Operator: Greetings. Welcome to the Graham Corporation Second Quarter 2024 Financial Results. [Operator Instructions] Please note, this conference is being recorded. I will now turn the conference over to your host, Deborah Pawlowski, Investor Relations for Graham Corporation. You may begin.

Deborah Pawlowski: Thank you, Chemaly, and good morning, everyone. We certainly appreciate your time today and your interest in Graham Corporation. Here with me on the call are Dan Thoren, our President and CEO and Chris Thome, our Chief Financial Officer. You should have a copy of the second quarter fiscal 2024 financial results that were released earlier this morning. If not, you can find the release along with slides and supplemental sales, orders, and backlog information on our website at ir.grahamcorp.com. We will reference the slides during our presentation today. Dan and Chris are going to provide their formal remarks, after which we will open the line for questions.

If you will turn to **Slide 2**, I will review the Safe Harbor statement. You should be aware that we may make some forward-looking statements during the formal discussion, as well as during the Q&A session. These statements apply to future events that are subject to risks and uncertainties, as well as other factors that could cause actual results to differ materially from what is stated here today. These risks and uncertainties and other factors are provided in the earnings release, as well as with other documents filed by the company with the Securities and Exchange Commission. You can find those documents on our website or at sec.gov.

During today's call, we will also discuss some non-GAAP financial measures. We believe these will be useful in evaluating our performance. However, you should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. We have provided reconciliation of non-GAAP measures with comparable GAAP measures in the tables that accompany today's release and Slides.

We also use key performance indicators to help gauge the progress and performance of the company. These key performance metrics are orders, backlog, and book-to-bill. They are operational measures and the company's methodology for calculating these numbers does not meet the definition of a non-GAAP measure as that term is defined by the SEC. So, as a result, a quantitative reconciliation of each of these is not required or provided. But you can find the disclaimer regarding our use of key performance metrics at the back of our deck in the supplemental Slides.

So, with that, if you would please advance to **Slide 3**. I'll turn it over to Dan to begin. Dan?

Dan Thoren, President, CEO & Director: Thanks, Debbie, and good morning, everyone.

We continue to make solid progress winning more business, improving processes, and executing better.

During the quarter, we shipped the last of the first article units related to the Naval Nuclear Propulsion Program for both the Columbia class submarine and the Ford class carrier. We learned a lot building these units and expect to carry those learnings forward as we work on the next units for these programs.

I'll remind you that we do want more first article work – that is the first step in getting more content on the ships. Any new content wins though will not be of the magnitude our first efforts were so our learning curve will not be as painful to margins.

Our new credit agreement provides us with greater financial flexibility through greater borrowing capacity to fund our growth. Chris will talk more about this later.

And speaking of growth, we had a record level of monthly orders in October at approximately $110 million. A large part of the total included follow-on orders to supply more heat exchangers for a strategic Navy program.

As we continue to steadily progress toward our fiscal 2027 goals, we are also identifying new opportunities for growth and margin expansion. There are lots of exciting things happening at Graham!

Slide 4 highlights our strengthening financial results that reflect the effectiveness of our strategy.

Revenue grew 18% year over year to $45 million while gross margin expanded 220 basis points.

Our improvements are translating to the bottom line. We had net income of $411 thousand and earnings per diluted share of four cents. Adjusted EBITDA was $2.7 million and 6% of sales.

Our book to bill for the quarter is somewhat misleading. Given the size of our defense orders and the timing of their release causes a lumpy flow for our business. As I noted earlier, October orders more than made up for what we received in orders during the second quarter.

With that, let me turn it over to Chris for the financial details. Chris?

Chris Thome, Chief Accounting Officer, VP of Finance, CFO & Corporate Secretary: Thank you, Dan, and good morning everyone. As expected, our results for the second quarter normalized compared to the better than expected first quarter, but were still strong and consistent with our plan.

On **Slide 5** you can see that our strategy is working. We had strong sales growth for our second quarter of fiscal 2024, with sales of $45.1 million. This was up 18% over the prior year period. During the quarter, defense revenue increased $10.3 million, or 69%, reflecting more direct labor, better execution, the timing of material receipts, and improved pricing.

Additionally, commercial after-market sales to the refining and petrochemical markets continued to be strong and were $10.8 million, up $4.6 million, or 74% over the second quarter last year. Strong sales in the commercial aftermarket helped to offset the soft environment for capital projects in the refining and petrochemical industries. Declines in the space market reflect timing of projects and the loss of a customer in April 2023 due to their bankruptcy. U.S. sales for the quarter were 86% of total revenue, up 27% year-over-year and reflect the size and growth of our defense business. I should also note that included in defense in the quarter were certain aerospace defense applications that have become more meaningful.

Compared with the prior year period, the 36% increase in gross profit and 220 basis point expansion of gross margin reflected higher volume and the related improved absorption, a healthy mix of higher margin commercial aftermarket sales, better execution, and better pricing on our defense contracts.

Touching on SG&A, excluding amortization, it was $6.1 million, or 14% of sales, up $1.1 million. Approximately eight hundred thousand of the increase was attributable to the supplemental performance bonus for Barber-Nichols employees in connection with the 2021 acquisition. Other increases included inflation of personnel costs, as well as increased professional fees of approximately two hundred thousand, driven by increasing complexity in our business associated with growth and our international operations.

Turning to **Slide 6,** you can see the net result was that we had net income in the quarter of four hundred thousand dollars, or $4 cents per diluted share.

On a non-GAAP basis, adjusted net income and adjusted net income per diluted share were $1.4 million and $13 cents per share, respectively, compared with adjusted net income and adjusted net income per diluted share of three hundred thousand and $3 cents per share during the same period a year ago. This represents a greater than 300% increase for both metrics.

Adjusted EBITDA grew 76% to $2.7 million, or 6.0% of sales, also reflecting the improvements in our business. This compares with last year's second quarter adjusted EBITDA of $1.5 million or 4.0% of sales.

Turning to **Slide 7**, you can see how we are strengthening our balance sheet. Cash and cash equivalents as of September 30, 2023 increased 41% to $25.8 million compared with the end of the fourth quarter. Cash generated from operations in the second quarter was $3.3 million and $11.9 million for the first six months of fiscal 2024.

Capital expenditures for the second quarter totaled $1.8 million and $3.3 million for the first six months of fiscal 2024. For the year, we continue to expect capital expenditures to be between $12 million and $13.5 million as we continue to invest in growth and productivity improvement initiatives. This includes expenditures in connection with the $13.5 million strategic investment from one of our large defense customers to expand and enhance production capabilities at our Batavia facility that we announced in August.

Debt during the quarter was down $900 thousand to $10.9 million.

However, following the close of the quarter, we refinanced all of our outstanding debt with a new, lower cost, $50 million revolving credit facility that matures in 2028. $35 million of the facility is available immediately. The remaining $15 million will be available to us once we have trailing twelve month EBITDA, as defined in the credit agreement, of $15 million for 3 consecutive quarters.

We used this new facility and cash on hand to pay down our outstanding debt and as of today we have no debt outstanding. The new revolver provides the flexibility to support our growth, working capital, and capital expenditure requirements, and lowers our borrowing costs.

If you will now turn to **Slide 8**, I'll review our orders for the quarter. During the quarter, we had orders of $36.5 million, which were down 60% over the prior year and resulted in a book-to-bill ratio of 0.8x. Last year's second quarter reflected the $70 million in repeat orders for critical U.S. Navy programs. As Dan discussed, orders in October were a record $110 million which were primarily related to similar repeat orders to the defense industry. This order level raised our backlog to over $400 million.

Turning to **Slide 9** you'll see that we have a strong backlog that provides us several years visibility given the long lead times of some of our defense business. As I mentioned, backlog is now up over $400 million.

Approximately 50% of our backlog is expected to be converted to sales in the next twelve months and another 25% to 30% is expected to convert to sales over the next one to two years. The majority of orders expected to convert beyond twenty-four months are for the defense industry, specifically the U.S. Navy.

Turning to **Slide 10**, we can review our guidance for fiscal 2024, which is consistent with the raised guidance from last quarter. For fiscal 2024, we continue to expect revenue to be between $170 million to $180 million, which suggests top-line growth over fiscal 2023 of 11% at the mid-point of that range.

From a margin perspective, our gross margin guidance is 18% - 19%. Additionally, our expectation is for SG&A, including amortization, to be between 15 to 16 percent of sales and includes cost associated with the supplemental performance bonus for Barber-Nichols employees in connection with the 2021 acquisition, as well as ERP implementation costs at our Batavia facility which began this month.

Our expectation is that Adjusted EBITDA will be between $11.5 to $13.5 million, which suggests an adjusted EBITDA margin of about 7% at the midpoint of that range. I should point out that our adjusted EBITDA guidance excludes approximately $2.5 million to $4 million related to the Barber-Nichols performance bonus and ERP conversion costs, as well as approximately $0.7 million of debt extinguishment charges in connection with our refinance.

While our guidance for the year suggests a softer second half, it is a reflection of the significant over-performance in Q1, the seasonally softer Q3 due to the holidays, and the timing and mix of projects. Nevertheless, as we start work on our better priced contracts, employing our much-improved processes, we expect margins to improve steadily each year in order to achieve our low to mid-teen adjusted EBITDA margin goal in 2027.

With that, I will pass the call back to Dan.

Dan Thoren: Thanks, Chris.

As I noted earlier, we are making solid progress as an organization, but we still have lots of work to do. Our team is fully committed to our strategy for continual improvement and growth, and I greatly appreciate their dedication, enthusiasm, and hard work.

We have good visibility with our backlog that has a much better margin profile now and we have many opportunities in front of us that we expect will help to advance our growth and earnings power.

With that, Chemaly, we can open the call for questions.

Question & Answer

Operator: [Operator Instructions] Our first question comes from the line of **Theodore O'Neill with Litchfield Hills Research**.

Theo O'Neill: Congratulations on the good quarter.

Dan Thoren: Thanks, Theo.

Theo O'Neill: Yes. So, Chris, with this new revolver and having paid off the debt, do you have the flexibility to take on new debt like for an acquisition or similar if you want to?

Chris Thome: Yes, absolutely. That's the nice thing about this new credit facility is that it is an all-revolver strategy so we can borrow and repay as we need. As I mentioned in my comments today, we do the facility automatically increases to $50 million, once we hit a $15 million EBITDA run rate as defined in the agreement. So yes, the structure that we put in place is what I've typically seen at my past companies, where we were -- we are very acquisitive in nature, and it allows for much flexibility. And we'll also use it for the increase level of CapEx spend that we've been talking about for several quarters here.

Theo O'Neill: Okay. And sort of looking at your order book and how -- where it is right now, are you taking share from somebody else? Or is this a reflection of just a vast array of products you have to offer into that marketplace?

Chris Thome: Yes. Go ahead, Dan.

Dan Thoren: Theo, I would say that it's basically confidence from our customers that say, gosh, you've been doing a great job for us, and here's more work. As we've heard in the media, the U.S. Navy is really trying to ramp up shipbuilding. The sooner that they can get orders in the supply chain's hand, so the -- faster we can start to execute it. So, it's definitely confidence in us as a supplier and a tribute to the good work that all of our folks are doing.

Theo O'Neill: A follow-up on the Navy, I did a quick search looking at what other companies have been saying about the Ford class program. The only thing I see everybody saying it's all fine, except that the BMX technology is saying, as they said on the first, that there is a lull in the cadence of Ford class orders right now. Are you seeing anything, any hiccups in the cadence of the Ford class business?

Dan Thoren: No, we're not seeing any hiccups. They are kind of long between orders. So, they go kind of 4 to 5 years between orders. And so, it does feel like a long time between orders, but we're not hearing anything.

Operator: Our next question comes from the line of **Dick Ryan with Oak Ridge Financial**.

Dick Ryan: Congratulations on the continued strong performance, guys.

Dan Thoren: Thanks, Dick.

Dick Ryan: You've gotten through the first articles. Obviously, some of that is quite the learning curve a couple of years back. I think you alluded to that you'd be interested in other first article business. Are there such projects in the pipeline? Could you kind of handicap the timing if there are?

Dan Thoren: Yes. There are more opportunities out there. Again, the Navy has said we want to go faster. The Navy has passed within their defense in budget supplier money that they can invest in suppliers to increase capacity and accelerate the building of these ships and submarines. So yes, we continue to talk to our customers, who are the primes and looking for additional work. And they're very interested in keeping us fully engaged and all the way up to 100% capacity. They don't want to overload us though because that can be a challenge also if we get behind. And so yes, there's more opportunities. I would say I can't really handicap timing right now, but we're in continual conversation with our customers about taking on more work.

Dick Ryan: Okay. And the investment from the customer, $13.5 million, where is that? When will that start coming into play? And what are you going to be using it for?

Dan Thoren: Yes. So, we've already started that. So, we have placed long lead equipment on order, that means CNC machining equipment as well as automated welders. We're looking at facility expansion, and we've started the planning process around facility expansion also. So, we think that we're still 1.5 years to 2 years away from having a facility that's up and in production that enables us to accelerate the production. Certainly, our current facilities can continue to push through at the rate that we already are committed to. But this additional investment really allows for acceleration and getting product through faster to support the accelerated shipbuilding schedule.

Dick Ryan: Okay. And the defense -- I think you had a release not too long ago about Barber-Nichols getting some hydrogen business. What's going on, on their side of the ledger? Is any of that defense orders or the defense orders that came in the $110 million. Is any of that for BN? Or is that all Batavia?

Dan Thoren: The majority of it was Batavia, but BN continues to get their share of big defense orders. The hydrogen economy is pretty interesting. There's a lot going on right now. I think you probably saw the announcements from the federal government that they had funded seven hydrogen hubs around the country. That's basically trying to put the infrastructure in place to enable use of hydrogen for, mostly for mobility. So, for transportation-related things. So that's pretty exciting. We obviously continue to work with several different customers in helping them put together the pieces of the hydrogen infrastructure. And so, both companies are pretty involved in all of that. Too early to say, I would say, at this point in time, but kind of exciting things happening. Slower probably than anybody want as most new efforts are, but we see steady progress in the hydrogen economy.

Operator: Our next question comes from the line of **Gary Schwab with Valley Forge Capital Management**.

Gary Schwab: Going back to that press release on October 19 about Universal Hydrogen. I have -- that wasn't actually a hydrogen product. That was an antifreeze pump you were making. Could you explain a little bit more about that?

Dan Thoren: Yes. In that particular case, you're exactly right, Gary. It was a water glycol pump that was used for cooling on that aircraft. But in addition to that -- that technology demonstrator, we're involved in other hydrogen transferring pumps in different applications that you'll be able to see here in the future, but I can't talk about those quite yet.

Gary Schwab: Okay. And then, again, going back to the Universal Hydrogen. I took a look at them. They're an interesting company. And they make hydrogen modules that have to be filled with liquid hydrogen at the source at their base, whether they produce that hydrogen and that has to go into the modules. Is Barber-Nichols doing anything with that part because that's where their cryogenic systems work?

Dan Thoren: Right. So, I guess I could say in very broad terms that a lot of the industrial gas companies are very interested in the hydrogen economy. They're looking at that area as another market to sell their product. And each one of those companies is looking at their involvement in these hydrogen hubs, where the liquid hydrogen can be produced from and then distributed from. And so, Barber-Nichols in its cryogenic pump capability is working with several different folks in that area. But again, we're under NDA and can't talk too much about that.

Gary Schwab: Okay. Just one last small one. On the LD Micro Conference, Matt Malone happened to talk about you guys developing some kind of critical rotating machinery for small modular nuclear units that would fill up the size of a small tractor trailer. Can you talk about that at all?

Dan Thoren: Very little, actually, again, because we're under NDA. But Barber-Nichols makes some very specialty turbo machinery. These are pumps and turbines and compressors. And they can be used to transfer the working fluid through the nuclear power plant and those working fluids from different companies are pretty unique types of working fluid. And so, they require kind of the specialty pumps and turbines. BN could be involved in the circulation of those fluids. They could also be involved in the power production. So, using turbines to produce the power that comes from the heat and those small modular nuclear type devices. So again, yes, think of it as various specialty types of equipment that is -- that we're using for technology demonstration at this point. And as those continue to progress and mature, we're hopeful that we're on the right horse in this race to be able to supply those in quantity in the future. But it's still quite a ways to go.

Gary Schwab: Good quarter.

Operator: Our next question comes from the line of **John Bair with Ascend Wealth Advisors**.

John Bair: Good progress. Great progress. Very pleased to see it. One quick question on the new credit facility. Wondering what you're thinking, if anything, about reinstating a dividend now that you're getting better, is that further off in the distance?

Chris Thome: Yes. Thanks, John. As we have been talking for a few quarters now, we have a lot of organic growth opportunities in front of us as the guidance was laid out on the call today. We have a significant amount of CapEx spend $12 million to $13.5 million this year. I would expect a similar level next year. So, we have a lot of inorganic growth opportunities in front of us as well as potential M&A down the line. So once those initiatives are exhausted, then we would look to returning it to shareholders in the form of a dividend or a buyback.

John Bair: Okay. And I had a lot of questions there have been discussed about the green hydrogen. So that kind of covers that. My other question in general, can you speak to what you're seeing with regards to space-related business? Is it holding steady? What's your outlook there?

Dan Thoren: Yes. I would say, John, that on the space side, steady for us with the potential of growth. We've talked and been able to talk publicly about some of the oxygen blowers and water circulating pumps that are used on these backpacks for astronauts. And so, we continue to see that going strong. Thus far, essentially what we've done is we've built development units for our customers to test. But we see eventually some orders coming for production versions of those. We're also seeing some good strength in thermal management systems for satellites. So, these are communication satellites that they're trying to put more and more volume through. And so, the electronics need to be cooled and that's what our equipment is doing. We're seeing some opportunities also for some of the lunar initiatives that are going on, again, not high volume, pretty interesting types of activities there, though. And so, I would say that it won't be a huge growth area for us, but steady to slower growth is kind of what we're seeing at this point in time.

John Bair: Okay. Great. And my last question, you noted in the press release about a strength in short order petro-refining markets. Is that predominantly domestic? Or how is that spread out?

Dan Thoren: Yes. We're seeing it mostly domestically. So, if the aftermarket orders have been very, very strong as we're running refineries pretty hard in this country. And so, we're seeing lots of spare parts to keep them running. We're starting to see a little bit of an uptick on the capital side within our pipeline, but nothing like in the past, where we went through these big build-out types of situations. So, we're pretty happy with where the domestic market is on the aftermarket side. That's where our bigger margins are. And as these oil companies start to say, we need to expand or revamp or just replace some of this capital equipment that's been neglected for quite a while. We expect that we'll see some of the capital orders increasing.

John Bair: Great. Are there any new regulations in that area that might drive some of that need to spend capital by these companies?

Dan Thoren: Not that I've seen, John. The thing that I have seen is some of these companies basically coming out and saying, look, we've got to have these refineries running for decades more. I mean, the transition to clean energy isn't going to be as fast as everybody is saying. And so, we've got to keep these plants running, and the cost of some of the alternative energy isn't low enough for us to make a wholesale transition to. And frankly, the infrastructure isn't in place. So, we're just -- we're starting to hear, and I think you're probably starting to hear that also that people are walking back their projections for when they're carbon neutral. So, we're just kind of following along and figuring out how to support both the existing oil and gas business as well as the new energy business. And in transitioning as it makes sense to transition.

Operator: Our next question comes from the line of **Bill Baldwin with Baldwin Anthony Securities**.

Bill Baldwin: Chris, can you update us on the implementation time frame on ERP and what to project the cost of that implementation will be?

Chris Thome: Sure. So, we've said it's going to be about a 12- to 18-month process. We're taking our time and being very diligent about the way we're going through implementation. Quite frankly, I've been through a number of implementations at several companies, and we are being very thoughtful in the fact that we're bringing on an extra consultant to kind of help us through and make sure that we stay on track and project manage and to make sure that we really design the ERP system to optimize and get the most benefit from it. So, we think it's about a 12- to 18-month project, which we're just kind of getting started here. We think in total, it's going to cost about $3 million, $2 million of which will be CapEx and then about $1 million in expense, which will be over this current fiscal year and next fiscal year.

Bill Baldwin: It sounds like you got your arms around that one pretty good, and that's good. That's good. Remind me, Chris, if -- what's the total liability, if you will, of the company on the performance bonuses to the BN folks based on that deal you made with? Three years, right, okay?

Chris Thome: So, it's a three-year program, a potential of $2 million to $4 million per year, and that starts with fiscal year '24. So, we're going to have this for fiscal year '24, '25 and '26. And each year it could be anywhere from $2 million to $4 million payout. So anywhere from $6 million to $12 million, which is lower than the original earn-out that was signed when the deal was made of $7 million to $14 million and it has certain EBITDA targets that have to get hit in order to achieve the $2 million to $4 million per year, and it progressively gets higher and higher, right? So, for this year, it's $8.75 million of EBITDA for next year, $9.5 million of EBITDA and then the following year, $10.5 million to EBITDA. So significant growth to go along with those payments.

Bill Baldwin: Is that adjusted EBITDA that you're using there just -- or just regular?

Chris Thome: So certainly, we would adjust out certain onetime things or things like that. But for the most part, that's straight -- for all intents and purposes, it's straight EBITDA.

Bill Baldwin: Okay. Okay. So, we'll be seeing these bonus payments in pretty much quarterly. Is that correct throughout the next two-and-a-half to three years?

Chris Thome: Correct.

Bill Baldwin: Okay. What kind of visibility do you have on your aftermarket business with the refining companies, refining petrochemicals? Do you have some fairly decent visibility there? Or is that pretty short term?

Dan Thoren: It's actually very short term, Bill. So that's pretty quick to fill. So, we're looking two to four months typically for filling those orders. And so, we don't have a lot of visibility for what it will be in six months, for instance.

Bill Baldwin: Right. Had the orders held up pretty good so far, then as we get into Q3?

Dan Thoren: Yes, absolutely. They're holding up nice and strong. Yes.

Chris Thome: Which is the nice thing, Bill, about our defense business now because if we should happen to see a lull in some of these orders, right, we can just shift our resources to the defense. And as you know, with over $400 million of backlog now, we have quite a bit of runway.

Bill Baldwin: That's good option to have there. Absolutely. Okay. And I guess lastly, I'll just ask on the proverbial labor issues, labor question is. Is labor availability and training pretty much going as planned or ahead of plan or behind plan? How is that progressing in your shop there, your factory labor?

Dan Thoren: Chris, do you want to take that one?

Chris Thome: Sure. So, I'd say, again, as I've said on the last couple of calls, our HR team does a great job from the second quarter of last year to now, our workforce is up 9% and up 13%, 18% in direct labor at Batavia and Barber-Nichols, respectively. So, they're doing a great job growing the labor force. I would even venture to say that we've seen a slight softening as of late in the labor market. So, we've had a lot more applications and for welders and other machinists and things like that. But the team has also gotten very creative. As you know, we have the Arc and Flame welding program. We have apprenticeship programs that we've started. So, the team has really done a great job finding the talent that we need to support our growth. We've kind of said that we want to see 8% to 10% revenue growth per year, but as you know, we're a direct labor business. So, without the direct labor, we're not going to have that growth. So essentially, we're going to need to grow our workforce just as much. But they've done a great job to date. Again, I'd venture to say that we've seen a slight softening as of late.

Bill Baldwin: Well, when you get your factory capacity additions completed here in the next year, year-and-a-half, I mean, can you quantify how much increase that gives you in your production capacity at the company? I mean is that a doubling of capacity or 50%.

Chris Thome: It's not a doubling, but I would say it's consistent with our 8% to 10% revenue growth per year that we've guided to.

Bill Baldwin: So that'll take you out through -- and your strategic, out through the end of fiscal '27?

Chris Thome: Right. And then getting us to that low- to mid-teen adjusted EBITDA margin as well.

Bill Baldwin: Right, right. So, I guess you got to keep your labor force expanding here, so there'll be -- you'll have them ready when the new capacity comes on. That's going to be a timing issue there. Isn't it?

Dan Thoren: It really is, Bill. I mean we're basically projecting out into the future and saying, okay, we need this, and we need this, and we need this. We're keeping several different initiatives from facilities to tools, to systems, to people, all pushing forward to enable the steady growth. So, it's actually a ton of fun.

Bill Baldwin: Well, I know you'd be intrigued by it, Dan and Chris. I mean that's why I keep your blood flow on that kind of stuff. That's one of the things. Lastly that capacity addition at both Batavia and BN? Or is it mostly in Batavia?

Dan Thoren: So, this more recent one is in Batavia. So, the investment from the Navy customer, that really is in Batavia. But we just finished a pretty significant expansion in Barber-Nichols early this year. And we're continuing to look at what additional facilities do we need to continue with to support this growth. So, you'll see growth in facilities in both locations going forward.

Bill Baldwin: As I recall, you got the land to further expand your undercover square footage there, do you have any color?

Dan Thoren: In BN, it's a little tougher. In Batavia, we've got quite a bit of land, yes.

Operator: And we have reached the end of the question-and-answer session, and I'll now turn the call back over to Dan Thoren for closing remarks.

Dan Thoren: Thank you, Chemaly. And thank you for joining us today. I hope you can sense the excitement we have here at Graham about our future. We are delivering continuous improvement and expect to steadily progress toward our fiscal 2027 goals. I look forward to updating you further with our third quarter results. Enjoy your day.

Operator: And this concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.

Note: This transcript has been edited slightly to make it more readable. It is not intended to be a verbatim recreation of the Graham Corporation (GHM) financial results teleconference and webcast that occurred on the date noted. Please refer to the webcast version of the call, which is available on the Company's website (grahamcorp.com), as well as to information available on the SEC's website (www.sec.gov) before making an investment decision. Please also refer to the opening remarks of this call for GHM's announcement concerning forward-looking statements that were made during this call.