LIMBACH

NASDAQ: LMB

Positioned For Sustained Growth and Returns

March 2024

Forward Looking Statements

We make forward-looking statements in this presentation within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations or forecasts for future events, including, without limitation, the execution of the Company's long-term strategic roadmap and Limbach 3.0. These statements may be preceded by, followed by or include the words "may," "might," "will," "will likely result," "should," "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "continue," "target, " "scenario" or similar expressions. These forward-looking statements are based on information available to us as of the date they were made and involve a number of risks and uncertainties which may cause them to turn out to be wrong. Some of these risks and uncertainties may in the future be amplified by the COVID-19 outbreak and there may be additional risks that we consider immaterial, or which are unknown. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Please refer to our most recent annual report on Form 10-K, as well as our subsequent filings on Form 10-Q and Form 8-K, which are available on the SEC's website (www.sec.gov), for a full discussion of the risks and other factors that may impact any forward-looking statements in this presentation.

Limbach At-A-Glance

WHO WE ARE

A Building Systems Solutions Firm with Expertise in Mechanical, Electrical and Plumbing Systems

(The "***Parts and Smarts***"of Buildings)

MECHANICAL ELECTRICAL PLUMBING

OUR UNIQUES

Unique and specialized suite of service offerings

Indispensable Partner in Delivering <u>Mission-Critical</u> Building Systems Solutions

We help building owners limit downtime, increase energy efficiency and reduce operating costs

SIX MISSION-CRITICAL MARKETS

- Industrial & Manufacturing
- Life Sciences
- Healthcare
- Data Centers
- Higher Edu.
- Cultural & Entertainment

THREE STRATEGIC GROWTH DRIVERS

Mix Shift Between Two Business Units

Expanding Margins Through Evolved Service Offerings

Strategic Acquisitions

LIMBACH

HARPER · Jake Marshall (A Limbach Company) · ACME Industrial (A Limbach Company) · industrial air

Investment Highlights

Strategy Combines Organic Growth and Strategic Acquisitions

Compelling Customer Value Creates Competitive Advantage

Reoccurring, Mission Critical Revenue and Economically Resilient Business

Strong Balance Sheet and Capital Allocation Strategy

Large Market Opportunity with Tailwinds for Sustained Growth

Diversified Customers and Verticals

Limited Fixed Costs and Smaller Projects Provide Flexible Business Model

Optimizing Existing Buildings to Focus on Sustainability and Cost Efficiency

Our Two Segments – ODR & GCR

Owner Direct Relationships ("ODR")

Higher margins from working directly for building owners; ability to **develop and propose customized solutions**

General Contractor Relationships ("GCR")

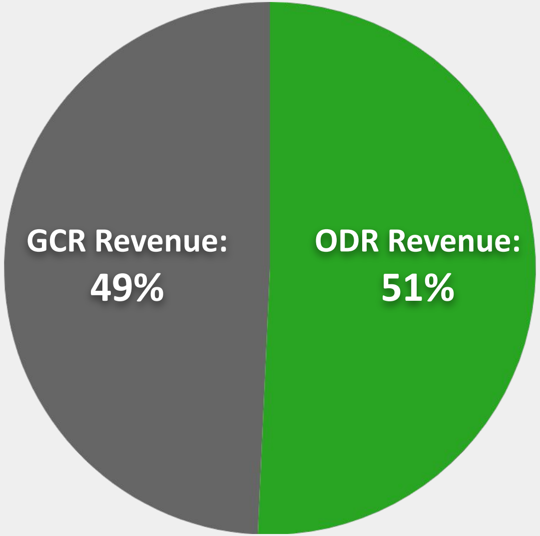
Projects characterized as **'having a solution in place'**

Driving Higher Margins and **Earnings Growth** through a Disciplined **Shift to ODR Revenue** from GCR Revenue

FY 2019	21% ODR	79% GCR
FY 2023	51% ODR	49% GCR
FY 2024	60-70% ODR	30-40% GCR
FY 2025	>70% ODR	<30% GCR

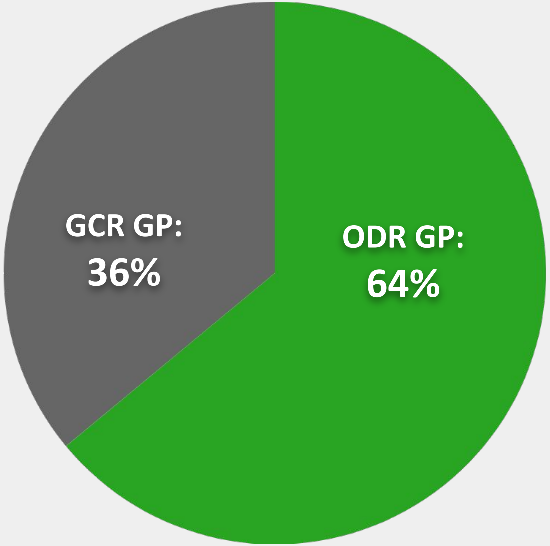
Revenue and Gross Profit Contribution - ODR and GCR

FY 2023 ODR vs. GCR Revenue



Consolidated Revenue $**516.4M**

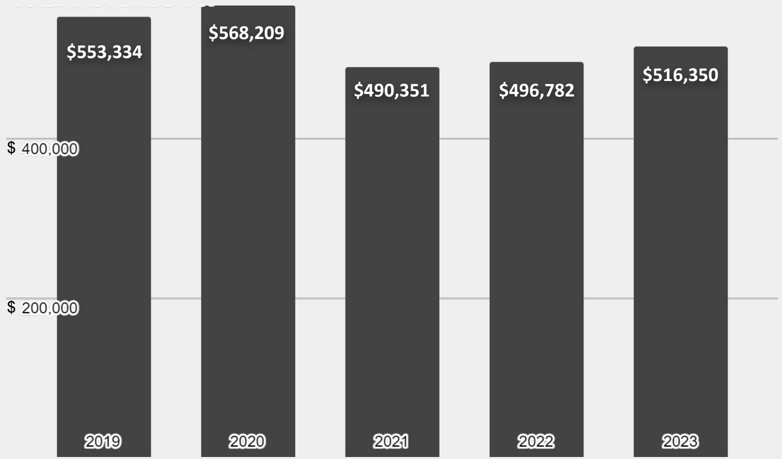
FY 2023 ODR vs. GCR Gross Profit



Total Gross Profit $**119.3M**

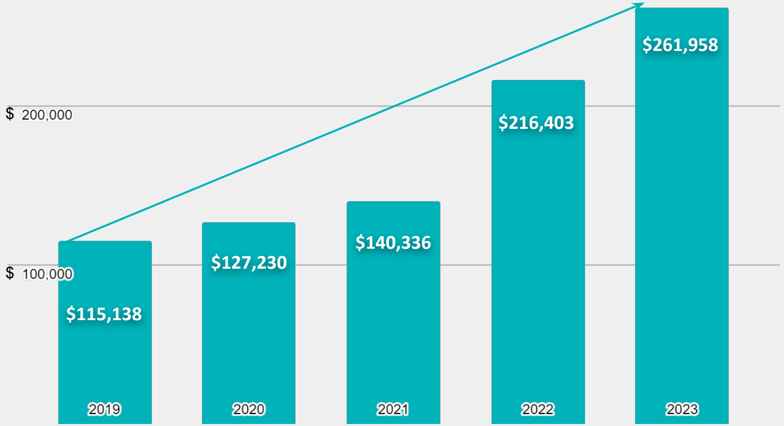
Higher Margin ODR Segment Revenue Growth vs. Total Revenue

2019-2023: Total Revenue



Consolidated Revenue is down **6.7%** from 2019

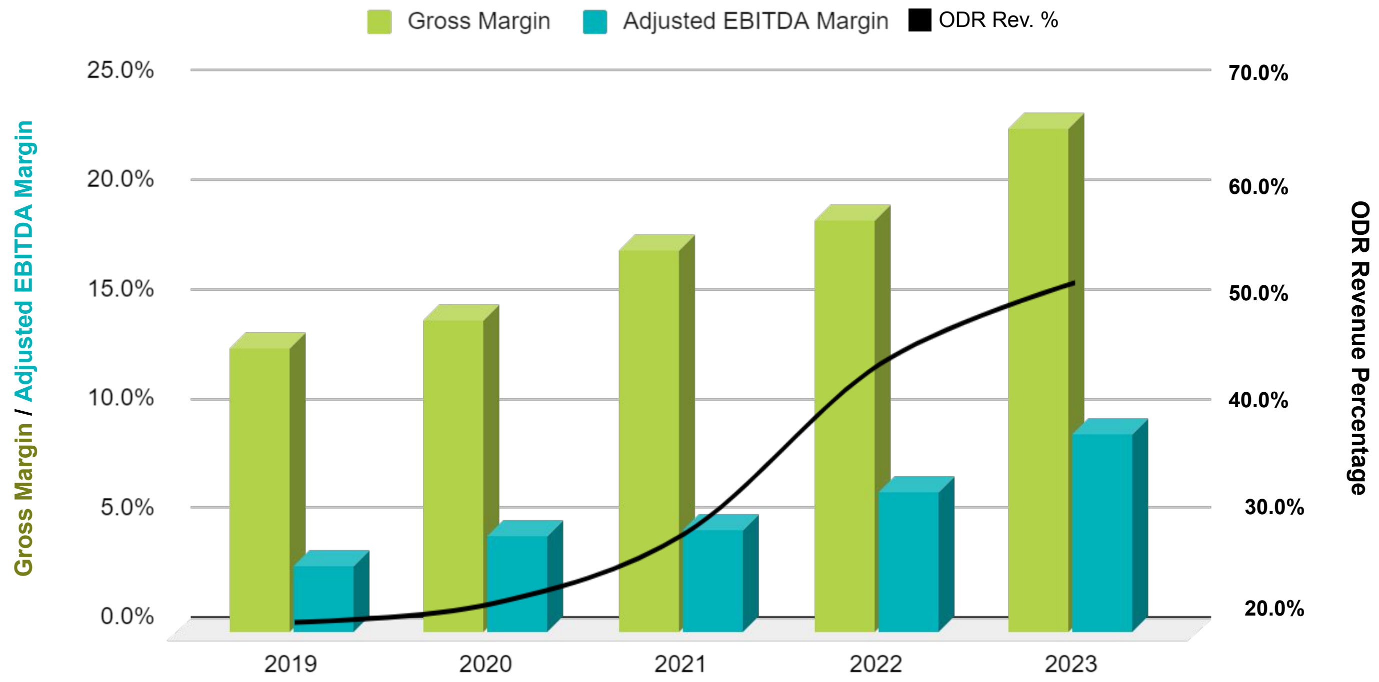
2019-2023: Total ODR Revenue



ODR Revenue is up **127.5%** from 2019

Shift to ODR Business Drives Higher Margins

Over the period from FY 2019 – FY 2023, Gross Margin has **expanded nearly 1,010 bps** to **23.1%**
This has enabled us to drive Adjusted EBITDA Margin[1] up more than **3x** from **3.0% to 9.1%**



1. See Adjusted EBITDA margin calculation on slide 26.

LIMBACH

Large Market Opportunity with Tailwinds for Sustained Growth

LMB Core Markets

01


02


03


04


05


06


Industry Trends [1, 2, 3]

01 Healthcare
- Smart Building Systems
- Tech Enablement
- Sustainable Designs

02 Industrial & Manufacturing
- Reshoring
- CHIPS & Science Act
- Build America Buy America Act (BABAA)

03 Data Centers
- Reduction in Electricity Tariffs
- Prioritizing Modular Power Infrastructure

04 Life Sciences
- Extreme Growth Due to Aging Population
- Speed of Delivery
- Exploring Non-Traditional Delivery Models

05 Higher Edu.
- Increased Tax Collections
- New Bond Measures
- Renew America Act

06 Cultural & Entertainment
- Integration of AI
- M&A to capture new IP

Mission-Critical

A facility's uninterrupted operation is essential - systems must remain online

Durable Demand

Customers with strong competitive positioning and market growth

Economic Resilience

Recession resistant services, diverse verticals and geographies position Limbach for consistent performance

Flexibility in Budgets

Flexibility between OpEx and CapEx customer budgets

1. Industry trends reported by the 2023 FMI North American Engineering & Construction Outlook – Third Quarter Edition – Released July 2023
2. Industry trends reported by the CoStar Commercial Repeat-Sales Indices Press Release – Released April 2023
3. Industry Trends Reported by the March 2023 Dodge Momentum Index – Released March 2023

Limbach Combines Best-in-Class Attributes of Key Verticals

While our market has numerous competitors, Limbach has combined the best aspects of each in this space, enabling us to be the **one-stop-shop** for building owners to **maximize their investment** of their mission-critical assets.

	Example of Firms:	Typical Clients:	Custom Engineered Solutions:	Craft/Field Expertise:	Equipment/ Platform Agnostic:	Vertical Market Discipline:
Specialty Contractors	Comfort Systems USA; Sterling Infrastructure, Inc.	GC/CM	✓	✓	✓	✗
Consulting & Engineering Firms	Ameresco; Tetra Tech	Building Owners	✓	✗	✓	✗
OEM Firms	Trane; AAON	Building Owners Specialty Contractors	✗	✓	✗	✗
Property Managers	CBRE; JLL	Building Owners	✗	✗	✓	✗
Full-Life Cycle Capability Firm	Limbach	Building Owners GC/CM	✓	✓	✓	✓

GC = General Contractor
CM = Construction Manager

Compelling Customer Value Proposition

Unique Service Offerings:

- On-Demand Services (Rental Equip.)
- Critical System Repairs
- Data Driven Solutions
- Maintenance & Operations
- MEP Infrastructure Projects
- Equipment Upgrades & Products
- Professional Consultative Services
- Building Automation Upgrades
- Energy Efficiency Upgrades
- Decarbonization Initiatives

Customer Value:

- Mission-critical building systems solutions support providing best option for long- and short-term impacts
- Dedicated resources: onsite every day to become an extension of a customer's staff, developing expertise in their systems; leads to trusted partnerships
- Maximize returns on building assets by reducing costs and energy usage and meeting sustainability objectives
- Solutions that are best for the customer; not promoting a brand of equipment
- Expertise to provide customized solutions
- Indispensable partner to customers leads to long-term relationships generating consistent, reoccurring revenue, attractive margins and opportunities to grow the business with the customer

Customer Case Study

Not-For-Profit Healthcare Customer

16 Facilities Located Throughout West Florida

4 Surgery Centers & 193 Physician Locations

3,946 Beds & 85,663 Outpatient Surgeries

$5.1 Billion Operating Revenue

2012 - 2019

Partner For:

- Capital Projects / New Builds
- Equipment Upgrades
- Hurricane Preparedness
- Preventative Maintenance at Few Facilities

2022

Added Resources & Service:

- Special Project Support
- Preventative Maintenance at Multiple Facilities

2023-2024

Partnership Evolution:

- Dedicated Account Manager
- Three Dedicated Special Project Team Members
- OpEx Project Partner
- Preventative Maintenance Agreement - Numerous Facilities

Management Team with Track Record of Execution

Since 2019, management has taken decisive steps to de-risk the business and position Limbach for sustained growth and returns.

Executing strategy to drive organic growth, reoccurring revenue, margin expansion and profitability through mix shift to higher margin ODR business	✓ **Grown ODR revenue mix from 21% to 51% and Adj. EBITDA from $16.8M to $46.8M from 2019 to 2023**
Improving risk profile and margins by limiting larger risky GCR projects; increasing visibility and predictability of revenue	✓ **17% GCR gross margin in 2023**
Building a more stable, higher margin, higher quality business through a disciplined focus on six industry verticals; growing revenue in higher margin ODR business	✓ **29% ODR gross margin in 2023**
Executing accretive, strategic acquisitions, both tuck-in and geographic expansion	✓ **Completed three acquisitions since December 2021**
Creating stockholder value through organic growth and disciplined acquisitions that expand market share, service offerings and geographic footprint	✓ **845% stock price increase from Jan. 2, 2019 to Jan. 2, 2024**

Organic Growth

Growing existing customer relationships to generate margin expansion by providing evolved service offerings

01 Dedicate 80% of time to top five customers in each market

02 Focus on expanding customer relationships by providing innovative solutions

03 Evolving service offerings

Invested $4 million in rental MEP equipment to provide urgent and critical systems solutions for customers

Strategic Acquisitions

Disciplined and focused M&A strategy comprises "Tuck-In" and "Expansion" acquisitions of companies with consistent and scalable business models

Tuck-ins in existing regions provide new customers or expand services to current customer

Expansion acquisitions prioritize providing services to new geographies

Both types enhance the ability to **scale the business**

M&A CRITERIA:

- Geographic Expansion
- Supports ODR Strategy
- Attractive Business Model
- Expands Capabilities
- Cultural Compatibility
- Technology-Focused

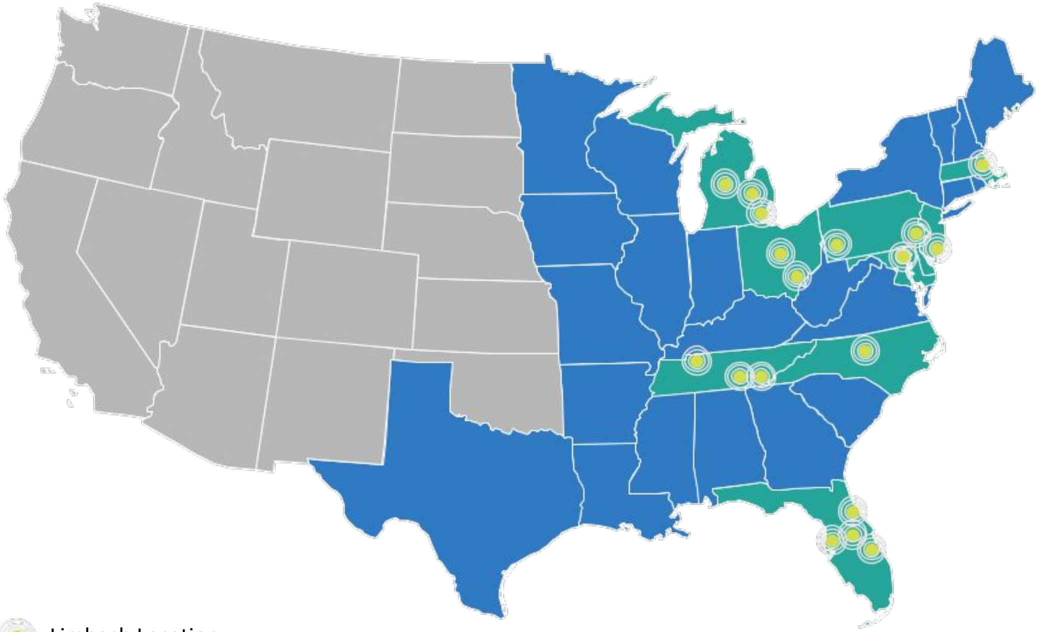
Proven Track Record of M&A Transactions that Meet our Criteria

Completed three acquisitions since December 2021, bringing scale and strategic new markets to the portfolio

Jake Marshall, LLC – A Limbach Company	ACME Industrial – A Limbach Company	industrial air
Chattanooga, Tennessee (December 2021)	Chattanooga, Tennessee (July 2023)	Greensboro, North Carolina (November 2023)
Location expanded presence in the Southeast	Location synergistic with Jake Marshall subsidiary	Location expanded presence in the Southeast
ODR expansion in industrial and core institutional markets	ODR expansion in industrial and hydro industrial markets	ODR vertical market expansion, access to textile consumer product market

Current & Target Geographies

CURRENT & TARGET GEOGRAPHIES



Limbach Location

States with branch locations and potential tuck-in opportunity

Potential new geographies for acquisitions

Tuck-In Acquisitions

- Total Revenue: $10-15M w/80%+ ODR Revenue
- +15% YoY ODR Growth
- Focus on Gross Profit Quality & Account Resources
- Ex: ACME INDUSTRIAL A Limbach Company

New Geography Acquisitions

- Total Revenue: $25M-40M w/ODR & GCR Mix
- Year 3 = at least 50/50 Revenue Mix
- Ex: Jake Marshall, LLC A Limbach Company; industrial air

Strong Balance Sheet and Disciplined Capital Allocation Strategy

Key Balance Sheet Items	December 31, 2023[1]	December 31, 2022[1]
Cash and Cash Equivalents	$59.8	$36.0
Current Assets	$217.0	$226.0
Current Liabilities	$145.1	$159.1
Working Capital	$71.9	$66.9
Net (Over) / Under Billing[2]	$(12.7)	$(10.2)
Revolver	$10.0	—
Term Loan	—	$21.5
Financing Liability (Sale and Leaseback Transaction)	$5.4	$5.4
Vehicle Finance Leases	$7.3	$5.0
Total Debt	$22.7	$31.8
Net Debt (Cash)[3]	$(37.1)	$(4.2)
Equity	$120.9	$95.4

Balance Sheet to fund organic growth and acquisitions – net cash position coupled with undrawn revolver

Strong Free Cash Flows

Investment in expanding and evolving service offerings

Strategic acquisitions – disciplined acquisition criteria

Dollars in millions.

1. See the Company's annual report on Form 10-K for the year ended December 31, 2023.
2. For the calculation of the Company's net billing position, refer to Note 4 to the consolidated financial statements within the Company's annual report on Form 10-K for the year ended December 31, 2023.
3.The Company's calculation of the net debt (cash) position is cash and cash equivalents minus total debt.

Investment Highlights

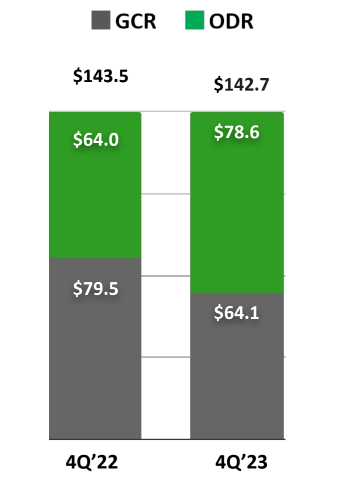
- Strategy Combines Organic Growth and Strategic Acquisitions
- Compelling Customer Value Creates Competitive Advantage
- Reoccurring, Mission Critical Revenue and Economically Resilient Business
- Strong Balance Sheet and Capital Allocation Strategy
- Large Market Opportunity with Tailwinds for Sustained Growth
- Diversified Customers and Verticals
- Limited Fixed Costs and Smaller Projects Provide Flexible Business Model
- Optimizing Existing Buildings to Focus on Sustainability and Cost Efficiency

APPENDIX

Operating and Financial Update

4Q’23 Performance

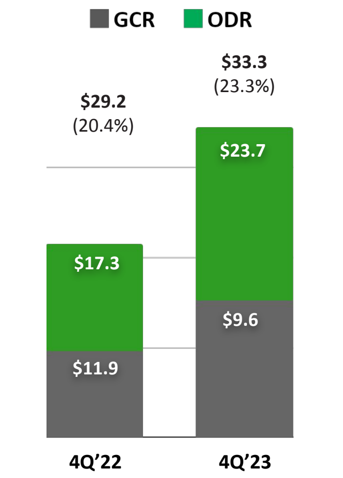
Revenue[1]



Year-Over-Year Change

- 0.6%

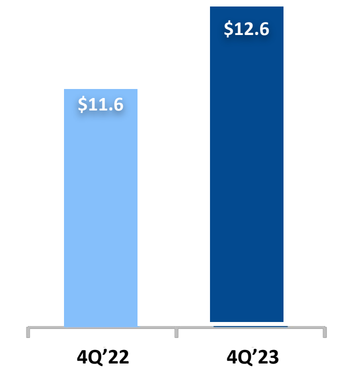
Gross Profit and (Margin)[1]



Year-Over-Year Change

+ 14.0%

Adjusted EBITDA[2]



Year-Over-Year Change

+ 8.8%

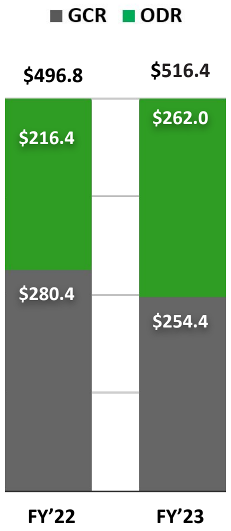
Dollars in millions. Totals may not foot due to rounding.

1. See the Company’s quarterly earnings press release on Form 8-K for the fiscal quarter ended December 31, 2023.
2. See slide 26 for Non-GAAP Reconciliation Table.

Operating and Financial Update

YTD 2023 Performance

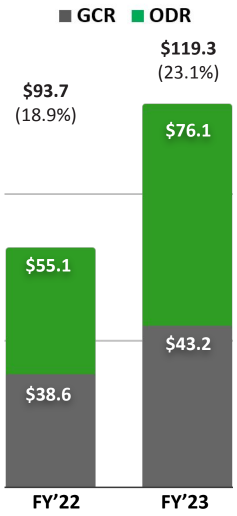
Revenue[1]



Year-Over-Year Change

+ 3.9%

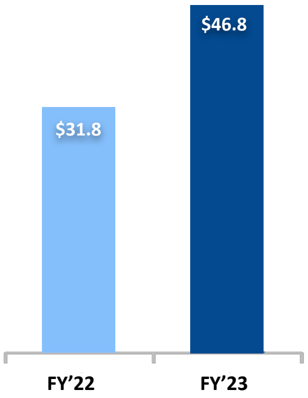
Gross Profit and (Margin)[1]



Year-Over-Year Change

+ 27.3%

Adjusted EBITDA[2]



Year-Over-Year Change

+ 47.3%

Dollars in millions. Totals may not foot due to rounding.

1. See the Company’s annual report on Form 10-K for the fiscal year ended December 31, 2023.
2. See slide 26 for Non-GAAP Reconciliation Table.

Experienced Management Team

Mike McCann, *President & CEO*

Mike McCann is a seasoned executive with over fourteen years of experience in the construction industry. As the President and CEO of the Company, Mike has been instrumental in driving the Company’s growth and operational efficiency since joining in 2010. Before becoming CEO, Mike served as Limbach’s Chief Operating Officer (COO) where he helped lead our Company and branch teams in driving operational excellence and efficiency, implementing best practices, and delivering outstanding results.

Jay Sharp, *Limbach President*

Jay Sharp, who joined Limbach in 1990, serves as President in several Limbach Holdings Inc. entities, such as Limbach Company LLC, Limbach Company LP, and Jake Marshall LLC. Demonstrating expertise as Ohio's Branch Manager, he excels in developing branch strategy and leading sales, engineering, and customer solutions. In his elevated position, Jay provides strategic vision and alignment for Branch Manager teams, overseeing the day-to-day operations of Limbach Holdings Inc. entities.

Jayme Brooks, *Executive Vice President & CFO*

Jayme L. Brooks is the Executive Vice President and CFO of the Company. She previously held executive roles at Capstone Turbine Corporation, including CFO and Chief Accounting Officer. Brooks also served as VP of Financial Planning and Analysis and Director of Financial Reporting at Capstone, as well as VP and Controller at Computer Patent Annuities North America LLC. She holds a Bachelor's degree in Business Economics from UC Santa Barbara and an MBA from Duke University's Fuqua School of Business, and she is a licensed CPA in the state of California.

Nick Angerosa, *Harper Limbach President*

Nick Angerosa has served as President of Harper Limbach since 2020, overseeing the company's operations and growth. Joining Harper in 2012, he initially managed the Tampa Branch before his promotion. In his role, he continues to lead Harper Limbach LLC and Harper Limbach Construction LLC, ensuring their day-to-day operations. With over 11 years at the company, Angerosa has been elevated to the Senior Management Team, aligning with his vision to position Harper as a top provider of value-driven building solutions and services to its clientele.

Melissa DiMuro, *Chief People, Culture & Marketing Officer*

Melissa DiMuro joined the Company as Chief People, Culture & Marketing Officer in 2021. In this role, she oversees our human capital strategy, including talent management, leadership development, and workforce planning. With 21 years of HR leadership experience, including 14 at GE Aviation, DiMuro has expertise in talent management and strategic workforce planning. She is a graduate of GE's Human Resources Leadership Program and holds a Master's degree in Labor and Employment Relations and a Bachelor's degree in Psychology from the University of Cincinnati.

Matt Katz, *Executive VP - Mergers, Acq. & Capital Markets*

Matt Katz serves as the Executive Vice President of Mergers, Acquisitions, and Capital Markets for our company. With responsibility for our M&A strategy and the acquisition of Jake Marshall, ACME Industrial, and Industrial Air, Matt specializes in identifying growth opportunities. With a background in investment banking from Lehman Brothers, Matt possesses a deep understanding of mergers, acquisitions, and financing transactions. He holds a BA in History from Williams College and actively participates as a board member of Landon School's New York Alumni Association

Scott Wright, *Executive Vice President - Legal & Risk Mgt.*

Scott joined Limbach in 2006 and became General Counsel in 2012. As the head of the Legal & Risk Management Department, he and his team of dedicated professionals support Limbach’s Corporate Services and branch locations throughout the United States. As General Counsel for a publicly traded company, Scott serves as Limbach’s guardian, leveraging his vast experience to guide, implement, and manage regulatory and policy matters. His extensive experience and longstanding commitment to Limbach provide a unique and insightful perspective, contributing invaluable legal and business input that has significantly influenced the company’s market strategy and industry position.

Dominick Traina, *Executive Vice President - Shared Services*

Dominick Traina serves as the Executive Vice President of Shared Services for the company, overseeing the Shared Services team, Limbach Collaborative Services, Branch Finance, Financial Planning & Analysis (FP&A), and Continuous Improvement efforts. His extensive expertise in operational finance and process improvement has been instrumental in evolving the company's centralized services and cost efficiency.

Board of Directors with Extensive Construction Industry and Finance Experience

- **Mike McCann**

  See Mr. McCann's full bio on page 22

- **Joshua Horowitz**

  Mr. Horowitz is an experienced investor with over 17 years in the field. Since January 2012, he has been a portfolio manager and Managing Director at various Palm entities, currently overseeing the Palm Global Small Cap Master Fund at Palm Management (US) LLC. He previously held positions at Berggruen Holdings and Crossway Partners LP. Throughout his career, he has served as a director for various companies, including The Lincoln General Insurance Company, 1347 Capital Corp, and 1347 Property Insurance Holdings, Inc. He was also Interim Chairman of the Board at Birner Dental Management Services, Inc. Mr. Horowitz currently holds director positions at Zoom Telephonics, Inc. and Insurance Income Strategies, Ltd., and serves as a Board Observer at Biomerica, Inc. He holds a Bachelor of Science degree in Management from Binghamton University and studied at the Bath School of Management in the United Kingdom.

- **Laurel Krzeminski**

  Ms. Krzeminski served as Chief Financial Officer of Granite Construction Incorporated from November 2010 until her retirement in April 2018, also holding the position of Executive Vice President from December 2015. Prior to Granite, she held various corporate and operational finance roles at The Gillette Company and Procter and Gamble, including overseeing Gillette's Sarbanes-Oxley Section 404 Compliance program. Ms. Krzeminski has also worked in public accounting and currently serves on the board of directors of Terracon. She holds a Bachelor of Science in Business Administration-Accounting from San Diego State University and was appointed to the Board of Directors in April 2018.

- **Michael McNally**

  Mr. McCally brings with him over 35 years of construction experience through holding various management positions with Fluor, Marshall Contractors, Mobil Oil and J. Ray McDermott. He retired in 2014, as President and Chief Executive Officer of Skanska USA, Inc., a subsidiary of the one of the world's largest construction companies. Prior to that, he served as Vice President in charge of Construction for Fluor Daniels Industrial Group. Mr. McNally received a B.S. in Civil Engineering from the University of Notre Dame and an MBA from the University of Rhode Island.

- **Gordon Pratt**

  Mr. Pratt has been a director of the Company since 2014 and became chairman in July 2016. He has held various leadership roles including president, CEO, and vice chairman from 2014 to 2016. Gordon is a Managing Member of Fund Management Group LLC since March 2004. He has extensive experience in the insurance industry, having served in senior positions at Willis Group, Hales Capital Advisors LLC, and Distribution Partners Investment Capital L.P. Gordon also chairs the boards of Atlas Financial Holdings, Inc. and 1347 Property Insurance Holdings, Inc., among others. With over 25 years in insurance financial analysis, Gordon's qualifications include his leadership roles in publicly-traded and privately held insurance enterprises. He holds a bachelor's degree from Cornell University and a Master of Management degree from Northwestern University.

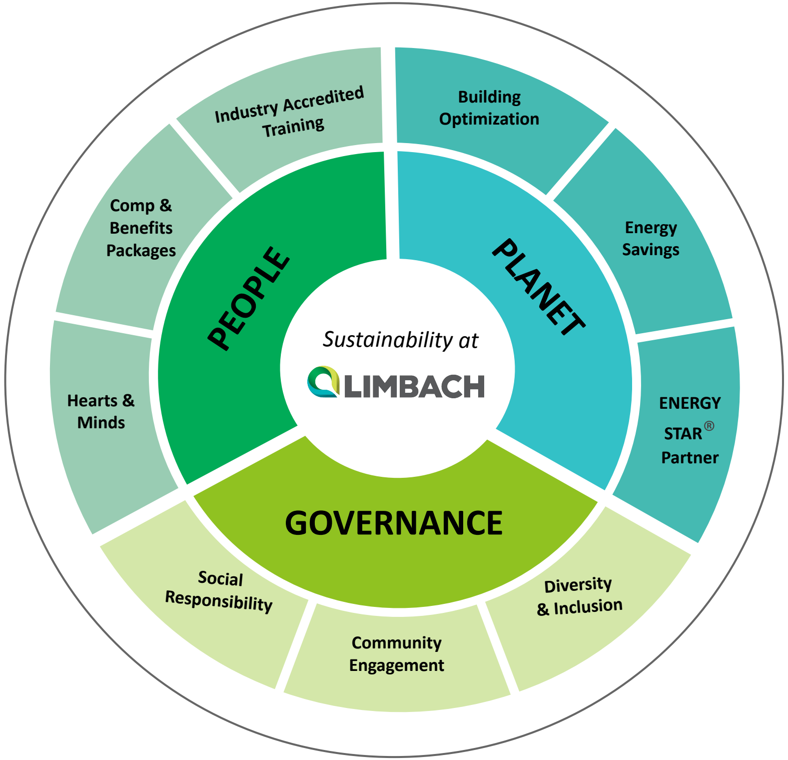
- **Norbert Young**

  Mr. Young has served as the Executive Vice President of Lehrer, LLC since 2015. Prior to accepting this position, he served as a consultant to Lehrer, where he focused on providing advisory services to clients for the implementation of capital projects. In this capacity, Norbert uses his 40 years of construction industry experience to provide clients with strategic planning, business transformation and project controls guidance in the construction industry. From 2009 to 2013, he provided consulting services as managing director of Duck Cove Associates LLC, where he advised clients on supply chain, engineering software and engineering services issues. Prior to such positions, Norbert was President of McGraw Hill Construction from 1999 until 2009. Prior to joining McGraw Hill Construction, he spent eight years with the Bovis Construction Group, a global leader in the management of high profile construction projects.

- **Linda Alvarado**

  Linda G. Alvarado since 1978 has been the owner, President and Chief Executive Officer of Alvarado Construction, Inc., a commercial general contractor, development, design/build, and construction management company in the United States and internationally. Ms. Alvarado is also an owner of the Colorado Rockies Major League Baseball Club, as well as the President of Palo Alto, Inc., and the Alvarado Restaurant Entities which owns and operates YUM! Brands restaurants in multiple states. Formerly, Ms. Alvarado was a director of Pitney Bowes Inc., 3M Company, Lennox International Inc., The Pepsi Bottling Group Inc. and Qwest Communications International Inc. Ms. Alvarado brings to the board of directors her significant management and operational experience as a principal of several diverse business enterprises, as well as an understanding of finance, strategic growth planning, capital allocation, marketing, workforce, and human resources issues. Ms. Alvarado's experience as a member of other public company boards of directors contributes to her understanding of corporate governance, regulatory compliance, financial matters, and public company issues in the building and construction sector.

Sustainability at Limbach



People: Empowering Our Team & Supporting Our Communities

- We champion employee health and safety through our Hearts & Minds program
- We offer competitive compensation and a range of benefits and programs
- Our dedication to employee growth was recognized with the APEX award from Training magazine in 2023 & 2024
- We take great pride in contributing to the communities where we live and operate through our Hearts & Hands ERG

Planet: Breathing Life Into Aging Infrastructure

- Over 35 years of experience in improving our clients' energy performance
- $7+ million in annual energy savings
- Over 100 buildings certified by ENERGY STAR®

Governance: Governing Responsibility

- Committed to transparency, accountability and ethical conduct
- Decisions are made in the best interest of all stakeholders
- Clear policies and procedures to mitigate risks and safeguard assets
- Board oversight of sustainability policies and programs
- Code of Conduct and Ethics
- Whistleblower policy

Non-GAAP Reconciliation Table

*Reconciliation of Adjusted EBITDA Margin**

	Fiscal Year ended December 31,					Three Months Ended Dec. 31,	
(in thousands)	2019	2020	2021	2022	2023	2022	2023
Revenue:	**$ 553,334**	**$ 568,209**	**$ 490,351**	**$ 496,782**	**$ 516,350**	**$ 143,483**	**$ 142,691**
Net income (loss)	**($ 1,775)**	**$ 5,807**	**$ 6,714**	**$ 6,799**	**$ 20,754**	**$ 3,808**	**$ 5,249**
Adjustments:							
Depreciation and amortization	6,286	6,171	5,948	8,158	8,244	1,985	2,493
Interest expense	6,285	8,627	2,568	2,144	2,046	633	431
Interest income	—	—	—	—	(1,217)	—	(593)
Non-cash stock-based compensation expense	1,766	1,068	2,601	2,742	4,910	762	1,536
Loss on early debt extinguishment	513	—	1,961	—	311	—	—
Impairment of goodwill	4,359	—	—	—	—	—	—
Change in fair value of warrant liability	(588)	1,634	(14)	—	—	—	—
Change in fair value of interest rate swap	—	—	—	(310)	124	(12)	277
Severance expense	—	622	—	—	—	—	—
Loss on early termination of operating lease	—	—	—	849	—	—	—
CEO Transition costs	—	—	—	—	958	—	—
CFO Transition costs	576	—	—	—	—	—	—
Gain on embedded derivative	(388)	—	—	—	—	—	—
Restructuring costs	—	—	—	6,016	1,770	1,692	681
Change in fair value of contingent consideration	—	—	—	2,285	729	1,134	265
Income tax provision (benefit)	(282)	1,182	2,763	2,809	7,346	1,534	1,939
Acquisition and other transaction costs	—	—	735	273	826	30	302
Adjusted EBITDA	$ 16,752	$ 25,111	$ 23,276	$ 31,765	$ 46,801	$ 11,566	$ 12,580
Adjusted EBITDA Margin	3.0%	4.4%	4.7%	6.4%	9.1%	8.1%	8.8%

***Use of Non-GAAP Financial Measures**

In assessing the performance of our business, management utilizes a variety of financial and performance measures. The key measure is Adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net income plus depreciation and amortization expense, interest expense (net), and taxes, as further adjusted to eliminate the impact of, when applicable, other non-cash items or expenses that are unusual or non-recurring or that we believe do not reflect our core operating results. We believe that Adjusted EBITDA is meaningful to our investors to enhance their understanding of our financial performance for the current period and our ability to generate cash flows from operations that are available for taxes, capital expenditures and debt service. We understand that Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties as a measure of financial performance and to compare our performance with the performance of other companies that report Adjusted EBITDA. Our calculation of Adjusted EBITDA, however, may not be comparable to similarly titled measures reported by other companies. When assessing our operating performance, investors and others should not consider this data in isolation or as a substitute for net income (loss) calculated in accordance with GAAP. Further, the results presented by Adjusted EBITDA cannot be achieved without incurring the costs that the measure excludes.

Non-GAAP Reconciliation Table

Reconciliation of Free Cash Flow*

	Fiscal Year ended December 31,				
(in thousands)	**2019**	**2020**	**2021**	**2022**	**2023**
Adjusted EBITDA:	**$ 16,752**	**$ 25,111**	**$ 23,276**	**$ 31,765**	**$ 46,801**
Free Cash Flow:					
Net Income	($ 1,775)	$ 5,807	$ 6,714	$ 6,799	$ 20,754
Non-cash operating activities[(1)]	16,568	13,767	16,997	17,634	18,222
Less: Purchases of property and equipment	(2,663)	(1,483)	(791)	(993)	(2,266)
Free Cash Flow	**$ 12,130**	**$ 18,091**	**$ 22,920**	**$ 23,440**	**$ 36,710**
Free Cash Flow Conversion %	**72.4%**	**72.0%**	**98.5%**	**73.8%**	**78.4%**

1. Represents non-cash activity associated with depreciation and amortization, provision for credit losses / doubtful accounts, stock-based compensation expense, operating lease expense, amortization of debt issuance costs, deferred income tax provision, gain or loss on sale of property and equipment, loss on early termination of operating lease, loss on early debt modification, changes in fair value of contingent consideration, change in fair value of warrant liability, impairment of goodwill, and changes in the fair value of the Company's interest rate swap.

***Use of Non-GAAP Financial Measures**
In assessing the performance of our business, management utilizes a variety of financial and performance measures. The key measure is Adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net income plus depreciation and amortization expense, interest expense (net), and taxes, as further adjusted to eliminate the impact of, when applicable, other non-cash items or expenses that are unusual or non-recurring or that we believe do not reflect our core operating results. We believe that Adjusted EBITDA is meaningful to our investors to enhance their understanding of our financial performance for the current period and our ability to generate cash flows from operations that are available for taxes, capital expenditures and debt service. We understand that Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties as a measure of financial performance and to compare our performance with the performance of other companies that report Adjusted EBITDA. Our calculation of Adjusted EBITDA, however, may not be comparable to similarly titled measures reported by other companies. When assessing our operating performance, investors and others should not consider this data in isolation or as a substitute for net income (loss) calculated in accordance with GAAP. Further, the results presented by Adjusted EBITDA cannot be achieved without incurring the costs that the measure excludes.

Contact Us

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