

LIMBACH HOLDINGS, INC.
Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended	
	March 31.	
(in thousands, except share and per share data)	2025	2024
Revenue	\$ 133,108	\$ 118,976
Cost of revenue	96,389	87,888
Gross profit	36,719	31,088
Operating expenses:		
Selling, general and administrative	26,518	22,876
Change in fair value of contingent consideration	427	623
Amortization of intangibles	1,863	1,057
Total operating expenses	28,808	24,556
Operating income	7,911	6,532
Other income (expenses):		
Interest expense	(526)	(475)
Interest income	370	562
Gain on disposition of property and equipment	333	491
(Loss) gain on change in fair value of interest rate swap	(97)	149
Total other income	80	727
Income before income taxes	7,991	7,259
Income tax benefit	(2,223)	(327)
Net income	\$ 10,214	\$ 7,586
 <i>Earnings Per Share ("EPS")</i>		
Earnings per common share:		
Basic	\$ 0.89	\$ 0.68
Diluted	\$ 0.85	\$ 0.64
Weighted average number of shares outstanding:		
Basic	11,419,455	11,159,849
Diluted	12,051,678	11,894,747

LIMBACH HOLDINGS, INC.
Condensed Consolidated Balance Sheets (Unaudited)

<i>(in thousands, except share and per share data)</i>	March 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,090	\$ 44,930
Restricted cash	65	65
Accounts receivable (net of allowance for credit losses of \$407 and \$387 as of March 31, 2025 and December 31, 2024, respectively)	110,851	119,659
Contract assets	45,018	47,549
Other current assets	10,476	8,131
Total current assets	204,500	220,334
Property and equipment, net	31,174	30,126
Intangible assets, net	39,393	41,228
Goodwill	33,142	33,034
Operating lease right-of-use assets	20,516	21,539
Deferred tax asset	7,412	5,531
Other assets	233	337
Total assets	\$ 336,370	\$ 352,129
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	\$ 3,419	\$ 3,314
Current operating lease liabilities	4,192	4,093
Accounts payable, including retainage	54,901	60,814
Contract liabilities	40,173	44,519
Accrued income taxes	1,131	1,470
Accrued expenses and other current liabilities	27,923	36,827
Total current liabilities	131,739	151,037
Long-term debt	23,692	23,554
Long-term operating lease liabilities	16,682	17,766
Other long-term liabilities	3,127	6,281
Total liabilities	175,240	198,638
STOCKHOLDERS' EQUITY		
Common stock, \$0.0001 par value; 100,000,000 shares authorized, issued 11,804,291 and 11,452,753, respectively, and 11,624,639 and 11,273,101 outstanding, respectively	1	1
Additional paid-in capital	91,654	94,229
Treasury stock, at cost (179,652 shares at both period ends)	(2,000)	(2,000)
Retained earnings	71,475	61,261
Total stockholders' equity	161,130	153,491
Total liabilities and stockholders' equity	\$ 336,370	\$ 352,129

LIMBACH HOLDINGS, INC.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in thousands)	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 10,214	\$ 7,586
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	4,072	2,712
Provision for credit losses	77	39
Non-cash stock-based compensation expense	1,594	1,249
Noncash operating lease expense	994	1,045
Amortization of debt issuance costs	11	11
Deferred income tax provision	(1,881)	(327)
Gain on sale of property and equipment	(333)	(491)
Loss on change in fair value of contingent consideration	427	623
Gain (loss) on change in fair value of interest rate swap	97	(149)
Changes in operating assets and liabilities:		
Accounts receivable	8,900	1,861
Contract assets	2,438	4,594
Other current assets	(2,345)	(592)
Accounts payable, including retainage	(6,006)	(14,060)
Accrued taxes payable	(339)	—
Contract liabilities	(4,346)	(1,052)
Operating lease liabilities	(985)	(974)
Accrued expenses and other current liabilities	(9,582)	(5,863)
Payment of contingent consideration liability in excess of acquisition-date fair value	(711)	—
Other long-term liabilities	(55)	(156)
Net cash provided by (used in) operating activities	2,241	(3,944)
Cash flows from investing activities:		
Consolidated Mechanical Transaction, measurement period adjustment	(14)	—
Proceeds from sale of property and equipment	319	561
Advances from joint ventures	—	4
Purchase of property and equipment	(2,230)	(2,541)
Net cash used in investing activities	(1,925)	(1,976)
Cash flows from financing activities:		
Payment of contingent consideration liability up to acquisition-date fair value	(2,289)	—
Payments on finance leases	(851)	(693)
Proceeds from the sale of shares to cover employee taxes	6,344	—
Taxes paid related to net-share settlement of equity awards	(10,684)	(5,187)
Proceeds from contributions to Employee Stock Purchase Plan	324	206
Net cash used in financing activities	(7,156)	(5,674)
Decrease in cash, cash equivalents and restricted cash	(6,840)	(11,594)
Cash, cash equivalents and restricted cash, beginning of period	44,995	59,898

Cash, cash equivalents and restricted cash, end of period	\$ 38,155	\$ 48,304
Supplemental disclosures of cash flow information		
Noncash investing and financing transactions:		
Kent Island Transaction, measurement period adjustment	\$ (94)	\$ —
Right of use assets obtained in exchange for new operating lease liabilities	—	2,097
Right of use assets obtained in exchange for new finance lease liabilities	1,318	308
Right of use assets disposed or adjusted modifying finance lease liabilities	—	(41)
Interest paid	526	484
Cash paid for income taxes	\$ —	\$ —

LIMBACH HOLDINGS, INC.
Condensed Consolidated Segment Operating Results (Unaudited)

(in thousands, except for percentages)	Three Months Ended				Increase/(Decrease)	
	March 31,					
	2025		2024		\$	%
Statement of Operations Data:						
Revenue:						
ODR	\$ 90,393	67.9 %	\$ 74,256	62.4 %	\$ 16,137	21.7 %
GCR	42,715	32.1 %	44,720	37.6 %	(2,005)	(4.5)%
Total revenue	133,108	100.0 %	118,976	100.0 %	14,132	11.9 %
Gross profit:						
ODR ⁽¹⁾	26,161	28.9 %	22,161	29.8 %	4,000	18.0 %
GCR ⁽²⁾	10,558	24.7 %	8,927	20.0 %	1,631	18.3 %
Total gross profit	36,719	27.6 %	31,088	26.1 %	5,631	18.1 %
Selling, general and administrative ⁽³⁾	26,518	19.9 %	22,876	19.2 %	3,642	15.9 %
Change in fair value of contingent consideration	427	0.3 %	623	0.5 %	(196)	(31.5)%
Amortization of intangibles	1,863	1.4 %	1,057	0.9 %	806	76.3 %
Total operating income	\$ 7,911	5.9 %	\$ 6,532	5.5 %	\$ 1,379	21.1 %

⁽¹⁾ As a percentage of ODR revenue.

⁽²⁾ As a percentage of GCR revenue.

⁽³⁾ Included within selling, general and administrative expenses was \$1.6 million and \$1.2 million of non-cash stock-based compensation expense for the three months ended March 31, 2025 and 2024, respectively.

Non-GAAP Financial Measures

In assessing the performance of our business, management utilizes a variety of financial and performance measures. The key measures are Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income and Adjusted Diluted Earnings per Share, which are non-GAAP financial measures.

Adjusted EBITDA and Adjusted EBITDA Margin

We define Adjusted EBITDA as net income plus depreciation and amortization expense, interest expense, and taxes, as further adjusted to eliminate the impact of, when applicable, other non-cash items or expenses that are unusual or non-recurring that we believe do not reflect our core operating results. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by total revenue. Our board of directors and executive management team focus on Adjusted EBITDA and Adjusted EBITDA Margin as two of our key performance and compensation measures. Adjusted EBITDA and Adjusted EBITDA Margin assists us in comparing our performance over various reporting periods on a consistent basis because it removes from our operating results the impact of certain items that do not necessarily reflect our core operations. We believe that Adjusted EBITDA and Adjusted EBITDA Margin are 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.

Adjusted Net Income and Adjusted Diluted Earnings per Share

We define Adjusted Net Income as net income, adjusted to exclude certain items that do not reflect our core operating performance, such as amortization of intangible assets, stock-based compensation, restructuring charges, the change in fair value of contingent consideration, acquisition and other transaction costs and the net tax effect of reconciling items, as further adjusted to eliminate the impact of, when applicable, other non-cash or expenses that are unusual or non-recurring. We define Adjusted Diluted Earnings per Share as Adjusted Net Income divided by the weighted average diluted shares outstanding. We believe Adjusted Net Income and Adjusted Diluted Earnings per Share are useful to investors as we use these metrics to assist with strategic decision making, forecasting future results, and evaluating current performance.

We understand that these non-GAAP financial measures are 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, Adjusted EBITDA Margin, Adjusted Net Income and Adjusted Diluted Earnings per Share. Our calculations of these non-GAAP measures, 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 calculated in accordance with GAAP. Further, the results presented by Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income and Adjusted Diluted Earnings per Share cannot be achieved without incurring the costs that the measure excludes. A reconciliation of net income to Adjusted EBITDA and net income to Adjusted Net Income, the most comparable GAAP measures, are provided below.

We refer to our estimated revenue on uncompleted contracts, including the amount of revenue on contracts for which work has not begun, less the revenue we have recognized under such contracts, as “backlog.” Backlog includes unexercised contract options.

Reconciliation of Net Income to Adjusted EBITDA (unaudited)

<i>(in thousands)</i>	Three Months Ended March 31,	
	2025	2024
Net income	\$ 10,214	\$ 7,586
Adjustments:		
Depreciation and amortization	4,072	2,712
Interest expense	526	475
Interest income	(370)	(562)
Stock-based compensation expense	2,012	1,249
Change in fair value of interest rate swap	97	(149)
Income tax benefit	(2,223)	(327)
Acquisition and other transaction costs	50	30
Change in fair value of contingent consideration	427	623
Restructuring costs ⁽¹⁾	67	120
Adjusted EBITDA	<u>\$ 14,872</u>	<u>\$ 11,757</u>
Revenue	\$ 133,108	\$ 118,976
Adjusted EBITDA Margin	11.2 %	9.9 %

⁽¹⁾ For the three months ended March 31, 2025 and 2024, the majority of the restructuring costs related to our Southern California and Eastern Pennsylvania branches.

Reconciliation to Adjusted Net Income and Adjusted Diluted Earnings Per Share (unaudited)

<i>(in thousands, except share and per share amounts)</i>	Three Months Ended March 31,			
	2025		2024	
Net income and diluted earnings per share	\$ 10,214	\$ 0.85	\$ 7,586	\$ 0.64
Pre-tax Adjustments:				
Amortization of acquisition-related intangible assets	1,863	0.15	1,057	0.09
Stock-based compensation expense	2,012	0.17	1,249	0.11
Change in fair value of interest rate swap	97	0.01	(149)	(0.01)
Restructuring costs ⁽¹⁾	67	0.01	120	0.01
Change in fair value of contingent consideration	427	0.04	623	0.05
Acquisition and other transaction costs	50	—	30	—
Tax effect of reconciling items ⁽²⁾	(1,218)	(0.10)	(791)	(0.07)
Adjusted net income and adjusted diluted earnings per share	<u>\$ 13,512</u>	<u>\$ 1.12</u>	<u>\$ 9,725</u>	<u>\$ 0.82</u>
Diluted weighted average shares outstanding	12,051,678		11,894,747	
Adjusted EBITDA per diluted share	\$ 1.12		\$ 0.82	

⁽¹⁾ For the three months ended March 31, 2025 and 2024, the majority of the restructuring costs related to our Southern California and Eastern Pennsylvania branches.

(2) The tax effect of reconciling items was calculated using a statutory tax rate of 27%.