



# Third Quarter 2023 Earnings

December 2023

*Building a Sustainable and Resilient Water Future*



# Disclaimer



This presentation is being delivered on behalf of Shimmick Corporation (the “Company”). The sole purpose of this presentation is to provide information in connection with a review of the Company’s operations and/or financial status. This presentation does not purport to be all-inclusive or to contain all of the information that prospective investors may desire in reviewing the Company.

Other than statements of historical fact, all information contained in this presentation, including, but not limited to, statements regarding expected future financial performance (including the assumptions related thereto), including our revenue, net income and expected EBITDA; our growth prospects; our expectations regarding profitability; our continued successful adjustment to becoming a public company following our initial public offering; our expectations regarding successful partnerships with our new investors; and our capital plans and expectations related thereto, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may”, “will”, “should”, “plan”, “predict”, “expect”, “estimate”, “anticipate”, “could”, “intend”, “target”, “project”, “contemplate”, “potential”, “continue”, “goal”, “strategy”, “believe”, and similar expressions and variations thereof or the negative of these terms. The Company has based these forward-looking statements largely on its current expectations and projections about future events and trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including but not limited to, the following: our ability to accurately estimate risks, requirements or costs when we bid on or negotiate a contract; the impact of our fixed-price contracts; qualifying as an eligible bidder for contracts; the availability of qualified personnel, joint venture partners and subcontractors; inability to attract and retain qualified managers and skilled employees and the impact of loss of key management; higher costs to lease, acquire and maintain equipment necessary for our operations or a decline in the market value of owned equipment; subcontractors failing to satisfy their obligations to us or other parties or any inability to maintain subcontractor relationships; marketplace competition; our limited operating history as an independent company following our separation from AECOM; our inability to obtain bonding; disputes with our prior owner, AECOM, and requirements to make future payments to AECOM; AECOM defaulting on its contractual obligations to us or under agreements in which we are beneficiary; our limited number of customers; dependence on subcontractors and suppliers of materials; any inability to secure sufficient aggregates; an inability to complete a merger or acquisition or to integrate an acquired company’s business; adjustments in our contact backlog; accounting for our revenue and costs involves significant estimates, as does our use of the input method of revenue recognition based on costs incurred relative to total expected costs; any failure to comply with covenants under any current indebtedness, and future indebtedness we may incur; the adequacy of sources of liquidity; cybersecurity attacks against, disruptions, failures or security breaches of, our information technology systems; seasonality of our business; pandemics and health emergencies; commodity products price fluctuations and rising inflation and/or interest rates; liabilities under environmental laws, compliance with immigration laws, and other regulatory matters, including changes in regulations and laws; climate change; deterioration of the U.S. economy; geopolitical risks, including those related to the war between Russia and Ukraine and the conflict in the Gaza strip; and other risks detailed in our filings with the Securities and Exchange Commission, including the “Risk Factors” section in our final prospectus filed November 15, 2023 with the U.S. Securities and Exchange Commission (the “SEC”) pursuant to Rule 424(b)(4) under the Securities Act relating to our Registration Statement on Form S-1 and those described from time to time in our future reports with the SEC. Moreover, the Company operates in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for the Company to predict all risks, nor can it assess the effect of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements it may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Forward-looking statements are only predictions based on our current expectations and our projections about future events, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law.

This presentation contains statistical data, estimates, and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on the Company’s internal sources. While the Company believes the industry and market data included in this presentation are reliable and are based on reasonable assumptions, these data involve many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. The Company has not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information.

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This presentation is not an offer to sell, or a solicitation of an offer to buy, any securities of the Company in any jurisdiction.

# Company Overview



## Water Solutions Leader

We rank as a top 10 water solutions provider<sup>(2)</sup>. With a dedicated team of 1,500+ skilled employees<sup>(3)</sup>, we have built a strong team, reputation and competitive position.



## Vertically Integrated

We are vertically integrated and self-perform 80% of our projects, which allow for better labor cost control, and monitoring, as well as more accurate bid proposals.



## Established Customer Base and Focus on California

Over 75%+ of 3-month Revenue derived from repeat customers. We focus on California, which has a complex permitting and regulatory environment, creating entry barriers.



## Publicly Funded Backlog

\$1.2 billion publicly funded backlog, CAPEX light, and limited financial leverage.<sup>(3)</sup>

**\$1.2B**  
Backlog<sup>(3)</sup>

**75%+**  
Of Q3'23 Revenue from  
Repeat Customers

**1,500+**  
Employees<sup>(3)</sup>

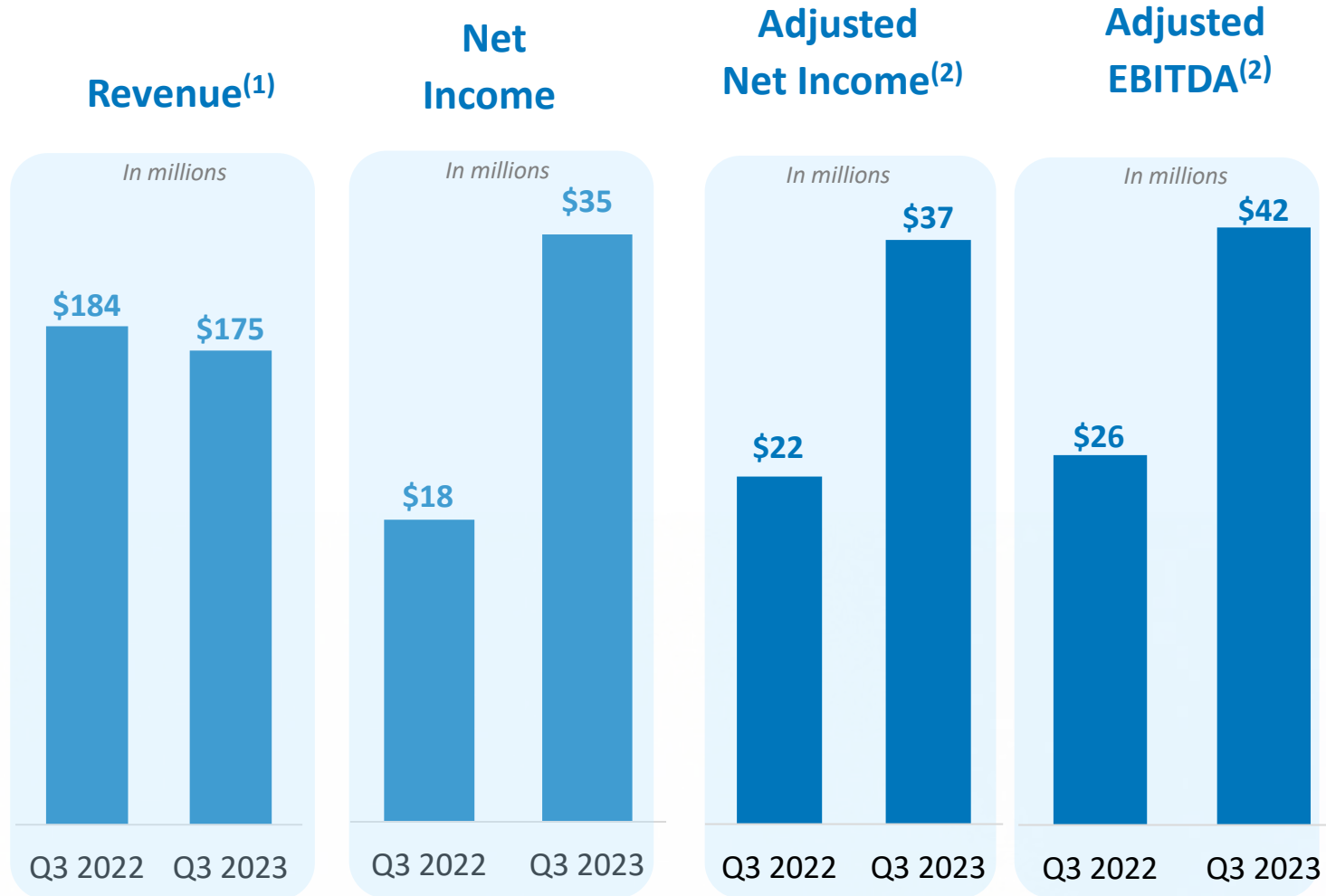
<sup>(1)</sup> Company estimate. <sup>(2)</sup> Rankings for “Dams and Reservoirs,” “Water Supply,” and “Water Treatment and Desalination Plants” published in Engineering News Record, September 2022.

<sup>(3)</sup> As of September 29, 2023

# Third Quarter Highlights



- Revenue of \$175 million and expanded gross margin by 260 basis points
- Net Income grew approximately 96% to \$35 million
- Adjusted Net Income grew approximately 70% to \$37 million
- Adjusted EBITDA grew approximately 63% to \$42 million
- Backlog of \$1.2 billion as of September 29, 2023



1. Revenue includes \$25 million and \$29 million of legacy loss job revenue which is recorded at zero margin as of September 29, 2023 and September 30, 2022, respectively.  
2. See appendix for reconciliation of non-GAAP measures.

# Strong Market Tailwinds

## Supporting Federal Legislation

- 2018** ● **Bipartisan Budget / America's Water Infrastructure Act**  
Providing for water infrastructure improvements
- 2021** ● **Infrastructure & Jobs Act**  
Funding for clean drinking water for businesses, households and schools
- 2021** ● **Inflation Reduction Act**  
Aims to curb inflation while increasing spending in clean energy, domestic energy production
- 2022** ● **CHIPS and Science Act**  
New funding to increase the domestic manufacturing and research of semi-conductors

## Key Market Drivers

- Climate Change
- Water Scarcity
- Water Security
- Affordability
- Aging Infrastructure
- Tightening Regulations
- Sustainability
- Resiliency
- Species Protection

**\$60+ Billion**

Water Infrastructure  
Market Opportunity<sup>(1)</sup>

# Shimmick Water Projects and Solutions



## Water Resources & Other



Flood Protection



Species Protection



Water Storage



Water Conveyance

## Water Treatment & Other



Water Recycling



Water Purification



Desalination



Water/Wastewater Treatment

# Selected Project Highlights

## KEY PROJECT STATISTICS

(AS OF SEPTEMBER 29, 2023)

Contract Value **\$76 MILLION**

Percentage of Completion **33%**

Schedule **43 MONTHS**

Project Start Date **JULY 2022**

## LEWISVILLE DAM SAFETY MODIFICATIONS

Aging Infrastructure

### Shimmick Solution

Shimmick is making major repairs to the aging Lewisville Dam and spillway outside of Dallas, Texas. Shimmick’s solution will stabilize the spillway and install erosion protection measures to prevent movement of the new structure during flow events.

### Status

Project is progressing as planned. This project is the final in a series of projects that, when completed in 2026, will mark the final improvements and bring this aging dam up to current safety and environmental standards.



# Growth Strategy

Expanding on our Core Focus with Select Acquisitions

## Organic Focus



Strengthen  
Core

- Transitioning to Higher Margin Portfolio
- Selective Bidding
- Underwriting Risk
- Project Execution

## Acquisition Focus



Smart Water,  
Software,  
Remediation, & O&M

- Accretive
- Higher Margin
- Recurring Revenues
- Expanding Capabilities



# Q3'23 Financial Results Summary



Revenue  
**\$175M**

Gross Margin  
**\$17M**  
10% of revenue

Net Income  
**\$35M**

Adjusted Net Income<sup>(1)</sup>  
**\$37M**  
21% of revenue

Adjusted EBITDA<sup>(1)</sup>  
**\$42M**  
24% of revenue

Cash  
**\$63M**

Debt  
**\$33M**

## Observations

Ramp up of new water & wastewater treatment projects drive strong top-line results

Adjusted EBITDA margin expansion growth in the quarter as legacy backlog is replaced

1. See appendix for reconciliation of non-GAAP measures.

# Transitioning to a Higher Margin Water-focused Portfolio



Margin Improvement to Ensure on a Positive Mix

## Legacy Portfolio

**December 2021<sup>(1)</sup>**

Inconsistent project size, focus, and duration across disparate geographies resulted in suboptimal margin



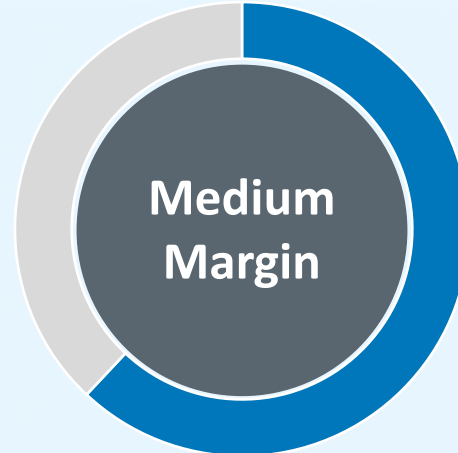
**Low Margin**

■ New Backlog ■ Legacy Job Backlog

## Transitional Portfolio

**September 2023<sup>(1)</sup>**

New water-focused projects in the smaller and mid-sized projects with less risk and higher margin centered around core geographies



**Medium Margin**

■ New Backlog ■ Legacy Job Backlog

## The New Shimmick

**3-5 Yrs. <sup>(1)</sup>**

Unencumbered by suboptimal legacy projects, the new Shimmick is well-positioned to capitalize on an enormous opportunity in water infrastructure



**Higher Margin**

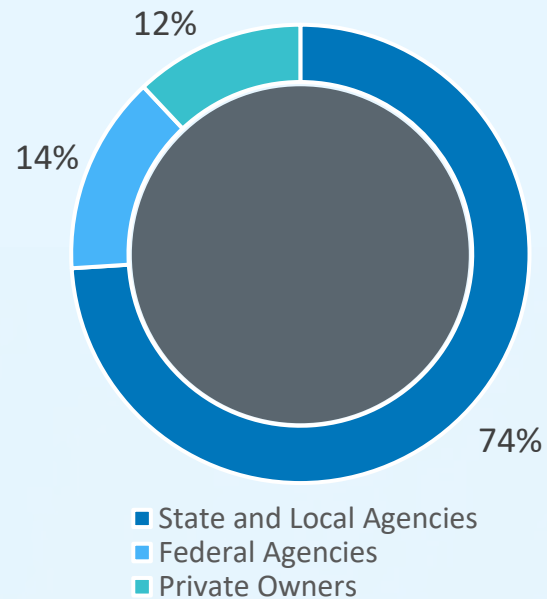
■ New Backlog

(1) Management Estimates.

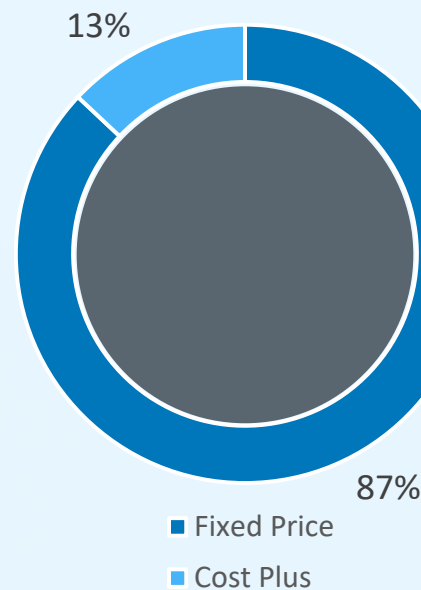
# Components of September 2023 Backlog<sup>(1)</sup>

Our Backlog is Entirely USA, Predominantly Publicly Funded and Fixed Priced

## Customer Type



## Contract Type



## Backlog Conversion

- Over 75% of the backlog expected to be completed in the next 24 months
- Legacy project backlog continues to wind down
- Robust pipeline of bids expected to increase with further federal funding

(1) Management Estimates.

# Highlights



**Water Solutions Leader**



**Large Addressable Market**



**Vertical Integration Mitigates Risk**



**Established Customer Base and Focus on California**



**Publicly Funded Backlog**



**Transitioning to a Higher Margin Portfolio**



**Potential Acquisitions to Improve Growth & Margin**





**Investor Contact**

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# Appendix

MAKE IT HAPPEN

# GAAP to Non-GAAP Reconciliation



(in thousands)

## Net Income

	Three Months Ended		Nine Months Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Net income attributable to Shimmick Corporation	34,567	17,966	14,930	21,676
Changes in fair value of contingent consideration	(339)	56	11	9,556
IPO and transaction-related costs	230	700	1,797	2,739
Stock-based compensation	496	884	1,547	1,776
Legal fees and other costs for a legacy loss job <sup>(1)</sup>	1,708	2,092	6,346	8,695
<b>Adjusted Net Income</b>	<b>\$36,662</b>	<b>\$21,698</b>	<b>\$24,631</b>	<b>\$44,442</b>

(in thousands)

## Net Income

	Three Months Ended		Nine Months Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Net income attributable to Shimmick Corporation	34,567	17,966	14,930	21,676
Depreciation and amortization	4,637	4,005	13,186	11,856
Interest expense (income)	413	15	1,020	66
Income tax expense (benefit)	-	-	-	1,257
Changes in fair value of contingent consideration	(339)	56	11	9,556
IPO and transaction-related costs	230	700	1,797	2,739
Stock-based compensation	496	884	1,547	1,776
Legal fees and other costs for a legacy loss job <sup>(1)</sup>	1,708	2,092	6,346	8,695
<b>Adjusted EBITDA</b>	<b>\$41,712</b>	<b>\$25,718</b>	<b>\$38,837</b>	<b>\$57,621</b>

(1) Consists of legal fees and other costs incurred in connection with claims relating to a legacy loss job.

\*Please refer to the following page for explanatory notes regarding non-GAAP financial measures

# Non-GAAP Financial Measures Explanatory Notes



## Adjusted Net Income

Adjusted net income represents net income attributable to Shimmick Corporation adjusted to eliminate changes in fair value of contingent consideration, IPO and transaction-related costs, stock-based compensation, and legal fees and other costs for a legacy job.

We have included adjusted net income because it is a key measure used by our management and Board to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short and long-term operational plans. In particular, we believe that the exclusion of the income and expenses eliminated in calculating adjusted net income can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that adjusted net income provides useful information to investors and others in understanding and evaluating our results of operations.

Our use of adjusted net income as an analytical tool has limitations, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are:

- Adjusted net income does not reflect changes in, or cash requirements for, our working capital needs,
- Adjusted net income does not reflect the potentially dilutive impact of stock-based compensation, and
- other companies, including companies in our industry, might calculate Adjusted net income or similarly titled measures differently, which reduces their usefulness as comparative measures.

Because of these and other limitations, you should consider adjusted net income alongside Net income attributable to Shimmick Corporation, which is the most directly comparable GAAP measure.

## Adjusted EBITDA

Adjusted EBITDA represents earnings attributable to Shimmick Corporation before interest expense (income), income tax expense (benefit) and depreciation and amortization, adjusted to eliminate changes in fair value of contingent consideration, IPO and transaction-related costs, stock-based compensation, and legal fees and other costs for a legacy loss job.

We have included Adjusted EBITDA because it is a key measure used by our management and Board to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short and long-term operational plans. In particular, we believe that the exclusion of the income and expenses eliminated in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our results of operations.

Our use of Adjusted EBITDA as an analytical tool has limitations, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized might have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements,
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs,
- Adjusted EBITDA does not reflect the potentially dilutive impact of stock-based compensation,
- Adjusted EBITDA does not reflect interest or tax payments that would reduce the cash available to us, and
- other companies, including companies in our industry, might calculate Adjusted EBITDA or similarly titled measures differently, which reduces their usefulness as comparative measures.

Because of these and other limitations, you should consider Adjusted EBITDA alongside Net income attributable to Shimmick Corporation, which is the most directly comparable GAAP measure.



# Condensed Balance Sheet<sup>(1)</sup>



(in thousands)

	September 29, 2023	December 30, 2022
<b>Assets</b>		
Cash and Cash Equivalents	61,862	77,762
Total Current Assets	270,690	233,476
<b>Total Assets</b>	<b>457,134</b>	<b>446,799</b>
<b>Liabilities</b>		
Total Current Liabilities	297,211	340,944
<b>Total Liabilities</b>	<b>388,751</b>	<b>395,204</b>
<b>Equity</b>		
<b>Total Stockholders' Equity</b>	<b>68,383</b>	<b>51,595</b>

1. Condensed Balance Sheet does not include impact of the IPO.

# Shimmick Primary Activities



Repeatable Process Leads to More Predictable Results

Core Competencies

Safety



Investment in Human Capital



Project Controls



Primary Activities

Design and Engineering



Currently, Shimmick does not provide design and engineering

Selective Bidding



Utilizing decades of data from vertically integrated operations to create a better process

We only pursue projects that meet margin criteria

Underwriting Risk



Assessments and check estimates for all major contracts through vetting and bid process

Project Execution



Self-performing helps control schedule and manage labor better and provide better overall procedures

Public Project Ownership



Currently, Shimmick does not own projects

# Select Long Standing Customer Relationships



Orange County Water District



City and County of San Francisco



Metropolitan Water District of Southern California



County of Los Angeles



US Army Corps of Engineers



Port of LONG BEACH  
THE PORT OF CHOICE



Orange County Sanitation District

Our resume leads to repeat business with significant players across water infrastructure

## Water Treatment Orange County



- Driver: Population Growth
- Three-step advanced process consisting of microfiltration, reverse osmosis and ultraviolet light with hydrogen peroxide.
- 30 million gallon per day expansion, completed in 2023, and expanded capacity to provide water for over one million people.

## Water Risk Mitigation Foster City



- Driver: Climate Change/Rising Sea Levels
- Over six miles of flood protection to address projected sea-level rise.
- Work was completed adjacent to the environmentally sensitive San Francisco Bay and marsh system.