



**POWER SOLUTIONS
INTERNATIONAL**

CORPORATE OVERVIEW

November 15, 2021

SAFE HARBOR & OTHER CAUTIONARY NOTES

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The Company cautions that the risks, uncertainties and other factors that could cause its actual results to differ materially from those expressed in, or implied by, the forward-looking statements, include, without limitation: the impact of the ongoing COVID-19 pandemic could have on the Company's business and financial results; the Company's ability to continue as a going concern; the Company's ability to raise additional capital when needed and its liquidity; uncertainties around the Company's ability to meet funding conditions under its financing arrangements and access to capital thereunder; the potential acceleration of the maturity at any time of the loans under the Company's uncommitted senior secured revolving credit facility through the exercise by Standard Chartered Bank of its demand right; the timing of completion of steps to address, and the inability to address and remedy, material weaknesses; the identification of additional material weaknesses or significant deficiencies; risks related to complying with the terms and conditions of the settlements with the Securities and Exchange Commission (the “SEC”) and the United States Attorney's Office for the Northern District of Illinois (the “USAO”); variances in non-recurring expenses; risks relating to the substantial costs and diversion of personnel's attention and resources deployed to address the internal control matters; the Company's obligations to indemnify past and present directors and officers and certain current and former employees with respect to the investigations conducted by the SEC and the criminal division of the USAO, which will be funded by the Company with its existing cash resources due to the exhaustion of its historical primary directors' and officers' insurance coverage; the ability of the Company to accurately forecast sales, and the extent to which sales result in recorded revenues; changes in customer demand for the Company's products; volatility in oil and gas prices; the impact of U.S. tariffs on imports from China on the Company's supply chain; disruptions to the Company's supply chain; the impact of increasing warranty costs and the Company's ability to mitigate such costs; any delays and challenges in recruiting key employees consistent with the Company's plans; any negative impacts from delisting of the Company's common stock par value \$0.001 from the NASDAQ Stock Market and any delays and challenges in obtaining a re-listing on a stock exchange; and the risks and uncertainties described in reports filed by the Company with the SEC, including without limitation its Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and the Company's subsequent filings with the SEC. The Company's forward-looking statements are presented as of the date hereof. Except as required by law, the Company expressly disclaims any intention or obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

A photograph of a modern building with a light-colored wooden slat facade. In the foreground, there is a large green bush with red flowers. On the building's facade, there is a large green square logo with the letters 'PSI' in white, and to its right, the words 'POWER' and 'INTERN' are visible in green capital letters.

ABOUT PSI



PSI's MISSION:

*Solving Power Challenges of
Global Equipment
Manufacturers Through High-
Quality, Innovative Products*

POWERING LEADING EQUIPMENT MANUFACTURERS GLOBALLY



KOHLER



NAVISTAR



PSI INDUSTRIAL



PSI ENERGY



PSI TRANSPORTATION

OVERVIEW

Approximately 800 Employees

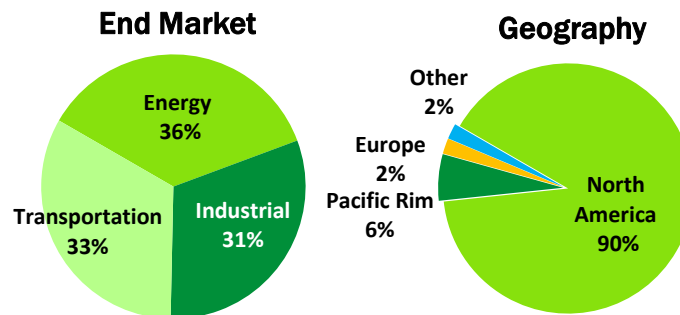
Leading Worldwide Manufacturer of Engines

- Produced 1,000,000 engines historically
- Wide range of engines: 27 different displacements ranging from 1L to 53L
- Approximately 1,000,000 sq. ft. manufacturing footprint, with headquarters in Wood Dale, IL
- Significant clean, alt. fuel product offerings: Approximately 63% of engines sold in 2020 were propane or natural gas

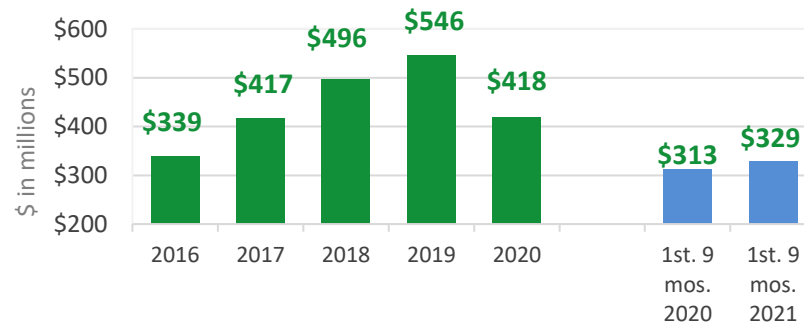
OTC Pink: PSIX

- Founded in 1985
- Public listing in 2011

2020 SALES



SALES



INVESTMENT HIGHLIGHTS

Focused on Growth in the Energy End Market

- Sales growth opportunity of 2X + by 2026 driven by product expansion, oil recovery, market share gains
- Large engines carry average selling prices (ASP's) above \$100k
- Electric grid resiliency; Infrastructure spending anticipated to be a driver

Margin Expansion Opportunities

- Increase mix of energy business, which offers superior margins
- Ability to leverage existing infrastructure and Weichai relationship to drive future growth
- Continued pricing opportunities; Improve recovery of increasing material costs
- Tariff mitigation efforts

Expanded Weichai Product Integration

- Larger engine range to address a wider range of end use applications, products and customers

Continued Focus on Alternative Fuels and Evolution into New Energy Business

- Strong expertise in natural gas/propane
- Access to Weichai's new energy product range
- Leverage existing customer relationships across all end markets for future battery storage/electrification opportunities

ADVANCED FACILITIES

- Dedicated R&D & Engineering Facility
- Automotive Grade High-Volume Production Lines
- State-of-the-Art Machining Center
- In-house EPA & CARB certified test cell operation
- Approximately 1,000,000 sq. ft.



PSI Corp. HQ & Engine Dress Facility
201 Mittel Dr.
Wood Dale, IL
261,000 sq. ft.



PSI Machining & Engine Build Facility
101 Mittel Dr.
Wood Dale, IL
105,000 sq. ft.



PSI R+D, Engineering & HD Assembly Facility
1465 Hamilton Pkwy.
Itasca, IL
198,000 sq. ft.



PSI Electrical Engineering Facility
5600 Williams Lake Road
Waterford Township, MI
15,000 sq. ft.



PSI Energy Packaging Facility
448 W. Madison St.
Darien, WI
200,000 sq. ft.



PSI Engine Development Center
7850 S. Grant St.
Burr Ridge, IL
22,400 sq. ft.



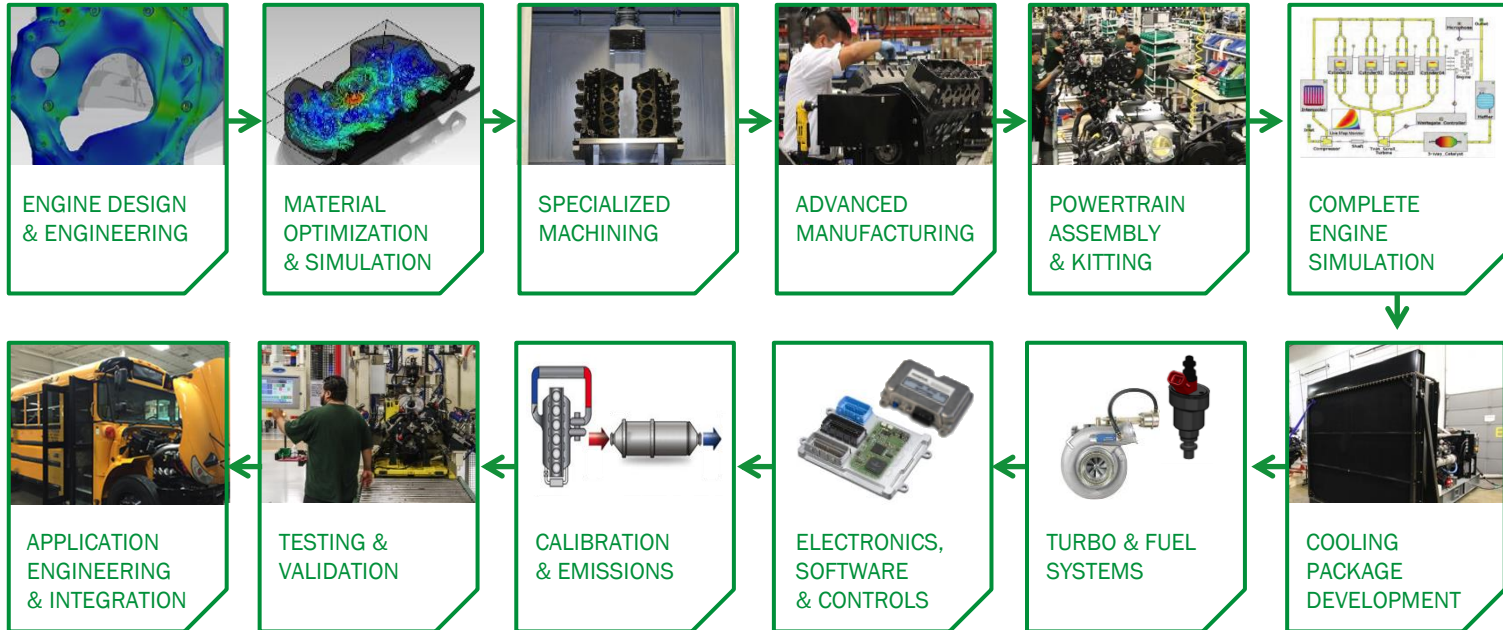
PSI Materials & Warehousing
6450 Muirfield Dr.
Hanover Park, IL
160,400 sq. ft.



PSI Materials & Warehousing
515 1-27 N
Lubbock, TX
23,000 sq. ft.

MANUFACTURING & ENGINE CAPABILITIES

Complete Range



EXPANSIVE PRODUCT LINE

Powering Global Transportation, Energy & Industrial OEMs



TRANSPORTATION



Engine Displacements
6.0L, 8.8L

Fuel Types
Propane, Natural Gas,
Gasoline

Integration
Transmissions & Tanks

Horsepower Range
293 hp – 345 hp

Torque Range
317 lb-ft – 565 lb-ft



ENERGY



Engine Displacements
Ranging from 2.0L to 53L

Fuel Types
Propane, Natural Gas,
Wellhead Gas, Diesel

Electrical Power Range
20 kWe – 1650 kWe

Mechanical Power Range
26 kWm – 1850 kWm



INDUSTRIAL



Engine Displacements
Ranging from 1.0L to 13L

Fuel Types
Propane, Natural Gas,
Gasoline, Diesel

Horsepower Range
28 hp – 245 hp

Torque Range
43 lb-ft – 503 lb-ft

Mechanical Power Range
19 kWm – 1850 kWm

TECHNOLOGY



PSI/WEICHAI RELATIONSHIP



Weichai Investment in PSI

- Weichai America (subsidiary of Weichai Power Co., Ltd.) investment of \$60 million of equity in PSI on 3/31/17
- Warrant exercise on 4/23/19 for approximate proceeds of \$1.6 million
- Holds 51% of PSI's common shares
- Holds 4 of 7 board seats, including the Chairman position

Weichai Power Background

- Based in China; Global footprint
- Leading automotive and equipment manufacturer specializing in the production of powertrains, automobiles, intelligent logistics, automotive parts and components
- Weichai Power Co., Ltd. is publicly listed on the Hong Kong and Shenzhen Stock Exchanges
- Market capitalization of approximately \$20 billion
- FY 2020 sales and net profit of \$30.9 billion and \$1.8 billion, respectively

PSI & WEICHAI HISTORY & MILESTONES

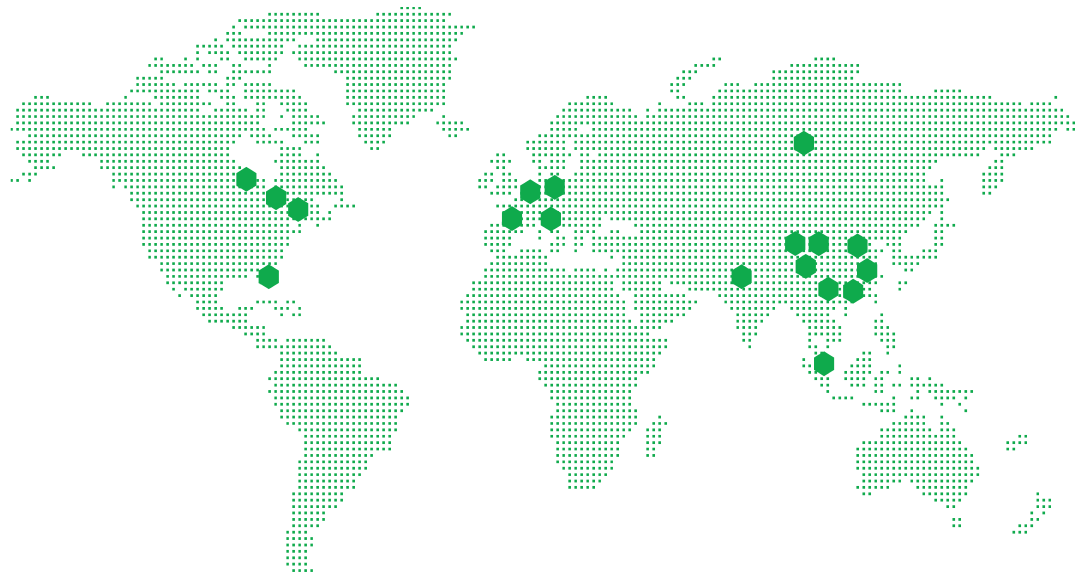


EXPANDED GLOBAL BUSINESS FOOTPRINT

Weichai has operations in 55 Countries with 500 Authorized Service Centers Worldwide

Major Facility Snapshot:

- **Shanghai** – Engine Machining and R&D
- **Welfang** – High-Speed Engine & Vehicle Machining and R&D
- **Chongqing** – Medium/ High-Speed Engine & MVP R&D
- **Xi'an** – HD Truck & HD Transmission Box R&D
- **Wiesbaden, Germany** – Forklift & Hydraulics R&D
- **Forlì, Italy** – Luxury Yachts R&D
- **Marseilles, France** – Marine Engine R&D
- **Chicago, IL** – Natural Gas Technology R&D
- **Yangzhou** – Bus & Low-Power Engine R&D



PRODUCT SYNERGIES

Our collective product portfolio offers the most competitive and complete power solution range available across all applications

Energy/Power Generation

- Further enabling our OEM partners with a full product line from 2.4L through 53L in various fuel options
- 32L, 40L, and 53L Standby, LTP and Prime ratings up to 1250 kW (Natural Gas and LPG)
- 20L, 40L, and 53L EPA emergency standby up to 1650 kW (Diesel)
- 4.5L, 6.7L, 10L, 13L, 17L, and 20L NG engines for standby, prime and industrial/gas compression markets
- Longer-range plans for 65L - North America (Gas)
- PSI battery energy storage systems (BESS) planned for the future to accompany complimentary OEM products

Transportation

- Weichai has a large market share in Asia, for which it develops and manufactures thousands of commercial vehicle engines annually
- Access to electric propulsion solutions planned

Industrial

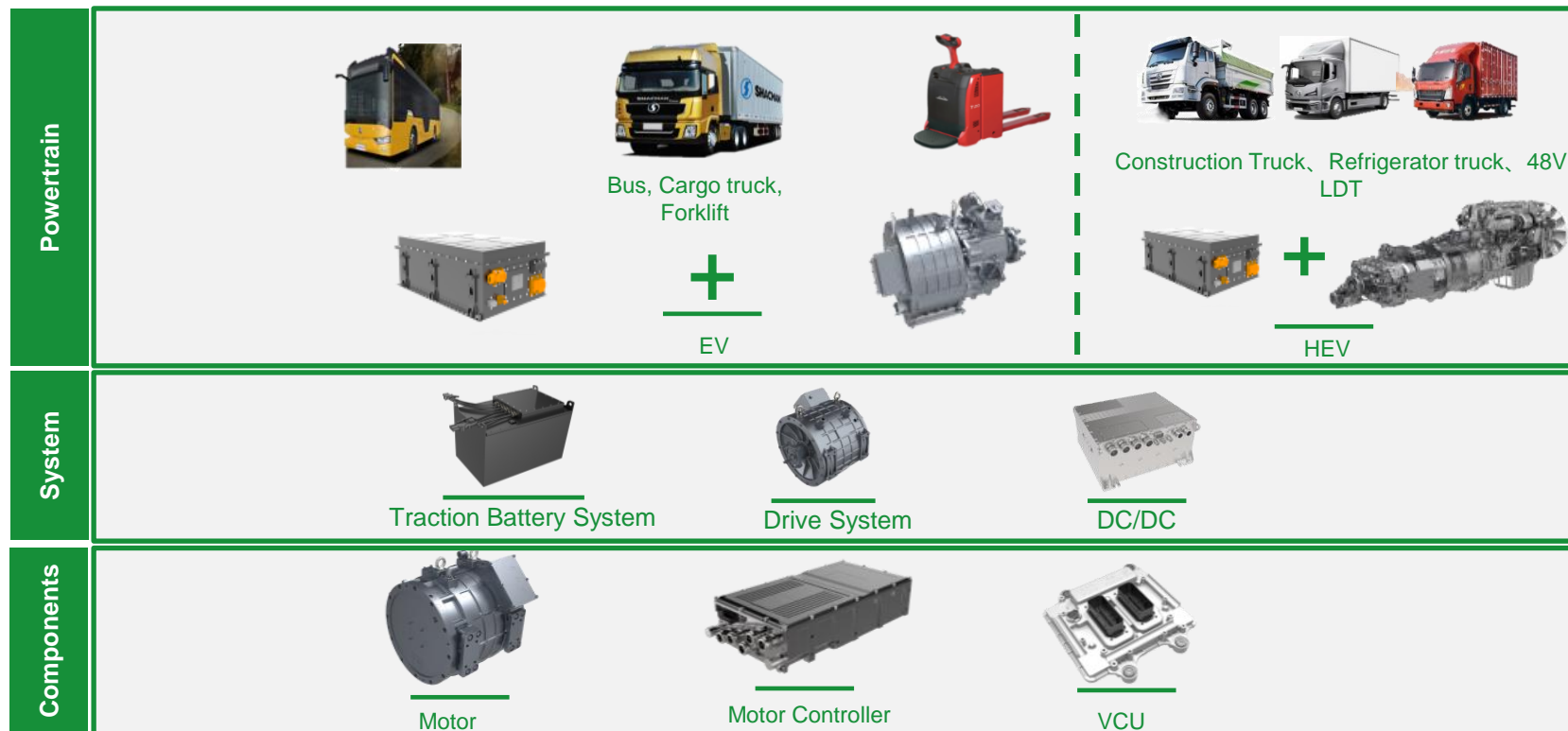
- Electrified power solutions planned for off highway OEM partners
- Full range of lithium-ion battery solutions planned for 2022

Weichai Cost Reduction Opportunities

- Manufacturing and global supply chain opportunities

PRODUCT SYNERGIES

WEICHAI NEW ENERGY PRODUCT ACCESS



PRODUCT SYNERGIES

WEICHAI NEW ENERGY PRODUCT ACCESS

Exploring opportunities within energy storage, fuel cell and electrification with Weichai, who has invested in technology

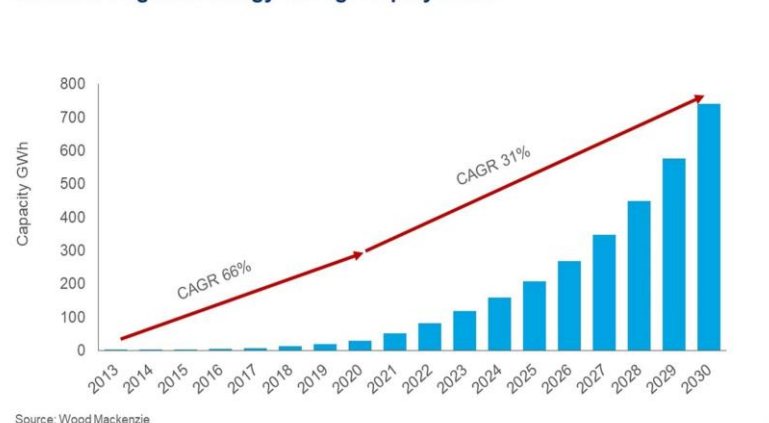
New energy solutions is an emerging opportunity for PSI

- Currently work with customers who are interested in energy storage and industrial electrification
- PSI's current OEM partners access battery energy storage systems
- PSI has strong integration expertise across wide range of industrial and power generation OEM's
- Energy storage systems (ESS) global market CAGR of 31% through 2030 with the US as the largest market worldwide

Investment driven by:

- Current administration government proposals
- Carbon-free transition
- Power plant retirements
- Wind and solar growth
- Grid market modernization (FERC Order 841, etc.)

Cumulative global energy storage deployments



Source: Wood Mackenzie. "Global Energy Storage Capacity to Grow at CAGR of 31% to 2030."



ENERGY

Powering the Future

ENERGY MARKETS & CUSTOMERS

Markets



Oil & Gas



Demand
Response



Microgrids



Data Centers



Medical



Commercial



Utility



Telecom

Customers / End Users



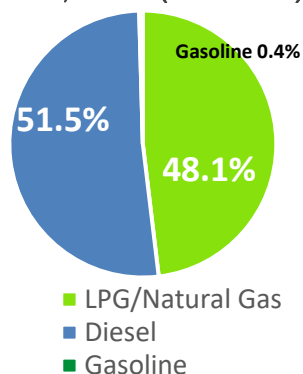
KOHLER



Growth opportunities across various markets driven by: aged electric grid, power outage activity, growth of intermittent sources of energy, utility curtailment incentives, increased regulations in healthcare facilities, increased growth rate of natural gas installations compared to diesel, and datacenter electrical usage growth

NATURAL GAS ENERGY MARKET

GENSET INDUSTRY (2021 est.)
(PRODUCTION BY NORTH AMERICAN OEMs)
TOTAL: 141,042
21-1,000kW (% IN UNITS)



Natural gas gensets are
gaining market share
versus diesel

Natural Gas Energy Market Dynamics

- Cleaner than diesel; Not subject to the transportation limitations that diesel has during times of extreme weather
- Global natural gas generator market totaled \$4.6 billion in 2016 and is expected to increase to \$8.5 billion by the end of 2024.
- More than 1,500 GW of new gas-fired generation capacity is expected to be added to global power networks by 2040. By 2040 installed electric capacity across the world is expected to reach 12,480 GW – 22 percent of which will be supplied by natural gas, the most of any single fuel source.
- Abundant and reliable supply.

ENERGY GROWTH OPPORTUNITY

Weichai Gas & Diesel Engine Platforms Open Power Generation Market Significantly

ENERGY END MARKET SALES



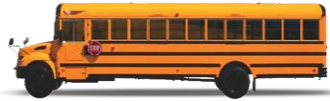
- Expansion of engine product line; Market opportunity increases substantially
- Grow engine market share across various verticals, including Standby and Prime
- Improvement in oil and gas markets versus weak 2020 and 2021 (2020 sales approx. \$60m below 2019 levels)
- Large engines carry average selling prices (ASP's) above \$100K
- Electric grid resiliency and infrastructure spending
- Expand share and enable OEM customers within the large genset custom packaging market (*Serving the growing datacenter and microgrid markets; Several end users are major technology companies*)



TRANSPORTATION

Powering the Road Ahead

PSI TRANSPORTATION MARKETS & CUSTOMERS



SCHOOL BUS MARKET

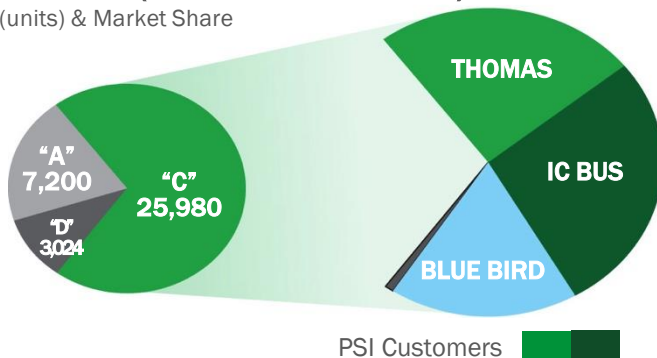
History of Gasoline & Propane Growth, Industry-Leading Customers, Significant Engine Market Opportunity

NORTH AMERICA (SCHOOL BUS MARKET)

Bus Sales (units) & Market Share

Total Units
By Class
2020:
36,204

"C" & "D"
Units
2020:
29,004



PSI is the Exclusive Supplier of Propane and Gasoline Engines to IC Bus and Provides Propane Engine Option to Thomas Built Buses

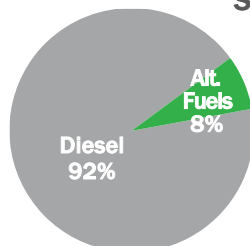
NOISE. Propane & gasoline vehicles are noticeably quieter than diesel.

COST. Very competitive total cost of ownership versus diesel. Easier and less costly to maintain.

ENVIRONMENT. Propane vehicles can reduce lifecycle GHG emissions by nearly 13%.

INCENTIVES. VW Mitigation Funds.

SCHOOL BUS MARKET



2015

Alt. fuels continue to gain market share versus diesel; Blue Bird at 48% alt. fuel mix in FY20

Trends and Future Outlook



INDUSTRIAL

Powering Productivity

INDUSTRIAL MARKETS & CUSTOMERS



FORKLIFT



AERIAL WORK PLATFORM



ARBOR CARE



OIL & GAS COMPRESSION/
OIL LIFTS



UTILITY VEHICLE



SWEEPERS /SCRUBBER



ICE RESURFACING



OTHER INDUSTRIAL

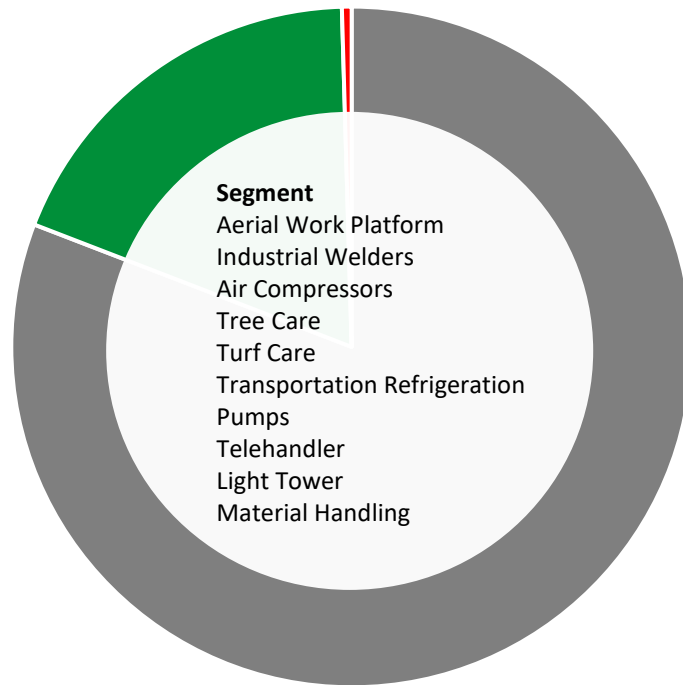
Expanded OEM pipeline across various markets (UTV, commercial mowers, chippers, telehandlers, commercial cleaning)

INDUSTRIAL MARKET OPPORTUNITY

Industrial market presents significant unit volume opportunities for growth

- Transition from Diesel to Gas engines
- New customers, dealers and distributors
- Ability to seek battery electric opportunities as the market progresses

	Units
Spark Ignited (GAS/LP/CNG)	61,660
Diesel	264,489
Other	1,379
Total	327,528



Industrial Combustion Engine Applications Under 300hp

■ Diesel ■ Gas ■ Other

A background image showing a financial report with a magnifying glass over a bar chart and a pen over a line graph.

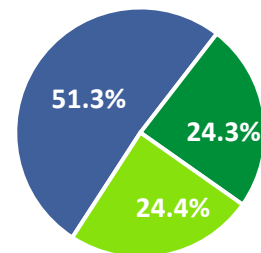
FINANCIAL UPDATE CORPORATE UPDATE

CAPITAL STRUCTURE OVERVIEW

Debt & Cash Highlights

- Total debt of \$156 Million (M) at 9/30/21; Cash of approx. \$5M (Includes net impact of customer prepayments of \$3M)
 - \$130M uncommitted senior secured revolving credit facility pursuant to amended and restated uncommitted revolving credit agreement (Amended and Restated Uncommitted Revolving Credit Agreement) with Standard Chartered Bank (SC) entered into on 3/26/21
 - At 9/30/21 borrowings of \$130M; Maturity is the earlier of 3/25/22 or the demand of SC; LIBOR + 2.70% per annum or Base Rate (as defined in the Credit Agreement)
 - \$25M Second Shareholder's Loan Agreement with Weichai America
 - At 9/30/21 borrowings of \$25M; Maturity of 5/20/22; LIBOR + 4.5%
- In connection with the Amended and Restated Uncommitted Revolving Credit Agreement, also entered into Amended and Restated Shareholder's Loan Agreement with Weichai America
 - Provides PSI with a \$130M secured subordinated loan facility that expires on 4/25/22
 - Under the First Amended and Restated Shareholder's Loan Agreement, Weichai America is obligated to advance funds solely for purposes of repaying outstanding borrowings under the Amended and Restated Uncommitted Revolving Credit Agreement if the Company is unable to repay such borrowings
- PSI is working with Weichai to explore near-term financing solutions in addition to longer-term financing options

PSI Stock Ownership*

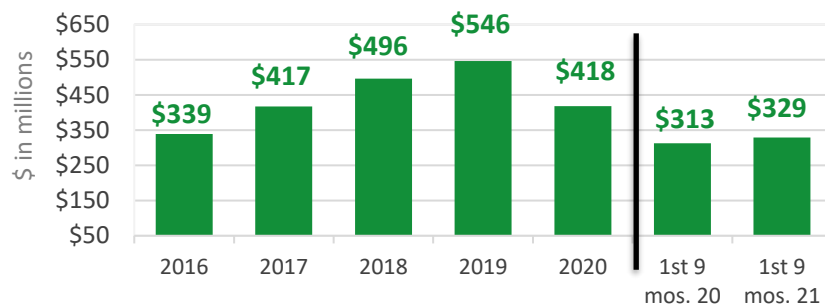


- Weichai
- Winemasters
- Institutions/Others

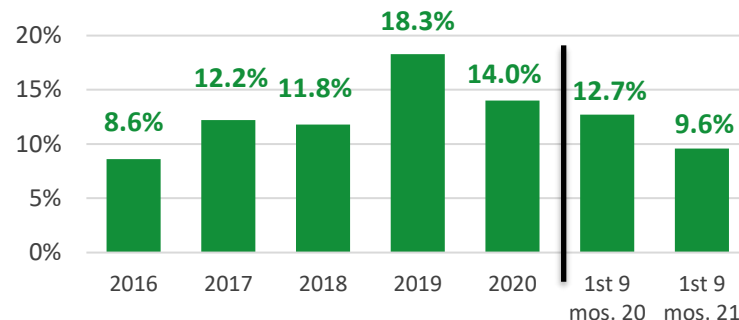
**Based on 22,925,807 shares outstanding as of 11/1/21 and information contained in SEC filings*

1st 9 mos. 2021 FINANCIAL RESULTS

SALES



GROSS MARGIN



1st 9 mos. 2021 sales reflects increases within transportation (+\$34.3M) and industrial (+\$14.4M), partly offset by lower energy end market sales (-\$31.9M)

1st 9 mos. 2021 gross profit declined by \$8.1M; gross margin down 3.1 percentage points

- Gross margin impacted by material cost increases, unfavorable product mix, and higher tariff and freight costs, partly mitigated by lower warranty expense, the impact of higher sales and cost savings driven by actions to improve manufacturing operations
- Warranty costs were \$14.8M in 2021 period versus \$18.2M in 2020

Loss before income taxes of \$41.2M, as compared to a loss of \$23.7M last year

- In addition to gross profit impact, key factors impacting results were higher operating expenses and interest expense of \$7.7M and \$1.0M, respectively, coupled with lower other income of \$1.2M

OUTLOOK

Outlook

- During the fourth quarter of 2021, the Company believes that its sales will exhibit healthy year-over-year growth with contributions across all end markets
- An improvement in gross profit as a percentage of sales in the fourth quarter versus the third quarter is also projected
- With the conclusion of the USAO trial involving former officers and employees of the Company in September 2021, the Company believes its costs related to this matter will cease. Accordingly, the Company expects to experience a decline in legal costs related to this obligation during the fourth quarter
 - However, at this time, the Company is not able to estimate the potential future amount of its indemnity obligations related to the pending SEC matter involving prior officers and employees
- Notwithstanding this outlook, which is being driven in part by expectations for improved economic conditions within the United States and across various of the Company's markets, the Company cautions that significant uncertainty still remains as a result of the ongoing COVID-19 pandemic, supply chain challenges, and other factors

CORPORATE UPDATE

PSI is current with its SEC filings

Numerous changes and improvements have been made across the organization since 2017

- New management team and key hires: CEO; CFO; Chief Technical Officer; Chief Quality Officer; VP, Internal Audit
- 6 of 7 new board members and a new audit committee (Weichai has 4 designees)
- Updated policies and ongoing overhaul and enhancement of internal controls and operational systems to improve the reliability of financial reporting

Settlements with the USAO and SEC announced on 9/24/20

- Resolves agencies' previously disclosed investigations into the Company's past revenue recognition practices; Investigations into the Company on behalf of the USAO and SEC have concluded
- PSI is committed to full remediation of its internal controls and continuing to enhance its corporate compliance program; Company obtained extension until 3/31/22 to remediate outstanding material weaknesses

USAO (DOJ) legal proceedings against former employees has concluded

- Company incurred significant expenses due to indemnification agreements; SEC case against former employees remains open

Expansion of business pipeline

- Focused on driving long-term growth through new OEM opportunities in all end markets

APPENDIX

(in thousands, except per share amounts)

Financial
Results for
Three and Nine
Months Ended
September 30,
2021 and 2020
(UNAUDITED)

* See Non-
GAAP
Reconciliation
on following
slides

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales	\$ 117,630	\$ 114,450	\$ 329,279	\$ 312,603
Cost of sales	106,288	96,281	297,673	272,943
Gross profit	11,342	18,169	31,606	39,660
<i>Gross margin %</i>	9.6 %	15.9 %	9.6 %	12.7 %
Operating expenses:				
Research, development and engineering expenses	5,437	6,555	17,772	19,121
<i>Research, development and engineering expenses as a % of sales</i>	4.6 %	5.7 %	5.4 %	6.1 %
Selling, general and administrative expenses	10,958	11,964	47,858	38,434
<i>Selling, general and administrative expenses as a % of sales</i>	9.3 %	10.5 %	14.5 %	12.3 %
Amortization of intangible assets	634	763	1,901	2,290
Total operating expenses	17,029	19,282	67,531	59,845
Operating loss	(5,687)	(1,113)	(35,925)	(20,185)
Other expense, net:				
Interest expense	1,623	1,510	5,253	4,211
Loss on extinguishment of debt	—	—	—	497
Other expense (income), net	—	(947)	1	(1,202)
Total other expense, net	1,623	563	5,254	3,506
Loss before income taxes	(7,310)	(1,676)	(41,179)	(23,691)
Income tax benefit	(133)	(210)	(281)	(3,771)
Net loss	<u>\$ (7,177)</u>	<u>\$ (1,466)</u>	<u>\$ (40,898)</u>	<u>\$ (19,920)</u>
Loss per common share:				
Basic	\$ (0.31)	\$ (0.06)	\$ (1.79)	\$ (0.87)
Diluted	\$ (0.31)	\$ (0.06)	\$ (1.79)	\$ (0.87)
Non-GAAP Financial Measures:				
Adjusted net (loss) earnings *	\$ (4,841)	\$ 652	\$ (21,571)	\$ (12,197)
Adjusted (loss) earnings per share – diluted *	\$ (0.21)	\$ 0.03	\$ (0.95)	\$ (0.53)
EBITDA *	\$ (3,851)	\$ 1,911	\$ (30,378)	\$ (13,268)
Adjusted EBITDA *	\$ (1,515)	\$ 4,316	\$ (10,496)	\$ (1,640)

NON-GAAP FINANCIAL MEASURES

In addition to the results provided in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), this presentation also includes non-GAAP (adjusted) financial measures. Non-GAAP financial measures provide insight into selected financial information and should be evaluated in the context in which they are presented. These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, financial information presented in compliance with U.S. GAAP, and non-GAAP financial measures as reported by the Company may not be comparable to similarly titled amounts reported by other companies. The non-GAAP financial measures should be considered in conjunction with the consolidated financial statements, including the related notes, and *Management’s Discussion and Analysis of Financial Condition and Results of Operations* included in the Company’s Form 10-Q for the quarterly period ended September 30, 2021. 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 (loss)	Net income (loss)
Adjusted earnings (loss) per share	Earnings (loss) per common share – diluted
EBITDA	Net income (loss)
Adjusted EBITDA	Net income (loss)

The Company believes that Adjusted net income (loss), Adjusted earnings (loss) per share, 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 (loss) is defined as net income (loss) as adjusted for certain items that the Company believes are not indicative of its ongoing operating performance. Adjusted earnings (loss) per share is a measure of the Company’s diluted earnings (loss) 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 (loss), Adjusted earnings (loss) per share, 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 (loss), Adjusted earnings (loss) per share, 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.

NON-GAAP RECONCILIATION

The following table presents a reconciliation from Net loss to Adjusted net (loss) earnings for the three and nine months ended September 30, 2021 and 2020 (UNAUDITED)

(in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss	\$ (7,177)	\$ (1,466)	\$ (40,898)	\$ (19,920)
Stock-based compensation ¹	102	165	334	482
Loss on debt extinguishment ²	—	—	—	497
Severance ³	(2)	332	690	332
Incremental financial reporting ⁴	—	4	—	1,783
Internal control remediation ⁵	268	137	971	1,029
Government investigations and other legal matters ⁶	1,968	2,697	17,887	8,435
Life insurance proceeds ⁷	—	(930)	—	(930)
Discrete income tax items ⁸	—	(287)	(555)	(3,905)
Adjusted net (loss) earnings	\$ (4,841)	\$ 652	\$ (21,571)	\$ (12,197)

NON-GAAP RECONCILIATION

The following table presents a reconciliation from Loss per common share – diluted to Adjusted (loss) earnings per share for the three and nine months ended September 30, 2021 and 2020 (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Loss per common share – diluted	\$ (0.31)	\$ (0.06)	\$ (1.79)	\$ (0.87)
Stock-based compensation ¹	—	0.01	0.01	0.02
Loss on debt extinguishment ²	—	—	—	0.02
Severance ³	—	0.01	0.03	0.01
Incremental financial reporting ⁴	—	—	—	0.08
Internal control remediation ⁵	0.01	0.01	0.04	0.05
Government investigations and other legal matters ⁶	0.09	0.11	0.78	0.37
Life insurance proceeds ⁷	—	(0.04)	—	(0.04)
Discrete income tax items ⁸	—	(0.01)	(0.02)	(0.17)
Adjusted (loss) earnings per share – diluted	\$ (0.21)	\$ 0.03	\$ (0.95)	\$ (0.53)
Diluted shares (in thousands)	22,920	22,881	22,902	22,866

NON-GAAP RECONCILIATION

The following table presents a reconciliation from Net loss to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2021 and 2020 (UNAUDITED)

(in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss	\$ (7,177)	\$ (1,466)	\$ (40,898)	\$ (19,920)
Interest expense	1,623	1,510	5,253	4,211
Income tax benefit	(133)	(210)	(281)	(3,771)
Depreciation	1,202	1,314	3,647	3,922
Amortization of intangible assets	634	763	1,901	2,290
EBITDA	(3,851)	1,911	(30,378)	(13,268)
Stock-based compensation ¹	102	165	334	482
Loss on debt extinguishment ²	—	—	—	497
Severance ³	(2)	332	690	332
Incremental financial reporting ⁴	—	4	—	1,783
Internal control remediation ⁵	268	137	971	1,029
Government investigations and other legal matters ⁶	1,968	2,697	17,887	8,435
Life insurance proceeds ⁷	—	(930)	—	(930)
Adjusted EBITDA	<u>\$ (1,515)</u>	<u>\$ 4,316</u>	<u>\$ (10,496)</u>	<u>\$ (1,640)</u>

NON-GAAP RECONCILIATION

1. Amounts reflect non-cash stock-based compensation expense.
2. Amount represents the loss on the extinguishment of the Company's prior credit facility with Wells Fargo Bank, N.A. and the unsecured senior notes in April 2020.
3. Amounts represent severance and other post-employment costs for certain former employees of the Company.
4. Amounts represent professional services fees related to the Company's efforts to prepare, audit and file delinquent financial statements with the SEC, as well as tax compliance matters impacted by the restatement of prior period financial statements. The amounts exclude \$0.1 million and \$1.0 million for the three and nine months ended September 30, 2020.
5. Amounts represent professional services fees related to the Company's efforts to remediate internal control material weaknesses including certain costs to upgrade IT systems.
6. Amounts include professional services fees for the three and nine months ended September 30, 2021 of \$1.6 million and \$15.2 million, respectively, and \$1.7 million and \$5.5 million for the three and nine months ended September 30, 2020, respectively, related to costs to indemnify certain former officers and employees of the Company. The Company is obligated to pay legal costs of certain former officers and employees in accordance with Company bylaws and certain indemnification agreements. As further discussed in Note 9. *Commitments and Contingencies* of Part I, Item 1. *Financial Statements* within the Company's Form 10-Q for the quarterly period ended September 30, 2021, the Company fully exhausted its historical primary directors' and officers' insurance coverage in connection with these matters during the first quarter of 2020. Also included are professional services fees and reserves related to certain other legal matters.
7. Amount represents a life insurance payment to the Company related to the death of a former employee.
8. Amounts for all periods include adjustments to impacts of the CARES Act; the nine months ended September 30, 2020 also include a change in the deferred tax liability related to an indefinite lived intangible asset.



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