# Investor Presentation

*Sidoti Virtual Investor Conference*

NN Inc. | November 15, 2023

# Forward Looking Statement & Disclosures

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 statements may discuss goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or state other information relating to NN, Inc. based on current beliefs of management as well as assumptions made by, and information currently available to, management. Forward-looking statements generally will be accompanied by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “will”, “possible,” “potential,” “predict,” “project” or other similar words, phrases or expressions. Forward-looking statements involve a number of risks and uncertainties that are outside of management’s control and that may cause actual results to be materially different from such forward-looking statements. Such factors include, among others, general economic conditions and economic conditions in the industrial sector; the impacts of pandemics, epidemics, disease outbreaks and other public health crises, including the COVID-19 pandemic, on our financial condition, business operations and liquidity; competitive influences; risks that current customers will commence or increase captive production; risks of capacity underutilization; quality issues; material changes in the costs and availability of raw materials; economic, social, political and geopolitical instability, currency fluctuation, and other risks of doing business outside of the United States; inflationary pressures and changes in the cost or availability of materials, supply chain shortages and disruptions, and the availability of labor; our dependence on certain major customers, some of whom are not parties to long-term agreements (and/or are terminable on short notice); the impact of acquisitions and divestitures; our ability to hire or retain key personnel; the level of our indebtedness; the restrictions contained in our debt agreements; our ability to obtain financing at favorable rates, if at all, and to refinance existing debt as it matures; unanticipated difficulties integrating acquisitions; new laws and governmental regulations; the impact of climate change on our operations; and cyber liability or potential liability for breaches of our or our service providers’ information technology systems or business operations disruptions. The foregoing factors should be not be construed as exhaustive and should be read in conjunction with the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s filings made with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date of this press release, and the Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. New risks and uncertainties may emerge from time to time, and it is not possible for the Company to predict their occurrence or how they will affect the Company. The Company qualifies all forward-looking statements by these cautionary statements.

With respect to any non-GAAP financial measures included in the following presentation, the accompanying information required by SEC Regulation G can be found at the back of this presentation or in the “Investor Relations” section of the Company’s web site, www.nninc.com, under the heading “News & Events” and subheading “Presentations.”

# Investment Highlights

## Niche Market Leadership

- Leading diversified industrial manufacturer of high-precision metal and plastic products
- Decades of engineering and technical depth
- Complex process tech across diverse, high-spec customer base

## Enhanced Leadership Team

- New CEO, COO, and Procurement leaders, plus critical promotions in key roles
- Led by new CEO Harold Bevis and a team that has executed multiple successful corporate transformations

## Executing New Transformation Plan

- Early innings of transformation plan to grow sales, profits, and cash flows
- Addressing unprofitable business with opportunity to improve margins through additional cost optimization and pricing initiatives

## Revamping Commercial Organization

- “Doing More, Faster”
- Leveraging open capacity and existing capabilities to drive organic growth and more wins
- Recently reentered the medical market where capabilities align with market demand

## Expanding Free Cash Flow Generation

- Turnaround strategy and commercial initiatives emphasize consistent free cash flow generation
- Enhanced cash returns will further support stronger balance sheet and fund future growth investments

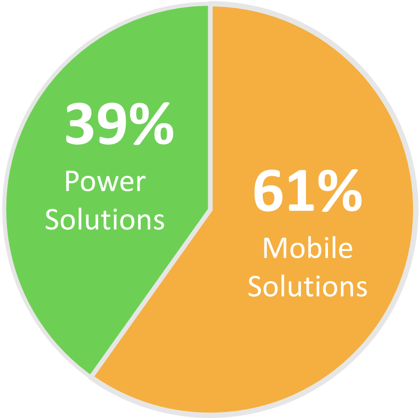
# Who Are We

- **BEST-IN-CLASS** high-precision components and assemblies
  - Over 60 program awards in first 9 months of 2023 in steering systems, electric motors, commercial vehicles, passenger vehicles, air bag systems, battery management, defense, and vehicle sensors
- **TWO PRIMARY SEGMENTS:** Power Solutions and Mobile Solutions
  - Reentered medical market with product opportunities that are aligned with the Company's knowhow
- **STRONG REPUTATION** and steady foundational business supported by long-term customers in markets with high barriers to entry
- **GLOBAL MANUFACTURING PLATFORM:** 27 facilities in 6 countries, and 49% ownership in China JV with sales >$100 million [1]
- **STRATEGIC PARTNER** to diversified customer base with long standing business relationships

## Key Data Points

| REVENUE[1] | ADJ. EBITDA[1] |
|---|---|
| **$495M** | **$41M** |
| EMPLOYEES | CUSTOMERS |
| **~3,400** | **1,150+** |

## Revenue Breakdown [1]




*[1] Trailing Twelve Months as of 9/30/23*

# Business Segments

## Power Solutions

**Provides:**
Customers with manufacturing capabilities to help codesign and produce safe, durable, and high-quality mission-critical components across a flexible volume/mix platform

**End Markets:**
Electric, General Industrial, Automotive, Aerospace & Defense, and Medical

**Key Product Applications:**
Smart meters, BEV, charging stations, circuit breakers, sensors, transformers, switchgears, powder metal contacts, rockets and satellites, and surgical instruments

Connector Shields

Smart Meter Contact Assembly or "Blade"

Medical Surgical Instruments

## Mobile Solutions

**Provides:**
Tier-1 automotive supplier customers with a development partner, dependable product quality, unmatched speed to market, and advanced precision engineering capabilities

**End Markets:**
Commercial and passenger vehicles, (ICE/BEV/HEV), General Industrial

**Key Product Applications:**
Electric power steering, electric braking, electric motors, gas and diesel fuel systems, emissions control for heavy duty (dosing), HVAC compressors

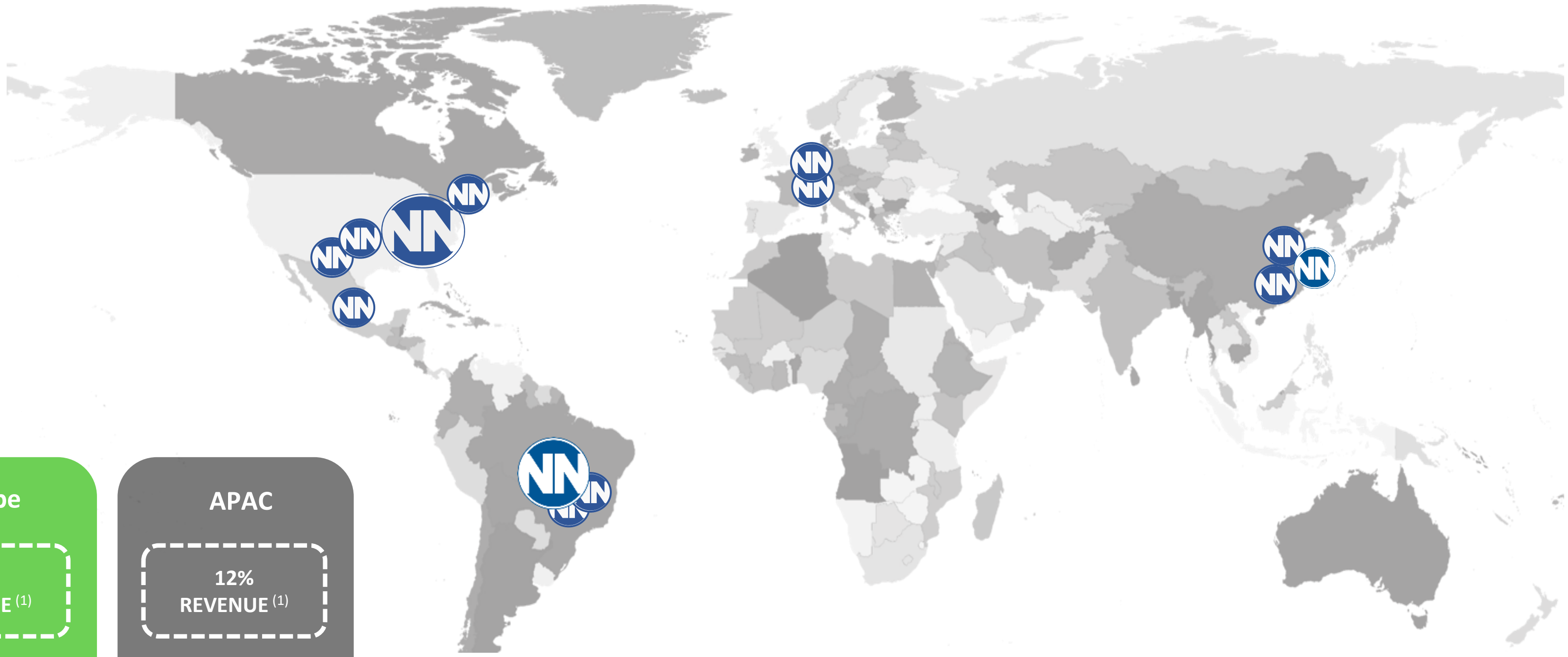
Precision Worm Shafts
(electric power steering)

Inlet Fittings

Electric Motor Shafts

# Manufacturing Footprint

- Low-cost footprint aligned with strategy and facility optimization initiatives
- Centers of excellence in engineering and manufacturing spanning four continents and supporting regional requirements




| North America | South America | Europe | APAC |
|---|---|---|---|
| 72% REVENUE (1) | 9% REVENUE (1) | 7% REVENUE (1) | 12% REVENUE (1) |
| 54% EMPLOYEES | 20% EMPLOYEES | 10% EMPLOYEES | 16% EMPLOYEES |
| 18 FACILITIES | 4 FACILITIES | 2 FACILITIES | 3 FACILITIES |

*(1) Trailing Twelve Months as of 9/30/23*

# Key End Markets

## Global Automotive Parts / Passenger Vehicle

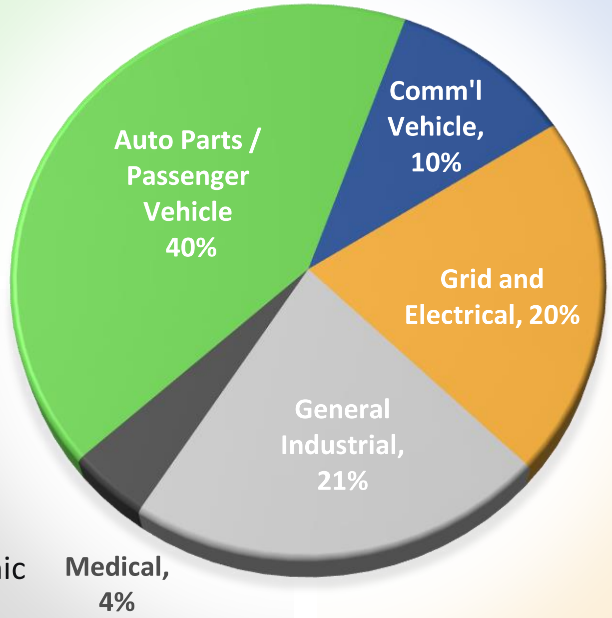
- Modest market growth expected in 2024, with the market improving from a constrained year in 2023.
- Growth expected to overcome weaker economic outlook which historically prompts contractions in light vehicle (LV) output.
- More normalized supply-side & vehicle pricing strategy expected to provide further support to 2024.

*Source: GlobalData*

## Commercial Vehicle

- Global heavy-duty truck market estimated at 3.1 million units in 2023.
- Heavy-duty commercial vehicle sector is expected to continue to expand annually, delivering a CAGR of 3.3%, reaching 3.7 million units by 2028.

*Source: GlobalData*




## Medical Components

- Orthopedic sales expected to increase 3.4% for 2023 and 3.4%–3.7% year-over-year through 2026.
- Procedure volumes in most product segments and geographic regions have normalized since COVID-19.
- While there may be pockets of backlogged procedures that produce a market demand tailwind, this anticipated upside may be partially offset by staffing shortages.

*Source: ORTHOWORLD*

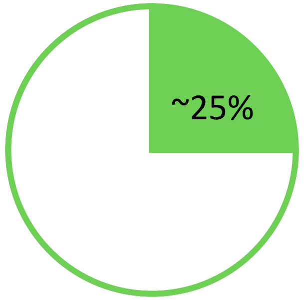
## Grid and Electrical Investment

- Global power grid market expected to grow at a CAGR of 4.37% thru 2032.
- Growing energy needs from residential and industrial sectors, the ongoing shift towards renewable energy sources, and the adoption of new technologies are projected to drive the levels of market demand across the forecast period.

*Source: Polaris Market Data*

# Transformation Plan Is Underway

***Reengineered Organizational Program to Grow Sales, Profits, Free Cash Flow, and Shareholder Value***

| Status | Goal | Q3 Progress |
|---|---|---|
|   *Made solid progress against each goal during the quarter and continue to maintain significant opportunity to enhance the business* | **1. Strengthen Leadership & Accountability** | • Supplemented executive team with the additions of Tim French, COO and David Harrison, CPO<br>• Strengthening operating processes |
| | **2. Address Unprofitable Business** | • Began the process of fixing or exiting unprofitable contracts<br>• Continuing to assess global manufacturing facilities; focused on improving unprofitable plants<br>• Plan is to improve plant-level EBITDA by >$10 million, annually |
| | **3. Expand Margins** | • Implemented numerous cost cutting and pricing initiatives<br>• Rolling out new Total Cost Productivity program globally; goal is to offset inflation plus expand margins |
| | **4. Institutionalize Free Cash Flow Generation** | • Refocusing global culture around better business (profitable/FCF generating/ balancing cash inflow with spending / outflows<br>• Immediate corrections underway<br>• FCF positive over the last 6 months and trailing twelve months |
| | **5. Increase New Business Wins** | • Balancing between Power and Mobile<br>• Balancing Mobile across powertrains – ICE, EV, hybrid<br>• Aligning sales organization (people, products, and focus)<br>• Increased new awards quarter over quarter – gaining momentum |

# Q3’23 Update & Recent Financials

# Q3'23 Business Highlights

- **First full quarter under new leadership showed immediate and significant improvement in results**
  - $14.5 million adjusted EBITDA and $11.3 million of free cash flow
  - Began strengthening leadership and accountability with additions of Tim French, Chief Operating Officer and David Harrison, Chief Procurement Officer, both experienced with strong transformations
- **Strong operating profitability and cash flow improvement supported by improved EBITDA performance, proactive global procurement, and more thoughtful inventory management**
- **Launched longer-term value improvement initiatives**
  - Refocusing growth program globally –> targets and probability
  - Implementing Total Cost Productivity program globally
  - Reentering medical market globally
  - Results still include >$100 million of sales that generate more than ($10) million of plant-level EBITDA losses across 7 plants, 3 countries, and multiple products and customers. 83% of issues are in Mobile plants. Significant improvement actions underway.
- **UAW strike is a short-term distractor that may cause a small amount of work to shift into Q1 2024; taking proactive actions to mitigate and reduce impact**

**$124.4M**

***Net Sales***

- Power Solutions (11%)
- Mobile Solutions +3.7%

**$14.5M**

***Adjusted EBITDA***

- Reported EBITDA $12M
- Loss from Ops ($2.7M)

**$11.3M**

***Free Cash Flow (FCF)***

- $17M FCF over trailing 12 months
- On-track for full year FCF expectation

**$37M**

***YTD New Awards***

- Focused on increasing both quality and quantity of prospecting

**All comparisons versus Q3'22*

# New Business Wins: $37M Q3 YTD Gross

**2023 YTD New Business Wins (NBW): Driving Momentum**

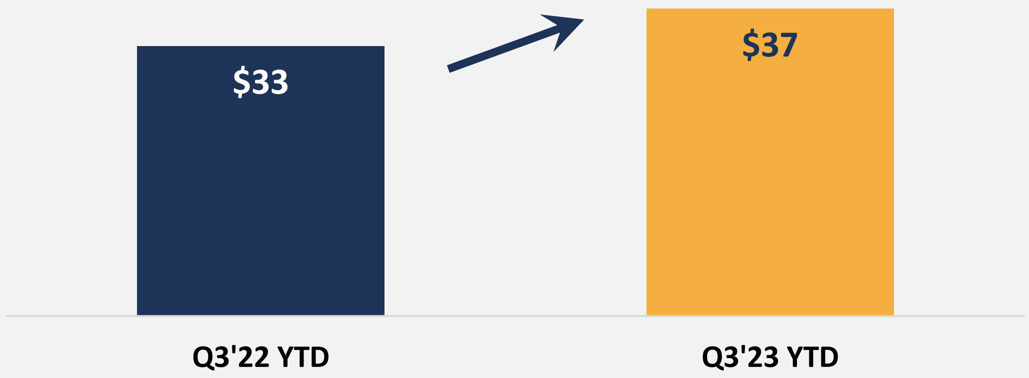
- Over 60 program awards in steering systems, electric motors, commercial vehicles, passenger vehicles, air bag systems, battery management, defense, and vehicle sensors
- Balancing portfolio across power trains (ICE, Hybrid, BEV) within vehicle businesses and increasing emphasis on Power segments
- Balancing between new and existing customers

**Transformation Underway to Increase Amount of New Wins**

- Leveraging existing capabilities and open capacity for more wins
- Expanding team, knowhow, and pipeline in key targeted areas:
  - Connector EMI shielding
  - Electric power steering system components
  - Power markets
- Expanding medical market participation
  - Hired a North America sales lead and getting immediate requests for quote; matching current capabilities with limited investment
- Prioritizing speed and agility and seeing early signs of success

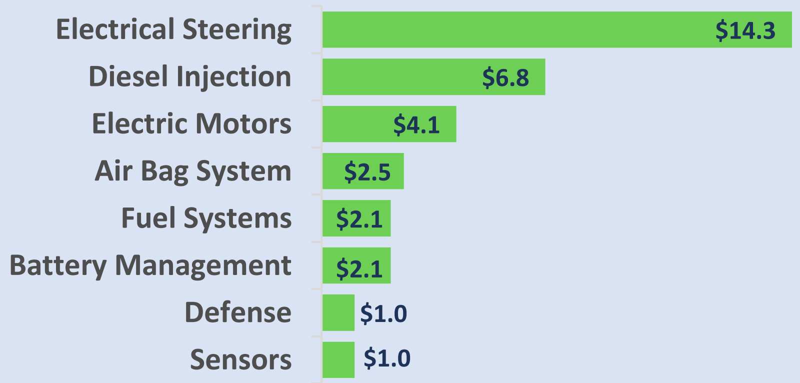
**NBW Annual Peak Value**

*(millions)*




**Primary NBW Market Segments YTD**

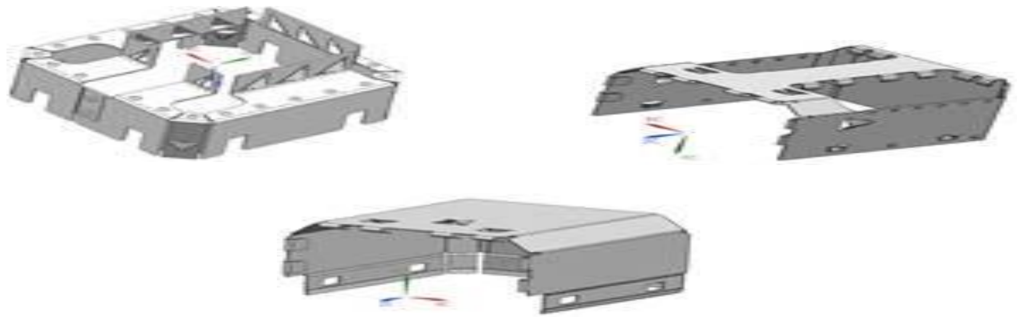
*(millions)*

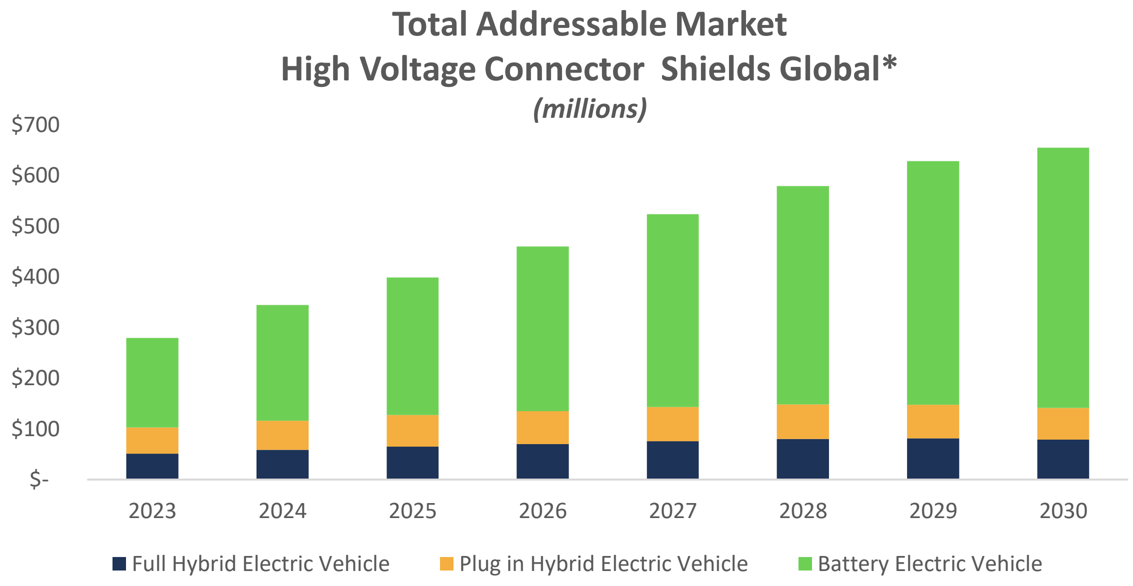


# Strategic Win: Connector Shields For Top Electrical Harness Maker Going Onto Well-Known EV Platform

**NN's knowhow in complicated, multi-station progressive die stampings recently supported the development of six unique connector shields and other related components. These are used to prevent Electro Magnetic Interference (EMI) from high voltage currents within electric vehicles from interfering with vehicle electronics.**

- New product, new and current equipment, high value and ROI
- Pathway to expand business in the EV market, with OEs, with connector makers, with harness makers
- Ordering upgraded prototyping, testing, and production equipment to further expand capabilities and offering
- Potentially leads NN into other shielding markets for sensitive electronic equipment of many types








*Data from GlobalData September 2023 Forecast

# Active Proposals – *Early Success Increasing Pipeline*

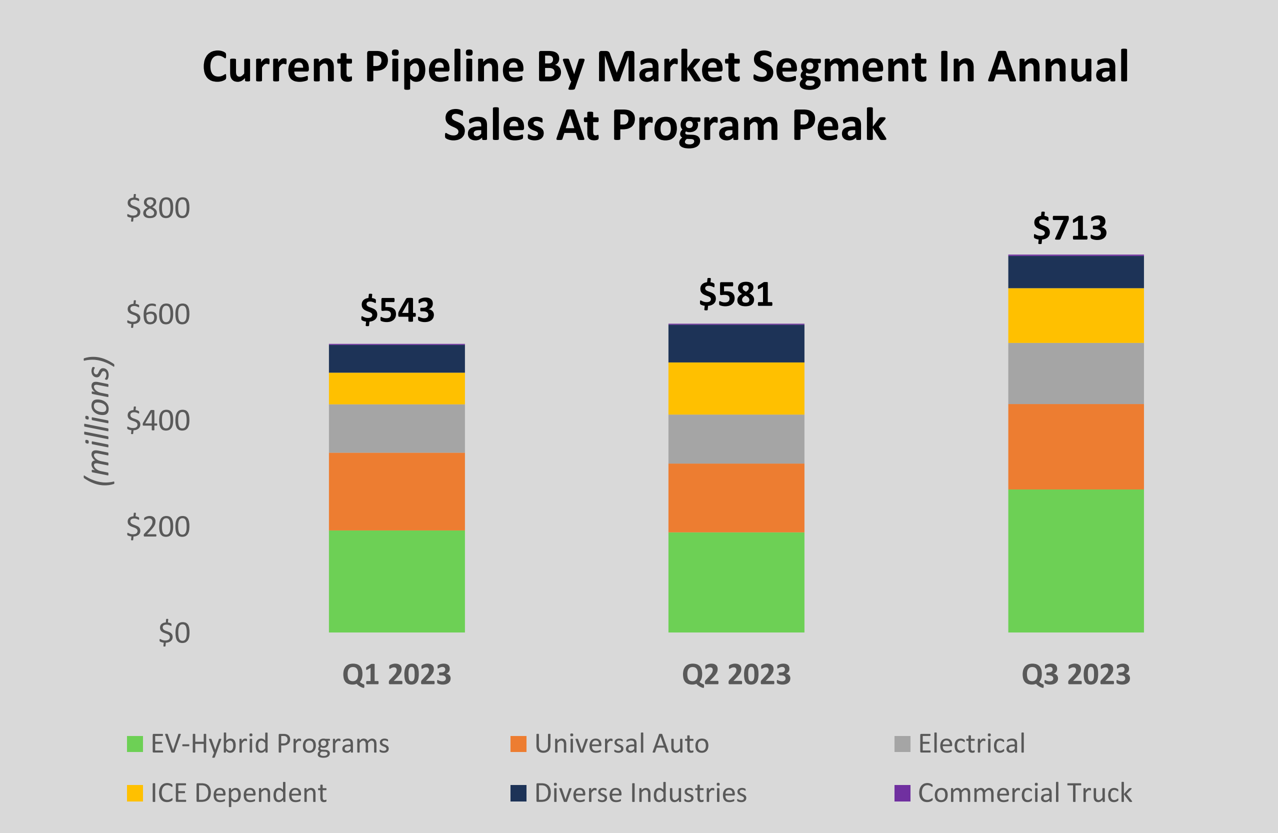
**Pipeline Update**

- Aggressively quoting open capacity, and revising open quotes
- 43% growth sequentially and 60% growth year-over-year for EV-Hybrid programs
- Have focused, reallocated resources and renovating new business program globally
- Underway with a global scrub-down of unlikely / low probability prospects.
- Q4 pipeline will likely decrease in size, but increase in probability of winning

**Medical Is A "New" Opportunity**

- Medical is a “new” market for NN as we boldly re-enter the global market (Not shown in the pipeline yet)
- Non-compete expiration enables NN to reenter the medical implant market with product opportunities that are in line with the Company’s knowhow

***Optimizing organization and processes to move faster, already showing results in key targeted markets***



# Q3'23 Financial Results

### Sales Drivers

- Pricing: ~$6M
- Volume: ~($11M)
- FX: $0.8M
- Customer settlement: $1.1M

### Adj. EBITDA Drivers

- Cost savings: ~$4M
- Volume: ~($3M)
- Customer & supplier settlements: $1.6M

| *(Dollars in millions, except per share data)* | 2022 | 2023 | Δ |
|---|---|---|---|
| **Net Sales** | $127.3 | $124.4 | -2.2% |
| **Operating Income (Loss)** | ($2.1) | ($2.7) | ($0.6) |
| **Non-GAAP Adjusted Operating Income** | $2.5 | $3.6 | $1.1 |
| **Non-GAAP Adjusted EBITDA** | $11.8 | $14.5 | $2.7 |
| **Non-GAAP Adjusted EBITDA Margin** | 9.3% | 11.6% | +230 bps |
| **Income (Loss) per Diluted Common Share** | ($0.11) | ($0.18) | ($0.07) |
| **Non-GAAP Adjusted Income (Loss) per Diluted Common Share** | $0.03 | $0.01 | ($0.02) |

# Mobile Solutions: Q3'23 Highlights

**Sales up 3.7%, or $2.8 million, from prior year**

(+) Pricing

(+) Customer settlement in '23

(+) Foreign exchange effects

(–) Volume down ~$3 million

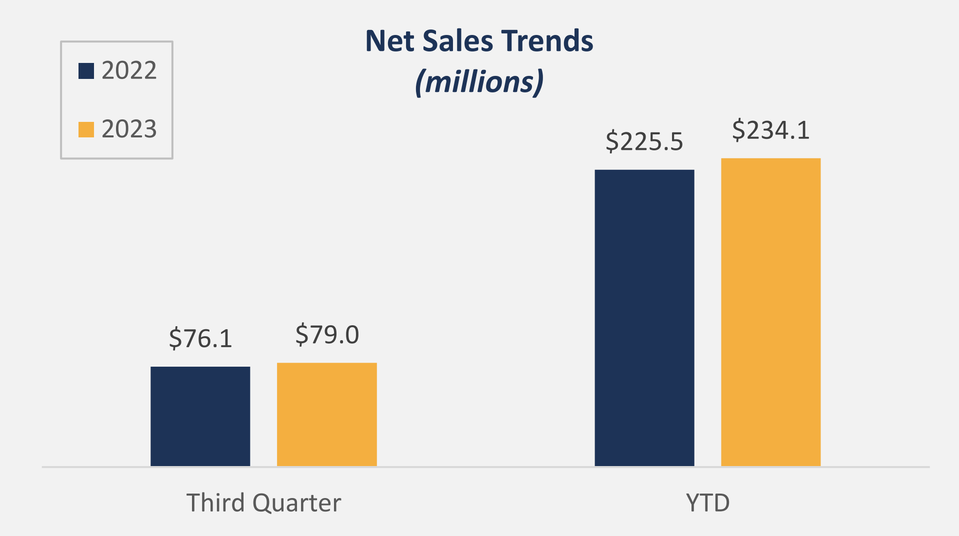
**Profitability**

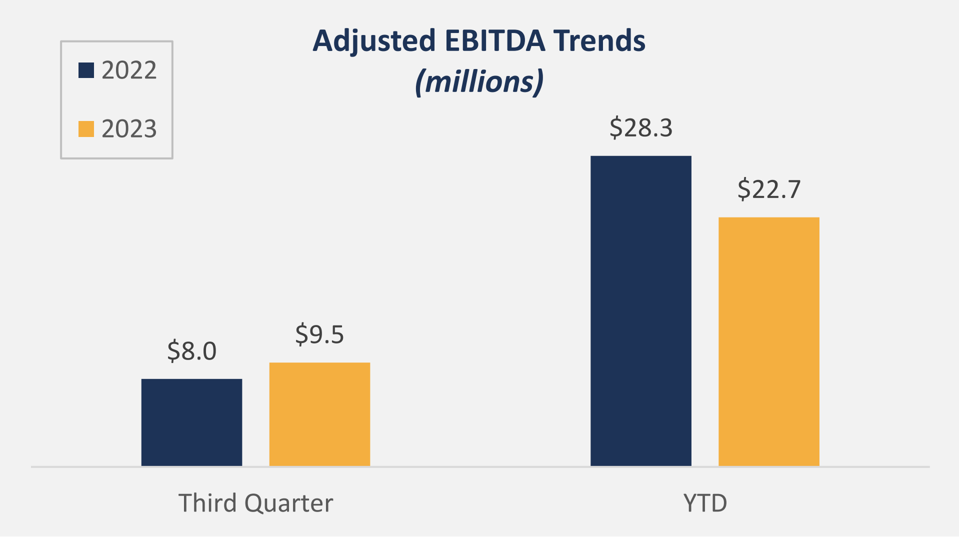
(+) Customer settlement in '23

(+) Benefits of right-sizing indirect labor support

**Current Focus & Looking Forward**

- Softer Q4 demand outlook over UAW strike impact
- New business wins performance is strong in China; focused on improvements in North America and Europe
- Operating performance improvements:
  - Wellington stabilized
  - Juarez progressing and close to exiting multiple unprofitable contracts



# Power Solutions: Q3'23 Highlights

**Sales down 11.0%, or $5.6 million, from prior year**

(–) Volume down ~$8 million

- Auto component sales primarily due to two key customers losing market share
- General industrial component sales due to lower market capital spending in the increasing interest rates environment
- Aerospace and defense sales down as a result of Irvine, CA and Taunton, MA facilities closures and business exits

**Profitability**

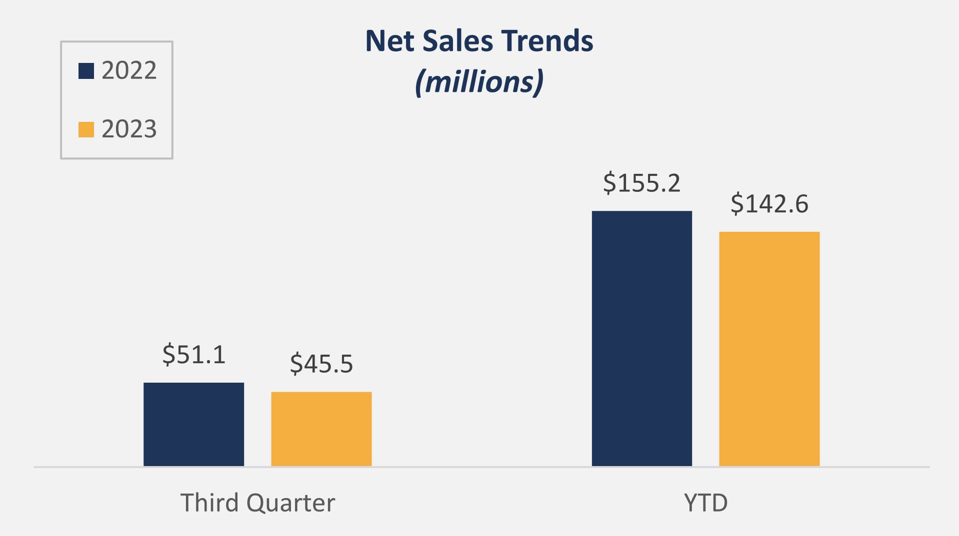
(+) Rationalized unprofitable business within Taunton, MA facility

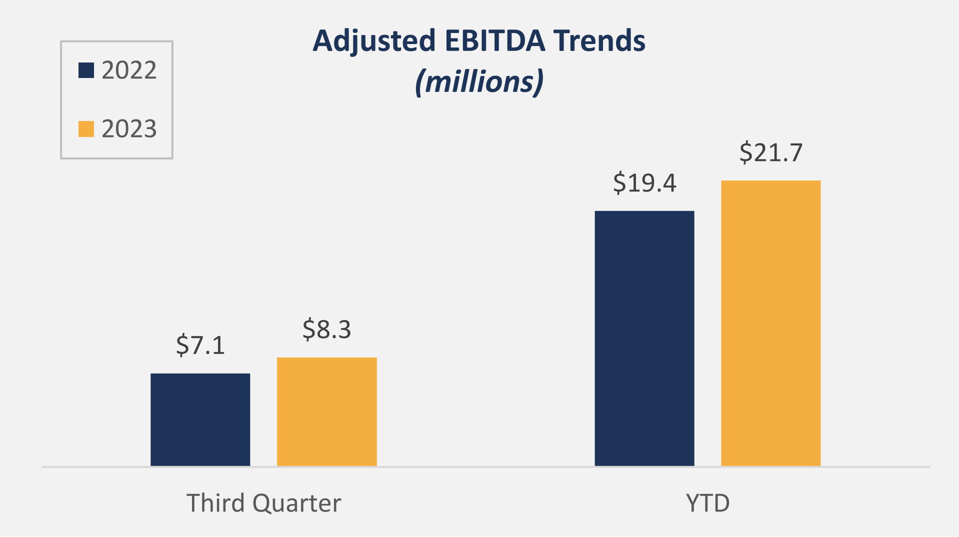
(+) Benefits of right-sizing indirect labor support

(+) Retroactive material cost recovery

**Current Focus & Looking Forward**

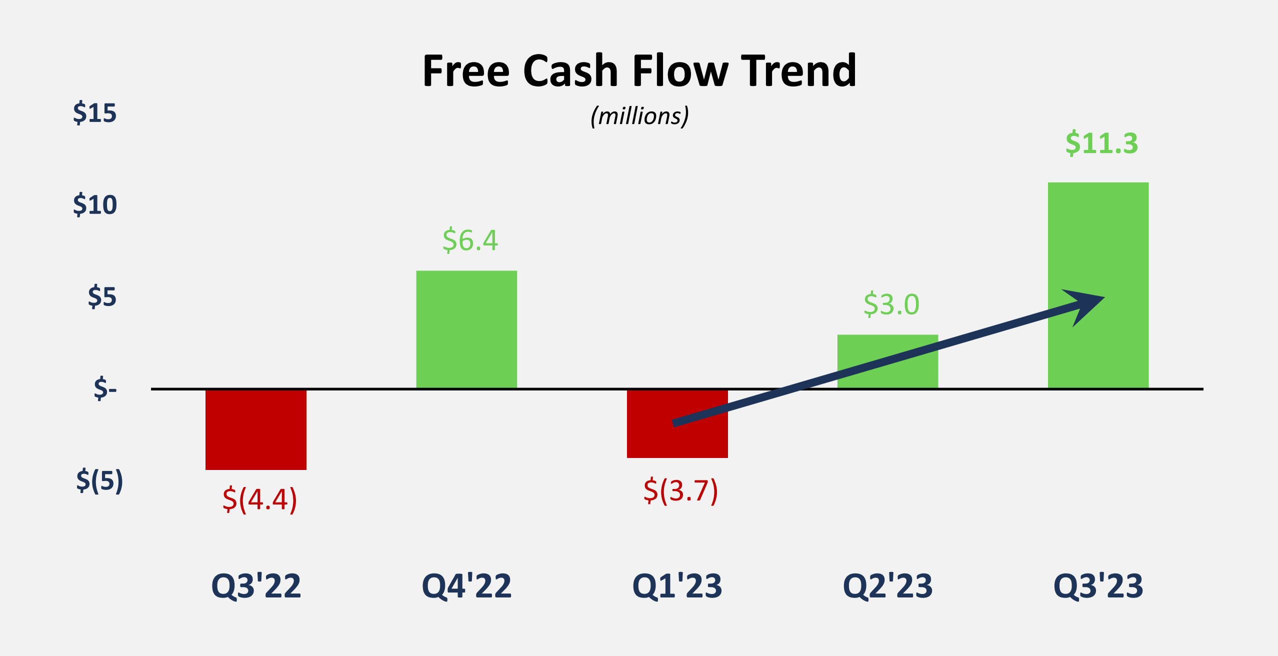
- Softer Q4 demand outlook over UAW strike impact
- Demand signals are strengthening for electrification and grid products
- Focused effort to enter global shielding market

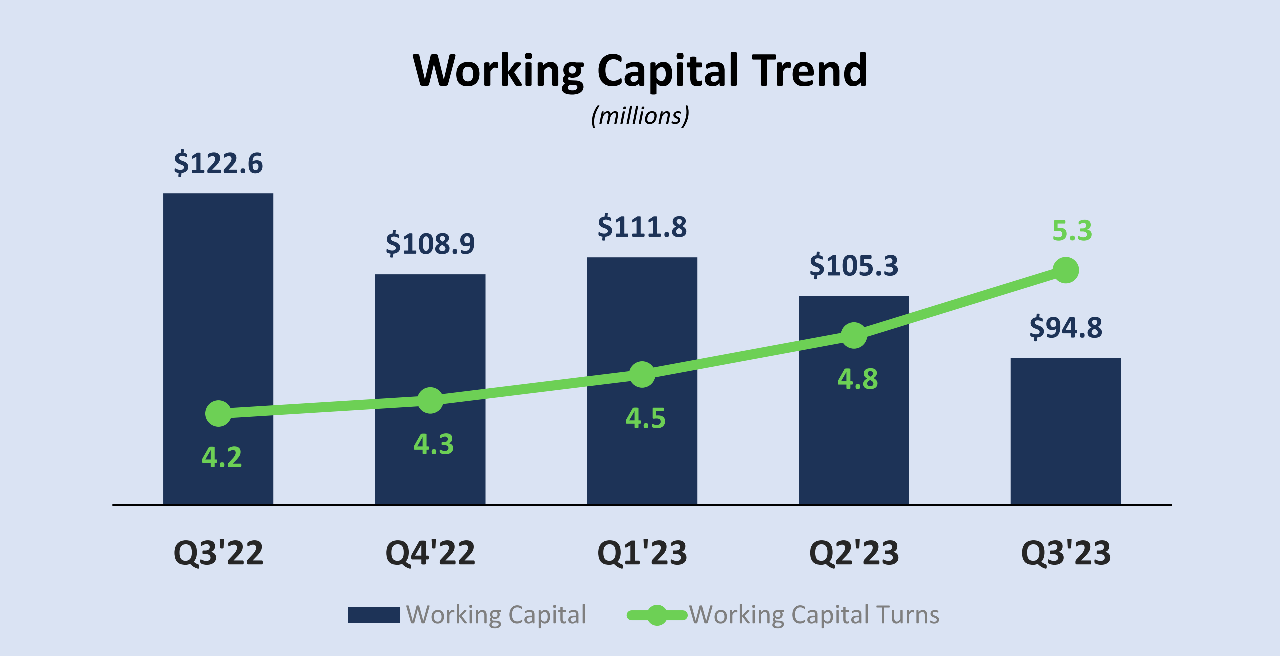


# Cash Flow & Working Capital

- Free cash flow (FCF) of $17M for trailing 12-month period
- Will be FCF positive for the full-year while maintaining historical capital investment rate
- Remain focused on consistent cash flow moving forward
- Four consecutive quarters of improved working capital turns





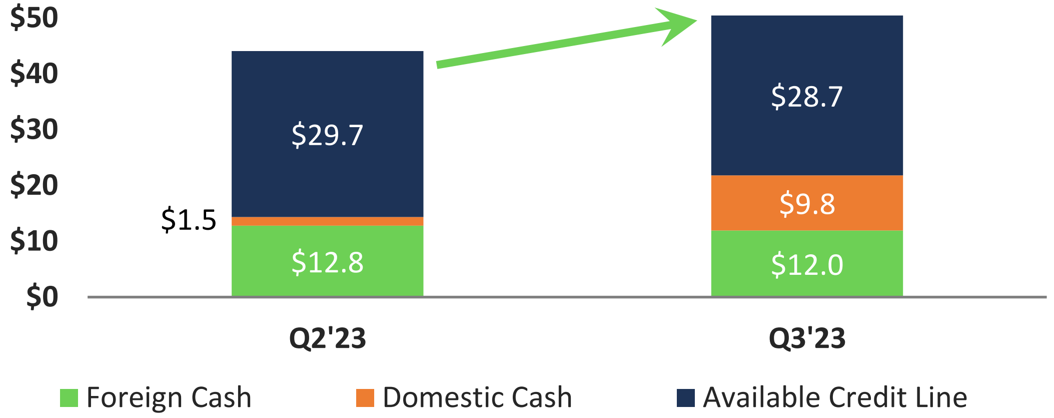

Working Capital = Accounts Receivable, Inventory, and Accounts Payable
Working Capital Turns = Current Quarter Sales Annualized / Working Capital

# Balance Sheet & Liquidity

## Revised Capital Allocation Program

- Implemented much tougher stance on balancing cash inflows with outflows, reducing leverage and increasing liquidity
  - Showing strong early results
  - 3.37x leverage, increased liquidity
- Plan to reduce leverage below 3x in 2024 while implementing stronger, focused growth program
- Targeted improvements in working capital optimization, cost reductions, operational improvement, and less facility closure spending
- Capital expenditures of $4.1M in Q3’23 compared to $4.3M in Q3’22
- Revised capital expenditure strategy with stronger focus on growth

**Increased Liquidity**
*(millions)*




| *(Dollars in millions)* | Q2’23 | Q3’23 |
|---|---|---|
| **Short-term Debt** | $8.9 | $8.8 |
| **Long-term Debt** | $153.3 | $150.7 |
| **Funded Debt** | $162.2 | $159.5 |
| **Cash** | $14.3 | $21.8 |
| **Net Debt** | $147.9 | $137.7 |
| **TTM Adjusted EBITDA** | $38.2 | $40.9 |
| **Net Debt to Adjusted EBITDA** | **3.87x** | **3.37x** |

# 2023 Outlook: Transformation Taking Place

**Outlook Reflects:**

- Net sales mid-point slightly lower, will continue to fix or shed unprofitable business
- Adjusted EBITDA mid-point slightly lower, in line with volume
- Free cash flow mid-point raised based on strong Q3'23 performance

**Outlook Drivers/Assumptions:**

- Stable demand within legacy business but softer Q4 demand outlook over UAW strike impact
- Positive impact due to cost reduction activities and unprofitable business corrective actions
- Increased new business prospecting activities in targeted areas
- Turning the corner to be a consistent and positive FCF generating business

| *(millions)* | **2023 Outlook** |
|---|---|
| **Net Sales** | **$487 - $497** |
| **Adjusted EBITDA** | **$40 - $44** |
| **Free Cash Flow** | **$10 - $14** |

# Investment Highlights

## Niche Market Leadership

- Leading diversified industrial manufacturer of high-precision metal and plastic products
- Decades of engineering and technical depth
- Complex process tech across diverse, high-spec customer base

## Enhanced Leadership Team

- New CEO, COO, and Procurement leaders, plus critical promotions in key roles
- Led by new CEO Harold Bevis and a team that has executed multiple successful corporate transformations

## Executing New Transformation Plan

- Early innings of transformation plan to grow sales, profits and cash flows
- Addressing unprofitable business, with opportunity to improve margins through additional cost optimization and pricing initiatives

## Revamping Commercial Organization

- "Doing More, Faster"
- Leveraging open capacity and existing capabilities to drive organic growth and more wins
- Recently re-entered the medical market where capabilities align with market demand

## Expanding Free Cash Flow Generation

- Turnaround strategy and commercial initiatives emphasize consistent free cash flow generation
- Enhanced cash returns will further support stronger balance sheet and fund future growth investments

# Appendix

# Reconciliation of GAAP Income (Loss) from Operations to Non-GAAP Adjusted Income (Loss) from Operations and Non-GAAP Adjusted EBITDA

| *(in thousands)* | Three Months Ended September 30, | |
|---|---|---|
| **NN, Inc. Consolidated** | **2023** | **2022** |
| GAAP loss from operations | $ (2,739) | $ (2,117) |
| Professional fees | 32 | 341 |
| Personnel costs (1) | 903 | 17 |
| Facility costs (2) | 1,893 | 644 |
| Amortization of intangibles | 3,563 | 3,587 |
| Non-GAAP adjusted income from operations (a) | $ 3,652 | $ 2,472 |
| | | |
| Non-GAAP adjusted operating margin (3) | 2.9 % | 1.9 % |
| | | |
| Depreciation | 8,014 | 7,607 |
| Other expense, net | 1,463 | 1,156 |
| Non-cash foreign exchange (gain) on inter-company loans | 520 | 444 |
| Change in fair value of preferred stock derivatives and warrants | (2,104) | (1,623) |
| Share of net income from joint venture | 1,713 | 1,424 |
| Non-cash stock compensation | 1,208 | 307 |
| Non-GAAP adjusted EBITDA (b) | $ 14,466 | $ 11,787 |
| | | |
| Non-GAAP adjusted EBITDA margin (4) | 11.6 % | 9.3 % |
| | | |
| GAAP net sales | $ 124,443 | $ 127,297 |

| *(in thousands)* | Three Months Ended September 30, | |
|---|---|---|
| **Power Solutions** | **2023** | **2022** |
| GAAP income from operations | $ 3,936 | $ 2,582 |
| Professional fees | — | 174 |
| Personnel costs (1) | 122 | — |
| Facility costs (2) | 324 | 300 |
| Amortization of intangibles | 2,725 | 2,749 |
| Non-GAAP adjusted income from operations (a) | $ 7,107 | $ 5,805 |
| | | |
| Non-GAAP adjusted operating margin (3) | 15.6 % | 11.4 % |
| | | |
| Depreciation | 1,085 | 1,227 |
| Other expense, net | 75 | 98 |
| Non-cash foreign exchange (gain) loss on inter-company loans | 52 | (37) |
| Non-GAAP adjusted EBITDA (b) | $ 8,319 | $ 7,093 |
| | | |
| Non-GAAP adjusted EBITDA margin (4) | 18.3 % | 13.9 % |
| | | |
| GAAP net sales | $ 45,484 | $ 51,124 |

| *(in thousands)* | Three Months Ended September 30, | |
|---|---|---|
| **Mobile Solutions** | **2023** | **2022** |
| GAAP loss from operations | $ (1,283) | $ (474) |
| Personnel costs (1) | 462 | — |
| Facility costs (2) | 1,569 | 344 |
| Amortization of intangibles | 838 | 838 |
| Non-GAAP adjusted income from operations (a) | $ 1,586 | $ 708 |
| | | |
| Share of net income from joint venture | 1,713 | 1,424 |
| Non-GAAP adjusted income from operations with JV (a) | $ 3,299 | $ 2,132 |
| | | |
| Non-GAAP adjusted operating margin (3) | 4.2 % | 2.8 % |
| | | |
| Depreciation | 6,509 | 5,980 |
| Other income, net | (416) | (235) |
| Non-cash foreign exchange (gain) on inter-company loans | 152 | 139 |
| Share of net income from joint venture | 1,713 | 1,424 |
| Non-GAAP adjusted EBITDA (b) | $ 9,544 | $ 8,016 |
| | | |
| Non-GAAP adjusted EBITDA margin (4) | 12.1 % | 10.5 % |
| | | |
| GAAP net sales | $ 78,961 | $ 76,122 |

| *(in thousands)* | Three Months Ended September 30, | |
|---|---|---|
| Elimination | **2023** | **2022** |
| GAAP net sales | $ (2) | $ 51 |

(1) Personnel costs include recruitment, retention, relocation, and severance costs
(2) Facility costs include costs of opening / closing facilities and relocation / exit of manufacturing operations
(3) Non-GAAP adjusted operating margin = Non-GAAP adjusted income (loss) from operations / GAAP net sales
(4) Non-GAAP adjusted EBITDA margin = Non-GAAP adjusted EBITDA / GAAP net sales

# Reconciliation of GAAP Net Income (Loss) to Non-GAAP Adjusted Net Income (Loss) and GAAP Net Income (Loss) per Diluted Common Share to Non-GAAP Adjusted Net Income (Loss) per Diluted Common Share

| *(in thousands)* | Three Months Ended September 30, 2023 | Three Months Ended September 30, 2022 |
|---|---|---|
| GAAP net loss | $ (5,057) | $ (2,215) |
| Pre-tax professional fees | 32 | 341 |
| Pre-tax personnel costs | 903 | 17 |
| Pre-tax facility costs | 1,893 | 644 |
| Non-cash foreign exchange (gain) on inter-company loans | 520 | 444 |
| Pre-tax change in fair value of preferred stock derivatives and warrants | (2,104) | (1,623) |
| Pre-tax amortization of intangibles and deferred financing costs | 4,092 | 3,946 |
| Tax effect of adjustments reflected above (c) | (162) | (800) |
| Non-GAAP discrete tax adjustments | — | 749 |
| Non-GAAP adjusted net income (loss) (d) | $ 117 | $ 1,503 |

| *(per diluted common share)* | Three Months Ended September 30, 2023 | Three Months Ended September 30, 2022 |
|---|---|---|
| GAAP net loss per diluted common share | $ (0.18) | $ (0.11) |
| Pre-tax professional fees | — | 0.01 |
| Pre-tax personnel costs | 0.02 | — |
| Pre-tax facility costs | 0.04 | 0.01 |
| Pre-tax foreign exchange (gain) loss on inter-company loans | 0.01 | 0.01 |
| Pre-tax change in fair value of preferred stock derivatives and warrants | (0.04) | (0.04) |
| Pre-tax amortization of intangibles and deferred financing costs | 0.09 | 0.09 |
| Tax effect of adjustments reflected above (c) | — | (0.02) |
| Non-GAAP discrete tax adjustments | — | 0.02 |
| Preferred stock cumulative dividends and deemed dividends | 0.07 | 0.06 |
| Non-GAAP adjusted net income (loss) per diluted common share (d) | $0.01 | $0.03 |
| Shares used to calculate net earnings (loss) per share | 47,539 | 44,711 |

# Reconciliation of Operating Cash Flow to Free Cash Flow

| *(in thousands)* | Three Months Ended September 30, 2023 | | Three Months Ended September 30, 2022 | |
|---|---|---|---|---|
| Net cash provided by (used in) operating activities | $ | 15,247 | $ | (127) |
| Acquisition of property, plant, and equipment | | (4,096) | | (4,308) |
| Proceeds from sale of property, plant, and equipment | | 99 | | 39 |
| Free cash flow | $ | 11,250 | $ | (4,396) |

# Non-GAAP Financial Measures Footnotes

The Company discloses in this presentation the non-GAAP financial measures of adjusted income (loss) from operations, adjusted EBITDA, adjusted net income (loss), adjusted net income (loss) per diluted share, free cash flow and net debt. Each of these non-GAAP financial measures provides supplementary information about the impacts of acquisition, divestiture and integration related expenses, foreign-exchange impacts on inter-company loans, reorganizational and impairment charges. Over the past five years, we have completed several acquisitions, one of which was transformative for the Company, and sold two of our businesses. The costs we incurred in completing such acquisitions, including the amortization of intangibles and deferred financing costs, and these divestitures have been excluded from these measures because their size and inconsistent frequency are unrelated to our commercial performance during the period, which we believe are not indicative of our ongoing operating costs. We exclude the impact of currency translation from these measures because foreign exchange rates are not under management's control and are subject to volatility. Other non-operating charges are excluded, as the charges are not indicative of our ongoing operating cost. We believe the presentation of adjusted income (loss) from operations, adjusted EBITDA, adjusted net income (loss), adjusted net income (loss) per diluted share, free cash flow and net debt provides useful information in assessing our underlying business trends and facilitates comparison of our long-term performance over given periods.

The non-GAAP financial measures provided herein may not provide information that is directly comparable to that provided by other companies in the Company's industry, as other companies may calculate such financial results differently. The Company's non-GAAP financial measures are not measurements of financial performance under GAAP and should not be considered as alternatives to actual income growth derived from income amounts presented in accordance with GAAP. The Company does not consider these non-GAAP financial measures to be a substitute for, or superior to, the information provided by GAAP financial results.

(a) Non-GAAP Adjusted income (loss) from operations represents GAAP income (loss) from operations, adjusted to exclude the effects of restructuring and integration expense; non-operational charges related to acquisition and transition expense, intangible amortization costs for fair value step-up in values related to acquisitions, non-cash impairment charges, and when applicable, our share of income from joint venture operations. We believe this presentation is commonly used by investors and professional research analysts in the valuation, comparison, rating, and investment recommendations of companies in the industrial industry. We use this information for comparative purposes within the industry. Non-GAAP adjusted income (loss) from operations is not a measure of financial performance under GAAP and should not be considered as a measure of liquidity or as an alternative to GAAP income (loss) from operations.

(b) Non-GAAP adjusted EBITDA represents GAAP income (loss) from operations, adjusted to include income taxes, interest expense, write-off of unamortized debt issuance costs, interest rate swap payments and change in fair value, change in fair value of preferred stock derivatives and warrants, depreciation and amortization, charges related to acquisition and transition costs, non-cash stock compensation expense, foreign exchange gain (loss) on inter-company loans, restructuring and integration expense, costs related to divested businesses and litigation settlements, income from discontinued operations, and non-cash impairment charges, to the extent applicable. We believe this presentation is commonly used by investors and professional research analysts in the valuation, comparison, rating, and investment recommendations of companies in the industrial industry. We use this information for comparative purposes within the industry. Non-GAAP adjusted EBITDA is not a measure of financial performance under GAAP and should not be considered as a measure of liquidity or as an alternative to GAAP income (loss) from continuing operations.

(c) This line item reflects the aggregate tax effect of all non-GAAP adjustments reflected in the respective table. The Company estimates the tax effect of the adjustment items identified in the reconciliation schedule above by applying the applicable statutory rates by tax jurisdiction unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment.

(d) Non-GAAP adjusted net income (loss) represents GAAP net income (loss) adjusted to exclude the tax-affected effects of charges related to acquisition and transition costs, foreign exchange gain (loss) on inter-company loans, restructuring and integration charges, amortization of intangibles costs for fair value step-up in values related to acquisitions and amortization of deferred financing costs, non-cash impairment charges, write-off of unamortized debt issuance costs, interest rate swap payments and change in fair value, change in fair value of preferred stock derivatives and warrants, costs related to divested businesses and litigation settlements, income (loss) from discontinued operations, and preferred stock cumulative dividends and deemed dividends. We believe this presentation is commonly used by investors and professional research analysts in the valuation, comparison, rating, and investment recommendations of companies in the industrial industry. We use this information for comparative purposes within the industry. Non-GAAP adjusted income (loss) from segment operations is not a measure of financial performance under GAAP and should not be considered as a measure of liquidity or as an alternative to GAAP income (loss) from continuing operations.

# Thank You

**Investor & Media Contacts**

Joe Caminiti or Alec Steinberg, Investors

Tim Peters, Media

NNBR@alpha-ir.com

312-445-2870