

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): May 20, 2024**

**Power Solutions International, Inc.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-35944**  
(Commission  
File Number)

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

**201 Mittel Drive, Wood Dale, Illinois 60191**  
(Address of Principal Executive Offices, and Zip Code)

**(630) 350-9400**  
Registrant's Telephone Number, Including Area Code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	—	—

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2 of this chapter).

Emerging growth company

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

**Item 1.01. Entry into a Material Definitive Agreement.**

On May 20, 2024, Power Solutions International, Inc. (the “Company” or “PSI”) amended and restated its \$25 million shareholder’s loan agreement (the “\$25 Million Third Amended and Restated Shareholder’s Loan Agreement”) with its majority stockholder, Weichai America Corp. (“Weichai”), to extend the loan maturity date to May 20, 2025. The \$25 million loan under the \$25 Million Third Amended and Restated Shareholder’s Loan Agreement has been fully drawn as of the date of this report and is subordinated in all respects to the Company’s existing \$50 million senior secured revolving credit facility with Standard Chartered Bank (of which \$40 million has been borrowed as of May 20, 2024).

Borrowings under the \$25 Million Third Amended and Restated Shareholder’s Loan Agreement will incur interest at the applicable Secured Overnight Financing Rate (“SOFR”), plus 4.05% per annum. Further, if the applicable term SOFR is negative, the interest rate per annum shall be deemed as 4.05% per annum. If the interest rate for any loan under the \$25 Million Third Amended and Restated Shareholder’s Loan Agreement is lower than Weichai’s borrowing cost, the interest rate for such loan shall be equal to Weichai’s borrowing cost plus 1%.

The Company previously entered into two separate loan agreements with Weichai, including the \$50 million second amended and restated shareholder’s loan agreement (the “\$50 Million Second Amended and Restated Shareholder’s Loan Agreement”) on November 29, 2023, and the \$30 million second amended and restated shareholder’s loan agreement (the “\$30 Million Second Amended and Restated Shareholder’s Loan Agreement”) on March 22, 2024. As of May 20, 2024, PSI had \$50 million of borrowings under the \$50 Million Second Amended and Restated Shareholder’s Loan Agreement and \$19.8 million of borrowings under the \$30 Million Second Amended and Restated Shareholder’s Loan Agreement.

The foregoing description of the \$25 Million Third Amended and Restated Shareholder’s Loan Agreement is qualified in its entirety by the full text of the \$25 Million Third Amended and Restated Shareholder’s Loan Agreement, which is attached hereto as Exhibit 10.1 and incorporated by reference herein.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information included in Item 1.01 of this report is incorporated by reference into this Item 2.03.

**Item 7.01 Regulation FD Disclosure.**

On May 21, 2024, the Company issued a press release announcing the \$25 Million Third Amended and Restated Shareholder’s Loan Agreement, which is attached as Exhibit 99.1 hereto.

The information contained in this Item 7.01 and Exhibit 99.1 hereto shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933 (the “Securities Act”) or the Exchange Act, except as shall be expressly set forth by reference in such a filing.

**Caution Regarding Forward-Looking Statements**

This Form 8-K contains forward-looking statements regarding the current expectations of the Company about its prospects and opportunities. These forward-looking statements are entitled to the safe-harbor provisions of Section 21E of the Exchange Act. The Company has tried to identify these forward-looking statements by using 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 statements are subject to a number of risks, uncertainties, and assumptions that may cause actual results, performance or achievements to be materially different 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 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 impact of rising interest rates; changes in economic conditions, including inflationary trends in the price of raw materials; our reliance on information technology and the associated risk involving potential security lapses and/or cyber-attacks; 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 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; impact on the global economy of the war in Ukraine; the impact of supply chain interruptions and raw material shortages; the potential impact of higher 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; and the risks and uncertainties described in reports filed by the Company with the SEC, including without limitation its Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and the Company's subsequent filings with the SEC.

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 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<a href="#">\$25 Million Third Amended and Restated Shareholder's Loan Agreement, dated as of May 20, 2024, between the Company and Weichai America Corp.</a>
99.1	<a href="#">Press Release announcing the \$25 Million Third Amended and Restated Shareholder's Loan Agreement</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**SIGNATURE**

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

**Power Solutions International, Inc.**

Dated: May 21, 2024

By: /s/ Xun Li

Xun Li

Chief Financial Officer

\$25M THIRD AMENDED AND RESTATED SHAREHOLDER'S LOAN AGREEMENT

dated as of

May 20, 2024

between

POWER SOLUTIONS INTERNATIONAL, INC.,

as Borrower

and

WEICHAI AMERICA CORP.,

as Lender

This THIRD AMENDED AND RESTATED SHAREHOLDER'S LOAN AGREEMENT dated as of May 20, 2024 (this "Loan Agreement"), between **POWER SOLUTIONS INTERNATIONAL, INC.**, a Delaware corporation, as Borrower (the "Borrower"), and **WEICHAI AMERICA CORP.**, an Illinois corporation, as Lender (the "Lender") which amends and restates and replaces that certain Second Amended and Restated Shareholder's Loan Agreement dated as of March 12, 2023 between the Borrower and the Lender (the "Existing Shareholder Loan Agreement").

**WHEREAS:**

- I. The Borrower desires to borrow up to an aggregate principal amount of US\$25,000,000 from the Lender for supplementing working capital in accordance with the terms and conditions of this Loan Agreement.
- II. The Lender, which owns 51.2% of the total issued shares of capital stock of the Borrower, is willing to make available the Loan (as defined below) to the Borrower in accordance with the terms and conditions of this Loan Agreement.

ARTICLE I

DEFINITIONS

SECTION 1. Defined Terms. As used in this Loan Agreement, the following terms have the meanings specified below:

"Applicable Law" means, as to any Person, all applicable laws binding upon such Person or to which such a Person is subject.

"Borrowing Request" means a request for a Loan in substantially the form attached hereto as Exhibit "A".

"Business Day" means any day that is not a Saturday, Sunday or other day that is a legal holiday under the laws of the United States, Hong Kong and People's Republic of China or is a day on which banking institutions in such jurisdictions are authorized or required by law to close.

"Credit Agreement" means that certain Fourth Amended and Restated Uncommitted Revolving Credit Agreement dated as of March 22, 2024 (as the same may be further amended, supplemented or otherwise modified, renewed or replaced from time to time), among others, the Borrower, the Senior Lenders, and Standard Chartered Bank.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

“Discharge of Senior Bank Obligations” means the payment in full in cash of all of the Senior Bank Obligations and there exists no claim subject to indemnification by the Borrower or any other Loan Party (as defined in the Credit Agreement) under the Senior Loan Documents.

“Distribution” means, with respect to any indebtedness, obligation or security, (a) any payment or distribution by any Person of cash, securities or other property, by set-off or otherwise, on account of such indebtedness, obligation or security, (b) any redemption, purchase or other acquisition of such indebtedness, obligation or security by any Person or (c) the granting of any lien or security interest to or for the benefit of the holders of such indebtedness, obligation or security in or upon any property of any Person.

“Dollar” and “€” mean lawful money of the United States.

“Event of Default” has the meaning ascribed to such term in Section 5 of this Loan Agreement.

“Facility Amount” has the meaning ascribed to such term in Section 2.1.1. of this Loan Agreement.

“Interest Period” has the meaning ascribed to such term in Section 2.5.2. of this Loan Agreement.

“Loan” means a loan by the Lender to the Borrower under this Loan Agreement.

“Loan Documents” means this Loan Agreement and any other agreements, instruments or documents executed in connection herewith.

“Material Adverse Effect” means a material adverse effect on (i) the business operations or financial condition of the Borrower, or (ii) the ability of the Borrower to repay the Loan or otherwise perform its obligations under the Loan Documents.

“Maturity Date” means May 20, 2025.

“Permitted Distribution” means the payment by the Borrower to Lender of regularly scheduled interest accrued pursuant to Section 2.5.3 hereof on each quarterly interest payment date specified in Section 2.5.3 of this Loan Agreement.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

“Senior Bank Obligations” means all “Obligations” (as defined in the Credit Agreement), including, without limitation, all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrower arising under the Senior Loan Documents or otherwise with respect to any loan under the Senior Loan Documents, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Borrower or any affiliate thereof of any proceeding under any Debtor Relief Laws naming the Borrower or any affiliate thereof as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“Senior Bank Discharge Notice” means a written notice executed by Standard Chartered Bank confirming that the Discharge of Senior Bank Obligations has occurred.

“Senior Lender” means each “Lender” party to the Credit Agreement from time to time.

“Senior Loan Documents” means the Credit Agreement, each “Loan Document” under and as defined in the Credit Agreement and all other agreements, documents and instruments executed from time to time in connection therewith, as the same may be amended, supplemented or otherwise modified from time to time.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“Specified Permitted Distribution” has the meaning ascribed to such term in Section 2.5.4 of this Loan Agreement

“Standard Chartered Bank” means Standard Chartered Bank, in its capacity as administrative agent under the Credit Agreement.

“Subordinated Obligations” shall mean all principal, interest and other amounts owing by the Borrower to the Lender under this Loan Agreement.

“Term SOFR” shall mean the forward-looking term rate based on SOFR as published by CME Group Benchmark Administration Limited (CBA) two (2) U.S. Government Securities Business Days prior to the first date of the period for which an interest rate is to be determined.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

## ARTICLE II

### LOANS AND BORROWINGS

#### SECTION 2.1. Loans and Purpose.

2.1.1. At the request of the Borrower, the Lender has established, as of the date hereof, a loan facility in favor of the Borrower in accordance with the terms and conditions of this Loan Agreement with a maximum principal amount at any one time outstanding up to Twenty Five Million Dollars (US\$25,000,000) (the “Facility Amount”); provided, however, that no provision of this Loan Agreement shall be deemed to require the Lender to advance any Loan to the Borrower at any time. At any time that the Borrower desires the Lender to advance a Loan hereunder, the Borrower may request the same, and such Loan may be made in the Lender’s sole discretion.



2.1.2. Purpose. All Loan proceeds shall be used for supplementing working capital of the Borrower.

SECTION 2.2. Borrowing Requests.

2.2.1. Borrowing Request. The Borrower shall notify the Lender in writing for each Loan ten (10) Business Days in advance. Each such notice shall be in the form of a Borrowing Request, appropriately completed and signed by an authorized officer of the Borrower.

2.2.2. Content of Borrowing Requests. Each Borrowing Request for a Loan pursuant to this Section shall specify the following information in substantially the form of "Exhibit A" hereto: (i) the aggregate amount of the requested Loan; (ii) the date of such Loan (which shall be a Business Day); (iii) the location and number of the Borrower's account to which funds are to be disbursed; and (iv) any other information as the Lender may reasonably request in connection with such Loan. The Lender shall assess each Borrowing Request and decide whether or not to approve such Borrowing Request. If a Borrowing Request is approved, the Lender shall make the amount of the Loan available to the Borrower on the proposed date thereof. If a Borrowing Request is not approved, the Lender shall notify the Borrower within 3 Business Days after receipt of the applicable Borrowing Request.

2.2.3. The Borrower may draw down the Loan in one lump sum or in installments, upon the Lender's approval of the Borrowing Request; provided, however, that:

- (a) the aggregate principal amount drawn under this Loan Agreement shall not exceed the Facility Amount;
- (b) if the Borrower elects to borrow an amount less than the Facility Amount, the minimum amount of each Loan shall be \$5,000,000 and integral multiples of \$5,000,000 in excess thereof; and
- (c) amounts repaid or prepaid may not be reborrowed by the Borrower.

SECTION 2.3. Prepayments. Subject to Section 2.8, the Borrower may prepay at any time and from time to time, in whole or in part, upon ten (10) Business Days' prior written notice to the Lender, the outstanding principal balance of the Loan. All prepayments shall include accrued and unpaid interest on the principal amount being prepaid to the date of prepayment.

SECTION 2.4. Repayment of Loans. Subject to Section 2.8, the Borrower shall repay to the Lender the aggregate outstanding principal amount of the Loan, together with accrued and unpaid interest and any other amount owing under this Loan Agreement and the Loan Documents on the Maturity Date.

SECTION 2.5. Interest.

2.5.1. Interest Rates. Each Loan shall bear interest from the date of drawdown at a rate per annum equal to the applicable Term SOFR as at the date of drawdown, plus 4.05% per annum. If the applicable Term SOFR is negative, the interest rate per annum shall be deemed as 4.05% per annum. If the Interest Rate for any Loan is lower than the Lender's borrowing cost, the Interest Rate for such Loan shall be equal to the Lender's borrowing cost plus 1%. Interest shall be calculated on the basis of actual number of days elapsed over a year of 365 days.

2.5.2. Interest Period. Interest periods shall be for 3 months (each an "Interest Period").

2.5.3. Interest Payment Date. Subject to Section 2.8, in relation to each Loan, accrued and unpaid interest shall be payable within ten (10) Business Days after the end of each Interest Period or on the Maturity Date. Subject to Section 2.8, in the event of prepayment, interest accrued from the principal to be prepaid shall be payable on the day of such prepayment.

2.5.4. Specified Permitted Distribution. Subject to Section 2.8, so long as (i) Borrower has received Standard Chartered Bank's prior written consent in its sole discretion to such payment, and (ii) no Default or Event of Default has occurred or is occurring hereunder or under the Senior Loan Documents at the time of (and immediately after giving effect to) such payment, the Borrower agrees to pay accrued and unpaid interest due on the Loans outstanding under the Existing Shareholder Loan Agreement no later than May 31, 2024 in an amount to be determined by the Borrower and Lender (and approved in writing by Standard Chartered Bank in its sole discretion) (the "Specified Permitted Distribution"). For the avoidance of doubt, any failure by Borrower to pay such accrued and unpaid interest by the date specified in the foregoing sentence shall not constitute an Event of Default hereunder.

SECTION 2.6. Expenses. The Borrower shall pay all reasonable costs and expenses incurred by the Lender in connection with the negotiation, drafting, filing, registration, or recording of this Loan Agreement.

SECTION 2.7. Obligation. Subject to Section 2.8, the Borrower hereby unconditionally promises to pay to the Lender, in Dollars in immediately available funds, all principal, interest and other amounts owing under this Loan Agreement when such amounts are due and payable hereunder, without counterclaim, deduction, setoff or other reduction for any reason.

SECTION 2.8. Subordination to Senior Bank Obligations. The Borrower and the Lender hereby covenant and agree, notwithstanding anything to the contrary contained in this Loan Agreement, that the payment of any and all of the Subordinated Obligations, shall be subordinate and subject in right and time of payment and exercise of remedies to the prior payment in full in cash of the Senior Bank Obligations and the occurrence of the Discharge of Senior Bank Obligations. Notwithstanding anything to the contrary in this Loan Agreement, the Borrower hereby agrees that it may not make, and the Lender hereby agrees that it will not accept, any Distribution with respect to the Subordinated Obligations until it has received a Senior Bank Discharge Notice; provided that the Borrower may make, and the Lender may accept, Permitted Distributions and the Specified Permitted Distribution, so long as at the time of such Permitted Distribution (and immediately after giving effect thereto), no Default or Event of Default has occurred or is occurring hereunder or under the Senior Loan Documents. Prior to receipt of a Senior Bank Discharge Notice, if any Distribution on account of the Subordinated Obligations is received by Lender (other than a

Permitted Distribution or the Specified Permitted Distribution), such Distribution shall not be commingled with any of the assets of Lender, shall be held in trust by Lender for the benefit of Standard Chartered Bank and the Senior Lenders and shall be promptly paid over to Standard Chartered Bank. Until such time as the Lender has received a Senior Bank Discharge Notice, the Lender agrees that it shall not (i) object to Standard Chartered Bank's exercise of secured creditor remedies in respect of, or forbearance in connection with, the Senior Bank Obligations or (ii) commence insolvency proceedings against the Borrower. The covenants and agreements set forth in this section are continuing and shall be applicable both before and after the commencement of any insolvency proceeding in respect of the Borrower.

SECTION 2.9 Lien Priority. The Lender acknowledges and agrees that Standard Chartered Bank has a valid, perfected, first-priority lien over all assets of the Borrower subject to the terms of the Senior Loan Documents. The Lender agrees that it shall not to initiate, prosecute or participate in any claim, action or other proceeding challenging the enforceability, validity, perfection or priority of the Senior Bank Obligations or any liens and security interests securing the Senior Bank Obligations. The Borrower undertakes and agrees that, immediately upon receipt of a Senior Bank Discharge Notice, the Borrower shall cooperate and execute the relevant collateral and security agreements to ensure that the Subordinated Obligations be fully secured and the Lender have a valid, perfected, first-priority lien over all assets of the Borrower or its affiliates; provided that, prior to the date that is ninety (90) days after effectiveness of the Senior Bank Discharge Notice, the Borrower shall not grant any lien on or security interest in any asset of the Borrower that did not constitute collateral for the Senior Bank Obligations prior to the effectiveness of the Senior Bank Discharge Notice.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that:

SECTION 3.1. Existence, Qualification and Power. The Borrower (a) is duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to execute, deliver and perform its obligations under this Loan Agreement.

SECTION 3.2. Authorization; No Contravention. The execution and delivery and performance by the Borrower of this Loan Agreement and the Loan Documents have been duly authorized by all necessary corporate or other organizational action, and do not and will not (i) contravene any provisions of any Applicable Law to which it or any of its assets or revenues are subject; or (ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any material agreement or other instrument to which it is a party; or (iii) result in the creation or imposition of or oblige it to create any security interest other than as permitted under the terms of this Loan Agreement on any of its undertaking, assets, rights or revenues.

SECTION 3.3. Enforceability. This Loan Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Applicable Laws affecting creditors' rights generally and by general principles of equity.

SECTION 3.4. No Material Adverse Effect; No Default. The Borrower is not in default under or with respect to any contractual obligation that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Loan Agreement.

SECTION 3.5. Litigation. There is no legal action or proceeding pending or, to the knowledge of the Borrower, threatened, against the Borrower, before any court or administrative agency which would reasonably be expected to have a Material Adverse Effect.

#### ARTICLE IV

##### AFFIRMATIVE AND NEGATIVE COVENANTS

SECTION 4. Affirmative and Negative Covenants. The Borrower covenants and agrees with the Lender that, so long as this Loan Agreement shall remain in effect or the principal of or interest on the Loan or any other amount payable in connection herewith shall be unpaid, unless the Lender otherwise consents in writing, the Borrower shall:

- (a) provide to the Lender within thirty (30) days of the end of each calendar month with monthly financial statements for such month and other information reasonably requested by the Lender, including but not limited to monthly forecast, inventory, account receivable, account payable, units and revenue of different end markets;
- (b) furnish the Lender prompt written notice upon its becoming aware of the filing or commencement of, or any threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any governmental authority, against it which would reasonably be expected to result in a Material Adverse Effect or in a material impairment of the ability of the Borrower to perform any of its obligations under this Loan Agreement; and
- (c) not use any loan proceeds to pay any legal expenses where the invoice or budget from a vendor for a matter is in excess of US \$500,000 in the aggregate.

ARTICLE V  
EVENTS OF DEFAULT

SECTION 5. Events of Default.

In case of the occurrence of any of the following events (each, an “Event of Default”):

- (a) the Borrower defaults in the payment of (i) when due, any principal of the Loan, whether at maturity, by acceleration or otherwise and (ii) within three (3) Business Days when due, any interest on the Loan, whether at maturity, by acceleration or otherwise;
- (b) any representation or warranty made or deemed made by the Borrower hereunder is false or misleading in any material respect as of the time made or deemed made or furnished, which is not remedied within thirty (30) days after the Lender has notified the Borrower in writing of the same;
- (c) the Borrower defaults in the performance or observance of any other covenant or agreement under this Loan Agreement and such default continues for a period of thirty (30) days after written notice from the Lender;
- (d) the Borrower passes a resolution to dissolve, wind-up or liquidate itself;
- (e) any case, proceeding or other action against the Borrower is commenced seeking an order for relief against it as debtor or to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any Debtor Relief Law, and such case, proceeding or other action results in the entry of an order for relief against it that is not fully stayed or dismissed within sixty (60) days after the entry thereof; or
- (f) the Borrower generally fails to pay its debts as they become due or admits in writing its inability to pay its debts, or makes a general assignment for the benefit of creditors; or the Borrower commences any case, proceeding or other action seeking an order for relief on its behalf as debtor or adjudicating it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property; or the Borrower takes any corporate action to authorize or in contemplation of any of the actions set forth above in this paragraph (f).

Then, and in every such event, the Lender shall in addition to all other rights and remedies available to it be entitled by written (including facsimile) notice to the Borrower to terminate this Loan Agreement and to declare any outstanding principal of and all accrued and unpaid interest accrued on the Loan and all other liabilities accrued hereunder to be forthwith due and payable, and the same shall thereupon become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein to the contrary notwithstanding.

ARTICLE VI  
MISCELLANEOUS

SECTION 6.1. Governing Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Illinois; provided, however, that Section 2.8, Section 2.9 and the interpretation, determination and legal effect of the third party beneficiary status of Standard Chartered Bank pursuant to Section 6.3 shall in each case be governed by and construed in accordance with the laws of the State of New York. Each party hereto irrevocably waives any objection which it may now or hereafter have to the laying of the venue of any proceedings in the courts of Illinois and any claim that any such proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgement in any proceedings brought in the State courts of Illinois shall be conclusive and binding upon the relative party and may be enforced in the courts of any other jurisdiction, in each case to the fullest extent permitted by Applicable Law. **EACH OF BORROWER AND LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS LOAN AGREEMENT.**

SECTION 6.2. Entire Agreement; Amendments; Invalidity. This Loan Agreement and the other Loan Documents constitute the entire agreement and understanding of the parties, and supersede and replace in their entirety any prior discussions, agreements, etc., all of which are merged herein and therein. None of the terms of this Loan Agreement or any of the other Loan Documents may be amended or otherwise modified except by an instrument executed by each of the Borrower and the Lender; provided that Section 2.5, Section 2.8, Section 2.9 and this Section 6.2 of this Loan Agreement shall not be amended without the consent of Standard Chartered Bank. If any provision or part of a provision of this Loan Agreement or its application to either party, shall be, or be found by any authority of competent jurisdiction to be, invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions or parts of such provisions of this Loan Agreement, all of which shall remain in full force and effect.

SECTION 6.3. No Third Party Beneficiary. This Loan Agreement shall not be construed so as to confer any right or benefit upon any person or entity other than the parties to this Loan Agreement and their respective successors and assigns; provided that, notwithstanding the foregoing, Standard Chartered Bank shall be an express third party beneficiary of Sections 2.8, Section 2.9 and 6.2 hereof.

SECTION 6.4. Indemnification; Expenses.

(a) The Borrower shall indemnify the Lender, and its directors, officers, employees, and agents (each such person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related reasonable expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower arising out of or as a result of (i) the Lender being party to this Loan Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee.

(b) Subject to Section 2.8, the Borrower agrees to pay to the Lender, within thirty (30) days after written demand (which shall include reasonable documentation), any and all reasonable costs, expenses, and fees incurred by the Lender including, without limitation, the reasonable fees, charges and disbursements of counsel for the Lender in connection with the collection, enforcement, preservation or protection of its rights in connection with this Loan Agreement and the other Loan Documents, including its rights under this Section, or in connection with the Loans made. Notwithstanding anything to the contrary herein, payments in respect of amounts claimed by the Lender under this Section 6.4 shall be due and payable on the Maturity Date.

SECTION 6.5. Notice. All notices or communications required to be given under this Loan Agreement shall be in writing and shall be served personally, sent by email, or delivered by overnight courier service to the addresses set forth below:

To the Borrower:

Address: Power Solutions International, Inc.

201 Mittel Dr., Wood Dale, IL 60191

Attention: Kenneth Li, Chief Financial Officer

Email address: kli@psiengines.com

To the Lender:

Address: Weichai America Corp.

3100 Golf Road, Rolling Meadows, IL 60008

Attention: Jin Liu

Email address: Jin.Liu@weichaiamerica.com

SECTION 6.6. Headings. The headings of the sections of this Loan Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Loan Agreement.

SECTION 6.7. Counterparts. This Loan Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf) or other transmission method and any counterpart so delivered shall be deemed to be as effective as an original signature page delivered manually.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

POWER SOLUTIONS INTERNATIONAL, INC.,  
as Borrower

By /s/ Kenneth Li

Name: Kenneth Li

Title: Chief Financial Officer

WEICHAI AMERICA CORP.,  
as Lender

By /s/ Jin Liu

Name: Jin Liu

Title: Chief Financial Officer



**EXHIBIT "A"**  
**BORROWING REQUEST**

The undersigned, being a duly elected and acting authorized officer of **POWER SOLUTIONS INTERNATIONAL, INC.**, a Delaware corporation (the "**Borrower**"), does hereby request that the Lender make a Loan, in the aggregate amount of \$\_on , 20\_, the proceeds of which shall be transferred pursuant to the following instructions:

Account Name: Power Solutions International, Inc.

Bank Name:

Bank Address:

Attention:

Telephone:

Account Number:

ABA Number:

In support of this Borrowing Request, the Borrower hereby certifies to Weichai America Corp., an Illinois corporation (the "**Lender**"), in connection with the \$25M THIRD AMENDED AND RESTATED SHAREHOLDER'S LOAN AGREEMENT, dated as of May 20, 2024 between the Borrower and the Lender (the "**Loan Agreement**"; with other capitalized terms used below having the meanings ascribed thereto in the Loan Agreement) that:

1. Each of the representations and warranties of the Borrower contained in the Loan Agreement and the Loan Documents are true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) as of the date the Loan is made (other than any such representations or warranties that, by their terms, refer to a date other than such dates in which case such representations and warranties were true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) on and as of such earlier date); and

2. At the time of, and immediately after giving effect to, such Loan, no Event of Default or event or condition which upon notice, lapse of time or both would constitute an Event of Default, has occurred and is continuing.

Dated: , \_\_\_\_\_ 202\_\_

***BORROWER:***  
**POWER SOLUTIONS INTERNATIONAL, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



---

Power Solutions International, Inc.

201 Mittel Drive  
Wood Dale, Illinois 60191  
[www.psiengines.com](http://www.psiengines.com)

**Power Solutions International Announces Extension to \$25 Million Shareholder Loan Agreement With Weichai America**

WOOD DALE, Ill., May 21, 2024— Power Solutions International, Inc. (the “Company” or “PSI”) announced today that it amended and restated its \$25 million shareholder’s loan agreement (the “\$25 Million Third Amended and Restated Shareholder’s Loan Agreement”) with its majority stockholder, Weichai America Corp. (“Weichai”), dated as of May 20, 2024, to extend the loan maturity date to May 20, 2025. The \$25 million loan under the \$25 Million Third Amended and Restated Shareholder’s Loan Agreement has been fully drawn as of the date of this release and is subordinated in all respects to the Company’s existing \$50 million senior secured revolving credit facility with Standard Chartered Bank (of which \$40 million has been borrowed as of May 20, 2024).

Borrowings under the \$25 Million Third Amended and Restated Shareholder’s Loan Agreement will incur interest at the applicable Secured Overnight Financing Rate (“SOFR”), plus 4.05% per annum. Further, if the applicable term SOFR is negative, the interest rate per annum shall be deemed as 4.05% per annum. If the interest rate for any loan under the \$25 Million Third Amended and Restated Shareholder’s Loan Agreement is lower than Weichai’s borrowing cost, the interest rate for such loan shall be equal to Weichai’s borrowing cost plus 1%.

The Company previously entered into two separate loan agreements with Weichai, including the \$50 million second amended and restated shareholder’s loan agreement (the “\$50 Million Second Amended and Restated Shareholder’s Loan Agreement”) on November 29, 2023, and the \$30 million second amended and restated shareholder’s loan agreement (the “\$30 Million Second Amended and Restated Shareholder’s Loan Agreement”) on March 22, 2024. As of May 20, 2024, PSI had \$50 million of borrowings under the \$50 Million Second Amended and Restated Shareholder’s Loan Agreement and \$19.8 million of borrowings under the \$30 Million Second Amended and Restated Shareholder’s Loan Agreement.

## **About Power Solutions International, Inc.**

Power Solutions International, Inc. (PSI) is a leader in the design, engineering and manufacture of a broad range of advanced, emission-certified engines and power systems. PSI provides integrated turnkey solutions to leading global original equipment manufacturers and end-user customers within the power systems, industrial and transportation end markets. The Company's unique in-house design, prototyping, engineering and testing capabilities allow PSI to customize clean, high-performance engines using a fuel agnostic strategy to run on a wide variety of fuels, including natural gas, propane, gasoline, diesel and biofuels.

PSI develops and delivers complete power systems that are used worldwide in stationary and mobile power generation applications supporting standby, prime, demand response, microgrid, and co-generation power (CHP) applications; and industrial applications that include forklifts, agricultural and turf, arbor care, industrial sweepers, aerial lifts, irrigation pumps, ground support, and construction equipment. In addition, PSI develops and delivers powertrains purpose-built for medium-duty trucks and buses including school and transit buses, work trucks, terminal tractors, and various other vocational vehicles. For more information on PSI, visit [www.psiengines.com](http://www.psiengines.com).

### **Cautionary Note Regarding Forward-Looking Statements**

This press release contains forward-looking statements regarding the current expectations of the Company about its prospects and opportunities. These forward-looking statements are 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 statements are not guarantees of performance or results, and they involve risks, uncertainties and assumptions. Although the Company believes that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect the Company's results of operations and liquidity and could cause actual results, performance or achievements to differ materially from those expressed in, or implied by, the Company's forward-looking 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 impact of the macro-economic environment in both the U.S. and internationally on our business and expectations regarding growth of the industry; uncertainties arising from global events (including the Russia-Ukraine and Israel-Hamas conflicts), natural disasters or pandemics, and their impact on material prices; the effects of strategic investments on our operations, including our efforts to expand our global market share and actions taken to increase sales growth; the ability to develop and successfully launch new products; labor costs and other employment-related costs; loss of suppliers and disruptions in the supply of raw materials; 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 impact of rising interest rates; changes in economic conditions, including inflationary trends in the price of raw materials; our reliance on information technology and the associated risk involving potential security lapses and/or cyber-attacks; 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, the impact of supply chain interruptions and raw material shortages, including compliance disruptions such as the UFLPA delaying goods from China; the potential impact of higher 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 from the NASDAQ Stock Market and any delays and challenges in obtaining a re-listing on a stock exchange; and the risks and uncertainties described in reports filed by the Company with the SEC, including without limitation its Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and the Company's subsequent filings with the SEC.

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.

Power Solutions International, Inc.

Kenneth Li

Chief Financial Officer

(630) 284-9719

[kli@psiengines.com](mailto:kli@psiengines.com)