



NN, Inc. Announces Closure of Manufacturing Facility in Taunton, Massachusetts

February 24, 2022

CHARLOTTE, N.C., Feb. 24, 2022 (GLOBE NEWSWIRE) -- NN, Inc. (NASDAQ: NNBR), a diversified industrial company, today announced that it will close its manufacturing facility in Taunton, Massachusetts. The decision to close this facility, which is part of NN's Power Solutions group, was made to optimize the Company's Aerospace, Defense and Medical (AD&M) manufacturing footprint and as part of its ongoing efforts to improve profitability and cash flow generation.

When NN's Taunton facility opened, NN consolidated its Hingham and Franklin operations into Taunton and closed those facilities. The intent of the combined facility was to integrate acquired businesses that would grow NN's Aerospace and Defense business and improve overall capacity utilization.

As a result of NN's evaluation of strategic alternatives and de-leveraging initiative, culminating with the sale of its Life Sciences business in October 2020, the Taunton facility has been under-utilized. NN's strategic focus has shifted and is now primarily centered around organic growth opportunities in the rapidly growing electric vehicle and electric infrastructure end-markets.

"Consistent with our ongoing continuous improvement initiatives to improve our overall cost structure through various methods including facility rationalization, NN thoroughly evaluated several alternatives to address the under-utilization of the Taunton facility and the resulting impact on our profitability and free cash flow. After careful deliberation, we have concluded that this plan represents the quickest and lowest risk option to achieve our long-term strategic objectives and expect to complete the closure by the end of 2022." said Warren Veltman, President and Chief Executive Officer of NN.

Mike Felcher, NN Senior Vice President and CFO, commented, "We remain committed to improving NN's profitability and driving strong free cash flow generation while maintaining sufficient liquidity and flexibility in our capital structure to invest in key strategic growth areas. Through the first nine months of 2021, the under-utilization of the Taunton facility resulted in an operating loss of \$4.7 million which included \$1.0 million of depreciation. We believe that rationalizing our AD&M manufacturing footprint will improve our long-term financial results and better position NN to achieve its strategic growth objectives."

The closure of the Taunton facility will involve relocating customers that meet volume and profitability requirements to other NN facilities. NN expects to incur costs in the range of \$1 to \$1.5 million for employee severance and equipment relocation. In addition, the Company expects to sublease the facility upon exit which may result in additional costs. The closure of the plant will affect approximately 85 salaried and hourly employees. In instances where employees are not offered employment at another NN manufacturing facility, support will be provided in terms of transition and employee assistance.

About NN, Inc.

NN, Inc., a diversified industrial company, combines advanced engineering and production capabilities with in-depth materials science expertise to design and manufacture high-precision components and assemblies for a variety of markets on a global basis. Headquartered in Charlotte, North Carolina, NN has 31 facilities in North America, Europe, South America, and Asia.

Except for specific historical information, many of the matters discussed in this press release may express or imply projections of revenues or expenditures, statements of plans and objectives or future operations or statements of future economic performance. These, and similar statements, are forward-looking statements concerning matters that involve risks, uncertainties and other factors which may cause the actual performance of NN, Inc. and its subsidiaries to differ materially from those expressed or implied by this discussion. All forward-looking information is provided by the Company pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "assumptions", "target", "guidance", "outlook", "plans", "projection", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "potential" or "continue" (or the negative or other derivatives of each of these terms) or similar terminology. Factors which could materially affect actual results include, but are not limited to: general economic conditions and economic conditions in the industrial sector, the impacts of the coronavirus (COVID-19) pandemic on the Company's financial condition, business operations and liquidity, inventory levels, regulatory compliance costs and the Company's ability to manage these costs, start-up costs for new operations, debt reduction, competitive influences, risks that current customers will commence or increase captive production, risks of capacity underutilization, quality issues, availability and price of raw materials, currency and other risks associated with international trade, the Company's dependence on certain major customers, and the successful implementation of the global growth plan including development of new products. Similarly, statements made herein and elsewhere regarding pending and completed transactions are also forward-looking statements, including statements relating to the future performance and prospects of an acquired business, the expected benefits of an acquisition on the Company's future business and operations and the ability of the Company to successfully integrate recently acquired businesses.

For additional information concerning such risk factors and cautionary statements, please see the section titled "Risk Factors" in the Company's periodic reports filed with the Securities and Exchange Commission, including, but not limited to, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2021, and, when filed, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021. Except as required by law, we undertake no obligation to update or revise any forward-looking statements we make in our press releases, whether as a result of new information, future events or otherwise.

FOR FURTHER INFORMATION:

Jeff Tryka, CFA
Investor Relations Contact
jtryka@lambert.com
616-295-2509



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