



Earnings Presentation

First Quarter 2024

May 2024

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 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 contract 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; our expectations regarding the proposed sale of the assets related to non-core foundation drilling projects and other non-core assets; our expectations regarding negotiations with MidCap, ability to obtain a waiver, expectations regarding acceleration of borrowings and the corresponding impact on the timing of our Quarterly Report on 10-Q; 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, the conflict in the Gaza strip and the conflict in the Red Sea region; and other risks detailed in our filings with the Securities and Exchange Commission, including the “Risk Factors” section in our Annual Report on Form 10-K for the fiscal year ended December 29, 2023 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.

The trademarks included herein are the property of the owners thereof and are used for reference purposes only. Such use should not be construed as an endorsement of such products or services. This presentation also includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. Please see the appendix for reconciliations of these non-GAAP financial measures to their nearest GAAP equivalents and for the calculation of certain other financial metrics.

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⁽¹⁾. With a dedicated team of 1,300+ skilled employees⁽²⁾, we have built a strong team, reputation and competitive position.



Vertically Integrated

We are vertically integrated and often self-perform 80% or more of our projects, which allows for better labor cost control and monitoring, as well as more accurate bids.



Established Customer Base and Focus on California

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



Publicly-Funded Backlog

\$1.0 billion predominantly publicly-funded backlog and limited financial leverage.

\$1.0B
Backlog

75%+
Of Q1'24 Revenue from
Repeat Customers

1,300+
Employees⁽²⁾

\$60+ billion
Water Infrastructure
Market Opportunity

(1) Rankings for “Dams and Reservoirs,” “Water Supply,” and “Water Treatment and Desalination Plants” published in Engineering News Record, September 2023.

(2) As of December 29, 2023

First Quarter 2024 and Recent Highlights

- Reported revenue of \$120 million, which includes \$90 million of Shimmick Projects⁽¹⁾ revenue, with a loss of \$33 million
- Shimmick Projects ⁽¹⁾ revenue of \$90 million. Gross margin was slightly negative for the first quarter of 2024 due to costs related to pending change orders and jobs winding up – expected to rebound for rest of year
- Backlog remained at over \$1.0 billion as of March 29, 2024, with over 80% being Shimmick Projects ⁽¹⁾
- Continue to work down legacy backlog with revenue of \$23 million, a decline from \$56 million for Q1 2023, and a negative gross margin of \$11 million
- Won several jobs in the quarter, including new ozonation water project and drainage system for over 10,000 acres
- The sale of the assets of non-core foundation projects and an equipment yard that will raise approximately \$39 million and reduce future capital expenditures

(1) Projects that started after the AECOM Sale Transactions are referred to as "Shimmick Projects".



Selected Project Highlights

KEY PROJECT STATISTICS

(AS OF APRIL 2024)

Location **SAN DIEGO, CA**

Contract Value **\$368 MILLION**

Percent Complete **58%**

Start Date **MARCH 2021**

NORTH PURE WATER TREATMENT FACILITY AND PUMP STATION

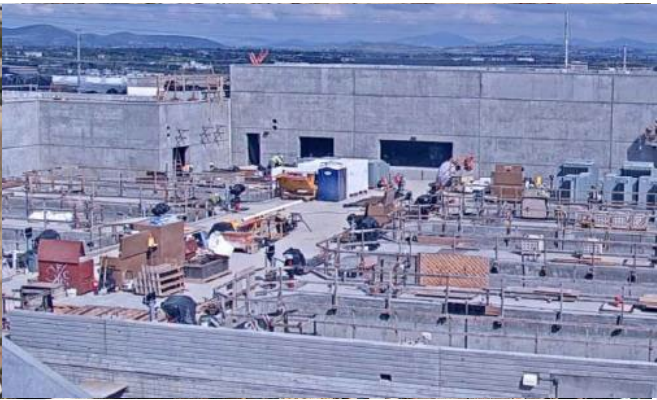
Water Treatment

Shimmick Solution

Shimmick is implementing new technology to purify recycled water, providing a safe and sustainable water supply. Our advanced solution includes ozonation, biological activated carbon filters, membrane filtration, and reverse osmosis, among others. The new facility will reduce the City's dependence on imported water and reduce wastewater discharge into the ocean.

Status

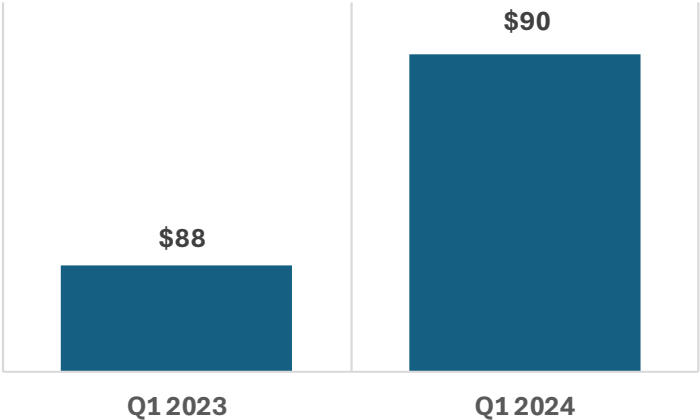
With more than 50 percent complete, Shimmick is currently at work on the mechanical and electrical elements of the facility, including electrical rooms, exterior conduit, fire protection, and HVAC. Treatment equipment, including ozone equipment, has been delivered and is being installed. Work is also progressing on schedule for the reverse osmosis and biological activated carbon treatment areas.



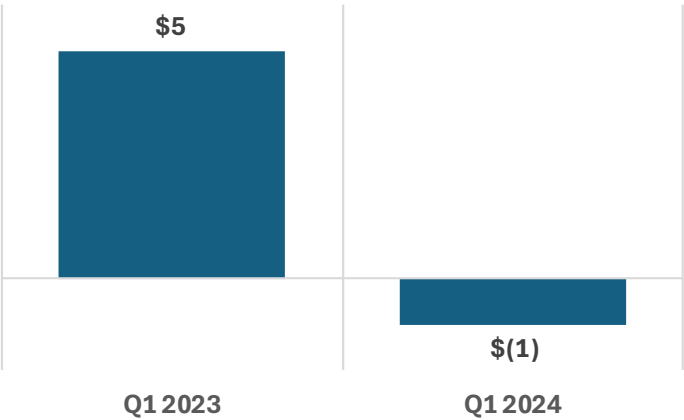
First Quarter Revenue and Gross Margin Results

(\$ in millions)

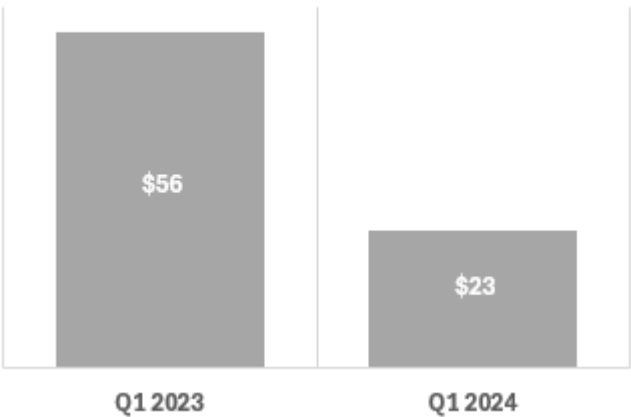
SHIMMICK PROJECT REVENUE ⁽¹⁾



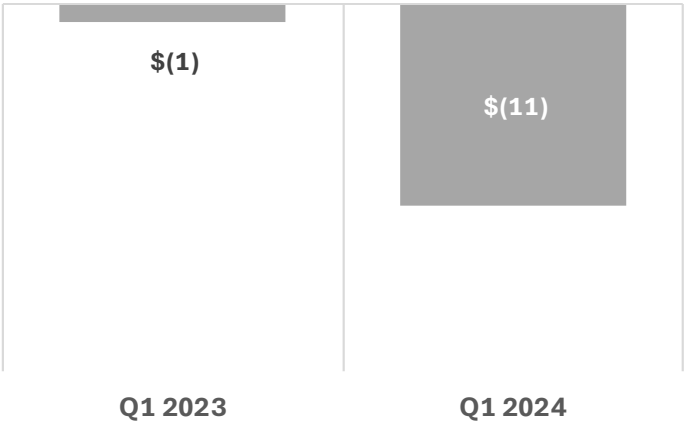
SHIMMICK PROJECT GROSS MARGIN ⁽¹⁾



LEGACY PROJECT REVENUE



LEGACY PROJECT GROSS MARGIN



Observations

Shimmick Project revenue growth was primarily driven by new jobs ramping up

The decline in Shimmick Projects gross margin was primarily the result of jobs winding down and costs tied to pending change orders.

The Legacy Loss Projects with negative gross margins are over 75% complete at the end of the first quarter 2024.

(1) Shimmick Project results exclude revenue related to non-core foundations projects of \$7 million and \$20 million and gross margin of \$(4) million and \$2 million for the three months ended March 29, 2024 and March 31, 2023, respectively.

Shimmick⁽¹⁾ Backlog Growth

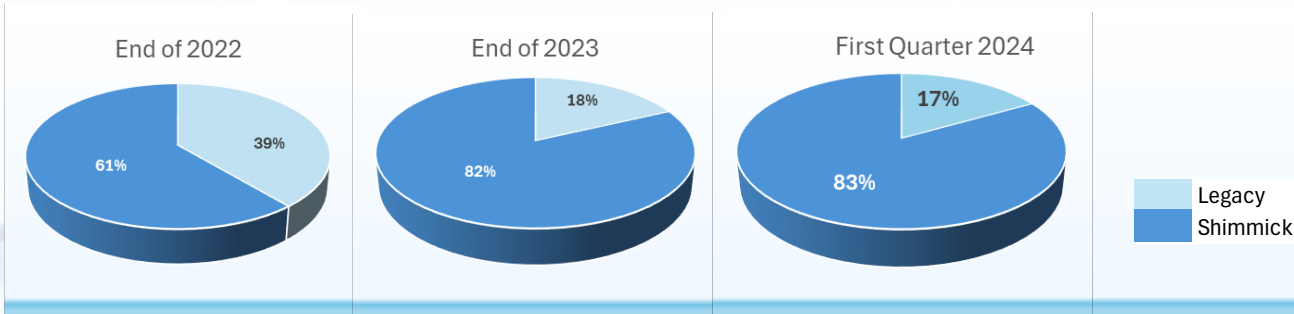


Our Backlog is USA-based, Predominantly Publicly-Funded and Fixed-Price



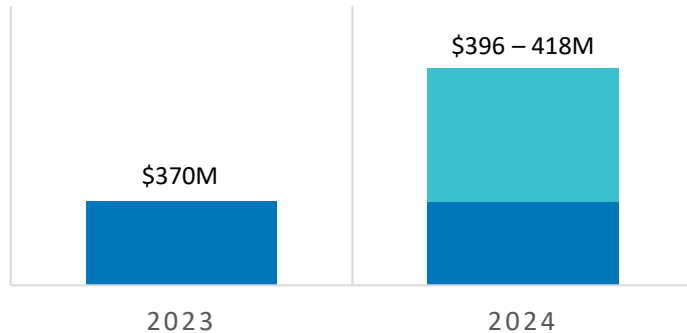
Backlog Conversion

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

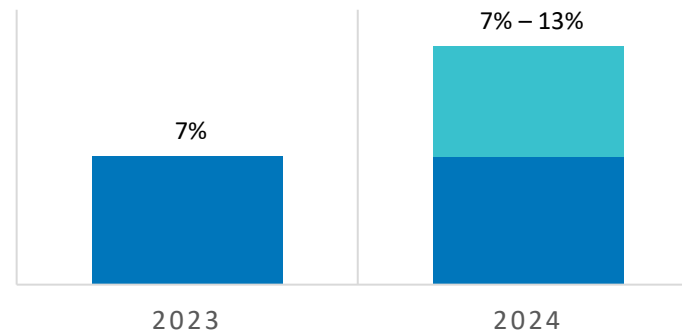


(1) Shimmick Projects backlog includes non-core foundations projects backlog of \$34 million, \$28 million and \$63 million for the periods ended March 29, 2024, December 29, 2023 and December 30, 2022, respectively.

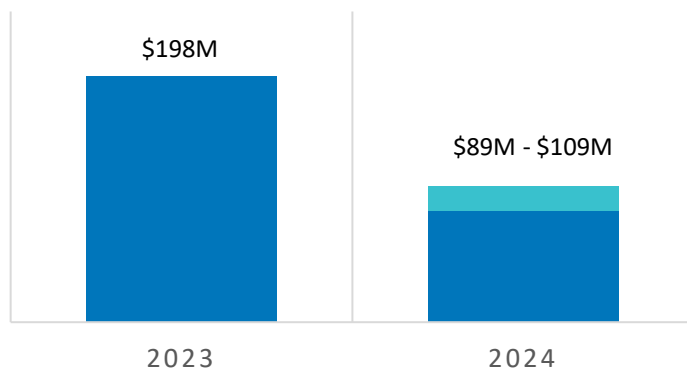
SHIMMICK PROJECT REVENUE⁽¹⁾



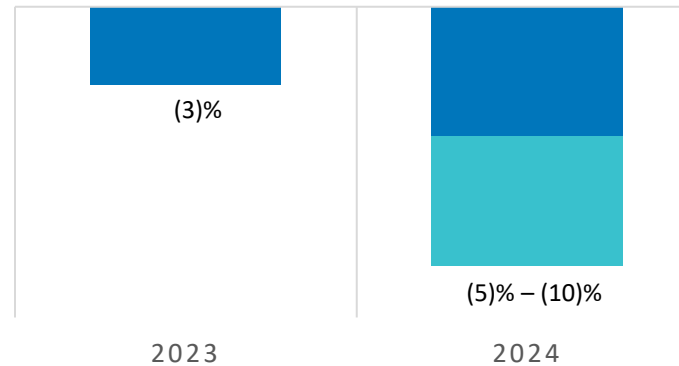
SHIMMICK PROJECT GROSS MARGIN⁽¹⁾



LEGACY PROJECT REVENUE



LEGACY PROJECT GROSS MARGIN



For the full fiscal year ending December 27, 2024, we expect that after excluding Foundations Projects revenue of \$64 million for the fiscal year ending December 29, 2023:

- Shimmick Projects revenue to grow 7 to 13 percent with gross margin between 7 to 13 percent, trending toward the lower end of the range for gross margin
- Legacy Projects revenue to decrease 45 to 55 percent with negative gross margin of 5 to 10 percent, trending toward the lower end of the range (negative 10 percent) for gross margin due to additional costs recorded for a Legacy Loss Project related to pending change orders and other cost overruns

(1) Shimmick Project revenue excludes non-core foundations project revenue of \$64M in 2023 and \$68-72M from prior 2024 guidance presented.

Highlights



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

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⁽¹⁾

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

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

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

GAAP to Non-GAAP Reconciliation



(in thousands)

	Three Months Ended	
	March 29, 2024	March 31, 2023
Net loss income attributable to Shimmick Corporation	(33,333)	(9,337)
Changes in fair value of contingent consideration	237	220
Transaction-related costs	-	809
Stock-based compensation	998	528
Legal fees and other costs for a Legacy Loss Project ⁽¹⁾	2,731	2,510
Adjusted net loss	\$(29,367)	\$(5,270)
Adjusted diluted loss per common share	\$(1.15)	\$(0.24)

(in thousands)

	Three Months Ended	
	March 29, 2024	March 31, 2023
Net loss income attributable to Shimmick Corporation	(33,333)	(9,337)
Depreciation and amortization	4,410	4,165
Interest expense	897	32
Income tax expense	-	-
Changes in fair value of contingent consideration	237	220
Transaction-related costs	-	809
Stock-based compensation	998	528
Legal fees and other costs for a Legacy Loss Project ⁽¹⁾	2,731	2,510
Adjusted EBITDA	\$(24,060)	\$(1,073)

(1) Consists of legal fees and other costs incurred in connection with claims relating to a Legacy Loss Project.

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

Non-GAAP Financial Measures Explanatory Notes



Adjusted Net Loss and Adjusted Diluted Earnings Per Common Share

Adjusted net loss represents net loss attributable to Shimmick Corporation adjusted to eliminate changes in fair value of contingent consideration, transaction-related costs, stock-based compensation, and legal fees and other costs for a Legacy Loss Project.

We have included adjusted net loss 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 loss can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that Adjusted net loss provides useful information to investors and others in understanding and evaluating our results of operations.

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

Because of these and other limitations, you should consider Adjusted net loss alongside Net loss 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 tax expense and depreciation and amortization, adjusted to eliminate changes in fair value of contingent consideration, transaction-related costs, stock-based compensation, and legal fees and other costs for a Legacy Loss Project.

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 loss attributable to Shimmick Corporation, which is the most directly comparable GAAP measure.

Guidance provided is only an estimate of what we believe is reasonable as of the date of this presentation. We are not readily able to provide a reconciliation of non-GAAP measures to the most comparable GAAP metrics without unreasonable effort. Actual results will vary from the guidance and the variations may be material. We undertake no intent or obligation to publicly update or revise any of these projections, whether as a result of new information, future events or otherwise, except as required by law.

Condensed Consolidated Balance Sheet



(in thousands)

	March 29, 2024	December 29, 2023
Assets		
Cash and Cash Equivalents	27,327	62,939
Total Current Assets	225,665	257,458
Total Assets	377,993	426,652
Liabilities		
Total Current Liabilities	269,752	271,253
Total Liabilities	339,875	356,162
Equity		
Total Stockholders' Equity	38,868	70,490