



# Third Quarter 2023 Conference Call Presentation

November 13, 2023

# SAFE HARBOR STATEMENT



This document contains “forward looking statements”—that is, statements related to future, not past, events—as defined in Section 21E of the Securities Exchange Act of 1934, as amended, that reflect our current expectations regarding our future growth, results of operations, financial condition, cash flows, performance, business prospects and opportunities, as well as assumptions made by, and information currently available to, our management. Forward looking statements include any statement that does not directly relate to a current or historical fact. We have tried to identify forward looking statements by using words such as “anticipate,” “believe,” “expect,” “intend,” “will,” “should,” “may,” “plan” and similar expressions, but these words are not the exclusive means of identifying forward looking statements. Forward looking statements include any statement that does not directly relate to a current or historical fact.

Our forward-looking statements may include or relate to our beliefs, expectations, plans and/or assumptions with respect to the following: (i) the impact of global health concerns on the economies and financial markets and the demand for our products; (ii) state, local and federal regulatory frameworks affecting the industries in which we compete, including the wind energy industry, and the related extension, continuation or renewal of federal tax incentives and grants, including the advanced manufacturing tax credits (which remain subject to further technical guidance and regulations), and state renewable portfolio standards as well as new or continuing tariffs on steel or other products imported into the United States; (iii) our customer relationships and our substantial dependency on a few significant customers and our efforts to diversify our customer base and sector focus and leverage relationships across business units; (iv) the economic and operational stability of our significant customers and suppliers, including their respective supply chains, and the ability to source alternative suppliers as necessary; (v) our ability to continue to grow our business organically and through acquisitions; (vi) the production, sales, collections, customer deposits and revenues generated by new customer orders and our ability to realize the resulting cash flows; (vii) information technology failures, network disruptions, cybersecurity attacks or breaches in data security; (viii) the sufficiency of our liquidity and alternate sources of funding, if necessary; (ix) our ability to realize revenue from customer orders and backlog (including our ability to finalize the terms of the remaining obligations under a supply agreement with a leading global wind turbine manufacturer); (x) our ability to operate our business efficiently, comply with our debt obligations, manage capital expenditures and costs effectively, and generate cash flow; (xi) the economy and the potential impact it may have on our business, including our customers; (xii) the state of the wind energy market and other energy and industrial markets generally, including the availability of tax credits, and the impact of competition and economic volatility in those markets; (xiii) the effects of market disruptions and regular market volatility, including fluctuations in the price of oil, gas and other commodities; (xiv) competition from new or existing industry participants including, in particular, increased competition from foreign tower manufacturers; (xv) the effects of the change of administrations in the U.S. federal government; (xvi) our ability to successfully integrate and operate acquired companies and to identify, negotiate and execute future acquisitions; (xvii) the potential loss of tax benefits if we experience an “ownership change” under Section 382 of the Internal Revenue Code of 1986, as amended; (xviii) the limited trading market for our securities and the volatility of market price for our securities; and (xix) the impact of future sales of our common stock or securities convertible into our common stock on our stock price. These statements are based on information currently available to us and are subject to various risks, uncertainties and other factors that could cause our actual growth, results of operations, financial condition, cash flows, performance, business prospects and opportunities to differ materially from those expressed in, or implied by, these statements including, but not limited to, those set forth under the caption “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, as supplemented by the risk factors set forth under the caption “Risk Factors” in Part II, Item IA of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023. We are under no duty to update any of these statements. You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties or other factors that could cause our current beliefs, expectations, plans and/or assumptions to change. Accordingly, forward-looking statements should not be relied upon as a predictor of actual results.

**3Q23**  
**PERFORMANCE**  
**SUMMARY**



# PERFORMANCE UPDATE

Third Quarter 2023



## Investment Thesis

Building a platform for profitable growth

Building a profitable precision manufacturing platform to support growing **demand for energy transition and renewables-focused specialty fabrications and technologies**

Passage of IRA **fundamentally transforming the margin and profitability profile of our business**, with a decade of tax credit support under the legislation

Building **balanced exposure across both renewables and diverse end-markets**, which provides more stability versus wind-only order flows

**Monetization of earned AMP tax credits** expected to bolster liquidity in 2024

Positioned to capitalize on a **multi-year investment cycle in wind**

## Strategic Progress Points

As of November 2023

**Targeted commercial expansion, improved operational execution**

**Improved margin realization, sustained profitability**

**Reiterating full-year 2023 guidance.** Sustained demand strength, continued price discipline, operational excellence initiatives support full-year outlook

**Improved balance sheet optionality.** Reduced net leverage to 1.7x as of September 30, 2023; more than \$13.6 million of cash and availability at the end of the third quarter 2023, excluding \$11 million AMP credit receivable

**Margin expectations recalibrated higher.** Adjusted EBITDA margins +904 bps y/y to a record 13.3%, supported by IRA AMP credit tax credit and operational actions

**Strong backlog.** Backlog remains near multi-year highs as of September 30, 2023; near-term order activity impacted by project timing

**Poised for a record full-year 2023.** Strong backlog and improved sales mix

# CONSOLIDATED FINANCIAL PERFORMANCE

Year-over-year organic growth in revenue, margin realization and profitability



## Solid execution in a dynamic operating environment resulted in y/y improvement in revenue, margin realization and profitability

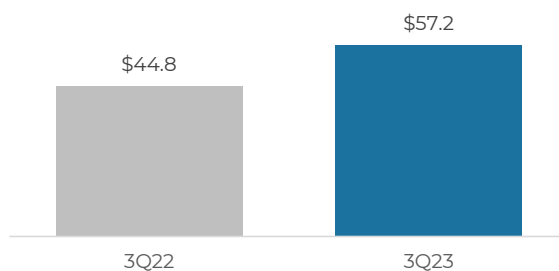
Strong y/y double-digit revenue growth across all three reporting segments

Gross margin increased by **+943 bps y/y** to 17.8%, while Adjusted EBITDA margin increased **+904 bps y/y** to 13.3%

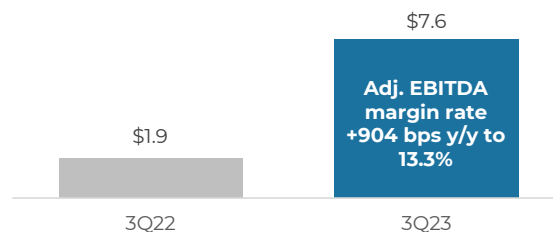
Delivered **\$6.2 million y/y increase** in GAAP Net Income

Evaluating the sale of earned IRA AMP credits to unaffiliated institutional third parties, an approach which, if pursued, would **accelerate monetization of these credits during 2024**

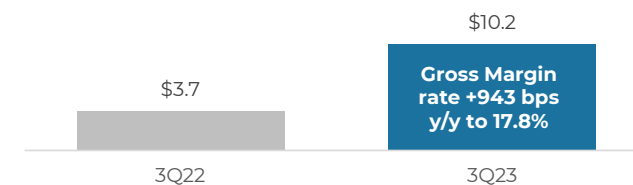
Total Revenue (\$MM)



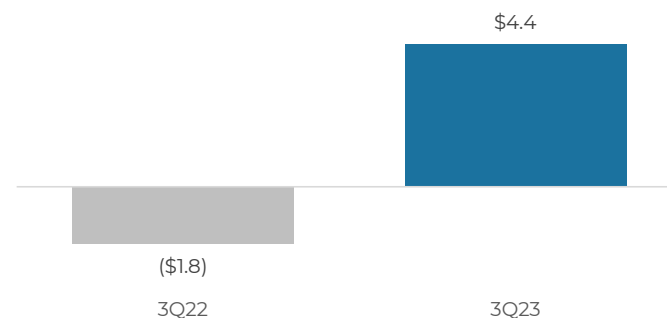
Adjusted EBITDA (\$MM)



Gross Profit (\$MM)



GAAP Net Income (Loss) (\$MM)



# HEAVY FABRICATIONS SEGMENT

Third Quarter 2023



## Improved sales mix, AMP credits and operational execution support improved margin realization

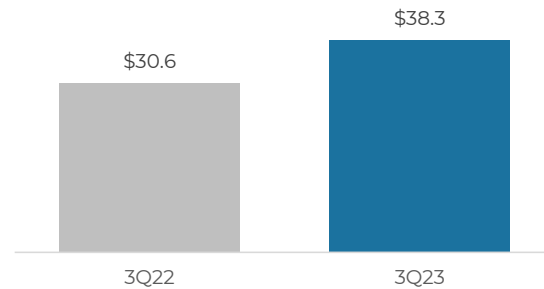
Organic revenue growth of 25% y/y; segment Adjusted EBITDA increased by 379% y/y

Segment EBITDA margin increased 1337 bps y/y to 18.1% in 3Q23

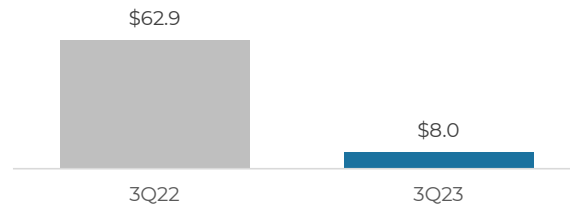
Sold 190 wind tower sections in 3Q23, +31% y/y

Segment backlog of \$176 million as of 9/30/23

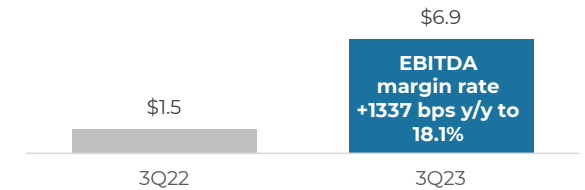
Segment Revenue (\$MM)



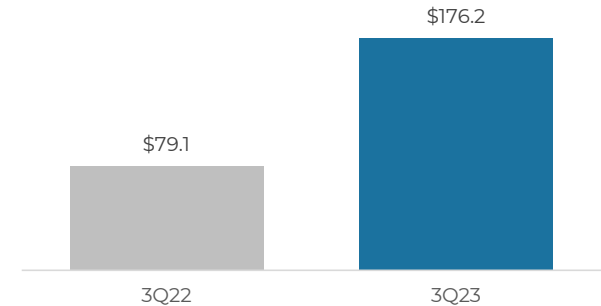
Segment Orders (\$MM)



Segment EBITDA (\$MM)



Segment Backlog at Quarter-End (\$MM)



# GEARING SEGMENT

Third Quarter 2023



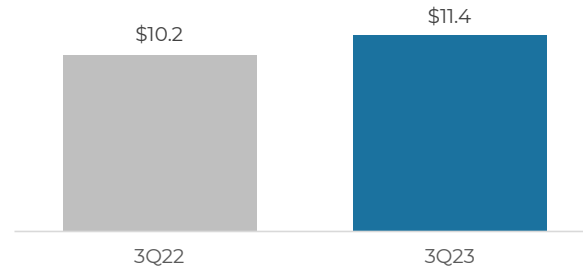
## Solid y/y revenue growth primarily driven by customer activity within industrials markets

+12% y/y organic revenue growth; segment EBITDA declined \$0.3 million y/y

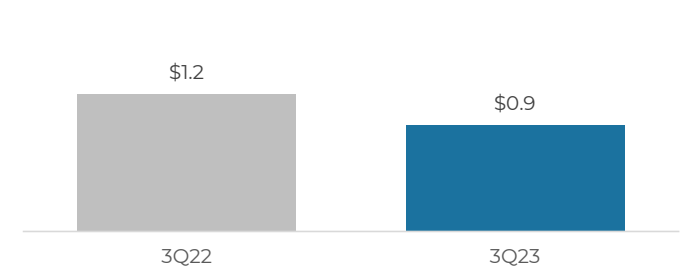
Strong demand evident across Industrial and Steel customers, offset by softness in mining

Orders and backlog are down y/y, primarily driven by softness in O&G and mining

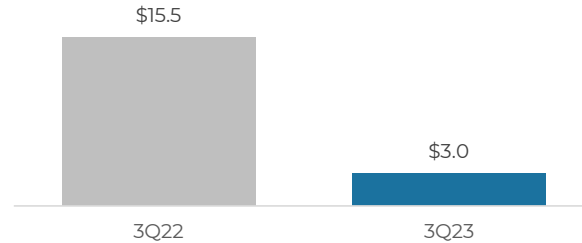
Segment Revenue  
(\$MM)



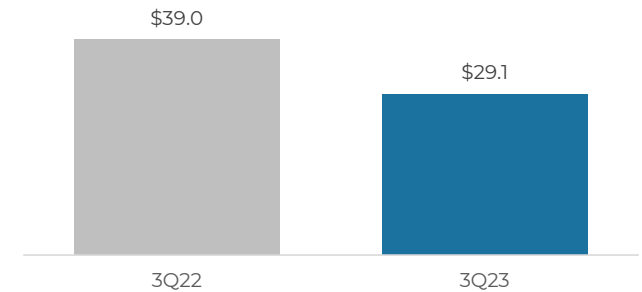
Segment EBITDA  
(\$MM)



Segment Orders  
(\$MM)



Segment Backlog at Quarter-End  
(\$MM)



# INDUSTRIAL SOLUTIONS SEGMENT

Third Quarter 2023



**Continue to see demand acceleration within the natural gas turbine market, building on the market recovery evidenced throughout 2022-2023**

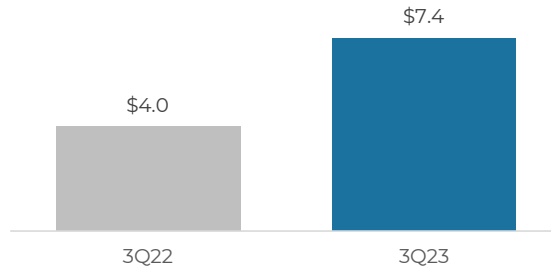
Strong organic revenue growth, supported by strong demand within NGT and energy markets

Segment revenue +85% y/y; segment EBITDA +\$1.0 million y/y

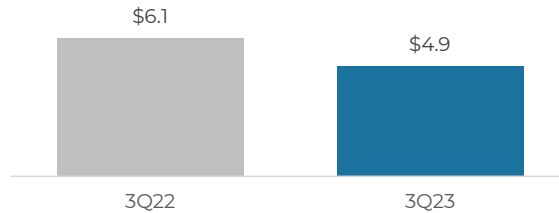
Backlog +10% y/y due to strong YTD orders

Orders down 20% y/y due to timing of NGT orders partially offset by increases in aftermarket

Segment Revenue  
(\$MM)



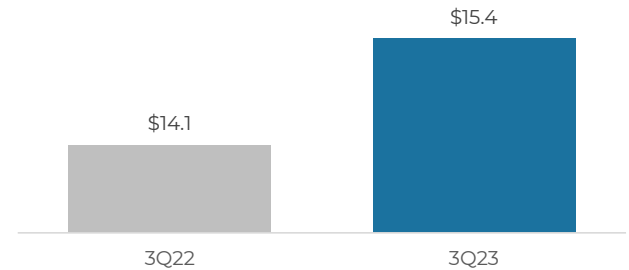
Segment Orders  
(\$MM)



Segment EBITDA  
(\$MM)



Segment Backlog at Quarter-End  
(\$MM)





# BALANCE SHEET UPDATE

Third Quarter 2023

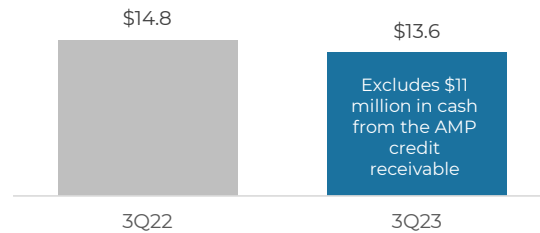
## Maintaining stable liquidity profile sufficient to support the long-term growth of the business

Liquidity remains adequate. Participating in advanced discussions regarding potential transfer of AMP credits

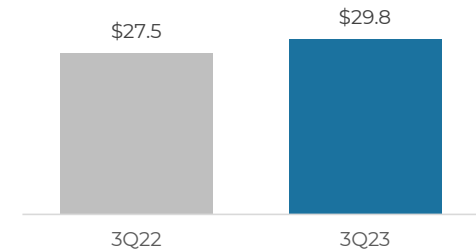
Capital allocation priorities include debt reduction, organic investments in IP; and opportunistic investments in complementary, immediately accretive bolt-on acquisitions

Improved TTM Adjusted EBITDA generation resulted in net leverage of 1.7x as of September 30, 2023

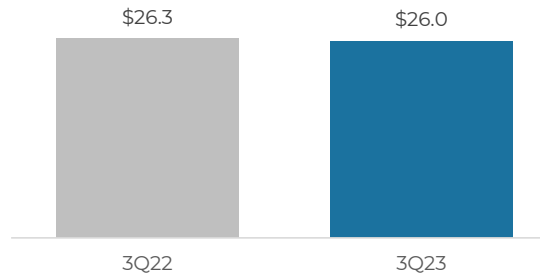
Cash and LOC Availability at Quarter-End (\$MM)



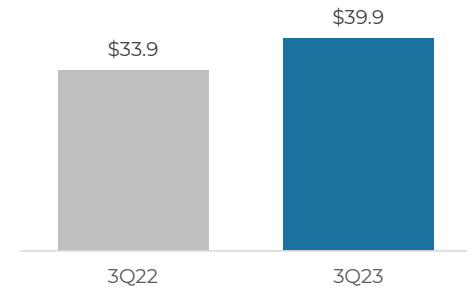
Net Debt Outstanding<sup>(1)</sup> (\$MM)



Operating Working Capital (\$MM)



Total Inventory (\$MM)



(1) On August 4, 2022, Broadwind entered into a \$35.0 million Senior Secured Revolving Credit Facility (the "Credit Facility"), including an optional \$10.0 million accordion feature, and a \$7.6 million Senior Secured Term Loan (the "Term Loan"). The Term Loan bears interest at SOFR +2.5%; the Credit Facility bears interest at SOFR +2.0-2.5%, subject to the level of excess availability on the Credit Facility.

# FULL-YEAR 2023 FINANCIAL GUIDANCE

As of November 13, 2023



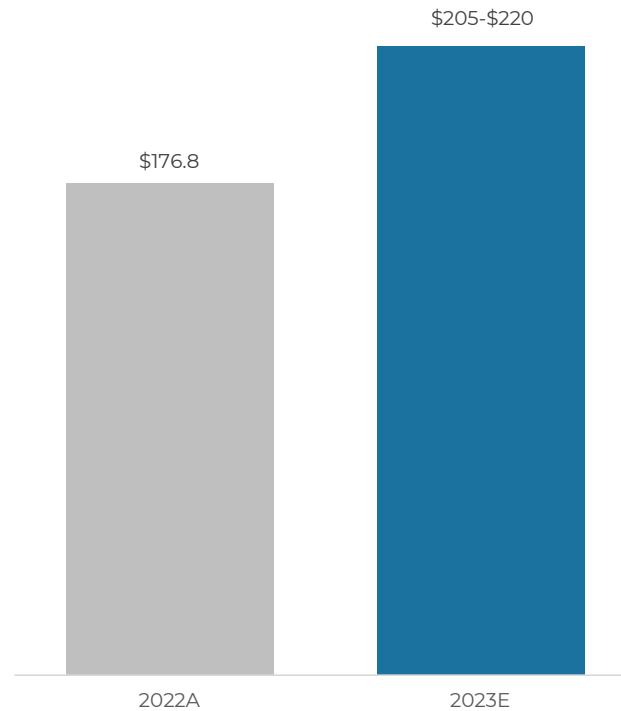
## Reiterating our full-year 2023 revenue and Adjusted EBITDA guidance

Guidance supported by targeted commercial growth within high-value, growth-oriented fabrications markets, together with a targeted focus on asset optimization and operational discipline

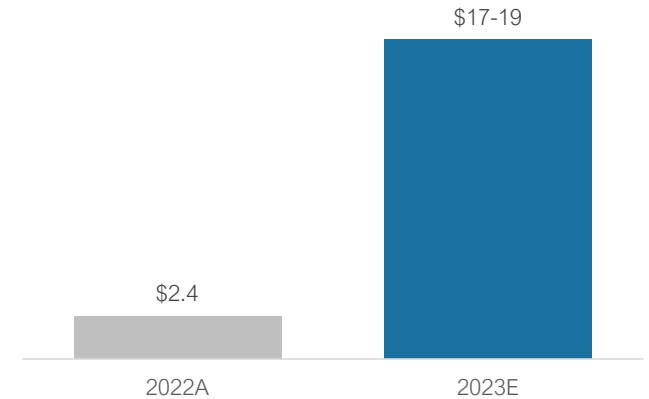
Assumes approximately 50% utilization at tower facilities, as if no additional tower orders are received in 2023

Assumes no changes to IRS' 45x tax credit guidance

Total Revenue (\$MM)



Total Adjusted EBITDA (\$MM)





# APPENDIX



## CORPORATE OVERVIEW

We support the world's energy transition as a leading independent producer of wind towers, gearing, custom fabrications, clean fuel processing systems and supply chain solutions



### **Broadwind**

is a precision manufacturer of technologically advanced, high-value components and solutions for industrial clients.

> **We are one of the leading independent wind tower manufacturers in the United States.**

Our most significant business serves the US domestic wind energy industry, with primary production facilities that are strategically located to meet our customers' project needs.

> **We also serve industrial customers in a diversified set of industrial markets including oil & gas, industrial, power generation, mining and construction.**

This strategic diversification allows us to leverage our manufacturing expertise to improve capacity utilization, expand our customer base and balance our exposure to the volatile demand in the US wind energy industry.

# OUR BUSINESS

Building a platform sustained, profitable growth and long-term value creation



## What we do

Precision manufacturing within wind sector and other diverse end-markets

<b>Heavy Fabrications Segment</b>	We provide large complex and precision fabrications to customers in a broad range of industrial markets, as well as proprietary clean fuel processing systems. Key products include wind towers, PRS units and industrial fabrications, which include components for mining, construction, marine, material handling and other applications	<b>66%</b> of 2022 Revenue
<b>Gearing Segment</b>	We provide custom gearing, gearboxes and heat treat services to a broad set of customers in diverse markets, including oil and gas production, surface and underground mining, wind energy, steel, material handling and other infrastructure markets	<b>24%</b> of 2022 Revenue
<b>Industrial Solutions Segment</b>	We provide supply chain solutions, inventory management, kitting and assembly services, primarily serving the combined cycle natural gas turbine and solar power generation markets	<b>10%</b> of 2022 Revenue

## Our manufacturing base

Established Original Equipment Manufacturer (“OEM”) Relationships

 <b>Manitowoc, WI</b> Tower Manufacturing Industrial Fabrications Facility	 <b>Abilene, TX</b> Tower Manufacturing Industrial Fabrications Facility	 <b>Cicero, IL</b> Gear Manufacturing and Gearbox Repair Facility	 <b>Pittsburgh, PA</b> Gearbox Repair and Heat Treat Facility	 <b>Sanford, NC</b> Industrial Solutions and Gearbox Repair Facility
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## Why we win

Unique Value Proposition

- ✓ Proven engineering, product development and technical capabilities
- ✓ Expertise in manufacturing large, complex fabrications, gearing, and proprietary clean fuel processing systems
- ✓ Integrated design, sourcing, fabrication, machining, coating, assembly
- ✓ Stringent testing and quality capabilities
- ✓ Targeted, multi-industry focus

## Our customer base

Established OEM Relationships



# INFLATION REDUCTION ACT IMPACT BENEFIT

At full utilization, IRA could provide up to ~\$30 million in incremental annual gross profit beginning in 2023



## The IRA serves to materially enhance tower production economics beginning in 2023

The IRA, which passed into law in 2022, provides critical industries, including those supporting the energy transition, with tax credits designed to accelerate a generational shift in the energy production mix from fossil fuels toward renewable energy, including wind.

Included within **section 45x** of the IRA is a provision for a new advanced manufacturing tax credit

## Theoretical IRA Benefit to Broadwind

Quantifying potential impact of the 45x advanced manufacturing credit

Annual tower production @ 100% utilization <sup>(1)</sup>	325 towers
Average MW per Tower <sup>(2)</sup>	3.1 avg. MW per tower
Total Watts per MW	1,000,000
Cents Per Watt <sup>(3)</sup>	\$0.03 per watt
Financial benefit of 45x credit per MW <sup>(4)</sup>	\$30,000
Average benefit per tower <sup>(5)</sup>	\$93,000

**Theoretical annual gross profit benefit to Broadwind** **\$30 million**

(1) Broadwind has an estimated 1,300 sections of annual optimal tower capacity; assuming each tower is four sections, the Company has the theoretical capacity to produce up to 325 towers  
(2) Common OEM platforms range from 2.8 to 3.4 MW per tower

(3) As defined in the Inflation Reduction Act of 2022, section 45x (B)(2)(A)(i)  
(4) \$0.03 x 1,000,000 watts per MW  
(5) Assuming average MW per tower of 3.1

**Broadwind is prepared to leverage the benefits of the IRA to create shareholder value**

# PASSAGE OF IRA SUPPORTS MULTI-YEAR INVESTMENT IN WIND

Inflation Reduction Act of 2022 supports multi-decade decarbonization of domestic energy grid



**IRA provides transformative, long-term funding for the entire energy ecosystem, including wind and solar**

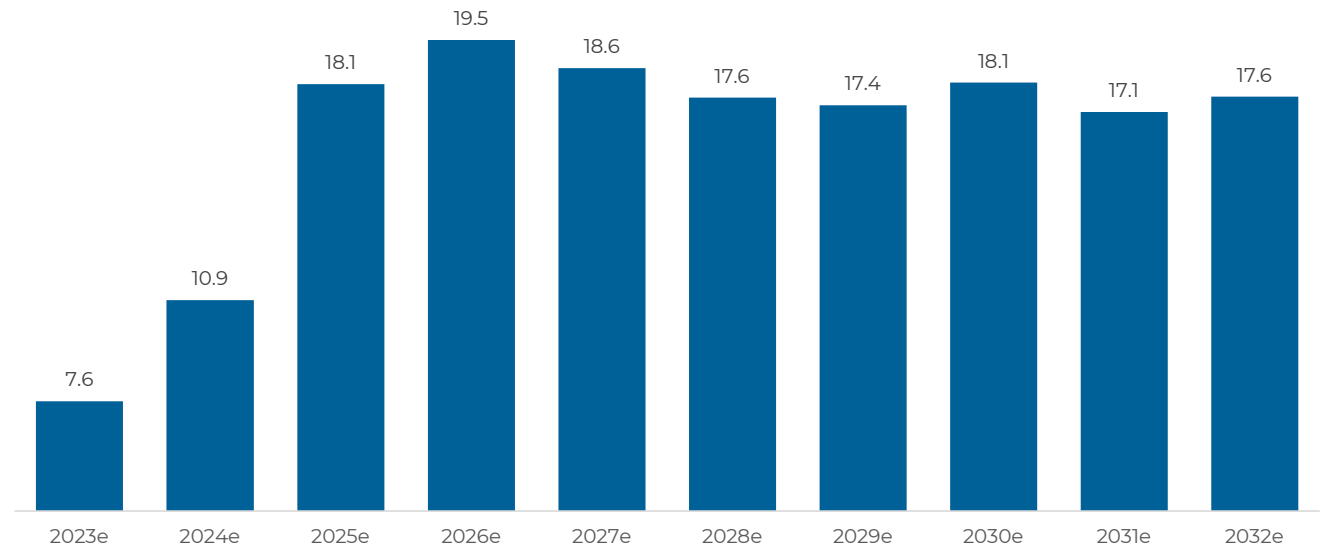
The passage of the IRA extends tax credit availability into the mid-2030s

The wind industry is poised to capitalize on available domestic content tax credits, providing long-term support for multi-year investments in both onshore and offshore wind development

We will seek to drive growth in excess of domestic onshore installation activity growth

## United States Onshore Wind Development Forecast<sup>(1)</sup>

(Total GW Installed Annually, Includes Repowering (2023-2032))



(1) Wood Mackenzie Power & Renewables – Wind Power Outlook – Updated November 2023

**Broadwind is uniquely positioned to take advantage of the increased development activity driven by the IRA. Our Board and Management have deep knowledge of the wind market.**

# OUR EXPERIENCED, PROVEN MANAGEMENT TEAM

Leadership Team with extensive experience in clean tech manufacturing



## Eric Blashford

Chief Executive Officer  
*Since 2020*

### Recent Experience

- Interim CFO 2021 – Aug. 2022
- COO 2018 - 2020
- President, Broadwind Towers 2014 - 2019



## Tom Ciccone

Chief Financial Officer  
*Since Aug. 2022*

### Recent Experience

- Principal Accounting Officer 2021-Aug. 2022
- Corporate Controller, Assistant Treasurer, Assistant Secretary since 2017



## Hayes Kennedy

Chief Human Resource Officer  
*Since 2020*

### Recent Experience

- Vice President of Human Resources, CHS (NASDAQ: CHSCP, CHSCO, CHSCN, CHSCM, CHSCL)
- Senior HR roles at The Gavilon Group LLC and ConAgra Foods



## Daniel Schueller

President, Heavy Fabrications  
*Since 2019*

### Recent Experience

- President, Brad Foote Gear Works (2010-2013, 2016-2019)
- Manufacturing leadership experience at Bronto Skylift and Vactor Manufacturing



## Gil Mayo

President, Industrial Solutions  
*Since 2017*

### Recent Experience

- General Manager, Broadwind Heavy Fabrications (2015-2017)
- Previous manufacturing leadership experience at Scott Fetzer Company

# OUR EXPERIENCED BOARD OF DIRECTORS



## Cary B. Wood

Independent Chair *(since 2021)*

*Director since 2016*

BS, Technology, Purdue University  
MBA, Finance, Loyola University-Chicago  
MS, Industrial Operations, Lawrence  
Technological University

### Broadwind Board Experience

- **Independent Director**
- Chairman of Compensation Committee
- Financial Expert
- Served as Lead Director (2020-2021)

### Positions Held:

- CEO - Grede Holdings LLC
- CEO - Angelica Corp.
- CEO, President - Sparton Corp.

### Public Board Experience:

- Westell Technologies Inc. (2017 – Present)
- Sparton Corp. (2009-2016)
- VISHAY (2016-2018)

### Background:

Manufacturing, Corporate Governance, Leadership, M&A and Business Turnaround, Operations, Risk Assessment and Management, Strategic Planning, Global Business, Public and Private Company Executive Leadership



## Eric Blashford

Chief Executive Officer

*Director since 2020*

BSBA, Accounting, University of Akron  
MBA, Kent State University  
Licensed CPA (non-practicing)

### Broadwind Board Experience

- **CEO since 2020**
- COO 2018 - 2020
- Joined Broadwind in 2014, led turnaround of Heavy Fabrications Division

### Positions Held:

- Group President - Heico Companies
- Group President - Berkshire Hathaway / Scott Fetzer
- VP / GM -Waltco Truck Equipment Company

### Background:

Manufacturing, Product Development, Accounting, Finance, Corporate Governance, M&A, Business Turnarounds, Operations, Strategic Planning, Public and Private Company Executive Leadership



## Philip J. Christman

*Director since 2018*

BS, Mechanical Engineering, Indiana  
Institute of Technology  
MBA, Ball State University

### Broadwind Board Experience

- **Independent Director**
- Chair of Governance/Nominating Committee
- Member, Audit and Compensation Committees

### Positions Held

- President of Operations – Navistar
- EVP Corporate Strategy – Navistar
- President Global Business – Navistar

### Public Board Experience

- Allison Transmission Holdings (2022-Present)

### Background:

Manufacturing, Corporate Governance, Leadership, Engineering, Government/Regulatory and Public Policy, Operations, Strategy, Business Turnaround and Global Business, Business Development and Technology

# OUR EXPERIENCED BOARD OF DIRECTORS



## David P. Reiland

*Director since 2008*

*BS, Financial Management, California State University  
MBA, University of Southern California  
Certified Public Accountant (CPA)*

### Broadwind Board Experience

- **Independent Director**
- Chairman of Audit Committee
- Financial Expert
- Member of Governance/Nominating Committee
- Former Independent Chairman - Broadwind

### Positions Held:

- President and CEO - Magnetek, Inc.
- Director of Magnatek
- Previously also CFO and Corporate Controller of Magnetek

### Background:

Subject matter expert and background in Strategy Development and Execution, M&A and Divestitures; Operating and Financial Restructuring; SEC Reporting and SOX Compliance; Public and Private Capital Transactions

Mr. Reiland was employed by Magnetek, Inc., a developer and manufacturer of markets power and motion control systems, from 1986 until 2009 and served on its board until its acquisition by Columbus McKinnon Corp. in September 2015.



## Thomas A. Wagner

*Director since 2011*

*BS Engineering, Cornell University  
MS Mechanics, Rensselaer Polytechnic Institute*

### Broadwind Board Experience

- **Independent Director**
- Member of Compensation and Governance/Nominating Committees

### Positions Held:

- Founder - Wagner Werks
- Chief Product Officer - Ogin, Inc., a wind-turbine design and supply company
- Head of Engineering - Nordic Windpower USA
- Chief Technology Officer - Gas Turbine Efficiency, PLC
- Vice President, Technology - Hess Microgen
- GM, Wind Technology - General Electric

### Background:

Operations, Global business, Manufacturing, Engineering, Renewable Energy Business Development and Technology

Mr. Wagner has worked in the diversified energy industry for more than 45 years with assignments addressing Nuclear, Fossil and Renewable Power Generation. He has performed engineering design and lead large technical teams of several hundred engineers engaged in design and service functions that improved system reliability, reduced or eliminated environmental emissions and developed intellectual property.

# OUR EXPERIENCED BOARD OF DIRECTORS



## Sachin Shivaram

*Director since 2022*

*BA, Harvard University*

*Mphil, University of Cambridge*

*JD, Yale Law School; (licensed to practice law in WI)*

### Broadwind Board Experience

- **Independent Director**
- Member of Audit and Governance/Nominating Committees

### Positions Held:

- CEO - Wisconsin Aluminum Foundry
- President - Sierra Aluminum and Samuel Pressure Vessel Group, both divisions of Samuel, Son & Co.
- Director Mid-Continent, Tenaris
- Director Rig Services and Distribution, Tenaris

15+ years of leadership experience in precision manufacturing in the areas of sales, business development and general management

### Background:

Manufacturing, Corporate Governance, M&A, Operations, Risk Assessment and Management, Government/Regulatory and Public Policy, Marketing and Sales, Strategy, Business Development and Technology, Business Turnaround and Global Business Development



## Jeanette A. Press

*Director since 2023*

*BBA in Accounting, Loyola University*

*Licensed CPA*

### Broadwind Board Experience

- **Independent Director**
- Member of Audit and Governance/Nominating Committees

### Positions Held:

- CFO, Controller, and Principal Accounting Officer of CMC Materials
- Vice President Controller and Principal Accounting Officer of Univar Solutions
- Vice President Controller and Principal Accounting Officer of USG Corp.
- Senior Manager Audit, KPMG LLP

### Background:

Financial expert, SEC Reporting and SOX Compliance; Public and Private Capital Transactions, Manufacturing, M&A, Divestitures, Risk Assessment and Management and Operating and Financial Restructuring

# GOVERNANCE STRUCTURE SUPPORTS GOOD STEWARDSHIP

The Board designed Broadwind's governance structures to promote a culture of accountability and independence



## Governance Practices

- ✓ Independent Chairman
- ✓ 6 of 7 directors are independent (all except CEO)
- ✓ Annually-elected directors
- ✓ Majority vote standard for uncontested election with a director resignation policy
- ✓ Plurality vote standard for contested elections
- ✓ Tax Benefit Preservation Rights Plan approved by 91% of votes cast at the 2022 Annual Meeting
- ✓ Shareholder Alignment: Directors and Officers own 5.1% of Broadwind stock



## Environmental & Social Factors

- Broadwind is an energy transition pioneer, a company committed to advancing the profitable development and installation of renewables infrastructure.
- Over the last 5 years, **more than 60% of revenue has been derived from wind energy technologies**
- The Board regularly reviews ESG risks and opportunities with management.
- Our Board includes experts with substantial backgrounds in clean technologies and energy, such as Thomas Wagner, who is currently supporting the design of products with the capability to prevent environmental carbon release and has spent 45 years in the diversified energy industry, performed engineering design and leading large technical teams on projects that reduced or eliminated environmental emissions.

**Broadwind's corporate governance structures enhance independent oversight, promote effective risk management, and strengthen our ability to achieve strategic objectives**

# APPENDIX

## Balance Sheet



	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash.....	\$ 1,740	\$ 12,732
Accounts receivable, net.....	41,253	17,018
AMP credit receivable.....	11,217	-
Contract assets.....	2,176	1,955
Inventories, net.....	39,906	44,262
Prepaid expenses and other current assets.....	3,454	3,291
Total current assets.....	<u>99,746</u>	<u>79,258</u>
<b>LONG-TERM ASSETS:</b>		
Property and equipment, net.....	46,889	45,319
Operating lease right-of-use assets, net.....	15,086	16,396
Intangible assets, net.....	2,229	2,728
Other assets.....	649	839
<b>TOTAL ASSETS</b> .....	<u>\$ 164,599</u>	<u>\$ 144,540</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Line of credit and current portion of long-term debt.....	\$ 19,762	\$ 1,170
Current portion of finance lease obligations.....	1,612	2,008
Current portion of operating lease obligations.....	1,660	1,882
Accounts payable.....	25,269	26,255
Accrued liabilities.....	6,238	4,313
Customer deposits.....	29,904	34,550
Total current liabilities.....	<u>84,445</u>	<u>70,178</u>
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net of current maturities.....	6,562	7,141
Long-term finance lease obligations, net of current portion.....	3,628	4,226
Long-term operating lease obligations, net of current portion.....	15,583	16,696
Other.....	19	26
Total long-term liabilities.....	<u>25,792</u>	<u>28,089</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; no shares issued or outstanding.....	-	-
Common stock, \$0.001 par value; 30,000,000 shares authorized; 21,673,800 and 21,127,130 shares issued as of June 30, 2023 and December 31, 2022, respectively.....	22	21
Treasury stock, at cost, 273,937 shares as of September 30, 2023 and December 31, 2022, respectively.....	(1,842)	(1,842)
Additional paid-in capital.....	398,750	397,240
Accumulated deficit.....	<u>(342,568)</u>	<u>(349,146)</u>
Total stockholders' equity.....	<u>54,362</u>	<u>46,273</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> .....	<u>\$ 164,599</u>	<u>\$ 144,540</u>

# APPENDIX

## Income Statement



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues.....	\$ 57,163	\$ 44,843	\$ 156,879	\$ 136,699
Cost of sales.....	46,996	41,095	131,403	128,545
Gross profit.....	10,167	3,748	25,476	8,154
<b>OPERATING EXPENSES:</b>				
Selling, general and administrative.....	4,635	4,085	16,113	12,109
Intangible amortization.....	165	183	498	550
Total operating expenses.....	4,800	4,268	16,611	12,659
Operating income (loss).....	5,367	(520)	8,865	(4,505)
<b>OTHER EXPENSE, net:</b>				
Interest expense, net.....	(932)	(1,234)	(2,171)	(2,355)
Other, net.....	(13)	(4)	(37)	17
Total other expense, net.....	(945)	(1,238)	(2,208)	(2,338)
Net income (loss) before provision for income taxes.....	4,422	(1,758)	6,657	(6,843)
Provision for income taxes.....	28	14	79	36
<b>NET INCOME (LOSS).....</b>	<b>\$ 4,394</b>	<b>\$ (1,772)</b>	<b>\$ 6,578</b>	<b>\$ (6,879)</b>
<b>NET INCOME (LOSS) PER COMMON SHARE - BASIC:</b>				
Net income (loss).....	\$ 0.21	\$ (0.09)	\$ 0.31	\$ (0.34)
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC.....</b>	<b>21,337</b>	<b>20,506</b>	<b>21,101</b>	<b>20,156</b>
<b>NET INCOME (LOSS) PER COMMON SHARE - DILUTED:</b>				
Net income (loss).....	\$ 0.20	\$ (0.09)	\$ 0.31	\$ (0.34)
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED...</b>	<b>21,574</b>	<b>20,506</b>	<b>21,451</b>	<b>20,156</b>

# APPENDIX

## Statement of Cash Flows



	Nine Months Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss).....	\$ 6,578	\$ (6,879)
<b>Adjustments to reconcile net cash used in operating activities:</b>		
Depreciation and amortization expense.....	4,772	4,581
Deferred income taxes.....	(7)	(13)
Change in fair value of interest rate swap agreements.....	-	(27)
Share-based compensation.....	649	760
Allowance for doubtful accounts.....	16	(18)
Common stock issued under defined contribution 401(k) plan.....	978	915
Loss on disposal of assets.....	48	3
Changes in operating assets and liabilities:		
Accounts receivable.....	(24,251)	(3,096)
AMP credit receivable.....	(11,217)	-
Employee retention credit receivable.....	-	497
Contract assets.....	(221)	(2,353)
Inventories .....	4,356	(525)
Prepaid expenses and other current assets.....	(162)	(1,200)
Accounts payable .....	(1,577)	4,968
Accrued liabilities.....	1,925	1,271
Customer deposits.....	(4,646)	(9,006)
Other non-current assets and liabilities.....	166	(149)
Net cash used in operating activities.....	(22,593)	(10,271)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment.....	(5,315)	(2,757)
Proceeds from disposals of property and equipment.....	15	-
Net cash used in investing activities.....	(5,300)	(2,757)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit, net.....	18,518	7,966
Payments for deferred financing costs.....	-	(470)
Proceeds from long-term debt.....	387	8,113
Payments on long-term debt.....	(893)	(261)
Principal payments on finance leases.....	(994)	(1,347)
Shares withheld for taxes in connection with issuance of restricted stock....	(117)	(546)
Proceeds from sale of common stock, net.....	-	230
Net cash provided by financing activities.....	16,901	13,685
<b>NET (DECREASE) INCREASE IN CASH.....</b>	<b>(10,992)</b>	<b>657</b>
<b>CASH beginning of the period.....</b>	<b>12,732</b>	<b>852</b>
<b>CASH end of the period.....</b>	<b>\$ 1,740</b>	<b>\$ 1,509</b>

# APPENDIX

## GAAP to Non-GAAP Reconciliation



Consolidated	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Income (Loss).....	\$ 4,394	\$ (1,772)	\$ 6,578	\$ (6,879)
Interest Expense.....	932	1,234	2,171	2,355
Income Tax Provision.....	28	14	79	36
Depreciation and Amortization.....	1,605	1,486	4,772	4,581
Share-based Compensation and Other Stock Payments.....	603	935	1,660	2,166
Proxy Contest-Related Expenses.....	23	-	1,779	-
Adjusted EBITDA (Non-GAAP).....	\$ 7,585	\$ 1,897	\$ 17,039	\$ 2,259

Heavy Fabrications Segment	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Income (Loss).....	\$ 5,839	\$ (231)	\$ 12,166	\$ (1,009)
Interest Expense.....	223	651	500	1,246
Income Tax Benefit.....	(272)	(48)	(218)	(249)
Depreciation.....	896	852	2,610	2,594
Share-based Compensation and Other Stock Payments.....	261	226	712	697
Adjusted EBITDA (Non-GAAP).....	\$ 6,947	\$ 1,450	\$ 15,770	\$ 3,279

Gearing Segment	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Income (Loss).....	\$ 194	\$ 581	\$ 968	\$ (185)
Interest Expense.....	63	41	203	131
Income Tax Provision.....	8	1	23	4
Depreciation and Amortization.....	563	477	1,715	1,507
Share-based Compensation and Other Stock Payments.....	113	119	346	397
Adjusted EBITDA (Non-GAAP).....	\$ 941	\$ 1,219	\$ 3,255	\$ 1,854

Industrial Solutions Segment	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Income (Loss).....	\$ 669	\$ (283)	\$ 1,879	\$ (540)
Interest Expense.....	151	81	362	147
Income Tax Provision.....	12	9	34	20
Depreciation and Amortization.....	94	97	280	299
Share-based Compensation and Other Stock Payments.....	47	48	147	182
Adjusted EBITDA (Non-GAAP).....	\$ 973	\$ (48)	\$ 2,702	\$ 108

Corporate and Other	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Loss.....	\$ (2,308)	\$ (1,839)	\$ (8,435)	\$ (5,145)
Interest Expense.....	495	461	1,106	831
Income Tax Provision.....	280	52	240	261
Depreciation and Amortization.....	52	60	167	181
Share-based Compensation and Other Stock Payments.....	182	542	455	890
Proxy Contest-Related Expenses.....	23	-	1,779	-
Adjusted EBITDA (Non-GAAP).....	\$ (1,276)	\$ (724)	\$ (4,688)	\$ (2,982)

# APPENDIX

## Segment-Level Data



	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>ORDERS:</b>				
Heavy Fabrications.....	\$ 8,009	\$ 62,873	\$ 40,608	\$ 110,022
Gearing.....	3,005	15,523	21,211	38,526
Industrial Solutions.....	4,876	6,061	19,034	14,648
Total orders.....	<u>\$ 15,890</u>	<u>\$ 84,457</u>	<u>\$ 80,853</u>	<u>\$ 163,196</u>
<b>REVENUES:</b>				
Heavy Fabrications.....	\$ 38,326	\$ 30,640	\$ 103,864	\$ 93,486
Gearing.....	11,404	10,190	34,347	30,890
Industrial Solutions.....	7,434	4,020	19,125	13,142
Corporate and Other.....	(1)	(7)	(457)	(819)
Total revenues.....	<u>\$ 57,163</u>	<u>\$ 44,843</u>	<u>\$ 156,879</u>	<u>\$ 136,699</u>
<b>OPERATING PROFIT/(LOSS):</b>				
Heavy Fabrications.....	\$ 5,791	\$ 372	\$ 12,448	\$ (11)
Gearing.....	265	624	1,194	(73)
Industrial Solutions.....	846	(191)	2,311	(368)
Corporate and Other.....	(1,535)	(1,325)	(7,088)	(4,053)
Total operating profit (loss).....	<u>\$ 5,367</u>	<u>\$ (520)</u>	<u>\$ 8,865</u>	<u>\$ (4,505)</u>



# IR CONTACT

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