

POWER SOLUTIONS INTERNATIONAL, INC.
Form 8-K
August 31, 2018

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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of earliest event reported): August 29, 2018

Power Solutions International, Inc.
(Exact name of registrant as specified in its charter)

Delaware 001-35944 33-0963637
(State or other jurisdiction of (Commission (IRS Employer
incorporation or organization) File Number) Identification No.)
201 Mittel Drive, Wood Dale, Illinois 60191
(Address of principal executive offices and zip code)
Registrant's telephone number, including area code: (630) 350-9400

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

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

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

Emerging growth company

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

Item 8.01 Other Events.

As previously disclosed, Power Solutions International, Inc. (the “Company”) and Weichai America Corp. (“Weichai America”) entered into a Share Purchase Agreement (the “Purchase Agreement”), pursuant to which the Company issued and sold to Weichai America, and Weichai America subscribed for and purchased from the Company, 2,728,752 shares of the Company’s common stock, par value \$0.001 per share (“Common Stock”) and 2,385,624 shares of the Company’s series B preferred stock, par value \$0.001 per share, which were converted on a two to one basis into 4,771,248 shares of Common Stock. In addition, in connection with the consummation of the transactions contemplated by the Purchase Agreement, the Company entered into and delivered to Weichai America a stock purchase warrant, which was amended on November 30, 2017, exercisable for such number of additional shares of Common Stock such that Weichai America upon exercise will hold 51% of the shares of Common Stock then outstanding on terms and subject to adjustments provided therein (the “Warrant”).

On August 29, 2018, the Company received a letter from Weichai America regarding Weichai America’s current intention to exercise the Warrant in full on or about October 1, 2018, although Weichai America reserves all rights to not exercise at such time and exercise at any later time during the term or not exercise at all.

Based on Weichai America’s current ownership of 7,700,000 shares of the 18,632,489 shares of Common Stock outstanding (including 49,478 shares of restricted Common Stock which the Company has granted to certain of its employees and directors which are vested) on August 21, 2018, a full exercise of the Warrant would result in the issuance of approximately 4.4 million shares of Common Stock to Weichai America. However, the exact number of shares of Common Stock issuable upon the potential full exercise of the Warrant will be determined at the time of exercise based on the number of shares of Common Stock then issued and outstanding on a fully diluted basis. The exercise price for the shares of Common Stock issuable upon full exercise of the Warrant will be determined at the time of exercise in accordance with the Warrant. Further, in the event that Weichai America exercises the Warrant in full, it has the ability to nominate an additional board member or additional members so that individuals nominated by Weichai America constitute the majority of the directors serving on the Company’s board.

Caution Regarding Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements regarding the current expectations of the Company about its prospects and opportunities. These forward-looking statements are covered by the “Safe Harbor for Forward-Looking Statements” provided by the Private Securities Litigation Reform Act of 1995. The Company has tried to identify these forward-looking statements by using words such as “anticipate,” “believe,” “budgeted,” “contemplate,” “estimate,” “expect,” “forecast,” “guidance,” “may,” “outlook,” “plan,” “projection,” “should,” “target,” “will,” “would,” or similar words, but these words are not the exclusive means for identifying such statements. The Company cautions that a number of risks, uncertainties and other factors could cause the Company’s actual results to differ materially from those expressed in, or implied by, the forward-looking statements, including, without limitation: the final results of the Audit Committee’s independent review as it impacts the Company’s accounting, accounting policies and internal control over financial reporting; management’s ability to successfully implement the Audit Committee’s remedial recommendations; the reasons giving rise to the prior resignation of RSM US LLP as the Company’s independent registered public accounting firm and the impact of the resignation on the Company’s relationship with its lender and trade creditors and the potential for defaults and exercise of creditor remedies; the time and effort required to complete the restatement of the affected financial statements, complete its delinquent financial statements and amend or prepare the related Form 10-K and Form 10-Q filings; the subsequent discovery of additional adjustments to the Company’s previously issued financial statements; the timing of completion of necessary re-audits, interim reviews and audits by the new independent registered public accounting firm; 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; variances in non-recurring expenses; risks relating to the substantial costs and diversion of personnel’s attention and resources deployed to address the financial reporting and internal control matters and related class action litigation; the ability of the Company to accurately budget for and forecast product shipments, and the extent to which product shipments result in recorded revenues; the impact of the previously disclosed investigation initiated by the SEC and any related or additional governmental investigative or enforcement proceedings; the impact of resignations of the Company’s directors and certain executive officers and any delays and challenges encountered in recruiting replacements for open positions and the replacements’ transitions into their positions; and any negative impacts from delisting of the Company’s common stock from Nasdaq and any delays and challenges in obtaining a re-listing on a stock exchange. Actual events or results may differ materially from the Company’s expectations. 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.

SIGNATURES

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

**POWER SOLUTIONS
INTERNATIONAL, INC.**

By: /s/ Charles F. Avery, Jr.
Charles F. Avery, Jr.
Chief Financial Officer

Dated: August 31, 2018