Q4 & FULL YEAR 2022 EARNINGS

NN, Inc. | March 10, 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," "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."

TODAY'S AGENDA

- Overview & Positioning NN For Success
- Market Review
- Fourth Quarter & Full Year Financial Update
- Segment Highlights
- 2023 Outlook
- Questions & Answers

FOURTH QUARTER 2022 OVERVIEW

Sales Growth

- Fourth quarter sales of $118 million, up 6.9% from prior year
- Power Solutions sales up 11.7% from prior year due to increased electrical component sales primarily due to higher customer pricing and higher volume
- Mobile Solutions sales up 3.6% from prior year due to pricing

Pricing / Inflation

- Unrecovered inflation has impacted Mobile Q4 2022 results by ~$1 million
- Finalizing negotiations with Mobile Solutions customers on pricing to substantially recover 2022 non-material inflation effective 1/1/23
- Implemented 5%+ Q1 2023 price increases for Power customers not under contract

Operating Income / EPS

- Loss from operations of ($11.0) million versus loss of ($3.8) million in prior year
- Non-GAAP adjusted loss from operations of ($3.3) million compared to adjusted income from operations of $0.8 million in prior year
- Diluted loss per share of ($0.33) vs ($0.04) in prior year; Non-GAAP adjusted Diluted loss per share of ($0.12) vs ($0.01) in prior year

EBITDA

- Reported EBITDA of $5.7 million, or 4.9% of sales, down 687 bps compared to prior year
- Adjusted EBITDA of $7.8 million, or 6.6% of sales, down 433 bps compared to prior year

Debt / Liquidity

- Net debt to adjusted EBITDA leverage ratio of 3.33x and liquidity of $48.1 million as of December 31, 2022
- $60 million of term loan fixed at 8.17% through July 2024 via 3-year interest rate swap
- Credit agreement amendment reduces covenant compliance risk over duration of term loan and provides greater operational flexibility

Cash Flow / Working Capital

- Free cash flow generation of $6.4 million in the quarter consistent with outlook
- Working capital decreased $13.6 million during the quarter, working capital turns improved from 4.2 to 4.3

POSITIONING NN FOR SUCCESS

Pricing –

- Significant progress made on pricing to recover inflationary impact.

Major Cost Reduction Initiatives –

- Closure of five facilities on track for completion by Q2 2023.
- ~$11-12 million expected adjusted EBITDA improvement compared to 2022 upon completion of these facility closures.

ABL & Term Loan Amendments –

- Increases required leverage ratio covenant for duration of term loan.
- Reduces covenant compliance risk given continued uncertainty on inflation and economic conditions.
- Allows management team to focus on improving results and executing strategy.

CEO Transition –

- Search is ongoing with Korn Ferry.
- Strong pool of candidates identified for consideration.

PRICING ACTIONS

in millions

	Incremental Sales Impact 2022	Incremental Sales Impact 2023	Annual Run Rate
Pre-2022 pricing	$19	-	$19
Pricing secured in 2022	$19	$14	$33
Pricing secured in 2023	-	$12	$14
Total	$38	$26	$66

- 2022 and prior pricing largely recovered material inflation; non-material inflation was not fully recovered. 2023 pricing actions to date largely relate to 2022 unrecovered non-material inflation or expected 2023 inflation.
- Represents pricing status as of February 2023; additional price increase activities ongoing.
- Annual Run Rate based on current production volumes and inflationary environment; subject to change as conditions evolve.

FACILITY CLOSURE UPDATE

<u>Power</u> –

- Taunton and Irvine on track for closure by April 2023.
- Sublease terms agreed to for both facilities for remaining lease terms through 2035, remaining lease obligation fully covered by sublease income.
- Adjusted EBITDA improvement of ~$9 million in 2023 compared to 2022.
- Very low execution risk.

<u>Mobile</u> –

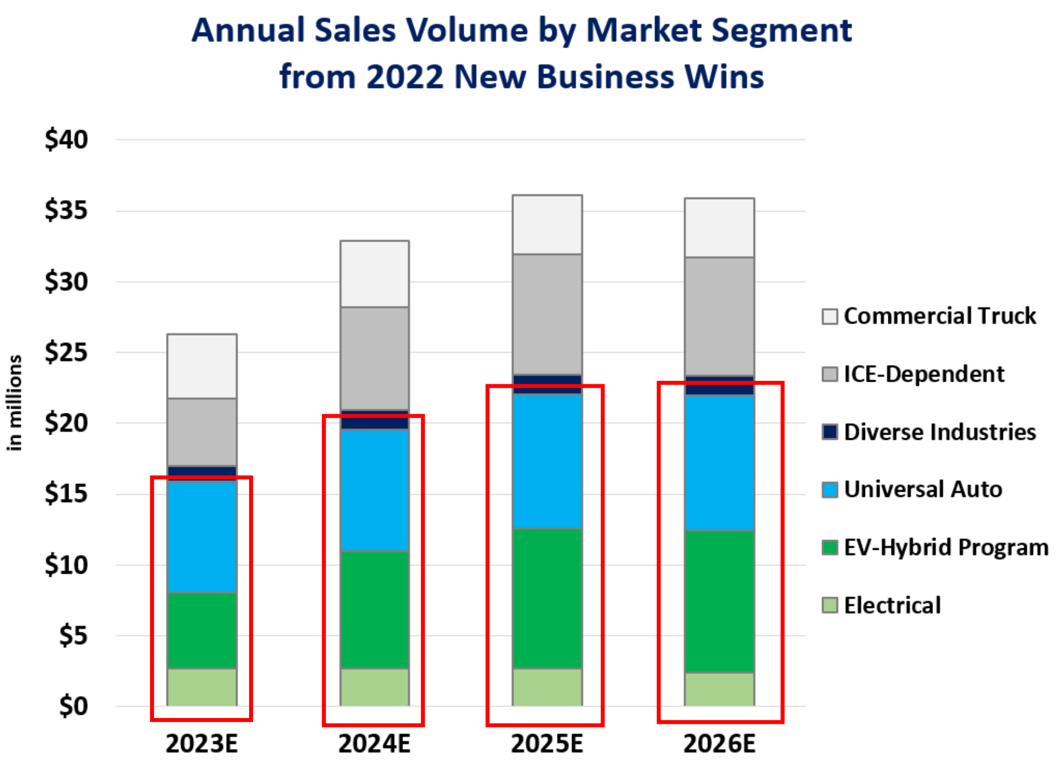
- Three facility closures on track for Q2 2023.
- Adjusted EBITDA improvement of $2-3 million in 2023 compared to 2022.
  - Includes ~$1 million of operating margin improvements due to relocation of production from US to Mexico.

MARKET REVIEW

NEW BUSINESS GROWTH IN 2022

New Customers, Components, Programs, & Share

- **Secured $131 million in estimated sales through 2026**
- **Experienced delays in award timing for several large strategic pursuits**
  - Strongly positioned & remain confident in securing business
- **Performed with focused & disciplined approach**
  - Strong strategy alignment with 60% of new business in Electrical, Electric Vehicle, & Universal Auto* market segments
  - Low capex at $2-3 million representing ~5% of peak annual sales
  - Declined participation in non-strategic and/or capital-intensive opportunities



* Universal Auto is a market sub-segment whereas solutions supplied by NN are agnostic to the powertrain of the vehicle

RECENT NEWS

Delivering Exceptional Customer Experience

PRESS RELEASE

Schaeffler honors NN, Inc. with its 2022 Supplier Best Quality Award

February 16, 2023

Schaeffler honors NN, Inc. with its 2022 Supplier Best Quality Award

CHARLOTTE, N.C., Feb. 16, 2023 (GLOBE NEWSWIRE) -- NN, Inc. (NASDAQ: NNBR), a global diversified industrial company, has announced that its Wuxi, China manufacturing plant earned the 2022 Supplier Best Quality Award from the Schaeffler Group at its Supplier Day celebration.

Schaeffler is a producer of rolling elements for automotive, aerospace, and industrial applications. It works with more than 600 suppliers in China, which are evaluated against a scorecard of quality, delivery, and cost performance targets.

continues ...

About Schaeffler ...

- Manufacturer of rolling element bearings for automotive, aerospace and industrial applications with €15.8 billion in revenue (2022)
- Herzogenaurach, Germany

Quality	Delivery	Flexibility	Value

RECENT NEWS

Delivering Exceptional Customer Experience

About Cummins Inc. …

- Designs, manufactures, and distributes engines, filtration, and power generation products with $28.1 billion in revenue (2022)
- Columbus, Indiana, US

GLOBE NEWSWIRE

Cummins honors NN, Inc. with its 2022 Best Delivery Performance Award

March 1, 2023

Text size

Cummins honors NN, Inc. with its 2022 Best Delivery Performance Award

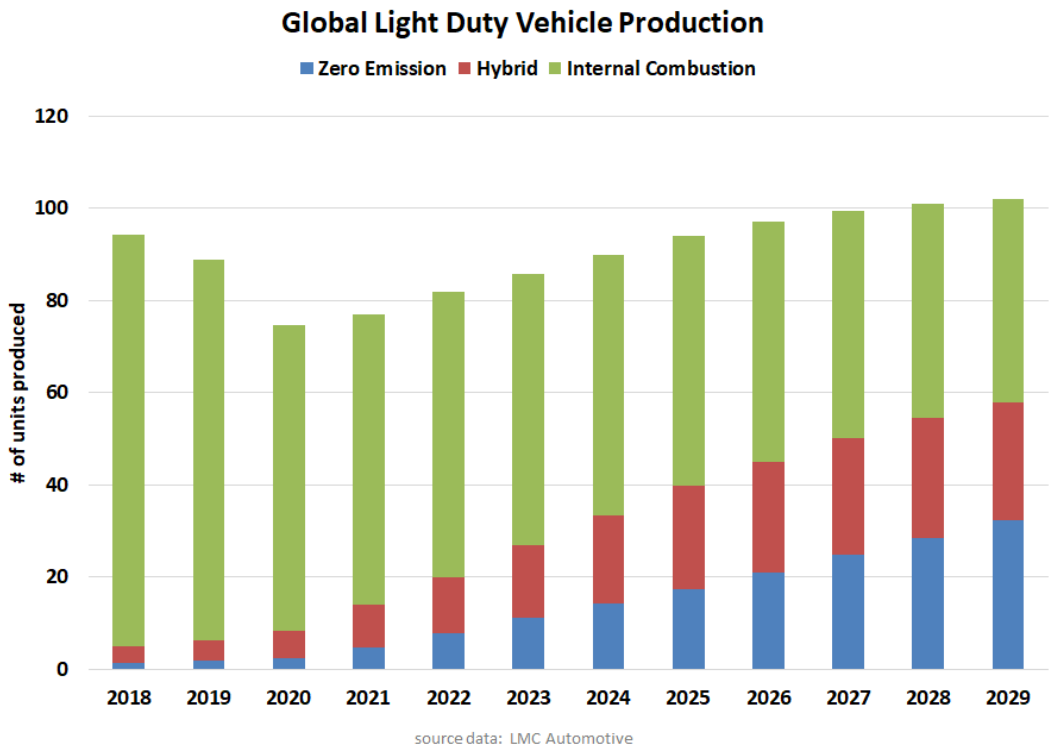
CHARLOTTE, N.C., March 01, 2023 (GLOBE NEWSWIRE) -- NN, Inc. (NASDAQ: NNBR), a global diversified industrial company, is pleased to announce that it earned two 2022 Best Delivery Performance -- Direct Sourcing awards from Cummins Inc. at the recent Cummins 2022 Global Supplier Recognition event. Out of the thousands of companies across its value chain, Cummins recognized a total of 20 domestic and global suppliers. NN received both the North America and the Global award in the delivery category.

continues …

Quality | Delivery | Flexibility | Value

MARKET UPDATE

Automotive



Summarized Themes of LMC Executive Snapshot (January 2023)

- Global Light Duty Vehicle Production is forecasted to increase by 4.6% YoY in 2023; expect positive production outlook in all key regions.
- Lingering COVID-19-related disruption across the supply-chain affecting Q1 in 2023; offset by stronger outlook through the rest of the year.
- Risks to LMC forecast include macroeconomic conditions, economic policies, interest rate fluctuations, geopolitical conflicts, and supply chain disruptions.
- Increased EV and hybrid production expected throughout the decade however numerous variables affect rate and scale of expansion.

Regardless of how the automotive market evolves in terms of powertrain, NN stands in a unique and strong position due to process technology range and experience.

MARKET UPDATE

Energy Storage, Grid Scale Battery Market

32% CAGR forecasted for global grid battery market from 2022 to 2030

$6.6 billion forecasted for global grid battery market size by 2030

$300-$500 million estimated total addressable market for NN by 2030

Market Drivers

- Grid resiliency
- Backup power
- Peak shaving
- Balancing
- Storing & smoothing renewable generation
- Deferral of large infrastructure projects

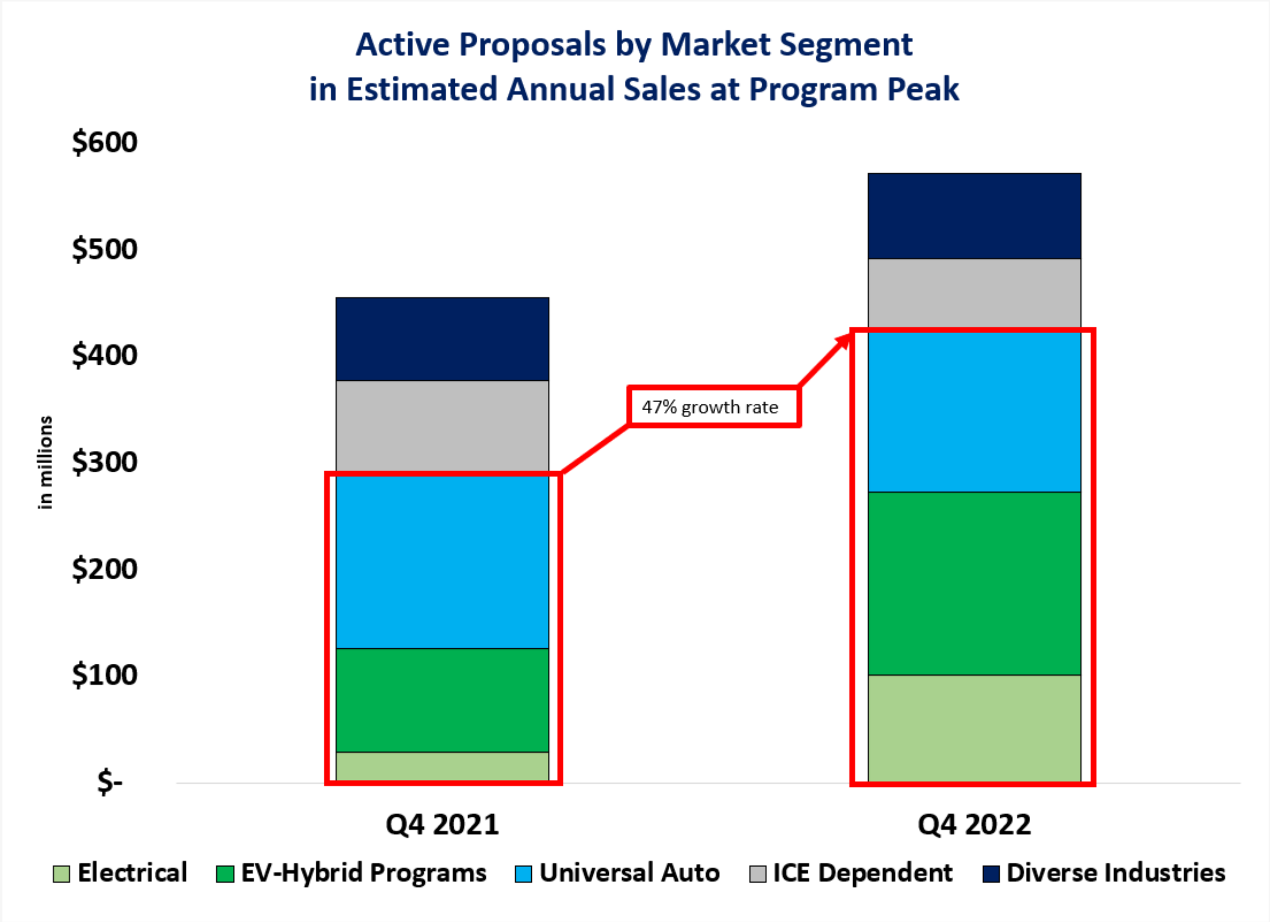
Key Players

- ABB
- Aggreko (Younicos)
- BYD Company
- CATL
- Fluence (Siemens & AES)
- GE
- Hitachi
- LG Chem
- Lockheed Martin
- NGK
- Panasonic
- Primus Power
- S&C Electric
- Saft
- Samsung
- SMA Solar Technology
- Solar Edge (Kokam)
- Tesla
- Toshiba

Focused business development activities to position NN in the rapidly growing energy storage

Sources: US EIA, Market Research Future, 360 Market Updates (via MarketWatch)

FOCUSED GROWTH FOR THE FUTURE



Please note that while the pipeline demonstrates the business that is being pursued, it is not guaranteed that the business will be won.

Focus for 2023

- **Strategic growth:** secure new business in target markets set in the 2025 growth strategy; continue electrical vehicle growth, accelerate growth in non-automotive electrical & diverse industry markets
- **Cross selling:** unlock incremental revenue streams by cross selling Power Solutions process technologies to existing customer base
- **Leverage existing assets:** target new business opportunities that employs existing machines & equipment
- **Disciplined approach:** profitable growth generating sales & free cash flow in 2023 through 2026

FOURTH QUARTER & FULL YEAR FINANCIAL UPDATE

2022

Q4 2022 FINANCIAL HIGHLIGHTS

	Δ	2022	2021
Net Sales	6.9%	$118.0 million	$110.4 million
Organic	*8.5%*		
FX Impact	*-1.6%*		
Operating Income (Loss)	-$7.2 million	($11.0) million	($3.8) million
Non-GAAP Adjusted Operating Income (Loss)	-$4.1 million	($3.3) million	$0.8 million
Non-GAAP Adjusted EBITDA	-$4.3 million	$7.8 million	$12.1 million
Non-GAAP Adjusted EBITDA Margin	-433 bps	6.6%	10.9%
Loss per Diluted Common Share	-$0.29	($0.33)	($0.04)
Non-GAAP Adjusted income (loss) per Diluted Common Share	-$0.11	($0.12)	($0.01)

Sales –

- Pricing ~$7 million, Volume ~$3 million, FX ~($2) million

Adjusted EBITDA –

- Net price / inflation: ~($3) million. Q4 2022 unrecovered inflation ~($1) million, Q4 2021 price settlement ~($2) million.
- Overhead absorption: ~($2) million
- Incentive compensation: ~$1 million

FULL YEAR FINANCIAL HIGHLIGHTS

	Δ	2022	2021
Net Sales	4.4%	$498.7 million	$477.6 million
Organic	*5.3%*		
FX Impact	*-0.9%*		
Operating Income (Loss)	-$12.1 million	($21.1) million	($9.0) million
Non-GAAP Adjusted Operating Income (Loss)	-$8.2 million	$1.9 million	$10.1 million
Non-GAAP Adjusted EBITDA	-$8.2 million	$43.9 million	$52.1 million
Non-GAAP Adjusted EBITDA Margin	-211 bps	8.8%	10.9%
Loss per Diluted Common Share	-$0.04	($0.83)	($0.79)
Non-GAAP Adjusted income (loss) per Diluted Common Share	-$0.23	($0.19)	$0.04

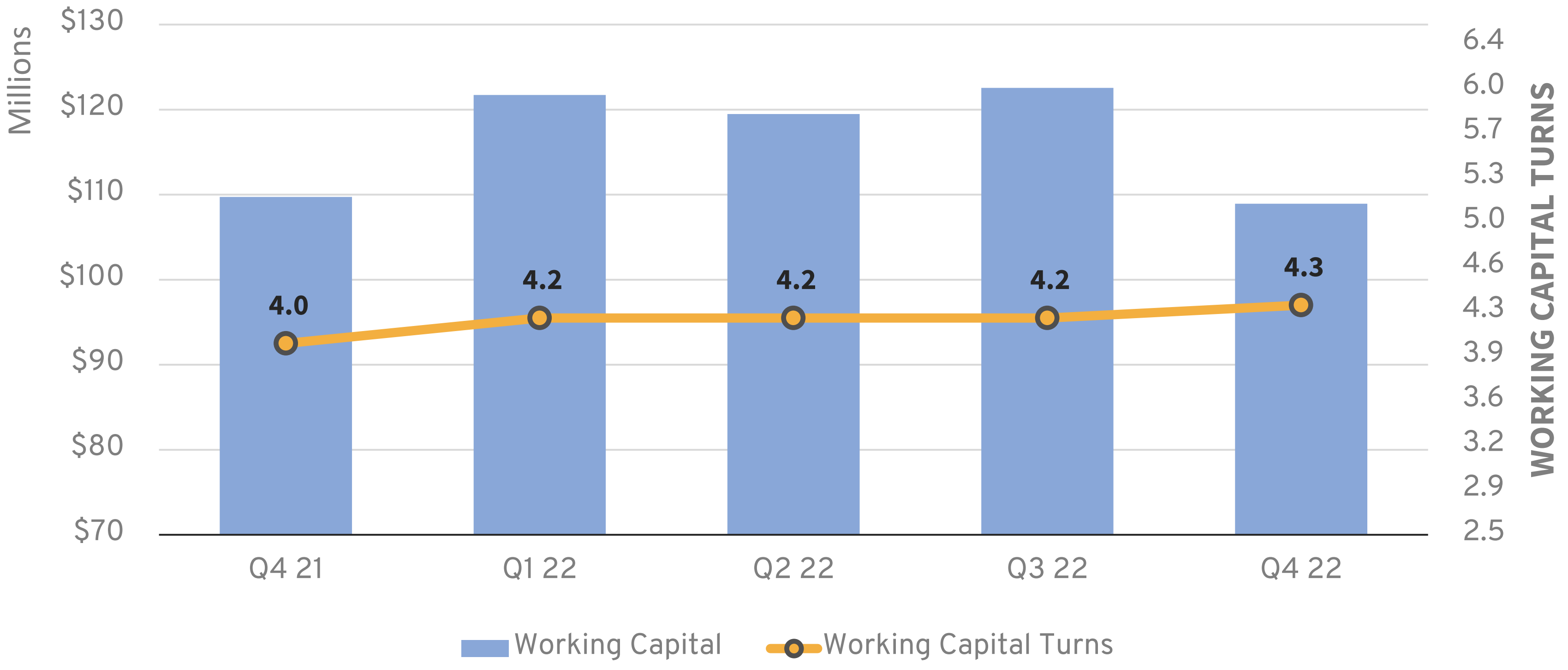
Sales –

- Pricing: ~$38 million, Volume: ~($12) million, FX: ~($4) million. Volume decline driven by Mobile as a result of semiconductor chip shortage, supply chain disruption, COVID-19, and Russia / Ukraine conflict impacts.

Adjusted EBITDA –

- Lower volume / unrecovered inflation: ~($8) million
- Overhead absorption: ~($5) million
- Incentive compensation: ~$4 million

WORKING CAPITAL

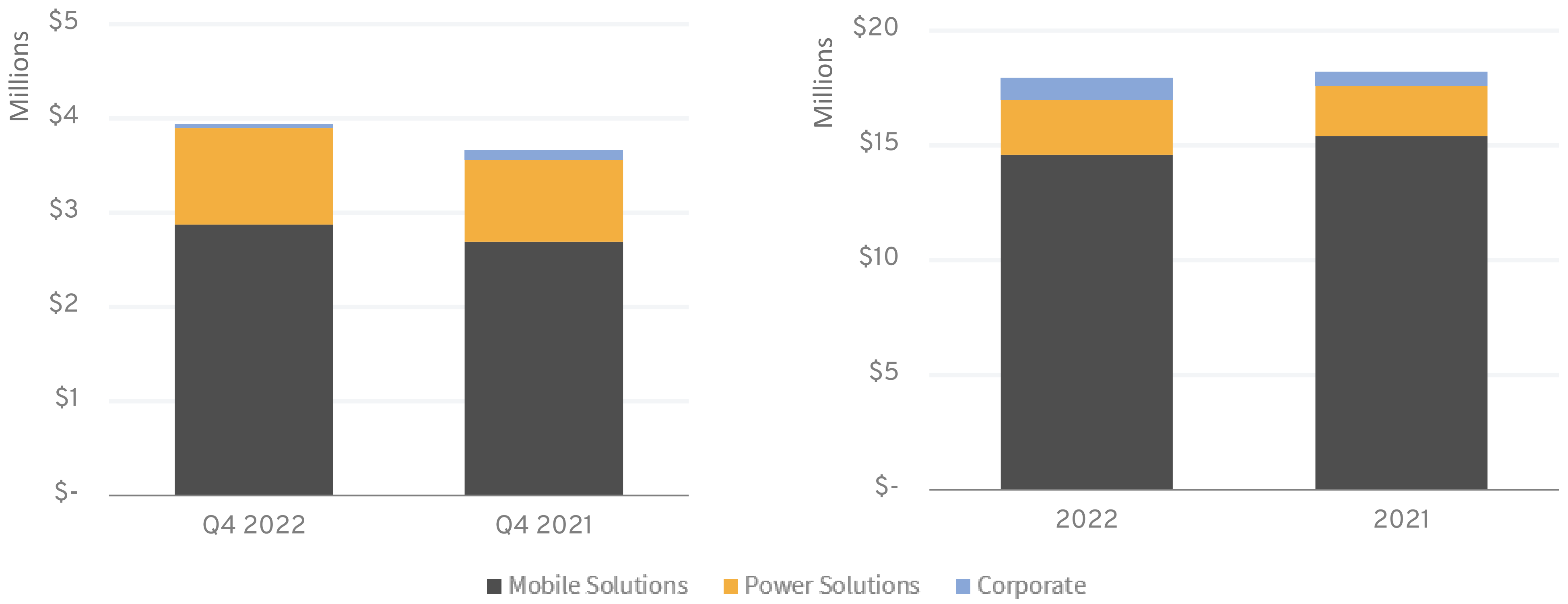


Working capital declined $13.6 million from Q3 2022 due to normal seasonality, utilization of customer programs to improve receivable terms, and inventory reduction initiatives.

Working capital turns improved from 4.2 to 4.3.

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

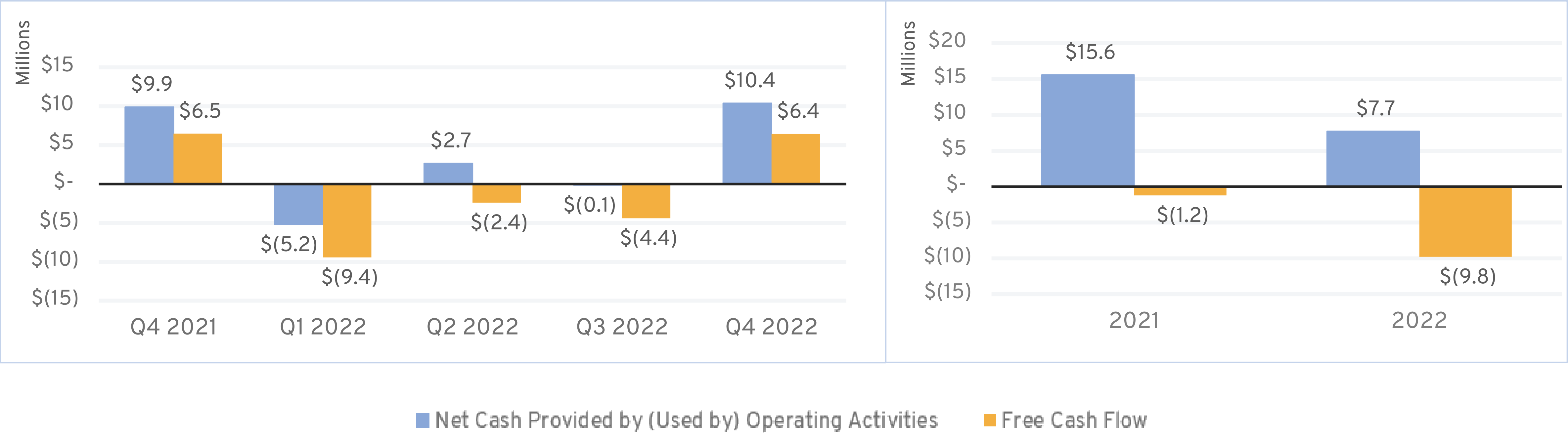
CAPITAL EXPENDITURES



Full year capital expenditures of $18 million at low end of outlook of $18-19 million.

Maintaining disciplined approach on capital expenditures.

FREE CASH FLOW

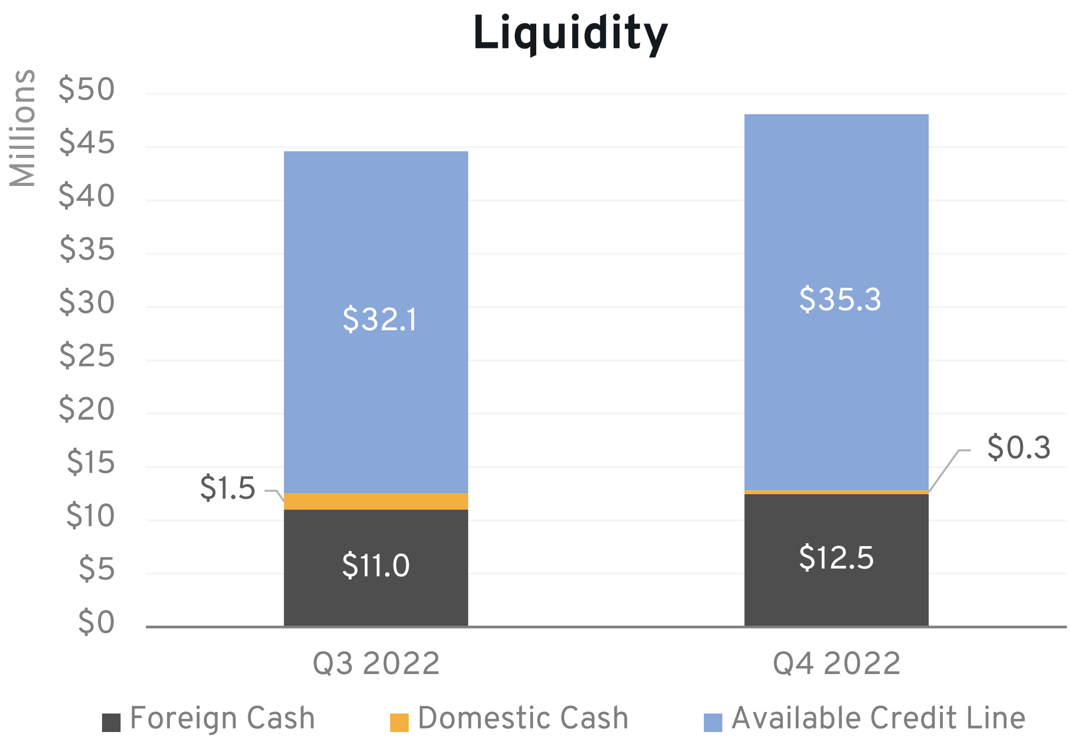


Free cash flows of $6.4 million for Q4 2022 and use of ($9.8) million for full year 2022 were consistent with outlook previously provided.

Cash outflows for severance, litigation / settlement, Life Sciences tax payment, FICA deferral repayment and facility closure costs were ~$2.6 million in Q4 2022 and ~$7.2 million for full year 2022.

Free Cash Flow = Net Cash Provided by (Used by) Operating Activities – Capital Expenditures + Proceeds from the Sale of PP&E

NET DEBT & LEVERAGE



Note: The Available Credit Line is reduced by non-cash letters of credit.

Net Debt		
in thousands	**Q3 2022**	**Q4 2022**
Short Term Debt	$ 5,683	$ 5,930
Long Term Debt	158,355	153,216
Funded Debt	164,038	159,146
Cash	12,551	12,809
Net Debt	$ 151,487	$ 146,337
Net Debt	$ 151,487	$ 146,337
TTM Adjusted EBITDA as Reported	$ 48,158	$ 43,887
Net Debt to Adjusted EBITDA	**3.15 x**	**3.33 x**

Liquidity remains strong –

- Domestic liquidity: $35.6 million
- Global liquidity: $48.1 million
- ABL drawn $1 million on December 31, 2022

ABL & TERM LOAN AMENDMENTS SUMMARY

ABL & term loan amendments protect and improve liquidity and reduce risk of covenant violation in a macroeconomic environment that remains uncertain:

- Demonstrates confidence / commitment of ABL and Term Loan lenders
- Leverage ratio relief through duration of term loan mitigates compliance risk
- Allows management to focus on improving results and executing strategy
- Amendment cost structured to protect / improve liquidity:
  - Cost via paid-in-kind (PIK) interest and penny warrants, non-cash until maturity
  - Evaluating potential equity raise which would improve liquidity
- The existing cap on customer receivable financing programs has been increased from $20 million to $30 million, which allows further utilization of these programs to improve liquidity
- New domestic liquidity covenant introduced

SEGMENT HIGHLIGHTS

POWER SOLUTIONS – Q4 2022

Sales up 11.7%, or $5.2 million, from prior year

- (+) Increased electrical component sales primarily due to higher customer pricing in order to recover inflationary costs and improved volume.

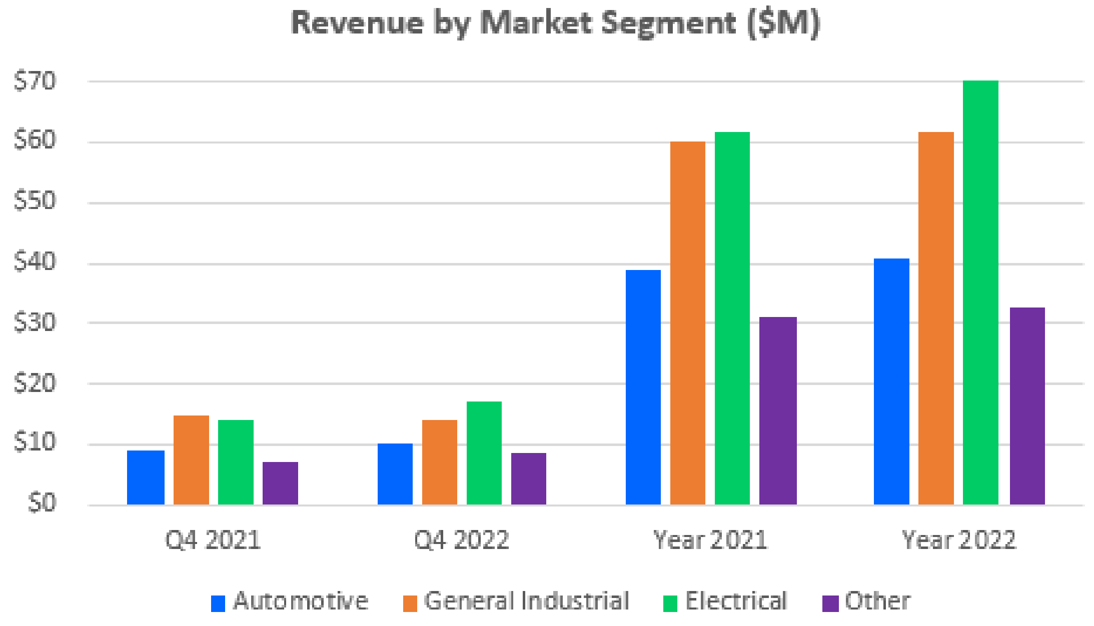
Profitability

- (+) Variable and fixed cost efficiencies gained from improved volume.
- (+) Increased pricing to recover inflation.
- (+) Improved mix of product sales with higher-margin components.

Current Focus & Looking Forward

- Taunton and Irvine facility closures on schedule to be completed in Q2 2023.
- New business wins and market dynamics expected to offset loss of exited Aerospace & Defense ("A&D") business.

(in millions)	Q4 2022	% of Sales	Q4 2021	% of Sales	% Change	Margin Change
Sales	$ 50.0		$ 44.8		11.7%	
Operating Profit - GAAP	$ (0.8)	-1.7%	$ (0.1)	-0.1%	1160.8%	-150 bps
Operating Profit - Adjusted	$ 4.5	9.0%	$ 2.7	6.0%	67.2%	300 bps
Reported EBITDA	$ 4.6	9.1%	$ 3.9	8.8%	16.2%	40 bps
Adjusted EBITDA	$ 5.6	11.3%	$ 3.9	8.7%	43.8%	250 bps



MOBILE SOLUTIONS – Q4 2022

Sales up 3.6%, or $2.4 million, from prior year

- (+) Increased pricing.
- (-) Customer pricing settlement recorded in Q4 2021.
- (-) Foreign exchange effects.

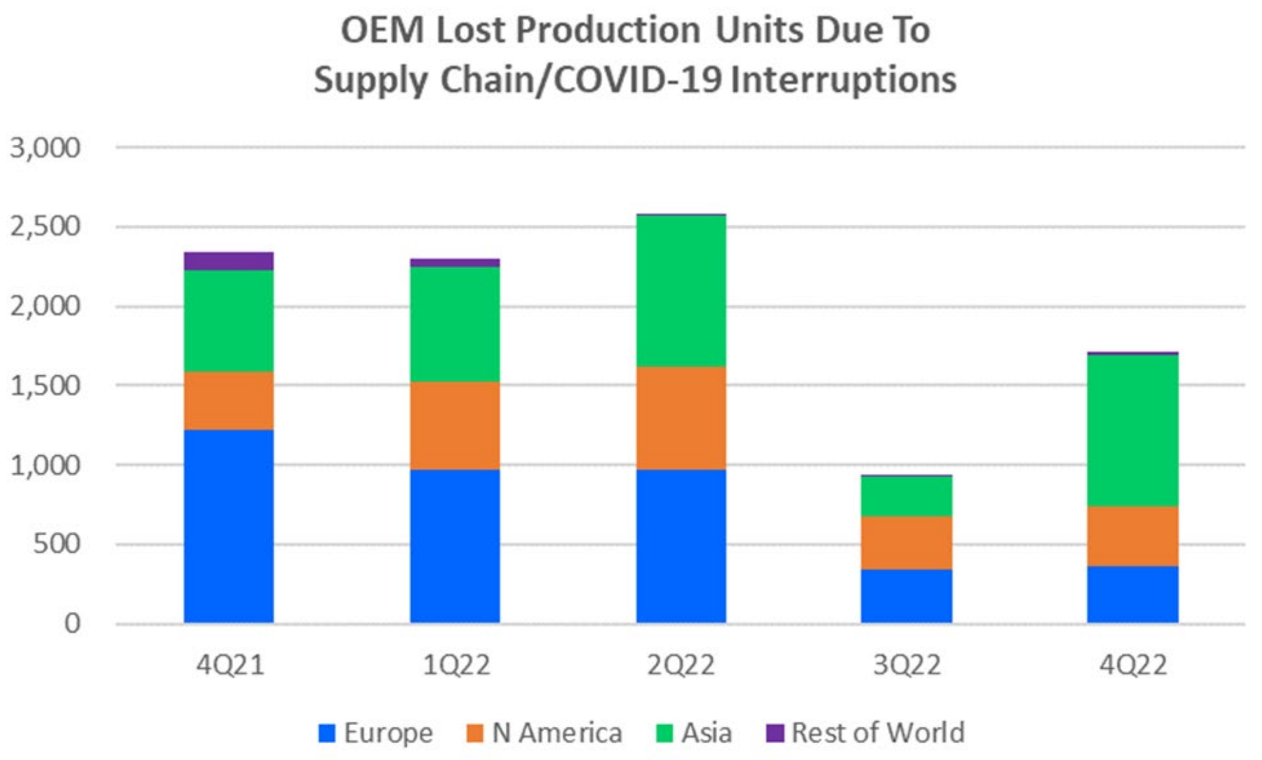
Profitability

- (-) Delayed/unrecovered inflation; Q4 2021 pricing settlement.
- (-) Overhead absorption.
- (-) Mexico new business launches.

Current Focus & Looking Forward

- Q1 customer demand expected to improve over Q4 2022.
- Finalizing negotiations on pricing to substantially recover 2022 non-material inflation effective 1/1/23.
- Three facility closures in Q2 2023.
- Efforts to secure new business wins focused on non-ICE markets are showing positive results.

(in millions)	Q4 2022	% of Sales	Q4 2021	% of Sales	% Change	Margin Change
Sales	$ 68.0		$ 65.6		3.6%	
Operating Profit - GAAP	$ (5.4)	-7.9%	$ 0.7	1.1%	-873.6%	-900 bps
Operating Profit - Adjusted	$ (3.7)	-5.4%	$ 1.5	2.3%	-337.8%	-770 bps
Reported EBITDA	$ 4.7	7.0%	$ 10.7	16.3%	-55.6%	-930 bps
Adjusted EBITDA	$ 5.4	7.9%	$ 10.5	16.0%	-48.7%	-810 bps



Source: LMC Automotive Global Light Vehicle Production Disruption Tracker, February 10, 2023

2023 OUTLOOK

(in millions)

Net Sales
$525-555 / Up 5–11%
2022 Actual – $498.7

Assumes:

- No significant production or supply chain disruptions due to the Russia / Ukraine conflict, COVID-19, or semiconductor chips.
- Potential recession impact is limited due to pent up auto demand and expected mild recession. Outlook does not consider impact of more severe recession and higher than expected interest rates on auto demand / housing starts.
- Sales growth driven by both volume and price, partially offset by foreign exchange.
- Reflects decline in A&D sales of ~$9 million due to closure of Irvine and Taunton.

Adjusted EBITDA
$50-60 / Up 14–37%
2022 Actual – $43.9

Assumes:

- Facility closure sequential improvement of $11-12 million from 2022.
- Moderating inflation and reduced impact of non-recovered inflation to our results due to pricing recovery.
- ~$5 million of higher sequential expense for management incentive accrual, which was not earned in 2022.

Free Cash Flow
$10-20 / Up $20–30
2022 Actual – ($9.8)

Assumes:

- Net capital expenditures: $16-18 million.
- Cash interest: $18-19 million.
- Cash taxes: $2-3 million.
- Cash incurred for facility closures and settlement payments: ~$6 million.
- Guidance does not include CARES Act tax refund of ~$11 million due to uncertain timing.

QUESTIONS & ANSWERS

APPENDIX

AMENDMENT TERMS

Consolidated Net Leverage Ratio Covenant:

Fiscal Quarter	Current Consolidated Net Leverage Ratio	Amended Consolidated Net Leverage Ratio	Post Amendment Increase to Consolidated Net Leverage Ratio
Q1 2023	3.50:1.00	4.50:1.00	1.00x
Q2 2023	3.25:1.00	4.50:1.00	1.25x
Q3 2023	3.00:1.00	4.00:1.00	1.00x
Q4 2023	2.75:1.00	3.75:1.00	1.00x
Q1 2024	2.50:1.00	3.50:1.00	1.00x
Q2 2024	2.50:1.00	3.50:1.00	1.00x
Q3 2024	2.50:1.00	3.25:1.00	1.25x
Q4 2024	2.50:1.00	3.25:1.00	1.25x
Thereafter	2.50:1.00	3.00:1.00	0.50x

Qualifying Equity Raise: Issuance of preferred equity of at least $10 million, with no mandatory redemption date, and requiring dividends to be paid in kind until the term loan obligation has been paid in full on or before June 30, 2023

Domestic Liquidity Covenant (new covenant):

- Required to maintain minimum $20 million domestic liquidity.
- Reduced to $15 million upon qualifying equity raise.

Other Amendment Changes:

- Increases existing cap on customer receivable financing programs from $20 million to $30 million.
- Excess cash flow payment for 2022 waived, would have required principal paydown of ~$3 million in 2023.

Term Loan Amendment Cost:

	No Equity Raise	With Qualifying Equity Raise
Paid in Kind Interest	200 bps if leverage >3x, 100 bps if leverage <3x	100 bps if leverage >3x, 50 bps if leverage <3x
Amendment Fee	1,965,000 penny warrants	982,500 penny warrants, subject to certain other dilution protections

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

	Three Months Ended December 31,	
(in thousands)	2022	2021
GAAP net income (loss)	$ (12,014)	$ 456
Pre-tax acquisition and transition expense	2,689	1,030
Pre-tax foreign exchange (gain) loss on inter-company loans	(715)	(117)
Pre-tax change in fair value of preferred stock derivatives and warrants	(407)	(2,403)
Pre-tax amortization of intangibles and deferred financing costs	5,407	3,919
Tax effect of adjustments reflected above (c)	(1,465)	(510)
Non-GAAP discrete tax adjustments	730	(2,000)
(Income) loss from discontinued operations, net of tax	—	(1,200)
Non-GAAP adjusted net income (loss) (d)	$ (5,775)	$ (825)

	Three Months Ended December 31,	
(per diluted common share)	2022	2021
GAAP net income (loss) per diluted common share	$ (0.33)	$ (0.04)
Pre-tax acquisition and transition expense	0.06	0.02
Pre-tax foreign exchange (gain) loss on inter-company loans	(0.02)	—
Pre-tax change in fair value of preferred stock derivatives and warrants	(0.01)	(0.05)
Pre-tax amortization of intangibles and deferred financing costs	0.12	0.09
Tax effect of adjustments reflected above (c)	(0.03)	(0.01)
Non-GAAP discrete tax adjustments	0.02	(0.04)
(Income) loss from discontinued operations, net of tax	—	(0.03)
Preferred stock cumulative dividends and deemed dividends	0.07	0.05
Non-GAAP adjusted net income (loss) per diluted common share (d)	$(0.12)	$(0.01)
Weighted average common shares outstanding	44,708	44,454

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

	Twelve Months Ended December 31,	
(in thousands)	2022	2021
GAAP net income (loss)	$ (26,098)	$ (13,225)
Pre-tax acquisition and transition expense	6,973	4,802
Pre-tax foreign exchange (gain) loss on inter-company loans	(212)	474
Pre-tax write-off of unamortized debt issuance costs	—	2,390
Pre-tax change in fair value of preferred stock derivatives and warrants	(5,267)	(7,009)
Pre-tax amortization of intangibles and deferred financing costs	17,188	15,729
Pre-tax derivative loss, net of cash settlements	—	3,750
Pre-tax impairments of fixed asset costs	219	—
Pre-tax costs related to divested businesses and litigation settlement	—	1,500
Tax effect of adjustments reflected above (c)	(3,978)	(4,569)
Non-GAAP discrete tax adjustments	3,128	(913)
(Income) loss from discontinued operations, net of tax	—	(1,200)
Non-GAAP adjusted net income (loss) (d)	$ (8,047)	$ 1,729

	Twelve Months Ended December 31,	
(per diluted common share)	2022	2021
GAAP net income (loss) per diluted common share	$ (0.83)	$ (0.79)
Pre-tax acquisition and transition expense	0.16	0.11
Pre-tax foreign exchange (gain) loss on inter-company loans	—	0.01
Pre-tax write-off of unamortized debt issuance costs	—	0.05
Pre-tax change in fair value of preferred stock derivatives and warrants	(0.12)	(0.16)
Pre-tax amortization of intangibles and deferred financing costs	0.38	0.36
Pre-tax interest rate swap payments and change in fair value	—	0.09
Pre-tax costs related to divested businesses and litigation settlement	—	0.03
Tax effect of adjustments reflected above (c)	(0.09)	(0.10)
Non-GAAP discrete tax adjustments	0.07	(0.02)
(Income) loss from discontinued operations, net of tax	—	(0.03)
Preferred stock cumulative dividends and deemed dividends	0.24	0.49
Non-GAAP adjusted net income (loss) per diluted common share (d)	$(0.19)	$0.04
Weighted average common shares outstanding	44,680	44,011

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 December 31,	
NN, Inc. Consolidated	**2022**	**2021**
GAAP income (loss) from operations	$ (11,041)	$ (3,782)
Acquisition and transition expense*	2,689	1,030
Amortization of intangibles	5,067	3,587
Non-GAAP adjusted income (loss) from operations (a)	$ (3,285)	$ 835
Non-GAAP adjusted operating margin (1)	(2.8)%	0.8 %
Depreciation	8,202	7,748
Other income/expense	845	2,578
Non-cash foreign exchange (gain) loss on inter-company loans	(715)	(117)
Change in fair value of preferred stock derivatives and warrants	(407)	(2,403)
Share of net income from joint venture	2,657	2,805
Non-cash stock compensation	515	635
Non-GAAP adjusted EBITDA (b)	$ 7,812	$ 12,081
Non-GAAP adjusted EBITDA margin (2)	6.6 %	10.9 %
GAAP net sales	$ 118,012	$ 110,379

(in thousands)	Three Months Ended December 31,	
Power Solutions	**2022**	**2021**
GAAP income (loss) from operations	$ (840)	$ (66)
Acquisition and transition expense	1,096	—
Amortization of intangibles	4,229	2,749
Non-GAAP adjusted income (loss) from operations (a)	$ 4,485	$ 2,683
Non-GAAP adjusted operating margin (1)	9.0 %	6.0 %
Depreciation	1,239	1,240
Other income/expense	(61)	6
Non-cash foreign exchange (gain) loss on inter-company loans	(35)	(15)
Non-GAAP adjusted EBITDA (b)	$ 5,628	$ 3,914
Non-GAAP adjusted EBITDA margin (2)	11.3 %	8.7 %
GAAP net sales	$ 50,020	$ 44,774

(in thousands)	Three Months Ended December 31,	
Mobile Solutions	**2022**	**2021**
GAAP income (loss) from operations	$ (5,389)	$ 697
Acquisition and transition expense	899	—
Amortization of intangibles	838	838
Non-GAAP adjusted income (loss) from operations (a)	$ (3,652)	$ 1,535
Share of net income from joint venture	2,657	2,805
Non-GAAP adjusted income (loss) from operations with JV	$ (995)	$ 4,340
Non-GAAP adjusted operating margin (1)	(1.5)%	6.6 %
Depreciation	6,569	6,124
Other income/expense	67	223
Non-cash foreign exchange (gain) loss on inter-company loans	(251)	(180)
Share of net income from joint venture	2,657	2,805
Non-GAAP adjusted EBITDA (b)	$ 5,390	$ 10,507
Non-GAAP adjusted EBITDA margin (2)	7.9 %	16.0 %
GAAP net sales	$ 67,994	$ 65,615

(in thousands)	Three Months Ended December 31,	
Elimination	**2022**	**2021**
GAAP net sales	$ (2)	$ (10)

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

*2022 includes professional fees of $0.4 million of professional fees and $2.3 million of integration & transformation fees. 2021 includes $1.0 million of professional fees.

RECONCILIATION OF GAAP INCOME (LOSS) FROM OPERATIONS TO NON-GAAP ADJUSTED INCOME (LOSS) FROM OPERATIONS AND NON-GAAP ADJUSTED EBITDA

(in thousands)	Twelve Months Ended December 31,	
NN, Inc. Consolidated	**2022**	**2021**
GAAP income (loss) from operations	$ (21,092)	$ (9,004)
Acquisition and transition expense*	6,973	4,802
Amortization of intangibles	15,827	14,348
Impairments (Goodwill and fixed assets)	219	—
Non-GAAP adjusted income (loss) from operations (a)	$ 1,927	$ 10,146
Non-GAAP adjusted operating margin (1)	0.4 %	2.1 %
Depreciation	31,404	31,847
Other income/expense	5,064	5,366
Non-cash foreign exchange (gain) loss on inter-company loans	(212)	474
Change in fair value of preferred stock derivatives and warrants	(5,267)	(7,009)
Costs related to divested businesses and litigation settlement	—	1,500
Share of net income from joint venture	6,592	6,261
Non-cash stock compensation	4,378	3,529
Non-GAAP adjusted EBITDA (b)	$ 43,886	$ 52,114
Non-GAAP adjusted EBITDA margin (2)	8.8 %	10.9 %
GAAP net sales	498,738	477,584

(in thousands)	Twelve Months Ended December 31,	
Power Solutions	**2022**	**2021**
GAAP income (loss) from operations	3,536	6,493
Acquisition and transition expense	4,048	386
Amortization of intangibles	12,474	10,994
Non-GAAP adjusted income (loss) from operations (a)	$ 20,058	$ 17,873
Non-GAAP adjusted operating margin (1)	9.8 %	9.3 %
Depreciation	5,009	4,898
Other income/expense	20	(52)
Non-cash foreign exchange (gain) loss on inter-company loans	(74)	118
Non-GAAP adjusted EBITDA (b)	$ 25,013	$ 22,837
Non-GAAP adjusted EBITDA margin (2)	12.2 %	11.9 %
GAAP net sales	205,204	191,800

(in thousands)	Twelve Months Ended December 31,	
Mobile Solutions	**2022**	**2021**
GAAP income (loss) from operations	$ (2,165)	$ 9,039
Acquisition and transition expense	1,302	566
Amortization of intangibles	3,353	3,353
Impairments (Goodwill and fixed assets)	219	—
Non-GAAP adjusted income (loss) from operations (a)	$ 2,709	$ 12,958
Share of net income from joint venture	$ 6,592	$ 6,261
Non-GAAP adjusted income (loss) from operations with JV	$ 9,301	$ 19,219
Non-GAAP adjusted operating margin (1)	3.2 %	6.7 %
Depreciation	$ 24,839	$ 25,417
Other income/expense	(261)	65
Non-cash foreign exchange (gain) loss on inter-company	(140)	(24)
Share of net income from joint venture	6,592	6,261
Non-GAAP adjusted EBITDA (b)	$ 33,739	$ 44,677
Non-GAAP adjusted EBITDA margin (2)	11.5 %	15.6 %
GAAP net sales	$ 293,536	$ 285,863

(in thousands)	Twelve Months Ended December 31,	
Elimination	**2022**	**2021**
GAAP net sales	$ (2)	$ (79)

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

*2022 includes professional fees of $1.4 million, integration & transformation fees of $3.5 million, and asset write-downs and litigation settelments of $2.0 million.

*2021 includes professional fees of $2.3 million and integration & transformation fees of $2.5 million.

RECONCILIATION OF OPERATING CASH FLOW TO FREE CASH FLOW

	Three Months Ended December 31,		Year Ended December 31,	
(in thousands)	**2022**	**2021**	**2022**	**2021**
Net cash provided (used) by operating activities	$ 10,388	$ 9,895	$ 7,717	$ 15,586
Acquisition of property, plant, and equipment	(3,941)	(3,665)	(17,952)	(18,221)
Proceeds from sale of property, plant, and equipment	—	241	460	1,418
Free cash flow	$ 6,447	$ 6,471	$ (9,775)	$ (1,217)

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.