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

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**FORM 8-K**

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**CURRENT REPORT**

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 4, 2021

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**NN, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**000-23486**  
(Commission File Number)

**62-1096725**  
(I.R.S. Employer  
Identification Number)

**6210 Ardrey Kell Road, Suite 600**  
**Charlotte, North Carolina**  
(Address of principal executive offices)

**28277**  
(Zip Code)

**(980) 264-4300**  
(Registrant's telephone number, including area code)

**(Former name or former address, if changed since last report)**

Check the appropriate box 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))

| <i>Title of each class</i>                      | <b>Securities registered pursuant to Section 12(b) of the Act:</b> | <i>Name of each exchange on which registered</i> |
|---|--|--|
| <b>Common Stock, par value \$0.01 per share</b> | <i>Trading symbol</i><br><b>NNBR</b>                               | <b>The Nasdaq Stock Market LLC</b>               |

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.

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## ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On November 4, 2021, NN, Inc. (the “Company”) issued a press release announcing the Company’s financial results for the quarter ended September 30, 2021. The full text of the press release is furnished as Exhibit 99.1 and is incorporated herein by reference.

Pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”), the information furnished pursuant to Item 2.02 of this Current Report on Form 8-K (including Exhibit 99.1) is deemed to have been furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

| <u>Exhibit<br/>No.</u> | <u>Description</u>  |
|------------------------|---|
| 99.1                   | <a href="#">Press Release issued by NN, Inc., dated November 4, 2021</a>    |
| 104                    | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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**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.

Date: November 4, 2021

**NN, INC.**

By: /s/ Michael C. Felcher  
Name: Michael C. Felcher  
Title: Senior Vice President - Chief Financial Officer



news

NN, Inc.  
6210 Ardrey Kell Road, Suite 600  
Charlotte, NC 28277

**FOR IMMEDIATE RELEASE**

**NN, INC. REPORTS FINANCIAL RESULTS FOR THIRD QUARTER 2021**

*Third quarter net sales increased 3.1% over prior year, financial results impacted by ongoing supply chain challenges*

**CHARLOTTE, N.C., November 4, 2021** – NN, Inc. (NASDAQ: NNBR), a diversified industrial company, today reported its financial results for the third quarter ended September 30, 2021.

**GAAP Results**

Net sales for the third quarter of 2021 increased \$3.5 million, or 3.1%, to \$117.2 million compared to \$113.8 million for the third quarter of 2020. The increase in sales from prior year is attributable to continued recovery from the COVID-19 pandemic in Power Solutions, which was partially offset by the semiconductor chip shortage impact on Mobile Solutions sales. Third quarter Power Solutions sales increased 12.1% and Mobile Solutions sales decreased 2.5% compared to the prior year.

Loss from operations for the third quarter of 2021 was \$4.6 million compared to loss from operations of \$1.5 million for the same period in 2020. The increase in loss from operations was primarily driven by the reinstatement of certain costs that had been temporarily suspended in the prior year, material and labor inflation, and operational inefficiencies driven by variability of customer production schedules and supply chain issues.

Loss from operations for third quarter 2021 in the Mobile Solutions segment was \$0.3 million compared to income from operations of \$5.0 million for the same period in 2020. Income from operations for third quarter 2021 in the Power Solutions segment was \$1.3 million compared to income from operations of \$1.1 million for the same period in 2020.

Net loss for the third quarter of 2021 was \$3.4 million compared to net income of \$22.0 million for the same period in 2020. The reduction in net income for the third quarter of 2021 was driven by the income of discontinued operations of the former Life Sciences business in 2020 as well as the reinstatement of certain costs that were temporarily suspended in the prior year due to the COVID-19 pandemic and increased income tax expense. The decrease in net income was partially offset by a favorable revaluation of warrants and reductions in interest expense resulting from termination of the interest rate swap in place in the prior year.

## Adjusted Results

Adjusted loss from operations for the third quarter of 2021 was \$0.2 million compared to an adjusted income from operations of \$4.9 million for the same period in 2020. Adjusted EBITDA for the third quarter of 2021 was \$9.7 million, or 8.3% of sales, versus \$14.7 million, or 12.9% of sales, for the same period in 2020. Adjusted net income for the third quarter of 2021 was \$0.5 million, or \$0.01 per diluted share, compared to adjusted net income of \$2.9 million, or \$0.07 per diluted share, for the same period in 2020. Free cash flow for the third quarter of 2021 was a use of cash of \$3.7 million compared to use of cash of \$1.4 million for the same period in 2020.

Warren Veltman, President and Chief Executive Officer, said, "During the quarter we saw strong growth in Power Solutions, particularly in commercial and residential electrical end product which grew 25% year over year. This strong growth was partially offset by the ongoing semiconductor chip shortage affecting customers in our Mobile Solutions business. In addition, broader supply chain constraints and material and other inflationary cost pressures have affected margins across our business segments. We have implemented, or are negotiating, price adjustments to recover these cost increases, and we believe that these increases coupled with expected operational improvements will enable us to achieve normalized margins as our operating environment stabilizes."

## Mobile Solutions

Net sales for the third quarter of 2021 were \$68.6 million compared to \$70.4 million in the third quarter of 2020, a decrease of 2.5% or \$1.8 million. The decrease in sales was driven by the ongoing impact of the semiconductor shortage's affecting the automotive industry, resulting in production shutdowns at a number of our customers' facilities during the quarter. Adjusted income from operations for the third quarter of 2021 was \$1.0 million compared to \$6.3 million of adjusted operating income in the third quarter of 2020. Adjusted operating income decreased as a result of lower sales volume, the reintroduction of costs that were suspended in the prior year due to the COVID-19 pandemic, including certain benefits and overtime pay, as well as an increase in input costs during the third quarter of 2021.

## Power Solutions

Net sales for the third quarter of 2021 were \$48.7 million compared to \$43.4 million in the third quarter of 2020, an increase of 12.1% or \$5.3 million. The increase in sales was primarily driven by stronger demand within the end markets which were adversely impacted by the COVID-19 pandemic in the prior year. Adjusted income from operations for the third quarter was \$4.0 million compared to \$5.4 million in the third quarter of 2020. The decrease in adjusted operating income was primarily due to higher sales volumes that were offset by an increase in input costs and the reintroduction of expenses and benefits that were temporarily suspended in the prior year due to the COVID-19 pandemic.

## Conference Call

NN will discuss its results during its quarterly investor conference call on November 5, 2021, at 9:00 a.m. ET. The call and supplemental presentation may be accessed via NN's website, [www.nninc.com](http://www.nninc.com). The conference call can also be accessed by dialing 1-877-317-6789 or 1-412-317-6789, Conference ID: 10155662. For those who are unavailable to listen to the live broadcast, a replay will be available shortly after the call until November 5, 2022.

NN discloses in this press release the non-GAAP financial measures of adjusted income (loss) from operations, adjusted EBITDA, adjusted net income (loss), adjusted net income (loss) per diluted share, and free cash flow. Each of these non-GAAP financial measures provides supplementary information about the impacts of restructuring and integration expense, acquisition and transition expenses, foreign exchange impacts on inter-company loans, amortization of intangibles and deferred financing costs, and other non-operating impacts on our business.

The financial tables found later in this press release include a reconciliation of adjusted income (loss) from operations, adjusted operating margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income (loss), adjusted net income (loss) per diluted share, and free cash flow to the U.S. GAAP financial measures of income (loss) from operations, net income (loss), net income (loss) per diluted share, and cash provided (used) by operating activities.

## 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 China.

*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, and, when filed, the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 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) 258-5766

*Financial Tables Follow*

**NN, Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)**  
**(Unaudited)**

| (in thousands, except per share data)   | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                     |
|---|-------------------------------------|------------------|------------------------------------|---------------------|
|   | 2021                                | 2020             | 2021                               | 2020                |
| Net sales   | \$ 117,244                          | \$ 113,761       | \$ 367,205                         | \$ 308,506          |
| Cost of sales (exclusive of depreciation and amortization shown separately below)   | 98,642                              | 90,076           | 298,127                            | 249,612             |
| Selling, general, and administrative expense  | 12,181                              | 13,745           | 40,341                             | 44,178              |
| Depreciation and amortization   | 11,605                              | 11,435           | 34,860                             | 34,119              |
| Goodwill impairment   | —                                   | —                | —                                  | 92,942              |
| Other operating expense (income), net   | (572)                               | (39)             | (901)                              | 4,138               |
| <b>Loss from operations</b>   | <b>(4,612)</b>                      | <b>(1,456)</b>   | <b>(5,222)</b>                     | <b>(116,483)</b>    |
| Interest expense  | 3,578                               | 6,873            | 9,175                              | 17,036              |
| Loss on extinguishment of debt and write-off of debt issuance costs   | —                                   | 144              | 2,390                              | 144                 |
| Derivative payments on interest rate swap   | —                                   | —                | 1,717                              | —                   |
| Loss on interest rate swap  | —                                   | —                | 2,033                              | —                   |
| Other expense (income), net   | (4,346)                             | (262)            | (2,788)                            | 67                  |
| <b>Loss from continuing operations before benefit (provision) for income taxes and share of net income from joint venture</b> | <b>(3,844)</b>                      | <b>(8,211)</b>   | <b>(17,749)</b>                    | <b>(133,730)</b>    |
| Benefit (provision) for income taxes  | (375)                               | 8,715            | 612                                | 7,935               |
| Share of net income from joint venture  | 842                                 | 1,136            | 3,456                              | 1,792               |
| <b>Income (loss) from continuing operations</b>   | <b>(3,377)</b>                      | <b>1,640</b>     | <b>(13,681)</b>                    | <b>(124,003)</b>    |
| Income (loss) from discontinued operations, net of tax  | —                                   | 20,330           | —                                  | (123,966)           |
| <b>Net income (loss)</b>  | <b>\$ (3,377)</b>                   | <b>\$ 21,970</b> | <b>\$ (13,681)</b>                 | <b>\$ (247,969)</b> |
| Other comprehensive income (loss):  |                                     |                  |                                    |                     |
| Foreign currency translation gain (loss)  | \$ (2,612)                          | \$ 6,712         | \$ (1,550)                         | \$ (6,636)          |
| Interest rate swap:   |                                     |                  |                                    |                     |
| Change in fair value, net of tax  | (176)                               | 21               | (176)                              | (12,443)            |
| Reclassification adjustment for losses included in net income (loss), net of tax  | 22                                  | 3,148            | 2,873                              | 6,838               |
| Other comprehensive income (loss)   | \$ (2,766)                          | \$ 9,881         | \$ 1,147                           | \$ (12,241)         |
| <b>Comprehensive income (loss)</b>  | <b>\$ (6,143)</b>                   | <b>\$ 31,851</b> | <b>\$ (12,534)</b>                 | <b>\$ (260,210)</b> |
| <b>Basic net income (loss) per common share:</b>  |                                     |                  |                                    |                     |
| Income (loss) from continuing operations per common share   | \$ (0.13)                           | \$ (0.04)        | \$ (0.75)                          | \$ (3.16)           |
| Income (loss) from discontinued operations per common share   | —                                   | 0.49             | —                                  | (2.94)              |
| Net income (loss) per common share  | <b>\$ (0.13)</b>                    | <b>\$ 0.45</b>   | <b>\$ (0.75)</b>                   | <b>\$ (6.10)</b>    |
| Weighted average common shares outstanding  | 44,455                              | 42,202           | 43,862                             | 42,170              |
| <b>Diluted net income (loss) per common share:</b>  |                                     |                  |                                    |                     |
| Income (loss) from continuing operations per common share   | \$ (0.13)                           | \$ (0.04)        | \$ (0.75)                          | \$ (3.16)           |
| Income (loss) from discontinued operations per common share   | —                                   | 0.49             | —                                  | (2.94)              |
| Net income (loss) per common share  | <b>\$ (0.13)</b>                    | <b>\$ 0.45</b>   | <b>\$ (0.75)</b>                   | <b>\$ (6.10)</b>    |
| Weighted average common shares outstanding  | 44,455                              | 42,202           | 43,862                             | 42,170              |

**NN, Inc.**  
**Condensed Consolidated Balance Sheets**  
(Unaudited)

| (in thousands, except per share data)   | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| <b>Assets</b>   |                    |                   |
| Current assets:   |                    |                   |
| Cash and cash equivalents   | \$ 24,611          | \$ 48,138         |
| Accounts receivable, net  | 83,990             | 84,615            |
| Inventories   | 75,321             | 62,517            |
| Income tax receivable   | 11,742             | 8,800             |
| Other current assets  | 11,837             | 11,148            |
| Total current assets  | 207,501            | 215,218           |
| Property, plant and equipment, net  | 212,468            | 223,690           |
| Operating lease right-of-use assets   | 47,449             | 50,264            |
| Intangible assets, net  | 92,305             | 103,065           |
| Investment in joint venture   | 30,799             | 26,983            |
| Deferred tax assets   | 131                | —                 |
| Other non-current assets  | 4,053              | 5,742             |
| <b>Total assets</b>   | <b>\$ 594,706</b>  | <b>\$ 624,962</b> |
| <b>Liabilities, Preferred Stock, and Stockholders' Equity</b>   |                    |                   |
| Current liabilities:  |                    |                   |
| Accounts payable  | \$ 44,033          | \$ 37,435         |
| Accrued salaries, wages and benefits  | 18,858             | 21,296            |
| Income tax payable  | 1,339              | 3,557             |
| Current maturities of long-term debt  | 3,355              | 4,885             |
| Current portion of operating lease liabilities  | 5,505              | 4,797             |
| Other current liabilities   | 11,983             | 31,261            |
| Total current liabilities   | 85,073             | 103,231           |
| Deferred tax liabilities  | 8,344              | 11,178            |
| Long-term debt, net of current portion  | 151,323            | 79,025            |
| Operating lease liabilities, net of current portion   | 52,417             | 55,053            |
| Other non-current liabilities   | 21,337             | 17,237            |
| Total liabilities   | 318,494            | 265,724           |
| Commitments and contingencies   |                    |                   |
| Series D perpetual preferred stock - \$0.01 par value per share, 65 shares authorized, issued and outstanding at September 30, 2021   | 51,383             | —                 |
| Series B convertible preferred stock - \$0.01 par value per share, 100 shares authorized, issued and outstanding at December 31, 2020   | —                  | 105,086           |
| Stockholders' equity:   |                    |                   |
| Common stock - \$0.01 par value per share, 90,000 shares authorized, 42,686 and 43,034 shares issued and outstanding at December 31, 2020, and September 30, 2021, respectively | 430                | 427               |
| Additional paid-in capital  | 476,540            | 493,332           |
| Accumulated deficit   | (219,556)          | (205,875)         |
| Accumulated other comprehensive loss  | (32,585)           | (33,732)          |
| Total stockholders' equity  | 224,829            | 254,152           |
| <b>Total liabilities, preferred stock, and stockholders' equity</b>   | <b>\$ 594,706</b>  | <b>\$ 624,962</b> |

NN, Inc.



**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

| (in thousands)  | Nine Months Ended<br>September 30, |              |
|---|------------------------------------|--------------|
|   | 2021                               | 2020         |
| <b>Cash flows from operating activities</b>                                     |                                    |              |
| Net loss  | \$ (13,681)                        | \$ (247,969) |
| Adjustments to reconcile net loss to net cash provided by operating activities: |                                    |              |
| Depreciation and amortization of continuing operations                          | 34,860                             | 34,119       |
| Depreciation and amortization of discontinued operations                        | —                                  | 35,731       |
| Amortization of debt issuance costs and discount                                | 1,049                              | 4,981        |
| Goodwill impairment of continuing operations                                    | —                                  | 92,942       |
| Goodwill impairment of discontinued operations                                  | —                                  | 146,757      |
| Loss on extinguishment of debt and write-off of debt issuance costs             | 2,390                              | 1,532        |
| Total derivative loss, net of cash settlements                                  | 3,750                              | —            |
| Share of net income from joint venture  | (3,456)                            | (1,792)      |
| Compensation expense from issuance of share-based awards                        | 2,580                              | 3,565        |
| Deferred income taxes   | (3,720)                            | (61,889)     |
| Other   | (1,834)                            | (1,516)      |
| Changes in operating assets and liabilities:                                    |                                    |              |
| Accounts receivable   | 136                                | 4,894        |
| Inventories   | (13,252)                           | 4,149        |
| Accounts payable  | 7,982                              | (1,702)      |
| Income taxes receivable and payable, net  | (5,171)                            | (10,753)     |
| Other   | (5,942)                            | 16,295       |
| Net cash provided by operating activities                                       | 5,691                              | 19,344       |
| <b>Cash flows from investing activities</b>                                     |                                    |              |
| Acquisition of property, plant and equipment                                    | (14,556)                           | (20,518)     |
| Proceeds from sale of property, plant, and equipment                            | 1,177                              | 3,153        |
| Cash paid for post-closing adjustments on sale of business                      | (3,880)                            | —            |
| Cash settlements of interest rate swap  | (15,420)                           | —            |
| Net cash used in investing activities   | (28,799)                           | (17,365)     |
| <b>Cash flows from financing activities</b>                                     |                                    |              |
| Cash paid for debt issuance costs   | (7,360)                            | (661)        |
| Proceeds from issuance of preferred stock                                       | 61,793                             | —            |
| Redemption of preferred stock   | (122,434)                          | —            |
| Proceeds from long-term debt  | 166,000                            | 64,716       |
| Repayments of long-term debt  | (88,058)                           | (17,123)     |
| Repayments of short-term debt, net  | (1,563)                            | (849)        |
| Other   | (3,859)                            | (2,142)      |
| Net cash provided by financing activities                                       | 4,519                              | 43,941       |
| Effect of exchange rate changes on cash flows                                   | (1,058)                            | (5,506)      |
| Net change in cash and cash equivalents   | (19,647)                           | 40,414       |
| Cash and cash equivalents at beginning of period (1)                            | 48,138                             | 31,703       |
| Cash and cash equivalents at end of period (1)                                  | \$ 28,491                          | \$ 72,117    |

(1) Cash and cash equivalents include \$16.0 million and \$13.8 million of cash and cash equivalents that were included in current assets of discontinued operations as of September 30, 2020, and December 31, 2019, respectively.

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

| <i>\$000s</i>                                       | Three Months Ended September 30,        |             | <i>\$000s</i>   | Three Months Ended September 30,        |             |
|---|---|-------------|---|---|-------------|
|   | 2021                                    | 2020        |   | 2021                                    | 2020        |
| <b>NN, Inc. Consolidated</b>                        |   |             | <b>Mobile Solutions</b>                                 |   |             |
| GAAP income (loss) from operations                  | \$ (4,612)                              | \$ (1,456)  | GAAP income (loss) from operations                      | \$ (257)                                | \$ 4,954    |
| Acquisition and transition expense*                 | 832                                     | 2,762       | Acquisition and transition expense*                     | 404                                     | 507         |
| Amortization of intangibles                         | 3,586                                   | 3,587       | Amortization of intangibles                             | 838                                     | 838         |
| Non-GAAP adjusted income (loss) from operations (a) | \$ (194)                                | \$ 4,893    | Non-GAAP adjusted income (loss) from operations (a)     | 985                                     | 6,299       |
| Non-GAAP adjusted operating margin (1)              | (0.2)%                                  | 4.3 %       | Share of net income from joint venture                  | 842                                     | 1,137       |
| GAAP net sales                                      | \$ 117,244                              | \$ 113,761  | Non-GAAP adjusted income (loss) from operations with JV | \$ 1,827                                | \$ 7,436    |
|   |   |             | Non-GAAP adjusted operating margin (1)                  | 2.7 %                                   | 10.6 %      |
|   |   |             | GAAP net sales  | \$ 68,586                               | \$ 70,371   |
| <b>\$000s</b>                                       | <b>Three Months Ended September 30,</b> |             |   |   |             |
| <b>Power Solutions</b>                              | <b>2021</b>                             | <b>2020</b> |   |   |             |
| GAAP income (loss) from operations                  | \$ 1,252                                | \$ 1,143    |   |   |             |
| Acquisition and transition expense*                 | (17)                                    | 1,515       |   |   |             |
| Amortization of intangibles                         | 2,748                                   | 2,748       |   |   |             |
| Non-GAAP adjusted income (loss) from operations (a) | \$ 3,983                                | \$ 5,406    |   |   |             |
| Non-GAAP adjusted operating margin (1)              | 8.2 %                                   | 12.5 %      |   |   |             |
| GAAP net sales                                      | \$ 48,680                               | \$ 43,415   |   |   |             |
|   |   |             | <b>\$000s</b>   | <b>Three Months Ended September 30,</b> |             |
|   |   |             | <b>Elimination</b>                                      | <b>2021</b>                             | <b>2020</b> |
|   |   |             | GAAP net sales  | \$ (22)                                 | \$ (25)     |

(1) Non-GAAP adjusted operating margin = Non-GAAP adjusted income from operations / GAAP net sales

\* 2021 Includes Capacity & Capabilities - / Professional Fees - \$0.4 / Integration & Transformation - \$0.4

\* 2020 Includes Capacity & Capabilities - \$0.6 / Professional Fees - \$0.3 / Integration & Transformation - \$1.8

## Reconciliation of Net Income (Loss) to Non-GAAP Adjusted EBITDA

| <i>000's</i>   |    | Three Months Ended September 30, |          |
|--|----|----------------------------------|----------|
|  |    | 2021                             | 2020     |
| GAAP net income (loss)   | \$ | (3,357)                          | 21,970   |
| Provision (benefit) for income taxes                             |    | 375                              | (8,715)  |
| Interest expense   |    | 3,578                            | 6,873    |
| Change in fair value of preferred stock derivatives and warrants |    | (4,829)                          | (73)     |
| Depreciation and amortization                                    |    | 11,605                           | 11,435   |
| Acquisition and transition expense                               |    | 832                              | 2,762    |
| Non-cash stock compensation                                      |    | 931                              | 1,222    |
| Non-cash foreign exchange (gain) loss on inter-company loans     |    | 615                              | (630)    |
| Loss from discontinued operations, net of tax                    |    | —                                | (20,330) |
| Non-GAAP adjusted EBITDA (b)                                     | \$ | 9,730                            | 14,658   |
| Non-GAAP adjusted EBITDA margin (2)                              |    | 8.9%                             | 12.9%    |
| GAAP net sales   | \$ | 117,244                          | 113,761  |

(2) Non-GAAP adjusted EBITDA margin = Non-GAAP adjusted EBITDA / GAAP net sales

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

| <i>000's</i>   | <b>Three Months Ended September 30,</b> |                 |
|--|---|-----------------|
|  | <b>2021</b>                             | <b>2020</b>     |
| GAAP net income (loss)   | \$ (3,377)                              | \$ 21,970       |
| Pre-tax acquisition and transition expense                               | 832                                     | 2,762           |
| Pre-tax foreign exchange (gain) loss on inter-company loans              | 615                                     | (630)           |
| Pre-tax change in fair value of preferred stock derivatives and warrants | (4,829)                                 | (73)            |
| Pre-tax amortization of intangibles and deferred financing costs         | 3,918                                   | 4,007           |
| Tax effect of adjustments reflected above (c)                            | (113)                                   | (1,308)         |
| Non-GAAP discrete tax adjustments  | 3,469                                   | (3,685)         |
| (Income) loss from discontinued operations                               | —                                       | (20,330)        |
| Non-GAAP adjusted net income (loss) (d)                                  | <u>\$ 515</u>                           | <u>\$ 2,857</u> |

| <i>Amounts per share, diluted</i>  | <b>Three Months Ended September 30,</b> |                |
|--|---|----------------|
|  | <b>2021</b>                             | <b>2020</b>    |
| GAAP net income (loss) per diluted share                                 | \$ (0.13)                               | \$ 0.45        |
| Pre-tax acquisition and transition expense                               | 0.02                                    | 0.07           |
| 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 | (0.11)                                  | —              |
| Pre-tax amortization of intangibles and deferred financing costs         | 0.09                                    | 0.09           |
| Tax effect of adjustments reflected above (c)                            | —                                       | (0.03)         |
| Non-GAAP discrete tax adjustments  | 0.08                                    | (0.09)         |
| (Income) loss from discontinued operations                               | —                                       | (0.48)         |
| Preferred stock cumulative dividends and deemed dividends                | 0.05                                    | 0.07           |
| Non-GAAP adjusted net income (loss) per diluted share (d)                | <u>\$ 0.01</u>                          | <u>\$ 0.07</u> |
| Weighted average common shares outstanding                               | 44,455                                  | 42,202         |

### Reconciliation of Operating Cash Flow to Free Cash Flow

| <i>000's</i> |   | Three Months Ended<br>September 30, |         |
|--------------|---|-------------------------------------|---------|
|              |   | 2021                                | 2020    |
|              | Net cash provided by (used in) operating activities | \$ (267)                            | 3,482   |
|              | Acquisition of property, plant and equipment        | (3,541)                             | (4,894) |
|              | Free cash flow                                      | \$ (3,748)                          | (1,412) |

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, and 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 net income (loss), 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-tax adjustments reflected in the respective table. NN, Inc. 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.