

BROADWIND | THINK BIG.

# Second Quarter 2022 Results Conference Call

## Investor Presentation

# SAFE-HARBOR STATEMENT

This release 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.

Our forward-looking statements may include or relate to our beliefs, expectations, plans and/or assumptions with respect to the following, many of which are, and will be, amplified by the COVID-19 pandemic: (i) the impact of global health concerns, including the impact of the current COVID-19 pandemic 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 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, in light of the COVID-19 pandemic; (v) our ability to continue to grow our business organically and through acquisitions, and the impairment thereto by the impact of the COVID-19 pandemic; (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, including with respect to any remote work arrangements implemented in response to the COVID-19 pandemic; (viii) the sufficiency of our liquidity and alternate sources of funding, if necessary; (ix) our ability to realize revenue from customer orders and backlog; (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, including its stability in light of the COVID-19 pandemic, 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 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) our ability to utilize various relief options enabled by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); (xix) the limited trading market for our securities and the volatility of market price for our securities; and (xx) 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 our 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.

# PERFORMANCE OVERVIEW

# EXECUTIVE SUMMARY

## Market update, recent results and outlook

### Market Update
As of August 2022

**Inflation Reduction Act (IRA) a potential catalyst**
In late July, Congress announced a deal on reconciliation legislation that includes several major renewable energy provisions, including an extension of the production tax credit (PTC) on projects beginning construction before January 1, 2025

**IRA proposes significant ITC/PTC investments**
$369 billion in clean energy and climate action; including $30 billion in tax credits to make more solar panels, wind turbines, batteries, and process critical minerals needed for manufacturing

**IRA a significant potential catalyst for wind development**
PTC visibility would provide a significant near-to-medium term catalyst for onshore wind investment, in our view

### 2Q22 Results
Performance Overview

**Heavy Fabrications segment update**
Segment revenue (1%) y/y, as tower demand remains on pause ahead of potential PTC extension. Partially offsetting is increased industrial fabrication revenue

**Gearing segment update**
Segment revenue +37% y/y, driven by increased energy, industrial and mining demand

**Industrial Solutions segment update**
Segment revenue +43%, driven by demand for natural gas turbine content

**Stable liquidity position**
Total cash and availability was $10.2 million as of June 30, 2022

**Backlog increased materially y/y**
Total orders flat y/y, as non-wind strength offsets low tower demand; backlog +25% y/y

### Management Outlook
As of August 2022

**Demand within non-wind markets accelerating**
Non-wind orders +60% y/y in 2Q22, supported by diverse end-market demand

**3Q22 Adjusted EBITDA guidance**
Anticipate Non-GAAP Adjusted EBITDA of $1.2 million to $1.7 million

**Liquidity outlook**
Total liquidity > $10 million. Expect to end 2022 in a similar position as June '22

**Non-Wind Quoting, Orders and Revenue Increased Significantly y/y in 2Q22**
**Passage of IRA Could Represent a Major Catalyst For Domestic, Onshore Wind Development**

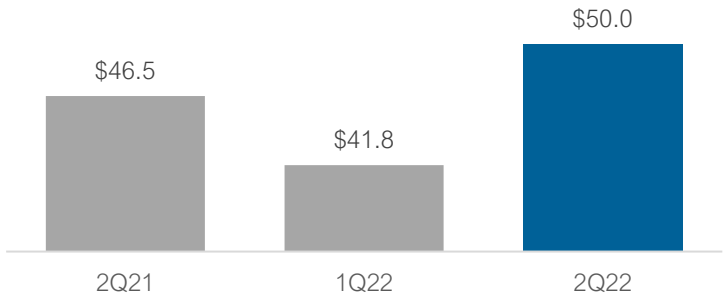
# CONSOLIDATED FINANCIAL DATA

## Acceleration in non-wind demand offset temporary pause in wind tower orders

- Total revenue increased 8% y/y to $50.0 million, supported by y/y growth in Gearing and Industrial Solutions
- Excluding the impact of the PPP & ERC in 2Q21, 2Q22 net income and Adjusted EBITDA increased by $0.2 million and $0.3 million, respectively
- Significant y/y growth in backlog; quoting discussions with tower customers ongoing
- Anticipate gradual recovery in tower demand over next 12 months, if IRA legislation is approved by Congress

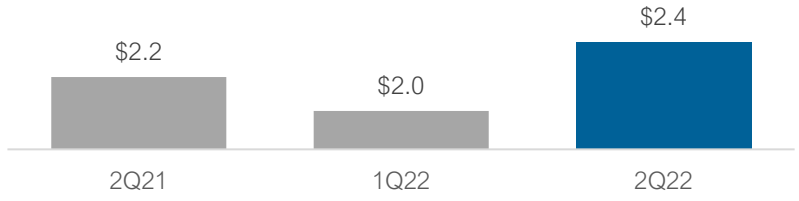
### Total Revenue

($MM)



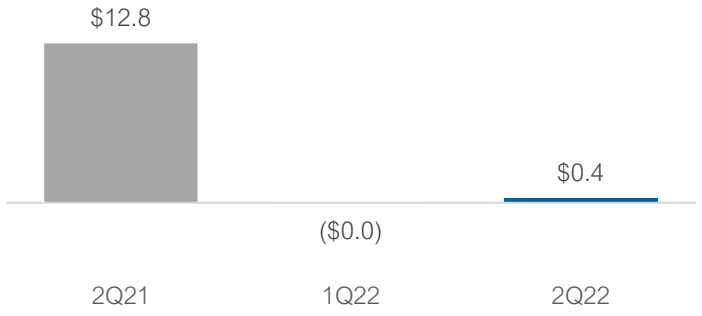

### Gross Profit

($MM)



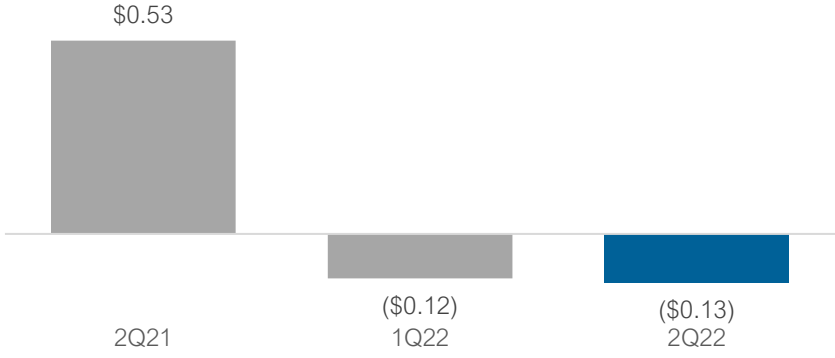

### Adjusted EBITDA(1)

($MM)




### Earnings (Loss) Per Diluted Share(1)

($)



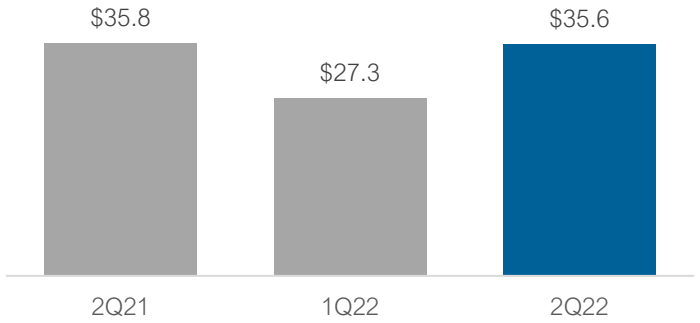

*(1) Second quarter 2021 results included a **$9.2 million** benefit related to loan forgiveness under the Paycheck Protection Program (PPP), together with a **$3.6 million** benefit related to the Employee Retention Tax Credit (ERC), as outlined under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and further modified under the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021.*

# HEAVY FABRICATIONS SEGMENT

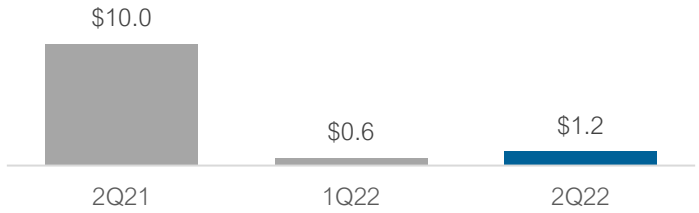
## Await potential PTC extension as a multi-year catalyst for wind tower demand

- Segment revenue declined 1% y/y to $35.6 million due to pause in tower demand
- Allocating spare tower section capacity toward energy, commercial and industrial projects
- Gradual increase in OEM discussions around 2023 tower demand, but elevated raw materials costs (Plate Steel), supply chain delays and uncertain policy environment have led to a pause in orders activity

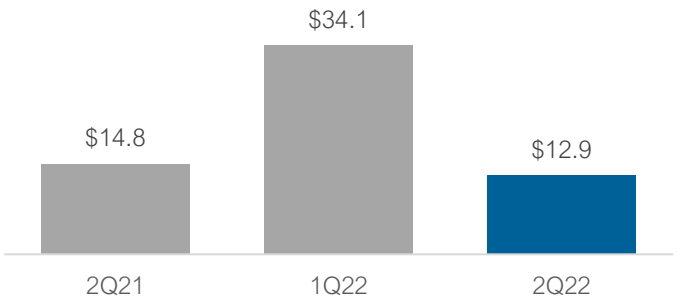
### Segment Revenue
($MM)



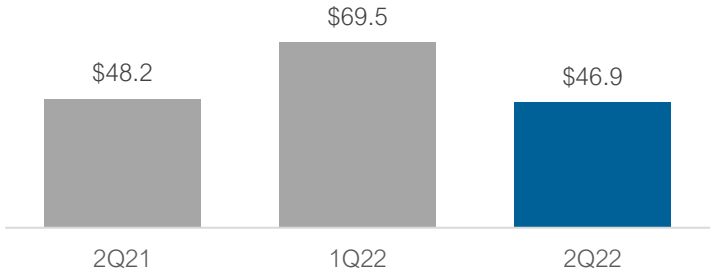

### Segment Adjusted EBITDA(1)
($MM)




### Segment Orders
($MM)




### Quarter-End Segment Backlog
($MM)



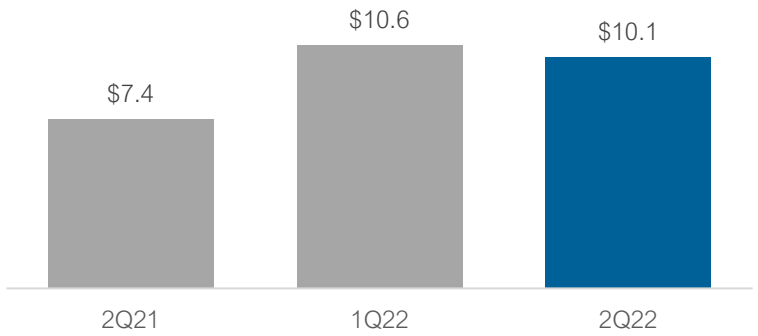

*(1) Within the Heavy Fabrications segment, second quarter 2021 results included a **$5.9 million** benefit related to loan forgiveness under the Paycheck Protection Program (PPP), together with a **$2.5 million** benefit related to the Employee Retention Tax Credit (ERC), as outlined under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and further modified under the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021.*

# GEARING SEGMENT

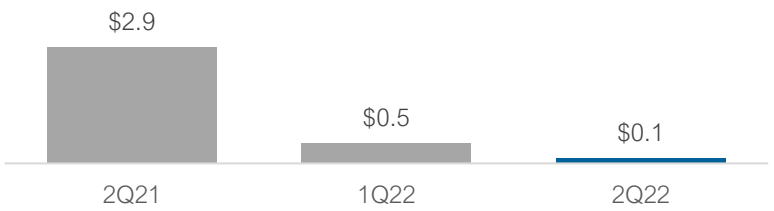
## Improved energy, industrial and mining demand for gearing components

- Revenue increased 37% y/y in 2Q22; customer activity continues to accelerate within the energy sector, given elevated commodity prices
- Orders increased 14% y/y to $8.9 million; Backlog improved 76% y/y
- Segment non-GAAP adjusted EBITDA was $0.1 million, versus $2.9 million in the prior-year period (including PPP/ERC benefit in 2Q21)
- Well-positioned to capitalize on cyclical recovery within industrial manufacturing; key beneficiary of legislative support for multi-year infrastructure investments

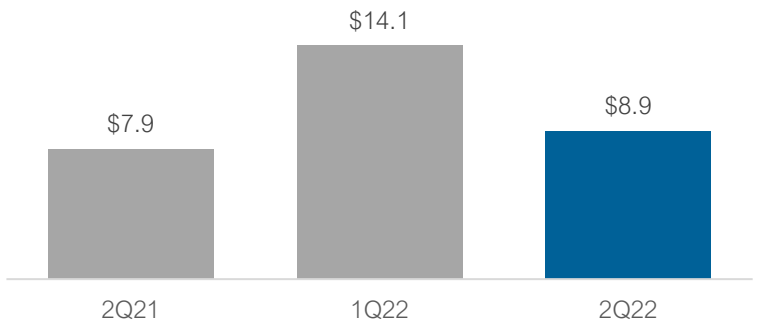
### Segment Revenue
($MM)



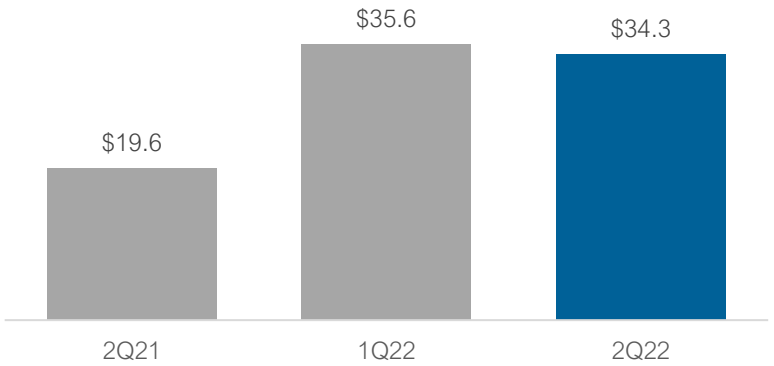

### Segment Adjusted EBITDA(1)
($MM)




### Segment Orders
($MM)




### Quarter-End Segment Backlog
($MM)




*(1) Within the Gearing segment, second quarter 2021 results included a **$2.5 million** benefit related to loan forgiveness under the Paycheck Protection Program (PPP), together with a **$0.8 million** benefit related to the Employee Retention Tax Credit (ERC), as outlined under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and further modified under the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021.*

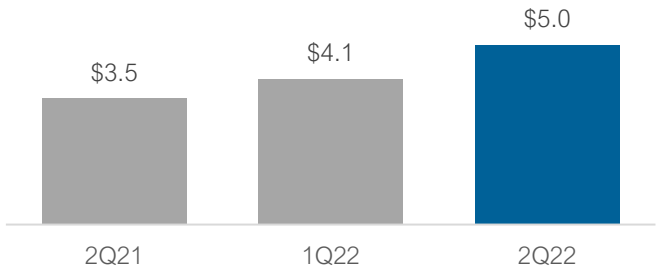
# INDUSTRIAL SOLUTIONS SEGMENT

## Benefiting from increased natural gas turbine demand

- Revenue increased 43% y/y driven by increased demand for natural gas turbine content
- Strong aftermarket order intake to support margin realization for the balance of 2022

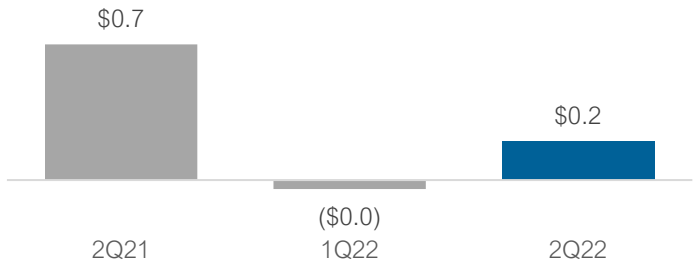
### Segment Revenue

($MM)



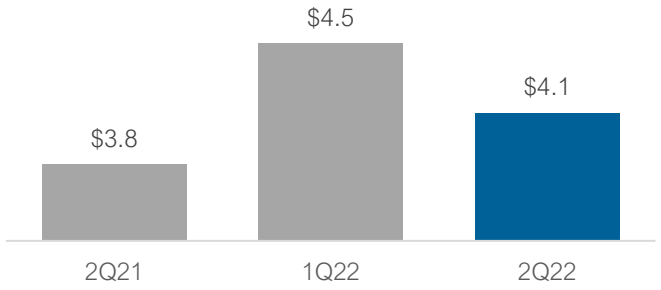

### Segment Adjusted EBITDA(1)

($MM)



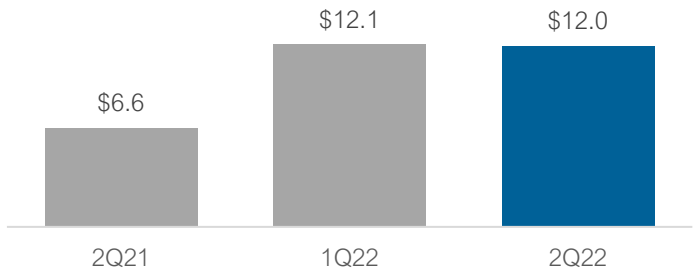

### Segment Orders

($MM)




### Quarter-End Segment Backlog

($MM)



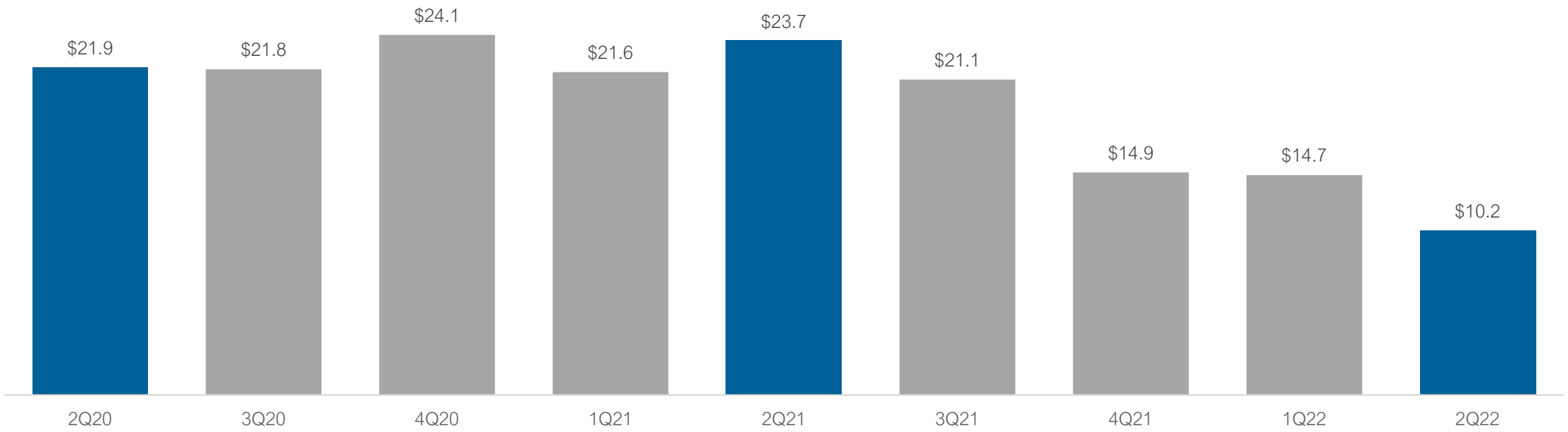

*(1) Within the Industrial Solutions segment, second quarter 2021 results included a **$0.5 million** benefit related to loan forgiveness under the Paycheck Protection Program (PPP), together with a **$0.2 million** benefit related to the Employee Retention Tax Credit (ERC), as outlined under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and further modified under the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021.*

# BALANCE SHEET UPDATE

## $10.2 million of cash and availability; Debt and lease finance obligations of $23.0 million

### Quarter-End Total Cash and Availability on Credit Facility

($MM)




Anticipate improved cash conversion on existing inventory, as tower orders accelerate

# APPENDIX

# EXHIBIT A

## Orders, Revenues and Operating Income (Loss) Consolidated and by Segment

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **ORDERS:** | | | | |
| Heavy Fabrications | $ 12,989 | $ 14,760 | $ 47,149 | $ 35,557 |
| Gearing | 8,941 | 7,858 | 23,003 | 17,778 |
| Industrial Solutions | 4,116 | 3,823 | 8,587 | 7,320 |
| Total orders | $ 26,046 | $ 26,441 | $ 78,739 | $ 60,655 |
| **REVENUES:** | | | | |
| Heavy Fabrications | $ 35,575 | $ 35,830 | $ 62,847 | $ 58,607 |
| Gearing | 10,115 | 7,404 | 20,700 | 12,753 |
| Industrial Solutions | 5,049 | 3,541 | 9,121 | 8,145 |
| Corporate and Other | (727) | (284) | (812) | (286) |
| Total revenues | $ 50,012 | $ 46,491 | $ 91,856 | $ 79,219 |
| **OPERATING (LOSS)/PROFIT:** | | | | |
| Heavy Fabrications | $ 78 | $ 271 | $ (383) | $ (1,429) |
| Gearing | (585) | (882) | (697) | (1,871) |
| Industrial Solutions | 32 | (47) | (177) | (61) |
| Corporate and Other | (1,437) | (1,653) | (2,728) | (3,261) |
| Total operating profit/(loss) | $ (1,912) | $ (2,311) | $ (3,985) | $ (6,622) |

# EXHIBIT B

## GAAP to Non-GAAP Consolidated Adjusted EBITDA Reconciliation

| Consolidated | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net (Loss) Income | $ (2,703) | $ 10,252 | $ (5,107) | $ 9,042 |
| Interest Expense | 776 | 318 | 1,121 | 547 |
| Income Tax Provision | 15 | 45 | 22 | 77 |
| Depreciation and Amortization | 1,576 | 1,611 | 3,095 | 3,164 |
| Share-based Compensation and Other Stock Payments | 708 | 574 | 1,232 | 1,187 |
| Adjusted EBITDA (Non-GAAP) | $ 372 | $ 12,800 | $ 363 | $ 14,017 |

| Heavy Fabrications Segment | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net (Loss) Income | $ (302) | $ 6,020 | $ (778) | $ 6,942 |
| Interest Expense | 455 | 158 | 595 | 257 |
| Income Tax (Benefit) Provision | (74) | 2,594 | (201) | 2,192 |
| Depreciation | 862 | 992 | 1,741 | 1,937 |
| Share-based Compensation and Other Stock Payments | 256 | 261 | 472 | 483 |
| Adjusted EBITDA (Non-GAAP) | $ 1,197 | $ 10,025 | $ 1,829 | $ 11,811 |

| Gearing Segment | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net (Loss) Income | $ (630) | $ 2,354 | $ (766) | $ 2,071 |
| Interest Expense | 43 | 7 | 90 | 19 |
| Income Tax Provision | 2 | 3 | 2 | 7 |
| Depreciation and Amortization | 554 | 462 | 1,030 | 920 |
| Share-based Compensation and Other Stock Payments | 160 | 63 | 278 | 143 |
| Adjusted EBITDA (Non-GAAP) | $ 129 | $ 2,889 | $ 634 | $ 3,160 |

# EXHIBIT B

## GAAP to Non-GAAP Consolidated Adjusted EBITDA Reconciliation

| Industrial Solutions Segment | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net (Loss) Income | $ (32) | $ 636 | $ (257) | $ 814 |
| Interest Expense | 52 | 18 | 66 | 32 |
| Income Tax Provision | 9 | 29 | 11 | 47 |
| Depreciation and Amortization | 98 | 104 | 201 | 210 |
| Share-based Compensation and Other Stock Payments | 73 | (43) | 134 | 103 |
| Adjusted EBITDA (Non-GAAP) | $ 200 | $ 744 | $ 155 | $ 1,206 |

| Corporate and Other | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net Loss | $ (1,739) | $ 1,242 | $ (3,306) | $ (785) |
| Interest Expense | 226 | 135 | 370 | 239 |
| Income Tax Provision (Benefit) | 78 | (2,581) | 210 | (2,169) |
| Depreciation and Amortization | 62 | 53 | 123 | 97 |
| Share-based Compensation and Other Stock Payments | 219 | 293 | 348 | 458 |
| Adjusted EBITDA (Non-GAAP) | $ (1,154) | $ (858) | $ (2,255) | $ (2,160) |

# EXHIBIT C

## Consolidated Statement of Cash Flows

| | Six Months Ended June 30, | |
|---|---|---|
| | 2022 | 2021 |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net (loss) income | $ (5,107) | $ 9,042 |
| **Adjustments to reconcile net cash used in operating activities:** | | |
| Depreciation and amortization expense | 3,095 | 3,164 |
| Paycheck Protection Program loan forgiveness | - | (9,151) |
| Deferred income taxes | (9) | 21 |
| Change in fair value of interest rate swap agreements | 2 | 12 |
| Stock-based compensation | 580 | 664 |
| Allowance for doubtful accounts | 30 | (421) |
| Common stock issued under defined contribution 401(k) plan | 613 | 570 |
| Loss (gain) on disposal of assets | 3 | (23) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (7,389) | (1,856) |
| Employee retention credit receivable | 497 | (1,714) |
| Contract assets | (2,194) | (412) |
| Inventories | (1,552) | (5,227) |
| Prepaid expenses and other current assets | 596 | 1,024 |
| Accounts payable | 9,698 | (1,342) |
| Accrued liabilities | 656 | (953) |
| Customer deposits | (7,789) | (3,349) |
| Other non-current assets and liabilities | 6 | (36) |
| Net cash used in operating activities | (8,264) | (9,987) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of property and equipment | (1,697) | (765) |
| Proceeds from disposals of property and equipment | - | 23 |
| Net cash used in investing activities | (1,697) | (742) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds from line of credit, net | 10,687 | 4,754 |
| Proceeds from long-term debt | 125 | 387 |
| Payments on long-term debt | (107) | (157) |
| Principal payments on finance leases | (1,003) | (728) |
| Shares withheld for taxes in connection with issuance of restricted stock | (544) | (1,491) |
| Proceeds from sale of common stock, net | - | 9,349 |
| Net cash provided by financing activities | 9,158 | 12,114 |
| **NET (DECREASE) INCREASE IN CASH** | (803) | 1,385 |
| **CASH beginning of the period** | 852 | 3,372 |
| **CASH end of the period** | $ 49 | $ 4,757 |

# EXHIBIT D

## Consolidated Balance Sheet

| | June 30, 2022 | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS:** | | |
| Cash | $ 49 | $ 852 |
| Accounts receivable, net | 21,161 | 13,802 |
| Employee retention credit receivable | - | 497 |
| Contract assets | 3,330 | 1,136 |
| Inventories, net | 34,929 | 33,377 |
| Prepaid expenses and other current assets | 2,065 | 2,661 |
| Total current assets | 61,534 | 52,325 |
| **LONG-TERM ASSETS:** | | |
| Property and equipment, net | 44,454 | 43,655 |
| Operating lease right-of-use assets | 17,140 | 18,029 |
| Intangible assets, net | 3,086 | 3,453 |
| Other assets | 653 | 585 |
| **TOTAL ASSETS** | $ 126,867 | $ 118,047 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **CURRENT LIABILITIES:** | | |
| Line of credit and other notes payable | $ 17,178 | $ 6,650 |
| Current portion of finance lease obligations | 2,170 | 2,060 |
| Current portion of operating lease obligations | 1,798 | 1,775 |
| Accounts payable | 26,105 | 16,462 |
| Accrued liabilities | 4,312 | 3,654 |
| Customer deposits | 4,293 | 12,082 |
| Total current liabilities | 55,856 | 42,683 |
| **LONG-TERM LIABILITIES:** | | |
| Long-term debt, net of current maturities | 687 | 177 |
| Long-term finance lease obligations, net of current portion | 2,940 | 2,481 |
| Long-term operating lease obligations, net of current portion | 17,511 | 18,405 |
| Other | 197 | 167 |
| Total long-term liabilities | 21,335 | 21,230 |
| **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; 20,744,988 and 19,859,650 shares issued as of June 30, 2022 and December 31, 2021, respectively | 20 | 20 |
| Treasury stock, at cost, 273,937 shares as of June 30, 2022 and December 31, 2021, respectively | (1,842) | (1,842) |
| Additional paid-in capital | 396,021 | 395,372 |
| Accumulated deficit | (344,523) | (339,416) |
| Total stockholders' equity | 49,676 | 54,134 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 126,867 | $ 118,047 |




# IR CONTACT

Please contact our investor relations team at Investor@BWEN.com