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

FORM 10-K

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

For the fiscal year ended December 31, 2024

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	**33-0963637**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
201 Mittel Drive, Wood Dale, IL	**60191**
(Address of Principal Executive Offices)	(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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

The aggregate market value of 7,770,288 shares of Common Stock held by non-affiliates of the registrant as of December 31, 2024 was $49.5 million based on the last reported sale price on the over-the-counter ("OTC") market on June 30, 2024 (although the total market capitalization of the registrant as of such date was approximately $145.8 million). Shares of the registrant's Common Stock held by each executive officer and director and by each person who holds 10% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 17 2025, there were 23,007,894 outstanding shares of the Common Stock of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference to the registrant's definitive proxy statement (the "2025 proxy statement"), to be filed with the United States Securities and Exchange Commission (the "SEC") within 120 days after the fiscal year ended December 31, 2024.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K ("2024 Annual Report") that are not historical facts are intended to constitute "forward-looking statements" entitled to the safe-harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements may involve risks and uncertainties. These statements often include words such as "anticipate," "believe," "budgeted," "contemplate," "estimate," "expect," "forecast," "guidance," "may," "outlook," "plan," "projection," "should," "target," "will," "would" or similar expressions, but these words are not the exclusive means for identifying such statements. These forward-looking statements include statements 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 this report set forth in Item 1A. Risk Factors; the impact of the macro-economic environment in both the U.S. and internationally on our business and expectations regarding growth of the industry; uncertainties arising from global events (including the Russia-Ukraine and Israel-Hamas conflicts), natural disasters or pandemics, and their impact on material prices; the effects of strategic investments on our operations, including our efforts to expand our global market share and actions taken to increase sales growth; the ability to develop and successfully launch new products; labor costs and other employment-related costs; loss of suppliers and disruptions in the supply of raw materials; the Company's ability to continue as a going concern; the Company's ability to raise additional capital when needed and its liquidity; uncertainties around the Company's ability to meet funding conditions under its financing arrangements and access to capital thereunder; the potential acceleration of the maturity at any time of the loans under the Company's uncommitted revolving credit agreement through the exercise by any lender of its demand right in its Revolving Credit Agreement; 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 2024 Annual 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

Unless the context indicates otherwise, references in this 2024 Annual Report to "Power Solutions," "PSI," "the Company," "Corporate," "it," "its" and "itself" mean Power Solutions International, Inc. and its wholly-owned subsidiaries. References herein to "2024," "fiscal 2024" or "fiscal year 2024" refer to the fiscal year ended December 31, 2024. References herein to "2023," "fiscal 2023" or "fiscal year 2023" refer to the fiscal year ended December 31, 2023.

Item 1. Business.

General Business Overview

Power Solutions International, Inc., incorporated under the laws of the state of Delaware in 2011, designs, engineers, manufactures, markets and sells 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. The Company manages the business as a single reportable segment.

The Company's products are primarily used by global original equipment manufacturers ("OEMs") 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 equipment, material handling (including forklifts), agricultural and turf, construction, pumps and irrigation, compressors and utility vehicles. As of January 1, 2024, the Company no longer sells emissions-certified engines into the on-road market.

The Company provides highly engineered, comprehensive solutions designed to meet specific customer application requirements and technical specifications, including those imposed by environmental regulatory bodies, including the U.S. Environmental Protection Agency ("EPA"), the California Air Resources Board ("CARB") and regulatory bodies within the European Union ("EU").

The Company's products include both sourced and internally designed and manufactured engines that are engineered and integrated with associated components. These comprehensive power systems are tested and validated to meet quality, safety, durability and environmental standards and regulations.

Through advanced research and development ("R&D") and engineering capabilities, the Company is able to provide its customers with highly optimized, efficient, durable and emissions-compliant products that enhance their competitive position.

The Company's business is diversified across end markets and applications and also includes extensive aftermarket and service parts programs. These programs consist of (i) internal aftermarket service parts programs with worldwide sales and distribution capabilities and (ii) internal OEM-developed service parts programs for components and products supplied by the Company.

The Company's end markets, product categories and equipment are as highlighted in the following table:

End Market	Product Categories	Equipment/Products (End Use)
Power Systems	Electric Power Generation ("Gensets") Large Custom Genset Enclosures	Mobile and Stationary Gensets for: Emergency Standby Rental Prime Power Demand Response Microgrid Oil & Gas Data Center Renewable Energy Resiliency (Wind, Solar, Storage) Combined Heat and Power ("CHP")
Industrial	Material Handling Agricultural/Arbor Care Irrigation/Pumps Construction Compressors New Energy Other Industrial	Forklifts Wood Chippers Stump Grinders Sweepers/Industrial Scrubbers Aerial Lift Platforms/Scissor Lifts Irrigation Pumps Oil and Gas Compression Oil Lifts Off Road Utility Vehicles Ground Support Equipment Ice Resurfacing Equipment Pump Jacks Battery Packs
Transportation	Trucks Buses Fuel Systems and Tanks	Class 2 - 7 Vocational Trucks and Vans School Buses (Type A and Type C) Transit Buses Terminal and Utility Tractors

Products

The Company's sourced and internally designed and manufactured engine blocks are engineered and integrated with associated components in a range of configurations that includes basic engine blocks integrated with appropriate fuel system parts as well as completely packaged power systems that include combinations of front accessory drives, cooling systems, electronic systems, air intake systems, fuel systems, housings, power takeoff systems, exhaust systems, hydraulic systems, enclosures, brackets, hoses, tubes, packaging, telematics 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's comprehensive power systems are tested and validated to meet quality, safety, durability and environmental standards and regulations.

The Company sells engines and power systems, including both emission-certified compression ignition and spark-ignition internal combustion engines which are enabled by advanced controls to 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. Natural gas, gasoline, propane, and biofuel engines range from 0.99 liters ("L") to 53L, while Diesel options range from 20L to 88L. The Company also designs and fabricates power system enclosures and sources electrification components that are engineered and integrated into desired configurations deemed "New Energy" within the industrial end market.

Strategic Initiatives/Growth Strategies

The Company continues to execute a comprehensive set of business objectives aimed at improving profitability, streamlining processes, strengthening the business and focusing on achieving growth in higher-return product lines. Key elements of these objectives and other initiatives are highlighted below.

Sustained profitability

The Company continues to improve profitability through the review of its customer and product portfolio. To date, this has resulted in strategic price increases in certain areas of the business, along with product redesign and the re-sourcing of certain components, to support improved margins. This program is a multi-year effort and will entail a strategic assessment of certain areas in which profitability does not meet established thresholds. The Company also continues to transform its manufacturing operations through the ongoing adoption of lean, agile and flexible lines, which provides opportunities for improved efficiency, margins and profitability, particularly as volume and sales increase. The Company has also been investing heavily in the expansion of its heavy-duty engine product line, which has historically provided better margins, particularly through its collaboration with Weichai America Corp., a wholly-owned subsidiary of Weichai Power Co., Ltd. (HK2338, 000338.SZ) (herein collectively referred to as “Weichai”). Weichai is the beneficial owner of 51.1% of the outstanding Common Stock.

Warranty expense mitigation efforts

The Company continues to limit its warranty expense through various mitigation efforts. As part of this, the Company is developing reimbursement and commercial remedies from key suppliers for components supplied by third parties, where applicable, at the same time ensuring any contractual obligations with customers include more favorable warranty terms for the Company wherever possible. Also, the Company continues to evaluate and improve its engineering validation and reliability programs for products and applications as well as make investments in technology to further enhance its tools and processes.

Streamlining of business processes and footprint rationalization

The Company has an ongoing program to review and identify cost reduction opportunities throughout the organization while simultaneously planning for strategic growth. As part of this program, the Company has adopted tighter controls over spending and centralized certain business processes.

Strengthen the business through the optimization of business systems and technology

The Company is working to strengthen its business through the optimization of its business systems and technology to support the strengthening of internal controls, improve processes, drive greater operational efficiencies and provide better and timelier decision making across the organization. The Company also continues to work on the enhancement and optimization of its Enterprise Resource Planning system and associated workflows.

Grow the business in the highest return on investment areas

The Company has been a major participant in the power systems market for many years as a supplier to several of the world’s leading power generation companies and through its large custom genset enclosure business. Continuing to build on its broad product offering, the Company received EPA certification for its 32L and 40L heavy-duty engines in 2018 and for its 53L heavy-duty engines in 2019. These heavy-duty engines provide a natural-gas-fueled power range from 500 kilowatt-electric (“kWe”) to 1.25 megawatt (“MW”), allowing the Company to serve a greater portion of the demand response, microgrid, combined heat and power, and oil and gas markets. Additionally, in 2019, the EPA granted emergency standby certification for certain diesel engines sold by the Company, which are largely designed for emergency use in critical infrastructure applications. Also, the engines can handle mission critical customer operations in the health care, data center, hospitality and transportation industries. In addition to dedicating significant R&D resources within the power systems end market, the Company has also strategically invested in expanding its management, sales and operations staff to support these efforts. The Company’s heavy-duty engines have historically provided better margins.

Capitalize on key market trends

The Company’s breadth of products and solutions will enable it to capitalize on numerous market trends that it believes have the potential to drive customer demand for its products and contribute toward its long-term growth. Further, the Company’s R&D activity is largely focused on expanding its solutions to further address trends in these areas. The key trends include the following:

- the worldwide growth of intermittent sources of energy, such as wind and solar, and an aged electric grid in the United States, coupled with power outage activity due to weather or power shutdowns, are driving increased demand for generators, microgrids and demand response equipment;
- increasingly stringent regulations and growing efforts to reduce emissions are driving demand for clean energy and alternatives to diesel power engines in several markets such as the power generation market for microgrids, oil and gas applications, and arbor care markets, among others;
- growth in data centers and their increasing demand for electricity, which is driving growth for backup power (commercial generators/microgrids);
- growth in e-commerce activity around the world, which is driving demand for last-mile delivery vehicles; and
- the availability of automotive engines that are suited for industrial application.

New product expansion by leveraging deep industry experience

Throughout the Company’s history, it has evolved from a provider of diesel power systems to becoming a major supplier of power systems fueled by alternatives to diesel, including gasoline, propane, and natural gas, among others. By leveraging the deep industry experience of its engineering and new-product development teams, the Company is continuing to take steps to broaden the range of its power system product offerings, including engine classes, power ratings and the OEM and direct user market categories into which it supplies products. The Company plans to capitalize on its technologically sophisticated, in-house design, prototyping, testing and application engineering capabilities to further refine its superior power system technology. Due to increasing demand for new energy and latest market trends, the Company continues to offer battery packs for its industrial market.

Leverage the Company's relationship with Weichai

In March 2017, the Company executed a share purchase agreement (the "SPA") with Weichai America Corp. Under the terms of the SPA, Weichai invested $60.0 million in the Company (the "Weichai Transactions") by purchasing a combination of newly issued Common Stock and preferred stock, par value $0.001 (the "Preferred Stock"), as well as a stock purchase warrant, which significantly strengthened the Company's financial condition and contributed to the extinguishment of its $60.0 million term loan in 2017. Weichai has also provided support for PSI's business and operations through various shareholder loan agreements as described in Part II, Item 7. *Liquidity and Capital Resources*.

The Company and Weichai also entered into a strategic collaboration agreement (the "Collaboration Agreement") under which they have been working together to accelerate market opportunities for each company's respective product lines across various geographic and end-user markets. On March 22, 2023, the Collaboration Agreement was extended for an additional term of three years.

The Collaboration Agreement provides the Company with strategic benefits and opportunities, including the ability to leverage Weichai's strengths and capabilities in R&D, manufacturing, procurement and distribution and its widespread sales channels in China and other emerging markets. This collaboration has enabled the Company to broaden its existing product portfolio, improve material quality, decrease costs, accelerate the development of new products and bring them to market, and expand access and exposure to new markets.

Also, through the Company's relationship with Weichai, it has access to Weichai's 'New Energy' product portfolio and is exploring product diversification opportunities in the areas of battery storage and electrification.

Expand global business

Through the expansion of its product lineup and the entry into new markets, the Company has a history of growing its product offerings internationally beyond North America. The Company sees long-term opportunity in continuing to grow its business worldwide with further R&D investment including new-product development and offerings. In January 2022, PSI and Société Internationale des Moteurs Baudouin ("Baudouin"), a subsidiary of Weichai, entered into an international distribution and sales agreement which enables Baudouin to bring PSI's power systems line of products into the European, Middle Eastern, and African markets, which resulted in $1.1 million of sales during the year ended December 31, 2024. Beginning January 2024, this agreement automatically extends for additional one-year terms unless notice is given by one of the parties. In addition to sales, Baudouin will manage service, support, warranty claims, and technical requests. The Company believes that this agreement will continue to offer enhanced global growth opportunities, particularly in Europe.

Sales and Marketing

The Company employs a direct sales and marketing approach to maintain maximum interface with and service support for its OEM customers. This direct interface incorporates the corporate internal technical sales representatives. The Company complements its direct OEM relationships with a localized, independent sales and product support organization. This localized sales and support organization provides the necessary knowledge of local customs and requirements while also delivering immediate sales assistance and customer support.

The Company has invested in and is focused on capturing aftermarket sales of the value-added components that are included in its power systems. With a significant portion of the selling prices of the Company's power systems coming from value-added components, this is a large, continuing growth opportunity for its aftermarket business.

Customers

The Company's customers primarily include global OEMs and direct end-users across a wide range of applications that demand high product quality, best-in-class engineering support and on-time delivery. Within several applications for which the Company provides solutions, it maintains supplier relationships with customers, which are often among the largest in that category.

The Company's largest customer represented 11% of consolidated net sales in 2024. The largest customer changes from time to time as a result of various factors, including prevailing market conditions, customers' strategies and inventory of the Company's power systems.

Competition

Each of the Company's end markets have a variety of competitors, including engine manufacturers, independent suppliers and distributors of engines, fuel systems and component providers, manufacturers of power generation equipment, engine packagers and integrators, and the in-house operations of certain OEMs, some of which have longer operating histories, strong brand recognition and significantly greater financial and marketing resources.

Notwithstanding significant competition, the Company believes that the following factors provide it with a differentiated value proposition that allows the Company to compete effectively:

- fuel-agnostic strategy;
- demonstrated expertise in off-road applications;
- ability to leverage Weichai's strengths and capabilities;
- completeness and comprehensiveness of engines and power systems;
- expansive product integrations, including electronics, controls, fuel systems and transmissions;
- commonality of technology platform spanning all product lines;
- emissions regulation compliance and certification;
- breadth and depth of advanced engineering disciplines;
- industry-leading product and application engineering;
- competitive pricing/cost;
- ability to tailor power systems to specific customer needs;
- performance and quality;
- speed to market; and
- customer support and service.

Manufacturing

The Company manufactures and assembles its products at facilities in suburban Chicago, Illinois, as well as in Darien and Beloit, Wisconsin, and customizes its power systems to meet specific requirements of OEM applications and the needs of its OEM customers. The Company has invested in precision computer numerical control ("CNC") machining equipment to finish its internally designed engine blocks and cylinder heads, which are cast by various suppliers. The manufacturing lines in the Company's production facilities are technologically sophisticated, lean, agile and flexible, and the Company allocates production capacity on its mixed model manufacturing lines to accommodate the demand levels and product mix required by its OEM customers.

The Company focuses on safety, people, quality, on-time delivery, cost and environment in its manufacturing operations. The Company is certified to the most recent International Organization for Standardization ("ISO") standard, ISO 9001: 2015. The ISO 9000 family of quality management standards, which must be met in order to become ISO certified, is designed to help organizations monitor and improve the quality and delivery of their products and/or services to their customers. The Company uses tools such as Six Sigma, Lean Manufacturing, 80/20, Value Stream Mapping and other manufacturing engineering strategies to help manage its business, build quality, drive performance and continually improve culture within the manufacturing operations' teams. The Company also uses a customer relationship management database to help collect customer feedback and to track overall quality performance at its OEM customers. Structured staff training is a constant priority and includes closed-loop quality monitoring and feedback systems.

Research, Development and Engineering

The Company's research, development and engineering programs are focused on new product development and enhancements to current products, in addition to performance and quality improvements across its product lines. Its efforts are market driven, with the sales team identifying and defining market requirements and trends and its engineering and new-product development groups reviewing existing power system portfolios and developing new solutions that build upon the technology within that portfolio.

The Company's product and application development engineering teams include in-house mechanical and electrical engineering functions, including advanced engine modeling, simulation, analysis and testing. Internal resources are supplemented with engineering outsourcing relationships for design, development and product testing. In addition to these engineering outsourcing relationships, the Company benefits from the design, development and testing capabilities of its supplier base. The Company staffs its engineering support activities associated with released product and component sourcing programs with dedicated internal engineering personnel.

Research, development and engineering expenditures include salaries, contractor fees, building costs, utilities, testing, information technology and administrative expenses and are expensed, net of contract reimbursements, when incurred. From time to time, the Company enters into agreements with its customers to fund a portion of the research, development and engineering costs of a particular project. These reimbursements are accounted for as a reduction of the related research, development and engineering expenditure. The Company's net research, development and engineering expenditures for 2024 and 2023 were $20.1 million and $19.5 million, respectively.

Supplier Relationships

In addition to producing its own engines, the Company has established relationships with its suppliers for certain engines that are integrated into the Company's comprehensive power systems, the most significant of which are HD Hyundai Infracore Co., LTD ("HD Hyundai"), a subsidiary of HD Hyundai, Shenyang Packson Technology Co., LTD. ("SPY"), Chongqing Duchengrongfeng Mechanic Manufacture Co., Ltd ("CDM") and Weichai. The Company also sources other power system components and coordinates design efforts with third-party suppliers for some of its key components. In general, the prices at which the Company purchases engines, components and other raw materials are based on market factors, including the prices offered by other suppliers operating in the same market and the prevailing market prices of raw materials.

The Company aggregates product sourcing efforts across its large and diverse OEM customer base and across industry categories, capitalizing on volume, economies of scale and global supply opportunities. The Company's customers benefit from the aggregation of its global sourcing, procurement, and assembly and services, obtaining cost benefits that they might not obtain if they were to rely on their own internal resources, capabilities and more limited demand requirements. Through this process, customers are able to streamline their supply base by consolidating procurement and assembly efforts down to a single part number product supplied by the Company. The Company delivers this assembly to its customers' production lines ready to install into the customers' product.

The Company is party to a nonexclusive supply agreement with HD Hyundai, under which it purchases and distributes specified HD Hyundai engines within a territory consisting of the United States, Canada and Mexico with no minimum product purchase commitments. Beginning in 2024, the supply agreement automatically extends for additional one-year terms unless a notice of termination is provided by either party six months prior to the scheduled expiration.

In November 2023, the Company entered into a supply agreement with CDM, for the exclusive purchase and distribution of engines in North and South America, in the industrial and power system markets. The Company entered into this supply agreement to source certain engines previously supplied by Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd. ("SAME"), whose ability to supply product was suspended because of the intensified enforcement and expansion of the UFLPA near the end of 2023. Beginning December 2024, the supply agreement automatically extends for additional one-year terms unless a notice of termination is provided by either party six months prior to scheduled expiration.

In November 2023, the Company also entered into a supply agreement with SPY, for the exclusive purchase and distribution of engines in North and South America, in the industrial and power system markets. The Company entered into this supply agreement to source certain engines previously supplied by SAME, whose ability to supply product was suspended because of the intensified enforcement and expansion of the UFLPA near the end of 2023. Beginning December 2024, the supply agreement automatically extends for additional one-year terms unless a notice of termination is provided by either party six months prior to scheduled expiration.

Product Support

The Company's dedicated team of product and application engineers enables it to deliver high-quality, responsive technical support to its OEM and end-user customers. The Company provides technical support and training to its customers, including in-plant training and support through web and phone-based field service. The Company further supports its customers by engaging regional providers to perform warranty services and offer support for its power systems. The Company also leverages its technical resources to provide service and support functions for its power systems sold to OEM customers.

Backlog

Backlog generally is not considered a significant factor in the Company's business.

Employees and Human Capital

As of December 31, 2024, the Company's workforce consisted of approximately 700 full-time employees. None of the members of the Company's workforce are represented by a union or covered by a collective bargaining agreement.

Company values include focusing on developing and maintaining a world class workforce through personal accountability, teamwork, customer service and innovation. The Company monitors and manages attrition. It approves, through its human resources department, the replacement of key positions that it believes are critical to sustaining improved business performance and analyzes departure data to continually improve upon the experience of employees. Turnover for salaried employees in 2024 was approximately 9.5%.The Company's talent management and succession planning process includes the identification of key positions based on current and future business strategies, the identification of potential successors, and a plan for talent development.

The Company focuses on attracting and retaining the best employees by providing market competitive pay and benefits. This ensures sustainability of the organization. The Company's short-term and long-term incentive plans are designed to provide a variable pay opportunity to reward the attainment of key financial and operational goals as well as shareholder value creation. In addition to the base and variable pay plans, the Company offers employees other benefits including medical, paid-time off, and retirement savings plans.

Health and safety are also a key priority, as the Company is committed to removing conditions that cause personal injury or occupational illness. Employees participate in training sessions focused on these topics and are encouraged to promote behaviors that protect others from risk of injury. The Company sets annual targets for its Total Recordable Incident Rate ("TRIR") and Days Away, Restricted or Transferred ("DART") and regularly reviews these metrics. For 2024, the Company achieved an overall TRIR of 4.418, meaning that for every 100 employees, 0.40 employees incurred an injury that resulted in recordable medical treatment. The DART was 3.96 in 2024, meaning that for every 100 employees, 0.039 individuals experienced an incident that resulted in days away from work or restricted work tasks.

Environmental Matters

The Company's reporting facilities follow the guidelines required for its federally enforceable state operating permits (FESOP) used with the Illinois Environmental Protection Agency (IEPA), and the Wisconsin Department of Natural Resources (WDNR) Type-B permit guidelines. This includes monitoring the emissions produced from these locations as part of the requirements within the states where PSI operates. A majority of PSI's current production utilizes traditional utility supply. PSI's production processes that require product testing rely on liquid propane and natural gas fuels, which produce lower emissions than diesel and gasoline.

The Company is committed to producing high quality products that provide reduced emissions and to operating its facilities in a manner that mitigates their impact on the environment.

For the full year ended 2024, approximately 76% of the engines sold run on either propane or natural gas. Also, the Company has taken the following steps to enhance its sustainability:

- updated most of the interior/exterior lighting in its buildings to LED lighting. As lamps or fixtures burn out or require replacement, they are converted to LED (if not already) as a measure of energy conservation;
- recycling of certain materials including cardboard, metal, wood scrap, used oil and antifreeze, and metal processing coolants and lubricants reclamation;
- reduced loaded hot testing of large displacement engines due to quality improvements (reduces noise, emissions and fuel consumption)

The Company intends to continue exploring additional avenues for greater sustainability through new product development and the exploration of additional operational opportunities.

Impact of Government Regulation

The Company's power systems are subject to extensive statutory and regulatory requirements that directly or indirectly impose standards governing exhaust emissions, evaporative emissions, greenhouse gas ("GHG") emissions and noise. The Company's power systems are subject to compliance with regulatory standards imposed by the EPA, state regulatory agencies in the United States, including CARB, and other regulatory agencies around the world. Although as of January 1, 2024, the Company no longer sells engines into the on-road market, because its engines are still sold into the off-road market, the Company must ensure certification to the specific regulations within the applicable statutory segment. For products sold into the U.S. market, both EPA and CARB have imposed specific regulations on engines used in off-road equipment. These regulations generally serve to restrict exhaust emissions, with a primary focus on oxides of nitrogen, hydrocarbons and carbon monoxide. Exhaust emission regulations for engines used in off-road industrial and power generation equipment vary based upon the use of the equipment into which the engine is incorporated (such as stationary power generation or mobile off-highway industrial equipment) and the type of fuel used to drive the power system. The Company continues to make significant investments into the necessary intellectual property that supports full compliance of the Company's engines now and into the foreseeable future.

The first EPA emissions regulations adopted for diesel engines, known as Tier 1, applied to diesel engines used in mobile off-highway applications in the U.S., and similar standards for diesel engines, known as Stage I regulations, were implemented thereafter in the EU. The EPA and applicable agencies in the EU have continued to develop emissions regulations for diesel engines in the U.S. and the EU, respectively, and have adopted more restrictive standards. The current diesel engine emission requirements in the U.S are known as Tier 4 and are applicable to off-road diesel engines used in industrial equipment. Similarly, the EU has adopted more restrictive standards under its Stage V regulations. Tier 4 and Stage V regulations call for reductions in levels of particulate matter and oxides of nitrogen.

The initial and ongoing certification requirements vary by power system application and market segment. Each application must undergo a series of rigorous and demanding tests to demonstrate compliance with regulatory standards, including useful life, zero hours and durability testing. Once a power system is certified, regulatory agencies impose ongoing compliance requirements, which include testing newly produced power systems on a regular quarterly schedule to ensure ongoing compliance with applicable regulations. In addition, there are field audit requirements, which require the removal of power systems from service at specified stages of their useful lives to perform confirmatory exhaust emissions testing and/or on-board diagnostic (“OBD”) system audits and testing. All of the Company’s emission-certified power systems meet existing exhaust emission standards of the EPA and CARB. Failure to comply with these standards could result in materially adverse effects on the Company’s future financial results.

Information about the Company’s Executive Officers

The following selected information for each of the Company’s current executive officers was prepared as of March 17 2025.

Name	Age	Executive Officer Since	Present Position with the Company
C. (Dino) Xykis	65	2020	Chief Executive Officer
Xun (Kenneth) Li	55	2022	Chief Financial Officer
Randall D. Lehner	53	2024	General Counsel

C. (Dino) Xykis was appointed as the Chief Executive Officer on April 24, 2023, after serving as Interim CEO since June 2, 2022. Mr. Xykis also served as the Company’s Chief Technical Officer from March 15, 2021 until July 9, 2024. He is responsible for the oversight of the Company and its advanced product development, engineering design and analysis, on-highway engineering, applied engineering, emissions and certification, Waterford, Michigan engineering operations, program management and product strategic planning. Since joining the Company in 2010 and until his appointment as Chief Technical Officer in March 2021, Mr. Xykis served as Vice President of Engineering for the Company. He has more than 30 years of professional experience in multi-disciplined engineering areas including senior management and executive positions at various companies including Cummins Inc., a publicly traded company on the NYSE, and Generac Power Systems, a publicly traded company on the NYSE. Mr. Xykis also served as Adjunct Professor of Mechanical Engineering and Mechanics at the Milwaukee School of Engineering and previously served on the audit and compensation committees of the Board of Directors of Image Sensing Systems, a publicly traded company on Nasdaq, from 1996 to 2001. Mr. Xykis has also served on the advisory board of Civil, Environmental, and Geo-Engineering, College of Science and Engineering, University of Minnesota for the past eight years. Mr. Xykis holds a Bachelor’s degree in Structural Engineering, a Master’s degree in Vibration/Dynamics, and a PhD. in Structural/Applied Mechanics from the University of Minnesota, Minneapolis.

Xun (Kenneth) Li was appointed as the Chief Financial Officer on August 26, 2022. Mr. Li is an accomplished executive who has more than 20 years of professional experience in the areas of finance, accounting, financial planning & analysis, internal controls and strategy, among others. Most recently, Mr. Li served as Chief Financial Officer for ND Paper, a leading pulp, packaging and paper company, from 2020 to August 2022, where he was a member of the executive leadership management team with primary responsibility for finance, accounting, tax, auditing, treasury, risk management, internal audit, and strategic planning, among other areas, and served as a strategic advisor to the Chief Executive Officer. Prior to this role, Mr. Li was with Caterpillar Inc., a publicly traded company on the NYSE, from 2008 through 2020, where he served in various financial leadership positions, the most recent of which was chief financial officer of the global mining machine product group from 2013 to 2020. Prior to Caterpillar, Mr. Li was with Ford Motor Company, a publicly traded company on the NYSE, where he held finance leadership roles of increasing responsibility, from 2003 to 2008. Mr. Li earned the Masters in Business Administration degree with high distinction and a Master of Science (M.S.) degree in Accounting, both from the University of Michigan. He also holds an M.S. in Mechanical Engineering from the University of Oklahoma and a Bachelors of Science degree in Mechanical Engineering from Shanghai JiaoTong University. Mr. Li is also a certified public accountant in the state of Illinois.

Randall D. Lehner was appointed as the General Counsel on March 4, 2024. Mr. Lehner is an accomplished legal advisor who has more than 25 years of legal experience in the areas of corporate and board governance, dispute resolution, regulatory compliance, internal controls and strategy, among others. Most recently, from May 2020 to February 2024, Mr. Lehner served as associate general counsel and deputy general counsel for Guaranteed Rate, LLC, a leading mortgage company, where he was a member of the legal leadership team with primary responsibility for litigation and risk management. Prior to this role, from 2015 through 2020, Mr. Lehner was a partner with Kelley Drye & Warren LLP, where his practice focused on commercial litigation, regulatory and internal investigations and government enforcement actions. Prior to Kelley Drye & Warren LLP, from 1997 to 2014, Mr. Lehner worked at several other prestigious law firms. Mr. Lehner holds a Juris Doctor degree from Duke University with high honors. He also holds a Bachelor of Arts degree in political science from the University of Michigan with high honors.

Item 1A. Risk Factors.

The Company's business and results of operations are subject to various risks, including those listed below, many of which are not within the Company's control, which may cause actual financial performance to differ materially from historical or projected future performance. New risks may emerge at any time, and the Company cannot predict those risks or estimate the extent to which they may affect its results of operations.

Geopolitical Factors

The Company utilizes a global supply chain to source products, including engines, components and materials, which may subject it to tariffs, including U.S. tariffs imposed on imports from China. The Company also sells its products on a global basis, and therefore its export sales could be impacted by tariffs.

Several of the Company's products are sourced internationally, including from China, where the U.S. has imposed tariffs on specified products imported from China. These tariffs have an impact on the Company's material costs and have the potential to have an even greater impact, depending on the outcome of future trade negotiations and policies. The Company is evaluating U.S. government policy, which is subject to change in the current negotiating environment, pricing, its supply chain and its operational strategies to mitigate the impact of these tariffs; however, there can be no assurances that any mitigation strategies employed will remain available under government policy or that the Company will be able to offset tariff-related costs or maintain competitive pricing of its products. Further, the imposition of tariffs on imports from China and other countries have the potential to materially and adversely impact the Company's sales, profitability and future product launches. U.S. government has indicated its intent to adopt a new approach to trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements. For example, in early 2025, President Donald Trump signed executive orders imposing various tariffs on certain imports from Mexico, Canada, and China, and stated his intent to impose tariffs on any country that imposes tariffs on U.S. products. Certain products that we buy from our suppliers are, and may in the future be, subject to these tariffs, which could increase our manufacturing costs. Additionally, the tariffs imposed by the U.S. have resulted, and may in the future result, in threatened and actual retaliatory tariffs by other countries against U.S. exports. The Company also sells its products on a global basis; and, therefore, if such retaliatory tariffs are imposed on exports of the Company's products, this could make our exported products less competitive than products of our competitors who are not subject to such retaliatory tariffs. Any material reduction in sales may have a material adverse effect on the Company's results of operations.

Liquidity and Indebtedness

The Company's management has concluded as of the filing of this 2024 Annual Report that, due to uncertainty surrounding the Company's ability to extend or refinance its current debt agreements, substantial doubt exists as to its ability to continue as a going concern. The Company's plans to alleviate the substantial doubt about its ability to continue as a going concern may not be successful, and it may be forced to limit its business activities or be unable to continue as a going concern, which would have a material adverse effect on its results of operations and financial condition.

The consolidated financial statements included herein have been prepared assuming the Company will continue as a going concern. In August 2024, the Company refinanced its debt through a new Uncommitted Revolving Credit Agreement (the "Revolving Credit Agreement"), with Standard Chartered Bank ("Standard Chartered") and two other lenders. Additionally, also in August 2024, the Company entered into a new Shareholder's Loan Agreement (the "SLA") with Weichai. The new Revolving Credit Agreement and the new SLA will mature on August 30, 2025 and August 31, 2025, respectively, and have borrowing capacity of $120.0 million and $105.0 million, respectively. As of December 31, 2024, the Company had $120.0 million of total borrowings outstanding under its debt agreements.

Without additional financing, the Company anticipates that it will not have sufficient cash and cash equivalents to repay amounts owed under its existing debt arrangements as they become due. To provide the Company with a more permanent source of liquidity, management plans to seek an extension and amendment and/or replacement of its existing debt agreements or seek additional liquidity from its current or other lenders before the maturity dates in 2025. There can be no assurance that the Company's management will be able to successfully complete an extension and amendment of its existing debt agreements or obtain new financing on acceptable terms, when required or if at all. These consolidated financial statements do not include any adjustments that might result from the outcome of the Company's efforts to address these issues.

Furthermore, if the Company cannot raise capital on acceptable terms, it may not, among other things, be able to do the following:

- continue to expand the Company's research and product investments and sales and marketing organization;
- expand operations both organically and through acquisitions; and
- respond to competitive pressures or unanticipated working capital requirements.

The Company's management has concluded that, due to uncertainties surrounding the Company's future ability to refinance, extend and amend, or repay its outstanding indebtedness under its existing debt arrangements and other requirements under the Revolving Credit Agreement and other outstanding debt, in the future, substantial doubt exists as to its ability to continue as a going concern within one year after the date that these financial statements are issued. The Company's plans to alleviate the substantial doubt about its ability to continue as a going concern may not be successful, and it may be forced to limit its business activities or be unable to continue as a going concern, which would have a material adverse effect on its results of operations and financial condition.

The consolidated financial statements included herein have been prepared assuming that the Company will continue as a going concern and contemplating the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's ability to continue as a going concern is dependent on generating profitable operating results, having sufficient liquidity, maintaining compliance with the covenants and other requirements under the new Revolving Credit Agreement and the new SLA, in the future, and extending and amending, refinancing or repaying the indebtedness outstanding under the Company's existing debt arrangements.

The Company has a significant amount of indebtedness and is highly leveraged. Its existing debt or any potential new debt could adversely affect its business and growth prospects.

As of December 31, 2024, the Company's total debt obligations, including indebtedness under the Revolving Credit Agreement and SLA was $120.2 million. The Company's debt arrangements contain and may contain in the future certain requirements, including specific financial and other covenants or restrictions. The failure or the inability to meet such obligations under existing debt or any new debt could materially and adversely affect the Company's business and financial condition. In addition, the Company's debt obligations could make it more vulnerable to adverse economic and industry conditions and could limit its flexibility in planning for or reacting to changes in its business and the industries in which it operates. The Company's indebtedness and the cash flow needed to satisfy its debt obligations and the covenants contained in current and potential future debt agreements could have important consequences, including the following:

- limiting funds available for borrowing through the imposition of availability blocks;
- limiting funds otherwise available for financing capital expenditures by requiring dedication of a portion of cash flows from operating activities to the repayment of debt and the interest on such debt;
- limiting the ability to incur additional indebtedness;
- limiting the ability to capitalize on significant business opportunities, including mergers, acquisitions and other strategic transactions;
- making the Company more vulnerable to rising interest rates or higher interest rates; and
- making the Company more vulnerable in the event of a downturn in its business.

The Company's new Revolving Credit Agreement places limitations on its ability to make acquisitions and restricts its ability to incur additional indebtedness, while the SLA places limitations or restrictions on the Company's usage of borrowed funds. Any future failure by the Company to comply with the financial covenants set forth under the Company's debt agreements, if not cured or waived, could result in the acceleration of debt maturities or prevent the Company from accessing availability of funds under the SLA. If the maturity of the indebtedness is accelerated, the Company may not have sufficient cash resources, or have the ability to obtain financing through alternative resources, to satisfy its debt and other obligations, and the Company may not be able to continue as a going concern.

Financial Condition, Results of Operations, and Cash Flows

The Company is subject to price increases in some of the key components in its power systems.

The prices of some of the key components of the Company's power systems are subject to fluctuation due to market forces, including changes in the costs of raw materials incorporated into these components. Such price increases occur from time to time due to increases in overall inflation, spot shortages of commodities, increases in labor costs or longer-term shortages due to market forces. In particular, the prices of certain precious metals, such as palladium and rhodium, used in emissions-control systems fluctuate frequently and often significantly. Substantial increases in the prices of raw materials used in components that the Company sources from suppliers may result in increased prices charged by suppliers. If the Company incurs price increases from suppliers for key components in its power systems, production costs will increase, and given competitive market conditions, or contractual limitations, the Company may not be able to pass all or any of those cost increases on to OEM customers in the form of higher sales prices. To the extent that its competitors do not suffer comparable component cost increases, the Company may have even greater difficulty passing along price increases, and the Company's competitive position may be harmed. As a result, increases in costs of key components may adversely affect the Company's margins and otherwise adversely affect its results of operations.

Many of the Company's power systems involve long and variable design and sales cycles.

The design and sales cycle for customized power systems, from initial contact with potential OEM customers to the commencement of shipments, may be lengthy. Customers generally consider a wide range of solutions before making a decision to purchase power systems. Before an OEM commits to purchase power systems, they often require a significant technical review, assessment of competitive products and approval at a number of management levels within their organization. During the time the Company's customers are evaluating its products, the Company may incur substantial sales and marketing, engineering, and research and development expenses to customize the power systems to the customer's needs.

Warranty, Safety Standards, and Emissions

The Company could suffer warranty claims or be subject to product liability claims, both of which could materially adversely affect its business.

The Company's power systems are sophisticated and complex, and the success of the power systems is dependent, in part, upon the quality and performance of key components, such as engines, fuel systems, generators, breakers, and complex electrical components and associated software. The Company may incur liabilities for warranty claims because of defective products or components, including claims arising from defective products or components provided by its suppliers that are integrated into its power systems.

The provisions the Company makes for warranty accruals may not be sufficient, or it may be unable to rely on a warranty provided by a third-party manufacturer or recover costs incurred associated with defective components or products provided by its suppliers. The Company may recognize additional expenses because of warranty claims in excess of its current expectations. Such warranty claims may necessitate a redesign, re-specification, a change in manufacturing processes and/or a recall of its power systems, which could have a material adverse impact on the Company's financial condition and results of operations and on existing or future sales of its power systems and other products. Even in the absence of any warranty claims, a product deficiency such as a manufacturing defect or a safety issue may necessitate a product recall, which could have a material adverse impact on the Company's financial condition and results of operations and on existing or future sales.

The Company is exposed to potential product liability claims that are inherent to natural gas, propane, gasoline and diesel and products that use these fuels. Natural gas, propane, diesel and gasoline are flammable and are potentially dangerous products. Any accidents involving the Company's power systems could materially impede widespread market acceptance and demand for its power systems. In addition, the Company may be subject to a claim by end-users of its OEM customers' products or others alleging that they have suffered property damage, personal injury or death because its power systems or the products of its customers into which its power systems are integrated did not perform adequately. Such a claim could be made whether or not the Company's power systems perform adequately under the circumstances. From time to time, the Company may be subject to product liability claims in the ordinary course of business, and it carries a limited amount of product liability insurance for this purpose. However, current insurance policies may not provide sufficient or any coverage for such claims, and the Company cannot predict whether it will be able to maintain insurance coverage on commercially acceptable terms.

The Company and its products are subject to numerous environmental and regulatory policies, including emission and fuel economy rules.

The Company's business is affected by government environmental policies, mandates and regulations around the world, most significantly with respect to emission standards in the United States. Examples of such regulations include those that (i) restrict the sale of power systems that do not meet emission standards and (ii) impose penalties on sellers of noncompliant power systems.

The Company generally must obtain product certification from both the EPA and the CARB to sell its products in the United States. The Company may attempt to expand sales of its certified power systems to OEMs that sell their products in other countries, which may also have stringent emissions requirements. Accordingly, future sales of the Company's products will depend upon its products being certified to meet the existing and future air quality and energy standards imposed by the relevant regulatory agencies. While the Company incurs significant research and development costs to ensure that its products comply with emission standards and meet certification requirements in the regions in which its products are sold, the Company cannot provide assurance that its products will continue to meet those standards. The failure to comply with certification requirements would not only adversely affect future sales but could result in the recall of products or the imposition of civil or criminal penalties.

The adoption of new, more stringent and burdensome government emissions regulations, whether at the foreign, federal, state or local level, in markets in which the Company supplies power systems may require modification of emission certification and other manufacturing processes for its power systems. The Company might incur additional and/or unanticipated expenses in meeting future compliance requirements, and it may be required to increase its research and product development expenditures. Increases in such costs and expenses could necessitate increases in the prices the Company charges for its power systems, which could adversely affect demand for such power systems. There are no assurances that the Company will have adequate financial or technical resources in the future to maintain compliance with government emissions standards.

Supply Chain

The Company is dependent on certain key third-party suppliers, and the partial or complete loss of one of these key suppliers, or the failure to find replacement suppliers or manufacturers in a timely manner, could result in supply shortages.

The Company sources engines, components and replacement parts used in the assembly of its power systems and aftermarket sales from various third-party suppliers. Much of the technology incorporated into the components that the Company sources from a limited number of suppliers is technologically sophisticated, and the Company does not believe that its competitors have access to some of this sophisticated technology in the components they are able to source. If the Company’s competitors were to gain access to these suppliers’ technology or if the Company’s relationships with these suppliers were to change adversely, the Company’s business could be harmed. The viability of certain key third-party suppliers, or the exiting by certain suppliers of certain business lines, could require the Company to find other suppliers for materials or components. Some components cannot be quickly or inexpensively re-sourced to another supplier due to long lead times and contractual commitments that might be required by another supplier in order to provide the components or materials. Any extended delay in receiving engines or other critical components, or the inability of third-party suppliers to meet the Company’s quality, quantity or cost requirements, could impair or prohibit the Company’s ability to deliver products to its OEM customers.

Disruptions arising from compliance with certain importation and trade laws and regulations, including those governing goods shipped from certain regions in China, have, and in the future may, cause supply chain interruptions and raw material shortages.

We are subject to various laws and regulations that affect our ability to obtain components and materials. On December 23, 2021, the UFLPA became law in the United States. The UFLPA, among other matters, prohibits the import of goods from the Xinjiang Uyghur Autonomous Region of the People’s Republic of China. In July 2023, the Company began experiencing delays in the imports of raw materials directly related to the UFLPA. Near the end of 2023, the importing of certain forklift products was suspended because of the intensified enforcement and expansion of the UFLPA and continued through the third quarter of 2024. In 2024, the Company re-sourced these products from CDM and SPY in place of SAME while maintaining the Company’s high-quality standards. Additionally, with the ongoing enforcement and expansion of the UFLPA, the Company has increased the vetting of new and existing vendors with links to the applicable areas to mitigate the likelihood of future disruption of imports.

Trade law and regulation compliance disruptions could occur again in the future and could result in other delays of importing raw materials needed to fulfill future orders while the Company works to comply with trade laws and regulations, including the UFLPA.

Growth and Profitability

The market for alternative-fueled, spark-ignited power systems may not continue to develop as expected.

The continued market acceptance and growth of the market for efficient alternative-fueled, spark-ignited power systems, including natural gas, propane and gasoline, is a key tenet of the Company’s growth strategy. The impact of diesel emission regulations is expected to increase the cost and complexity of diesel power systems, but this may not materialize to the expected extent or at all. Also, customers, or potential customers, may not substitute natural gas, propane and gasoline-powered power systems for diesel power systems in response to these regulations. In addition, to the extent that diesel power system manufacturers develop the ability to design and produce emission-compliant diesel power systems that are more competitive than the Company’s alternative-fueled power systems, customers and potential customers may be less likely to substitute alternative-fueled power systems for diesel power systems. Furthermore, if alternative-fueled power systems are substituted for diesel power systems, there can be no assurance that the Company’s power systems would capture any portion of the potential market increase. If the industrial OEM market generally, or more specifically any of the OEM categories that represent a significant portion of the Company’s business or in which it anticipates significant growth opportunities for its power systems, fails to develop or develops more slowly than the Company anticipates, its business could be materially adversely affected.

Lastly, the Company also faces competition from other forms of power systems, including electrification and fuel cells, which could limit its ability to grow in the future.

The Company may be impacted by volatility of oil and gas prices and/or fuel price differentials.

The prices of various fuel alternatives are subject to fluctuation, based upon many factors, including, but not limited to, global supply and demand, changes in resource base, pipeline transportation capacity for natural gas, refining capacity for crude oil, and government tariff excise, and fuel tax policies. The price differential among various fuel alternatives can impact OEMs and their decisions on which, if any, power systems they purchase from the Company. Furthermore, if OEMs decide to purchase the Company's power systems, relative fuel prices may affect which power systems they purchase, and the margins can vary significantly among the Company's various power systems.

The Company may be affected by the price of oil and gas. For example, when the price of oil declines, oil becomes a more favorable source of fuel in the short term, and alternative fuel and energy producers suffer as a result. This volatility, as with any commodity, will occur from time to time and may adversely affect the Company's business.

Also, a significant portion of the Company's sales and profitability has historically been derived from sales of products that are used in the oil and gas industry, primarily in support of operating wells. Various factors, such as capital allocation strategies, oil pricing, rig counts, shifts in energy sources, and governments policies, among others, could lead oil and gas producers to curtail or limit capital expenditures. In addition, oil and gas producers may cease or suspend production at well sites that have or are likely to become unprofitable. As a result, sales of the Company's products could be severely impacted during periods of a prolonged depression in energy prices, rig counts and capital expenditures which could have a material adverse effect on the Company's results of operations. The Company estimates that as much as approximately $105.5 million and $72.1 million of its 2024 and 2023 net sales, respectively, were attributable to the sale of products used within the oil and gas industry. The potential impact of future disruptions, continued economic uncertainty, and depressed crude oil prices and low rig count levels may have a significant adverse impact that may result in the recognition of material impairments or other related charges.

The introduction of new products, including new engines that the Company develops, and the continued expansion of products may not succeed or achieve widespread acceptance.

The Company's growth depends on its ability to develop and/or acquire new products and/or refine existing products and power system technology, to complement and enhance the breadth of its power system offerings with respect to engine class and the OEM market categories into which the Company supplies its products. The Company will generally seek to develop or acquire new products, or enhance existing products and power system technology, if it believes such acquisitions or enhancements will provide significant additional sales and favorable profit margins. However, the Company cannot know beforehand whether any new or enhanced products will successfully penetrate target markets. There can be no assurance that newly developed or acquired products will perform as well as the Company expects, or that such products will gain widespread adoption among the Company's customers.

Additionally, there are greater design and operational risks associated with new products. The inability of the Company's suppliers to produce technologically sophisticated components for new engines and power systems, the discovery of any product or process defects or failures associated with production of any new products, and any related product returns could each have a material adverse effect on the Company's business and its results of operations. If new products that the Company expends significant resources to develop or acquire are not successful or do not obtain, or retain, required certifications, or such products do not achieve the required production volume and scale, its business could be adversely affected.

The Company's OEM customers may not continue to outsource their power system needs.

The purchasers of the Company's power systems are OEMs that manufacture a wide range of applications and equipment that include standby and prime power generation, demand response, microgrid, combined heat and power, utility power, arbor equipment, material handling (including forklifts), agricultural and turf, construction, pumps and irrigation, compressors, and utility vehicles. As a result of the significant resources and expertise required to develop and manufacture emission-certified power systems, certain of these customers have historically chosen to outsource production of power systems to the Company. To a significant extent, the Company depends on OEMs continuing to outsource design and production of power systems, power system components and subsystems. OEM customers may not continue to outsource as much or any of their power system production in the future. Increased levels of OEM vertical integration could result from a number of factors, such as shifts in the Company's customers' business strategies, acquisition by a customer of a power system manufacturer or the emergence of low-cost production opportunities in foreign countries. Any number of these factors could have an adverse impact on the Company's business.

Human Capital

The failure to attract, retain and motivate a highly qualified workforce and high functioning management team could, in the future, affect the Company's business results.

The Company's success depends on its ability to attract, retain and motivate a highly qualified workforce and high functioning management team. Failure to ensure that the Company has the depth and breadth of management and personnel with the necessary skill set and experience could impede its ability to deliver growth objectives and execute its operational strategy. Competition for qualified employees among companies that rely heavily upon engineering and technology is at times intense, and the loss of qualified employees could hinder the Company's ability to conduct research activities successfully and develop marketable products. As the Company continues to expand, it will need to promote and hire additional staff, and, as a result of increased compensation and benefit mandates, it may be difficult to attract or retain such individuals without incurring significant additional costs.

Common Stock Ownership and Stockholder Influence

A decrease in stock price may have an unfavorable impact on our status on the Nasdaq and liquidity.

The Company's stock is newly traded on Nasdaq. If we are not able to comply with the applicable listing requirements or standards of Nasdaq, our common stock could be delisted from Nasdaq. Our share price may be volatile, and purchasers of our common stock could incur substantial losses. The payment of dividends is currently restricted by the Company's short-term credit facility. The Company intends to retain its future earnings to support operations, to finance expansion and reduce debt.

Ownership of the Company's stock is concentrated with Weichai and the founder of the Company, and therefore other stockholders' ability to influence corporate matters is limited.

As of March 17 2025, Weichai beneficially owned 51.1% of the Company's outstanding shares of Common Stock. Additionally, Gary S. Winemaster, the Company's founder, former Chairman of the Board of Directors (the "Board"), former Chief Executive Officer, President and nonexecutive Chief Strategy Officer, beneficially owned approximately 14.4% of the Company's outstanding shares of Common Stock. Each of these stockholders, by virtue of their significant equity ownership in the Company, may be able to significantly influence, and, in the case of Weichai, control the outcome of all matters requiring stockholder approval, including the election and removal of directors and any merger or other significant corporate transactions. The interests of these stockholders may not coincide with the interests of other stockholders. The concentration of ownership might also have the effect of delaying or preventing a change of control of the Company that other stockholders may view as beneficial. Weichai alone owns a majority of the outstanding shares of Common Stock and, therefore, it possesses voting control over the Company sufficient to prevent any change of control from occurring.

Weichai maintains certain rights through its Investor Rights Agreement with the Company.

Weichai entered into an Investor Rights Agreement (the "Rights Agreement") with the Company upon execution of the SPA. The Rights Agreement provides Weichai with majority representation on the Company's Board and management representation rights. Weichai currently has four representatives on the Board which constitutes the majority of the directors serving on the Board. 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 of Rules 5605(b), (d) and (e). With Weichai being the majority owner of the Company's outstanding shares of its Common Stock, Weichai is able to exercise control over matters requiring stockholders' approval, including, among other matters, the election of the Directors, amendment of the Company's Certificate of Incorporation 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.

Cyber Risk Factors

The Company is exposed to, and may be adversely affected by, potential security breaches or other disruptions to its information technology systems and data security.

The Company relies on its information technology systems and networks in connection with many of its business activities. The Company's operations routinely involve receiving, storing, processing and transmitting sensitive information pertaining to its business, customers, dealers, suppliers, employees and other sensitive matters. Cyber incidents could materially disrupt operational systems, result in loss of trade secrets or other proprietary or competitively sensitive information, compromise personally identifiable information regarding customers or employees, and jeopardize the security of the Company's facilities. A cyber incident could be caused by malicious outsiders using sophisticated methods to circumvent firewalls, encryption and other security defenses. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, the Company may be unable to anticipate these techniques or to implement adequate preventive measures. Information technology security threats, including security breaches, computer malware and other cyber-attacks, are increasing in both frequency and sophistication and could create financial liability, subject the Company to legal or regulatory sanctions, or damage its reputation with customers, dealers, suppliers and other stakeholders. The Company continuously seeks to maintain a robust program of information security and controls, but the impact of a material information technology event could have a material adverse effect on its reputation and results of operations.

General Risk Factors

Adverse global and regional economic conditions may materially and adversely affect the Company's business, results of operations and financial condition.

The Company has international operations with sales outside the U.S. representing 13% of the Company's total net sales. Further, the Company's global supply chain is large and complex, and a majority of the Company's supplier facilities, are located outside the U.S. As a result, the Company's operations and performance depend significantly on global and regional economic conditions.

Adverse macroeconomic conditions, including inflation, slower growth or recession, new or increased tariffs and other barriers to trade, changes to fiscal and monetary policy, tighter credit, higher interest rates, high unemployment and currency fluctuations may materially and adversely affect demand for the Company's products and services. In addition, spending may be materially and adversely affected in response to financial market volatility, negative financial news, conditions in the real estate and mortgage markets, declines in income or asset values, energy shortages and cost increases, labor and healthcare costs and other economic factors.

Also, uncertainty about, or a decline in, global or regional economic conditions may have a significant impact on the Company's suppliers, contract manufacturers, logistics providers, distributors, and other channel partners. Potential effects include financial instability; inability to obtain credit to finance operations and purchases of the Company's products; and insolvency.

A downturn in the economic environment may also lead to increased credit and collectability risk on the Company's trade receivables; the failure of financial institutions (including those that the Company currently, or could potentially, transact with or those that currently, or could in the future, provide services to the Company); limitations on the Company's ability to issue new debt; reduced liquidity; and declines in the fair value of the Company's financial instruments. These and other economic factors may materially and adversely affect the Company's business, results of operations, financial condition and stock price.

The Company is exposed to political, economic and other risks, in addition to various laws and regulations that arise from operating a multinational business.

The Company sells products internationally and sources a significant amount of materials from suppliers outside of the U.S. Accordingly, the Company is subject to the political, economic and other risks that are inherent in operating a multinational company, including risks related to the following:

- general economic conditions;
- the imposition of tariffs and other import or export barriers, which could potentially disrupt the Company's existing supply chains and impose additional costs on the Company's business;
- trade and technology protection measures;
- compliance with regulations governing import and export activities;

- import and export duties and restrictions;
- currency fluctuations and exchange restrictions;
- transportation delays and interruptions;
- political and economic instability;
- terrorist activities;
- acts of war, including the events currently underway in Ukraine and Israel, which could lead to volatility in commodity availability and pricing, access to current or new markets, and general overall market volatility and weakness, among other factors;
- labor unrest;
- natural disasters; and
- public health concerns including the potential negative impacts to suppliers, customers or the Company's business.

Any of these factors could have a material adverse effect on the Company's business and results of operations.

Also, the Company is subject to, and may become subject to, various state, federal and international laws and regulations governing its business, environmental, labor and trade practices. These laws and regulations, particularly those applicable to the Company's international operations, are or may be complex, extensive and subject to change. The Company needs to ensure that it and its OEM customers and suppliers timely comply with such laws and regulations, which may result in increased operating costs. Other legislation has been, and may in the future be, enacted in other locations in which the Company manufactures or sells its products. If the Company or its component suppliers fail to timely comply with applicable legislation, its customers may refuse to purchase its products, or it may face increased operating costs because of fines or penalties. In connection with complying with such environmental laws and regulations as well as with industry environmental initiatives, the standards of business conduct required by some of its customers and its commitment to sound corporate citizenship in all aspects of its business, the Company could incur substantial compliance and operating costs and be subject to disruptions to its operations and logistics. In addition, if the Company were found to be in violation of these laws or noncompliant with these initiatives or standards of conduct, it could be subject to governmental fines, liability to its customers and damage to its reputation and corporate brand, any of which could cause its financial condition or results of operations to suffer.

We may incur fines or penalties, damage to our reputation or suffer 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, forced labor, or other laws.

We are subject to regulation under a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies, including laws related to anti-corruption, human rights, forced labor, anti-bribery, export and import compliance, trade sanctions, data privacy, anti-trust and money laundering, due to our domestic and global operations. In particular, the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced government corruption to some degree. We cannot provide assurance our internal controls will always protect us from the improper conduct of our employees, suppliers, sub-suppliers or other contract parties, agents and business partners. Violations of these laws, which are complex and often are difficult to interpret and apply, could subject us to civil or criminal investigations in the United States and other jurisdictions, could lead to substantial civil or criminal, monetary and non-monetary penalties and related stockholder lawsuits, could lead to increased costs of compliance and could damage our reputation, business, financial condition, operating results and cash flows.

Employee disputes or litigation and related unfavorable publicity may negatively affect our future business, financial condition, and operating results.

We may become involved in lawsuits or other disputes relating to employment matters, such as hostile workplace, discrimination, wage and hour disputes, sexual harassment, or other employment issues. These types of claims, depending on their nature, can have a significant negative impact on businesses. Certain companies that have faced employment- or harassment-related lawsuits have had to terminate management or other key personnel, have borne economic and other costs and have suffered reputational harm that has negatively impacted their business.

If we fail to maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial results, which could materially and adversely affect us.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. There is no assurance that material weaknesses or significant deficiencies in internal controls will not be identified in the future or that we will be successful in adequately remediating any such material weaknesses or significant deficiencies. We may in the future discover areas of our internal controls that need improvement. We have had material weaknesses in our internal controls in the past and we cannot be certain that we will be successful in maintaining adequate internal controls over our financial reporting and accounting processes in the future. The existence of any material weakness or significant deficiencies would require management to devote significant time and incur significant expense to remediate, and management may not be able to remediate in a timely manner. The existence of any material weakness in our internal controls over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations, subject us to investigations from regulatory authorities or cause stockholders to lose confidence in our reported financial information, all of which could materially and adversely affect us.

The Company could incur restructuring and impairment charges as it continuously evaluates its portfolio of assets and identifies opportunities to restructure its business to optimize its cost structure.

The Company continuously evaluates its portfolio of assets and its operational structure in an effort to identify opportunities to optimize its cost structure as a result of its on-going business needs. These actions could result in restructuring and related charges, including but not limited to asset impairments and employee termination costs, any of which could be significant and could adversely affect the Company's results of operations.

The Company has substantial amounts of long-lived assets, including goodwill and intangible assets, which are subject to periodic impairment analysis and review. Identifying and assessing whether impairment indicators exist, or if events or changes in circumstances have occurred, including market conditions, operating results, competition and general economic conditions requires significant judgment. Declines in profitability due to changes in volume, market pricing, cost or the business environment could result in charges that could have an adverse effect on the Company's results of operations. Significant adverse changes to the Company's business environment and future cash flows could cause the recognition of material impairment charges in future periods.

The Company currently faces, and will continue to face, significant competition.

The market for the Company's products and related services is highly competitive, subject to rapid change and sensitive to new-product and service introductions and changes in technical requirements. New developments in power system technology may negatively affect the development or sale of some or all of the Company's power systems or make them noncompetitive or obsolete. Other companies, some of which have longer operating histories, greater name recognition and significantly greater financial and marketing resources than the Company, are currently engaged in the development of products and technologies that are similar to, or may be competitive with, certain of the Company's products and power system technologies. If the markets for its products grow as the Company anticipates, competition may intensify, as existing and new competitors identify opportunities in such markets.

The Company faces competition from companies that employ current power system technologies, and it may face competition in the future from additional companies as new power system technologies are adopted. Additionally, the Company may face competition from companies developing technologies such as cleaner diesel engines, biodiesel, fuel cells, electrification, advanced batteries and hybrid battery/internal combustion power systems. The Company may not be able to incorporate such technologies into its product offerings, or it may be required to devote substantial resources to do so. The success of its business depends in large part on its ability to provide single assembly, integrated, comprehensive, technologically sophisticated power systems to its customers. The development or enhancement by its competitors of similar capabilities could adversely affect the Company's business.

Failure to keep pace with technological developments may adversely affect the Company's operations.

The Company is engaged in an industry that will be affected by future technological developments. The Company's success will depend upon its ability to develop and introduce, on a timely and cost-effective basis, new products, applications and processes that keep pace with technological developments and address increasingly sophisticated customer requirements. The Company may not be successful in identifying, developing and marketing new products, applications and processes, and product or process enhancements. The Company may experience difficulties that could delay or prevent the successful development, introduction and marketing of product or process enhancements or new products, applications or processes. The Company's products, applications or processes may not adequately meet the requirements of the marketplace and achieve market acceptance. If the Company were to incur delays in developing new products, applications or processes, or product or process enhancements, or if its products do not gain market acceptance, its results of operations could be materially adversely affected.

The Company could fail to adequately protect its intellectual property rights or could face claims of intellectual property infringement by third parties.

The Company believes that the success of its business depends, in substantial part, upon its proprietary technology, information, processes and know-how. The Company does not own any material patents and relies on a combination of trademark and trade secret laws, along with confidentiality agreements, contractual provisions and licensing arrangements, to establish and protect its intellectual property rights. Despite the Company's efforts to protect its intellectual property rights, existing laws may afford only limited protection, and the Company's actions may be inadequate to protect its intellectual property rights or to successfully defend itself against claims from others that the Company has violated their intellectual property rights. In addition, the laws of some foreign countries may not protect the Company's proprietary rights as fully or in the same manner as the laws of the United States. The unauthorized use of the Company's intellectual property rights and proprietary technology by others could materially harm the Company's business.

In addition, the Company cannot be certain that its products, services and power system technologies, including any intellectual property licensed from third parties for use therein or incorporated into components that it sources from its suppliers, do not, or in the future will not, infringe or otherwise violate the intellectual property rights of third parties. In the future, the Company may be subject to infringement claims that result in litigation. Successful infringement claims against the Company could result in substantial monetary liability, require the Company to enter into royalty or licensing arrangements, or otherwise materially disrupt the conduct of the Company's business. In addition, even if the Company prevails in the defense of any such claims, any such litigation could be time-consuming and expensive to defend or settle and could materially adversely affect its business.

Limitations of the Company's Directors' and Officers' liability insurance and potential indemnification obligations will have a material adverse effect on the Company's financial condition, results of operations and cash flows.

Under its bylaws and certain indemnification agreements, the Company has obligations to indemnify current and former officers and directors. Expenses that may occur in the future and/or liabilities not covered by the Company's directors and officers liability insurance policy, that may be imposed in connection with actions against certain of the Company's past and present directors and officers and certain current and former employees who are entitled to indemnification would be funded by the Company with its existing cash resources. The Company directors' and officers' liability insurance policy renews annually and expires in July 2025.

The Company's inability to generate sufficient taxable income in the future may limit the Company's ability to use net operating loss ("NOL") carryforwards to reduce future tax payments.

The Company has NOL carryforwards with which to offset its future taxable income for U.S. federal income tax reporting purposes. If the Company should fail to generate a sufficient level of taxable income prior to the expiration of the NOL carryforward periods, then it will lose the ability to apply the NOLs as offsets to future taxable income. Similar limitations also apply to certain U.S. federal tax credits.

Unanticipated changes in our effective tax rate, the adoption of new tax legislation or exposure to additional income tax liabilities could adversely affect our profitability.

We are subject to income taxes in the United States jurisdictions. Our effective tax rate and cash tax liability in the future could be adversely affected by the enactment of new tax legislation, changes in the level and mix of earnings in jurisdictions with differing statutory tax rates, and changes in the valuation of deferred tax assets and liabilities. The carrying value of deferred tax assets, which are predominantly in the United Sates, is dependent on our ability to generate future taxable income in the United States. We are also subject to ongoing tax audits. These audits can involve complex issues, which may require an extended period of time to resolve and can be highly judgmental. Tax authorities may disagree with certain of our tax reporting positions and, as a result, assess additional taxes against us. We regularly assess the likely outcomes of these audits to determine the appropriateness of our gross unrecognized tax benefits. The amounts ultimately paid upon resolution of current and future tax audits could be materially different from the amounts previously included in our income tax provision and, therefore, could have a material impact on our income tax provision.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

The Company continuously enhances policies and procedures, and controls to mitigate against the substantial rise in the prevalence of cybersecurity risks and challenges to protect its data.

Risk Management Strategy

The Company's cybersecurity risk management function is led by the Vice President of Information Technology, who evaluates processes and activities within the Company's information technology infrastructure and automated systems. In 2023, the Company completed a detailed assessment to identify all technology and cyber tools currently in place and assessed its information technology personnel's cybersecurity capabilities and skill sets. In 2023, the Company focused on formalizing cybersecurity procedures and defining standards for risk identification and communication activities. The Company utilizes the National Institute of Standards and Technology guidance in all cybersecurity policies and procedures. Annual training for employees is required as well as ad hoc trainings for specific topics or events as deemed appropriate throughout the year. The Company also has cyber insurance to assist the Company both financially and operationally if a cyber event were to occur. Below is the basic framework used in the Company's risk management strategy:

- Identify - set of procedures to identify assets to be protected, including computation, data, and integrity;
- Protect - set of procedures to effectively engage and monitor adequate safeguards of critical infrastructure services;
- Detect - set of activities, tools, and procedures to timely identify anomalies through continuous monitoring;
- Respond - set of activities to effectively respond to and contain detected and confirmed cybersecurity events, and
- Recover - set of activities and procedures to ensure any assets impaired because of a cybersecurity event are restored to use within the stated recovery point/time objectives.

The Company has taken steps to gain insights into how cybersecurity risk management functions have been integrated into its overall risk management systems and process. Below are the risk management activities regularly performed:

- Cybersecurity, as described above;
- Financial control risk assessment which is a formal part of the annual internal control program;
- Management's risk assessment associated with the budgeting and strategic planning process;
- Annual update of risk factors in the Company's Form 10-K by key executives, and
- A broader fraud risk assessment (also performed as part of the internal control program).

The Company's information technology and risk management function is highly centralized, with the Corporate Controller and Vice President of Information Technology involved in most of the risk related activities which provides a consistent input throughout risk management activities as well as aiding in identifying dependencies and duplications. The Company engaged a third party to conduct phishing and penetration tests in 2024. The Company continues to evolve its processes, procedures, and tools as a result of the observations from these tests.

The Vice President of Information Technology oversees the population of third-party service providers connected to any of the Company's networks. For each third-party service provider that would directly impact the Company's financial reporting, the Company obtains a System and Organization Controls (SOC) 1, Type 2 Report ("SOC 1 Report") to evaluate that service provider's internal controls and help the Company assess the risk of obtaining services from that services provider. The SOC-1 Report is reviewed by members of the Company's management and the Internal Audit group. The Company also limits access to information granted to any third-party service provider to only the information necessary for them to perform their services to the Company.

In 2024, we did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, despite our efforts, we cannot eliminate all risks from cybersecurity threats or provide assurances that we have not experienced undetected cybersecurity incidents. We face ongoing risks from certain cybersecurity threats, and we cannot provide assurance that, if those risks materialize, our business strategy, results of operations or financial condition will not be materially affected in the future. For additional information about these risks, see Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K.

Governance and Process for Assessing, Identifying and Managing Material Risks from Cybersecurity Threats

The Audit Committee of the Board (the "Audit Committee") has been designated as the board committee with oversight responsibility of cybersecurity as delegated in the Audit Committee charter. The following summarizes the role and frequency in which the Audit Committee oversees and monitors cybersecurity risks:

- At least annually the Vice President of Information Technology presents compliance activities related to cybersecurity to the Audit Committee which includes those activities related to compliance with the cybersecurity disclosure regulations;
- Material breaches, if any are, disclosed to the Audit Committee either in regularly scheduled meetings or, if urgent in calls with the Chair of the Audit Committee;
- Periodically, the Vice President of Information Technology provides updates to the Audit Committee on internal controls surrounding information technology (including cybersecurity);
- The Chair of the Audit Committee provides regular updates during Audit Committee meetings which includes cybersecurity; and

- The Vice President of Information Technology presents updates on the cybersecurity program to the Company's Board annually.

The Vice President of Information Technology is responsible for managing overall cybersecurity and cyber risks, including infrastructure, development, and cybersecurity. The Vice President of Information Technology has extensive and progressive experience in supporting information technology risks and objectives in manufacturing companies equivalent to the Company and is a Certified Information Systems Security Professional from ISC2, a leading association for cybersecurity professionals. The Company's Vice President of Information Technology is required to have the following qualifications:

- Asset Security;
- Security Architecture and Engineering;
- Communication and Network Security;
- Identity and Access Management;
- Security Assessment and Testing;
- Security Operations; and
- Software Development Security.

The Company's Vice President of Information Technology is the central contact point to receive (i) alerts regarding potential cybersecurity incidents and (ii) reports from the Company's Information Technology personnel regarding potential cybersecurity incidents. All confirmed cybersecurity events are communicated by the Vice President of Information Technology to the Corporate Controller and Vice President of Internal Audit. Material confirmed cybersecurity events are further escalated to the Chief Executive Officer and Chief Financial Officer for further review, discussion and remediation.

Item 2. Properties.

The Company's operations are located in 7 leased facilities in the United States, totaling approximately 1.0 million square feet of floor space. The Company is in the process of expanding the Wisconsin facility, which will results in an additional 0.1 million square feet.The Company's corporate headquarters is located in Wood Dale, Illinois, a suburb of Chicago.

The Company's primary manufacturing, assembly, engineering, research and development, sales and distribution facilities are located in suburban Chicago, Illinois, as well as in Darien and Beloit, Wisconsin.

The Company believes that all of its facilities have been adequately maintained, are in good operating condition and are suitable for its current needs. These facilities are expected to meet the Company's needs in the foreseeable future.

Item 3. Legal Proceedings.

See Note 11. *Commitments and Contingencies*, included in Part II, Item 8. *Financial Statements and Supplementary Data*, for a discussion of legal proceedings, which are incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Common Stock traded on Nasdaq under the symbol “PSIX” from May 28, 2013 through April 18, 2017. The Common Stock was suspended from trading and was subsequently delisted from Nasdaq effective at the open of business on April 19, 2017. It then traded on the OTC Pink marketplace (“OTCPink”), operated by OTC Markets Group, Inc. (“OTC Market”), under “PSIX” until December 26, 2024. The OTCPink is a quotation system and not a national securities exchange, and many companies have experienced limited liquidity when traded through this quotation system. The quotations represent inter-dealer prices without adjustment for retail markups, markdowns or commissions, and may not necessarily represent actual transactions. The Company’s Common Stock uplisted on the Nasdaq under the symbol “PSIX” on December 26, 2024.

As of March 17 2025, the sale price for the Company’s Common Stock, as reported by the Nasdaq, was $33.09 per share.

Holders

As of March 17 2025, there were approximately 43 holders of record of the Company’s Common Stock.

Dividend Policy

The Company has not paid any cash dividends on the Common Stock to date. The payment of dividends is currently restricted by the Credit Agreement. The Company intends to retain its future earnings to support operations, to finance expansion and reduce debt.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

During 2024 and 2023, the Company did not repurchase any equity securities.

Item 6.

Reserved

Item 7. 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 fiscal years ended December 31, 2024 and 2023, 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 in light of recent events and trends, and 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. A description of material factors known to the Company that may cause its results to vary, or may cause management to deviate from its current plans and expectations, is set forth under “Risk Factors” in this report. See also “Forward-Looking Statements.” The following discussion should also be read in conjunction with the Company’s consolidated financial statements and the related Notes included in this 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 EPA and the CARB.

The Company’s products are primarily used by global 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 reporting segment.

Net sales by geographic area and by end market for 2024 and 2023 are presented below:

(in thousands)	For the year ended December 31, 2024		For the Year Ended December 31, 2023	
Geographic Area		% of Total		% of Total
United States	$ 419,706	88 %	$ 378,886	83 %
North America (outside of United States)	24,466	5 %	21,265	5 %
Pacific Rim	24,652	5 %	39,822	8 %
Europe	7,090	2 %	13,815	3 %
Others	53	— %	5,185	1 %
Total	$ 475,967	100 %	$ 458,973	100 %

(in thousands)	For the year ended December 31, 2024		For the Year Ended December 31, 2023	
End Market		% of Total		% of Total
Power Systems	$ 325,749	68 %	$ 225,106	49 %
Industrial	123,268	26 %	160,334	35 %
Transportation	26,950	6 %	73,533	16 %
Total	$ 475,967	100 %	$ 458,973	100 %

During 2024, the Company sold over 22,200 engines of which approximately 76% utilized propane or natural gas as their fuel source and 13% utilized gasoline. The remaining 11% of engines were dual fuel gasoline/propane, diesel and service engines. During 2023, the Company sold over 33,500 engines of which approximately 76% utilized propane or natural gas as their fuel source and 17% utilized gasoline. The remaining 7% of engines were dual fuel gasoline/propane, diesel and service/base engines.

Weichai Transactions

The Company sought to expand its range of products and its presence in the Pacific Rim through the Weichai Transactions (see Note 3. *Weichai Transactions*, included in Item 8. *Financial Statements and Supplementary Data*, for additional information).

The Company and Weichai executed the Collaboration Agreement in order to achieve their respective objectives, enhance the cooperation alliance and share experiences, expertise and resources. Among other things, the Collaboration Arrangement established a joint steering committee, permitted Weichai to employ a limited number of 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 also provides for the steering committee to create various subcommittees with operating roles and otherwise governs the treatment of intellectual property of the 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's sales to Weichai were $1.8 million and $1.7 million during 2024 and 2023, respectively. The Company purchased $21.5 million and $6.2 million of inventory from Weichai during 2024 and 2023, respectively.

PSI is party to the SLA with Weichai. See Note 6. *Debt*, included in Item 8. *Financial Statements and Supplementary Data*, for additional information.

Legal Settlement Expenses

Legal settlements included in the 2024 operating results, were a benefit of $4.7 million (see Note 11. *Commitments and Contingencies*, included in Part II. Item 8. *Financial Statements and Supplementary Data*, for additional information).

Recent Trends and Business Outlook

PSI's growth in net revenue in 2024 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 transportation. 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, which has contributed to differing levels of recovery in the global economy. 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 rising crude oil prices and 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 continues to experience inflationary cost pressures for certain raw materials and other goods, which the Company continues to try to mitigate through price increases and other cost reduction measures. Additionally, the Company continues to experience ongoing tariff costs for its supply chain products and is trying to mitigate these impacts through price increases and other measures, such as seeking certain tariff exclusions, where available. 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.

The Company is party to several legal contingencies. See Note 11. *Commitments and Contingencies* for further discussion of the Company’s indemnification obligations.

The Company anticipates an increase in sales for 2025 compared to 2024, driven by expected growth in the power systems end market including products supporting data centers, while sales in the industrial and transportation end markets are projected to remain about flat. Notwithstanding this outlook, which is being driven in part by expectations for stable supply chain dynamics and a continuation of favorable economic conditions within the United States and across the Company’s various markets, the Company cautions that significant uncertainty remains as a result of supply chain challenges, inflationary costs, commodity volatility, ongoing geopolitical and macroeconomic uncertainties, especially with the latest tariff announcements and the possible impact on trade between the USA and the rest of the world, among other factors.

Hyster-Yale Supply Arrangement: In 2023**,** Hyster-Yale began using alternative suppliers for several high-volume engines that the Company provides, including the 2.0L and 2.4L engines, due in part to supply chain issues related to UFLPA enforcement. As a result, the Company experienced a decline in sales volumes to Hyster-Yale in 2024.

Strategic Initiatives/Growth Strategies: The Company has initiated various business objectives aimed at improving profitability, streamlining processes, strengthening the business and focusing on achieving growth in higher-return product lines. Central to this plan is the Company’s increased emphasis on power systems product offerings through new product development and investments, in addition to leveraging the Company’s relationship with Weichai. With the recent introduction of numerous natural gas and diesel engines, coupled with its existing strong product lineup, the Company believes that it has a solid foundation to achieve long-term growth, particularly within the power systems market.

Results of Operations

Results of operations for the year ended December 31, 2024 compared with the year ended December 31, 2023:

(in thousands, except per share amounts)	For the Year Ended December 31, 2024	2023	Change	% Change
Net sales (from related parties $1,766 and $2,449 for the year ended December 31, 2024 and 2023, respectively)	$ 475,967	$ 458,973	$ 16,994	4 %
Cost of sales (from related parties $1,304 and $1,790 for the year ended December 31, 2024 and 2023, respectively)	335,430	353,109	(17,679)	(5)%
Gross profit	140,537	105,864	34,673	33 %
Gross margin %	*29.5 %*	*23.1 %*	*6.4 %*	
Operating expenses:				
Research and development expenses	20,056	19,457	599	3 %
Research and development expenses as a % of sales	*4.2 %*	*4.2 %*	*— %*	
Selling, general and administrative expenses	37,378	40,386	(3,008)	(7)%
Selling, general and administrative expenses as a % of sales	*7.9 %*	*8.8 %*	*(0.9)%*	
Amortization of intangible assets	1,459	1,746	(287)	(16)%
Total operating expenses	58,893	61,589	(2,696)	(4)%
Operating income	81,644	44,275	37,369	84 %
Interest expense (from related parties $6,998 and $7,729 for the year ended December 31, 2024 and 2023, respectively)	11,443	17,069	(5,626)	(33)%
Income before income taxes	70,201	27,206	42,995	158 %
Income tax expense	922	900	22	NM
Net income	$ 69,279	$ 26,306	$ 42,973	163 %
Earnings per common share:				
Basic	$ 3.01	$ 1.15	$ 1.86	162 %
Diluted	$ 3.01	$ 1.15	$ 1.86	162 %
Non-GAAP Financial Measures:				
Adjusted net income *	$ 64,675	$ 26,552	$ 38,123	144 %
Adjusted income per share *	$ 2.81	$ 1.17	$ 1.64	140 %
EBITDA *	$ 86,843	$ 49,875	$ 36,968	74 %
Adjusted EBITDA *	$ 82,239	$ 50,121	$ 32,118	64 %

NM Not meaningful
* See reconciliation of non-GAAP financial measures to GAAP results below

Net Sales

Net sales increased $17.0 million, or 4%, compared to 2023, as a result of sales increases of $100.6 million in the power systems end market, partly offset by decreases of $37.1 million and $46.6 million within the industrial and transportation end markets, respectively. Higher power systems end market sales were primarily due to increased demand for products across various applications, with the largest increases attributable to products used within the packaging market such as enclosures serving the fast-growing data center market, and oil and gas products. The Company is strategically prioritizing the rapidly expanding data center sector, improving and increasing our manufacturing capacity and capabilities to meet our customers' evolving demands for our products. Decreased industrial end market sales are primarily due to decreases in demand for products used within the material handling and arbor care markets, as well as the direct effects of enforcement of the UFLPA, which limited the Company's ability to import certain raw materials. The decreased sales within the transportation end market were primarily attributable to lower sales in the truck and school bus market from ceasing sales of emission-certified engines into this market, and new compliance and regulatory requirements that changed engine product offerings in this market.

Gross Profit

Gross profit increased by $34.7 million, or 33%, to $140.5 million in 2024, compared to $105.9 million in 2023. Gross margin was 29.5% and 23.1% in 2024 and 2023, respectively. The increase in gross margin is primarily due to improved sales mix, pricing actions, higher operating efficiencies, and lower warranty costs primarily attributable to the Company's sales shift away from certain transportation customers. For the year ended December 31, 2024, warranty costs were $6.5 million, a decrease of $6.5 million compared to warranty costs of $13.0 million in the same period last year, mainly attributable to changes in estimates for preexisting warranties. A majority of the warranty activity is attributable to products sold within the transportation end market in prior years.

Research and Development Expenses

R&D expenses in 2024 and 2023 were $20.1 million and $19.5 million, respectively. The increase of $0.6 million, or 3%, was primarily related to the testing of new products.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") decreased in 2024 by $3.0 million, or 7%, compared to 2023. The decrease is primarily due to a decrease in accrued legal settlements of $4.7 million, lower professional fees and the decrease in selling expenses associated with decreased sales in the transportation market.

Interest Expense

Interest expense decreased $5.6 million to $11.4 million in 2024 from $17.1 million in 2023, largely due to reduced outstanding debt and lower overall effective interest rates. See Note 6. *Debt*, included in Item 8. *Financial Statements and Supplementary Data* for additional information.

Income Tax Expense

The Company recorded income tax expense of $0.9 million in both 2024 and 2023. The Company's pretax income was $70.2 million in 2024, compared to pretax income of $27.2 million in 2023. The Company continues to utilize NOLs along with other tax credits to lower its effective tax rate. The Company continues to record a full valuation allowance against deferred tax assets.

See Note 12. *Income Taxes*, included in Item 8. *Financial Statements and Supplementary Data*, for additional information related to the Company's income tax provision.

Non-GAAP Financial Measures

In addition to the results provided in accordance with accounting principles generally accepted in the United States ("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 amounts as reported by the Company may not be comparable to similarly titled measures 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:

(in thousands)	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Net income	$ 69,279	$ 26,306
Stock-based compensation [1]	89	151
Legal Settlements [2]	(4,693)	195
Insurance proceeds [3]	—	(100)
Adjusted net income	$ 64,675	$ 26,552

The following table presents a reconciliation from Net income per share – diluted to Adjusted net income per share – diluted:

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Net income per share – diluted	$ 3.01	$ 1.15
Stock-based compensation [1]	—	0.01
Legal Settlements [2]	(0.20)	0.01
Adjusted net income per share – diluted	$ 2.81	$ 1.17
Diluted shares (in thousands)	23,018	22,973

The following table presents a reconciliation from Net income to EBITDA and Adjusted EBITDA:

(in thousands)	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Net income	$ 69,279	$ 26,306
Interest expense	11,443	17,069
Income tax expense	922	900
Depreciation	3,740	3,854
Amortization of intangible assets	1,459	1,746
EBITDA	86,843	49,875
Stock-based compensation [1]	89	151
Legal Settlements [2]	(4,693)	195
Insurance proceeds [3]	—	(100)
Adjusted EBITDA	$ 82,239	$ 50,121

1. Amounts reflect non-cash stock-based compensation expense and have no material impact on the Adjusted net income per share – diluted for the year ended December 31, 2024 and 2023.
2. Amounts include legal settlements for the year ended December 31, 2024 and 2023.
3. Amounts include insurance recoveries related to a prior year incident and have no material impact on the Adjusted net income per share – diluted for the year ended December 31, 2024 and 2023.

Cash Flows

Cash was impacted as follows:

(in thousands)	For the Year Ended December 31,						
		2024		2023		Change	% Change
Net cash provided by operating activities	$	62,390	$	70,512	$	(8,122)	(12)%
Net cash used in investing activities		(4,559)		(5,020)		461	(9)%
Net cash used in financing activities		(25,934)		(66,798)		40,864	(61)%
Net increase (decrease) in cash, cash equivalents, and restricted cash	$	31,897	$	(1,306)	$	33,203	NM
Capital expenditures	$	(4,559)	$	(5,036)	$	477	(9)%

NM Not meaningful

Cash Flow from Operating Activities

Net cash provided by operations was $62.4 million in 2024 compared to net cash provided by operations of $70.5 million in 2023, a decrease of $8.1 million in cash provided by operating activities year-over-year. The decrease in cash provided by operating activities primarily resulted from a $44.5 million decrease of cash provided by working capital accounts, partially offset by an increase in earnings of $43.0 million. The decrease in cash generated from working capital was primarily related to, purchases of inventory and lower collections on accounts receivable for the year ended December 31, 2024 compared to December 31, 2023.

Cash Flow from Investing Activities

Net cash used in investing activities was $4.6 million for the year ended December 31, 2024 compared to cash used in investing activities of $5.0 million for year ended December 31, 2023, respectively. For the years ended December 31, 2024 and 2023, cash used in investing activities related to capital expenditures.

Cash Flow from Financing Activities

The Company used $25.9 million in cash from financing activities during the year ended December 31, 2024 compared to $66.8 million in cash used by financing activities during the year ended December 31, 2023. The cash used by financing activities for the year ended December 31, 2024 was due to proceeds from the new Revolving Credit Agreement and payments made on the SLA and other debt. Cash used in 2023 was primarily attributable to repayment of existing debt during the year. See additional discussion below and in Note 6. *Debt* in Item 8. *Financial Statements and Supplementary Data* related to the amendments of 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 shareholder’s loan agreements, 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.

While the Company has achieved profitability and generated positive cash flows from operating activities in 2024, uncertainties exist about the Company’s ability to refinance, extend, or repay its outstanding indebtedness. As of December 31, 2024, the Company’s total outstanding debt obligations under the Revolving Credit Agreement, the SLA, finance leases and other debt, all of which are short-term requirements, were $120.2 million in the aggregate, and its cash and cash equivalents were $55.3 million. See Item 8. *Financial Statements and Supplementary Data*, Note 6. *Debt,* for additional information.

The Company’s ability to continue as a going concern is dependent on extending and amending, refinancing or repaying the indebtedness outstanding under the Company’s existing debt arrangements. Without additional financing, the Company anticipates that it will not have sufficient cash and cash equivalents to repay amounts owed under its existing debt arrangements as they become due, which raises substantial doubt about the Company’s ability to continue as a going concern within one year from the date of filing. In order to provide the Company with a more permanent source of liquidity, management plans to seek an extension and amendment and/or replacement of its existing debt agreements or seek additional liquidity from its current or other lenders before the maturity dates in 2025. There can be no assurance that the Company’s management will be able to successfully complete an extension and amendment of its existing debt agreements or obtain new financing on acceptable terms, when required or if at all.

PSI’s business is impacted by the current macroeconomic and geopolitical environment, which has contributed to differing levels of recovery in the global economy. 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 rising crude oil prices and lower rig counts. The Company continues to experience inflationary cost pressures for certain raw materials and other goods which the Company continues to try to mitigate through price increases and other cost reduction measures. Additionally, the Company continues to experience ongoing tariff costs for its supply chain products and is trying to mitigate these impacts through price increases and other measures, such as seeking certain tariff exclusions, where possible. 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 December 31, 2024, the Company had four outstanding letters of credit totaling $1.4 million. See Item 8. *Financial Statements and Supplementary Data,* Note 11. *Commitments and Contingencies* for additional information related to the Company's off-balance sheet arrangements and the outstanding letters of credit.

Commitments and Contingencies

Legal matters are further discussed in Note 11. *Commitments and Contingencies*, included in Item 8. *Financial Statements and Supplementary Data*. See Part I. Item 1A. *Risk Factors* for further discussion of legal risks to the Company.

Critical Accounting 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 following 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 discussed in Note 1. *Summary of Significant Accounting Policies and Other Information*, included in Item 8. *Financial Statements and Supplementary Data*, and should be reviewed in connection with the following discussion of accounting policies that require difficult, subjective, and complex judgments and estimates.

Revenue Recognition

Revenue for the Company is generated from contracts when performance obligations under terms of the contract with a customer are satisfied, which is generally when control of the product has been transferred to the customer. For contracts with customers that include multiple performance obligations, judgment is required to determine whether performance obligations specified in these contracts are distinct and should be accounted for as separate revenue transactions for recognition purposes. For the majority of the Company's products, revenue is recognized when the products are shipped or delivered to the customer based on the shipping terms which is usually when control passes to the customer. Conversely, the Company recognizes revenue throughout the manufacturing process when constructing because the customer receives the benefit of the asset as the product is constructed. The Company recognizes revenue related to extended warranty programs based on the passage of time over the extended warranty period.

The allowance for credit losses is our best estimate of the amount of estimated lifetime credit losses in our accounts receivable. We regularly review the adequacy of our allowance for credit losses.

The credit environment in which our customers operate has been relatively stable over the past few years and the Company collections are bolstered by a robust collections department. Total bad debt expense was less than $0.1 million in both 2024 and 2023. If circumstances change, due to the occurrence of higher-than-expected defaults or a significant adverse change in a major customer's ability to meet our financial obligations such as bankruptcies, estimates of the recoverability of receivable amounts due could be reduced.

Refer to Note 2. *Revenue* of the notes to the consolidated financial statements for more information on the Company's revenue recognition.

Goodwill Impairment

Goodwill and indefinite-lived intangible assets are evaluated for impairment annually as of October 1 and whenever events or circumstances make it more likely than not that impairment may have occurred or when required by accounting standards. We test goodwill and individual indefinite-lived intangible assets for impairment at a single reporting unit level. These assessments may be performed quantitatively or qualitatively.

We have not made any changes in 2024 to our reporting unit or the accounting methodology we use to assess impairment loss on goodwill and indefinite-lived intangible assets. In 2024, management performed an assessment of the impairment of goodwill for our reporting unit and indefinite-lived intangible assets using a quantitative approach, which indicated that the fair values the reporting unit and indefinite-lived intangible assets were substantially in excess of their carrying values. Therefore, no indications of impairment were identified.

The Company performs its annual impairment test using the discounted cash flow method which involves the Company's management making estimates with respect to a variety of factors that will significantly impact the future performance of the business, including the following:

- future volume projections;
- estimated margins on sales;
- estimated growth rate for SG&A costs;
- future effective tax rate; and
- weighted-average cost of capital ("WACC") used to discount future performance of the Company.

Because these estimates form a basis for the determination of whether the impairment charge should be recorded, these estimates are considered to be critical accounting estimates. See Note 1. *Summary of Significant Accounting Policies and Other Information*, included in Item 8. *Financial Statements and Supplementary Data* for further discussion.

Warranty

The Company offers a standard limited warranty on the workmanship of its products that in most cases covers defects for a defined period, warranties mandated by governments and warranties for products that carry limited warranties from suppliers. The Company estimates and records a liability and related charges to income for its warranty program at the time products are sold to customers. Estimates are based on historical experience and reflect management's best estimates of expected costs at the time products are sold.

When the Company identifies cost effective opportunities to address issues in products sold or corrective actions for safety issues, it initiates product recalls or field campaigns. As a result of the uncertainty surrounding the nature and frequency of product recalls and field campaigns, the liability for such actions is generally recorded when the Company commits to a product recall or field campaign. When collection is reasonably assured, the Company also estimates the amount of warranty claim recoveries to be received from its suppliers. Warranty costs and recoveries are included in Cost of sales in the Consolidated Statements of Income. Warranty costs and recoveries are included in Cost of sales in the Consolidated Statements of Income. See Note 1. *Summary of Significant Accounting Policies and Other Information*, included in Item 8. *Financial Statements and Supplementary Data* for further discussion.

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 Item 8. *Financial Statements and Supplementary Data*.

Item 7A. 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 8. Financial Statements and Supplementary Data.

The following consolidated financial statements are included in Item 8 of this Form 10-K.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors
Power Solutions International, Inc.
Wood Dale, Illinois

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Power Solutions International, Inc. (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income, stockholders' equity (deficit), and cash flows for each of the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Uncertainty

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company will not have sufficient cash and cash equivalents to repay amounts owed under its existing debt arrangements as they become due in 2025 without additional financing and uncertainties exist about the Company's ability to refinance, amend or extend these debt arrangements. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accrued Product Warranty

As described in Note 1 to the consolidated financial statements, the Company's consolidated accrued product warranty balance was $14.0 million as of December 31, 2024. The Company offers a standard limited warranty on the workmanship of its products. The Company estimates and records a liability and related charges to income for its warranty program at the time products are sold to customers. These estimates are established using historical warranty claims information including failure rates, repair costs and timing of failures. Previous estimates are adjusted as actual warranty claims data becomes available.

We identified the estimation of certain accrued product warranties as a critical audit matter. The principal consideration for this determination was the significant judgment used by management when determining the accrued product warranty estimates. Auditing management's estimates and assumptions to determine certain accrued product warranties involved especially challenging auditor judgment due to the significant audit effort in performing procedures related to the significant assumptions, specifically the applicability of historical claims experience.

The primary procedures we performed to address this critical audit matter included:

a. Evaluating management’s assumptions to estimate certain future warranty claims by comparing the current product warranty claims estimates to the prior year estimates and investigating significant differences to evaluate the applicability of the historical claims experience.

b. Testing the completeness and accuracy of certain underlying historical warranty claims information used to estimate future warranty claims.

c. Testing the mathematical accuracy of management’s calculation of certain accrued product warranties.

/s/ BDO USA, P.C.

We have served as the Company’s auditor since 2018.
Chicago, Illinois

March 24, 2025

POWER SOLUTIONS INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except par values)	As of December 31, 2024	As of December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 55,252	$ 22,758
Restricted cash	3,239	3,836
Accounts receivable, net of allowances of $1,889 and $5,975 as of December 31, 2024 and 2023, respectively; (from related parties $1,383 and $777 as of December 31, 2024 and 2023, respectively)	68,958	66,979
Income tax receivable	986	550
Inventories, net	93,872	84,947
Prepaid expenses	6,396	8,518
Contract assets	21,462	15,554
Other current assets	4,170	2,240
Total current assets	254,335	205,382
Property, plant and equipment, net	15,406	14,928
Operating lease right-of-use assets, net	23,275	27,145
Intangible assets, net	2,454	3,914
Goodwill	29,835	29,835
Other noncurrent assets	2,877	3,099
TOTAL ASSETS	$ 328,182	$ 284,303
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable (to related parties $14,427 and $24,496 as of December 31, 2024 and 2023, respectively)	$ 58,208	$ 67,355
Current maturities of long-term debt	52	139
Revolving line of credit	95,000	50,000
Finance lease liability, current	78	76
Operating lease liability, current	4,503	3,912
Other short-term financing (from related parties $25,000 and $94,820 as of December 31, 2024 and 2023, respectively)	25,000	94,820
Other accrued liabilities (from related parties $807 and $1,833 as of December 31, 2024 and 2023, respectively)	44,726	31,999
Total current liabilities	227,567	248,301
Deferred income taxes	1,568	1,478
Long-term debt, net of current maturities	38	90
Finance lease liability, long-term	16	94
Operating lease liability, long-term	20,663	25,070
Noncurrent contract liabilities	1,877	2,401
Other noncurrent liabilities	11,203	10,786
TOTAL LIABILITIES	$ 262,932	$ 288,220
Commitments and Contingencies (Note 10)		
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock – $0.001 par value; 50,000 shares authorized; 23,117 shares issued; 23,000 and 22,968 shares outstanding at December 31, 2024 and 2023, respectively	23	23
Additional paid-in capital	157,561	157,770
Accumulated deficit	(91,511)	(160,790)
Treasury stock, at cost, 117 and 149 shares at December 31, 2024 and 2023, respectively	(823)	(920)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	65,250	(3,917)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 328,182	$ 284,303

See Notes to Consolidated Financial Statements

POWER SOLUTIONS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)	For the Year Ended December 31,	
	2024	2023
Net sales (from related parties $1,766 and $2,449 for the year ended December 31, 2024 and 2023, respectively)	$ 475,967	$ 458,973
Cost of sales (from related parties $1,304 and $1,790 for the year ended December 31, 2024 and 2023, respectively)	335,430	353,109
Gross profit	140,537	105,864
Operating expenses:		
Research and development expenses	20,056	19,457
Selling, general and administrative expenses	37,378	40,386
Amortization of intangible assets	1,459	1,746
Total operating expenses	58,893	61,589
Operating income	81,644	44,275
Interest expense (from related parties $6,998 and $7,729 for the year ended December 31, 2024 and 2023, respectively)	11,443	17,069
Income before income taxes	70,201	27,206
Income tax expense	922	900
Net income	$ 69,279	$ 26,306
Weighted-average common shares outstanding:		
Basic	22,983	22,960
Diluted	23,018	22,973
Earnings per common share:		
Basic	$ 3.01	$ 1.15
Diluted	$ 3.01	$ 1.15

See Notes to Consolidated Financial Statements

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

(in thousands)	Common Stock		Additional Paid-in Capital		Accumulated Deficit		Treasury Stock		Total Stockholders' Equity (Deficit)	
Balance at December 31, 2022	$	23	$	157,673	$	(187,096)	$	(972)	$	(30,372)
Net income		—		—		26,306		—		26,306
Stock-based compensation expense		—		202		—		(51)		151
Common stock issued for stock-based awards, net		—		—		—		(2)		(2)
Restricted Stock Awards		—		(105)		—		105		—
Balance at December 31, 2023	$	23	$	157,770	$	(160,790)	$	(920)	$	(3,917)
Net income		—		—		69,279		—		69,279
Stock Appreciation Rights ("SAR") issued		—		(187)		—		187		—
Stock-based compensation expense		—		89		—		—		89
Tax benefit from exercise of stock based compensation		—		—		—		(201)		(201)
Restricted Stock Awards		—		(111)		—		111		—
Balance at December 31, 2024	$	23	$	157,561	$	(91,511)	$	(823)	$	65,250

See Notes to Consolidated Financial Statements

POWER SOLUTIONS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	For the Year Ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 69,279	$ 26,306
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	1,459	1,746
Depreciation	3,740	3,854
Noncash lease expense	5,009	4,185
Stock-based compensation expense	89	151
Amortization of financing fees	513	1,188
Deferred income taxes	90	200
(Credit) Provision for losses in accounts receivable	(4,086)	1,668
Increase in allowance for inventory obsolescence, net	2,405	1,826
Other adjustments, net	40	229
Changes in operating assets and liabilities:		
Accounts receivable	2,117	21,248
Inventories	(10,557)	33,787
Prepaid expenses	2,241	3,530
Contract assets	(5,908)	(11,934)
Other assets	(1,631)	(2,824)
Accounts payable	(8,856)	(9,237)
Income taxes receivable	(436)	5
Accrued expenses	12,003	(2,162)
Other noncurrent liabilities	(5,121)	(3,254)
Net cash provided by operating activities	62,390	70,512
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(4,559)	(5,036)
Proceeds from disposal of assets	—	16
Net cash used in investing activities	(4,559)	(5,020)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt and lease liabilities	(204)	(215)
Proceeds from short-term financings	100,000	15,000
Repayment of short-term financings	(124,820)	(80,594)
Repurchases to settle tax withholding obligations for stock-based compensation awards	(201)	—
Payments of deferred financing costs	(709)	(987)
Other financing activities, net	—	(2)
Net cash used in financing activities	(25,934)	(66,798)
Net increase (decrease) in cash, cash equivalents, and restricted cash	31,897	(1,306)
Cash, cash equivalents, and restricted cash at beginning of the year	26,594	27,900
Cash, cash equivalents, and restricted cash at end of the year	$ 58,491	$ 26,594

(in thousands)	As of December 31,	
	2024	2023
Reconciliation of cash, cash equivalents, and restricted cash to the Consolidated Balance Sheets		
Cash and cash equivalents	$ 55,252	$ 22,758
Restricted cash	3,239	3,836
Total cash, cash equivalents, and restricted cash	$ 58,491	$ 26,594

See Notes to Consolidated Financial Statements

POWER SOLUTIONS INTERNATIONAL, INC.
NOTES TO 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"), owns a majority of the outstanding shares of the Company's Common Stock. 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.

Weichai has entered into an Investor Rights Agreement (the "Rights Agreement"). 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. 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.

Going Concern Considerations

For the year ended December 31, 2024, the Company reported net income of $69.3 million and generated $62.4 million in cash flow from operating activities. In August 2024, the Company refinanced its debt through a new Revolving Credit Agreement with three banks. Additionally, the Company entered into a new Shareholder's Loan Agreement (the "SLA") with Weichai to replace all existing Shareholder Loan Agreements. The new Revolving Credit Agreement and the SLA mature on August 30, 2025 and August 31, 2025, respectively, and have borrowing capacity of $120.0 million and $105.0 million, respectively.

As of December 31, 2024, the Company held $55.3 million in cash and cash equivalents and its short-term debt obligations under the new Revolving Credit Agreement and SLA totaled $95.0 million and $25.0 million, respectively. While the Company has achieved profitability and generated positive cash flows from operating activities in 2024, uncertainties exist about the Company's ability to refinance, amend or extend its outstanding indebtedness. See Note 6. *Debt*, for further information regarding the terms and conditions of the Company's debt agreements.

Due to these uncertainties, the Company's management has concluded that, substantial doubt exists as to its ability to continue as a going concern within one year after the date that these financial statements are issued. The Company's plans to alleviate the substantial doubt about its ability to continue as a going concern may not be successful, and it may be forced to limit its business activities or be unable to continue as a going concern, which would have a material adverse effect on its results of operations and financial condition.

The consolidated financial statements included herein have been prepared assuming that the Company will continue as a going concern and contemplating the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's ability to continue as a going concern is dependent on extending and amending, refinancing or repaying the indebtedness outstanding under the Company's existing debt arrangements. Without additional financing, the Company anticipates that it will not have sufficient cash and cash equivalents to repay amounts owed under its existing debt arrangements as they become due. In order to provide the Company with a more permanent source of liquidity, management plans to seek an extension and amendment and/or replacement of its existing debt agreements or seek additional liquidity from its current or other lenders before the maturity dates in 2025. There can be no assurance that the Company's management will be able to successfully complete an extension and amendment of its existing debt agreements or obtain new financing on acceptable terms, when required or if at all. These consolidated financial statements do not include any adjustments that might result from the outcome of the Company's efforts to address these issues.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of Power Solutions International, Inc. and its wholly-owned subsidiaries. The Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") and include the assets, liabilities, sales and expenses of all wholly-owned subsidiaries and majority-owned subsidiaries in which the Company exercises control. All intercompany balances and transactions have been eliminated in consolidation.

Concentrations

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

	For the Year Ended December 31,	
	2024	2023
Customer A	**	14 %
Customer B	11 %	**
Customer C	11 %	**

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

	As of December 31,	
	2024	2023
Customer A	**	12 %
Customer B	**	13 %
Customer D	15 %	— %

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

	For the Year Ended December 31,	
	2024	2023
Supplier A	**	13 %
Supplier B	16 %	14 %

** 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 uncollectible receivables, 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.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments that have original maturities of three months or less from the date of purchase. Such investments are stated at cost, which approximates fair value.

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 December 31, 2024 and 2023, the Company had restricted cash of $3.2 million and $3.8 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 liability is included within *Noncurrent Contract Liabilities* on the Consolidated Balance Sheet.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be settled or realized. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent that it believes these assets will more likely than not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations.

The Company records uncertain tax positions in accordance with accounting guidance, on the basis of a two-step process whereby (i) it determines whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (ii) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more-likely-than-not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the appropriate taxing authority has completed its examination even though the statute of limitations remains open, or the statute of limitation has expired. Interest and penalties related to uncertain tax positions are recognized as part of income tax expense and are accrued beginning in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized.

Accounts Receivable and Allowances

Trade accounts receivable represent amounts billed to customers and not yet collected. Trade accounts receivable are recorded at the invoiced amount, which approximates net recoverable value, and generally do not bear interest. The allowance for credit losses is the Company’s best estimate of the amount of probable credit losses in the existing accounts receivable and is established through a charge to selling, general and administrative expenses. We estimate losses over the contractual life using assumptions to capture the risk of loss, even if remote, based principally on how long a receivable has been outstanding and the geographic region. Other factors considered include historical write-off experience, current economic conditions and also factors such as customer credit, past transaction history with the customer and changes in customer payment terms. Trade accounts receivable and the allowance for credit losses are reviewed on a regular basis. When necessary, an allowance for the full amount of specific accounts deemed uncollectible is recorded. Accounts receivable losses are deducted from the allowance and the account balance is written off when means of collection have been exhausted and the potential for recovery is considered remote. Recoveries of previously written off balances are recognized when received. An allowance associated with anticipated future sales returns and accrued pricing adjustments are also included in the accounts receivable, net.

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)	As of December 31,	
Inventories	**2024**	**2023**
Raw materials	$ 84,323	$ 68,273
Work in process	872	1,166
Finished goods	16,812	21,238
Total inventories	102,007	90,677
Inventory allowance	(8,135)	(5,730)
Inventories, net	$ 93,872	$ 84,947

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

(in thousands)	For the Year Ended December 31,	
Inventory Allowance	**2024**	**2023**
Balance at beginning of period	$ 5,730	$ 3,904
Charged to expense	3,394	2,796
Write-offs	(989)	(970)
Balance at end of period	$ 8,135	$ 5,730

As of December 31, 2024, the Company's inventory included $0.8 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.

Property, Plant and Equipment

Property, plant and equipment is carried at cost and presented net of accumulated depreciation and impairments. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property, plant and equipment is evaluated periodically to determine if an adjustment to depreciable lives is warranted. Such evaluation is based principally on the expected utilization of the long-lived assets.

Repairs and maintenance costs are charged directly to expense as incurred. Major renewals or replacements that substantially extend the useful life of an asset are capitalized and depreciated.

Estimated useful lives by each type of asset category are as follows:

	Years
Buildings	Up to 39
Leasehold improvements	Lesser of (i) expected useful life of improvement or (ii) life of lease (including likely extension thereof)
Machinery and equipment	1 to 10

Intangible Assets

The Company's intangible assets include customer relationships, developed technology, trade names and trademarks. Intangible assets are amortized on an accelerated basis over a period of time that approximates the pattern over which the Company expects to gain the estimated economic benefits, and such period generally ranges between three years and 15 years.

Impairment of Long-Lived Assets

The Company assesses potential impairments to its long-lived assets or asset groups, excluding goodwill which is separately tested for impairment, whenever events indicate that the carrying amount of such assets may not be recoverable. Long-lived assets are assessed for impairment by comparing the carrying value of the asset or asset group with the estimated future net undiscounted cash flows expected to result from the use of the asset or asset group, including cash flows from disposition. If the future net undiscounted cash flows are less than the carrying value, an impairment loss is calculated. An impairment loss is determined by the amount that the asset's or asset group's carrying value exceeds its estimated fair value. Estimated fair value is generally measured by discounting estimated future cash flows. If an impairment loss is recognized, the adjusted balance becomes the new cost basis and is depreciated (amortized) over the remaining useful life. The Company also periodically reassesses the useful lives of its long-lived assets due to advances and changes in technologies. No impairment losses were recorded during the years ended December 31, 2024 and 2023.

Goodwill

Goodwill represents the excess of the cost of an acquired business over the amounts assigned to the net acquired assets. Goodwill is not amortized but is tested for impairment at the reporting unit level, on an annual basis or more frequently, if events occur or circumstances change indicating potential impairment. The Company annually tests goodwill for impairment on October 1.

In evaluating goodwill for impairment, the Company first assesses qualitative factors to determine whether it is more likely than not (i.e., there is a likelihood of more than 50%) that the Company's fair value is less than its carrying amount. Qualitative factors that the Company considers include, but are not limited to, macroeconomic and industry conditions, overall financial performance and other relevant entity-specific events. If the Company bypasses the qualitative assessment, or if the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the Company performs a quantitative goodwill impairment test to identify potential goodwill impairment and measures the amount of goodwill impairment it will recognize, if any.

In the quantitative goodwill impairment test, the Company compares the estimated fair value of the reporting unit with its related carrying value. If the estimated fair value exceeds the carrying amount, no further analysis is needed. If, however, the reporting unit's estimated fair value is less than its carrying amount, the Company records an impairment for the difference between the estimated fair value and the carrying value.

The Company calculates its estimated fair value using the income and market approaches when feasible, or an asset approach when neither the income nor the market approach has sufficient data. For the income approach, a discounted cash flow method, the Company uses internally developed discounted cash flow models that include the following assumptions, among others: projections of revenues, expenses and related cash flows based on assumed long-term growth rates and demand trends, expected future investments to grow new units, and estimated discount rates. The Company based these assumptions on its historical data and experience, industry projections, and micro and macro general economic condition projections and expectations. The market approach, also called the Guideline Public Company Approach, compares the value of an entity to similar publicly traded companies. The asset approach estimates the selling price the unit could achieve under assumed market conditions. The Company used the income and market approaches when determining its estimated fair value as of October 1, 2024 and 2023.

During the years ended December 31, 2024 and 2023, the Company performed a quantitative assessment and determined that the estimated fair value of the reporting unit exceeded the carrying value; as such, no impairment charges were recognized.

Other Accrued Liabilities

Other accrued liabilities consisted of the following:

(in thousands)	As of December 31,	
Other Accrued Liabilities	**2024**	**2023**
Accrued product warranty	$ 10,233	$ 11,290
Accrued litigation [1]	3,847	3,929
Contract liabilities	10,184	2,741
Accrued compensation and benefits	10,721	8,469
Accrued interest expense	1,237	1,913
Stock appreciation rights liability [2]	1,804	41
Non-interest bearing note payable	693	—
Other	6,007	3,616
Total	$ 44,726	$ 31,999

1 As of December 31, 2024 and 2023, accrued litigation includes accruals related to various ongoing legal matters including associated legal fees. See Note 11. *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 December 31, 2024 and December 31, 2023 were all liability classified awards and remained outstanding. See Note 14. *Stock-Based Compensation* 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.

The Company records adjustments to preexisting warranties for changes in its estimate of warranty costs for products sold in prior fiscal years in the period in which new information is received and the information indicates that actual costs may differ from the Company's initial or previous estimates. Such adjustments typically occur when claims experience deviates from historic and expected trends.

When the Company identifies cost effective opportunities to address issues in products sold or corrective actions for safety issues, it initiates product recalls or field campaigns. As a result of the uncertainty surrounding the nature and frequency of product recalls and field campaigns, the liability for such actions is generally recorded when the Company commits to a product recall or field campaign. In each subsequent quarter after a recall or field campaign is initiated, the recorded warranty liability balance is analyzed, reviewed and adjusted, if necessary, to reflect any changes in the anticipated average cost of repair or number of repairs to be completed prospectively.

When collection is reasonably assured, the Company also estimates the amount of warranty claim recoveries to be received from its suppliers. Warranty costs and recoveries are included in *Cost of sales* in the Consolidated Statements of Income. As of December 31, 2024 and 2023, reimbursed warranty costs due from a significant supplier included in accounts receivable are approximately $0.2 million and $1.3 million, respectively.

Accrued product warranty activities included in *Other noncurrent liabilities* on the Consolidated Balance Sheet are presented below:

(in thousands)	For the Year Ended December 31,	
Accrued Product Warranty	2024	2023
Balance at beginning of year	$ 19,263	$ 21,550
Current year provision *	6,054	6,635
Changes in estimates for preexisting warranties **	1,239	7,550
Payments made during the period	(12,584)	(16,472)
Balance at end of year	13,972	19,263
Less: Current portion	10,233	11,290
Noncurrent accrued product warranty	$ 3,739	$ 7,973

* Warranty costs, net of supplier recoveries, and other adjustments, were $6.5 million and $13.0 million for the years ended December 31, 2024 and 2023, respectively. Supplier recoveries were $0.8 million and $1.1 million for the years ended December 31, 2024 and 2023, 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. For the year December 31, 2024, the Company recorded a cost for changes in estimates of preexisting warranties of $1.2 million, or $0.05 per diluted share, and costs of $7.6 million, or $0.33 per diluted share, for the year ended December 31, 2023.

Revenue Recognition

See Note 2. *Revenue* for additional information the Company's policy related to revenue recognition.

Recently Issued Accounting Pronouncements – Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. The standard replaced the incurred loss impairment methodology under current U.S. GAAP with a methodology that reflects expected credit losses and requires the use of a forward-looking expected credit loss model for accounts receivables, loans, and other financial instruments. The standard requires a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The new standard was effective for non-public companies, and public business entities that meet the definition of a smaller reporting company as defined by the SEC, for interim and annual periods beginning after December 15, 2022. The Company adopted this guidance effective January 1, 2023. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

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 17. *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, although early adoption is permitted. The Company currently plans to adopt this guidance effective January 1, 2025. The adoption of the standard is not expected to have a material impact on the Company's consolidated financial statements.

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.

Note 2. Revenue

Revenue Recognition

The Company determines the amount of revenue to be recognized through the following steps:

- identification of the contract, or contracts with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Company satisfies the performance obligations.

Revenue for the Company is generated from contracts that may include a single performance obligation (generally, a single type of engine) or multiple performance obligations (which may include an engine with aftermarket parts, different types of engines, etc.). A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account for revenue recognition. Revenue is measured at the transaction price which is based on the amount of consideration that the Company expects to receive in exchange for transferring the promised goods or services to the customer, including consideration other than cash. The Company may receive integral parts provided by customers for installation on custom ordered engines. Such parts are accounted for as noncash consideration since the Company obtains control of the contributed parts and is included in the transaction price at fair value. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Company is required to estimate the total consideration expected to be received from contracts with customers. The consideration expected to be received may be variable based on the specific terms of the contract and the Company's past practices.

For contracts with multiple performance obligations, the Company allocates the total transaction price to distinct performance obligations based on directly observable data, if available, or the Company's best estimate of the stand-alone selling price of each distinct performance obligation. The primary methods used to determine stand-alone selling price are directly observable prices and the cost plus a margin approach.

The Company applies judgment in order to identify and determine the number of performance obligations, determine the total transaction price, allocate the transaction price to each performance obligation, and determine the appropriate timing of revenue recognition.

Taxes collected from customers and remitted to governmental authorities are presented on a net basis; that is, such taxes are excluded from revenues.

The Company's payment terms are generally 60 days or less and its sales arrangements do not contain any significant financing components.

Timing of revenue recognition. The Company recognizes revenue related to performance obligations in its contracts with customers when control passes to the customer. Control passes to the customer when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. For the majority of the Company's products, revenue is recognized at a point in time when the products are shipped or delivered to the customer based on the shipping terms as that is the point in time when control passes to the customer. For the years ended December 31, 2024 and 2023, the Company recognized revenue of $355.2 million and $385.5 million, respectively, related to products shipped or delivered at a point in time.

The Company also recognizes revenue over time primarily when the Company's performance obligations include enhancing a customer-controlled asset (generally when an engine is provided by the customer), constructing an asset with no alternative future use and the Company has an enforceable right to payment throughout the period as the services are performed, or providing services over time such as an extended warranty beyond the Company's standard warranty. The Company recognizes revenue throughout the manufacturing process when constructing an asset based on labor hours incurred because the customer receives the benefit of the asset as the product is constructed. The Company believes labor hours incurred relative to total estimated labor hours at completion faithfully depicts the transfer of control to the customer. The Company recognizes revenue related to extended warranty programs based on the passage of time over the extended warranty period. For the years ended December 31, 2024 and 2023, the Company recognized revenue of $120.8 million and $73.4 million, respectively, for products manufactured and services provided over time.

Shipping and handling costs. The Company accounts for shipping and handling costs as fulfillment costs which are recorded in *Cost of sales* in the Consolidated Statements of Income. This includes shipping and handling costs incurred after control of the asset has transferred to the customer as the Company has elected the practical expedient in ASC 606.

Principal vs. agent considerations. From time to time, the Company may involve more than one party when providing goods or services to a customer. The Company determines whether it is the principal or agent in these transactions by evaluating the nature of its promise to the customer. The analysis of whether the Company is a principal or an agent in a transaction is performed for each good or services provided to the customer. The Company determines whether it controls the good or service before it is transferred to the customer by considering the following factors:

a. Whether the Company is primarily responsible for fulfilling the promise to provide the specified good or service.
b. Whether the Company has inventory risk before the specified good or service has been transferred to the customer or after transfer of control to the customer.
c. Whether the Company has discretion in establishing the price for the specified good or service.

If the Company determines that it is the principal in the transaction, it recognizes revenues at the gross transaction price for the good or service. If the Company determines that is an agent in the transaction, it recognizes revenue at the net amount of the transaction price.

Variable consideration. Variable consideration primarily includes rebates and discounts. The Company estimates the projected amount of rebates and discounts based on current assumptions, customer-specific information and historical experience. Variable consideration is recorded as a reduction of revenue to the extent that it is probable that there will not be significant changes to the Company's estimate of variable consideration when any uncertainties are settled.

Costs to obtain a contract. The Company has elected the practical expedient to recognize incremental costs to obtain a contract (primarily commissions) as expense when incurred since the amortization period of the asset that the Company otherwise would have recognized is one year or less.

Disaggregation of Revenue

The following table summarizes net sales by end market:

(in thousands)	For the Year Ended December 31,	
End Market	**2024**	**2023**
Power Systems	$ 325,749	$ 225,106
Industrial	123,268	160,334
Transportation	26,950	73,533
Total	$ 475,967	$ 458,973

The following table summarizes net sales by geographic area:

(in thousands)	For the Year Ended December 31,	
Geographic Area	**2024**	**2023**
United States	$ 419,706	$ 378,886
North America (outside of United States)	24,466	21,265
Pacific Rim	24,652	39,822
Europe	7,090	13,815
Other	53	5,185
Total	$ 475,967	$ 458,973

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 December 31,		
	2024	**2023**	**2022**
Short-term contract assets (included in *Contract assets*)	$ 21,462	$ 15,554	$ 3,620
Short-term contract liabilities (included in *Other accrued liabilities*)	(10,184)	(2,741)	(2,256)
Long-term contract liabilities (included in *Noncurrent contract liabilities*)	(1,877)	(2,401)	(3,199)
Net contract assets (liabilities)	$ 9,401	$ 10,412	$ (1,835)

During the years ended December 31, 2024 and 2023, the Company recognized $1.7 million and $1.4 million of revenue upon satisfaction of performance obligations related to amounts that were included in the net contract liabilities balance as of December 31, 2023 and 2022, respectively. During the three months ended December 31, 2024 and 2023, the Company recognized $0.2 million and $0.3 million, respectively, of revenue upon satisfaction of performance obligations related to amounts that were included in the net contract liabilities balance as of September 30, 2024 and 2023, 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 $2.6 million of remaining performance obligations as of December 31, 2024 primarily related to extended warranties. The Company expects to recognize revenue related to these remaining performance obligations of approximately $0.7 million in 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 is party to a $105.0 million SLA with Weichai. See additional discussion of these debt agreements in Note 6. *Debt.*

Weichai Collaboration Arrangement and Other Related Party Transactions

The Company and Weichai executed a strategic collaboration agreement (the "Collaboration Agreement") on March 20, 2017, in order to achieve their respective strategic objectives and enhance the strategic cooperation alliance to share experiences, expertise and resources. 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. The Company purchased $21.5 million and $6.2 million of inventory from Weichai during 2024 and 2023, respectively.

In January 2022, PSI and Baudouin, a subsidiary of Weichai, entered into an international distribution and sales agreement which enables Baudouin to bring PSI's power systems line of products into the European, Middle Eastern, and African markets. In addition to sales, Baudouin will manage service, support, warranty claims, and technical requests. Refer to the Consolidated Balance Sheets and Statements of Income for detailed related party information.

See Note 18. *Subsequent Events* for information regarding the purchase agreement with Shandong Weichai Import & Export Corporation, an affiliate of Weichai ("SWIEC"), and 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 December 31,	
Property, Plant and Equipment	**2024**	**2023**
Leasehold improvements	$ 8,352	$ 6,987
Machinery and equipment	48,643	46,964
Construction in progress	2,454	1,654
Total property, plant and equipment, at cost	59,449	55,605
Accumulated depreciation	(44,043)	(40,677)
Property, plant and equipment, net	$ 15,406	$ 14,928

Note 5. Goodwill and Other Intangibles

Goodwill

The carrying amount of goodwill at both December 31, 2024 and 2023 was $29.8 million. Accumulated impairment losses at both December 31, 2024 and 2023 were $11.6 million.

Other Intangible Assets

Components of intangible assets are as follows:

(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

(in thousands)	As of December 31, 2023		
	Gross Carrying Value	**Accumulated Amortization**	**Net Book Value**
Customer relationships	$ 34,940	$ (31,195)	$ 3,745
Developed technology	700	(700)	—
Trade names and trademarks	1,700	(1,531)	169
Total	$ 37,340	$ (33,426)	$ 3,914

Estimated future amortization expense for intangible assets as of December 31, 2024 is as follows:

(in thousands)	
Year Ending December 31,	**Estimated Amortization**
2025	$ 1,219
2026	997
2027	230
2028	3
2029 and beyond	5
Total	$ 2,454

Note 6. Debt

The Company's outstanding debt consisted of the following:

(in thousands)	As of December 31, 2024			As of December 31, 2023			
		Amount	Rate [3]		Amount	Rate [3]	Maturity Date
Short-term financing:							
Revolving Credit Agreement [1]	$	95,000	6.52%	$	—	—%	August 30, 2025
Credit Agreement [2]		—	—%		50,000	8.71%	March 21, 2025
Shareholder's Loan Agreement		25,000	8.49%		—	—%	August 31, 2025
$25 Million Loan Agreement		—	—%		25,000	9.44%	May 20, 2025
$50 Million Loan Agreement		—	—%		50,000	9.44%	November 30, 2024
$30 Million Loan Agreement		—	—%		19,820	9.41%	March 31, 2025
Total short-term debt	$	120,000		$	144,820		
Long-term debt:							
Finance leases and other debt		184	**		399	**	Various
Total long-term debt and finance leases		184			399		
Less: Current maturities of long-term debt and finance leases		130			215		
Long-term debt	$	54		$	184		

1 Unamortized financing costs and deferred fees on the new 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 Sheet. Unamortized debt issuance costs, were $0.4 million at December 31, 2024.

2 As of December 31, 2023, unamortized financing costs and deferred fees on the Credit Agreement were not presented in the above table as they are classified in Prepaid expenses and other current assets on the Consolidated Balance Sheet. Unamortized debt issuance costs were $0.2 million as of December 31, 2023.

3 Includes the weighted average interest rate.

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

The Company paid $12.6 million and $19.9 million in cash for interest in 2024 and 2023, respectively.

Revolving Credit Agreement and Shareholder's Loan Agreement

On August 30, 2024, the Company closed on its new Uncommitted Revolving Credit Agreement (the "Revolving Credit Agreement"), with Standard Chartered Bank ("Standard Chartered") and two other lenders. The Revolving Credit Agreement allows the Company to borrow up to $120.0 million and has a maturity date of August 30, 2025. The Revolving Credit Agreement is 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 will incur interest at the applicable Secured Overnight Financing Rate ("SOFR") plus 2.00% per annum. The obligations under the Revolving Credit Agreement are 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 are 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 are 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 the various shareholder loan agreements between PSI and Weichai. As of December 31, 2024, the Company had $95.0 million outstanding under the Revolving Credit Agreement. See further discussion below.

In connection with the Revolving Credit Agreement, on August 30, 2024, the Company also entered into a new Shareholder's Loan Agreement (the "SLA") with Weichai, which allows the Company to borrow up to $105.0 million and expires August 31, 2025. Borrowings under the SLA will incur interest at the applicable SOFR, plus 4.05% per annum. If the interest rate for any loan is lower than Weichai's borrowing cost, the interest rate for such loan shall be equal to Weichai's borrowing cost plus

1.0%. The borrowing requests made under the SLA are subject to Weichai's discretionary approval. The payment of the borrowings under the SLA is subordinated in all respects to the Revolving Credit Agreement with the exception that the Company is 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 $30 Million Loan Agreement, the $25 Million Loan Agreement, and the $50 Million Loan Agreement (each as discussed below), except for $25.0 million which is the outstanding principal balance under the SLA as of December 31, 2024.

On March 22, 2024, the Company amended and restated its $130.0 million Third Amended and Restated Uncommitted Revolving Credit Agreement with Standard Chartered. The Fourth Amended and Restated Uncommitted Revolving Credit Agreement (the "Credit Agreement") reduced the borrowing capacity to $50.0 million and extended the maturity date of loans outstanding under its previous credit facility to the earlier of March 21, 2025 or the demand of Standard Chartered. The Credit Agreement was subject to customary events of default and covenants, including minimum consolidated EBITDA and Consolidated Interest Coverage Ratio covenants for the second and third quarters of 2024. Borrowings under the Credit Agreement incurred interest at either the alternate base rate or the SOFR plus applicable rate of 3.45% per annum. In addition, the Company paid fees of $0.1 million related to the Credit Agreement which were deferred and amortized over the term of the Credit Agreement. The Credit Agreement was secured by substantially all of the Company's assets and provided Standard Chartered the right to demand payment of any and all of the outstanding borrowings and other amounts owed under the Credit Agreement at any point in time prior to the maturity date at Standard Chartered's discretion. The Company repaid the outstanding balance of $40.0 million and extinguished the Credit Agreement on August 30, 2024.

On March 22, 2024, the Company amended one of the four previous shareholder's loan agreements with Weichai, to among other things, extend the maturity thereof. The $30 Million Loan Agreement provided the Company with a $30.0 million subordinated loan at the discretion of Weichai and was amended to extend the maturity date to March 31, 2025. Borrowings under the $30 Million Loan Agreement bear interest at an annual rate equal to SOFR plus 4.05% per annum. Further, if the applicable SOFR rate was negative, the interest rate per annum should have been deemed as 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 have been equal to Weichai's borrowing cost plus 1.0%. All the amended shareholder loan agreements with Weichai were subject to customary events of default and covenants.

The Company was also previously party to a $130.0 million first Amended Shareholder's Loan Agreement with Weichai, which was amended and restated in March 2023. This first Amended Shareholder's Loan Agreement provided the Company with a $130.0 million subordinated loan under which Weichai was obligated to advance funds solely for purposes of repaying outstanding borrowings under Credit Agreement if the Company was unable to pay such borrowings. This first Amended Shareholder's Loan Agreement was replaced by the new SLA.

The Company was also previously party to a $50 Million Loan Agreement with Weichai, which was amended and restated in November 2023. The $50 Million Loan Agreement provided the Company with a $50.0 million uncommitted facility that was subordinated to the Third Amended and Restated Uncommitted Revolving Credit Agreement and any borrowing requests made under the $50 Million Loan Agreement were subject to Weichai's discretionary approval. Borrowings under the $50 Million Loan Agreement incurred interest at the applicable SOFR, plus 4.65% per annum and could have been used for general corporate purposes, except for certain legal expenditures which required additional approval from Weichai. Further, if the applicable term SOFR was negative, the interest rate per annum should have been deemed as 4.65% per annum. If the interest rate for any loan was lower than Weichai's borrowing cost, the interest rate for such loan would have been equal to Weichai's borrowing cost plus 1.0%. This $50 Million Loan Agreement was replaced by the new SLA.

The Company was also previously party to a $25 Million Loan Agreement with Weichai, which was amended and restated in May 2024. The $25 Million Loan Agreement provided the Company with a $25.0 million subordinated loan. Borrowings under the $25 Million Loan Agreement incurred interest at the applicable SOFR rate, plus 4.05% per annum. Further, if the applicable term SOFR was negative, the interest rate per annum should have been deemed as 4.05% per annum. If the interest rate for any loan under the $25 Million Loan Agreement was lower than Weichai's borrowing cost, the interest rate for such loan would have been equal to Weichai's borrowing cost plus 1.0%. This $25 Million Loan Agreement was replaced by the new SLA.

As of December 31, 2024, the Company's total outstanding debt obligations under the Revolving Credit Agreement, the SLA, and for finance leases and other debt were $120.2 million in the aggregate, and its cash and cash equivalents were $55.3 million. The Company's total accrued interest for the Revolving Credit Agreement and the SLA was $1.2 million as of December 31, 2024. The Company's total accrued interest for its Credit Agreement and all shareholder loans was $1.9 million as of December 31, 2023. Accrued interest is included within *Other Accrued Liabilities* on the Consolidated Balance Sheets.

See Item 8., Note 1. *Summary of Significant Accounting Policies and Other Information* for further discussion of the Company's going concern considerations.

The below schedule of remaining maturities of long-term debt excludes finance leases (refer to Item 8., Note 8. *Leases*).

(in thousands) **Year Ending December 31,**		**Maturities of Long-Term Debt**
2025	$	52
2026		38
2027		—
Total	$	90

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.

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 December 31, 2024
Note payable	$ 3,502
Unamortized discount	(473)
Total	$ 3,029

The following table presents remaining maturities for the note payable as of December 31, 2024:

(in thousands)	Maturities	Discount Amortization
Year ending December 31, 2025	$ 693	$ 207
Year ending December 31, 2026	740	160
Year ending December 31, 2027	1,328	97
Year ending December 31, 2028	741	9
Total note payable	$ 3,502	$ 473

The Company recorded $0.1 million discount amortization as interest expense as of December 31, 2024.

Note 8. Leases

Lease Policies

The Company determines if an arrangement contains a lease in whole or in part at the inception of the contract. Right-of-use ("ROU") assets represent the right to use an underlying asset for the lease term while lease liabilities represent the obligation to make lease payments arising from the lease. All leases with an expected term greater than twelve months result in the recognition of a ROU asset and a liability at the lease commencement date based on the present value of the lease payments over the lease term. The Company uses its incremental borrowing rate based on the information available at the lease commencement date to determine the present value of the lease payments unless the implicit rate in the lease is readily determinable. The incremental borrowing rate is determined considering factors such as the lease term, the Company's credit standing and the economic environment of the location of the lease.

The lease term includes all non-cancellable periods and may include options to extend (or to not terminate) the lease when it is reasonably certain that the Company will exercise the option. Leases that have a term of 12 months or less at the commencement date are expensed on a straight-line basis over the lease term and do not result in the recognition of a ROU asset or lease liability.

The Company classifies leases as finance leases when (i) there is a transfer of ownership of the underlying asset by the end of the lease term, (ii) the lease contains an option to purchase the asset that the Company is reasonably certain will be exercised, (iii) the lease term is for the majority of the remaining economic life of the asset, or (iv) the present value of the lease payments and any residual value guarantee equals or substantially exceeds the fair value of the asset.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. Lease expense for finance leases is generally front-loaded as the finance lease ROU asset is depreciated on a straight-line basis, but interest expense on the lease liability is recognized using the interest method which results in more expense during the early years of the lease. Variable lease payments are expensed in the period in which the obligation for those payments is incurred. The Company has elected to combine lease and non-lease components, such as fixed maintenance costs, as a single lease component in calculating ROU assets and lease liabilities for all classes of leased assets.

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 July 2034. The following table summarizes the lease expense by category in the Consolidated Statements of Income:

(in thousands)	For the Year Ended December 31,	
	2024	2023
Cost of sales	$ 7,603	$ 8,111
Research, development and engineering expenses	326	295
Selling, general and administrative expenses	266	180
Interest expense	8	14
Total	$ 8,203	$ 8,600

The following table summarizes the components of lease expense and income:

(in thousands)	For the Year Ended December 31, 2024	2023
Operating lease cost	$ 6,126	$ 5,885
Finance lease cost:		
Amortization of ROU asset	66	82
Interest expense	8	14
Short-term lease cost	861	1,005
Variable lease cost	1,142	1,614
Sublease income	—	(619)
Total lease cost, net	$ 8,203	$ 7,981

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

(in thousands)	For the Year Ended December 31, 2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows paid for operating leases	$ 6,063	$ 4,719
Operating cash flows paid for interest portion of finance leases	8	14
Financing cash flows paid for principal portion of finance leases	76	90
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	1,139	18,095
Finance leases	—	—

As of December 31, 2024 and 2023, the weighted-average remaining lease term was 5.3 years and 6.2 years for operating leases and 1.2 years and 2.2 years for finance leases, respectively. As of December 31, 2024 and 2023, the weighted-average discount rate was 7.5% and 7.6% for operating leases, respectively, and 6.5% for finance leases as of both periods.

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

(in thousands)	As of December 31, 2024	2023
Operating lease ROU assets, net	$ 23,275	$ 27,145
Operating lease liabilities, current	4,503	3,912
Operating lease liabilities, non-current	20,663	25,070
Total operating lease liabilities	$ 25,166	$ 28,982
Finance lease ROU assets, net [1]	$ 78	$ 144
Finance lease liabilities, current	78	76
Finance lease liabilities, non-current	16	94
Total finance lease liabilities	$ 94	$ 170

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 December 31, 2024:

(in thousands) **Year Ending December 31,**	**Operating Leases**	**Finance Leases**
2025	$ 6,250	$ 81
2026	5,946	16
2027	5,950	—
2028	4,972	—
2029	4,001	—
Thereafter	3,532	—
Total undiscounted lease payments	30,651	97
Less: imputed interest	5,485	3
Total lease liabilities	$ 25,166	$ 94

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 short-term 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 December 31, 2024			
		Fair Value		
	Carrying 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	

(in thousands)	As of December 31, 2023			
		Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
Credit Agreement	$ 50,000	$ —	$ 50,000	$ —
Other financing	94,820	—	94,820	

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. Defined Contribution Plans

The Company sponsors a defined contribution plan for its current employees. For the years ended December 31, 2024 and 2023, the Company incurred plan costs of $2.0 million and $1.2 million, respectively.

Note 11. 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 punitive 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 both December 31, 2024 and 2023, 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.

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 and had no recognized liability as of both December 31, 2024 and 2023. In September 2023, Mast filed a lawsuit against the Company in the Eastern District of Texas Federal 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 December 31, 2024 and 2023, 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 Litigation 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. As of December 31, 2023, the Company has approximately $8.8 million accrued for the reimbursement to Travelers recorded within *Accounts payable* on the Consolidated Balance Sheet. In June 2024, the Company reached a settlement with Travelers for $4.5 million, resulting in a $4.3 million gain that was recorded within *Selling, General and Administrative* expenses on the Consolidated Statements of Income. As of 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 2025. The insurance policy includes standard exclusions including for any previously pending litigation.

Other Commitments

At December 31, 2024, the Company had four outstanding letters of credit totaling $1.4 million. The letters of credit primarily serve as collateral for the Company 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 $3.2 million at December 31, 2024 related to these letters of credit and cash held in escrow due to a customer agreement.

Note 12. Income Taxes

Income tax expense was as follows:

(in thousands)	For the Year Ended December 31,	
	2024	2023
Current tax expense		
Federal	$ 443	$ 61
State	389	639
Total current tax expense	$ 832	$ 700
Deferred tax expense (benefit)		
Federal	$ 229	$ 64
State	(139)	136
Total deferred tax expense	90	200
Total tax expense	$ 922	$ 900

The Company made net cash payments for income taxes of $1.6 million and $0.6 million in 2024 and 2023, respectively.

A reconciliation between the Company's effective tax rate on income before income taxes and the statutory tax rate is as follows:

(in thousands)	For the Year Ended December 31,			
	2024		2023	
	Amount	Percent	Amount	Percent
Income tax expense at federal statutory rate	$ 14,742	21.0 %	$ 5,713	21.0 %
State income tax, net of federal benefit	3,860	5.5 %	1,486	5.5 %
Other permanent differences	27	— %	22	0.1 %
Research and development tax credits	(706)	(1.0)%	(601)	(2.2)%
Other tax credits	(552)	(0.8)%	277	1.0 %
Tax reserve reassessment	(119)	(0.2)%	158	0.6 %
Change in valuation allowance	(15,815)	(22.5)%	(5,366)	(19.7)%
Return adjustment	(637)	(0.9)%	(673)	(2.5)%
Other, net	122	0.2 %	(116)	(0.5)%
Income tax expense	$ 922	1.3 %	$ 900	3.3 %

For the years ended December 31, 2024 and 2023, the Company recognized pretax income of $70.2 million and $27.2 million, respectively.

The Company generates R&D tax credits as a result of its R&D activities, which reduce the Company's effective income tax rate. In general, these credits are general business credits and may be carried forward up to 20 years to be offset against future taxable income. The income tax expense for both 2024 and 2023 primarily related to federal and state income taxes offset by R&D credits and a reduction in the valuation allowance against deferred tax assets.

Significant components of deferred income tax assets and liabilities consisted of the following:

(in thousands)	As of December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carryforwards	$ 7,454	$ 18,067
Capital loss carryforwards	182	195
Research and development credits	4,818	6,167
Other state credits	3,142	2,244
Inventory	3,925	2,569
Allowances and bad debts	492	1,646
Accrued warranty	3,392	5,165
Accrued wages and benefits	405	353
Other accrued expenses	5,042	6,505
Stock-based compensation	676	240
Capitalized research and development costs	9,884	8,078
163(j) disallowed interest	—	2,868
Contract liabilities	348	698
Operating lease liability	6,420	7,917
Other	870	804
Total deferred tax assets	47,050	63,516
Valuation allowance	(38,498)	(54,314)
Total deferred tax assets, net of valuation allowance	$ 8,552	$ 9,202
Deferred tax liabilities:		
ROU operating lease asset	$ (5,827)	$ (7,274)
Intangible amortization	(1,846)	(1,006)
Depreciation on property, plant and equipment	(2,008)	(2,400)
Other	$ (439)	$ —
Total deferred tax liabilities	$ (10,120)	$ (10,680)
Net deferred tax liability	$ (1,568)	$ (1,478)

The Company's net deferred tax liability is presented as a separate line item in the Consolidated Balance Sheets.

A valuation allowance is required to be established or maintained when, based on currently available information, it is more likely than not that all or a portion of a deferred tax asset will not be realized. The guidance on accounting for income taxes provides important factors in determining whether a deferred tax asset will be realized, including whether there has been sufficient taxable income in recent years and whether sufficient income can reasonably be expected in future years in order to utilize the deferred tax asset.

The Company has assessed the need to maintain a valuation allowance for deferred tax assets based on an assessment of whether it is more likely than not that deferred tax benefits will be realized through the generation of future taxable income. Appropriate consideration is given to all available evidence, both positive and negative, in assessing the need for a valuation allowance. In assessing the realizability of the Company's deferred tax assets, the Company considered whether it is more likely than not that some or all of the deferred tax assets will be realized through the generation of future taxable income. In making this determination, the Company assessed all of the evidence available at the time, including recent earnings, forecasted income projections, historical performance, and that substantial doubt exists about the Company's ability to continue as a going concern. The Company determined that the negative evidence outweighed the objectively verifiable positive evidence and continues to maintain a valuation allowance against deferred tax assets. The Company's valuation allowance is $38.5 million and $54.3 million as of December 31, 2024 and December 31, 2023, respectively.

As of December 31, 2024, the Company has, on a tax-effected basis, $8.0 million in R&D and state tax credit carryforwards which begin to expire in 2025. The Company has $0.6 million and $6.9 million of federal and state (tax effected, net of federal tax benefit) net operating loss carryforwards, respectively, that are available to offset taxable income in the future. The state net operating loss carryforwards begin to expire in 2026. The federal net operating loss carryforwards do not expire.

The change in unrecognized tax benefits excluding interest and penalties were as follows:

(in thousands)	For the Year Ended December 31,	
	2024	2023
Balance at beginning of year	$ 1,819	$ 1,660
Additions based on tax positions related to the current year	129	117
Additions for tax positions of prior years	12	43
Reduction for tax positions of prior years	(264)	$ (1)
Balance at end of year	$ 1,696	$ 1,819

The Company recognizes interest and penalties related to unrecognized tax benefits in *Income tax expense*. As of December 31, 2024 and 2023, the amount accrued for interest and penalties was not material. The Company reflects the liability for unrecognized tax benefits as *Other noncurrent liabilities* in its Consolidated Balance Sheets. The amounts included in "reductions for tax positions of prior years" represent decreases in the unrecognized tax benefits relating to expiration of the statutes during each year shown, as well as settlements with Illinois tax authorities.

As of December 31, 2024, the Company believes the liability for unrecognized tax benefits, excluding interest and penalties, could decrease by an immaterial amount in 2025 due to lapses in the statute of limitations. Due to the various jurisdictions in which the Company files tax returns, it is possible that there could be other changes in the amount of unrecognized tax benefits in 2025, but the amount cannot be estimated. Unrecognized tax benefits that, if recognized, would affect the effective tax rate are not expected to be material.

With few exceptions, the major jurisdictions subject to examination by the relevant tax authorities and open tax years, stated as the Company's fiscal years, are as follows:

Jurisdiction	Open Tax Years
U.S. Federal	2014 to 2023
U.S. States	2015 to 2023
Canada	2020

The Company is currently under federal income tax audit for tax years 2014, 2015 and 2016. The Company is currently under Illinois income tax audit for tax years 2015 and 2016.

Note 13. 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, 2022	23,117	166	22,951
Net shares issued for stock awards	—	(17)	17
Balance as of December 31, 2023	23,117	149	22,968
Net shares issued for stock awards	—	(32)	32
Balance as of December 31, 2024	23,117	117	23,000

Preferred Stock

The Company is authorized to issue 5,000,000 shares of Preferred stock, par value $0.001 per share. The Preferred stock may be designated into one or more series as determined by the Board. As of December 31, 2024, the Board had authorized two series of Preferred stock. At December 31, 2024 and 2023, there were no shares of Preferred stock outstanding.

Note 14. Stock-Based Compensation

The Company has an incentive compensation plan (the "2012 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 2012 Plan is administered by the Compensation Committee of the Board.

Under the 2012 Plan, 830,925 shares were initially made available for awards, with 700,000 additional shares added to the 2012 Plan in 2013. Shares that were not delivered pursuant to forfeited awards are added back to the pool of shares available for future awards.

As of December 31, 2024, the Company had 379,516 shares available for issuance of future awards. To date, the Company’s granted awards have generally been either RSAs or SARs.

SAR awards are typically share settled except for certain executives which are settled in cash. Share settlement entitles the recipients to receive, upon exercise, a number of shares of Common Stock equal to (i) the number of shares for which the SAR is being exercised multiplied by the value of one share of Common Stock on the date of exercise (determined as provided in the SAR award agreement), less (ii) the number of shares for which the SAR is being exercised multiplied by the applicable exercise price, divided by (iii) the value of one share of Common Stock on the date of exercise (determined as provided in the SAR award agreement). The exercised SAR is to be settled only in whole shares of Common Stock, and the value of any fractional share of Common Stock is forfeited. Cash settled awards are recognized in the Consolidated Balance Sheets as a liability and adjusted each reporting period for changes in share value until the settlement of the award.

RSA grants represent Common Stock issued subject to forfeiture or other restrictions that will lapse upon satisfaction of specified conditions.

Both SAR awards and RSA grants are time-based awards that generally vest over a 2 to 3-year vesting schedule (except grants to members of the Board which have a 1-year vesting schedule). SAR awards generally have a term of 10 years. Compensation expense for recipients of these time-based awards is recognized on a straight-line basis over the vesting period from the date of grant. The Company accounts for forfeitures as they occur rather than apply an estimated forfeiture rate. Stock-based compensation expense is primarily recorded in *Selling, general and administrative expenses* in the Consolidated Statements of Income.

RSAs are valued based on the fair value of the common stock at grant date.

For all SAR award assumptions, the Company used rates on the grant date of zero-coupon government bonds with maturities over periods covering the term of the awards. The Company considered the historical volatility of its stock price over a term similar to the expected life of the awards in determining expected volatility. The expected term is the period that the awards granted are expected to remain outstanding. The Company has never declared or paid a cash dividend on its Common Stock.

The following table represents stock-based compensation expense and the related income tax benefits:

(in thousands)	For the Year Ended December 31,	
	2024	**2023**
Stock-based compensation expense	$ 89	$ 151
Income tax benefit	$ —	$ —

SAR Awards

The Company did not grant any SAR awards in 2024, and granted 101,663 SAR awards in 2023. The SAR awards granted for the year ended December 31, 2023 were all liability classified awards and remained outstanding. As of December 31, 2024, the weighted-average remaining contractual term for the awards granted in 2023 was 8.32 years, the aggregate intrinsic value was zero and the unrecognized compensation expense was $1.0 million. The assumptions used for determining the fair value of the SARs included the following:

	For the Year Ended December 31, 2024	2023
Market closing price of the Common Stock	$ 29.75	$ 2.05
Exercise price	$ 2.99	$ 2.99
Range of risk-free interest rates	4.4 %	3.8 %
Weighted-average volatility	91.7 %	88.5 %
Range of volatilities	88.8% - 91.7%	88.5% - 89.4%
Expected term	5.00 years	5.00 years
Dividend yield	— %	— %
Weighted-average grant date fair value	$ 28.00	$ 1.33

SAR activity for awards classified in equity consisted of the following:

Number of Shares under SARs	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2022	128,112	$ 9.78	4.49	$ —
Granted	—	—		—
Exercised	—	—		—
Forfeited	—	—		—
Expired	(2,250)	11.25		—
Outstanding at December 31, 2023	125,862	6.13	6.14	3
Granted	—	—		—
Exercised	(50,567)	5.00		—
Forfeited	—	—		—
Expired	—	—		—
Outstanding at December 31, 2024	75,295	6.88	4.24	$ 2
Exercisable at December 31, 2023	94,914	$ 7.04	5.45	1
Exercisable at December 31, 2024	60,295	$ 8.10	3.38	1

The total fair value of SARs that vested during 2024 and 2023 was less than $0.1 million and $0.1 million, respectively. The total aggregate intrinsic value of SARs that vested during both 2024 and 2023 was $0.1 million. Unrecognized compensation expense related to SARs as of both December 31, 2024 and 2023 was $0.1 million. As of December 31, 2024, the weighted-average period over which the unrecognized compensation cost is expected to be recognized was approximately 1.67 years.

Restricted Stock Awards

Restricted stock activity consisted of the following:

	Shares		Weighted-Average Grant Date Fair Value
Balance as of December 31, 2022	26,623	$	8.70
Granted	15,000		2.27
Forfeited	(7,834)		3.63
Vested	(18,389)		9.63
Balance as of December 31, 2023	15,400	$	3.91
Granted	15,000		23.44
Forfeited	—		—
Vested	(15,400)		3.91
Balance as of December 31, 2024	15,000	$	23.44

The total grant date fair value of restricted stock that vested during both 2024 and 2023 was $0.1 million. The total aggregate fair value of restricted stock that vested during 2024 and 2023 was $0.2 million and less than $0.1 million, respectively. Unrecognized compensation expense related to RSAs as of December 31, 2024 and 2023 was $0.3 million and less than $0.1 million, respectively. As of December 31, 2024, the weighted-average period over which the unrecognized compensation cost is expected to be recognized was approximately 0.52 years.

Note 15. 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 2024 and 2023.

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

(in thousands, except per share basis)	For the Year Ended December 31,			
		2024		2023
Numerator:				
Net income – basic and diluted	$	69,279	$	26,306
Denominator:				
Shares used in computing net income per share				
Weighted-average common shares outstanding - basic		22,983		22,960
Effect of dilutive securities		35		13
Weighted-average common shares outstanding – diluted		23,018		22,973
Earnings per common share				
Earnings per share of common stock – basic	$	3.01	$	1.15
Earnings per share of common stock – diluted	$	3.01	$	1.15

The aggregate number of shares excluded from the diluted earnings per share calculations because they would have been anti-dilutive were less than 0.1 million and 0.1 million shares 2024 and 2023, respectively. For the twelve months ended December 31, 2024 and 2023, 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 16. Related Party Transactions

Weichai Transactions

See Note 3. *Weichai Transactions* for information regarding the SLA with Weichai and Collaboration Agreement**.**

Other Related Party Transactions

See Note 11. *Commitments and Contingencies* for information regarding the Company's indemnification obligations related to certain former directors and officers of the Company.

See Note 18. *Subsequent Events* for information regarding the purchase agreement with SWIEC, and the MOR agreement with Weichai.

Note 17. 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 Statement of Operations*.

Note 18. Subsequent Events

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	$	309,131

In February 2025, the Company entered into the 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 2024 sales of these engines. The 2024 fee is less than $0.1 million. The MOR agreement expires in December 2029.

In February 2025, the Company made additional payments totaling $10.0 million related to the SLA. The outstanding balance under the SLA is $15.0 million as of March 24, 2025.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.

None.

Item 9A. 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 Act is 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 December 31, 2024. 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 December 31, 2024, to provide reasonable assurance that information required to be disclosed in the reports that are filed or submitted 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.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Rules 13a-15(f) and 15d(f) under the Exchange Act, internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of the Company’s financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Because of its inherent limitations, the Company’s internal control over financial reporting may not prevent or detect all misstatements, including the possibility of human error, the circumvention or overriding of controls, or fraud. Effective internal control can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2024 based on the criteria established by the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO Framework”).

As a result of management's review of the Company's financial and accounting records and the other work completed by the management team and its advisers, management concluded that, as of December 31, 2024, the Company's internal control over financial reporting was effective.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There has been no change in the internal control over financial reporting during the fourth quarter of 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

During the three months ended December 31, 2024, 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.

Effective July 9, 2024, Dino Xykis no longer held the title and responsibilities of Chief Technology Officer but his title and responsibilities as Chief Executive Officer remain unchanged.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference herein from the 2025 Proxy Statement to be filed with the SEC no later than 120 days after December 31, 2024. If the Proxy Statement is not filed with the SEC by such time, such information will be included in an amendment to this Annual Report by such time.

See also *Information about the Company's Executive Officers* in Part I of this Annual Report on Form 10-K.

The Company has adopted a code of business conduct and ethics that is applicable to its directors, officers and employees and is available on its website under the "Governance Documents/Committee Charters" tab within the "Governance" subsection of the "Investors" section of its website at *https://investors.psiengines.com/committee-chartersgovernance-documents.* The Company intends to include on its website any amendments to, or waivers from, a provision of the code of ethics that applies to its principal executive officer, principal financial officer or controller that relates to any element of the code of ethics definition contained in Item 406(b) of Regulation S-K.

The Company has adopted an insider trading policy governing the purchase, sale, and other dispositions of the Company's securities by directors, senior management, and employees. A copy of such insider trading policy is filed as an exhibit to this Annual Report on Form 10-K.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference herein from the 2025 Proxy Statement to be filed with the SEC no later than 120 days after December 31, 2024. If the Proxy Statement is not filed with the SEC by such time, such information will be included in an amendment to this Annual Report by such time.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference herein from the 2025 Proxy Statement to be filed with the SEC no later than 120 days after December 31, 2024. If the Proxy Statement is not filed with the SEC by such time, such information will be included in an amendment to this Annual Report by such time.

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

The information required by this item is incorporated by reference herein from the 2025 Proxy Statement to be filed with the SEC no later than 120 days after December 31, 2024. If the Proxy Statement is not filed with the SEC by such time, such information will be included in an amendment to this Annual Report by such time.

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated by reference herein from the 2025 Proxy Statement to be filed with the SEC no later than 120 days after December 31, 2024. If the Proxy Statement is not filed with the SEC by such time, such information will be included in an amendment to this Annual Report by such time.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and, therefore, have been omitted.

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:

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

			Incorporated by Reference Herein			
Exhibit No.		Exhibit Description	Form	Exhibit	Filing Date	File No.
10.9		Second Lease Amendment, dated as of July 11, 2018, by and between Power Solutions International, Inc. and CenterPoint Properties Trust, in connection with that certain Industrial Building Lease dated as of February 28, 2012, as further amended by that certain First Lease Amendment dated June 1, 2012, with respect to that certain premises located at 201 Mittel Drive, Wood Dale, Illinois.	8-K	10.2	07/18/2018	001-35944
10.10	†††	Addendum dated as of July 31, 2014, to Supply Agreement dated December 11, 2007, by and between Power Solutions International, Inc. and Doosan Infracore Co., Ltd., as amended.	8-K	10.1	08/06/2014	001-35944
10.11		Asset Purchase Agreement dated as of May 4, 2015 by and among Power Solutions International, Inc., Powertrain Integration Acquisition, LLC, as the Buyer, and Powertrain Integration, LLC and its principals, as the Seller.	8-K	10.1	05/06/2015	001-35944
10.12		Form of Investor Rights Agreement between Power Solutions International, Inc. and Weichai America Corp.	8-K	10.3	03/27/2017	001-35944
10.13		Shareholders Agreement by and among Power Solutions International, Inc., Weichai America Corp. and the Founding Stockholders, dated as of March 20, 2017.	8-K	10.4	03/27/2017	001-35944
10.14	†††	Strategic Collaboration Agreement between Weichai Power Co. Ltd. and Power Solutions International, Inc., dated March 20, 2017.	8-K	10.5	03/27/2017	001-35944
10.15		Securities Exchange Agreement, dated as of November 30, 2017, by and among Power Solutions International, Inc., and Weichai America Corp.	8-K	10.1	12/05/2017	001-35944
10.16	††	Employment Agreement, dated June 15, 2017, by and between Power Solutions International, Inc. and John P. Miller.	8-K/A	10.1	06/21/2017	001-35944
10.17	††	Employment Agreement, dated November 28, 2017, by and between Power Solutions International, Inc. and Kenneth Winemaster.	8-K	10.1	12/04/2017	001-35944
10.18	††	Amendment to the Power Solutions International, Inc. 2012 Incentive Compensation Plan (As Amended July 31, 2013).	10-K	10.40	05/16/2019	001-35944
10.19		Addendum #10, dated as of September 16, 2019, to Supply Agreement, dated as of December 11, 2007, by and between Power Solutions International, Inc. and Doosan Infracore Co., Ltd., as amended.	8-K	10.1	10/02/2019	001-35944
10.20		First Amendment to Strategic Collaboration Agreement, dated as of March 26, 2020, by and between the Company and Weichai Power.	8-K	10.1	04/01/2020	001-35944
10.21		Credit Agreement, dated as of March 27, 2020, between the Company and Standard Chartered Bank, as administrative agent.	8-K	10.1	04/06/2020	001-35944
10.22	††	Confidential Consulting Agreement	10-Q	10.1	05/04/2019	001-35944
10.23		First Amendment to Credit Agreement and Limited Waiver, dated as of December 28, 2020, among the Company, certain subsidiaries of the Company party thereto, the lenders party thereto and Standard Chartered Bank, as administrative agent.	8-K	10.1	12/31/2020	001-35944
10.24		Shareholder's Loan Agreement, dated as of December 28, 2020, between the Company and Weichai America Corp.	8-K	10.2	12/31/2020	001-35944
10.25	††	Employment Agreement, dated as of February 15, 2021, between the Company and Lance Arnett	8-K	10.1	02/16/2021	001-35944
10.26	††	Separation Agreement and Release, dated as of February 15, 2021, between the Company and John P. Miller	8-K	10.2	02/16/2021	001-35944
10.27	††	Retirement Agreement and Release, dated as of December 14, 2021, between the Company and Kenneth Winemaster	8-K	10.1	12/17/2021	001-35944
10.28		Shareholder's Loan Agreement, dated as of December 10, 2021, between the Company and Weichai America Corp.	8-K	10.1	12/16/2021	001-35944
10.29		Second Amended and Restated Uncommitted Revolving Credit Agreement, dated as of March 25, 2022, among the Company, certain subsidiaries of the Company party thereto, the lenders party thereto and Standard Chartered Bank, as administrative agent.	8-K	10.1	03/28/2022	001-35944
10.30		Second Amended and Restated Shareholder's Loan Agreement, dated as of March 25, 2022, between the Company and Weichai America Corp.	8-K	10.2	03/28/2022	001-35944
10.31		First Amended and Restated Shareholder's Loan Agreement, dated as of March 25, 2022, between the Company and Weichai America Corp.	8-K	10.3	03/28/2022	001-35944
10.32		Addendum # 11, dated as of July 1, 2022 to Supply Agreement, dated as of December 11, 2007, by and between Power Solutions International, Inc. and Doosan Infracore Co., Ltd., as amended.	8-K	10.4	07/25/2022	001-35944

			Incorporated by Reference Herein			
Exhibit No.		Exhibit Description	Form	Exhibit	Filing Date	File No.
10.33	††	Employment Agreement, effective as of August 29, 2022, by and between Kenneth Li and Power Solutions International, Inc.	8-K	10.1	08/29/2022	001-35944
10.34	††	Employment Agreement, effective as of September 16, 2022, between PSI and Sidong Shao	8-K	10.1	09/22/2022	001-35944
10.35	* ††	Description of Long-Term Incentive Plan				
10.36		First Amended and Restated Shareholder's Loan Agreement, dated as of November 29, 2022, between the Company and Weichai America Corp.	8-K	10.1	12/02/2022	001-35944
10.37		Third Amended and Restated Uncommitted Revolving Credit Agreement, dated as of March 24, 2023, among the Company, certain subsidiaries of the Company party thereto, the lenders party thereto and Standard Chartered Bank, as administrative agent.	8-K	10.1	03/30/2023	001-35944
10.38		Third Amended and Restated Shareholder's Loan Agreement, dated as of March 24, 2023, between the Company and Weichai America Corp.	8-K	10.2	03/30/2023	001-35944
10.39		First Amended and Restated Shareholder's Loan Agreement, dated as of March 24, 2023, between the Company and Weichai America Corp.	8-K	10.3	03/30/2023	001-35944
10.40		Second Amendment to Strategic Collaboration Agreement, dated as of March 22, 2023, by and between the Company and Weichai Power.	8-K	10.1	03/27/2023	001-35944
10.41	††	Employment Agreement, dated as of April 24, 2023, between the Company and Constantine Xykis.	8-K	10.1	04/25/2023	001-35944
10.42		Second Amended and Restated Shareholder's Loan Agreement, dated as of May 12, 2023, between the Company and Weichai America Corp.	8-K	10.1	05/17/2023	001-35944
10.43		Addendum # 12, dated as of June 8, 2023 to Supply Agreement, dated as of December 11, 2007, by and between Power Solutions International, Inc. and Doosan Infracore Co., Ltd., as amended.	8-K	10.1	06/13/2023	001-35944
10.44		Second Amended and Restated Shareholder's Loan Agreement, dated as of November 29, 2023, between the Company and Weichai America Corp.	8-K	10.1	12/06/2023	001-35944
10.45		Fourth Amended and Restated Uncommitted Revolving Credit Agreement, dated as of March 22, 2024, among the Company, certain subsidiaries of the Company party thereto, the lenders party thereto and Standard Chartered Bank, as administrative agent.	8-K	10.1	03/28/2024	001-35944
10.46		$30 Million Second Amended and Restated Shareholder's Loan Agreement, dated as of March 22, 2024, between the Company and Weichai America Corp.	8-K	10.2	03/28/2024	001-35944
10.47		$25 Million Third Amended and Restated Shareholder's Loan Agreement, dated as of May 20, 2024, between the Company and Weichai America Corp.	8-K	10.1	05/21/2024	001-35944
10.48		Uncommitted Revolving Credit Agreement, dated as of August 30, 2024, among the Company, the lenders party thereto and Standard Chartered Bank, as administrative agent.	8-K	10.1	09/06/2024	001-35944
10.49		Shareholder's Loan Agreement, dated as of August 30, 2024, between the Company and Weichai America Corp.	8-K	10.2	09/06/2024	001-35944
10.50	††	Employment Agreement, dated as of February 8, 2914, by and between Randall D. Lehner and Power Solutions International, Inc.	8-K	10.1	03/01/2024	001-35944
19.1	*	Power Solutions International, Inc. Insider Trading Compliance Policy				
21.1	*	Subsidiaries of Power Solutions International, Inc.				
23.1	*	Consent of BDO USA, P.C.				
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.				
97.1	*	Power Solutions International, Inc. Clawback Policy				
101.INS	*	XBRL Instance Document.				

			Incorporated by Reference Herein			
Exhibit No.		**Exhibit Description**	**Form**	**Exhibit**	**Filing Date**	**File No.**
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.				

* 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.

† Exhibits and schedules omitted pursuant to Item 601(b)(2) of Regulation S-K. The registrant agrees to furnish a supplemental copy of an omitted exhibit or schedule to the SEC upon request.

†† Management contract or compensatory plan or arrangement.

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

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 24th day of March, 2025.

POWER SOLUTIONS INTERNATIONAL, INC.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 24th day of March, 2025.

Signature	Title
/s/ Dino Xykis **Dino Xykis**	Chief Executive Officer (Principal Executive Officer)
/s/ Xun Li **Xun Li**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Jiwen Zhang **Jiwen Zhang**	Chairman of the Board and Director
/s/ Kui Jiang **Kui Jiang**	Director
/s/ Fuzhang Yu **Fuzhang Yu**	Director
/s/ Gengsheng Zhang **Gengsheng Zhang**	Director
/s/ Kenneth W. Landini **Kenneth W. Landini**	Director
/s/ Frank P. Simpkins **Frank P. Simpkins**	Director
/s/ Hong He **Hong He**	Director

Exhibit 10.35

Description of Material Terms of Power Solutions International, Inc. LTI Plan for the period January 1, 2023 to December 31, 2025

<table>
<tr><th>Item</th><th>Explanation</th></tr>
<tr><td>Purpose</td><td>The primary objectives of this plan are to retain employees and align employees' incentives with the Company's long-term goals.</td></tr>
<tr><td>Eligibility</td><td>Vice President and above or high strategic value based on scoring matrix. A matrix score of 13 or more to qualify for LTI without further justification. A matrix score of 10-12 may qualify with further justification. Factors taken into consideration on matrix score include, position with company, difficulty of replacement, succession plan participant, critical to long term project or strategy, years with company and advance degree. See scoring methodology attached.</td></tr>
<tr><td>Target Incentive (TI)</td><td>The TI is calculated by multiplying each qualifying individual's Base Salary x LTI level related %.

<u>LTI Level</u> — <u>TI as % of Base</u>
Executive — 60%
Vice Presidents — 45%
Below Vice President — 40%</td></tr>
<tr><td>Payout %</td><td>Payout % spans from 50% to 150% of TI. 50% is the guaranteed payout % and 150% is the maximum payout %.
Payout % is determined by the sum of the actual 3-year net income results divided by the sum of the budgeted 3-year net income target over the three-year performance period.</td></tr>
<tr><td>Total Bonus</td><td>Total bonus is calculated by multiplying TI and payout %.
The guaranteed payout % is 50% of TI payable in 1/3 increments at end of each plan year (guaranteed bonus). Performance bonus % is 50% of TI payable after the 3-year plan period and is not guaranteed.

<table>
<tr><td rowspan="2">Performance Indicator</td><td colspan="3">Performance Range</td></tr>
<tr><td>Guaranteed</td><td>Plan (100%)</td><td>Maximum</td></tr>
<tr><td>Net Income</td><td>70% of plan avg. 3 yrs</td><td>100% of plan</td><td>130% of plan</td></tr>
<tr><td>Payout %</td><td>50%</td><td>100%</td><td>150%</td></tr>
</table></td></tr>
<tr><td>Vesting Period and Time</td><td>1. 1/3 of guaranteed bonus will be vested on December 31, 2023 and paid out at first quarter of 2024.

2. 1/3 of guaranteed bonus will be vested on December 31, 2024 and paid out at first quarter of 2025.

3. 1/3 of guaranteed bonus and performance related bonus will be vested on December 31, 2025. The bonus will be paid out 30 days after 2025 audit results are approved by audit directors.</td></tr>
<tr><td>Funding</td><td>Payouts under the Plan will be in cash, unless the Company approves giving participants the right to take payout in shares of stock based on the-then market price or in cash at the participants discretion.</td></tr>
</table>

Participants Eligibility	Guaranteed bonus. A prorated guaranteed bonus will be calculated based on when a participant was hired or eligible to become a participant in the LTI Plan. An individual who is hired in the first quarter of the year will be eligible for a full year guaranteed bonus. An individual hired during 2nd or 3rd quarter will be eligible for a prorated guaranteed bonus based on the actual period employed in full months. An individual hired in the last quarter of the year will be ineligible for a guaranteed bonus for that year. Performance bonus. A prorated performance bonus will be calculated based on when a participant becomes eligible to become a participant in the Plan. The numerator for the bonus calculation will be the total whole months participating in the plan divided by 36 months multiplied by the participants TI and plan achievement (x/36(TI X plan achievement)).
Termination	Plan participant must be on board at the end of the Plan Year in order to be eligible to receive guaranteed bonus payout for that year, unless terminated without cause by the Company in the 4th quarter of the Plan year then prorated for that Plan year. If a Participant is terminated, without cause, in the 3rd year of the LTI, the participant will be eligible for a prorated payout of the Performance bonus using the same proration calculation for Participants eligibility stated above. For cause includes but is not limited to failure to follow company policy and/or poor performance unless language to the contrary defining for cause in employment contract, if any.
Net Income Calculation	Net Income is defined as the sum of the actual final Net Income results per year totaled to create the overall company actual 3 year Net Income results divided by the sum of each Board approved budgeted Net Income target (at 100%) for each Plan year totaled to create the overall 3 year Net Income target. The formula is actual 3-year Net Income/budgeted 3 year Net Income = Percentage achievement with floor being 70% and maximum being 150%.
Example of Performance Achievement	If budgeted net income in year one is $12M, year 2 is $20M and year 3 is $30M and the company actual net income results are $10M, $22M and $30M each year respectively the calculation would be $62M/$62M =100% achievement and payout. If the budgeted numbers remained the same but the actual 3-year results totaled $43.4M then the actual achievement percentage would be 70% and the company would payout 50% of the Performance Achievement bonus (See Total Bonus above).

Policy:	**Insider Trading Compliance Policy**
Jurisdiction:	All Jurisdictions
Original Effective Date:	August 11, 2020
Revision Date:	August 8, 2024

Introduction

In the course of your relationship with Power Solutions International, Inc. or any of its subsidiaries (collectively referred to as the "Company"), you may learn confidential and sensitive information concerning the Company, its customers or vendors, its customers' clients or other companies with which the Company has business or contractual relationships or may be negotiating transactions. Some of this information has the potential to affect the market price of securities issued by the Company or the other companies involved. The federal securities laws impose considerable civil and criminal penalties on persons who improperly obtain or use material, non-public information in connection with a purchase or sale of securities. The Securities and Exchange Commission ("SEC") and governmental prosecutors vigorously enforce these laws against both individuals and institutions. Furthermore, the SEC, the securities exchanges and the Financial Industry Regulatory Authority ("FINRA") use sophisticated electronic surveillance techniques to uncover insider trading.

In light of the importance of preserving the Company's reputation for maintaining the highest legal, business and ethical standards, as well as protecting everyone's best interests, the Company has determined to (1) provide specific guidance concerning the propriety of various personal transactions and (2) impose procedures intended to reasonably ensure that neither the Company nor you violate the laws against insider trading. With this in mind, you are asked to carefully read this Policy. You are encouraged to contact Randall Lehner , who is our General Counsel and Insider Trading Compliance Officer, at 630-373-1637, rlehner@psiengines.com, or PSI's legal department at PSILEGAL@psiengines.com if you have any questions regarding, or do not understand any aspect of, this Policy.

In addition to serving as a resource regarding compliance with the insider trading laws, the Insider Trading Compliance Officer is responsible for monitoring compliance with this Policy and is accountable to the Company's Board of Directors. Please be aware that the person who serves as Insider Trading Compliance Officer is subject to change. The Company will notify you of any such change.

This Policy applies to any employee who has obtained material, non-public information. The Policy also applies to the Company's directors, executive officers, vice presidents and employees working in the Company's finance and accounting groups, and any other persons designated as Covered Persons by the Insider Trading Compliance Officer or the Company's Board of Directors (collectively, the "Covered Persons"). On an annual basis, Covered Persons will be required to acknowledge that they are "Covered Persons" under the Policy and understand its provisions and will be required to certify that, to the best of their knowledge, they have complied with the Policy and its procedures.

Failure to observe and comply with all of the provisions contained in this Policy may subject you to disciplinary action by the Company, including discharge.

Explanation of the Law

The federal securities laws and regulations (in particular Rule 10b-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) generally make it illegal to buy or sell a security while aware of material, non-public information concerning the issuer of the security that has been obtained or is being used in breach of a duty to the other party to the transaction (a duty that corporate insiders, including directors, officers and employees, always have) or a duty to maintain the information in confidence. Violation of these provisions does not depend on whether the material, non-public information is actually used in making the trade. The federal securities laws and regulations also prohibit sharing material, non-public information with a third party (commonly called "tipping") under circumstances where improper trading can be anticipated. These prohibitions apply to any security, including debt securities and options – not just stock.

"Material, non-public information" is defined broadly and includes any information that is not available to the public at large which a reasonable investor would want to know in deciding whether to buy, sell or retain a security. Any information that *could* be expected to affect the market price of the Company's securities, whether positive or negative, should be considered material. Though not nearly a complete list, examples of information that will frequently be regarded as material are: (1) a matter involving a significant new product or service and/or agreement; (2) a matter relating to new financing; (3) gain or loss of a significant strategic partner, customer or supplier; (4) earnings-related information, including preliminary financial results; (5) a pending or proposed merger, acquisition, joint venture, tender offer or exchange offer; (6) a pending or proposed sale or disposition of significant assets; (7) a change in dividend policy, declaration of a stock split or offering of additional securities; (8) impending bankruptcy or financial liquidity problems; (9) a change in senior management; (10) a change in auditors or notification that an audit report can no longer be relied upon; (11) significant litigation, settlement of any such litigation, or a notification or inquiry from a regulatory agency regarding a potentially material claim or liability; or (12) a catastrophe or other significant event, such as a cybersecurity incident, that materially disrupts business or operations. Determinations regarding the "materiality" of information are inherently judgment based; the Insider Trading Compliance Officer is available to assist you in this regard.

Information is considered to be available to the public only when it has been publicly disseminated through appropriate channels (for example, by means of a press release or a filing with the SEC and in some circumstances website posting) and enough time has elapsed to permit the investment market to absorb and evaluate the information. Information should normally be regarded as absorbed and evaluated at the close of the second full trading day after the date on which the appropriate public release has occurred.

Company Policy

1. No Trading on Material, Non-Public Information.

Subject to Section 2(c) below, if you are aware of material, non-public information about the Company, you may not (1) buy, sell or gift securities issued by the Company or any of its subsidiaries or engage in any other action or conduct to take personal advantage of that information, (2) pass along the information to others outside the Company, including family or friends (so-called "tipping"), except and only to the extent you are expressly authorized to do so pursuant to the Company's Disclosure and Regulation FD Policy or as set forth in the last paragraph of this Section 1, or (3) permit (A) any member of your immediate family (i.e., a spouse, parent, child or sibling), (B) any other persons residing in your household, (C) any trust of which you or an immediate family member is a beneficiary or trustee, (D) any partnership, limited liability company, corporation or other entity for which you or an immediate family member have sole or shared investment power or (E) anyone acting on your behalf to purchase or sell such securities. It is irrelevant whether a transaction may be necessary or justifiable for independent reasons (such as a need to raise money for an emergency) or whether the inside information is actually used in connection with the transaction. To further minimize the potential for tipping liability, you should not recommend or suggest that someone buy, sell, or retain the Company's securities (except as part of investor relations activities expressly authorized by the Company). Additionally, to preserve the Company's reputation for adhering to the highest standards of conduct, you should avoid taking any action that even suggests the possibility of insider trading or unlawful tipping, and the Company reserves the right to prohibit any transactions in Company securities if the Insider Trading Compliance Officer or the Company's Board of Directors determines that such prohibition is in the best interests of the Company.

To allow for public dissemination and evaluation of material information after public disclosure through appropriate channels, you should allow a reasonable period of time to elapse (at least two full trading days after the date of the public disclosure) before trading. Therefore, for example, if the Company makes an announcement after trading begins on a Monday, you should not trade in Company securities until Thursday (assuming all of the days are trading days and you are not aware of material, non-public information at that time and a blackout period as described below has not commenced). You should note that there will likely be instances where public disclosure does not occur for an extended amount of time, and therefore you may be forced to abstain from the transaction in question for a lengthy period.

You should disclose material, non-public information only to other employees, agents or attorneys of the Company who have a need to know the information to make a business decision or other judgment on behalf of the Company and only to the extent you have been authorized to do so. The recipient of the information may be bound by this Policy as a result of the recipient's position or relationship with the Company, but will in any event be bound by the insider trading laws discussed above.

2. Additional Restriction Relating to the Purchase or Sale of Company Securities.

(a) Trading is prohibited during "Blackout Periods."

During certain periods, you are expected to more likely be in possession of material, non-public information regarding the Company's results of operations, cash flows and financial condition. For purposes of this Policy, making gifts of the Company's securities is considered "trading." As a result, subject to Section 2(c) below, you may not trade in the Company's securities during a "blackout period" beginning on (and including) the 16th calendar day of the third month of each fiscal quarter and continuing through (and including) the second full trading day after the Company publicly releases its earnings for that fiscal quarter (or the fiscal year in the case of the fourth fiscal quarter).

In other words, the only period during which you may be permitted to trade in the Company's securities (referred to as a "trading window") begins on (and includes) the third full trading day following the Company's public release of earnings for the prior fiscal quarter (or fiscal year, as applicable), and continues through (and including) the 15th day of the third month of the then current quarter (subject to Section 2(c) below). *However, you remain subject to the insider trading laws and, accordingly, you are prohibited from engaging in transactions even during this trading window if you are aware of material, non-public information (again, subject to Section 2(c) below).*

To illustrate the "blackout period" and "trading window" concepts:

- For the quarter ended June 30, the blackout period runs from June 16th through (and including) the second full trading day after the Company releases earnings for that quarter (which would usually be expected to occur in mid-August)—you are not allowed to trade in the Company's securities during that period.

- The trading window re-opens in mid-August, on the third full trading day after earnings are released. The trading window then remains open through (and including) September 15th, and the next blackout period begins on September 16th.

In addition, there may be other circumstances where the Company will impose a temporary blackout period on you and/or other employees if the Insider Trading Compliance Officer or the Company's Board of Directors determines that circumstances warrant a halt in trading by those persons.

The Insider Trading Compliance Officer intends to appropriately notify the affected individuals of the existence of any temporary blackout period. Those persons may not trade in the Company's securities until the temporary blackout period expires or is terminated, and they are prohibited from disclosing the existence of the temporary blackout period to any other persons.

(b) Prior Written Approval by the Insider Trading Compliance Officer is Required for Transactions.

To minimize the risk of an inadvertent violation of the securities law, subject to Sections 2(c) and 4 below, Covered Persons must receive the written permission of the Insider Trading Compliance Officer before engaging in any transaction (acquisition, disposition, gift, contribution to a trust or other transfer, etc.) in Company securities during a permitted trading window (referred to as "pre-clearance"). A request for pre- clearance should be submitted to the Insider Trading Compliance Officer at least two business days in advance of the proposed transaction. Written permission will be given for a specified period (generally five business days) but Covered Persons will continue to be subject to the prohibition on trading while aware of material, non-public information. If you are denied permission to engage in a transaction in Company securities, you may not disclose such denial to others, because it could result in an unintended distribution of information about a pending material event.

Pre-clearance for directors and officers of the Company is very important to ensure that they are in compliance with Section 16 of the Exchange Act. Directors and officers must file periodic reports regarding their ownership of Company securities pursuant to Section l6(a) of the Exchange Act, and are subject to disgorgement of "short-swing" profits pursuant to Section l6(b) of the Exchange Act. Violations of or failure to comply with these requirements can result in SEC enforcement action.

The persons subject to the foregoing blackout periods and pre-clearance requirement may be modified from time to time by the Insider Trading Compliance Officer or the Company's Board of Directors based on the degree of access those individuals have to material, non-public information.

(c) Trading is Permitted pursuant to Arrangements Established under Rule 10b5-1(c).

Rule 10b5-1(c) under the Exchange Act provides an affirmative defense to insider trading liability for purchases or sales of securities executed pursuant to a contract, plan or instructions that complies with requirements set forth in that Rule. You should be aware that the SEC has added new conditions to the use of Rule 10b5-1(c), including prescribed cooling-off periods, personal certifications, limitations on overlapping plans and single-trade plans and an enhanced good faith requirement. Covered Persons may establish a contract, plan, or instructions (referred to in this Policy as a "10b5-1 Arrangement") that complies with Rule 10b5-1(c), as it has been amended, subject to the following requirements:

- Covered Persons must obtain the written approval of the Insider Trading Compliance Officer before entering into the 10b5-1 Arrangement. The Company reserves the right to impose conditions on such approval, including as to the terms of the 10b5-1 Arrangement, and as to public disclosure of any 10b5-1 Arrangement in addition to those required under the new SEC rules related to 10b5-1 Arrangements.

- Covered Persons may not enter into the 10b5-1 Arrangement during a blackout period or while aware of material, non-public information about the Company.

- Any modification of the 10b5-1 Arrangement is subject to the prior written approval of the Insider Trading Compliance Officer. However, you may not modify the 10b5-1 Arrangement during a blackout period or while aware of material, non-public information about the Company.

- You may terminate a 10b5-1 Arrangement at any time, subject to giving prior written notice to the Insider Trading Compliance Officer. However, the Company encourages you not to engage in a pattern of establishing and terminating 10b5-1 Arrangements, and the Insider Trading Compliance Officer may disapprove a proposed 10b5-1 Arrangement if he/she believes such a pattern exists.

Any purchase or sale of Company securities by you executed in accordance with the requirements of Rule 10b5-1(c) pursuant to a pre-approved 10b5-1 Arrangement will not be subject to (1) the requirement of Section 1 above that such trade not be made while aware of material, non-public information, (2) the requirement of Section 2(a) above that such trade be made only during a "trading window" or (3) the requirement of Section 2(b) above that such individual trade be pre-approved (specifically) by the Insider Trading Compliance Officer.

3. Transactions by Family Members, Those Residing in the Same Household as a Company Insider and Affiliated Trusts and Entities Must Conform to this Policy.

The restrictions on trading Company securities imposed by this Policy, including the "blackout period" trading prohibitions and pre-clearance requirements set forth in Section 2 above, also apply (to the extent applicable to you) to (1) the members of your immediate family (e.g., any spouse, parents, children and siblings), (2) any other persons residing in your household, (3) any trust of which you or an immediate family member is a beneficiary or a trustee, (4) any person, partnership, limited liability company, corporation or other entity for which you or an immediate family member have sole or shared investment power and (5) any other persons acting on your behalf. Accordingly, you are responsible for informing any such persons of this Policy and ensuring that they conform their actions to the requirements of this Policy. A 10b5-1 Arrangement may be established, in accordance with Section 2(c) above, for any person with such a relationship with you. Any purchase or sale by such person in accordance with the requirements of Rule 10b5-1(c) pursuant to such 10b5-1 Arrangement will be entitled to the same exceptions from the requirements of this Policy as those provided in the last paragraph of Section 2(c) above.

4. Employee Stock Plans.

Subject to Section 2(c) above, the restrictions imposed by this Policy apply to your sales of Company securities acquired through the exercise of stock options granted by the Company (including sales for purposes of "broker-assisted cashless exercises" of such options) or acquired pursuant to an employee stock purchase plan or any other benefit plan. These restrictions do not apply to (1) your acquisition of Company securities through stock option exercises or to periodic contributions by you or the Company to an employee stock purchase plan or other benefit plan which is used to purchase Company securities, or your issuance or alteration of instructions regarding the purchase of Company securities under an employee stock purchase plan or other benefit plan that provides for the purchase of securities directly from the Company. However, you may not, while aware of material, non-public information about the Company, issue or alter any instructions regarding the purchase or sale of Company securities under any benefit plan that provides for the purchase or sale of Company securities in the open market, and you also may not issue or alter any such instructions outside of a "trading window" or without the prior written approval of an Insider Trading Compliance Officer.

5. Customers, Vendors, Clients and Strategic Alliance Partners.

If you are working on a matter involving a publicly held company that is a customer, vendor, or client of a customer or with which the Company has entered into or is negotiating a business or contractual relationship or transaction, you are cautioned that the Company's relationships with such entities often involve the exchange of material, non-public information. Consequently, if you are aware of material, non-public information about any such company, you are prohibited from trading in securities of that company or passing along the information to others outside the Company, and you must not recommend or suggest that anyone buy, sell or retain securities of that company.

Regardless of whether you are working on a matter involving any of the foregoing types of customers, vendors, etc., each of the Company's officers and employees must notify the Company's Insider Trading Compliance Officer before taking a "material position" in the securities, or becoming a member of the board of directors, of such a company. For these purposes, "taking a material position" means acquiring beneficial ownership of greater than 5% of the outstanding securities of such company or investing 10% or more of your net worth in the outstanding securities of such company.

6. Other Trading Restrictions.

In addition to the trading restrictions described above, Covered Persons may not engage in any of the following activities with respect to Company securities (even pursuant to a 10b5-1 Arrangement):

- Short selling (i.e., selling Company securities you do not own at the time of sale);
- Buying or selling put options, call options or other derivative securities relating to the Company on a securities exchange or in any other organized securities market;
- Engaging in hedging transactions, such as "costless collars" and forward sale contracts;
- Purchasing Company securities on margin;
- Pledge the Company's stock and/or borrow against it in a margin account.

Furthermore, the Company strongly discourages Covered Persons from actively trading in the Company's securities. Covered Persons should expect to hold any shares of the Company securities that you acquire for at least six months before you sell them, unless the securities are subject to forced sale (for example, as a consequence of a merger or acquisition).

7. Post-Termination Transactions.

If your service with the Company terminates during a blackout period applicable to you or otherwise while you are aware of material non-public information regarding the Company, you will continue to be subject to this Policy, and specifically to the ongoing prohibition against trading, until such blackout period ends or otherwise until the information has become public or is no longer material.

8. Stop-Transfer Instructions.

The Company may, in its discretion, provide stop-transfer instructions to its transfer agent in order to enforce trading restrictions imposed by this Policy, including, without limitation, restrictions relating to blackout periods or post-termination transactions.

9. Violations.

Any person who violates the federal securities laws has committed a crime and may be subject to lengthy imprisonment and a substantial criminal fine. A violator may also be personally liable in civil lawsuits for up to three times the profit gained for the harm caused by illegal trading by the violator or by third parties trading on material, non-public information provided by or through the violator. The SEC and courts have great power to impose penalties for violations of the insider trading provisions of the federal securities laws, and the SEC and governmental prosecutors vigorously enforce these insider trading laws against both institutions and individuals. The Company will cooperate with any state or federal law enforcement agency or other regulatory body investigating or prosecuting individuals for allegedly trading on or transmitting material, non-public information.

In addition to federal securities law, profiting from, or unauthorized disclosure of, material, nonpublic information could also violate (1) state securities laws, (2) state right to financial privacy statutes, (3) federal and state laws relating to theft and conversion and (4) confidentiality agreements between the Company and companies with which the Company does business, as well as other Company policies and agreements you have entered into with the Company.

If you have any questions concerning the propriety of a proposed transaction, or a question about this Policy generally, you are encouraged to contact our Insider Trading Compliance Officer. **You should note, however, that as a matter of law and corporate policy, you are ultimately responsible for conforming your actions to the requirements of the insider trading laws and this Policy. Regardless of any advice or information you receive, you will bear the consequences of any legal or policy violations. Furthermore, the Insider Trading Compliance Officer's failure to raise an objection to a transaction will not constitute a recommendation by the Company or any of its directors, officers, or employees that you engage in that transaction.**

Failure to observe and comply with all of the provisions contained in this policy may subject you to disciplinary action by the Company, including discharge. The Company reserves the right to amend this Policy at any time, but intends to provide reasonable written notification of any such revision.

<u>Insider Trading Policy Compliance Statement Acknowledgement</u>

TO: Power Solutions International, Inc. and its Subsidiaries (collectively, the “Company”)

RE: Insider Trading Compliance Policy for Covered Persons of Power Solutions International, Inc. and its Subsidiaries

DATE: Original Effective Date: August 11, 2020
Updated August 8, 2024

I have carefully reviewed the Insider Trading Compliance Policy for Directors, Officers and Other Covered Persons of Power Solutions International, Inc. and its Subsidiaries (collectively, the “Company”), originally dated August 11, 2020 (the “Policy”), acknowledge that I am a “Covered Person” under the Policy and understand all of its provisions. I certify that, to the best of my knowledge, I have complied with the Policy and its procedures since such date (or during my term of employment or management, if after such date) and that I will continue to adhere to the Policy and these procedures in the future.

Without limiting the preceding paragraph, I understand that the Insider Trading Compliance Officer will be required, and will have the discretion to, exercise his judgment in determining whether to (a) approve particular transactions by me in Company securities or my establishment of any plans or arrangements for trading in Company securities or (b) subject me to any temporary “blackout periods.” I recognize that the Insider Trading Compliance Officer will be required to analyze and assess any request I may make to engage in a particular transaction or to establish any plan or arrangement relating to trading in the Company’s securities, based on verifiable information available to the Insider Trading Compliance Officer at the time of the request and in the context of the Company’s intent to preserve its reputation for maintaining the highest legal, business and ethical standards, as well as the Company’s obligation to comply with all laws and regulations pertaining to insider trading. I acknowledge and affirm that the Insider Trading Compliance Officer’s determination with regard to any particular transaction, plan or arrangement or blackout period will be made solely on behalf of, and for the benefit of, the Company and further acknowledge and affirm the Insider Trading Compliance Officer’s right to make that determination in his sole discretion. I hereby agree to be bound by, and to accept without objection, any determination of the Insider Trading Compliance Officer not to permit any such transaction, plan or arrangement or to subject me to any such blackout period.

I realize that failure to observe and comply with all of the provisions contained in the Policy may subject me to disciplinary action by the Company, including discharge.

Are you currently pledging the Company’s stock or borrowing against it in a margin account?

Yes:_No:

If yes, comments/amount of shares:

Acknowledged by:

Signature: Date:

Print Name:

Title:

PLEASE RETURN THIS COMPLETED AND SIGNED FORM TO CANDACE LAWBER: Candace.Lawber@psiengines.com

Request for Purchase/Sale of Securities

TO: Insider Trading Compliance Officer of Power Solutions International, Inc. (the "Company")

FROM:

DATE:

RE: Request to Purchase / Sell Securities of Power Solutions International, Inc.

Pursuant to the terms of the Insider Trading Compliance Policy for Directors, Officers and Other Covered Persons of Power Solutions International, Inc. and its Subsidiaries (collectively, the "Company"), I hereby request permission to:

(1) PURCHASE securities of the Company

OR

(2) SELL securities of the Company

I would like to complete this transaction during the following period:

from , 202_to , 202_.

(specify a period of time no longer than five business days in which the purchase or sale will occur)

I understand that permission granted to purchase or sell the Company's securities will not permit me to purchase or sell the Company's securities if, at the time of purchase or sale, I am in possession of material non-public information relating to the Company.

SECURITY HOLDER SIGNATURE:

APPROVAL:

DATE:

Request for Approval of a Rule 10b5-1 Trading Arrangement

TO: Insider Trading Compliance Officer of Power Solutions International, Inc.

FROM:

DATE:

RE: Request to adopt a Rule 10b5-1 Arrangement regarding Power Solutions International, Inc. Securities

Pursuant to the terms of the Insider Trading Compliance Policy (the "Policy") for Directors, Officers and Other Covered Persons of Power Solutions International, Inc. and its Subsidiaries (the "Company"), I hereby submit the attached Rule 10b5-1 Arrangement (or amendment) for approval.

I understand that no Rule 10b5-1 Arrangement may be instituted or amended while I am in possession of material non-public information relating to the Company and that any amendment to my Rule 10b5-1 Arrangement must also be pre-approved by the Company. I have reviewed and understand the provisions of the Policy that covers Rule 10b5-1 Arrangements:

SECURITY HOLDER SIGNATURE:

APPROVAL:

DATE:

Exhibit 21.1

Power Solutions International, Inc.
and Consolidated Subsidiaries

100% Owned Subsidiaries of the Registrant

Name	Jurisdiction of Organization
Professional Power Products, Inc	An Illinois Corporation
Bi-Phase Technologies, LLC	A Minnesota Limited Liability Company
Powertrain Integration Acquisition, LLC	An Illinois Limited Liability Company
The W Group, Inc.	A Delaware Corporation

*Corporate joint ventures not shown by name in the above listing, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

100% Owned Subsidiaries of The W Group, Inc.

Name	Jurisdiction of Organization
Power Great Lakes, Inc.	An Illinois Corporation
PSI International, LLC	An Illinois Limited Liability Company

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Power Solutions International, Inc.
Wood Dale, Illinois

We hereby consent to the incorporation by reference in the Registration Statement[s] on Form S-8 (No. 333-185096 and 333-191166) of Power Solutions International, Inc. (the Company) of our report dated March 24, 2025, relating to the consolidated financial statements, which appears in this Form 10-K. Our report contains an explanatory paragraph regarding the Company’s ability to continue as a going concern.

/s/ BDO USA, P.C.
Chicago, Illinois
March 24, 2025

Exhibit 31.1

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 annual report on Form 10-K of Power Solutions International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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: March 24, 2025

By:	/s/ Dino Xykis
Name:	**Dino Xykis**
Title:	Chief Executive Officer

Exhibit 31.2

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 annual report on Form 10-K of Power Solutions International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
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: March 24, 2025	By:	/s/ Xun Li
	Name:	**Xun Li**
	Title:	Chief Financial Officer

Exhibit 32.1

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 Annual Report of Power Solutions International, Inc. (the “Company”) on Form 10-K for the twelve months ended December 31, 2024, 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: March 24, 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.

Exhibit 32.2

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 Annual Report of Power Solutions International, Inc. (the "Company") Form 10-K for the twelve months ended December 31, 2024, 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: March 24, 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.

POWER SOLUTIONS INTERNATIONAL, INC.

CLAWBACK POLICY

Introduction

The Board of Directors of the Company (the "**Board**") believes that it is in the best interests of Power Solutions International, Inc. (the "**Company**") and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "**Policy**"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the "**Exchange Act**") and Nasdaq Listing Rule 5608 (the "**Clawback Listing Standards**").

Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

Covered Executives

This Policy applies to the Company's current and former executive officers, as determined by the Board in accordance with the definition in Section 10D of the Exchange Act and the Clawback Listing Standards, and such other senior executives/employees who may from time to time be deemed subject to the Policy by the Board ("**Covered Executives**").

Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Board will require reimbursement or forfeiture of any excess Incentive Compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement.

Incentive Compensation

For purposes of this Policy, Incentive Compensation means any of the following; provided that, such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure:

- Annual bonuses and other short- and long-term cash incentives that are earned solely or in part by satisfying a financial reporting measure performance goal.

- Stock appreciation rights, restricted stock, stock options, restricted stock units and performance share units that are granted or vest solely or in part on satisfying a financial reporting measure performance goal.
- Proceeds from the sale of shares acquired through an incentive plan that were granted or vested solely or in part on satisfying a financial reporting measure performance goal.

Financial reporting measures include:

- Any measure that is determined and presented in accordance with the accounting principles used in preparing financial statements, or any measure derived wholly or in part from the financial statements, such as revenues, earnings before interest, taxes, depreciation, and amortization (EBITDA), and net income.
- Company stock price.
- Total shareholder return.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Board, without regard to any taxes paid by the Covered Executive in respect of the Incentive Compensation paid based on the erroneous data.

If the Board cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement.

Method of Recoupment

The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

(a) requiring reimbursement of cash Incentive Compensation previously paid;

(b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;

(c) offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;

(d) cancelling outstanding vested or unvested equity awards; and/or

(e) taking any other remedial and recovery action permitted by law, as determined by the Board.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation.

Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act, any applicable rules or standards adopted by the Securities and Exchange Commission, and the Clawback Listing Standards.

Effective Date

This Policy shall be effective as of December 26, 2025 (the "**Effective Date**") and shall apply to Incentive Compensation that is received by Covered Executives on or after the Effective Date, even if such Incentive Compensation was approved, awarded, or granted to Covered Executives prior to the Effective Date.

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with the Clawback Listing Standards and any other rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.

Other Recoupment Rights

Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Relationship to Other Plans and Agreements

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. In the event of any inconsistency between the terms of the Policy and the terms of any employment agreement, equity award agreement, or similar agreement under which Incentive Compensation has been granted, awarded, earned or paid to a Covered Executive, whether or not deferred, the terms of the Policy shall govern.

Acknowledgment

The Covered Executive shall sign an acknowledgment form in the form attached hereto as Exhibit A in which they acknowledge that they have read and understand the terms of the Policy and are bound by the Policy.

Impracticability

The Board shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with

Rule 10D-1 of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit Filing Requirement

A copy of this Policy and any amendments thereto shall be posted on the Company’s website and filed as an exhibit to the Company’s annual report on Form 10-K.

Exhibit A

Acknowledgement

The Board of Directors of Power Solutions International, Inc. has adopted the policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "Clawback Policy") which is applicable to the Company's Covered Executives.

I, the undersigned, acknowledge that I have received a copy of the Clawback Policy, as it may be amended, restated, supplemented or modified from time to time, and that I have read it, understand it, and acknowledge that I am fully bound by, and subject to, all of the terms and conditions thereof.

In the event of any inconsistency between the terms of the Clawback Policy and the terms of any employment agreement to which I am party, the terms of any compensation plan, program, or arrangement under which Incentive Compensation has been granted, awarded, earned, or paid to me, whether or not deferred, the terms of the Clawback Policy shall govern.

If the Board of Directors determines that any Incentive Compensation I have received must be forfeited, repaid, or otherwise recovered by the Company, I shall promptly take whatever action is necessary to effectuate such forfeiture, repayment, or recovery.

I acknowledge that I am not entitled to indemnification in connection with the Company's enforcement of the Clawback Policy.

I understand that any delay or failure by the Company to enforce any requirement contained in the Clawback Policy will not constitute a waiver of the Company's right to do so in the future.

Any capitalized terms used in this Acknowledgement that are not otherwise defined shall have the meaning ascribed to them in the Clawback Policy.

Name:______________________

Job Title:____________________

Date:_______________________

Signature:___________________