Jake Marshall, LLC
Acquisition FAQ

Q: What was announced and what does it mean?

On December 2, 2021, Limbach Holdings, Inc. ("Limbach") completed the completion of the acquisition of 100% of the membership interests of Jake Marshall, LLC and related entities ("Jake Marshall"). Upon the closing of the acquisition, Jake Marshall became a wholly-owned subsidiary of Limbach, and will operate as one of 11 branch business units.

Jake Marshall, based in Chattanooga, TN, will provide Limbach with a strategic presence in the Southeast region, greater exposure to industrial and institutional end-markets, and expanded fabrication capabilities. Limbach will provide Jake Marshall with the benefits and resources of its corporate platform, access to capital and surety bonding capacity, captive design and engineering support, and opportunities for growth, expansion and employee development.

Q: What were the transaction terms, and how was the transaction financed?

Limbach acquired Jake Marshall based upon an enterprise value of $20.0million, payable in cash at closing. A portion of the purchase price was financed with $10.0 million in new term debt provided by Limbach's existing lenders. The balance of the purchase price was financed with cash on hand. The Sellers received $21.3 million in total proceeds consisting of the $20.0 million enterprise value, plus Jake Marshall's cash on hand, net of a customary working capital adjustment.

In addition to the consideration payable at closing, Jake Marshall's selling shareholders are entitled to receive additional payments in 2023 and 2024 contingent oon Jake Marshall's performance from December 2, 2021 through December 31, 2022 and fiscal year 2023, respectively. In the aggregate, Jake Marshall's selling shareholders could earn up to a maximum of $6 million in additional cash payments over the next two years.

Q: What kind of business is Jake Marshall?

Jake Marshall is the leading specialty mechanical contractor and fabrication firm in the greater Chattanooga market, and operates throughout Southeastern Tennessee, Northern Alabama and Northern Georgia. The Company self-performs the traditional mechanical trades, including piping, plumbing and sheetmetal, and also offers millwright, and painting and coating services The Company serves customers in the industrial and institutional markets, including automotive, food processing, packaging, healthcare, higher education, utilities, and specialty chemicals. The Company is also a fabricator of pipe assemblies, central energy plant components and other mechanical assemblies.

Q: How is the acquisition of Jake Marshall strategic to Limbach?

Jake Marshall is complementary to Limbach's focus on transitioning to a business model predominately targeting facility owners, while also selectively pursuing general contractor opportunities in markets with demonstrated expertise in mid-size and large construction. The Company maintains strong relationships with an extensive universe of facility owners, and a large percentage of its revenues are derived from maintenance, repair, small capital project and component fabrication opportunities sourced direct from those owners. A meaningful portion of those revenues are performed on a T&M or unit price basis, and generally have shorter project cycles than a typical greenfield construction project.

The Company also has an excellent reputation for executing large construction projects, but is selective in which opportunities it pursues. Most are performed for long-term customers and facility owners, and typically include a large percentage of fabrication work that can be performed offsite at Jake Marshall's facility.

Q: What are Limbach's intentions with respect to Jake Marshall's facilities and employees?

Limbach is excited to maintain a permanent presence in the Chattanooga market, and expects to continue to invest in Jake Marshall and its physical assets and employees as the business expands in the coming years. The Company's culture and commitment to exceptional execution are exemplary, and we look forward to welcoming Jake Marshall's employees, vendors, subcontractors and customers to Limbach and working together.

Q: Will the Jake Marshall management team remain with the business?

Yes. Jake Marshall's current management and leadership teams will remain with the business in their present roles and with their present responsibilities. We do not anticipate any changes to staffing levels anywhere in the organization, other than to supplement the Company's existing resources, as necessary, to support integration efforts and growth initiatives.

Q: Does Limbach's FY 2021 guidance include the impact of this acquisition?

No. Our current guidance for fiscal year 2021 does not include any impact from acquisitions. However, based upon the closing date of December 2, 2021, we do not expect the results of Jake Marshall for the month of December to be material to Limbach's results for fiscal year 2021, including for the fourth quarter.

Q: What will Limbach's leverage be following the acquisition and what are your plans to pay that down?

On a *pro forma* basis as of the closing, Limbach will have total debt of approximately $40.8 million. This reflects total debt of approximately $31.8 million as of September 30, 2021 plus the new indebtedness of

$10.0 million less scheduled principal payments of $0.5 million made for each October and November. Of the $40.8 million total debt, $35.5 million represents amortizing term debt and the remainder represents outstanding principal on finance leases. As stipulated under the terms of Limbach's amended and restated credit agreement, the term debt amortizes in the amount of approximately $0.6 million per month. We will continue to amortize the term debt in accordance with the terms of the amended and restated credit agreement.

Q: How will this impact Limbach's SG&A expense? Is Jake Marshall's SG&A expense 100% incremental or will there be some opportunity for savings?

In the near-term, we anticipate that there will be no net savings to SG&A expense from combining the Company's operations. While we do anticipate realizing certain savings from greater scale in purchasing and procurement, we expect to reinvest that savings in supporting Jake Marshall's growth.

Q: You have talked about capacity utilization across the existing Limbach franchise. Does Jake Marshall have room to grow or is the Company operating at capacity?

Jake Marshall has the available resources to support its forecasted growth over the intermediate term. With an historically elevated level of backlog expected to convert to revenue beginning in 2022, the Company is managing its resources accordingly. The Company's business model is predicated on leveraging its in-house fabrication capabilities to reduce field manpower requirements, and to carefully balance new opportunities with available resources. Because of the Company's emphasis on industrial maintenance and repair services and smaller capital projects for industrial and institutional customers, it realizes a comparatively greater velocity of smaller dollar contracts that utilizes labor for shorter durations than a multi-year construction project.

Q: Does Limbach expect to sell equity in the near future to repay the term debt used to fund the acquisition?

No. Limbach expects that cash flows from operations will be sufficient to amortize its term debt while also providing sufficient working capital to continue investing in the ODR expansion strategy.