



# Q4 2020 Earnings Presentation



# Forward Looking Statement & Disclosures

Forward Looking Statement: With the exception of the historical information contained in this presentation, the matters described herein contain forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve a number of risks and uncertainties 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, competitive influences, risks that current customers will commence or increase captive production, delayed customer product launches, risks of capacity underutilization, quality issues, availability of raw materials, pending and completed transactions and other risks associated with international trade, the Company's dependence on certain major customers, the impacts of the coronavirus (COVID-19) pandemic on the Company's financial condition, business operations and liquidity, foreign currency volatility, unstable economic growth, fluctuations in unemployment rates, retention of key employees, outcomes of legal proceedings, claims and investigations and other risk factors and cautionary statements listed from time to time 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, 2019, the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2020, and when filed, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

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](http://www.nninc.com), under the heading "News & Events" and subheading "Presentations."

Disclaimer: NN disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements included herein or therein to reflect future events or developments.

# On the Call Today



**Warren Veltman**  
*President and  
Chief Executive Officer*



**Thomas DeByle**  
*Senior Vice President and  
Chief Financial Officer*

## Agenda

1. Executive Overview
2. Fourth Quarter and Full Year Financial Update
3. Segment and Market Review
4. Outlook for 2021
5. Q&A

# 2020 Year in Review

## *Upon a change in leadership, management implemented several critical actions to better position the Company for financial success*

- ✓ Announced cash improvement plan to save \$32M annually in Q4'19, including elimination of cash dividend, reduced costs, and a reduction in capital expenditures (all targets met or exceeded)
- ✓ Managed costs and liquidity through COVID-19 pandemic resulting in stronger EBITDA margins within the 2<sup>nd</sup> half of the year
- ✓ Executed strategic alternatives process resulting in the sale of the Life Sciences business, providing the company financial flexibility following significant de-leveraging
- ✓ Consolidation of operating facilities and downsizing of Charlotte corporate headquarters:
  - Engineering, business development, and other operational functions were returned to the sites/groups
  - Terminated lease on 45,000 sq. ft. of underutilized office space
- ✓ Restructuring group leadership:
  - Combined Mobile and Power Solutions leadership to leverage sales and functional synergies
  - Transferring Mobile Solutions' more mature operational model to Power Solutions to improve operating efficiencies

**Sales of \$428mm**

Mobile and Power Solutions

**\$34mm**

Cash improvement measures  
in response to COVID

**\$16mm**

Annual cost reduction initiatives  
in response to COVID

**\$825mm<sup>1</sup>**

Sale price for divestiture of  
Life Sciences Division

**\$1.8mm**

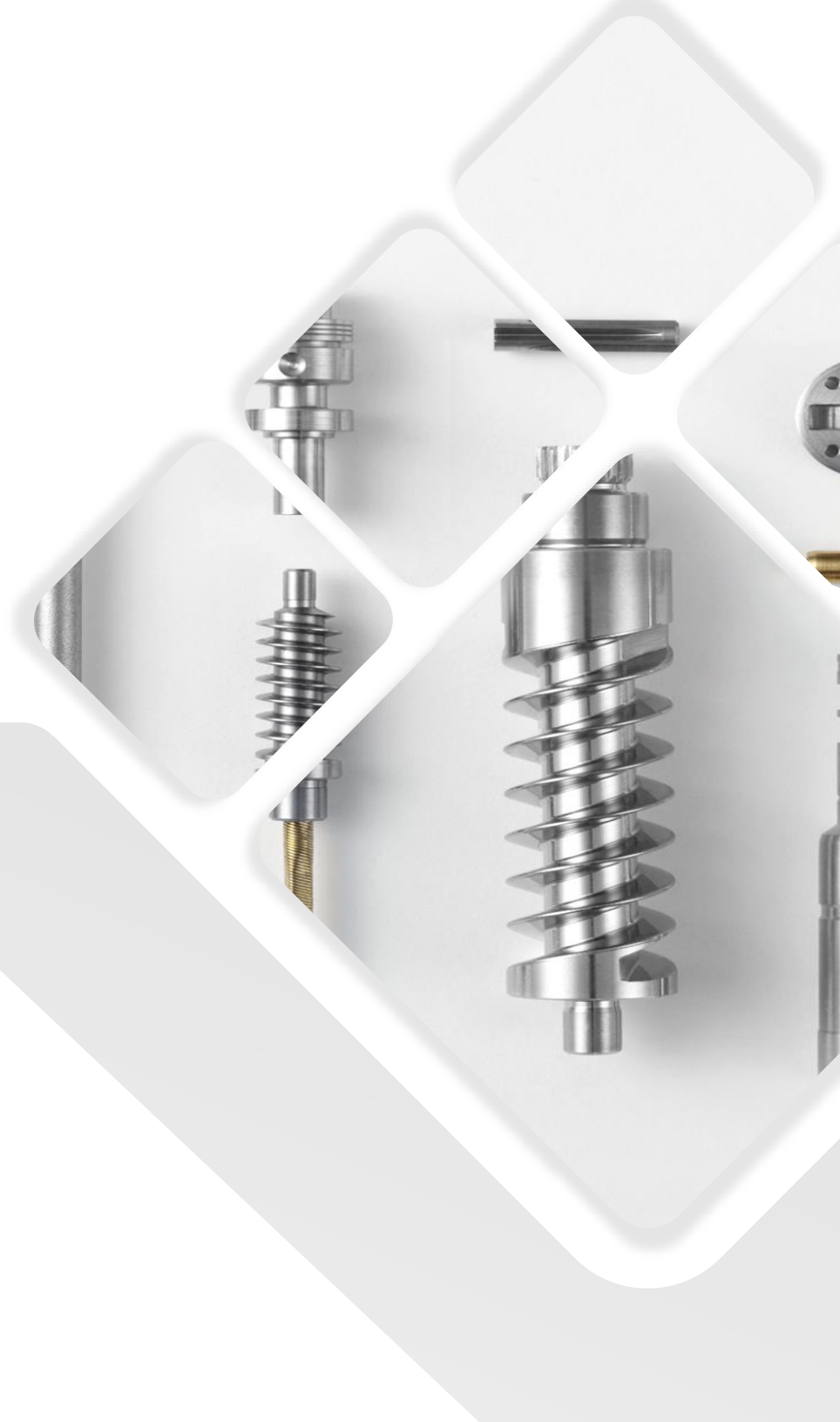
Annual cost savings by  
optimizing office space

**~6x → ~1x**

Reduction in leverage  
following divestiture

<sup>1</sup> \$755mm in cash upon closing and \$70mm in an earn-out

# Fourth Quarter and Full Year 2020 Update



# Fourth Quarter 2020 Overview

## Key Quarterly Highlights

- Ongoing market recovery and year-over-year growth in sales and EBITDA
- Life Sciences segment sold for \$825 million
- Significant debt reduction
- Continued operational improvements

## Net Debt

- Net debt significantly reduced in fourth quarter using proceeds from Life Sciences sale
- Adjusted EBITDA to net debt leverage ratio below ~1.0x at year end

## Continued Sales Growth

- Fourth-quarter sales of \$119.0 million
- Up 7.5% year-over-year, up 4.6% sequentially
- Market recovery ongoing in both segments

## EBITDA

- Reported EBITDA of \$12.7 million, or 10.7% of sales, up 850 basis points from prior year
- Adjusted EBITDA of \$16.8 million, or 14.2% of sales, up 360 basis points from prior year

## Operating Income/EPS

- Operating loss improved to (\$1.0) million from (\$10.1) million in 2019
- Non-GAAP adjusted operating income improved to \$7.3 million
- EPS from Cont Ops of (\$0.44) vs. (\$0.25) last year; Non-GAAP Adjusted EPS of \$0.17 vs. (\$0.02) last year

## Cash Flow / Working Capital

- Proforma free cash flow of \$8.0 million, excluding transaction costs and Life Sciences Q4 capex
- Continued year-over-year and sequential improvement in Working Capital turns
- Ongoing cash discipline

Note: All figures exclude Life Sciences except where noted

# Fourth Quarter Financial Highlights

	Δ Y/Y	4Q20	4Q19
Sales	↑ 7.5%	\$119.0 million	\$110.7 million
Organic	↑	+ 8.8%	
FX Impact	↓	- 1.3%	
GAAP Operating Loss	↑ 90%	(\$1.0) million	(\$10.1) million
Non-GAAP Adj Operating Income	↑ 266%	\$7.3 million	\$2.0 million
Non-GAAP Adj EBITDA	↑ 43%	\$16.8 million	\$11.8 million
Non-GAAP Adj EBITDA Margin	↑ 360 bps	14.2%	10.6%
GAAP Diluted EPS from Continuing Ops	↓	(\$0.44)	(\$0.25)
Non-GAAP Adj Diluted EPS	↑	\$0.17	(\$0.02)

- Strong organic sales growth and double-digit EBITDA margins for the quarter
- GAAP Diluted EPS from Continuing Operations impacted by one-time interest rate swap charge within the quarter

# Full Year Financial Highlights

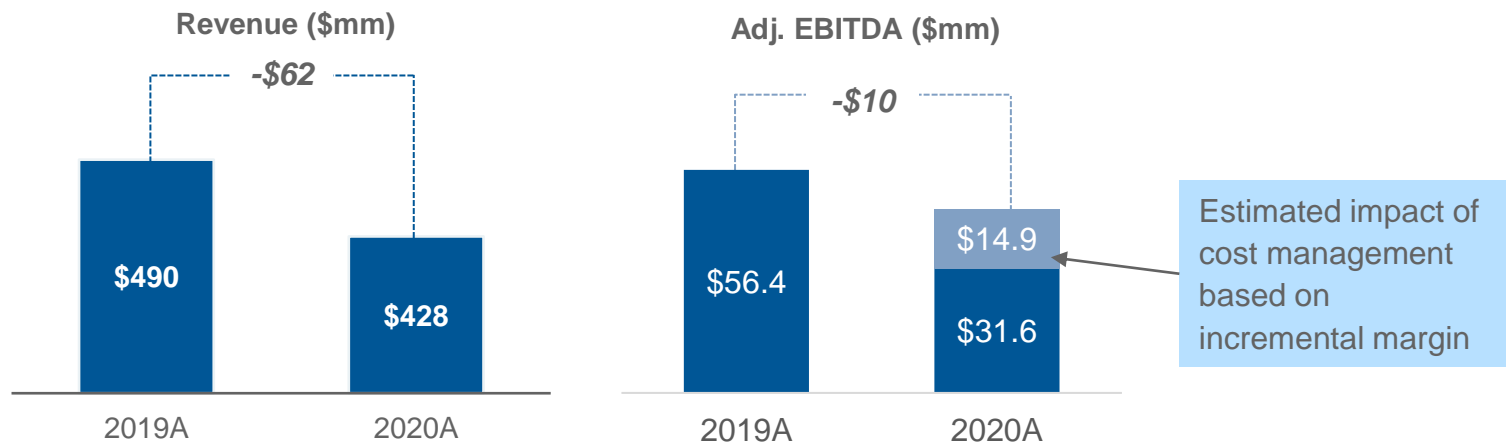
	Δ Y/Y	2020	2019
Sales	↓ 12.7%	\$427.5 million	\$489.5 million
Organic	↓	(11.4%)	
FX Impact	↓	(1.3%)	
GAAP Operating Loss	↓ 568%	(\$117.5) million	(\$17.6) million
Non-GAAP Adj Operating Income	↓ 64%	\$7.8 million	\$21.6 million
Non-GAAP Adj EBITDA	↓ 18%	\$46.5 million	\$56.4 million
Non-GAAP Adj EBITDA Margin	↓ 60 bps	10.9%	11.5%
GAAP Diluted EPS from Continuing Ops	↓	(\$3.60)	(\$0.75)
Non-GAAP Adj Diluted EPS	↓	(\$0.16)	\$0.19

- 2020 Sales and Adjusted EBITDA impacted by COVID-19
- GAAP Operating Loss and Diluted EPS from Continuing Operations impacted by COVID-19 and a Q1 2020 Goodwill Impairment of \$92.9 million

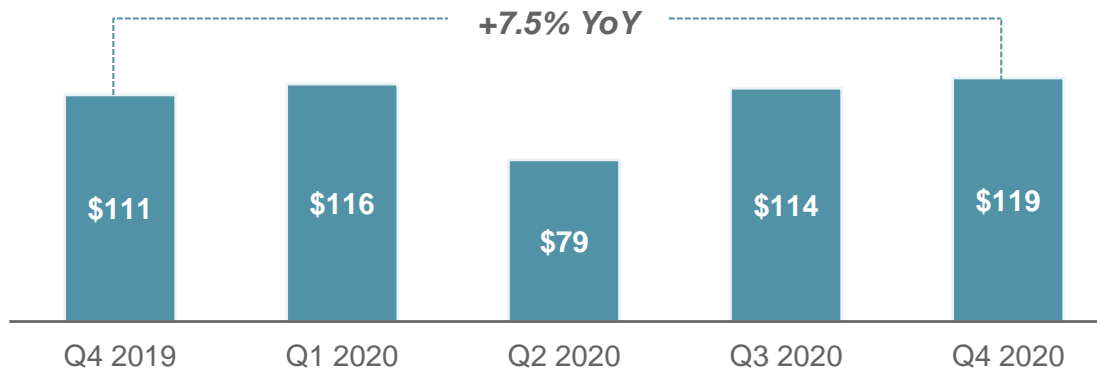


# Effective Management Through COVID-19 Pandemic; Strong Second-Half 2020 Recovery Setting Stage for Future Growth

Considering 40% variable margin, Company achieved higher than expected Adj. EBITDA due to strong cost management

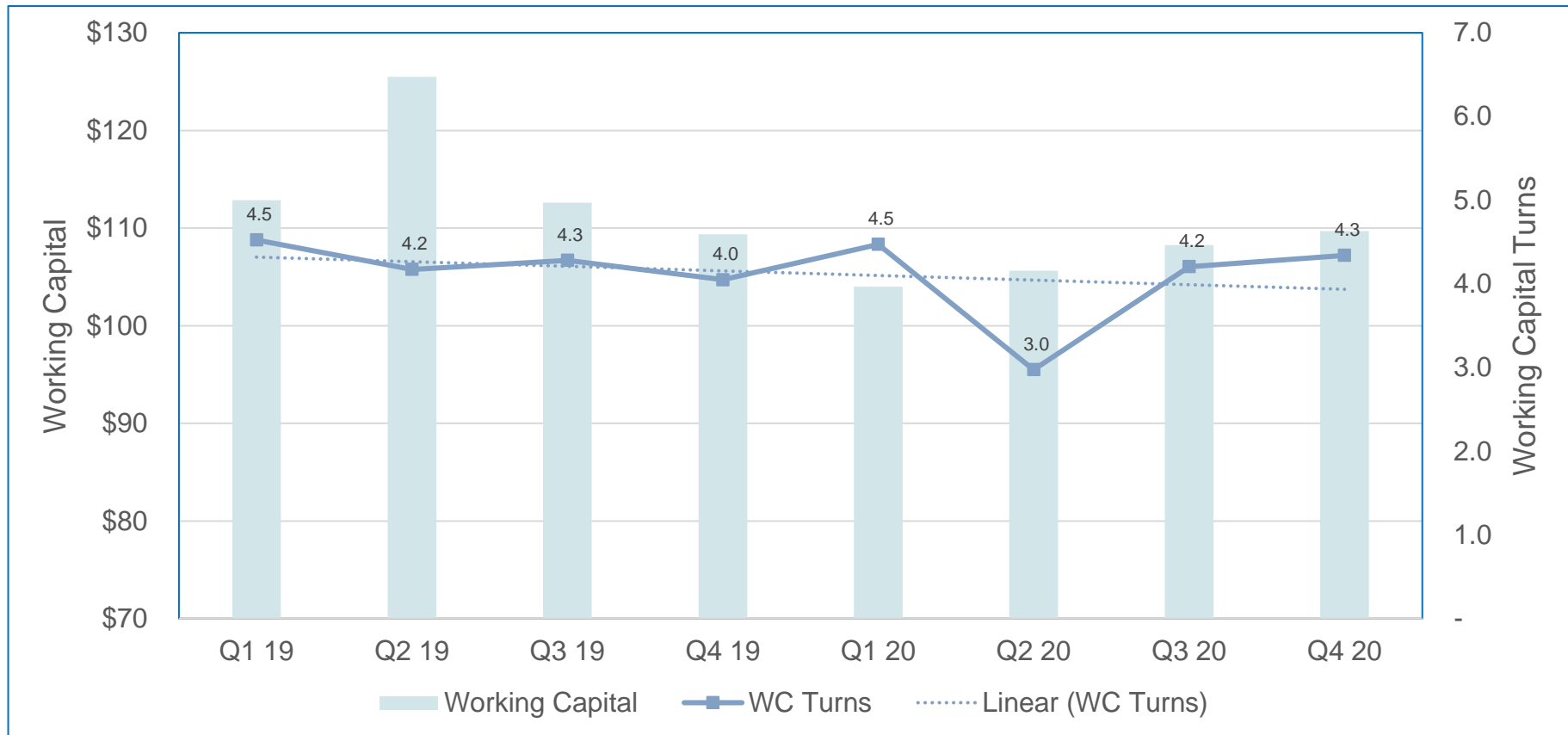


Following 2Q'20, which was most significantly impacted by COVID, revenue has clearly begun to recover with 4Q'20 outpacing 4Q'19



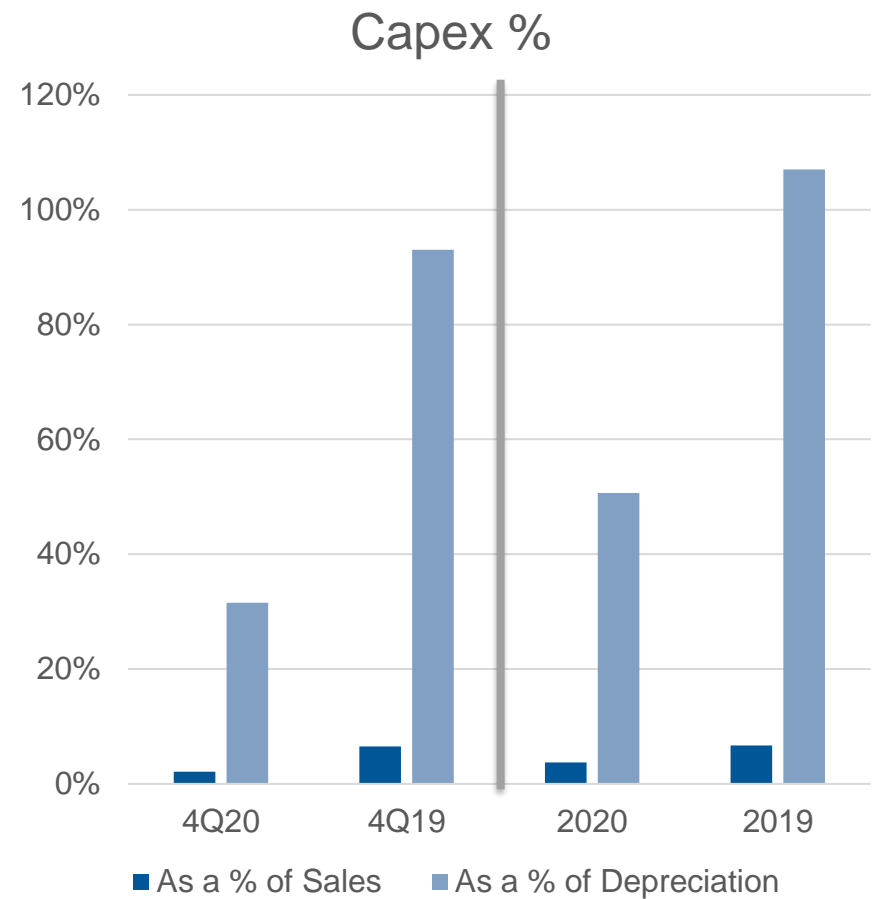
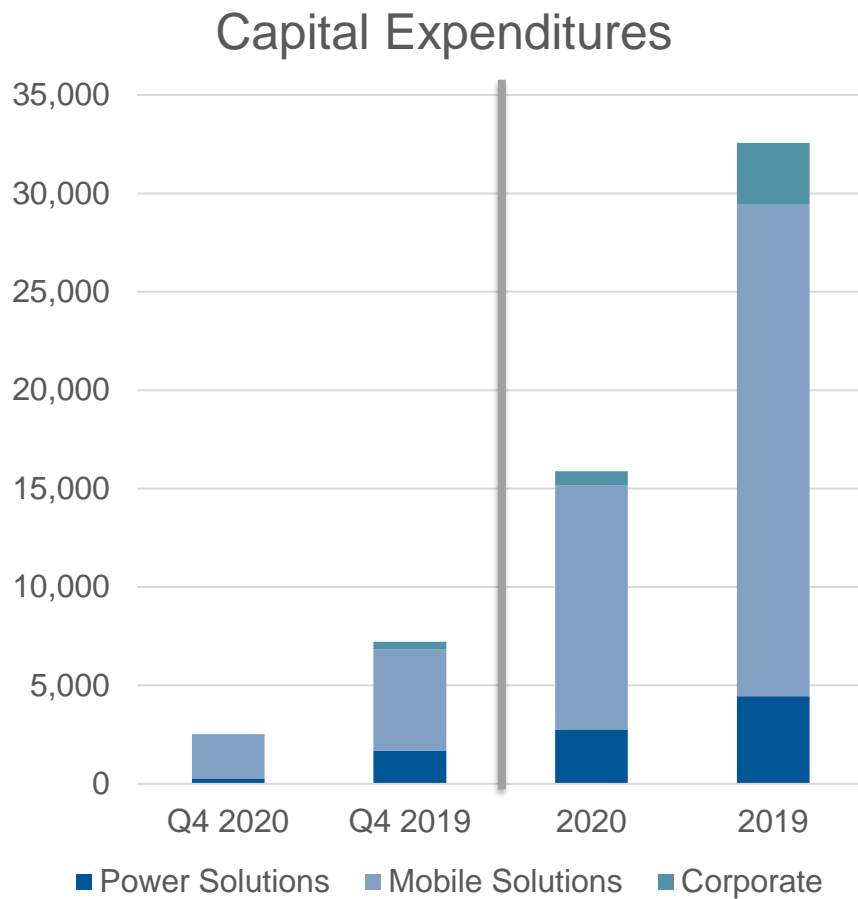
Management expects to retain significant cost savings from these actions in post-COVID environment

# Working Capital



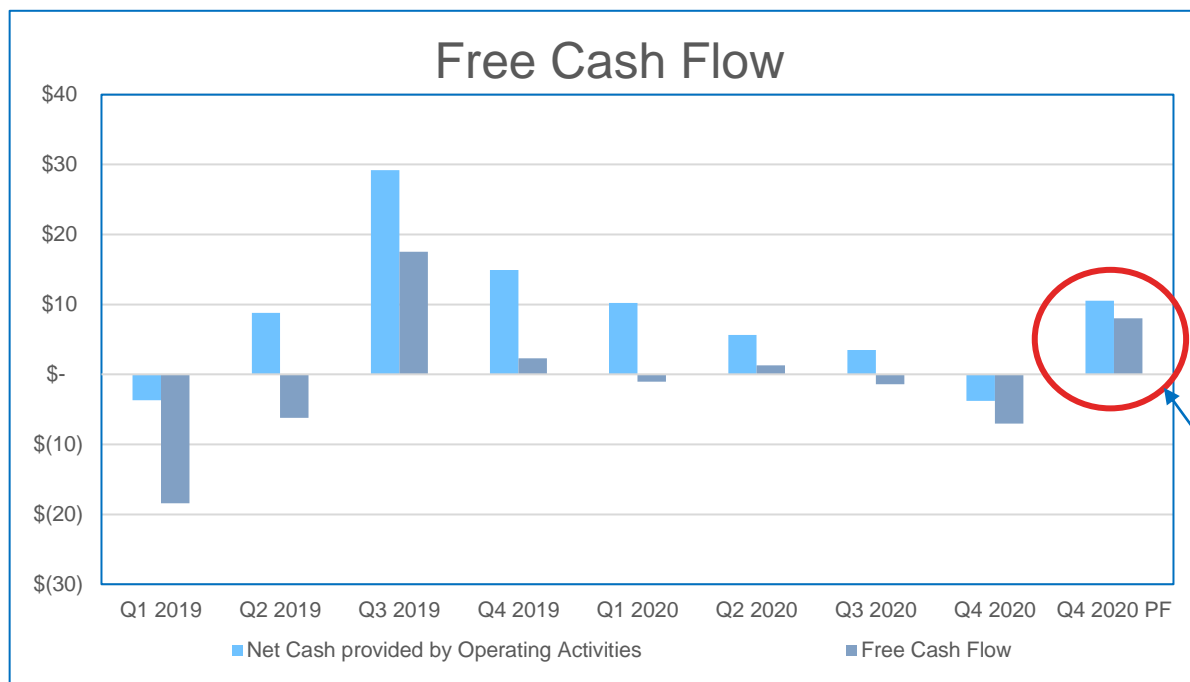
Working capital turns improved sequentially and year-over-year

# Capital Spending Discipline



Actively managed capital expenditures throughout the year

# Free Cash Flow



Cash Flow Metrics		
\$000's		
<i>Free operating cash flow:</i>		
	<b>Q4'20</b>	<b>Q4'19</b>
Net cash provided by operating activities, as reported	\$ (3,795)	\$ 14,920
Less: Capital expenditures	(3,255)	(12,601)
<b>Free operating cash flow</b>	<b>\$ (7,050)</b>	<b>\$ 2,319</b>
Net Income (loss)	\$ 147,377	\$ (14,085)
<b>Conversion of free operating cash flow</b>	N/A	N/A

Proforma Cash Flow Metrics	
\$000's	
<i>Free operating cash flow:</i>	
	<b>Proforma Q4'20<sup>1</sup></b>
Net cash provided by operating activities, as reported	\$ (3,795)
Add: Transaction related costs	14,310
Proforma: net cash provided by operating activities	\$ 10,515
Less: Capital expenditures	(2,515)
<b>Proforma free operating cash flow</b>	<b>\$ 8,000</b>
Loss from continuing operations	\$ (15,487)
<b>Conversion of free operating cash flow</b>	N/A
<sup>1</sup> Proforma estimate excludes impact of Life Sciences Q4'20 capital expenditures and transaction costs.	

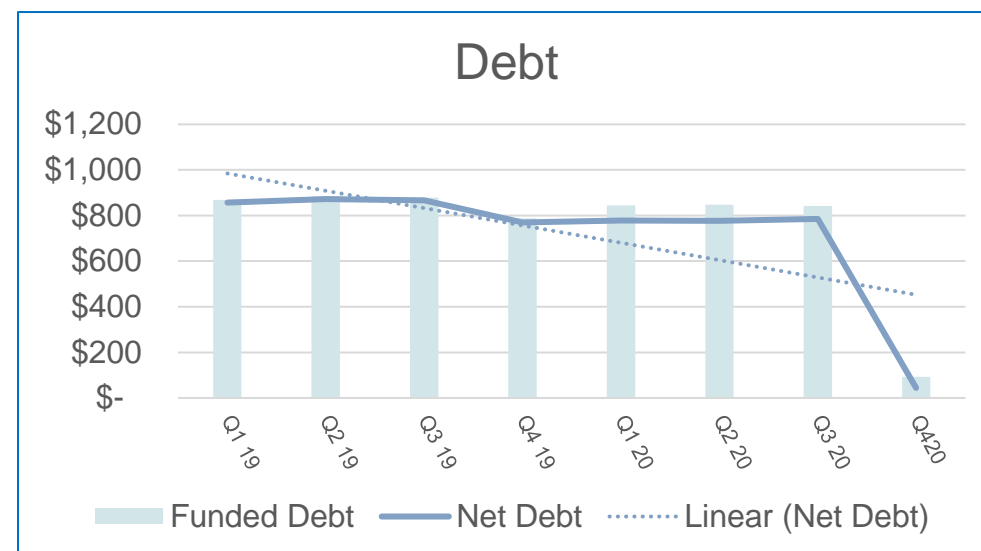
Proforma Free Cash Flow, excluding Life Sciences capital expenditures and transaction expenses, was \$8.0 million for Q4'20.



# Net Debt and Leverage

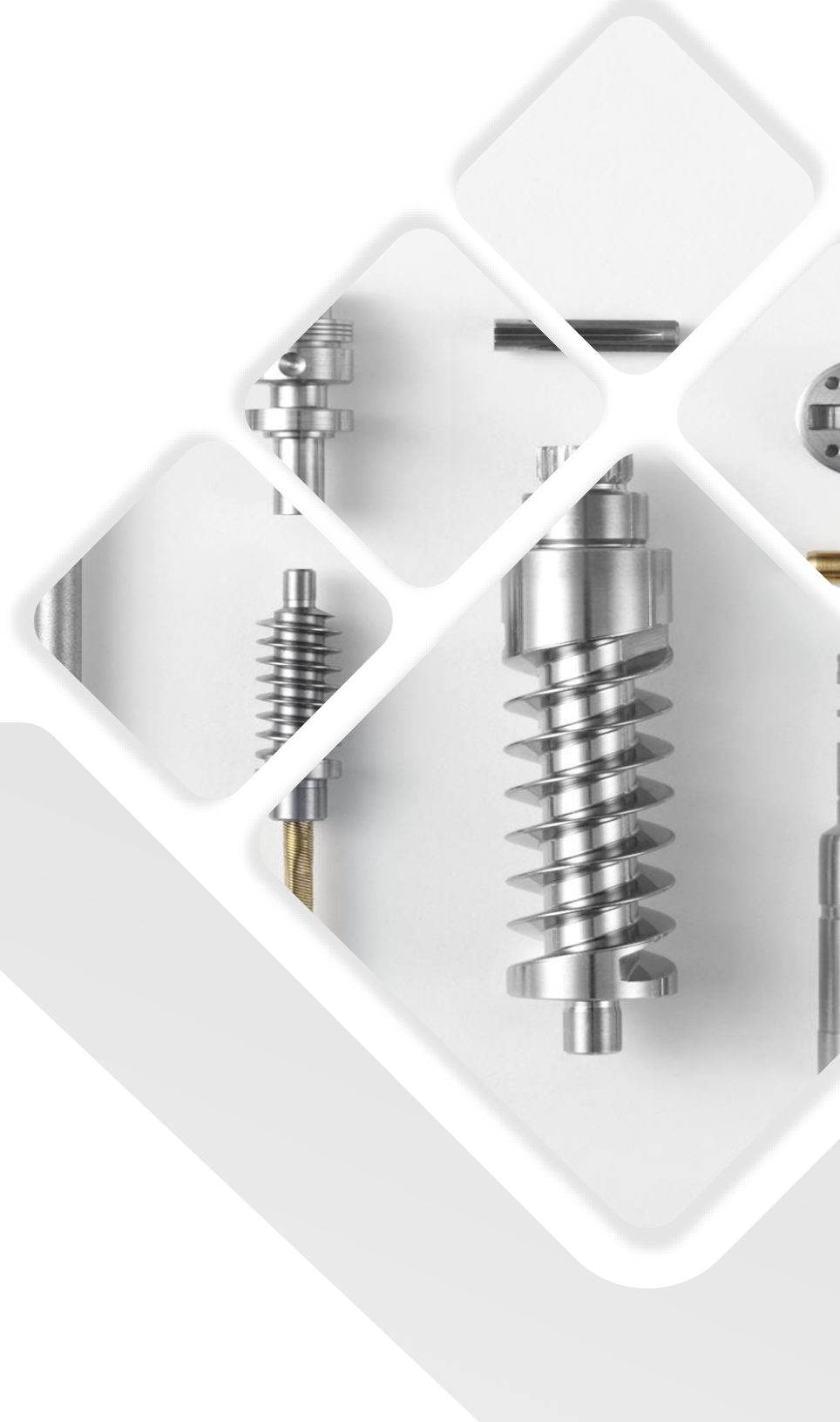
Debt Metrics		
	Actual Q4 12/31/2020	Actual <sup>1</sup> Q4 12/31/2019
<i>\$000's</i>		
Short Term Debt	\$ 9,138	\$ 22,830
Long Term Debt (ex-issuance costs)	84,043	766,332
Funded Debt	93,181	789,161
Cash	48,138	31,703
Net Debt	<u>\$ 45,043</u>	<u>\$ 757,459</u>
TTM Adjusted EBITDA as Reported	\$ 46,483	\$ 146,564
<b>Adjusted EBITDA to Net Debt</b>	<b>0.97 x</b>	<b>5.17 x</b>

<sup>1</sup>Prior period actuals include Life Sciences



Significant de-leveraging event post Life Sciences sale on October 6, 2020

# Segment Highlights



# Current Market Update

## Mobile Solutions:

- Auto industry production – overall 2021 production rates are expected to exceed 2020 output – falling just short of 2019 levels. Production output driven by low car and truck inventory levels.
- Chip shortage affecting large segment of OEMs – causing unpredictable volumes through Q2 – NN product mix relying more heavily on truck and SUV models partially mitigates this impact.
- Medium and Heavy Truck market continues steady growth trend in NA, EU, and CH, driving demand for diesel engines. Chinese Government rolling out CN6 emission standards effective in July 2021 is resulting in acceleration of volume prior to the effective date.

## Power Solutions:

- Power Companies have accelerated efforts to justify and execute aging grid infrastructure upgrades on the distribution side in preparation for continued installments of smart-grid systems, green power generation and storage devices (wind, solar, battery), and increased demand driven by electrified vehicles in the future.
- Green initiatives will be accelerated and promoted by the incoming administration, as evident by the recent executive orders relative to the pipeline construction.
- The recent weather events in Texas that disrupted power for millions highlights how fragile the current infrastructure is and will result in additional spending on preventative (smart) devices and systems.

# Mobile Solutions – Q4 2020

<i>Mobile Solutions</i> <i>(In millions)</i>	<u>Q4</u> <u>FY20</u>	<u>% of</u> <u>Sales</u>	<u>Q4</u> <u>FY19</u>	<u>% of</u> <u>Sales</u>	<u>%</u> <u>Change</u>	<u>Margin</u> <u>Change</u>
Sales	\$ 75.1		\$ 67.2		11.8%	
Operating Profit - GAAP	\$ 4.6	6.1%	\$ (0.6)	-0.8%	-916.2%	700 bps
Operating Profit - Adjusted	\$ 6.8	9.1%	\$ 1.5	2.2%	369.7%	690 bps
Reported EBITDA	\$ 13.6	18.2%	\$ 7.9	11.8%	71.8%	630 bps
Adjusted EBITDA	\$ 15.1	20.1%	\$ 8.9	13.3%	68.7%	680 bps



Ford 10R Transmission: Recently awarded (3) components supporting this transmission which is used in the Ford F250/350 pictured.



## Sales – Sales up 11.8% or \$7.9M from prior year primarily due to the following:

- Sales of components for General Motors end use increased \$5.1M as prior year was impacted by United Auto Workers strike.
- China demand has seen a robust rebound above pre-COVID-19 levels.

## Profitability – Adjusted EBITDA improved 680bps due to the following:

- Contribution from higher sales.
- Successful continuous improvement activities in several product lines resulted in improved variable margin.
- Q2 '20 cost reductions necessitated by lower sales caused by COVID-19 and overall market demand have carried into Q4 '20.

## Current Focus & Looking Forward:

- Demand continues to be robust in all regions; however, we remain cautious given recent COVID-19 supply chain interruptions.
- Continued protection of cash flow through capital expenditure curtailment and working capital management.



# Power Solutions – Q4 2020

<i>Power Solutions</i> <i>(In millions)</i>	<u>Q4</u> <u>FY20</u>	<u>% of</u> <u>Sales</u>	<u>Q4</u> <u>FY19</u>	<u>% of</u> <u>Sales</u>	<u>%</u> <u>Change</u>	<u>Margin</u> <u>Change</u>
Sales	\$ 44.0		\$ 43.6		0.8%	
Operating Profit - GAAP	\$ 1.8	4.0%	\$ 1.0	2.3%	71.3%	160 bps
Operating Profit - Adjusted	\$ 5.1	11.6%	\$ 5.8	13.4%	-12.8%	-180 bps
Reported EBITDA	\$ 5.3	12.0%	\$ 4.8	11.0%	10.4%	100 bps
Adjusted EBITDA	\$ 5.7	13.0%	\$ 7.0	16.0%	-17.9%	-300 bps



Battery Stack Bus Bars and Assemblies for Industrial and On-Highway Applications



Custom Plated Copper Weld Tab for High Power EV Connector

## Sales – Sales up 0.8% or \$0.4M from prior year due to the offsetting impacts of the following:

- Sales were positively impacted by increased selling prices for precious metals allowed under customer contracts due to the sharp rise in underlying commodities costs since 2019.
- Sales were negatively impacted by lower NA customer demand associated with lower GDP caused by COVID-19.

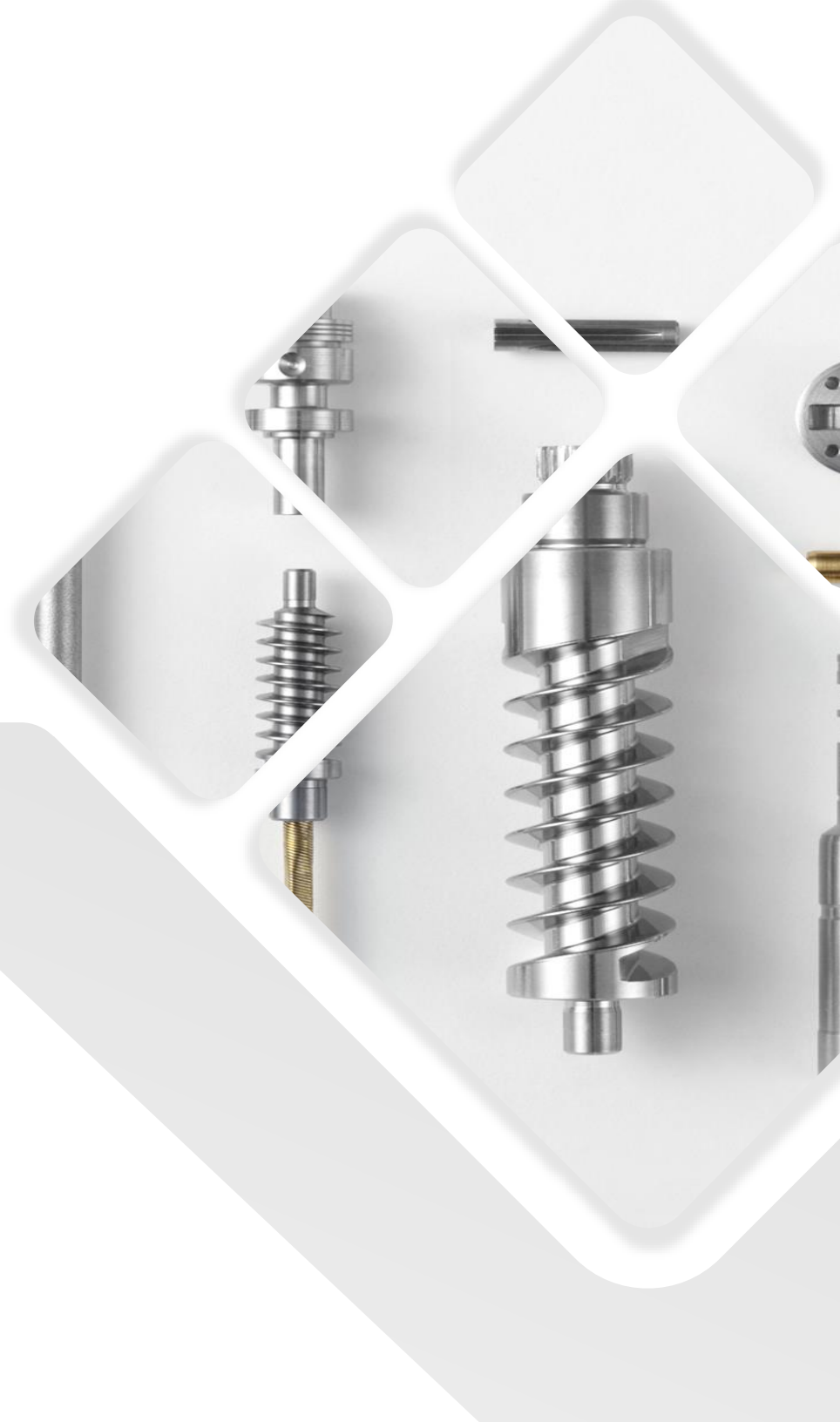
## Profitability:

- Margins were unfavorably impacted by increased precious metal (PM) costs, which are converted to sell price at a fixed industry standard margin lower than Power Solutions margins on non-PM sales.
- On a GAAP basis, operating profit and EBITDA improved based upon gains and certain costs that were not included from an adjusted basis.
- Q2 '20 cost reductions necessitated by lower sales caused by COVID-19 and overall market demand have carried into Q4 '20.

## Current Focus & Looking Forward:

- Demand continues to be steady in all regions; however, we remain cautious given recent COVID-19 supply chain interruptions.
- Continued protection of cash flow through improved working capital management.

# Transformation



# Business Transformation

## Sales

- ✓ Increase exposure to market megatrends in Smart Grid, Electrification and Aerospace and Defense
- ✓ Capitalize on deep customer relationships as the automotive market shifts from ICE to Hybrid to EV
- ✓ Deploy 3 Pillar approach in Power Solutions to increase share of wallet, expand cross selling opportunities, and capitalize on new target markets
- ✓ Pursue bolt-on acquisitions of complementary technologies to drive incremental growth

## Operations and Profitability

- ✓ Drive bottom line performance through manufacturing efficiencies and cost controls
- ✓ Leverage Mobile Solutions best business practices in Power Solutions
- ✓ Utilize unique manufacturing capabilities of high precision machining, injection molding, cladding capabilities, progressive stamping, and die design across the enterprise

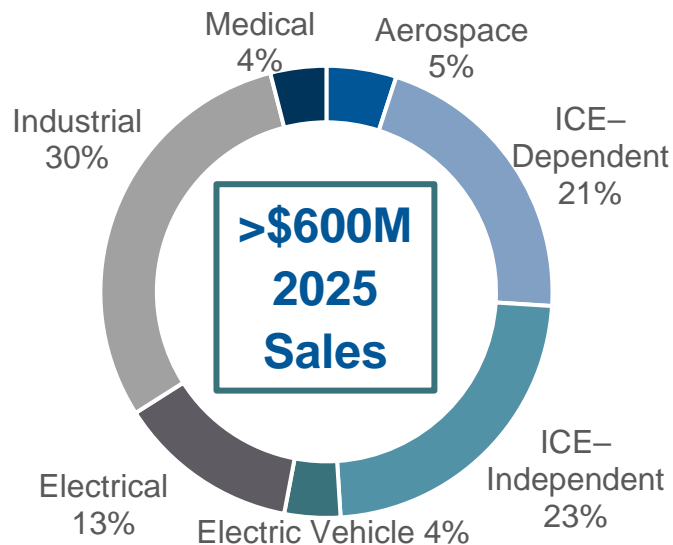
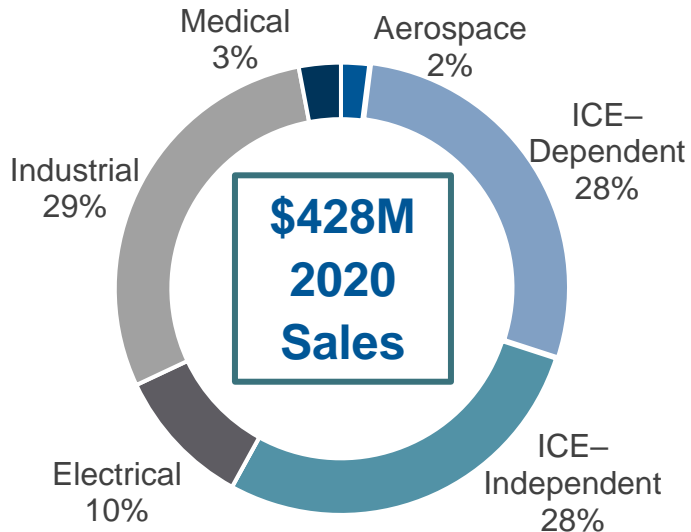
## Balance Sheet and Cash Flow

- ✓ Improve financial flexibility by maintaining appropriate leverage levels, improving cash flow, and overall profitability
- ✓ Employ programs to reduce working capital through reduction of DSO, increase inventory turns, and higher DPO
- ✓ Target key growth capital programs to capitalize on evolving market megatrends
- ✓ Improve liquidity through global cash management and tax efficiencies

## Employees and Culture

- ✓ Deploy the “Founders Mentality” across the enterprise
- ✓ Investment in employees
  - ✓ Training programs transferred to PS group
  - ✓ Shainin / problem solving
  - ✓ Leadership training
  - ✓ Apprentice / Co-ops
- ✓ Expanding customer development engineering group - with a focus on Power Solutions

# Strong Positioning in Key Higher Growth Markets



NN Markets	5 Year CAGR	Addressable Market
ICE <sup>1</sup> Independent	+6% to +9%	~\$4.0 Billion
ICE Dependent	-2% to +5%	~\$5.0 Billion
Electric Vehicle	+20%	~\$4.0 Billion
Industrial	+3% to 5%	~\$11.0 Billion
Electrical	+5% to 7%	~\$5.0 Billion
Aerospace	+4% to 6%	~\$7.0 Billion
Medical	+7% to 9%	~\$4.0 Billion

Targeted EBITDA as a % of Sales between 16-18% by 2025

<sup>1</sup>Internal Combustion Engine



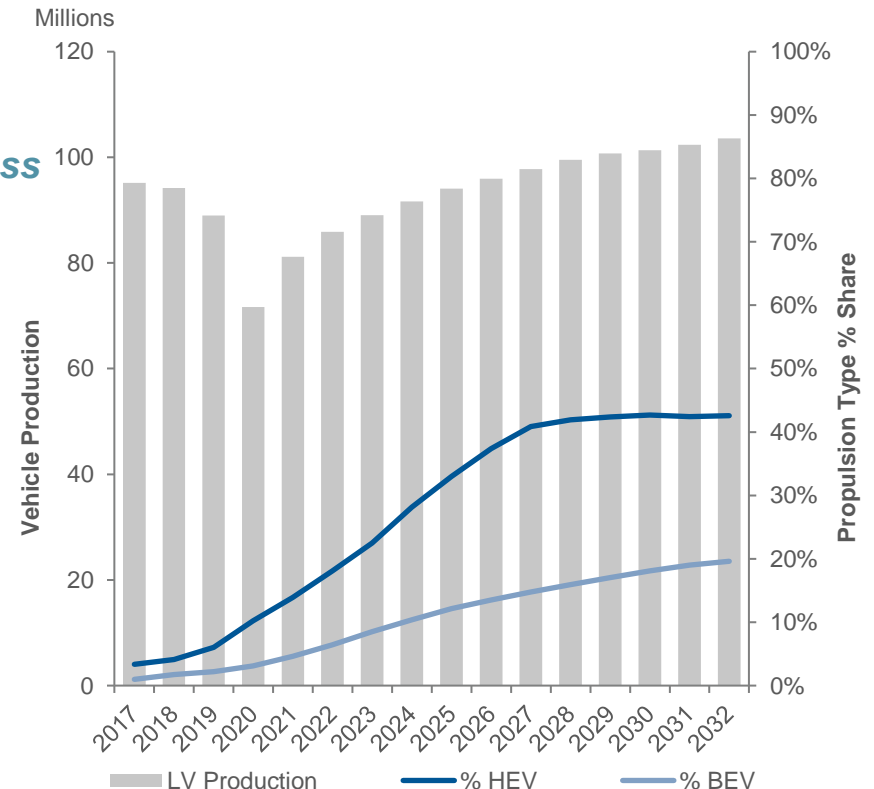
# Agnostic Product Lines Facilitating ICE, Hybrid or BEV

*NN is well positioned for the ICE transition:*

- *Capital equipment is flexible and re-deployable*
- *We maintain strong relationships with our customers*
- *The EV transition will benefit the Power Solutions business*
- *Precision engineered components are essential for EV*

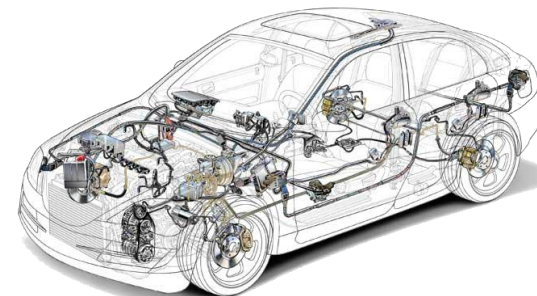
Current Product Lines	ICE	Hybrid	BEV
Electric Power Steering	✓	✓	✓
Braking (Electric & Regenerative)	✓	✓	✓
Transmissions	✓	✓	✓
Armature Shafts & Hollow Worms	✓	✓	✓
Air Bag / Safety Systems	✓	✓	✓
Electric Motors (including Traction)	✓	✓	✓
Sensors / Cameras	✓	✓	✓
Miscellaneous Auto	✓	✓	✓
Auto-Electrical (Power Solutions)	✓	✓	✓
Auto-Ride (Power Solutions)	✓	✓	✓
Connectors	✓	✓	✓
Battery Management & Inverters	-	✓	✓
Battery Packs	-	✓	✓
Valve Train	✓	✓	-
Gasoline Fuel Injection	✓	✓	-

**Global Production 2017-2032, % Share by Propulsion Type**



Source: IHS Markit September 2020: Alternative Propulsion PLUS Forecast

**Increase in market share of full BEV will be absorbed by increases in global auto production levels.**

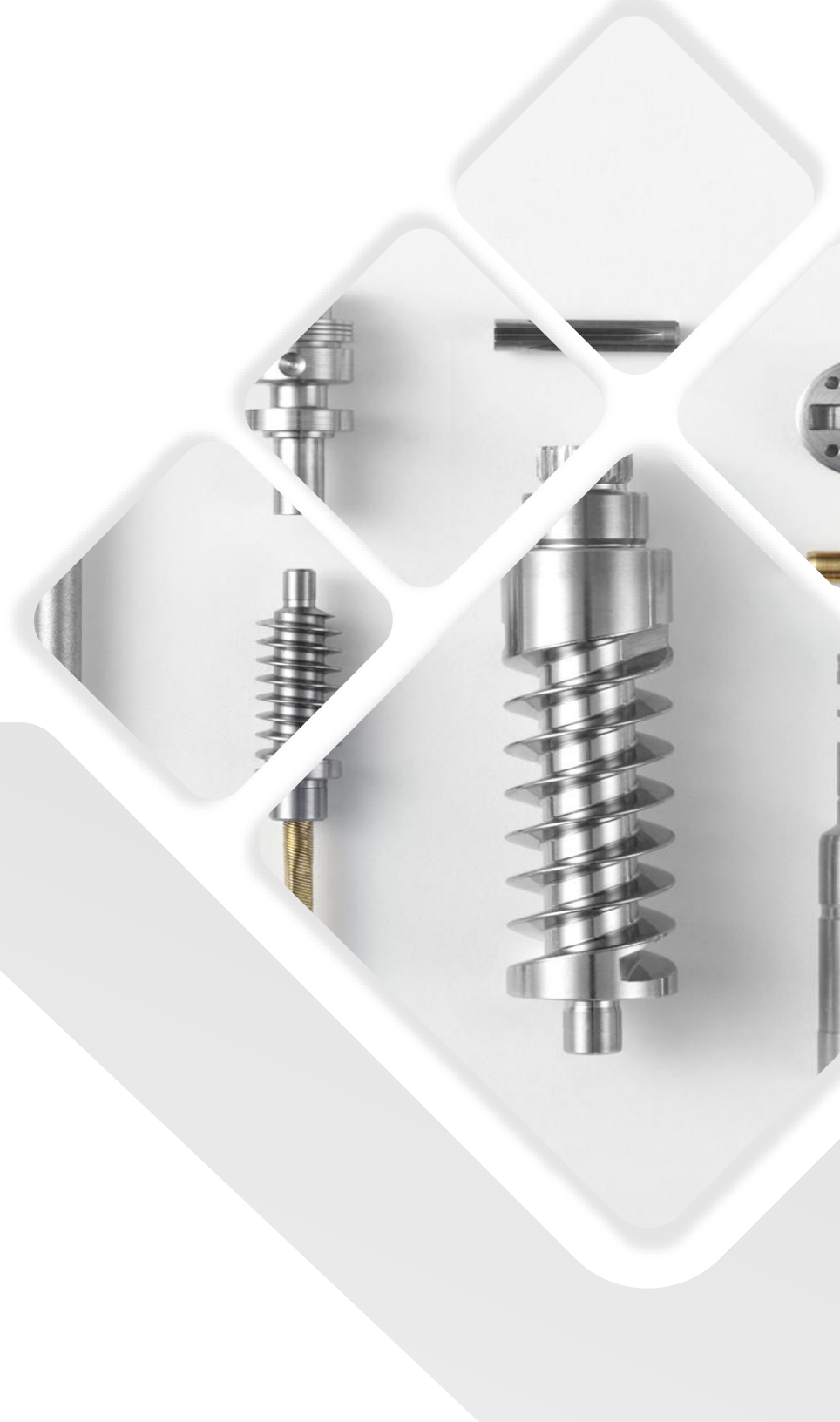


# 2021 Renewed Focus on Transformational Growth

Given continued uncertainties in the global markets driven by the pandemic recovery, NN, Inc. is not implementing formal guidance at this time. However, the Company offers the following insights into expectations for 2021:

- Normalized volume in both business segments overall; however, quarterly cadence may be more difficult to predict
- Improved adjusted EBITDA, reflecting cost improvement initiatives completed in 2020
- Continued discipline on cash – focused capital investments to drive long-term growth
- Close monitoring of supply chain to ensure operational efficiency while meeting customer demand
- Capital Spending to be in the range of ~\$22 million, Depreciation ~\$33 million and Amortization ~\$14 million
- Cash Flow in Q2 will be impacted by a ~\$16 million tax payment related to the gain on the sale of Life Sciences, partially offset by anticipated Q3 refund from the CARES Act of ~\$12 million
- Worldwide Tax rate estimated at 23%
- **Q1'21 Update:** Through the end of February, YTD sales exceed prior year ~4%+

# Appendix



# Fourth Quarter Profit and Loss

(In millions, except per share data)

**Net Revenues**  
% Change

**Gross Profit**  
%

**Operating Income**  
%

Net Interest (Expense)  
Other Income (Expense)

Pre-Tax Income

Provision for Income Taxes

Share of net income (loss) from joint venture

**Income (Loss) from continuing operations**

%

**Diluted EPS**

Weighted Avg Diluted Shares

## **Non-GAAP Measures**

EBITDA

%

EBITA

%

	Q4 20				
	GAAP Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP
<b>Net Revenues</b>	\$ 119.0		\$ 119.0		\$ 119.0
% Change					
<b>Gross Profit</b>	25.0	(0.0)	25.0	0.5	25.5
%	21.0%		21.0%		21.5%
<b>Operating Income</b>	(1.0)	3.3	2.4	5.0	7.3
%	-0.8%		2.0%		6.2%
Net Interest (Expense)	(17.7)	14.8	(2.8)	1.4	(1.4)
Other Income (Expense)	0.3	0.2	0.5	(0.9)	(0.3)
Pre-Tax Income	(18.4)	18.4	0.1	5.5	5.5
Provision for Income Taxes	1.0	(0.2)	0.8	(1.1)	(0.4)
Share of net income (loss) from joint venture	1.8	-	1.8	-	1.8
<b>Income (Loss) from continuing operations</b>	\$ (15.5)	18.2	\$ 2.7	4.3	\$ 7.0
%	-13.0%		2.3%		5.9%
<b>Diluted EPS</b>	\$ (0.44)		\$ 0.06		\$ 0.17
Weighted Avg Diluted Shares	42.3		42.3		42.3

	Q4 19				
	GAAP Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP
<b>Net Revenues</b>	\$ 110.7		\$ 110.7		\$ 110.7
% Change					
<b>Gross Profit</b>	18.9	-	18.9	2.7	21.6
%	17.0%		17.0%		19.5%
<b>Operating Income</b>	(10.1)	1.4	(8.8)	10.8	2.0
%	-9.2%		-7.9%		1.8%
Net Interest (Expense)	(4.4)	0.2	(4.2)	0.4	(3.8)
Other Income (Expense)	(0.1)	0.3	0.2	(0.2)	(0.0)
Pre-Tax Income	(14.7)	1.9	(12.8)	11.0	(1.8)
Provision for Income Taxes	3.4	(1.6)	1.8	(2.2)	(0.4)
Share of net income (loss) from joint venture	1.3	-	1.3	-	1.3
<b>Income (Loss) from continuing operations</b>	\$ (9.9)	0.3	\$ (9.7)	8.7	\$ (0.9)
%	-9.0%		-8.7%		-0.8%
<b>Diluted EPS</b>	\$ (0.25)		\$ (0.23)		\$ (0.02)
Weighted Avg Diluted Shares	42.1		42.1		42.1

	YOY Change		
	GAAP Reported	Non-GAAP Excl Special	Total Adj Non-GAAP
<b>Net Revenues</b>	\$ 8.4	\$ 8.4	\$ 8.4
% Change	7.5%	7.5%	7.5%
<b>Gross Profit</b>	\$ 6.2	\$ 6.2	\$ 4.0
%	400 bps	400 bps	200 bps
<b>Operating Income</b>	\$ 9.2	\$ 11.1	\$ 5.3
%	830 bps	990 bps	440 bps
Net Interest (Expense)			
Other Income (Expense)			
Pre-Tax Income			
Provision for Income Taxes			
Share of net income (loss) from joint venture			
<b>Income (Loss) from continuing operations</b>	\$ (5.5)	\$ 12.4	\$ 7.9
%	-400 bps	1100 bps	670 bps
<b>Diluted EPS</b>	\$ (76.0%)	127.7%	850.3%
Weighted Avg Diluted Shares			

\* Special Items are one time discrete adjustments

\*\* Integration Non-Ops represent additional discrete transition and acquisition, foreign currency and amortization expense adjustments





# Fourth Quarter Bridge

(In millions, except per share data)

## Reported - GAAP

### Special Items\*

#### Add:

	Pre-tax Income	Tax	China JV	Income Cont Ops	EPS
Impairments of fixed asset / asset write-downs	1.0	(0.2)	-	0.8	0.02
Relocation, recruiting & severance agreements	2.3	(0.5)	-	1.8	0.04
Write-off of unamortized debt issuance costs	-	-	-	-	-
Interest rate swap adjustment	14.8	(3.1)	-	11.7	0.28
Costs related to divested businesses	0.2	(0.1)	-	0.2	0.00
Preferred Stock Cumulative dividends and deemed dividends***					0.08

#### Less:

	Pre-tax Income	Tax	China JV	Income Cont Ops	EPS
Discrete tax Items		3.6	-	3.6	0.09
<b>Total Non-GAAP Excluding Special Items</b>	<b>\$ 0.1</b>	<b>\$ 0.8</b>	<b>\$ 1.8</b>	<b>\$ 2.7</b>	<b>\$ 0.06</b>

### Integration Non-Ops\*\*

#### Transition and Acquisition:

	Pre-tax Income	Tax	China JV	Income Cont Ops	EPS
Capacity and Capabilities Development	0.6	(0.1)	-	0.5	0.01
Professional Fees	0.5	(0.1)	-	0.4	0.01
Integration & Transformation	0.2	(0.1)	-	0.2	0.00
Foreign exchange (gain) loss on inter-company loans	(0.5)	0.1	-	(0.4)	(0.01)
Change in fair value of preferred stock derivatives and warrants	(0.3)	0.1	-	(0.3)	(0.01)
Amortization of intangibles and deferred financing costs	4.0	(0.8)	-	3.2	0.07
Interest rate swap payments and change in fair value	1.0	(0.2)	-	0.8	0.02

<b>Total Non-Operations Adjustments</b>	<b>\$ 5.5</b>	<b>\$ (1.1)</b>	<b>\$ -</b>	<b>\$ 4.3</b>	<b>\$ 0.10</b>
---	---------------	-----------------	-------------	---------------	----------------

### Total Adjusted Non-GAAP

Diluted Shares

	Q4 20				
	Pre-tax Income	Tax	China JV	Income Cont Ops	EPS
<b>Reported - GAAP</b>	<b>\$ (18.4)</b>	<b>\$ 1.0</b>	<b>\$ 1.8</b>	<b>\$ (15.5)</b>	<b>\$ (0.44)</b>
<b>Special Items*</b>					
<b>Add:</b>					
Impairments of fixed asset / asset write-downs	1.0	(0.2)	-	0.8	0.02
Relocation, recruiting & severance agreements	2.3	(0.5)	-	1.8	0.04
Write-off of unamortized debt issuance costs	-	-	-	-	-
Interest rate swap adjustment	14.8	(3.1)	-	11.7	0.28
Costs related to divested businesses	0.2	(0.1)	-	0.2	0.00
Preferred Stock Cumulative dividends and deemed dividends***					0.08
<b>Less:</b>					
Discrete tax Items		3.6	-	3.6	0.09
<b>Total Non-GAAP Excluding Special Items</b>	<b>\$ 0.1</b>	<b>\$ 0.8</b>	<b>\$ 1.8</b>	<b>\$ 2.7</b>	<b>\$ 0.06</b>
<b>Integration Non-Ops**</b>					
<b>Transition and Acquisition:</b>					
Capacity and Capabilities Development	0.6	(0.1)	-	0.5	0.01
Professional Fees	0.5	(0.1)	-	0.4	0.01
Integration & Transformation	0.2	(0.1)	-	0.2	0.00
Foreign exchange (gain) loss on inter-company loans	(0.5)	0.1	-	(0.4)	(0.01)
Change in fair value of preferred stock derivatives and warrants	(0.3)	0.1	-	(0.3)	(0.01)
Amortization of intangibles and deferred financing costs	4.0	(0.8)	-	3.2	0.07
Interest rate swap payments and change in fair value	1.0	(0.2)	-	0.8	0.02
<b>Total Non-Operations Adjustments</b>	<b>\$ 5.5</b>	<b>\$ (1.1)</b>	<b>\$ -</b>	<b>\$ 4.3</b>	<b>\$ 0.10</b>
<b>Total Adjusted Non-GAAP</b>	<b>\$ 5.5</b>	<b>\$ (0.4)</b>	<b>\$ 1.8</b>	<b>\$ 7.0</b>	<b>\$ 0.17</b>
Diluted Shares					42.285

	Q4 19				
	Pre-tax Income	Tax	China JV	Income Cont Ops	EPS
<b>Reported - GAAP</b>	<b>\$ (14.7)</b>	<b>\$ 3.4</b>	<b>\$ 1.3</b>	<b>\$ (9.9)</b>	<b>\$ (0.25)</b>
<b>Special Items*</b>					
<b>Add:</b>					
Impairments of fixed asset / asset write-downs	0.3	(0.1)	-	0.2	0.01
Relocation, recruiting & severance agreements	1.1	(0.2)	-	0.9	0.02
Write-off of unamortized debt issuance costs	0.2	(0.0)	-	0.2	0.00
Interest rate swap adjustment	-	-	-	-	-
Costs related to divested businesses	0.3	(0.1)	-	0.2	0.00
Preferred Stock Cumulative dividends and deemed dividends***					0.02
<b>Less:</b>					
Discrete tax Items		(1.2)	-	(1.2)	(0.03)
<b>Total Non-GAAP Excluding Special Items</b>	<b>\$ (12.8)</b>	<b>\$ 1.8</b>	<b>\$ 1.3</b>	<b>\$ (9.7)</b>	<b>\$ (0.23)</b>
<b>Integration Non-Ops**</b>					
<b>Transition and Acquisition:</b>					
Capacity and Capabilities Development	1.6	(0.3)	-	1.3	0.03
Professional Fees	2.7	(0.5)	-	2.1	0.05
Integration & Transformation	2.9	(0.6)	-	2.3	0.05
Foreign exchange (gain) loss on inter-company loans	(0.2)	0.0	-	(0.1)	(0.00)
Change in fair value of preferred stock derivatives and warrants	-	-	-	-	-
Amortization of intangibles and deferred financing costs	4.0	(0.8)	-	3.2	0.07
Interest rate swap payments and change in fair value	-	-	-	-	-
<b>Total Non-Operations Adjustments</b>	<b>\$ 11.0</b>	<b>\$ (2.2)</b>	<b>\$ -</b>	<b>\$ 8.7</b>	<b>\$ 0.21</b>
<b>Total Adjusted Non-GAAP</b>	<b>\$ (1.8)</b>	<b>\$ (0.4)</b>	<b>\$ 1.3</b>	<b>\$ (0.9)</b>	<b>\$ (0.02)</b>
Diluted Shares					42.078

	% Change		
	Pre-tax Income	Income Cont Ops	EPS
<b>Reported - GAAP</b>	<b>-25.2%</b>	<b>-55.8%</b>	<b>-76.0%</b>
<b>Special Items*</b>			
<b>Add:</b>			
Impairments of fixed asset / asset write-downs			
Relocation, recruiting & severance agreements			
Write-off of unamortized debt issuance costs			
Interest rate swap adjustment			
Costs related to divested businesses			
Preferred Stock Cumulative dividends and deemed dividends***			
<b>Less:</b>			
Discrete tax Items			
<b>Total Non-GAAP Excluding Special Items</b>	<b>100.5%</b>	<b>127.9%</b>	<b>127.7%</b>
<b>Integration Non-Ops**</b>			
<b>Transition and Acquisition:</b>			
Capacity and Capabilities Development			
Professional Fees			
Integration & Transformation			
Foreign exchange (gain) loss on inter-company loans			
Change in fair value of preferred stock derivatives and warrants			
Amortization of intangibles and deferred financing costs			
Interest rate swap payments and change in fair value			
<b>Total Non-Operations Adjustments</b>	<b>50.1%</b>	<b>50.6%</b>	<b>50.8%</b>
<b>Total Adjusted Non-GAAP</b>	<b>400.3%</b>	<b>853.1%</b>	<b>849.4%</b>

\* Special Items are one time discrete adjustments

\*\* Integration Non-Ops represent additional discrete transition and acquisition, foreign currency and amortization expense adjustments

\*\*\* Preferred Stock Cumulative dividends and deemed dividends: 2020 - (\$3,239/42,285)=.08; 2019 - (\$642/42,078)=.02



# Full Year Profit and Loss

(In millions, except per share data)

	FY 20					FY 19					YOY Change		
	GAAP Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP	GAAP Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP	GAAP Reported	Non-GAAP Excl Special	Total Adj Non-GAAP
<b>Net Revenues</b>	\$ 427.5		\$ 427.5		\$ 427.5	\$ 489.5		\$ 489.5		\$ 489.5	\$ (62.0)	\$ (62.0)	\$ (62.0)
% Change											-12.7%	-12.7%	-12.7%
<b>Gross Profit</b>	83.9	0.6	84.5	3.2	87.7	97.0	0.9	97.9	7.9	105.9	\$ (13.1)	\$ (13.4)	\$ (18.2)
%	19.6%		19.8%		20.5%	19.8%		20.0%		21.6%	-20 bps	-20 bps	-110 bps
<b>Operating Income</b>	(117.5)	101.9	(15.6)	23.4	7.8	(17.6)	5.4	(12.2)	33.8	21.6	\$ (99.9)	\$ (3.4)	\$ (13.8)
%	-27.5%		-3.6%		1.8%	-3.6%		-2.5%		4.4%	-2390 bps	-120 bps	-260 bps
Net Interest (Expense)	(34.8)	15.0	(19.9)	2.7	(17.2)	(13.6)	0.5	(13.0)	1.4	(11.6)			
Other Income (Expense)	0.2	0.2	0.5	(0.2)	0.2	(1.0)	1.0	(0.0)	0.0	0.0			
Pre-Tax Income	(152.1)	117.1	(35.0)	25.8	(9.2)	(32.1)	6.9	(25.2)	35.2	10.0	-373.4%	-38.8%	-191.4%
Provision for Income Taxes	9.0	(5.0)	4.0	(5.4)	(1.4)	(0.3)	3.4	3.1	(6.8)	(3.7)			
Share of net income (loss) from joint venture	3.6	-	3.6	-	3.6	1.7	-	1.7	-	1.7			
<b>Income (Loss) from continuing operations</b>	\$ (139.5)	112.1	\$ (27.4)	20.4	\$ (7.0)	\$ (30.7)	10.4	\$ (20.4)	28.4	\$ 8.0	\$ (108.7)	\$ (7.0)	\$ (15.0)
%	-32.6%		-6.4%		-1.6%	-6.3%		-4.2%		1.6%	-2630 bps	-220 bps	-330 bps
<b>Diluted EPS</b>	\$ (3.60)		\$ (0.65)		\$ (0.16)	\$ (0.75)		\$ (0.49)		\$ 0.19	-381.8%	-33.9%	-186.4%
Weighted Avg Diluted Shares	42.2		42.2		42.2	42.0		42.0		42.0			
<b>Non-GAAP Measures</b>													
<b>EBITDA</b>	\$ (67.9)	102.1	\$ 34.2	12.3	\$ 46.5	\$ 28.0	6.4	\$ 34.4	22.0	\$ 56.4	\$ (96.0)	\$ (0.2)	\$ (10.0)
%	-15.9%		8.0%		10.9%	5.7%		7.0%		11.5%	-2160 bps	100 bps	-60 bps
<b>EBITA</b>	\$ (99.3)	102.1	\$ 2.9	12.3	\$ 15.2	\$ (2.4)	6.4	\$ 4.0	22.0	\$ 26.0	\$ (96.9)	\$ (1.1)	\$ (10.9)
%	-23.2%		0.7%		3.5%	-0.5%		0.8%		5.3%	-2270 bps	-10 bps	-180 bps

\* Special Items are one time discrete adjustments

\*\* Integration Non-Ops represent additional discrete transition and acquisition, foreign currency and amortization expense adjustments



# Full Year Bridge

(In millions, except per share data)

## Reported - GAAP

### Special Items\*

#### Add:

	FY 20					
	Pre-tax Income	Tax	China JV	Income Cont Ops	EPS	
Impairments of fixed asset / asset write-downs	4.9	(1.0)	-	3.9	0.09	
Impairments (Goodwill and JV)	92.9	-	-	92.9	2.20	
Fairfield transition and move costs	0.6	(0.1)	-	0.5	0.01	
Brazil VAT / law change	-	-	-	-	-	
Relocation, recruiting & severance agreements	3.4	(0.7)	-	2.7	0.06	
Write-off of unamortized debt issuance costs	0.1	(0.0)	-	0.1	0.00	
Interest rate swap adjustment	14.8	(3.1)	-	11.7	0.28	
Costs related to divested businesses	0.2	(0.1)	-	0.2	0.00	
Preferred Stock Cumulative dividends and deemed dividends***					0.29	

#### Less:

Discrete tax Items		0.0	-	0.0	0.00	
<b>Total Non-GAAP Excluding Special Items</b>	<b>\$ (35.0)</b>	<b>\$ 4.0</b>	<b>\$ 3.6</b>	<b>\$ (27.4)</b>	<b>\$ (0.65)</b>	

### Integration Non-Ops\*\*

#### Transition and Acquisition:

Capacity and Capabilities Development	2.4	(0.5)	-	1.9	0.04	
Professional Fees	3.2	(0.7)	-	2.5	0.06	
Integration & Transformation	3.5	(0.7)	-	2.7	0.07	
Foreign exchange (gain) loss on inter-company loans	0.3	(0.1)	-	0.2	0.01	
Change in fair value of preferred stock derivatives and warrants	(0.5)	0.1	-	(0.4)	(0.01)	
Amortization of intangibles and deferred financing costs	16.1	(3.4)	-	12.7	0.30	
Interest rate swap payments and change in fair value	1.0	(0.2)	-	0.8	0.02	

<b>Total Non-Operations Adjustments</b>	<b>\$ 25.8</b>	<b>\$ (5.4)</b>	<b>\$ -</b>	<b>\$ 20.4</b>	<b>\$ 0.48</b>	
<b>Total Adjusted Non-GAAP</b>	<b>\$ (9.2)</b>	<b>\$ (1.4)</b>	<b>\$ 3.6</b>	<b>\$ (7.0)</b>	<b>\$ (0.16)</b>	

Diluted Shares

42.199

	FY 19					
	Pre-tax Income	Tax	China JV	Income Cont Ops	EPS	
Reported - GAAP	\$ (32.1)	\$ (0.3)	\$ 1.7	\$ (30.7)	\$ (0.75)	
Special Items*						
Impairments of fixed asset / asset write-downs	1.0	(0.2)	-	0.8	0.02	
Impairments (Goodwill and JV)	-	-	-	-	-	
Fairfield transition and move costs	-	-	-	-	-	
Brazil VAT / law change	0.9	(0.2)	-	0.7	0.02	
Relocation, recruiting & severance agreements	3.5	(0.7)	-	2.8	0.07	
Write-off of unamortized debt issuance costs	0.5	(0.1)	-	0.4	0.01	
Interest rate swap adjustment	-	-	-	-	-	
Costs related to divested businesses	1.0	(0.2)	-	0.8	0.02	
Preferred Stock Cumulative dividends and deemed dividends***					0.02	
Discrete tax Items		4.8	-	4.8	0.11	
<b>Total Non-GAAP Excluding Special Items</b>	<b>\$ (25.2)</b>	<b>\$ 3.1</b>	<b>\$ 1.7</b>	<b>\$ (20.4)</b>	<b>\$ (0.49)</b>	
Integration Non-Ops**						
Capacity and Capabilities Development	7.4	(1.4)	-	6.0	0.14	
Professional Fees	4.5	(0.9)	-	3.6	0.09	
Integration & Transformation	7.4	(1.4)	-	5.9	0.14	
Foreign exchange (gain) loss on inter-company loans	0.0	(0.0)	-	0.0	0.00	
Change in fair value of preferred stock derivatives and warrants	-	-	-	-	-	
Amortization of intangibles and deferred financing costs	15.9	(3.1)	-	12.8	0.31	
Interest rate swap payments and change in fair value	-	-	-	-	-	
<b>Total Non-Operations Adjustments</b>	<b>\$ 35.2</b>	<b>\$ (6.8)</b>	<b>\$ -</b>	<b>\$ 28.4</b>	<b>\$ 0.68</b>	
<b>Total Adjusted Non-GAAP</b>	<b>\$ 10.0</b>	<b>\$ (3.7)</b>	<b>\$ 1.7</b>	<b>\$ 8.0</b>	<b>\$ 0.19</b>	

42.030

	% Change		
	Pre-tax Income	Income Cont Ops	EPS
Reported - GAAP	-373.4%	-353.6%	-381.8%
Special Items*			
Discrete tax Items			
<b>Total Non-GAAP Excluding Special Items</b>	<b>-38.8%</b>	<b>-34.3%</b>	<b>-33.8%</b>
Integration Non-Ops**			
Integration & Transformation			
<b>Total Non-Operations Adjustments</b>	<b>26.7%</b>	<b>28.1%</b>	<b>28.4%</b>
<b>Total Adjusted Non-GAAP</b>	<b>-191.4%</b>	<b>-186.8%</b>	<b>-186.4%</b>

\* Special Items are one time discrete adjustments

\*\* Integration Non-Ops represent additional discrete transition and acquisition, foreign currency and amortization expense adjustments

\*\*\* Preferred Stock Cumulative dividends and deemed dividends: 2020 - (\$12,372/42,199)=.08; 2019 - (\$642/42,030)=.02



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

	Three Months Ended	
	December 31,	
	2020	2019
<b>\$000s</b>		
<b>NN, Inc. Consolidated</b>		
GAAP income (loss) from operations	\$ (974)	\$ (10,136)
Acquisition and transition expense*	3,694	8,306
Amortization of intangibles	3,587	3,587
Impairments (Goodwill and fixed assets)	1,019	244
Non-GAAP adjusted income from operations (a)	<u>\$ 7,326</u>	<u>\$ 2,002</u>

Non-GAAP adjusted operating margin (1)	6.2%	1.8%
Depreciation	\$ 7,975	\$ 7,575
Other income/expense	279	(99)
Non-cash foreign exchange (gain) loss on inter-company loans	(535)	(169)
Change in fair value of preferred stock derivatives and warrants	(339)	-
Costs related to divested businesses	247	260
Share of net income from joint venture	1,835	1,336
Non-cash stock compensation	56	874
Non-GAAP adjusted EBITDA (b)	<u>\$ 16,845</u>	<u>\$ 11,779</u>

Non-GAAP adjusted EBITDA margin (2)	14.2%	10.6%
GAAP net sales	\$ 119,028	\$ 110,676

	Three Months Ended	
	December 31,	
	2020	2019
<b>\$000s</b>		
<b>Power Solutions</b>		
GAAP income (loss) from operations	\$ 1,754	\$ 1,024
Acquisition and transition expense	592	1,823
Amortization of intangibles	2,748	2,748
Impairments (Goodwill and fixed assets)	-	244
Non-GAAP adjusted income from operations (a)	<u>\$ 5,095</u>	<u>\$ 5,839</u>

Non-GAAP adjusted operating margin (1)	11.6%	13.4%
Depreciation	\$ 1,222	\$ 1,139
Other income/expense	(438)	(123)
Non-cash foreign exchange (gain) loss on inter-company loans	(150)	125
Change in fair value of preferred stock derivatives and warrants	-	-
Costs related to divested businesses	-	-
Share of net income from joint venture	-	-
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	<u>\$ 5,729</u>	<u>\$ 6,980</u>

Non-GAAP adjusted EBITDA margin (2)	13.0%	16.0%
GAAP net sales	\$ 43,962	\$ 43,620

	Three Months Ended	
	December 31,	
	2020	2019
<b>\$000s</b>		
<b>Mobile Solutions</b>		
GAAP income (loss) from operations	\$ 4,603	\$ (564)
Acquisition and transition expense	359	1,177
Amortization of intangibles	838	838
Impairments (Goodwill and fixed assets)	1,019	-
Non-GAAP adjusted income from operations (a)	<u>\$ 6,819</u>	<u>\$ 1,451</u>

Share of net income from joint venture	1,835	1,336
Non-GAAP adjusted income from operations with JV	<u>8,654</u>	<u>2,788</u>

Non-GAAP adjusted operating margin (1)	11.5%	4.2%
--	-------	------

Depreciation	\$ 6,372	\$ 6,029
Other income/expense	(9)	300
Non-cash foreign exchange (gain) loss on inter-company loans	45	(188)
Change in fair value of preferred stock derivatives and warrants	-	-
Costs related to divested businesses	-	-
Share of net income from joint venture	1,835	1,336
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	<u>\$ 15,061</u>	<u>\$ 8,929</u>

Non-GAAP adjusted EBITDA margin (2)	20.1%	13.3%
-------------------------------------	-------	-------

GAAP net sales	\$ 75,068	\$ 67,159
----------------	-----------	-----------

	Three Months Ended	
	December 31,	
	2020	2019
<b>\$000s</b>		
<b>Elimination</b>		
GAAP net sales	\$ (2)	\$ (103)

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

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

\* 2020 Includes Capacity & Capabilities Dev - \$0.6 / Prof Fees - \$0.5 / Integration & Transformation - \$2.6 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up - \$0.0

\* 2019 Includes Capacity & Capabilities Dev - \$1.6 / Prof Fees - \$2.7 / Integration & Transformation - \$4.0 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up - \$0.0

# 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>\$000s</i>	<b>Three Months Ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
GAAP net income (loss)	\$ 147,377	\$ (14,085)
Pre-tax acquisition and transition expense	3,694	8,306
Pre-tax foreign exchange (gain) loss on inter-company loans	(535)	(169)
Pre-tax write-off of unamortized debt issuance costs	-	232
Pre-tax change in fair value of preferred stock derivatives and warrants	(339)	-
Pre-tax amortization of intangibles and deferred financing costs	4,000	3,951
Pre-tax interest rate swap payments and change in fair value	15,802	-
Pre-tax impairments of fixed asset costs	1,019	244
Pre-tax costs related to divested businesses	247	260
Tax effect of adjustments reflected above (c)	(5,020)	(2,592)
Non-GAAP discrete tax adjustments	3,628	(1,221)
(Income) loss from discontinued operations	(162,864)	4,142
Non-GAAP adjusted net income (loss) (d)	\$ 7,011	\$ (931)

<i>Amounts per share, diluted</i>	<b>Three Months Ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
GAAP net income (loss) per diluted share	\$ 3.41	\$ (0.35)
Pre-tax acquisition and transition expense	0.09	0.20
Pre-tax foreign exchange (gain) loss on inter-company loans	(0.01)	(0.00)
Pre-tax write-off of unamortized debt issuance costs	-	0.01
Pre-tax change in fair value of preferred stock derivatives and warrants	(0.01)	-
Pre-tax amortization of intangibles and deferred financing costs	0.09	0.09
Pre-tax interest rate swap payments and change in fair value	0.37	-
Pre-tax impairments of fixed asset costs	0.02	0.01
Pre-tax costs related to divested businesses	0.01	0.01
Tax effect of adjustments reflected above (c)	(0.12)	(0.06)
Non-GAAP discrete tax adjustments	0.09	(0.03)
(Income) loss from discontinued operations	(3.85)	0.10
Preferred stock cumulative dividends and deemed dividends	\$ 0.08	0.02
Non-GAAP adjusted net income (loss) per diluted share (d)	\$ 0.17	\$ (0.02)
Weighted average shares outstanding, diluted	42,285	42,078

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

	Twelve Months Ended	
	December 31,	
	2020	2019
<i>\$000s</i>		
<b>NN, Inc. Consolidated</b>		
GAAP income (loss) from operations	\$ (117,457)	\$ (17,593)
Restructuring and integration expense	-	\$ (12)
Acquisition and transition expense*	16,939	\$ 24,070
Amortization of intangibles	14,347	\$ 14,473
Impairments (Goodwill and fixed assets)	93,968	\$ 644
Non-GAAP adjusted income from operations (a)	\$ 7,797	\$ 21,581
Non-GAAP adjusted operating margin (1)	1.8%	4.4%
Depreciation	\$ 31,245	\$ 29,638
Other income/expense	213	(962)
Non-cash foreign exchange (gain) loss on inter-company loans	274	45
Change in fair value of preferred stock derivatives and warrants	(499)	-
Costs related to divested businesses	247	960
Share of net income from joint venture	3,626	1,681
Non-cash stock compensation	3,581	3,493
Non-GAAP adjusted EBITDA (b)	\$ 46,483	\$ 56,437
Non-GAAP adjusted EBITDA margin (2)	10.9%	11.5%
GAAP net sales	\$ 427,534	\$ 489,514
<i>\$000s</i>		
<b>Power Solutions</b>		
GAAP income (loss) from operations	\$ (85,983)	\$ 13,881
Restructuring and integration expense	-	-
Acquisition and transition expense	4,235	7,724
Amortization of intangibles	10,994	10,994
Impairments (Goodwill and fixed assets)	92,948	244
Non-GAAP adjusted income from operations (a)	\$ 22,195	\$ 32,844
Non-GAAP adjusted operating margin (1)	13.0%	17.1%
Depreciation	\$ 4,736	\$ 4,307
Other income/expense	(194)	(388)
Non-cash foreign exchange (gain) loss on inter-company loans	184	125
Change in fair value of preferred stock derivatives and warrants	-	-
Costs related to divested businesses	-	-
Share of net income from joint venture	-	-
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	\$ 26,921	\$ 36,888
Non-GAAP adjusted EBITDA margin (2)	15.7%	19.2%
GAAP net sales	\$ 171,269	\$ 192,100

	Twelve Months Ended	
	December 31,	
	2020	2019
<i>\$000s</i>		
<b>Mobile Solutions</b>		
GAAP income (loss) from operations	\$ 5,228	\$ 9,553
Restructuring and integration expense	-	(12)
Acquisition and transition expense	1,594	4,885
Amortization of intangibles	3,353	3,479
Impairments (Goodwill and fixed assets)	1,019	-
Non-GAAP adjusted income from operations (a)	\$ 11,195	\$ 17,904
Share of net income from joint venture	3,626	1,681
Non-GAAP adjusted income from operations with JV	14,821	19,586
Non-GAAP adjusted operating margin (1)	5.8%	6.6%
Depreciation	\$ 24,944	\$ 23,668
Other income/expense	(517)	108
Non-cash foreign exchange (gain) loss on inter-company loans	1,010	79
Change in fair value of preferred stock derivatives and warrants	-	-
Costs related to divested businesses	-	-
Share of net income from joint venture	3,626	1,681
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	\$ 40,258	\$ 43,441
Non-GAAP adjusted EBITDA margin (2)	15.7%	14.6%
GAAP net sales	\$ 256,360	\$ 297,749
<i>\$000s</i>		
<b>Elimination</b>		
GAAP net sales	\$ (95)	\$ (334)

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

\* 2020 Includes Capacity & Capabilities Dev - \$2.4 / Prof Fees - \$3.2 / Integration & Transformation - \$7.5 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up - \$3.9  
\* 2019 Includes Capacity & Capabilities Dev - \$7.4 / Prof Fees - \$4.5 / Integration & Transformation - \$11.8 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up - \$0.4

# 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>\$000s</i>	<b>Twelve Months Ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
GAAP net income (loss)	\$ (100,592)	\$ (46,741)
Pre-tax acquisition and transition expense	16,939	24,070
Pre-tax foreign exchange (gain) loss on inter-company loans	274	45
Pre-tax restructuring and integration expense	-	(12)
Pre-tax write-off of unamortized debt issuance costs	144	540
Pre-tax change in fair value of preferred stock derivatives and warrants	(499)	-
Pre-tax amortization of intangibles and deferred financing costs	16,056	15,897
Pre-tax interest rate swap payments and change in fair value	15,802	-
Pre-tax impairments of fixed asset costs	1,026	644
Pre-tax costs related to divested businesses	247	960
Tax effect of adjustments reflected above (c)	(10,432)	(8,155)
Non-GAAP discrete tax adjustments	31	4,779
Impairments (Goodwill)	92,942	-
(Income) loss from discontinued operations	(38,898)	15,992
Non-GAAP adjusted net income (loss) (d)	<u>\$ (6,962)</u>	<u>\$ 8,020</u>

	<b>Twelve Months Ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<i>Amounts per share, diluted</i>		
GAAP net income (loss) per diluted share	(2.68)	(1.13)
Pre-tax acquisition and transition expense	0.40	0.57
Pre-tax foreign exchange (gain) loss on inter-company loans	0.01	0.00
Pre-tax restructuring and integration expense	-	(0.00)
Pre-tax write-off of unamortized debt issuance costs	0.00	0.01
Pre-tax change in fair value of preferred stock derivatives and warrants	(0.01)	-
Pre-tax amortization of intangibles and deferred financing costs	0.38	0.38
Pre-tax interest rate swap payments and change in fair value	0.37	-
Pre-tax impairments of fixed asset costs	0.02	0.02
Pre-tax costs related to divested businesses	0.01	0.02
Tax effect of adjustments reflected above (c)	(0.25)	(0.19)
Non-GAAP discrete tax adjustments	0.00	0.11
Impairments (Goodwill)	2.20	-
(Income) loss from discontinued operations	(0.92)	0.38
Preferred stock cumulative dividends and deemed dividends	0.29	0.02
Non-GAAP adjusted net income (loss) per diluted share (d)	<u>\$ (0.16)</u>	<u>\$ 0.19</u>
Weighted average shares outstanding, diluted	42,199	42,030

## Reconciliation of Operating Cash Flow to Free Cash Flow

<i>\$000s</i>	<b>Three Months Ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Net cash provided (used) by operating activities	\$ (3,795)	\$ 14,920
Acquisition of property, plant and equipment	(3,255)	(12,601)
Free Cash Flow	<u>\$ (7,050)</u>	<u>\$ 2,319</u>

<i>\$000s</i>	<b>Twelve Months Ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Net cash provided (used) by operating activities	\$ 15,549	\$ 49,208
Acquisition of property, plant and equipment	(23,773)	(54,003)
Free Cash Flow	<u>\$ (8,224)</u>	<u>\$ (4,795)</u>



# Non-GAAP Financial Measures Footnotes

*The Company discloses in this presentation the non-GAAP financial measures of adjusted income from operations, adjusted EBITDA, adjusted net income (loss), adjusted net income 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 seven acquisitions, two of which were 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 from operations, adjusted EBITDA, adjusted net income (loss), adjusted net income 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 from operations represents GAAP income 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 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 from operations.*

*(b) Non-GAAP adjusted EBITDA represents GAAP net income (loss), adjusted to include income taxes, interest expense, 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 nontax 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, 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, and income from discontinued 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 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.*

