as of Executive Vice President, effective January 1, 2022.

Employment Agreements with Named Executive Officers

As disclosed above, Mr. Arnett was promoted on February 15, 2021 and entered into an employment agreement with the Company at that time that superseded his prior employment agreement as Chief Commercial Officer.

Mr. Arnett's employment agreement provides that he will receive (a) an annual salary of \$400,000 per year, which will increase to \$425,000 per year on August 15, 2021; (b) an annual incentive bonus under the Company's KPI, with a target 60% of his base salary or as generally determined by the Company; (c) a bonus under the Company's LTI plan with a target of 60% of his base salary or as generally determined by the Company; (d) subject to approval of the Compensation Committee, an award of 80,000 SARs pursuant to the Company's 2012 Incentive Compensation Plan, with a strike price determined at the time grant, and with vesting to occur in equal installments, subject to Mr. Arnett's continuous service, on each of the first four anniversaries of the effective date, subject to his continued employment; (e) an automobile allowance of \$1,200 per month; (f) up to \$20,000 in reasonable relocation expenses if Mr. Arnett moves to the Chicagoland area; and (g) standard employee benefits as are generally available to employees of the Company.

If the Company terminates Mr. Arnett without cause (as defined in his employment agreement), in addition to payment of any accrued obligations, Mr. Arnett would be eligible to receive severance, subject to his execution of a general release of claims, consisting of: (i) certain accrued obligations; (ii) any determined, but unpaid, KPI or LTI bonus relating to the fiscal year prior to the fiscal year of termination; (iii) accelerated vesting of any unvested SARs; (iv) a prorated KPI or LTI bonus for the fiscal year in which his termination occurs; (v) 12 months of salary continuation payments; and (vi) 12 months of health benefit continuation coverage on the same terms as provided before Mr. Arnett's termination.

Mr. Xykis was promoted to the Company's Chief Technical Officer on March 15, 2021 and entered into an employment agreement with the Company at that time that superseded his prior employment agreement (including amendments thereto) as Vice President of Engineering.

Mr. Xykis' employment agreement provides that he will receive (a) an annual salary of \$335,000 per year; (b) an annual incentive bonus under the Company's KPI, with a target 50% of his base salary or as generally determined by the Company; (c) a bonus under the Company's LTI plan with a target of 60% of his base salary or as generally determined by the Company; (d) subject to approval of the Compensation Committee, an award of 25,000 SARs pursuant to the Company's 2012 Incentive Compensation Plan, with a strike price determined at the time grant, and with vesting to occur in equal installments on each of the first three anniversaries of the effective date, subject to his continued employment; (e) an automobile allowance of \$1,975 per month; (f) \$1,750 per month to cover the cost of gasoline for Mr. Xykis' Company-related travel for so long as Mr. Xykis commutes from his current home to the Company's headquarters; (g) reimbursement of reasonable amounts spent by Mr. Xykis on car insurance for his leased vehicle so long as Mr. Xykis submits documentation of such insurance costs to the Company; and (h) standard employee benefits as are generally available to senior employees of the Company.

If the Company terminates Mr. Xykis without cause (as defined in his employment agreement), Mr. Xykis would be eligible to receive: (i) certain accrued obligations; (ii) any determined, but unpaid, KPI or LTI bonus relating to the fiscal year prior to the fiscal year of termination; and (iii) a prorated KPI or LTI bonus for the fiscal year in which his termination occurs. In addition, subject to his execution of a general release of claims, Mr. Xykis is also eligible to receive severance consisting of: (x) 12 months of salary continuation payments; and (y) 12 months of health benefit continuation coverage on the same terms as provided before Mr. Xykis' termination.

Messrs. Miller's and Winemaster's employment agreements terminated in connection with each of their retirements from the Company. The terms of each of their separation agreements are described above under "Executive Team Transitions."

Each named executive officer is bound by certain confidentiality and restrictive covenants under their current or former employment agreements.

The 2021 salary information for Messrs. Arnett, Miller, Xykis and Winemaster includes payback of a temporary reduction in salary that occurred from July 2021 through December 31, 2021, which amounts were paid to each on December 31, 2021. Information about the payback to Mr. Winemaster is described more fully above under "Executive Team Transitions."

Long-Term Incentive Plan

The Company established an LTI Plan for the period January 1, 2020 to December 31, 2022. Pursuant to the LTI Plan, executives, including the named executive officers, are eligible to receive 50% to 150% of a target incentive amount (which target incentive amount is equal to 60% of the executive's base salary), with (i) 50% of the target incentive amount to be received as a bonus that is not tied to performance conditions and (ii) the remaining amount of 50% (plan target) to 100% (maximum) of the target incentive amount subject to the Company's performance against a performance indicator based on return on assets over the three-year performance period. The 50% of the target incentive amount (equal to 30% of the executive's base salary) vests in equal annual installments as follows: (i) one-third vested on December 31, 2020 and was paid out in the first quarter of 2021; (ii) one-third vested on December 31, 2021 and was paid out in April of 2022; and (iii) one-third will vest on December 31, 2022 along with any amount payable with respect to the performance-related component of the LTI plan (i.e. between 50% and 100% of the target incentive amount, depending on the Company's performance as outlined in the prior sentence), and will be paid out 30 days after 2022 audit results are approved. A full description of the Company's LTI Plan is available at Exhibit 10.35, "Description of Long-Term Incentive Plan" to the Company's Form 10-K for the year ended December 31, 2021, filed with the SEC on March 31, 2022.

OUTSTANDING EQUITY AWARDS AT 2021 YEAR-END

The table below shows outstanding SAR awards as of December 31, 2021 held by each named executive officer. No stock awards remained outstanding for any named executive officers as of December 31, 2021.

Name	Option/SAR Awards				
	Number of Securities Underlying Unexercised Options/SARs (#) Exercisable	Number of Securities Underlying Unexercised Options/SARs (#) Unexercisable	Equity incentive plan awards: Number of Securities Underlying Unexercised Unearned Options/SARs (#)	Option/SAR Exercise Price (\$)	Option/SAR Expiration Date
Lance M. Arnett	33,332	16,667 ¹	—	4.83	December 10, 2029
	0	80,000 ²		6.00	February 24, 2031
C. (Dino) Xykis	0	25,000 ³	—	6.82	March 12, 2031
Kenneth J. Winemaster	—	—	—	—	—
John P. Miller	—	—	—	—	—

- (1) The amount reported represents Mr. Arnett’s outstanding SAR award under the Company’s 2012 Incentive Compensation Plan (the “2012 Plan”), effective April 7, 2020, which has the following vesting schedule: 16,666 of the SAR shares vested and became exercisable on November 25, 2020, 16,666 of the SAR shares vested and became exercisable on November 25, 2021, and 16,667 of the SAR shares vest and become exercisable on November 25, 2022.
- (2) The amount reported represents Mr. Arnett’s outstanding SAR award under the 2012 Plan, effective February 24, 2021, which has the following vesting schedule: 20,000 of the SAR shares vested and became exercisable on February 19, 2022, 20,000 of the SAR shares vest and become exercisable on February 19, 2023, 20,000 of the SAR shares vest and become exercisable on February 19, 2024, and 20,000 of the SAR shares vest and become exercisable on February 19, 2025.
- (3) The amount reported represents Mr. Xykis’ outstanding SAR award under the 2012 Plan, effective March 12, 2021, which has the following vesting schedule: 8,333 of the SAR shares vested and became exercisable on March 15, 2022, 8,333 of the SAR shares vest and become exercisable on March 15, 2023, and 8,334 of the SAR shares vest and become exercisable on March 15, 2024.

Potential Payments Upon Termination or Change in Control

As of December 31, 2021, the Company had employment agreements with Messrs. Arnett, Xykis and Winemaster. Messrs. Arnett and Xykis are the only named executive officers currently with an employment agreement with the Company, which provides for payments upon termination without “cause” (as summarized above under the heading, “Employment Agreements with Named Executive Officers”). For a detailed description of the termination payments received by Messrs. Miller and Winemaster in connection with each’s retirement and resignation from the Company, please see the “Executive Team Transitions” section above.

Other than these arrangements and accelerated vesting of equity awards under the 2012 Plan, the Company currently does not have any compensatory plans or arrangements in place that provide for any payments or benefits upon the resignation, retirement or any other termination of any of the named executive officers, as the result of a change in control, or from a change in any named executive officer’s responsibilities following a change in control.

Clawback Policy

As part of the Company’s derivative litigation settlement, the Company adopted a formal clawback policy covering specified incentive compensation of officers (defined as only those individuals the Company has designated as subject to the reporting and liability provisions of Section 16 of the Exchange Act). This provision will be included in any new or amended employment agreements entered into with any existing or future officers of the Company on and after April 11, 2019. The clawback provision will provide that upon a termination for cause, an officer shall automatically forfeit:

1. Any bonus to which the officer might otherwise have been entitled pursuant to the Company’s KPI Plan related to the fiscal year prior to the fiscal year in which the termination date falls if the amount of such KPI Bonus has been determined by the Board but not yet paid; and (ii) for the fiscal year in which the separation takes place.
2. For the fiscal year in which the separation takes place, any Stock Appreciation Rights and unexercised options (whether vested or unvested) awarded pursuant to the Company’s 2012 Plan.

“Cause” means that the Company makes a good faith determination that the officer has: (1) violated any Company policy or procedure that causes material harm or risk to the Company including, but not limited to, sexual harassment, misappropriation, or fraud; (2) been convicted of a crime which is injurious to the Company’s operation or reputation; (3) engaged in a material breach of the officer’s employment agreement; (4) engaged in willful failure or willful inability to perform the officer’s duties under the officer’s employment agreement; (5) engaged in any act or omission, which in any material way impairs the reputation, goodwill or business position of the Company; or (6) the officer is prohibited by order of a government agency or court from being employed by the Company or any Company affiliate in the role set forth in the officer’s employment agreement.

For purposes of subsections (3) and (4) of this definition, a termination will not be for “Cause” to the extent such conduct is curable, unless the Company shall have notified the officer in writing describing such conduct and prescribing conduct required to cure such conduct and the officer shall have failed to cure such conduct within thirty (30) business days after his or her receipt of such written notice. For purposes of this definition of Cause, no act or failure to act on the part of the officer shall be considered willful if it is done, or omitted to be done, by the officer in good faith and with a good-faith belief that the officer’s act or omission was in the best interests of the Company.

Director Compensation

PSI directors generally receive the following compensation for their services as members of the Board:

- A cash retainer of \$50,000 per year.
- An additional cash retainer of \$25,000 per year to the Chairman of the Board and the Chair of the Audit Committee.
- 5,000 shares of restricted stock per year.
- Meeting fees of \$1,000 per day for each Board and Committee meeting.

The Company also reimburses directors for necessary and reasonable travel and other related expenses incurred in connection with the performance of their official duties of attendance at each meeting of the Board or any Committee.

The table below summarizes the compensation paid to each director for their service on the Board for the year ended December 31, 2021, as well as a stock grant related to Board service for the year ended December 31, 2020 that was not granted until 2021:

<u>Name</u>	<u>Fees Earned or Paid in Cash⁽¹⁾</u>	<u>Stock Awards⁽²⁾</u>	<u>Total</u>
Fabrizio Mozzi ⁽⁴⁾	\$ 6,040	\$ 9,130	\$ 15,170
Shaojun Sun	90,917	—	90,917
Frank P. Simpkins	96,000	34,650	130,650
Kenneth W. Landini	69,000	34,650	103,650
Hong He	72,000	29,900	101,900
Sidong Shao	62,000	—	62,000
Lei Lei ⁽⁴⁾	5,360	—	5,360
Guogang Wu ⁽³⁾	60,774	14,960	75,734
Xinghao Li ⁽³⁾	58,774	—	58,774

- (1) Director fees were not remitted to foreign directors in 2021, except for Dr. Sun, Guogang Wu and Sidong Shao, who each were paid their earned fees in 2021. The non-resident directors are in the process of applying to the Internal Revenue Service to obtain individual U.S. taxpayer identification numbers.

- (2) Reflects the aggregate grant date fair value of restricted stock granted to (i) Messrs. Simpkins, Landini, He, and Wu on June 18, 2021, which vested on July 10, 2021, and related to their 2020 Board service, and (ii) Messrs. Simpkins, Landini, He, Wu and Mozzi on December 22, 2021, which will vest on July 10, 2022, and related to their 2021 Board service. The grant date fair value is computed in accordance with FASB ASC Topic 718. As of December 31, 2021, the following directors had the following outstanding shares of restricted stock: (a) Messrs. Landini, Simpkins and He each had 5,000 outstanding shares of restricted stock, (b) Mr. Wu had 2,083 outstanding shares of restricted stock, and (c) Mr. Mozzi had 2,917 outstanding shares of restricted stock. Directors not employed by Weichai, which consist of Messrs. Simpkins, Landini and He received grants of restricted stock in 2021 related to their 2020 and 2021 Board service. Mr. Mozzi, who is employed by a subsidiary of Weichai, received a waiver from Weichai permitting him to receive a restricted stock award related to his Board service in 2021. Mr. Wu, a former Weichai employee, received grants of restricted stock related to his 2020 and 2021 Board service following his departure from Weichai.
- (3) Messrs. Wu and Li resigned from the Board effective December 7, 2021.
- (4) Mr. Mozzi and Ms. Lei were appointed to the Board effective December 7, 2021. Compensation for each's Board service was prorated for fiscal year 2021. Mr. Mozzi and Ms. Lei's fees earned for their 2021 Board service will be remitted in 2022.

**SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information known to the Company regarding beneficial ownership of shares of the Company's common stock as of April 21, 2022, by:

- each person who is known to us to be the beneficial owner of more than 5% of the outstanding shares of the Company's common stock;
- each named executive officer and each director; and
- all of the Company's executive officers and directors as a group.

The amounts and percentages of shares beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Beneficial ownership of Common Stock is based on 22,926,875 shares of Common Stock issued and outstanding as of April 21, 2022.

Except as otherwise indicated in the footnotes, each of the beneficial owners listed has, to the Company's knowledge, sole voting and investment power with respect to the indicated shares of Common Stock. Addresses for the beneficial owners are set forth in the footnotes to the table.

<u>Name and Address of Beneficial Owner(1)</u>	<u>Number of Shares of Common Stock</u>	<u>Percent of Outstanding Common Stock</u>
Directors:		
Fabrizio Mozzi(2)	—	—
Shaojun Sun, Ph.D.	—	—
Kenneth W. Landini	39,000	*
Frank P. Simpkins	20,000	*
Hong He	8,750	*
Sidong Shao	—	—
Lei Lei(2)	—	—
Executive Officers:		
Lance Arnett(3)	—	—
Kenneth J. Winemaster(4)	2,211,274	9.6%
C. Dino Xykis(3)	18,834	—
John P. Miller(5)	76,006	—
All executive officers and directors as a group (12 individuals)(3)(6)	2,373,864	10.4%
Parties owning beneficially more than 5% of the outstanding shares:		
Neil Gagnon(7)	2,296,851	10.0%
Gary S. Winemaster(8)	3,343,279	14.6%
Weichai(9)	11,749,759	51.2%

* Less than 1%.

(1) Unless otherwise indicated, the business address of each individual is 201 Mittel Drive, Wood Dale, Illinois 60191.

(2) Were appointed during December 2021.

(3) A stock appreciation right ("SAR") granted under an equity compensation plan of the Company in respect of one or more shares of Common Stock generally entitles the holder thereof the right to receive, either in Common Stock, or in cash or Common Stock as determined by the Compensation Committee in its discretion, an amount per share of Common Stock equal to the excess, if any, of (i) the fair market value of a share of Common Stock on the date the SAR is exercised, over (ii) the grant price of the SAR. As of April 21, 2022, the fair market value of a share of Common Stock was less than the grant price of each outstanding SAR awarded to Mr. Arnett and Mr. Xykis. As a result, no shares were acquirable as of that date through the exercise of SARs for Mr. Arnett and Mr. Xykis.

(4) Based on a Form 4 filed with the SEC May 16, 2019. Mr. Winemaster served as the Company's Executive Vice President until January 1, 2022. Open market purchases or sales, if any, by Mr. Winemaster of Common Stock since the date that he ceased serving as the Company's Executive Vice President are not known by the Company or reported in the table.

(5) Based on a Form 4 filed with the SEC June 4, 2019. Mr. Miller served as the Company's Chief Executive Officer and President until February 15, 2021. Open market purchases or sales, if any, by Mr. Miller of Common Stock since the date that he ceased serving as the Company's Chief Executive Officer and President are not known by the Company or reported in the table.

(6) This group includes in addition to those individuals named in the table: Mr. Thomas.

(7) According to the Schedule 13G/A filed with the SEC on February 1, 2022, Neil Gagnon holds sole voting power with respect to 226,996 shares of Common Stock and sole dispositive power with respect to 226,996 shares of Common Stock. In addition, Mr. Gagnon has shared voting power over 2,015,929 shares of Common Stock and shared dispositive power over 2,066,525 shares of Common Stock. Subsequent to the 13G/A filed with the SEC on February 1, 2022, Neil Gagnon filed (i) a Form 4 with the SEC on February 2, 2022 indicating the acquisition of 408 shares and (ii) a Form 4 with the SEC on February 8, 2022 indicating the acquisition of 2,922 shares. The amount of shares disclosed in the above table includes these transactions. The business address of Mr. Gagnon is 1370 Ave. of the Americas, 24th Floor, New York, NY 10019.

(8) According to the Form 4 filed with the SEC on February 17, 2022, Gary Winemaster beneficially owned 3,317,603 shares of Common Stock directly and 25,676 shares of Common Stock indirectly through his spouse's holdings.

(9) According to the Schedule 13D/A filed with the SEC on April 23, 2019, Weichai America Corp. holds shared voting power with respect to 11,749,759 shares of Common Stock and shared dispositive power with respect to 11,749,759 shares of Common Stock with Weichai Power and Shandong Heavy Industry Group Co., Ltd. The business address of Weichai America Corp. is 3100 Golf Road, Rolling Meadows, IL 60008.

Equity Compensation Plan Information

The following table summarizes information regarding the securities that may be issued under the 2012 Plan as of December 31, 2021:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities reflected in Column (a)) (a)
Equity compensation plans approved by security holders	130,520 ⁽¹⁾	\$ 7.87 ⁽²⁾	417,024 ⁽³⁾
Equity compensation plans not approved by security holders	—	—	—
Total	130,520	\$ 7.87	417,024

(1) Includes outstanding stock appreciation rights.

(2) Represents the weighted average exercise price of outstanding stock appreciation rights.

(3) Includes shares remaining available for issuance under the 2012 Plan as of December 31, 2021.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

RELATED PERSON POLICY AND TRANSACTIONS

Related Person Transactions Policy and Procedures

In the ordinary course of the Company's business, the Company may from time to time enter into transactions with its directors, officers and 5% or greater stockholders. The Audit Committee is responsible for approving related party transactions, as defined in applicable rules promulgated by the SEC. Our Audit Committee operates under a written charter pursuant to which all related party transactions are reviewed for potential conflicts of interest situations. Such transactions must be approved by our Audit Committee prior to consummation.

Related Person Transactions

Other than as described below, during the years ended December 31, 2021 and 2020, the Company did not enter into any related person transactions.

Weichai

In March 2017, the Company and Weichai executed a share purchase agreement (the "SPA") with Weichai. Under the terms of the SPA, Weichai invested \$60.0 million in the Company (the "Weichai Transaction") by purchasing a combination of newly issued common and preferred stock as well as a stock purchase warrant, which significantly strengthened the Company's financial condition and contributed to the subsequent extinguishment of a \$60.0 million term loan.

The stock purchase warrant issued to Weichai (the “Weichai Warrant”) was exercisable for any number of additional shares of common stock such that Weichai, upon exercise, would hold 51% of the common stock then outstanding on a fully dilutive basis, on terms and subject to adjustments as provided in the SPA. On April 23, 2019, Weichai exercised the Weichai Warrant and increased its ownership to 51.5% of the Company’s outstanding common stock, as of such date. With the exercise of the Weichai Warrant in April 2019, Weichai owns a majority of the outstanding shares of the common stock of the Company. As a result, Weichai is able to exercise control over matters requiring stockholders’ approval, including the election of the directors, amendment of the Company’s charter and approval of significant corporate transactions.

Weichai also entered into an Investor Rights Agreement (the “Rights Agreement”) with the Company upon execution of the SPA. The Rights Agreement provides Weichai with representation on the Company’s Board and management representation rights. According to the Rights Agreement, once Weichai exercised the Weichai Warrant and became the majority owner of the Company’s outstanding shares of common stock calculated on a fully diluted as-converted basis (excluding certain excepted issuances), the Company became required to appoint to the Board an additional individual designated by Weichai or such additional numbers of individuals so that Weichai designees constitute the majority of the directors serving on the Board. As of the date of this filing, Weichai has four representatives on the Board, which constitutes the majority of the directors serving on the Board.

The Company and Weichai executed a strategic collaboration agreement (the “Collaboration Agreement”) on March 20, 2017, in order to achieve their respective strategic objectives and enhance the strategic cooperation alliance to share experiences, expertise and resources. Among other things, the collaboration arrangement established a joint steering committee, permitted Weichai to second a limited number of certain technical, marketing, sales, procurement and finance personnel to work at the Company and established several collaborations, related to stationary natural-gas applications and Weichai diesel engines. The collaboration arrangement provided for the steering committee to create various sub-committees with operating roles and otherwise governs the treatment of intellectual property of parties prior to the collaboration and the intellectual property developed during the collaboration. The Collaboration Agreement had a term of three years that was set to expire in March 2020. On March 26, 2020, the Collaboration Agreement was extended for an additional term of three years.

In connection with the execution of the amendment and restatement of the Company’s uncommitted revolving credit agreement with Standard Chartered Bank (the “Amended and Restated Uncommitted Revolving Credit Agreement”) on March 26, 2021, the Company entered into an amendment and restatement of the shareholder’s loan agreement originally executed with Weichai America in December 2020 (the “First Amended and Restated Shareholder’s Loan Agreement”) on March 26, 2021. The First Amended and Restated Shareholder’s Loan Agreement provides the Company with a \$130.0 million secured subordinated loan facility that expires on April 25, 2022. Under the First Amended and Restated Shareholder’s Loan Agreement, Weichai America is obligated to advance funds solely for purposes of repaying outstanding borrowings under the Amended and Restated Uncommitted Revolving Credit Agreement if the Company is unable to repay such borrowings. Any potential borrowings under the First Amended and Restated Shareholder’s Loan Agreement would bear interest at LIBOR plus 4.50% per annum.

On July 14, 2021, the Company entered into an additional Shareholder’s Loan Agreement (the “Second Shareholder’s Loan Agreement”) with Weichai America. The Second Shareholder’s Loan Agreement provided the Company with a \$25.0 million uncommitted facility that is subordinated to the Amended and Restated Uncommitted Revolving Credit Agreement and any borrowing requests made under the Second Shareholder’s Loan Agreement are subject to Weichai America’s discretionary approval. Borrowings under the Second Shareholder’s Loan Agreement incurred interest at LIBOR plus 4.50% and were to be used for general corporate purposes, except for certain legal expenditures which required additional approval from Weichai America. The Second Shareholder’s Loan Agreement expires on May 20, 2022 with any outstanding principal and accrued interest due upon maturity.

On December 10, 2021, the Company entered into an additional Shareholder’s Loan Agreement (the “Third Shareholder’s Loan Agreement”) with Weichai America. The Third Shareholder’s Loan Agreement provides the Company with a \$50.0 million uncommitted facility that is subordinated to the Amended and Restated Uncommitted Revolving Credit Agreement and any borrowing requests made under the Third Shareholder’s Loan Agreement are subject to Weichai America’s discretionary approval. Borrowings under the Third Shareholder’s Loan Agreement bear interest at LIBOR plus 4.50% and can be used for general corporate purposes, except for certain legal expenditures which require additional approval from Weichai America. The Third Shareholder’s Loan Agreement expires on November 30, 2022 with any outstanding principal and accrued interest due upon maturity.

On March 25, 2022, in connection with the amendment of the Company’s uncommitted revolving credit agreement with Standard Chartered Bank (the “Second Amended and Restated Uncommitted Revolving Credit Agreement”), the Company also amended two of its shareholder’s loan agreements with Weichai America, to among other things, extend the maturities thereof. The amended First Shareholder’s Loan Agreement (the “Amended First Shareholder’s Loan Agreement”) continues to provide the Company with a \$130.0 million subordinated loan under which Weichai America is obligated to advance funds solely for purposes of repaying outstanding borrowings under the Second Amended and Restated Uncommitted Revolving Credit Agreement if the Company is unable to pay such borrowings. The amended Second Shareholder’s Loan Agreement (the “Amended Second Shareholder’s Loan Agreement”) continues to provide the Company with a \$25.0 million subordinated loan at the discretion of Weichai America. The maturity of the Amended

First Shareholder's Loan Agreement was extended to April 24, 2023 and the maturity of the Amended Second Shareholder's Loan Agreement was extended to May 20, 2023. Borrowings under both agreements will bear interest at an annual rate equal to SOFR plus 4.65% per annum. Further, if the applicable term SOFR is negative, the interest rate per annum shall be deemed as 4.65% per annum. If the interest rate for any loan is lower than Weichai America's borrowing cost, the interest rate for such loan shall be equal to Weichai America's borrowing cost plus 1.0%.

On April 20, 2022, the Company entered into an additional shareholder's loan agreement with Weichai America (the "Fourth Shareholder's Loan Agreement" together with the Amended First Shareholder's Loan Agreement, the Amended Second Shareholder's Loan Agreement and the Third Shareholder's Loan Agreement, the "Shareholder's Loan Agreements"). The Fourth Shareholder's Loan Agreement, which matures on March 31, 2023, provides the Company with access to up to \$30 million of credit at the discretion of Weichai America to supplement the Company's working capital. The Fourth Shareholder's Loan Agreement is subordinated in all respects to the Company's existing \$130 million uncommitted senior secured revolving credit facility with Standard Chartered Bank. Borrowings under the Fourth Shareholder's Loan Agreement will incur interest at the applicable Secured Overnight Financing Rate ("SOFR"), plus 4.65% per annum. Further, if the applicable term SOFR is negative, the interest rate per annum shall be deemed as 4.65% per annum. If the interest rate for any loan is lower than Weichai America's borrowing cost, the interest rate for such loan shall be equal to Weichai America's borrowing cost plus 1%.

The Shareholder's Loan Agreements are subject to customary events of default and covenants. The Company has covenanted to secure any amounts borrowed under the Shareholder's Loan Agreements upon payment in full of all amounts outstanding under the uncommitted revolving credit agreement with Standard Chartered Bank.

As of April 20, 2022, PSI had no borrowings under the Amended First Shareholder's Loan Agreement, \$25 million of borrowings under the Amended Second Shareholder's Loan Agreement, \$48 million of borrowings under the Third Shareholder's Loan Agreement, and no borrowings under the Fourth Shareholder's Loan Agreement.

In January 2022, PSI and Baudouin, a subsidiary of Weichai, entered into an international distribution and sales agreement which enables Baudouin to bring PSI's power systems line of products into the European, Middle Eastern, and African markets. In addition to sales, Baudouin will manage service, support, warranty claims, and technical requests. As of April 21, 2022, no sales have occurred.

Director Independence

While the Company's stock is currently traded on the OTCPink market, which requires the Company to establish and maintain fundamental corporate governance standards, the Company has elected to adopt more exacting governance standards that are substantially similar to the NASDAQ listing governance standards. The Board has determined that the Company is a "controlled company," as defined in Rule 5615(c)(1) of the NASDAQ Marketplace Rules. The Board has based this determination on the fact that Weichai currently owns a majority of the Company's common stock. Under the NASDAQ rules, a company where more than 50% of the voting power for the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain NASDAQ corporate governance requirements, including:

- a majority of the Board consists of independent directors;
- PSI's Nominating Committee be composed entirely of independent directors; and
- PSI's Compensation Committee be composed entirely of independent directors.

The Company is not currently relying on the controlled company exemption for the above requirements, but may in the future.

Unless the Company avails itself of the "controlled company" status as discussed above, pursuant to NASDAQ listing standards, a majority of the members of the Board must qualify as "independent," as affirmatively determined by the Board. In addition to the NASDAQ independence requirements, the Company also applies the independence guidelines set forth in its Corporate Governance Guidelines, which are available on the Company's website at www.psiengines.com in the "Investors" section, under "Governance" which are substantially similar to the NASDAQ's director independence requirements and "controlled company" exemptions. Consistent with this requirement, based on the review and recommendation of the Company's Nominating Committee, the Board reviewed all relevant identified transactions or relationships between each of the Company's directors, or any of their family members, and PSI, the Company's senior management and the Company's independent registered public accounting firm, and has affirmatively determined that each of Dr. Sun, Messrs. He, Landini, Mozzi, Simpkins and Ms. Lei and each former director, Messrs. Li and Wu meets the standards of independence under the applicable NASDAQ listing standards. In making this determination, the Board found Dr. Sun, Ms. Lei and Messrs. He, Landini, Mozzi and Simpkins and former directors, Messrs. Wu and Li to be free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company. The Board has also determined that each member of its Audit Committee is independent under NASDAQ Rule 5605(a)(2). The Board found that Mr. Shao is not independent under the applicable NASDAQ listing standards.

AUDIT-RELATED MATTERS

Independent Registered Public Accounting Firm Fees

The following table shows the fees for professional services rendered to us by BDO USA, LLP (“BDO”) for services in respect of the years ended December 31, 2021 and 2020.

	2021	2020
Audit Fees(1)	\$2,195,702	\$2,561,608
Audit-Related Fees(2)	—	—
Tax Fees(3)	—	—
All Other Fees(4)	—	—
Total Fees	<u>\$2,195,702</u>	<u>\$2,561,608</u>

- (1) *Audit Fees:* Audit fees for the fiscal years 2021 and 2020 include the aggregate fees incurred for the audit of the Company’s annual consolidated financial statements and to review interim quarterly consolidated financial information.
- (2) *Audit-Related Fees:* The Company did not engage BDO for any audit-related services during the 2021 and 2020 fiscal years.
- (3) *Tax Fees:* The Company did not engage BDO for any tax services during the 2021 and 2020 fiscal years.
- (4) *All Other Fees:* The Company did not engage BDO for any other services during the 2021 and 2020 fiscal years.

In accordance with its charter, the Audit Committee approved in advance all audit services provided by the Company’s independent registered public accounting firm for fiscal year 2021.

Pre-Approval Policy and Procedures

In accordance with its charter, the Audit Committee approves in advance all audit and non-audit services to be provided by the Company’s independent registered public accounting firm.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

EXHIBIT INDEX

The following documents listed below that have been previously filed with the SEC (1934 Act File No. 001-35944) are incorporated herein by reference:

Exhibit No.	Exhibit Description	Incorporated by Reference Herein			
		Form	Exhibit	Filing Date	File No.
2.1†	Agreement and Plan of Merger dated April 29, 2011, by and among Format, Inc., PSI Merger Sub, Inc. and The W Group, Inc.	8-K	2.1	05/05/2011	000-52213
2.2	Stock Purchase Agreement, dated as of April 1, 2014, by and among Power Solutions International, Inc., Carl L. Trent, Kenneth C. Trent and CKT Holdings, Inc.	8-K	10.1	04/02/2014	001-35944
3.1	Certificate of Incorporation of Power Solutions International, Inc., a Delaware corporation, originally filed with the Secretary of State of the State of Delaware on August 12, 2011.	S-1/A	3.4	08/19/2011	333-174543
3.2	Amended and Restated Bylaws of Power Solutions International, Inc.	8-K	3.1	08/18/2015	001-35944
3.3	Form of Certificate of Designation of Series B Convertible Perpetual Preferred Stock of Power Solutions International, Inc.	8-K	3.1	03/27/2017	001-35944
3.4	Second Amended and Restated Bylaws of Power Solutions International, Inc., dated as of December 23, 2020.	8-K	3.1	12/31/2020	001-35944
4.1	Description of the registrant's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.	10-K	4.11	05/04/2020	001-35944
10.1††	Power Solutions International, Inc. 2012 Incentive Compensation Plan.	8-K	10.3	06/07/2012	000-52213
10.2††	Amendment No. 1 to the Power Solutions International, Inc. 2012 Incentive Compensation Plan.	DEF14A	Appendix A	08/02/2013	001-35944
10.3††	Form of Restricted Stock Agreement by and between Power Solutions International, Inc. and each eligible employee.	8-K	10.1	06/20/2013	001-35944
10.4††	Form of Indemnification Agreement by and between Power Solutions International, Inc. and certain Indemnitees.	8-K	10.1	01/09/2014	001-35944
10.5	Amended and Restated Lease Agreement, dated as of April 1, 2014, by and between Professional Power Products, Inc. and 448 W. Madison LLC.	8-K	10.2	04/02/2014	001-35944
10.6	Lease Agreement, dated as of October 1, 2014, by and between Power Solutions International, Inc. and Hamilton Lakes Commerce Center #4 Limited Partnership.	8-K	10.2	10/01/2014	001-35944
10.7	Lease Agreement, dated as of December 1, 2017, by and between Power Solutions International, Inc. and James Campbell Company LLC.	10-K	10.26	05/16/2019	001-35944
10.8	First Lease Amendment, dated as of July 11, 2018, by and between Power Solutions International, Inc. and Centerpoint Properties Trust, in connection with that certain Industrial Building Lease dated as of March 13, 2012, with respect to that certain premises located at 101 Mittel Drive (formerly 801 EC Drive) in Wood Dale, Illinois.	8-K	10.1	07/18/2018	001-35944

Exhibit No.	Exhibit Description	Incorporated by Reference Herein			
		Form	Exhibit	Filing Date	File No.
10.9	Second Lease Amendment, dated as of July 11, 2018, by and between Power Solutions International, Inc. and CenterPoint Properties Trust, in connection with that certain Industrial Building Lease dated as of February 28, 2012, as further amended by that certain First Lease Amendment dated June 1, 2012, with respect to that certain premises located at 201 Mittel Drive, Wood Dale, Illinois.	8-K	10.2	07/18/2018	001-35944
10.10†††	Addendum dated as of July 31, 2014, to Supply Agreement dated December 11, 2007, by and between Power Solutions International, Inc. and Doosan Infracore Co., Ltd., as amended.	8-K	10.1	08/06/2014	001-35944
10.11	Asset Purchase Agreement dated as of May 4, 2015 by and among Power Solutions International, Inc., Powertrain Integration Acquisition, LLC, as the Buyer, and Powertrain Integration, LLC and its principals, as the Seller.	8-K	10.1	05/06/2015	001-35944
10.12	Form of Investor Rights Agreement between Power Solutions International, Inc. and Weichai America Corp.	8-K	10.3	03/27/2017	001-35944
10.13	Shareholders Agreement by and among Power Solutions International, Inc., Weichai America Corp. and the Founding Stockholders, dated as of March 20, 2017.	8-K	10.4	03/27/2017	001-35944
10.14†††	Strategic Collaboration Agreement between Weichai Power Co. Ltd. and Power Solutions International, Inc., dated March 20, 2017.	8-K	10.5	03/27/2017	001-35944
10.15	Securities Exchange Agreement, dated as of November 30, 2017, by and among Power Solutions International, Inc., and Weichai America Corp.	8-K	10.1	12/05/2017	001-35944
10.16††	Employment Agreement, dated June 15, 2017, by and between Power Solutions International, Inc. and John P. Miller.	8-K/ A	10.1	06/21/2017	001-35944
10.17††	Employment Agreement, dated November 28, 2017, by and between Power Solutions International, Inc. and Kenneth Winemaster.	8-K	10.1	12/04/2017	001-35944
10.18	Amendment to the Power Solutions International, Inc. 2012 Incentive Compensation Plan (As Amended July 31, 2013).	10-K	10.40	05/16/2019	001-35944
10.19	Addendum #10, dated as of September 16, 2019, to Supply Agreement, dated as of December 11, 2007, by and between Power Solutions International, Inc. and Doosan Infracore Co., Ltd., as amended.	8-K	10.1	10/02/2019	001-35944
10.20	First Amendment to Strategic Collaboration Agreement, dated as of March 26, 2020, by and between the Company and Weichai Power.	8-K	10.1	04/01/2020	001-35944
10.21	Credit Agreement, dated as of March 27, 2020, between the Company and Standard Chartered Bank, as administrative agent.	8-K	10.1	04/06/2020	001-35944
10.22††	Confidential Consulting Agreement	10-Q	10.1	05/04/2019	001-35944
10.23	First Amendment to Credit Agreement and Limited Waiver, dated as of December 28, 2020, among the Company, certain subsidiaries of the Company party thereto, the lenders party thereto and Standard Chartered Bank, as administrative agent.	8-K	10.1	12/31/2020	001-35944
10.24	Shareholder's Loan Agreement, dated as of December 28, 2020, between the Company and Weichai America Corp.	8-K	10.2	12/31/2020	001-35944
10.25††	Employment Agreement, dated as of February 15, 2021, between the Company and Lance Arnett	8-K	10.1	02/16/2021	001-35944
10.26††	Separation Agreement and Release, dated as of February 15, 2021, between the Company and John P. Miller	8-K	10.2	02/16/2021	001-35944
10.27*±	Retirement Agreement and Release, dated as of December 14, 2021, between the Company and Kenneth Winemaster				
10.28	Shareholder's Loan Agreement, dated as of December 10, 2021, between the Company and Weichai America Corp.	8-K	10.1	12/16/2021	001-35944

Exhibit No.	Exhibit Description	Incorporated by Reference Herein			
		Form	Exhibit	Filing Date	File No.
10.29	Second Amended and Restated Uncommitted Revolving Credit Agreement, dated as of March 25, 2022, among the Company, certain subsidiaries of the Company party thereto, the lenders party thereto and Standard Chartered Bank, as administrative agent.	8-K	10.1	03/28/2022	001-35944
10.30	Second Amended and Restated Shareholder's Loan Agreement, dated as of March 25, 2022, between the Company and Weichai America Corp.	8-K	10.2	03/28/2022	001-35944
10.31	First Amended and Restated Shareholder's Loan Agreement, dated as of March 25, 2022, between the Company and Weichai America Corp.	8-K	10.3	03/28/2022	001-35944
10.32*††	Employment Agreement, dated March 15, 2021, by and between Constantine Xykis And Power Solutions International, Inc.				
10.33††	Description of Long-Term Incentive Plan	10-K	10.35	03/30/2021	001-35944
21.1	Subsidiaries of Power Solutions International, Inc.	10-K	21.1	03/31/2022	001-35944
23.1	Consent of BDO USA, LLP	10-K	23.1	03/31/2022	001-35944
31.1	Certification of Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	10-K	31.1	03/31/2022	001-35944
31.2	Certificate of Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	10-K	31.2	03/31/2022	001-35944
31.3*	Certification of Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.4*	Certification of Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1**	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	10-K	32.1	03/31/2022	001-35944
32.2**	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	10-K	32.2	03/31/2022	001-35944
101.INS	XBRL Instance Document.	10-K	101.INS	03/31/2022	001-35944
101.SCH	XBRL Taxonomy Extension Schema Document.	10-K	101.SCH	03/31/2022	001-35944
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	10-K	101.CAL	03/31/2022	001-35944
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.	10-K	101.LAB	03/31/2022	001-35944
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	10-K	101.PRE	03/31/2022	001-35944
101.DEF	XBRL Taxonomy Definition Linkbase Document.	10-K	101.DEF	03/31/2022	001-35944
104*	The cover page of this Annual Report on Form 10-K/A (Amendment No. 1) for the fiscal year ended December 31, 2021, formatted in Inline XBRL.				

* Filed with this Report.

** This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

± This exhibit replaces the inadvertently filed Exhibit 10.1 to the Form 8-K filed on December 17, 2021.

† Exhibits and schedules omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant agrees to furnish a supplemental copy of an omitted exhibit or schedule to the SEC upon request.

†† Management contract or compensatory plan or arrangement.

††† Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been separately filed with the SEC.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on the 2nd day of May, 2022.

POWER SOLUTIONS INTERNATIONAL, INC.

By: /s/ Matthew Thomas

Name: **Matthew Thomas**

Title: Interim Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 2nd day of May, 2022.

<u>Signature</u>	<u>Title</u>
<u>/s/ Lance Arnett</u> Lance Arnett	Chief Executive Officer and President (Principal Executive Officer)
<u>/s/ Matthew Thomas</u> Matthew Thomas	Interim Chief Financial Officer (Principal Accounting Officer)
<u>/s/ Fabrizio Mozzi</u> Fabrizio Mozzi	Chairman of the Board and Director
<u>/s/ Shaojun Sun</u> Shaojun Sun	Vice Chairman of the Board and Director
<u>/s/ Sidong Shao</u> Sidong Shao	Director
<u>/s/ Kenneth W. Landini</u> Kenneth W. Landini	Director
<u>/s/ Frank P. Simpkins</u> Frank P. Simpkins	Director
<u>/s/ Hong He</u> Hong He	Director
<u>/s/ Lei Lei</u> Lei Lei	Director

CONFIDENTIAL RETIREMENT AGREEMENT AND RELEASE

This Confidential Retirement Agreement and Release (the “Agreement”) is entered into between Kenneth Winemaster (“Winemaster”) and Power Solutions International, Inc. (the “Company”). This Agreement will be effective upon expiration of the revocation period provided in Section 11 of this Agreement (the “Effective Date”).

BACKGROUND

1. Winemaster currently serves as the Executive Vice President of the Company and is a co-founder of the Company.
2. Winemaster desires to retire from his position as Executive Vice President and desires to retire from full time employment.

3. Winemaster and PSI enter into the following Agreement to (a) provide Winemaster with the benefits described below in recognition of his 36 years of contribution and service to the Company, (b) provide an orderly transition of Winemaster’s responsibilities and keep access to Winemaster’s cooperation regarding Company operations and strategy, (c) avoid any disputes between them relating to or arising from Winemaster’s employment by the Company or his resignation of employment; and (d) facilitate the Company’s desire to have control over the timing of Winemaster’s resignation of employment and the Company’s announcement of his retirement.

AGREEMENT

1. Retirement of Employment. Winemaster will voluntarily resign his employment effective January 1, 2022 (the “Retirement Date”). Winemaster’s retirement will be announced at a mutually agreed time, and in a mutually agreed manner, by a statement prepared by the Company and approved by Winemaster. The Company will continue to employ Winemaster through the Retirement Date and will continue to provide Winemaster with all compensation and benefits set forth in Paragraph 4 of his Employment Agreement dated September 21, 2017 (“Employment Agreement”) and shall not terminate his employment for any reason prior to the Retirement Date.

2. Retirement Benefits. In consideration for this Agreement, the Company will provide the following benefits to Winemaster:

A. The Company will pay Winemaster severance payments in the total amount of \$348,070.08, less applicable withholdings. Payments of the amount of \$348,070.08 shall be payable in twelve monthly installments of \$29,005.84 payable by the first day of each month in the months of January 2022 through December 2022. At such time as Company executives are reimbursed for the 10% reduction in salary instituted July 1 of 2021, but no later than July 1, 2022, the company shall pay Winemaster \$16,737, less applicable withholdings, representing the payback of the 10% reduction in salary for Winemaster from July through December 2021.

B. On January 1, 2023 the Company will pay Winemaster \$32,500 under the 2019 Long Term Incentive (LTI) plan, as long as paid to other executive LTI participants for the 2021 LTI plan year as full and complete payment under the LTI plan.

C. The Company will maintain Winemaster's United Airlines Mileage Plus Global Service status throughout the current term and for one additional term, to the extent the Company continues to participate in the United Airlines miles program.

D. If Winemaster timely elects COBRA health insurance continuation coverage, the Company will pay a proportional share of the premiums owed by Winemaster as if Winemaster were still employed by the Company for a period of thirteen months. Winemaster will be responsible for submitting all notices and forms required to elect COBRA.

Winemaster acknowledges and agrees that he is responsible for the employee's share of any and all tax liability, if any, arising from the Retirement Benefits provided in Paragraph 2.

3. Indemnification. The Company agrees that the Indemnification Agreement between Winemaster and the Company dated January 20, 2014 and any duly executed amendments thereto ("Indemnification Agreement") remains in full force and effect. A true and accurate copy of the Indemnification Agreement is attached hereto as Exhibit A and is fully incorporated by reference.

4. Release. In exchange for the consideration specified in this Agreement, except for claims specifically exempted from the terms of this Release under the Agreement, Winemaster, on behalf of himself and his heirs, legatees, personal representatives and assigns, releases and discharges the Company, the Company affiliates, and each of their respective officers, directors, members, managers, partners and shareholders, (collectively, the "Released Parties") from any and all claims and causes of action, whether known or unknown, that Winemaster has, had or may have against them, related in any way to his employment with the Company or separation of employment, including any and all claims under the Employment Agreement. This release specifically includes, but is in no way limited to, (i) all claims arising from or relating in any way to Winemaster's employment with the Company or his separation from employment with the Company; (ii) all claims under Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, 42 U.S.C. §§ 2000e *et seq.*; the Civil Rights Acts of 1866 and 1871 as amended, 42 U.S.C. § 1981; the Age Discrimination in Employment Act of 1967 as amended, 29 U.S.C. §§ 621 *et seq.*; the Americans With Disabilities Act of 1990, 42 U.S.C. §§ 12101 *et seq.*, as amended; the Equal Pay Act, 29 U.S.C. § 29 U.S.C. § 206(d); the Family and Medical Leave Act of 1993, 29 U.S.C. §§ 2601 *et seq.*, as amended; the Employee Retirement Income Security Act of 1973 as amended, 29 U.S.C. §§ 1001 *et seq.*; the Occupational Safety and Health Act of 1970 as amended, 29 U.S.C. §§ 651 *et seq.*; the Illinois Human Rights Act, 765 ILCS 5/1-101 *et seq.*, the Illinois Whistleblower Act, 740 ILCS 174/1 *et seq.*, or any provision of Chapter 820 of the Illinois Compiled Statutes; and (iv) any other claims or causes of action that Winemaster has, had, or may have had under any federal, state, or local statute, regulation, ordinance, or the common law. Winemaster waives any right to receive any monetary or other benefit because of any charge, claim, lawsuit, or administrative proceeding based upon any claim released in this Agreement. This release does not apply to claims for workers' compensation benefits or other claims that cannot be released under applicable law. For avoidance of doubt, this Release shall not act to preclude Winemaster from asserting any rights or claims as a Shareholder of the Company and shall not release any claims or modify any rights available to Winemaster under the Indemnification Agreement. Nothing in this Agreement limits Winemaster's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor

Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state, or local government agency or commission ("Government Agencies"), but Winemaster waives his right to recover damages from PSI should any agency pursue a claim on his behalf. Winemaster further understands that this Agreement does not limit his ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency. Nothing in this Agreement is intended to prevent, impede or interfere with Winemaster providing truthful testimony and information in the course of an investigation authorized by law and conducted by any Government Agencies.

5. Cooperation. Winemaster agrees to make himself reasonably available to assist in any transition related duties as requested by the Company. Winemaster also agrees to provide reasonable assistance to the Company and the Company's attorneys upon request in connection with any, strategy or industry issues that Winemaster has been working on and as to which Winemaster has special knowledge, relating to matters within the scope of his employment by the Company, and the Company agrees to reimburse him for time incurred on such assistance at the rate of \$250/hour, consistent with the per diem provision in his Employment Agreement. Winemaster agrees to cooperate with the Company on all reasonable requests. Winemaster agrees that he will be responsible for any and all tax liability, if any, arising from the payments received under this Paragraph 5. The scope and timing of such projects and assistance shall be mutually agreed upon in advance by Winemaster and the Company to the extent practicable. This provision is intended to modify Section 8(b) of the Employment Agreement to remove the 18-month time limitation and to specify the per diem rate to be paid Winemaster. The remainder of Section 8(b) is incorporated herein by reference and is considered part of this Agreement. Winemaster understands that nothing in this Agreement prevents or is intended to discourage him from speaking to or cooperating with the government in the ongoing investigations.

The Company will cooperate and reasonably assist Winemaster to remove legend restrictions on Winemaster's Company stock (PSIX) in a timely manner and as reasonably requested by Winemaster.

6. Expenses. Winemaster agrees to disclose and reimburse PSI for any amounts PSI paid for airline tickets or credits that remain unused no later than April 30, 2022. Winemaster shall submit documentation for any outstanding Business Expenses under Section 4(e) of the Employment Agreement no later than April 30, 2022. For the avoidance of doubt, nothing in this Paragraph 6 is intended to interfere with or affect the parties' respective rights and obligations under the Indemnification Agreement.

7. Post-Employment Covenants Winemaster agrees that the provisions of Sections 6, 7 and 8 of his Employment Agreement remain enforceable and are not superseded by this Agreement. For the avoidance of doubt, Section 6 (a) of Winemaster's employment agreement (Confidential Information) does not prohibit Winemaster from providing non-privileged information to a government agency, regulatory body or self-regulatory organization investigating a matter related to his employment with the Company, and Winemaster is not required to provide notice to the Company, or obtain approval from the Company, prior to providing such information to the government agency, regulatory body or self-regulatory organization. Nothing in this Agreement is intended to limit or interfere with Winemaster's ability to effectively defend himself in connection with any investigation by a government agency, regulatory body or self-regulatory organization.

8. Confidentiality. The Company and Winemaster will keep the fact and terms of this Agreement confidential and will not discuss or disclose these matters with or to any third person other than Winemaster's attorneys and tax or financial advisors, except as required by law. Winemaster and the Company will advise any such person to whom such information is disclosed that the information is confidential and may not be disclosed except as provided herein. This Section does not preclude the Company or Winemaster from disclosing this Agreement or information about this Agreement to a court or government agency as part of a legal proceeding or investigation, provided that any such disclosure, submission, or filing is made under seal and on a confidential basis to the maximum extent allowed by law.

9. Non-Disparagement. Except as provided in the next sentence, Winemaster and the Company hereby agree not to make any statement at any time, in the present or future, to any person or entity which if publicized, would cause the other party humiliation or embarrassment, or would cause the public to question his integrity, competence or good character. For the avoidance of doubt, nothing in this Agreement in any way precludes or interferes with, or is intended to preclude or interfere with Winemaster or the Company or their agents from providing testimony or information as part of a legal proceeding or investigation or making any statements to any government enforcement or regulatory agency.

10. Knowing and Voluntary Waiver of Age Claims. Winemaster acknowledges that:

A. He has been given a period of at least 21 days after being presented with this Agreement in which to consider whether to sign it, and has an adequate opportunity to review this Agreement and obtain any legal advice necessary to fully understand its terms;

B. He has read and understands this Agreement;

C. He is waiving any and all claims against the Company under the Age Discrimination in Employment Act arising up to the date on which he signs this Agreement; and

D. He has been advised that he may consult with an attorney of his choice before executing this Agreement.

11. Revocation. Winemaster may revoke this Agreement within seven calendar days after signing it. The revocation will be effective only if written notice is received by the Company before the eighth calendar day after Winemaster signs this Agreement. The Company's obligations under this Agreement will not take effect unless the time for Winemaster to revoke this Agreement has expired and Winemaster has not revoked the Agreement.

12. Notice. Any notice provided for in this Agreement must be in writing and sent to the recipients at the address indicated below:

If to Winemaster:

Kenneth Winemaster
KWinemaster@gmail.com

If to the Company:

Power Solutions International, Inc.
201 Mittel Drive
Wood Dale, IL 60191
Attn: William Buzogany
wbuzogany@pslengines.com

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States, return receipt requested, upon actual receipt; (b) if sent by reputable overnight air courier (such as DHL or Federal Express), two business days after being so sent; or (c) if by electronic mail or otherwise actually personally delivered, when so delivered.

13. Taxes and Deductions. All payments provided for in this Agreement will be subject to payroll tax withholding and deductions to the extent required by law. Each party will report, as may be required by law for income tax purposes, its respective payment and receipt of the payments provided for in this Agreement and will bear its respective tax liabilities, if any, arising from this Agreement.

14. No Admission of Wrongdoing. Nothing in this Agreement constitutes an implication or admission of wrongdoing by Winemaster or the Company.

15. Section 409A.

A. The intent of the parties is that payments and benefits under this Agreement comply with Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Section 409A") including the exceptions thereto and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith, and any payments hereunder shall be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. The company shall be entitled to amend this Agreement to comply and/or clarify a payment's compliance with Section 409A (or an exemption therefrom), provided, however, to the extent that any provision hereof is modified, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Executive and the Company of the applicable provision without violating the provisions of Section 409A. Notwithstanding anything in the Agreement to the contrary, in no event whatsoever shall the Company be liable for any tax, interest or penalty that may be imposed on Winemaster under Section 409A or any damages for failing to comply with Section 409A.

B. Notwithstanding anything in this Agreement to the contrary, if any payment or benefit provided to Winemaster in connection with his retirement and separation of employment is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A and Winemaster is determined to be a “specified employee” as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Termination Date or, if earlier, on Winemaster’s death (the “Specified Employee Payment Date”). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid (without interest) to Winemaster in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

C. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following: (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (b) any reimbursement of an eligible expense shall be paid to Winemaster on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (c) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

16. Entire Agreement. This Agreement sets forth the entire agreement of the Parties and supersedes all prior and contemporaneous agreements and understandings between the Parties, including but not limited to the Employment Agreement, except as otherwise explicitly stated herein.

17. Choice of Law. This Agreement is to be construed in accordance with the laws of the State of Illinois, without regard to conflict of law principles.

18. Modification of this Agreement. This Agreement may not be amended or modified except in a writing signed by the Party against whom the amendment or modification is to be enforced.

19. Execution in Counterparts. This Agreement may be signed in counterparts, which together will form the original.

20. Severability. Nothing in this Agreement is to be construed as waiving rights that cannot be waived under applicable law, or as barring either Party from providing information or truthful testimony when required to do so under applicable law. Should any portion of this Agreement be ruled unenforceable by a court of competent jurisdiction, the remainder of this Agreement and the releases and covenant not to sue contained herein will remain in full force and effect as to any and all other claims.

Accepted and Agreed To By:

KENNETH WINEMASTER

/s/ Kenneth Winemaster

Date: 12/14/2021

POWER SOLUTIONS INTERNATIONAL, INC.

By: /s/ Lance Arnett

Title: Chief Executive Officer

Date: 12/14/2021

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is dated this 15th day of March 2021, by and between Constantine Xykis (“Xykis”) and Power Solutions International, Inc. (“Company”).

PREAMBLE

WHEREAS, Xykis has been employed by Company since December 1, 2010 as Vice President of Engineering the terms of which were subsequently set forth in an Employment Agreement between the Parties on April 4, 2018 and then amended on November 6, 2020 to set forth Xykis automobile allowance (the Employment Agreement and First Amendment shall hereafter be referred to as the “2018 Employment Agreement as amended”);

WHEREAS, the Company desires to promote Xykis to the position of Chief Technical Officer (“CTO”) of the Company, a section 16 Officer, effective March 15, 2021 (the “Effective Date”);

WHEREAS, Xykis desires to be employed by the Company as its CTO and to perform services on behalf of the Company; and

WHEREAS, Xykis and the Company desire to enter into this Agreement to, among other things, set forth (i) the continued terms and conditions of Xykis’s employment with the Company which shall supersede and cancel any other or different terms or conditions of employment, except as stated herein, including the 2018 Employment Agreement as amended; and (ii) the obligation of Xykis to comply with certain other covenants under certain circumstances as provided below.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, which the parties agree constitute good and sufficient consideration, the Company and Xykis agree as follows:

AGREEMENT

1. Incorporation of Preamble. The preambles to this Agreement are hereby incorporated into this Agreement and made an integral part of this Agreement by this reference.

2. Employment. The Company shall continue to employ Xykis, and Xykis hereby accepts such continued employment, upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending as provided in Section 5 (the “Employment Period”). Xykis’s employment is “at-will” and may be terminated by either party at any time, subject to the provisions of Section 5.

3. Position and Duties.

(a) Xykis shall serve as the Company's CTO, with overall responsibility for the day-to-day operations of the engineering functions of the Company and such other duties as are normally commensurate with executive's position. In this role Xykis will lead the strategy for technology platforms, partnerships and external relationships, identify, compare, select and implement technology solutions to meet current and future needs and represent the technological agenda in staff meetings when making hiring decisions. Xykis shall report to the Chief Executive Officer of the Company (the "CEO").

(b) Xykis shall perform Xykis's duties in a conscientious, reasonable and competent manner and shall strive to promote the success and best interests of Company. If the material duties of Xykis's position change, the Company agrees to negotiate in good faith with Xykis concerning possible changes to the compensation, benefits and other terms and conditions of employment described in this Agreement.

(c) During the Employment Period, Xykis shall devote Xykis's full business time, attention, skill and energy to the business and affairs of the Company and the Company Affiliates and shall use Xykis's reasonable best efforts to faithfully perform Xykis's responsibilities in a diligent, trustworthy, efficient and businesslike manner to promote the success and best interests of the Company.

4. Compensation and Benefits.

(a) Base Salary. Xykis's base salary shall be \$335,000.00 per annum. (the "Base Salary"). Xykis's Base Salary will be payable by the Company in regular semi-monthly installments in accordance with the Company's general payroll practices.

(b) KPI Bonus. For each of the Company's fiscal year during the Employment Period, Xykis shall be eligible to participate in any Company Key Performance Indicator ("KPI") plan in accordance with the terms and conditions of such plan, if any, with a target KPI equal to 50% of his Base Salary or as generally determined by the Company for the overall KPI plan .

(c) LTI Bonus. For each of the Company's fiscal year during the Employment Period, Xykis shall be eligible to participate in any Long-Term Incentive (LTI) plan in accordance with the terms and conditions of such plan, if any, with a target LTI bonus equal to 60% of his Base Salary or as generally determined by the Company for the overall LTI plan.

(d) Equity. Subject to the approval of the Compensation Committee, Xykis shall be awarded a stock grant of 25,000 SARs with a strike price determined at the time of Compensation Committee approval. Vesting occurs pro rata over a three-year period with: 8,333 SARs awards vesting on March 15, 2022, 8,333 SARs awards vesting on March 15 2023, and the remaining 8,334 SARs awards vesting on March 15, 2024, provided that Xykis has not quit or voluntarily terminated his employment as CTO or been terminated for cause or due to death or incapacity in which case any unvested SARs awards shall be extinguished and forfeited by Xykis. The SARs awards shall be subject to the terms and conditions of the Power Solutions 2012 Incentive Compensation Plan.

(e) Automobile allowance. The Company will pay Employee One Thousand Nine Hundred Seventy-Five Dollars (\$1,975.00) per month towards Employee's automobile lease. Additionally, the Company will also pay Employee One Thousand Seven Hundred Fifty Dollars (\$1,750.00) per month to cover the cost of gasoline to travel on behalf of the Company for as long as Employee commutes from his current home to the Company headquarters in Wood Dale, Illinois. The Company will also pay employee for reasonable amounts spent on auto insurance for his leased vehicle within 30 days of Employee submitting such amounts to Company with documentation of such insurance costs. All amounts received by Employee will be subject to applicable withholdings as required by applicable law.

(f) Business Expenses. During the Employment Period, the Company will reimburse Xykis for all reasonable expenses incurred by him in the course of performing his duties and responsibilities under this Agreement to the extent consistent with the Company policies in effect from time to time with respect to travel, entertainment and other business expenses for the Company employees, subject to the Company reasonable requirements, including submission of an expense report on a monthly basis, with respect to reporting and documentation of such expenses.

(g) Benefits. During the Employment Period, Xykis shall be entitled to participate in all Company employee benefit programs for which senior employees of the Company are generally eligible.

(h) Vacation. Xykis shall be eligible to take vacation as approved by the CEO.

(i) Payroll Withholding. All amounts payable to Xykis by the Company as compensation will be subject to withholding by the Company as required under applicable law.

5. Term; Termination; Severance. The Employment Period will commence on the Effective Date and will continue until the first to occur of (i) Xykis's death; (ii) a termination by the Company at any time; (iii) or a termination by Xykis at any time. Any termination of Xykis's employment with the Company shall be a "Termination." The date of any termination of Xykis's employment with the Company shall be the "Termination Date."

(a) The Company may terminate Xykis's employment at any time with Cause (as defined in Section 9(b) of this Agreement) or without cause, by giving written notice of such termination to Xykis designating an immediate or future date, as outlined below.

(b) Xykis may terminate Xykis's employment by giving the Company ninety (90) days' prior written Notice of Termination (as defined in Section 5(c) of this Agreement). Upon such notice, the Company may, at its option, (i) make Xykis's termination effective immediately, (ii) require Xykis to continue to perform Xykis's duties hereunder during such ninety (90) day period, with or without restrictions on Xykis's activities, and/or (iii) accept Xykis's notice of termination as Xykis's resignation from the Company at any time during such ninety (90) day period; provided, that the Company shall (x) pay Xykis's Base Salary under Section 4(a) and benefits under Section 4(g) through the date on which Xykis ceases to perform services for the Company and (y) pay to Xykis any KPI or LTI related to the fiscal year prior to the fiscal year in which the Termination Date falls if the amount of such KPI or LTI has been determined but not yet paid to Xykis as of the Termination Date. Any unvested SARs will be lost and forfeited as of the Termination Date.

(c) Any termination by the Company for Cause or without Cause, or by Xykis, shall be communicated by Notice of Termination to the other party hereto given in accordance with this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Xykis's employment under the provision so indicated, if for Cause, and (iii) if the Termination Date is other than the date of receipt of such notice, specifies the termination date.

(d) Xykis's employment will terminate immediately without any notice upon Xykis's death.

(e) If Xykis is determined to be Disabled or Incapacitated during the Employment Period, the Company may give Xykis written notice of its intention to terminate Xykis's employment. In such event, Xykis's employment with the Company shall terminate effective on the 30th day after receipt of such notice by Xykis (the "Disability Effective Date") unless within the 30-day period after such receipt, Xykis shall have returned to full time performance of Xykis's duties. Whether Xykis is Disabled or Incapacitated shall be determined by a physician selected by the CEO of or the Company's insurers, which physician is reasonably acceptable to Xykis. Upon request, Xykis shall provide the CEO with documentation from Xykis's health care provider sufficient for the CEO to determine the nature and extent of any physical or mental impairment that may interfere with Xykis's performance of Xykis's job duties, as well as any accommodations that could be made.

(f) If Xykis's employment is terminated as a result of Xykis's death or a determination that Xykis is Disabled or Incapacitated, then prior to the 30th day following the Termination Date, the Company shall pay to Xykis (or his legal representatives) in a lump sum, to the extent not previously paid, the Base Salary through the Termination Date, less applicable withholdings plus accrued bonus and benefits to the extent applicable.

(g) If the Company terminates Xykis's employment without Cause, then the Company will provide Xykis with the following severance payments and/or benefits:

(i) Prior to the 30th day following the Termination Date, the Company shall pay to Xykis, in the regular semi-monthly installments the Base Salary through the Termination Date, and any KPI or LTI award related to the fiscal year prior to the fiscal year in which the Termination Date falls if the amount of such Incentive Compensation Award has been determined but not yet paid to Xykis as of the Termination Date and any KPI or LTI award related to the current year on a pro rata basis to the Termination Date once determined by the Company.

(ii) Starting as of the next applicable Company payroll date after the Termination Date (provided Xykis has executed and delivered a Release Agreement pursuant to Section 5(h) below, and such Release Agreement has become effective and irrevocable), the Company will pay Xykis a monthly amount equal to the (x) Base Salary, divided by (y) 12 (the "Cash Severance"), less applicable withholdings, for a period of twelve (12) months following the date on which the first monthly payment is made pursuant to this Section 5(g). For purposes of this Agreement, the period of time from the Termination Date to the date the last monthly payment is made pursuant to this Section 5(g) is referred to as the "Severance Period."

(iii) If Xykis has entered into a Release Agreement and timely elects COBRA health insurance continuation coverage, the Company will pay a proportional share of the premiums owed by Xykis as if Xykis were still employed by the Company for a period of 12 months. Xykis will be responsible for submitting all notices and forms required to elect COBRA.

(h) If Xykis's employment with the Company is separated for cause, then following the Termination Date, the Company shall pay to Xykis, less applicable withholdings, to the extent not previously paid, (a) the Base Salary through the Termination Date, at the time required by applicable law, and (b) Xykis shall automatically forfeit:

1. Any bonus to which Xykis might otherwise have been entitled pursuant to the Company's KPI or LTI Plan (i) related to the fiscal year prior to the fiscal year in which the Termination Date falls if the amount of such KPI or LTI Bonus has been determined by the Board but not yet paid; and (ii) for the fiscal year in which the separation takes place; and

2. Any SARS, Restricted Stock Units and unexercised options (whether vested or unvested) awarded pursuant to the Company's Incentive Compensation Plan.

(i) The obligations of the Company to make payments under Section 5(g) are conditioned on Xykis executing and returning to the Company a general release agreement ("Release Agreement") releasing the Company, the Company Affiliates, and each of their respective officers, directors, members, managers, partners and shareholders with respect to Xykis's employment in the form acceptable to Company, and such Release Agreement becoming effective and irrevocable no later than fifty-five (55) days following Xykis's Termination Date. To the extent such fifty-five (55) day period may cover two taxable years, payments will be made in the later of the two such years. Xykis acknowledges that until a Release Agreement is timely executed and delivered to the Company and the applicable revocation period (if any) expires, the Company will not be obligated to pay any Cash Severance due to Xykis under this Agreement. If Xykis has breached in any material respect any of Xykis's obligations in Section 6 below, then, without precluding its right to take any other actions available pursuant to this Agreement or applicable law, the Board may elect to immediately terminate Xykis's right to receive, and Company's obligation to pay, any additional Cash Severance, and Xykis shall have no further rights to Cash Severance. In the event that Xykis prevails on a legal action or claim challenging the Company's rights to terminate such payments, the Company shall be required to pay to Xykis in a lump sum within thirty (30) days of such adjudication any Cash Severance the payment of which was delayed due to such termination, plus interest at the prime rate (as published in the Wall Street Journal on the date of such termination), for any period during which the payment of the Cash Severance did not occur, and to commence payment of future installments of Cash Severance in accordance with Section 5(g), plus any legal fees of Xykis incurred in connection with such legal action or claim.

6. Xykis Covenants. Xykis agrees and acknowledges that to ensure that the Company retains its value and goodwill, he has a continuing obligation to not use any Confidential Information (as defined below), special knowledge of the Business, or the relationships of the Company or the Company Affiliates with their respective customers and employees, all of which Xykis will continue to gain access to through Xykis's employment with the Company, other than in the furtherance of Xykis's legitimate job duties. Accordingly, Xykis agrees that he has a continuing obligation from his 2018 Employment Agreement as amended to the following restrictive covenants.

(a) Confidential Information. Xykis acknowledges that by reason of his employment by the Employer and the Company, or while being associated with the Company Affiliates, Xykis has had and will continue to have access to and become informed of Confidential Information (defined below) that is a competitive asset of the Company or the Company Affiliates, and agrees that the Company and the Company

Affiliates have a protectable interest in such Confidential Information. Therefore, Xykis agrees that during the Employment Period and after his termination for any reason he shall not, directly or indirectly, disclose to any unauthorized person or use for his own purposes any such Confidential Information without the prior written consent of the Company unless and to the extent that such Confidential Information (i) becomes or is generally known to the public and available for use by the public and industry other than as a result of Xykis's unauthorized acts or omissions in breach of this Agreement, or (ii) is required to be disclosed by judicial process, law or securities exchange on which the securities of the Company or any of the Company Affiliates are listed; provided, however, that Xykis, to the extent not prohibited by such process, law or exchange, shall give the Company written notice of the Confidential Information to be so disclosed pursuant to clause (ii) of this sentence as far in advance of its disclosure as is reasonably practicable, shall cooperate with the Company in any efforts to protect the Confidential Information from disclosure (including efforts to secure a judicial order to such effect), and shall limit his disclosure of such Confidential Information to the minimum disclosure required by such process, law or exchange. Xykis acknowledges that all documents and other property including or reflecting Confidential Information furnished to Xykis by the Company or any Company Affiliate or otherwise acquired or developed by the Company or any Company Affiliate or acquired, developed or known by Xykis by reason of the performance of his duties for, or his association with, the Company or any Company Affiliate shall at all times be the property of the Company. Xykis shall take all reasonable steps to safeguard Confidential Information and protect it against disclosure, misuse, loss or theft. "Confidential Information" means (x) any and all trade secrets concerning the business and affairs of the Company or any Company Affiliate, any product specifications, data, know-how, formulae, compositions, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current and planned research and development, current and planned manufacturing and distribution methods and processes, customer lists, current and anticipated customer requirements, price lists, market studies, business plans, computer software and programs (including object code and source code), database technologies, systems, structures, architectures processes, improvements, devices, discoveries, concepts, methods, and information of the Company or any Company Affiliate; (y) any and all information concerning the business and affairs of the Company or any Company Affiliate (which includes financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, contractors, agents, suppliers and potential suppliers, personnel training and techniques and materials, and purchasing methods and techniques), however documented; and (z) any and all notes, analysis, compilations, studies, summaries and other material prepared by or for the Company or Company Affiliate containing or based, in whole or in part, upon any information included in the foregoing.

(b) Non-Compete. Xykis agrees that Xykis has had and will continue to have access to Confidential Information concerning the Company and the Company Affiliates and that Xykis's services are of special, unique and extraordinary value to the Company and the Company Affiliates. Therefore, Xykis agrees that during his employment with the Company and until 12 months after the Termination Date (regardless of the reason for termination), Xykis shall not, other than in the legitimate exercise of his duties for the Company during his employment with the Company, directly or indirectly own, manage, operate, control, be employed or engaged by, lend to, or otherwise serve as a director, officer, stockholder, partner, member, manager, agent, consultant or contractor of or to, any entity that engages in, or otherwise engage or participate in, whether or not for compensation, the Business (as defined in Section 9(a) of this Agreement), or in any other business in which the Company or any Company Affiliate engages as of the date on which Xykis's employment with the Company ends and in which Xykis has been actively involved ("Competitive Activity"). The provisions in this Section 6(b) shall operate in the market areas of the United States and any other market areas of any other countries anywhere in the world in which the Company or any Company Affiliate conducts its business as of Xykis's separation from the Company. The foregoing shall not restrict the Xykis from directly or indirectly owning stock of the Company or up to an aggregate of one percent of the outstanding stock of any publicly held company engaged in Competitive Activity.

(c) Non-Solicitation. Xykis agrees that during his employment with the Company and until the first anniversary of the Termination Date (regardless of the reason for termination), he shall not, directly or indirectly, whether individually, as a director, stockholder, partner, member, manager, owner, officer, employee, agent, consultant or contractor of or to any business or entity, or in any other capacity: (i) induce or attempt to induce any employee of the Company or any Company Affiliate to leave his or her employ or in any way interfere with the relationship between the Company or any Company Affiliate and any Xykis thereof; (ii) solicit to hire or hire any person who was an employee of the Company or any Company Affiliate at any time during the one-year period prior to the date of such solicitation; or (iii) solicit any customer, developer, client, supplier, vendor, licensee, licensor, franchisee or other business relation of the Company or any Company Affiliate for sale thereto of any products or services related to any Competitive Activity, induce or attempt to induce any such customer, developer, client, supplier, vendor, licensee, licensor, franchisee or other business relation of the Company or any Company Affiliate to cease doing business with the Company or any Company Affiliate, or in any way interfere with the relationship between any such customer, developer, client, supplier, vendor, licensee, licensor, franchisee or business relation of the Company or any Company Affiliate (including making any negative statements or communications about the Company or any Company Affiliate or any of their respective officers, directors, products or services).

(d) Ownership of Inventions. Xykis hereby agrees that any and all inventions (whether or not an application for protection has been filed under patent laws), works of authorship, information fixed in any tangible medium of expression (whether or not protected under copyright laws), Moral Rights, mask works, trademarks, trade names, trade dress, trade secrets, publicity rights, know-how, ideas (whether or not protected under trade secret laws), and all other subject matter protected under patent, copyright, Moral Right (defined as any right to claim authorship of a work, any right to object to any distortion or other modification of a work, and any similar right, existing under the law of any country, or under any treaty), mask work, trademark, trade secret, or other laws, that have been, are or will be developed, generated or produced by Xykis, solely or jointly with others, at any time while employed by the Company, including during the Employment Period, are and shall be the exclusive property of the Company, subject to the obligations of this Section 6 with respect to Confidential Information, and Xykis hereby forever waives and agrees never to assert against the Company, its successors or licensees any and all ownership, interest, Moral Rights or similar rights with respect thereto. Xykis hereby assigns to the Company all right, title and interest to the foregoing inventions, concepts, ideas and materials. This Section 6(d) does not apply to any invention or other work of Xykis for which no equipment, supplies, facility or Confidential Information of the Company was used and that was developed entirely on Xykis's own time, unless the invention (A) relates to (x) the Business or (y) the Company's actual or demonstrably anticipated research or development, or (B) results from any work performed by Xykis for or on behalf of the Company. Xykis shall keep and maintain adequate and current written records of all inventions, concepts, ideas and materials made by Xykis (jointly or with others) during the term of Xykis's association or employment with the Company. Such records shall remain the property of the Company at all times. Xykis shall promptly and fully disclose to the Company the nature and particulars of any Inventions or research project undertaken on the Company's behalf.

7. Enforcement and Remedies.

(a) If, at the time of enforcement of any of Sections 6(a),(b),(c) or (d), a court of competent jurisdiction shall hold that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the court shall be allowed to substitute the maximum legally-permissible restrictions for the restrictions contained in this Agreement.

(b) Xykis acknowledges that the provisions of Section 6 are in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. Xykis expressly agrees and acknowledges that the restrictions contained in Section 6 do not preclude Xykis from earning a livelihood, nor do they unreasonably impose limitations on Xykis's ability to earn a living. In addition, Xykis agrees and acknowledges that the Company and the Company Affiliates are engaged in the Business, the Business is highly competitive and the services to be performed by Xykis for the Company are unique and national in nature, and the potential harm to the

Company and the Company Affiliates of the non-enforcement of the provisions of this Section 7 outweighs any harm to Xykis of the enforcement of such provisions by injunction or otherwise. Xykis acknowledges that Xykis has carefully read this Agreement and has given careful consideration to the restraints imposed upon Xykis by this Agreement and is in full accord as to their necessity. Xykis expressly acknowledges and agrees that the restrictions contained herein are reasonable in terms of duration, scope and area restrictions and are necessary to protect the Confidential Information and the goodwill of the businesses of the Company and the Company Affiliates, and Xykis agrees not to challenge the validity or enforceability of the restrictions contained herein. The parties hereto expressly agree that money damages would not be an adequate remedy for breaching any provision of Section 6, and that the Company would be irreparably damaged if Xykis were to disclose the Confidential Information, solicit or hire employees, solicit customers or provide services to any person or entity in violation of the provisions of this Agreement. Therefore, in the event of a breach or threatened breach of any such provision, the Company and/or any Company Affiliate or their respective successors or assigns shall be entitled to, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without the necessity of posting a bond or other security, or proving economic harm).

8. Post Termination Obligations.

(a) Return of Company Materials. Immediately upon Notice of Termination of Xykis's employment for any reason, Xykis shall return to the Company, and shall not retain in any form or media of expression, all Company and Company Affiliate property that is then in Xykis's possession, custody or control, including, without limitation, all keys, access cards, credit cards, computer hardware and software, documents, records, policies, marketing information, design information, specifications and plans, data base information and lists, and any other property or information that Xykis has or had relating to the Company or any Company Affiliate (whether those materials are in paper or computer-stored form), and including but not limited to any documents containing, summarizing, or describing any Confidential Information. Upon the Company's request, Xykis will certify in writing, in a form acceptable to the Company, that Xykis has returned all Company and Company Affiliate property, including any Confidential Information and copies thereof.

(b) Xykis Assistance. During the Employment Period and for twelve (12) months thereafter, Xykis shall, upon reasonable notice, reasonably assist the Company and the Company Affiliates (the "Affiliated Group") in the defense of any claims, or potential claims that may be made or threatened to be made against any member of the Affiliated Group in any action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (a "Proceeding"), and will reasonably assist

the Affiliated Group in the prosecution of any claims that may be made by any member of the Affiliated Group in any Proceeding, to the extent that such claims may relate to Xykis's employment or the period of Xykis's employment by the Company. The Company shall reimburse Xykis for all of the Xykis's reasonable out-of-pocket expenses associated with such assistance, including travel expenses and any attorneys' fees and shall pay a reasonable per diem fee for the Xykis's service under this Section.

9. Definitions. The following terms shall have the meanings set forth below:

(a) "Business" means the engineering, design, manufacture and distribution of cleantech engines and power systems for the industrial and on-road sectors.

(b) "Cause" means that Employee has: (A) engaged in (1) a material act of dishonesty involving the Company or the Company Affiliates, (2) malfeasance or gross negligence which is injurious to the Company, or (3) a material breach of his fiduciary duties related to employment; (B) committed an act of fraud or embezzlement, (C) committed any crime of moral turpitude or any felony; (D) repeatedly refused to perform specific reasonable directives from the CEO or any officer of the Company to whom Employee reports that are reasonably consistent with the scope and nature of Employee's responsibilities (other than such failure resulting from his Disability or Incapacity); (E) used or been under the influence of illegal drugs at the workplace or while performing Company business, or refused to submit for a drug test upon the Company's reasonable request; (F) breached any provision of Section 6 in any material respect; (G) willfully breached Employee's other duties and obligations in Sections 4 and/or 5 or any other written agreement between Employee and the Company in any material respect, or willfully took or failed to take any action in contravention of the Board charters in any material respect; (H) willfully violated any conflict of interest policy of the Company or the Board in any material respect; or (I) demonstrated willful failure or inability to perform Employee's duties under this Agreement. A termination will not be for "Cause" to the extent such conduct is curable, unless Company shall have notified Employee in writing describing such conduct and prescribing conduct required to cure such conduct and Employee shall have failed to cure such conduct within ten (10) business days after his receipt of such written notice. Employee's refusal to relocate in order to retain his employment shall not constitute "Cause." For purposes of this definition of Cause, no act or failure to act on the part of Employee shall be considered willful if it is done, or omitted to be done, by Employee in good faith and with a good faith belief that Employee's act or omission was in the best interests of Company.

(c) "COBRA Continuation Coverage" means any medical, dental and vision care benefits that Xykis and his "qualifying family members" (defined below) elect and are eligible to receive upon the Termination Date pursuant to Code Section 4980B and Section 601 et seq. of the Employee Retirement Income Security Act of 1974, as amended. For this purpose, Xykis's "qualifying family members" are his spouse and dependent children to the extent they are eligible for, and elect to receive, continuation coverage under such Section 4980B and Section 601 et seq. COBRA Continuation Coverage under this Agreement shall terminate for any individual when it terminates under the terms of the applicable benefit plan of the Company in accordance with such Section 4980B and Section 601 et seq.

(d) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated and in effect thereunder.

(e) "Company Affiliate" means PSI and each corporation, limited liability company, partnership, association or business entity of which a majority of the ownership interest thereof is at the time owned or controlled, directly or indirectly, by PSI or one or more Subsidiaries of PSI or a combination thereof.

(f) "Disabled or Incapacitated" means Xykis's inability or failure, due to a medically determinable physical or mental impairment, to substantially perform the essential functions of Xykis's job, with or without a reasonable accommodation, for thirty (30) consecutive calendar days or for ninety (90) calendar days during any twelve (12) month period irrespective of whether such days are consecutive.

(g) "Termination Date" means (i) if Xykis's employment is terminated by Company for Cause or by Xykis, the date of receipt of the Notice of Termination or any later date specified therein pursuant to Section 5, as the case may be, (ii) if Xykis's employment is terminated by the Company without Cause, the date on which Xykis ceases to perform services for the Company, (iii) if Xykis's employment is terminated by reason of Disability, the Disability Effective Date, and (iv) if Xykis's employment is terminated by reason of death, the date of death.

10. Notices. Any notice provided for in this Agreement must be in writing and sent to the recipients at the address indicated below:

If to Xykis:

Constantine Xykis
XXXXXXXXXXXXXXXXXX

If to the Company:

Power Solutions International, Inc.
201 Mittel Drive
Wood Dale, IL 60191
Attn: Legal Department
PSILegal@psiengines.com

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States, return receipt requested, upon actual receipt; (b) if sent by reputable overnight air courier (such as DHL or Federal Express), two business days after being so sent; or (c) if by electronic mail or otherwise actually personally delivered, when so delivered.

11. Code Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with or are exempt from Code Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with or exempt from Code Section 409A; provided, however, that in no event shall the Company be liable for any additional tax, interest or penalty that may be imposed on Xykis by Code Section 409A.

12. Xykis Representations. In connection with entering into this Agreement, Xykis represents and warrants to the Company that:

(a) This Agreement and each of the other agreements contemplated hereby constitutes the legal, valid and binding obligation of Xykis, enforceable in accordance with its terms, and the execution, delivery of this Agreement and such other agreements by Xykis does not and shall not conflict with, violate or cause a breach of any agreement, contract or instrument to which Xykis is a party or any judgment, order or decree to which Xykis is subject.

(b) Xykis has consulted with independent legal counsel regarding his rights and obligations under this Agreement and fully understands the terms and conditions contained herein. Xykis has obtained advice from persons other than the Company and its counsel regarding the tax effects of the transaction contemplated hereby.

(c) In signing this Agreement, Xykis gives the Company assurance that Xykis has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed under Section 6 and the remedies provided under Section 7.

13. General Provisions.

(a) Severability. If any provision hereof is invalid or unenforceable, the invalidity or unenforceability shall not affect any other provision hereof and this Agreement shall be construed in all respects as if the invalid or unenforceable provision had been omitted.

(b) Complete Agreement. This Agreement fully amends and restates any existing employment agreement between or among the Xykis and the Company or any Company Affiliate. Further, this Agreement embodies the complete agreement and understanding among the parties and supersedes and preempts any prior understandings, representations or other agreements by or among the parties, written or oral, which may have related to the subject matter hereof in any way. Notwithstanding the foregoing, this Agreement shall not supersede, preempt, modify or amend Xykis's rights or obligations under any Stock Appreciation Rights or Restricted Stock Agreement entered into between Xykis and Company.

(c) Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Xykis, the Company and their respective successors and assigns; provided, that the rights and obligations of Xykis under this Agreement shall not be assignable.

(d) Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois (regardless of its conflict of laws principles). Each party hereto irrevocably submits itself to the exclusive jurisdiction of the courts of the State of Illinois located in Cook County, Illinois and to the jurisdiction of the United States District Court for the Northern District of Illinois, for the purpose of bringing any action that may be brought in connection with the provisions hereof. Each party hereto individually agrees not to assert any claim that such party is not subject to the jurisdiction of such courts, that the venue is improper, that the forum is inconvenient or any similar objection, claim or argument.

(e) Survival. The provisions set forth in Sections 5 through 13 shall survive and continue in full force and effect in accordance with their terms notwithstanding any termination or expiration of this Agreement and/or the end of the Employment Period and the termination of Xykis's employment for any reason.

(f) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and Xykis.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement on the date first written above.

POWER SOLUTIONS INTERNATIONAL, INC.

By: /s/ Lance Arnett
Printed Name: Lance Arnett
Title: CEO

Constantine Xykis

/s/ Dino Xykis

03-11-2021

**CERTIFICATION PURSUANT TO 17 CFR 240.13a-14 PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lance Arnett, certify that:

1. I have reviewed this Amendment No. 1 to the annual report on Form 10-K of Power Solutions International, 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.

Date: May 2, 2022

By: /s/ Lance Arnett

Name: Lance Arnett

Title: Chief Executive Officer

**CERTIFICATION PURSUANT TO 17 CFR 240.13a-14 PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew Thomas certify that:

1. I have reviewed this Amendment No. 1 to the annual report on Form 10-K of Power Solutions International, 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.

Date: May 2, 2022

By: /s/ Matthew Thomas

Name: Matthew Thomas

Title: Interim Chief Financial Officer