

BROADWIND | THINK BIG.

Fourth Quarter & Full-Year 2023 Conference Call Presentation

March 5, 2024

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, (the "Exchange Act"), 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. 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) our expectations and beliefs with respect to our financial guidance as set forth in this release; (ii) the impact of global health concerns on the economies and financial markets and the demand for our products; (iii) 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; (iv) 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; (v) our ability to operate our business efficiently, comply with our debt obligations, manage capital expenditures and costs effectively, and generate cash flow; (vi) 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; (vii) our ability to continue to grow our business organically and through acquisitions; (viii) the production, sales, collections, customer deposits and revenues generated by new customer orders and our ability to realize the resulting cash flows; (ix) information technology failures, network disruptions, cybersecurity attacks or breaches in data security; (x) the sufficiency of our liquidity and alternate sources of funding, if necessary; (xi) 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); xii) the economy and the potential impact it may have on our business, including our customers; (xiii) 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; (xiv) the effects of market disruptions and regular market volatility, including fluctuations in the price of oil, gas and other commodities; (xv) competition from new or existing industry participants including, in particular, increased competition from foreign tower manufacturers; (xvi) the effects of the change of administrations in the U.S. federal government; (xvii) our ability to successfully integrate and operate acquired companies and to identify, negotiate and execute future acquisitions; (xviii) the potential loss of tax benefits if we experience an "ownership change" under Section 382 of the Internal Revenue Code of 1986, as amended; (xix) the limited trading market for our securities and the volatility of market price for our securities; (xx) our outstanding indebtedness and its impact on our business activities (including our ability to incur additional debt in the future); and (xxi) 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 most recently filed Form 10-K and other filings with the Securities and Exchange Commission. 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.

4Q23 PERFORMANCE SUMMARY



PERFORMANCE UPDATE

Fourth 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**

Targeted commercial expansion, improved operational execution

Record Full-Year 2023 Results

Strategic Progress Points

As of March 2024

Strong full-year 2023 performance. Record margin realization, net income and Adjusted EBITDA, despite demand pause within core wind markets

Executed on-plan in the fourth quarter. Revenue, operating income and net income all increased y/y; tower sections sold +38% y/y

Improved margin realization. Adjusted EBITDA margins +900 bps y/y to 9.5%, supported by IRA AMP credit tax credit and operational actions

Positive sequential order rate momentum. Order rates increased on a sequential basis across all three reporting segments in the fourth quarter

Introduced first quarter 2024 financial guidance. Anticipate full-year performance will be weighted to the second half of 2024

CONSOLIDATED FINANCIAL PERFORMANCE

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

Solid 4Q23 execution in a dynamic operating environment resulted in y/y improvement in revenue, margin realization and profitability

Strong y/y revenue growth from Heavy Fabrications and Industrial Solutions, offset by y/y decline in Gearing

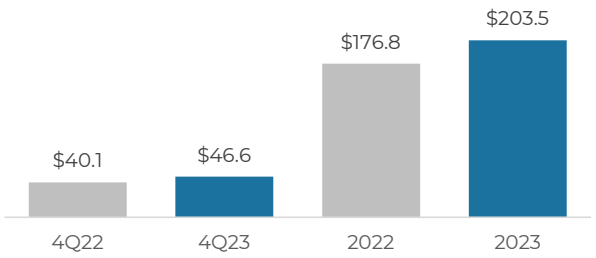
Gross margin increased by **+870 bps y/y** to 15.1%, while Adjusted EBITDA margin increased **+900 bps y/y** to 9.5%

Delivered $3.9 million y/y increase in GAAP Net Income to $1.1 million

Entered into agreement to sell approximately $15 million of IRA advanced manufacturing production tax credits, less discounts, transaction fees and related expenses

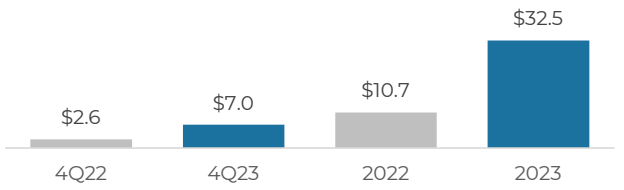
Total Revenue

($MM)



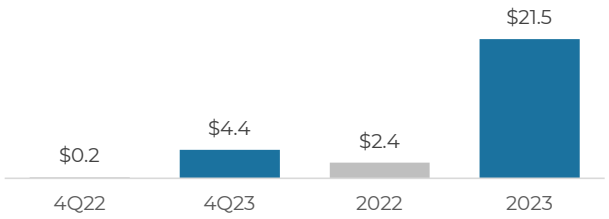
Gross Profit

($MM)



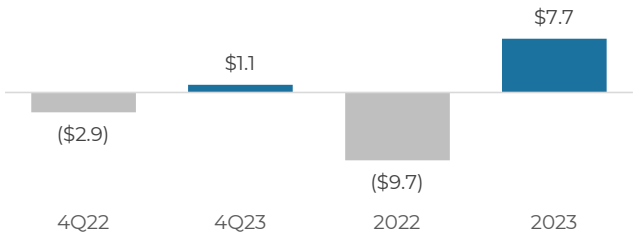
Adjusted EBITDA

($MM)



GAAP Net Income (Loss)

($MM)



HEAVY FABRICATIONS SEGMENT

Fourth Quarter 2023

AMP credits and operational execution support improved margin realization

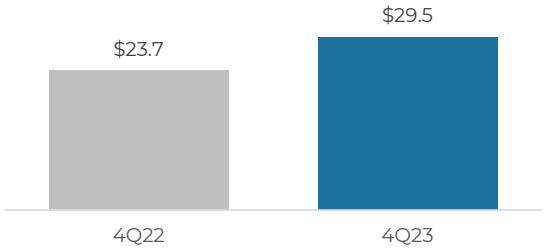
Segment Adjusted EBITDA **increased by $3.4 million y/y to $3.7 million**, driven by increased tower sales volumes and AMP credit benefit

Segment EBITDA margin increased **~1100 bps y/y to 12.5% in 4Q23**

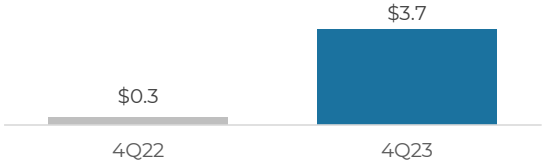
Sold 132 wind tower sections in 4Q23 **+37.5% y/y**

Segment backlog of $145 million as of 12/31/23, **representing more than 12-months of trailing twelve-month run-rate revenue**

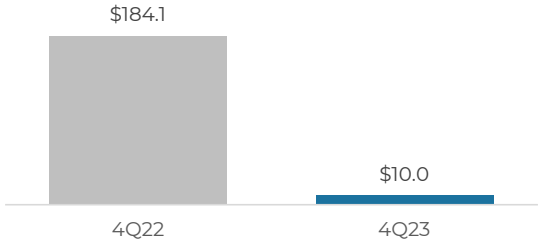
Segment Revenue
($MM)



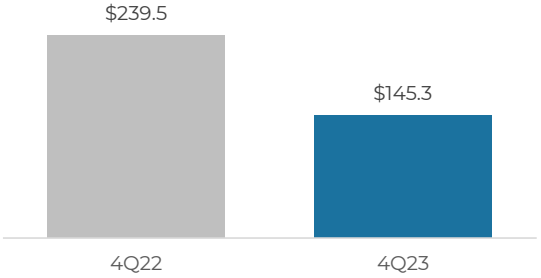
Segment EBITDA
($MM)



Segment Orders
($MM)



Segment Backlog at Quarter-End
($MM)



GEARING SEGMENT

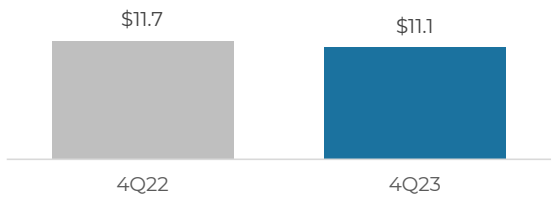
Fourth Quarter 2023

Solid y/y growth in segment Adjusted EBITDA and margin realization

Growth in segment Adjusted EBITDA from 6.7% to 11.9%, driven by more profitable mix of product sold and improved operational execution

Segment orders and backlog are down y/y, primarily driven by softness in Energy markets

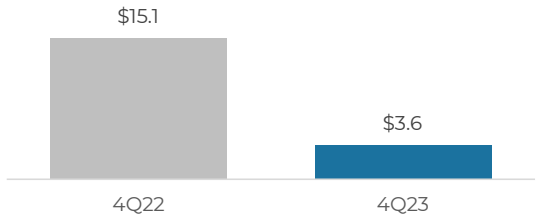
Segment Revenue
($MM)



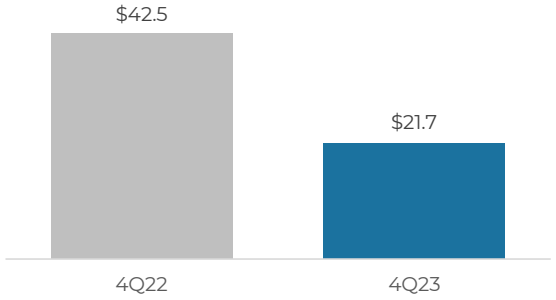
Segment EBITDA
($MM)



Segment Orders
($MM)



Segment Backlog at Quarter-End
($MM)



INDUSTRIAL SOLUTIONS SEGMENT

Fourth 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

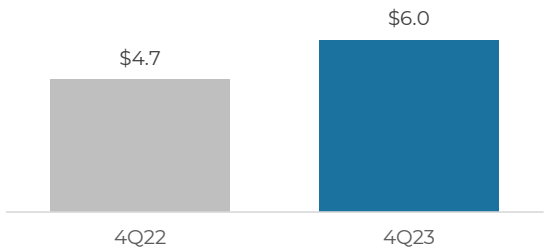
Segment revenue +29% y/y; segment EBITDA +$0.3 million y/y

Backlog +6% y/y due to strong YTD orders

Orders +16% y/y due to continued strong demand for new gas turbine content

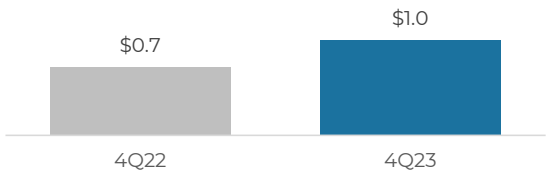
Segment Revenue

($MM)



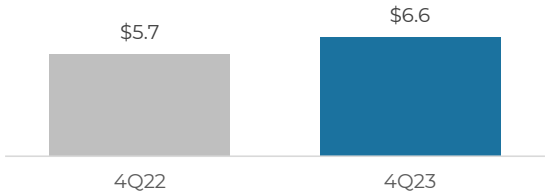
Segment EBITDA

($MM)



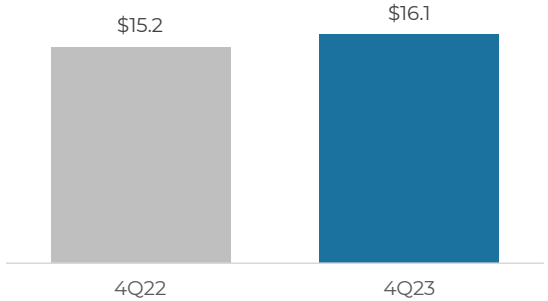
Segment Orders

($MM)



Segment Backlog at Quarter-End

($MM)



BALANCE SHEET UPDATE

Fourth Quarter 2023

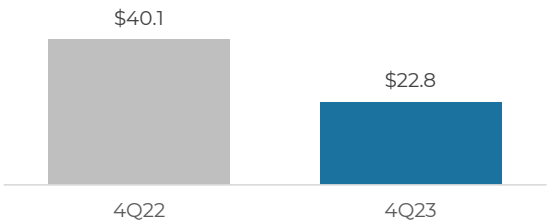
Maintaining stable liquidity profile sufficient to support the long-term growth of the business

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

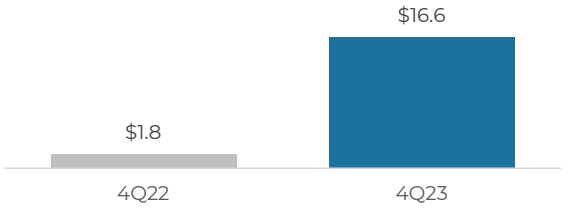
$22.8 million of cash and availability under credit facility as of 12/31/23; generated approximately $10 million of positive free cash flow in 4Q23, including $6.5 from monetization from AMP credits

Net leverage of 0.8x as of 12/31/23

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



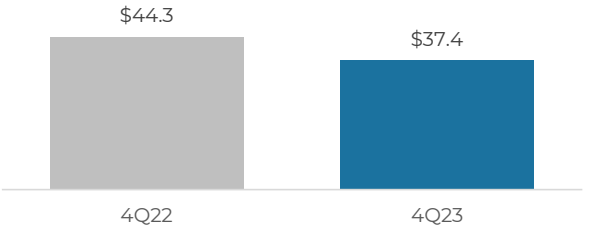
Net Debt Outstanding[1]
($MM)



Total 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.

FIRST QUARTER 2024 FINANCIAL GUIDANCE

As of March 5, 2024

Introducing First Quarter 2024 revenue and Adjusted EBITDA guidance

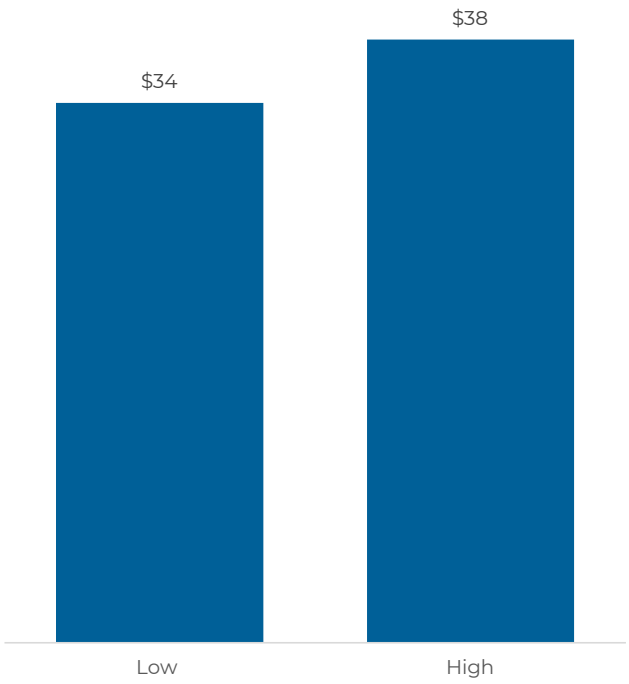
Guidance supported by targeted commercial growth within high-value, growth-oriented fabrications markets, together with a targeted focus on asset optimization and operational discipline

Assumes approximately 25% utilization at tower facilities in the first quarter 2024, as if no new tower orders were received

Assumes full-year 2024 performance will be weighted toward the second half of the year, given timing of anticipated customer projects

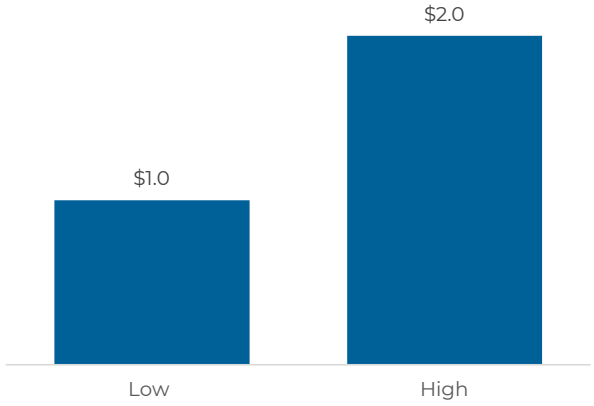
Total Revenue Range

($MM)



Total Adjusted EBITDA Range

($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

Heavy Fabrications Segment	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	66% of 2023 Revenue
Gearing Segment	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	22% of 2023 Revenue
Industrial Solutions Segment	We provide supply chain solutions, inventory management, kitting and assembly services, primarily serving the combined cycle natural gas turbine and solar power generation markets	12% of 2023 Revenue

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 manufacturing base

Established Original Equipment Manufacturer ("OEM") Relationships



Manitowoc, WI
Tower Manufacturing
Industrial Fabrications
Facility



Abilene, TX
Tower Manufacturing
Industrial Fabrications
Facility



Cicero, IL
Gear Manufacturing
and Gearbox Repair
Facility



Pittsburgh, PA
Gearbox Repair and
Heat Treat Facility



Sanford, NC
Industrial Solutions
and Gearbox Repair
Facility

Our customer base

Established OEM Relationships

SIEMENS Gamesa RENEWABLE ENERGY

NORDEX We've got the power.

Ingersoll Rand

CATERPILLAR

KONECRANES

INFLATION REDUCTION ACT IMPACT BENEFIT

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

The IRA serves to materially enhance tower production economics

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[1]	325 towers
Average MW per Tower[2]	3.1 avg. MW per tower
Total Watts per MW	1,000,000
Cents Per Watt[3]	$0.03 per watt
Financial benefit of 45x credit per MW[4]	$30,000
Average benefit per tower[5]	$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)(0)
(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

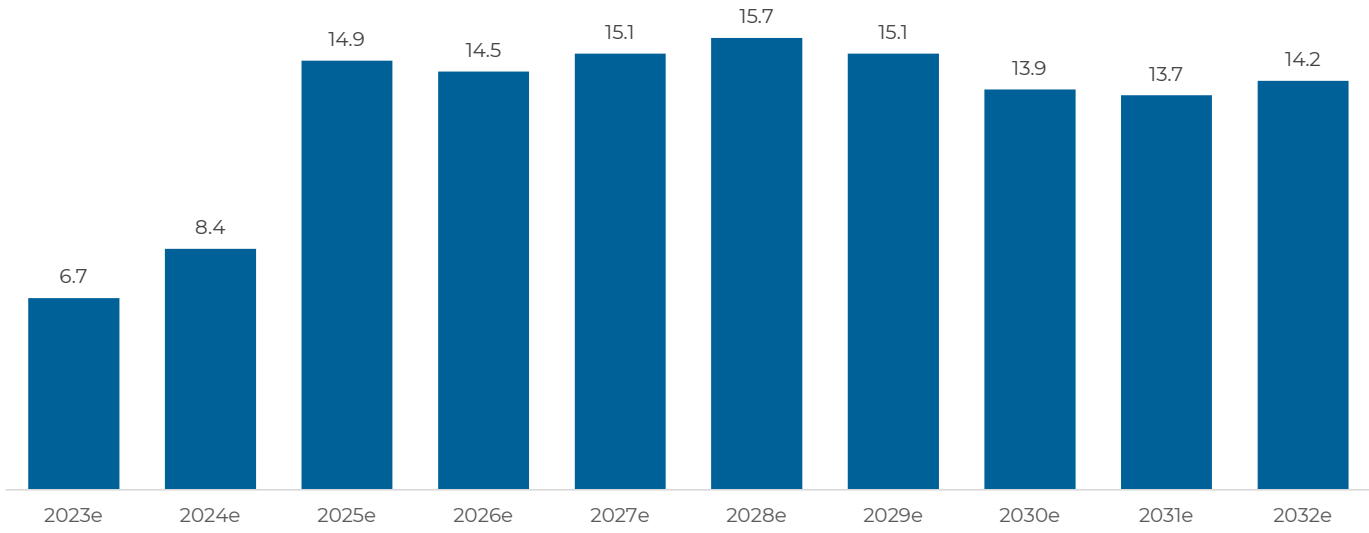
IRA provides transformative, long-term funding for the entire energy ecosystem, including wind and solar

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[1]
(Total GW Installed Annually, Includes Repowering (2023-2032)



(1) Wood Mackenzie Power & Renewables – Wind Power Outlook – **Updated January 2024**

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.

APPENDIX

Balance Sheet

	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash	$ 1,099	$ 12,732
Accounts receivable, net	19,231	17,018
AMP credit receivable	7,051	-
Contract assets	1,460	1,955
Inventories	37,405	44,262
Prepaid expenses and other current assets	3,500	3,291
Total current assets	69,746	79,258
LONG-TERM ASSETS:		
Property and equipment, net	47,123	45,319
Operating lease right-of-use assets, net	15,593	16,396
Intangible assets, net	2,064	2,728
Other assets	630	839
TOTAL ASSETS	$ 135,156	$ 144,540
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Line of credit and current maturities of long-term debt	$ 5,903	$ 1,170
Current portion of finance lease obligations	2,153	2,008
Current portion of operating lease obligations	1,851	1,882
Accounts payable	20,728	26,255
Accrued liabilities	6,477	4,313
Customer deposits	16,500	34,550
Total current liabilities	53,612	70,178
LONG-TERM LIABILITIES:		
Long-term debt, net of current maturities	6,250	7,141
Long-term finance lease obligations, net of current portion	3,372	4,226
Long-term operating lease obligations, net of current portion	15,888	16,696
Other	15	26
Total long-term liabilities	25,525	28,089
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
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; 21,840,301 and 21,127,130 shares issued as of December 31, 2023 and December 31, 2022, respectively	22	21
Treasury stock, at cost, 273,937 shares as of December 31, 2023 and December 31, 2022, respectively	(1,842)	(1,842)
Additional paid-in capital	399,336	397,240
Accumulated deficit	(341,497)	(349,146)
Total stockholders' equity	56,019	46,273
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 135,156	$ 144,540

APPENDIX

Income Statement

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenues	$ 46,598	$ 40,060	$ 203,477	$ 176,759
Cost of sales	39,566	37,504	170,969	166,049
Gross profit	7,032	2,556	32,508	10,710
OPERATING EXPENSES:				
Selling, general and administrative	4,592	4,483	20,705	16,592
Intangible amortization	166	175	664	725
Total operating expenses	4,758	4,658	21,369	17,317
Operating income (loss)	2,274	(2,102)	11,139	(6,607)
OTHER EXPENSE, net:				
Interest expense, net	(1,030)	(863)	(3,201)	(3,218)
Other, net	(11)	113	(48)	130
Total other expense, net	(1,041)	(750)	(3,249)	(3,088)
Net income (loss) before provision for income taxes	1,233	(2,852)	7,890	(9,695)
Provision (benefit) for income taxes	162	(1)	241	35
NET INCOME (LOSS)	$ 1,071	$ (2,851)	$ 7,649	$ (9,730)
NET INCOME (LOSS) PER COMMON SHARE - BASIC:				
Net income (loss)	$ 0.05	$ (0.14)	$ 0.36	$ (0.48)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	21,449	20,723	21,189	20,299
NET INCOME (LOSS) PER COMMON SHARE - DILUTED:				
Net income (loss)	$ 0.05	$ (0.14)	$ 0.36	$ (0.48)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	21,633	20,723	21,491	20,299

APPENDIX

Statement of Cash Flows

	Twelve Months Ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 7,649	$ (9,730)
Adjustments to reconcile net cash (used in) provided by operating activit		
Depreciation and amortization expense	6,383	6,060
Deferred income taxes	(10)	(13)
Change in fair value of interest rate swap agreements	-	(27)
Share-based compensation	877	944
Allowance for doubtful accounts	82	(30)
Common stock issued under defined contribution 401(k) plan	1,336	1,244
Loss on disposal of assets	42	3
Changes in operating assets and liabilities:		
Accounts receivable	(2,295)	(3,186)
AMP credit receivable	(7,051)	-
Employee retention credit receivable	-	497
Contract assets	495	(820)
Inventories	6,857	(10,885)
Prepaid expenses and other current assets	(210)	(629)
Accounts payable	(6,008)	9,926
Accrued liabilities	2,782	686
Customer deposits	(18,050)	22,468
Other non-current assets and liabilities	175	135
Net cash (used in) provided by operating activities	(6,946)	16,643
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(6,405)	(3,098)
Proceeds from disposals of property and equipment	21	-
Net cash used in investing activities	(6,384)	(3,098)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments on) from line of credit, net	4,705	(6,368)
Payments for deferred financing costs	(48)	(452)
Proceeds from long-term debt	1,056	8,113
Payments on long-term debt	(1,872)	(863)
Principal payments on finance leases	(1,409)	(1,776)
Shares withheld for taxes in connection with issuance of restricted stock	(735)	(549)
Proceeds from sale of common stock, net	-	230
Net cash provided by (used in) financing activities	1,697	(1,665)
NET (DECREASE) INCREASE IN CASH	(11,633)	11,880
CASH beginning of the period	12,732	852
CASH end of the period	$ 1,099	$ 12,732
Supplemental cash flow information:		
Interest paid	$ 2,073	$ 1,638
Income taxes paid	$ 17	$ 23
Non-cash investing and financing activities:		
Equipment additions via finance lease	$ 719	$ 3,882
Non-cash purchases of property and equipment	$ 482	$ 134
Settlement of incentive compensation liability with stock	$ 619	$ -

APPENDIX

GAAP to Non-GAAP Reconciliation

Consolidated	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net Income (Loss)	$ 1,072	$ (2,851)	$ 7,649	$ (9,730)
Interest Expense	1,031	863	3,201	3,218
Income Tax Provision (Benefit)	162	(1)	241	35
Depreciation and Amortization	1,611	1,478	6,383	6,060
Share-based Compensation and Other Stock Payments	559	695	2,220	2,861
Proxy Contest-Related Expenses	1	-	1,780	-
Adjusted EBITDA (Non-GAAP)	$ 4,436	$ 184	$ 21,474	$ 2,444

Heavy Fabrications Segment	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net Income (Loss)	$ 1,696	$ (926)	$ 13,862	$ (1,935)
Interest Expense	149	338	649	1,585
Income Tax Provision (Benefit)	711	(330)	493	(579)
Depreciation	907	852	3,518	3,446
Share-based Compensation and Other Stock Payments	224	331	936	1,028
Adjusted EBITDA (Non-GAAP)	$ 3,687	$ 265	$ 19,458	$ 3,545

Gearing Segment	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net Income (Loss)	$ 585	$ (5)	$ 1,553	$ (190)
Interest Expense	59	117	262	249
Income Tax Provision	9	4	32	7
Depreciation and Amortization	555	471	2,270	1,978
Share-based Compensation and Other Stock Payments	107	192	453	589
Adjusted EBITDA (Non-GAAP)	$ 1,315	$ 779	$ 4,570	$ 2,633

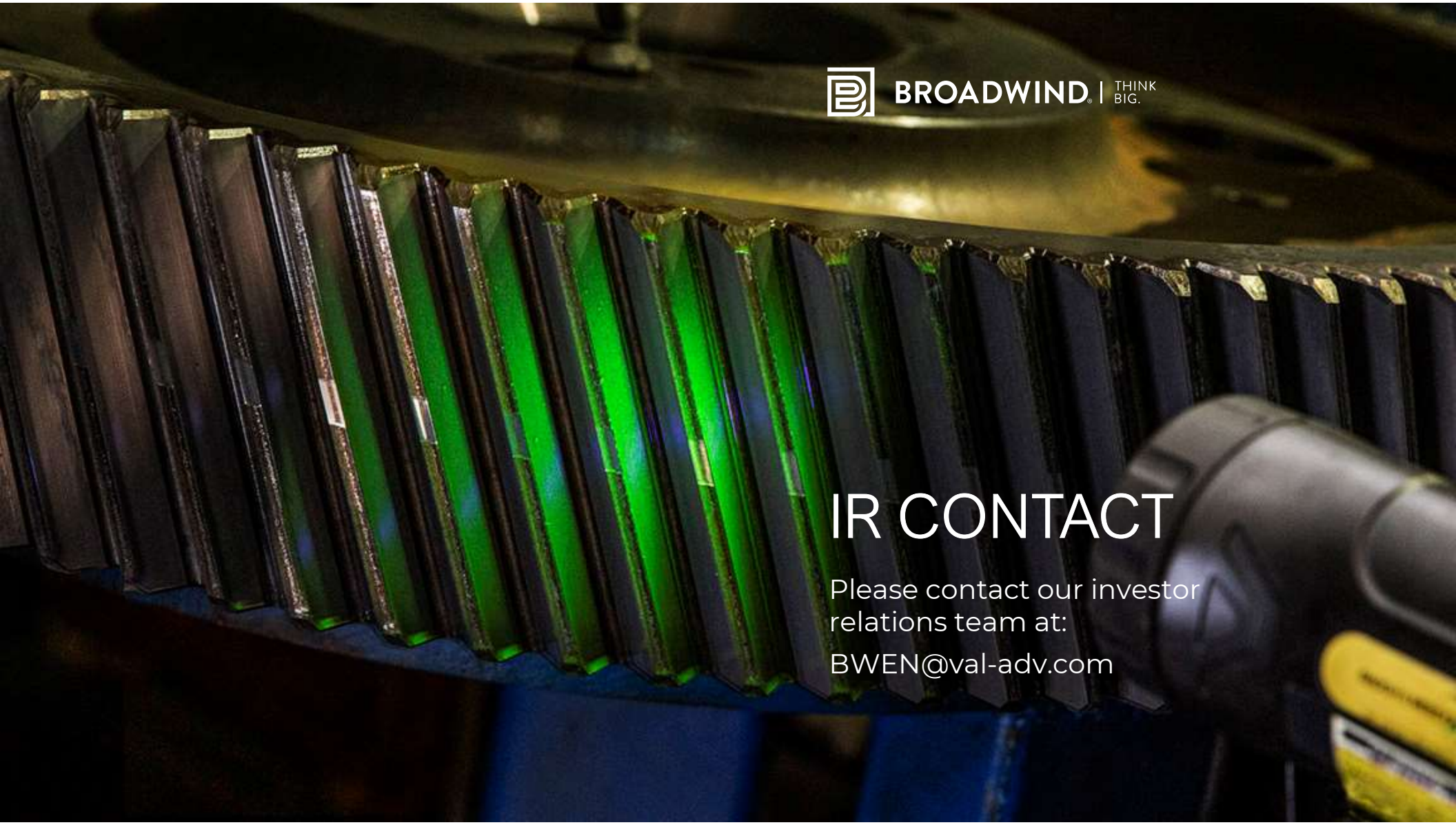
Industrial Solutions Segment	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net Income (Loss)	$ 625	$ 410	$ 2,504	$ (130)
Interest Expense	151	74	512	221
Income Tax Provision	62	1	96	22
Depreciation and Amortization	99	98	380	397
Share-based Compensation and Other Stock Payments	48	112	196	295
Adjusted EBITDA (Non-GAAP)	$ 985	$ 695	$ 3,688	$ 805

Corporate and Other	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net Loss	$ (1,834)	$ (2,330)	$ (10,270)	$ (7,475)
Interest Expense	672	334	1,778	1,163
Income Tax (Benefit) Provision	(620)	324	(380)	585
Depreciation and Amortization	50	57	215	239
Share-based Compensation and Other Stock Payments	180	60	635	949
Proxy Contest-Related Expenses	1	-	1,780	-
Adjusted EBITDA (Non-GAAP)	$ (1,551)	$ (1,555)	$ (6,242)	$ (4,539)

APPENDIX

Segment-Level Data

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
ORDERS:				
Heavy Fabrications	$ 9,985	$ 184,075	$ 50,594	$ 294,097
Gearing	3,603	15,071	24,814	53,597
Industrial Solutions	6,619	5,685	25,652	20,333
Total orders	$ 20,207	$ 204,831	$ 101,060	$ 368,027
REVENUES:				
Heavy Fabrications	$ 29,503	$ 23,720	$ 133,368	$ 117,206
Gearing	11,061	11,697	45,408	42,588
Industrial Solutions	6,035	4,663	25,159	17,804
Corporate and Other	(1)	(20)	(458)	(839)
Total revenues	$ 46,598	$ 40,060	$ 203,477	$ 176,759
OPERATING PROFIT/(LOSS):				
Heavy Fabrications	$ 2,554	$ (1,032)	$ 15,006	$ (1,044)
Gearing	654	116	1,846	43
Industrial Solutions	848	487	3,160	120
Corporate and Other	(1,782)	(1,673)	(8,873)	(5,726)
Total operating profit (loss)	$ 2,274	$ (2,102)	$ 11,139	$ (6,607)



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