
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-40371

BOWMAN CONSULTING GROUP LTD.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

54-1762351

(I.R.S. Employer
Identification No.)

**12355 Sunrise Valley Drive, Suite 520
Reston, Virginia**

(Address of principal executive offices)

20191

(Zip Code)

Registrant's telephone number, including area code: (703) 464-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	BWMN	The Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 7, 2024, the registrant had 18,205,045 shares of common stock outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

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BOWMAN CONSULTING GROUP LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands except per share data)

	June 30, 2024	December 31, 2023
(Unaudited)		
ASSETS		
<u>Current Assets</u>		
Cash and equivalents	\$ 23,143	\$ 20,687
Accounts receivable, net	99,368	87,565
Contract assets	42,193	33,520
Notes receivable - officers, employees, affiliates, current portion	1,151	1,199
Prepaid and other current assets	9,544	11,806
Total current assets	175,399	154,777
<u>Non-Current Assets</u>		
Property and equipment, net	44,636	27,601
Operating lease, right-of-use assets	40,316	40,743
Goodwill	123,587	96,393
Notes receivable	903	903
Notes receivable - officers, employees, affiliates, less current portion	1,113	1,119
Other intangible assets, net	55,840	46,294
Deferred tax asset, net	20,166	33,780
Other assets	1,427	1,175
Total Assets	<u>\$ 463,387</u>	<u>\$ 402,785</u>
LIABILITIES AND EQUITY		
<u>Current Liabilities</u>		
Revolving credit facility	\$ 27,848	\$ 45,290
Accounts payable and accrued liabilities	69,163	44,394
Contract liabilities	7,873	7,481
Notes payable, current portion	15,169	13,989
Operating lease obligation, current portion	10,059	9,016
Finance lease obligation, current portion	9,182	6,586
Total current liabilities	139,294	126,756
<u>Non-Current Liabilities</u>		
Other non-current obligations	5,353	42,288
Notes payable, less current portion	22,541	13,738
Operating lease obligation, less current portion	36,332	37,660
Finance lease obligation, less current portion	19,099	14,408
Pension and post-retirement obligation, less current portion	5,184	4,654
Total liabilities	<u>\$ 227,803</u>	<u>\$ 239,504</u>
Shareholders' Equity		
Preferred Stock, \$0.01 par value; 5,000,000 shares authorized, no shares issued and outstanding as of June 30, 2024 and December 31, 2023.	\$ -	\$ -
Common stock, \$0.01 par value; 30,000,000 shares authorized as of June 30, 2024 and December 31, 2023; 20,570,916 shares issued and 17,599,049 outstanding, and 17,694,495 shares issued and 15,094,278 outstanding as of June 30, 2024 and December 31, 2023, respectively	206	177
Additional paid-in-capital	303,453	215,420
Accumulated other comprehensive income	569	590
Treasury stock, at cost; 2,971,867 and 2,600,217, respectively	(38,531)	(26,410)
Stock subscription notes receivable	(53)	(76)
Accumulated deficit	(30,060)	(26,420)
Total shareholders' equity	<u>\$ 235,584</u>	<u>\$ 163,281</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 463,387</u>	<u>\$ 402,785</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOWMAN CONSULTING GROUP LTD.
CONDENSED CONSOLIDATED INCOME STATEMENTS
(Amounts in thousands except per share data)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Gross Contract Revenue	\$ 104,501	\$ 82,755	\$ 199,409	\$ 158,855
Contract costs: (exclusive of depreciation and amortization below)				
Direct payroll costs	39,096	32,075	76,776	60,919
Sub-consultants and expenses	10,520	8,963	19,738	17,501
Total contract costs	<u>49,616</u>	<u>41,038</u>	<u>96,514</u>	<u>78,420</u>
Operating Expenses:				
Selling, general and administrative	49,154	38,340	93,874	71,965
Depreciation and amortization	7,181	4,719	13,177	8,285
(Gain) on sale	<u>(215)</u>	<u>(226)</u>	<u>(311)</u>	<u>(237)</u>
Total operating expenses	<u>56,120</u>	<u>42,833</u>	<u>106,740</u>	<u>80,013</u>
(Loss) Income from operations	<u>(1,235)</u>	<u>(1,116)</u>	<u>(3,845)</u>	<u>422</u>
Other expense	2,027	1,143	4,428	2,358
Loss before tax expense	(3,262)	(2,259)	(8,273)	(1,936)
Income tax (benefit)	(1,180)	(1,625)	(4,633)	(1,839)
Net loss	<u><u>\$ (2,082)</u></u>	<u><u>\$ (634)</u></u>	<u><u>\$ (3,640)</u></u>	<u><u>\$ (97)</u></u>
Earnings allocated to non-vested shares	\$ —	\$ —	\$ —	\$ —
Net loss attributable to common shareholders	<u><u>\$ (2,082)</u></u>	<u><u>\$ (634)</u></u>	<u><u>\$ (3,640)</u></u>	<u><u>\$ (97)</u></u>
Loss per share				
Basic	\$ (0.13)	\$ (0.05)	\$ (0.24)	\$ (0.01)
Diluted	\$ (0.13)	\$ (0.05)	\$ (0.24)	\$ (0.01)
Weighted average shares outstanding:				
Basic	16,301,926	12,276,173	15,064,827	12,022,550
Diluted	16,301,926	12,276,173	15,064,827	12,022,550

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOWMAN CONSULTING GROUP LTD.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited)

	For the Three Months		For the Six Months	
	Ended June 30, 2024	2023	Ended June 30, 2024	2023
Net loss	\$ (2,082)	\$ (634)	\$ (3,640)	\$ (97)
Other comprehensive loss				
Pension and post-retirement adjustments	(10)	(11)	(21)	(21)
Other comprehensive loss	(10)	(11)	(21)	(21)
Income tax provision related to items of other comprehensive loss	–	–	–	–
Other comprehensive loss, net of tax	(10)	(11)	(21)	(21)
Comprehensive loss, net of tax	\$ (2,092)	(645)	\$ (3,661)	(118)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOWMAN CONSULTING GROUP LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Three Months Ended June 30, 2024 and 2023
(Amounts in thousands except per share data)
(Unaudited)

	Common Stock		Treasury Stock		Accumulated		Stock		Total	
	Shares	Amount	Additional		Other	Comprehensive	Subscription			
			Paid-in	Capital						
Balance at March 31, 2023	16,019,601	\$ 160	\$ 167,440		(2,425,755)	\$ (21,498)	\$ 568	\$ (151)	\$ (19,259)	\$ 127,260
Issuance of new common shares in common stock offering	—	—	—	—	—	—	—	—	—	
Issuance of new common shares	504,637	3	14,867		—	—	—	—	14,870	
Purchase of treasury stock	—	—	—	(104,131)	(2,919)	—	—	—	(2,919)	
Issuance of new common shares under stock compensation plan	566,882	6	(6)		—	—	—	—	—	
Issuance of new common shares under employee stock purchase plan	15,058	—	379		—	—	—	—	379	
Stock based compensation	—	—	6,337		—	—	—	—	6,337	
Collection on stock subscription notes receivable	—	—	—		—	—	—	26	—	
Exercises of conversion feature of convertible note	24,001	2	334		—	—	—	—	336	
Other comprehensive loss, net of tax	—	—	—		—	—	(11)	—	(11)	
Net loss	—	—	—		—	—	—	(634)	(634)	
Balance at June 30, 2023	17,130,179	\$ 171	\$ 189,351		(2,529,886)	\$ (24,417)	\$ 557	\$ (125)	\$ (19,893)	\$ 145,644
Balance at March 31, 2024	18,191,818	\$ 182	\$ 226,681		(2,763,299)	\$ (32,142)	\$ 579	\$ (66)	\$ (27,978)	\$ 167,256
Issuance of new common shares in common stock offering	1,502,942	15	47,136		—	—	—	—	47,151	
Issuance of new common shares	569,800	6	18,509		—	—	—	—	18,515	
Purchase of treasury stock	—	—	—	(141,675)	(4,305)	—	—	—	(4,305)	
Issuance of new common shares under stock compensation plan	189,908	2	(2)		—	—	—	—	—	
Cancellation of common shares under stock compensation plan	(4,351)	—	—		—	—	—	—	—	
Issuance of new common shares under employee stock purchase plan	17,247	—	466		—	—	—	—	466	
Stock based compensation	—	—	8,356		—	—	—	—	8,356	
Collections on stock subscription notes receivable	—	—	—		—	—	—	13	—	
Exercises of conversion feature of convertible note	103,552	1	2,307		—	—	—	—	2,308	
Other comprehensive loss, net of tax	—	—	—		—	—	(10)	—	(10)	
Repurchases of common stock	—	—	—	(66,893)	(2,084)	—	—	—	(2,084)	
Net loss	—	—	—		—	—	—	(2,082)	(2,082)	
Balance at June 30, 2024	20,570,916	\$ 206	\$ 303,453		(2,971,867)	\$ (38,531)	\$ 569	\$ (53)	\$ (30,060)	\$ 235,584

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOWMAN CONSULTING GROUP LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Six Months Ended June 30, 2024 and 2023
(Amounts in thousands except per share data)
(Unaudited)

	Common Stock		Treasury Stock		Accumulated		Stock		Total	
	Shares	Amount	Additional		Other	Comprehensive	Subscription			
			Paid-in	Capital						
Balance at January 1, 2023	15,949,805	\$ 159	\$ 162,922		(2,393,255)	\$ (20,831)	\$ 578	\$ (173)	\$ (19,796)	\$ 122,859
Issuance of new common shares	504,637	3	14,873		—	—	—	—	—	14,876
Purchase of treasury stock	—	—	—	(136,631)	(3,586)	—	—	—	—	(3,586)
Issuance of new common shares under stock compensation plan	620,639	6	(6)		—	—	—	—	—	—
Issuance of new common shares under employee stock purchase plan	31,097	1	762		—	—	—	—	—	763
Stock based compensation	—	—	10,466		—	—	—	—	—	10,466
Collection on stock subscription notes receivable	—	—	—		—	—	—	48	—	48
Exercises of conversion feature of convertible note	24,001	2	334		—	—	—	—	—	336
Other comprehensive income, net of tax	—	—	—		—	—	(21)	—	—	(21)
Net loss	—	—	—		—	—	—	—	(97)	(97)
Balance at June 30, 2023	17,130,179	\$ 171	\$ 189,351		(2,529,886)	\$ (24,417)	\$ 557	\$ (125)	\$ (19,893)	\$ 145,644
Balance at January 1, 2024	17,694,495	\$ 177	\$ 215,420		(2,600,217)	\$ (26,410)	\$ 590	\$ (76)	\$ (26,420)	\$ 163,281
Issuance of new common shares in common stock offering	1,502,942	15	47,136		—	—	—	—	—	47,151
Issuance of new common shares	677,727	7	22,211		—	—	—	—	—	22,218
Purchase of treasury stock	—	—	—	(304,757)	(10,037)	—	—	—	—	(10,037)
Issuance of new common shares under stock compensation plan	539,059	5	(5)		—	—	—	—	—	—
Cancellation of common shares under stock compensation plan	(27,206)	—	—		—	—	—	—	—	—
Issuance of new common shares under employee stock purchase plan	32,346	—	932		—	—	—	—	—	932
Stock based compensation	—	—	14,781		—	—	—	—	—	14,781
Collections on stock subscription notes receivable	—	—	—		—	—	—	23	—	23
Exercises of conversion feature of convertible note	151,553	2	2,978		—	—	—	—	—	2,980
Other comprehensive loss, net of tax	—	—	—		—	—	(21)	—	—	(21)
Repurchases of common stock	—	—	—	(66,893)	(2,084)	—	—	—	—	(2,084)
Net loss	—	—	—		—	—	—	—	(3,640)	(3,640)
Balance at June 30, 2024	20,570,916	\$ 206	\$ 303,453		(2,971,867)	\$ (38,531)	\$ 569	\$ (53)	\$ (30,060)	\$ 235,584

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOWMAN CONSULTING GROUP LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2024	2023
Cash Flows from Operating Activities:		
Net loss	\$ (3,640)	\$ (97)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	6,023	4,620
Amortization of intangible assets	7,154	3,665
Gain on sale of assets	(311)	(237)
Credit losses	656	289
Stock based compensation	13,876	11,169
Accretion of discounts on notes payable	307	264
Deferred taxes	5,348	(7,339)
Changes in operating assets and liabilities, net of acquisition of businesses		
Accounts receivable	(6,080)	(10,885)
Contract assets	(4,366)	(5,267)
Prepaid expenses and other assets	4,063	(4,174)
Accounts payable and accrued expenses	(15,633)	9,535
Contract liabilities	(1,809)	523
Net cash provided by operating activities	<u>5,588</u>	<u>2,066</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(600)	(632)
Fixed assets converted to lease financing	(29)	–
Proceeds from sale of assets and disposal of leases	317	237
Payments received under loans to shareholders	54	108
Acquisitions of businesses, net of cash acquired	(20,347)	(15,408)
Collections under stock subscription notes receivable	23	48
Net cash used in investing activities	<u>(20,582)</u>	<u>(15,647)</u>
Cash Flows from Financing Activities:		
Proceeds from common stock offering, net of underwriting discounts and commissions and other offering costs	47,151	–
(Repayments) Borrowings under revolving credit facility	(17,441)	21,189
Repayments under fixed line of credit	(345)	(283)
Proceeds from notes payable	6,209	–
Repayment under notes payable	(7,464)	(4,743)
Proceeds from finance leases	4,567	–
Payments on finance leases	(4,053)	(3,309)
Payments for purchase of treasury stock	(10,037)	(3,586)
Repurchases of common stock	(2,084)	–
Proceeds from issuance of common stock	947	777
Net cash provided by financing activities	<u>17,450</u>	<u>10,045</u>
Net increase (decrease) in cash and cash equivalents	2,456	(3,536)
Cash and cash equivalents, beginning of period	20,687	13,282
Cash and cash equivalents, end of period	<u>\$ 23,143</u>	<u>\$ 9,746</u>

Supplemental disclosures of cash flow information:

Cash paid for interest	\$ 3,457	\$ 1,547
Cash paid for income taxes	<u>\$ 1,552</u>	<u>\$ 745</u>

Non-cash investing and financing activities:

Property and equipment acquired under finance lease	\$ (6,755)	\$ (4,385)
Note payable converted to common shares	\$ (2,696)	\$ –
Issuance of notes payable for acquisitions	\$ (13,636)	\$ (7,825)
Issuance of contingent considerations	\$ (1,504)	\$ –
Settlement of contingent consideration	<u>\$ 567</u>	<u>\$ –</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOWMAN CONSULTING GROUP LTD.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Business and Basis of Presentation

Nature of Business

Bowman Consulting Group Ltd. (along with its consolidated subsidiaries, "Bowman" or "we" or the "Company") incorporated in the Commonwealth of Virginia on June 5, 1995 and reincorporated in the State of Delaware on November 13, 2020. The Company's headquarters is located in Reston, VA and the Company has over 90 offices throughout the United States and two offices in Mexico. Bowman is a professional services firm delivering innovative solutions to the marketplace of customers who own, develop and maintain the built environment. Within that arena, we provide planning, design, engineering, geospatial, survey, construction management, environmental consulting and land procurement services to markets that encompass the buildings in which people live, work and learn in; as well as the systems that provide water, electricity and other vital services, and the roads, bridges, and transportation systems used to get from place to place. We provide services to customers through fixed-price and time-and-material based contracts containing multiple milestones and independently priced deliverables. Typically, contract awards are on a negotiated basis, ranging in value from a few thousand dollars to multiple millions of dollars and can have varying durations depending on the size, scope, and complexity of the project.

The Company's workforce typically provides the full scope of engineering and other contract services. However, with respect to certain specialty services or other compliance requirements within a particular contract, we may engage third-party sub-consultants.

Common Stock Offering

On April 1, 2024, the Company closed on an offering of common stock in which it issued and sold 1,323,530 shares at an offering price of \$34.00 per share, resulting in net proceeds of \$42.0 million after deducting underwriting discounts and commissions, but before expenses of the offering.

On April 1, 2024, the underwriters exercised their option to purchase an additional 179,412 shares of the Company's common stock at an offering price of \$34.00 per share, resulting in additional gross proceeds of approximately \$ 6.1 million. After giving effect to this exercise of the overallotment option, the total number of shares sold by the Company in this common stock offering increased to 1,502,942 shares with gross proceeds of approximately \$ 51.1 million. The exercise of the over-allotment option closed on April 1, 2024, at which time the Company received net proceeds of \$5.7 million after underwriting discounts and commissions.

Deferred offering costs consist primarily of accounting, legal and other fees related to the common stock offering. Prior to the offering, all deferred costs were capitalized within prepaid and other current assets in the consolidated balance sheet. We capitalized \$0.2 million of deferred offering costs within prepaid and other current assets in the consolidated balance sheet as of December 31, 2023. No deferred offering costs were capitalized in the condensed consolidated balance sheet as of June 30, 2024.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and footnotes of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and applicable regulations of the Securities and Exchange Commission ("SEC") regarding interim financial information. In the opinion of management, the interim financial information includes all adjustments of a normal recurring nature necessary for a fair presentation of the results of operations, financial position, changes in shareholders' equity and cash flows. The results of operations for the current period are not necessarily indicative of the results for the full year or the results for any future periods.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related footnotes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the SEC on March 12, 2024.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

2. Significant Accounting Policies

The following is a summary of the significant accounting policies and principles used in the preparation of the condensed consolidated financial statements:

Emerging Growth Company

Section 102(b)(1) of the Jumpstart Our Business Startups Act ("JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934 (the "Exchange Act")) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company that is either not an emerging growth company or, an emerging growth company that has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used.

Revenue Recognition

As discussed in Note 1, the Company provides a variety of engineering and related professional services to customers located throughout the United States. The Company enters into agreements with clients that create enforceable rights and obligations and for which it is probable that the Company will collect the consideration to which it will be entitled as services transfer to the customer. It is customary practice for the Company to have written agreements with its customers and revenue on oral or implied arrangements is generally not recognized. The Company recognizes revenue based on the consideration specified in the applicable agreement. Excluded from the transaction price are amounts collected on behalf of third parties for sales and similar taxes.

Long-term contracts typically contain billing terms that provide for invoicing once a month and payment on a net 30-day basis. Exceptions exist to monthly billing are to ensure that the Company performs satisfactorily and do not represent a significant financing component. For example, certain fixed price contracts provide for milestone billings based upon the attainment of specific project objectives to ensure the Company meets its contractual requirements rather than monthly billing. Another example is, contracts that include retentions or holdbacks paid at the end of a project to ensure that Company meets the contract requirements. The Company does not assess whether a contract contains a significant financing component if the Company expects, at contract inception, that the period between payment by the customer and the transfer of promised services to the customer will be less than one year.

As a professional services engineering firm, the Company generally recognizes revenue over time as control transfers to a customer based upon the extent of progress towards satisfaction of the performance obligation.

For services delivered under fixed price contracts, the Company uses the ratio of actual costs incurred to total estimated costs since costs incurred (an input method) represents a reasonable measure of progress towards the satisfaction of a performance obligation in order to estimate the portion of revenue earned. This method faithfully depicts the transfer of value to the customer when the Company is satisfying a performance obligation that entails a number of interrelated tasks or activities for a combined output that requires the Company to coordinate the work of employees and sub-consultants. Contract costs typically include direct labor, subcontract and consultant costs, materials and indirect costs related to contract performance. Changes in estimated costs to complete these obligations result in adjustments to revenue on a cumulative catch-up basis, so that revised estimates are recognized in the current period. Changes in estimates can routinely occur over the contract term for a variety of reasons including, changes in scope, unanticipated costs, delays or favorable or unfavorable progress that differ from original expectations. In situations where the remaining estimated costs to perform exceed the consideration to be received, the Company accrues the entire estimated loss during the period the loss becomes known.

When a performance obligation is billed using a time-and-material type contract, the Company measures its progress to complete based upon the hours incurred for the period times contractually agreed upon billing rates plus any materials delivered or consumed in the project. When applicable, the Company will recognize revenue under these contracts as invoiced under the practical expedient.

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In certain situations, it is possible that two or more contracts should be combined and accounted for as a single contract, or a single contract should be accounted for as multiple performance obligations. This requires significant judgment and could impact the amount and timing of revenue recognition. Such determinations are made using management's best estimate and knowledge of contracts and related performance obligations.

The Company's contracts may contain variable consideration in the form of unpriced or pending change orders or claims that either increase or decrease the contract price. Variable consideration is generally estimated using the expected value method but may from time to time be estimated using the most likely amount method depending on the circumstance. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are based upon historical experience and known trends.

The Company recognizes claims against vendors, sub-consultants, and others as a reduction in costs when the contract establishes enforceability, and the amounts of recovery are reasonably estimable and probable. Reduction in costs are recognized at the lesser of the amount management expects to recover or costs incurred.

Contract related assets and liabilities are classified as current assets and current liabilities. Significant balance sheet accounts related to the revenue cycle are as follows:

Accounts receivables, net:

Accounts receivable, net (contract receivables) includes amounts billed under the contract terms. The amounts are stated at their net realizable value. The Company maintains an allowance for doubtful accounts to provide for the estimated number of receivables that will not be collected. The Company considers several factors in its estimated expected credit losses including knowledge of a client's financial condition, its historical collection experience, and other factors relevant to assessing the collectability of such receivables. No single client accounted for more than 10% of the Company's outstanding receivables at June 30, 2024 and December 31, 2023.

Contract Assets:

Contract Assets are recorded when progress to completion revenue earned on contracts exceeds amounts billed under the contract. It may also include contract retainages that can be billed once contract stipulations are satisfied.

Contract Liabilities:

Contract Liabilities are recorded when amounts billed under a contract exceeds the progress to completion revenue earned under the contract.

Allowance for Doubtful Accounts and Expected Credit Losses

The Company records accounts receivable net of an allowance for doubtful accounts. The allowance is determined based upon management's review of the estimated collectability of the specific accounts receivable, client type, client credit worthiness, plus a general provision based upon the historical loss experience and existing economic conditions. The Company charges off uncollectible amounts against the allowance for doubtful accounts once management determines the amount, or a portion thereof, to be worthless. Upon determination that a specific receivable is uncollectible, the receivable is written off against the allowance for expected credit losses. As of June 30, 2024 and December 31, 2023, the balance in the allowance for expected credit losses was \$2.6 million and \$2.2 million, respectively.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates and assumptions that were used.

Concentration of Credit Risk and other Concentrations

The Company's financial instruments that are exposed to concentrations of credit risk consist of cash and accounts receivable.

Cash balances at various times during the year may exceed the amount insured by the Federal Deposit Insurance Corporation. The Company's cash deposits are held in institutions whose credit ratings are monitored by management, and the Company has not incurred any losses related to such deposits.

The Company can, at times, be subject to a concentration of credit risk with respect to outstanding accounts receivable. However, the Company believes no such concentration existed during the six months ended June 30, 2024, or the year ended December 31, 2023. The Company's customers are located throughout the United States across diverse market sectors. Although the Company generally grants credit without collateral, management believes that its contract acceptance, billing, and collection policies are adequate to minimize material credit risk. Also, for non-governmental customers, the Company can often place mechanics liens against the real property associated with the contract in the event of non-payment.

Fair Value Measurements

Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820") provides the framework for measuring and reporting financial assets and liabilities at fair value. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The codification establishes a three-level disclosure hierarchy to indicate the level of judgment used to estimate fair value measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities as of the reporting date;

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices (such as interest rate and yield curves);

Level 3: Uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment.

As of June 30, 2024 and December 31, 2023:

- The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short duration of these instruments;
- The carrying amounts of debt obligations approximate their fair values as the terms are comparable to terms currently offered by local financial institutions for arrangements with similar terms to industry peers with comparable credit characteristics. Accordingly, the debt obligations involve Level 3 fair value inputs;

Fair value measurements relating to our business combinations are made primarily using Level 3 inputs including discounted cash flow and to the extent applicable, Monte Carlo simulation techniques. Fair value for the identified intangible assets is generally estimated using inputs primarily for the income approach using the multiple period excess earnings method. The significant assumptions used in estimating fair value include (i) revenue projections of the business, including profitability, (ii) attrition rates and (iii) the estimated discount rate that reflects the level of risk associated with receiving future cash flows. Other personal property assets, such as property, plant and equipment, are valued using the cost approach, which is based on replacement or reproduction costs of the asset less depreciation. The fair value of the contingent consideration is estimated using published treasury rates in the Wall St. Journal and discounting the present value along with other significant assumptions which include projections of revenue, and probabilities of meeting those projections, as well as Monte Carlo simulation techniques.

The following is a summary of change in contingent consideration:

(in thousands)	For the Six Months Ended June 30, 2024	For the Year Ended December 31, 2023
Balance at beginning of period	\$ 10,567	\$ 487
Fair value of contingent consideration issuances	1,504	10,379
Change in fair value of contingent consideration	313	(299)
Settlement of contingent consideration	(1,890)	–
Balance at end of period	\$ 10,494	\$ 10,567

The change in fair value consideration is included in *Other Expense* in the Condensed Consolidated Income Statement.

Income Taxes

The Company recognizes deferred income tax assets or liabilities for expected future tax consequences of events recognized in the condensed consolidated financial statements or tax returns. Under this method, deferred income tax assets or liabilities are determined based upon the difference between the financial statement and income tax bases of assets and liabilities using enacted tax rates expected to apply when the differences settle or become realized. Valuation allowances are provided when it is more likely than not that a deferred tax asset is not realizable or recoverable in the future. As of June 30, 2024, no valuation allowances are required, and all deferred tax assets are realizable.

The Company assesses uncertain tax positions to determine whether the position will more likely than not be sustained upon examination by the Internal Revenue Service or other taxing authorities. If the Company cannot reach a more-likely-than-not determination, no benefit is recorded. If the Company determines that the tax position is more likely than not to be sustained, the Company records the largest amount of benefit that is more likely than not to be realized when the tax position is settled. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense. Beginning January 1, 2022, the Tax Cuts and Jobs Act (TCJA) of 2017 eliminated the option to deduct research and development expenditures in the current year and now requires taxpayers to capitalize and amortize research and development costs pursuant to Internal Revenue Code Section 174. The capitalized expenses are amortized over a 5-year period for domestic expenses and a 15-year period for foreign expenses. During the second quarter of 2024, the Company made a determination to change its accounting method for Section 174 costs, and accordingly, released an uncertain tax position reserve of \$47.9 million associated with the previously established position. While this method change is a timing difference between current and deferred taxes, the effect of this release generated an income tax benefit of \$4.0 million as a result of a decrease in accrued tax penalties and interest. The Company intends to file a Form 3115 application to effectuate this change in its accounting method.

The Company recognizes the effect of a change in tax rates on deferred tax assets and liabilities in income in the period that includes the enactment date. The Company's effective tax rate for the six months ended June 30, 2024 and 2023 was 55.1% and (95.0)%, respectively. The change in the Company's effective tax rate is predominantly due to changes in the estimated annual effective tax rate and certain non-recurring discrete events, as discussed below. The most prominent factors impacting the estimated annual effective tax rate include a decrease in projected R&D credits generated for 2024, a change in the projected limitations of the deductible executive compensation for 2024, and an overall reduction in forecasted income for 2024 relative to 2023. With respect to the projected R&D credit, the Company anticipates the 2024 generated R&D credit to be \$3.3 million as of June 30, 2024, as compared to the projected R&D credit to be generated of \$3.8 million as of June 30, 2023. Similarly, the Company anticipates the annual projected limitation on the deductibility of executive compensation to be \$19.5 million for 2024 as compared to \$9.8 million for 2023. These factors as well as the forecasted change in book income predominantly resulted in the change in the estimated annual effective tax rate.

Further, the Company also recognized net discrete benefits of \$ 7.5 million for the six months ended June 30, 2024, as compared to net discrete benefit of \$1.6 million for the six months ended June 30, 2023. The net discrete benefits are predominantly the result of a windfall tax benefit for restricted stock awards, penalties and interest recorded for uncertain tax positions, and other non-recurring adjustments. More specifically, the windfall tax adjustment for restricted stock awards recognized at a value higher than the grant date fair value is \$4.3 million for the six months ended June 30, 2024, and \$ 2.0 million for the six months ended June 30, 2023. Penalties and interest accrued for uncertain tax positions is \$0.7 million for the six months ended June 30, 2024, and \$0.2 million for the six months ended June 30, 2023. In addition, there was a one-time \$4.0 million decrease in accrued penalties and interest for the reversal of the uncertain tax position for Section 174 costs for the six months ended June 30, 2024, as discussed above. These factors increased the rate by 90.4% for the quarter ended June 30, 2024, and increased the rate by 82.6% for the quarter ended June 30, 2023.

The Company files income tax returns in the U.S. federal jurisdiction and certain states in which it operates. Based on the timing of the filing of certain tax returns, the Company's federal income tax returns for tax years 2020 and thereafter remain subject to examination by the U.S. Internal Revenue Service. The statute of limitations on the Company's state income tax returns generally conforms to the federal three-year statute of limitations.

Segments

The Company operates in one segment based upon the financial information used by its chief operating decision maker in evaluating the financial performance of its business and allocating resources. The single segment represents the Company's core business of providing engineering and related professional services to its customers.

Recently Issued Accounting Guidance

Accounting guidance not yet adopted

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, *Improvements to Reportable Segment Disclosures*, which requires disclosure of significant segment expenses and other segment items in annual and interim periods. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. We are currently evaluating the impacts of the new standard.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which requires disaggregated information about an entity's effective tax rate reconciliation as well as information on income taxes paid. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, and should be applied prospectively. Retrospective application is permitted. We are currently evaluating the impacts of the new standard.

The Company does not believe that any recently issued standards would have a material effect on its condensed consolidated financial statements.

3. (Loss) Earnings Per Share and Certain Related Information

Basic (loss) earnings per share is calculated by dividing net (loss) income attributable to the Company available to common stockholders by the weighted average number of common shares outstanding for the three and six months ended June 30, 2024 and 2023. Diluted (loss) earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were either exercised or converted into common stock or resulted in the issuance of common stock that would share in the (loss) earnings of the Company. The dilutive effect of options is reflected in diluted (loss) earnings per share by application of the treasury stock method. The dilutive effect of shares to be purchased under the Company's Employee Stock Purchase Plan is reflected in diluted (loss) earnings per share by the weighted-average number of shares outstanding that would have been outstanding during the period. The dilutive effect of convertible debt is reflected in diluted (loss) earnings per share by application of the if-converted method. The Company uses the two-class method to determine (loss) earnings per share.

For calculating basic loss per share, for the three and six months ended June 30, 2024, the weighted average number of shares outstanding exclude 1,331,046 and 1,381,326 non-vested restricted shares and 3,616 and 4,204 unexercised substantive options. The computation of diluted earnings per share for the three and six months ended June 30, 2024 did not assume the effect of restricted shares or substantive options because the effects were antidilutive.

For calculating basic loss per share, for the three and six months ended June 30, 2023, the weighted average number of shares outstanding exclude 1,871,892 and 1,811,416 non-vested restricted shares and 8,566 and 9,125 unexercised substantive options. The computation of diluted earnings per share for the three and six months ended June 30, 2023 did not assume the effect of restricted shares or substantive options because the effects were antidilutive.

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The following table represents a reconciliation of the net (loss) income and weighted average shares outstanding for the calculation of basic and diluted (loss) earnings per share for the three and six months ended June 30, 2024 and 2023 (in thousands, except share data):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator				
Net loss	\$ (2,082)	\$ (634)	\$ (3,640)	\$ (97)
Earnings allocated to non-vested shares	—	—	—	—
Subtotal	\$ (2,082)	\$ (634)	\$ (3,640)	\$ (97)
Denominator				
Weighted average common shares outstanding	16,301,926	12,276,173	15,064,827	12,022,550
Effect of dilutive nominal options	—	—	—	—
Effect of dilutive contingently earned shares	—	—	—	—
Dilutive average shares outstanding	16,301,926	12,276,173	15,064,827	12,022,550
Basic loss per share	\$ (0.13)	\$ (0.05)	\$ (0.24)	\$ (0.01)
Dilutive loss per share	\$ (0.13)	\$ (0.05)	\$ (0.24)	\$ (0.01)

Share Repurchases

On November 17, 2023, the board of directors authorized a new \$ 10 million share repurchase program under which the Company may repurchase up to \$10 million of our common stock (the "2023 Repurchase Authorization"). The authorization is effective from November 17, 2023, through November 16, 2024. The execution of the repurchase program is expected to be consistent with the Company's strategic initiatives which prioritize investments in organic and acquisitive growth. The timing and amount of any share repurchases will be determined by management at its discretion based on several factors including share price, market conditions and capital allocation priorities. Shares may be repurchased from time to time through open market purchases, in privately negotiated transactions or by other means, including the use of trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, in accordance with applicable securities laws and other restrictions. The share repurchase program does not obligate Bowman to acquire a specific number of shares of common stock and may be suspended, modified, or discontinued at any time without notice.

During the six months ended June 30, 2024, the Company repurchased 66,893 shares of common stock at an average price per share of \$ 31.15, and had \$7.9 million remaining under the 2023 Repurchase Authorization.

4. Acquisitions

Business Combinations

Surdex Corporation

On April 2, 2024, the Company entered into a merger agreement with Surdex Corporation ("Surdex"), a St. Louis-based geospatial and engineering services firm providing low, medium and high-altitude digital orthoimagery, advanced high-resolution LiDAR, intelligent digital mapping, 3D hydrography, and disaster mapping. The Company paid total consideration of \$43.3 million, which was comprised of cash, promissory note, common stock and assumed liabilities. The shares are subject to a six-month lock up. The promissory notes bear a simple interest rate fixed at 6.50%, and is payable in equal quarterly payments of principal and interest beginning on July 2024 and ending July 2027. The merger agreement contains a contingent consideration feature which affords the sellers the opportunity to earn additional consideration in the form of the Company's common stock, dependent on the average trading price of the Company's common stock for the 90 trading days post-acquisition. For tax purposes, this transaction is considered a tax-free merger, in which the assets have been recorded at their respective carrying values. As a result, there is no corresponding tax goodwill, and therefore no tax goodwill to be amortized or otherwise deductible.

The following summarizes the preliminary calculations of the fair values of Surdex assets acquired and liabilities assumed as of the acquisition date (in thousands):

<i>(in thousands)</i>	Surdex	
Assets:		
Accounts receivable, net	\$	4,052
Contract assets		3,210
Prepaid and other current assets		1,940
Property and equipment, net		15,167
Operating lease, right-of-use assets		1,030
Goodwill		17,461
Other intangible assets		12,810
Total assets acquired:	\$	55,670
Liabilities:		
Accounts payable and accrued liabilities, current portion	\$	3,083
Contract liabilities		685
Other non-current obligations		11,465
Operating lease obligation, less current portion		1,030
Deferred tax liability		6,987
Total liabilities assumed:	\$	23,250
Net assets acquired:	\$	32,420
Cash flow reconciling items:		
Issuance of common stock as partial consideration	\$	(16,536)
Cash paid for acquisitions, net of cash acquired	\$	15,884

The purchase price allocation, including the residual amount allocated to goodwill, is based on preliminary information and is subject to change as additional information concerning final asset and liability valuations are obtained and management completes its reassessment of the measurement period procedures based on the results of the preliminary valuation. During the applicable measurement period, the Company will adjust assets and liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in revised estimated values of those assets or liabilities as of that date. The effect of measurement period adjustments to the estimated fair values will be reflected as if the adjustments had been completed on the acquisition date.

The condensed consolidated financial statements of the Company include the results of operations since the date Surdex was acquired. The following table presents the results of operations of Surdex since the date of acquisition for the three and six months ended June 30, 2024 (in thousands):

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024		June 30, 2024	
Gross Contract Revenue ¹	\$	6,333	\$	6,333
Pre-tax Net Income ²	\$	1,201	\$	1,201

¹ Gross contract revenue includes adjustments as required by ASC 606, Revenue from Contracts with Customers based on opening balance sheet provided by the acquired companies. There is no assurance these adjustments will be consistent in future periods. Opening balance sheet balances are subject to adjustment prior to being finalized.

² Pre-tax Net Income excludes corporate overhead allocation.

The following table presents the unaudited pro forma condensed consolidated results of operations for the three and six months ended June 30, 2024 and 2023 assuming that the Surdex acquisition, discussed above, occurred on January 1, 2023. The pro forma information provided below is compiled from pre-acquisition information and includes pro forma adjustments for amortization and depreciation. The unaudited pro forma results are presented for informational purposes

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only and are not meant to represent actual operating results that would have been achieved had the related events occurred on such date (in thousands):

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Gross Contract Revenue ³	\$ 104,582	\$ 91,215	\$ 205,426	\$ 171,923
Pre-tax Net (Loss) Income	\$ (2,048)	\$ 1,453	\$ (4,009)	\$ 1,376

³*Gross contract revenue in these pro forma financials does not conform to GAAP as required by ASC 606, Revenue from Contracts with Customers, as it is impracticable to obtain the historical information necessary to apply this accounting standard. The historical estimates required to be able to accurately determine the percent complete accounting on the contracts that comprise the revenue is not available for the required periods.*

[2024 Acquisitions](#)

During the six months ended June 30, 2024, the Company completed three additional acquisitions in diverse geographic regions and service lines. The Company paid total consideration of \$13.9 million through combinations of cash, promissory notes, shares of common stock and assumed liabilities. No cash was acquired with these acquisitions. Shares of common stock issued in connection with the acquisitions are subject to a six-month lock-up. Promissory notes bear a simple interest rate ranging from 5.00% to 6.75% and are payable in quarterly payments of principal and interest beginning May 2024 and ending in April 2027. For tax purposes, dependent on the transaction, the acquisitions were treated either as an asset acquisition, in which case the assets have been stepped up and recorded at their respective fair values, or a tax-free merger, in which case the assets have been recorded at their respective carrying values. Goodwill results from an assembled workforce, which does not qualify for separate recognition, as well as expected future synergies from combining operations. For asset acquisitions, all the goodwill recognized is expected to be deductible for tax purposes. For two of the acquisitions, the purchase agreement includes a contingent consideration feature, which affords the sellers the opportunity to earn additional consideration in the form of the Company's common stock, cash and non-negotiable promissory notes, based on certain financial performance thresholds. The final settlement amount will depend on ongoing operations of the acquired company. The payout amounts range between \$0 and \$1.0 million. See Note 2 *Fair Value Measurements* for additional information regarding the fair value of contingent consideration.

For the six months ended June 30, 2024, for all of the 2024 acquisitions, the Company recorded measurement period adjustments of \$ 0.6 million increase to goodwill offset by a \$0.6 million increase to deferred tax liabilities. The change did not result in a change to operating income.

In connection with all of the 2024 acquisitions, the Company recognized \$ 0.6 million and \$1.1 million of acquisition related expenses within *Other Income and Expenses* in the condensed consolidated statement of income for each of the three and six months ended June 30, 2024, respectively, including legal fees, consulting fees, and other miscellaneous expenses associated with acquisitions.

[2023 Acquisitions](#)

During 2023, the Company completed eleven acquisitions in diverse geographic regions and service lines. The Company paid total consideration of \$75.7 million through combinations of cash, promissory notes, convertible notes, shares of common stock and assumed liabilities. No cash was acquired with these acquisitions. Shares of common stock are subject to a six-month lock-up. Promissory notes bear a simple interest rate ranging from 5.00% to 11.00% and are payable in quarterly payments of principal and interest beginning February 2023 and ending in December 2026. Convertible notes bear a simple interest rate ranging from 7.00% to 8.00% and are payable in lump sum payments or quarterly payments of principal and interest beginning December 2024 and ending in September 2027; see Note 12 *Notes Payable* for additional information regarding the convertible notes payable. For tax purposes, dependent on the transaction, the acquisitions were treated either as an asset, stock or a merger. Goodwill results from an assembled workforce, which does not qualify for separate recognition, as well as expected future synergies from combining operations. Portions of the Goodwill recognized is expected to be deductible for tax purposes. For six of the acquisitions, the purchase agreement includes a contingent consideration feature, which affords the sellers the opportunity to earn additional consideration in the form of the Company's common stock, cash and non-negotiable promissory notes, based on certain financial performance thresholds. The final settlement amount will depend on ongoing operations of the acquired company. The payout amounts range

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between \$0 and \$3.0 million; see Note 2 *Fair Value Measurements* for additional information regarding the fair value of contingent consideration.

For the six months ended June 30, 2024, for the 2023 acquisitions, the Company recorded measurement period adjustments of \$ 0.4 million increase to goodwill offset by \$0.4 million increase to consideration. The change did not result in a change to operating income.

In connection with these acquisitions, the Company recognized \$ 0.2 million and \$0.7 million of acquisition related expenses within *Other Income and Expenses* in the condensed consolidated statement of income for each of the three and six months ended June 30, 2023, respectively, including legal fees, consulting fees, and other miscellaneous expenses associated with acquisitions.

The purchase price allocations at fair value, for the 2023 acquisitions as of December 31, 2023 are presented below:

(in thousands)	2023
Assets:	
Accounts receivable, net	\$ 10,112
Contract assets	6,334
Prepaid and other current assets	361
Property and equipment, net	1,952
Operating lease, right-of-use assets	7,078
Goodwill	43,900
Other intangible assets	27,361
Other assets - non-current	44
Total assets acquired:	\$ 97,142
Liabilities:	
Accounts payable and accrued liabilities, current portion	\$ 3,228
Contract liabilities	4,891
Other non-current obligations	24,222
Operating lease obligation, less current portion	7,078
Deferred tax liability	5,787
Total liabilities assumed:	\$ 45,206
Net assets acquired:	\$ 51,936
Cash flow reconciling items:	
Issuance of common stock as partial consideration	\$ (26,133)
Cash paid for acquisitions, net of cash acquired	\$ 25,803

The amounts in the tables above represent the preliminary purchase allocation for the 2023 acquisitions. The purchase price allocation, including the residual amount allocated to goodwill, is based on preliminary information and is subject to change as additional information concerning final asset and liability valuations are obtained and management completes its reassessment of the measurement period procedures based on the results of the preliminary valuation. During the applicable measurement period, the Company will adjust assets and liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in revised estimated values of those assets or liabilities as of that date. The effect of measurement period adjustments to the estimated fair values will be reflected as if the adjustments had been completed on the acquisition date.

Definite-lived intangible assets that were acquired through asset acquisitions or business combinations include customer relationships, contract rights, and favorable leaseholds. These intangible assets are amortized over their estimated useful lives ranging from two to thirteen years using a straight-line method as it approximates the accelerated method.

The following table summarizes the preliminary purchase price allocation at fair value for identifiable intangible assets acquired in 2024 and 2023:

	2024	Weighted-Average		2023	Weighted-Average
		Life	Life		
Customer relationships	\$ 14,830	12.94	\$ 20,050	10.45	
Contract rights	1,870	0.64	6,980	1.18	
Favorable leaseholds	-	n/a	331	7.76	
Total	\$ 16,700		\$ 27,361		

5. Disaggregation of Revenue and Contract Balances

The Company disaggregates revenues by contract type, see *Revenue Recognition in Note 2* for further details. For the three and six months ended June 30, 2024, the Company derived 89.9% and 89.8% of its revenue from contracts classified as lump sum, and 10.1% and 10.2% of its revenue from time and material contracts, respectively. For the three and six months ended June 30, 2023, the Company derived 88.8% and 89.2% of its revenue from contracts classified as lump sum, and 11.2% and 10.8% of its revenue from time and material contracts, respectively. The Company had approximately \$273.9 million in remaining performance obligations as of June 30, 2024 of which it expects to recognize approximately 86.3% within the next twelve months and the remaining 13.7% in the next twelve to twenty-four months.

Disaggregated revenues by contract type were as follows (in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2024		2023		2024		2023	
	Fixed fee	Time-and-materials	Fixed fee	Time-and-materials	Fixed fee	Time-and-materials	Fixed fee	Time-and-materials
Fixed fee	\$ 93,958	89.9 %	\$ 73,508	88.8 %	\$ 179,082	89.8 %	\$ 141,753	89.2 %
Time-and-materials	10,543	10.1 %	9,247	11.2 %	20,327	10.2 %	17,102	10.8 %
Gross contract revenue	\$ 104,501	100.0 %	\$ 82,755	100.0 %	\$ 199,409	100.0 %	\$ 158,855	100.0 %

The Company recognized \$0.5 million and \$3.1 million of revenue for the three and six months ended June 30, 2024, respectively, which were included in the contract liabilities balance as of December 31, 2023, and \$0.2 million and \$2.8 million of revenue for the three and six months ended June 30, 2023, respectively, which were included in the contract liabilities balance as of December 31, 2022.

6. Contracts in Progress

The following table reflects the calculation of the net balance of contract assets and contract liabilities. Costs and estimated earnings on contracts in progress consist of the following (in thousands):

	June 30, 2024	December 31, 2023
Costs incurred on uncompleted contracts	\$ 380,668	\$ 359,509
Estimated contract earnings in excess of costs incurred	583,580	541,851
Estimated contract earnings to date	964,248	901,360
Less: billed to date	(929,928)	(875,321)
Net contract assets	\$ 34,320	\$ 26,039

7. Notes Receivable

The Company has unsecured notes receivable from related parties, certain non-executive officers of the Company and an unrelated third party. The following is a summary of these notes receivable (in thousands):

	June 30, 2024	December 31, 2023
Officers, employees and affiliated entities - Interest accrues annually at rates ranging from 0.0% - 5.5%. The notes receivable mature through January 2026.	\$ 2,264	\$ 2,318
Unrelated third party - Currently no interest is being accrued on this note. The note receivable matures in December 2025. ¹	903	903
Total:	3,167	3,221
Less: current portion		
Officers, employees and affiliates	(1,151)	(1,199)
Noncurrent portion	<u><u>\$ 2,016</u></u>	<u><u>\$ 2,022</u></u>

¹Notes initiated prior to the Company's initial public offering.

Each borrower may prepay all or part of the outstanding balance at any time prior to the date of maturity. During the six months ended June 30, 2024, interest accrued on the notes receivable at the stipulated rates between 0.0% and 5.50%.

8. Property and Equipment, Net

Property and equipment for fixed assets are as follows (in thousands):

	June 30, 2024	December 31, 2023
Computer equipment	\$ 2,743	\$ 2,321
Survey equipment	5,943	5,711
Vehicles	2,364	2,127
Furniture and fixtures	2,547	2,498
Leasehold improvements	9,276	8,870
Software	396	389
Camera Equipment	951	—
Aircraft	7,911	—
Engine & GPS	1,352	—
Fixed assets pending lease financing ¹	989	960
Total:	34,472	22,876
Less: accumulated depreciation	(16,434)	(14,818)
Property and Equipment, net of finance leased assets	\$ 18,038	\$ 8,058

¹ assets acquired which will be re-financed under the Company's finance lease facilities

Depreciation expense for fixed assets for the three and six months ended June 30, 2024 was \$ 1.1 million and \$1.8 million, respectively. Depreciation expense for fixed assets for the three and six months ended June 30, 2023 was \$0.7 million and \$1.2 million, respectively.

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Property and equipment for finance leased assets are as follows (in thousands):

	June 30, 2024	December 31, 2023
Equipment	\$ 30,286	\$ 20,435
Vehicles	9,433	8,540
Total:	39,719	28,975
Less: accumulated amortization on leased assets	(13,121)	(9,432)
Finance Leased Assets, net	<u>\$ 26,598</u>	<u>\$ 19,543</u>

Amortization expense for finance leased assets for the three and six months ended June 30, 2024 was \$ 2.3 million and \$4.3 million, respectively. Amortization expense for finance leased assets for the three and six months ended June 30, 2023 was \$1.8 million and \$3.4 million, respectively.

9. Goodwill

Changes in the carrying amount of goodwill were as follows (in thousands):

	Goodwill
Balance as of December 31, 2023	\$ 96,393
2024 Acquisitions - additions	26,806
2023 Acquisitions - adjustments	388
Balance as of June 30, 2024	<u>\$ 123,587</u>

There were no impairments of goodwill during the periods presented.

10. Intangible Assets

Total intangible assets consisted of the following at June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024			December 31, 2023					
			Accumulated			Accumulated			
	Gross Amount	Amortization	Net Balance	Gross Amount	Amortization	Net Balance	Gross Amount	Amortization	Net Balance
Customer relationships	\$ 58,454	\$ (8,153)	\$ 50,301	\$ 43,644	\$ (5,643)	\$ 38,001	\$ 46,294	\$ (13,784)	\$ 32,510
Contract rights	16,131	(12,623)	3,508	14,261	(8,036)	6,225	14,261	(8,036)	6,225
Leasehold	518	(142)	376	518	(105)	413	518	(105)	413
Domain name	281	–	281	281	–	281	281	–	281
Licensing rights	1,374	–	1,374	1,374	–	1,374	1,374	–	1,374
Total	<u>\$ 76,758</u>	<u>\$ (20,918)</u>	<u>\$ 55,840</u>	<u>\$ 60,078</u>	<u>\$ (13,784)</u>	<u>\$ 46,294</u>	<u>\$ 46,294</u>	<u>\$ (13,784)</u>	<u>\$ 32,510</u>

The domain name and licensing rights acquired for a total of \$ 1.7 million, have indefinite useful lives.

The following table summarizes the weighted average useful lives of intangible assets by asset class used for straight-line expense purposes:

	June 30, 2024	December 31, 2023
Customer relationships	11.34	11.27
Contract rights	1.70	1.84
Leasehold	7.86	7.86

Amortization expense for the three and six months ended June 30, 2024 was \$ 3.8 million and \$7.2 million, respectively. Amortization expense for the three and six months ended June 30, 2023 was \$2.3 million and \$3.7 million, respectively.

Future amortization for the remainder of 2024 and for the succeeding years is as follows (in thousands):

2024	5,753
2025	6,174
2026	5,607
2027	5,434
2028	4,998
Thereafter	26,219
Total	\$ 54,185

11. Revolving Credit Facility and Fixed Credit Facility

On May 2, 2024, the Company and certain of its subsidiaries as guarantors entered into a new credit agreement with lenders, Bank of America N.A., as Administrative Agent, the Swingline Lender and L/C Issuer, and TD Bank, N.A. as syndication agent (the "New Credit Agreement") for a new \$100 million revolving credit facility (the "Revolving Credit Facility 2024"). The Revolving Credit Facility 2024 replaced the Company's previous \$70.0 million revolving credit facility (the "2022 Revolving Credit Facility"), and its non-revolving fixed line of credit ("Fixed Line #2") with Bank of America, N.A. In connection with the New Agreement, the Company and certain of its subsidiaries entered into a Security and Pledge Agreement dated as May 2, 2024 with Bank of America, N.A., in its capacity as Administrative Agent. Under the New Credit Agreement, the Company is required to comply with certain covenants, including covenants on indebtedness, investments, liens and restricted payments, as well as maintain certain financial covenants, including a fixed charge coverage ratio and leverage ratio of debt to EBITDA (as defined in the New Credit Agreement). The Company recorded \$0.3 million of deferred financing costs which will be amortized over the term outlined in the New Credit Agreement.

On June 30, 2024, the interest rates on the Revolving Credit Facility 2024 ranged from 7.66% to 9.70%. All outstanding principal on the Revolving Credit Facility 2024 is due on May 2, 2029. As of June 30, 2024, the outstanding balance on the Revolving Credit Facility 2024 was \$27.8 million, and there was no outstanding balance as of December 31, 2023.

The Company secures its obligations under the New Credit Agreement with substantially all assets of the Company. Obligations of the Company to certain other shareholders of the Company are subordinated to the Company's obligations under the New Credit Agreement. The Company must maintain, on a combined basis, certain financial covenants defined in the New Credit Agreement.

Interest expense on the Revolving Credit Facility 2024 totaled \$0.3 million during the three and six months ended June 30, 2024. During 2023, there was no interest expense on the Revolving Credit Facility 2024.

On November 11, 2022, the Company and certain of its subsidiaries, as guarantors, entered into an Amended and Restated Credit Agreement with Bank of America, N.A. for the 2022 Revolving Credit Facility, as well as an Amended and Restated Pledge and Security. On August 2, 2023, the Company entered into a First Amendment to the Amended and Restated Credit Agreement whereby the maximum principal amount of the 2022 Revolving Credit Facility was increased to \$70 million. As of June 30, 2024, this 2022 Revolving Credit Facility was paid in full, and \$ 0.1 million of deferred financing costs were expensed along with the termination of the Amended and Restated Credit Agreement. On December 31, 2023, there was a balance of \$45.3 million outstanding under the 2022 Revolving Credit Facility.

Fixed Line #2 had a maximum advance of \$1.0 million, and did not allow for re-borrowings and was included in Notes Payable (see Note 12). Commencing on the earlier of i) the date no remaining amount is available under the Fixed Line or, ii) August 31, 2020, the Company was obligated to pay the then outstanding principal balance in sixty equal monthly installments through maturity in September 2025. As of June 30, 2024, Fixed Line #2 was paid in full and there was no outstanding balance. As of December 31, 2023, the outstanding balance on Fixed Line #2 was \$0.3 million.

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Interest expense on the 2022 Revolving Credit Facility and Fixed Line #2 totaled \$ 0.1 million and \$1.2 million during the three and six months ended June 30, 2024, respectively. Interest expense on both the 2022 Revolving Credit Facility and Fixed Line #2 totaled \$12,000 and \$0.2 million during the three and six months ended June 30, 2023, respectively.

12. Notes Payable

Notes payable consist of the following (in thousands):

	June 30, 2024	December 31, 2023
Related parties:		
^Shareholders and Owners of Acquired Entities - Interest accrues at rates ranging from 3.25% - 11.00% annually. The notes payable mature on various dates through April 2027.	28,811	21,663
Convertible Notes Payable - Interest accrues at rates ranging from 4.75% - 8.00% annually. The convertible notes payable mature on various dates through September 2027.	3,987	6,631
Unrelated third parties:		
Note payable for purchase of software and vehicles	10	130
Note payable for purchase of aircraft	5,993	—
Fixed line notes payable - see note 11	—	344
Discounts on notes payable issued as consideration in acquisitions:		
^Shareholders and Owners of acquired entities	(1,057)	(1,041)
Purchase of aircraft	(34)	—
Total	37,710	27,727
Less: current portion	(15,169)	(13,989)
Noncurrent portion	\$ 22,541	\$ 13,738

¹Includes notes payable to all owners irrespective of current relationship with the Company

The Company's Chairman and Chief Executive Officer guarantees certain of the notes payable, and certain of the notes payable are subordinate to the terms of the Credit Agreement disclosed in Note 11.

Interest expense attributable to the notes payable totaled \$0.9 million and \$1.5 million for the three and six months ended June 30, 2024, respectively. Interest expense attributable to the notes payable totaled \$0.5 million and \$0.9 million for the three and six months ended June 30, 2023, respectively.

Future principal payments on notes payable for remainder of 2024 and succeeding years are as follows (in thousands):

2024	\$ 8,540
2025	13,297
2026	8,997
2027	5,957
2028	1,477
2029	533
Total	\$ 38,801

Convertible Notes Payable

In July 2022, the Company issued a \$4.0 million 4.75% unsubordinated convertible note with a maturity date in April 2027 as partial consideration for the acquisition of Project Design Consultants, LLC. The convertible note is convertible into shares of common stock at the option of the holders, at any time, at a conversion price of \$14.00 per share upon proper notice. Subject to the exercise of the conversion, the convertible note is payable in quarterly payments of principal, interest or both beginning in October 2022 and ending in April 2027. At any time, upon ten (10) business days' notice to the Company, the holders may request that a prepayment of the principal or all or part of a regularly scheduled quarterly payment of the principal be made in the form of common stock of the Company, with the number of shares of common stock equal to the amount of the requested prepayment divided by the stock conversion price. If the request is made with respect to a regularly scheduled quarterly payment of principal, then the accrued interest shall be paid in cash. Elections were made by the holders, and as of June 30, 2024, \$2.7 million of the note was converted to 192,004 shares of common stock at \$14.00 per share.

In August 2022, the Company issued a \$1.1 million 5.50% unsubordinated convertible note with a maturity date in May 2027 as partial consideration for the acquisition of Anchor Consultants, LLC. The convertible note is convertible into shares of common stock at the option of the holders, at any time, at a conversion price of \$18.00 per share upon proper notice. Subject to the exercise of the conversion, the convertible note has quarterly payments of principal, interest or both beginning in November 2022 and ending in May 2027. At any time, upon ten (10) business days' notice to the Company, the holders may request that a prepayment of the principal or all or part of a regularly scheduled quarterly payment of the principal be made in the form of common stock of the Company, with the number of shares of common stock equal to the amount of the requested prepayment divided by the stock conversion price. If the request is made with respect to a regularly scheduled quarterly payment of principal, then the accrued interest shall be paid in cash. As of June 30, 2024, there has been no election by the holders to convert any portions of the convertible note to common stock.

In December 2022, the Company issued a \$1.6 million 7.00% unsubordinated convertible note with a maturity date in September 2027 as partial consideration for the acquisition of H2H Geoscience Engineering, PLLC. The convertible note will be convertible into shares of common stock at the option of the holders, at any time, at a conversion price of \$18.00 per share upon proper notice. Subject to the exercise of the conversion, the convertible note has quarterly payments of principal, interest or both beginning in December 2024 and ending in September 2027. At any time, upon ten (10) business days' notice to the Company, the holders may request that a prepayment of the principal or all or part of a regularly scheduled quarterly payment of the principal be made in the form of common stock of the Company, with the number of shares of common stock equal to the amount of the requested prepayment divided by the stock conversion price. If the request is made with respect to a regularly scheduled quarterly payment of principal, then the accrued interest shall be paid in cash. As of June 30, 2024, there has been no election by the holders to convert any portions of the convertible note to common stock.

In November 2023, the Company issued a \$1.3 million 8.00% unsubordinated convertible note with a maturity date in May 2024 as partial consideration for the acquisition of High Mesa Consulting Group, Inc. (see Note 4 *Acquisitions*). The convertible note was convertible into shares of common stock at the option of the holders, at any time, at a conversion price of \$28.13 per share upon proper notice. Subject to the exercise of the conversion, the convertible note and the accrued interest were payable in May 2024. At any time, upon ten (10) business days' notice to the Company, the holders may have requested that a prepayment of all or part of the unpaid principal amount and accrued interest be made in the form of common stock of the Company, with the number of shares of common stock equal to the amount of the requested prepayment divided by the stock conversion price. As of June 30, 2024, the entire balance of the note was converted into 48,067 shares of common stock at \$28.13 per share, and there is no outstanding balance.

13. Pension and Post-retirement Benefit Obligations

The Company sponsors various non-qualified defined benefit pension plans in the U.S. (the "Plan"). Individual benefits under the Plan generally are based on the employee's years of creditable service and compliance with non-competes. The plan is unfunded and there are no plan assets.

The following table details the components of net periodic benefit costs for the Company's pension plan for the three and six months ended June 30, 2024 and 2023:

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,		2024	2023
	2024	2023	2024	2023		
Components of net periodic benefit cost:						
Service costs	\$ 10	\$ 53	\$ 20	\$ 1		
Interest costs	74	25	138	1		
Amortization of net gain	(10)	(10)	(21)	1		
Net periodic benefit cost	\$ 74	\$ 68	\$ 137	\$ 1		

There are no required minimum contributions for the pension plans.

14. Related Party Transactions

The Company leased commercial office space from BCG Chantilly, LLC (BCC), an entity in which Mr. Bowman, Mr. Bruen and Mr. Hickey collectively own a 63.6% interest. As of June 30, 2024 and December 31, 2023 there were no amounts due to or receivables due from BCC. The lease terminated on April 19, 2024. Rent expense for each of the three and six months ended June 30, 2024 was \$7,000 and \$27,000, respectively. Rent expense for each of the three and six months ended June 30, 2023 was \$21,000 and \$41,000, respectively.

Bowman Lansdowne Development, LLC (BLD) is an entity in which Mr. Bowman has an ownership interest. On June 30, 2024 and December 31, 2023, the Company's notes receivable included \$0.5 million from BLD, with a maturity date of January 31, 2026.

Lansdowne Development Group, LLC (LDG) is an entity in which BLD has a minority ownership interest. On each of June 30, 2024 and December 31, 2023, our accounts receivable included \$0.1 million, due from LDG. On June 30, 2024 and December 31, 2023, notes receivable included \$ 0.4 million and \$0.4 million, respectively from LDG, with a maturity date of January 31, 2026.

Bowman Realty Investments 2010, LLC (BR10) is an entity in which Mr. Bowman has an ownership interest. On June 30, 2024 and December 31, 2023, the Company's notes receivable included \$0.2 million, from BR10, with a maturity date of January 31, 2026.

Alwington Farm Developers, LLC (AFD) is an entity in which BR10 has a minority ownership interest. On each of June 30, 2024 and December 31, 2023, notes receivable included \$1.2 million, from AFD, with a maturity date of December 31, 2024.

MREC Shenandoah VA, LLC ("MREC Shenandoah") is an entity in which Lake Frederick Holdings, LLC ("Lake Frederick Holdings") owns a 92% interest and Shenandoah Station Partners LLC, an entity owned in part by BLD and in part by Bowman Realty Investments 2013 LLC "Bowman Realty" (BR13), owns an 8% interest. Mr. Bowman owns a 100% interest in, and is the manager of, Lake Frederick Holdings. Mr. Bowman is the sole member of Bowman Realty 2013 (BR13). Since 2020, the Company has provided engineering services to MREC Shenandoah in exchange for cash payments. During the six months ended June 30, 2024, the Company invoiced \$0.1 million, and received payments of \$0.1 million. During the six months ended June 30, 2023, the Company invoiced \$0.1 million, and received payments of \$0.1 million.

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During the six months ended June 30, 2024 and 2023, the Company provided administrative, accounting and project management services to certain of the related party entities. The cost of these services was \$27,000 and \$29,000, respectively. These entities were billed \$33,000 and \$30,000, respectively.

Gregory Bowman, the son of Mr. Bowman, is a full-time employee of the Company. Gregory Bowman was paid \$ 74,000 and \$71,000 for the six months ended June 30, 2024 and 2023, respectively.

On June 30, 2024 and December 31, 2023, the Company was due \$ 35,000 and \$48,000, respectively, from shareholders under the terms of stock subscription notes receivable.

On June 30, 2024 and December 31, 2023, the Company owed \$ 42,000 and \$0.1 million, respectively, to the estate of a retired shareholder and former director in connection with a 2015 acquisition.

In August 2022, the Company agreed to reimburse Mr. Bowman at a fixed hourly rate for the business use of an aircraft owned by Sunrise Asset Management, a company owned 100% by Mr. Bowman. The Company paid \$ 0.3 million and \$0.1 million for the six months ended June 30, 2024 and 2023, respectively.

15. Employee Stock Purchase and Stock Incentive Plans

Employee Stock Purchase Plan

Effective April 30, 2021, the Company established the Bowman Consulting Group Ltd. 2021 Employee Stock Purchase Plan ("ESPP"). Under the ESPP, eligible employees who elect to participate are granted the right to purchase shares of common stock at a 15% discount of the weighted average selling price of the Company stock for the 30 days prior to the last day of the offering period.

The following table summarizes the stock issuance activity under the ESPP for the six months ended June 30, 2024 (in thousands, except share data):

	June 30, 2024
Total purchase price paid by employees for shares sold	\$ 932
Number of shares sold	32,346

Stock Options

Effective May 11, 2021 the Company established the Bowman Consulting Group Ltd. 2021 Omnibus Equity Incentive Plan ("the Plan"). The plan is administered by the board of directors (the "Board"), who on its own action or through its designee may make grants of restricted stock options, including Incentive Stock Options ("ISO"), and non-qualified stock options ("NQSO"). The purpose of the Plan is to grant equity incentive awards to eligible participants to attract, motivate and retain key personnel. The Plan supersedes and replaces any prior plan for stock options except that the prior plan shall remain in effect with respect to options granted under such prior plan until such options have been exercised, expired or canceled.

The number of shares for which each option shall be granted, whether the option is an ISO or NQSO, the option price, the exercisability of the option, and all other terms and conditions of the option are determined by the Board at the time the option is granted. The options generally vest over a period between two and five years.

For the six months ended June 30, 2024, no new options were granted.

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A summary of the status of stock options exercised, including the substantive options discussed in Note 3, is as follows:

	Number of shares	Weighted Average Exercise Price
Outstanding at December 31, 2023	5,133	\$ 6.02
Granted	—	—
Exercised	(2,508)	5.99
Expired or cancelled	—	—
Outstanding at June 30, 2024	<u>2,625</u>	<u>\$ 6.05</u>

The following summarizes information about options outstanding and exercisable at December 31, 2023 and June 30, 2024:

	Options Outstanding and Exercisable					
	Exercise Price	Outstanding	Weighted Average	Weighted Average	Exercise Price	Total Exercisable
			Remaining Life (Years)	Exercise Price		
December 31, 2023	\$ 6.28	5,133	5.0	\$ 6.02		5,133
June 30, 2024	\$ 6.28	2,625	5.0	\$ 6.05		2,625

The intrinsic value of these options on June 30, 2024 and December 31, 2023 was \$ 25.51 and \$29.24, respectively.

The Company received cash payments of \$14,701 from the exercise of options under the Stock Option Plan in the six months ended June 30, 2024.

The Company did not record any compensation costs related to stock options during the three and six months ended June 30, 2024.

As of June 30, 2024, there is no unrecognized compensation costs related to non-vested share-based compensation arrangements granted under the Stock Option Plan. The remaining unexercised shares are from substantive options in which the non-recourse notes may be pre-paid, therefore the Company recognized the total calculated compensation expense at the time of issuance.

Stock Bonus Plan

Effective May 11, 2021, the Company established the Bowman Consulting Group Ltd. 2021 Omnibus Equity Incentive Plan ("the Plan"). The Plan is administered by the Board through which they can issue restricted stock awards. As of June 30, 2024, 4,883,271 shares of common stock are authorized and reserved for issuance under the Plan. This reserve automatically increases on each January 1, for the duration of the Plan, in an amount equal to 5% of the total number of shares outstanding on December 31st of the preceding calendar year. The Plan supersedes and replaces any prior plan for stock bonus grants to employees of the Company except that the prior plan shall remain in effect with respect to awards granted under such prior plan until such awards have been forfeited or fully vested.

During the six months ended June 30, 2024, the Board granted 278,217 shares of restricted stock under the Plan. The shares have a vesting period of up to four years during which there are certain restrictions as described in the Plan and Stock Bonus Agreements. The grant date fair value of the award is the closing price of the shares on such date, or if there are no sales on such date, on the next preceding day on which there were sales.

Effective April 2003, the Company adopted the Bowman Consulting Group Ltd. Stock Bonus Plan ("the Stock Bonus Plan"), which allowed for the awarding of restricted stock to employees. The Stock Bonus Plan was superseded by the Bowman Consulting Group Ltd. 2021 Omnibus Equity Incentive Plan except that the Stock Bonus Plan shall remain in effect with respect to awards granted under it until such awards have been forfeited or fully vested.

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During the six months ended June 30, 2024 no new restricted stock awards were granted under the Stock Bonus Plan.

The following table summarizes the activity of restricted shares subject to forfeiture:

	Number of shares	Weighted Average Grant Price
Outstanding at January 1, 2024	1,719,619	18.78
Granted	278,217	32.22
Vested	(816,700)	17.24
Cancelled	(27,206)	19.36
Outstanding at June 30, 2024	1,153,930	23.15

On November 10, 2021 the Company's Board adopted the 2021 Executive Officers Long Term Incentive Plan (the "Officers LTIP"). The Officers LTIP is established under the Plan and is subject to the terms and conditions thereof. The purpose of this plan is to attract, retain and motivate key officers and employees through the grant of equity-based awards that reward Company performance over a period greater than one year and align their interests with long-term stockholder value.

During the six months ended June 30, 2024, the compensation committee approved the grants of 137,421 performance-based stock units to certain executive officers of the Company under the Officers LTIP. The performance based restricted stock units are subject to a market condition, with a vesting period of 2.91 years. The number of units earned is based on total shareholder return ("TSR") of the Company's common stock relative to the TSR of the components of a custom peer group during the performance period from February 9, 2024 to December 31, 2026. The performance stock units are valued using a Monte Carlo simulation with model inputs of opening average share value, valuation date stock price, expected volatilities, correlation coefficient, risk-free interest rate, and expected dividend yield for the Company and the custom peer group.

The following table summarizes the activity of performance stock units subject to forfeiture:

	Number of shares	Weighted Average Grant Price
Outstanding at January 1, 2024	693,139	16.49
Granted	137,421	25.52
Vested	(260,842)	13.81
Cancelled	—	—
Outstanding at June 30, 2024	569,718	19.90

The Company recognizes forfeitures as they occur.

As of June 30, 2024, the Company had 1,153,930 shares underlying unvested stock awards that vest between April 1, 2024 and December 31, 2027.

The future expense of the unvested awards for the remainder of 2024 and succeeding years is as follows (in thousands):

2024	\$	7,854
2025		11,699
2026		3,647
2027		157
2028 and thereafter		6
Total	\$	<u>23,363</u>

16. Leases

We lease certain office space, equipment and vehicles. These leases are either non-cancelable, cancellable only by the payment of penalties or cancellable upon notice provided. All lease payments are based on the lapse of time and certain leases are subject to annual escalations for increases in base rents. The Company's lease terms includes options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

The Company recognizes a right-of-use asset and lease liability for its operating leases at the commencement date equal to the present value of the contractual minimum lease payments over the lease term. The present value is calculated using the rate implicit in the lease, if known, or the Company's incremental borrowing rate. The discount rate used for operating leases is primarily determined based on an analysis of the Company's borrowing rate, while the discount rate used for finance leases is primarily determined by the rate specified in the lease.

Operating and Finance Leases

The Company's operating leases primarily include material leases of buildings (consisting primarily of office lease commitments) and equipment. These leases are classified as operating leases and are recognized as right-of-use assets and operating lease liabilities on the condensed consolidated balance sheets.

The Company's finance leases primarily include equipment and vehicles in certain contracts with payment terms on the lease agreements that range between 30 and 50 months.

The following tables present our balance sheet information related to leases:

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(Amounts in thousands)	Balance Sheet Classification	As of	
		June 30, 2024	December 31, 2023
Assets:			
Operating lease assets	Operating lease, right-of-use assets	\$ 40,316	\$ 40,743
Finance lease assets	Property and equipment, net	\$ 26,598	\$ 19,543
Total lease assets		\$ 66,914	\$ 60,286
Liabilities:			
<i>Current:</i>			
Operating lease liabilities	Operating lease obligation, current portion	\$ (10,059)	\$ (9,016)
Finance lease liabilities	Finance lease obligation, current portion	\$ (9,182)	\$ (6,586)
Total current lease liabilities		\$ (19,241)	\$ (15,602)
<i>Non-current:</i>			
Operating lease liabilities	Operating lease obligation, less current portion	\$ (36,332)	\$ (37,660)
Finance lease liabilities	Finance lease obligation, less current portion	\$ (19,099)	\$ (14,408)
Total non-current lease liabilities		\$ (55,431)	\$ (52,068)

The following tables present selected financial information:

(Amounts in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>Operating lease cost</i>				
Amortization of right-of-use assets	\$ 3,230	\$ 2,711	\$ 6,316	\$ 5,211
<i>Finance lease cost:</i>				
Amortization of right-of-use assets	2,323	1,778	4,287	3,400
Interest on lease liabilities	411	367	775	717
Sublease Income	(27)	(22)	(53)	1
<i>Total lease cost</i>	<u>\$ 5,937</u>	<u>\$ 4,834</u>	<u>\$ 11,325</u>	<u>\$ 9,320</u>

(Amounts in thousands)	Six Months Ended	
	June 30, 2024	June 30, 2023
Cash paid for amounts included in the measurements of lease liabilities		
Operating cash flows from operating leases	\$ 6,207	\$ 4,736
Operating cash flows from finance leases	775	722
Financing cash flows from finance leases	4,053	3,285
Right-of-use assets obtained in exchange for new operating leases	4,316	13,255
Right-of-use assets obtained in exchange for new finance leases	10,775	4,377

	As of June 30, 2024	As of December 31, 2023
Weighted average remaining lease term (in years):		
Operating leases	4.92	5.28
Finance leases	2.67	2.73
Weighted average discount rates:		
Operating leases	6.8 %	7.1 %
Finance leases	6.9 %	7.4 %

Future minimum commitments under leases for the succeeding years are as follows (in thousands):

(Amounts in thousands)	Operating Lease	Finance Lease
Year ending December 31,		
2024 (six months remaining)	\$ 6,470	\$ 5,436
2025	12,006	10,572
2026	10,396	7,120
2027	8,971	2,915
2028	7,979	412
Thereafter	8,830	–
Total lease payments	\$ 54,652	\$ 26,455
Less: Amounts representing interest	\$ (8,436)	\$ (2,981)
Total lease liabilities	\$ 46,216	\$ 23,474

The above table is inclusive of \$0.2 million sub-lease income associated with the \$46.2 million total liability of operating leases as presented on the condensed consolidated balance sheet.

The above table is exclusive of the \$4.8 million purchase price associated with the \$23.5 million total liability of finance leases as presented on the condensed consolidated balance sheet.

17. Subsequent Events

Subsequent to June 30, 2024, the Company completed two acquisitions, and paid total consideration of \$ 14.3 million through combinations of cash, promissory notes, shares of common stock and assumed liabilities. No cash was acquired with these acquisitions. Shares of common stock issued in connection with the acquisitions are subject to a six-month lock-up. Promissory notes bear a simple interest rate of 5.00% with payments of principal and interest beginning October 2024 and ending in July 2027.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. This discussion contains "forward-looking statements" reflecting our current expectations, estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to several factors. Factors that could cause or contribute to such differences include, but are not limited to, economic and competitive conditions, regulatory changes, and other uncertainties, as well as those factors discussed in the Risk Factors section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Annual Report on Form 10-K") filed with the US Securities and Exchange Commission and elsewhere in this Quarterly Report on Form 10-Q, particularly in "Cautionary Statement about Forward-Looking Statements," all of which are difficult to predict. Considering these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We assume no obligation to update any of these forward-looking statements, except to the extent required by applicable laws or rules. Unless the context otherwise requires, references to "Bowman," the "company," the "Company," "we," "us," and "our" refer to Bowman Consulting Group Ltd., its wholly owned subsidiaries and combined entities under common control, or either or all of them as the context may require.

Overview

Bowman is a professional services firm delivering innovative engineering solutions to customers who own, develop and maintain the built environment. We provide planning, engineering, construction management, commissioning, environmental consulting, geospatial, survey, land procurement and other technical services to customers operating in a diverse set of end markets. We work as both a prime and sub-consultant for a broad base of public and private sector customers that generally operate in highly regulated environments.

We have a diversified business that is not dependent on any one service line, geographic region, or end market. We are deliberate in our efforts to balance our sources of revenue and avoid reliance on any one significant customer, service line, geography or end market concentration. Our strategic focus is on penetrating and expanding our presence in markets which best afford us opportunities to secure assignments that provide reoccurring revenue and multi-year engagements thus resulting in dependable and predictable revenue streams and high employee utilization. We limit our exposure to risk by providing professional and related services exclusively. We do not engage in general contracting activities either directly, or through joint ventures, and therefore have no related exposure. We are not a partner in any design-build construction projects. We carry no heavy equipment inventory, and our risk of contract loss is generally limited to time associated with fixed fee professional services assignments.

Gross contract revenue for the three months ended June 30, 2024 and 2023 was \$104.5 million and \$82.8 million, respectively, representing year over year growth of 26.2%. Gross contract revenue derived from our workforce represented 90.0% and 89.2% of gross contract revenue for the three months ended June 30, 2024 and 2023, respectively (see *Net service billing – non-GAAP below*). Our net loss for the three months ended June 30, 2024 and 2023 was (\$2.1) million and (\$0.6) million, respectively. Our Adjusted EBITDA for the three months ended June 30, 2024 and 2023 was \$13.4 million on net loss of (\$2.1) million and \$11.1 million on net loss of (\$0.6) million, respectively. (see *Adjusted EBITDA – non-GAAP below*)

Gross contract revenue for the six months ended June 30, 2024 and 2023 was \$199.4 million and \$158.9 million, respectively, representing year over year growth of 25.5%. Gross contract revenue derived from our workforce represented 90.1% and 89.0% of gross contract revenue for the six months ended June 30, 2024 and 2023, respectively (see *Net service billing – non-GAAP below*). Our net loss for the six months ended June 30, 2024 and 2023 was (\$3.6) million and (\$0.1) million, respectively. Our Adjusted EBITDA for the six months ended June 30, 2024 and 2023 was \$25.5 million on net loss of (\$3.6) million and \$20.7 million on net loss of (\$0.1) million, respectively. (see *Adjusted EBITDA – non-GAAP below*)

Subsequent Events

Subsequent to June 30, 2024, the Company completed two acquisitions, and paid total consideration of \$14.3 million through combinations of cash, promissory notes, shares of common stock and assumed liabilities. No cash was acquired with these acquisitions. Shares of common stock issued in connection with the acquisitions are subject to a six-month lock-

up. Promissory notes bear a simple interest rate of 5.00% with payments of principal and interest beginning October 2024 and ending in July 2027.

Common Stock Offering

On April 1, 2024, the Company closed on an offering of common stock in which it issued and sold 1,323,530 shares at an offering price of \$34.00 per share, resulting in net proceeds of \$42.0 million after deducting underwriting discounts and commissions, but before expenses of the offering. On April 1, 2024, the underwriters exercised their option to purchase an additional 179,412 shares of the Company's common stock at the public offering price, resulting in additional gross proceeds of approximately \$6.1 million. After giving effect to this exercise of the overallotment option, the total number of shares sold by the Company in this common stock offering increased to 1,502,942 shares with total gross proceeds of approximately \$51.1 million. The exercise of the overallotment option closed on April 1, 2024, at which time the Company received net proceeds of \$5.7 million after underwriting discounts and commissions.

Methods of Evaluation

We use a variety of financial and other information in monitoring the financial condition and operating performance of our business. Some of the information we use to evaluate our operations is financial information that is in accordance with generally accepted accounting principles (GAAP), while other information may be financial in nature and either built upon GAAP results or may not be in accordance with GAAP (Non-GAAP). We use all this information together for planning and monitoring our operations, as well as determining certain management and employee compensation.

The Company operates as a single business segment represented by our core business of providing multi-disciplinary professional engineering solutions to customers. While we evaluate revenue and other key performance indicators relating to various divisions of labor, our leadership neither manages the business nor deliberately allocates resources by service line, geography, or end market. Our financial statements present results as a single operating segment.

Components of Income and Expense

Revenue

We generate revenue from services performed by our employees, pass-through fees from sub-consultants, and reimbursable contract costs. On our condensed consolidated financial statements, we report gross revenue, which represents total revenue billed to customers excluding taxes collected from customers. Gross revenue less revenue derived from pass-through sub-consultant fees, reimbursable expenses and other direct expenses represents our net service billing, or that portion of our gross revenue attributable to services performed by our employees. Our peers use the calculation underlying net service billing to normalize peer performance assessments and provide meaningful insight into trends over time. Refer to — *Other Financial Data, Non-GAAP measurements and Key Performance Indicators* below for further discussion of the use of this non-GAAP financial measure.

We generally do not generate profit from the pass-through of sub-consultants and reimbursable expenses. As such, contract profitability is most heavily impacted by the mix of labor utilized to complete the tasks and the efficiency of those resources in completing the tasks. Our largest direct contract cost is consistently our labor. To grow our revenue and maximize overall profitability we carefully monitor and manage our cost of labor and the utilization thereof. Maintaining an optimal level of utilization on a balanced pool of growing labor resources represents our greatest prospect for delivering increasing profitability.

We enter into contracts that contain two types of pricing characteristics:

Hourly contracts, also referred to as time and materials, are common for professional and technical consulting assignments both short-term and multi-year in duration. Under these types of contracts, there is no predetermined maximum fee and we generally experience no risk associated with cost overruns. For hourly contracts, we negotiate billing rates and charge our customers based upon the actual hours expended toward a deliverable. These contracts may have not-to-exceed parameters requiring us to receive additional authorizations from our customer to continue working, but we likewise do not have to continue working without assurances of payment for such additional work. Hourly assignments represented approximately \$10.5 million and \$20.3 million or 10% and 10% of our gross contract revenue for each of the three and six months ended June 30, 2024, respectively. For each of the three and six months ended June 30, 2023, hourly assignments represented approximately \$9.2 million and \$17.1 million or 11% of our gross contract revenue.

Lump sum contracts, also referred to as fixed fee, typically require the performance of some, or all, of the obligations under the contract for a specified amount, subject to price adjustments only if the scope of the project changes or unforeseen requirements arise. Our fixed fee contracts generally include a specific scope of work and defined deliverables. Lump sum contracts can involve both hourly and fixed fee tasks. The majority of our assignments are lump sum in nature representing approximately \$94.0 million and \$179.1 million or 90% and 90% of our gross contract revenue for the three and six months ended June 30, 2024, respectively. For each of the three and six months ended June 30, 2023, assignments that are lump sum in nature represented approximately \$73.5 million and \$141.8 million or 89% of our gross contract revenue. Recognizing revenue from lump sum assignments requires management estimates of both total contract value when there are contingent compensation elements of the fee arrangement and expected cost at completion. We closely monitor our progress to completion and adjust our estimates when necessary. We do not recognize revenue from work that has no documented customer commitment and is performed at risk.

Contract Costs

Contract costs consists of direct payroll costs, sub-consultant costs and other direct expenses exclusive of depreciation and amortization.

Direct payroll costs represent the portion of salaries and wages incurred in connection with the production of deliverables under customer assignments and contracts. Direct payroll costs include allocated fringe costs (i.e. health benefits, employer payroll taxes, and retirement plan contributions), paid leave and incentive compensation.

Sub-consultants and direct expenses include both sub-consultants and other outside costs associated with performance under our contracts. Sub-consultant and direct costs are generally reimbursable by our customers under the terms of our contracts.

Performance under our contracts does not involve significant machinery or other long term depreciable assets. Most of the equipment we employ involves desktop computers and other shared ordinary course IT equipment. We present direct costs exclusive of depreciation and amortization and as such we do not present gross profit on our condensed consolidated financial statements.

Operating Expense

Operating expenses consist of selling, general and administrative costs, non-cash stock compensation, depreciation and amortization and settlements and other non-core expenses.

Selling, general and administrative expenses represent corporate and other general overhead expenses, salaries and wages not allocated to customer projects including management and administrative personnel costs, incentive compensation, personal leave, office lease and occupancy costs, legal, professional and accounting fees.

Non-cash stock compensation represents the expenses incurred with respect to shares and options issued by the Company, both vested and unvested, to employees as long-term incentives. Non-cash stock compensation cost will be the grant date fair value of the awards, or the Black-Scholes-Merton value of stock options on the grant date, recognized ratably over the vesting period(s) of each award. Future non-cash stock compensation expense for unvested shares is the cumulative total of the unvested portion of all issued and outstanding awards and their individual grant date fair values. Stock awards will continue to be an important part of our long-term retention and rewards philosophy.

Depreciation and amortization represent the depreciation and amortization expense of our property and general IT equipment, capital lease assets, tenant improvements and intangible assets.

(Gain) loss on sale represents gains or losses inclusive of foreign exchange and accumulated depreciation recapture resulting from the disposal of an asset upon the sale or retirement of such asset.

Other (Income) Expense

Other (income) expense consists of other non-operating and non-core expenses, including transaction related costs associated with acquisitions.

Tax (Benefit) Expense

Income tax (benefit) expense, current and deferred, includes estimated federal, state and local tax expense associated with our net income, as apportioned to the states in which we operate. Estimates of our tax expense include both current and deferred tax expense along with all available tax incentives and credits.

Other Financial Data, Non-GAAP Measurements and Key Performance Indicators

Backlog

We measure the value of our undelivered gross revenue in real time to calculate our backlog and predict future revenue. Backlog includes awarded, contracted, and otherwise secured commitments along with revenue we expect to realize over time for predictable long-term and reoccurring assignments. We report backlog quarterly as of the end of the last day of the reporting period. We use backlog to predict revenue growth and anticipate appropriate future staffing needs. Backlog definitions and methods of calculation vary within our industry. As such, backlog is not a reliable metric on which to evaluate us relative to our peers. Backlog neither derives from, nor reconciles to, any GAAP results.

Net Service Billing

In the normal course of providing services to our customers, we routinely subcontract services and incur direct third-party contract expenses that may or may not be reimbursable and may or may not be billed to customers with mark-up. Gross revenue less revenue derived from pass-through sub-consultant fees and reimbursable expenses represents our net service billing, which is a non-GAAP financial measure, and is the portion of our gross contract revenue attributable to services performed by our employees. Because the ratio of sub-contractor and direct expense costs to gross billing varies between contracts, gross revenue is not necessarily indicative of trends in our business. As a professional services company, we believe that metrics derived from net service billings more accurately demonstrate the productivity and profitability of our workforce than do those derived from gross revenue. Our industry uses the calculation of net service billing to normalize peer performance assessments and provide meaningful insight into trends over time.

Adjusted EBITDA

We view Adjusted EBITDA, which is a non-GAAP financial measure, as an important indicator of normalized performance. We define Adjusted EBITDA as net income before interest expense, income taxes and depreciation and amortization, plus discontinued expenses, non-core legal settlements and other costs not in the ordinary course of business, non-cash stock-based compensation, and other acquisition related adjustments such as professional fees, fair value adjustments and working capital adjustments. Our peers may define Adjusted EBITDA differently.

Adjusted EBITDA Margin, net

Adjusted EBITDA Margin, net, which is a non-GAAP financial measure, represents Adjusted EBITDA, as defined above, as a percentage of net service billings, as defined above.

Results of Operations

Combined results of operations

The following represents our condensed consolidated results of operations for periods indicated (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Gross contract revenue	\$ 104,501	\$ 82,755	\$ 199,409	\$ 158,855
Contract costs (exclusive of depreciation and amortization)	49,616	41,038	96,514	78,420
Operating expense	56,120	42,833	106,740	80,013
(Loss) income from operations	(1,235)	(1,116)	(3,845)	422
Other expense	2,027	1,143	4,428	2,358
Income tax (benefit)	(1,180)	(1,625)	(4,633)	(1,839)
Net loss	\$ (2,082)	\$ (634)	\$ (3,640)	\$ (97)
Net margin	(2.0)%	(0.8)%	(1.8)%	(0.1)%
Other financial information ¹				
Net service billing	\$ 93,981	\$ 73,792	\$ 179,671	\$ 141,354
Adjusted EBITDA	13,412	11,053	25,541	20,725
Adjusted EBITDA margin, net	14.3 %	15.0 %	14.2 %	14.7 %

¹ Represents non-GAAP financial measures. See *Other Financial Information and Non-GAAP key performance indicators* below.

Three months ended June 30, 2024 as compared to the three months ended June 30, 2023

Gross Contract Revenue

Gross contract revenue for the three months ended June 30, 2024, increased \$21.7 million or 26.3% to 104.5 million as compared to \$82.8 million for the three months ended June 30, 2023. For the three months ended June 30, 2024, gross contract revenue attributable to work performed by our workforce increased \$20.2 million, or 27.4% to \$94.0 million or 90.0% of gross contract revenue as compared to \$73.8 million or 89.2% for the three months ended June 30, 2023 (see *Net service billing – non-GAAP*). Of the \$21.7 million increase in gross contract revenue during the three months ended June 30, 2024, acquisitions represented \$17.5 million of the increase. To evaluate the Company's growth, revenue from acquisitions is treated as acquired for a period of four quarters post-closing, after which it is considered organic. For each measurement and comparison period, historical balances of acquired and organic revenue bases are adjusted to reflect revenue accordingly.

Changes in gross contract revenue disaggregated between our core and emerging end markets were as follows (in thousands other than percentages):

Consolidated Gross Contract Revenue	For the Three Months Ended June 30,					
	2024	%GCR	2023	%GCR	Change	% Change
Building Infrastructure	\$ 55,903	53.5 %	\$ 48,616	58.7 %	\$ 7,287	15.0 %
Transportation	19,233	18.4 %	15,870	19.2 %	3,363	21.2 %
Power & Utilities	19,456	18.6 %	15,585	18.8 %	3,871	24.8 %
Other Emerging Markets ¹	9,909	9.5 %	2,684	3.3 %	7,225	269.2 %
Total:	\$ 104,501	100.0 %	\$ 82,755	100.0 %	\$ 21,746	26.3 %
Organic	\$ 87,072	83.3 %	\$ 82,755	100.0 %	\$ 4,317	5.2 %
Acquired ²	17,429	16.7 %	—	— %	17,429	n/a
Total:	\$ 104,501	100.0 %	\$ 82,755	100.0 %	\$ 21,746	26.3 %

¹ Represents environmental, mining, water resources and other

² After four quarters post-closing, acquired revenue is reclassified as organic; this results in a change from previously reported numbers.

For the three months ended June 30, 2024, gross contract revenue from our building infrastructure market increased \$7.3 million or 15.0% as compared to the three months ended June 30, 2023. Building Infrastructure includes commercial, municipal and residential infrastructure. The increase in building infrastructure revenue is the result of acquisitions. Within the building infrastructure market, 33.2% of gross contract revenue was derived from residential assignments including single family, multi-family and mixed-use housing stock, 45.7% from commercial assignments including retail, hospitality and quick-serve restaurants (QSR), office and industrial, data centers and healthcare, and 21.1% from municipal assignments, including parks and schools. Within residential, 52.2% of gross contract revenue was derived from for-sale homebuilding assignments, 41.4% from residential multi-family and 6.4% from mixed use projects. While the homebuilding market shows signs of rebounding from prior year interest rate impacts, for-sale residential services represented just 9.3% of our total gross contract revenue for the three months ended June 30, 2024. Within commercial, 36.3% of revenue was derived from office and industrial assignments, 40.1% from retail, hospitality, and quick serve restaurants, 13.7% from data centers, and 9.9% from healthcare. We continue to experience strong demand for our building infrastructure services and maintain a positive outlook on this market as we continue to experience strength in markets including data centers, quick serve restaurants, industrial distribution facilities, schools, and build-for-rent communities.

For the three months ended June 30, 2024, revenue from transportation increased \$3.4 million or 21.2% as compared to the three months ended June 30, 2023. The increase was attributable to new contract awards in transportation both from public and private customers along with acquired transportation backlog which we were able to deliver to customers, within transportation, 63.5% of our gross contract revenue was derived directly from public sector customers including state and local departments of transportation ("DOTs"), tollway operators, transit authorities aviation operators and others with the remaining 36.5% derived from private sector customers. We expect to continue to increase our transportation revenue and improve the diversification of our revenue. We believe the transportation market continues to present significant opportunity for future growth and we remain committed to investing in leadership, technical expertise, business development and acquisitions for this market.

With the convergence of renewable energy with traditional transmission infrastructure and the continued growth we are projecting in the clean energy transition, we have consolidated renewable energy into the power and utilities category (sometimes referred to herein as the power, utilities and energy market) of our revenue mix and have adjusted historical balances accordingly. For the three months ended June 30, 2024, revenue from power and utilities increased \$3.9 million or 24.8% as compared to the three months ended June 30, 2023. The additional increase in gross contract revenue from the power and utilities market is principally attributable to acquisitions and increased revenue associated with the expansion of a multi-year utility undergrounding assignment in Florida, along with additional increases derived from gas pipeline and electric transmission projects nationally. Within the power and utilities market, 73.8% of our gross contract revenue was derived from customers operating traditional power operations and 26.2% was derived from customers focused on renewables, electric vehicle ("EV") infrastructure and energy transition operations. The power and utilities market continues to experience increasing infrastructure investment as changing weather patterns, energy transition mandates and other safety initiatives positively impact demand for the services we provide. Based on recent increases in program

commitments within the gas pipeline replacement market, we believe trends in power and utilities provide meaningful opportunity for continued growth and we are committed to investing resources accordingly.

Our other emerging markets consist of mining, water resources, imaging and mapping, environmental consulting, and other natural resources services. Adjusted for the change, for the three months ended June 30, 2024, revenue from emerging markets increased \$7.2 million or 269.2% as compared to the three months ended June 30, 2023. This increase is primarily due to the acquisition of Surdex Corporation; see *Note 4 - Acquisitions* for additional information. Emerging market sectors represent lines of business that have not yet grown to a size whereby we would distinguish them as a separate market. Gross contract revenue within our emerging markets was 51.6% from imaging and mapping activities, 18.7% from mining activities where we have specialized in copper mining, 23.8% from water resources activities, and 5.9% from environmental and other natural resources consulting. Scarcities in water resources and the increasing need for water management gives us confidence that we will be able to increase revenue accordingly. With recent and future acquisitions, we expect to experience continued growth from investment in various emerging market services.

For the three months ended June 30, 2024 and 2023, public sector customers, defined as direct contracts with municipalities, public agencies, or governmental authorities, represented 24.6% and 17.1% of our gross contract revenue, respectively. This does not include work done indirectly on public sector projects. Gross contract revenue from projects for public sector clients are included in the end market most aligned with work performed.

Contract costs (exclusive of depreciation and amortization)

Total contract costs, exclusive of depreciation and amortization, increased \$8.6 million or 21.0% to \$49.6 million for the three months ended June 30, 2024, as compared to \$41.0 million for the three months ended June 30, 2023. For the three months ended June 30, 2024 and 2023, total contract costs represented 47.5% and 49.6% of total contract revenue, respectively. For the three months ended June 30, 2024 and 2023 total contract costs represented 52.8% and 55.6% of revenue attributable to our workforce, respectively (see *Net Service Billing*).

Direct payroll costs increased \$7.0 million or 21.8% to \$39.1 million for the three months ended June 30, 2024, as compared to \$32.1 million for the three months ended June 30, 2023. Direct payroll accounted for 78.8% of total contract costs for the three months ended June 30, 2024, an increase of 0.6 percentage points as compared to 78.2% for the three months ended June 30, 2023.

Direct labor, the component of direct payroll costs associated with the cost of labor relating to work performed on contracts increased \$5.7 million or 24.4% to \$29.1 million for the three months ended June 30, 2024 as compared to \$23.4 million for the three months ended June 30, 2023. The increase in direct labor is primarily due to an increase in staffing to accommodate growth. For the three months ended June 30, 2024 and 2023, direct labor costs represented 27.8% and 28.3% of gross contract revenue, respectively and represented 31.0% and 31.7% of the revenue attributable to our workforce, respectively.

Other direct payroll costs, the component of direct payroll costs associated with fringe and incentive compensation (cash and non-cash) increased by \$1.4 million or 16.3% to \$10.0 million as compared to \$8.6 million.

Sub-consultants and other direct expenses increased \$1.5 million or 16.7% to \$10.5 million for the three months ended June 30, 2024 as compared to \$9.0 million for the three months ended June 30, 2023. For the three months ended June 30, 2024 and 2023, sub-consultant and other direct expenses represented 10.0% and 10.8% of gross contract revenue, respectively. This decrease is not indicative of an anticipated long-term shift in the composition of our gross contract revenue, and we expect to experience periodic volatility in concentration of sub-consultant utilization.

Operating Expense

Total operating expense increased \$13.3 million or 31.1% to \$56.1 million for the three months ended June 30, 2024 as compared to \$42.8 million for the three months ended June 30, 2023.

Selling, general and administrative expenses increased \$10.9 million or 28.5% to \$49.2 million for the three months ended June 30, 2024, as compared to \$38.3 million for the three months ended June 30, 2023. Indirect labor increased \$5.5 million or 33.1% to \$22.1 million as compared to \$16.6 million primarily due to an increase in staffing to accommodate growth. General overhead increased \$4.8 million or 38.7% to \$17.2 million as compared to \$12.4 million due to increased costs associated with the overall growth of the Company. Non-cash stock compensation decreased (\$0.8) million or (17.0%) to \$3.9 million as compared to \$4.7 million.

Depreciation and amortization increased \$2.5 million or 53.2% to \$7.2 million for the three months ended June 30, 2024 as compared to \$4.7 million for the three months ended June 30, 2023. This increase is primarily due to an increase in intangible assets and assets leased under financing arrangements. We continue to increase the use of our finance lease facility as we continue to grow. Intangible assets have increased due to multiple acquisitions. Gains on the sale of certain IT equipment and automobiles remained \$0.2 million for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023.

Other (Income) Expense

Other expense increased by \$0.9 million to \$2.0 million of expense for the three months ended June 30, 2024 as compared to \$1.1 million for the three months ended June 30, 2023. This increase is primarily attributable to an increase in interest expense of \$0.7 million due to an increase in finance leases and notes payable.

Income Tax Benefit

Income tax benefit for the three months ended June 30, 2024, decreased \$0.4 million to a \$1.2 million benefit, as compared to \$1.6 million benefit for the three months ended June 30, 2023, see note 2, *Income Taxes*. Our effective tax rate for the three months ended June 30, 2024, is 34.0% as compared to 71.9% for the three months ended June 30, 2023.

During this period, we changed our accounting method for Section 174 costs and accordingly, released an uncertain tax position reserve of \$47.9 million, which generated an income tax benefit of \$4.0 million. We intend to file a Form 3115 application to effectuate this change in accounting method.

Income (Loss) Before Tax and Net Income (Loss)

Loss before tax increased by \$1.0 million for the three months ended June 30, 2024, to (\$3.3) million of loss compared to (\$2.3) million of loss for the three months ended June 30, 2023. Net loss increased by \$1.5 million to (\$2.1) million for the three months ended June 30, 2024, as compared to (\$0.6) million for the three months ended June 30, 2023.

Other financial information and Non-GAAP key performance indicators

Net service billing (non-GAAP)

Net service billing increased \$20.2 million or 27.4% to \$94.0 million for the three months ended June 30, 2024, as compared to \$73.8 million for the three months ended June 30, 2023. Net service billing reconciles to gross contract revenue as follows (in thousands):

	For the Three Months Ended June 30,	
	2024	2023
Gross contract revenue	\$ 104,501	\$ 82,755
Less: sub-consultants and other direct expenses	10,520	8,963
Net service billing	\$ 93,981	\$ 73,792

Because sub-consultants and reimbursable expenses are most often pass-through items with little or no mark-up, they generally have a dilutive effect on gross, operating, and net margins while having little accretive effect on profitability. As such, where possible, we focus our resources and business development efforts principally on increasing revenue derived from our own workforce. Management primarily focuses its internal performance metrics on net service billing.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased \$2.4 million or 21.3% to \$13.4 million for the three months ended June 30, 2024 as compared to \$11.1 million for the three months ended June 30, 2023. Adjusted EBITDA reconciles to net income as follows (in thousands):

	For the Three Months Ended June 30,		\$ Change	% Change
	2024	2023		
Net Service Billing	\$ 93,981	\$ 73,792	\$ 20,189	27.4 %
Net Loss	\$ (2,082)	\$ (634)	\$ (1,448)	228.4 %
+ interest expense	1,775	1,112	663	59.6 %
+ depreciation & amortization	7,181	4,719	2,462	52.2 %
+ tax (benefit)	(1,180)	(1,625)	445	(27.4)%
EBITDA	\$ 5,694	\$ 3,572	\$ 2,122	59.4 %
+ non-cash stock compensation	6,077	6,888	(811)	(11.8)%
+ transaction related expenses	–	123	(123)	(100.0)%
+ settlements and other non-core expenses	414	113	301	266.4 %
+ acquisition expenses	1,227	357	870	243.7 %
Adjusted EBITDA	\$ 13,412	\$ 11,053	\$ 2,359	21.3 %
Adjusted EBITDA margin, net	14.3 %	15.0 %		

For the three months ended June 30, 2024 and 2023, Adjusted EBITDA includes add backs of \$6.1 million and \$6.9 million, respectively, relating to non-cash stock compensation expenses from restricted stock awards. For the three months ended June 30, 2024 and 2023, Adjusted EBITDA also includes \$1.2 million and \$0.3 million, respectively, relating to non-recurring acquisition expenses such as professional fees, fair value adjustments and working capital adjustments.

Adjusted EBITDA Margin, net (non-GAAP)

Adjusted EBITDA Margin, net represents Adjusted EBITDA (as defined above) as a percentage of net service billing (as defined above). For the three months ended June 30, 2024 and 2023, Adjusted EBITDA Margin, net was 14.3% and 15.0% respectively.

Six months ended June 30, 2024 as compared to the six months ended June 30, 2023

Gross Contract Revenue

Gross contract revenue for the six months ended June 30, 2024, increased \$40.5 million or 25.5% to \$199.4 million as compared to \$158.9 million for the six months ended June 30, 2023. For the six months ended June 30, 2024, gross contract revenue attributable to work performed by our workforce increased \$38.3 million, or 27.1% to \$179.7 million or 90.1% of gross contract revenue as compared to \$141.4 million or 89.0% for the six months ended June 30, 2023 (see *Net service billing – non-GAAP*). Of the \$40.5 million increase in gross contract revenue during the six months ended June 30, 2024, acquisitions represented \$26.4 million of the increase. To evaluate the Company's growth, revenue from acquisitions is treated as acquired for a period of four quarters post-closing, after which it is considered organic. For each measurement and comparison period, historical balances of acquired and organic revenue bases are adjusted to reflect revenue accordingly.

Changes in gross contract revenue disaggregated between our core and emerging end markets were as follows (in thousands other than percentages):

Consolidated Gross Contract Revenue	For the Six Months Ended June 30,					
	2024	%GCR	2023	%GCR	Change	% Change
Building Infrastructure	\$ 108,689	54.5 %	\$ 92,953	58.5 %	\$ 15,736	16.9 %
Transportation	37,361	18.7 %	31,889	20.1 %	5,472	17.2 %
Power & Utilities	37,923	19.0 %	28,909	18.2 %	9,014	31.2 %
Other Emerging Markets ¹	15,436	7.8 %	5,104	3.2 %	10,332	202.4 %
Total:	\$ 199,409	100.0 %	\$ 158,855	100.0 %	\$ 40,554	25.5 %
Organic	\$ 172,974	86.7 %	\$ 158,855	100.0 %	\$ 14,119	8.9 %
Acquired ²	26,435	13.3 %	–	– %	26,435	n/a
Total:	\$ 199,409	100.0 %	\$ 158,855	100.0 %	\$ 40,554	25.5 %

¹ Represents environmental, mining, water resources and other

² After four quarters post-closing, acquired revenue is reclassified as organic; this results in a change from previously reported numbers.

For the six months ended June 30, 2024, gross contract revenue from our building infrastructure market increased \$15.7 million or 16.9% as compared to the six months ended June 30, 2023. Building infrastructure includes commercial, municipal and residential infrastructure. The increase in building infrastructure revenue is the result of acquisitions. Within the building infrastructure market, 33.8% of gross contract revenue was derived from residential assignments including single family, multi-family and mixed-use housing stock, 45.7% from commercial assignments including retail, hospitality and quick-serve restaurants (QSR), office and industrial, data centers and healthcare, and 20.5% from municipal assignments including, parks and schools. Within residential, 52.1% of gross contract revenue was derived from for-sale homebuilding assignments, 40.6% from residential multi-family and 7.3% from mixed use projects. While the homebuilding market shows signs of rebounding from prior year interest rate impacts, for-sale residential services represented just 9.6% of our total gross contract revenue for the six months ended June 30, 2024. Within commercial, 35.4% of revenue was derived from office and industrial assignments, 40.2% from retail, hospitality, and quick serve restaurants, 13.8% from data centers, and 10.6% from healthcare. We continue to experience strong demand for our building infrastructure services and maintain a positive outlook on this market as we continue to experience strength in markets including data centers, quick serve restaurants, industrial distribution facilities, schools, and build-for-rent communities.

For the six months ended June 30, 2024, revenue from transportation increased \$5.5 million or 17.2% as compared to the six months ended June 30, 2023. The increase was attributable to new contract awards in transportation both from public and private customers along with acquired transportation backlog which we were able to deliver to customers, within transportation, 61.9% of our gross contract revenue was derived directly from public sector customers including state and local departments of transportation ("DOTs"), tollway operators, transit authorities, aviation operators and others with the remaining 38.1% derived from private sector customers. We expect to continue to increase our transportation revenue and improve the diversification of our revenue. We believe the transportation market continues to present significant opportunity for future growth and we remain committed to investing in leadership, technical expertise, business development and acquisitions for this market.

With the convergence of renewable energy with traditional transmission infrastructure and the continued growth we are projecting in the clean energy transition, we have consolidated renewable energy into the power and utilities category (sometimes referred to herein as the power, utilities and energy market) of our revenue mix and have adjusted historical balances accordingly. For the six months ended June 30, 2024, revenue from power and utilities increased \$9.0 million or 31.2% as compared to the six months ended June 30, 2023. The additional increase in gross contract revenue from the power and utilities market is principally attributable to acquisitions and increased revenue associated with the expansion of a multi-year utility undergrounding assignment in Florida, and to increases derived from gas pipeline and electric transmission projects nationally. Within the power and utilities market, 77.7% of our gross contract revenue was derived from customers operating traditional power operations and 22.3% was derived from customers focused on renewables, electric vehicle ("EV") infrastructure and energy transition operations. The power and utilities market continues to experience increasing infrastructure investment as changing weather patterns, energy transition mandates and other safety initiatives positively impact demand for the services we provide. Based on recent increases in program commitments

within the gas pipeline replacement market, we believe trends in power and utilities provide meaningful opportunity for continued growth and we are committed to investing resources accordingly.

Our other emerging markets consist of mining, water resources, imaging and mapping, environmental consulting, and other natural resources services. Adjusted for the change, for the six months ended June 30, 2024, revenue from emerging markets increased \$10.3 million or 202.4% as compared to the six months ended June 30, 2023. This increase is primarily due to the acquisition of Surdex Corporation; see *Note 4 - Acquisitions* for additional information. Emerging market sectors represent lines of business that have not yet grown to a size whereby we would distinguish them as a separate market. Gross contract revenue within our emerging markets was 33.2% from imaging and mapping activities, 26.6% from mining activities where we have specialized in copper mining, 30.1% from water resources activities, and 10.1% from environmental and other natural resources consulting. Scarcities in water resources and the increasing need for water management gives us confidence that we will be able to increase revenue accordingly. With recent and future acquisitions, we expect to experience continued growth from investment in various emerging market services.

For the six months ended June 30, 2024 and 2023, public sector customers, defined as direct contracts with municipalities, public agencies, or governmental authorities, represented 22.3% and 20.5% of our gross contract revenue, respectively. This does not include work done indirectly on public sector projects. Gross contract revenue from projects for public sector clients are included in the end market most aligned with work performed.

Contract costs (exclusive of depreciation and amortization)

Total contract costs, exclusive of depreciation and amortization, increased \$18.1 million or 23.1% to \$96.5 million for the six months ended June 30, 2024, as compared to \$78.4 million for the six months ended June 30, 2023. For the six months ended June 30, 2024 and 2023, total contract costs represented 48.4% and 49.3% of total contract revenue, respectively. For the six months ended June 30, 2024 and 2023 total contract costs represented 53.7% and 55.4% of revenue attributable to our workforce, respectively (see *Net Service Billing*).

Direct payroll costs increased \$15.9 million or 26.1% to \$76.8 million for the six months ended June 30, 2024, as compared to \$60.9 million for the six months ended June 30, 2023. Direct payroll accounted for 79.6% of total contract costs for the six months ended June 30, 2024, an increase of 1.9 percentage points as compared to 77.7% for the six months ended June 30, 2023.

Direct labor, the component of direct payroll costs associated with the cost of labor relating to work performed on contracts increased \$11.6 million or 25.6% to \$56.9 million for the six months ended June 30, 2024 as compared to \$45.3 million for the six months ended June 30, 2023. The increase in direct labor is primarily due to an increase in staffing to accommodate growth. For the six months ended June 30, 2024 and 2023, direct labor costs represented 28.5% and 28.5% of gross contract revenue, respectively and represented 31.7% and 32.0% of the revenue attributable to our workforce, respectively.

Other direct payroll costs, the component of direct payroll costs associated with fringe and incentive compensation (cash and non-cash) increased by \$4.3 million or 27.6% to \$19.9 million as compared to \$15.6 million. This increase includes a \$1.6 million increase in non-cash stock compensation as several new stock awards were granted to Company leadership as well as employees in connection with acquisitions. Also, stock compensation has become a larger part of our employee incentive plans.

Sub-consultants and other direct expenses increased \$2.2 million or 12.6% to \$19.7 million for the six months ended June 30, 2024 as compared to \$17.5 million for the six months ended June 30, 2023. For the six months ended June 30, 2024 and 2023, sub-consultant and other direct expenses represented 9.9% and 11.0% of gross contract revenue, respectively. This decrease is not indicative of an anticipated long-term shift in the composition of our gross contract revenue, and we expect to experience periodic volatility in concentration of sub-consultant utilization.

Operating Expense

Total operating expense increased \$26.7 million or 33.4% to \$106.7 million for the six months ended June 30, 2024 as compared to \$80.0 million for the six months ended June 30, 2023.

Selling, general and administrative expenses increased \$21.9 million or 30.4% to \$93.9 million for the six months ended June 30, 2024, as compared to \$72.0 million for the six months ended June 30, 2023. Indirect labor increased \$10.3 million or 32.7% to \$41.8 million as compared to \$31.5 million primarily due to an increase in staffing to accommodate

growth. General overhead increased \$8.2 million or 34.6% to \$31.9 million as compared to \$23.7 million due to increased costs associated with the overall growth of the Company. Non-cash stock compensation increased \$1.2 million or 15.2% to \$9.1 million as compared to \$7.9 million as several new stock awards were granted to Company leadership as well as employees in connection with acquisitions. Also, stock compensation has become a larger part of our employee incentive plans.

Depreciation and amortization increased \$4.9 million or 59.0% to \$13.2 million for the six months ended June 30, 2024 as compared to \$8.3 million for the six months ended June 30, 2023. This increase is primarily due to an increase in intangible assets and assets leased under financing arrangements. We continue to increase the use of our finance lease facility as we continue to grow. Intangible assets have increased due to multiple acquisitions. Gains on the sale of certain IT equipment and automobiles increased \$0.1 million for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023.

Other (Income) Expense

Other expense increased by \$2.0 million to \$4.4 million of expense for the six months ended June 30, 2024 as compared to \$2.4 million for the six months ended June 30, 2023. This increase is primarily attributable to an increase in interest expense of \$1.9 million due to an increase in finance leases and notes payable.

Income Tax Benefit

Income tax benefit for the six months ended June 30, 2024, increased \$2.8 million to a \$4.6 million benefit, as compared to \$1.8 million benefit for the six months ended June 30, 2023, see note 2, *Income Taxes*. Our effective tax rate for the six months ended June 30, 2024, is 55.1% as compared to (95.0%) for the six months ended June 30, 2023.

During this period, we changed our accounting method for Section 174 costs and accordingly, released an uncertain tax position reserve of \$47.9 million, which generated an income tax benefit of \$4.0 million. We intend to file a Form 3115 application to effectuate this change in accounting method.

Income (Loss) Before Tax and Net Income (Loss)

Loss before tax increased by \$6.4 million for the six months ended June 30, 2024, to (\$8.3) million of loss compared to (\$1.9) million of loss for the six months ended June 30, 2023. Net loss increased by \$3.5 million to (\$3.6) million for the six months ended June 30, 2024, as compared to (\$0.1) million of loss for the six months ended June 30, 2023.

Other financial information and Non-GAAP key performance indicators

Net service billing (non-GAAP)

Net service billing increased \$38.3 million or 27.1% to \$179.7 million for the six months ended June 30, 2024, as compared to \$141.4 million for the six months ended June 30, 2023. Net service billing reconciles to gross contract revenue as follows (in thousands):

	For the Six Months Ended June 30,	
	2024	2023
Gross contract revenue	\$ 199,409	\$ 158,855
Less: sub-consultants and other direct expenses	19,738	17,501
Net service billing	\$ 179,671	\$ 141,354

Because sub-consultants and reimbursable expenses are most often pass-through items with little or no mark-up, they generally have a dilutive effect on gross, operating, and net margins while having little accretive effect on profitability. As such, where possible, we focus our resources and business development efforts principally on increasing revenue derived from our own workforce. Management primarily focuses its internal performance metrics on net service billing.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased \$4.8 million or 23.2% to \$25.5 million for the six months ended June 30, 2024 as compared to \$20.7 million for the six months ended June 30, 2023. Adjusted EBITDA reconciles to net income as follows (in thousands):

	For the Six Months Ended June 30,		\$ Change	% Change
	2024	2023		
Net Service Billing	\$ 179,671	\$ 141,354	\$ 38,317	27.1 %
Net Loss	\$ (3,640)	\$ (97)	\$ (3,543)	3652.6 %
+ interest expense	3,906	2,007	1,899	94.6 %
+ depreciation & amortization	13,177	8,285	4,892	59.0 %
+ tax (benefit)	(4,633)	(1,839)	(2,794)	151.9 %
EBITDA	\$ 8,810	\$ 8,356	\$ 454	5.4 %
+ non-cash stock compensation	13,938	11,322	2,616	23.1 %
+ transaction related expenses	—	123	(123)	(100.0)%
+ settlements and other non-core expenses	813	113	700	619.5 %
+ acquisition expenses	1,980	811	1,169	144.1 %
Adjusted EBITDA	\$ 25,541	\$ 20,725	\$ 4,816	23.2 %
Adjusted EBITDA margin, net	14.2 %	14.7 %		

For the six months ended June 30, 2024 and 2023, Adjusted EBITDA includes add backs of \$13.9 million and \$11.3 million, respectively, relating to non-cash stock compensation expenses from restricted stock awards. For the six months ended June 30, 2024 and 2023, Adjusted EBITDA also includes \$2.0 million and \$0.8 million, respectively, relating to non-recurring acquisition expenses such as professional fees, fair value adjustments and working capital adjustments.

Adjusted EBITDA Margin, net (non-GAAP)

Adjusted EBITDA Margin, net represents Adjusted EBITDA (as defined above) as a percentage of net service billing (as defined above). For the six months ended June 30, 2024 and 2023, Adjusted EBITDA Margin, net was 14.2% and 14.7% respectively.

Backlog (other key performance metrics)

Our backlog increased \$45.7 million or 14.9% to \$351.4 million during the six months ended June 30, 2024, as compared to \$305.7 million at December 31, 2023. At June 30, 2024 and December 31, 2023 our backlog was comprised as follows:

	June 30, 2024		December 31, 2023	
Building Infrastructure	48	%	55	%
Transportation	27	%	24	%
Power & Utilities	16	%	17	%
Other Emerging Markets	9	%	4	%

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents balances, cash flow from operations, borrowing capacity under our Revolving Credit Facility (as defined below), lease financing, proceeds from stock sales and other structured debt securities. Our principal uses of cash are operating expenses, working capital requirements, capital expenditures, repayment of debt, acquisitions, and acquisition related payments. On June 30, 2024, we maintained a \$100.0

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million Revolving Credit Facility with Bank of America N.A., our primary lender. See *"Credit Facilities and Other Financing"* below for more information on our Revolving Credit Facility. Under the terms of our Revolving Credit Facility, available cash in our primary operating account sweeps against the outstanding balance every evening. Our cash on hand therefore generally consisted of petty cash and other non-operating funds not included in the nightly sweep. Cash on hand included the cash we kept in short-term investment accounts along with deposits and payments in transit in our operating sweep account. Our cash on hand increased by \$2.5 million on June 30, 2024 as compared to December 31, 2023.

We regularly monitor our capital requirements and believe our sources of liquidity, including cash flow from operations, existing cash, and borrowing availability under our credit and lease facilities will be sufficient to fund our projected cash requirements and strategic initiatives for the next year. To the extent we experience any potential liquidity or capital shortfalls relating to growth and acquisition, we currently expect to rely on debt financing to meet those shortfalls. We use our equity as a component of consideration in acquisitions. In addition, depending on market conditions, we may opportunistically access the public debts and equity markets.

We are actively pursuing acquisitions as part of our strategic growth initiative. At any given time, we are assessing multiple opportunities at varying stages of due diligence. These acquisition opportunities range in size, timing of closing, valuation, and composition of consideration. In connection with acquisitions, we use a combination of cash, bank financing, seller financing, and equity to satisfy the purchase price. Currently, we have several acquisitions under consideration. There can be no assurance that any opportunity in the process of being reviewed will close but we expect over time to utilize a meaningful portion of our current liquidity and capital resources for acquisitions.

Cash Flows

The following table summarizes our cash flows for the periods presented:

Condensed Consolidated Statements of Cash Flows (amounts in thousands)	For the Six Months Ended June 30,	
	2024	2023
Net cash provided by operating activities	\$ 5,588	\$ 2,066
Net cash used in investing activities	(20,582)	(15,647)
Net cash provided by financing activities	17,450	10,045
Change in cash, cash equivalents and restricted cash	2,456	(3,536)
Cash and cash equivalents, end of period	23,143	9,746

Operating Activities

During the six months ended June 30, 2024, net cash provided by operating activities was \$5.6 million, which primarily consisted of (\$3.6) million net loss, adjusted for stock-based compensation expense of \$13.9 million, depreciation and amortization expense of \$13.2 million, and deferred taxes of \$5.3 million, offset by a net cash outflow of (\$23.8) million from changes in operating assets and liabilities. The net outflow from changes in operating assets and liabilities was primarily due to a \$6.1 million increase in accounts receivable resulting from a combination of acquired accounts receivable from acquisitions and an increased billing to our clients, a \$6.2 million increase in contract assets and liabilities, and a \$15.6 million increase in accounts payable and accrued expenses partially offset by a \$4.1 million increase in prepaid expenses and other assets.

During the six months ended June 30, 2023, net cash provided by operating activities was \$2.1 million, which primarily consisted of our \$0.1 million net loss, adjusted for stock-based compensation expense of \$11.2 million, depreciation and amortization expense of \$8.3 million, and deferred taxes of (\$7.3) million, offset by a net cash outflow of (\$10.2) million from changes in operating assets and liabilities. Cash provided by operating activities before changes in operating assets and liabilities was \$12.4 million. The net outflow from changes in operating assets and liabilities was primarily due to a \$10.9 million increase in accounts receivable resulting from increased billing to our clients, and a \$4.2 million increase in prepaid expenses and other assets, and \$4.7 million increase in contract assets and liabilities partially offset by a \$9.5 million decrease in accounts payable and accrued expenses.

Investing Activities

Net cash used in investing activities increased by \$5.0 million to \$20.6 million for the six months ended June 30, 2024 as compared to \$15.6 million for the six months ended June 30, 2023. The increase in net cash used for investing is primarily attributable to acquisitions that occurred in the first two quarters of 2024.

Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2024 was \$17.5 million compared to \$10.0 million for the six months ended June 30, 2023, an increase of \$7.5 million. The increase in net cash used in financing is primarily attributable to the net proceeds of \$47.2 million from the common stock offering offset by the \$17.4 million used for repayment of the revolving line of credit and the \$10.0 million used to purchase treasury shares.

Credit Facilities and Other Financing

On May 2, 2024 the Company and certain of its subsidiaries as guarantors entered into a new credit agreement with lenders, Bank of America N.A, as Administrative Agent, the Swingline Lender and L/C Issuer, and TD Bank, N.A. as syndication agent (the "New Credit Agreement") which provides for a new \$100 million revolving credit facility (the "Revolving Credit Facility"). The Revolving Credit Facility replaced the Company's previous \$70.0 million revolving credit facility (the "2022 Revolving Credit Facility"), and its non-revolving fixed line of credit ("Fixed Line #2") with Bank of America, N.A. In addition, the Company and certain of its subsidiaries entered into a Security and Pledge Agreement, dated as of May 2, 2024, with Bank of America, N.A., in its capacity as Administrative Agent. The New Credit Agreement is secured by all the assets of the Company and the subsidiary guarantors.

Under the New Credit Agreement, the Company is required to comply with certain covenants, including covenants on indebtedness, investments, liens and restricted payments, as well as maintain certain financial covenants, including a fixed charge coverage ratio and leverage ratio of debt to EBITDA (as defined in the New Credit Agreement). At June 30, 2024, we were in compliance with all covenants.

All outstanding principal on the Revolving Credit Facility is due on May 2, 2029. On June 30, 2024, the interest rates on the Revolving Credit Facility ranged from 7.66% to 9.70%. As of June 30, 2024, the outstanding balance on the Revolving Credit Facility was \$27.8 million.

We utilize master lease facilities primarily with Honour Capital LLC ("Honour") and Enterprise Leasing ("Enterprise"). The Honour Capital lease facility finances our acquisition of IT infrastructure, geospatial and survey equipment, aircraft cameras and related equipment, furniture and other long-lived assets. On May 3, 2024, the Company's wholly owned subsidiary, Surdex Corporation, entered into an Aircraft Loan and Security Agreement, Promissory Note and related transaction documents, with Wingspire Finance LLC pursuant to which Surdex borrowed approximately \$6.3 million secured by a pledge of its aircraft, aircraft engines and other equipment. The Company guaranteed the obligations of Surdex under the financing agreements.

The Enterprise lease facility finances the acquisition of field trucks and other service vehicles. At June 30, 2024, we maintained a fleet of approximately 500 vehicles. All our leasing facilities allow for both operating and finance leasing. We allocate finance lease payments between amortization and interest. The payment terms on the lease agreements range between 30 and 50 months with payments totaling approximately \$0.9 million per month. We utilize a third party valuation specialist to formulate the incremental borrowing rates for the Company, to calculate the present value on new leases.

We regularly evaluate our options with respect to capital and our requirements for operations and growth. We do not limit our consideration to traditional bank financing, but rather include other structured debt and equity as option for additional capital.

For more information about our credit facilities, see Note 11 – Revolving Credit Facility and Fixed Credit Facilities.

Registration Statement

We have filed with the Securities and Exchange Commission (the "SEC") a shelf registration statement on Form S-3 (the "Shelf Registration Statement"), which enables us to issue shares of our common stock and preferred stock, warrants and rights to purchase any of such securities and/or debt securities, either individually or in units, in one or more offerings. We will file a prospectus supplement containing the amount and type of securities each time we issue securities under our Shelf Registration Statement. On April 1, 2024, we sold 1,502,942 shares of common stock for gross proceeds of

approximately \$51.1 million pursuant to the Shelf Registration Statement, as supplemented by the prospectus supplement dated March 26, 2024. The selling stockholders in the Offering sold an aggregate of 188,234 shares of common stock. The Company did not receive any proceeds from the sale of shares of common stock by the selling stockholders in the Offering. See "Overview" above for more details.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements, no special purpose entities, and no activities that include non-exchange-traded contracts accounted for at fair value.

Critical Accounting Policies and Estimates

We use estimates in the determination of certain financial results. Estimates used in financial reporting utilize only information available to us at the time of formulation. These estimates are subject to change as new information becomes available.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies relating to the use of estimates described in our Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K filed with the SEC dated March 12, 2024.

Cautionary Statement about Forward-Looking Statements

Our disclosure and analysis in this Quarterly Report on Form 10-Q, contains forward-looking statements. Such forward-looking statements include those that express plans, anticipation, intent, contingencies, goals, targets or future development and/ or otherwise are not statements of historical fact. In some cases, you can identify forward-looking statements by terminology, such as "expects," "anticipates," "intends," "estimates," "plans," "believes," "seeks," "may," "should," "could" or the negative of such terms or similar expressions. The absence of these words does not mean that a statement is not forward-looking. Accordingly, these statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, our expectations regarding our recent and future acquisitions; our expectations regarding the impact of any completed or planned acquisition; our intentions regarding our growth strategies and investment of resources, including the markets in which we intend to focus our growth initiatives; our expectations regarding trends and opportunities for future growth and expansion, including our projections of growth in energy transitions; our expectations regarding the use of our current liquidity and capital resources for acquisitions; and our belief that our sources of liquidity will be sufficient to fund our projected cash requirements and strategic initiatives for the next year. Any forward-looking statements are qualified in their entirety by reference to the factors discussed in the Risk Factors section of our Annual Report on Form 10-K and throughout this Quarterly Report on Form 10-Q.

These forward-looking statements are based on our current expectations and projections about future events and they are subject to risks and uncertainties known and unknown that could cause actual results and developments to differ materially from those expressed or implied in such statements. Important factors that could cause such differences include:

- our ability to retain the continued service of our key professionals and to identify, hire, retain and utilize additional qualified personnel;
- changes in demand from the clients that we serve;
- any material outbreak or material escalation of international hostilities, including developments in the conflict involving Russia and the Ukraine, or the Middle East and the economic consequences of related events such as the imposition of economic sanctions and resulting market volatility;
- changes in general domestic and international economic conditions such as inflation rates, interest rates, tax rates, higher labor and healthcare costs, recessions, and changing government policies, laws and regulations;
- the U.S. government and other governmental and quasi-governmental budgetary and funding approval process;
- our ability to execute our acquisitions strategy, including successful completion of acquisitions and the integration of new acquisitions into our operations and financial reporting;
- the possibility that our contracts may be terminated by our clients;

- our ability to win new contracts and renew existing contracts;
- competitive pressures and trends in our industry and our ability to successfully compete with our competitors;
- our dependence on a limited number of clients;
- our ability to complete projects timely, in accordance with our customers' expectations, or profitability;
- our ability to successfully manage our growth strategy;
- our ability to raise capital in the future;
- the credit and collection risks associated with our clients;
- our ability to comply with procurement laws and regulations;
- changes in laws, regulations, or policies;
- weather conditions and seasonal revenue fluctuations may adversely impact our financial results;
- the enactment of legislation that could limit the ability of local, state and federal agencies to contract for our privatized services;
- our ability to complete our backlog of uncompleted projects as currently projected;
- the risk of employee misconduct or our failure to comply with laws and regulations;
- our ability to control, and operational issues pertaining to, business activities that we conduct with business partners and other third parties;
- our need to comply with a number of restrictive covenants and similar provisions in our credit facility that generally limit our ability to (among other things) incur additional indebtedness, create liens, make acquisitions, pay dividends and undergo certain changes in control, which could affect our ability to finance future operations, acquisitions or capital needs;
- significant influence by our principal stockholder and the existence of certain anti-takeover measures in our governing documents; and
- the factors identified in our Annual Report on Form 10-K, including those discussed under the heading "Risk Factors", and in our other filings with the SEC.

Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except to the extent required by applicable laws or rules. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor of our business or to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all information presented in this Quarterly Report on Form 10-Q, and particularly our forward-looking statements, by these cautionary statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks from transactions that are entered into during the normal course of business. We have not entered into derivative financial instruments for trading purposes. We have no significant market risk exposure to interest rate changes related to the promissory notes issued as partial consideration for acquisitions since these contain fixed interest rates. Our only debt subject to interest rate risk is the New Credit Agreement under which rates are tied to Term SOFR (Secured Overnight Financing Rate), plus an applicable rate which varies between 2.10% and 2.60% based on our ratio of Funded Debt to EBITDA (as each is defined in the New Credit Agreement). As of June 30, 2024, there was \$27.8 million outstanding on the Credit Agreement. A one percentage point change in the assumed interest rate of the New Credit Agreement would change our annual interest expense by approximately \$0.3 million in 2024.

Our finance lease obligations with Honour and Enterprise were \$28.3 million as of June 30, 2024. These finance lease obligations bear interest at a fixed rate. Accordingly, there is no exposure to market risk related to these obligations.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, our management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Our disclosure controls and procedures are designed to reasonably assure that information required to be disclosed by the Company in reports it files or submits under the Exchange Act is accumulated and communicated to management, recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(e) and 15d-15(e) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are subject to various legal proceedings that arise in the normal course of our business activities. As of the date of this Quarterly Report on Form 10-Q, we are not party to any litigation, the outcome of which if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our results of operations or financial position.

Item 1A. Risk Factors

There have been no material changes to any of the principal risks that we believe are material to our business, results of operations and financial condition, from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

On February 2, 2024, we issued 47,477 shares of common stock at \$32.04 per share as partial consideration for our acquisition of Trudell Consulting Engineers.

On February 16, 2024, we issued 57,594 shares of common stock at \$36.19 per share as partial consideration for our acquisition of Speece Lewis Engineers.

On April 2, 2024, we issued 505,541 shares of common stock at \$32.71 per share as partial consideration for our acquisition of Surdex Corporation.

On April 15, 2024, we issued 64,259 shares of common stock at \$30.67 per share as partial consideration for our acquisition of Moore Engineers.

For a description of these acquisitions, see Note 4, *Acquisitions*, appearing in Part I of this Quarterly Report on Form 10-Q.

The offer, sale and issuance of the securities described above were deemed to be exempt from registration under Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. The recipients of securities in the above transactions acquired the securities for investment only and not with a view to, or for sale in connection with any, distribution thereof and appropriate legends were affixed to the securities issued in the transactions. The transactions did not involve any underwriters, underwriting discounts or commissions, or any public offering. The recipients had adequate access, through employment, business, or other relationships, to information about us.

Issuer Purchase of Equity Securities

The following table summarizes the purchases of our common stock made by us during the three months ended June 30, 2024:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
4/1/24 - 4/30/24	7,168	30.67	-	-
5/1/24 - 5/31/24	134,507	30.45	7,619	9,756,974
6/1/24 - 6/30/24	-	31.05	59,274	7,916,310

(1) This column reflects shares owned and tendered by employees to satisfy the required withholding taxes related to share-based payment awards, which are not deducted from shares available to be purchased under publicly announced programs.

(2) On November 17, 2023, our board of directors authorized a new \$10 million share repurchase program under which the Company may repurchase up to \$10 million of our common stock (the "2023 Repurchase Authorization"). The 2023 Repurchase Authorization is effective from November 17, 2023, through November 16, 2024. The execution of the repurchase program is expected to be consistent with the Company's strategic initiatives which prioritize investments in organic and acquisitive growth. The timing and amount of any share repurchases will be determined by management at its discretion based on several factors including share price, market conditions and capital allocation priorities. Shares may be repurchased from time to time through open market purchases, in privately negotiated transactions or by other means, including the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act in accordance with applicable securities laws and other restrictions. The share repurchase program does not obligate Bowman to acquire a specific number of shares of common stock and may be suspended, modified, or discontinued at any time without notice. As of June 30, 2024, we have repurchased 66,893 shares of our common stock under the 2023 Repurchase Authorization.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

None

Item 5. Other Information.

During the quarter ended June 30, 2024, the following director and officers of the Company each adopted a trading arrangement for the sale of securities of the Company's common stock (each, a "10b5-1 Plan") that is intended to satisfy the affirmative defense conditions of the Securities Exchange Rule Act 10b5-1(c):

1. On May 13, 2024, Patricia Mulroy, a Director of the Company, adopted a 10b5-1 Plan that provides for the sale of up to 1,400 shares of the Company's common stock pursuant to the terms of the 10b5-1 Plan from August 12, 2024 through September 2024. Ms. Mulroy's prior 10b5-1 Plan expired by its terms in August 2023.
2. On May 15, 2024, Stephen Riddick, a Director of the Company, adopted a 10b5-1 Plan that provides for the sale of up to 6,600 shares of the Company's common stock pursuant to the terms of the 10b5-1 Plan from August 14, 2024 through August 2025.
3. On May 17, 2024, Robert A. Hickey, the Company's Chief Legal Officer and Secretary, adopted a 10b5-1 Plan that provides for the sale of up to 45,000 shares of the Company's common stock pursuant to the terms of the 10b5-1 Plan from August 19, 2024 through July 2025. Mr. Hickey's prior 10b5-1 Plan expired by its terms in May 2024.
4. On May 28, 2024, Michael Bruen, the Company's President and Director, adopted a 10b5-1 Plan that provides for (i) the sale of up to 25,000 shares of the Company's common stock pursuant to the terms of the 10b5-1 Plan and (ii) a gift of 7,500 shares of the Company's common stock pursuant to the terms of the 10b5-1 Plan, in each case from September 2024 through February 2025. Mr. Bruen's prior 10b5-1 Plan expires by its terms in August 2024.
5. On June 12, 2024, Bruce Labovitz, the Company's Chief Financial Officer, adopted a 10b5-1 Plan that provides for the sale of up to 30,000 shares of the Company's common stock pursuant to the terms of the 10b5-1 Plan pursuant to the terms of the 10b5-1 Plan from September 16, 2024 through April 2025. Mr. Labovitz's prior 10b5-1 Plan expired by its terms in April 2024.

Item 6. Exhibits.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit Number	Description
Rider 1	
10.18	Credit Agreement dated as of May 2, 2024 among Bowman Consulting Group Ltd. as Borrower, Certain Subsidiaries of Borrower as Guarantors, Bank of America, N.A. as Administrative Agent, as Swingline Lender and an L/C Issuer and TD Bank, N.A. as Syndication Agent (incorporated by reference to Exhibit 10.18 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-40371), filed with the SEC on May 7, 2024).
10.19	Security and Pledge Agreement entered into as of May 2, 2024 among Bowman Consulting Group Ltd., the Guarantors named therein and Bank of America, N.A. in its capacity as Administrative Agent (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-40371), filed with the SEC on May 7, 2024).
10.20†	Employment Agreement, dated July 8, 2024, between Bowman Consulting Group Ltd. and Bruce Labovitz (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-40371), filed with the SEC on July 10, 2024).
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*+	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*+	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101:	XBRL.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

*+ This certificate is being furnished solely to accompany the report pursuant to 18 U.S.C. 1350 and is not being "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934.

† This exhibit is a management contract or a compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BOWMAN CONSULTING GROUP LTD.

Date: August 7, 2024

By: /s/ Gary Bowman

Gary Bowman

President, CEO and Chairman
(*Principal Executive Officer*)

Date: August 7, 2024

By: /s/ Bruce Labovitz

Bruce Labovitz

Chief Financial Officer
(*Principal Financial Officer*)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gary Bowman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bowman Consulting Group Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2024

By: /s/ Gary Bowman

Gary Bowman

President, CEO and Chairman

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bruce Labovitz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bowman Consulting Group Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2024

By: /s/ Bruce Labovitz

Bruce Labovitz

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Bowman Consulting Group Ltd. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 7, 2024

By: /s/ Gary Bowman

Gary Bowman
President, CEO and Chairman
(*Principal Executive Officer*)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Bowman Consulting Group Ltd. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 7, 2024

By: /s/ Bruce Labovitz

Bruce Labovitz

Chief Financial Officer

(Principal Financial Officer)