UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 001-39268

NN, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**62-1096725**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

6210 Ardrey Kell Road, Suite 120
Charlotte, North Carolina 28277

(Address of principal executive offices, including zip code)

(980) 264-4300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	*Trading symbol*	*Name of each exchange on which registered*
Common Stock, par value $0.01	**NNBR**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 21, 2024, there were 49,946,337 shares of the registrant's common stock, par value $0.01 per share, outstanding.

NN, Inc.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NN, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

(Unaudited)

(in thousands, except per share data)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net sales	$ 113,587	$ 124,443	$ 357,777	$ 376,737
Cost of sales (exclusive of depreciation and amortization shown separately below)	97,131	104,543	299,474	320,648
Selling, general, and administrative expense	10,257	11,693	37,116	35,833
Depreciation and amortization	10,844	11,577	35,152	34,643
Other operating income, net	(895)	(631)	(3,285)	(526)
Loss from operations	(3,750)	(2,739)	(10,680)	(13,861)
Interest expense	5,404	5,739	16,643	15,484
Other expense (income), net	(5,315)	(1,463)	(4,623)	1,970
Loss before benefit (provision) for income taxes and share of net income from joint venture	(3,839)	(7,015)	(22,700)	(31,315)
Benefit (provision) for income taxes	(903)	245	(1,194)	(1,381)
Share of net income from joint venture	2,185	1,713	6,597	3,087
Net loss	$ (2,557)	$ (5,057)	$ (17,297)	$ (29,609)
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	$ 3,970	$ (3,072)	$ (1,763)	$ (3,606)
Interest rate swap:				
Change in fair value, net of tax	—	—	—	(230)
Reclassification adjustments included in net loss, net of tax	(109)	(449)	(1,007)	(1,366)
Other comprehensive income (loss)	$ 3,861	$ (3,521)	$ (2,770)	$ (5,202)
Comprehensive income (loss)	$ 1,304	$ (8,578)	$ (20,067)	$ (34,811)
Basic and diluted net loss per share	$ (0.13)	$ (0.18)	$ (0.59)	$ (0.84)
Shares used to calculate basic and diluted net loss per share	48,997	47,539	48,522	46,410

See notes to condensed consolidated financial statements (unaudited).

NN, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except per share data)	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 12,449	$ 21,903
Accounts receivable, net of allowances of $1,913 and $1,241 at September 30, 2024 and December 31, 2023	64,447	65,545
Inventories	69,600	71,563
Income tax receivable	12,956	11,885
Prepaid assets	4,095	2,464
Other current assets	10,357	9,194
Total current assets	173,904	182,554
Property, plant and equipment, net of accumulated depreciation of $248,473 and $254,013 at September 30, 2024 and December 31, 2023	172,947	185,812
Operating lease right-of-use assets	40,821	43,357
Intangible assets, net	47,816	58,724
Investment in joint venture	39,843	32,701
Deferred tax assets	1,177	734
Other non-current assets	6,590	7,003
Total assets	$ 483,098	$ 510,885
Liabilities, Preferred Stock, and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 44,983	$ 45,480
Accrued salaries, wages and benefits	15,027	15,464
Income tax payable	546	524
Short-term debt and current maturities of long-term debt	8,085	3,910
Current portion of operating lease liabilities	5,805	5,735
Other current liabilities	14,126	10,506
Total current liabilities	88,572	81,619
Deferred tax liabilities	4,960	4,988
Long-term debt, net of current maturities	135,548	149,369
Operating lease liabilities, net of current portion	44,001	47,281
Other non-current liabilities	14,154	24,827
Total liabilities	287,235	308,084
Commitments and contingencies (Note 10)		
Series D perpetual preferred stock - $0.01 par value per share, 65 shares authorized, issued and outstanding at September 30, 2024 and December 31, 2023	89,289	77,799
Stockholders' equity:		
Common stock - $0.01 par value per share, 90,000 shares authorized, 49,950 and 47,269 shares issued and outstanding at September 30, 2024 and December 31, 2023	499	473
Additional paid-in capital	459,245	457,632
Accumulated deficit	(312,645)	(295,348)
Accumulated other comprehensive loss	(40,525)	(37,755)
Total stockholders' equity	106,574	125,002
Total liabilities, preferred stock, and stockholders' equity	$ 483,098	$ 510,885

See notes to condensed consolidated financial statements (unaudited).

NN, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(in thousands)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash flows from operating activities		
Net loss	$ (17,297)	$ (29,609)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	35,152	34,643
Amortization of debt issuance costs and discount	1,718	1,409
Paid-in-kind interest	2,064	1,491
Total derivative loss, net of cash settlements	582	3,139
Share of net income from joint venture, net of cash dividends received	(6,597)	851
Gain on sale of business	(7,154)	—
Share-based compensation expense	2,347	2,058
Deferred income taxes	(477)	(1,531)
Other	(658)	(776)
Changes in operating assets and liabilities:		
Accounts receivable	(3,957)	335
Inventories	(1,916)	9,692
Other operating assets	(2,873)	(8,223)
Income taxes receivable and payable, net	(1,078)	(576)
Accounts payable	1,794	5,240
Other operating liabilities	2,739	5,747
Net cash provided by operating activities	4,389	23,890
Cash flows from investing activities		
Acquisition of property, plant and equipment	(15,352)	(16,292)
Proceeds from sale of property, plant, and equipment	266	2,876
Proceeds received from sale of business	17,000	—
Net cash provided by (used in) investing activities	1,914	(13,416)
Cash flows from financing activities		
Proceeds from long-term debt	38,000	52,000
Repayments of long-term debt	(75,320)	(55,522)
Cash paid for debt issuance costs	(746)	(55)
Proceeds from sale-leaseback of equipment	8,324	—
Proceeds from sale-leaseback of land and buildings	16,863	—
Repayments of financing obligations	(492)	—
Proceeds from short-term debt	—	3,648
Other	(2,262)	(1,276)
Net cash used in financing activities	(15,633)	(1,205)
Effect of exchange rate changes on cash flows	(124)	(287)
Net change in cash and cash equivalents	(9,454)	8,982
Cash and cash equivalents at beginning of period	21,903	12,808
Cash and cash equivalents at end of period	$ 12,449	$ 21,790

See notes to condensed consolidated financial statements (unaudited).

NN, Inc.

Condensed Consolidated Statements of Changes in Stockholders' Equity

Three Months Ended September 30, 2024 and 2023

(Unaudited)

(in thousands)	Common Stock Number of shares	Common Stock Par value	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance as of June 30, 2024	50,032	$ 500	$ 462,410	$ (310,088)	$ (44,386)	$ 108,436
Net loss	—	—	—	(2,557)	—	(2,557)
Dividends accrued for preferred stock	—	—	(3,977)	—	—	(3,977)
Shares issued under stock incentive plans, net of forfeitures	(82)	(1)	1	—	—	—
Share-based compensation expense	—	—	811	—	—	811
Other comprehensive income	—	—	—	—	3,861	3,861
Balance as of September 30, 2024	49,950	$ 499	$ 459,245	$ (312,645)	$ (40,525)	$ 106,574

(in thousands)	Common Stock Number of shares	Common Stock Par value	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance as of June 30, 2023	47,019	$ 470	$ 462,525	$ (269,750)	$ (38,801)	$ 154,444
Net loss	—	—	—	(5,057)	—	(5,057)
Dividends accrued for preferred stock	—	—	(3,347)	—	—	(3,347)
Shares issued under stock incentive plans, net of forfeitures	292	3	(3)	—	—	—
Share-based compensation expense	—	—	1,207	—	—	1,207
Other comprehensive loss	—	—	—	—	(3,521)	(3,521)
Balance as of September 30, 2023	47,311	$ 473	$ 460,382	$ (274,807)	$ (42,322)	$ 143,726

See notes to condensed consolidated financial statements (unaudited).

NN, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
Nine Months Ended September 30, 2024 and 2023
(Unaudited)

(in thousands)	Common Stock: Number of shares	Common Stock: Par value	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance as of December 31, 2023	47,269	$ 473	$ 457,632	$ (295,348)	$ (37,755)	$ 125,002
Net loss	—	—		(17,297)	—	(17,297)
Dividends accrued for preferred stock	—	—	(11,490)	—	—	(11,490)
Shares issued for warrants exercised	2,395	24	11,352			11,376
Shares issued under stock incentive plans, net of forfeitures	439	4	(4)	—	—	—
Share-based compensation expense	—	—	2,347	—	—	2,347
Restricted shares surrendered for tax withholdings under stock incentive plans	(153)	(2)	(592)	—	—	(594)
Other comprehensive loss	—	—	—	—	(2,770)	(2,770)
Balance as of September 30, 2024	49,950	$ 499	$ 459,245	$ (312,645)	$ (40,525)	$ 106,574

(in thousands)	Common Stock: Number of shares	Common Stock: Par value	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance as of December 31, 2022	43,856	$ 439	$ 468,143	$ (245,198)	$ (37,120)	$ 186,264
Net loss	—	—	—	(29,609)	—	(29,609)
Dividends accrued for preferred stock	—	—	(9,594)	—	—	(9,594)
Shares issued under stock incentive plans, net of forfeitures and tax withholdings	3,598	36	(57)	—	—	(21)
Share-based compensation expense	—	—	2,058	—	—	2,058
Restricted shares surrendered for tax withholdings under stock incentive plans	(143)	(2)	(168)	—	—	(170)
Other comprehensive loss	—	—	—	—	(5,202)	(5,202)
Balance as of September 30, 2023	47,311	$ 473	$ 460,382	$ (274,807)	$ (42,322)	$ 143,726

See notes to condensed consolidated financial statements (unaudited).

NN, Inc.
Notes to Condensed Consolidated Financial Statements
September 30, 2024
(Unaudited)

Note 1. Interim Financial Statements

Nature of Business

NN, Inc., a Delaware corporation, is a diversified industrial company that combines advanced engineering and production capabilities with in-depth materials science expertise to design and manufacture high-precision components and assemblies for a variety of end markets on a global basis. As of September 30, 2024, we had 26 facilities in North America, Europe, South America, and Asia. As used in this Quarterly Report on Form 10-Q (this "Quarterly Report"), the terms "NN," the "Company," "we," "our," or "us" refer to NN, Inc. and its subsidiaries.

Basis of Presentation

The accompanying condensed consolidated financial statements have not been audited. The Condensed Consolidated Balance Sheet as of December 31, 2023, was derived from the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report"), which we filed with the U.S. Securities and Exchange Commission (the "SEC") on March 12, 2024. In management's opinion, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to fairly state our results of operations for the three and nine months ended September 30, 2024 and 2023; financial position as of September 30, 2024 and December 31, 2023; and cash flows for the nine months ended September 30, 2024 and 2023, on a basis consistent with our audited consolidated financial statements. These adjustments are of a normal recurring nature and are, in the opinion of management, necessary to state fairly the Company's financial position and operating results for the interim periods. Certain prior period amounts have been reclassified to conform to the current year's presentation.

Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted from the unaudited condensed consolidated financial statements presented in this Quarterly Report. These unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and accompanying notes included in the 2023 Annual Report. The results for the three and nine months ended September 30, 2024, are not necessarily indicative of results for the year ending December 31, 2024, or any other future periods.

Except for per share data or as otherwise indicated, all U.S. dollar amounts and share counts presented in the tables in these Notes to Condensed Consolidated Financial Statements are in thousands.

Accounting Standards Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-07, *Segment Reporting (Topic 832): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which requires additional disclosures related to reportable segments, including significant segment expenses and other segment items. ASU 2023-07 also permits entities to disclose more than one measure of a segment's profit or loss and requires quarterly disclosure of certain information that is now only required annually. The new segment disclosures are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We plan to adopt ASU 2023-07 in our Form 10-K for the year ended December 31, 2024 on a retrospective basis and are in the process of assessing the impact on our disclosures.

Accounts Receivable Sales Programs

We participate in programs established by our customers, which allows us to sell certain receivables from that customer on a non-recourse basis to a third-party financial institution. During the nine months ended September 30, 2024 and 2023, we incurred fees of $0.9 million and $0.8 million, respectively, related to the sale of receivables, which is recorded in the Other expense (income), net line item on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Note 2. Segment Information

Our business is aggregated into the following two reportable segments:

- Mobile Solutions, which is focused on growth in the automotive, general industrial, and medical end markets; and
- Power Solutions, which is focused on growth in the electrical, general industrial, automotive, and medical end markets.

These components are operating segments as each engages in business activities for which it earns revenues and incurs expenses, discrete financial information is available for each, and this is the level at which the chief operating decision maker reviews discrete financial information for purposes of allocating resources and assessing performance.

The following table presents our financial performance by reportable segment.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales:				
Mobile Solutions	$ 70,678	$ 78,961	$ 216,593	$ 234,132
Power Solutions	42,935	45,484	141,324	142,618
Intersegment sales eliminations	(26)	(2)	(140)	(13)
Total	$ 113,587	$ 124,443	$ 357,777	$ 376,737
Income (loss) from operations:				
Mobile Solutions	$ (1,441)	$ (1,283)	$ (5,214)	$ (6,063)
Power Solutions	2,505	3,936	11,804	8,266
Corporate	(4,814)	(5,392)	(17,270)	(16,064)
Total	$ (3,750)	$ (2,739)	$ (10,680)	$ (13,861)

Note 3. Revenue from Contracts with Customers

Revenue is recognized when control of the good or service is transferred to the customer either at a point in time or, in limited circumstances, as our services are rendered over time. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or services.

The following tables summarize revenue by customer industry. Our products in the automotive industry include high-precision components and assemblies for electric power steering systems, electric braking, electric motors, fuel systems, emissions control, transmissions, moldings, stampings, sensors, and electrical contacts. Our products in the general industrial industry include high-precision metal and plastic components for a variety of industrial applications including diesel industrial motors, heating and cooling systems, fluid power systems, power tools, and more. While many of the industries we serve include electrical components, our products in the residential/commercial electrical industry category in the following tables include components used in smart meters, charging stations, circuit breakers, transformers, electrical contact assemblies, precision stampings, welded contact assemblies, specification plating, and surface finishing. The other category includes products sold in aerospace, defense, medical, and other industries.

Three Months Ended September 30, 2024	Mobile Solutions	Power Solutions	Intersegment Sales Eliminations	Total
Automotive	$ 48,062	$ 7,063	$ —	$ 55,125
General Industrial	17,351	10,121	—	27,472
Residential/Commercial Electrical	—	20,301	—	20,301
Other	5,265	5,450	(26)	10,689
Total net sales	$ 70,678	$ 42,935	$ (26)	$ 113,587

Three Months Ended September 30, 2023	Mobile Solutions	Power Solutions	Intersegment Sales Eliminations	Total
Automotive	$ 55,933	$ 8,641	$ —	$ 64,574
General Industrial	17,284	12,351	—	29,635
Residential/Commercial Electrical	—	17,802	—	17,802
Other	5,744	6,690	(2)	12,432
Total net sales	$ 78,961	$ 45,484	$ (2)	$ 124,443

Nine Months Ended September 30, 2024	Mobile Solutions	Power Solutions	Intersegment Sales Eliminations	Total
Automotive	$ 147,254	$ 23,385	$ —	$ 170,639
General Industrial	53,598	36,928	—	90,526
Residential/Commercial Electrical	—	62,019	—	62,019
Other	15,741	18,992	(140)	34,593
Total net sales	$ 216,593	$ 141,324	$ (140)	$ 357,777

Nine Months Ended September 30, 2023	Mobile Solutions	Power Solutions	Intersegment Sales Eliminations	Total
Automotive	$ 164,698	$ 26,559	$ —	$ 191,257
General Industrial	56,725	40,466	—	97,191
Residential/Commercial Electrical	—	49,995	—	49,995
Other	12,709	25,598	(13)	38,294
Total net sales	$ 234,132	$ 142,618	$ (13)	$ 376,737

Deferred Revenue

Deferred revenue relates to payments received in advance of performance under the contract and recognized as revenue as (or when) we perform under the contract. The balance of deferred revenue was $0.2 million and $0.4 million as of September 30, 2024 and December 31, 2023, respectively. Revenue recognized for performance obligations satisfied or partially satisfied during the nine months ended September 30, 2024 included $0.4 million that was included in deferred revenue as of December 31, 2023.

Transaction Price Allocated to Future Performance Obligations

We are required to disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as of September 30, 2024, unless our contracts meet one of the practical expedients. Our contracts met the practical expedient for a performance obligation that is part of a contract that has an original expected duration of one year or less.

Note 4. Inventories

Inventories are comprised of the following amounts:

	September 30, 2024	December 31, 2023
Raw materials	$ 24,141	$ 25,456
Work in process	24,797	22,942
Finished goods	20,662	23,165
Total inventories	$ 69,600	$ 71,563

Note 5. Intangible Assets

The following table shows changes in the carrying amount of intangible assets, net, by reportable segment.

	Mobile Solutions	Power Solutions	Total
Balance as of December 31, 2023	$ 19,003	$ 39,721	$ 58,724
Amortization	(2,515)	(7,802)	(10,317)
Intangible assets sold (1)	—	(591)	(591)
Balance as of September 30, 2024	$ 16,488	$ 31,328	$ 47,816

(1) Represents customer relationships associated with the Industrial Molding Corporation business, which was sold during the nine months ended September 30, 2024 (see Note 16).

Intangible assets are reviewed for impairment when changes in circumstances indicate the carrying value of those assets may not be recoverable. There were no impairment charges for the nine months ended September 30, 2024 and 2023.

Note 6. Investment in Joint Venture

We own a 49% investment in Wuxi Weifu Autocam Precision Machinery Company, Ltd. (the “JV”), a joint venture located in Wuxi, China. The JV is jointly controlled and managed, and we account for it under the equity method, with the share of net income from the joint venture recorded in the Mobile Solutions segment.

The following table shows changes in our investment in the JV.

Balance as of December 31, 2023	$	32,701
Share of earnings		6,597
Foreign currency translation gain		545
Balance as of September 30, 2024	$	39,843

Note 7. Debt

On March 22, 2021, we entered into a $150.0 million term loan facility (as amended from time to time, the “Term Loan Facility”) and a $50.0 million asset backed credit facility (as amended from time to time, the “ABL Facility”). On March 3, 2023, we amended the Term Loan Facility and ABL Facility to adjust certain covenants under the agreements, as well as to replace references to LIBOR with Secured Overnight Financing Rate (“SOFR”) for interest rate calculations. The following table presents the outstanding debt balances.

	September 30, 2024		December 31, 2023	
Term Loan Facility	$	114,187	$	148,114
Financing obligations from sale-leaseback transactions		24,756		—
International loans		9,351		10,655
Unamortized debt issuance costs and discount (1)		(4,661)		(5,490)
Total debt	$	143,633	$	153,279

(1) In addition to this amount, costs of $0.3 million and $0.5 million related to the ABL Facility were recorded in other non-current assets as of September 30, 2024 and December 31, 2023, respectively.

We capitalized interest costs of $1.0 million and $1.1 million in the nine months ended September 30, 2024 and 2023, respectively, related to construction in progress.

Term Loan Facility

Outstanding borrowings under the Term Loan Facility bear interest at either: 1) one-month, three-month, or six-month term SOFR with a duration adjustment (“Adjusted Term SOFR”), subject to a 1.00% floor, plus an applicable margin of 6.875%; or 2) the greater of various benchmark rates plus an applicable margin of 5.875%. Beginning in the second quarter of 2023, interest was increased on a paid-in-kind basis at a rate between 1.00% and 2.00% (“PIK interest”), dependent on our net leverage ratio for the most recently reported fiscal quarter and subject to reduction upon the occurrence of certain conditions as set forth in the credit agreement governing the Term Loan Facility. The PIK interest is payable on the loan maturity date of September 22, 2026. At September 30, 2024, the Term Loan Facility bore interest, including PIK interest, based on one-month Adjusted Term SOFR, at 13.820%.

The Term Loan Facility requires quarterly principal payments of $0.4 million with the remaining unpaid principal amount due at the loan maturity date. We may be required to make additional principal payments annually that are calculated as a percentage of our excess cash flow, as defined by the lender, based on our net leverage ratio. The Term Loan Facility is collateralized by all of our assets. The Term Loan Facility has a first lien on all domestic assets, other than accounts receivable and inventory and has a second lien on domestic accounts receivable and inventory. We were in compliance with all requirements under the Term Loan Facility as of September 30, 2024.

The Term Loan Facility was issued at a $3.8 million discount and we have capitalized an additional $5.5 million in debt issuance costs. These costs are recorded as a direct reduction to the carrying amount of the associated long-term debt and amortized over the term of the debt.

We had an interest rate swap that changed the one-month LIBOR to a fixed rate of 1.291% on $60.0 million of the outstanding balance of the Term Loan Facility. During the first quarter of 2023, we terminated the interest rate swap and received cash proceeds of $2.5 million, which was equal to its then fair value.

ABL Facility

The ABL Facility provides for a senior secured revolving credit facility, with an original commitment amount of $50.0 million, of which a maximum of $30.0 million is available in the form of letters of credit and a maximum of $5.0 million is available for the issuance of short-term swingline loans. The availability of credit under the ABL Facility is limited by a borrowing base calculation derived from accounts receivable and inventory held in the United States. The maximum commitment amount may be increased or decreased from time to time based on the terms of conditions of the ABL Facility. Outstanding borrowings under the ABL Facility bear interest on a variable rate structure plus an interest rate spread that is based on the average amount of aggregate revolving commitment available. The variable borrowing rate is either: 1) Adjusted Term SOFR plus an applicable margin of 1.75% or 2.00%, depending on availability; or 2) the greater of the federal funds rate or prime, plus an applicable margin of 0.75% or 1.00%, depending on availability. We may elect whether to use one-month, three-month, or six-month Adjusted Term SOFR. At September 30, 2024, using one-month Adjusted Term SOFR plus a 2.00% margin, the interest rate on outstanding borrowings under the ABL Facility would have been 7.197%. We pay a commitment fee of 0.375% for unused capacity under the ABL Facility and a 2.125% fee on the amount of letters of credit outstanding. The final maturity date of the ABL Facility is March 22, 2026.

As of September 30, 2024, we had no outstanding borrowings under the ABL Facility, $9.9 million of outstanding letters of credit, and $21.9 million available for future borrowings under the ABL Facility. The ABL Facility has a first lien on domestic accounts receivable and inventory. We were in compliance with all requirements under the ABL Facility as of September 30, 2024.

Sale-Leaseback Transactions

In March 2024, we sold three of our properties for an aggregate sales price of $16.9 million, with the net proceeds used to repay a portion of the outstanding borrowings under the Term Loan Facility. Concurrent with the sale, we entered into a 20-year lease agreement for these properties. Since the lease agreement allows for us to exercise renewal options that extend for substantially all of the remaining economic life, we have the ability to maintain the risks and rewards of ownership. Since the transaction did not transfer control of the assets, it cannot be accounted for as a sale under ASC 606. As a result, the properties remain on our Condensed Consolidated Balance Sheets and the non-land assets will continue to be depreciated over their remaining useful lives. The $16.9 million of gross proceeds was recognized as a financing obligation as a component of long-term debt. The monthly lease payments, which increase 3.0% each year, are being amortized as principal payments and interest expense based on an effective interest rate of 9.715%. We incurred $0.6 million in debt issuance costs related to this transaction, which are being amortized over the term of the debt.

In March 2024, we sold multiple pieces of manufacturing equipment for an aggregate sales price of $4.9 million. Concurrent with the sale, we entered into a 5-year lease agreement that includes a repurchase option for this equipment. In May 2024, we sold additional pieces of manufacturing equipment for an aggregate sales price of $3.4 million and entered into 5-year and 6-year lease agreements for the equipment. Since the three lease agreements allow for us to exercise an early buyout option, we have the ability to maintain the risks and rewards of ownership. Since the transactions did not transfer control of the assets, they cannot be accounted for as sales under ASC 606. As a result, the assets remain on our Condensed Consolidated Balance Sheets and will continue to be depreciated over their remaining useful lives. The $8.3 million of gross proceeds was recognized as a financing obligation as a component of long-term debt. The monthly lease payments are being amortized as principal payments and interest expense on a weighted average effective interest rate of 10.540%.

Note 8. Preferred Stock

Series D Perpetual Preferred Stock

On March 22, 2021, we completed a private placement of 65,000 shares of newly designated Series D Perpetual Preferred Stock, with a par value of $0.01 per share (the “Series D Preferred Stock”), at a price of $1,000 per share, together with detachable warrants (the “2021 Warrants”) to purchase up to 1.9 million shares of our common stock at an exercise price of $0.01 per share. The Series D Preferred Stock has an initial liquidation preference of $1,000 per share and is redeemable at our option in cash at a redemption price equal to the liquidation preference then in effect. Series D Preferred Stock shares earn cash dividends at a rate of 10.0% per year, payable quarterly in arrears, accruing whether or not earned or declared. If no cash dividend is paid, then the liquidation preference per share effective on the dividend date increases by 12.0% per year. Beginning March 22, 2026, the cash dividend rate and in-kind dividend rate increase by 2.5% per year. Cash dividends are required beginning on September 30, 2027.

The Series D Preferred Stock is classified as mezzanine equity, between liabilities and stockholders’ equity, because certain features of the Series D Preferred Stock could require redemption of the Series D Preferred Stock upon a change of control event that is considered not solely within our control. For initial recognition, the Series D Preferred Stock was recognized at a discounted value, net of issuance costs and allocation to warrants and a bifurcated embedded derivative. The aggregate discount is amortized as a deemed dividend through March 22, 2026, which is the date the dividend rate begins to increase by 2.5% per year. Deemed dividends adjust additional paid-in capital due to the absence of retained earnings.

In accordance with ASC 815-15, *Derivatives and Hedging - Embedded Derivatives,* certain features of the Series D Preferred Stock were bifurcated and accounted for as derivatives separately. Note 15 discusses the accounting for these features.

As of September 30, 2024, the carrying value of the Series D Preferred Stock shares was $89.3 million, which included $42.6 million of accumulated unpaid and deemed dividends. The following table presents the change in the Series D Preferred Stock carrying value during the nine months ended September 30, 2024.

Balance as of December 31, 2023	$	77,799
Accrual of in-kind dividends		8,386
Amortization		3,104
Balance as of September 30, 2024	$	89,289

Note 9. Leases

The following table contains supplemental cash flow information related to leases.

	Nine Months Ended September 30,			
	2024		2023	
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows used in operating leases	$	6,381	$	10,533
Operating cash flows used in finance leases		241		258
Financing cash flows used in finance leases		1,671		1,084
Right-of-use assets obtained in exchange for new operating lease liabilities (1)		692		477
Right-of-use assets obtained in exchange for new finance lease liabilities		1,482		1,619

(1) Includes new leases, renewals, and modifications.

We recognized sublease income of $2.9 million and $1.4 million in the nine months ended September 30, 2024 and 2023, respectively, which is recognized in the “Other operating income, net” line in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

The following table presents finance lease-related assets and liabilities recorded on the balance sheet.

	Financial Statement Line Item	September 30, 2024		December 31, 2023	
Finance lease assets	Property, plant and equipment, net		14,079		13,599
Finance lease current liabilities	Other current liabilities		2,656		2,047
Finance lease non-current liabilities	Other non-current liabilities		3,751		4,488
Total finance lease liabilities		$	6,407	$	6,535

Note 10. Commitments and Contingencies

Brazil ICMS Tax Matter

Prior to the acquisition of Autocam Corporation (“Autocam”) in 2014, Autocam’s Brazilian subsidiary (“Autocam Brazil”) received notification from the Brazilian tax authority regarding ICMS (state value added tax) tax credits claimed on intermediary materials (e.g., tooling and perishable items) used in the manufacturing process. The Brazilian tax authority notification disallowed state ICMS tax credits claimed on intermediary materials based on the argument that these items are not intrinsically related to the manufacturing processes. Autocam Brazil filed an administrative defense with the Brazilian tax authority arguing, among other matters, that it should qualify for an ICMS tax credit, contending that the intermediary materials are directly related to the manufacturing process.

We believe that we have substantial legal and factual defenses, and we plan to defend our interests in this matter vigorously. The matter encompasses several lawsuits filed with the Brazilian courts requesting declaratory actions that no tax is due or seeking a stay of execution on the collection of the tax. In 2018, we obtained a favorable decision in one of the declaratory actions for which the period for appeal has expired. We have filed actions in each court requesting dismissal of the matter based on the earlier court action. In May 2020, we received an unfavorable decision in one of the lawsuits, and as a result have recorded a liability to the Brazilian tax authorities and a receivable from the former shareholders of Autocam for the same amount. Although we anticipate a favorable resolution to the remaining matters, we can provide no assurances that we will be successful in achieving dismissal of all pending cases. The U.S. dollar amount that would be owed in the event of an unfavorable decision is subject to interest, penalties, and currency impacts and, therefore, is dependent on the timing of the decision. For the remaining open lawsuits, we currently believe the cumulative potential liability in the event of unfavorable decisions on all matters will be less than $5.0 million, inclusive of interest and penalties.

We are entitled to indemnification from the former shareholders of Autocam, subject to the limitations and procedures set forth in the agreement and plan of merger relating to the Autocam acquisition. Management believes the indemnification would include amounts owed for the tax, interest, and penalties related to this matter. Accordingly, we do not expect to incur a loss related to this matter even in the event of an unfavorable decision and, therefore, have not accrued an amount for the remaining matters as of September 30, 2024.

Other Legal Matters

All other legal proceedings are of an ordinary and routine nature and are incidental to our operations. Management believes that such proceedings should not, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations, or cash flows. In making that determination, we analyze the facts and circumstances of each case at least quarterly in consultation with our attorneys and determine a range of reasonably possible outcomes.

Note 11. Income Taxes

Our effective tax rate was (23.5)% and (5.3)% for the three and nine months ended September 30, 2024, respectively, and 3.5% and (4.4)% for the three and nine months ended September 30, 2023, respectively. The effective tax rates for the three and nine months ended September 30, 2024 differ from the U.S. federal statutory tax rate of 21% primarily due to the accrual of tax on non-permanently reinvested unremitted earnings of foreign subsidiaries, favorable return to provision and amended return adjustments in certain foreign and state jurisdictions and by limitation on the amount of tax benefit recorded for losses in certain jurisdictions where we believe it is more likely than not that a future tax benefit may not be realized.

Note 12. Net Loss Per Common Share

The following table summarizes the computation of basic and diluted net loss per common share.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net loss	$ (2,557)	$ (5,057)	$ (17,297)	$ (29,609)
Adjustment for preferred stock cumulative dividends and deemed dividends	(3,977)	(3,347)	(11,490)	(9,594)
Numerator for basic and diluted net loss per common share	$ (6,534)	$ (8,404)	$ (28,787)	$ (39,203)
Denominator:				
Weighted average common shares outstanding	50,000	47,186	49,478	45,793
Adjustment for participating securities	(2,464)	(3,496)	(2,845)	(2,365)
Adjustment for warrants outstanding (1)	1,461	3,849	1,889	2,982
Shares used to calculate basic and diluted net loss per share	48,997	47,539	48,522	46,410
Basic and diluted net loss per common share	$ (0.13)	$ (0.18)	$ (0.59)	$ (0.84)
Cash dividends declared per common share	$ —	$ —	$ —	$ —

(1) Outstanding warrants that are exercisable at an exercise price of $0.01 per share, are included in shares outstanding for calculation of basic earnings per share (see Note 15).

The following table presents securities that could be potentially dilutive in the future that were excluded from the calculation of diluted net loss per common share because they had an anti-dilutive effect.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock Options	205	315	223	407
Warrants	1,500	1,500	1,500	1,500
Performance share units	820	250	795	89
Total antidilutive securities	2,525	2,065	2,518	1,996

Stock options excluded from the calculations of diluted net loss per share have a per share exercise price ranging from $7.93 to $25.16 for the three and nine months ended September 30, 2024. Warrants excluded from the calculation of diluted net loss per share have a per share exercise price of $11.03 (see Note 15). Performance share units are potentially dilutive when the related performance criterion has been met.

Note 13. Share-Based Compensation

The following table lists the components of share-based compensation expense by type of award, which is recognized in the "Selling, general, and administrative expense" line in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Restricted stock	$ 507	$ 1,001	$ 1,626	$ 1,780
Performance share units	304	206	721	264
Stock options	—	—	—	14
Share-based compensation expense	$ 811	$ 1,207	$ 2,347	$ 2,058

Restricted Stock

The following table presents the status of unvested restricted stock awards as of September 30, 2024, and activity during the nine months then ended.

	Nonvested Restricted Shares	Weighted Average Grant-Date Fair Value
Unvested at January 1, 2024	3,405	$ 1.41
Granted	660	4.25
Vested	(1,459)	1.33
Forfeited	(221)	2.13
Unvested at September 30, 2024	2,385	$ 2.18

During the nine months ended September 30, 2024, we granted 390,000 shares of restricted stock to non-executive directors, officers and certain other employees. The shares of these restricted stock awards vest pro-rata generally over three years for employees and over one year for non-executive directors. During the nine months ended September 30, 2024, we granted 270,000 shares of restricted stock to new executive officers as inducement awards, which vest pro-rata over five years.

Total grant date fair value of restricted stock that vested in the nine months ended September 30, 2024, was $1.9 million.

Performance Share Units

Performance Share Units ("PSUs") are a form of long-term incentive compensation awarded to executive officers and certain other key employees designed to directly align the interests of employees to the interests of our stockholders, and to create long-term stockholder value. The following table presents the status of unvested PSUs as of September 30, 2024, and activity during the nine months then ended.

	Nonvested PSU Awards	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2024	3,789	$ 1.29
Granted	590	3.71
Forfeited	(413)	2.26
Nonvested at September 30, 2024	3,966	$ 1.55

During the nine months ended September 30, 2024, we granted 175,000 PSUs to certain executive officers, which vest, if at all, upon our achieving a specified relative total shareholder return, which will be measured against the total shareholder return of a specified index during the three-year performance period that ends December 31, 2026. During the nine months ended September 30, 2024, we granted 415,000 PSUs to new executive officers as inducement awards. These inducement awards cliff-vest after five years and are contingent on the Company's stock price meeting specified thresholds.

We estimated the grant date fair value of the PSU awards using the Monte Carlo simulation model, as the total shareholder return metric and changes in stock price are considered market conditions under ASC Topic 718, *Compensation – stock compensation*.

Note 14. Accumulated Other Comprehensive Income

The following tables present the components of accumulated other comprehensive income (loss) ("AOCI").

	Foreign Currency Translation	Interest rate swap	Income taxes (1)	Total
Balance as of June 30, 2024	$ (44,495)	$ 109	$ —	$ (44,386)
Other comprehensive income (loss) before reclassifications	3,970	—	—	3,970
Amounts reclassified from AOCI to interest expense (2)	—	(109)	—	(109)
Net other comprehensive income (loss)	3,970	(109)	—	3,861
Balance as of September 30, 2024	$ (40,525)	$ —	$ —	$ (40,525)
Balance as of June 30, 2023	$ (40,706)	$ 1,905	$ —	$ (38,801)
Other comprehensive income (loss) before reclassifications	(3,072)	—	—	(3,072)
Amounts reclassified from AOCI to interest expense (2)	—	(449)	—	(449)
Net other comprehensive income (loss)	(3,072)	(449)	—	(3,521)
Balance as of September 30, 2023	$ (43,778)	$ 1,456	$ —	$ (42,322)

	Foreign Currency Translation	Interest rate swap	Income taxes (1)	Total
Balance as of December 31, 2023	$ (38,762)	$ 1,007	$ —	$ (37,755)
Other comprehensive income (loss) before reclassifications	(1,763)	—	—	(1,763)
Amounts reclassified from AOCI to interest expense (2)	—	(1,007)	—	(1,007)
Net other comprehensive income (loss)	(1,763)	(1,007)	—	(2,770)
Balance as of September 30, 2024	$ (40,525)	$ —	$ —	$ (40,525)
Balance as of December 31, 2022	$ (40,172)	$ 3,149	$ (97)	$ (37,120)
Other comprehensive income (loss) before reclassifications	(3,606)	(327)	97	(3,836)
Amounts reclassified from AOCI to interest expense (2)	—	(1,366)	—	(1,366)
Net other comprehensive income (loss)	(3,606)	(1,693)	97	(5,202)
Balance as of September 30, 2023	$ (43,778)	$ 1,456	$ —	$ (42,322)

(1) Income tax effect of changes in interest rate swap.

(2) Represents gain recognized in interest expense on effective interest rate swap.

Note 15. Fair Value Measurements

Fair value is an exit price representing the expected amount that an entity would receive to sell an asset or pay to transfer a liability in an orderly transaction with market participants at the measurement date. We followed consistent methods and assumptions to estimate fair values as more fully described in the 2023 Annual Report.

Embedded Derivatives

In accordance with ASC 815-15, *Derivatives and Hedging - Embedded Derivatives*, certain features of our preferred stock and long-term debt were bifurcated and accounted for as derivatives separately.

In conjunction with an amendment to our Term Loan in 2023, we issued warrants to purchase up to 2.0 million shares of our common stock at an exercise price of $0.01 per share (the "2023 Warrants"). The 2023 Warrants are exercisable, in full or in part, at any time prior to June 30, 2033. The 2023 Warrants include anti-dilution adjustments in the event of certain future equity issuances, stock splits, stock dividends, combinations or similar events. During the nine months ended September 30, 2024, 500,000 of the 2023 Warrants were exercised on a cashless basis, resulting in the issuance of 499,000 shares.

In conjunction with our placement of the Series D Preferred Stock, we issued the 2021 Warrants to purchase up to 1.9 million shares of our common stock. The 2021 Warrants were exercisable, in full or in part, at an exercise price of $0.01 per share, subject to anti-dilution adjustments in the event of certain future equity issuances, stock splits, stock dividends, combinations or similar events. During the nine months ended September 30, 2024, all of the 2021 Warrants were exercised on a cashless basis, resulting in the issuance of 1,896,000 shares.

In conjunction with our placement of Series B Preferred Stock in 2019, we issued detachable warrants to purchase up to 1.5 million shares of our common stock (the "2019 Warrants"). The 2019 Warrants, are exercisable, in full or in part, at any time prior to December 11, 2026, at an exercise price of $11.03 per share, and are subject to anti-dilution adjustments in the event of future below market issuances, stock splits, stock dividends, combinations or similar events.

The following table presents the change in the liability balance of the embedded derivatives during the nine months ended September 30, 2024.

Balance as of December 31, 2023	$ 16,556
Change in fair value (1)	1,630
Settlements	(11,376)
Balance as of September 30, 2024	$ 6,810

(1) Changes in the fair value are recognized in the "Other expense (income), net" line in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

The following tables show the fair values of the embedded derivatives within the fair value hierarchy.

September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liability - other non-current liabilities	$ 5,699	$ —	$ 1,111

December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liability - other non-current liabilities	$ 15,421	$ —	$ 1,135

The fair value of the 2023 Warrants and 2021 Warrants is determined using the observable market price of a share of our common stock, less the $0.01 per share exercise price (Level 1).

The fair value of the 2019 Warrants is determined using a valuation model that utilizes unobservable inputs to determine the probability that the 2019 Warrants will remain outstanding for future periods (Level 3). The probabilities resulted in a weighted average term of 2.9 years as of September 30, 2024 and December 31, 2023.

Interest Rate Swap

On July 22, 2021, we entered into a fixed-rate interest rate swap agreement to change the LIBOR-based component of the interest rate on a portion of our variable rate debt to a fixed rate of 1.291% (the "2021 Swap"). The 2021 Swap had a notional amount of $60.0 million and a maturity date of July 31, 2024. We designated the 2021 Swap as a cash flow hedge at inception with cash settlements recognized in interest expense. During the first quarter of 2023, we terminated the 2021 Swap and received cash proceeds of $2.5 million, which was the then fair value of the 2021 Swap. Since the 2021 Swap was an effective cash flow hedge and the forecasted interest payments remain probable of occurring, the gain was recognized as a reduction to interest expense through the original maturity date of July 31, 2024.

The following table presents the effects of the interest rate swap on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest benefit (1)	$ (150)	$ (449)	$ (1,048)	$ (1,366)

(1) Represents gain recognized in interest expense on effective interest rate swap.

Fair Value Disclosures

Our financial instruments that are subject to fair value disclosure consist of cash and cash equivalents, accounts receivable, accounts payable, and debt. As of September 30, 2024 and December 31, 2023, the carrying values of these financial instruments, except for debt, approximated fair value. The fair value of our debt was $145.4 million and $162.2 million, with a carrying amount of $143.6 million and $153.3 million, as of September 30, 2024 and December 31, 2023, respectively. The fair value of debt was calculated by discounting the future cash flows to its present value using prevailing market interest rates for debt with similar creditworthiness, terms and maturities (Level 3).

Note 16. Divestiture

On July 2, 2024, we completed the sale of our Lubbock operations, known as Industrial Molding Corporation ("IMC"), for $17.0 million in cash, subject to customary purchase price adjustments. We received net proceeds of $15.4 million after paying certain transaction costs, which was used to repay a portion of the outstanding borrowings under the Term Loan Facility. We determined that the sale of IMC did not represent a strategic shift that will have a major effect on the consolidated results of operations, therefore the results of this business will continue to be reported within our Power Solutions segment. The gain on sale of business is recognized in the "Other expense (income), net" line in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

The following is a summary of the net gain recognized in connection with the divestiture:

Net proceeds	$	17,000
Net assets disposed		8,281
Direct costs to sell		1,565
Gain on sale of business	$	7,154

Note 17. Plant Optimization Activities

During the third quarter of 2024, we took specific steps to consolidate our footprint by identifying a manufacturing facility to close to reduce costs and improve operational efficiency. In addition, we implemented operational and cost optimization actions to reduce indirect and overhead costs. We expect the facility closure and organizational changes to be completed in the first half of 2025. We estimate incurring $1.9 million in charges which will be recognized in 2024 and 2025. Once fully implemented, we expect to recognize annual benefits of approximately $2.8 million. All costs incurred have been recognized in Mobile Solutions segment.

The following is a summary of costs incurred and amounts accrued during the three months ended September 30, 2024.

	Severance and employee related	Costs associated with exit or disposal activities	Total
Balance as of December 31, 2023	$ —	$ —	$ —
Restructuring costs	893	65	958
Amounts paid	(388)	(55)	(443)
Balance as of September 30, 2024	$ 505	$ 10	$ 515

Of the $1.0 million incurred during the nine months ended September 30, 2024, $0.6 million and are recognized in the “Cost of sales” line and $0.3 million in the “Selling, general, and administrative expense” line in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Subsequent to September 30, 2024, we began identifying certain manufacturing equipment that we plan to discontinue use of and may sell in 2025 as part of our plant optimization activities. The equipment, which is currently being used in production activities, has a net book value of approximately $11.0 million as of September 30, 2024. The expected proceeds from any planned sales may be significantly lower than the carrying value of the equipment, which would cause us to recognize an impairment in the fourth quarter of 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to help the reader understand the results of operations and financial condition of NN, Inc. and its consolidated subsidiaries for the three and nine months ended September 30, 2024. The financial information as of September 30, 2024, should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023, contained in our 2023 Annual Report, and the Condensed Consolidated Financial Statements included in this Quarterly Report.

Overview

NN, Inc., a Delaware corporation, is a diversified industrial company that combines advanced engineering and production capabilities with in-depth materials science expertise to design and manufacture high-precision components and assemblies for a variety of end markets on a global basis. As used in this Quarterly Report, the terms "NN," the "Company," "we," "our," or "us" refer to NN, Inc. and its subsidiaries.

Forward-Looking Statements

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. 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 the Company, 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 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, military conflict, 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, the availability of labor and labor disruptions along the supply chain; 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, as well as expansion of end markets and product offerings; 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; our ability to secure, maintain or enforce patents or other appropriate protections for our intellectual property; 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. Any forward-looking statement speaks only as of the date of this Quarterly Report, 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.

For additional information concerning such risk factors and cautionary statements, please see the sections titled "Item 1A. Risk Factors" in the 2023 Annual Report and this Quarterly Report.

Results of Operations

Factors That May Influence Results of Operations

The following paragraphs describe factors that have influenced results of operations for the nine months ended September 30, 2024, that management believes are important to provide an understanding of the business and results of operations or that may influence operations in the future.

Macroeconomic Conditions

We continue to monitor the ongoing impacts of current macroeconomic and geopolitical events, including changing conditions from ongoing military conflicts, inflationary cost pressures, elevated interest rates, supply chain disruptions, and labor shortages and disruptions.

Ongoing military conflicts continue to create volatility in global financial and energy markets, creating energy and supply chain shortages, which has added to the inflationary pressures experienced by the global economy. We continue to actively work with our suppliers to minimize impacts of supply shortages on our manufacturing capabilities. Although our business has not been materially impacted by these ongoing military conflicts as of the date of this filing, we cannot reasonably predict the extent to which our operations, or those of our customers or suppliers, will be impacted in the future, or the ways in which the conflicts may impact our business, financial condition, results of operations and cash flows.

The U.S. economy has experienced inflationary increases and elevated interest rates, as well as supply issues in materials, services, and labor due to economic policy and military conflicts. We cannot predict the future impact on our end-markets or input costs nor our ability to recover cost increases through pricing.

Three Months Ended September 30, 2024 compared to the Three Months Ended September 30, 2023

Consolidated Results

	Three Months Ended September 30,		
	2024	2023	$ Change
Net sales	$ 113,587	$ 124,443	$ (10,856)
Cost of sales (exclusive of depreciation and amortization shown separately below)	97,131	104,543	$ (7,412)
Selling, general, and administrative expense	10,257	11,693	(1,436)
Depreciation and amortization	10,844	11,577	(733)
Other operating income, net	(895)	(631)	(264)
Loss from operations	(3,750)	(2,739)	(1,011)
Interest expense	5,404	5,739	(335)
Other income, net	(5,315)	(1,463)	(3,852)
Loss before benefit (provision) for income taxes and share of net income from joint venture	(3,839)	(7,015)	3,176
Benefit (provision) for income taxes	(903)	245	(1,148)
Share of net income from joint venture	2,185	1,713	472
Net loss	$ (2,557)	$ (5,057)	$ 2,500

Net Sales. Net sales decreased by $10.9 million, or 8.7%, during the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to the sale of our Lubbock operations, rationalized volume at plants undergoing turnarounds, a customer settlement received in 2023 and unfavorable foreign exchange effects of $1.1 million.

Cost of Sales. Cost of sales decreased by $7.4 million, or 7.1%, during the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to the decrease in sales.

Selling, General, and Administrative Expense. Selling, general, and administrative expense decreased by $1.4 million during the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to lower incentive compensation expense.

Other Operating Income, Net. Other operating income, net changed favorably by $0.3 million during the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due the loss on sales of machinery and equipment recognized in 2023.

Interest Expense. Interest expense decreased by $0.3 million during the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to a reduction in the Term Loan balance due to the partial pay down of the outstanding balance with proceeds from the sale of our Lubbock operations.

	Three Months Ended September 30,	
	2024	2023
Interest on debt	$ 4,990	$ 5,779
Gain recognized on interest rate swap	(150)	(449)
Amortization of debt issuance costs and discount	612	529
Capitalized interest	(224)	(350)
Other	176	230
Total interest expense	$ 5,404	$ 5,739

Other Income, Net. Other income, net increased by $3.9 million during the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to the $7.2 million gain on sale of our Lubbock operations, partially offset by noncash derivative mark-to-market loses recognized during the current quarter compared to derivative gains recognized in the third quarter of 2023.

Benefit (Provision) For Income Taxes. Our effective tax rate was (23.5)% for the three months ended September 30, 2024, compared to 3.5% for the three months ended September 30, 2023. The rate for the three months ended September 30, 2024 was unfavorably impacted due to the accrual of tax on non-permanently reinvested unremitted earnings of foreign subsidiaries and by the limitation on the amount of tax benefit recorded for losses in certain jurisdictions where we believe it is more likely than not that a future tax benefit may not be realized.

Share of Net Income from Joint Venture. Share of net income from the JV increased by $0.5 million during the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to higher sales and increased gross margins, partially offset by higher fixed costs. The JV, in which we own a 49% investment, recognized net sales of $32.4 million and $30.3 million for the three months ended September 30, 2024 and 2023, respectively.

Results by Segment

MOBILE SOLUTIONS

	Three Months Ended September 30,		
	2024	**2023**	**$ Change**
Net sales	$ 70,678	$ 78,961	$ (8,283)
Loss from operations	$ (1,441)	$ (1,283)	$ (158)

Net sales decreased by $8.3 million, or 10.5%, during the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to rationalized volume at plants undergoing turnarounds, contractual reduction in customer pass-through material pricing, a customer settlement received in 2023 and unfavorable foreign exchange effects of $1.0 million.

Loss from operations changed unfavorably by $0.2 million during the three months ended September 30, 2024, compared to the same period in the prior year, primarily due to the lower revenue and impact of the customer settlement in the 2023, partially offset by lower depreciation expense.

POWER SOLUTIONS

	Three Months Ended September 30,		
	2024	**2023**	**$ Change**
Net sales	$ 42,935	$ 45,484	$ (2,549)
Income from operations	$ 2,505	$ 3,936	$ (1,431)

Net sales decreased by $2.5 million, or 5.6%, during the three months ended September 30, 2024 compared to the three months ended September 30, 2023, primarily due to the sale of our Lubbock operations, partially offset by higher precious metals pass-through pricing and pricing.

Income from operations decreased by $1.4 million during the three months ended September 30, 2024 compared to the same period in the prior year, primarily due to the lower revenue resulting from the sale of the Lubbock operations and unfavorable product mix.

Nine Months Ended September 30, 2024 compared to the Nine Months Ended September 30, 2023

Consolidated Results

	Nine Months Ended September 30,		
	2024	2023	$ Change
Net sales	$ 357,777	$ 376,737	$ (18,960)
Cost of sales (exclusive of depreciation and amortization shown separately below)	299,474	320,648	$ (21,174)
Selling, general, and administrative expense	37,116	35,833	1,283
Depreciation and amortization	35,152	34,643	509
Other operating income, net	(3,285)	(526)	(2,759)
Loss from operations	(10,680)	(13,861)	3,181
Interest expense	16,643	15,484	1,159
Other expense (income), net	(4,623)	1,970	(6,593)
Loss before provision for income taxes and share of net income from joint venture	(22,700)	(31,315)	8,615
Provision for income taxes	(1,194)	(1,381)	187
Share of net income from joint venture	6,597	3,087	3,510
Net loss	$ (17,297)	$ (29,609)	$ 12,312

Net Sales. Net sales decreased by $19.0 million, or 5.0%, during the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to he sale of our Lubbock operations, customer settlements received in 2023, rationalized volume at plants undergoing turnarounds and unfavorable foreign exchange effects of $1.9 million. These decreases were partially offset by the net impact of contractual pass-through material pricing provisions.

Cost of Sales. Cost of sales decreased by $21.2 million, or 6.6%, during the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to lower sales volume and lower labor costs associated with facility closures.

Selling, General, and Administrative Expense. Selling, general, and administrative expense increased by $1.3 million during the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to higher travel and stock compensation expense, partially offset by lower salaries due to a reduction in headcount.

Other Operating Income, Net. Other operating income, net changed favorably by $2.8 million primarily due to increased sublease income earned on closed facilities.

Interest Expense. Interest expense increased by $1.2 million during the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to higher average interest rates, a decrease in the gain recognized on interest rate swap and an increase in the amortization of debt issuance costs.

	Nine Months Ended September 30,	
	2024	2023
Interest on debt	$ 16,345	$ 16,007
Gain recognized on interest rate swap	(1,048)	(1,366)
Amortization of debt issuance costs and discount	1,718	1,409
Capitalized interest	(960)	(1,060)
Other	588	494
Total interest expense	$ 16,643	$ 15,484

Other Expense (Income), Net. Other expense (income), net changed favorably by $6.6 million during the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to the $7.2 million gain on sale of the Lubbock operations, partially offset by unfavorable foreign exchange effects associated with intercompany borrowings.

Benefit (Provision) for Income Taxes. Our effective tax rate was (5.3)% for the nine months ended September 30, 2024, compared to (4.4)% for the nine months ended September 30, 2023. The rate for the nine months ended September 30, 2024 was unfavorably impacted due to the accrual of tax on non-permanently reinvested unremitted earnings of foreign subsidiaries and by the limitation on the amount of tax benefit recorded for losses in certain jurisdictions where we believe it is more likely than not that a future tax benefit may not be realized. The effective tax rate was favorably impacted by return to provision adjustments in certain foreign jurisdictions and an amended return in a state jurisdiction.

Share of Net Income from Joint Venture. Share of net income from the JV increased by $3.5 million during the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to higher sales and increased margin partially offset by higher fixed costs, depreciation and interest expense. The JV, in which we own a 49% investment, recognized net sales of $95.1 million and $75.9 million for the nine months ended September 30, 2024 and 2023, respectively.

Results by Segment

MOBILE SOLUTIONS

	Nine Months Ended September 30,		
	2024	2023	$ Change
Net sales	$ 216,593	$ 234,132	$ (17,539)
Loss from operations	$ (5,214)	$ (6,063)	$ 849

Net sales decreased by $17.5 million, or 7.5%, during the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due rationalized volume at plants undergoing turnarounds, contractual reduction in customer pass-through material pricing, a customer settlement received in 2023 and unfavorable foreign exchange effects of $1.8 million.

Loss from operations changed favorably by $0.8 million during the nine months ended September 30, 2024 compared to the same period in the prior year, primarily due to a reduction of indirect manufacturing costs related to actions taken in 2023 to optimize plant operations. These decreases were partially offset by the impact of lower sales, impact of the customer settlement in the 2023 and higher depreciation expense.

POWER SOLUTIONS

	Nine Months Ended September 30,		
	2024	2023	$ Change
Net sales	$ 141,324	$ 142,618	$ (1,294)
Income from operations	$ 11,804	$ 8,266	$ 3,538

Net sales decreased by $1.3 million, or 0.9%, during the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to the sale of our Lubbock operation and premium pricing received on a certain customer project during the first quarter of 2023. These decreases were partially offset by higher precious metals pass-through pricing and higher volumes.

Income from operations increased by $3.5 million during the nine months ended September 30, 2024 compared to the same period in the prior year, primarily due to lower costs associated with the facilities that closed in the second quarter of 2023 and increased sublease income earned on those closed facilities in 2024.

Changes in Financial Condition from December 31, 2023 to September 30, 2024

Overview

From December 31, 2023 to September 30, 2024, total assets decreased by $27.8 million primarily due to decreases in property, plant and equipment and intangible assets due to depreciation and amortization. Additionally, accounts receivable, inventory and property, plant and equipment decreased due to the sale of our Lubbock operations during the quarter. These decreases were partially offset by increases in our investment in a joint venture.

From December 31, 2023 to September 30, 2024, total liabilities decreased by $20.8 million, primarily due to a decrease in other non-current liabilities due to the exercise of warrants in 2024 and a reduction in long-term debt due to the partial pay down of the outstanding balance with proceeds from the sale of our Lubbock operations. These decreases were partially offset by an increase in other current liabilities.

Working capital, which consists of current assets less current liabilities, was $85.3 million as of September 30, 2024, compared to $100.9 million as of December 31, 2023. The decrease in working capital was primarily due to increases in the current maturities of long-term debt and an increase in other current liabilities.

Cash Flows

Cash provided by operations was $4.4 million for the nine months ended September 30, 2024, compared with $23.9 million for the nine months ended September 30, 2023. The decrease was due to an increase in accounts receivable, a decrease in inventory during the first half of 2023 and an increase in accounts payable during the first half of 2023. In addition, the Company received a $3.9 million dividend from the JV in the third quarter of 2023.

Cash provided by investing activities was $1.9 million for the nine months ended September 30, 2024, compared with cash used in investing activities of $13.4 million for the nine months ended September 30, 2023. The favorable change is primarily due to the $17.0 million received for the sale of the Lubbock operations during 2024.

Cash used in financing activities increased by $14.4 million during the nine months ended September 30, 2024 compared to the same period in 2023, primarily due to higher repayments of long-term debt and debt issuance costs in 2024, partially offset by proceeds from the sale-leaseback transactions in 2024 and proceeds from international loans in 2023.

Liquidity and Capital Resources

Credit Facilities

The principal amount outstanding under our Term Loan Facility as of September 30, 2024, was $114.2 million, without regard to unamortized debt issuance costs and discount. As of September 30, 2024, we had $21.9 million available for future borrowings under the ABL Facility. This amount of borrowing capacity is net of $9.9 million of outstanding letters of credit at September 30, 2024, which are considered as usage of the ABL Facility.

The Term Loan Facility requires quarterly principal payments of $0.4 million with the remaining unpaid principal amount due on the final maturity date of September 22, 2026. We may be required to make additional principal payments annually that are calculated as a percentage of our excess cash flow, as defined by the lender, based on our net leverage ratio. Outstanding borrowings under the Term Loan Facility bear interest at either: 1) one-month, three-month, or six-month Adjusted Term SOFR, subject to a 1.00% floor, plus an applicable margin of 6.875%; or 2) the greater of various benchmark rates plus an applicable margin of 5.875%. Beginning with the second quarter of 2023, interest is increased on a paid-in-kind basis at a rate between 1.00% and 2.00%, dependent on our net leverage ratio, for the most recently reported fiscal quarter and subject to reduction upon the occurrence of certain conditions as set forth in the credit agreement governing the Term Loan Facility. Based on the interest rate in effect at September 30, 2024, annual cash interest payments would be approximately $16.9 million.

The ABL Facility bears interest on a variable borrowing rate based on either: 1) Adjusted Term SOFR plus an applicable margin of 1.75% or 2.00%, depending on availability; or 2) the greater of the federal funds rate or prime, plus an applicable margin of 0.75% or 1.00%, depending on availability. We pay a commitment fee of 0.375% for unused capacity under the ABL Facility.

We were in compliance with all requirements under our Term Loan Facility and ABL Facility as of September 30, 2024. Both credit facilities allow for optional expansion of available borrowings, subject to certain terms and conditions.

Sale Leaseback Transactions

During the nine months ended September 30, 2024, we entered into several sale-leaseback transactions. We received $16.9 million from the sale and leaseback of three properties, with the net proceeds used to repay a portion of the outstanding borrowings under the Term Loan Facility. The effective interest rate of the transaction, which terminates in 20 years, is lower than the current borrowings on the Term Loan Facility. We received $8.3 million from the sale and leaseback of equipment, with $3.4 million of the net proceeds used to repay a portion of the outstanding borrowings under the Term Loan Facility and the balance used for ongoing operational investments.

Accounts Receivable Sales Programs

We participate in programs established by our customers which allows us to sell certain receivables from that customer on a non-recourse basis to a third-party financial institution. In exchange, we receive payment on the receivables, less a discount, sooner than under the customary credit terms we have extended to that customer. These programs allow us to improve working capital and cash flows at the same or lower interest rates as available on our ABL Facility. Our access to these programs is dependent on our customers' ongoing agreements with the third-parties. Our participation in these programs is based on our specific cash needs throughout the year, the discount charged to receive payment earlier, the length of the payment terms with our customers, as well being subject to limits in our ABL Facility and Term Loan Facility agreements.

Other Receivables

In 2021, we filed a refund claim with the IRS as a result of the Coronavirus Aid, Relief, and Economic Security Act. Including interest accrued on the initial refund amount, we have a $12.1 million tax refund receivable at September 30, 2024, which is in the process of IRS review and approval. The timing of the receipt of the refund is expected in the first half of 2025.

Seasonality and Fluctuation in Quarterly Results

General economic conditions impact our business and financial results, and certain businesses experience seasonal and other trends related to the industries and end markets that they serve. For example, European sales are often weaker in the summer months as customers slow production, and sales to original equipment manufacturers are often stronger immediately preceding and following the launch of new products. However, as a whole, we are not materially impacted by seasonality.

Critical Accounting Estimates

Our significant accounting policies, including the assumptions and judgments underlying them, are disclosed in Note 1 of the Notes to Consolidated Financial Statements included in the 2023 Annual Report. Our most critical accounting estimates are discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2023 Annual Report. There have been no material changes to our significant accounting policies or critical accounting estimates during the nine months ended September 30, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to changes in financial market conditions in the normal course of business due to use of certain financial instruments as well as transacting business in various foreign currencies. To mitigate the exposure to these market risks, we have established policies, procedures, and internal processes governing the management of financial market risks. We are exposed to changes in interest rates primarily as a result of borrowing activities.

Interest Rate Risk

We are subject to interest rate risk due to our variable rate debt, which comprises a majority of our outstanding indebtedness. The nature and amount of borrowings may vary as a result of future business requirements, market conditions, and other factors. To manage interest rate risk, we have used, and may in the future use, interest rate swap agreements.

At September 30, 2024, we had $114.2 million of principal outstanding under the Term Loan Facility, without regard to unamortized debt issuance costs and discount. A one-percent increase in one-month SOFR would have resulted in a net increase in interest expense of $1.1 million on an annualized basis.

At September 30, 2024, using Adjusted Term SOFR plus a 2.00% spread, any borrowings under the ABL Facility would have been at a 7.197% interest rate.

Foreign Currency Risk

Translation of our operating cash flows denominated in foreign currencies is impacted by changes in foreign exchange rates. We invoice and receive payment from many of our customers in various other currencies. Additionally, we are party to third party and intercompany loans, payables, and receivables denominated in currencies other than the U.S. dollar. To help reduce exposure to foreign currency fluctuation, we have incurred debt in euros in the past. Various strategies to manage this risk are available to management, including producing and selling in local currencies and hedging programs. We did not hold a position in any foreign currency derivatives as of September 30, 2024.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2024, to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As disclosed in Note 10 in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report, we are engaged in certain legal proceedings, and the disclosure set forth in Note 10 relating to legal proceedings is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in the 2023 Annual Report under Item 1A, "Risk Factors."

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Adoption or Termination of Trading Arrangements

During the quarter ended September 30, 2024, none of the Company's directors or executive officers adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
10.1	Amendment No. 4 to Term Loan Credit Agreement, dated as of August 29, 2024, by and among NN, Inc., certain subsidiaries of NN, Inc., the lenders party thereto and Oaktree Fund Administration, LLC, as administrative agent (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 30, 2024 and incorporated herein by reference).
10.2	Amendment No. 3 to Credit Agreement, dated as of August 29, 2024, by and among NN, Inc., certain subsidiaries of NN, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on August 30, 2024 and incorporated herein by reference).
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	NN, Inc.
	(Registrant)
Date: October 30, 2024	/s/ Harold C. Bevis
	Harold C. Bevis President, Chief Executive Officer and Director (Principal Executive Officer) (Duly Authorized Officer)
Date: October 30, 2024	/s/ Christopher H. Bohnert
	Christopher H. Bohnert Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer) (Duly Authorized Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Harold C. Bevis, certify that:

1) I have reviewed this quarterly report on Form 10-Q of NN, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2024

/s/ Harold C. Bevis
Harold C. Bevis
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Christopher H. Bohnert, certify that:

1) I have reviewed this quarterly report on Form 10-Q of NN, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2024

/s/ Christopher H. Bohnert
Christopher H. Bohnert
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NN, Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacity and date indicated below, hereby certifies pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods indicated.

Date: October 30, 2024

/s/ Harold C. Bevis

Harold C. Bevis
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NN, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and date indicated below, hereby certifies pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods indicated.

Date: October 30, 2024

/s/ Christopher H. Bohnert
Christopher H. Bohnert
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)