

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



FORM 10-Q

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

For the quarterly period ended September 30, 2025

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)

201 Mittel Drive, Wood Dale, IL

(Address of Principal Executive Offices)

33-0963637

(I.R.S. Employer Identification No.)

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
Common Stock, par value \$0.001 per share	PSIX	Nasdaq Stock Market

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

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of October 30, 2025, there were 23,040,930 outstanding shares of the Common Stock of the registrant.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q for the three months ended September 30, 2025, (the “Quarterly 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 regarding Power Solutions International, Inc.’s, a Delaware corporation (“Power Solutions,” “PSI” or the “Company”), projected sales, potential profitability and liquidity, strategic initiatives, future business strategies, warranty mitigation efforts and market opportunities, improvements in its business, improvement of product margins, and product market conditions and trends. 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 factors discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, and from time to time in the Company’s subsequent filings with the United States Securities and Exchange Commission (the “SEC”); 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 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 and exports; the impact of supply chain interruptions and raw material shortages, including compliance disruptions such as the Uyghur Forced Labor Prevention Act (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; the potential effects of damage to our reputation or other adverse consequences if our employees, suppliers, sub-suppliers or other contract parties, agents or business partners violate anti-bribery, competition, export and import, trade sanctions, data privacy, environmental, human rights or other laws; and the impact of unanticipated changes in our effective tax rate, the adoption of new tax legislation or exposure to additional income tax liabilities.

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.

AVAILABLE INFORMATION

The Company is subject to the reporting and information requirements of the Exchange Act, and as a result, it is obligated to file annual, quarterly and current reports, proxy and information statements and other information with the SEC. The Company makes these filings available free of charge on its website (<http://www.psiengines.com>) as soon as reasonably practicable after it electronically files them with, or furnishes them to, the SEC. Information on the Company’s website does not constitute part of this Quarterly Report. In addition, the SEC maintains a website (<http://www.sec.gov>) that contains the annual, quarterly and current reports, proxy and information statements, and other information the Company electronically files with, or furnishes to, the SEC.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

**POWER SOLUTIONS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except par values)

	As of September 30, 2025 (unaudited)	As of December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 49,046	\$ 55,252
Restricted cash	3,680	3,239
Accounts receivable, net of allowances of \$1,139 and \$1,889 as of September 30, 2025 and December 31, 2024, respectively; (from related parties \$548 and \$1,383 as of September 30, 2025 and December 31, 2024, respectively)	87,970	68,958
Income tax receivable	6,354	986
Inventories, net	152,223	93,872
Prepaid expenses	5,044	6,396
Contract assets	13,265	21,462
Other current assets	1,292	4,170
Total current assets	318,874	254,335
Property, plant and equipment, net	21,102	15,406
Operating lease right-of-use assets, net	54,488	23,275
Intangible assets, net	1,533	2,454
Goodwill	29,835	29,835
Deferred tax assets	19,515	—
Other noncurrent assets	13,599	2,877
TOTAL ASSETS	\$ 458,946	\$ 328,182
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable (to related parties \$18,503 and \$14,427 as of September 30, 2025 and December 31, 2024, respectively)	\$ 83,587	\$ 58,208
Current maturities of long-term debt	37	52
Revolving line of credit, current	—	95,000
Finance lease liability, current	368	78
Operating lease liability, current	5,899	4,503
Other short-term financing (from related parties \$25,000 as of December 31, 2024)	—	25,000
Other accrued liabilities (to related parties \$25 and \$807 as of September 30, 2025 and December 31, 2024, respectively)	49,693	44,726
Total current liabilities	139,584	227,567
Deferred tax liabilities	—	1,568
Long-term debt, net of current maturities	15	38
Revolving line of credit, long-term	95,000	—
Finance lease liability, long-term	1,311	16
Operating lease liability, long-term	51,040	20,663
Noncurrent contract liabilities	1,733	1,877
Other noncurrent liabilities	7,809	11,203
TOTAL LIABILITIES	\$ 296,492	\$ 262,932
Commitments and Contingencies (Note 10)		
STOCKHOLDERS' EQUITY		
Common stock – \$0.001 par value; 50,000 shares authorized; 23,117 shares issued; 23,040 and 23,000 shares outstanding at September 30, 2025 and December 31, 2024, respectively	23	23
Additional paid-in capital	157,619	157,561
Retained earnings (accumulated deficit)	6,399	(91,511)
Treasury stock, at cost, 77 and 117 shares at September 30, 2025 and December 31, 2024, respectively	(1,587)	(823)
TOTAL STOCKHOLDERS' EQUITY	162,454	65,250
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 458,946	\$ 328,182

See Notes to Condensed Consolidated Financial Statements

POWER SOLUTIONS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(in thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net sales (to related parties \$398 and \$50 for the three months ended September 30, 2025 and 2024, respectively, \$1,263 and \$500 for the nine months ended September 30, 2025 and 2024, respectively)	\$ 203,829	\$ 125,842	\$ 531,182	\$ 331,668
Cost of sales (derived from any related party sales \$275 and \$40 for the three months ended September 30, 2025 and 2024, respectively, and \$863 and \$370 for the nine months ended September 30, 2025 and 2024, respectively)	155,118	89,418	388,094	234,300
Gross profit	48,711	36,424	143,088	97,368
Operating expenses:				
Research and development expenses	4,790	4,651	13,649	14,807
Selling, general and administrative expenses	15,256	10,957	43,045	25,009
Amortization of intangible assets	308	365	921	1,095
Total operating expenses	20,354	15,973	57,615	40,911
Operating income	28,357	20,451	85,473	56,457
Other expense (income), net:				
Interest expense (from related parties of \$0 and \$1,800 for the three months ended September 30, 2025 and 2024, respectively, and \$634 and \$6,300 for the nine months ended September 30, 2025 and 2024, respectively)	1,617	2,837	5,083	9,092
Other expense (income)	—	—	(295)	—
Total other expense, net	1,617	2,837	4,788	9,092
Income before income taxes	26,740	17,614	80,685	47,365
Income tax (benefit) expense	(876)	277	(17,225)	1,373
Net income	\$ 27,616	\$ 17,337	\$ 97,910	\$ 45,992
Weighted-average common shares outstanding:				
Basic	23,033	22,990	23,015	22,977
Diluted	23,061	23,044	23,062	23,003
Earnings per common share:				
Basic	\$ 1.20	\$ 0.75	\$ 4.25	\$ 2.00
Diluted	\$ 1.20	\$ 0.75	\$ 4.25	\$ 2.00

See Notes to Condensed Consolidated Financial Statements

POWER SOLUTIONS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

(in thousands)

	For the Three Months Ended				
	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	Total Stockholders' Equity
Balance at June 30, 2025	\$ 23	\$ 157,775	\$ (21,217)	\$ (930)	\$ 135,651
Net income	—	—	27,616	—	27,616
Stock Appreciation Rights ("SAR") exercised	—	(175)	—	175	—
Stock-based compensation expense	—	19	—	—	19
Repurchases to settle tax withholding obligations for stock-based compensation awards	—	—	—	(832)	(832)
Balance at September 30, 2025	<u>\$ 23</u>	<u>\$ 157,619</u>	<u>\$ 6,399</u>	<u>\$ (1,587)</u>	<u>\$ 162,454</u>
Balance at June 30, 2024	23	157,737	(132,135)	(860)	24,765
Net income	—	—	17,337	—	17,337
Stock Appreciation Rights ("SAR") awards	—	(81)	—	81	—
Stock-based compensation expense	—	64	—	(60)	4
Tax benefit from exercise of stock based compensation	—	21	—	(21)	—
Balance at September 30, 2024	<u>\$ 23</u>	<u>\$ 157,741</u>	<u>\$ (114,798)</u>	<u>\$ (860)</u>	<u>\$ 42,106</u>

(in thousands)

	For the Nine Months Ended				
	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	Total Stockholders' Equity
Balance at December 31, 2024	\$ 23	\$ 157,561	\$ (91,511)	\$ (823)	\$ 65,250
Net income	—	—	97,910	—	97,910
Stock Appreciation Rights ("SAR") exercised	—	(268)	—	268	—
Stock-based compensation expense	—	326	—	—	326
Repurchases to settle tax withholding obligations for stock-based compensation awards	—	—	—	(1,032)	(1,032)
Balance at September 30, 2025	<u>\$ 23</u>	<u>\$ 157,619</u>	<u>\$ 6,399</u>	<u>\$ (1,587)</u>	<u>\$ 162,454</u>
Balance at December 31, 2023	\$ 23	\$ 157,770	\$ (160,790)	\$ (920)	\$ (3,917)
Net income	—	—	45,992	—	45,992
SAR awards	—	(81)	—	81	—
Stock-based compensation expense	—	52	—	—	52
Tax benefit from exercise of stock based compensation	—	—	—	(21)	(21)
Balance at September 30, 2024	<u>\$ 23</u>	<u>\$ 157,741</u>	<u>\$ (114,798)</u>	<u>\$ (860)</u>	<u>\$ 42,106</u>

See Notes to Condensed Consolidated Financial Statements

POWER SOLUTIONS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)

	For the Nine Months Ended September 30,	
	2025	2024
Cash provided by operating activities		
Net income	\$ 97,910	\$ 45,992
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	921	1,095
Depreciation	3,087	2,836
Noncash lease expense	4,486	3,967
Stock-based compensation expense	326	52
Amortization of financing fees	495	348
Deferred income taxes	(21,083)	162
(Credit) for losses in accounts receivable	(750)	(2,085)
Increase in allowance for inventory obsolescence, net	331	2,498
Other adjustments, net	55	45
Changes in operating assets and liabilities:		
Accounts receivable	(18,262)	(8,428)
Inventories	(55,910)	(19,133)
Prepaid expenses	1,352	(7,268)
Contract assets	8,197	(4,452)
Other assets	(7,184)	149
Accounts payable	25,337	9,164
Income taxes receivable	(5,368)	(116)
Accrued expenses	2,500	7,694
Other noncurrent liabilities	(7,710)	(2,781)
Net cash provided by operating activities	28,730	29,739
Cash used in investing activities		
Capital expenditures	(6,968)	(1,957)
Proceeds from disposal of assets	11	—
Net cash used in investing activities	(6,957)	(1,957)
Cash used in financing activities		
Repayment of long-term debt and lease liabilities	(354)	(153)
Proceeds from short-term financings	—	100,000
Repayment of short-term financings	(25,000)	(109,820)
Payments of deferred financing costs	(1,152)	(709)
Repurchases to settle tax withholding obligations for stock-based compensation awards	(1,032)	(21)
Net cash used in financing activities	(27,538)	(10,703)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(5,765)	17,079
Cash, cash equivalents, and restricted cash at beginning of the period	58,491	26,594
Cash, cash equivalents, and restricted cash at end of the period	\$ 52,726	\$ 43,673

(in thousands)

	As of September 30,	
	2025	2024
Reconciliation of cash, cash equivalents, and restricted cash to the Consolidated Balance Sheets		
Cash and cash equivalents	\$ 49,046	\$ 40,456
Restricted cash	3,680	3,217
Total cash, cash equivalents, and restricted cash	\$ 52,726	\$ 43,673

See Notes to Condensed Consolidated Financial Statements

POWER SOLUTIONS INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies and Other Information

Nature of Business Operations

Power Solutions International, Inc. (“Power Solutions,” “PSI” or the “Company”), a Delaware corporation, is a global producer and distributor of a broad range of high-performance, certified, low-emission power systems, including alternative-fueled power systems for original equipment manufacturers (“OEMs”) of off-highway industrial equipment and large custom-engineered integrated electrical power generation systems.

The Company’s customers include large, industry-leading and multinational organizations. The Company’s products and services are sold predominantly to customers throughout North America as well as to customers located throughout the Pacific Rim and Europe. The Company’s power systems are highly engineered, comprehensive systems which, through the Company’s technologically sophisticated development and manufacturing processes, including its in-house design, prototyping, testing and engineering capabilities and its analysis and determination of the specific components to be integrated into a given power system (driven in large part by emission standards and cost considerations), allow the Company to provide its customers with power systems customized to meet specific OEM application requirements, other customers’ technical specifications and requirements imposed by environmental regulatory bodies.

The Company’s power system configurations range from a basic engine integrated with appropriate fuel system components to completely packaged power systems that include any combination of cooling systems, electronic systems, air intake systems, fuel systems, housings, power takeoff systems, exhaust systems, hydraulic systems, enclosures, brackets, hoses, tubes and other assembled componentry. The Company also designs and manufactures large, custom-engineered integrated electrical power generation systems for both standby and prime power applications. The Company purchases engines from third-party suppliers and produces internally designed engines, all of which are then integrated into its power systems.

Of the other components that the Company integrates into its power systems, a substantial portion consist of internally designed components and components for which it coordinates significant design efforts with third-party suppliers, with the remainder consisting largely of parts that are sourced off-the-shelf from third-party suppliers. Some of the key components (including purchased engines) embody proprietary intellectual property of the Company’s suppliers. As a result of its design and manufacturing capabilities, the Company is able to provide its customers with a power system that can be incorporated into a customer’s specified application. In addition to the certified products described above, the Company sells diesel, gasoline and non-certified power systems and aftermarket components.

Stock Ownership and Control

Weichai America Corp., a wholly-owned subsidiary of Weichai Power Co., Ltd. (HK2338, SZ000338) (herein collectively referred to as “Weichai”), beneficially owns approximately 46.5% of the outstanding shares of the Company’s Common Stock as of August 26, 2025. Weichai has entered into an Investor Rights Agreement (the “Rights Agreement”) with the Company. The Rights Agreement provides Weichai with representation on the Company’s Board of Directors (the “Board”) and management representation rights. Weichai currently has four representatives on the Board, which constitutes the majority of the directors serving on the Board. In addition, the Company and Weichai have entered into a Shareholders Agreement with the Company’s founders (the “Founders”), pursuant to which the Founders have agreed to vote in favor of Weichai’s designees to the Board and for certain other matters. The Founders currently beneficially own approximately 6.3% of the Company’s Common Stock as of September 18, 2025. As a result, Weichai is able to exercise control over matters requiring stockholders’ approval, including the election of directors, amendment of the Company’s Certificate of Incorporation (the “Charter”) and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of the Company or changes in management and will make the approval of certain transactions impractical without the support of Weichai. According to the Rights Agreement, during any period when the Company is a “controlled company” within the meaning of the Nasdaq Listing Rules, it will take such measures as to avail itself of the “controlled company” exemptions available under Rule 5615 of the Nasdaq Listing Rules from Rules 5605(b), (d) and (e) to the extent applicable.

Liquidity

During the first nine months of 2025, the Company reported net income of \$97.9 million and cash provided by operations of \$28.7 million. On July 30, 2025, the Company amended its Uncommitted Revolving Credit Agreement (the “Revolving Credit Agreement”), which extended the maturity date from August 30, 2025 to July 30, 2027 (See Note 6. *Debt*) and increased the borrowing capacity to \$135.0 million. As the Company has achieved profitability, is generating positive cash flows from operating activities, and has amended the Revolving Credit Agreement, the Company has concluded that its existing cash and cash equivalents and cash from operations will be sufficient for the Company for at least twelve months from the issuance of these condensed consolidated financial statements.

Basis of Presentation and Consolidation

The Company is filing this Form 10-Q for the quarterly period ended September 30, 2025, which contains unaudited condensed consolidated financial statements as of September 30, 2025 and for the three and nine months ended September 30, 2025 and 2024.

The condensed consolidated financial statements include the accounts of Power Solutions International, Inc. and its wholly-owned subsidiaries and majority-owned subsidiaries in which the Company exercises control. The condensed consolidated financial statements were prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and rules and regulations of the SEC for interim financial reporting. All intercompany balances and transactions have been eliminated in consolidation.

Certain information and note disclosures normally included in the Company’s annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X and include all of the information and disclosures required by U.S GAAP for interim financial reporting. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements of the Company and related footnotes for the year ended December 31, 2024, included in the 2024 Annual Report on Form 10-K, filed with the SEC on March 24, 2025 (the “2024 Annual Report”). The Company’s significant accounting policies are described in the aforementioned 2024 Annual Report. The accompanying interim financial information is unaudited; however, the Company believes the financial information reflects all adjustments (consisting of items of a normal recurring nature) necessary for a fair presentation of its financial position, results of operations and cash flows in conformity with U.S. GAAP. Operating results for interim periods are not necessarily indicative of annual operating results.

Segments

The Company operates as one business and geographic operating segment. Operating segments are defined as components of a business that can earn revenues and incur expenses for which discrete financial information is available that is evaluated on a regular basis by the chief operating decision maker (“CODM”). The Company’s CODM is its principal executive officer, who decides how to allocate resources and assess performance. A single management team reports to the CODM, who manages the entire business. The Company’s CODM reviews consolidated statements of income to make decisions, allocate resources and assess performance, and the CODM does not evaluate the profit or loss from any separate geography or product line.

Concentrations

The following table presents customers individually accounting for more than 10% of the Company’s net sales:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Customer A	**	**	**	10 %
Customer B	18 %	13 %	20 %	**
Customer C	11 %	**	**	12 %
Customer E	10 %	**	11 %	**
Customer F	17 %	**	14 %	**

The following table presents customers individually accounting for more than 10% of the Company’s trade accounts receivable:

	As of September 30, 2025	As of December 31, 2024
Customer B	21 %	**
Customer D	**	15 %
Customer C	12 %	**

The following table presents suppliers individually accounting for more than 10% of the Company’s purchases:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Supplier A	28 %	13 %	23 %	15 %

** Less than 10% of the total

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions include the valuation of allowances for credit losses, inventory reserves, warranty reserves, stock-based compensation, evaluation of goodwill, other intangibles, property, plant and equipment for impairment, income tax valuation allowances and determination of useful lives of long-lived assets. Actual results could materially differ from those estimates.

Restricted Cash

Restricted cash consists of funds that are contractually restricted as to usage or withdrawal due to required minimum levels of cash collateral for letters of credits and contractual agreements with customers. As of September 30, 2025 and December 31, 2024, the Company had restricted cash of \$3.7 million and \$3.2 million, respectively, which includes \$1.4 million restricted cash held in escrow which could be required to be refunded to the customer if conditions occur as defined in the agreement with the customer. The Company has not recognized revenue associated with the restricted cash. The deferred revenue is included within *Noncurrent Contract Liabilities* on the Consolidated Balance Sheets.

Inventories

The Company's inventories consist primarily of engines and parts. Engines are valued at the lower of cost, including estimated freight-in, or net realizable value. Parts are valued at the lower of cost or net realizable value, except for integral parts provided by customers for installation on custom ordered engines. Such parts are accounted for as noncash consideration which is valued at fair value. Net realizable value approximates replacement cost. Cost is principally determined using the first-in, first-out method and includes material, labor and manufacturing overhead. It is the Company's policy to review inventories on a continuing basis for obsolete, excess and slow-moving items and to record valuation adjustments for such items in order to eliminate non-recoverable costs from inventory. Valuation adjustments are recorded in an inventory reserve account and reduce the cost basis of the inventory in the period in which the reduced valuation is determined. Inventory reserves are established based on quantities on hand, usage and sales history, customer orders, projected demand and utilization within a current or

future power system. Specific analysis of individual items or groups of items is performed based on these same criteria, as well as on changes in market conditions or any other identified conditions.

Inventories consist of the following:

(in thousands)

Inventories	As of September 30, 2025	As of December 31, 2024
Raw materials	\$ 125,204	\$ 84,323
Work in process	6,638	872
Finished goods	28,847	16,812
Total inventories	160,689	102,007
Inventory allowance	(8,466)	(8,135)
Inventories, net	\$ 152,223	\$ 93,872

Activity in the Company's inventory allowance was as follows:

(in thousands)

Inventory Allowance	For the Nine Months Ended September 30,	
	2025	2024
Balance at beginning of period	\$ 8,135	\$ 5,730
Charged to expense	487	2,910
Write-offs	(156)	(412)
Balance at end of period	\$ 8,466	\$ 8,228

As of September 30, 2025, the Company's inventory included \$2.8 million of raw materials provided by its customers for installation in the fulfillment of its performance obligations to these customers and recorded an associated contract liability. See Note 2. *Revenue* for further information regarding contract assets and contract liabilities.

Other Accrued Liabilities

Other accrued liabilities consisted of the following:

(in thousands)

Other Accrued Liabilities	As of September 30, 2025	As of December 31, 2024
Accrued product warranty	\$ 7,008	\$ 10,233
Accrued litigation ¹	1,400	3,847
Contract liabilities	12,525	10,184
Accrued compensation and benefits	18,604	10,721
Accrued interest expense	331	1,237
Stock appreciation rights liability ²	1,174	1,804
Non-interest bearing note payable	728	693
Customs accrual	4,683	1,162
Taxes payable	163	200
Other	3,077	4,645
Total	\$ 49,693	\$ 44,726

¹ As of September 30, 2025 and December 31, 2024 accrued litigation includes accruals related to various ongoing legal matters including associated legal fees. See Note 10. *Commitments and Contingencies* for further information regarding the various ongoing legal matters.

² The Company has an incentive compensation plan, which authorizes the granting of a variety of different types of awards including, but not limited to, non-qualified stock options, incentive stock options, Stock Appreciation Rights ("SARs"), Restricted Stock Awards ("RSAs"), deferred stock and performance units to its executive officers, employees, consultants and Directors. The SAR awards granted for the year ended September 30, 2025 and December 31, 2024 were all liability classified awards and remained outstanding. See Note 13. *Stock-Based Compensation* in the Company's 2024 Annual Report for additional information on the SARs and RSAs.

Warranty Costs

The Company offers a standard limited warranty on the workmanship of its products that in most cases covers defects for a defined period. Warranties for certified emission products are mandated by the U.S. Environmental Protection Agency (the "EPA") and/or the California Air Resources Board (the "CARB") and are longer than the Company's standard warranty on

certain emission-related products. The Company's products also carry limited warranties from suppliers. The Company's warranties generally apply to engines fully manufactured by the Company and to the modifications the Company makes to supplier base products. Costs related to supplier warranty claims are generally borne by the supplier and passed through to the end customer.

Warranty estimates are based on historical experience and represent the projected cost associated with the product. A liability and related expense are recognized at the time products are sold. The Company adjusts estimates when it is determined that actual costs may differ from initial or previous estimates. The Company's warranty liability is generally affected by failure rates, repair costs and the timing of failures. Future events and circumstances related to these factors could materially change the estimates and require adjustments to the warranty liability. In addition, new product launches require a greater use of judgment in developing estimates until historical experience becomes available.

Accrued product warranty activities are presented below:

(in thousands)	For the Nine Months Ended September 30,	
	2025	2024
Accrued Product Warranty		
Balance at beginning of period	\$ 13,972	\$ 19,263
Current period provision *	4,657	4,398
Changes in estimates for preexisting warranties **	736	2,115
Payments made during the period	(10,291)	(10,413)
Balance at end of period	9,074	15,363
Less: current portion	7,008	10,455
Noncurrent accrued product warranty (included with Other Noncurrent liabilities)	\$ 2,066	\$ 4,908

* Warranty costs, net of supplier recoveries and other adjustments, were \$5.3 million and \$5.8 million for the nine months ended September 30, 2025 and 2024, respectively. Supplier recoveries were \$0.1 million and \$0.7 million for the nine months ended September 30, 2025 and 2024, respectively.

** Changes in estimates for preexisting warranties reflect changes in the Company's estimate of warranty costs for products sold in prior periods. Such adjustments typically occur when claims experience deviates from historical and expected trends. During the nine months ended September 30, 2025, the Company recorded a cost for changes in estimates of preexisting warranties of \$0.7 million, or \$0.03 per diluted share. During the nine months ended September 30, 2024, the Company recorded a cost of \$2.1 million, or \$0.09 per diluted share.

Recently Issued Accounting Pronouncements – Adopted

In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures – Segment Reporting (Topic 280)*. The amendments to this standard require public entities to disclose more detailed information about their reportable segments' significant expenses on an interim and annual basis. The amendments to this standard do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The amendments to this standard apply to all public entities that are required to report segment information in accordance with Topic 280, Segment Reporting and are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this guidance for the year ending December 31, 2024 and subsequent interim periods. See Note 15, *Segment Reporting* for the new disclosures required by the standard.

Recently Issued Accounting Pronouncements – Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures - Income Taxes (Topic 740)*. The amendments to this standard enhances the transparency and decision usefulness of income tax disclosures, primarily related to rate reconciliation and income taxes paid information as well as effectiveness of overall income tax disclosures. The new standard is effective for non-public companies, and public business entities that meet the definition of a smaller reporting company as defined by the SEC, for annual periods beginning after December 15, 2024. The Company is required to adopt the guidance for its 2025 annual report filed on Form 10-K, though early adoption is permitted. The Company is currently evaluating the impact of these amendments on its disclosures, but this standard update will not impact the Company's results of operations or financial position.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income: Expense Disaggregation Disclosures (Subtopic 220-40)*. This update requires entities to provide more detailed disclosures about the components of significant expense categories, enhancing the transparency and decision usefulness of financial statements. The amendments in this update are intended to provide investors with additional information about specific expense categories in the notes to the financial statements at interim and annual reporting periods. The updated standard is effective for annual periods beginning after December 15, 2026, and interim reporting periods thereafter, although early adoption is permitted.

While we anticipate that the adoption of this standard will require additional disclosures, the Company is currently assessing the impact of the amendment to this standard on its consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments - Credit Losses: Measurement of Credit Losses for Accounts Receivable and Contract Assets (Topic 326)*. The update permits entities to elect a practical expedient for estimating expected credit losses on current trade receivables and current contract assets by assuming that conditions existing at the balance sheet date will remain unchanged over the life of those assets. The update standard is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years, with early adoption permitted. The Company is currently assessing the impact of the amendment to this standard on its consolidated financial statements.

Note 2. Revenue

Disaggregation of Revenue

The following table summarizes net sales by end market:

(in thousands) End Market	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Power Systems	\$ 169,370	\$ 84,111	\$ 432,980	\$ 219,160
Industrial	28,105	32,774	81,492	93,031
Transportation	6,354	8,957	16,710	19,477
Total	\$ 203,829	\$ 125,842	\$ 531,182	\$ 331,668

The following table summarizes net sales by geographic area:

(in thousands) Geographic Area	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
United States	\$ 193,053	\$ 113,533	\$ 499,653	\$ 294,295
North America (outside of United States)	4,187	5,824	14,468	16,127
Pacific Rim	5,703	5,595	14,131	17,416
Europe	882	890	2,704	3,781
Other	4	—	226	49
Total	\$ 203,829	\$ 125,842	\$ 531,182	\$ 331,668

Contract Balances

Most of the Company's contracts are for a period of less than one year; however, extended warranty contracts extend beyond one year. The timing of revenue recognition may differ from the time of invoicing to customers and these timing differences result in contract assets, or contract liabilities on the Company's Consolidated Balance Sheets. Contract assets include amounts related to the contractual right to consideration for completed performance when the right to consideration is conditional. The Company records contract liabilities when cash payments are received or due in advance of performance. The fair value of noncash consideration of parts provided by customers is recorded in contract liabilities. Contract assets and contract liabilities are recognized at the contract level.

(in thousands)	As of September 30, 2025	As of December 31, 2024	As of December 31, 2023
Short-term contract assets (included in <i>Contract assets</i>)	\$ 13,265	\$ 21,462	\$ 15,554
Short-term contract liabilities (included in <i>Other accrued liabilities</i>)	(12,525)	(10,184)	(2,741)
Long-term contract liabilities (included in <i>Noncurrent contract liabilities</i>)	(1,733)	(1,877)	(2,401)
Net contract assets (liabilities)	\$ (993)	\$ 9,401	\$ 10,412

During the nine months ended September 30, 2025 and 2024, the Company recognized \$10.6 million and \$1.4 million, respectively, of revenue upon satisfaction of performance obligations related to amounts that were included in the net contract liabilities balance as of December 31, 2024 and 2023, respectively. During the three months ended September 30, 2025 and 2024, the Company recognized \$1.7 million and \$0.7 million, respectively, of revenue upon satisfaction of performance obligations related to amounts that were included in the net contract liabilities balance as of June 30, 2025 and 2024, respectively.

Remaining Performance Obligations

The Company has elected the practical expedient to not disclose remaining performance obligations that have expected original durations of one year or less. For performance obligations that extend beyond one year, the Company had \$2.1 million of remaining performance obligations as of September 30, 2025, primarily related to extended warranties. The Company expects to recognize revenue related to these remaining performance obligations of approximately \$0.2 million in the remainder of 2025, \$0.2 million in 2026, \$1.5 million in 2027, \$0.2 million in 2028, and none in 2029 and beyond.

Note 3. Weichai Transactions

Weichai Shareholder's Loan Agreements

The Company entered into a \$105.0 million Shareholder's Loan Agreement (the "SLA") with Weichai in August 2024. The SLA was fully repaid during the second quarter of 2025. See additional discussion of these debt agreements in Note 6. *Debt*.

Weichai Collaboration Arrangement and Related Party Transactions

The Company and Weichai executed a strategic collaboration agreement (the "Collaboration Agreement") in March 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 Agreement established a joint steering committee, permitted Weichai to select 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 Agreement 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. On March 22, 2023, the Collaboration Agreement was extended for an additional term of three years.

The Company evaluates whether an arrangement is a collaborative arrangement at its inception based on the facts and circumstances specific to the arrangement. The Company also reevaluates whether an arrangement qualifies or continues to qualify as a collaborative arrangement whenever there is a change in either the roles of the participants or the participants' exposure to significant risks and rewards dependent on the ultimate commercial success of the endeavor. For those collaborative arrangements where it is determined that the Company is the principal participant, costs incurred and revenue generated from third parties are recorded on a gross basis in the financial statements. Purchases of inventory from Weichai were \$3.1 million and \$35.4 million for the three and nine months ended September 30, 2025, respectively. Purchases of inventory from Weichai were \$13.2 million and \$19.9 million for the three and nine months ended September 30, 2024, respectively.

In January 2022, PSI and Societe Internationale des Moteurs Baudouin ("Baudouin"), a subsidiary of Weichai, entered into an international distribution and sales agreement that 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. Refer to the Consolidated Balance Sheets and Statements of Income for detailed related party information.

See Note 14. *Related Party Transactions* for information regarding the purchase agreement with Shandong Weichai Import & Export Corporation, an affiliate of Weichai ("SWIEC"), and a manufacture of record ("MOR") agreement with Weichai.

Note 4. Property, Plant and Equipment

Property, plant and equipment by type were as follows:

(in thousands)	As of September 30, 2025	As of December 31, 2024
Property, Plant and Equipment		
Leasehold improvements	\$ 11,233	\$ 8,352
Machinery and equipment	55,711	48,643
Construction in progress	673	2,454
Total property, plant and equipment, at cost	67,617	59,449
Accumulated depreciation	(46,515)	(44,043)
Property, plant and equipment, net	\$ 21,102	\$ 15,406

Note 5. Goodwill and Other Intangibles**Goodwill**

The carrying amount of goodwill at both September 30, 2025 and December 31, 2024 was \$29.8 million. Accumulated impairment losses at both September 30, 2025 and December 31, 2024 were \$11.6 million.

Other Intangible Assets

Components of intangible assets are as follows:

(in thousands)

	As of September 30, 2025		
	Gross Carrying Value	Accumulated Amortization	Net Book Value
Customer relationships	\$ 34,940	\$ (33,468)	\$ 1,472
Developed technology	700	(700)	—
Trade names and trademarks	1,700	(1,639)	61
Total	\$ 37,340	\$ (35,807)	\$ 1,533

(in thousands)

	As of December 31, 2024		
	Gross Carrying Value	Accumulated Amortization	Net Book Value
Customer relationships	\$ 34,940	\$ (32,589)	\$ 2,351
Developed technology	700	(700)	—
Trade names and trademarks	1,700	(1,597)	103
Total	\$ 37,340	\$ (34,886)	\$ 2,454

Note 6. Debt

The Company's outstanding debt consisted of the following:

(in thousands)	As of September 30, 2025		As of December 31, 2024		Maturity Date
	Amount	Rate ⁽²⁾	Amount	Rate ⁽²⁾	
Short-term financing:					
Revolving Credit Agreement ¹	—	—%	\$ 95,000	6.52%	
Shareholder's Loan Agreement	—	—%	25,000	8.49%	August 31, 2025
Total short-term debt	\$ —		\$ 120,000		
Long-term debt:					
Revolving Credit Agreement ¹	\$ 95,000	6.28%	\$ —	—%	July 30, 2027
Finance leases and other debt	1,731	**	184	**	Various
Total long-term debt and finance leases	96,731		184		
Less: Current maturities of long-term debt and finance leases	405		130		
Long-term debt	\$ 96,326		\$ 54		

¹ Unamortized financing costs and deferred fees on the amended Revolving Credit Agreement are not presented in the above table as they are classified in *Prepaid expenses and other current assets* on the Consolidated Balance Sheets. Unamortized debt issuance costs, were \$1.1 million and \$0.4 million as of September 30, 2025 and December 31, 2024, respectively.

² Includes the weighted average interest rate.

** Finance lease obligations are a non-cash financing activity. See Note 8. Leases.

Revolving Credit Agreement and Shareholder's Loan Agreement

On August 30, 2024, the Company closed on the Revolving Credit Agreement, with Standard Chartered Bank ("Standard Chartered") and two other lenders. The Revolving Credit Agreement allowed the Company to borrow up to \$120.0 million and had a maturity date of August 30, 2025. The Revolving Credit Agreement was subject to customary events of default and covenants, including minimum consolidated EBITDA and Consolidated Interest Coverage Ratio covenants for the third and fourth quarters of 2024 and the first and second quarters of 2025. Borrowings under the Revolving Credit Agreement incurred interest at the applicable Secured Overnight Financing Rate ("SOFR") plus 2.00% per annum. The obligations under the Revolving Credit Agreement were unconditionally guaranteed, on a joint and several basis, by certain wholly-owned, existing and subsequently acquired or formed direct and indirect subsidiaries of the Company, subject to customary exceptions. The obligations under the Revolving Credit Agreement were secured by substantially all assets of the Company and the Company's wholly-owned subsidiaries. In addition, the Company paid fees of \$0.6 million related to the Revolving Credit Agreement which were deferred and amortized over the term of the Revolving Credit Agreement. As part of the closing of the Revolving Credit Agreement, the Company made an initial draw in the amount of \$100.0 million. The Company utilized the amount drawn under the Revolving Credit Agreement (i) to repay the outstanding balance of approximately \$40.0 million under the Company's Fourth Amended and Restated Uncommitted Revolving Credit Agreement, dated March 22, 2024, by and among the Company and Standard Chartered; and (ii) to prepay approximately \$60.0 million under previous shareholder loan agreements between PSI and Weichai.

In connection with the Revolving Credit Agreement, on August 30, 2024, the Company also entered into a new SLA with Weichai, which allowed the Company to borrow up to \$105.0 million and expired August 31, 2025. Borrowings under the SLA incurred interest at the applicable SOFR, plus 4.05% per annum. If the interest rate for any loan was lower than Weichai's borrowing cost, the interest rate for such loan would be equal to Weichai's borrowing cost plus 1.0%. The borrowing requests made under the SLA were subject to Weichai's discretionary approval. The payment of the borrowings under the SLA was subordinated in all respects to the Revolving Credit Agreement with the exception that the Company was allowed to make a single payment of \$10.0 million to Weichai. The \$60.0 million portion of the initial advance under the Revolving Credit Agreement was applied to pay all principal, interest, and other amounts outstanding under the Shareholder's Loan Agreements that the Company was previously party to with Weichai except for \$25.0 million. In January 2025, the Company amended the Revolving Credit Agreement. After the amendment date, the Company was able to repay the outstanding balance under the

SLA in principal and interest provided there are no new borrowings under the SLA. In June 2025, the Company made payments totaling \$10.2 million and fully repaid the outstanding balance under the SLA.

On July 30, 2025, the Company closed on the Second Amendment (the "Amendment") to the Revolving Credit Agreement with Standard Chartered and three other lenders. The Amendment continues to enable the Company to borrow under a revolving line of credit secured by substantially all the Company's tangible and intangible assets. The amended Revolving Credit Agreement extended the maturity to July 30, 2027, and increased the borrowing capacity of the revolving line of credit to a maximum of \$135.0 million to the Company. The Amendment is subject to customary events of default and quarterly covenants, including minimum consolidated EBITDA, consolidated interest coverage ratio, and consolidated leverage ratio covenants for each fiscal quarter ending hereafter. Borrowings under the Amendment will incur interest at the applicable Secured Overnight Financing Rate ("SOFR") plus 2.10%. In the event the Company's majority shareholder, Weichai, holds less than fifty percent (50%) of the common equity of the Company, the interest rate under the Amended Credit Agreement will increase to the applicable SOFR plus 2.60% per annum. The obligations under the Amendment remain unconditionally guaranteed, on a joint and several basis, by certain wholly-owned, existing and subsequently acquired or formed direct and indirect subsidiaries of the Company, subject to customary exceptions. The obligations under the Amendment continue to be secured by substantially all assets of the Company and the Company's wholly-owned subsidiaries. In addition, the Company paid fees of \$1.2 million related to the Amendment which are deferred and amortized over the term of the Amendment. As of September 30, 2025, the Company had \$95.0 million outstanding under the amended Revolving Credit Agreement.

As of September 30, 2025, the Company's total outstanding debt obligations under the Revolving Credit Agreement and for finance leases and other debt were \$96.7 million in the aggregate. The Company's total accrued interest for the Revolving Credit Agreement was \$0.3 million and \$1.2 million as of September 30, 2025 and December 31, 2024, respectively. Accrued interest is included within Other Accrued Liabilities on the Consolidated Balance Sheets.

Note 7. Other Non-current Liabilities

On June 14, 2024, the Company executed a non-interest bearing note payable of \$4.5 million upon settlement of a legal matter. The note payable is due May 2028 and is discounted based on an imputed interest rate of 6.66%. The note payable includes an option for the Company to extend maturity of the note to September 2029 upon written notice before the thirty-seventh payment and, if such option is exercised, the maximum payment amount of the note increases to \$4.8 million.

As of both September 30, 2025 and December 31, 2024 the current portion of the note of \$0.7 million is included in other accrued liabilities in the Company's Consolidated Balance Sheets.

(in thousands)	As of September 30, 2025	As of December 31, 2024
Note payable	\$ 2,987	\$ 3,502
Unamortized discount	(313)	(473)
Total	\$ 2,674	\$ 3,029

The following table presents remaining maturities for the note payable as of September 30, 2025:

(in thousands)	Maturities	Discount Amortization
Year ending December 31, 2025	\$ 177	\$ 48
Year ending December 31, 2026	740	160
Year ending December 31, 2027	1,328	97
Year ending December 31, 2028	742	8
Total note payable	\$ 2,987	\$ 313

The Company recorded \$0.3 million and \$0.1 million discount amortization as interest expense as of September 30, 2025 and 2024, respectively.

Note 8. Leases

Leases

The Company has obligations under lease arrangements primarily for facilities, equipment and vehicles. These leases have original lease periods expiring between September 2025 and March 2036. The following table summarizes the lease expense by category in the Consolidated Statements of Income:

(in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Cost of sales	\$ 3,096	\$ 1,935	\$ 7,770	\$ 5,719
Research and development expenses	101	82	261	247
Selling, general and administrative expenses	84	45	188	187
Interest expense	30	2	71	7
Total	\$ 3,311	\$ 2,064	\$ 8,290	\$ 6,160

The following table summarizes the components of lease expense:

(in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Operating lease cost	\$ 2,493	\$ 1,531	\$ 6,187	\$ 4,595
Finance lease cost				
Amortization of right-of-use ("ROU") asset	107	16	258	50
Interest expense	30	2	71	7
Short-term lease cost	267	265	529	838
Variable lease cost	414	250	1,245	670
Total lease cost, net	\$ 3,311	\$ 2,064	\$ 8,290	\$ 6,160

The following table presents supplemental cash flow information related to leases:

(in thousands)	For the Nine Months Ended September 30,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows paid for operating leases	\$ 5,669	\$ 4,525
Operating cash flows paid for interest portion of finance leases	71	7
Financing cash flows paid for principal portion of finance leases	238	57
ROU assets obtained in exchange for lease obligations		
Operating leases	35,699	1,139
Finance leases	1,730	—

As of September 30, 2025 and December 31, 2024, the weighted-average remaining lease term was 8.2 years and 5.3 years for operating leases, respectively, and 4.3 years and 1.2 years for finance leases, respectively. As of September 30, 2025 and December 31, 2024, the weighted-average discount rate was 7.1% and 7.5% for operating leases, respectively, and 7.0% and 6.5%, respectively, for finance leases.

The following table presents supplemental balance sheet information related to leases:

(in thousands)	September 30, 2025	December 31, 2024
Operating lease ROU assets, net	\$ 54,488	\$ 23,275
Operating lease liabilities, current	5,899	4,503
Operating lease liabilities, non-current	51,040	20,663
Total operating lease liabilities	<u>\$ 56,939</u>	<u>\$ 25,166</u>
Finance lease ROU assets, net ¹	\$ 1,640	\$ 78
Finance lease liabilities, current	368	78
Finance lease liabilities, non-current	1,311	16
Total finance lease liabilities	<u>\$ 1,679</u>	<u>\$ 94</u>

1. Included in *Property, plant and equipment, net* for finance leases on the Consolidated Balance Sheets.

The following table presents maturity analysis of lease liabilities as of September 30, 2025:

(in thousands)	Operating Leases	Finance Leases
Nine months ending December 31, 2025	\$ 2,214	\$ 128
Year ending December 31, 2026	10,101	451
Year ending December 31, 2027	10,328	434
Year ending December 31, 2028	9,486	434
Year ending December 31, 2029	8,652	415
Year ending December 31, 2030	7,261	75
Thereafter	28,104	—
Total undiscounted lease payments	76,146	1,937
Less: imputed interest	19,207	258
Total lease liabilities	<u>\$ 56,939</u>	<u>\$ 1,679</u>

Note 9. Fair Value of Financial Instruments

For assets and liabilities measured at fair value on a recurring and nonrecurring basis, a three-level hierarchy of measurements based upon observable and unobservable inputs is used to arrive at fair value. Observable inputs are developed based on market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about valuation based on the best information available in the circumstances. Depending on the inputs, the Company classifies each fair-value measurement as follows:

- Level 1 – based on quoted prices in active markets for identical assets or liabilities;
- Level 2 – based on other significant observable inputs for the assets or liabilities through corroborations with market data at the measurement date; and
- Level 3 – based on significant unobservable inputs that reflect management's best estimate of what market participants would use to price the assets or liabilities at the measurement date.

Financial Instruments Measured at Carrying Value

Current Assets

Cash and cash equivalents (Level 1) are measured at carrying value, which approximates fair value because of the short-term maturities of these instruments.

Debt

The Company measured its material debt obligations and notes payable at original carrying value. The fair value of the Revolving Credit Agreement and other short-term financing approximated carrying value, as it consisted primarily of variable rate loans. The Company measured its non-interest bearing note payable using a rate which the Company could obtain financing of similar nature from other sources at the date of the transaction. The unamortized discount is reported in the Consolidated Balance Sheets as a deduction from the face amount of the note payable. The Company measured its material debt obligations and note payable using Level 2 inputs as follows:

(in thousands)

	As of September 30, 2025				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	
Revolving Credit Agreement	\$ 95,000	\$ —	\$ 95,000	\$ —	
Note payable	2,987	—	2,987	—	

(in thousands)

	As of December 31, 2024				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	
Revolving Credit Agreement	\$ 95,000	\$ —	\$ 95,000	\$ —	
Note payable	3,502	—	3,502	—	
Other financing	25,000	—	25,000	—	

Other Financial Assets and Liabilities

In addition to the methods and assumptions used for the financial instruments discussed above, accounts receivable, net income tax receivable, accounts payable, and certain accrued expenses are measured at carrying value, which approximates fair value because of the short-term maturities of these instruments.

Note 10. Commitments and Contingencies

Legal Contingencies

The legal matters discussed below and others could result in losses, including damages, fines, civil penalties and criminal charges, which could be substantial. The Company records accruals for these contingencies to the extent the Company concludes that a loss is both probable and reasonably estimable. Regarding the matters disclosed below, unless otherwise disclosed, the Company has determined that liabilities associated with these legal matters are reasonably possible; however, unless otherwise stated, the possible loss or range of possible loss cannot be reasonably estimated. Given the nature of the litigation and investigations and the complexities involved, the Company is unable to reasonably estimate a possible loss for all such matters until the Company knows, among other factors the following:

- what claims, if any, will survive dispositive motion practice;
- the extent of the claims, particularly when damages are not specified or are indeterminate;
- how the discovery process will affect the litigation;
- the settlement posture of the other parties to the litigation; and
- any other factors that may have a material effect on the litigation or investigation.

However, the Company could incur judgments, enter into settlements or revise its expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on the Company's results of operations in the period in which the amounts are accrued and/or liquidity in the period in which the amounts are paid.

Jerome Treadwell v. the Company

In October 2018, a putative class-action complaint was filed against the Company and NOVAtime Technology, Inc. ("NOVAtime" or "Plaintiff") in the Circuit Court of Cook County, Illinois. In December 2018, NOVAtime removed the case to the U.S. District Court for the Northern District of Illinois, Eastern Division (the "Court") under the Class Action Fairness Act. Plaintiff has since voluntarily dismissed NOVAtime from the lawsuit without prejudice and filed an amended complaint in April 2019. The operative, amended complaint asserts violations of the Illinois Biometric Information Privacy Act ("BIPA") in connection with employees' use of the time clock to clock in and clock out using a finger scan and seeks statutory damages, attorneys' fees, and injunctive and equitable relief. An aggrieved party under BIPA may recover (i) \$1,000 per violation if the Company is found to have negligently violated BIPA or (ii) \$5,000 per violation if the Company is found to have intentionally or recklessly violated BIPA plus reasonable attorneys' fees. In May 2019, the Company filed its motion to dismiss the

Plaintiff's amended complaint. In December 2019, the court denied the Company's motion to dismiss. In January 2020, the Company moved for reconsideration of the Court's order denying the motion to dismiss, or in the alternative, to stay the case pending the Illinois Appellate Court's ruling in *McDonald v. Symphony Healthcare* on a legal question that would be potentially dispositive in this matter. In February 2020, the Court denied the Company's motion for reconsideration, but required the parties to submit additional briefing on the Company's motion to stay. In April 2020, the Court granted the Company's motion to stay and stayed the case pending the Illinois Appellate Court's ruling in *McDonald v. Symphony Healthcare*. In October 2020, after the *McDonald* ruling, the Court granted the parties' joint request to continue the stay of the case for 60 days. The Court also ordered the parties to schedule a settlement conference with the Magistrate Judge in May 2021 which went forward without a settlement being reached. On May 22, 2023, the Company filed the answer to the amended complaint. Plaintiff and PSI have since reached a preliminary settlement of the case, and Plaintiff filed an Unopposed Motion for Preliminary Approval of Class Action Settlement on February 23, 2024. On February 5, 2025 Plaintiff filed an Unopposed Motion for Final Approval of the Class Settlement, which the Court granted on February 7, 2025. As of December 31, 2024, the Company had recorded an estimated liability of \$2.4 million, recorded within *Other accrued liabilities* on the Consolidated Balance Sheets related to the potential settlement of this matter. During the first quarter of 2025, the final settlement amount of \$2.4 million was paid to the Plaintiff, of which \$0.7 million was paid by the Company and \$1.7 million was paid by the Company's insurance carrier.

Mast Powertrain v. the Company

In February 2020, the Company received a demand for arbitration from Mast Powertrain, LLC ("Mast") pursuant to a development agreement entered into in November 2011 (the "Development Agreement"). Mast claimed that it was owed more than \$9.0 million in past royalties and other damages for products sold by the Company pursuant to the Development Agreement. The Company disputed Mast's damages, denied that any royalties are owed to Mast, denied any liability, and counterclaimed for overpayment on invoices paid to Mast. Mast subsequently clarified its claim for past royalties owed to be approximately \$4.5 million. In July 2021, the Company reached a settlement with Mast to resolve past claims for royalties owed for \$1.5 million which the Company had previously recorded within *Selling, general and administrative expenses* in the Consolidated Statement of Income for the year-ended December 31, 2020. The Company fully paid the settlement as of December 31, 2022. In September 2023, Mast filed a lawsuit against the Company in the Eastern District of Texas Federal Court ("Court"), alleging, among other things, damages of approximately \$6.0 million for fraudulent inducement leading to the 2021 arbitration settlement agreement and breach of said settlement agreement. Upon court order, the Company participated in separate mediations in May 2024 and December 2024, and no settlement was reached. The Company has filed a motion to stay the lawsuit and compel it to arbitration, and the Court granted that motion on January 31, 2025. As of both September 30, 2025 and December 31, 2024, the Company had recorded an estimated liability of \$0.9 million, recorded within *Other accrued liabilities* on the Consolidated Balance Sheets related to the potential settlement of this matter.

Gary Winemaster v. The Company

In August 2021, the Company's former Chairman of the Board and former Chief Executive Officer and President, Gary Winemaster ("Winemaster"), filed suit in the Court of Chancery of the State of Delaware against the Company and Travelers Casualty and Surety Company of America ("Travelers") alleging the Company's breach of its advancement obligations under Winemaster's indemnification agreement and Travelers' breach of the side A policy between Traveler's and the Company of which Winemaster is a beneficiary. In his complaint, Winemaster was seeking reimbursement under his indemnification agreement in excess of \$7.2 million of attorney's fees plus interest incurred by Winemaster in his defense of the Department of Justice ("DOJ") case, *U.S. v. Winemaster et al.* Since the filing of the complaint, the Company estimates that Travelers has paid approximately \$8.8 million to Winemaster's attorneys, Latham and Watkins, under the Company's side A policy to settle existing outstanding attorney's fees. Travelers is seeking reimbursement from the Company for those advances pursuant to the terms of the side A policy. In October 2021, the Company and Winemaster entered into a Stipulation and Advancement Order to handle all future attorney's fees relating to his DOJ and SEC cases, to the extent not reimbursed by Travelers under the side A policy. In June 2024, the Company reached a settlement with Travelers for \$4.5 million. As of both September 30, 2025 and December 31, 2024, the Company recorded the aforementioned settlement liability within *Other noncurrent liabilities* with the current portion within *Other accrued liabilities* on the Consolidated Balance Sheets. Refer to Note 7. *Other Non-current Liabilities* for additional information related to this settlement.

Indemnification Agreements

The Company holds a directors' and officers' liability insurance policy, which is renewed annually and currently expires in July 2026. The insurance policy includes standard exclusions including for any previously pending litigation.

Other Commitments and Contingencies

At September 30, 2025, the Company had four outstanding letters of credit totaling \$1.8 million. The letters of credit primarily serve as collateral for certain facility leases and insurance policies. As discussed in Note 1. *Summary of Significant Accounting Policies and Other Information*, the Company had restricted cash of \$3.7 million as of September 30, 2025, related to these letters of credit and cash held in escrow due to a customer agreement.

Note 11. Income Taxes

On a quarterly basis, the Company computes an estimated annual effective tax rate considering ordinary income and related income tax (benefit) expense. Ordinary income refers to income before income tax (benefit) expense excluding significant, unusual or infrequently occurring items. The tax effect of an unusual or infrequently occurring item is recorded in the interim period in which it occurs.

Through March 31, 2025, the Company maintained a full valuation allowance against its deferred tax assets due to significant negative evidence, about realizability of the assets, including cumulative losses and substantial doubt about its ability to continue as a going concern. Due to the successful refinancing of its debt in July 2025, the Company concluded that substantial doubt about its ability to continue as a going concern no longer exists. After evaluating all available evidence, including the alleviation of substantial doubt about the Company's ability to continue as a going concern, recent and forecasted earnings, historical performance, and the Company's improved financial condition, management determined that it is more likely than not that its deferred tax assets will be realized. As a result, the Company released an additional \$29.2 million of the valuation allowance in the second quarter of 2025 and recognized an additional \$7.0 million tax benefit in the third quarter of 2025. As of September 30, 2025 and December 31, 2024, the Company had net deferred tax assets (liabilities) of \$19.5 million and \$(1.6) million, respectively.

The effective tax rate for the three and nine months ended September 30, 2025 was (3.3)% and (21.3)%, respectively, compared to an effective tax rate for the three and nine months ended September 30, 2024 of 1.6% and 2.9%. The negative effective tax rates in 2025 reflect the impact of the valuation allowance reversal. The Company did not pay any income taxes during the three months ended September 30, 2025, and paid approximately \$8.1 million in income taxes during the nine months ended September 30, 2025.

Recent Tax Legislation

The One, Big, Beautiful Bill Act (the "Act") was signed into law on July 4, 2025. The Act contains significant tax law changes with various effective dates affecting business taxpayers. Among the tax law changes that will impact the Company relate to the timing of certain tax deductions including depreciation expense, research and development ("R&D") expenditures and interest expense. The Company implemented the provisions of the Act in the third quarter of 2025. As a result, the Company recognized incremental tax timing benefits primarily related to the restoration of 100% bonus depreciation and the ability to immediately expense R&D costs under Section 174. These changes affected the mix between current and deferred taxes but did not have a material impact on the Company's overall income tax expense for the quarter.

Note 12. Stockholders' Equity

Common and Treasury Stock

The changes in shares of Common and Treasury Stock are as follows:

(in thousands)

	Common Shares Issued	Treasury Stock Shares	Common Shares Outstanding
Balance as of December 31, 2024	23,117	117	23,000
Net shares issued for Stock awards	—	(40)	40
Balance as of September 30, 2025	<u>23,117</u>	<u>77</u>	<u>23,040</u>

Note 13. Earnings Per Share

The Company computes basic earnings per share by dividing net income by the weighted-average common shares outstanding during the year. Diluted earnings per share is calculated to give effect to all potentially dilutive common shares that were outstanding during the year. Weighted-average diluted common shares outstanding primarily reflect the additional shares that would be issued upon the assumed exercise of stock options and the assumed vesting of unvested share awards. The treasury stock method has been used to compute diluted earnings per share for the three and nine months ended September 30, 2025 and 2024.

The Company issued SARs and RSAs, all of which have been evaluated for their potentially dilutive effect under the treasury stock method. See Note 13. *Stock-Based Compensation* in the Company's 2024 Annual Report for additional information on the SARs and the RSAs.

The computations of basic and diluted earnings per share are as follows:

(in thousands, except per share basis)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net income – basic and diluted	\$ 27,616	\$ 17,337	\$ 97,910	\$ 45,992
Denominator:				
Shares used in computing net income per share:				
Weighted-average common shares outstanding – basic	23,033	22,990	23,015	22,977
Effect of dilutive securities	28	54	47	26
Weighted-average common shares outstanding – diluted	23,061	23,044	23,062	23,003
Earnings per common share:				
Earnings per share of common stock – basic	\$ 1.20	\$ 0.75	\$ 4.25	\$ 2.00
Earnings per share of common stock – diluted	\$ 1.20	\$ 0.75	\$ 4.25	\$ 2.00

The aggregate number of shares excluded from the diluted earnings per share calculations, because they would have been anti-dilutive, were none for both the three months ended September 30, 2025 and 2024 and none and 0.1 million for the nine months ended September 30, 2025 and 2024, respectively. For the three and nine months ended September 30, 2025 and 2024, SARs and RSAs were not included in the diluted earnings per share calculations as they would have been anti-dilutive because the Company's average stock price was less than or equal to the exercise price of the SARs or the grant price of the RSAs.

Note 14. Related Party Transactions

Weichai Transactions

See Note 3. *Weichai Transactions* for information regarding the Weichai Shareholder's Loan Agreement and Collaboration Agreement.

Other Related Party Transactions

See Note 10. *Commitments and Contingencies* for information regarding the Company's indemnification obligations related to certain former directors and officers of the Company.

In January 2025, the Company entered into a five-year purchase agreement with SWIEC, for the exclusive purchase and distribution of certain engine and engine components for the fulfillment of a contract with a customer in North America. The supply agreement includes annual minimum requirements of products ordered during the initial term. If all minimum targets are met within the first three-year periods, the contract may be negotiated to extend beyond the five-year initial term. The annual minimum requirements are as follows:

(in thousands)

Year Ending December 31,

2025	\$	19,023
2026		49,937
2027		49,937
2028		95,117
2029		95,117
Total	\$	<u>309,131</u>

In February 2025, the Company entered into a MOR agreement with Weichai. The MOR agreement requires the Company to pay Weichai a fee of 1.75% of gross revenues generated by the sale of certain engines manufactured by Weichai. Fees are due on a quarterly basis. The MOR agreement further requires the 1.75% fee to be paid for applicable sales of these engines beginning January 2024. As of September 30, 2025, the Company had recorded an estimated liability of \$0.1 million, recorded within *Other accrued liabilities* on the Consolidated Balance Sheets for the fee due to Weichai. The MOR agreement expires in December 2029.

Note 15. Segment Reporting

Operating segments are defined as components of a business that can earn revenues and incur expenses for which discrete financial information is available that is reviewed on a regular basis by the chief operating decision maker (“CODM”). The Company operates as one business and geographic operating and reportable segment.

Chief Operating Decision Maker

The Company’s CODM is its Chief Executive Officer (“CEO”). The CEO oversees the strategic planning and direction of the Company, and the CEO has final approval in assessing the Company’s performance and allocating its resources.

Identification of Reportable Segment

The Company’s single reportable segment derives revenues primarily in North America from customers by designing, engineering, manufacturing, marketing and selling a broad range of advanced, emission-certified engines and power systems that are powered by a wide variety of clean, alternative fuels, including natural gas, propane, and biofuels, as well as gasoline and diesel options, within the power systems, industrial and transportation end markets. Revenue is attributed to geographic areas based on the country of sale. The sources of external revenue by end market and geographic area are previously disclosed in Note 2. *Revenue*.

The Company evaluated the basis for the CODM’s decisions about the allocation of Company resources as well as the basis for the CODM’s assessments of the evaluation of the Company’s (segment) performance. Specifically, the Company evaluated the financial information that is generally provided and / or is available to the CODM. The Company’s CODM reviews consolidated statements of income to make decisions, allocate resources and assess performance.

Measurement

The CODM assesses performance and decides how to allocate resources primarily using consolidated revenue by end market and consolidated net income (loss). The CODM uses consolidated net income (loss) to monitor budget and forecast information to actual results. The CODM reviews cash, accounts receivable, inventory, accounts payable, and total debt; however other long-lived asset information is not reviewed by the CODM.

The accounting policies of the Company’s single reportable segment are the same as those described in the Note 1. *Summary of Significant Accounting Policies and Other Information*. The measure of segment assets is consolidated total assets presented in the Company’s Consolidated Balance Sheets. Note 1 *Concentrations* discloses customers individually accounting for more than 10% of the Company’s consolidated net sales.

Significant Expenses

Significant segment expenses are presented in the *Consolidated Statements of Income*.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis includes forward-looking statements about the Company’s business and consolidated results of operations for the three and nine months ended September 30, 2025 and 2024, including discussions about management’s expectations for the Company’s business. These statements represent projections, beliefs and expectations based on current circumstances and conditions and are made in light of recent events and trends. These statements should not be construed either as assurances of performance or as promises of a given course of action. Instead, various known and unknown factors are likely to cause the Company’s actual performance and management’s actions to vary, and the results of these variances may be both material and adverse. See “Forward-Looking Statements” in this Quarterly Report. The following discussion should also be read in conjunction with the Company’s unaudited consolidated financial statements and the related Notes included in this Quarterly Report.

Executive Overview

The Company designs, engineers, manufactures, markets and sells a broad range of advanced, emission-certified engines and power systems that run on a wide variety of clean, alternative fuels, including natural gas, propane, and biofuels, as well as gasoline and diesel options, within the power systems, industrial and transportation end markets with primary manufacturing, assembly, engineering, R&D, sales and distribution facilities located in suburban Chicago, Illinois and Darien and Beloit, Wisconsin. The Company provides highly engineered, comprehensive solutions designed to meet specific customer application requirements and technical specifications, including those imposed by environmental regulatory bodies, such as the U.S. Environment Protection Agency (“EPA”), the California Air Resource Board (“CARB”) and the People’s Republic of China’s Ministry of Ecology and Environment (“MEE”).

The Company’s products are primarily used by global original equipment manufacturers (“OEM”) and end-user customers across a wide range of applications and equipment that includes standby and prime power generation, demand response, microgrid, combined heat and power, arbor care, material handling (including forklifts), agricultural and turf, construction, pumps and irrigation, compressors, utility vehicles, light- and medium-duty vocational trucks, school and transit buses, and utility power. The Company manages the business as a single reportable segment.

Net sales by geographic area and by end market for the three and nine months ended September 30, 2025 and 2024 are presented below:

Geographic Area	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2025		2024		2025		2024	
	% of Total		% of Total		% of Total		% of Total	
United States	\$ 193,053	95 %	\$ 113,533	90 %	\$ 499,653	94 %	\$ 294,295	89 %
North America (outside of United States)	4,187	2 %	5,824	5 %	14,468	3 %	16,127	5 %
Pacific Rim	5,703	3 %	5,595	4 %	14,131	2 %	17,416	5 %
Europe	882	— %	890	1 %	2,704	1 %	3,781	1 %
Others	4	— %	—	— %	226	— %	49	— %
Total	\$ 203,829	100 %	\$ 125,842	100 %	\$ 531,182	100 %	\$ 331,668	100 %

End Market	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2025		2024		2025		2024	
	% of Total		% of Total		% of Total		% of Total	
Power Systems	\$ 169,370	83 %	\$ 84,111	67 %	\$ 432,980	82 %	\$ 219,160	66 %
Industrial	28,105	14 %	32,774	26 %	81,492	15 %	93,031	28 %
Transportation	6,354	3 %	8,957	7 %	16,710	3 %	19,477	6 %
Totals	\$ 203,829	100 %	\$ 125,842	100 %	\$ 531,182	100 %	\$ 331,668	100 %

Recent Trends and Business Outlook

PSI’s growth in net revenue for the nine months in 2025 was driven by power systems markets, including data center and oil and gas products, partially offset by lower sales from more mature, lower-margin markets such as industrial. This shift in

markets reflects the Company's conscious strategic prioritization toward higher growth, higher-margin markets with less emphasis on more mature markets.

The Company is focused on leading the business through a growth phase with a stronger balance sheet while strategically prioritizing products that demonstrate strong demand and higher gross margins. Consistent with those goals, the Company is actively pursuing several initiatives to enhance and expand manufacturing capacity to meet the increasing demand from data center markets. Pivoting the focus to these markets is driving current net sales growth and profitability. Through expanded capacity and strategic partnerships, management expects this positive trend to continue.

PSI's business is impacted by the current macroeconomic and geopolitical environment. For example, although the oil and gas market, in which the Company has historically operated, has experienced year over year growth from its historic lows, sales levels may not reach their previous higher levels because of lower rig counts. The Company has been actively navigating these challenges by balancing its investments, expenses, pricing and sales efforts in this market as well as others.

In addition to prioritizing gross profit, the Company is committed to efficiently managing expenses, including streamlining operating expenses and prioritizing certain R&D investments in support of long-term growth objectives. The Company is committed to focusing on growth opportunities and investment while also optimizing its cost structure to enhance growth and profitability, ultimately delivering sustained value to our shareholders.

The Company experiences recent tariff costs associated with its supply chain products. We are actively assessing the evolving tariff environment and are committed to proactively mitigate any associated risks through strategic sourcing, pricing actions, and supply chain agility. The potential for continued economic uncertainty and unfavorable oil and gas market dynamics may have a material adverse impact on the levels of future customer orders and the Company's future business operations, financial condition and liquidity. On July 30, 2025, the Company amended its Revolving Credit Agreement with Standard Chartered Bank and three other lenders. The amended Revolving Credit Agreement allows the Company to borrow up to \$135.0 million and extends the maturity date to July 30, 2027.

Results of Operations

Condensed consolidated results of operations for the three and nine months ended September 30, 2025, compared with the three and nine months ended September 30, 2024 (UNAUDITED):

(in thousands, except per share amounts)

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Net sales (to related parties \$398 and \$50 for the three months ended September 30, 2025 and 2024, respectively, \$1,263 and \$500 for the nine months ended September 30, 2025 and 2024, respectively)	\$ 203,829	\$ 125,842	\$ 77,987	62 %	\$ 531,182	\$ 331,668	\$ 199,514	60 %
Cost of sales (derived from any related party sales \$275 and \$40 for the three months ended September 30, 2025 and 2024, respectively, and \$863 and \$370 for the nine months ended September 30, 2025 and 2024, respectively)	155,118	89,418	65,700	73 %	388,094	234,300	153,794	66 %
Gross profit	48,711	36,424	12,287	34 %	143,088	97,368	45,720	47 %
<i>Gross margin %</i>	23.9 %	28.9 %	(5.0)%		26.9 %	29.4 %	(2.5)%	
Operating expenses:								
Research and development expenses	4,790	4,651	139	3 %	13,649	14,807	(1,158)	(8)%
<i>Research and development expenses as a % of sales</i>	2.4 %	3.7 %	(1.3)%		2.6 %	4.5 %	(1.9)%	
Selling, general and administrative expenses	15,256	10,957	4,299	39 %	43,045	25,009	18,036	72 %
<i>Selling, general and administrative expenses as a % of sales</i>	7.5 %	8.7 %	(1.2)%		8.1 %	7.5 %	0.6 %	
Amortization of intangible assets	308	365	(57)	(16)%	921	1,095	(174)	(16)%
Total operating expenses	20,354	15,973	4,381	27 %	57,615	40,911	16,704	41 %
Operating income	28,357	20,451	7,906	39 %	85,473	56,457	29,016	51 %
Other expense, net:								
Interest expense (from related parties of \$0 and \$1,800 for the three months ended September 30, 2025 and 2024, respectively, and \$634 and \$6,300 for the nine months ended September 30, 2025 and 2024, respectively)	1,617	2,837	(1,220)	(43)%	5,083	9,092	(4,009)	(44)%
Other expense (income), net	—	—	—	NM	(295)	—	(295)	NM
Total other expense, net	1,617	2,837	(1,220)	(43)%	4,788	9,092	(4,304)	(47)%
Income before income taxes	26,740	17,614	9,126	52 %	80,685	47,365	33,320	70 %
Income tax (benefit) expense	(876)	277	(1,153)	NM	(17,225)	1,373	(18,598)	NM
Net income	\$ 27,616	\$ 17,337	\$ 10,279	59 %	\$ 97,910	\$ 45,992	\$ 51,918	113 %
Earnings per common share:								
Basic	\$ 1.20	\$ 0.75	\$ 0.45	60 %	\$ 4.25	\$ 2.00	\$ 2.25	113 %
Diluted	\$ 1.20	\$ 0.75	\$ 0.45	60 %	\$ 4.25	\$ 2.00	\$ 2.25	113 %
Non-GAAP Financial Measures:								
Adjusted net income *	\$ 27,633	\$ 17,341	\$ 10,292	59 %	\$ 98,637	\$ 40,941	\$ 57,696	141 %
Adjusted net income per share – diluted*	\$ 1.20	\$ 0.75	\$ 0.45	60 %	\$ 4.28	\$ 1.79	\$ 2.49	139 %
EBITDA *	\$ 29,752	\$ 21,747	\$ 8,005	37 %	\$ 89,776	\$ 60,388	\$ 29,388	49 %
Adjusted EBITDA *	\$ 29,769	\$ 21,751	\$ 8,018	37 %	\$ 90,503	\$ 55,337	\$ 35,166	64 %

NM Not meaningful

* Non-GAAP measurement, see reconciliation below

Net Sales

Net sales increased \$78.0 million, or 62%, during the three months ended September 30, 2025, compared to the three months ended September 30, 2024, as a result of higher sales of \$85.3 million in the power systems end market, partially offset by a decrease of \$4.7 million and \$2.6 million within the industrial and transportation end markets, respectively. This shift in market mix reflects our deliberate strategic focus on higher-growth sectors such as data centers and oil and gas. In particular, we are prioritizing the rapidly expanding data center sector by enhancing our manufacturing capacity and capabilities to meet evolving customer demand. The decline in industrial sales is largely attributable to softer demand in the material handling market.

Net sales increased \$199.5 million, or 60%, during the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, as a result of higher sales of \$213.8 million in the power systems end market, partially offset by a decrease of \$11.5 million and \$2.8 million within the industrial and transportation end markets, respectively. This shift in market mix reflects our deliberate strategic focus on higher-growth sectors such as data centers and oil and gas. In particular, we are prioritizing the rapidly expanding data center sector by enhancing our manufacturing capacity and capabilities to meet evolving customer demand. The decline in industrial sales is largely attributable to softer demand in the material handling market.

Gross Profit

Gross profit increased during the three months ended September 30, 2025 by \$12.3 million, or 34%, compared to the three months ended September 30, 2024. Gross margin was 23.9% and 28.9% during the three months ended September 30, 2025 and 2024, respectively. The decrease in gross margin is primarily due to strong sales growth in comparatively lower-margin products and temporary inefficiencies related to our accelerated production ramp-up.

Gross profit increased during the nine months ended September 30, 2025 by \$45.7 million, or 47%, compared to the nine months ended September 30, 2024. Gross margin was 26.9% and 29.4% during the nine months ended September 30, 2025 and 2024, respectively. The decrease in gross margin is primarily due to strong sales growth in comparatively lower-margin products and temporary inefficiencies related to our accelerated production ramp-up.

Research and Development Expenses

Research and development expenses during the three months ended September 30, 2025 and 2024 were \$4.8 million and \$4.7 million, respectively.

Research and development expenses during the nine months ended September 30, 2025 and 2024 were \$13.6 million and \$14.8 million, respectively. The decrease of \$1.2 million was primarily driven by the timing of R&D program expenditures and the recovery of R&D costs from certain customers.

Selling, General and Administrative Expenses

Selling, general and administrative (“SG&A”) expenses were \$15.3 million during the three months ended September 30, 2025, an increase of \$4.3 million, or 39%, compared to the three months ended September 30, 2024. The variance reflects higher costs associated with employee incentive programs, expense related to customer relationship improvement efforts, and increased sales and administrative expenses to support ongoing business growth in 2025.

SG&A expenses were \$43.0 million during the nine months ended September 30, 2025, an increase of \$18.0 million, or 72%, compared to the nine months ended September 30, 2024. The increase is primarily due to a favorable non-recurring legal reserve reduction in 2024, higher costs associated with employee incentive programs, expense related to customer relationship improvement efforts, and increased sales and administrative expenses to support ongoing business growth in 2025.

Interest Expense

Interest expense was \$1.6 million for the three months ended September 30, 2025, as compared to \$2.8 million for the three months ended September 30, 2024, largely due to reduced outstanding debt and lower overall effective interest rates. See Note 6. *Debt*, included in Part 1, Item 1. *Financial Statements*, for additional information.

Interest expense was \$5.1 million for the nine months ended September 30, 2025, as compared to \$9.1 million for the nine months ended September 30, 2024, largely due to reduced outstanding debt and lower overall effective interest rates. See Note 6. *Debt*, included in Part 1, Item 1. *Financial Statements*, for additional information.

Income Tax (Benefit) Expense

The Company recorded income tax benefit of \$0.9 million for the three months ended September 30, 2025, as compared to income tax expense of \$0.3 million for the same period in 2024. The tax benefit in the third quarter of 2025 was primarily driven by the release of \$7.0 million valuation allowance on deferred tax assets. The effective tax rate in the third quarter of

2024 was low mainly due to the utilization of net operating loss carryforwards and other tax credits. Pretax income was \$26.7 million for the three months ended September 30, 2025, compared to \$17.6 million for the same period in 2024.

The Company recorded income tax benefit of \$17.2 million for the nine months ended September 30, 2025, as compared to income tax expense of \$1.4 million for the same period in 2024. The year-to-date benefit primarily reflects the \$36.6 million valuation allowance release. Pretax income was \$80.7 million for the nine months ended September 30, 2025, compared to \$47.4 million for the same period in 2024.

See Note 11. *Income Taxes*, included in Part I, Item 1. *Financial Statements*, for additional information related to the Company's income tax provision.

Non-GAAP Financial Measures

In addition to the results provided in accordance with U.S. GAAP above, this report also includes non-GAAP (adjusted) financial measures. Non-GAAP financial measures provide insight into selected financial information and should be evaluated in the context in which they are presented. These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, financial information presented in compliance with U.S. GAAP, and non-GAAP financial measures as reported by the Company may not be comparable to similarly titled amounts reported by other companies. The non-GAAP financial measures should be considered in conjunction with the consolidated financial statements, including the related notes, and *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in this report. Management does not use these non-GAAP financial measures for any purpose other than the reasons stated below.

Non-GAAP Financial Measure	Comparable GAAP Financial Measure
Adjusted net income	Net income
Adjusted net income per share – diluted	Net income per share – diluted
EBITDA	Net income
Adjusted EBITDA	Net income

The Company believes that Adjusted net income, Adjusted net income per share – diluted, EBITDA, and Adjusted EBITDA provide relevant and useful information, which is widely used by analysts, investors and competitors in its industry as well as by the Company's management in assessing the performance of the Company. Adjusted net income is defined as net income as adjusted for certain items that the Company believes are not indicative of its ongoing operating performance. Adjusted net income per share – diluted is a measure of the Company's diluted earnings per common share adjusted for the impact of special items. EBITDA provides the Company with an understanding of earnings before the impact of investing and financing charges and income taxes. Adjusted EBITDA further excludes the effects of other non-cash charges and certain other items that do not reflect the ordinary earnings of the Company's operations.

Adjusted net income, Adjusted net income per share – diluted, EBITDA, and Adjusted EBITDA are used by management for various purposes, including as a measure of performance of the Company's operations and as a basis for strategic planning and forecasting. Adjusted net income, Adjusted net income per share – diluted, and Adjusted EBITDA may be useful to an investor because these measures are widely used to evaluate companies' operating performance without regard to items excluded from the calculation of such measures, which can vary substantially from company to company depending on the accounting methods, the book value of assets, the capital structure and the method by which the assets were acquired, among other factors. They are not, however, intended as alternative measures of operating results or cash flow from operations as determined in accordance with U.S. GAAP.

The following table presents a reconciliation from Net income to Adjusted net income for the three and nine months ended September 30, 2025 and 2024:

(in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 27,616	\$ 17,337	\$ 97,910	\$ 45,992
Stock-based compensation ¹	19	4	326	52
Severance ²	(2)	—	401	—
Other legal matters ³	—	—	—	(5,103)
Adjusted net income	\$ 27,633	\$ 17,341	\$ 98,637	\$ 40,941

The following table presents a reconciliation from Net income per share – diluted to Adjusted net income per share – diluted for the three and nine months ended September 30, 2025 and 2024:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income per share – diluted	\$ 1.20	\$ 0.75	\$ 4.25	\$ 2.00
Stock-based compensation ¹	—	—	0.01	—
Severance ²	—	—	0.02	—
Other legal matters ³	—	—	—	(0.21)
Adjusted net income per share – diluted	\$ 1.20	\$ 0.75	\$ 4.28	\$ 1.79
Diluted shares (in thousands)	23,061	23,043	23,062	23,003

The following table presents a reconciliation from Net income to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2025 and 2024:

(in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 27,616	\$ 17,337	\$ 97,910	\$ 45,992
Interest expense	1,617	2,837	5,083	9,092
Income tax (benefit) expense	(876)	277	(17,225)	1,373
Depreciation	1,087	931	3,087	2,836
Amortization of intangible assets	308	365	921	1,095
EBITDA	29,752	21,747	89,776	60,388
Stock-based compensation ¹	19	4	326	52
Severance ²	(2)	—	401	—
Other legal matters ³	—	—	—	(5,103)
Adjusted EBITDA	\$ 29,769	\$ 21,751	\$ 90,503	\$ 55,337

1. Amounts reflect non-cash stock-based compensation expense and have no material impact on the Adjusted net income per share – diluted for the three and nine months ended September 30, 2025 and 2024.

2. Amounts include severance expense for the three and nine months ended September 30, 2025.

3. Amounts include legal settlements for the three and nine months ended September 30, 2025 and 2024.

Cash Flows

Cash was impacted as follows:

(in thousands)

	For the Nine Months Ended September 30,		Change	% Change
	2025	2024		
Net cash provided by operating activities	\$ 28,730	\$ 29,739	\$ (1,009)	(3)%
Net cash used in investing activities	(6,957)	(1,957)	(5,000)	(255)%
Net cash used in financing activities	(27,538)	(10,703)	(16,835)	(157)%
Net (decrease) increase in cash, cash equivalents, and restricted cash	\$ (5,765)	\$ 17,079	\$ (22,844)	(134)%
Capital expenditures	\$ (6,968)	\$ (1,957)	\$ (5,011)	(256)%

Cash Flows for the Nine Months Ended September 30, 2025

Cash Flow from Operating Activities

Net cash provided by operating activities was \$28.7 million for the nine months ended September 30, 2025, compared to net cash provided by operating activities of \$29.7 million for the nine months ended September 30, 2024, resulting in a decrease of \$1.0 million in cash provided by operating activities year-over-year. The decrease in cash provided by operating activities primarily resulted from a \$31.4 million increase of cash used by working capital accounts and an increase in earnings of \$51.9 million. The decrease in cash generated from working capital was primarily related to the purchases of inventory and the timing

of collections on accounts receivables, reflecting higher sales volume and operational growth, partially offset by an increase in accounts payable and other current liabilities for the nine months ended September 30, 2025 compared to September 30, 2024.

Cash Flow from Investing Activities

Net cash used in investing activities was \$7.0 million for the nine months ended September 30, 2025, compared to cash used in investing activities of \$2.0 million for the nine months ended September 30, 2024. For the nine months ended September 30, 2025 and 2024, cash used in investing activities related to capital expenditures.

Cash Flow from Financing Activities

The Company used \$27.5 million in cash from financing activities for the nine months ended September 30, 2025, compared to \$10.7 million cash used by financing activities for the nine months ended September 30, 2024. The cash used by financing activities for the nine months ended September 30, 2025 was due to the full repayment of the SLA and other existing debt year to date. See additional discussion in Note 6. *Debt*, included in Part I, Item 1. Financial Statements, which further describe the Company's debt arrangements.

Liquidity and Capital Resources

The Company's sources of funds are cash flows from operations, borrowings made pursuant to its credit facilities and cash and cash equivalents on hand. Uses of funds include payments of principal on our debt facilities and shareholder's loan agreements, capital expenditures, and working capital needs.

The Company has achieved profitability and generated positive cash flows from operating activities in 2025. As of September 30, 2025, the Company's total outstanding debt obligations under the Revolving Credit Agreement and for finance leases and other debt, were \$96.7 million in the aggregate, and its cash and cash equivalents were \$49.0 million. See Item 1. *Financial Statements*, Note 6. *Debt*, for additional information. On July 30, 2025, the Company amended its Revolving Credit Agreement with Standard Chartered Bank and three other lenders. The second amended Revolving Credit Agreement allows the Company to borrow up to \$135.0 million and extends the maturity date to July 30, 2027.

PSI's business is impacted by the current macroeconomic and geopolitical environment. For example, although the oil and gas market, in which the Company has historically operated, has experienced year over year growth from its historic lows, sales levels may not reach previous higher levels because of lower rig counts. The Company experiences tariff costs associated with products in its supply chain. We are actively assessing the evolving tariff environment and are committed to proactively mitigate any associated risks through strategic sourcing, pricing actions, and supply chain agility. The potential for continued economic uncertainty and unfavorable oil and gas market dynamics may have a material adverse impact on the levels of future customer orders and the Company's future business operations, financial condition and liquidity.

At September 30, 2025, the Company had four outstanding letters of credit totaling \$1.8 million. See Item 1. *Financial Statements*, Note 10. *Commitments and Contingencies* for additional information related to the Company's off-balance sheet arrangements and the outstanding letters of credit.

Critical Accounting Policies and Estimates

The Company's consolidated financial statements are prepared in accordance with U.S. GAAP. Preparation of these financial statements requires the Company to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company's most critical accounting policies and estimates are those most important to the portrayal of its financial condition and results of operations which require the Company to make its most difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain. The Company has identified the items listed below as its most critical accounting policies and judgments. Although management believes that its estimates and assumptions are reasonable, they are based on information available when they are made and, therefore, may differ from estimates made under different assumptions or conditions.

The Company's significant accounting policies are consistent with those discussed in Note 1. *Summary of Significant Accounting Policies and Other Information*, to the consolidated financial statements and the MD&A section of the Company's 2024 Annual Report. During the nine months ended September 30, 2025, there were no significant changes in the application of critical accounting policies.

The Company has identified the following accounting policies as its most critical because they require the Company to make difficult, subjective, and complex judgments and estimates:

- Revenue Recognition
- Goodwill Impairment
- Warranties

Impact of New Accounting Standards

For information about recently issued accounting pronouncements, see Note 1. *Summary of Significant Accounting Policies and Other Information*, included in Part 1, Item 1.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information under this item.

Item 4. Controls and Procedures.***Evaluation of Disclosure Controls and Procedures***

The term “disclosure controls and procedures” is defined in Rule 13a-15(e) of the Exchange Act as “controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms.” The Company’s disclosure controls and procedures are designed to ensure that material information relating to the Company and its consolidated subsidiaries is accumulated and communicated to its management, including its Chief Executive Officer and its Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

The Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures as of September 30, 2025. Based upon that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of September 30, 2025, to provide reasonable assurance that information required to be disclosed in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Exchange Act, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Changes in Internal Control over Financial Reporting

There has been no change in the Company’s internal control over financial reporting during the third quarter of 2025 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 10. *Commitments and Contingencies*, included in Part I, Item 1. *Financial Statements*, for a discussion of legal proceedings, which are incorporated herein by reference.

Item 1A. Risk Factors.

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information under this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the three months ended September 30, 2025, no director or Section 16 officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in item 408(a) of Regulation S-K.

Item 6. Exhibits.

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.
10.1	Amendment No.1 to the 2012 Incentive Compensation Plan	8-K	10.1	07/29/2025	001-35944
10.2	Revolving Credit Agreement, dated as of July 30, 2025, among the Company, the lenders party thereto and Standard Chartered Bank, as administrative agent.	8-K	10.1	07/31/2025	001-35944
10.3	Employment Agreement, effective as of September 3, 2025, by and between Zhaoying (Dorothy) Du and Power Solutions International, Inc.	8-K	10.1	09/15/2025	001-35944
31.1	*	Certification of Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2	*	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.			
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.			
101.INS	*	XBRL Instance Document.			
101.SCH		XBRL Taxonomy Extension Schema Document.			
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document.			
101.LAB		XBRL Taxonomy Extension Labels Linkbase Document.			
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document.			
101.DEF	*	XBRL Taxonomy Definition Linkbase Document.			
104	*	Cover Page Interactive Data File (embedded within the Inline XBRL document)			

* 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.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 6th day of November 2025.

POWER SOLUTIONS INTERNATIONAL, INC.

By: /s/ Xun Li
Name: **Xun Li**
Title: Chief Financial Officer (Principal Financial Officer)

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

I, Dino Xykis, certify that:

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

Date: November 6, 2025

By: /s/ Dino Xykis

Name: **Dino Xykis**

Title: Chief Executive Officer

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

I, Xun Li, certify that:

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

Date: November 6, 2025

By: /s/ Xun Li

Name: **Xun Li**

Title: Chief Financial Officer

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Power Solutions International, Inc. (the "Company") on Form 10-Q for the three months ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dino Xykis, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: November 6, 2025

By: /s/ Dino Xykis

Name: **Dino Xykis**

Title: Chief Executive Officer

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided by the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Power Solutions International, Inc. (the “Company”) on Form 10-Q for the three months ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Xun Li, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: November 6, 2025

By: /s/ Xun Li

Name: **Xun Li**

Title: Chief Financial Officer

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided by the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.