

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) **October 30, 2020 (October 29, 2020)**

TWIN DISC, INCORPORATED

(exact name of registrant as specified in its charter)

WISCONSIN
(State or other jurisdiction
of incorporation)

001-7635
(Commission
File Number)

39-0667110
(IRS Employer
Identification No.)

1328 Racine Street **Racine, Wisconsin 53403**

(Address of principal executive offices)

Registrant's telephone number, including area code: **(262)638-4000**

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 Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (No Par Value)	TWIN	The NASDAQ Stock Market LLC

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.

Item 2.02 Results of Operations and Financial Condition

Twin Disc, Incorporated (the "Company") has reported its first quarter 2021 financial results. The Company's press release dated October 30, 2020 announcing the results is attached hereto as Exhibit 99.1 and is incorporated herein in its entirety by reference.

The information set forth in this Item 2.02 of Form 8-K, including Exhibit 99.1, is furnished pursuant to Item 2.02 and shall not be deemed "filed" for the 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 such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 5.07 Submission of Matters to a Vote of Security Holders

The Annual Meeting of Shareholders of the Company was held on October 29, 2020. Matters submitted to shareholders at the meeting and the voting results thereof were as follows:

Proposal No. 1 – Election of Directors.

The shareholders of the Company elected each of the Director nominees proposed by the Company's Board of Directors. Messrs. Doar and Smiley were elected to serve until the 2023 Annual Meeting of Shareholders or until their successor is duly elected and qualified. The following is a breakdown of the voting results:

	Votes For	Percent(1)	Votes Withheld	Percent(1)	Broker Non-Votes
Michael Doar	9,561,744	92.26%	801,974	7.74%	1,494,914
Michael C. Smiley	9,841,229	94.96%	522,489	5.04%	1,494,914

Proposal No. 2 – Advisory Vote on the Compensation of the Company's Named Executive Officers.

In an advisory vote, the shareholders of the Company approved the compensation of the Company's Named Executive Officers. The Company includes such an advisory vote on the Company's Named Executive Officer compensation in the its proxy materials every year, and intends to continue to provide such an advisory vote on an annual basis until the next required non-binding advisory vote on the frequency of such votes on executive compensation. The following is a breakdown of the voting results:

	Votes For	Votes Against	Abstentions	Broker Non-Votes
Number of Votes Cast:	8,678,773	922,220	762,724	1,494,914

Proposal No. 3 - Appointment of RSM US LLP as Independent Registered Public Accounting Firm.

The shareholders of the Company ratified the appointment of RSM US LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2021. The following is a breakdown of the voting results:

	Votes For	Votes Against	Abstentions
Number of Votes Cast:	11,786,084	62,406	10,142

Proposal No. 4 – Approval on the Twin Disc, Incorporated 2020 Stock Incentive Plan for Non-Employee Directors.

The shareholders of the Company approved the Twin Disc, Incorporated 2020 Stock Incentive Plan for Non-Employee Directors. The following is a breakdown of the voting results:

	Votes For	Votes Against	Abstentions	Broker Non-Votes
Number of Votes Cast:	7,912,289	2,390,055	61,373	1,494,914

Proposal No. 5 – Approval of Amendment to the Articles of Incorporation Regarding the Minimum Number of Directors.

The shareholders of the Company approved the Amendment to the Articles of Incorporation Regarding the Minimum Number of Directors. The following is a breakdown of the voting results:

	Votes For	Votes Against	Abstentions	Broker Non-Votes
Number of Votes Cast:	8,619,821	1,682,395	61,501	1,494,914

- (1) Percentages shown for election of Directors (Proposal No. 1) are based on totals of votes cast for and votes withheld from each indicated Director. Abstentions and broker non-votes were not considered as part of the totals on which percentages were based.

Item 7.01 Regulation FD Disclosure

The information set forth under Item 2.02 of this report is incorporated herein by reference solely for the purposes of this Item 7.01.

The information set forth in this Item 7.01 of Form 8-K is furnished pursuant to Item 7.01 and shall not be deemed "filed" for the 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 such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 8.01 Other Events

On October 29, 2020, each of the non-employee Directors of the Company received 13,296 shares of Restricted Stock under the Twin Disc, Incorporated 2020 Stock Incentive Plan for Non-Employee Directors (the "Directors' Plan"), representing 54% of their annual Board retainer (exclusive of Committee chair fees). A copy of the Directors' Plan was included as Appendix A of the Proxy Statement for the Annual Meeting of Shareholders held on October 29, 2020 (File No. 001-07635). In conjunction with the issuance of Restricted Stock under the Directors' Plan, the Company entered into a Restricted Stock Agreement with each of its non-employee Directors covering awards of restricted stock under the Plan. A form of the Restricted Stock Agreement is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Effective October 29, 2020, the term of David R. Zimmer as a Director of the Company expired, and Mr. Zimmer retired from the Board. In conjunction with Mr. Zimmer's retirement, the Board of Directors reduced the size of the Board from eight Directors to seven.

FORWARD LOOKING STATEMENTS

The disclosures in this report on Form 8-K and in the documents incorporated herein by reference contain or may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believes," "expects," "intends," "plans," "anticipates," "hopes," "likely," "will," and similar expressions identify such forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company (or entities in which the Company has interests), or industry results, to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Certain factors that could cause the Company's actual future results to differ materially from those discussed are noted in connection with such statements, but other unanticipated factors could arise. Readers are cautioned not to place undue reliance on these forward-looking statements which reflect management's view only as of the date of this Form 8-K. The Company undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, conditions or circumstances.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
10.1	Form of Twin Disc, Incorporated Non-Employee Director Restricted Stock Agreement
99.1	Press Release announcing first quarter 2021 financial results.

SIGNATURE

Pursuant to the requirements of section 13 or 15(d) 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.

Date: October 30, 2020

Twin Disc, Inc.

/s/ JEFFREY S. KNUTSON

Jeffrey S. Knutson

Vice President-Finance, Chief Financial

Officer, Treasurer & Secretary

**TWIN DISC, INCORPORATED
NON-EMPLOYEE DIRECTOR
RESTRICTED STOCK AGREEMENT**

This RESTRICTED STOCK AGREEMENT (the "Agreement"), by and between TWIN DISC, INCORPORATED (the "Company") and _____ (the "Director") is dated this ___ day of _____, 20___, to memorialize awards of restricted stock under Twin Disc, Incorporated 2020 Stock Incentive Plan for Non-Employee Directors (the "Plan"). Capitalized terms not otherwise defined in this Agreement shall have the definition ascribed to those terms by the Plan.

WHEREAS, the Company has adopted, and the shareholders of the Company have approved, the Plan, pursuant to which non-employee directors of the Company may receive a portion of their annual retainer in the form of restricted stock as of the day of each annual shareholders meeting, and pursuant to which non-employee directors of the Company may elect to receive all or a portion of the annual retainer they would otherwise receive in cash in the form of restricted stock; and

WHEREAS, the Director and the Company wish to memorialize their agreement with respect to awards of restricted stock to the Director under the Plan.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements herein set forth, the parties hereto agree as follows:

1. Restricted Stock Awards. Subject to the terms of the Plan, a copy of which has been provided to the Director and is incorporated herein by reference, and subject to the terms and conditions and restrictions set forth below, the Company agrees to grant to the Director the following number of shares of the common stock ("Restricted Stock") of the Company:

- a. The portion of the Director's annual retainer (exclusive of Board chair or meeting fees) that the Board determines shall be paid in the form of Restricted Stock. The number of shares of Restricted Stock shall be determined by dividing the dollar value of the portion of such annual retainer designated as payable in Restricted Stock by the Fair Market Value per share of Common Stock as of the date of the annual meeting of the Company's shareholders, and rounding down to the nearest whole share.
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- b. The portion of the Director's annual retainer (exclusive of Board chair or committee fees) that would otherwise be paid in cash that the Director elects to receive in the form of Restricted Stock pursuant to a timely-filed and valid election delivered to the Company pursuant to the terms of the Plan. Any such retainer fee that the Director elects to receive in the form of Restricted Stock in lieu of cash shall be converted to a fixed number of shares of Restricted Stock by dividing the dollar value of the cash that would otherwise have been paid to the Director by the Fair Market Value per share of Common Stock as of the date such payment would have been made, and rounding down to the nearest whole share.

2. Fair Market Value. The Fair Market Value per share of Common Stock on the dates shares of Restricted Stock are granted shall be determined pursuant to the terms of the Plan, and shall be communicated to the Director by the Company.

3. Restrictions on Transferability. Except as otherwise provided in Section 4, the shares granted shall not be subject to sale, assignment, pledge or other transfer or disposition by the Director, except by reason of an exchange or conversion of such shares because of merger, consolidation, reorganization or other corporate action. Any shares into which the granted shares may be converted or for which the granted shares may be exchanged in a merger, consolidation, reorganization or other corporate action shall be subject to the same transferability restrictions as the granted shares.

4. Lapse of Restrictions on Transferability. The shares of Restricted Stock awarded under the Plan in accordance with Section 1(a) of this Agreement shall become freely transferable as of the date of the annual meeting of the Company's shareholders that is subsequent to the date the Restricted Stock was awarded if the Director continues to serve on the Board of Directors of the Company up to such meeting, and the shares of Restricted Stock awarded under the Plan in accordance with Section 1(b) of this Agreement shall become freely transferable on the first anniversary of the date that the cash would have otherwise been paid to the Director; provided, however, that all Restricted Stock held by the Director shall become freely transferable upon the death or disability of the Director, as provided in Section 9.3 of the Plan.

5. Forfeitability. Notwithstanding Section 4 of this Agreement:

- a. If the Director's service as a member of the Board ends prior to the date the transfer restrictions lapse;
 - b. If the Director is recommended by the Company to be re-elected to the Board and fails to be re-elected by the shareholders of the Company to the Board in that election; or
 - c. If the Director is prohibited from serving on the Board by any court of competent jurisdiction or other government authority, or in the discretion of the Board is no longer competent to serve on the Board due to the Director's violation of state or federal securities law or other rule of the NASDAQ Stock Market (or such other listing standards then applicable to the Company),
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then any Restricted Stock held by the Director that remains subject to the transfer restrictions set forth in Section 3 shall be immediately forfeited.

6. Rights of Shareholder. Except for the restrictions on transfer and risk of forfeiture, the Director shall have, with respect to shares of Restricted Stock, all of the rights of a shareholder of Common Stock, including, if applicable, the right to vote the shares and the right to receive any cash or stock dividends. Notwithstanding the foregoing, cash or stock dividends on shares of Restricted Stock shall be automatically deferred, and shall be paid to the Director only if and to the extent the underlying shares of Restricted Stock vest. Cash or stock dividends payable with respect to shares of Restricted Stock that are forfeited shall also be forfeited. Cash or stock dividends payable under this paragraph shall be paid within 30 days after the restrictions on the shares of Restricted Stock to which such dividends relate lapse. Cash dividends shall be paid with an appropriate rate of interest, as determined by the Board.

7. Section 83(b) Election. The Director acknowledges that: (1) the stock granted pursuant to the Plan and this Agreement is restricted property for purposes of Section 83(b) of the Internal Revenue Code and that the shares granted are subject to a substantial risk of forfeiture as therein defined until the year in which such shares are no longer subject to a substantial risk of forfeiture; and (2) the Director may make an election to include the fair market value of the shares in income in the year of the grant in which case no income is included in the year the shares are no longer subject to a substantial risk of forfeiture. Responsibility for determining whether or not to make such an election and compliance with the necessary requirements is the sole responsibility of the Director.

8. Restrictions on Transfer. The Director agrees for himself or herself, and his or her heirs, legatees and legal representatives, with respect to all shares granted hereunder (or any securities issued in lieu of or in substitution or exchange therefore) that such shares will not be sold or transferred except pursuant to an effective registration statement under the Securities Act of 1933, as amended, or pursuant to an applicable exemption from registration (such as SEC Rule 144). The Director represents that such shares are being acquired for the Director's own account and for purposes of investment, and not with a view to, or for sale in connection with, the distribution of such shares, nor with any present intention of distributing such shares.

TWIN DISC, INCORPORATED

By: _____
Its: _____

DIRECTOR:

**NEWS RELEASE**

**Corporate Offices:
1328 Racine Street
Racine, WI 53403**

FOR IMMEDIATE RELEASE

Contact: Jeffrey S. Knutson
(262) 638-4242

**TWIN DISC, INC. ANNOUNCES FISCAL 2021
FIRST QUARTER FINANCIAL RESULTS**

- Continued focus on driving efficiencies and optimizing operations
- Production at new Lufkin, TX manufacturing facility expected to begin in early calendar 2021
 - Sales and profitability expected to improve through the fiscal year
- Six-month backlog at September 25, 2020 was \$69.4 million, a 4.2% increase from June 30, 2020

RACINE, WISCONSIN — October 30, 2020 — **Twin Disc, Inc. (NASDAQ: TWIN)**, today reported financial results for the fiscal 2021 first quarter ended September 25, 2020.

Sales for the fiscal 2021 first quarter were \$46.1 million, compared to \$59.3 million for the same period last year. The 22.2% decrease in 2021 first quarter sales was primarily due to year-over-year softness in the Company's oil and gas, industrial, and marine markets, and the continued impacts the COVID-19 crisis is having across Twin Disc's global markets. Foreign currency exchange had a \$1.5 million positive impact on fiscal 2021 first quarter sales.

John H. Batten, Chief Executive Officer, commented: "Our six-month backlog at September 25, 2020, was \$69.4 million, compared to \$96.7 million at September 27, 2019, and \$66.6 million at June 30, 2020. I am encouraged by the direction we are headed despite the near-term economic challenges and uncertainty the COVID-19 crisis has created. While first quarter sales at Veth Propulsion (our Dutch operation) were down year-over-year, we ended the quarter with strong order and backlog growth. Oil and gas demand continues to experience significant year-over-year declines due to the current pricing environment and the number of idled fracking rigs in North America. However, we believe much of the idled capacity has been recently brought back online or scrapped. As a result, we expect to benefit from improving oil and gas demand in the coming quarters as the North American fracking fleet is repaired and replaced. We are also well positioned to benefit from growing global demand for hybrid and electric technology within the industrial off-highway market as a result of our leading power control technologies, capabilities, and experience. We see increasing demand trends within this market, which we anticipate accelerating in the coming years."

"As you can see, we are successfully navigating the unprecedented effects the COVID-19 crisis has had across many of our global markets, while protecting the health and safety of our global employees, customers, and partners, and investing in our future. Our success is a testament to the resiliency of our business, the experience of our senior leadership team, and our commitment to quality, engineering, and customer service. In addition, we continue to diversify our end markets, drive efficiencies across our footprint, and optimize our global assets, which we believe will enable us to emerge from the COVID-19 crisis with increased agility, profitability, and market share," continued Mr. Batten.

“Additional initiatives are currently underway that will further transform Twin Disc’s operating model and support additional expense reductions. This includes a potential sale of our corporate office in Racine that, once completed, will allow us to consolidate our corporate operations into other existing Twin Disc facilities. Along with the operating savings and cash generation this sale will provide Twin Disc, this will also allow the community to benefit from a more effective use for this under-utilized asset, contributing to the ongoing redevelopment of Racine. I am also pleased with the progress we are making at our new Lufkin, TX manufacturing facility. We anticipate production at this facility will start at the beginning of the calendar year, which will further improve our manufacturing and logistic capabilities, while concentrating resources closer to many of our customers,” concluded Mr. Batten.

Gross profit percent for the fiscal 2021 first quarter was 22.3%, compared to 16.3% in the fiscal 2020 first quarter. Gross profit, as a percent of fiscal 2020 first quarter sales, adjusted for an isolated prior year \$3.9 million product performance accrual related to one of our pressure-pumping models, was 22.8%. The slight year-over-year decline in adjusted gross profit, as a percent of sales, was due to reduced volume and a less profitable mix of revenues associated with reduced new rig construction and aftermarket demand in the North American fracking market and lower overall sales, partially offset by improved efficiencies, proactive expense management and the positive impact of foreign COVID-19 relief programs.

For the fiscal 2021 first quarter, marketing, engineering and administrative (ME&A) expenses decreased \$3.3 million to \$13.0 million, compared to \$16.3 million for the fiscal 2020 first quarter. The 20.3% decrease in ME&A expenses in the quarter was primarily due to reduced domestic salaries and benefits (\$1.5 million), corporate travel (\$0.3 million), marketing activities (\$0.3 million), lower bonus expense (\$0.4 million) and general cost containment actions (\$0.8 million). As a percent of revenues, ME&A expenses increased to 28.2% for the fiscal 2021 first quarter, compared to 27.6% for the same period last year.

Twin Disc recorded restructuring charges of \$0.4 million in the fiscal 2021 first quarter, compared to restructuring charges of \$0.1 million in the same period last fiscal year. Restructuring activities during the fiscal 2021 first quarter related primarily to ongoing cost reduction and productivity actions at the Company’s European operations and actions to adjust the cost structure at our domestic operation.

The effective tax rate for the fiscal 2021 first quarter was 19.1%, compared to 20.5% for the same period last fiscal year. The slight decline in the effective tax rate is primarily the result of the mix of earnings by jurisdiction.

Net loss attributable to Twin Disc for the fiscal 2021 first quarter was \$(4.0) million or \$(0.30) per share, compared to a net loss attributable to Twin Disc of \$(6.3) million, or \$(0.48) per share for the prior fiscal year first quarter.

Earnings (loss) before interest, taxes, depreciation, and amortization (EBITDA)* were a loss of \$(1.6) million for the fiscal 2021 first quarter, compared to a loss of \$(4.6) million for the fiscal 2020 first quarter.

Jeffrey S. Knutson, Vice President – Finance, Chief Financial Officer, Treasurer and Secretary, stated: “The initiatives we have taken to eliminate expenses and drive efficiencies across our organization are taking hold and we believe these actions will improve future levels of profitability in the coming quarters. In addition, we are focused on strengthening our balance sheet, reducing working capital levels, and generating positive operating cash flow. We continue to focus on controlling expenses and investments, and currently expect to invest \$5 million to \$7 million in capital expenditures during fiscal 2021.”

Twin Disc will be hosting a conference call to discuss these results and to answer questions at 11:00 a.m. Eastern Time on October 30, 2020. To participate in the conference call, please dial 866-548-4713 five to ten minutes before the call is scheduled to begin. A replay will be available from 2:00 p.m. October 30, 2020 until midnight November 6, 2020. The number to hear the teleconference replay is 844-512-2921. The access code for the replay is 6281019.

The conference call will also be broadcast live over the Internet. To listen to the call via the Internet, access Twin Disc's website at <http://ir.twindisc.com/> and follow the instructions at the web cast link. The archived webcast will be available shortly after the call on the Company's website.

About Twin Disc, Inc.

Twin Disc, Inc. designs, manufactures and sells marine and heavy-duty off-highway power transmission equipment. Products offered include marine transmissions, azimuth drives, surface drives, propellers, and boat management systems, as well as power-shift transmissions, hydraulic torque converters, power take-offs, industrial clutches, and control systems. The Company sells its products to customers primarily in the pleasure craft, commercial and military marine markets, as well as in the energy and natural resources, government, and industrial markets. The Company's worldwide sales to both domestic and foreign customers are transacted through a direct sales force and a distributor network. For more information, please visit www.twindisc.com.

Forward-Looking Statements

This press release may contain statements that are forward looking as defined by the Securities and Exchange Commission in its rules, regulations, and releases. The Company intends that such forward-looking statements be subject to the safe harbors created thereby. All forward-looking statements are based on current expectations regarding important risk factors including those identified in the Company's most recent periodic report and other filings with the Securities and Exchange Commission. Accordingly, actual results may differ materially from those expressed in the forward-looking statements, and the making of such statements should not be regarded as a representation by the Company or any other person that the results expressed therein will be achieved. Risk factors also include the effects of the COVID-19 pandemic, and any impact the COVID-19 pandemic may have on the Company's business operations, as well as its impact on general economic and financial market conditions.

*Non-GAAP Financial Disclosures

Financial information excluding the impact of asset impairments, restructuring charges, foreign currency exchange rate changes and the impact of acquisitions, if any, in this press release are not measures that are defined in U.S. Generally Accepted Accounting Principles (“GAAP”). These items are measures that management believes are important to adjust for in order to have a meaningful comparison to prior and future periods and to provide a basis for future projections and for estimating our earnings growth prospects. Non-GAAP measures are used by management as a performance measure to judge profitability of our business absent the impact of foreign currency exchange rate changes and acquisitions. Management analyzes the company's business performance and trends excluding these amounts. These measures, as well as EBITDA, provide a more consistent view of performance than the closest GAAP equivalent for management and investors. Management compensates for this by using these measures in combination with the GAAP measures. The presentation of the non-GAAP measures in this press release are made alongside the most directly comparable GAAP measures.

Definition – Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The sum of, net earnings and adding back provision for income taxes, interest expense, depreciation and amortization expenses: this is a financial measure of the profit generated excluding the above-mentioned items.

--Financial Results Follow--

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME (LOSS)**

(In thousands, except per-share data; unaudited)

	For the Quarter Ended	
	September 25, 2020	September 27, 2019
Net sales	\$ 46,143	\$ 59,290
Cost of goods sold	35,866	49,654
Gross profit	10,277	9,636
Marketing, engineering and administrative expenses	13,022	16,346
Restructuring expenses	405	121
Loss from operations	(3,150)	(6,831)
Interest expense	573	389
Other expense, net	1,143	691
Loss before income taxes and noncontrolling interest	(4,866)	(7,911)
Income tax benefit	(929)	(1,618)
Net loss	(3,937)	(6,293)
Less: Net earnings attributable to noncontrolling interest, net of tax	(42)	(18)
Net loss attributable to Twin Disc	\$ (3,979)	\$ (6,311)
Loss per share data:		
Basic loss per share	\$ (0.30)	\$ (0.48)
Diluted loss per share	\$ (0.30)	\$ (0.48)
Weighted average shares outstanding data:		
Basic shares outstanding	13,197	13,111
Diluted shares outstanding	13,197	13,111
Comprehensive income (loss):		
Net loss	\$ (3,937)	\$ (6,293)
Benefit plan adjustments, net of income taxes of \$177 and \$169, respectively	553	557
Foreign currency translation adjustment	3,612	(2,996)
Unrealized gain (loss) on cash flow hedge, net of income taxes of \$22 and (\$44), respectively	75	(143)
Comprehensive income (loss)	303	(8,875)
Less: Comprehensive income attributable to noncontrolling interest	(55)	(36)
Comprehensive income (loss) attributable to Twin Disc	\$ 248	\$ (8,911)

RECONCILIATION OF CONSOLIDATED NET LOSS TO EBITDA
(In thousands; unaudited)

	For the Quarter Ended	
	September 25, 2020	September 27, 2019
Net loss attributable to Twin Disc	\$ (3,979)	\$ (6,311)
Interest expense	573	389
Income taxes	(929)	(1,618)
Depreciation and amortization	2,758	2,926
Loss before interest, taxes, depreciation and amortization	<u>\$ (1,577)</u>	<u>\$ (4,614)</u>

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands; unaudited)

	September 25, 2020	June 30, 2020
ASSETS		
Current assets:		
Cash	\$ 9,313	\$ 10,688
Trade accounts receivable, net	31,824	30,682
Inventories	120,216	120,607
Prepaid expenses	5,277	5,269
Other	5,946	6,739
Total current assets	<u>172,576</u>	<u>173,985</u>
Property, plant and equipment, net	77,775	72,732
Intangible assets, net	18,817	18,973
Deferred income taxes	29,057	24,445
Other assets	4,118	3,992
Total assets	<u>\$ 302,343</u>	<u>\$ 294,127</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 3,700	\$ 4,691
Accounts payable	23,293	25,663
Accrued liabilities	42,432	36,380
Total current liabilities	<u>69,425</u>	<u>66,734</u>
Long-term debt	39,016	37,896
Lease obligations	17,836	13,495
Accrued retirement benefits	27,600	27,938
Deferred income taxes	5,527	5,501
Other long-term liabilities	2,384	2,605
Total liabilities	161,788	154,169
Twin Disc shareholders' equity:		
Preferred shares authorized: 200,000; issued: none; no par value	-	-
Common shares authorized: 30,000,000; Issued: 14,632,802; no par value	40,814	42,756
Retained earnings	152,676	156,655
Accumulated other comprehensive loss	(36,998)	(41,226)
	<u>156,492</u>	<u>158,185</u>
Less treasury stock, at cost (1,080,698 and 1,226,809 shares, respectively)	16,560	18,796
Total Twin Disc shareholders' equity	139,932	139,389
Noncontrolling interest	623	569
Total equity	<u>140,555</u>	<u>139,958</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 302,343</u>	<u>\$ 294,127</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands; unaudited)

	For the Quarter Ended	
	September 25, 2020	September 27, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,937)	\$ (6,293)
Adjustments to reconcile net loss to net cash (used) provided by operating activities:		
Depreciation and amortization	2,758	2,926
Provision for deferred income taxes	(4,908)	(1,663)
Stock compensation expense and other non-cash changes, net	709	457
Net change in operating assets and liabilities	4,662	6,054
Net cash (used) provided by operating activities	<u>(716)</u>	<u>1,481</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of fixed assets	(1,419)	(4,037)
Proceeds from sale of fixed assets	19	29
Other, net	(129)	(129)
Proceeds from sale of Mill Log, net of costs to sell	300	-
Net cash used by investing activities	<u>(1,229)</u>	<u>(4,137)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving loan arrangement	18,301	33,095
Repayments under revolver loans	(18,674)	(25,397)
Repayments of other long-term debt	(155)	-
Dividends paid to noncontrolling interest	-	(127)
Payments of withholding taxes on stock compensation	(224)	(913)
Net cash (used) provided by financing activities	<u>(752)</u>	<u>6,658</u>
Effect of exchange rate changes on cash	<u>1,322</u>	<u>141</u>
Net change in cash	(1,375)	4,143
Cash:		
Beginning of period	<u>10,688</u>	<u>12,362</u>
End of period	<u>\$ 9,313</u>	<u>\$ 16,505</u>

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