

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): November 15, 2021**

**FREIGHTCAR AMERICA, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or Other Jurisdiction of Incorporation)

**000-51237**

(Commission File Number)

**25-1837219**

(I.R.S. Employer Identification No.)

**125 S. Wacker Drive, Suite 1500**

**Chicago, Illinois 60606**

(Address of Principal Executive Offices) (Zip Code)

**(800) 458-2235**

(Registrant's telephone number, including area code)

**N/A**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class                      | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.01 per share | RAIL              | Nasdaq Global Market                      |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

## **Section 2 - Financial Information**

### **Item 2.02. Results of Operations and Financial Condition.**

On November 15, 2021, FreightCar America, Inc. issued a press release announcing its financial results for the third quarter of 2021. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained in Exhibit 99.1 is being furnished under Item 2.02 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

## **Section 9 - Financial Statements and Exhibits**

### **Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

[Exhibit 99.1](#) [Press release of FreightCar America, Inc., dated November 15, 2021.](#)  
Exhibit 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

---

**SIGNATURE**

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

**FREIGHTCAR AMERICA, INC.**

Date: November 15, 2021

By: /s/ TERENCE R. ROGERS

Terence R. Rogers

Vice President, Finance, Chief Financial Officer, Treasurer and Corporate Secretary

## FreightCar America, Inc. Reports Third Quarter 2021 Results

*Fourth consecutive quarter of positive gross margin, second consecutive quarter of positive manufacturing operating income*

*Company reiterates delivery outlook for fiscal year 2021*

CHICAGO, Nov. 15, 2021 (GLOBE NEWSWIRE) -- FreightCar America, Inc. (NASDAQ: RAIL) today reported results for the third quarter ended September 30, 2021.

### Business Highlights

- Third quarter revenue was \$58.3 million, up 131% year-over-year, on deliveries of 505 railcars
- Gross margin was \$1.5 million, positive for the fourth consecutive quarter, despite difficult launch of new model
- Manufacturing operating income was \$0.2 million, the second consecutive positive result
- Third quarter net income was \$0.7 million, or \$0.03 per share
- Adjusted EBITDA loss was (\$3.5) million
- Quarter-end backlog totaled 1,895 railcars with an aggregate value of approximately \$198 million
- 2021 delivery outlook reiterated at between 1,750 and 1,850 railcars
- Total cash, cash equivalents, restricted cash equivalents, marketable securities and restricted certificates of deposit (“total cash”) was \$27.5 million as of September 30, 2021
- Subsequent to quarter end, collected \$10.2 million from its value-added tax (VAT) receivable in Mexico

“Overall, we are pleased with FreightCar America’s continuing momentum, including our fourth consecutive quarter of positive gross margin,” said Jim Meyer, President and Chief Executive Officer of FreightCar America. “However, our results for the quarter were impacted by the difficult launch of a new railcar model. That event aside, which is now well behind us, we wholeheartedly believe in the business transformation we’ve completed and remain focused on returning to long-term growth and profitability.”

Meyer continued, “While industry demand fundamentals remain strong, the pace of recovery is being gated by certain external factors starting with raw material cost inflation. Sales inquiries, however, continue to be very healthy and support our footprint expansion announced earlier this year.”

Meyer concluded, “We are also pleased to announce that subsequent to quarter-end, we received a portion of the outstanding VAT receivable in Mexico. As of today, we have received \$10.2 million of the outstanding VAT receivable, which was \$30.1 million on September 30, 2021.”

### Third Quarter Results

- Consolidated revenues were \$58.3 million in the third quarter of 2021, compared to \$37.4 million in the second quarter of 2021 and \$25.2 million in the third quarter of 2020. The Company delivered 505 railcars in the third quarter of 2021, compared to 313 railcars in the second quarter of 2021 and 163 railcars in the third quarter of 2020.
- Both consolidated operating loss and net income/loss for the current and prior periods included non-operating items that impacted results, including:
  - Non-cash charge of \$0.3 million related to the change in the fair market value of warrant liability in the third quarter of 2021 reflecting the Company’s share price appreciation during the period. In the second quarter of 2021, there was a non-cash gain of \$3.5 million, reflecting the Company’s share price depreciation during the period.
  - The Company recognized a gain on extinguishment of debt of \$10.1 million related to PPP Loan forgiveness during the third quarter of 2021.
- Consolidated operating loss for the third quarter of 2021 was (\$4.2) million, compared to operating loss of (\$4.2) million in the second quarter of 2021 and operating loss of (\$41.3) million in the third quarter of 2020.
- Net income in the third quarter of 2021 was \$0.7 million, or \$0.03 per share, compared to net loss of (\$4.2) million, or (\$0.24) per share, in the second quarter of 2021, and net loss of (\$40.3) million, or (\$3.03) per share, in the third quarter of 2020.
- Adjusted EBITDA loss for the third quarter of 2021 was (\$3.5) million, compared to Adjusted EBITDA loss of (\$3.1) million for the second quarter of 2021 and (\$8.0) million for the third quarter of 2020. The Adjusted EBITDA excludes the non-cash items mentioned above and those reflected in the table below.
- Total cash, cash equivalents, restricted cash equivalents, marketable securities and restricted certificates of deposit (“total cash”) was \$27.5 million as of September 30, 2021, compared to \$20.7 million as of June 30, 2021. The VAT receivable in Mexico was \$30.1 million as of September 30, 2021.

### Third Quarter 2021 Conference Call & Webcast Information

The Company will host a conference call and live webcast on Monday, November 15, 2021, at 11:00 a.m. (Eastern Time) to discuss the Company’s third quarter 2021 financial results. The Company’s earnings release for the third quarter of 2021 will be available on the Investor Relations page of the Company’s website at [www.freightcaramerica.com](http://www.freightcaramerica.com).

Investors, analysts and members of the media interested in listening to the live presentation are encouraged to join a webcast of the call which can be accessed at:

Event URL: [https://viaavid.webcasts.com/starthere.jsp?ei=1509866&tp\\_key=d16a6ee26a](https://viaavid.webcasts.com/starthere.jsp?ei=1509866&tp_key=d16a6ee26a)

Please note that the webcast is listen-only and webcast participants will not be able to participate in the question and answer portion of the conference call. Interested parties may also participate in the call by dialing (877) 407-0789 or (201) 689-8562 and entering the passcode 13724786. Interested parties are asked to dial in approximately 10 to 15 minutes prior to the start time of the call.

An audio replay of the conference call will be available beginning at 2:00 p.m. (Eastern Time) on November 15, 2021, until 12:00 a.m. (Eastern Time) on Monday November 29, 2021. To access the replay, please dial (844) 512-2921 or (412) 317-6671. The replay passcode is 13724786. An audio replay of the call will be available on the Company's website within two days following the earnings call.

#### About FreightCar America

FreightCar America, Inc. is a diversified manufacturer of railroad freight cars that also supplies railcar parts and leases freight cars through its FreightCar America Leasing Company subsidiaries. FreightCar America designs and builds high-quality railcars, including open top hopper cars, covered hopper cars, intermodal and non-intermodal flat cars, mill gondola cars, coil steel cars, boxcars and coal cars, and also specializes in the conversion of railcars for repurposed use. FreightCar America is headquartered in Chicago, Illinois and has facilities in the following locations: Castañón, Mexico; Johnstown, Pennsylvania; and Shanghai, People's Republic of China. More information about FreightCar America is available on its website at [www.freightcaramerica.com](http://www.freightcaramerica.com).

#### Forward-Looking Statements

This press release may contain statements relating to our expected financial performance and/or future business prospects, events and plans that are "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. Forward-looking statements represent our estimates and assumptions only as of the date of this press release. Our actual results may differ materially from the results described in or anticipated by our forward-looking statements due to certain risks and uncertainties. These potential risks and uncertainties include, among other things: risks relating to the potential financial and operational impacts of the COVID-19 pandemic; the cyclical nature of our business; adverse economic and market conditions; fluctuating costs of raw materials, including steel and aluminum, and delays in the delivery of raw materials; our ability to maintain relationships with our suppliers of railcar components; our reliance upon a small number of customers that represent a large percentage of our sales; the variable purchase patterns of our customers and the timing of completion, delivery and customer acceptance of orders; the highly competitive nature of our industry; the risk of lack of acceptance of our new railcar offerings by our customers; and other competitive factors. We expressly disclaim any duty to provide updates to any forward-looking statements made in this press release, whether as a result of new information, future events or otherwise.

INVESTOR & MEDIA CONTACT      Lisa Fortuna or Stephen Poe  
E-MAIL                                      RAIL@alpha-ir.com  
TELEPHONE                                312-445-2870

### FreightCar America, Inc. Condensed Consolidated Balance Sheets (Unaudited)

|   | <b>September 30,<br/>2021</b>                       | <b>December 31,<br/>2020</b> |
|---|---|------------------------------|
|   | (in thousands, except for share and per share data) |                              |
| <b>Assets</b>   |   |                              |
| Current assets  |   |                              |
| Cash, cash equivalents and restricted cash equivalents  | \$ 27,486   | \$ 54,047                    |
| Restricted certificates of deposit  | -   | 182                          |
| Accounts receivable, net of allowance for doubtful accounts of \$973 and \$1,235 respectively | 7,733   | 9,421                        |
| VAT receivable  | 30,084  | 4,462                        |
| Inventories, net  | 44,635  | 38,831                       |
| Assets held for sale  | -   | 10,383                       |
| Related party asset   | 8,357   | -                            |
| Prepaid expenses  | 6,297   | 3,652                        |
| Total current assets  | 124,592   | 120,978                      |
| Property, plant and equipment, net  | 18,927  | 19,642                       |
| Railcars available for lease, net   | 20,476  | 20,933                       |
| Right of use asset  | 16,979  | 18,152                       |
| Other long-term assets  | 3,131   | 3,037                        |
| Total assets  | \$ 184,105  | \$ 182,742                   |

#### Liabilities and Stockholders' Equity

|   |            |            |
|---|------------|------------|
| Current liabilities                                   |            |            |
| Accounts and contractual payables                     | \$ 28,335  | \$ 17,840  |
| Related party accounts payable                        | 8,554      | 814        |
| Accrued payroll and other employee costs              | 2,123      | 2,505      |
| Reserve for workers' compensation                     | 2,386      | 2,645      |
| Accrued warranty                                      | 2,597      | 5,216      |
| Customer deposits                                     | 455        | 4,351      |
| Deferred income state and local incentives, current   | 1,087      | 2,219      |
| Lease liability, current                              | 1,929      | 11,635     |
| Current portion of long-term debt                     | 10,161     | 17,605     |
| Other current liabilities                             | 5,072      | 6,319      |
| Total current liabilities                             | 62,699     | 71,149     |
| Long-term debt, net of current portion                | 70,720     | 37,668     |
| Warrant liability                                     | 31,699     | 12,730     |
| Accrued pension costs                                 | 6,002      | 7,046      |
| Deferred income state and local incentives, long-term | 1,970      | 2,503      |
| Lease liability, long-term                            | 17,108     | 18,549     |
| Other long-term liabilities                           | 3,827      | 2,600      |
| Total liabilities                                     | 194,025    | 152,245    |
| Stockholders' (deficit) equity                        |            |            |
| Preferred stock                                       | -          | -          |
| Common stock  | 159        | 159        |
| Additional paid in capital                            | 83,304     | 82,064     |
| Treasury stock, at cost                               | (856)      | (1,344)    |
| Accumulated other comprehensive loss                  | (11,296)   | (11,763)   |
| Accumulated deficit                                   | (81,231)   | (38,619)   |
| Total stockholders' (deficit) equity                  | (9,920)    | 30,497     |
| Total liabilities and stockholders' equity            | \$ 184,105 | \$ 182,742 |

**FreightCar America, Inc.**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

|  | <b>Three Months Ended</b>                                  |             | <b>Nine Months Ended</b> |             |
|--|--|-------------|--------------------------|-------------|
|  | <b>September 30,</b>                                       |             | <b>September 30,</b>     |             |
|  | <b>2021</b>  | <b>2020</b> | <b>2021</b>              | <b>2020</b> |
|  | <i>(In thousands, except for share and per share data)</i> |             |                          |             |
| Revenues   | \$ 58,307  | \$ 25,202   | \$ 128,031               | \$ 47,857   |
| Cost of sales  | 56,769   | 29,281      | 123,180                  | 66,883      |
| Gross profit (loss)  | 1,538  | (4,079)     | 4,851                    | (19,026)    |
| Selling, general and administrative expenses                 | 5,701  | 7,158       | 21,146                   | 21,105      |
| Restructuring and impairment charges                         | -  | 30,103      | 6,530                    | 31,250      |
| Operating loss   | (4,163)  | (41,340)    | (22,825)                 | (71,381)    |
| Interest expense   | (3,562)  | (208)       | (9,276)                  | (671)       |
| Loss on change in fair market value of warrant liability     | (293)  | -           | (18,969)                 | -           |
| Gain on extinguishment of debt                               | 10,129   | -           | 10,129                   | -           |
| Other income   | 145  | 160         | 490                      | 518         |
| Income (loss) before income taxes                            | 2,256  | (41,388)    | (40,451)                 | (71,534)    |
| Income tax provision (benefit)                               | 1,525  | (75)        | 2,161                    | (78)        |
| Net income (loss)  | 731  | (41,313)    | (42,612)                 | (71,456)    |
| Less: Net loss attributable to noncontrolling interest in JV | -  | (991)       | -                        | (1,396)     |
| Net income (loss) attributable to FreightCar America         | \$ 731   | \$ (40,322) | \$ (42,612)              | \$ (70,060) |

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Net income (loss) per common share attributable to FreightCar America- basic   | \$ 0.03    | \$ (3.03)  | \$ (2.11)  | \$ (5.30)  |
| Net income (loss) per common share attributable to FreightCar America- diluted | \$ 0.03    | \$ (3.03)  | \$ (2.11)  | \$ (5.30)  |
| Weighted average common shares outstanding – basic                             | 20,485,438 | 12,426,872 | 20,225,671 | 12,399,687 |
| Weighted average common shares outstanding – diluted                           | 22,111,824 | 12,426,872 | 20,225,671 | 12,399,687 |

**FreightCar America, Inc.**  
**Segment Data**  
**(Unaudited)**

|                                    | <b>Three Months Ended</b> |                    | <b>Nine Months Ended</b> |                    |
|------------------------------------|---------------------------|--------------------|--------------------------|--------------------|
|                                    | <b>September 30,</b>      |                    | <b>September 30,</b>     |                    |
|                                    | <b>2021</b>               | <b>2020</b>        | <b>2021</b>              | <b>2020</b>        |
| <b>Revenues:</b>                   |                           |                    |                          |                    |
| Manufacturing                      | \$ 55,898                 | \$ 22,589          | \$ 121,076               | \$ 40,658          |
| Corporate and Other                | 2,409                     | 2,613              | 6,955                    | 7,199              |
| <b>Consolidated revenues</b>       | <b>\$ 58,307</b>          | <b>\$ 25,202</b>   | <b>\$ 128,031</b>        | <b>\$ 47,857</b>   |
| <b>Operating income (loss):</b>    |                           |                    |                          |                    |
| Manufacturing                      | \$ 163                    | \$ (36,786)        | \$ (5,618)               | \$ (56,934)        |
| Corporate and Other                | (4,326)                   | (4,554)            | (17,207)                 | (14,447)           |
| <b>Consolidated operating loss</b> | <b>\$ (4,163)</b>         | <b>\$ (41,340)</b> | <b>\$ (22,825)</b>       | <b>\$ (71,381)</b> |

**FreightCar America, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

|   | <b>Nine Months Ended September 30,</b> |             |
|---|--|-------------|
|   | <b>2021</b>                            | <b>2020</b> |
|   | <b>(in thousands)</b>                  |             |
| <b>Cash flows from operating activities</b>                                       |  |             |
| Net loss  | \$ (42,612)                            | \$ (71,456) |
| Adjustments to reconcile net loss to net cash flows used in operating activities: |  |             |
| Restructuring and impairment charges  | 6,530                                  | 26,868      |
| Depreciation and amortization   | 3,304                                  | 7,954       |
| Non-cash lease expense on right-of-use assets                                     | 1,173                                  | 4,910       |
| Recognition of deferred income from state and local incentives                    | (1,665)                                | (1,665)     |
| Loss on change in fair market value for warrant liability                         | 18,969                                 | -           |
| Stock-based compensation recognized   | 2,829                                  | 578         |
| Non-cash interest expense   | 3,782                                  | 210         |
| Gain on extinguishment of debt  | (10,129)                               | -           |
| Other non-cash items, net   | 314                                    | 67          |
| Changes in operating assets and liabilities, net of acquisitions:                 |  |             |
| Accounts receivable   | 1,688                                  | (2,059)     |
| VAT receivable  | (25,622)                               | (1,243)     |
| Inventories   | (4,276)                                | (35,094)    |
| Other assets  | (1,682)                                | 2,340       |
| Related party asset, net  | (617)                                  | 223         |
| Accounts and contractual payables   | 1,502                                  | 8,839       |
| Accrued payroll and employee benefits   | (302)                                  | 3,011       |
| Income taxes receivable/payable   | 1,111                                  | 909         |

|  |                  |                  |
|--|------------------|------------------|
| Accrued warranty   | (2,619)          | (880)            |
| Lease liability  | (1,641)          | (9,110)          |
| Customer deposits  | (3,896)          | 24,652           |
| Other liabilities  | (2,492)          | 2,207            |
| Accrued pension costs and accrued postretirement benefits                            | (607)            | (242)            |
| Net cash flows used in operating activities  | <u>(56,958)</u>  | <u>(38,981)</u>  |
| <b>Cash flows from investing activities</b>  |                  |                  |
| Purchase of restricted certificates of deposit                                       | -                | (4,037)          |
| Maturity of restricted certificates of deposit                                       | 182              | 7,624            |
| Purchase of property, plant and equipment  | (1,983)          | (8,267)          |
| Proceeds from sale of property, plant and equipment and railcars available for lease | 433              | 170              |
| Net cash flows used in investing activities  | <u>(1,368)</u>   | <u>(4,510)</u>   |
| <b>Cash flows from financing activities</b>  |                  |                  |
| Proceeds from issuance of long-term debt   | 16,000           | 10,000           |
| Deferred financing costs   | (1,517)          | -                |
| Borrowings on revolving line of credit   | 38,571           | -                |
| Repayments on revolving line of credit   | (21,225)         | -                |
| Employee stock settlement  | (7)              | (9)              |
| Payment for stock appreciation rights exercised                                      | (57)             | -                |
| Net cash flows provided by financing activities                                      | <u>31,765</u>    | <u>9,991</u>     |
| Net decrease in cash and cash equivalents  | (26,561)         | (33,500)         |
| Cash, cash equivalents and restricted cash equivalents at beginning of period        | 54,047           | 66,257           |
| Cash, cash equivalents and restricted cash equivalents at end of period              | <u>\$ 27,486</u> | <u>\$ 32,757</u> |
| <b>Supplemental cash flow information</b>  |                  |                  |
| Interest paid  | <u>\$ 4,575</u>  | <u>\$ 280</u>    |
| Income tax refunds received, net of payments   | <u>\$ 5</u>      | <u>\$ 481</u>    |
| <b>Non-cash transactions</b>   |                  |                  |
| Change in unpaid construction in process   | <u>\$ 68</u>     | <u>\$ (169)</u>  |
| Accrued PIK interest paid through issuance of PIK Note                               | <u>\$ 915</u>    | <u>\$ -</u>      |

**FreightCar America, Inc.**  
**Reconciliation of income before taxes to EBITDA<sup>(1)</sup> and Adjusted EBITDA<sup>(2)</sup>**  
**(Unaudited)**

|   | <b>Three Months Ended</b> |                 | <b>Three Months Ended</b> | <b>Nine Months Ended</b> |                 |
|---|---------------------------|-----------------|---------------------------|--------------------------|-----------------|
|   | <b>September 30,</b>      |                 | <b>June 30,</b>           | <b>September 30,</b>     |                 |
|   | <b>2021</b>               | <b>2020</b>     | <b>2021</b>               | <b>2021</b>              | <b>2020</b>     |
| Income (loss) before income taxes                   | \$ 2,256                  | \$ (41,388)     | \$ (3,707)                | \$ (40,451)              | \$ (71,534)     |
| Depreciation & Amortization                         | 1,108                     | 2,070           | 999                       | 3,304                    | 7,954           |
| Interest Expense, net                               | 3,562                     | 208             | 3,212                     | 9,276                    | 671             |
| EBITDA  | <u>6,926</u>              | <u>(39,110)</u> | <u>504</u>                | <u>(27,871)</u>          | <u>(62,909)</u> |
| Change in Fair Value of Warrant <sup>(a)</sup>      | 293                       | -               | (3,452)                   | 18,969                   | -               |
| Restructuring and impairment charges <sup>(b)</sup> | -                         | 30,103          | (120)                     | 6,530                    | 31,250          |
| Gain on extinguishment of debt <sup>(c)</sup>       | (10,129)                  | -               | -                         | (10,129)                 | -               |

|  |                   |                   |                   |                   |                    |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|
| Alabama Grant Amortization <sup>(d)</sup>  | (555)             | (555)             | (555)             | (1,665)           | (1,665)            |
| Transaction Costs <sup>(e)</sup>           | 196               | 144               | 296               | 491               | 144                |
| Retention & Success Bonuses <sup>(f)</sup> | -                 | 319               | -                 | -                 | 919                |
| Legal Reserve <sup>(g)</sup>               | -                 | -                 | -                 | 500               | -                  |
| Plant Transition Costs <sup>(h)</sup>      | -                 | 808               | 140               | 2,386             | 987                |
| Stock Based Compensation                   | (133)             | 485               | 299               | 2,829             | 578                |
| Other, net                                 | (145)             | (160)             | (230)             | (490)             | (518)              |
| Adjusted EBITDA                            | <u>\$ (3,547)</u> | <u>\$ (7,966)</u> | <u>\$ (3,118)</u> | <u>\$ (8,450)</u> | <u>\$ (31,214)</u> |

(1) EBITDA represents earnings before interest, taxes, depreciation and amortization. We believe EBITDA is useful to investors in evaluating our operating performance compared to that of other companies in our industry. In addition, our management uses EBITDA to evaluate our operating performance. The calculation of EBITDA eliminates the effects of financing, income taxes and the accounting effects of capital spending. These items may vary for different companies for reasons unrelated to the overall performance of the company's business. EBITDA is not a financial measure presented in accordance with U.S. GAAP. Accordingly, when analyzing our operating performance, investors should not consider EBITDA in isolation or as a substitute for net income, cash flows from operating activities or other statements of operations or statements of cash flow data prepared in accordance with U.S. GAAP. Our calculation of EBITDA is not necessarily comparable to that of other similar titled measures reported by other companies.

(2) Adjusted EBITDA represents EBITDA before the following charges:

- a) This adjustment removes the non-cash (income) expense associated with the change in fair market value of the Company's warrant liability.
- b) The Company incurred certain restructuring costs related to severance and other costs related to its shut-down of the Shoals and Roanoke facilities during 2019 and 2020.
- c) The Company recorded a non-cash gain on extinguishment of its PPP Loan in the third quarter of 2021.
- d) The Company amortizes deferred grant income to cost of goods sold that represent a non-cash reduction to its gross margin (loss).
- e) The Company incurred certain costs in the second quarter of 2021 for nonrecurring professional services associated with its Second Amendment to its Term Loan.
- f) During 2019, the Company implemented retention and success bonus programs for certain employees during its restructuring.
- g) During the first quarter of 2021, the Company recognized a charge related to a legal dispute.
- h) During 2020, the Company implemented a program to shift production originally planned for its US plants to its Castaños facility. This adjustment represents non-recurring costs associated with moving inventory and equipment to its Castaños facility.

We believe that Adjusted EBITDA is useful to investors evaluating our operating performance compared to that of other companies in our industry because it eliminates the impact of certain non-cash charges and other special items that affect the comparability of results in past quarters. Adjusted EBITDA is not a financial measure presented in accordance with U.S. GAAP. Accordingly, when analyzing our operating performance, investors should not consider Adjusted EBITDA in isolation or as a substitute for net income, cash flows from operating activities or other statements of operations or statements of cash flow data prepared in accordance with U.S. GAAP. Our calculation of Adjusted EBITDA is not necessarily comparable to that of other similarly titled measures reported by other companies.