



Q4 2021 **Earnings**

NN, INC. | MARCH 11, 2022

Forward Looking Statement & Disclosures

Except for specific historical information, many of the matters discussed in this presentation may express or imply projections of revenues or expenditures, statements of plans and objectives or future operations or statements of future economic performance. These, and similar statements, are forward-looking statements concerning matters that involve risks, uncertainties and other factors which may cause the actual performance of NN, Inc. and its subsidiaries to differ materially from those expressed or implied by this discussion. All forward-looking information is provided by the Company pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these factors. Forward-looking statements generally 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 the COVID-19 pandemic on the Company’s 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, and political instability, currency fluctuation, and other risks of doing business outside of the United States; 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; 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; cyber liability or potential liability for breaches of our or our service providers’ information technology systems or business operations disruptions.

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

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

- 1 Fourth Quarter and Full Year Financial Update
- 2 Market Review & Segment Highlights
- 3 2022 Outlook
- 4 Q&A

Fourth Quarter and Full Year Financial Update

2021

Highlights & Accomplishments

Strategic Initiatives

- Pursuing growth in electric vehicles (EV) / electric grid
- Sales pipeline increased year-over-year, 22% in Mobile and 161% in Power
- Concentration of pipeline is 22% EV

Sales Growth

- Restructured Power Solutions Sales Group and added Andrew Wall as new Chief Commercial Officer (CCO)
- New business wins of ~\$50mm awarded in 2021
- % of total sales on gasoline Internal Combustible Engine (ICE) Dependent applications declined from 25.7% in 2020 to 23.0% in 2021

Margin Improvement

- Negotiated with customers to implement price increases to recover / mitigate material and labor inflation taking effect from Q4 2021 into early 2022
- Announced closure of Taunton facility to rationalize Aerospace, Defense, & Medical (AD&M) footprint

Free Cash Flow

- Generated \$11.6mm of free cash flow in 2021 before \$14.2mm of payments associated with Life Sciences sale, FICA tax deferral repayment, and litigation / severance
- Reduced capex spend from expected spend of \$22mm to actual of \$18mm
- Offset inventory impact on working capital by utilizing customer programs to improve receivable terms

Capital Structure

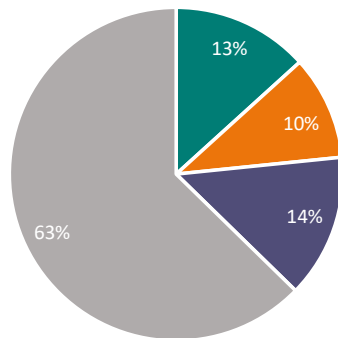
- Successful completion in Q1 2021 of refinancing to longer-term capital structure with \$150mm term loan, \$65mm preferred equity, and \$50mm ABL; reduced cost of capital from ~15% to ~12%
- Proactively amended term loan leverage ratios in Q1 2022 to increase cushion and maintain adequate flexibility given the uncertain and challenging operating environment

Governance & Communication

- Strengthened Board of Directors with three new independent Directors with significant experience in our strategic growth focus areas
- Sustainability report will be completed and published in Q2 2022
- Virtual investor day will be held in May 2022
- Improved website will launch in Q2 2022

New Business Wins & Pipeline

2021 New Business Wins

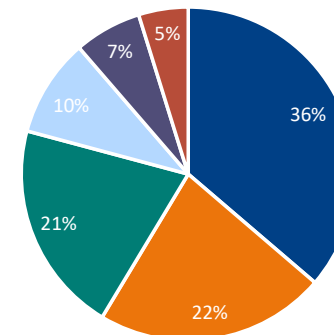


- Automotive - ICE Dependent
- Electric Vehicle
- Electrical - Residential & Commercial
- Other

2021 New Business Wins > \$50M

Only 13% of 2021 new business wins were for ICE dependent applications

Pipeline December 2021



- Automotive - ICE Independent
- Automotive - ICE Dependent
- Electrical - Residential & Commercial
- Electric Vehicle
- General Industrial
- AD&M

Increase in pipeline in last year:

- Electric Vehicle: > 8x
- Electrical – R&C: > 2x
- Electrical Components in General Industrial: > 3x

Note: ICE Dependent = components utilized on a gasoline internal combustion engine vehicle (e.g., fuel systems, powertrain)

ICE Independent = automotive components that are agnostic to propulsion technology (e.g., power steering, braking, electric motors etc.)

Fourth Quarter Financial Highlights

	Δ Y/Y	Q4 2021	Q4 2020
Sales	↓ - 7.3%	\$110.4 million	\$119.0 million
Organic	↓	- 7.5%	
FX Impact	↑	+ 0.2%	
GAAP Operating Income/(Loss)	↓ - 288.9 %	(\$3.8) million	(\$1.0) million
Non-GAAP Adj Operating Income	↓ - 88.6 %	\$ 0.8 million	\$ 7.3 million
Non-GAAP Adj EBITDA	↓ - 28.3 %	\$ 12.1 million	\$16.8 million
Non-GAAP Adj EBITDA Margin	↓ - 321 bps	10.9%	14.2%
GAAP Diluted EPS from Cont. Ops	↑ + 83.8%	(\$0.07)	(\$0.44)
Non-GAAP Adj Diluted EPS from Cont. Ops	↓ - 105.0%	(\$0.01)	\$0.17

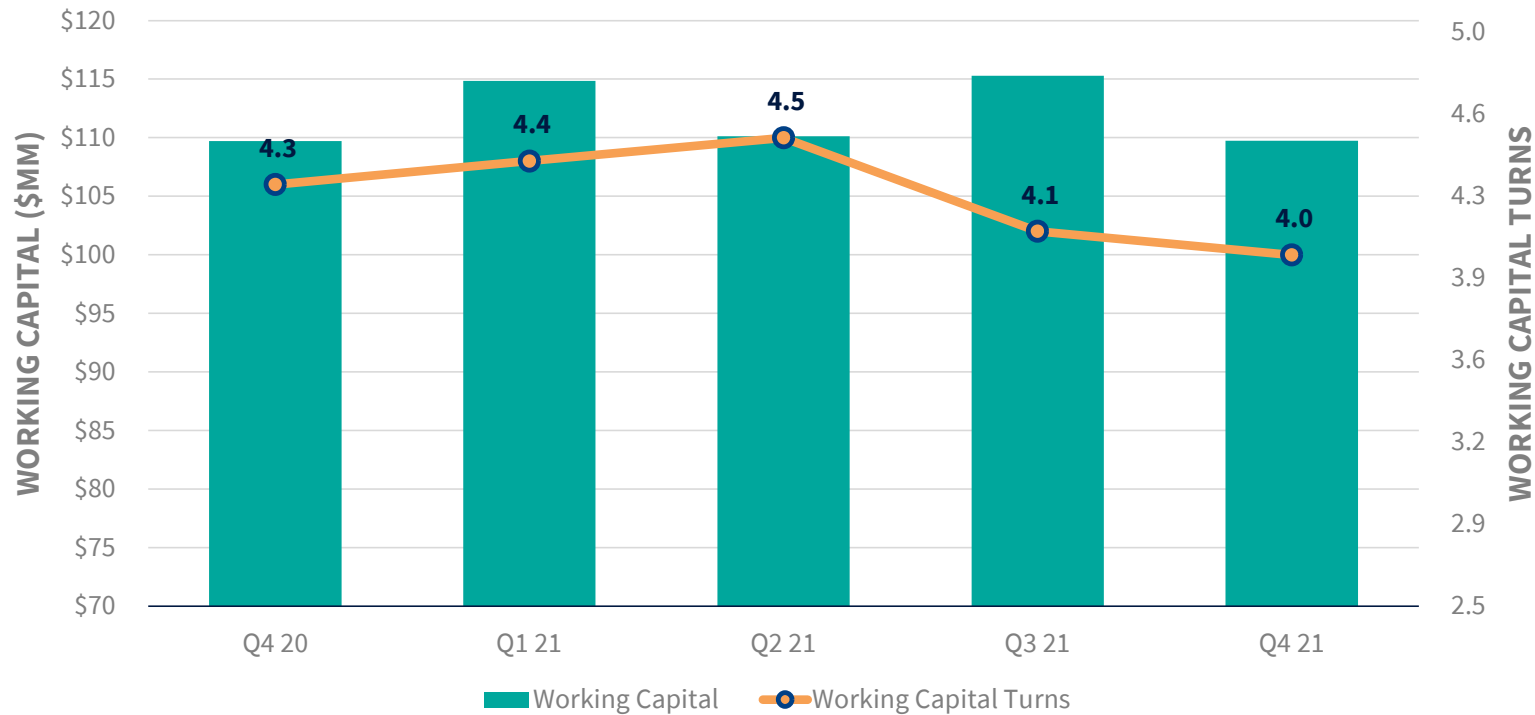
- Ongoing semiconductor chip shortage impacted volume in Mobile Solutions, partially offset by continued recovery in Power Solutions
- Margin decline reflects continued impact of supply chain disruption on efficiency and material and labor inflation. Mobile Solutions' price adjustments for inflation will be realized in 2022.

Full Year Financial Highlights

	Δ Y/Y	2021	2020
Sales	↑ + 11.7 %	\$477.6 million	\$427.5 million
Organic	↑	+ 11.2%	
FX Impact	↑	+ 0.5%	
GAAP Operating Income/(Loss)	↑ + 92.3%	(\$9.0) million	(\$117.5) million
Non-GAAP Adj Operating Income	↑ + 30.0 %	\$10.1 million	\$7.8 million
Non-GAAP Adj EBITDA	↑ + 12.1 %	\$52.1 million	\$46.5 million
Non-GAAP Adj EBITDA Margin	↑ + 4 bps	10.9%	10.9%
GAAP Diluted EPS from Cont. Ops	↑ + 77.3%	(\$0.82)	(\$3.60)
Non-GAAP Adj Diluted EPS from Cont. Ops	↑ + 123.1%	\$0.04	(\$0.16)

- Full year sales up 11.5% in Mobile Solutions and up 12.0% in Power Solutions driven by recovery from COVID-19 pandemic impact, despite semiconductor chip shortages
- Maintained full year Adjusted EBITDA margin performance despite reintroduction of costs suspended in 2020 during COVID-19 pandemic, supply chain disruption, and material and labor inflation
- 2020 Operating Income includes \$92.9 million Power Solutions Goodwill Impairment

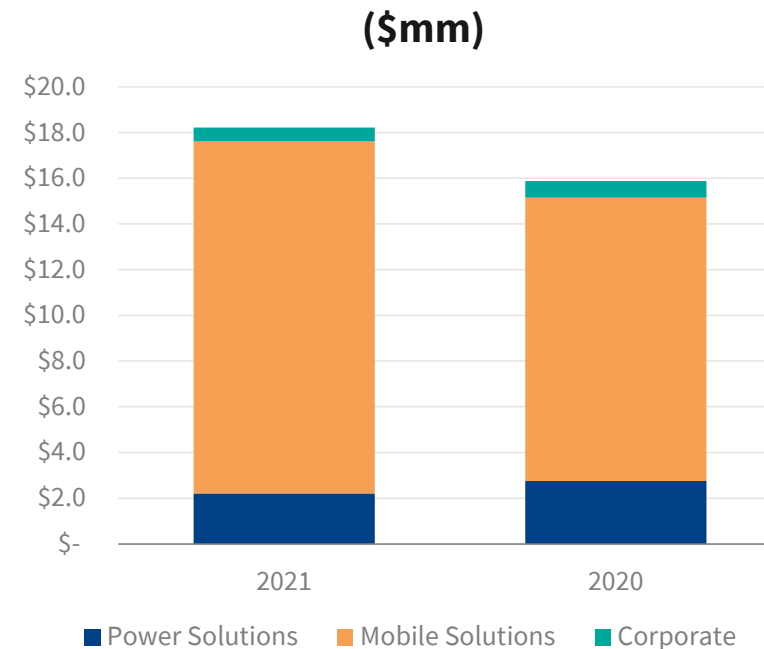
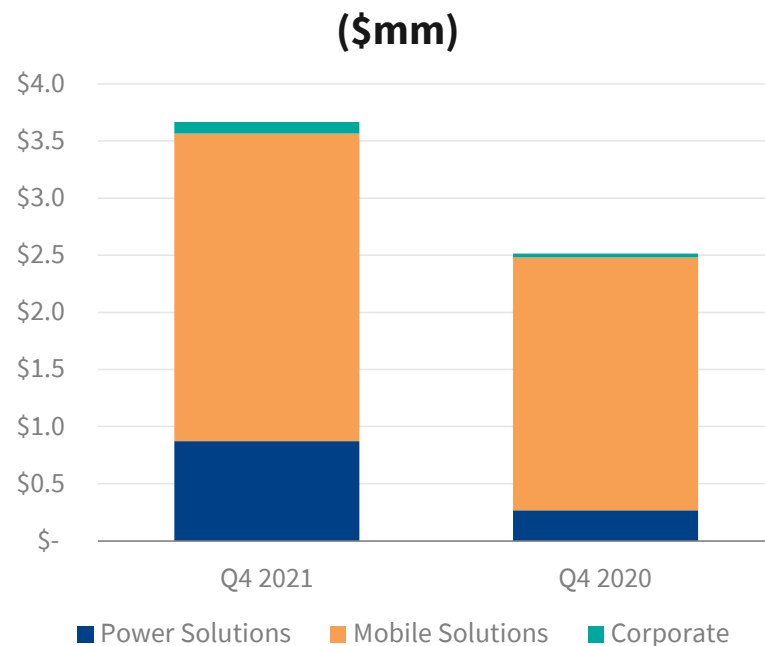
Working Capital



Working capital turns decreased marginally in Q4 as semiconductor chip shortages and other supply chain issues continued to impact volume and increase lead times and safety stock levels

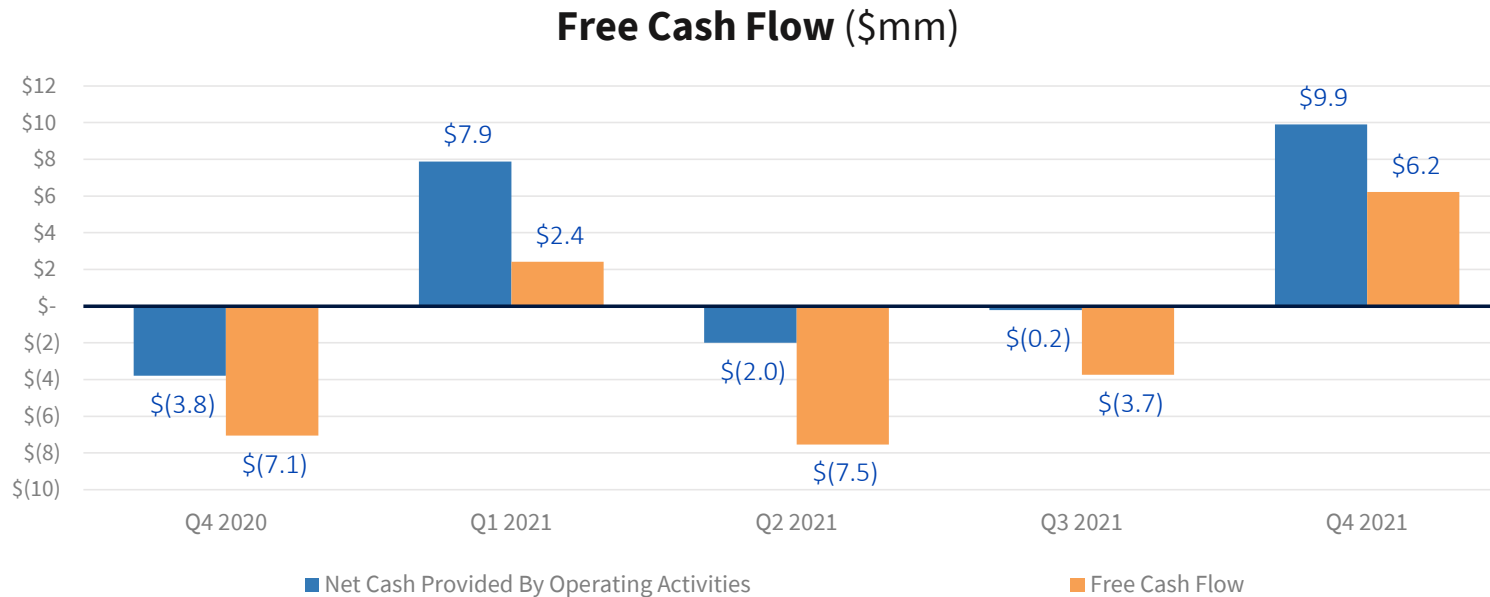
Working Capital Turns = Current Quarter Sales Annualized / Working Capital

Capital Spending



Capital expenditures of \$7.2 million in second half of 2021 versus \$11.0 million in the first half of 2021, focused on free cash flow during challenging operating environment

Free Cash Flow

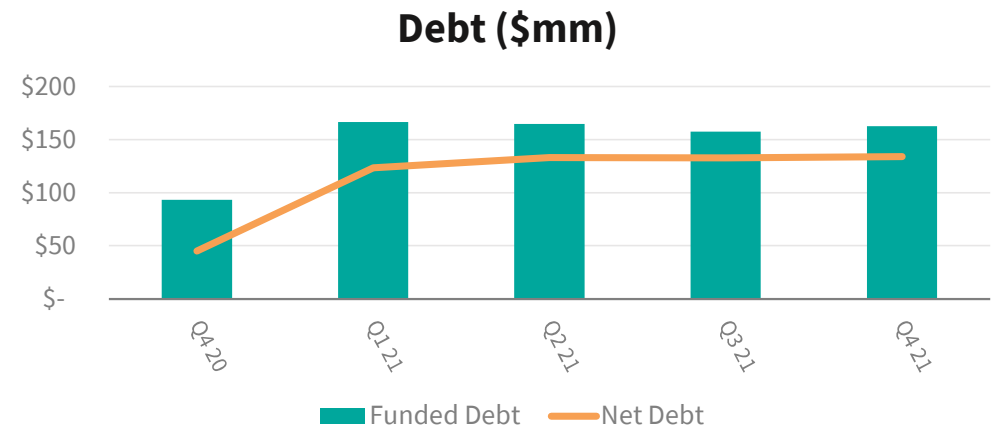
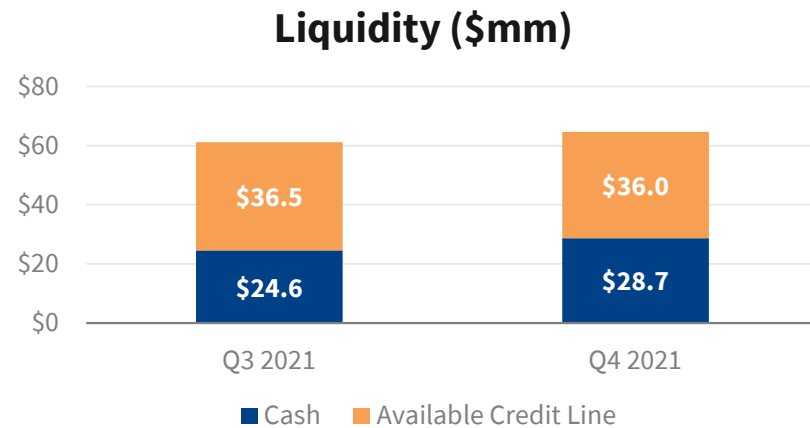


Note: Metrics include Life Sciences impacts in periods prior to Q1'21.

- *\$6.2 million of free cash flow generation in Q4 2021 despite challenging operating environment*
- *2021 full year free cash flow of \$11.6 million before payments of \$14.2 million associated with Life Sciences sale, CARES ACT FICA deferral repayment, litigation, and severance costs*

Net Debt & Leverage

Debt Metrics		
\$000's	4Q21	4Q20
Short Term Debt	\$ 6,185	\$ 9,138
Long Term Debt	156,497	85,883
Funded Debt	162,682	95,021
Cash	28,656	48,138
Net Debt	\$ 134,026	\$ 46,883
Shareholders Equity	224,184	\$ 254,151
Net Debt (Per Above)	\$ 134,026	\$ 46,883
TTM Adjusted EBITDA as Reported	52,113	\$ 46,483
Net Debt to Adjusted EBITDA	2.57 x	1.01 x



Note: Available Credit Line reduced by non-cash lines of credit

While liquidity remains strong and leverage ratio is below 3x, proactively amended term loan to increase leverage ratios and maintain adequate operational and financial flexibility

The background of the slide is a solid blue color with a faint, semi-transparent image of a microscope. The microscope is oriented vertically, with its eyepiece at the top and its base at the bottom. The text is centered over the middle of the microscope's body.

Market Review & Segment Highlights

Current Market Update



Automotive

- OEMs transitioning product offering to predominantly EVs. NN's key process technologies position us well to expand our content per vehicle.
- 2021 global light vehicle production was 76.2 million units, +2% over 2020 output levels. Main influence on the outlook remains the ongoing supply chain challenges due to semiconductors. 2022 production outlook is 85.8 million, +12% over 2021*.
- North American light vehicle production – 2021 production rates are down as the impact from the semiconductor shortage deteriorated in Q2 and continued into 2H. The shortage is projected to continue to impact 2022 until semiconductor capacity is aligned with market demand. US inventory levels remain low, enabling significant volume upside as channels restock.



Electrical

- Utilities and hardware providers that service them continue to focus resources on infrastructure to tie clean energy sources (Wind, Solar, Bio, Hydroelectric, Geothermal) into the grid along with expanding storage capacity (Batteries). Green energy surpassed coal and nuclear for the first time in 2020 and became the second largest source of power in the US at 834B kWh, or about 21% of total US output.
- Green initiatives are a focus of the current administration and a substantial part of the recently negotiated \$1.2 trillion spending package, including \$73 billion for power and grid authority and \$15 billion for electric vehicles, buses and transit.

2025 Transformational Growth Initiatives Aligned With Markets

*Note: 2022 production outlook obtained from LMC.

Mobile Solutions – Q4 2021

Sales down 12.6%, or \$9.5 million, from prior year

- (+) Pricing settlement of ~\$2 million for unreimbursed costs and under-utilized capacity.
- (-) Automotive sales detrimentally impacted by global semiconductor chip shortage. Q4 2021 light vehicle production down 14% from Q4 2020.

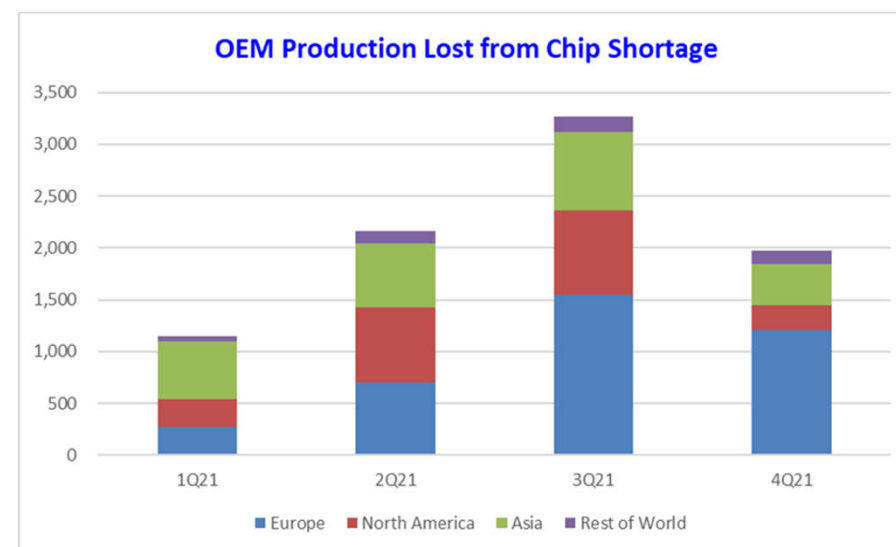
Profitability

- (+) Pricing settlement referenced above.
- (+) Share of joint venture net income
- (-) Resumption of certain costs suspended during pandemic, including employee payroll, benefits, gainsharing, and travel related expenses.
- (-) Inflationary pressures on material, labor, and variable burden costs.
- (-) Variable cost inefficiencies associated with supply chain interruptions, uneven customer ordering patterns, and labor constraints caused by pandemic interruptions (73% of 2021 N. America COVID-19 positives occurred in Q4).

Current Focus & Looking Forward

- Q1 customer demand will remain soft as the semiconductor chip shortage continues.
- Most material inflationary costs successfully passed through to customers. Non-material inflationary costs and lost contribution from below-contract volume demand recovered with varying degrees of success.
- Actively managing supply chain and manpower challenges and protecting cash flow through capital expenditure and working capital management.

Mobile Solutions	Q4 2021	% of Sales	Q4 2020	% of Sales	% Change	Margin Change
<i>(In millions)</i>						
Sales	\$ 65.6		\$ 75.1		-12.6%	
Operating Profit - GAAP	\$ 0.7	1.1%	\$ 4.6	6.1%	-84.9%	-507 bps
Operating Profit - Adjusted	\$ 1.5	2.3%	\$ 6.8	9.1%	-77.5%	-674 bps
Reported EBITDA	\$ 10.7	16.3%	\$ 13.6	18.2%	-21.6%	-188 bps
Adjusted EBITDA	\$ 10.5	16.0%	\$ 15.1	20.1%	-30.2%	-405 bps



Units in thousands
Source: LMC Automotive Global Light Vehicle Disruption Tracker Feb 10, 2022

Power Solutions – Q4 2021

Sales up 1.8%, or \$0.8 million, from prior year

- (+) Customer demand rebounded to pre-pandemic levels mainly within electrical markets.
- (+) Pricing actions implemented.

Profitability

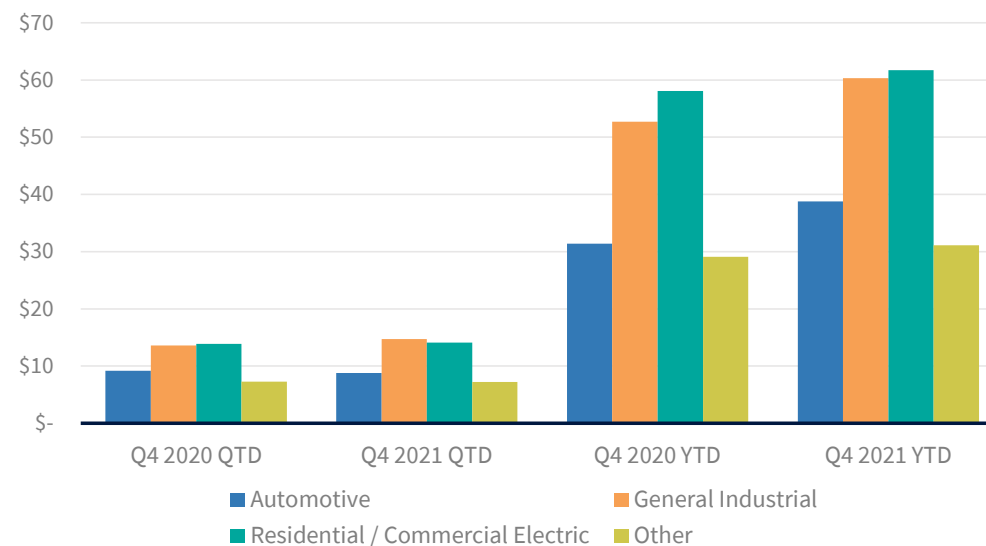
- (+) Pricing actions implemented to recover inflationary costs.
- (-) Resumption of certain costs suspended during pandemic, including benefits, gainsharing, and travel related expenses.
- (-) Inefficiencies associated with unfavorable mix shifts, supply chain interruptions, uneven customer ordering patterns, and labor constraints caused by pandemic interruptions.
- (-) Operating inefficiencies in our AD&M business.

Current Focus & Looking Forward

- Most inflationary costs successfully passed through to customers.
- Actively managing supply chain and manpower challenges and protecting cash flow through capital expenditure and working capital management.

<i>Power Solutions</i> <i>(In millions)</i>	Q4 2021	% of Sales	Q4 2020	% of Sales	% Change	Margin Change
Sales	\$ 44.8		\$ 44.0		1.8%	
Operating Profit - GAAP	\$ (0.1)	-0.1%	\$ 1.8	4.0%	-103.8%	-414 bps
Operating Profit - Adjusted	\$ 2.7	6.0%	\$ 5.1	11.6%	-47.4%	-560 bps
Reported EBITDA	\$ 3.9	8.8%	\$ 5.3	12.0%	-25.7%	-325 bps
Adjusted EBITDA	\$ 3.9	8.7%	\$ 5.7	13.0%	-31.7%	-429 bps

Revenue by Customer Market (\$mm)



NOTE: ICE dependent sales were <10% of total automotive sales for Power Solutions in 2021

2022 Outlook

Net Sales

\$515-\$540mm / Up 8-13%
2021 Actual - \$477.6mm

- Semiconductor chip shortage impacts first half of 2022; return to normal supply second half
- No significant production or supply chain disruptions due to the Russia / Ukraine conflict or COVID-19
- Remaining pricing actions implemented in first half of 2022, predominantly effective in Q1

Adjusted EBITDA

\$57-\$63mm / Up 9-21%
2021 Actual - \$52.1mm

- 2021 material inflation recovered by pricing; labor partially recovered by pricing
- Deferred investments in indirect headcount implemented in second half of 2022 contingent upon supply chain disruption resolution and return to normal volume
- Taunton facility closure improves Adjusted EBITDA by ~\$2.5mm in 2022 during shut down, run rate savings of ~\$5mm achieved in 2023

Free Cash Flow

\$14-\$20mm / Up \$17-\$23mm
2021 Actual - (\$2.6)mm

- Capital expenditures ~\$19-\$21mm
- Cash interest ~\$13mm
- Cash taxes ~\$3mm
- Life Sciences sale tax / FICA deferral repayment / litigation / severance / equipment relocation ~\$6mm
- Guidance does not include CARES Act tax refund of ~\$10mm due to uncertain timing



Questions & Answers



Appendix

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

\$000s	Three Months Ended December 31,	
	2021	2020
NN, Inc. Consolidated		
GAAP income (loss) from operations	\$ (3,782)	\$ (974)
Acquisition and transition expense*	1,030	3,694
Amortization of intangibles	3,587	3,587
Fixed asset impairments	—	1,019
Non-GAAP adjusted income (loss) from operations (a)	\$ 835	\$ 7,326
Non-GAAP adjusted operating margin (1)	0.8 %	6.2 %
Depreciation	7,748	7,974
Other income expense	2,578	279
Non-cash foreign exchange (gain) loss on inter-company loans	(117)	(535)
Change in fair value of preferred stock derivatives and warrants	(2,403)	(339)
Costs related to divested businesses and litigation settlement	—	247
Share of net income from joint venture	2,805	1,834
Non-cash stock compensation	655	56
Non-GAAP adjusted EBITDA (b)	\$ 12,051	\$ 16,543
Non-GAAP adjusted EBITDA margin (2)	10.9 %	14.2 %
GAAP net sales	\$ 110,379	\$ 119,028
\$000s		
Power Solutions		
GAAP income (loss) from operations	\$ (66)	\$ 1,754
Acquisition and transition expense	—	592
Amortization of intangibles	2,749	2,748
Non-GAAP adjusted income (loss) from operations (a)	\$ 2,683	\$ 5,094
Non-GAAP adjusted operating margin (1)	6.0 %	11.6 %
Depreciation	1,240	1,222
Other income expense	6	(438)
Non-cash foreign exchange (gain) loss on inter-company loans	(15)	(150)
Non-GAAP adjusted EBITDA (b)	\$ 3,914	\$ 5,728
Non-GAAP adjusted EBITDA margin (2)	8.7 %	13.0 %
GAAP net sales	\$ 44,774	\$ 43,962

\$000s	Three Months Ended December 31,	
	2021	2020
Mobile Solutions		
GAAP income (loss) from operations	\$ 697	\$ 4,603
Acquisition and transition expense	—	339
Amortization of intangibles	838	838
Fixed asset impairments	—	1,019
Non-GAAP adjusted income (loss) from operations (a)	\$ 1,535	\$ 6,819
Share of net income from joint venture	2,805	1,834
Non-GAAP adjusted income (loss) from operations with JV	\$ 4,340	\$ 8,654
Non-GAAP adjusted operating margin (1)	6.6 %	11.5 %
Depreciation	6,124	6,372
Other income expense	223	(9)
Non-cash foreign exchange (gain) loss on inter-company loans	(180)	45
Share of net income from joint venture	2,805	1,835
Non-GAAP adjusted EBITDA (b)	\$ 10,307	\$ 15,061
Non-GAAP adjusted EBITDA margin (2)	16.0 %	20.1 %
GAAP net sales	\$ 65,615	\$ 75,068
\$000s		
Elimination		
GAAP net sales	\$ (10)	\$ (2)

(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

*2021 includes professional fees of \$1.0m

*2020 includes capacity & capabilities fees of \$0.6m, professional fees of \$0.5m, and integration & transformation fees of \$2.6m

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

\$000s	Twelve Months Ended December 31,	
	2021	2021
NN, Inc. Consolidated		
GAAP income (loss) from operations	\$ (9,004)	\$ (117,457)
Acquisition and transition expense*	4,802	16,939
Amortization of intangibles	14,348	14,348
Impairments (Goodwill and fixed assets)	—	93,067
Non-GAAP adjusted income (loss) from operations (a)	\$ 10,146	\$ 7,797
Non-GAAP adjusted operating margin (1)	2.1 %	1.8 %
Depreciation	31,847	31,245
Other income expense	5,366	211
Non-cash foreign exchange (gain) loss on inter-company loans	474	273
Change in fair value of preferred stock derivatives and warrants	(7,009)	(500)
Costs related to divested businesses and litigation settlement	1,500	247
Share of net income from joint venture	6,261	3,627
Non-cash stock compensation	3,529	3,581
Non-GAAP adjusted EBITDA (b)	\$ 52,114	\$ 46,481
Non-GAAP adjusted EBITDA margin (2)	10.9 %	10.9 %
GAAP net sales	477,584	427,534
\$000s		
Power Solutions		
GAAP income (loss) from operations	6,493	(85,983)
Restructuring and integration expense, net	—	—
Acquisition and transition expense	386	4,235
Amortization of intangibles	10,994	10,994
Impairments (Goodwill and fixed assets)	—	92,948
Non-GAAP adjusted income (loss) from operations (a)	\$ 17,873	\$ 22,194
Non-GAAP adjusted operating margin (1)	9.3%	13.0%
Depreciation	4,898	4,735
Other income expense	(52)	(194)
Non-cash foreign exchange (gain) loss on inter-company loans	118	183
Non-GAAP adjusted EBITDA (b)	\$ 22,837	\$ 26,918
Non-GAAP adjusted EBITDA margin (2)	11.9 %	15.7 %
GAAP net sales	191,800	171,269

\$000s	Twelve Months Ended December 31,	
	2021	2021
Mobile Solutions		
GAAP income (loss) from operations	\$ 9,039	\$ 5,228
Acquisition and transition expense	566	1,594
Amortization of intangibles	3,353	3,352
Impairments (Goodwill and fixed assets)	—	1,019
Non-GAAP adjusted income (loss) from operations (a)	\$ 12,958	\$ 11,193
Share of net income from joint venture	\$ 6,261	\$ 3,626
Impairment of joint venture	—	—
Non-GAAP adjusted income (loss) from operations with JV	\$ 19,219	\$ 14,819
Non-GAAP adjusted operating margin (1)	6.7 %	5.8 %
Depreciation	\$ 25,417	\$ 24,944
Other income expense	65	(517)
Non-cash foreign exchange (gain) loss on inter-company	(24)	1,010
Share of net income from joint venture	6,261	3,627
Non-GAAP adjusted EBITDA (b)	\$ 44,677	\$ 40,257
Non-GAAP adjusted EBITDA margin (2)	15.6 %	15.7 %
GAAP net sales	\$ 285,863	\$ 256,360
\$000s		
Elimination		
GAAP net sales	\$ (79)	\$ (95)

(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

*2021 includes professional fees of \$2.3m, and integration & transformation fees of \$2.5m

*2020 includes capacity & capabilities fees of \$2.4m, professional fees of \$3.2m, integration & transformation fees of \$7.5m, and asset write-downs of \$3.9m

<i>000's</i>	Three Months Ended December 31,	
	2021	2020
GAAP net income (loss)	\$ 456	\$ 147,377
Pre-tax acquisition and transition expense	1,030	3,694
Pre-tax foreign exchange (gain) loss on inter-company loans	(117)	(534)
Pre-tax change in fair value of preferred stock derivatives and warrants	(2,403)	(338)
Pre-tax amortization of intangibles and deferred financing costs	3,919	4,000
Pre-tax derivative loss, net of cash settlements	—	15,802
Pre-tax impairments of fixed asset costs	—	1,019
Pre-tax costs related to divested businesses and litigation settlement	—	247
Tax effect of adjustments reflected above (c)	(510)	(5,019)
Non-GAAP discrete tax adjustments	(2,000)	3,629
(Income) loss from discontinued operations, net of tax	(1,200)	(162,864)
Non-GAAP adjusted net income (loss) (d)	(825)	7,013

<i>Per diluted common share</i>	Three Months Ended December 31,	
	2021	2020
GAAP net income (loss) per diluted common share	\$ (0.04)	\$ 3.41
Pre-tax acquisition and transition expense	0.02	0.09
Pre-tax foreign exchange (gain) loss on inter-company loans	—	(0.01)
Pre-tax change in fair value of preferred stock derivatives and warrants	(0.05)	(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
Pre-tax costs related to divested businesses and litigation settlement	—	0.01
Tax effect of adjustments reflected above (c)	(0.01)	(0.12)
Non-GAAP discrete tax adjustments	(0.04)	0.09
(Income) loss from discontinued operations, net of tax	(0.03)	(3.85)
Preferred stock cumulative dividends and deemed dividends	0.05	0.08
Non-GAAP adjusted net income (loss) per diluted common share (d)	\$(0.01)	\$0.17
Weighted average common shares outstanding	44,454	42,285

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

Reconciliation of Operating Cash Flow to Free Cash Flow

<i>000's</i>	Three Months Ended December 31,	
	2021	2020
Net cash provided by (used in) operating activities	9,895	(3,795)
Acquisition of property, plant and equipment	(3,665)	(3,255)
Free cash flow	\$ 6,230	\$ (7,050)

<i>000's</i>	Twelve Months Ended December 31,	
	2021	2020
GAAP net income (loss)	\$ (13,225)	\$ (100,592)
Pre-tax acquisition and transition expense	4,802	16,939
Pre-tax foreign exchange (gain) loss on inter-company loans	474	274
Pre-tax write-off of unamortized debt issuance costs	2,390	144
Pre-tax change in fair value of preferred stock derivatives and warrants	(7,009)	(499)
Pre-tax amortization of intangibles and deferred financing costs	15,729	16,056
Pre-tax derivative loss, net of cash settlements	3,750	15,802
Pre-tax impairments of fixed asset costs	—	1,026
Pre-tax costs related to divested businesses and litigation settlement	1,500	247
Tax effect of adjustments reflected above (c)	(4,569)	(10,432)
Non-GAAP discrete tax adjustments	(913)	31
(Income) loss from discontinued operations, net of tax	(1,200)	(38,898)
Goodwill impairments	—	92,942
Non-GAAP adjusted net income (loss) (d)	1,729	(6,960)

<i>Per diluted common share</i>	Twelve Months Ended December 31,	
	2021	2020
GAAP net income (loss) per diluted common share	\$ (0.79)	\$ (2.68)
Pre-tax acquisition and transition expense	0.11	0.42
Pre-tax foreign exchange (gain) loss on inter-company loans	0.01	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	(0.16)	(0.01)
Pre-tax amortization of intangibles and deferred financing costs	0.36	0.38
Pre-tax interest rate swap payments and change in fair value	0.09	0.37
Pre-tax impairments of fixed asset costs	—	0.02
Pre-tax costs related to divested businesses and litigation settlement	0.03	0.01
Tax effect of adjustments reflected above (c)	(0.10)	(0.25)
Non-GAAP discrete tax adjustments	(0.02)	—
(Income) loss from discontinued operations, net of tax	(0.03)	(0.92)
Goodwill impairments	—	2.20
Preferred stock cumulative dividends and deemed dividends	0.49	0.29
Non-GAAP adjusted net income (loss) per diluted common share (d)	\$0.04	(0.16)
Weighted average common shares outstanding	44,011	42,199

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

Reconciliation of Operating Cash Flow to Free Cash Flow

<i>000's</i>	Twelve Months Ended December 31,	
	2021	2020
Net cash provided by operating activities	15,586	\$ 15,549
Acquisition of property, plant and equipment	(18,221)	(23,773)
Free cash flow	\$ (2,635)	\$ (8,224)

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, and which we believe are not indicative of our ongoing operating costs. We exclude the impact of currency translation from these measures because foreign exchange rates are not under management's control and are subject to volatility. Other non-operating charges are excluded as the charges are not indicative of our ongoing operating cost. We believe the presentation of adjusted income (loss) from operations, adjusted EBITDA, adjusted net income (loss), adjusted net income (loss) per diluted share, free cash flow and net debt provides useful information in assessing our underlying business trends and facilitates comparison of our long-term performance over given periods.

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

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

(b) Non-GAAP adjusted EBITDA represents GAAP 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. NN, Inc. estimates the tax effect of the adjustment items identified in the reconciliation schedule above by applying the applicable statutory rates by tax jurisdiction unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment.

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

