"An Overheated HVAC Growth Story"

/ STRONG SELL OPINION /

Limbach Holdings, Inc. | NASDAQ: LMB

SPRUCE POINT CAPITAL MANAGEMENT

INVESTMENT RESEARCH REPORT

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Executive Summary

Spruce Point Capital Management

Spruce Point Has A Track Record With Short Activism On Low-Quality Industrial Roll-Ups

	GENERAC	METTLER TOLEDO	XPO Logistics	US CONCRETE
Report	NYSE: GNRC | 6/22/2022	NYSE: MTD | 7/24/2019	NYSE: XPO | 12/13/2018	NASDAQ: USCR | 5/17/2018
Enterprise Value	$15.7 billion	$21.8 billion	$13.1 billion	$1.7 billion
Company Promotion	Leader in home standby power generation and alternative energies	Best of breed weights, test and measurement equipment company with superior margins and an ability to never miss Wall St. EPS targets	Leading logistics and transportation roll-up that operates as a highly integrated network of people, technology and physical assets. Has the capacity to spend up to $8bn for a mega-deal.	An effective roll-up acquirer of ready-mix concrete assets.
Our Criticism	To deflect from growing core challenges in its power generator business, we believe Generac is trying to position itself as a new clean energy play to buff its ESG and transparency image. However, our review of its recent M&A roll-up activity to expand its core and clean energy efforts reveal a host of serious concerns.	Concerns about the CEO's biographical statements. Excessive cost capitalization from a 12 year "Blue Ocean" ERP implementation. Unusual corporate structure that omits product level margin discussion. Closeness of management with its auditor, PwC. Financial strains being signaled and anomalies in China. Extreme valuation with price 14% over the average analyst price target.	XPO's financials should be viewed cautiously as a result of aggressive accounting assumptions, from a CEO known for aggressive roll-up strategies. The Board is not best suited to oversee the strategy, and the stock is a Wall St. darling poised to disappoint as its fragile financial condition becomes evident.	The Company's acquisition strategy is showing signs of financial strain including challenges with organic growth, questionable financial reporting to embellish results, rising leverage, CFO and management turnover. Peak valuation makes owning shares a poor risk reward. We estimated downside risk of 60%-90%.
Successful Outcome	Generac's shares have fallen as much as 60% since our report. Generac's largest solar distributor filed a lawsuit alleging it covered-up defective products. The Company's COO resigned. Generac issued preliminary financial results that blind-sided investors with a slow down in growth. Generac disclosed it received a subpoena related to a grand jury investigation.	Mettler's Q2 2019 missed sales estimates by the widest margin in years, and initial 2020 guidance issued in Q3 2019, missed estimates with lower sales and earnings growth. Management failed to address any of the issues identified by Spruce Point. By December 2020, Mettler announced a CEO transition plan.	XPO's shares fell by as much as 25% following the report. The Company would go on to cut its guidance and miss financial targets. Its COO was terminated after XPO lost a substantial customer, believed to be Amazon. XPO's mega-deal never materialized, and instead it tempered its growth strategy by turning to levered share repurchases and a reorganization.	USCR's share price contracted by -55% in the subsequent quarter as financial pressures which we highlighted emerged, results trailed expectations and investors were disappointed. USCR was acquired more than three years later on June 7, 2021, for $74 per share, during which time the stock vastly underperformed the Dow Jones Industrial Index by approximately 23%.

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Spruce Point Issues "Strong Sell" Opinion On Limbach Holdings, Inc. (NASDAQ: LMB) Sees 20% - 50% Potential Downside Risk

After conducting a forensic review of Limbach Holdings, Inc. (Nasdaq: LMB or "the Company"), a building systems solutions firm specializing in mechanical, electrical, plumbing, HVAC, and controls infrastructure for commercial, institutional, and industrial facilities, Spruce Point has developed concerns over the Company's aggressive accounting practices, several connections to high-profile actual and alleged fraud cases (e.g. an Enron spin-off, Qwest Communications, and Granite Construction) among its board, and its CFO who was previously sued over an alleged breach of fiduciary duty. We also observe decelerating organic growth in the Company's Owner Direct Relationships ("ODR") segment, the key growth driver for the Company, and highlight why we believe the Company's measures of Adj. EBITDA and free cash flow are overstated by 13% and 200%, respectively, over the last-twelve months, raising questions about the sustainability of its growth strategy.

We also believe the market is overlooking increased competition from private equity-backed platforms, which we view as better equipped than industry incumbents to consolidate the industry and leverage technology to scale operations, drive margin expansion, and win market share. Building system OEMs like Johnson Controls (NYSE: JCI), Trane Technologies (NYSE: TT), and Honeywell (Nasdaq: HON) have also shown their interest in growing their service and solutions offerings, either through acquisitions or internal investments, placing them in direct competition with service providers like Limbach.

<u>Limbach's Evolution Towards Service-Focused Provider</u>

Limbach traces its origins back to 1901 to a one-person sheet metal roofing company. Limbach took its modern form when it became a public company in 2016 through a SPAC merger with 1347 Capital Corp. Historically, Limbach operated as a mechanical contractor focused on large, design-build construction projects; this business comprises what is now known as Limbach's General Contractor Relationship's ("GCR") segment. This business tends to be capital-intensive, low-margin, and prone to working capital volatility. Following operational challenges and margin pressure, management began shifting focus around 2019 toward the Owner Direct Relationships ("ODR") segment, which is primarily comprised of service, maintenance, and small project work, with the goal of increasing margin stability and developing recurring revenue streams.

Executive Summary, Cont'd.

Limbach's Buying Spree

To support its shift toward an ODR-focused model, which now accounts for approximately 66% of revenue and 75% of gross profit, Limbach pursued a series of acquisitions starting in late 2021. In total, the Company has spent nearly $165 million (inclusive of $22 million in potential earn-outs) to acquire companies generating nearly $260 million and $28 million in combined run-rate revenue and Adj. EBITDA, respectively. Despite this spending spree, Limbach's LTM revenue is still $35 million lower than it was in 2020 as revenue declines in the GCR segment have more than offset the Company's M&A transactions and organic growth in the ODR segment.

ODR's Organic Growth Appears To Slow to A Multi-Year Low

Following the Pioneer Power acquisition announced July 1, 2025, we believe Limbach will need to materially raise its 2025 revenue guidance to avoid multiple compression, as the lack of underlying organic growth would likely become more apparent to investors. The midpoint of Limbach's current 2025 guidance implies ~20% y/y revenue growth. Assuming the GCR segment continues to decline at a mid-single-digit rate through year-end, this implies the ODR segment is expected to grow nearly 35% y/y through year-end to support the midpoint of 2025 guidance. While this headline growth appears strong, it becomes far less impressive upon closer inspection. When adjusting for the contribution from Pioneer and other recent tuck-ins, it becomes clear that organic growth has materially decelerated. Our analysis of previous quarters indicates that organic growth sharply decelerating to the mid-single digits in the last two quarters, reinforcing our view that underlying momentum has softened. Unless revenue guidance is meaningfully revised upward alongside Q2 results, we see material risk that the market begins to question the quality of Limbach's revenue growth. We adjusted management's current outlook to exclude estimated contributions from recent acquisitions. In 2025, we estimate Limbach will realize over $40 million in incremental revenue from its 2024 acquisitions of Kent Island and Consolidated Mechanical and up to $60 million from Pioneer Power, which closed on 7/1/25 with a projected $120 million forward revenue run-rate. Based on Limbach's current 2025 guidance, total company organic growth is effectively flat once acquisition contributions are stripped out, and organic growth in the ODR segment, Limbach's primary growth engine, appears to have decelerated to the low-single digits.

Executive Summary, Cont'd.

Limbach has leaned heavily on acquisitions to drive revenue growth. When isolating performance by excluding revenue from businesses acquired after initial annual guidance was issued, we estimate that Limbach has failed to meet the midpoint of its original revenue guidance in three of the past four years, and in two of those years, it missed even the low end. This pattern suggests that organic growth is weaker than management implies and that acquisitions may be masking underlying shortfalls. Heightening our concerns over Limbach's reliance on acquisitions for revenue is the Company's poor disclosure around organic vs. inorganic revenue contribution. For example, Limbach characterized its acquisitions of Kent Island and Consolidated Mechanical as immaterial to 2024 revenue but based on their acquisition dates and their projected forward run-rate revenue, we estimate the two businesses contributed approximately $12 million of revenue in 2024. Excluding their impact, we believe Limbach may have missed its initial revenue guidance and posted a ~2% year-over-year revenue decline. We hardly consider that to be an immaterial impact.

Backlog Trends Also Suggest Weakening Momentum

To further illustrate what we believe is a deceleration in Limbach's underlying growth momentum, we also analyzed the Company's backlog. While total backlog at 2024 year-end was about $30 million higher than the prior year, the portion expected to convert to revenue in the next 12 months was nearly identical. As a result, backlog coverage, or the share of guidance supported by next-12-month backlog, has fallen from over 60% as recently as 2023 to just 48% in 2025. We believe this erosion in near-term backlog visibility reinforces the view that core momentum is softening and underscores the risk that management's guidance is increasingly reliant on not-yet-booked or acquired revenue. Limbach previously included a footnote in its financial statements indicating whether its existing backlog substantially covered forecasted revenue but removed that disclosure in Q1'25, supporting our view that backlog coverage has materially deteriorated.

Limbach's Backlog Suggests Business Remains Transactional And Project Driven

Limbach's management has heavily implied that a material portion of its ODR work is recurring in nature. However, we question the validity of this characterization given that less than half of the Company's initial 2025 revenue guidance is supported by its next-12-month backlog as of year-end 2024.

Executive Summary, Cont'd.

With visibility covering under six months of forward revenue, we believe the business more closely resembles a transactional, project-driven model than one built on recurring relationships. A 69% y/y increase in the amount of revenue linked to construction-type fixed-price contracts in 2024 also supports this thesis. As such, we believe any valuation premium tied to a recurring-revenue narrative appears difficult to justify. When compared to peers, Limbach has among the lowest next-twelve-month remaining performance obligations as a percentage of estimated next-twelve-month revenue. This could imply a weaker forward revenue base, shorter project durations, or less visibility into future revenue, potentially signaling elevated revenue risk relative to peers.

Recent Acquisitions Highlight Potentially Deteriorating Deal Discipline

Kent Island: We are concerned by the exceptionally low gross profit thresholds tied to Kent Island's earnout structure. In its first earnout period, Kent Island needs to achieve just an 11% gross margin, with the threshold falling to only 0.7% in the second year. Despite these minimal performance hurdles, the seller is eligible to receive up to $5 million in earnouts, far exceeding the $3.5 million in gross profit Kent Island would need to generate across the two-year earnout period. This structure raises serious concerns about Limbach's deal discipline and suggests management may be prioritizing deal volume or optics over long-term value creation.

Pioneer Power: We also highlight how Pioneer Power, Limbach's most recent acquisition, stands out as by far the Company's lowest EBITDA margin purchase at 8.3%, meaningfully below prior targets which had an average margin of 12.8%. This supports our view that Limbach is being pushed further down the quality curve in its M&A strategy or may be sandbagging expectations. As private equity activity in the sector has intensified, we believe many of the most attractive, high-margin available targets have likely already been acquired or would command a much higher multiple, leaving fewer compelling opportunities. Limbach's pivot to lower-quality assets like Pioneer Power may indicate mounting pressure to sustain growth despite a shrinking pool of desirable targets. Q1'25 marked the lowest gross margin quarter for Limbach's ODR segment since Q1'23. We see risk for further margin erosion considering Pioneer Power's margins are well below Limbach's pre-acquisition margins.

Executive Summary, Cont'd.

Removal Of Key Disclosures Raises Concerns

Limbach has removed several key disclosures from its earnings press releases and SEC filings over time. For instance, Limbach previously disclosed its contracted maintenance revenue base vs. pull-through revenue, or special projects/spot work that arise from the Company's contracted maintenance relationships. We question why management ceased disclosing this figure in 2018, just as the Company was beginning its transformation in earnest to being an ODR-focused business. We also question why management hasn't resumed disclosing this figure considering that the Company is now an ODR dominated business. Limbach previously disclosed its key customers, for both general contractors and its key owner-direct relationships. Limbach ceased this disclosure after its 2020 10-K. Limbach also previously disclosed having over 1,200 owner-direct customers. Over time, the Company removed the 'owner-direct' qualifier, later referring more broadly to having over 1,200 customers, before ultimately ceasing the disclosure entirely. Limbach's removal of its key customer and customer count disclosures raises concerns about transparency, particularly as the Company has undergone a significant transformation to its revenue base in recent years. Limbach ceased disclosing "promised backlog" since Q3'20.

Limbach's Critical Audit Matter Reveals An Interesting Shift in 2024

Limbach recognizes revenue from two main sources: fixed-price construction contracts and time & materials service contracts. For fixed-price construction contracts, Limbach uses cost-to-cost accounting, which relies heavily on management estimates for final costs, completion percentages, labor productivity, subcontractor performance, etc. Historically, Limbach's fixed-price construction revenue has equaled GCR segment revenue. However, Limbach's 2024 critical audit matter revealed that construction-type revenue surged to over 80% of total revenue, up from just over 50% in 2023, implying that a meaningful portion of ODR revenue is now being booked under fixed-price contracts. This shift carries significant implications. ODR has traditionally been viewed as lower risk and more recurring, supported by time & materials billing that provides earnings stability and limits estimation risk. Moving fixed-price mechanics into ODR undermines this profile, exposing the segment to margin volatility and management subjectivity in cost forecasting. We believe this raises concerns around the quality and sustainability of reported ODR earnings.

Executive Summary, Cont'd.

Gross Profit Write-Ups Drove A Material Portion Of Pre-Tax Earnings Growth In 2024

Occasionally, under the cost-to-cost method, management will need to update their estimates for projects in-progress, resulting in gross profit write ups/(downs). We are concerned with the increase in gross profit write-ups from contract estimate revisions in recent quarters and the outsized impacts these management decisions had on the Company's reported earnings. For example, in 2024 Limbach saw $5.8 million in net gross profit write-ups, representing nearly 50% of the Company's y/y increase in pre-tax earnings. The trend continued into Q1'25, when over 100% of year-over-year pre-tax earnings growth was driven by gross profit write-ups. Management has reduced disclosure on gross profit write-ups/(downs) over time, which we find concerning considering that gross profit write-ups can have a significant impact to earnings in certain periods.

We Believe Limbach's Adj. EBITDA Reporting Is Overstated

To start, the Company excludes finance lease costs from its Adj. EBITDA calculation. Because finance lease costs are recorded on the income statement as amortization and interest expenses, both of which are added back to EBITDA, the costs of finance leases are effectively excluded, overstating the Company's true economic earnings. Limbach's finance leases are primarily tied to real estate, vehicles, and equipment, and thus are integral to the Company's ongoing operations and must be appropriately considered. Limbach itself noted in its 2024 10-K that *"For the years ended December 31, 2024 and 2023, the Company obtained the use of various assets through operating and finance leases, which reduced the level of capital expenditures that would have otherwise been necessary to operate its business."* Between 2019 and 2024, these expenses totaled nearly $19 million, making them a significant recurring expense. Limbach also makes the aggressive choice to add one-time gains on property and equipment sales to its Adj. EBITDA calculation; these non-recurring gains added roughly $1 million to Limbach's reported 2024 Adj. EBITDA total. We also believe Limbach's treatment of acquisition and restructuring costs in its Adj. EBITDA calculation is overly permissive. M&A is a core component of the Company's growth strategy, not a one-off event, and as such, related transaction costs should not be excluded from profitability metrics.

Similarly, restructuring charges have appeared with enough frequency to suggest they are recurring, not exceptional. Limbach has taken restructuring charges related to exiting its Southern California operations since 2022. We also observe how a subtle change in how Limbach reports stock-based compensation for its Adj. EBITDA calculation may allow the Company to add cash compensation expenses to Adj. EBITDA. We believe this already happened in Q1'25 when the $2 million of stock-based compensation the Company added back to Adj. EBITDA was $0.4 million greater than the $1.6 million of non-cash stock-based compensation Limbach reported on its cash flow statement. This was the first period this delta existed. Since management's cash bonuses are tied to Adj. EBITDA, management has a clear incentive to flatter it, and we believe this subtle change may allow them to do that.

<u>We Believe Limbach Overstates Free Cash Flow by Excluding Key Uses Of Cash</u>

We believe Limbach's reported free cash flow is significantly overstated as it excludes some key recurring uses of cash. First, the Company excludes all working capital ("WC") changes from its FCF calculation, which in some periods can be a significant use of cash. We believe WC changes should be included in Limbach's FCF calculation because as a contractor primarily using cost-to-cost accounting, its GAAP earnings are heavily influenced by management estimates, and working capital is where the financial reality of project execution ultimately shows up. Limbach even removed WC as a consideration for management's incentive comp after 2020, which concerns us considering its material impact. Like with Adj. EBITDA, we also believe Limbach's free cash flow should be adjusted for finance lease costs. Since the interest portion of finance leases already runs through operating cash flow, we only need to factor in the principal payment, which shows up in the financing section of the cash flows statement. Limbach also excludes contingent consideration payments from its FCF calculation; given these are cash payouts tied to performance milestones, we believe they are economically similar to incentive compensation and should be factored into FCF. The Company's FCF calculation also ignores rental equipment purchases and taxes paid related to equity awards, both tied to ongoing business operations. In total, we believe the exclusion of these uses of cash from the Company's FCF calculation has allowed Limbach to overstate FCF by over $37 million in the last 12 months alone.

Executive Summary, Cont'd.

While the Company claims an 80% EBITDA to FCF conversion rate over the past six years, our Spruce Point-adjusted FCF analysis suggests the true figure may be less than 60%. We believe one of the clearest signs of aggressive accounting at Limbach is the disconnect between its steadily rising adjusted earnings and stagnant free cash flow. Despite acquiring five companies between 2021 and 2024, our calculation for Limbach's LTM free cash flow is over $17 million below its 2020 level.

Recent Lawsuit Highlights Need To Consider Working Capital When Evaluating Free Cash Flow

A recent lawsuit filed by Limbach subsidiary Jake Marshall underscores why evaluating working capital is crucial. After a prime contractor abandoned a project where Jake Marshall was a subcontractor, Jake Marshall was left with a $4.6 million unpaid balance, $3.4 million of which was from unapproved change orders. Because Jake Marshall's contract required written approval for such changes, we believe that amount is likely unrecoverable. Under cost-to-cost accounting, Limbach would have recognized profit as work progressed on the project but now may never collect the cash due for work performed, highlighting the need to evaluate working capital when assessing Limbach's free cash flow.

Other Accounting And Financial Reporting Concerns

Limbach's allowance for credit losses appears insufficient. At 0.4% of gross A/R, Limbach's allowance for credit losses is among the lowest relative to peers, which may be inflating the Company's reported earnings. If Limbach maintained a reserve more in line with peer averages, its annual provision expense would likely be higher, reducing earnings. We believe Limbach's disclosures on revenue in its MD&A are weak, especially when stacked up against some of its peers. Limbach simply reports ODR vs. GCR segment revenue, while Comfort Systems (NYSE:FIX) breaks out its revenue by service, customer type, and activity type. EMCOR Group (NYSE:EME) even presents a sector breakdown by segment. These additional layers of detail provide investors with a clearer view of underlying business drivers and risk exposures. Limbach's limited disclosure, by contrast, makes it difficult to assess the sector concentration of its revenue base. We also highlight how Limbach reported a material weakness in its internal control over financial reporting from 2016 to 2018, illustrating the challenges of managing an accounting function within a large contractor.

Highlighting Multiple Connections Between Limbach's Board And High-Profile Fraud Cases

Heightening our concerns over Limbach's potentially aggressive accounting practices are the multiple ties between Limbach's board members and high-profile financial reporting fraud cases. Limbach directors Laurel Krzeminski and Michael McNally have significant ties to Granite Construction, Inc. (NYSE:GVA). Laurel Krzeminski was GVA's CFO from 2010 to 2018 while Michael McNally has been a director at GVA since 2016. GVA was charged with financial reporting fraud in 2022 for conduct that occurred at the Company between 2017 and 2019, overlapping both Laurel Krzeminski and Michael McNally's tenure at GVA. GVA had to restate its financials from 2017-2019 and settled financial reporting fraud charges with the SEC for $12 million. While not directly charged by the SEC, both Laurel Krzeminski and Michael McNally were forced to pay back part of their compensation because of the SEC's enforcement action. As the audit committee chair at Limbach, Laurel is responsible for ensuring the integrity of financial reporting and internal controls. Given her involvement in a prior breakdown of financial governance, her appointment as Limbach's audit chair raises questions about whether similar lapses in judgment or oversight could occur again.

Another Limbach Director Connected To Some Of The Most High-Profile Frauds Of The 21st Century

Laurel Krzeminski and Michael McNally are not the only Limbach directors with connections to accounting fraud. Linda Alvarado has been a director at Limbach since 2021. She was previously a director at Qwest Communications (formerly NYSE:Q) from 2000-2010 and served on its Audit committee from 2000-2005. Under Ms. Alvarado's tenure as a member of Qwest's audit committee, Qwest engaged in a multi-year, multi-billion-dollar accounting fraud between 1999-2002. Qwest was forced to restate its 2000 and 2001 financial statements, reported a $38.5 billion loss for 2002 and eventually paid a $250 million penalty for its actions. Ms. Alvarado is also connected to Enron, one of the biggest financial fraud cases in US history. Ms. Alvarado was on the audit committee for NewPower Holdings (formerly NYSE:NPW), an Enron subsidiary that was spun off in an IPO with Enron retaining ~45% ownership. However, her biography fails to disclose her role. NewPower was to act as an energy distributor to retail clients, buying wholesale energy from Enron. The issue was this model was uneconomic for NewPower and losses quickly piled up. NewPower's stock collapsed post-IPO, undermining Enron's off-balance-sheet hedge vehicles that held NewPower equity.

Executive Summary, Cont'd.

When NewPower's share price fell, those structures failed, forcing Enron to recognize hidden losses. This triggered a key part of Enron's earnings restatement in late 2001 and accelerated its unraveling. As an audit committee member at NewPower, Ms. Alvarado was responsible for overseeing financial reporting and risk controls during a period when NewPower was incurring massive losses and being used to support Enron's off-balance-sheet schemes. The collapse of NewPower's stock played a key role in the unraveling of Enron's financial cover-ups. Her appointments at both NewPower and Qwest lead us to question the appropriateness of her appointment at Limbach. This history is particularly relevant when evaluating her judgment in her current board roles. Ms. Alvarado served on NewPower's board alongside several notorious Enron executives, including Richard Causey, Enron's Chief Accounting Officer; Ken Lay, Enron's Chairman; and Lou Pai, a key Enron executive who held multiple leadership roles, including CEO of Enron Energy Services. It doesn't end there, Linda Alvarado also served as a board member for Lennox International, Inc. (NYSE: LII) from 1987 to 2010. In 2004, Lennox had to restate its earnings from 1999-2003 due to improper accounting practices at a Canadian subsidiary which resulted in a formal SEC inquiry. Her association with the serious troubles at NewPower and Qwest should make Limbach investors question her fitness to identify protentional problems.

Limbach's CFO Was Previously Named In A Complaint Over Alleged Breach Of Fiduciary Duty

Jayme Brooks is Limbach's current CFO. Prior to Limbach, she worked at Capstone Turbine (formerly Nasdaq: CPST), now known as Capstone Green Energy Corp (OTC: CGEH), as its Chief Accounting Officer ("CAO") from 2008 to 2015, and then as its CAO/CFO from 2015 to 2019. Not only did Capstone destroy significant shareholder value during Jayme's tenure, but its conduct also resulted in multiple shareholder lawsuits involving Capstone and its executives. In 2016, a Capstone shareholder filed litigation against Capstone's management and board. Jayme Brooks was directly named as a defendant in the case. The plaintiffs argued that the defendants knowingly made false and misleading statements, breaching their fiduciary duty to Capstone. The parties in the case eventually reached a settlement and the case was dismissed.

Executive Summary, Cont'd.

Limbach's Auditor Has Faced SEC Charges Over A Failed Audit

Limbach engages Crowe LLP as its auditor, a small firm with an estimated ~1% market share. Crowe faced SEC charges in the past over deficient audits on a company which was discovered to have $100 million in undiscovered liabilities after it went bankrupt. Crowe (formerly known as Crowe Horwath) has also faced lawsuits in years past over failed audits on Valley Bank and Colonial Bank, both of which experienced unexpected failures under Crowe's watch. Limbach's current audit engagement partner at Crowe manages the audit process for just one other company, a microcap which restated several quarters in 2024 due to the misclassification of a liability.

Limbach's Generous Stock-Based Compensation Has Helped Drive Material Dilution

Limbach's stock-based compensation payments, which are at the high-end when compared to peers, coupled with warrant issuances and a public offering in 2021, have left Limbach's shares outstanding nearly 50% higher than they were in 2019. The Company did repurchase $2 million of its stock in 2022 but has not since. On top of that, since 2023 insiders have been net sellers on the open market.

We Believe Investors Are Overlooking Intensifying Competitive Pressure From PE-Backed Platforms

On its Q1'25 earnings call, Limbach's management, for the first time, publicly acknowledged the growing role of private equity in the industry and briefly addressed its potential impact, particularly in the context of M&A activity. While the topic was raised, we believe management largely downplayed the risks, suggesting they do not view private equity-backed competitors as a material threat to Limbach's deal pipeline. We see it differently and believe private equity's growing presence in the facility services space poses a rising threat to incumbents like Limbach. PE-backed platforms are typically well-capitalized, enabling them to outbid incumbent players in M&A and more effectively deploy technology to scale operations and enhance customer value. Limbach's acquisitions over the last five years have been on companies generating between $10-$120 million in revenue and between $1-$10 million in EBITDA at the time of acquisition, placing Limbach's target companies squarely in the sights of some of the largest PE backed platforms in the sector.

Executive Summary, Cont'd.

Technology To Become Major Differentiator In Facility Services Sector

TM Capital, a financial services firm, emphasized in its 2024 Facility Services Report that it believes technology is poised to become a major differentiator in the sector. While the industry has historically been low-tech, TM notes that is rapidly changing. Going forward, firms that can effectively invest in and deploy technology will have a competitive advantage, and TM believes this environment favors sophisticated, scaled platforms that can leverage tech to drive efficiency, consistency, and customer value. We see this as a net negative for Limbach, which we view as being a legacy contractor at its core and thus less structurally equipped to adapt to a technology-driven service model.

We Believe Investors Underappreciate Risk From Major OEMs Developing In-House Service Solutions

In addition to competitive pressure from scaling private equity platforms, an industry expert we spoke with noted that one of the biggest risks he sees for companies like Limbach is large OEM companies expanding their service and solutions businesses, noting *"…because when OEM's get into this space, which they are trying to, and they'll be very efficient if they want to just be aggressive with that to strike away these turnkey providers on larger key accounts and then just have the cake for themselves. It's going to hurt revenues unless companies like Limbach pivot towards owning any IP".* We also found several examples of recent comments from executives of building systems OEMs confirming their interest in growing their services and solutions businesses, including this comment made by a Trane Technologies executive at a conference in March 2025, *"…I mean I think the service business, obviously -- these are very sophisticated systems. So think of it as, the more sophisticated the system, the more aptitude there is for the OEM to do the service work".* Limbach has fallen on Engineering News-Record's top mechanical contractors list from 9th in 2018, to 14th in 2024, suggesting the Company has lost market share amid intensifying competition in the sector.

Executive Summary, Cont'd.

We See 20% - 50% Potential Downside Risk In Limbach's Share Price

Despite the above concerns, Limbach currently enjoys unanimous "Buy" ratings from the sell-side, with an average price target of $141.50/share, with a wide range between $120 and $163 per share, and valuation multiples of ~2.2x and ~18x our estimate for 2026 revenue and Adj. EBITDA, respectively. This is a level of bullishness we view as disconnected from the Company's underlying fundamentals and constrained geographic growth potential mostly in the Eastern/Central part of the US. For example, Limbach's valuation is nearly 3.5x the value it paid for recent acquisitions. As the market re-evaluates Limbach's narrative against its actual financial performance, we believe the stock presents meaningful downside risk from current levels. Limbach currently trades at a premium to many peer facility service providers, some of which have stronger cash flow generation, greater revenue visibility, and better operating leverage. We believe this premium is unwarranted given our analysis which illustrates Limbach's sharply decelerating organic growth, limited recurring revenue visibility, lack of free cash flow growth, and reliance on aggressive accounting practices. We also believe any future M&A is likely to increase leverage, as evidenced by the increased revolver announced with the Pioneer Power acquisition.

We value Limbach at 1.2x – 1.8x and 10x – 15x our estimate for 2026 sales and Adj. EBITDA, respectively, in line with comparable companies. This implies 20% – 50% ($62.00 - $99.00/share) potential downside risk. We expect the Company's share price to underperform the broader facility services sector and overall equity market.

Spruce Point Believes Limbach Has Too Many Financial And Operational Red Flags To Ignore

	X	Multiple Board Members Associated With Prior Financial Reporting Fraud Cases
	X	CFO Previously Named In Lawsuit Over Breach Of Fiduciary Duty
	X	Questionable Adjustments To Non-GAAP Figures
	X	Relying On Low Quality Acquisitions For Growth
	X	Minimal Disclosure On Financial Impacts From Acquisitions
	X	Reducing Backlog Disclosure Over Time
	X	Large Portion Of Pre-Tax Earnings Growth Driven By Contract Estimate Revisions
	X	Increased Private Equity Activity In The Industry
	X	Auditor Has Had Multiple Failed Audits On Bankrupt Companies
	X	Free Cash Flow Challenges
	X	Future M&A Deals May Increase Leverage
	X	Extreme Overvaluation

Highlighting Concerns Among Limbach's Management & Board: Multiple Connections To High Profile Fraud Cases

Two Limbach Board Members Have Significant Ties To Granite Construction

Spruce Point's concerns over Limbach's potentially aggressive accounting methods are heightened considering two of its board members, Laurel Krzeminski and Michael McNally, have significant ties to Granite Construction, Inc. (NYSE:GVA). Laurel Krzeminski was GVA's CFO from 2010 to 2018 while Michael McNally has been a director at GVA since 2016. GVA was charged with financial reporting fraud in 2022 for conduct that occurred at the company between 2017 and 2019, overlapping both Laurel Krzeminski and Michael McNally's tenure at GVA.

SEC Charges Infrastructure Company Granite Construction and Former Executive with Financial Reporting Fraud

FOR IMMEDIATE RELEASE | 2022-150

Washington D.C., Aug. 25, 2022 — The Securities and Exchange Commission today charged Granite Construction, Incorporated and its former Senior Vice President, Dale Swanberg, with fraud for inflating the financial performance of the major subdivision Swanberg managed. In 2021, Granite restated its financial statements from 2017 through 2019 to correct revenue and profit margin errors allegedly caused by Swanberg's misconduct. The company agreed to pay $12 million to settle the SEC's charges.

In separate administrative proceedings, the company's former CEO, James H. Roberts, and former CFOs, Laurel Krzeminski and Jigisha Desai, while not charged with misconduct, agreed to return more than $1.4 million, $327,000, and $176,000, respectively, in bonuses and compensation to Granite. These clawbacks were made pursuant to Section 304 of the Sarbanes-Oxley Act (SOX), which requires executives to reimburse certain compensation when an issuer is required to restate its financials as a result of misconduct.

LAUREL KRZEMINSKI.

Laurel Krzeminski has served as a director of the Company since June 2018. Ms. Krzeminski served as the Chief Financial Officer ("CFO") of Granite Construction Incorporated (NYSE: GVA) from November 2010 until her retirement in July 2018. Ms. Krzeminski had also served as Granite's executive vice president since December 2015, senior vice president from January 2013 to December 2015, vice president from July 2008 to December 2012, interim CFO from June 2010 to October 2010 and corporate controller from July 2008 to May 2010.

MICHAEL F. MCNALLY.

Michael F. McNally has served as a director of the Company since September 2017. Mr. McNally has also served as a director of Granite Construction Incorporated (NYSE:GVA) ("Granite") since 2016 and is the current independent board chair. Mr. McNally retired in December 2014 as President and CEO of Skanska USA Inc., one of the largest construction companies in the United States and a subsidiary of one of the world's largest construction companies in the United States, a position he had held since 2008.

Source: SEC press release, Limbach Board Biographies, Red line emphasis by Spruce Point

Connection Between Limbach's Audit Chair and Financial Reporting Fraud Raises Concerns

GVA had to restate its financials from 2017-2019 and settled financial reporting fraud charges with the SEC for $12 million. While not directly charged by the SEC, both Laurel Krzeminski and Michael McNally were forced to pay back part of their compensation because of the SEC's enforcement action. As the audit committee chair at Limbach, Laurel is responsible for ensuring the integrity of financial reporting and internal controls. Given her involvement in a prior breakdown of financial governance, her appointment as Limbach's audit chair raises questions about whether similar lapses in judgment or oversight could occur again.

Board Member	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Michael M. McCann			
Joshua S. Horowitz, Board Chair	Member	Member	
Linda G. Alvarado	Member		Chair
David R. Gaboury		Member	Member
Laurel J. Krzeminski	Chair		
Michael F. McNally		Chair	Member
Gordon G. Pratt		Member	Member

Key: Member Chair

33. Granite disclosed that its revenues had been overstated by approximately $31 million in 2017 and approximately $31 million 2018. Because that revenue had been recognized too early, Granite's revenues in the first three quarters of 2019 were understated by approximately $62 million.

34. Granite's overstatement of revenues concealed the deteriorating performance of the Heavy Civil Group for much of the relevant period. Granite, through Swanberg, acted with scienter in issuing materially false and misleading financial statements, earnings releases, and other documents filed with the Commission because Swanberg, in his capacity as Granite's senior vice president, knew or was reckless in not knowing that he had repeatedly understated the Heavy Civil Group's total expected costs and yet certified the accuracy of the project forecasts, and thus, overstated its revenues.

35. Granite also disclosed that it had identified a material weakness in its internal control over financial reporting, which contributed to the restatement. Among other things, Granite identified material weaknesses related to the failure to incorporate an appropriate level of review over the project forecasts from individuals independent of the Heavy Civil Group. Ultimately, the controls and policies did not prevent the manipulation of total expected costs to improve profit margins and revenues and enabled Swanberg to falsify Granite's books and records regarding its total expected costs and other financial information.

Source: SEC complaint, Limbach proxy statement, Red line emphasis by Spruce Point

Limbach Director Linda Alvarado Previously Served On The Audit Committee For Qwest Communication

Laurel Krzeminski and Michael McNally are not the only Limbach directors with connections to accounting fraud. Linda Alvarado has been a director at Limbach since 2021. She was previously a director at Qwest Communications International (formerly NYSE:Q) from 2000-2010 and served on its Audit committee from 2000-2005. Under Ms. Alvarado's tenure as a member of Qwest's audit committee, Qwest engaged in a multi-year, multi-billion-dollar accounting fraud between 1999-2002. Qwest was forced to restate its 2000 and 2001 financial statements, reported a $38.5 billion loss for 2002 and eventually paid a $250 million penalty for its actions.

SEC Charges Qwest Communications International Inc. with Multi-Faceted Accounting and Financial Reporting Fraud

FOR IMMEDIATE RELEASE
2004-148

Qwest Agrees to Anti-Fraud Injunction, $250 Million Penalty, and Will Permanently Maintain Chief Compliance Officer Reporting to the Outside Directors of the Board

Washington, D.C., Oct. 21, 2004 — The Securities and Exchange Commission today charged Qwest Communications International Inc., one of the largest telecommunications companies in the United States, with securities fraud and other violations of the federal securities laws. The Commission's complaint alleges that, between 1999 and 2002, Qwest fraudulently recognized over $3.8 billion in revenue and excluded $231 million in expenses as part of a multi-faceted fraudulent scheme to meet optimistic and unsupportable revenue and earnings projections. Without admitting or denying the allegations in the complaint, Qwest consented to entry of a judgment enjoining it from violating the antifraud, reporting, books and records, internal control, proxy, and securities registration provisions of the federal securities laws.

The judgment also directs Qwest to pay a civil penalty of $250 million and $1 disgorgement. The entire penalty amount will be distributed to defrauded investors pursuant to the Fair Funds provision of Sarbanes-Oxley. In assessing the penalty amount, the Commission considered Qwest's current financial condition.

In addition, Qwest is required to maintain permanently a chief compliance officer ("CCO") reporting to a committee of outside directors and responsible for ensuring the company conducts its business in compliance with the federal securities laws. The CCO shall aid the board in maintaining, implementing and enforcing standards of conduct for the corporation. The CCO shall also respond to employee concerns that may implicate matters of ethics or questionable business practices.

Randall J. Fons, Regional Director in the Commission's Central Regional Office in Denver, added: "Qwest senior management created a corrupt corporate culture in which meeting Wall Street expectations was paramount. Senior management projected unrealistic revenue growth and would not tolerate missing the numbers. As a consequence, accounting rules, policies, and controls that interfered with meeting financial targets were ignored. The Commission will continue its investigation in an effort to hold personally accountable those individuals responsible for the fraud."

Our Audit Committee consists of Linda G. Alvarado, Jordan L. Haines, Peter S. Hellman and W. Thomas Stephens (Chairman). The Audit Committee met six times and acted once by unanimous written consent during 2000.

Our Audit Committee consists of Linda G. Alvarado, Jordan L. Haines, Peter S. Hellman and W. Thomas Stephens (Chairman). The Audit Committee met eleven times and acted once by unanimous written consent during 2001.

Our Audit Committee consists of Linda G. Alvarado, Jordan L. Haines, Peter S. Hellman (Chairman) and W. Thomas Stephens. Mr. Stephens, who served as Chairman, resigned from the Audit Committee in May 2002 and was re-appointed in September 2003. During 2002, the Audit Committee met 26 times and did not act by unanimous written consent.

Qwest said its restated loss in 2000 ballooned to $1.04 billion on revenues of $14.1 billion. It originally reported an $81 million loss on revenues of $16.6 billion. In 2001, the restated loss rose to $5.6 billion on revenues of $16.5 billion, compared with the originally reported loss of $4 billion on revenues of $19.7 billion.

Source: SEC press release, Qwest 2001, 2002, 2003 proxy statements, Qwest article, Red line emphasis by Spruce Point

Linda Alvarado Served Omits Her Audit Committee Role At NewPower Holdings: The Off-Balance-Sheet Domino That Helped Topple Enron

Qwest Communications isn't Ms. Alvarado's only governance role at a scandal-ridden company. In fact, she is directly connected to Enron, one of the biggest financial fraud cases in US history. Ms. Alvarado was on the audit committee for NewPower Holdings (formerly NYSE:NPW), an Enron subsidiary that was spun off in an IPO with Enron retaining ~45% ownership. NewPower was to act as an energy distributor to retail clients, buying wholesale energy from Enron. The issue was this model was uneconomic for NewPower and losses quickly piled up. NewPower's stock collapsed post-IPO, undermining Enron's off-balance-sheet hedge vehicles that held NewPower equity. When NewPower's share price fell, those structures failed, forcing Enron to recognize hidden losses. This triggered a key part of Enron's earnings restatement in late 2001 and accelerated its unraveling.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee consists of directors Groves (Chairman), Alvarado and Shanks, and is entirely independent of both NewPower and Enron Corp. (I.E., directors who do not receive compensation as an officer or employee of NewPower or Enron Corp., or of any of their respective subsidiaries). The Audit and Risk Management Committee operates in accordance with a charter (attached hereto as Exhibit A) under which, among other things, it makes recommendations to the board regarding the selection and employment of the Company's independent accountants and, working with the Company's internal and external auditors, reviews the results and scope of audit and other services provided by independent accountants and evaluates audit control functions. NewPower's internal auditors and the independent auditors each meet alone with the Audit and Risk Management Committee and have unrestricted access to the Audit and Risk Management Committee. The Audit and Risk Management Committee was formed immediately prior to the Company's public offering in October 2000, and held one meeting during fiscal year 2000.

NewPower Holdings Stock Price

Linda G. Alvarado......
Richard A. Causey......
James V. Derrick, Jr...
Peter T. Grauer........
Ray J. Groves..........
William I Jacobs.......
Kenneth L. Lay.........
H. Eugene Lockhart.....
Marc E. Manly..........
Lou L. Pai.............
Eugene B. Shanks, Jr...
Nicholas A. Utton......
A. S. A. Wyatt.........

Ms. Alvarado served on NewPower's board alongside several notorious Enron executives, including Richard Causey, Enron's Chief Accounting Officer; Ken Lay, Enron's Chairman; and Lou Pai, a key Enron executive who held multiple leadership roles, including CEO of Enron Energy Services.

As an audit committee member at NewPower, Ms. Alvarado was responsible for overseeing financial reporting and risk controls during a period when NewPower was incurring massive losses and being used to support Enron's off-balance-sheet schemes. The collapse of NewPower's stock played a key role in the unraveling of Enron's financial cover-ups. Her appointments at both NewPower and Qwest lead us to question the appropriateness of her appointment at Limbach. This history is particularly relevant when evaluating her judgment in her current board roles.

Source: NewPower Holdings' 2001 Proxy Statement, Red line emphasis by Spruce Point, NYT article

Spruce Point Capital Management

Linda Alvarado Also Previously Served As A Director For Lennox International, Which Restated Financials In 2004

Linda Alvarado also served as a board member for Lennox International ("LII") from 1987 to 2010. In 2004, LII had to restate its earnings from 1999-2003 due to improper accounting practices at a Canadian subsidiary. Lennox also disclosed a formal SEC inquiry as a result of the restatement.

Lennox Discloses Formal SEC Inquiry

DALLAS, Jan. 31 /PRNewswire-FirstCall/ -- Lennox International Inc. (NYSE: LII) announced today that a previously disclosed informal inquiry being conducted by the Securities and Exchange Commission (SEC) has been converted to a formal investigation. LII previously reported it notified the SEC of the independent inquiry by the audit committee of the company's board of directors into accounting practices at the company's Service Experts Canadian operations, after which the SEC began an informal inquiry into this matter. LII will continue to fully cooperate with the SEC's ongoing investigation.

Source: Lennox article, Lennox press release, Red line emphasis by Spruce Point

Limbach's CFO Previously Worked For Capstone Turbine Which Faced Multiple Shareholder Lawsuits For Alleged Improper Accounting

Jayme Brooks is Limbach's current CFO. Prior to Limbach, she worked at Capstone Turbine (formerly Nasdaq: CPST), now known as Capstone Green Energy Corp (OTC: CGEH), as its Chief Accounting Officer ("CAO") from 2008 to 2015, and then as its CAO/CFO from 2015 to 2019. Not only did Capstone destroy significant shareholder value during Jayme's tenure, but its conduct also resulted in multiple shareholder lawsuits involving Capstone and its executives.

2. Jamison lied during these conversations. Specifically, Jamison did not disclose that Capstone had been improperly recognizing revenue from BPC Engineering ("BPC") in violation of Capstone's stated accounting policies as well as accounting rules and regulations. Jamison and Capstone had been violating these rules at all relevant times, thereby causing Capstone's revenue to be materially inflated.

3. Similarly, unbeknownst to Plaintiffs, Capstone's "backlog" (which includes orders received but not yet filled or paid for) included millions of dollars of orders from BPC. These orders were unlikely ever to be filled, let alone paid for. Nonetheless, Jamison and Capstone relied upon the backlog when discussing the company's current and future financial strength. Given that the backlog included many orders that were likely never to be filled, these statements were materially misleading.

4. Plaintiffs relied on these misrepresentations and/or omissions as well as others that were present within Capstone's press releases and public filings with the U.S. Securities and Exchange Commission ("SEC"). As a result, Plaintiffs sustained significant damages in

The plaintiffs argued that between 2014 and 2015, Capstone's CEO Darren Jamison had made misrepresentations about Capstone's performance and that Capstone was improperly recognizing revenue and backlog from a Russia-based distributor.

16. Capstone, Jamison, and Does 1-10 are collectively referred to herein as "Defendants."

17. Jamison and Does 1-10 are collectively referred to herein as the "Individual Defendants."

18. The Individual Defendants, because of their positions with Capstone, possessed the power and authority to control the contents of Capstone's reports to the SEC, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the market. Each Individual Defendant was provided with copies of Capstone's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance

While Jayme Brooks was not specifically named in the suit, the are 10 unnamed "Does" listed as defendants; the complaint notes that each of these individual defendants held positions at Capstone which gave them control over the contents of Capstone's financial reports. Considering Jayme's position as CAO at the time, we believe she is likely considered in these Does. FiveT eventually dropped its suit and the case was dismissed.

Source: FiveT Investment Management Ltd et al v. Darren R. Jamison et al, Red line emphasis by Spruce Point

CFO Jayme Brooks Directly Named In Suit Against Capstone Turbine

In 2016, Capstone shareholder Brandon Boll filed a shareholder derivative action against its management and board. Jayme Brooks was directly named as a defendant in the case. The plaintiffs argued that the defendants knowingly made false and misleading statements, breaching their fiduciary duty to Capstone. This case also centered around Capstone's allegedly inappropriate recognition of revenue related to its Russian distributor.

19. Throughout the Relevant Period, the Individual Defendants breached their fiduciary duties by causing the Company to make materially false and misleading public statements and/or fail to disclose material information to investors concerning the true nature of the Company's business, operations and prospects. These breaches of duty negatively impacted the Company and caused the stock price to be artificially inflated during the Relevant Period. In particular, the statements were false and misleading and/or failed to disclose that: (i) BPC was unable to fulfill large quantities of purported sales in violation of certain legal and financial obligations to Capstone, and Capstone was aware of BPC's inability; (ii) despite knowing about BPC's inability to fulfill these obligations, Capstone subsequently did not adjust its accounts receivable and backlog in connection with BPC's failure to fulfill sales, thereby leading to publicly reported, but improperly recognized, revenues throughout the

The plaintiffs argued that the defendants breached their fiduciary duties, gained unjust enrichment, and wasted corporate assets, among other claims. The parties in the case eventually reached a settlement and the case was dismissed.

132. Moreover, given their shared long tenure as members of the Compensation Committee, Defendants Mayo (chair), Wilk, and Van Deursen should have been aware of revenue recognition and internal control issues at the Company. However, these Director Defendants approved excessive salaries for Defendants Jamison, Reich, and Brooks while they knew, or were reckless in not knowing, that the Company was engaged in the wrongdoing alleged herein.

BRANDON BOLL, Derivatively and on Behalf of CAPSTONE TURBINE CORP.,

Plaintiff,

vs.

DARREN R. JAMISON, NOAM LOTAN, GARY J. MAYO, GARY D. SIMON, ELIOT G. PROTSCH, HOLLY A. VAN DEURSEN, DARRELL J. WILK, RICHARD K. ATKINSON, JOHN V. JAGGERS, JAYME L. BROOKS, AND EDWARD I. REICH,

Source: Brandon Boll v. Darren R. Jamison, et al., Capstone settlement stipulation, Red line emphasis by Spruce Point

Spruce Point Capital Management

Limbach's Auditor Faced SEC Charges Over Deficient Audits

Limbach engages Crowe LLP as its auditor, a small firm with an estimated ~1% market share. Crowe faced SEC charges in the past over deficient audits on a company which was discovered to have $100 million in undiscovered liabilities after it went bankrupt. Crowe (formerly known as Crowe Horwath) has also faced lawsuits in years past over failed audits on Valley Bank and Colonial Bank, both of which experienced unexpected failures under Crowe's watch. Limbach's current audit engagement partner at Crowe manages the audit process for just one other company, Optical Cable Corporation (Nasdaq: OCC), a microcap company which just had to restate several quarters in 2024 due to the misclassification of a liability.

Rank	Audit firm	SEC registrant clients	Market share
1	Ernst & Young	971	15.40%
2	Deloitte & Touche	900	14.28%
3	PricewaterhouseCoopers	719	11.41%
4	KPMG	605	9.60%
5	Grant Thornton	274	4.35%
6	Marcum	253	4.01%
7	BF Borgers	171	2.71%
8	BDO	167	2.65%
9	RSM	129	2.05%
10	Crowe	86	1.36%

Colonial Bank owner files suit against auditors

By Reuters

August 25, 2011 8:25 PM CDT · Updated 14 years ago

Aa

Summary

- Charges PwC, Crowe Horwath w/ negligence, malpractice
- Says their audits concealed fraud that led to Ch. 11

NEW YORK, Aug 25 (Reuters) - Colonial Bancgroup Inc and its trustee filed a lawsuit against former auditors PricewaterhouseCoopers LLC and Crowe Horwath LLP, charging them with accounting malpractice and professional negligence for not catching a fraud that led to the bank's collapse.

FDIC sues Crowe Horwath over audits of failed Valley Bank

By Reuters

June 12, 2017 7:39 PM CDT · Updated 8 years ago

Aa

By Dena Aubin

The Federal Deposit Insurance Corp has sued audit firm Crowe Horwath, accusing of it having engaged in willful malpractice by failing to disclose accounting manipulation at Illinois-based Valley Bank before its 2014 failure.

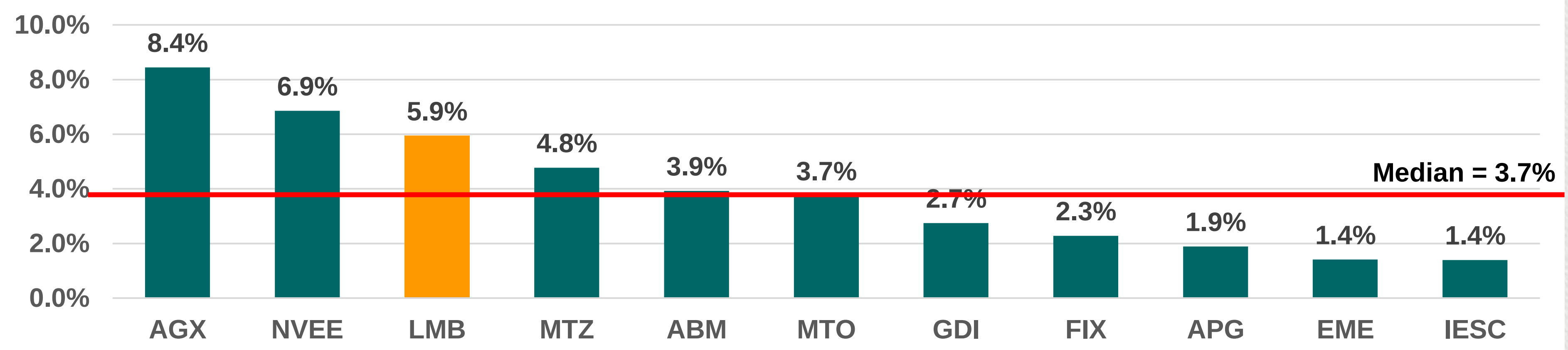
Source: Ideagen article

Spruce Point Capital Management

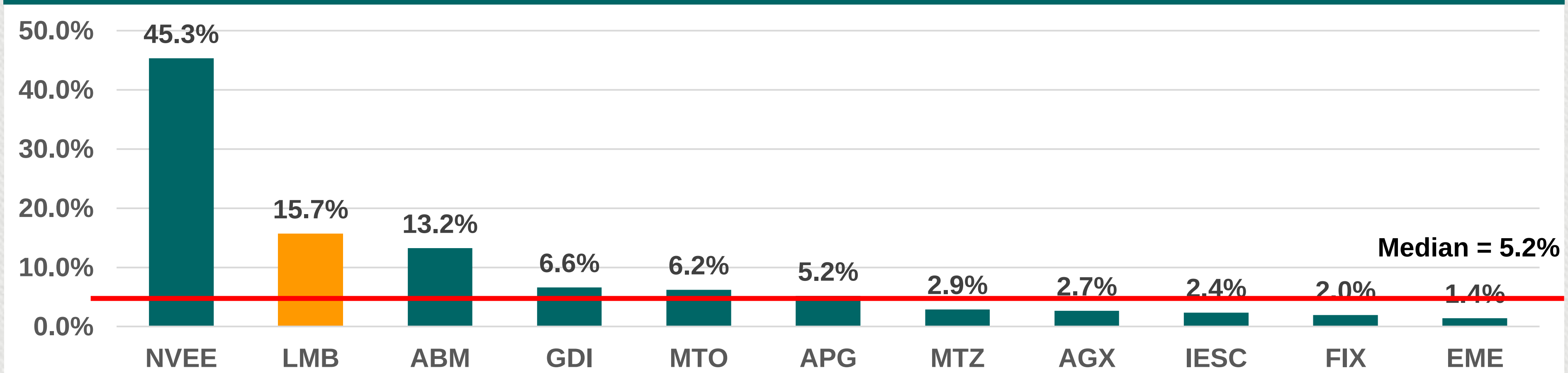
Limbach Is One of the Most Generous Issuers of Stock-Based Compensation In Its Peer Group

Insiders at Limbach have benefitted from Limbach's generous stock-based compensation payments, which are at the high end when compared to peers.

Stock-Based Compensation As A Percentage Of Operating Expenses



Stock-Based Compensation As A Percentage Of Operating Cash Flow

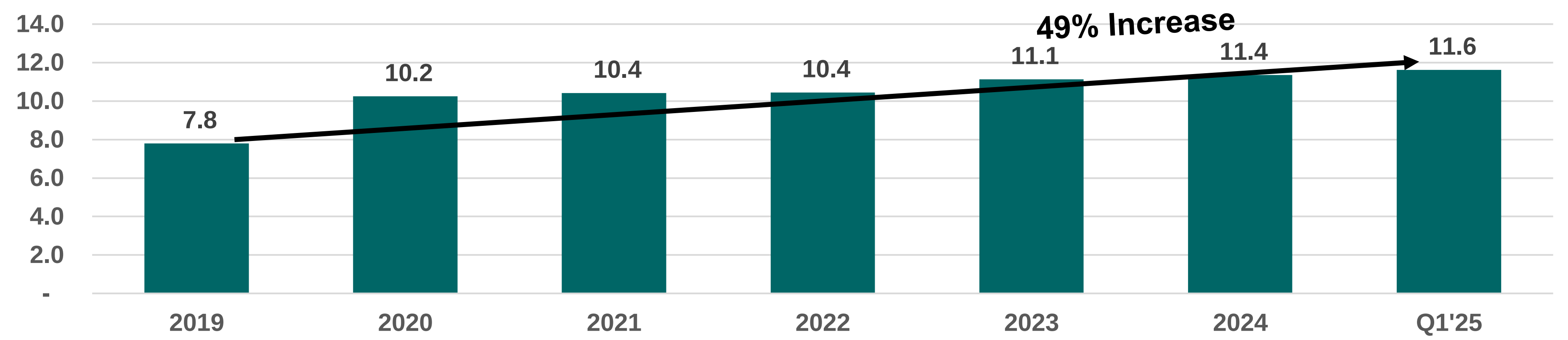


Source: Spruce Point analysis and company filings

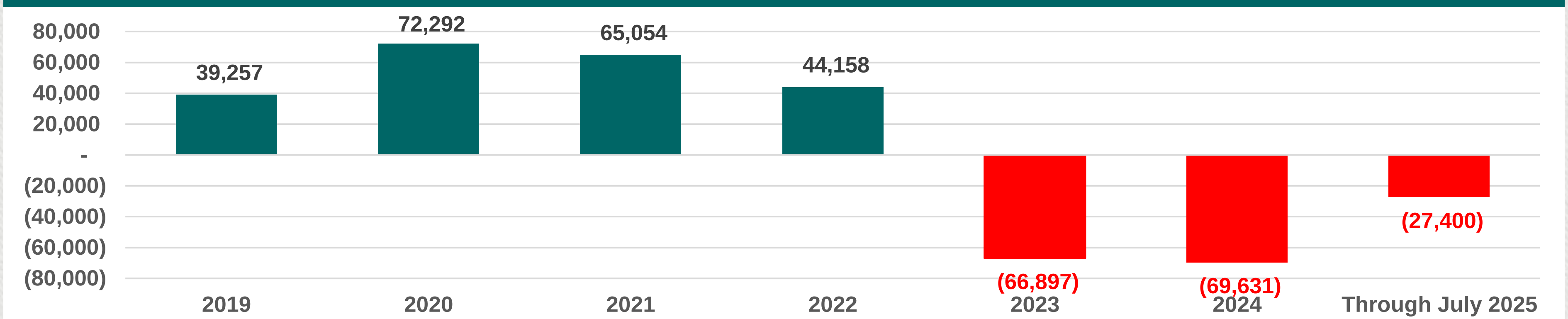
Limbach's Generous Stock-Based Compensation Has Helped Drive Material Dilution

Limbach's stock-based compensation payments, coupled with warrant issuances and a public offering in 2021, have left its shares outstanding nearly 50% higher than they were in 2019. The Company did repurchase $2 million of its stock in 2022 but has not since. On top of that, since 2023 insiders have been net sellers on the open market.

Limbach Shares Outstanding At 10-K/Q Reporting Date (mm)



Shares Purchased/(Sold) By Insiders*

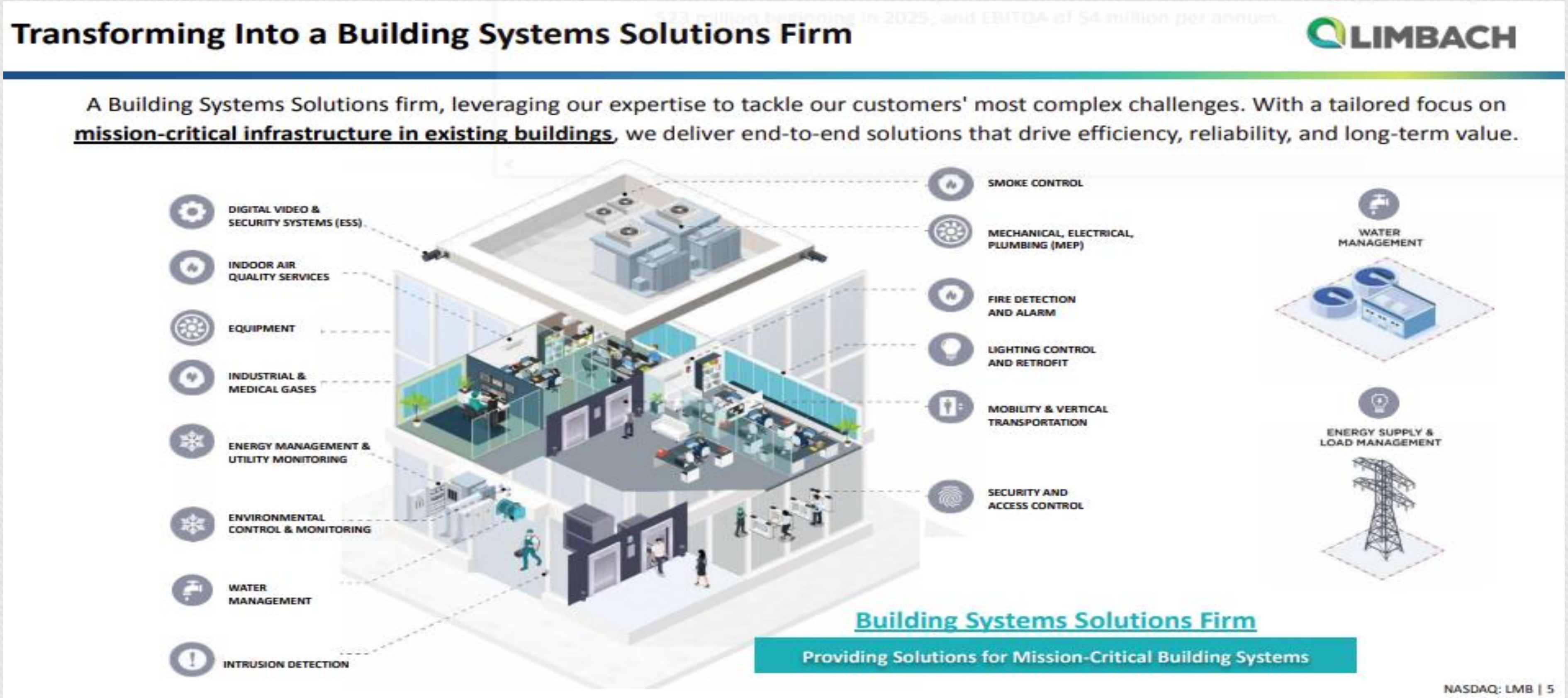


*Based on Form 4 data, only includes current members of management and board; open market purchases less open market sales
Source: Limbach's financial statements

We Believe Limbach Is A Low-Quality Roll-Up With Overstated Organic Growth Potential

Limbach Is Nearing End Of Transformation Toward Service-Focused Platform

Limbach claims to trace its origins back to 1901 to a one-person sheet metal roofing company. Limbach took its modern form when it became a public company in 2016 through a SPAC merger with 1347 Capital Corp. Historically, Limbach operated as a mechanical contractor focused on large, design-build construction projects; this business comprises what is now known as Limbach's General Contractor Relationship's ("GCR") segment. This business tends to be capital-intensive, low-margin, and prone to working capital volatility. Following operational challenges and margin pressure, management began shifting focus around 2019 toward the Owner-Direct Relationships ("ODR") segment, which is primarily comprised of service, maintenance, and small project work, with the goal of increasing margin stability and developing recurring revenue streams.



Source: Limbach Investor Presentation

Spruce Point Capital Management

Limbach's Acquisition List

To assist in its transformation into an ODR-focused company, Limbach has engaged in a series of M&A transactions targeting ODR-centric businesses, spending nearly $165 million (inclusive of $22 million in potential earn-outs) to acquire approximately $260 million in revenue and $28 million in Adj. EBITDA. Until its most recent acquisition of Pioneer Power, these deals had been relatively small. Its Pioneer Power acquisition, announced July 1, 2025, is its most substantial acquisition to date, with management expecting it to generate $120 million and $10 million of revenue and EBITDA, respectively, in 2026. Limbach has failed to quantify revenue or cost synergies for any of its acquisitions.

Limbach Acquisition List

$ in mm Target	Close Date	Purchase Price[(1)]	Annual Est Revenue	Annual Est EBITDA	Revenue Multiple	EBITDA Multiple	Potential Earnout	EBITDA Margin	Source
Pioneer Power	07/01/25	$66.1	$120.0	$10.0	0.6x	6.6x	N/A[(2)]	8.3%	Link
Consolidated Mechanical	12/02/24	25.0	23.0	4.0	1.1x	6.3x	$2.0	17.4%	Link
Kent Island Mechanical	09/03/24	20.0	30.0	4.0	0.7x	5.0x	5.0	13.3%	Link
Industrial Air	11/02/23	20.0	30.0	4.0	0.7x	5.0x	6.5	13.3%	Link
ACME	07/03/23	7.5	10.0	1.0	0.8x	7.5x	2.5	10.0%	Link
Jake Marshall	12/03/21	26.0	45.0	4.5	0.6x	5.8x	6.0	10.0%	Link
Total		**$164.6**	**$258.0**	**$27.5**	**0.6x**	**6.0x**	**$22.0**	**10.7%**	

1) Inclusive of potential earnouts
2) No earn-out was announced with deal

Limbach's corporate multiple is a hefty 3.5x-4.0x premium to its recent acquisitions

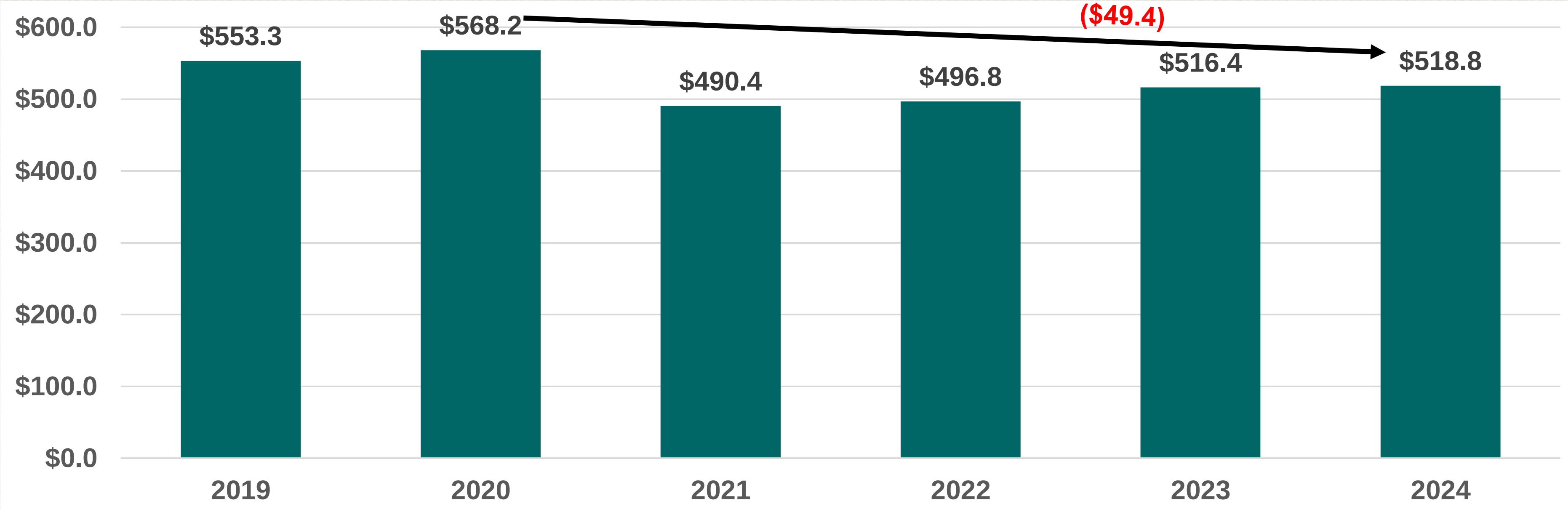
Recent acquisition has lowest EBITDA margin. Is management acquiring lower quality companies or sandbagging expectations?

Source: Spruce Point analysis

Decline In GCR Business Has Weighed On Limbach's Revenue

Despite acquiring five companies which generated a reported ~$140 million in aggregate total revenue between 2021 and 2024, Limbach ended 2024 with revenue ~$50 million below 2020 levels.

Limbach Total Revenue ($ in mm)



$ in mm	2019	2020	2021	2022	2023	2024
ODR	$115.1	$127.2	$140.3	$216.4	$262.0	$345.5
GCR	438.2	441.0	350.0	280.4	254.4	173.3
Total	**$553.3**	**$568.2**	**$490.4**	**$496.8**	**$516.4**	**$518.8**

While Limbach's ODR business has expanded meaningfully since 2019, driven by both acquisitions and organic growth, this increase has failed to compensate for the more than 60% revenue decline in its GCR segment over the same period.

Source: Spruce Point analysis

SPRUCE POINT CAPITAL MANAGEMENT

We Believe Headline Growth Obscures Slowing Organic Trends

Following the Pioneer Power acquisition, we believe Limbach will need to materially raise its 2025 revenue guidance to avoid multiple compression, as the lack of underlying organic growth would likely become more apparent to investors. The midpoint of Limbach's current 2025 guidance implies ~20% y/y revenue growth. Assuming the GCR segment continues to decline at a mid-single-digit rate through year-end, this implies the ODR segment is expected to grow nearly 35% y/y through year-end to support the midpoint of FY25 guidance. While this headline growth appears strong, it becomes far less impressive upon closer inspection. Most of the uplift is attributable to recent acquisitions rather than underlying execution. When adjusting for the contribution from Pioneer and other recent tuck-ins, it we estimate that organic growth has sharply decelerated. Unless guidance is meaningfully revised upward alongside Q2 results, we see risk that the market begins to question the quality of Limbach's revenue growth.

Implied Growth Based On Management's Guidance

$ in mm	2022	2023	2024	2025E(1)	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2-Q4'24	Implied Q2-Q4'25E
Revenue											
ODR	$216.4	$262.0	$345.5	$455.2	$74.3	$82.8	$93.0	$95.5	$90.4	$271.2	$364.8
GCR	280.4	254.4	173.3	164.8	44.7	39.5	40.9	48.2	42.7	128.6	122.1
Total	**$496.8**	**$516.4**	**$518.8**	**$620.0**	**$119.0**	**$122.2**	**$133.9**	**$143.7**	**$133.1**	**$399.8**	**$486.9**
Revenue Growth - Y/Y %											
ODR		21.1%	31.9%	31.7%	26.5%	40.8%	41.3%	21.4%	21.7%		**34.5%**
GCR		(9.3%)	(31.9%)	(4.9%)	(28.2%)	(40.3%)	(33.9%)	(24.8%)	(4.5%)		(5.0%)
Total		**3.9%**	**0.5%**	**19.5%**	**(1.7%)**	**(2.1%)**	**4.8%**	**0.7%**	**11.9%**		**21.8%**

1) 2025E based on midpoint of management's guidance; assumes GCR segment down mid-single digits balance of year

Source: Spruce Point analysis

Organic Growth In The ODR Segment Has Sharply Decelerated In The Last Two Quarters

To underscore the need for a meaningful upward revision to 2025 revenue guidance, we adjusted the midpoint of management's outlook to exclude estimated contributions from recent acquisitions. We estimate Limbach will realize over $40 million in incremental revenue from its 2024 acquisitions of Kent Island and Consolidated Mechanical, and up to $60 million from Pioneer Power, which closed on 7/1/25 with a projected $120 million forward revenue run-rate. Stripping out these contributions implies essentially flat total company organic growth and just 2.4% organic growth in the ODR segment in 2025, assuming GCR continues to decline at a mid-single-digit pace. We conducted this analysis across recent quarters, and in both Q4'24 and Q1'25, our findings showed organic growth had slowed to mid-single digits, reinforcing our view that underlying momentum has softened.

Acquired vs. Organic Revenue

$ in mm	2020	2021	2022	2023	2024	2025E(1)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Consolidated Revenue	**$568.2**	**$490.4**	**$496.8**	**$516.4**	**$518.8**	**$620.0**	**$121.0**	**$124.9**	**$127.8**	**$142.7**	**$119.0**	**$122.2**	**$133.9**	**$143.7**	**$133.1**
Growth - Y/Y%	2.7%	(13.7%)	1.3%	3.9%	0.5%	19.5%	5.4%	7.5%	4.4%	(0.6%)	(1.7%)	(2.1%)	4.8%	0.7%	11.9%
Growth - $	14.9	(77.9)	6.4	19.6	2.4	101.2	6.2	8.8	5.4	(0.8)	(2.0)	(2.6)	6.2	1.0	14.1
Acquired Revenue, Consolidated:															
Total	**$0.0**	**$3.5**	**$62.9**	**$8.1**	**$43.1**	**$101.5**	**$0.0**	**$0.0**	**$1.5**	**$6.6**	**$9.9**	**$9.9**	**$10.6**	**$12.7**	**$13.3**
Organic Growth - Y/Y %	2.7%	(14.3%)	(11.5%)	2.3%	(7.9%)	(0.0%)	5.4%	7.5%	3.2%	(5.2%)	(9.9%)	(10.0%)	(3.5%)	(8.2%)	0.7%
Inorganic Growth - Y/Y %	0.0%	0.6%	12.8%	1.6%	8.3%	19.6%	0.0%	0.0%	1.2%	4.6%	8.2%	7.9%	8.3%	8.9%	11.1%
Net Revenue Growth - Y/Y%	**2.7%**	**(13.7%)**	**1.3%**	**3.9%**	**0.5%**	**19.5%**	**5.4%**	**7.5%**	**4.4%**	**(0.6%)**	**(1.7%)**	**(2.1%)**	**4.8%**	**0.7%**	**11.9%**
ODR Segment Revenue	**$127.2**	**$140.3**	**$216.4**	**$262.0**	**$345.5**	**$455.2**	**$58.7**	**$58.8**	**$65.8**	**$78.6**	**$74.3**	**$82.8**	**$93.0**	**$95.5**	**$90.4**
Growth - Y/Y%	10.5%	10.3%	54.2%	21.1%	31.9%	31.7%	36.9%	18.1%	10.3%	22.8%	26.5%	40.8%	41.3%	21.4%	21.7%
Growth - $	12.1	13.1	76.1	45.6	83.5	109.7	15.8	9.0	6.1	14.6	15.5	24.0	27.2	16.9	16.1
Acquired Revenue, ODR Segment:															
Jake Marshall	0.0	3.1	34.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Industrial Air/ACME	0.0	0.0	0.0	8.1	31.5	0.0	0.0	0.0	1.5	6.6	9.9	9.9	8.4	3.3	0.0
Kent Island	0.0	0.0	0.0	0.0	9.8	20.3	0.0	0.0	0.0	0.0	0.0	0.0	2.2	7.6	7.5
Consolidated Mechanical	0.0	0.0	0.0	0.0	1.8	21.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	5.8
Pioneer Power	0.0	0.0	0.0	0.0	0.0	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**$0.0**	**$3.1**	**$34.3**	**$8.1**	**$43.1**	**$101.5**	**$0.0**	**$0.0**	**$1.5**	**$6.6**	**$9.9**	**$9.9**	**$10.6**	**$12.7**	**$13.3**
Organic Growth - Y/Y %	10.5%	7.9%	29.8%	17.3%	15.4%	2.4%	36.9%	18.1%	7.8%	12.5%	9.6%	23.9%	25.1%	5.3%	3.9%
Inorganic Growth - Y/Y %	0.0%	2.4%	24.4%	3.7%	16.5%	29.4%	0.0%	0.0%	2.5%	10.3%	16.9%	16.8%	16.1%	16.1%	17.8%
Net Revenue Growth - Y/Y%	**10.5%**	**10.3%**	**54.2%**	**21.1%**	**31.9%**	**31.7%**	**36.9%**	**18.1%**	**10.3%**	**22.8%**	**26.5%**	**40.8%**	**41.3%**	**21.4%**	**21.7%**
GCR Segment Revenue	$441.0	$350.0	$280.4	$254.4	$173.3	$164.8	$62.3	$66.1	$61.9	$64.1	$44.7	$39.5	$40.9	$48.2	$42.7
Growth - Y/Y%	0.6%	(20.6%)	(19.9%)	(9.3%)	(31.9%)	(4.9%)	(13.4%)	(0.4%)	(1.1%)	(19.4%)	(28.2%)	(40.3%)	(33.9%)	(24.8%)	(4.5%)
Growth - $	2.8	(91.0)	(69.6)	(26.0)	(81.1)	(8.4)	(9.6)	(0.2)	(0.7)	(15.4)	(17.6)	(26.6)	(21.0)	(15.9)	(2.0)
Acquired Revenue, GCR Segment:															
Jake Marshall	0.0	0.4	28.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**$0.0**	**$0.4**	**$28.6**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Organic Growth - Y/Y %	0.6%	(20.7%)	(28.1%)	(9.3%)	(31.9%)	(4.9%)	(13.4%)	(0.4%)	(1.1%)	(19.4%)	(28.2%)	(40.3%)	(33.9%)	(24.8%)	(4.5%)
Inorganic Growth - Y/Y %	0.0%	0.1%	8.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Revenue Growth - Y/Y%	**0.6%**	**(20.6%)**	**(19.9%)**	**(9.3%)**	**(31.9%)**	**(4.9%)**	**(13.4%)**	**(0.4%)**	**(1.1%)**	**(19.4%)**	**(28.2%)**	**(40.3%)**	**(33.9%)**	**(24.8%)**	**(4.5%)**

1) Based on midpoint of management's 2025 revenue guidance; Source: Limbach financial statements, Spruce Point analysis

Spruce Point Capital Management

After Stripping Out Contributions From Acquisitions, We Estimate That Limbach Routinely Underperforms Guidance

Excluding revenue from in-year acquisitions, Limbach has fallen short of the midpoint of its initial annual revenue guidance in three of the past four years, and below the low-end of guidance in two of those years.

Limbach Beginning of Year Guidance vs. Actuals

$ in mm	2021[1]	2022[2]	2023[3]	2024[4]
Beginning of Year Revenue Guidance	**$480-$520**	**$510-$540**	**$490-$520**	**$510-$530**
Midpoint	*$500.0*	*$525.0*	*$505.0*	*$520.0*
Revenue, Actual	$490.4	$496.8	$516.4	$518.8
Less: Revenue From Acquisitions Closed After Guidance	3.5	N/A	8.1	11.6
Revenue Less Newly Acquired Revenue	**$486.9**	**$496.8**	**$508.3**	**$507.2**
Guidance Mid-point (Miss)	**($13.1)**	**($28.2)**	**N/A**	**($12.8)**
Guidance Low-point (Miss)	**N/A**	**($13.2)**	**N/A**	**($2.8)**

1) 2021 guidance given with Q1'21 earnings; Jake Marshall acquisition closes in late 2021, added a reported $3.5M to Limbach's 2021 revenue.
2) 2022 guidance given with Q1'22 earnings; no acquisitions occurred during 2022.
3) 2023 guidance given with Q4'22 earnings; Industrial Air and ACME acquisitions occur during 2023, adding a reported $8.1M to revenue.
4) 2024 guidance given with Q4'23 earnings; Consolidated Mech. & Kent Island Mech. acquisitions occurred in late 2024. While revenue contribution from acquisitions were not reported, we estimated $11.6M contribution based on reported run-rate and acquisition close-dates.

Source: Limbach financial statements, Spruce Point analysis

SPRUCE POINT CAPITAL MANAGEMENT

Limbach Called Acquisitions Immaterial To 2024 Despite Our Analysis Suggesting Otherwise

Limbach characterized its acquisitions of Kent Island and Consolidated Mechanical as immaterial to 2024 revenue but based on their acquisition dates and their projected forward run-rate revenue, we estimate the two businesses contributed approximately $12 million in 2024. Excluding their impact, we believe Limbach may have missed its initial revenue guidance and posted a ~2% year-over-year revenue decline. We hardly consider that to be an immaterial impact.

Estimated Revenue Contribution

$ in mm Target Company	Date Acquired	Days Owned In 2024	Est. Revenue Run-Rate	Est. 2024 Revenue
Consolidated Mechanical	12/2/2024	29	$23.0	$1.8
Kent Island	9/3/2024	119	$30.0	$9.8
Total				**$11.6**

Total revenue for the year ended December 31, 2024 increased by $2.4 million compared to the year ended December 31, 2023. ODR revenue increased by $83.5 million, or 31.9%, while GCR revenue decreased by $81.1 million, or 31.9%. The increase in year-over-year ODR segment revenue primarily was due to the Company's continued focus on the accelerated growth of its ODR business. In addition, ODR segment revenue increased in the aggregate by approximately $31.5 million due to the ACME and Industrial Air transactions. These entities were not acquired entities of the Company for the full year ending December 31, 2023. The decrease in year-over-year GCR segment revenue was primarily due to the Company's continued focus on the execution of its mix-shift strategy to ODR. The Kent Island and Consolidated Mechanical transactions did not have a material impact on revenue for the year ended December 31, 2024 due to timing of when these entities were acquired.

Consolidated Mechanical is expected to contribute annualized revenue of approximately $23 million beginning in 2025, and EBITDA of $4 million per annum.

Limbach Kent Island expects to contribute on average $30 million in revenue and $4 million in EBITDA on a full year basis.

Source: Limbach FY24 10-K, Limbach March 2025 presentation, Red line emphasis by Spruce Point

Falling Backlog Coverage Further Highlights Weakening Fundamentals

To further illustrate what we believe is a slowdown in Limbach's underlying growth momentum, we analyzed the Company's backlog. While total backlog at year-end 2024 was about $30 million higher year-over-year ($365M vs. $334M), the portion expected to convert to revenue over the next 12 months was nearly flat ($294.6M vs. $294.8M), as the share of ODR backlog expected to convert over the next 12 months fell from 95% to 86%. As a result, backlog coverage, or the share of guidance supported by next-12-month backlog, declined from over 60% in 2023 to just 48% in 2025. We believe this erosion in near-term visibility reinforces the view that core momentum is softening and highlights the growing reliance on not-yet-booked or acquired revenue. We also believe the decline in NTM backlog within the ODR segment suggests increasing reliance on longer-term, lower-margin construction-type work, also evidenced by ODR's recent margin compression and the surge in construction-type revenue the Company reported in 2024, and believe this longer-term construction revenue will continue to pressure margins going forward.

$ in mm	2020	2021	2022	2023	2024	2025
Period-End Backlog						
ODR	$50.9	$98.0	$108.2	$147.0	$225.3	
GCR	393.5	337.2	302.9	186.9	140.0	
Total	**$444.4**	**$435.2**	**$411.1**	**$333.9**	**$365.3**	
Est. % of Backlog To Be Recognized Over Next FY						
ODR	95.0%	69.0%	92.0%	95.0%	86.0%	
GCR	65.0%	65.0%	68.0%	83.0%	72.0%	
Total	**68.4%**	**65.9%**	**74.3%**	**88.3%**	**80.6%**	
Est. Backlog $ To Be Recognized Over Next FY						
ODR	$48.4	$67.6	$99.5	$139.7	$193.8	
GCR	255.8	219.2	206.0	155.1	100.8	
Total	**$304.1**	**$286.8**	**$305.5**	**$294.8**	**$294.6**	
Midpoint of Beginning of Year Revenue Guidance		**$500.0**	**$525.0**	**$505.0**	**$520.0**	**$620.0**
Less: Backlog Estimated To Be Recognized in FY		(304.1)	(286.8)	(305.5)	(294.8)	(294.6)
New Business To Hit Beginning of Yr Guidance		**$195.9**	**$238.2**	**$199.5**	**$225.2**	**$325.4**
Backlog Coverage %		**60.8%**	**54.6%**	**60.5%**	**56.7%**	**47.5%**

Source: Limbach financial statements, Spruce Point analysis

SPRUCE POINT
CAPITAL MANAGEMENT

Limbach's Own Disclosures On Backlog Coverage Supports Our Analysis

Limbach previously included a footnote in its financial statements indicating whether its existing backlog substantially covered forecasted revenue but removed that disclosure in Q1'25, supporting our view that backlog coverage has materially deteriorated.

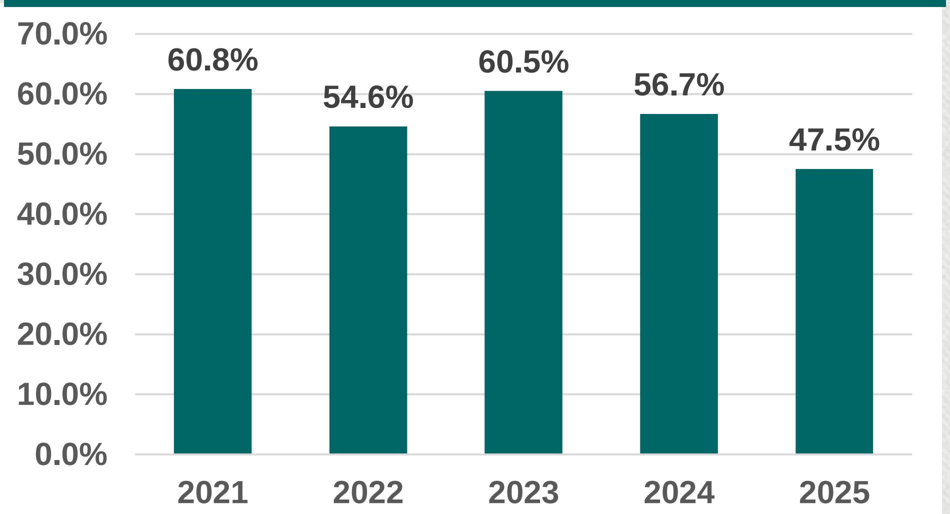
Q1'25 10-Q	**No disclosure provided.**
FY24 10-K	*"The Company's existing current backlog is projected to provide substantial coverage of forecasted revenue for one year from the date of the financial statement issuance."*
Q3'24 10-Q	*"The Company's existing current backlog is projected to provide substantial coverage of forecasted revenue for one year from the date of the financial statement issuance."*
Q2'24 10-Q	*"The Company's existing current backlog is projected to provide substantial coverage of forecasted revenue for one year from the date of the financial statement issuance."*
Q1'24 10-Q	*"The Company's existing current backlog is projected to provide substantial coverage of forecasted GCR revenue for one year from the date of the financial statement issuance."*
FY23 10-K	*"The Company's existing current backlog is projected to provide substantial coverage of forecasted GCR revenue for one year from the date of the financial statement issuance."*

Source: Limbach financial statements, Spruce Point analysis

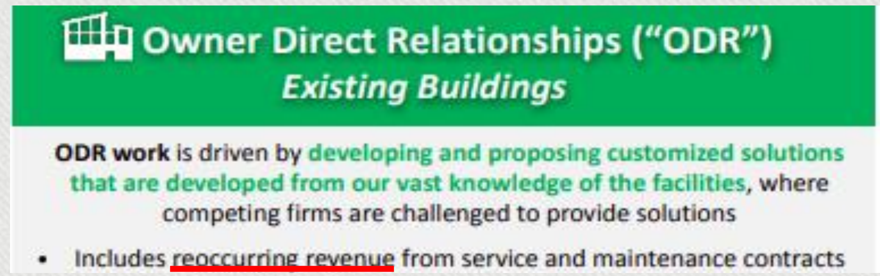
Limbach's Backlog Suggests ODR May Not Be A True Recurring Revenue Business

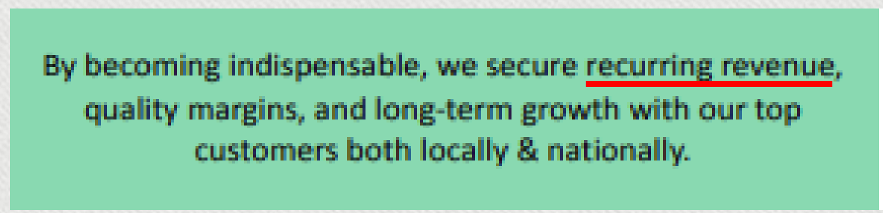
Limbach's management has heavily implied that a material portion of its ODR work is recurring in nature. However, we question the validity of this characterization given that less than half of the Company's initial 2025 revenue guidance is supported by its next-12-month backlog as of year-end 2024. With visibility covering under six months of forward revenue, we believe the business more closely resembles a transactional, project-driven model than one built on recurring relationships. A large increase in the percentage of Limbach's revenue linked to construction-type fixed-price contracts also supports this thesis. As such, we believe any valuation premium tied to a recurring-revenue narrative appears difficult to justify.

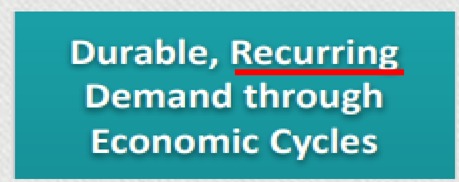
Share of Beginning of Year Guidance Supported by Next-12-Month Backlog



Between 2021 and 2024, Limbach's revenue mix shifted significantly toward ODR, rising from 29% to 66% of revenue. Yet, despite ODR being positioned as a recurring revenue driven model, Limbach's backlog coverage declined materially over the same period.



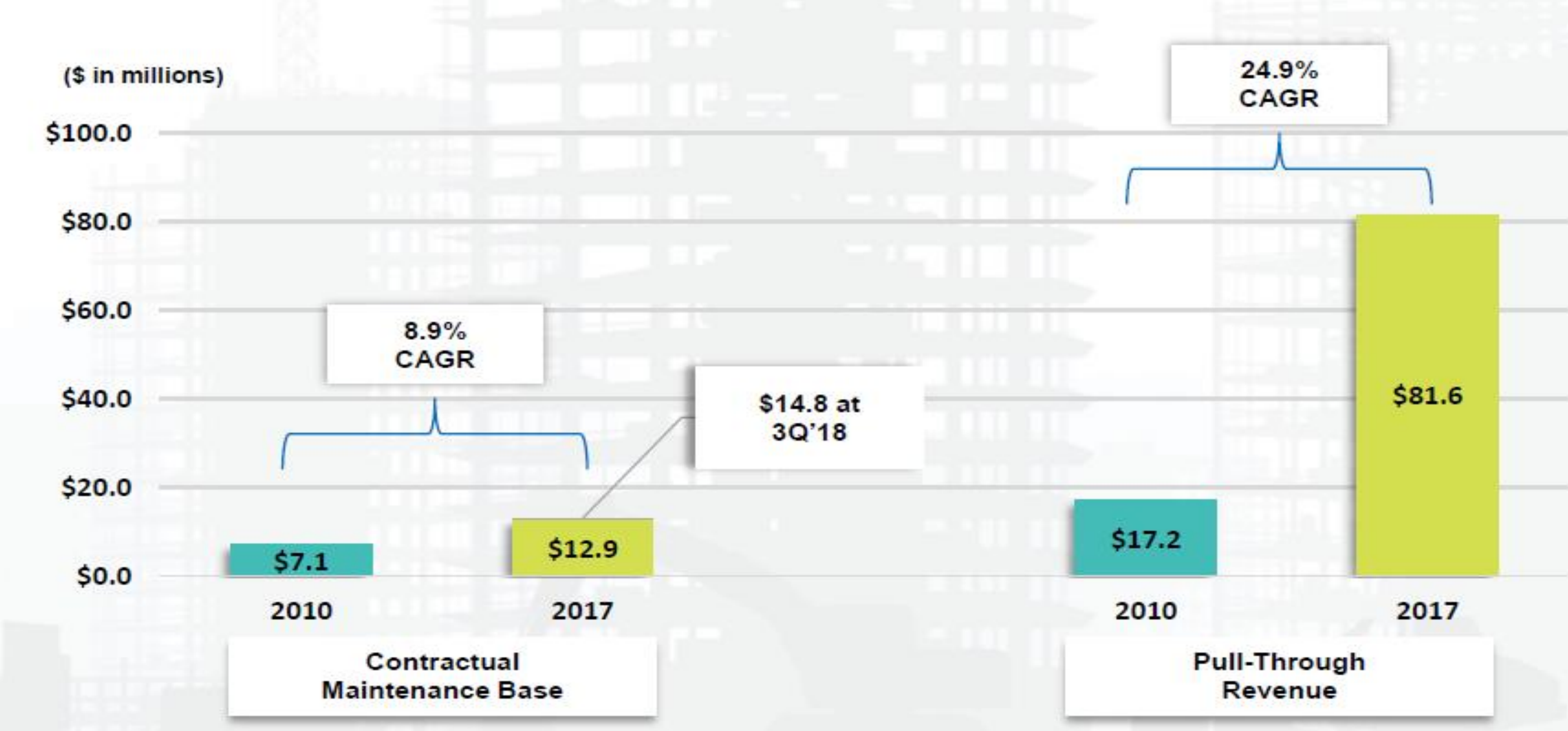




Limbach Ceased Disclosing Its Contracted Maintenance Base Revenue

Limbach previously disclosed its contracted maintenance revenue vs. pull-through revenue, or special projects/spot work that arise from the Company's contracted maintenance relationships. We question why management ceased disclosing this figure in 2018, just as the Company was beginning its transformation in earnest to being an ODR-focused business. We also question why management hasn't resumed disclosing this figure considering that the Company is now an ODR dominated business.

Limbach Maintenance Base vs. Pull-Through Revenue

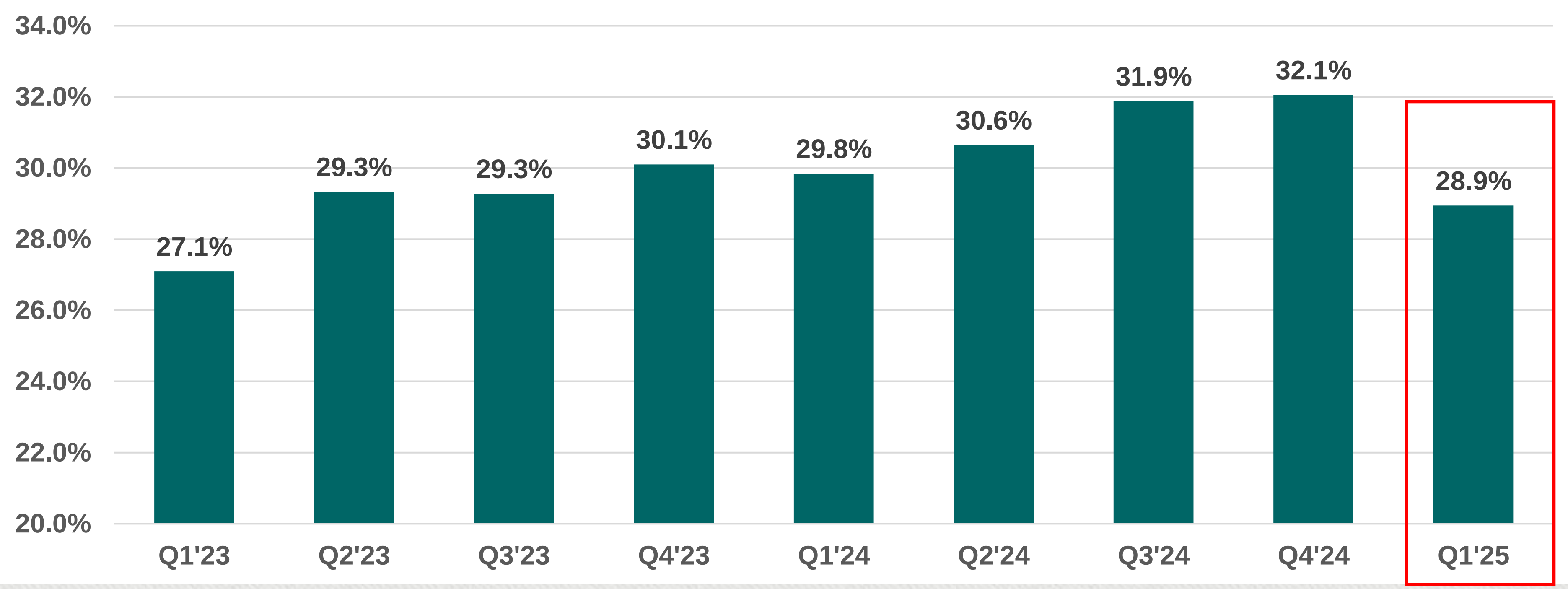


Source: Limbach December 2018 investor presentation

The ODR Segment Had Its Lowest Gross Margin Quarter Since Q1'23

Q1'25 marked the lowest gross margin quarter for Limbach's ODR segment since Q1'23. The margin decline raises concerns over the sustainability of Limbach's margin profile. We see risk for further margin erosion at Limbach considering Pioneer Power's reported 8% EBITDA margin is well below Limbach's pre-acquisition margin.

ODR Segment Gross Margin %

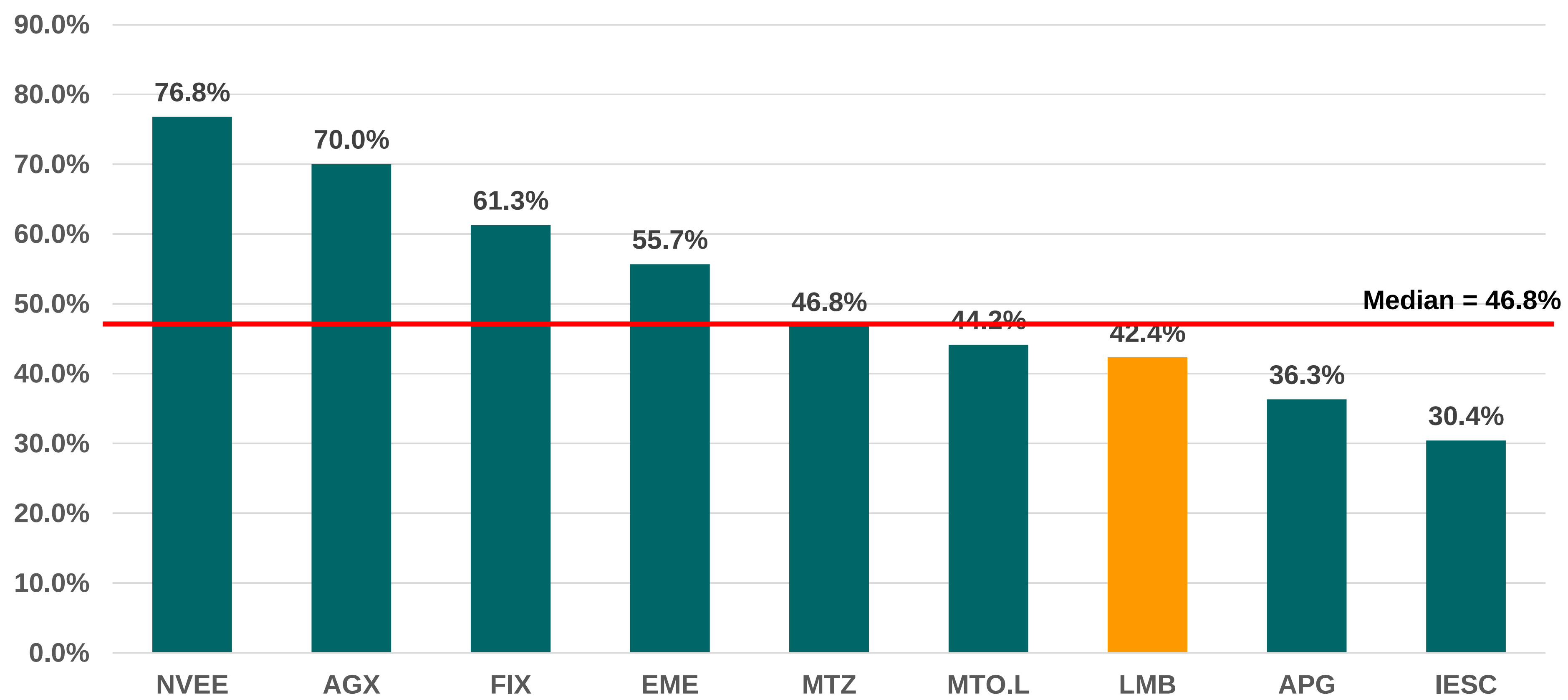


Source: Limbach financial statements, Spruce Point analysis and red emphasis

Low RPO Coverage Raises Questions About Revenue Visibility

While most of Limbach's comps don't report an NTM backlog figure, most do report an NTM performance obligation figure, which is analogous to backlog because it represents contracted revenue the companies expect to recognize over the next twelve months. When compared to peers, Limbach has among the lowest NTM RPO as a percentage of estimated NTM revenue. This could imply a weaker forward revenue base, shorter project durations, or less visibility into future revenue, potentially signaling elevated revenue risk relative to peers.

Current NTM RPOs As A Percentage of Est. NTM Revenue



Source: Spruce Point analysis, company filings, NTM revenue based on sell-side estimates

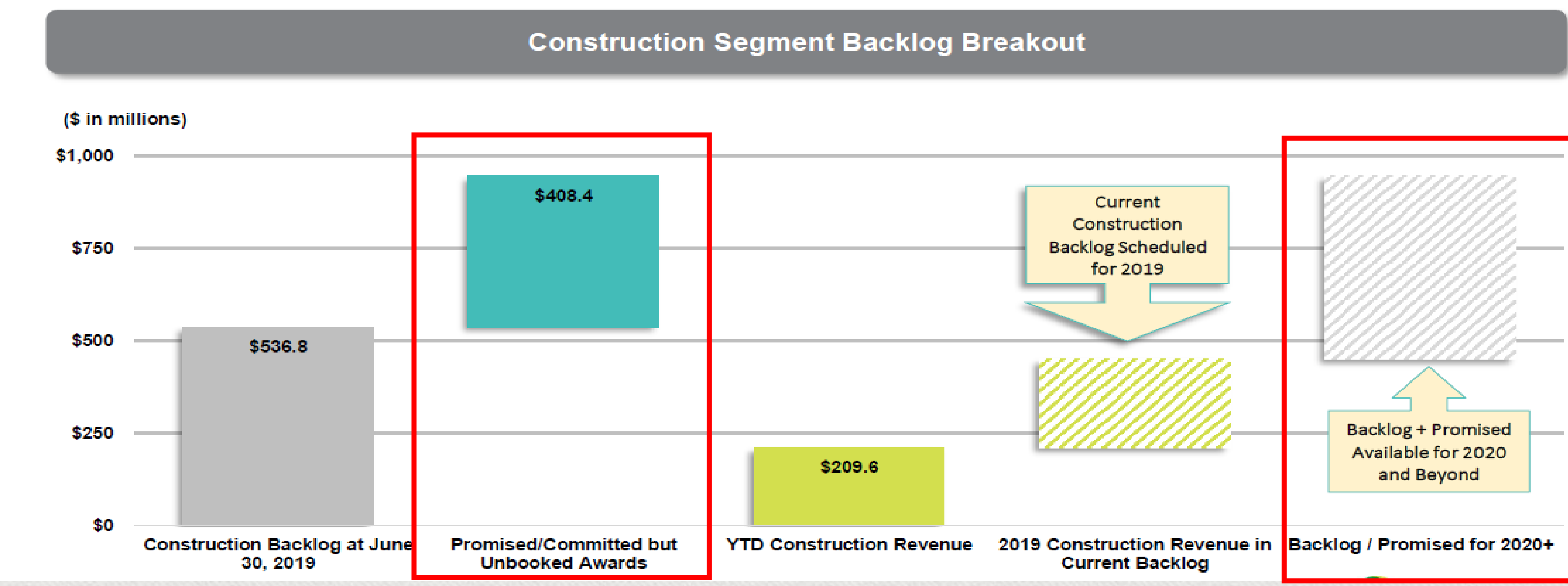
Limbach Has Reduced Backlog Disclosure Over Time

Limbach previously reported a "promised backlog" figure but has not disclosed the figure since Q3'20.

Q3'20 Investor Presentation

*"Data for September 30, 2020 excludes $166.3 million in high confidence, **promised opportunities** not booked into backlog until the execution of definitive documentation."*

Q2'19 Investor Presentation

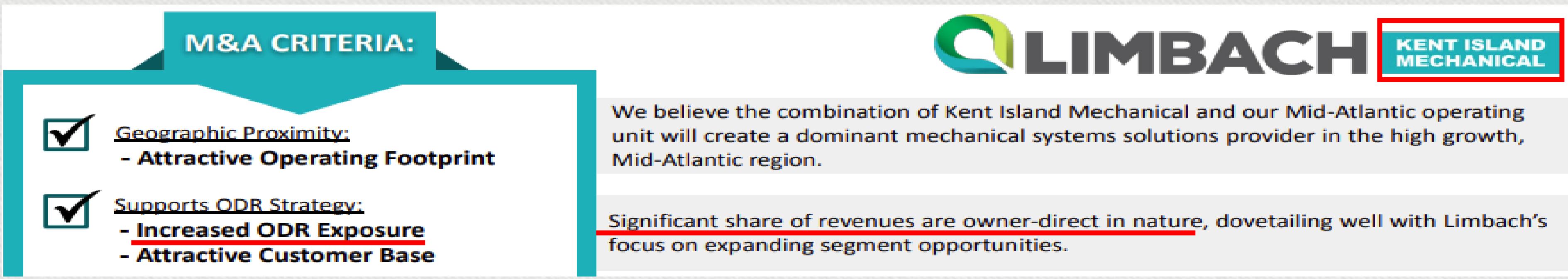


Source: Limbach's Q3'20 investor presentation, Q2'19 investor presentation, Red line emphasis by Spruce Point

Kent Island Earnout Structure Highlights Potentially Deteriorating Deal Discipline

We are concerned by the exceptionally low gross profit thresholds tied to Kent Island's earnout structure. In its first earnout period, Kent Island needs to achieve just an 11% gross margin, with the threshold falling to only 0.7% in the second year. Despite these minimal performance hurdles, the seller is eligible to receive up to $5 million in earnouts, far exceeding the $3.5 million in gross profit Kent Island would need to generate across the two-year earnout period. This structure raises serious concerns about Limbach's deal discipline and suggests management may be prioritizing deal volume or optics over long-term value creation. It also calls into question whether Kent Island reflects the high-margin, recurring-revenue profile typically associated with ODR-focused acquisitions.

$ in mm Target Acquisition	Run-Rate Revenue	Year 1 Gross Profit Target	Year 2 Gross Profit Target	Year 1 Implied Margin	Year 2 Implied Margin	Year 1 Potential Earnout	Year 2 Potential Earnout	Year 1 Earnout % of GP	Year 2 Earnout % of GP
Consolidated Mechanical	$23.0	$6.8	$6.8	29.6%	29.6%	$1.0	$1.0	14.7%	14.7%
Kent Island Mechanical	**30.0**	**3.3**	**0.2**	**11.0%**	**0.7%**	**2.5**	**2.5**	**75.8%**	**1,250.0%**
Industrial Air	30.0	7.6	8.8	25.3%	29.3%	3.0	3.5	39.5%	39.8%
ACME	10.0	2.0	2.5	20.0%	25.0%	0.5	2.0	25.0%	80.0%
Jake Marshall	45.0	10.0	10.0	22.2%	22.2%	3.0	3.0	30.0%	30.0%



Source: Limbach financial statements, Spruce Point analysis, Limbach November 2024 Investor Presentation, Red line emphasis by Spruce Point

Pioneer Power Is Limbach's Lowest-Margin Acquisition

<u>Pioneer Power stands out as Limbach's lowest-margin acquisition, with EBITDA margins meaningfully below those of its prior targets and of the legacy business</u>. This supports our view that Limbach is being pushed further down the quality curve in its M&A strategy or is potentially sandbagging expectations. As private equity activity in the sector has intensified, we believe many of the most attractive, high-margin targets have likely already been acquired, leaving fewer compelling opportunities. We view Pioneer Power as an extremely weak EBITDA margin target and believe Limbach's pivot to lower-quality assets like Pioneer may indicate mounting pressure to sustain growth despite a shrinking pool of desirable targets.

Limbach Acquisition List

$ in mm Target Acquisition	Close Date	Annual Revenue	Annual EBITDA	EBITDA Margin
Pioneer Power	07/01/25	$120.0	$10.0	8%
Consolidated Mechanical	12/02/24	23.0	4.0	17.4%
Kent Island Mechanical	09/03/24	30.0	4.0	13.3%
Industrial Air	11/02/23	30.0	4.0	13.3%
ACME	07/03/23	10.0	1.0	10.0%
Jake Marshall	12/03/21	45.0	4.5	10.0%
Total		**$258.0**	**$27.5**	**10.7%**
Limbach LTM, as reported		$532.9	$66.8	12.5%
Limbach LTM, Spruce Point		**$532.9**	**$59.0**	**11.1%**

Source: Spruce Point analysis

Limbach Ceased Disclosures On Key Customers And Notable ODR Relationships

Limbach previously disclosed its key customers for both general contractors and its owner-direct relationships but has not disclosed this information since 2020.

Limbach's FY20 Top Core National GC/CM Customers	Limbach's FY20 Notable Owner-Direct Relationships
Barton Malow	Bay Care
John Moriarty & Associates	Beaumont Health System
Robins & Morton	Cardinal Health
PCL Construction Service	Constellation Energy
The Christman Company	Disney's Facility Group
Whiting-Turner	Disney's Imagineering
Hensel Phelps Construction	Honda
	Hospital Corporation of America
	Johns Hopkins University
	Marriott
	Ohio Health
	Ohio State University
	Orlando Health
	PPG Industries
	UHS
	Winterthur Museum

Source: Limbach 2020 10-K, Spruce Point analysis

Limbach Ceased Disclosure On Customer Count

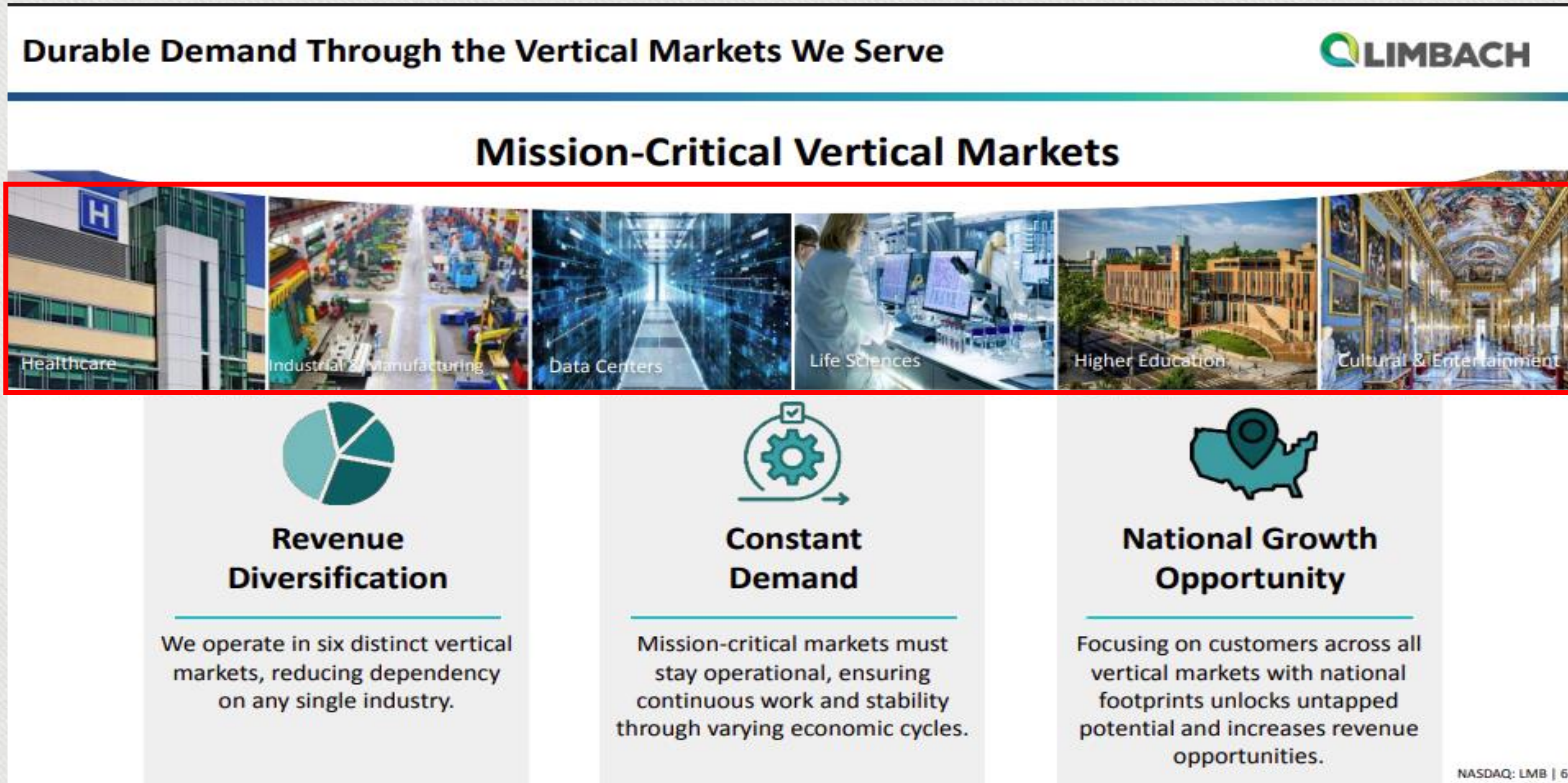
Limbach previously disclosed having over 1,200 owner-direct customers. Over time, the Company removed the 'owner-direct' qualifier, later referring more broadly to having over 1,200 customers, before ultimately ceasing the disclosure entirely. Limbach's removal of its key customer and customer count disclosures raises concerns about transparency, particularly as the Company has undergone a significant transformation to its revenue base in recent years.

Present	**Not disclosed.**
Q1'23 Earnings Call	*"Our customer counts well over 1,200"*
2022 Tear Sheet	*"Our Diverse Platform of a growing geographic footprint, our Primary & Secondary Market Sectors and over 1,200 customers allows us to move where capital is being deployed."*
Q3'22 Earnings Call	*"So today, we do have the 1,200-plus customers."*
Q2'22 Earnings Call	*"So we have over 1,200 owner direct customers and we're looking at those customers just from an account planning perspective to say, where else can we go with them."*
Q1'22 Earnings Call	*"So, we have over 1,200 owner-direct relationships, and what we're looking to do is what else can we do for them?"*

Source: Limbach's earnings call transcripts, Spruce Point analysis

Management Mentions "Core Verticals" But Offers No Details On Vertical Performance

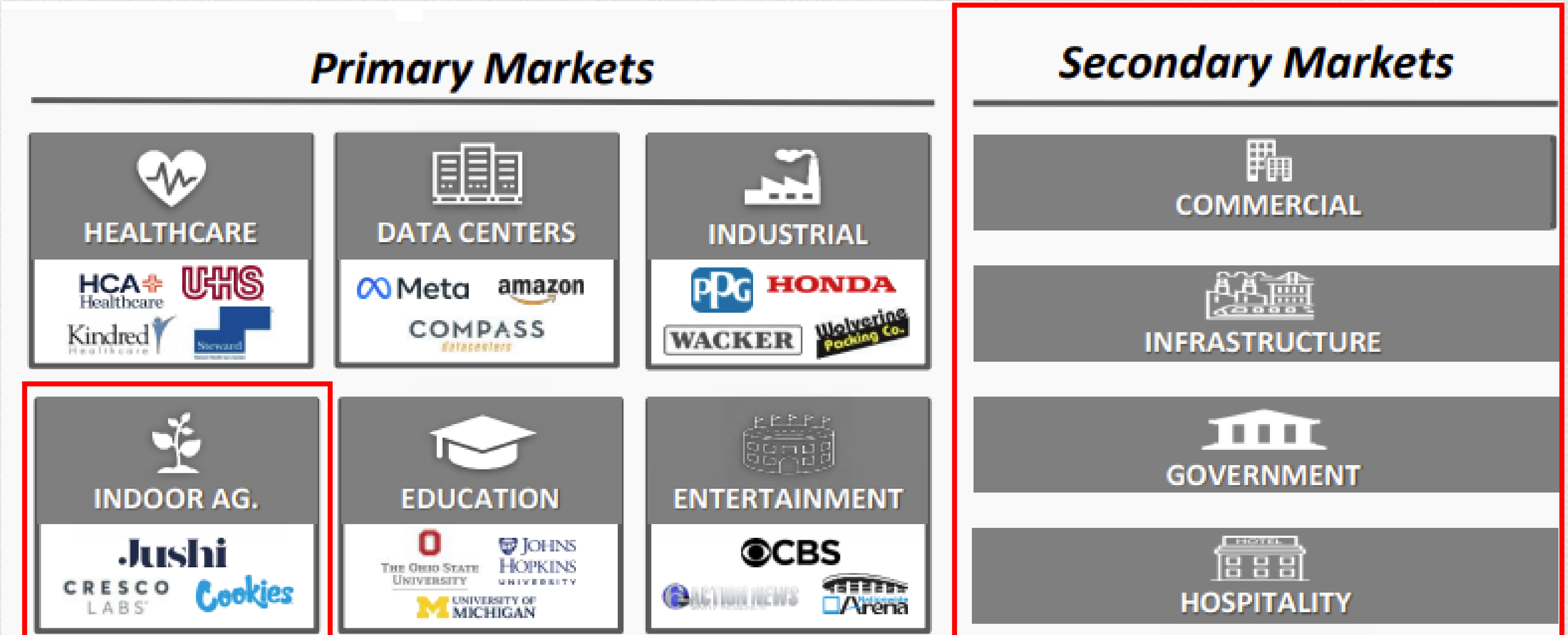
Limbach began promoting six "core verticals" in late 2023 and has continued to reference them in public communications. However, the Company provides no breakout of financial performance by vertical in its filings and offers minimal detail on vertical-level trends during earnings calls. This lack of transparency raises questions about the actual strategic or financial significance of these verticals and leaves investors unable to assess their contribution to performance.



Source: Limbach May 2025 investor presentation, Spruce Point analysis, Red line emphasis by Spruce Point

Limbach Ceased Reference Of Secondary Markets

Limbach also used to reference its key secondary markets but ceased disclosing this in late 2022.



Limbach also dropped indoor agriculture as a key market for the Company after 2022.

Source: Limbach December 2022 Tear Sheet, Red line emphasis by Spruce Point

Reduced Guidance Transparency Limits Investor Visibility Into Key Performance Drivers

Limbach previously provided very robust modeling guidance for investors in its investor presentations but ceased disclosing this information after its November 2023 investor presentation. Since then, the Company has offered only high-level financial targets for revenue and Adj. EBITDA, making it more difficult for investors to assess segment-level performance or underlying expense assumptions.

Additional Modeling Considerations for FY 2023

Metric	Comment
FY 2023 Segment Revenue Mix	50 / 50
GCR Revenue Change	Targeted annual single digit contraction
ODR Revenue Change	Targeted annual growth in "low teens"
GCR Gross Margin	Targeted 12% to 15%
ODR Gross Margin	Targeted 25% to 28%
SG&A Margin	15.5% to 16.5%
Free Cash Flow Conversion as % of Adjusted EBITDA[2] (excluding working capital changes)	Target 70% Annual Conversion
Tax Rate	Projected to be approximately 28%

1. With respect to projected 2023 Adjusted EBITDA, a quantitative reconciliation is not available without unreasonable effort due to the high variability, complexity and low visibility with respect to taxes and other items, which are excluded from Adjusted EBITDA. The company expects the variability of this item to have a potentially unpredictable, and potentially significant, impact on future GAAP financial results.
2. Free Cash Flow is defined as net income, add back non-cash operating activities and then subtract capital expenditures.

LIMBACH 27

Source: Limbach November 2023 investor presentation

We Believe Tariffs Pose An Underappreciated Risk To Limbach

In its Q1'25 10-Q, Limbach included a note on the potential impacts of tariffs on steel and aluminum, noting that such tariffs could increase costs or lead to reduced materials availability. On June 3, 2025, the White House announced it was raising tariffs on global steel and aluminum imports from 25% to 50%. The Boston Consulting Group released a note on the new tariffs, stating that steel and aluminum prices are likely to rise in the short term and that some non-US steel will be priced out of the US market altogether.

FACT SHEETS

Fact Sheet: President Donald J. Trump Increases Section 232 Tariffs on Steel and Aluminum

The White House | June 3, 2025

Effect of Inflation and Tariffs Discussion

In February 2025, the United States government imposed new import tariffs, including duties on steel and aluminum. The higher cost of imported steel and aluminum has prompted domestic suppliers to raise their own prices for these inputs. These tariffs, along with any additional duties or trade restrictions that may be enacted by the United States or other countries, could increase costs, alter competitive dynamics and reduce the availability of steel, aluminum, resins and other imported components and materials. Because the Company's ODR segment typically operates on a short sales cycle, it can often pass cost increases on to the customers; however, the Company may be unable to offset all price increases or to secure adequate alternative sources of supply in a timely manner. Although retaliatory tariffs imposed by other countries on the United States have not yet had a material impact, future developments are uncertain, and the ultimate effect of current or future tariffs on the Company cannot be quantified at this time. Currently the environment related to both domestic and foreign tariffs is fluid and evolving and it is likely that such matters will continue to develop. Given that these matters have been hard to anticipate and are continuing to evolve it is not practical for the Company to predict what, if any, impact these matters may have on the Company in the near and long term but as those matters develop it is possible that the imposition of tariffs and similar matters may impact the Company, and in some cases in material ways.

Source: White House fact sheet, Limbach Q1'25 10-Q, Red line emphasis by Spruce Point

SPRUCE POINT CAPITAL MANAGEMENT

Limbach May Be Challenged In The Growing Emphasis on Energy Efficiency Solutions

We believe that incorporating energy efficient products and practices into buildings is an increasingly important aspect of building design and operation. Limbach has implicitly acknowledged this by adding energy efficiency solutions as an offering in its ODR segment. Limbach no longer references that it is "*Gathering momentum in energy efficiency*" as part of its growth outlook in Investment Summary. Meanwhile, OEMs like Carrier are committing vast resources to expand their and climate solutions service and sales professionals over the next five years by adding 100,000 professionals. This announcement comes while labor is already tight for skilled HVAC technicians.(1)

Carrier Announces Additional $1 Billion Investment in U.S. Manufacturing Footprint, Advanced Cutting-Edge R&D and Workforce Expansion

Carrier's TechVantage initiative, announced in January, is included in both the $1 billion investment and anticipated 4,000 jobs. The program aims to hire 1,000 U.S. service technicians and train more than 100,000 climate solutions service and sales professionals over the next five years. This effort is focused on developing the skilled workforce needed to support the installation and servicing of high-performance climate solutions systems.

Limbach New Disclosure in 10-K

"Energy Efficiency Solutions. The Company provides customized solutions to help building owners achieve energy goals, secure funding, reduce operating costs, and maintain energy-efficient facilities. By enhancing visibility into facility and asset performance, the Company delivers significant energy savings. The Company's tailored approach includes sourcing funding through energy rebates and incentives, energy engineer-led facility assessments and benchmarking, energy-efficient equipment upgrades, and optimizing and maintaining building systems."

Limbach Last Referenced "Momentum In Energy Efficiency" In Its Nov 2022 Presentation

~~Growth Outlook~~

~~Gathering momentum in *energy efficiency* and *improving indoor air quality* support continued organic growth~~

Source: Carrier press release, Limbach 2024 10-K, and Nov 2022 Investor Presentation, labor shortage
1) *"The One Thing That's Holding Back the Heat Pump"*, Wired.com, May 6, 2024

We Believe Limbach's Earnings May Be Inflated By Aggressive Accounting Practices

Limbach's Critical Audit Matter Reveals Interesting Shift in 2024

In addition to its crumbling organic growth narrative, we believe Limbach engages in aggressive accounting practices, potentially inflating earnings. The Company recognizes revenue from two main sources: fixed-price construction contracts and time & materials service contracts. For fixed-price construction contracts, Limbach uses cost-to-cost accounting, which relies heavily on management estimates for final costs, completion percentages, labor productivity, subcontractor performance, etc. Historically, Limbach's fixed-price construction revenue has equaled GCR segment revenue. However, Limbach's 2024 critical audit matter revealed that construction-type revenue surged to over 80% of total revenue, up from just over 50% in 2023, implying that a meaningful portion of ODR revenue is now being booked under fixed-price contracts. This shift carries significant implications. ODR has traditionally been viewed as lower risk and more recurring, supported by time & materials billing that provides earnings stability and limits estimation risk. Moving fixed-price mechanics into ODR undermines this profile, exposing the segment to margin volatility and management subjectivity in cost forecasting. We believe this raises concerns around the quality and sustainability of reported ODR earnings.

$ in mm	2020	2021	2022	2023	2024
Fixed-Price Construction-Type Revenue	$441.0	$350.0	$280.4	$254.4	$429.4
GCR Segment Revenue	441.0	350.0	280.4	254.4	173.3
Equal?	**TRUE**	**TRUE**	**TRUE**	**TRUE**	**FALSE**
Total Revenue	$553.3	$568.2	$490.4	$496.8	$516.4
Construction-Type % of Total	**79.7%**	61.6%	57.2%	51.2%	**83.2%**

Revenue

The Company generates revenue principally from fixed-price construction contracts to deliver mechanical, plumbing, and electrical construction services to its customers. The duration of the Company's contracts generally ranges from three months to two years. Revenue from fixed price contracts is recognized on the cost-to-cost method, measured by the relationship of total cost incurred to total estimated contract costs. Revenue from time and materials service contracts is recognized as services are performed. The Company believes that its extensive experience in mechanical, plumbing, and electrical projects, and its internal cost review procedures during the bidding process enable it to reasonably estimate costs and mitigate the risk of cost overruns on fixed price contracts.

Evaluation of Variable Consideration and Estimated Costs at Completion for Fixed-Price Construction-Type Contracts.

As described in Notes 2 and 4 to the financial statements, the Company recognizes revenue from performance obligations on construction-type contracts over time using a cost-to-cost input method in which the extent of progress is measured as the ratio of costs incurred to date to the total estimated costs at completion. Revenue recognition under this method requires a significant level of judgment and estimates from management to determine the transaction price and the total estimated cost to complete each contract. During the year ended December 31, 2024, approximately $429,389,000 of the Company's revenues were derived from construction-type contracts.

Source: Limbach financial statements, Spruce Point analysis, Red line emphasis by Spruce Point

ODR's Fixed-Price Exposure Undermines Lower-Risk Narrative

Assuming 100% of the GCR segment was booked under fixed-price construction contracts, that implies over $256 million or nearly 75% of the ODR segment's revenue was also booked under fixed-price construction contracts. We find this concerning, as fixed-price structures expose the Company to cost overruns, particularly in a volatile labor and materials environment. While ODR has been positioned as a higher-margin, lower-risk growth driver, the heavy reliance on fixed-price contract work undermines that narrative and increases the risk of margin volatility. We believe this also highlights the extent to which the actual work performed under the GCR and ODR segments is fundamentally similar, consisting largely of construction-type services. As disclosed in Limbach's 10-K, the primary distinction between the two segments lies in who the customer is not the type of work being performed.

Estimated % of Total ODR From Fixed Price Contracts

$ in mm	2024
Fixed-Price Construction-Type Revenue	$429.4
Less: GCR segment revenue	($173.3)
= Implied Fixed-Price Revenue in ODR Segment	**$256.1**
Total ODR Revenue	$345.5
% of Total ODR From Fixed-Price Revenue	**74.1%**

The Company operates in two segments, (i) Owner Direct Relationships ("ODR"), in which the Company performs owner direct projects and/or provides maintenance or service primarily on mechanical, plumbing or electrical systems, building controls and specialty contracting projects to existing buildings direct to, or assigned by, building owners or property managers, and (ii) General Contractor Relationships ("GCR"), in which the Company generally manages new construction or renovation projects that involve primarily mechanical, plumbing, or electrical services awarded to the Company by general contractors or construction managers. This work is primarily performed under fixed price, modified fixed price, and time and material contracts over periods of typically less than two years.

Source: Limbach financial statements, Spruce Point analysis, Red line emphasis by Spruce Point

Spruce Point Capital Management

Gross Profit Write-Ups Drove A Material Portion Of Pre-Tax Earnings Growth In 2024

Occasionally, under the cost-to-cost method, management will need to update their estimates for projects in-progress, resulting in gross profit write ups/(downs). We are concerned with the increase in gross profit write-ups from contract estimate revisions in recent quarters and the outsized impacts these management decisions have had on the Company's reported earnings. For example, in 2024 Limbach saw $5.8 million in net gross profit write-ups, representing nearly 50% of the Company's y/y increase in pre-tax earnings.

Earnings Impact Of Gross Profit Write Ups/(Downs)

$ in mm	2019	2020	2021	2022	2023	2024	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Consolidated															
Gross Profit Write-Ups	$4.7	$1.7	$2.7	$3.0	$2.2	$7.2	$0.0	$0.0	$3.1	($0.9)	$2.0	$3.0	$0.0	$2.2	$0.9
Gross Profit Write-Downs	(12.8)	(10.4)	(4.9)	(2.8)	(2.3)	(1.4)	0.0	0.0	(1.3)	(1.0)	0.0	0.0	0.0	(1.4)	0.0
Net Write Up/(Down)	**($8.1)**	**($8.7)**	**($2.2)**	**$0.2**	**($0.1)**	**$5.8**	**$0.0**	**$0.0**	**$1.8**	**($1.9)**	**$2.0**	**$3.0**	**$0.0**	**$0.8**	**$0.9**
ODR Segment															
Gross Profit Write-Ups	$0.7	$0.0	$0.0	$0.0	$0.0	$3.9	$0.0	$0.0	$0.0	$0.0	$2.0	$1.5	$0.0	$0.4	$0.0
Gross Profit Write-Downs	(0.4)	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	(0.6)	(0.4)	0.0	0.0	0.0	0.0	0.0
ODR Net Write Up/(Down)	**$0.3**	**$0.0**	**$0.0**	**$0.0**	**($1.0)**	**$3.9**	**$0.0**	**$0.0**	**($0.6)**	**($0.4)**	**$2.0**	**$1.5**	**$0.0**	**$0.4**	**$0.0**
GCR Segment															
Gross Profit Write-Ups	$4.0	$1.7	$2.7	$3.0	$2.2	$3.3	$0.0	$0.0	$3.1	($0.9)	$0.0	$1.5	$0.0	$1.8	$0.9
Gross Profit Write-Downs	(12.4)	(10.4)	(4.9)	(2.8)	(1.3)	(1.4)	0.0	0.0	(0.7)	(0.6)	0.0	0.0	0.0	(1.4)	0.0
GCR Net Write Up/(Down)	**($8.4)**	**($8.7)**	**($2.2)**	**$0.2**	**$0.9**	**$1.9**	**$0.0**	**$0.0**	**$2.4**	**($1.5)**	**$0.0**	**$1.5**	**$0.0**	**$0.4**	**$0.9**
Pre-Tax Income	**($2.1)**	**$7.0**	**$9.5**	**$9.6**	**$28.1**	**$40.0**	**$3.6**	**$7.3**	**$10.0**	**$7.2**	**$7.3**	**$8.4**	**$10.9**	**$13.5**	**$8.0**
Y/Y $ Increase		$9.0	$2.5	$0.1	$18.5	$11.9					$3.6	$1.0	$0.9	$6.3	$0.7
Net Write Up/(Down)		($8.7)	($2.2)	$0.2	($0.1)	$5.8					$2.0	$3.0	$0.0	$0.8	$0.9
Net Write Ups As % of Y/Y $ Increase		**N/A**	**N/A**	**152.7%**	**N/A**	**48.9%**					**54.9%**	**296.2%**	**0.0%**	**12.7%**	**123.0%**

The trend continued into Q1'25, when over 100% of year-over-year pre-tax earnings growth was driven by gross profit write-ups.

Source: Limbach financial statements, Spruce Point analysis

Management Has Reduced Disclosure On Gross Profit Impacts Over Time

Given that gross profit write-ups can have a significant impact to earnings in certain periods, we consider it to be a major red flag that Limbach has reduced disclosure on write-ups/(downs) over time. The Company ceased disclosing a table after its FY21 10-K which outlined write-ups/(downs) by segment and the number of projects driving the adjustment. The Company also previously reported net gross write-ups regardless of materiality and now reports only write-ups that have an impact of $0.5 million or more, potentially allowing the Company to hide smaller dollar write-ups.

(in thousands except number of projects)	For the Years Ended December 31, 2021	2021 Project count	2020	2020 Project count
Gross profit write-ups:				
GCR	$ 5,663	12	$ 1,654	3
ODR	—	—	—	—
Total gross profit write-ups	$ 5,663	12	$ 1,654	3
Gross profit write-downs:				
GCR	$ (5,958)	8	$ (10,379)	15
ODR	(332)	1	—	—
Total gross profit write-downs	$ (6,290)	9	$ (10,379)	15
Total gross profit write-downs, net	$ (627)		$ (8,725)	

Table no longer disclosed after the FY21 10-K.

During the year ended December 31, 2021, the Company recorded total net gross profit write-ups, regardless of materiality, of $0.4 million compared to total net gross profit write-downs, regardless of materiality, of $7.9 million for the year ended December 31, 2020.

The Company recorded revisions in its contract estimates for certain ODR and GCR projects. During the year ended December 31, 2024, the Company recorded material gross profit write-ups on four ODR segment projects for a total of $3.9 million that had a net gross profit impact of $0.5 million or more. During the year ended December 31, 2024, the Company recorded material gross profit write-ups on three GCR projects for a total of $3.3 million and material gross profit write-downs on two GCR projects for a total of $1.4 million.

The Company previously reported total net write-ups, regardless of materiality. The Company has reduced disclosure and now only reports net write ups with a $0.5 million or greater impact.

Source: Limbach 2021 10-K, Limbach 2024 10-K, Red line emphasis by Spruce Point

We Believe Limbach's Adj. EBITDA Is Overstated As Reported

We believe Limbach's reported Adj. EBITDA is overstated. To start, the Company excludes finance lease costs from its Adj. EBITDA calculation. Because finance lease costs are recorded on the income statement as amortization and interest expenses, both of which are added back to EBITDA, the costs of finance leases are effectively excluded, overstating the Company's true economic earnings. Limbach's finance leases are primarily tied to real estate, vehicles, and equipment, and thus are integral to the Company's ongoing operations and must be appropriately accounted for. Between 2019 and 2024, these expenses totaled approximately $19 million, making them a significant recurring expense. Limbach also makes the aggressive choice to add one-time gains on property and equipment sales to its Adj. EBITDA calculation; these non-recurring gains added roughly $1 million to Limbach's reported 2024 Adj. EBITDA total.

Adj. EBITDA Analysis

$ in mm	2019	2020	2021	2022	2023	2024	LTM	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Operating Income	$8.1	$17.2	$14.0	$12.0	$29.3	$38.6	$40.0	$6.5	$8.2	$10.9	$13.0	$7.9
Change in fair value of contingent consideration	0.0	0.0	0.0	2.3	0.7	3.8	3.6	0.6	1.1	0.6	1.4	0.4
Depreciation and amortization	6.3	6.2	5.9	8.2	8.2	11.9	13.2	2.7	2.8	2.7	3.6	4.1
Non-cash stock-based compensation expense	1.8	1.1	2.6	2.7	4.9	5.8	6.1	1.2	1.5	1.6	1.5	1.6
Cash stock-based compensation expense	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.4
Executive Transition/Severance Costs	0.6	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring Costs	0.0	0.6	0.0	6.0	1.8	1.4	1.4	0.1	0.1	0.6	0.6	0.1
Acquisition/Transaction Costs	0.0	0.0	0.7	0.3	0.8	1.3	1.3	0.0	0.0	0.8	0.4	0.1
Gain on disposition of property and equipment	0.1	0.1	0.0	0.3	0.1	1.0	0.8	0.5	0.1	0.1	0.3	0.3
Adj. EBITDA, as reported	**16.8**	**25.1**	**23.3**	**31.8**	**46.8**	**63.7**	**66.8**	**11.8**	**13.8**	**17.3**	**20.8**	**14.9**
Restructuring Costs	0.0	(0.6)	0.0	(6.0)	(1.8)	(1.4)	(1.4)	(0.1)	(0.1)	(0.6)	(0.6)	(0.1)
Acquisition/Transaction Costs	0.0	0.0	(0.7)	(0.3)	(0.8)	(1.3)	(1.3)	(0.0)	(0.0)	(0.8)	(0.4)	(0.1)
Cash stock-based compensation expense	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)	0.0	0.0	0.0	0.0	(0.4)
(Gain)/Loss on disposition of property and equipment	(0.1)	(0.1)	(0.0)	(0.3)	(0.1)	(1.0)	(0.8)	(0.5)	(0.1)	(0.1)	(0.3)	(0.3)
Finance Lease Expense	(2.9)	(3.1)	(2.9)	(3.0)	(3.1)	(3.7)	(3.9)	(0.9)	(0.9)	(0.9)	(1.0)	(1.1)
Adj. EBITDA, Spruce Point	**$13.8**	**$21.3**	**$19.6**	**$22.2**	**$41.0**	**$56.4**	**$59.0**	**$10.3**	**$12.7**	**$14.9**	**$18.5**	**$12.9**

We believe Limbach's treatment of acquisition and restructuring costs in its Adj. EBITDA calculation is overly permissive. M&A is a core component of the Company's growth strategy, not a one-off event, and as such, related transaction costs should not be excluded from profitability metrics. Similarly, restructuring charges have appeared with enough frequency to suggest they are recurring, not exceptional.

Limbach made a subtle reporting change in Q1'25 that we believe allows the Company to potentially add-back cash compensation payments to Adj. EBITDA. More on the next slide.

Source: Limbach financial statements, Spruce Point analysis

Subtle Reporting Change May Allow Limbach To Add Back Cash Compensation To Adj. EBITDA

We believe a subtle change in how Limbach reports stock-based compensation for its Adj. EBITDA calculation may allow the Company to add cash compensation expenses to Adj. EBITDA. We believe this already happened in Q1'25 when the $2 million of stock-based compensation the Company added back to Adj. EBITDA was $0.4 million greater than the $1.6 million of *non-cash* stock-based compensation Limbach reported on its cash flow statement. Since management's cash bonuses are tied to EBITDA, management has a clear incentive to flatter it, and we believe this subtle change may allow them to do that.

(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:		

(in thousands)	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	$ 14,872	$ 11,757
Revenue	$ 133,108	$ 118,976
Adjusted EBITDA Margin	11.2 %	9.9 %

Limbach removed the "Non-cash" descriptor for the first time in Q1'25 from the stock-based compensation adjustment to Adj. EBITDA.

Stock Based Compensation: Cash Flow Statement vs. Adj. EBITDA

$ in mm	2019	2020	2021	2022	2023	2024	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Non-Cash Stock-Based Compensation, Cash Flow Statement	$1.8	$1.1	$2.6	$2.7	$4.9	$5.8	$1.2	$1.5	$1.6	$1.5	$1.6
Stock-Based Compensation, Added Back to Adj. EBITDA	1.8	1.1	2.6	2.7	4.9	5.8	1.2	1.5	1.6	1.5	2.0
Difference	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($0.4)**

Prior to Q1'25, the amount of stock-based compensation added back for the Company's Adj. EBITDA calculation was equal to the amount reported on the cash flow statement.

Source: Limbach financial statements, Spruce Point analysis, Red line emphasis by Spruce Point

Spruce Point Capital Management

Limbach Appears To Have Been Restructuring Its Southern California Business Since At Least 2020

Limbach recorded $6 million in restructuring charges in 2022 tied to downsizing its Southern California and Eastern Pennsylvania operations. Yet, despite formally winding down these branches three years ago, the Company has continued to report restructuring charges in every quarter since, conveniently inflating Adj. EBITDA. This ongoing pattern raises questions: what exactly is being restructured at this point? The 10-Ks and 10-Qs provide no meaningful detail on the nature of the charges. Management first referenced restructuring efforts in Southern California in Q1'20, yet five years later, related charges continue.

$ in mm	2019	2020	2021	2022	2023	2024	LTM	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Restructuring Charges	$0.0	$0.6	$0.0	$6.0	$1.8	$1.4	$1.4	$0.2	$0.5	$0.3	$0.7	$0.1	$0.1	$0.6	$0.6	$0.1

Q1'25 Earnings Press Release

(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.

FY22 Earnings Press Release

Includes restructuring charges within our Southern California and Eastern Pennsylvania branches as well as other cost savings initiatives throughout the company.

Q1'20 Earnings Call

*"Beyond the impact of a large project sales in New England in the first quarter of last year, **we orchestrated a managed reduction of new sales activity in Southern California** and Tampa. **Our actions in Southern California were intended to reduce risk while we transition management and stabilize the operation**, similar to the plan we executed successfully in the Mid-Atlantic operation."*

Restructuring the Southern California business appears to have impacted the Company since at least Q1'20. Limbach first mentioned restructuring Eastern Pennsylvania in May 2022, implying that effort has stretched on for several years as well.

Source: Limbach financial statements, press releases, and earnings call transcripts, Spruce Point analysis

We Believe Limbach Overstates Free Cash Flow By Excluding Key Uses Of Cash

We believe Limbach's reported free cash flow is significantly overstated as it excludes some key recurring uses of cash. First, the Company excludes all working capital ("WC") changes from its FCF calculation, which in some periods can be a significant use of cash. We believe WC changes should be included in Limbach's FCF calculation because as a contractor primarily using cost-to-cost accounting, its GAAP earnings are heavily influenced by management estimates and working capital is where the financial reality of project execution ultimately shows up.

Reported vs. Spruce Point Adjusted Free Cash Flow

$ in mm	2019	2020	2021	2022	2023	2024	LTM	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Free Cash Flow, As Reported												
Net Income	($1.8)	$5.8	$6.7	$6.8	$20.8	$30.9	$33.5	$7.6	$6.0	$7.5	$9.8	$10.2
Plus: Non-cash operating activities	16.6	13.8	17.0	17.6	18.2	24.5	24.8	4.7	6.7	5.9	7.2	5.1
Less: Capex, less amounts spent on rental equipment	(2.7)	(1.5)	(0.8)	(1.0)	(2.3)	(3.0)	(2.7)	(0.5)	(1.8)	(0.3)	(0.4)	(0.2)
Free Cash Flow, as reported	**12.1**	**18.1**	**22.9**	**23.4**	**36.7**	**52.3**	**55.6**	**11.8**	**10.9**	**13.0**	**16.6**	**15.0**
Adj. EBITDA to Free Cash Flow Conversion, as reported	72.4%	72.0%	98.5%	73.8%	78.4%	82.1%	83.2%	100.3%	78.7%	75.3%	79.9%	101.1%
Free Cash Flow, Spruce Point Adjusted												
Cash Flow From Operating Activities	(0.9)	39.8	(24.2)	35.4	57.4	36.8	43.0	(3.9)	16.5	4.9	19.3	2.2
Less: Capex, including amounts spent on rental equipment	(2.7)	(1.5)	(0.8)	(1.0)	(2.3)	(7.5)	(7.2)	(2.5)	(3.3)	(0.4)	(1.3)	(2.2)
Less: Finance lease payments	(2.5)	(2.7)	(2.6)	(2.7)	(2.7)	(3.0)	(3.2)	(0.7)	(0.7)	(0.9)	(0.7)	(0.9)
Less: Payment of contingent consideration up to acquisition date	0.0	0.0	0.0	0.0	(1.8)	(1.3)	(3.6)	0.0	(1.3)	(0.0)	0.0	(2.3)
Less: Taxes paid for stock-based compensation	(0.1)	(0.2)	(0.5)	(0.4)	(0.8)	(5.2)	(10.7)	(5.2)	0.0	0.0	0.0	(10.7)
= Free Cash Flow, Spruce Point Adjusted	**(6.3)**	**35.5**	**(28.1)**	**31.2**	**49.7**	**19.7**	**18.3**	**(12.4)**	**11.2**	**3.7**	**17.2**	**(13.8)**
FCF Understated/(Overstated) As Reported	**($18.4)**	**$17.4**	**($51.0)**	**$7.8**	**$13.0**	**($32.6)**	**($37.3)**	**($24.2)**	**$0.3**	**($9.4)**	**$0.6**	**($28.9)**

Like with its Adj. EBITDA, we also believe Limbach's free cash flow should be adjusted for finance lease costs. Since the interest portion of finance leases already runs through operating cash flow, we only need to factor in the principal payment, which shows up in the financing section of the cash flows statement.

Limbach also excludes contingent consideration payments from its FCF calculation; given these are cash payouts tied to performance milestones, we believe they are economically similar to incentive compensation and should be factored into FCF. The Company's FCF calculation also ignores rental equipment purchases and taxes paid related to equity awards, both tied to ongoing business operations. In aggregate, we believe the exclusion of these uses of cash from the Company's FCF calculation has allowed Limbach to overstate FCF by over $37 million in the last 12 months alone.

Source: Limbach financial statements, Spruce Point analysis

Our Math Shows Limbach's Adj. EBITDA To FCF Conversion Rate Is Much Lower Than Reported

We believe Limbach significantly overstates its free cash flow, which in turn inflates its reported Adj. EBITDA-to-FCF conversion rate. While the Company claims an 80% conversion rate over the past six years, our Spruce Point-adjusted FCF analysis suggests the true figure may be less than 60%.

Spruce Point's Adjustments To Limbach's FCF Conversion Rate

$ in mm	2019	2020	2021	2022	2023	2024	Last 6-Yr
Adj. EBITDA, as reported	**$16.8**	**$25.1**	**$23.3**	**$31.8**	**$46.8**	**$63.7**	**$207.4**
Free Cash Flow, as reported	$12.1	$18.1	$22.9	$23.4	$36.7	$52.3	$165.6
Free Cash Flow Conversion, as reported	**72.4%**	**72.0%**	**98.5%**	**73.8%**	**78.4%**	**82.1%**	**79.8%**
Adj. EBITDA, Spruce Point	**$13.8**	**$21.3**	**$19.6**	**$22.2**	**$41.0**	**$56.4**	**$174.4**
Free Cash Flow, Spruce Point	($6.3)	$35.5	($28.1)	$31.2	$49.7	$19.7	$101.8
Free Cash Flow Conversion, Spruce Point	**(45.3%)**	**166.3%**	**(143.3%)**	**140.4%**	**121.4%**	**34.9%**	**58.3%**

Source: Limbach financial statements, Spruce Point analysis

Limbach Appears To Have Stopped Considering Working Capital For Incentive Comp Purposes After 2020

It is concerning that Limbach removed working capital targets from its incentive compensation plan targets after 2020, particularly given the Company's use of cost-to-cost accounting, where revenue and profit recognition are heavily tied to management estimates. In this model, working capital serves as a key indicator of whether projects are being executed as forecasted. By excluding working capital from performance incentives, management may have less financial motivation to ensure disciplined project execution. We are also concerned with the removal of *"specific strategic goals"* from the Company's incentive compensation plan targets as it may signal a shift toward more short-term, financial oriented goals such as meeting certain EBITDA or total stock return thresholds.

2021 vs. 2020 Incentive Comp Targets
"For 2021, the non-equity incentive plan compensation was rewarded for the achievement of certain Company-wide Adjusted EBITDA targets."
*"For 2020, the non-equity incentive plan compensation was based on the achievement of certain Company-wide Adjusted EBITDA, **working capital** and **specific strategic goals**."*

Source: 2022 Limbach Proxy Statement

Spruce Point Capital Management

Lawsuit Highlights Need To Consider Working Capital When Evaluating Free Cash Flow

A recent lawsuit filed by Limbach subsidiary Jake Marshall underscores why evaluating working capital is crucial. After a prime contractor abandoned a project where Jake Marshall was a subcontractor, Jake Marshall was left with a $4.6 million unpaid balance, $3.4 million of which was from unapproved change orders. Because Jake Marshall's contract required written approval for such changes, we believe that amount is likely unrecoverable. Under cost-to-cost accounting, Limbach would have recognized profit as work progressed on the project but now may never collect the cash due for work performed, highlighting the need to evaluate working capital when assessing Limbach's free cash flow.

29. In light of O'Neal's failure to pay Jake Marshall, on May 16, 2024, Jake Marshall sent a Notice of Nonpayment and Claim on Payment Bond to Liberty Mutual in the amount of $5,522,090.20 ("Claim Notice"). A true and correct copy of the Claim Notice is attached hereto as **Exhibit D** and incorporated herein by reference.

30. Liberty Mutual has failed to make full payment on Jake Marshall's claim.

31. Jake Marshall has satisfied all conditions precedent necessary for recovery under the Subcontract and Bond.

32. Payments that Jake Marshall received from O'Neal after Jake Marshall sent the Claim Notice have reduced the principal amount remaining due and owing Jake Marshall to $4,622,090.20.

SECTION 2. ENTIRE AGREEMENT: This Subcontract and the Contract Documents enumerated below embodies the entire agreement between Contractor and Subcontractor. The parties shall not be bound by or be liable for any statement, representation, promise, inducement, or understanding of any kind or nature not set forth in the Contract Documents. It is understood and agreed that the Subcontractor's bid or proposal to perform the Work are not part of the Subcontract or the Contract Documents, and that any inconsistent or limiting term, condition, or other qualification in such bid or proposal is superseded by the terms of this Subcontract. Except as otherwise provided hereinafter, no changes, modifications or amendments of any kind of the terms and conditions hereof shall be valid unless agreed by the parties in writing and signed by their authorized representative.

Jake Marshall's contract with the prime contractor indicates that contract changes that have not been agreed to in writing by both parties are not valid.

Amounts Due on Unapproved Change Order Proposals for Work Performed:

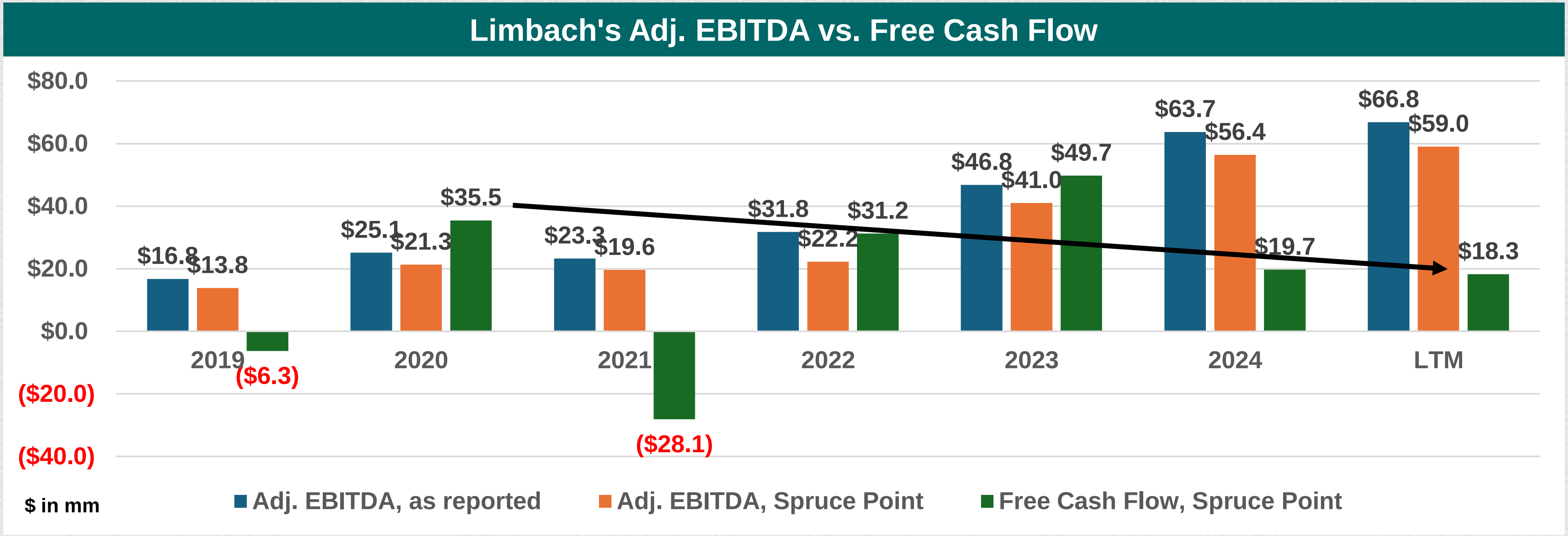
• CP-069r1 - Extended Overhead and General Conditions (March, 2023 - April, 2023)	$ 198,893.88
• CP-092r1 - Extended/Expanded Overhead and General Conditions (May 2023 - November, 2023)	$1,080,668.23
• CP-093 part 1 - Hourly Rates Increase (from Subcontract scheduled end date - June, 2023)	$ 68,336.00
• CP-093 part 2 - Hourly Rates Increase (July, 2023 - August, 2023)	$ 15,313.20
• CP-093 part 3 - Hourly Rates Increase (September, 2023 - January, 2024)	$ 40,303.78
• CP-093 part 4 - Additional Extended Overhead and General Conditions (March, 2024)	$ 10,020.64
• CP-101 - Roof work install seasonal labor factor out of sequence sequence	$ 153,659.23
• CP-104 - AHUs Out of Sequence request	$ 118,285.77
• CP-116R1 - Duct Double Handling due to storage requirements due to requirements due to schedule delay	$ 307,650.89
• CP-117 - Overtime Inefficiencies (July, 2023 - August, 2023)	$ 121,369.52
• CP-130 - Extended Warranties for AHUs, Chillers, VFDs	$ 204,006.12
• CP-132 - Added scope - Firestop Labor Rate Changes	$ 4,140.00
• CP-143 - Plumbing Underground Delay and Impact to Field Labor regarding Extended Schedule	$ 102,189.00
• CP-144 - Mechanical and Rough-in Inefficiencies (above slab on grade) regarding Extended Schedule	$ 372,826.00
• CP-145 - Labor Impacts Associated with Mix and Bake Testing and Partial Occupancy of Building regarding Extended Schedule	$ 334,276.00
• CP-157 - Additional Extended Overhead and General Conditions (December, 2023 - January, 2024)	$ 124,525.91
• CP-161 - Start-up of AHUs and MUs out of sequence; Added startup labor from equipment supplier	$ 16,673.80
• CP 166 - Additional Extended Overhead and General Conditions (February, 2024)	$ 57,142.19
• CP-175 - Additional Extended Overhead and General Conditions (March, 2024)	$ 37,857.71
• CP-176 - Additional Scope - Added Propylene Glycol	$ 29,978.59

The largest component of Limbach's outstanding balance from the prime contractor is $3.4 million of unapproved change work orders.

Source: Jake Marshall LLC. vs. Liberty Mutual, Red line emphasis by Spruce Point

We Believe The Strongest Signal For Aggressive Accounting Lies In Delta Between Adjusted Earnings And Free Cash Flow Growth

We believe one of the clearest signs of aggressive accounting at Limbach is the disconnect between its steadily rising adjusted earnings and stagnant free cash flow. Despite acquiring five companies between 2021 and 2024, our calculation for Limbach's LTM free cash flow is over $17 million below its 2020 level.



Source: Limbach financial statements, Spruce Point analysis

Limbach's Allowance For Credit Losses Appears Insufficient

At 0.4% of gross A/R, Limbach's allowance for credit losses is among the lowest relative to peers, which may be inflating the Company's reported earnings. If Limbach maintained a reserve more in line with peer averages, its annual provision expense would likely be higher, reducing earnings. For example, if the Company held an allowance equal to 1.5% of gross A/R and continued provisioning at roughly 50% of the allowance annually, it would require increasing its annual provision from $0.2 million to $0.8 million.

Comparable Companies, A/R Analysis

$ in mm Ticker	Company Name	Gross A/R	Allowance For Credit Losses	Allowance % of Gross A/R	Provision For Credit Losses	Provision % of Allowance
EME	EMCOR GROUP, INC.	$3,833.2	$25.0	0.7%	$12.1	48.5%
FIX	COMFORT SYSTEMS USA, INC.	2,068.8	17.7	0.9%	8.0	45.1%
ABM	ABM INDUSTRIES INCORPORATED	1,627.7	24.2	1.5%	8.7	36.0%
APG	API GROUP CORPORATION	1,364.0	8.0	0.6%	4.0	50.0%
MTZ	MASTEC, INC.	1,363.9	18.8	1.4%	(1.1)	N/A
MTO.L	MITIE GROUP PLC	734.6	13.3	1.8%	3.1	23.2%
IESC	IES HOLDING, INC.	517.6	1.9	0.4%	1.2	65.4%
GDI.TO	GDI INTEGRATED FACILITY SERVICES INC.	420.5	8.8	2.1%	3.7	41.7%
NVEE	NV5 GLOBAL, INC.	329.4	5.2	1.6%	1.4	26.5%
AGX	ARGAN, INC.	108.4	1.9	1.8%	N.R.	N.R.
	High	**$3,833.2**	**$25.0**	**2.1%**	**$12.1**	**65.4%**
	Average	**$1,236.8**	**$12.5**	**1.3%**	**$4.6**	**42.0%**
	Median	**$1,049.2**	**$11.0**	**1.4%**	**$3.7**	**43.4%**
	Low	**$108.4**	**$1.9**	**0.4%**	**($1.1)**	**23.2%**
LMB	**LIMBACH HOLDINGS, INC.**	**$111.3**	**$0.4**	**0.4%**	**$0.2**	**58.7%**

Source: Spruce Point analysis. Note: GDI figures translated into US$.

Limbach's Revenue Disclosures Lack Depth When Compared With Peers

Spruce Point Capital Management

We believe Limbach's disclosures on revenue in its MD&A are weak, especially when stacked up against some of its peers. Limbach simply reports ODR vs. GCR segment revenue, while FIX breaks out its revenue by service, customer type, and activity type. EME even presents a sector breakdown by segment. These additional layers of detail provide investors with a clearer view of underlying business drivers and risk exposures. Limbach's limited disclosure, by contrast, makes it difficult to assess the sector concentration of its revenue base.

FIX's Q1'25 Revenue Disaggregation

	Three Months Ended March 31,			
Revenue by Service Provided	**2025**		**2024**	
Mechanical Segment	$ 1,402,215	76.6 %	$ 1,185,009	77.1 %
Electrical Segment	429,071	23.4 %	352,007	22.9 %
Total	$ 1,831,286	100.0 %	$ 1,537,016	100.0 %

	Three Months Ended March 31,			
Revenue by Type of Customer	**2025**		**2024**	
Technology	$ 677,553	37.0 %	$ 464,814	30.2 %
Manufacturing	452,786	24.7 %	461,400	30.0 %
Healthcare	182,542	10.0 %	133,729	8.7 %
Education	161,242	8.8 %	133,983	8.7 %
Office Buildings	122,526	6.7 %	101,892	6.6 %
Government	96,281	5.3 %	87,801	5.7 %
Retail, Restaurants and Entertainment	77,009	4.2 %	80,585	5.2 %
Multi-Family and Residential	28,353	1.5 %	40,851	2.7 %
Other	32,994	1.8 %	31,961	2.2 %
Total	$ 1,831,286	100.0 %	$ 1,537,016	100.0 %

	Three Months Ended March 31,			
Revenue by Activity Type	**2025**		**2024**	
New Construction	$ 1,065,084	58.2 %	$ 898,976	58.5 %
Existing Building Construction	492,603	26.9 %	390,369	25.4 %
Service Projects	119,214	6.5 %	104,114	6.8 %
Service Calls, Maintenance and Monitoring	154,385	8.4 %	143,557	9.3 %
Total	$ 1,831,286	100.0 %	$ 1,537,016	100.0 %

EME's Q1'25 Revenue Disaggregation

	For the three months ended March 31,		
	2025	**% of Total**	**2024**
United States electrical construction and facilities services:			
Network and communications market sector	$ 516,337	47 %	$ 309,540
Commercial market sector	98,558	9 %	93,448
Manufacturing and industrial market sector	98,475	9 %	100,551
Healthcare market sector	107,736	10 %	53,380
High-tech manufacturing market sector	45,010	4 %	35,243
Institutional market sector	51,709	5 %	38,070
Transportation market sector	62,028	6 %	43,624
Water and wastewater market sector	12,759	1 %	4,207
Hospitality and entertainment market sector	23,224	2 %	21,955
Short-duration projects [1]	54,977	5 %	51,059
Service work	19,137	2 %	14,125
	1,089,950		765,202
Less intersegment revenues	(2,106)		(491)
Total segment revenues	$ 1,087,844		$ 764,711

Source: Spruce Point analysis, FIX Q1'25 10-Q, EME Q1'25 10-Q

Limbach's Previous Weaknesses In Internal Controls Underscore The Complexity of Construction Accounting

To illustrate the challenges of managing an accounting function within a construction company, consider that Limbach reported a material weakness in its internal control over financial reporting from 2016 to 2018. Notably, several of the identified issues were tied to accounting for construction project-related items, underscoring the inherent complexity of financial oversight in this sector. Limbach's controller in 2018 was Dan Murtha, who continues to work at Limbach as its SVP of Finance & Accounting.

Material Weaknesses

As Of:	Cause of Weakness
12/31/2018	*"Our controls related to **monthly project reviews and the review of our work-in-process schedule** did not operate effectively for the year ended December 31, 2018. Specifically, in certain limited instances, management determined that **monthly project reviews were ineffective in properly identifying project claim and pending change order ("PCO") situations**, thereby resulting in improper and untimely accounting for these issues. In those instances, our primary controls did not operate at a precision level sufficient to detect errors in project accounting."*
12/31/2017	*"Our controls around contract administration and **our work-in-process schedule did not operate effectively**, thereby resulting in net favorable gross profit and pre-tax income adjustments totaling $566,000 for the year ended December 31, 2017. Specifically, in certain limited instances, **our work-in-process schedule was not accounted for in accordance with related billing and other contractual terms** and, in those instances, our review of the work-in-process schedule did not operate at a precision level sufficient to detect errors in project accounting. Additionally, we have not yet completed a full employee access level review of all of our financially significant accounting systems"*
12/31/2016	*"**We have not yet fully developed the required accounting and financial reporting control environment** to achieve sufficient precision and timeliness of review. We have not established access review controls for employees who post journal entries to ensure that access is required for their job responsibilities. **The infrastructure of the accounting department, including the complement of personnel, is not sufficient** to account for complex or infrequent transactions, such as business combinations, preferred stock, warrants and convertible debt, to review the work of third-party consultants, material agreements, and journal entries and medical claims incurred but not reported and underlying support with the necessary level of precision in management review controls, or to fully handle SEC reporting requirements. Limitations with our current financial close processes and supporting systems adversely impact our ability to generate financial statements that are free of material misstatement on a timely basis; and **We have not yet established processes and internal controls sufficient to properly accrue for all goods and services received at project sites**, but not invoiced to the Company on a timely basis."*

Source: Limbach financial statements, Spruce Point analysis

We Believe Investors Are Overlooking Intensifying Competitive Pressure From Private Equity-Backed Platforms

We Believe Private Equity's Growing Presence In The Facility Services Industry Presents Risks To Incumbent Players Like Limbach

On its Q1'25 earnings call, Limbach's management, for the first time, publicly acknowledged the growing role of private equity in the industry and briefly addressed its potential impact, particularly in the context of M&A activity. While the topic was raised, we believe management largely downplayed the risks, suggesting they do not view private equity-backed competitors as a material threat to Limbach's deal pipeline. We see it differently and believe private equity's growing presence in the facility services space poses a rising threat to incumbents like Limbach. PE-backed platforms are typically well-capitalized, enabling them to outbid incumbent players in M&A and more effectively deploy technology to scale operations and enhance customer value.

LMB Q1'25 Earnings Call

*"So it's interesting from a private equity perspective, I think what that does is ultimately really shows people that are selling their business, just a differentiation between maybe going down that route versus the Limbach route. **So I think the saturation in the market has allowed us to differentiate ourselves.** And I think what it really comes down to is our approach is just different. We're going to patient, diligent. We're going to take our time. We're really focused not on just the deal itself, but what the deal is going to look like over the long term."*

And this brings us to the back half of 2024. By now, a virtuous cycle has taken hold. Each successful FS transaction leaves in its wake satisfied investors seeking the next great deal, runner-up bidders hungry for another opportunity and a supportive and well-educated lender base. While valuation multiples may have pulled back modestly from the meteoric highs of 2021 and 2022, the number of well-informed players keyed in on the sector has never been greater. Industry-specific vocabulary, standardized data classifications and uniform KPI application are becoming common parlance for investors and operators alike. Equity groups have developed theses across FS sectors using clear and thoughtful criteria to qualify "top tier" investment opportunities. Strong operators (and their advisors) that understand how investors grade opportunities can distinguish themselves and "ace the test" with strategic foresight and advance planning.

According to TM Capital's 2024 Facility Services report, the number of well-informed investors keyed on facility services has never been greater.

Transactions across the industry have been trending upward over the past several years, reflecting the attractiveness of value-driven opportunities and growth through roll ups and synergies to PE firms.

Alvarez and Marshall notes that PE deals in the space have trended upward in recent years as investors have keyed in on the space. Lincoln International lists 4 pages of PE sponsored facility services M&A deals that occurred in Q1'25 alone highlighting the increased attention to the space.

Source: TM Capital 2024 Facility Services report, Alvarez & Marsal report, Lincoln International Q1'25 Facility Services update, Red line emphasis by Spruce Point

A Representative Sample of PE-Sponsored Platforms In The Facility Services Industry

The facility services sector has become increasingly crowded with private equity-backed platforms, intensifying competition and accelerating consolidation. Below is a representative sample of platforms active in the sector today:

Facility Services PE Platforms		
Name	**PE Sponsor**	**Source**
Apex Service Partners	Alpine Investors	Link
Archkey Solutions	26North	Link
Bluejack Fire & Life Safety	Agellus Capital	Link
BluSky	Partners Group and Kohlberg & Company	Link
CoolSys	Ares	Link
Heartland Home Services	The Jordan Company	Link
Industrial Service Solutions	Wynnchurch Capital	Link
Legence	Blackstone	Link
Nations Roof	AEA Investors	Link
Premistar	Partners Group	Link
Service Logic	Leonard Green & Partners	Link
Servpro	Blackstone	Link
Sila Services	Goldman Sachs	Link
Site Logiq	AEA Investors	Link
The Facilities Group	Greenbriar Equity Group	Link
Fidelity Building Services	Onex	Link
United Building Solutions	AE Industrial Partners	Link
United Site Services	Platinum Equity	Link

Source: Spruce Point Analysis

Major PE Platforms Are Likely Looking At The Same Deals As Limbach

Limbach's acquisitions over the last five years have been on companies generating between $10-$120 million in revenue and between $1-$10 million in EBITDA at the time of acquisition, placing Limbach's target companies squarely in the sights of some of the largest PE backed platforms in the sector.

-PremiStar Partners with Farmer & Irwin, Expanding its Commercial HVAC Footprint in Southeast Florida

DEERFIELD, IL, July 16, 2025 — PremiStar, an industry leader providing commercial and industrial HVAC, plumbing, and building automation services, announced today that Farmer & Irwin, a mechanical contractor based in Riviera Beach, Florida, has joined the PremiStar family of companies.

Click here to view the full release.

-B.T. Lindsay & Co. Partners with Air Temp Mechanical and PremiStar in Hartford, CT.

DEERFIELD, IL, June 17, 2025 — PremiStar, an industry leader providing commercial and industrial HVAC, plumbing, and building automation services, announced today that B.T. Lindsay & Co., a commercial HVAC design/build installation and service provider in West Hartford, CT, has partnered with Air Temp Mechanical, a PremiStar company headquartered in Berlin, CT.

Click here to view the full release.

-PremiStar Expands in Illinois with Acquisition of the HVAC Services Division of Dahme Mechanical

DEERFIELD, IL, March 4, 2025 — PremiStar, a leader in commercial and industrial HVAC, plumbing, and building automation services, has acquired the HVAC services division of Dahme Mechanical Industries, Inc., based in Countryside, IL. This acquisition expands PremiStar's service capabilities in northern Illinois and northwest Indiana.

Click here to view the full release.

-PremiStar Partners with Air Temp Mechanical, Connecticut's Largest Independent Commercial HVAC Contractor

DEERFIELD, IL, January 21, 2025 — PremiStar, a leader in commercial and industrial HVAC, plumbing, and building automation services, has partnered with Air Temp Mechanical, Connecticut's largest independent commercial HVAC contractor.

Click here to view the full release.

-PremiStar Extends its Commercial HVAC Services Footprint to New York City with Trademark Mechanical Partnership

DEERFIELD, IL, January 15, 2025 — PremiStar, a leader in commercial and industrial HVAC, plumbing, and building automation services, has partnered with Trademark Mechanical, a commercial HVACR and controls contractor in Elmsford, NY, a suburb of New York City. PremiStar's first expansion in the state of New York, this partnership extends the company's national footprint to encompass the NYC metropolitan area, strengthening its commitment to customers in the manufacturing, technology, education, healthcare, commercial/industrial, and property management segments.

PremiStar, a Partners Group backed platform, has already made several acquisitions in 2025. PremiStar's target companies are between $10-$100 million in revenue, directly overlapping Limbach's target universe.

We build platforms in essential, non-discretionary services markets

We focus exclusively on essential, non-discretionary services industries. Our belief is that these markets are characterized by recession-resilience, stable margins and long-term secular growth. We believe that these large, fragmented markets possess long-term potential for add-on acquisitions, a core part of our strategy in building differentiated, market-leading companies.

We target the following company size ranges:

Platforms: $2 to $25 million of EBITDA
Add-ons: Any Size

Agellus Capital, which backs the Bluejack Fire & Life Safety platform, notes that it considers add-ons of any size, underscoring how platform companies and their PE sponsors are aggressively pursuing even the smallest deals in their push for scale, likely putting potential Limbach acquisition targets squarely in their sights.

Source: PremiStar News, Agellus Capital Investment Criteria, PremiStar's acquisitions program, Red line emphasis by Spruce Point

Technology Likely To Become A Key Differentiator In The Facility Services Sector

SPRUCE POINT CAPITAL MANAGEMENT

PROFOUND IMPACT OF TECHNOLOGY FAVORING CONSOLIDATORS AND SOPHISTICATED PLAYERS

Facility services has not historically been on the vanguard of technological innovation. The industry traditionally operated on low-tech equipment with paperwork orders and straight-forward dispatching and project administration.

That is changing. For years now, leading operators have "tech-enabled" their administration to improve service levels and reduce overhead costs. The more recent "step-function" change is the integration of technology into the equipment serviced by nearly every FS trade category. HVAC systems incorporate IoT technology to improve energy efficiency. Security systems integrate advanced tech into the built environment. Roofing now encompasses technical solar panel installation and maintenance. Comprehensive waste solutions encompass sophisticated recycling & remediation solutions.

Technical work requires specialized training, frequent upgrades and strong OEM partnerships (with the right OEMs). Customers gravitate to service partners that intimately understand their systems and can be trusted to maintain uptime – reinforcing "sticky" relationships. Technicians value employers that invest in their training and career development. Overall, all these factors accrue to the benefit of larger and more sophisticated platforms with the tools and resources to keep pace with the latest innovations (while capturing the revenue uplift of frequent technology upgrades and break/fix service).

MARKET COMMENTARY

"Advances in security related technology have made it a viable option for reducing labor costs while improving the level of protection and service provided. Cameras, optical recognition, portable hardware, AI-driven applications, management software, and connectivity have all become integral parts of the typical protection solution."

- Jamie Ridenhour, National Training & Compliance Manager, DSI Security Services

"The HVAC industry seems likely to be dominated by technology. From eco-friendly heating and cooling options to field service management (FSM) software that can increase operational efficiency and improve customer service to innovations like artificial intelligence (AI), virtual reality, and the Internet of Things (IoT), technology will impact virtually every aspect of the HVAC business. HVAC companies need to determine how they can best leverage tech innovations to remain competitive in the face of heightened demands and a tightening economy."

- Garrett Wilson, CEO, FieldBin

KEY TECHNICAL FACTORS FAVOR FURTHER CONSOLIDATION & SHARE GAINS FOR SOPHISTICATED, SCALED SERVICE PROVIDERS

	Key Tech Trait	Benefit to Sophisticated Operators
1	Complex Systems and Increased Service Needs	More complex, automated and web-enabled systems are the new standard – raising the stakes on system installation and maintenance and necessitating best-of-breed service providers
2	Accelerating Modernization Cycles	Customers need a dependent, sophisticated service partner to help navigate frequent upgrades to the latest technology and plan multi-year system evolution and modernization programs
3	Necessity for Advanced Tech from Top OEMs	Tech-centric systems are creating notable differentiation for top OEMs, which in turn requires support from sophisticated service providers and integrators credentialed in their territories to work on top OEM systems
4	Integrated Solutions	With increasingly integrated solutions designed for interoperability, customers need an aligned service partner provider that understands how systems work together – there is limited value in one-off providers competing on price with no prior knowledge of the current systems in place

TM Capital, in its 2024 Facility Services report, emphasized that technology is poised to become a major differentiator in the sector. While the industry has historically been low-tech, TM notes that is rapidly changing.

Going forward, firms that can effectively invest in and deploy technology will have a competitive advantage, and TM believes this environment favors sophisticated, scaled platforms that can leverage tech to drive efficiency, consistency, and customer value.

We see this as a net negative for Limbach, which we view as being a legacy contractor at its core and thus less structurally equipped to adapt to a technology-driven service model.

Source: TM Capital 2024 Facility Services Report, Red line emphasis by Spruce Point

Spruce Point Capital Management

We Believe The Market Underappreciates The Risk From Major OEMs Developing In-House Service Solutions

In addition to competitive pressure from scaling private equity platforms, an industry expert we spoke with noted that one of the biggest risks he sees for companies like Limbach is large OEM companies expanding their service and solutions businesses.

Spruce Point Call With Industry Expert

*"…and that is a topic of concern **because when OEM's get into this space, which they are trying to, and they'll be very efficient if they want to just be aggressive with that to strike away these turnkey providers on larger key accounts and then just have the cake for themselves.** It's going to hurt revenues unless companies like Limbach pivot towards owning any IP. Owning these systems that they're providing, which they cannot at this time because they're generally taking equipment from Johnson Controls, Trane, Siemens, Carrier, Bosch, Honeywell and they're putting that together for the customer. **These companies are all already known to be getting in now, you know Rockwell and Honeywell, they're already in the system to work directly with large key accounts, they install the systems, and so systems integrators are now shrinking in size.** They're not getting a lot of businesses when it comes to scale because Honeywell, Rockwell, Bosch, who are thriving at those turnkey projects as well as getting them equipment and that is also moving its flavors in the building technology space in terms of HVAC as well."*

Examples of OEMs Acquiring Service Companies

Acquirer	Date	Target	Notes	Link
Trane Technologies	1/3/2025	BrainBox AI	Decarbonization and energy reduction solutions provider.	Link
Trane Technologies	9/23/2024	Damuth Services	A leading regional distributor and service provider of HVAC systems.	Link
Honeywell	12/8/2023	Carrier's Global Access Solutions Business	Global leader in advanced access and security solutions.	Link
Lennox	10/25/2023	AES	Provides installation services, adapter curbs, and reclaim services in the light commercial market.	Link
Bosch	5/7/2023	Paladin Technologies	A leading provider of security and life safety solutions and system integration services in North America.	Link
Trane Technologies	4/1/2022	Tozour Energy Systems	A leading regional distributor and service provider of HVAC systems.	Link

Source: Spruce Point Research

Comments From Executives Of Building Systems OEMs Confirm Interest In Growing Their Services And Solutions Businesses

Below is a selection of recent statements from building systems OEM executives that showcase a deliberate push to expand their service and solutions offerings. Several highlight a clear intent to provide end-to-end lifecycle solutions, placing OEMs in direct competition with Limbach's ODR business.

OEM Executive Comments On Growing Services Businesses	
JCI Wolfe Conference 5/25/2025	*"And so I joined Danaher. And with the team there, we evolved the Danaher Business System to be far beyond factories. So over the last 14 years in Danaher -- and I'm sure you've seen that in investor presentations how much we, at the time, they know, talk about **what we did on sales, on marketing, on service, on how to accelerate innovation and so on. All of those things are 100% applicable at Johnson Controls.**"*
HON Wolfe Conference 5/20/2025	*"**On the services side, it's all about ensuring that the value of delivering and the way we deliver that value, that strong customer relationship translates into strong project to service conversion**, and we're quite pleased on what we're seeing there as well as our software solutions to where now you're able to decouple ourselves from the natural investment cycles, investment cycles are either building a new building or they have a refurbishment plan coming up."*
CARR Carrier's Analyst Day 5/19/2025	*"**We built a very strong service organization** with dedicated and centralized playbooks that help **serve our customers with life cycle management solutions.**"*
JCI BofA Conference 5/14/2025	*"And **some of our customers want an OEM that stand behind the system and service the assets over its life**, and hopefully, is there for the replacement down the line."*
JCI Q2'25 Earnings Call 5/07/2025	*"Finally, our technological capabilities and our product domains are impressive. Our capabilities are evidenced by our many industry firsts and nearly 8,000 patents with more coming. Johnson Controls has come a long way over the last several years. But as I said, **there's still great potential to unlock in this iconic technology-based and service-enabled company.**"*
TT J.P. Morgan Conference 3/11/2025	*"Yes. I mean I think the service business, obviously -- these are very sophisticated systems. So think of it as, **the more sophisticated the system, the more aptitude there is for the OEM to do the service work**, I'd start with that."*
TT Barclays Conference 2/19/2025	*"So that's the strength of the equipment markets. It brings the service tail and that service tail doesn't really start in those first 2 or 3 years post installation, right? There's warranty periods, and we get through that warranty period and then the newer product probably needs a little bit less service, but you start growing that over time. **The service dollars really bring that 8x to 10x the value of services versus the original equipment. That really starts kicking in a few years after installation**."*

Source: Spruce Point research

Increased Competition Has Led To Potential Market Share Losses For Limbach

Limbach's declining position on the Engineering News-Record's ("ENR") Top Mechanical Contractors list, from 9th in 2018 to 14th in 2024, underscores intensifying competition in the sector and suggests the Company has lost market share over time.

2018

THE TOP 50 FIRMS IN MECHANICAL

RANK 2018	RANK 2017	FIRM	($ MIL.) 2017 REV.	% CHANGE '16-'17
1	1	EMCOR GROUP INC.	3,428.4	-2
2	2	COMFORT SYSTEMS USA INC.	1,448.2	+8
3	3	ACCO ENGINEERED SYSTEMS	932.7	+16
4	5	API GROUP INC.	852.9	+17
5	4	SOUTHLAND INDUSTRIES	850.3	+14
6	8	TDINDUSTRIES	604.0	+32
7	7	TEAM INDUSTRIAL SERVICES INC.	528.1	+10
8	6	MCKINSTRY	504.0	+2
9	10	LIMBACH FACILITY SERVICES LLC	485.7	+9
10	11	APOLLO MECHANICAL CONTRACTORS	437.3	+28
11	22	HARDER MECHANICAL CONTRACTORS INC.	430.0	+88
12	9	HARRIS	417.1	-7
13	16	KIRLIN GROUP	335.5	+16
14	23	MURRAY PLUMBING & HEATING CORP. DBA MURRAY CO.	310.6	+38
15	13	THE BRANDT COS.	298.2	+2
16	20	U.S. ENGINEERING CO. HOLDINGS	293.0	+17
17	32	RK MECHANICAL INC.	291.0	+64
18	19	WDF INC.	284.5	+8
19	12	MCKENNEY'S INC.	277.0	-12
20	17	MACDONALD MILLER FACILITY SOLUTIONS	274.0	+0
21	14	AZCO INC.	267.6	-8
22	26	MECHANICAL INC.	266.5	+27
23	21	MMC CONTRACTORS INC.	265.5	+15
24	27	TERRA MILLENNIUM CORP.	255.6	+30
25	28	JOHN E. GREEN CO.	238.5	+23

2024

THE TOP 50 FIRMS IN MECHANICAL

RANK 2024	RANK 2023	FIRM	($ MIL.) 2023 REV.	% CHANGE '22-'23
1	1	EMCOR GROUP INC.	5,662.3	+16
2	2	COMFORT SYSTEMS USA INC.	3,176.2	+28
3	3	ACCO ENGINEERED SYSTEMS	1,988.9	+31
4	4	SOUTHLAND INDUSTRIES	1,946.8	+44
5	5	APOLLO SHEET METAL INC.	956.0	+10
6	6	HARRIS	950.7	+15
7	9	HARDER MECHANICAL	839.0	+35
8	8	EQUANS U.S. INC.	799.0	+18
9	15	MCKENNEY'S INC.	600.2	+34
10	10	CERRIS SYSTEMS FKA MMC CONTRACTORS	549.1	+8
11	21	BMWC CONSTRUCTORS INC.	547.5	+62
12	12	MACDONALD-MILLER FACILITY SOLUTIONS	516.8	+7
13	11	HB MECHANICAL GROUP LLC	512.1	+5
14	13	LIMBACH FACILITY SERVICES	500.9	+4
15	**	MCKINSTRY	500.0	NA
16	7	API GROUP INC.	494.0	-32
17	18	JOHN E. GREEN CO.	468.0	+18
18	16	HELM GROUP	447.3	+6
19	19	U.S. ENGINEERING	444.9	+25
20	20	MURRAY CO.	434.9	+26
21	17	PAN-PACIFIC MECHANICAL LLC	407.3	0
22	14	MURPHY CO.	359.1	-25
23	47	HILL MECHANICAL CORP.	353.4	+135
24	23	ROGERS BUILDING SOLUTIONS	348.8	+7
25	40	JH KELLY LLC	304.6	+77

Source: ENR's The Top 600 2018, ENR's The Top 600 2024, Red line emphasis by Spruce Point

Limbach's M&A Pipeline Also Faces Intensifying Competition From Large Strategic Players

In addition to growing competition from private equity buyers, Limbach also faces pressure from larger industry incumbents when pursuing M&A opportunities. Here is a representative list of recent acquisitions from four of Limbach's largest competitors.

Comfort Systems (NYSE:FIX)

Date	Company	Source
2/2/2024	J & S Mechanical Contractors, Inc	Link
1/2/2024	Summit Industrial Construction, Inc.	Link
10/2/2023	Decco, Inc.	Link
2/22/2023	Eldeco, Inc.	Link
4/4/2022	Atlantic Electric LLC	Link
1/5/2022	MEP Holding Co.	Link
8/3/2021	Amteck LLC	Link
3/10/2020	Tas Energy Inc.	Link
2/10/2020	Starr Electric Co.	Link

EMCOR Group (NSYE:EME)

Date	Company	Source
1/14/2025	Miller Electric	Link
7/5/2023	ECM Holding Group, Inc.	Link
8/9/2022	Gaston Electrical Co.	Link
8/5/2021	Quebe Holdings Inc.	Link
4/5/2021	Dallas Mechanical Group LLC.	Link
11/4/2019	Batchelor & Kimball Inc.	Link
1/11/2019	Hill York Air Conditioning & Energy Solutions	Link

ACCO Engineered Systems (Private)

Date	Company	Source
7/25/2023	Quality Controls Systems' Las Vegas HVAC service business	Link
1/12/2023	PLS Companies	Link
4/12/2019	Applied Mechanical	Link
4/12/2019	Pyramid Mechanical Service	Link

Southland Industries (Private)

Date	Company	Source
4/4/2022	The Brandt Companies	Link
11/2/2020	Burns Mechanical	Link

Source: Spruce Point research

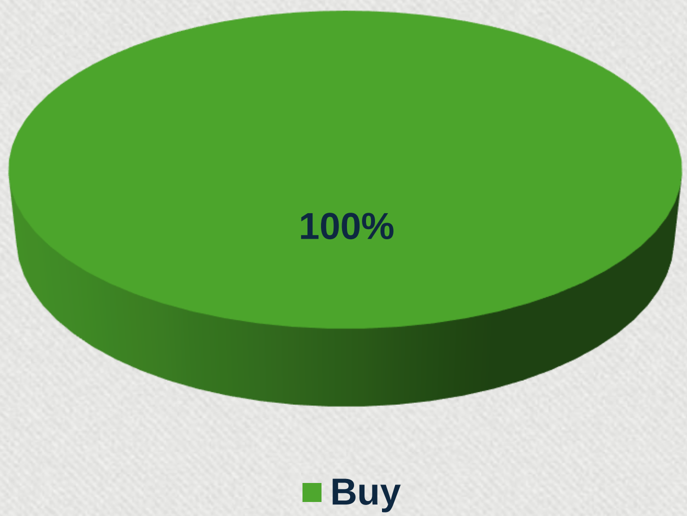
We See 20% - 50% Potential Downside Risk To Limbach's Stock Price

We Believe The Sell-Side Is Overlooking Key Risks

We believe the Street is overly bullish on Limbach, highlighted by its unanimous Buy rating on the Company. In our view, this optimism overlooks key risks, namely decelerating organic growth and a lack of consistent free cash flow generation. Additionally, we don't believe the sell-side has fully accounted for the growing competitive threat posed by private equity-backed platforms and OEMs expanding their service offerings, both of which are positioned to take share from Limbach.

Analyst	Recommendation	Price Target
Stifel Nicolaus	Buy	$163.00
Lake Street	Buy	$156.00
Roth Capital	Buy	$127.00
CJS Securities	Market Outperform	$120.00
Average Price Target:		**$141.50**
% implied upside		***14%***

Ratings Distribution



Source: Bloomberg and based on July 21st closing price.

Spruce Point's 2026E Model

For 2025, we estimate the ODR segment will generate low-single digit organic growth combined with over $100 million in incremental revenue between the Pioneer Power, Consolidated Mechanical, and Kent Island acquisitions. We expect this will be partially offset by a mid-single digit organic decline in the GCR segment, consistent with the segment's multi-year contraction. For 2026, we estimate the ODR segment will generate low-to-mid single digit organic growth combined with ~$60 million in incremental revenue from the Pioneer Power acquisition. We expect this will be partially offset by the GCR segment, which we estimate will trend flat to a mid-single digit revenue decline. We assume no further acquisitions in our model.

	Fiscal Year Ended 12/31								
$ in mm	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**Low '26E**	**Base '26E**
Revenue Growth %									
ODR		10.5%	10.3%	54.2%	21.1%	31.9%	32.5%	15.6%	17.1%
GCR		0.6%	(20.6%)	(19.9%)	(9.3%)	(31.9%)	(5.2%)	(5.0%)	0.0%
Total		**2.7%**	**(13.7%)**	**1.3%**	**3.9%**	**0.5%**	**19.9%**	**10.2%**	**12.6%**
Revenue $									
ODR	$115.1	$127.2	$140.3	$216.4	$262.0	$345.5	$457.9	$529.3	$536.2
GCR	438.2	441.0	350.0	280.4	254.4	173.3	164.2	156.0	164.2
Total	**$553.3**	**$568.2**	**$490.4**	**$496.8**	**$516.4**	**$518.8**	**$622.1**	**$685.3**	**$700.4**
Gross Profit									
ODR	$28.4	$36.3	$40.5	$55.1	$76.1	$107.8	$135.8	$151.4	$158.2
GCR	43.5	45.1	45.4	38.6	43.2	36.5	37.3	34.3	36.9
Total	**$71.9**	**$81.4**	**$85.9**	**$93.7**	**$119.3**	**$144.3**	**$173.1**	**$185.7**	**$195.1**
Gross Margin									
ODR	24.7%	28.5%	28.9%	25.5%	29.0%	31.2%	29.7%	28.6%	29.5%
GCR	9.9%	10.2%	13.0%	13.8%	17.0%	21.1%	22.7%	22.0%	22.5%
Total	**13.0%**	**14.3%**	**17.5%**	**18.9%**	**23.1%**	**27.8%**	**27.8%**	**27.1%**	**27.9%**
Adj. EBITDA, Spruce Point	**$13.8**	**$21.3**	**$19.6**	**$22.2**	**$41.0**	**$56.4**	**$72.3**	**$79.1**	**$85.4**
Margin	2.5%	3.8%	4.0%	4.5%	7.9%	10.9%	11.6%	11.5%	12.2%

Source: Spruce Point Analysis

Comparable Companies

Limbach trades at over 18x our estimate for its FY26E Adj. EBITDA, a large premium when compared to peers. We believe this premium is unwarranted considering the Company's decelerating organic revenue growth, non-existent free cash flow growth, and its aggressive accounting methods which we believe may overstate earnings quality and obscure the true underlying volatility of the business.

Facility Maintenance And Services Comparable Companies

$ in mm Ticker	Company Name	Enterprise Value	2026E Sales Growth %	2026E Gross Profit Margin %	2026E EBITDA Margin %	2026E OCF Margin %	2026E EV / Sales Multiple	2026E EV / Gross Profit Multiple	2026E EV / EBITDA Multiple	2026E EV / OCF Multiple
EME	EMCOR GROUP, INC.	$25,145	5.8%	18.8%	10.0%	7.6%	1.4x	7.7x	14.4x	19.1x
FIX	COMFORT SYSTEMS USA, INC.	19,296	6.8%	21.6%	13.1%	11.0%	2.3x	10.8x	17.8x	21.1x
APG	API GROUP CORPORATION	17,028	5.8%	31.1%	13.9%	11.1%	2.1x	6.9x	15.4x	19.4x
MTZ	MASTEC, INC.	16,191	9.0%	13.2%	7.7%	5.9%	1.1x	8.2x	14.1x	18.4x
IESC	IES HOLDING, INC.	6,214	11.1%	N/A	13.4%	9.2%	1.7x	N/A	12.6x	18.3x
ABM	ABM INDUSTRIES INCORPORATED	4,568	2.6%	12.7%	6.1%	3.8%	0.5x	4.1x	8.6x	13.6x
MTO.L	MITIE GROUP PLC	2,704	5.5%	11.4%	5.2%	4.2%	0.4x	3.1x	6.9x	8.4x
AGX	ARGAN, INC.	2,278	18.3%	16.6%	12.3%	10.7%	2.0x	12.1x	16.3x	18.7x
NVEE	NV5 GLOBAL, INC. (1)	1,685	5.2%	52.1%	16.0%	12.4%	1.6x	3.0x	9.8x	12.6x
GDI.TO	GDI INTEGRATED FACILITY SERVICES, INC.	863	3.7%	18.2%	4.7%	4.5%	0.4x	2.4x	9.5x	9.8x
	High	**$25,145**	**18.3%**	**52.1%**	**16.0%**	**12.4%**	**2.3x**	**12.1x**	**17.8x**	**21.1x**
	Average	**$9,597**	**7.4%**	**21.7%**	**10.2%**	**8.0%**	**1.4x**	**6.5x**	**12.5x**	**15.9x**
	Median	**$5,391**	**5.8%**	**18.2%**	**11.2%**	**8.4%**	**1.5x**	**6.9x**	**13.3x**	**18.4x**
	Low	**$863**	**2.6%**	**11.4%**	**4.7%**	**3.8%**	**0.4x**	**2.4x**	**6.9x**	**8.4x**
LMB	**LIMBACH HOLDINGS, INC. (Consensus)**	**$1,516**	**8.7%**	**28.6%**	**13.6%**	**9.6%**	**2.2x**	**7.8x**	**16.3x**	**23.2x**
	Spruce Point Adjusted	**$1,574**	**12.6%**	**27.9%**	**12.2%**	**8.8%**	**2.2x**	**8.1x**	**18.4x**	**25.6x**

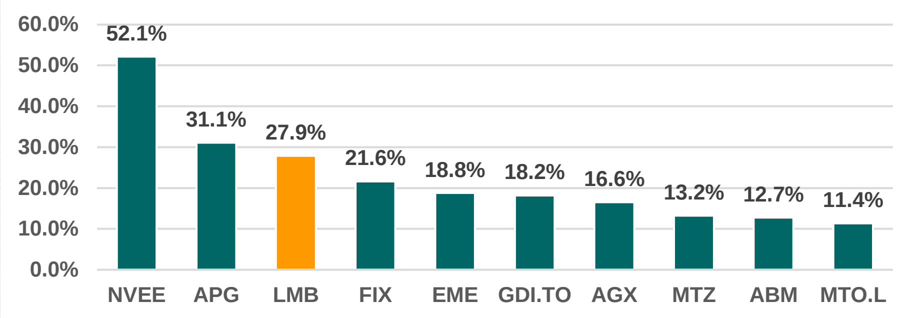
1) NVEE announced merger on 5/15/25 with deal value implying a $1.7 billion enterprise value. Set to close H2'25.

Source: Spruce Point analysis and based on 7/21/25 prices. Note: EBITDA figures are adjusted for finance lease costs where relevant and converted into US$ where relevant

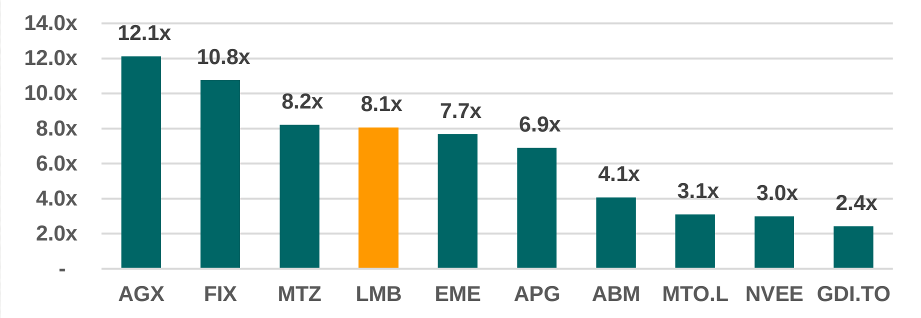
Spruce Point
Capital Management

Comparable Companies In Graphs

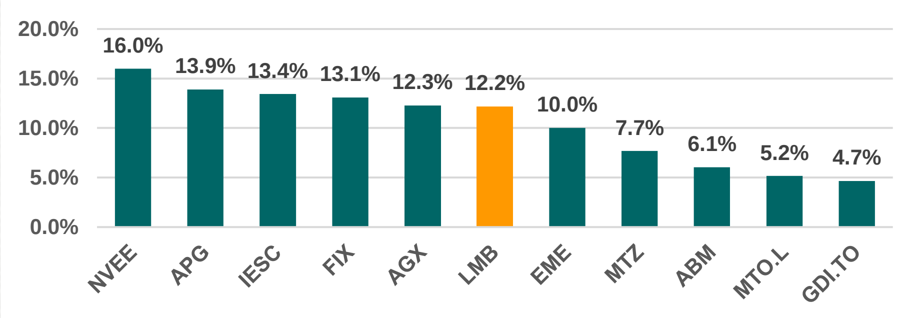
2026E Gross Profit Margin %



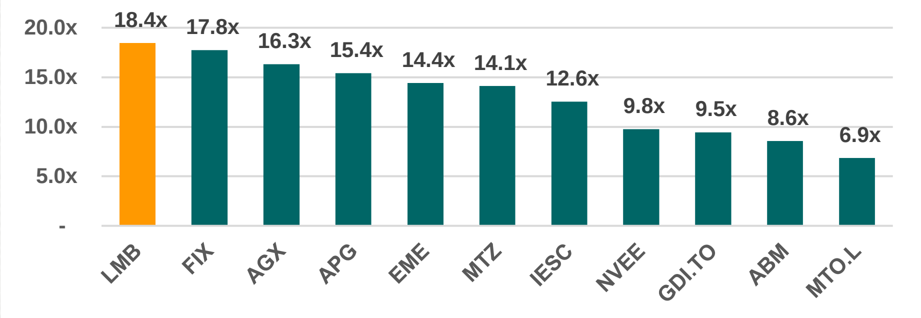
2026E EV/Gross Profit Multiple



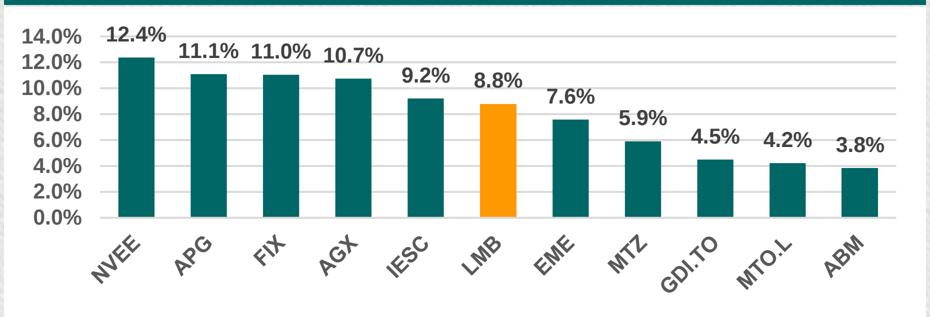
2026E Adj. EBITDA Margin %



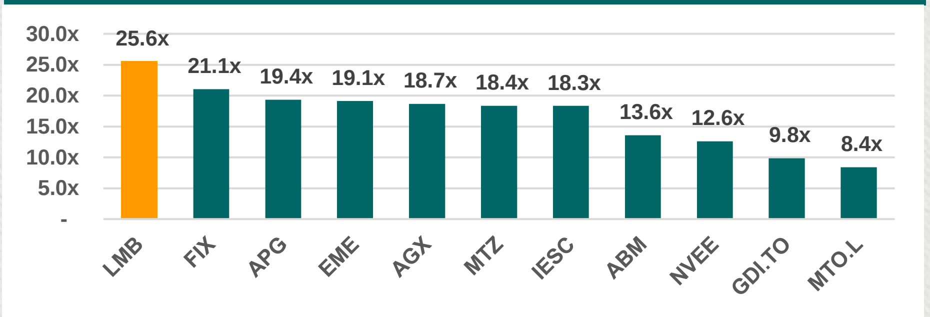
2026E EV/Adj. EBITDA Multiple



2026E Operating Cash Flow Margin %



2026E Operating Cash Flow Multiple



Source: Spruce Point analysis, Limbach figures are based on Spruce Point estimates

Comparable Company NV5 Valued At Significant Discount To Limbach In Recent Merger

NV5 Global (Nasdaq: NVEE), a leading provider of infrastructure and building services, was identified by the company as a comparable to Limbach as recently as its March 2024 investor presentation. Similar to Limbach, NV5 was as a roll-up story. NV5 recently announced it was entering into a merger with Acuren Corporation (NYSE:TIC). NV5 was valued at 10x forward Adj. EBITDA in the deal, a roughly 50% discount to Limbach's current valuation, raising further concerns about the sustainability of Limbach's valuation.

Acuren Corporation and NV5 Global, Inc. Announce Merger with $2 Billion Combined Revenue

5/15/2025

- Merger creates leading global Testing, Inspection, Certification and Compliance ("TICC") and Engineering Services firm

- Expanded services to broader customer base resulting in enhanced growth opportunities for both businesses

- Transaction expected to be immediately accretive to Acuren and includes ~$20 million of cost synergies

TOMBALL, Texas & HOLLYWOOD, Fla.--(BUSINESS WIRE)-- Acuren Corporation ("Acuren", NYSE American: TIC) and NV5 Global, Inc. ("NV5", Nasdaq: NVEE) today announced that they have entered into a definitive agreement to combine the two companies. The merger creates an industry-leading $2 billion combined revenue TICC and engineering services company.

- NV5 stockholders will receive $23.00 per share consisting of $10.00 in cash and $13.00 in shares of Acuren common stock at closing, subject to adjustment as described below, which represents a 32 percent premium to NV5's 30 day VWAP as of May 14, 2025.
- The total consideration for NV5 is approximately $1.7 billion, representing approximately 10.3x 2025E consensus adjusted EBITDA.
- Upon closing of the transaction, current Acuren stockholders will own ~60%, and current NV5 stockholders

Source: Acquisition press release, Red line emphasis by Spruce Point

Spruce Point Capital Management

Spruce Point Estimates 20% - 50% Potential Downside Risk

We believe Limbach is a low-quality roll-up touted as a recurring revenue facility services platform. Organic growth in the ODR segment, the Company's key growth engine, has sharply decelerated. Private equity has increased its attention on the sector, likely making it more difficult for the Company to close M&A deals without sacrificing on price or quality. OEMs appear ready to grow their services businesses, likely taking share from incumbent players like Limbach. Free cash flow remains highly inconsistent. At over 18x our FY26E Adj. EBITDA estimate, Limbach trades at a valuation premium we view as completely disconnected from its fundamentals.

$ in mm, except per share figures	EV/Sales Multiple		EV/ EBITDA Multiple	
	Low Case	Base Case	Low Case	Base Case
2026E	**$685**	**$700**	**$79**	**$85**
Multiple Range	1.2x	1.8x	10.0x	15.0x
Enterprise Value	**$822**	**$1,260**	**$790**	**$1,275**
Plus: Cash	$38	$38	$38	$38
Less: Debt[1]	($126)	($126)	($126)	($126)
Equity Value	**$734**	**$1,172**	**$702**	**$1,187**
Diluted Shares[2]	12.0	12.0	12.0	12.0
Est. Share Price	**$61.16**	**$97.66**	**$58.50**	**$98.91**
% Downside	***(51%)***	***(21%)***	***(53%)***	***(20%)***

1) Includes total debt, operating lease liability, contingent consideration liability, self-insurance liability, and Pioneer Power acquisition
2) Common stock plus outstanding RSUs, MRSUs, and PRSUs
Source: Spruce Point analysis

Factors Why We Believe Limbach's Multiple Should Compress

- Organic growth appears to have rapidly decelerated in the last two quarters.
- Claims that ODR segment revenues are recurring appear exaggerated as weak backlog coverage suggests more transactional, project-based revenue profile.
- Free cash flow generation appears to be an issue for the Company as 2024 free cash flow was lower than what it generated in 2020.
- Private equity poses a growing threat: can outspend incumbents on acquisitions and better positioned to leverage technology to scale more efficiently and gain a competitive edge over incumbents.
- The ODR segment had its worst gross margin quarter since Q1'23, signaling a potential margin peak.
- Geographically growth story constrained to the Central/Eastern US
- Several members of board are connected to financial reporting fraud cases; the CFO was previously sued over alleged breach of fiduciary duty.